EMEA CMBS Hotel Model

Model Summary Document (MSD)

1. Model Purpose and Description

The model is used by Fitch to to obtain Rating-specific Rental Value Declines (RVDs) and Free Cash Flows (FCFs) for hotels backing a CMBS loan. It replicates an individual hotel's operating statement, applying stresses to topline revenue items, and operating margins as per Fitch's EMEA CMBS and CRE Loan Rating Criteria. The outputs, being RVDs and FCFs, from the model are input to the EMEA CMBS Asset Model where cap rates are applied to derive loan level recoveries.

2. Model Assumptions

The assumptions in the model are based on Fitch's EMEA CMBS and CRE Loan Rating Criteria.

3. Model Inputs

The main inputs to the model are:

- Reported operating statement data for individual hotels (Profit and Loss statements)
- Revenue per available room decline assumptions (RevPARDs)
- Market Gross Operating Profit margins
- Market Occupancy levels

4. Model Development Data

Not applicable to this rating model as it does not use historical data for its development and calibration, and it only uses transaction specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

The model is intended to analyse only hotels backing CMBS loans based on the criteria listed above.

6. Material Changes

The current model version is 1.2.0. Any future material changes will be disclosed in this section.

Contact Information

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