2017 Irish Hotel Market Briefing

Crowe Horwath.

CUSHMAN & WAKEFIELD
COMMERCIAL PARTNER OF SHERRY FITZGERALD

Aiden Murphy
Partner

Impact Of New Supply On The Dublin Hotel Market

Jonathan Hubbard
Head of Hospitality EMEA

EMEA Hotels Overview

Stefan Lenze
Head of Development

Discover Motel One

Crowe Horwath. 75 years 1941 - 2016

Smart decisions. Lasting value.

Impact Of New Supply On The Dublin Hotel Market

November 2017

Audit | Tax | Advisory

Crowe Horwath.

After 5 years of continuous growth in the Dublin hotel market, can these levels be sustained for another 5 years?

Can hotels maintain and grow current profit levels following delivery of new supply?

Crowe Horwath Ireland Annual Hotel Industry Survey

Dublin Market Success Story

	Last 5 Years
ARR	+€47
OCC	+12 percentage points
RevPAR	+€48
Profit Per Room	+€12k
Rooms Sold	+900k rooms

Increased <u>demand</u> with no change in <u>supply</u>

Source: *Crowe Horwath Annual Hotel Industry Survey*

Dublin Market Position Before New Supply

Crowe Horwath.

<u>Next 5 years:</u>
4,000+ new hotel rooms

	Dublin 2016
ARR	€128
OCC	82%
RevPAR	€105
Revenue Per Room	€66,927
Profit Per Room	€20,492

Source: *Crowe Horwath Annual Hotel Industry Survey*

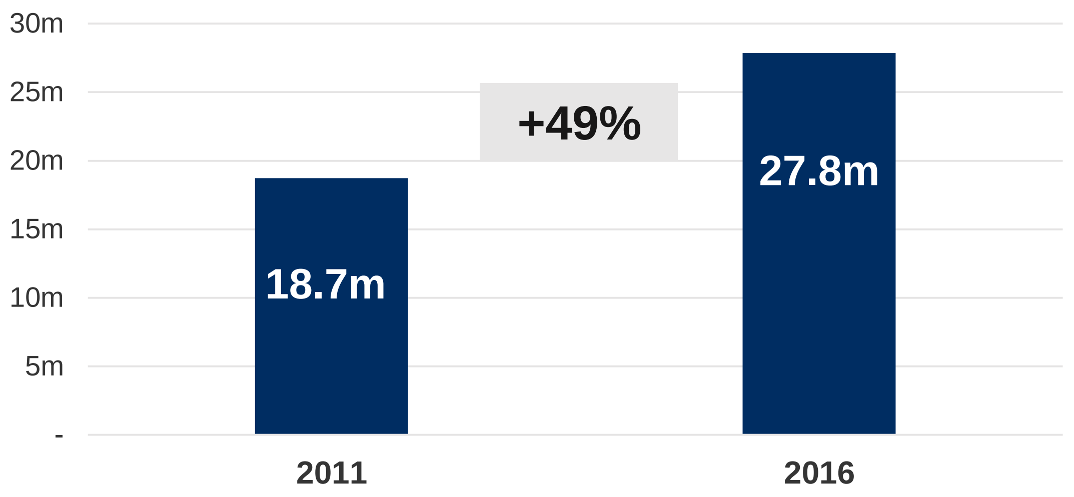
Market Snapshot 2011 - 2016

Crowe Horwath

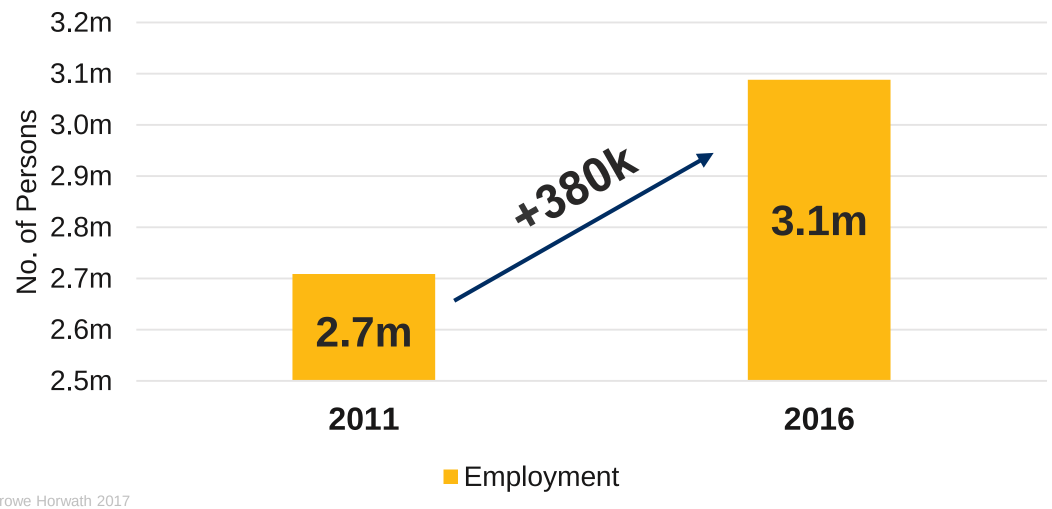
Overseas Visitor Numbers

	2011	2016	*Change*
UK	2.9m	3.9m	*36%*
N. America	1.0m	1.8m	*83%*
Other	2.6m	3.9m	*46%*
Total	**6.5m**	**9.6m**	***47%***

Dublin Airport Stats



Employment



Currencies & Economic Activity

	2011-2016 Change
$	*+25%*
£	*+7%*
GDP	*+45%*
Office Take Up	*+1.1 million Sq. M*

Source: *CSO,OECD, DAA & Cushman & Wakefield Research*

Dublin Market changes 2002-2009

	2002	2007	2009	*2002-2007 Change*	*2002-2009 Change*
Rooms	12.6k	17.1k	19.1k	*+4.5k rooms*	*+6.5k rooms*
Occupancy	71%	76%	65%	*+5%*	*-6%*
Rate	€103	€117	€88	*+€14*	*-€15*
RevPAR	€73	€89	€57	*+€16*	*-€16*
Profit Per Room	€12.5k	€11.6k	€6.8k	*-€1k*	*-€6k*
Rooms Sold	3.2m	4.7m	4.5m	*+1.4m*	*+1.2m*

Source: *Crowe Horwath Annual Hotel Industry Survey*

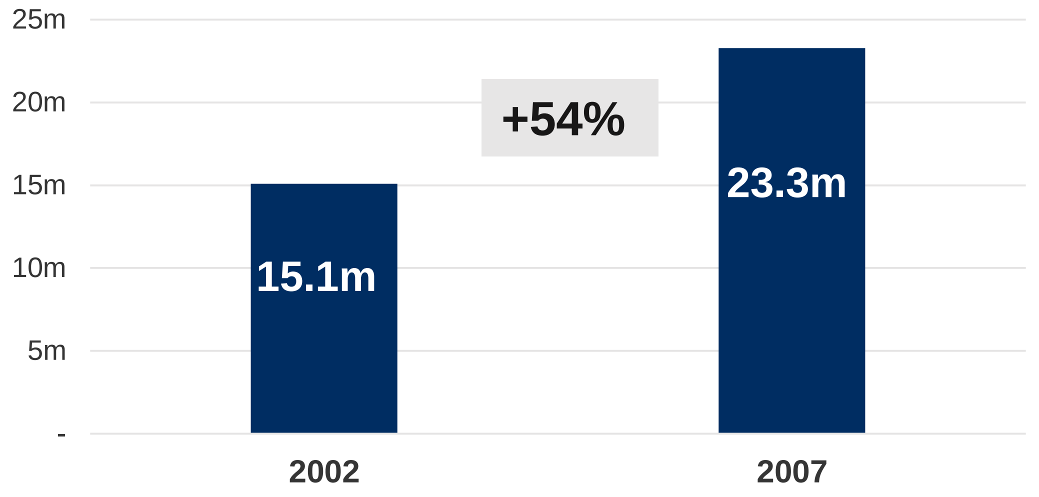
Market Snapshot 2002 - 2007

Crowe Horwath

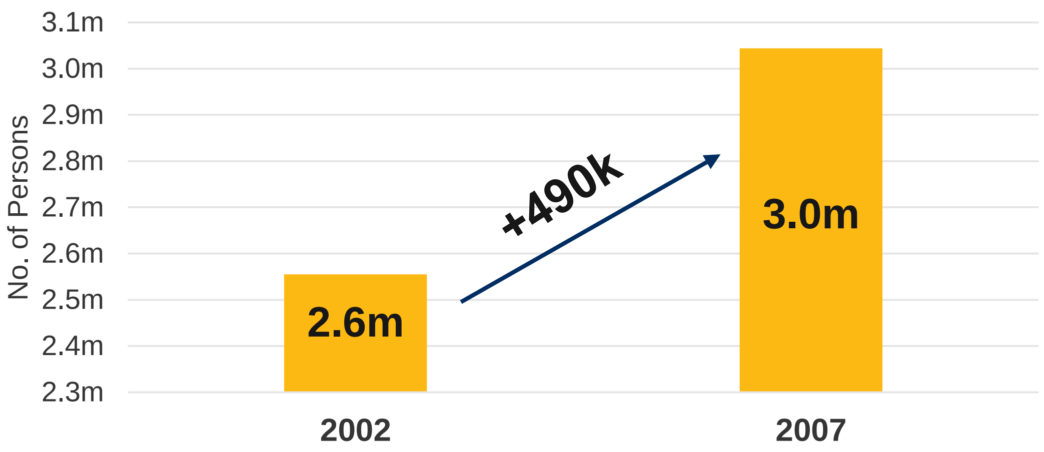
Overseas Visitor Numbers

	2002	2007	*Change*
UK	3.6m	4.0m	*13%*
N. America	0.9m	1.1m	*25%*
Other	1.6m	2.9m	*78%*
Total	6.1m	8.0m	*32%*

Dublin Airport Stats



Employment

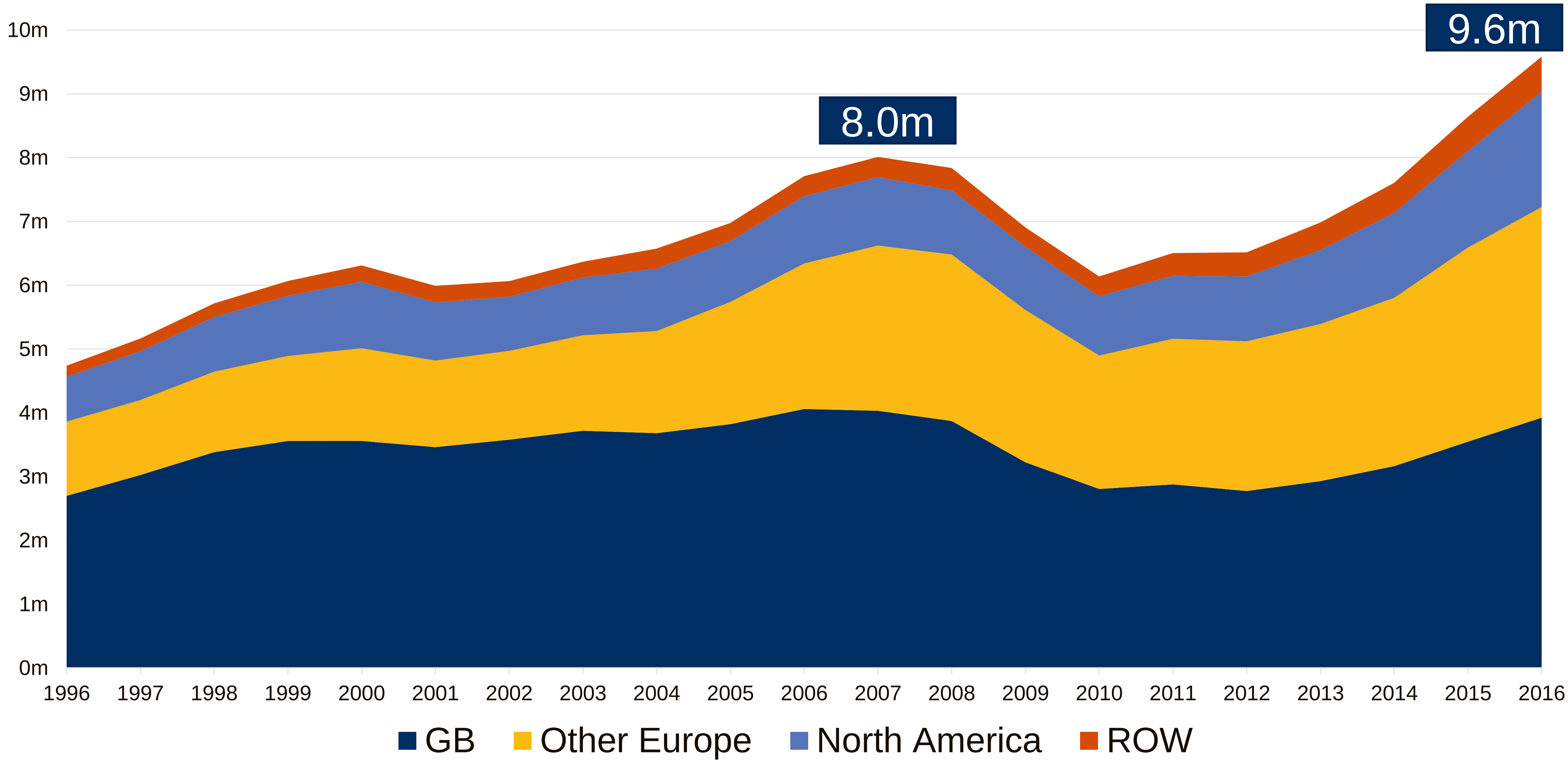


Currencies & Economic Activity

	2002-2007 Change
$	*-45%*
£	*-9%*
GDP	*+29%*
Office Take Up	*+1.2 million Sq. M*

Source: *CSO,OECD, DAA & Cushman & Wakefield Research*

International Tourism Demand 1996-2016



Source: *CSO*

Domestic vs International Visitors 2017

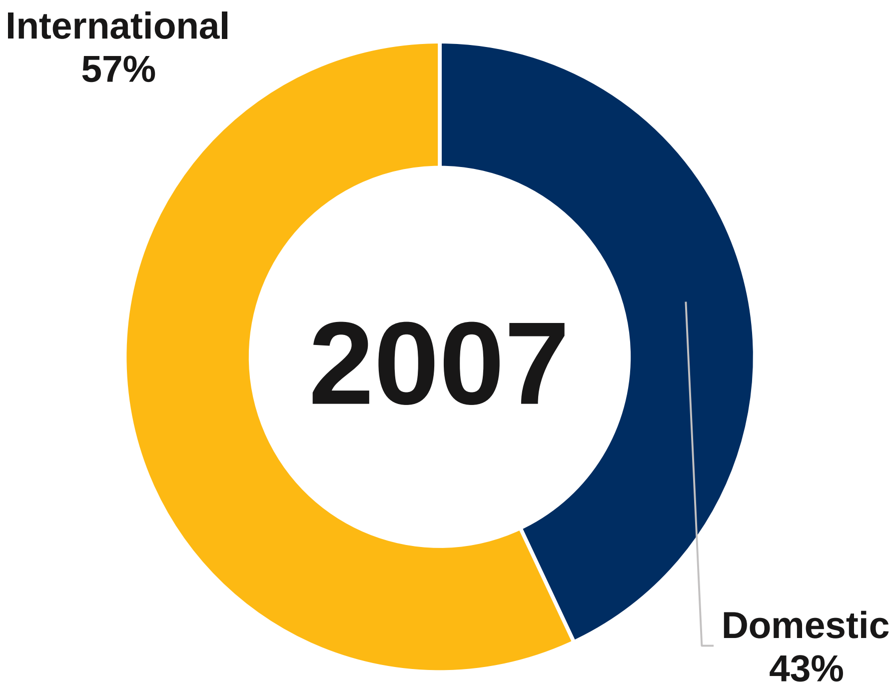
	Trend
U.S Visitor Numbers	⬆
U.K Visitor Numbers	➡
Domestic Market Trips	⬆

U.S Visitor numbers will grow slightly in 2017

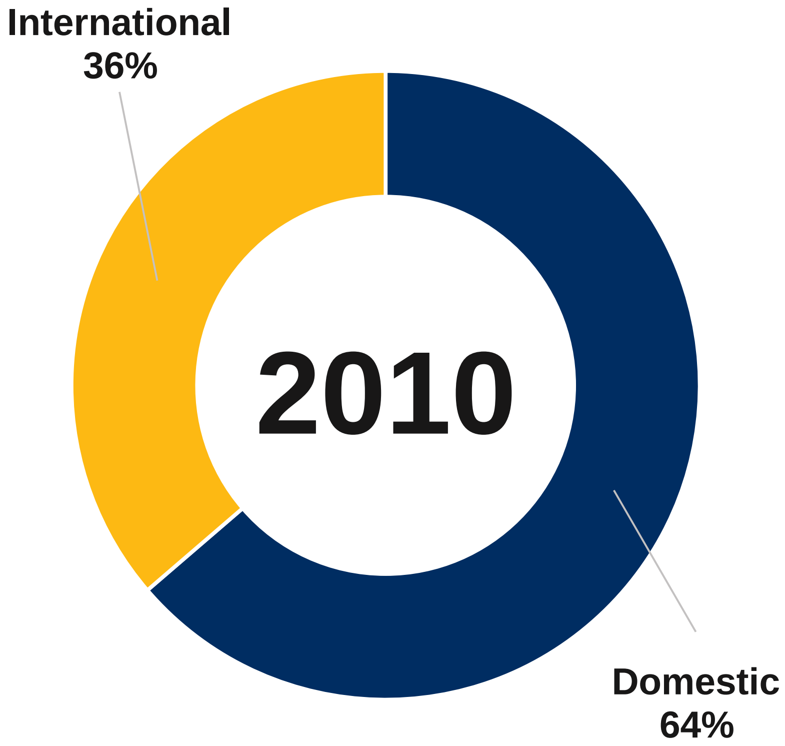
U.K visitor numbers are projected to remain static in 2017

Reliance on domestic market to drive growth

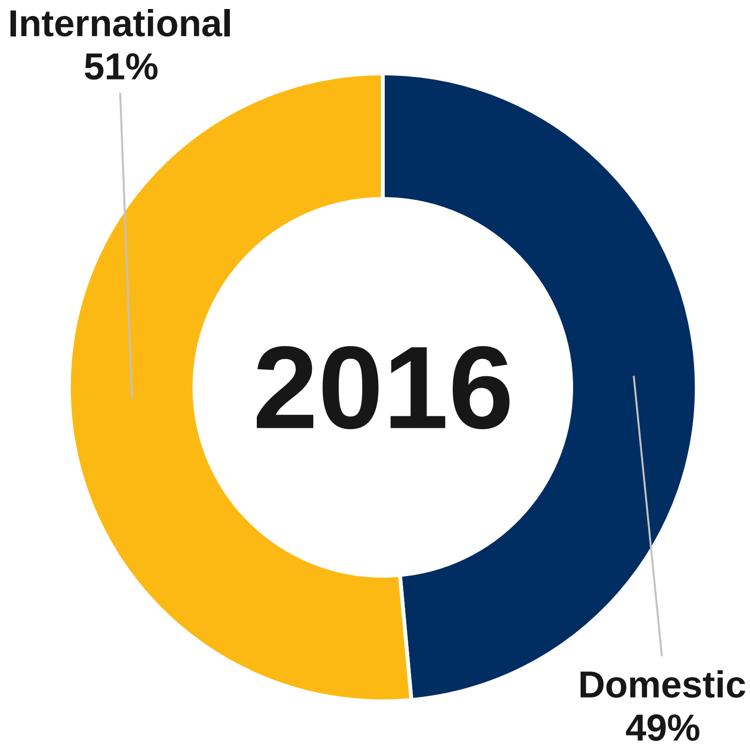
Dublin Domestic vs International Rooms Sold



Rooms Sold	4.7m
RevPAR	€88



Rooms Sold	4.7m
RevPAR	€53



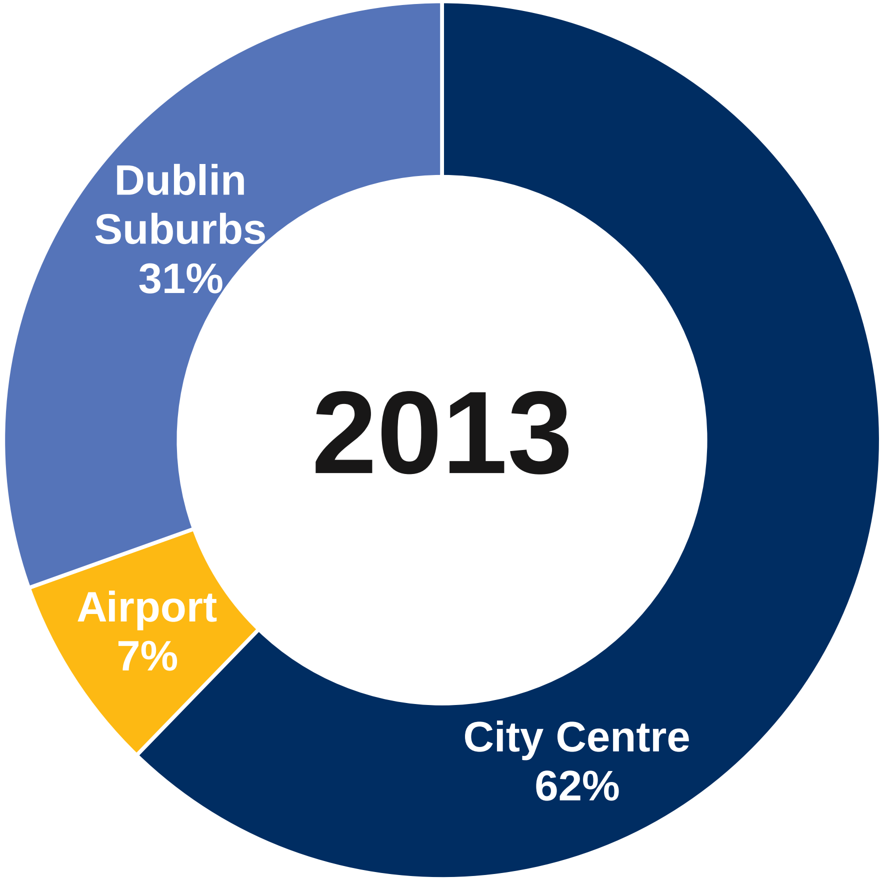
Rooms Sold	5.7m
RevPAR	€105

Source: *Crowe Horwath Annual Hotel Industry Survey*

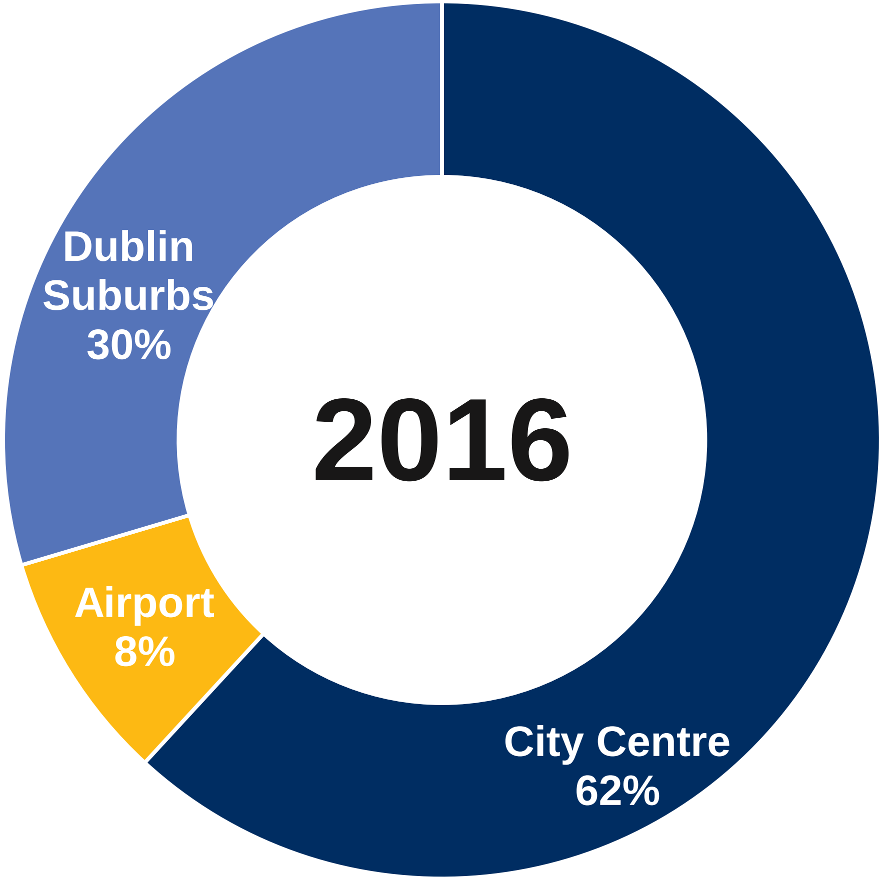
Dublin Market Share

Crowe Horwath

18,551



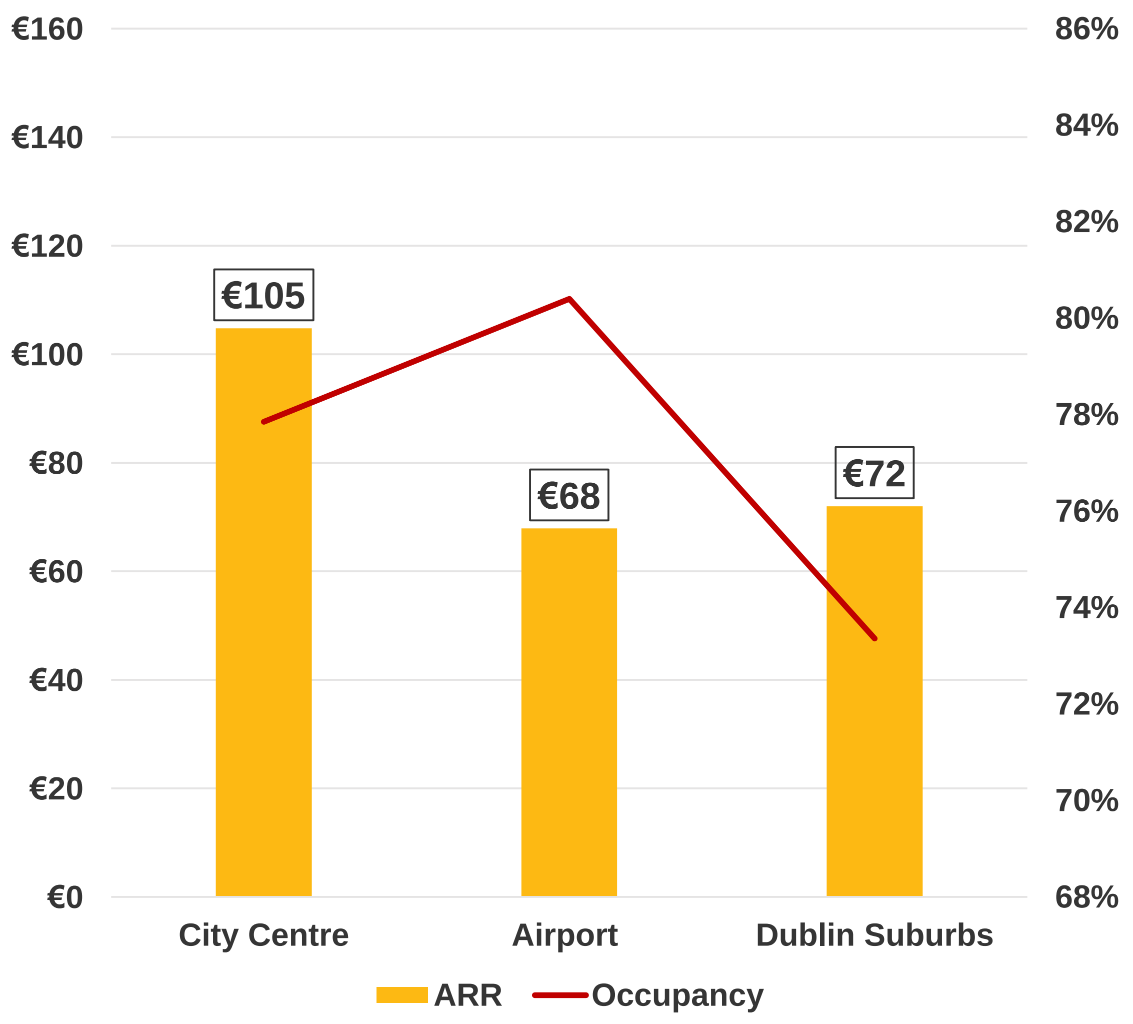
18,960



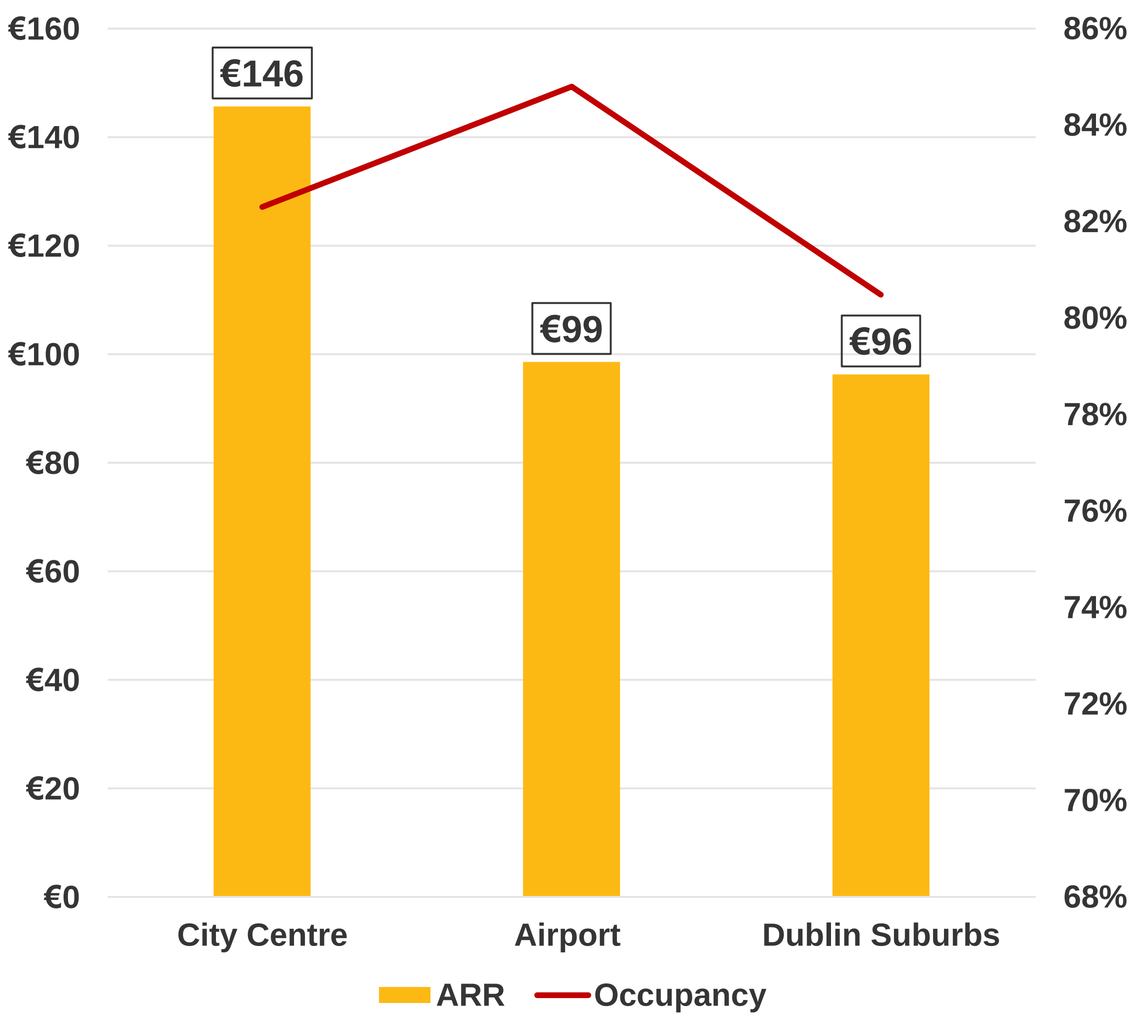
Source: *Crowe Horwath Annual Hotel Industry Survey*

Dublin sub-markets

2013



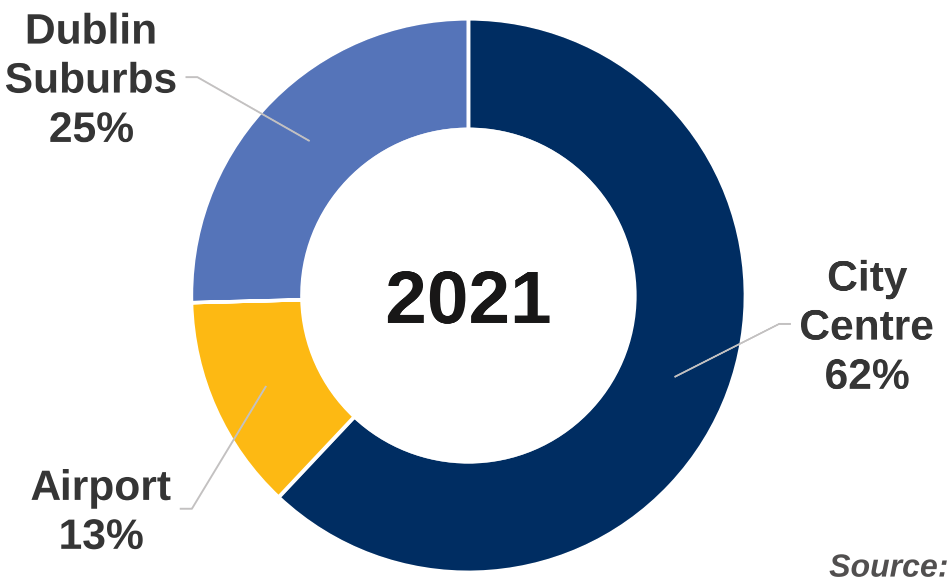
2016



Source: *Crowe Horwath Annual Hotel Industry Survey*

Dublin New Supply

	Existing Rooms	New rooms (e)	Total
City Centre	10,974	3,511	14,485
Airport	2,208	732	2,940
Dublin Suburbs	5,778	157	5,935
Exiting the market		(400)	(400)
	18,960	**4,000**	**22,960**



Source: *Crowe Horwath Annual Hotel Industry Survey*

Dublin Projected Demand

Crowe Horwath.

	2013	2016
No. of Rooms	18,551	18,960
No. of Hotels	151	152
Occupancy	76%	82%
No. of rooms sold	5.1m	5.7m

What level of demand is needed by 2021?

5%	285k
10%	570k
15%	855k
20%	1,140k

Source: *Crowe Horwath Annual Hotel Industry Survey*

5 Year Outlook

	2017(F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)
Occupancy	↑	→	↓	↓	↑
ARR	↑	↑	→	→	↑
Profit	↑	↑	→	↓	↑

Concern that profitability may be impacted by increases in costs and slowing increases in revenues

Crowe Horwath 75 years 1941 · 2016

Smart decisions. Lasting value.

Thank you

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Partner

CUSHMAN & WAKEFIELD

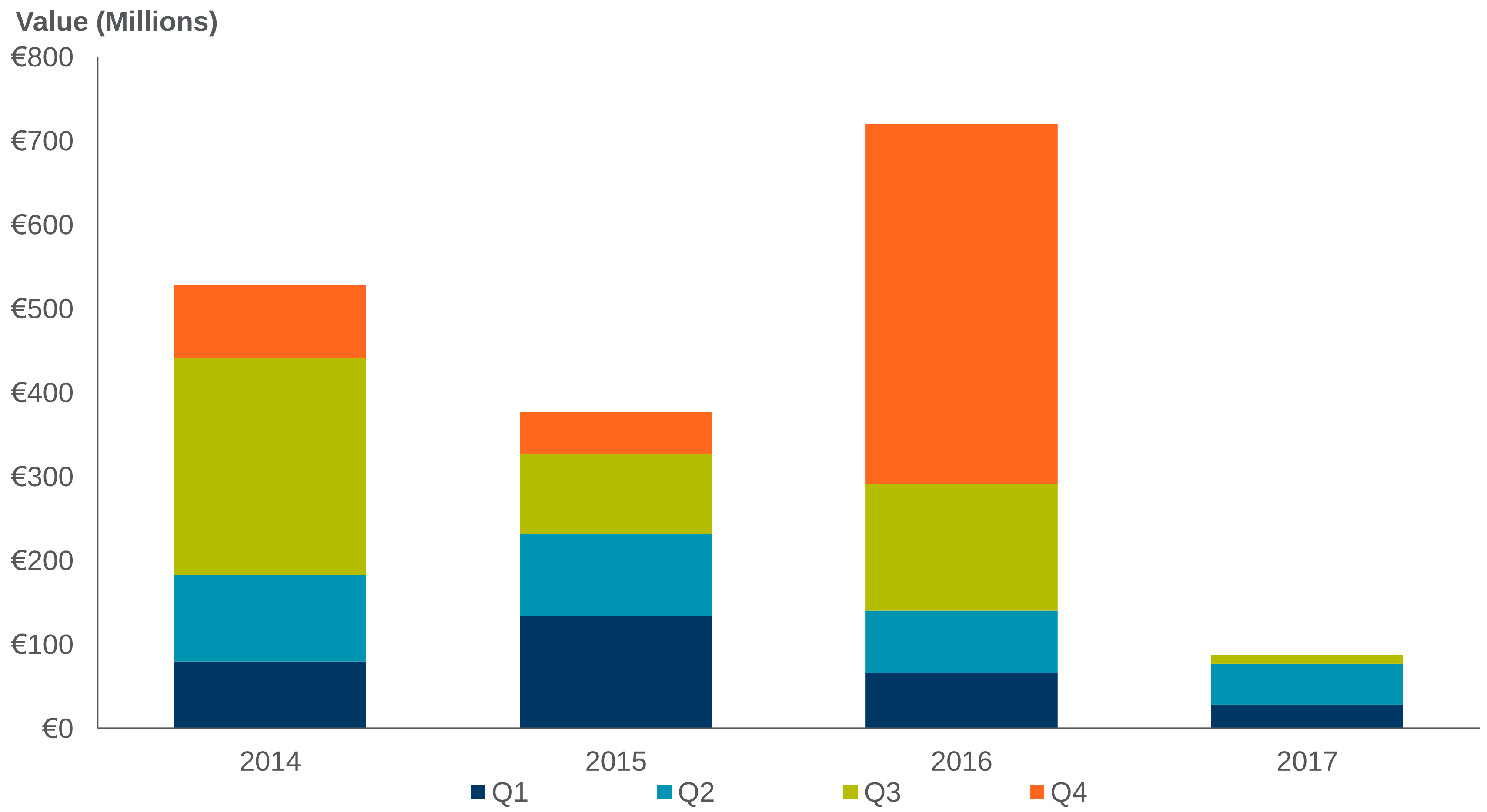
EMEA Hotels Overview

Jonathan Hubbard
November 2017

Irish Hotels Overview

Q3 2017

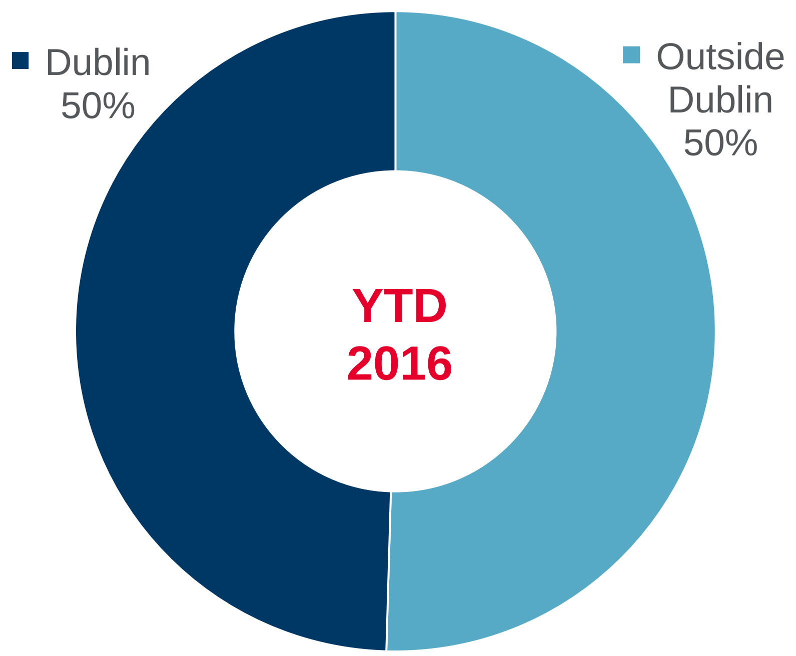
Hotel Transaction Activity

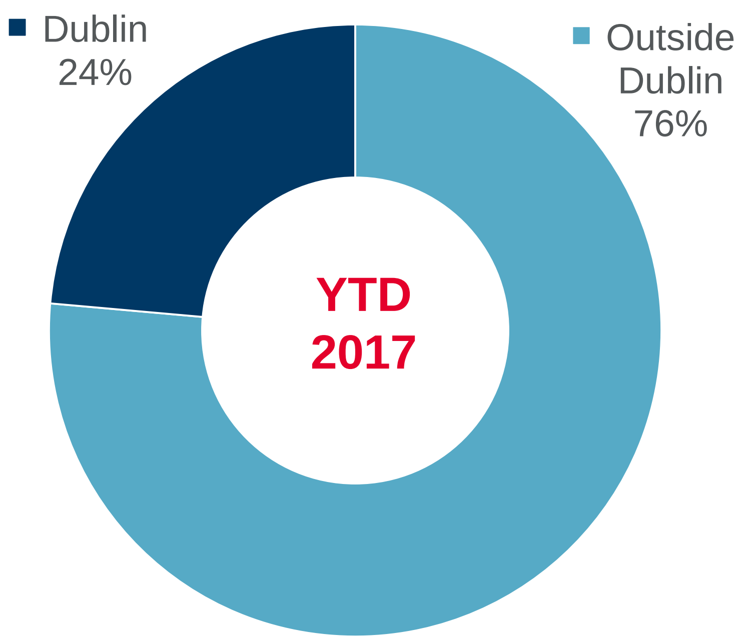


Source: Cushman & Wakefield Research

Hotel Sales Value by Location

YTD 2016 versus YTD 2017

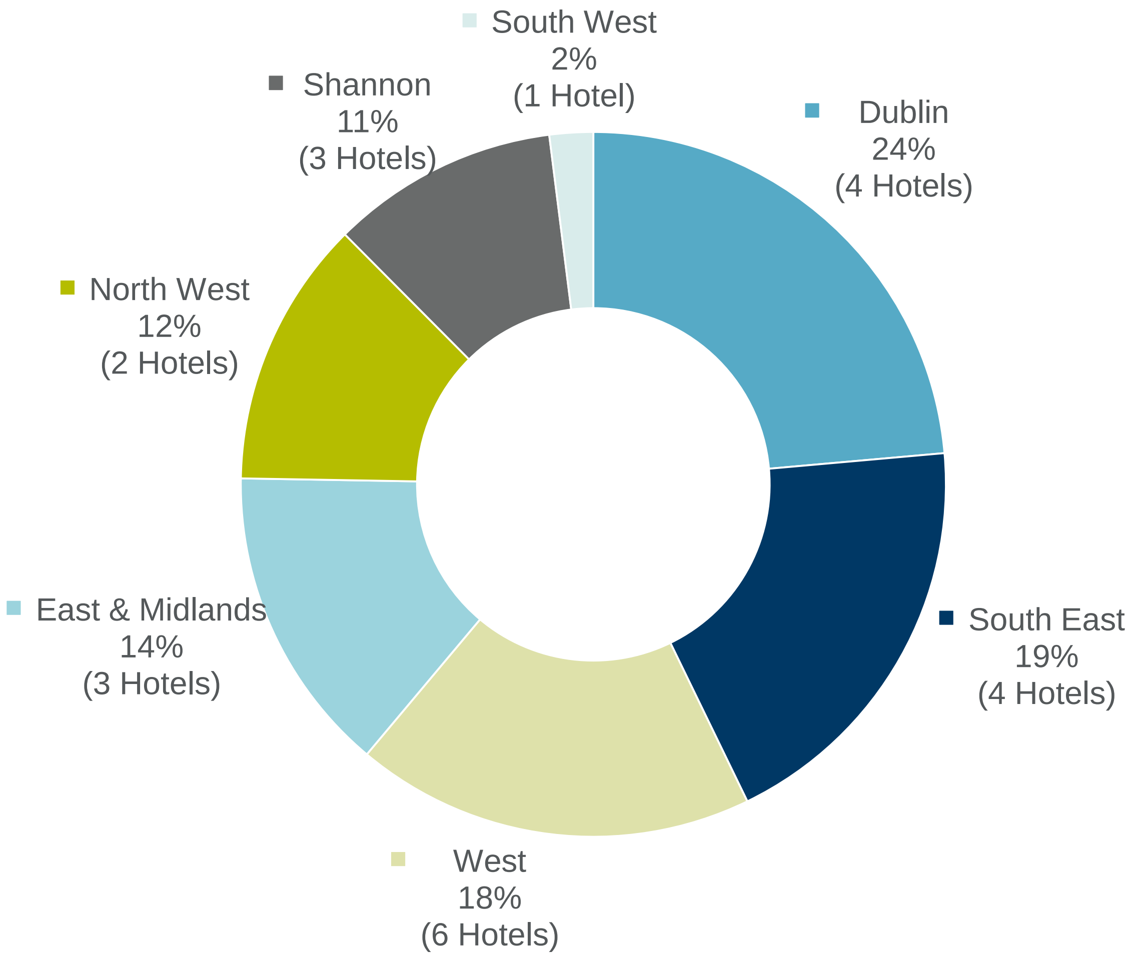




Source: Cushman & Wakefield Research

Hotel Sales Value by Region

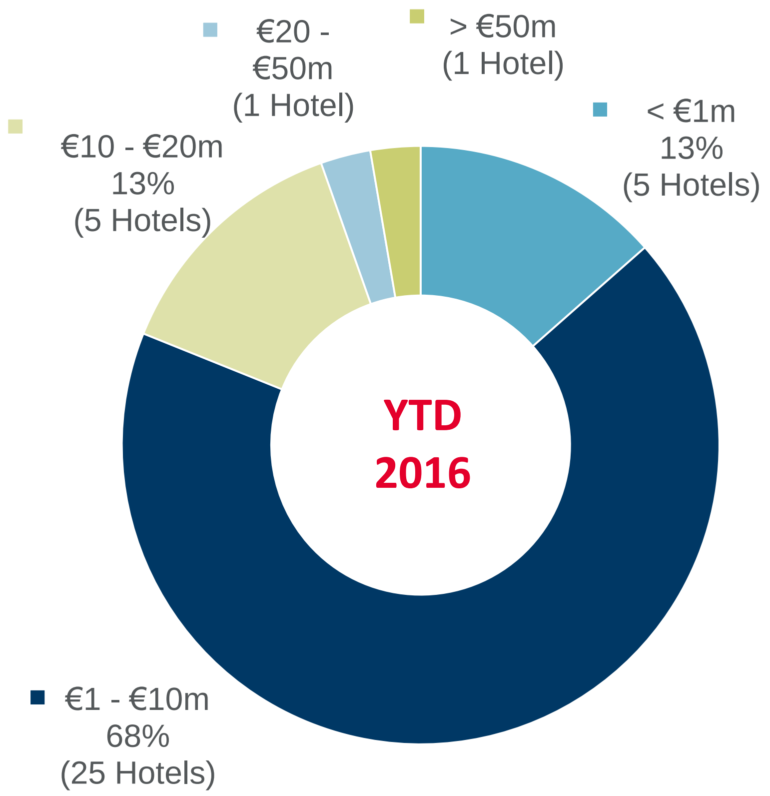
YTD Q3 2017

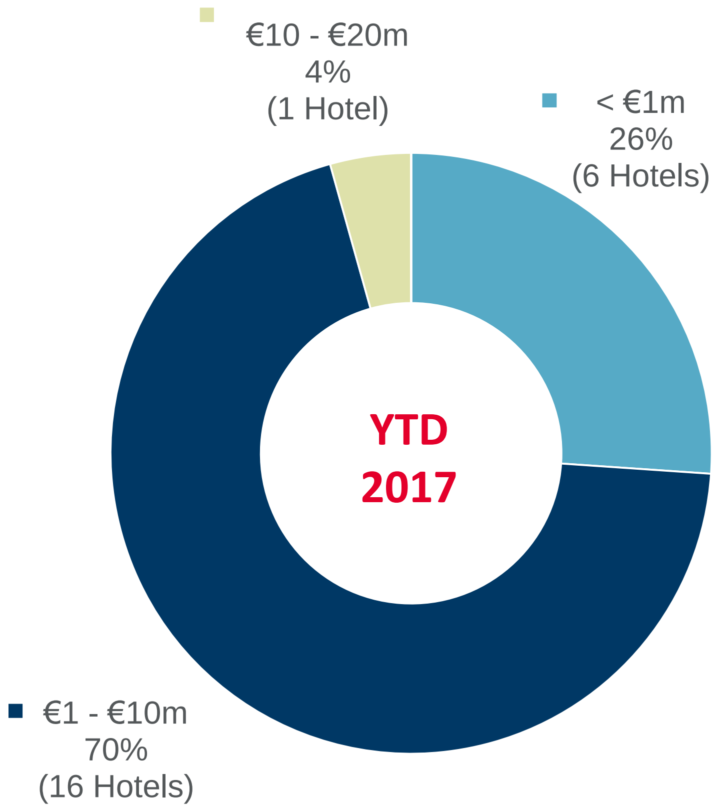


Source: Cushman & Wakefield Research

Hotel Sales Volume by Lot Size

YTD 2016 versus YTD 2017

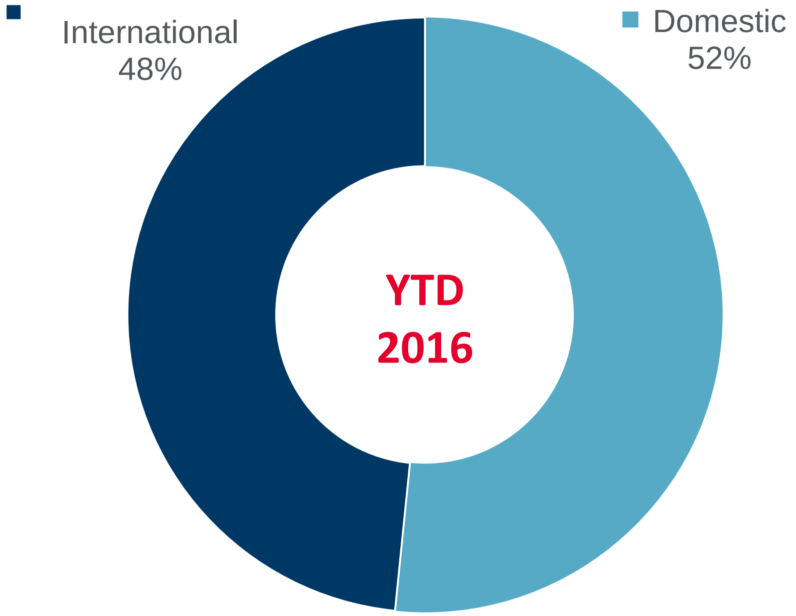


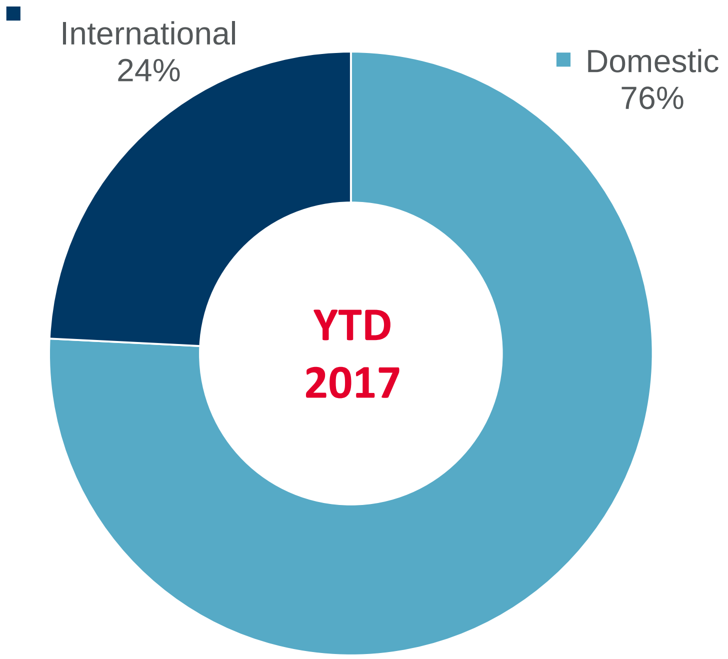


Source: Cushman & Wakefield Research

Domestic Vs. International by Value

YTD 2016 versus YTD 2017





Source: Cushman & Wakefield Research

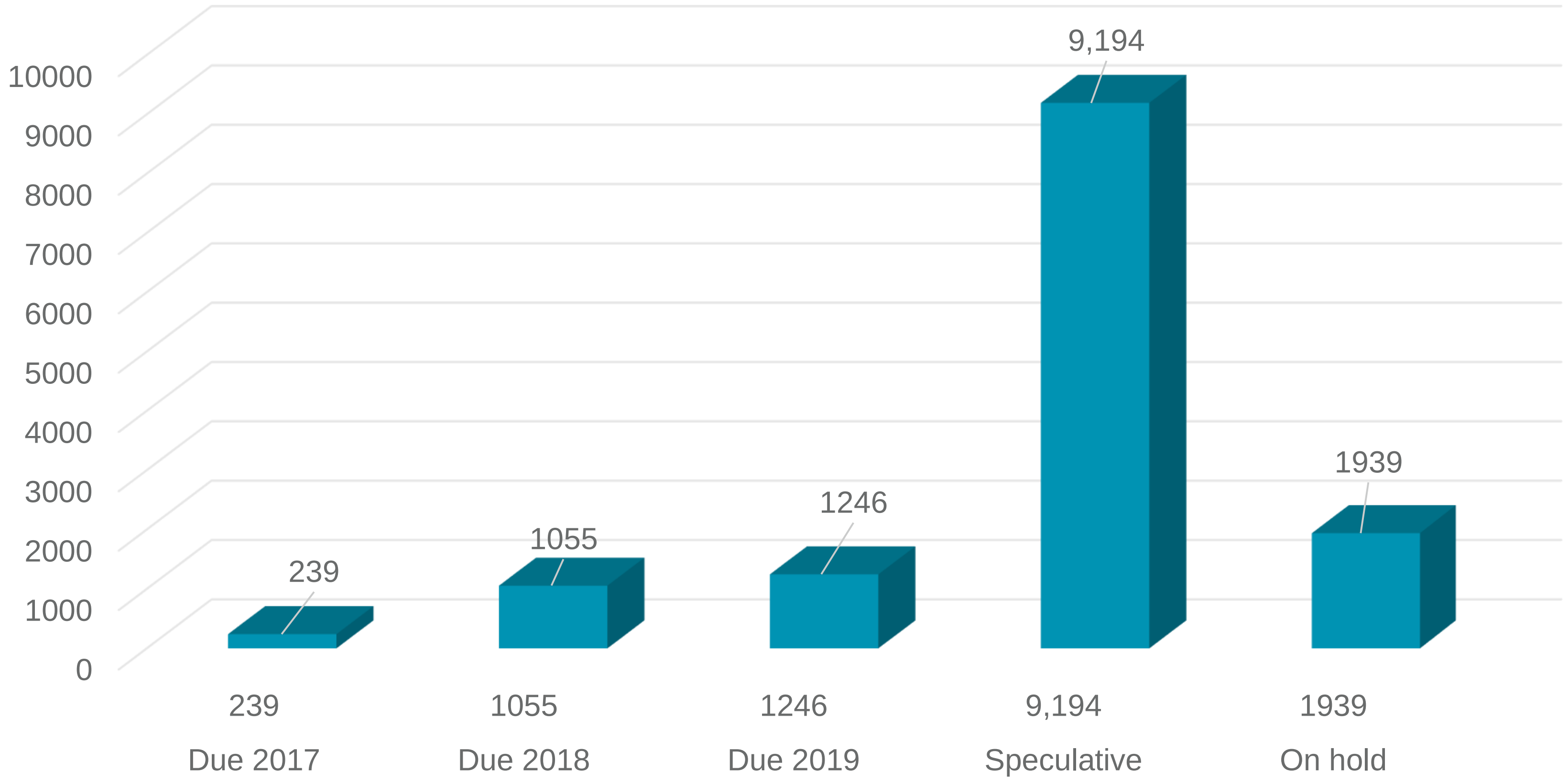
New Dublin Development

13,500+

rooms in pipeline

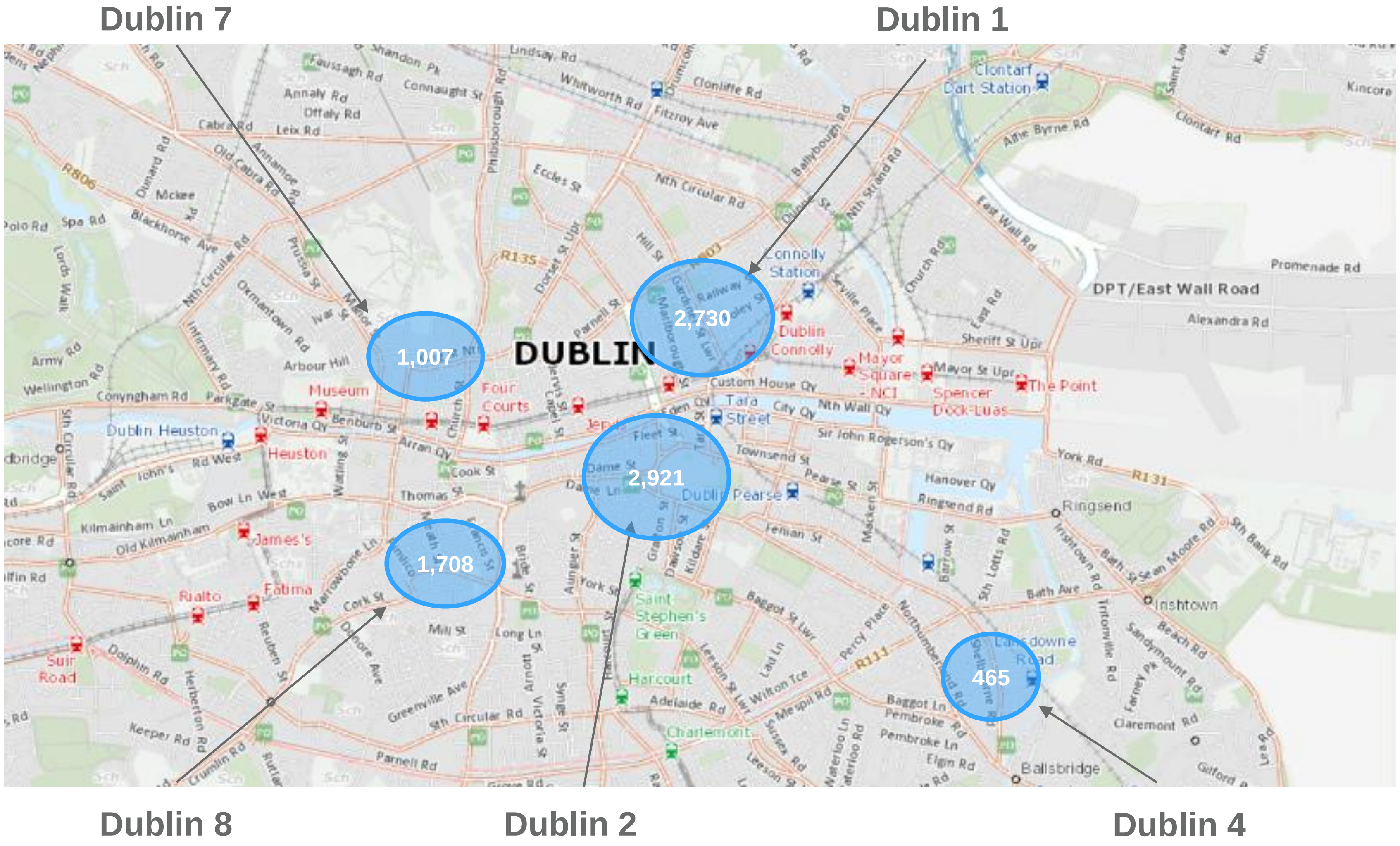
Source: AM:PM Hotels/ CIS/ Cushman & Wakefield Research

Status of Pipeline



Source: AM:PM Hotels/ CIS/ Cushman & Wakefield Research

Dublin City Pipeline Map



Major Developments Under Construction

Maldron Hotel Kevin Street, D2

139 Bedroom 3 Star Hotel

Due Q2 2018

Aloft Dublin City D8

209 Bedroom 4 Star Hotel

Due Q3 2018

Clayton Hotel Charlemont, D2

147 Bedroom 4 Star Hotel

Due Q2 2018

Sheraton Hotel, Dean Street D8

234 Bedroom Hotel 4 Star

Due Q2 2018

Large Scale Planning Approvals

Moss Street Hotel & Aparthotel, D2

- 202 Apartments & 393 Bedroom Budget Hotel

Hampton by Hilton Dublin, D7

- 249 Bedroom Budget Hotel

Cleary's Department Store, D1

- Planning Permission for 176 Bedroom 4 Star Hotel

Andrews Lane, D2

- 155 Bedroom Budget Hotel

EMEA Hotels Overview

Q3 2017

What’s Happening in the Commercial Market

Where are we in the cycle?

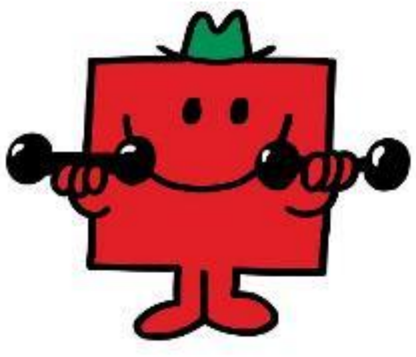
Investment Volumes

No shortage of equity

Occupier Markets

Steady but real rental growth

Leasing Activity



Take-up strong

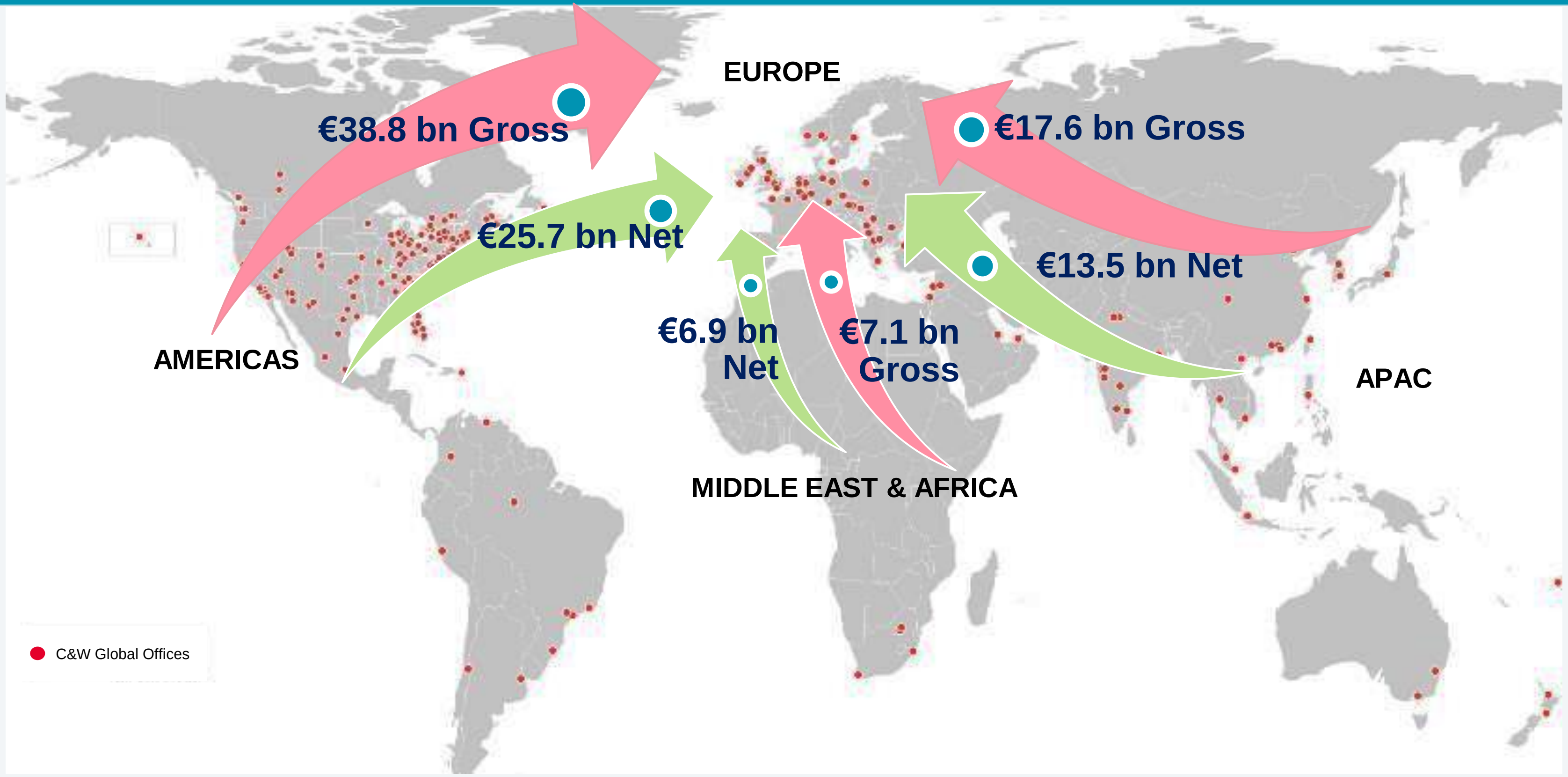
Prime Yields

Compression continues but slowing

Global Capital Flows – All Sectors

Changing Targets

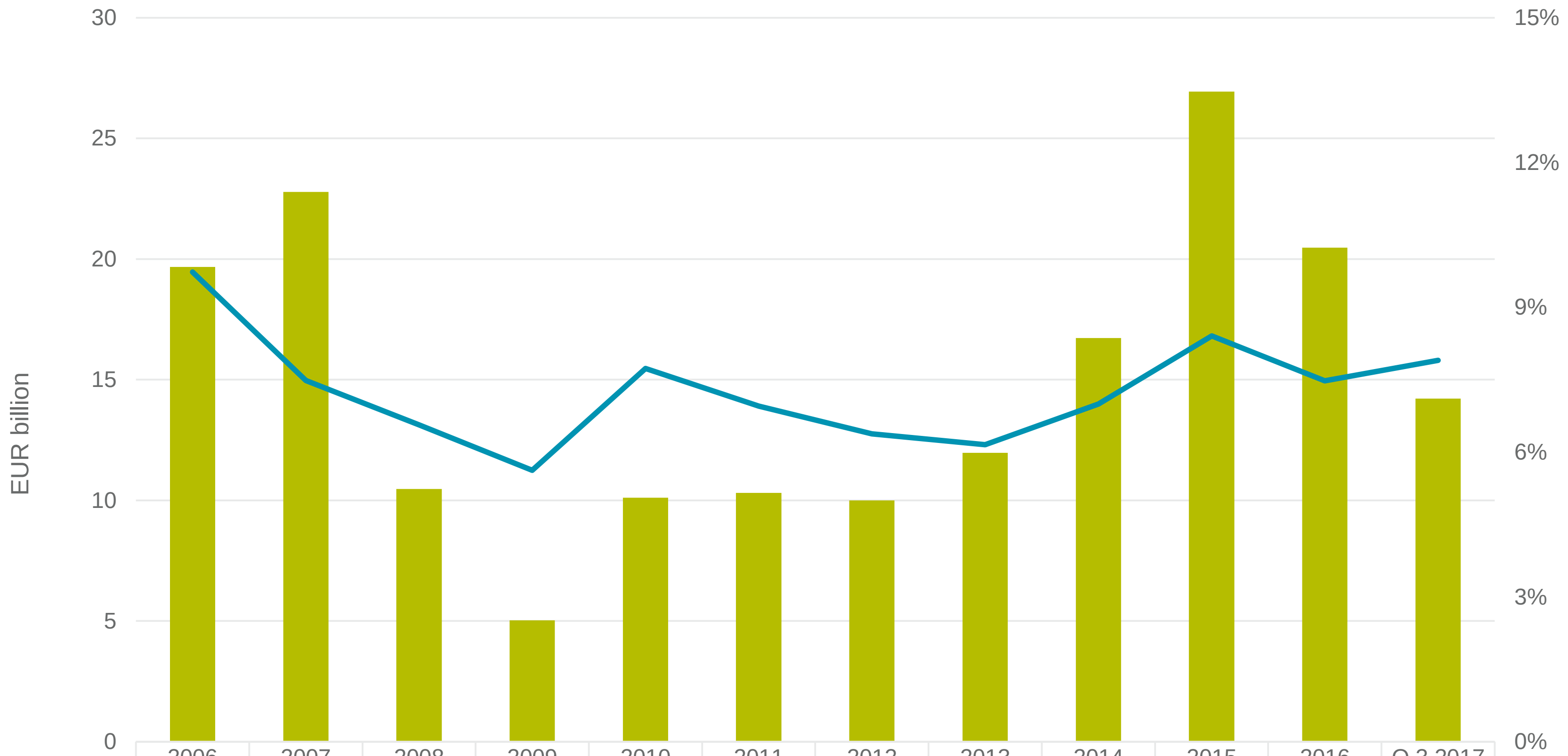
CROSS BORDER ACTIVITY: Year to July 2017



Source: C&W Capital Markets, RCA

Annual Hotel Investment Volumes Vs Market Share

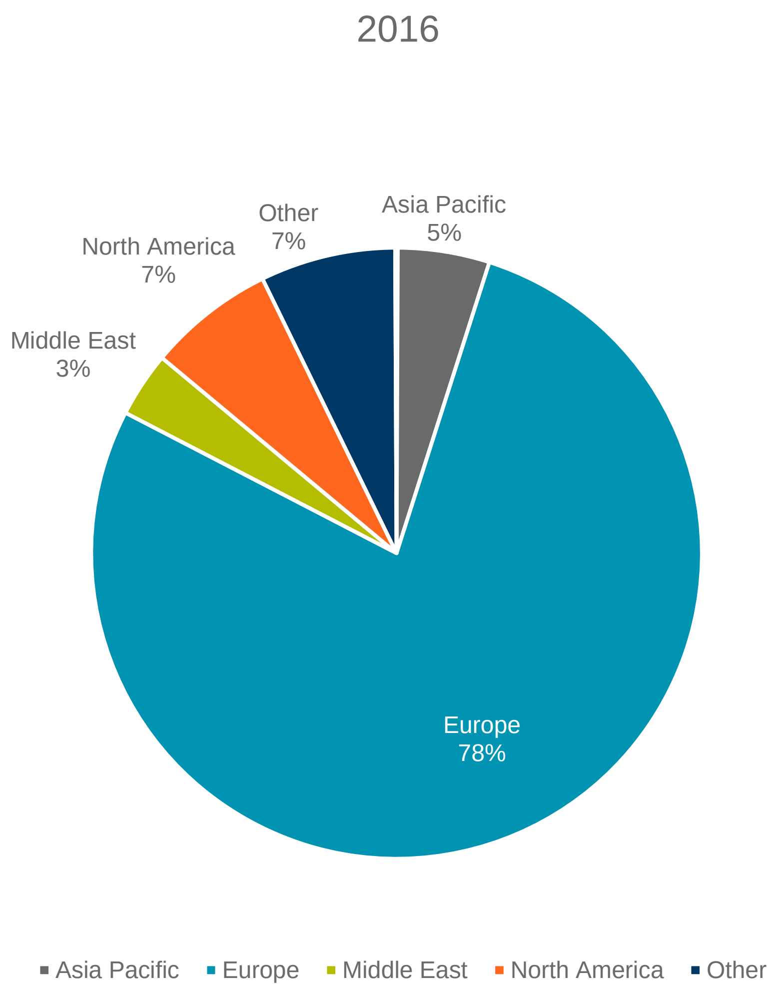
From 2006

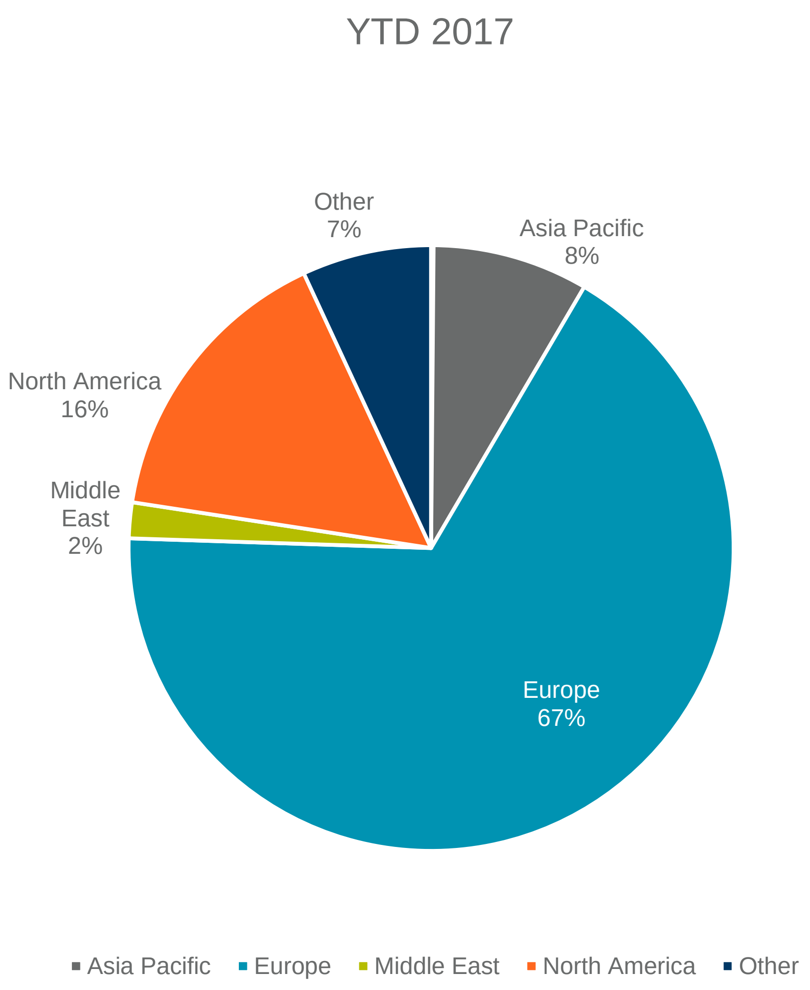


	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Q.3 2017
Hotel	19,673	22,784	10,467	5,028	10,108	10,313	10,000	11,966	16,723	26,931	20,471	14,218
Hotel share	10%	7%	7%	6%	8%	7%	6%	6%	7%	8%	7%	8%

Investment Source

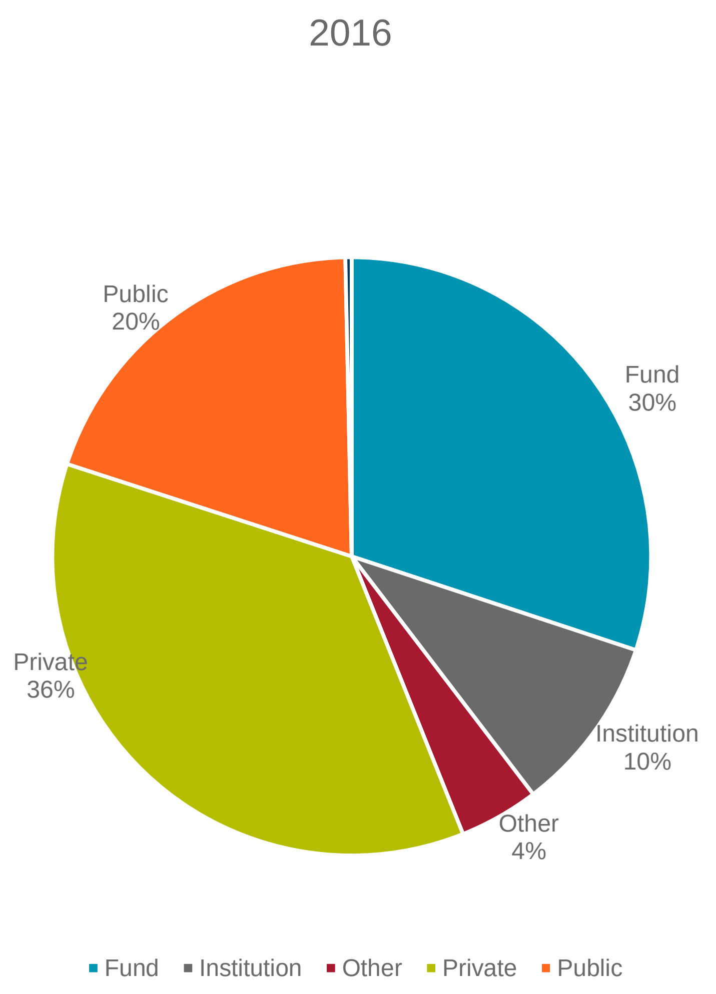
Hotel investment source into EMEA in 2016 and 2017

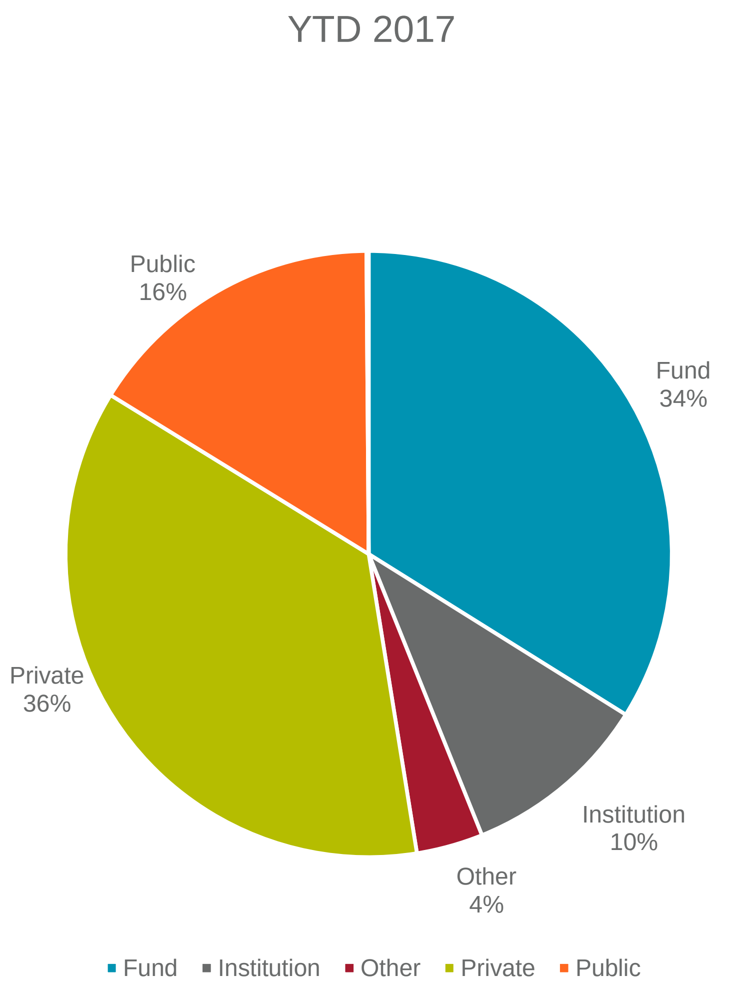




Investor Types

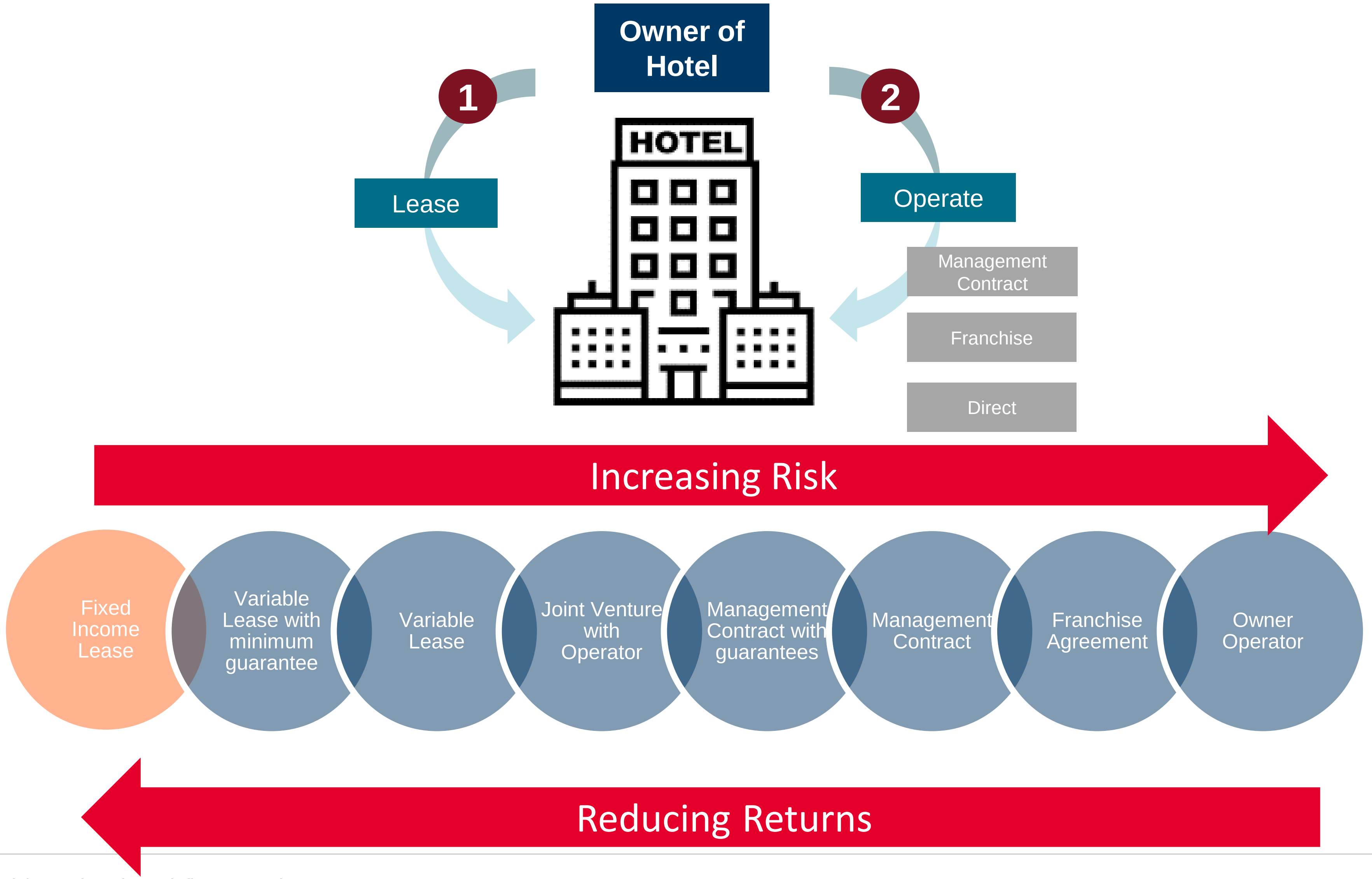
Hotel investment into EMEA in 2016 and 2017





Ownership Structures

Direct Owner to Asset Light Operator



Europe Brand Matrix

	Accor	Hilton	Hyatt	IHG	Marriott	Starwood	Carlson Rezidor	Wyndham	Melia	Other Brands
Luxury	Sofitel Legend, Fairmont, Raffles, Sofitel	Waldorf Astoria, Conrad Hotels & Resorts	Park Hyatt, Grand Hyatt	InterContinental	JW Marriott, Bvlgari, The Ritz-Carlton	St. Regis, The Luxury Collection	Missoni, Quorvus Collection, Regent	The Wyndham Grand Collection	Gran Meliá Hotels & Resorts	Mandarin Oriental, Four Seasons, The Peninsula Hotels, Kempinski, Nobu, Rosewood, Dorchester Collection, Taj, Shangri-La, Aman, Jumeirah, Belmond
Upscale	Swissôtel, Pullman, Novotel	Curio, Hilton, DoubleTree	Hyatt, Hyatt Regency	Crowne Plaza	Renaissance Hotels & Resorts, Marriott, AC Hotels	Le Méridien, Westin, Sheraton	Radisson Blu, Park Plaza	Wyndham	Meliá Hotels & Resorts	Firmdale Hotels, Clayton Hotels, Apex Hotels, Steigenberger, Morgans Hotel Group, Nuo, Mövenpick, Sandman, Scandic, Macdonald Hotels & Resorts, Iberostar
Midscale	Mercure	Hilton Garden Inn, Hampton	Hyatt Place	Holiday Inn	Courtyard Marriott	Four Points	Park Inn by Radisson	Ramada, Wyndham Garden Hotels	Innside by Meliá	B&B Hotels, Jurys Inn, NH, Barceló, Nadler Hotels, Best Western, Maldron, Leonardo Hotels
Economy	ibis Styles, ibis, ibis budget, hotelF1			Holiday Inn Express			Country Inns & Suites	Days Inn, Super 8		Qbic Hotels, City Hub, Premier Inn, Point A, Z Hotels, easyHotel, hub, Tune Hotels, Motel One, Choice, Travelodge, nitenite, Generator, Campanile
Extended-stay	Novotel, Adagio, Adagio access		Hyatt House	Staybridge Suites	Marriott Executive Apartments, Residence Inn Marriott	Element		Ramada Hotel & Suites		Room2, Saco, The Ascott, Staying Cool, Bridgestreet, Sleeperz, Staycity, Frasers, Go Native
Lifestyle	Mama Shelter, MGallery, Jo&Joe, 25hours	Canopy	Andaz, Hyatt Centric	Kimpton Hotels & Restaurants, Hotel Indigo	Edition, Autograph Collection, Moxy	W, Tribute Portfolio, Aloft	Radisson Red, Prizeotel	Dolce, Tryp	ME by Meliá	citizenM, Soho House, Virgin Hotels, Malmaison, Ace Hotel, The Hoxton, nhow, Zetter, art'otel
Brands	19	8	8	7	12	10	8	9	4	

Key Market Trends

Tourism trends

Continued growth of tourism

Capital flows

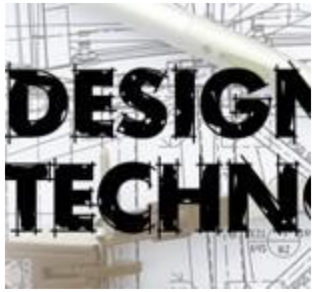
Growth of institutional capital

Global liquidity

Global liquidity expected to increase back to 2015 levels ($80bn)

Emerging markets

Renewed interest in secondary / emerging markets



Redefining of the model

Design, technology, evolution of brands & operators

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LIKE THE PRICE.
LOVE THE DESIGN.

DISCOVER MOTEL ONE

designer lounges

individualized bedrooms

AFFORDABLE LUXURY

Our guests enjoy finest Egyptian cotton sheets and top of the range box-spring beds, experiencing a truly exceptional environment of designer furniture and recognised brands at a fair price point – our idea of affordable luxury – starting at € 59.

HIGH QUALITY MATERIALS

- Box-spring bed
- Egyptian cotton
- Dark granite
- Organic amenities
- Fluffy 600g towels

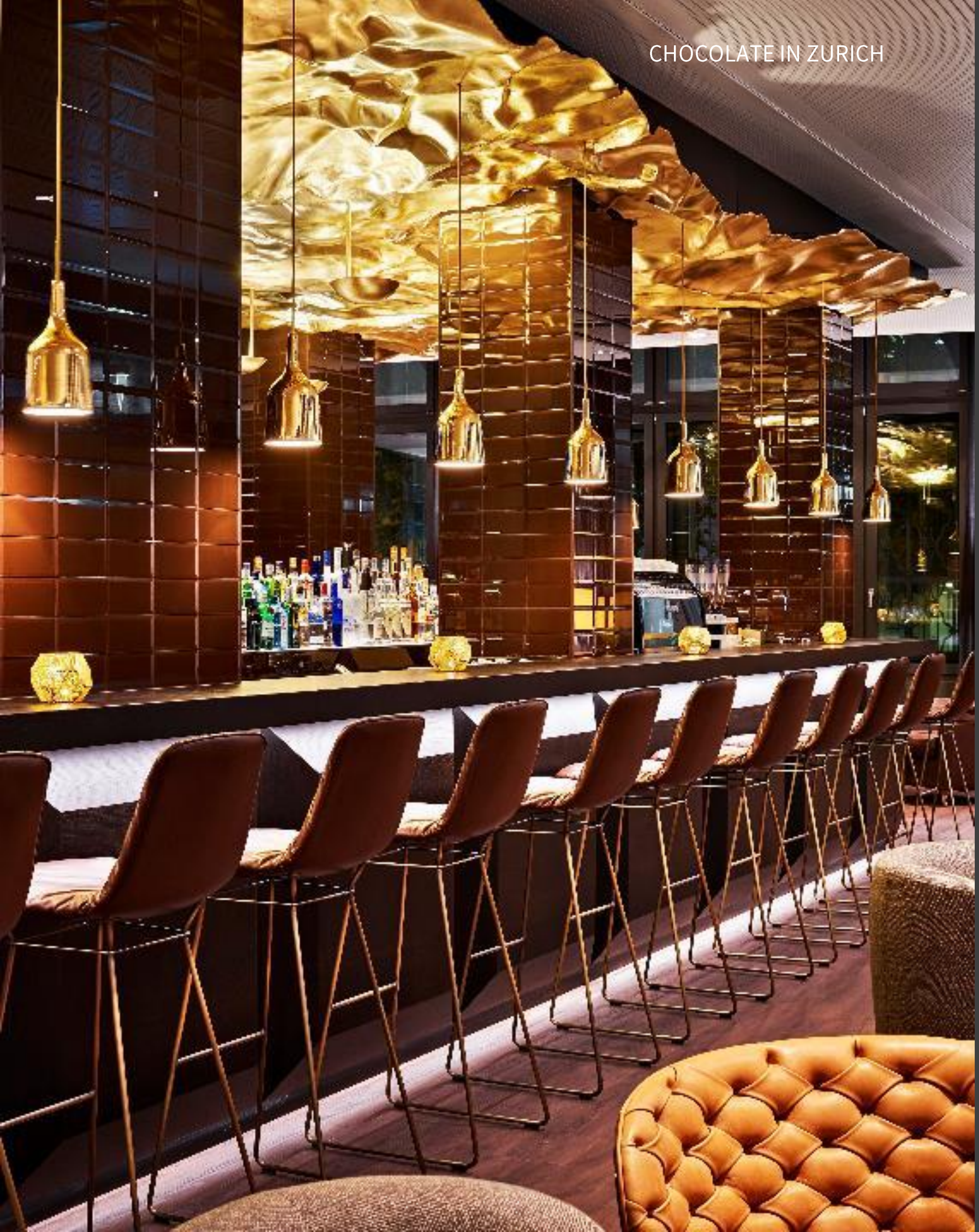
RENOWNED BRANDS:

- Artemide lights
- LG 43” Flat-screen TV
- Dornbracht bath fittings
- Hansgrohe raindance shower
- Freifrau relax chair
- B&B Italia desk

NEIGHBOURHOOD

We like each hotel to be different. Our hotels each have a unique design and feature different furniture. We care about the local environment and work with local artists and craftsmen to engage with the „neighbourhood story“.

LAPTOP AND LEDERHOSE IN MUNICH


CHOCOLATE IN ZURICH


BICYCLES IN AMSTERDAM


BRITPOP IN MANCHESTER

LIFESTYLE

Designer lounges, free Wi-Fi and communal work spaces create an intimate and functional environment that caters for the changing tastes of modern travellers. Our dedication to the highest quality and service is visible in our stylish bars, open to everybody around the clock. Guests can choose from a wide range of high-quality spirits, regional selections of wine and beer and other refreshing beverages.


MOTEL ONE
WIEN-HAUPTBAHNHOF


MOTEL ONE
BERLIN-TIERGARTEN


MOTEL ONE BERLIN-UPPER WEST

KEY FIGURES

MOTEL ONE GROUP

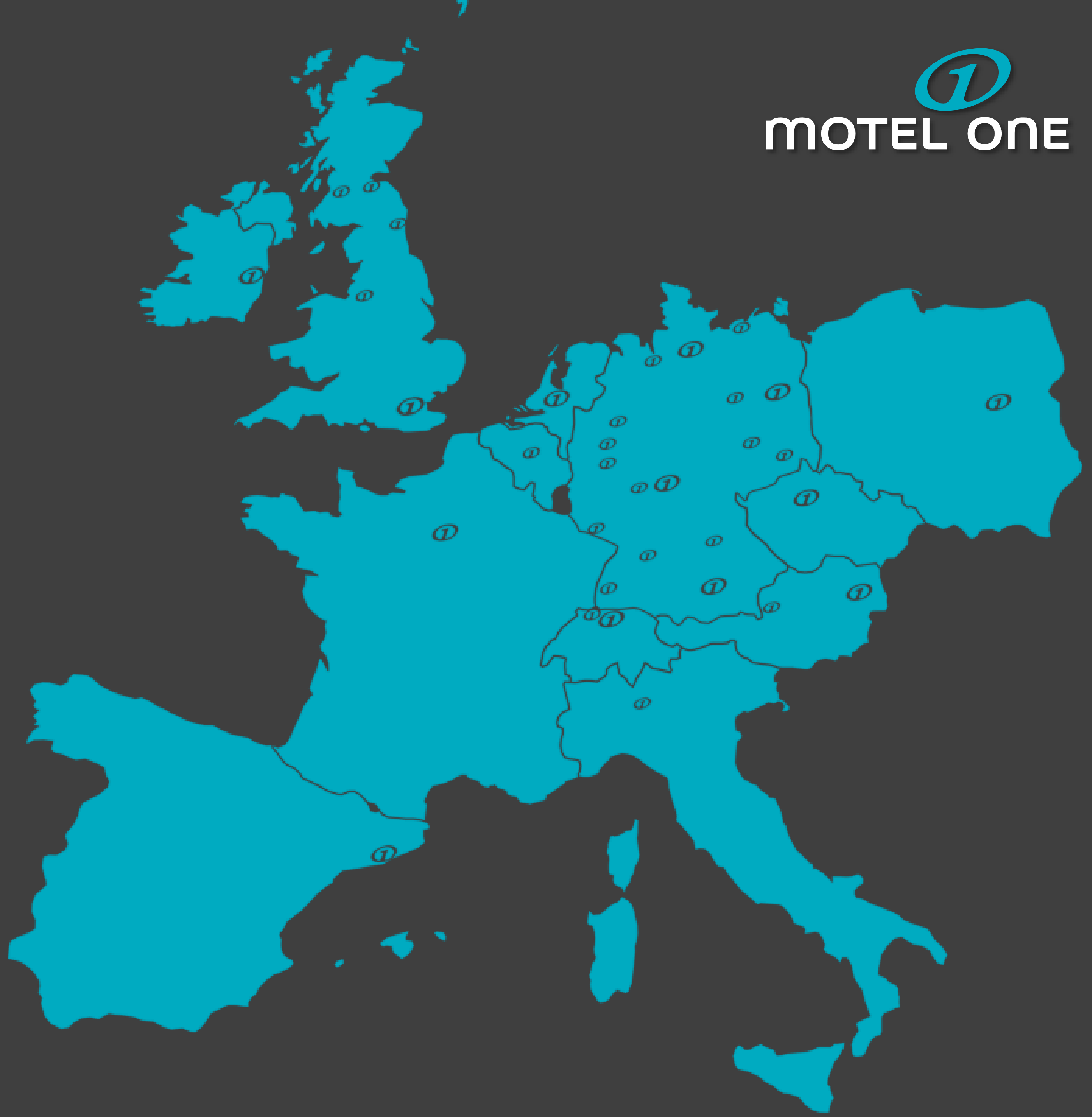
FINANCIAL SUMMARY

P&L Statement	Full Year					YTD September 2017				
KEY PERFORMANCE METRICS	2016		2015		+/-	2017		2016		+/-
No. Hotels	55		51		7.8	60		55		9.1
No. Rooms	**14,583**	**100.0**	**13,887**	**100.0**	**5.0**	**16,547**	**100.0**	**14,583**	**100.0**	**13.5**
Occupancy in %	**77**		**75,3**		**1.2**	**77.5**		**75.7**		**1.8**
Rev per Room sold (EUR)	**88.7**		**87.5**		**1.2**	**91.1**		**90.1**		**1.0**
Income Statement	kEUR	%	kEUR	%	%py	kEUR	%	kEUR	%	%py
Revenue	**357,411**		**321.697**		**11.1**	**249,997**		**267,555**		**10.3**
EBITDA	**111,036**	**31.1**	**96,617**	**30.0**	**14.9**	**92,818**		**83,236**		**11.5**
EBIT	**79,952**	**22.4**	**69,880**	**21.7**	**14.4**	**69,802**		**60,604**		**15.2**
Operating Profit	**72,213**	**20.2**	**63,743**	**19.8**	**13.3**	**66,166**		**54,018**		**22.5**
Capital gain on hotel properties	56,265	15.7	35,712	11.1	57.6	47,320		0		>100.0
EBT	**128,478**	**35.9**	**99,455**	**30.9**	**29.2**	**113,486**		**54,018**		**>100.0**
Tax	-36,865	-10.3	-22,004	-6.8	-67.4	-37,861		-17,826		>100.0
Net Income	**91,613**	**25.6**	**77,451**	**24.1**	**18.3**	**75,625**		**36,192**		**>100.0**
BALANCE SHEET	kEUR	%	kEUR	%	+/-	kEUR	%			
+/-Fixed Assets	**535,590**	**72.0**	**436,443**	**74.8**	**22.7**	**628,238**				
Equity	396,866	74.1	331,984	76.1	19.5	392,916	62			
Net Working Capital	-14,339	-2.7	55,595	12.7	<100.0	77,000	12			
Net Debt	153,063	28.6	48,864	11.2	>100.0	158,322	25			
Net Debt / EBITDA	**1.4**		**0.5**			**1.3**				

MOTEL ONE

EXPANSION

Pipeline	September 30, 2017		
	Hotel	Rooms	%
in operation			
Owned Hotels	13	2,842	24
Rented Hotels	47	13,705	76
Total in operation	60	16,547	100
- Germany	43	11,542	70
- International	17	5,005	30
under development			
Owned Hotels	12	3,935	41
Rented Hotels	18	5,592	59
Total Pipeline	30	9,527	100
- Germany	18	6,723	71
- International	12	2,804	29



AWARD WINNING COMPANY

AWARDS & RATINGS

MOTEL ONE

2015

2016

"German Marketing Award"
awarded by the business magazine „brand eins"

"Fastest Growing Hotel Brand"
by PKF hotelexperts

"German Service Prize" in the category Tourism
by German Institute for Service Quality

"Innovator of the year" - awarded by the business magazine „brand eins"

"German Education Award"
by the TÜV Süd Academy and the German Federal Ministry of Education and Research

"Best Employer in the Hospitality Industry Award"
received from Focus Magazine & kununu for the second time

"Platow Real Estate Award"
by the financial service "Platow Brief"

"Best Budget Hotel" in Germany
awarded by German Institute for Service Quality for the fourth time

"Lifetime achievement award"
for Dieter Müller awarded by International Hotel Investment Forum

"Entrepreneur of the year" - for Dieter Müller awarded by Ernst & Young

Ratings

AAA rated
in the Investment Ranking by Treugast Solutions Group for the eighth time since 2008

"Bundesbank Rating"
equivalent to S&P or FITCH Investment Grade A-

MOTEL ONE

ENVIRONMENT

A number of our hotels are certified by leading assessment methods such as BREEAM, LEED and DGNB.

MOTEL ONE

LONDON – TOWER HILL

BREEAM – Excellent

291 Rooms

New construction in the heart of London’s financial centre in the City of London, just half mile from Tower Bridge and the Tower of London.

MOTEL ONE

AMSTERDAM

BREEAM – Excellent

The first hotel in the Netherlands to be awarded the BREEAM – Excellent certificate (Source: Dutch Green Building Council)

320 Rooms

New construction, located opposite the Amsterdam RAI Exhibition and Convention Centre.

MOTEL ONE

EDINBURGH-ROYAL

208 Rooms

Conversion of a historical building from the 16^{th} and the 18^{th} century; part of Edinburgh’s Old Town,
a UNESCO world heritage site.

MOTEL ONE

WIEN - STAATSOPER

400 Rooms

Conversion of a listed property from the turn of the century (19^{th}/’20^{th} century), situated

next to the Opera House in the

1^{st} district of Vienna.

MOTEL ONE

BERLIN – POTSDAMER PLATZ

239 Rooms

New construction – integrated in the Mall of Berlin, situated directly opposite the German Bundesrat (federal council) in the Mitte district.

MOTEL ONE

BERLIN – UPPER WEST

DGNB certified

582 Rooms

New construction opposite the Kaiser Willhelm Memorial Church in the heart of Berlin’s City West; mixed-use project with Motel One as anchor tenant from the ground to the 17th floor and a roof terrace on the 10th floor.

MOTEL ONE

ZURICH

301 Rooms

Conversion of the historic post building situated in Zurich’s city centre close to the “Paradeplatz” and the
famous “Bahnhofstraße”.

MOTEL ONE

BARCELONA - CIUTADELLA

301 Rooms
opening 2017
New construction at the “Parc de la Ciutadella” within short walking distance to the old town of Barcelona.

MOTEL ONE

PARIS

255 Rooms

opening 2017

New construction of a sustainable, innovative building with ideal accessibility to public transportation.

THE ONE FOR YOU

Thank You

2017 Irish Hotel Market Briefing

Crowe Horwath.

CUSHMAN & WAKEFIELD
COMMERCIAL PARTNER OF SHERRY FITZGERALD