

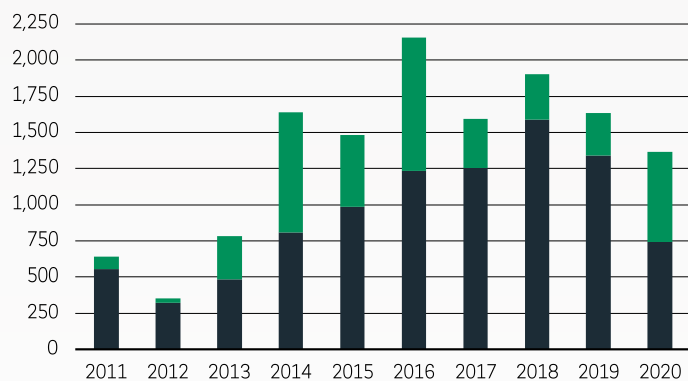


At a Glance **Q2 2020**

HOTEL INVESTMENT MARKET GERMANY

Hotel investments in Germany H1

in €m ■ Single investments ■ Portfolios



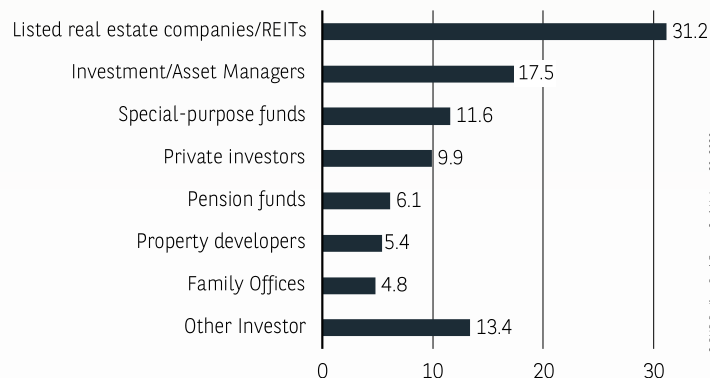
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➤ AVERAGE RESULT DESPITE CORONA EFFECT

The hotel investment market had a brilliant start to the year, but the consequences of the Corona epidemic are having a greater impact in the second quarter than in any other asset class. While investment turnover in the first quarter was still around €1.1 billion, the second quarter saw a volume of just under €279 million, which represents the worst quarterly result since Q2 2013. However, considering the almost complete collapse of the national and international tourism and business travel market as a result of global measures to contain the corona pandemic, a wait-and-see attitude on the part of hotel investors has been taken into account. Overall, the half-year result of just under €1.4 billion is in line with the average of the last ten years, with an unusually high share of portfolios at around 46%. It should be noted that more than half of this is attributable to hotels which are part of the acquisition of TLG by Aroundtown.

Hotel investments by buyer group H1

in %



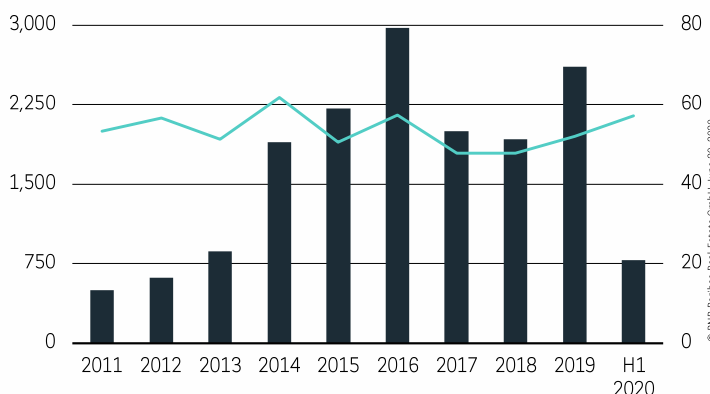
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➤ LISTED REAL ESTATE COMPANIES/REITs AT THE TOP

Listed real estate companies/REITs, which have been relatively active in the hotel segment in recent years, further expanded their market share in the middle of the year and, at 31%, took the lead in the investor ranking. This development was again driven to a large extent by the takeover of Aroundtown by TLG. Investment managers (17.5%) and traditionally hotel-oriented special-purpose funds, which contribute almost 12% to the transaction volume, also accounted for double-digit turnover shares. With a large number of smaller transactions and a performance of almost 10%, private investors are also making themselves felt in the hotel market. Pension funds are responsible for a further 6% of the result, while property developers and family offices each account for around 5% of turnover.

Share of foreign investors

in €m ■ Foreign investment volume — Share of foreign investors

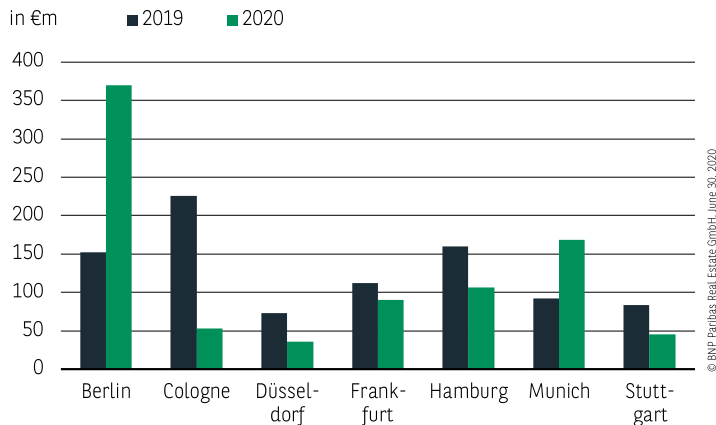


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➤ FOREIGN INVESTORS DOMINANT

Traditionally, the hotel investment market is strongly influenced by international investors. At the end of the first half of 2020, foreign investors have a market share of 57%, the highest figure since 2014 and not least due to the takeover referred to above. With an investment turnover of €345 million, investors from the Middle East have placed themselves at the top of the foreign buyer groups, but European investors have also made a solid showing with a total transaction volume of €331 million.

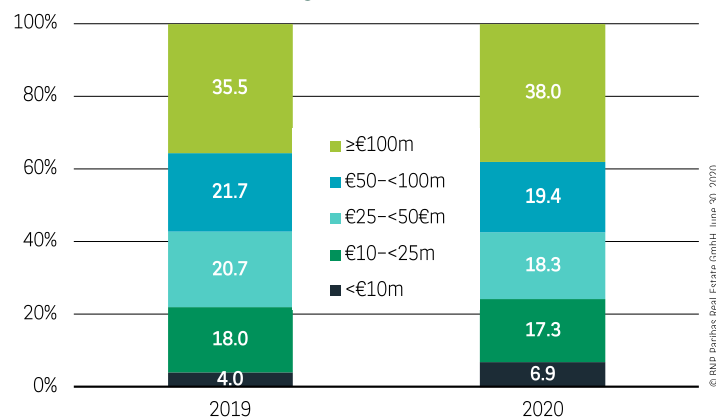
Hotel investments in important markets H1



A-LOCATIONS MAINTAIN THEIR HIGH LEVEL

Despite difficult market conditions, German prime locations were able to keep their investment volume stable at a high level of €867 million in the first half of 2020 (-3%), with the lion's share of sales coming from the first quarter and the country's major cities benefiting in particular from the high proportion of portfolio sales. Berlin stands out in particular, not only having disproportionately benefited from the TLG deal, but also having sold the Nhow Hotel Berlin-Friedrichshain, the largest single deal of the year. This brings the capital to a total turnover of almost €370 million, which represents a plus of a whopping 143% compared to the same period last year. In second place comes Munich, which was able to increase its turnover by a strong 83% to around €168 million. Hamburg also achieved a triple-digit result with €106 million, but falling short of the 2019 Q2 result by a third. Frankfurt, with an investment volume of €90 million, also missed the previous year's figure (-20%), while Cologne, with €53 million, suffered a significant decline in sales (-77%). Stuttgart (€45 million) and Düsseldorf (€36 million) are also significantly below the previous year's figures.

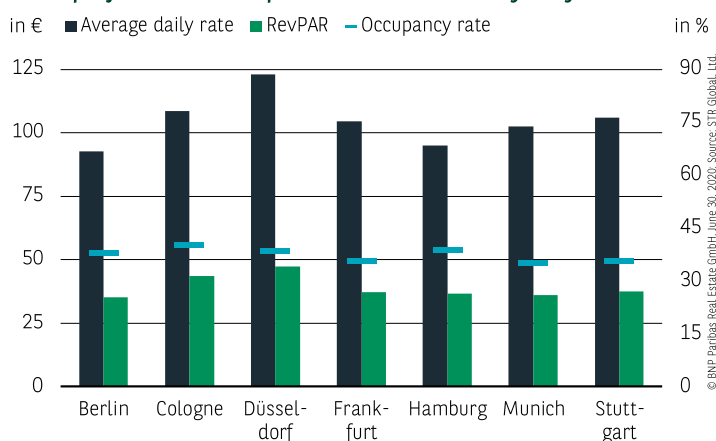
Hotel investments by € category H1



BALANCED SIZE CLASS SPREAD

Although transactions in the three-digit million range account for by far the largest share of sales (38%), this leading position is based exclusively on two major portfolio sales. In contrast, individual deals show a balanced spread of all other size categories. Sales between €50 and 100 million account for almost 20% of the result, and the class between €25 and 50 million also contributed 18%. The relatively high share of hotel deals between €10 and 25 million (17%) is also remarkable, as is the fact that more than 7% of the result is attributable to properties up to €10 million. This underscores the fact that, despite adversity, the buyer base is fundamentally very broad.

Hotel performance in important markets January-May 2020



OUTLOOK

The strong start to the year cannot hide the fact that the hotel market was severely affected by the Corona crisis. The easing of the situation in recent weeks has also caused hoteliers to breathe a sigh of relief in isolated cases. But occupancy rates are still far from pre-crisis levels. However, after extensive easing, a clear upward trend is evident again, from which hotel investments should also profit in the second half of the year. As in other asset classes, a closer look at the risk profile should be observed in the near future. Nevertheless, tried and tested concepts in top locations with long-term leases will continue to meet with broad investor demand.

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Further Information BNP Paribas Real Estate GmbH | Alexander Trobitz, Head of Hotel Services | Phone +49 (0)69-298 99-0 | alexander.trobitz@bnpparibas.com | www.realestate.bnpparibas.de