

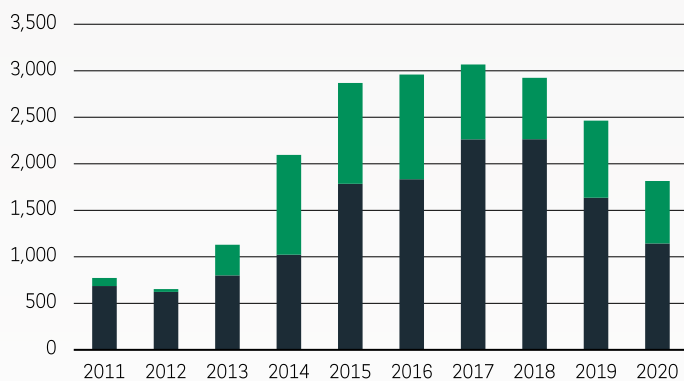


At a Glance Q3 2020

HOTEL INVESTMENT MARKET GERMANY

Hotel investments in Germany Q1-3

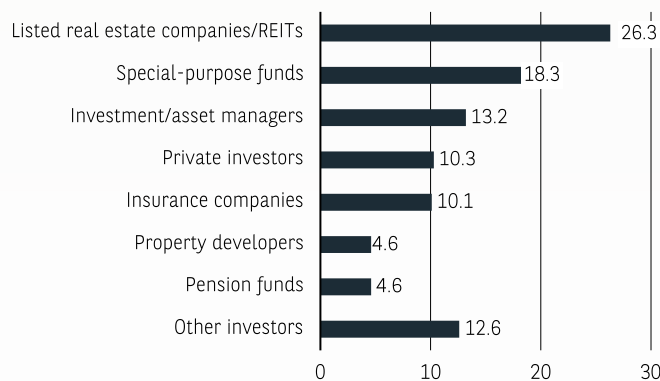
in €m ■ Single investments ■ Portfolios



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Hotel investments by buyer group Q1-3

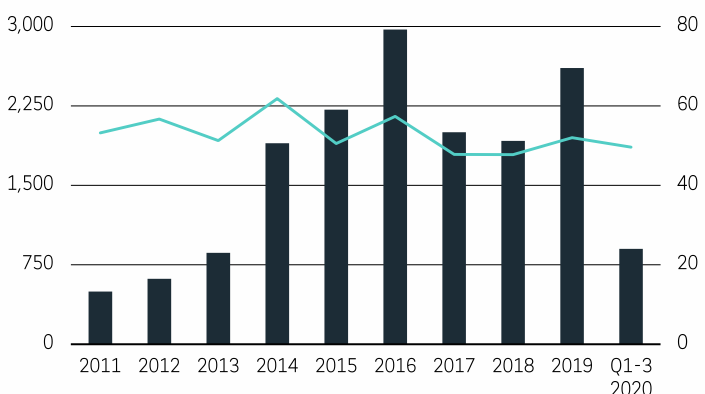
in %



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Share of foreign investors

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



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SLIGHT RECOVERY OF THE HOTEL INVESTMENT MARKET

While the hotel investment market had achieved an investment result of a good € 1.1 billion in the first quarter, hotel operators and investors felt the consequences of the corona crisis all the more clearly in the second quarter. A volume of just under €280 million represents the lowest quarterly result since 2013, which is not surprising given the drastic slump in global travel. In the third quarter, there are signs of a slight recovery in the German hotel investment market: With a volume of about €450 million, the bottom seems to have been passed, even if the Q3 result is still a long way from last year's figures. Overall, the first nine months of the year saw a turnover of a good €1.8 billion, which is around a quarter less than in the same period 2019. A closer look at the hotel deals in the third quarter reveals that mainly core and core-plus properties with relatively high valuations were sold, i.e. there is still little sign of the sometimes expected accumulation of "fire sales". In addition, the trend continues that hotels are increasingly being sold as mixed-use properties.

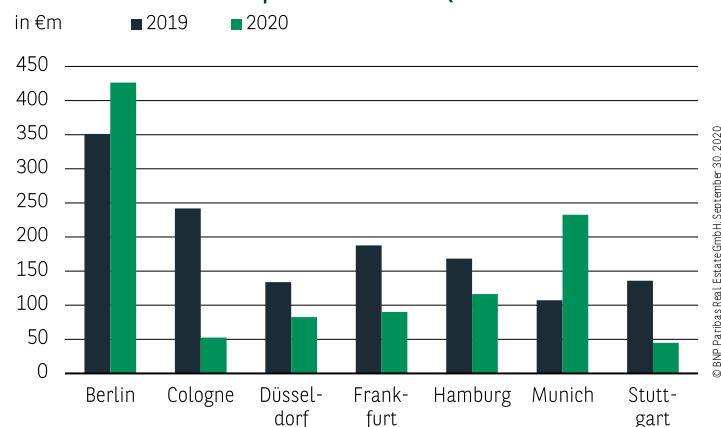
LISTED REAL ESTATE COMPANIES/REITs AT THE TOP

Real Estate AGs/REITs, which have already been relatively active in the hotel segment in recent years, have once again taken the lead in the investor ranking with a good 26% volume share, followed by special-purpose funds, with some 18%. In addition, investment / asset managers (13%), private investors (10%) and insurance companies (10%) also account for double-digit shares in turnover. It is generally noticeable that the sales volume in the third quarter was largely attributable to individual deals, while almost half of the sales volume in the first half of the year was generated by package sales. One exception was the sale of Ruby Luna in Düsseldorf, which was sold as part of a portfolio deal brokered by BNP Paribas Real Estate.

NATIONAL AND INTERNATIONAL INVESTORS AT PAR

The hotel investment market is traditionally strongly influenced by international investors. By the end of the third quarter, foreign investors have reached a market share of around 50%, which is in line with the previous year's figures. Half of the foreign investment turnover is accounted for by European investors (€451 million), while buyer groups from the Middle East have invested a total of €345 million. North American hotel investors currently play a subordinate role (€40 million).

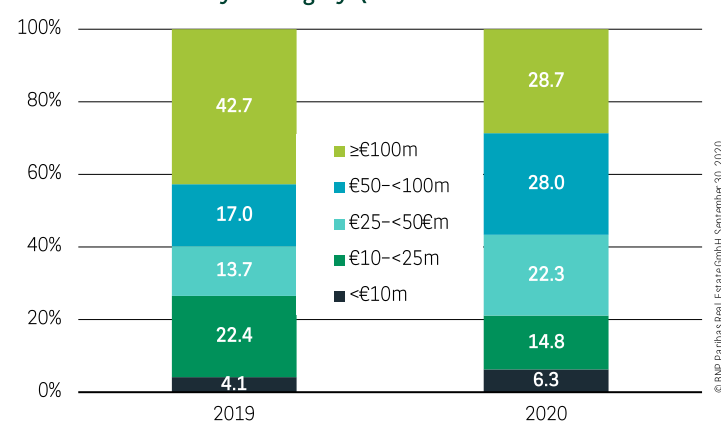
Hotel investments in important markets Q1-3



BERLIN WITH ABOVE AVERAGE RESULTS

In the first nine months of the year, the German A-locations achieved an investment volume of just under €1.05 billion, which is a good 20% below the previous year's result. After the Top 7 locations had shown a stunning performance at the beginning of the year, the consequences of the corona crisis are gradually becoming apparent here as well. However, there are clear differences between the individual cities: While Cologne (-78%), Stuttgart (-67%), Frankfurt (-52%), Düsseldorf (-38%) and Hamburg (-31%) are suffering losses, some of which are significant, Berlin and Munich are showing strong growth. The capital city clearly surpassed the previous year's result with a turnover of a good €426 million (+21%) and not only benefited disproportionately from the TLG deal, but can also boast outstanding individual deals such as the sales of the Nhow Hotel Friedrichshain and Leonardo Royal. A strong result was also achieved in Munich, clearly outshining the previous year's result with a transaction volume of €233 million (+117%). Contributing factors included the sale of the niu Fury in Aschheim and the Bold Hotel in Giesing, which was acquired by BNP Paribas REIM.

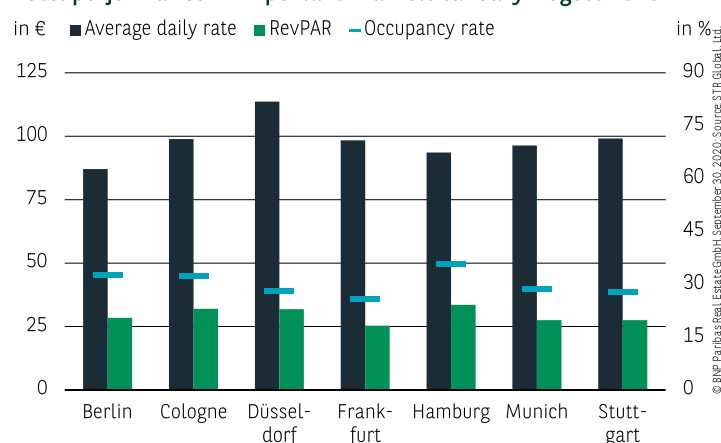
Hotel investments by € category Q1-3



BALANCED SIZE CLASS SPREAD

The distribution of sales across the individual size classes shows a very balanced picture at the end of the third quarter. Although the major transactions over €100 million are slightly in the lead with a volume share of around 28%, they fall significantly short of last year's result. In contrast, the two mid-sized categories between €25 and €100 million achieve a significantly better result than in 2019, not only in percentage terms but also in absolute terms. Overall, these categories account for a good half of the transaction volume. The smaller deals below €25 million represent a combined share of only 21%, which is mainly due to the fact that the number of sales is noticeably lower than in previous years.

Hotel performance in important markets January-August 2020



OUTLOOK

After a strong start to the year, it became quite clear that the hotel asset class was one of the hardest hit by the consequences of the corona crisis. Although the investment market gradually recovered, uncertainty about the further development of infections and the associated prospects for the global travel market continued to be a burdening factor. All in all, however, investors generally continue to believe in hotels as an investment product, with the result that established concepts in top locations with long-term lease agreements in particular will continue to be in demand.

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