



hospitality INSIDE

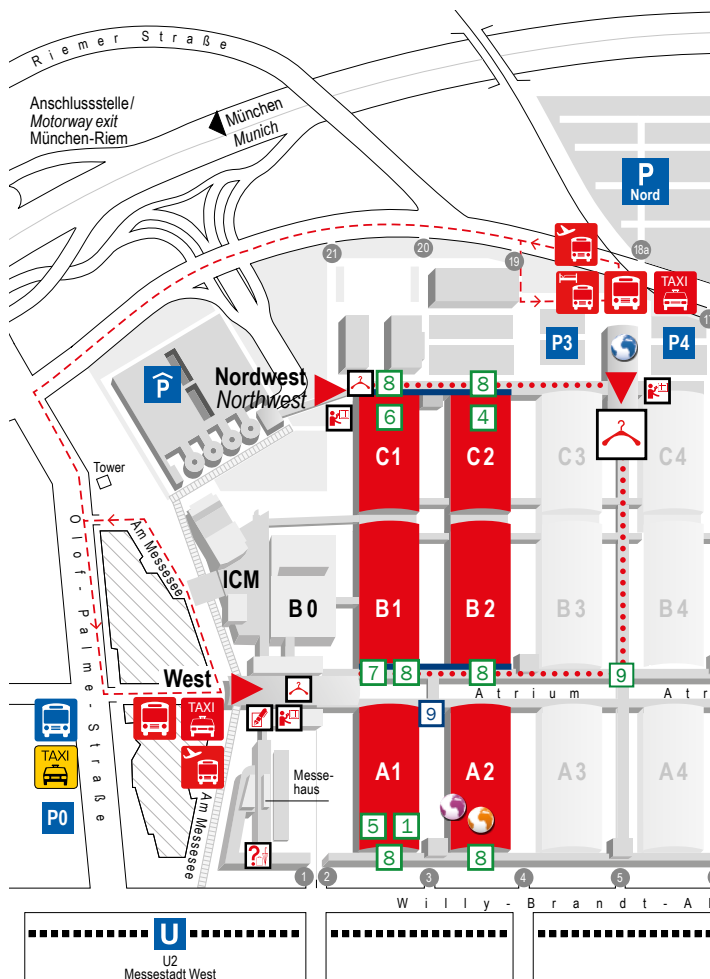
SPECIAL



OCTOBER 2018 // EXPO REAL EDITION FOR HOSPITALITY & REAL ESTATE EXPERTS



FLOOD OF BRANDS



- P** Parkplatz
Parking area
 - U** U-Bahn
Subway
 - Linienbus**
Public Bus
 - Taxi** Taxistand ohne Vorbestellung
Taxi rank for general cabs without pre-ordering
 - per App bestellte Taxen**
Taxis ordered using an app
 - Flughafen-Shuttle**
Airport Shuttle
 - Hotel-Shuttle**
Hotel Shuttle
 - Pendelbus zwischen den Eingängen**
Shuttle between the entrances
 - Pendelbus Route**
Shuttle route
 - Eingänge**
Entrances
 - ExpressWay**
 - Garderobe**
Wardrobe
 - Fundbüro**
Lost & Found
 - Pressezentrum**
Press Center
 - Geldautomat**
ATM/Cash Machine
 - Konferenzprogramm**
Conference program
 - 1** DISCUSSION & NETWORKING FORUM
 - 2** PLANNING & PARTNERSHIPS FORUM
 - 3** EXPO REAL FORUM
 - 4** GRAND PLAZA
 - 5** REAL ESTATE INNOVATION NETWORK
 - 6** INTELLIGENT URBANIZATION FORUM
 - 7** INVESTMENT & LOCATIONS FORUM
B11 (1. OG/1st floor)
 - 8** Konferenzräume
Conference Rooms
 - Meetingmöglichkeiten**
Meeting opportunities
 - 9** Meeting-Center Messe München
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- Joint Stand „World of Hospitality“**
 - BRICKS & BRAINS**
 - Hospitality Industry Dialogue**

HospitalityInside network at EXPO REAL: Visit us!

Exhibitors at the „World of Hospitality“ – Joint Stand Hall A2.240

arcona Hotels & Resorts
Aroundtown (Primecity)
Best Western Hotels Central Europe
Choice Hotels
Christie & Co
citizenM
Derag Livinghotels
Drees & Sommer
DSR Hotel Holding
Engel & Völkers Hotel Consulting
Falkensteiner Hotels & Residences

Gorgeous Smiling Hotels
Harry's Home Hotels
Hofer Land-Fichtelgebirge-Region
Bayreuth (Destination in Bayern)
HospitalityInside
Hotel Affairs Consulting
Hotour Hotel Consulting
igen hotels / easyhotel
Jung & Schleicher Rechtsanwälte
Kempinski Hotels
Letomotel

LFPI Hotels Deutschland
Pandox
Plaza Hotelgroup
Prizeotels
Radisson Hotels
Rilano Hotels & Resorts
Staycity Aparthotels
TKS Group
Treugast Solutions Group
TUI Hotels & Resorts

Partners with own booths

Deutsche Hypothekenbank	B1.344
Motel One	A2.422
Union Investment Real Estate	B2.044 / B2.142
Vienna House	C2.031



Dear hospitalityInsiders and guests at EXPO REAL 2018!

Twelve breathless months have passed since the last trade fair – a time in which the extremes in the hotel world have intensified: capital is flooding the international hotel market unabatedly and, on the other hand, the frustration is increasing due to the lack of projects. This discrepancy leads to exorbitant prices in individual markets. The first hotel investors are already slamming on the brakes while others continue their expansion at full speed: after all, the tourism market is the only one that continues to grow globally with good margins of four to five

percent each year. For this reason, there are always investors who are willing to pay more than others for certain projects. The spiral continues to turn upwards.

However, the players are changing, and the hotel market resembles a football ground. Project developers are rushing forward: hotel projects are being torn off their drafting tables. Real estate brokers are also pressing ahead; the fronts of their jerseys mark them as (neutral) „consultants“ but their backs say „brokers“.

Currently, the continuous acquisitions are creating disquiet on the scene: AccorHotels has acquired non-stop hotel groups and other companies in the last months. The Chinese also continue to go for international acquisitions, among them some giant players (such as Radisson Hotels). They all pretend to live diversification, but after the system integration, the colourful variety will slowly disappear. To the disadvantage of the travellers and investors.

The articles of this special 100-page edition for Expo Real reflect these turbulent times (starting at page 28); some of these topics will also be discussed at the „Hospitality Industry Dialogue“ (HID), the trade fair's hotel conference, which will start on Monday at 1 pm. The HID also addresses the „Emerging Technologies“. Artificial Intelligence & Co. are being integrated in properties as well as operations faster than both sides anticipate. A panel discussion addresses this hot topic, other panels will question the blind actionism in development, search for new segments for a more stable yield, analyse the big brand chaos, and will compare boutique and lifestyle hotels with „traditional“ hotel brands – exclusively for the Expo Real – for the first time (see page 8). You may retrieve this 9th edition of hospitalityInside SPECIAL EXPO REAL online at www.hospitalityInside.com (eLibrary). The magazine is also available at the stands of other partners as well as in trade fair hotels in Munich.

Trade fair visitors are able to speak directly to many important international and national businesses from the hotel industry: you will find 30 of them alone at the „World of Hospitality“ stand, which thus maintains its leading role in the hotel market place. New among the renowned names is the Gorgeous Smiling Hotels group, and with the initiative „Hoferland-Fichtelgebirge-Region Bayreuth“, a touristic destination is present at our joint stand for the first time. HospitalityInside's joint stand will also provide information about the next HITT Think Tank, which will take place in May 2019 after its successful premier in June. It will be held on a ship in Berlin again (see page 39). It will go to greater depths concerning the topic of „Emerging Technologies“.

ATTENTION – There is a NOVELTY this year: The entire hotel segment moved from hall C2 to A2! The retail sector requested additional space in the old hall. Together with the hotel industry, the hotel conference also moved: It will now take place at the „Planning & Partnerships Forum“ in A2.

We wish you all a successful trade fair and good long-term business opportunities!

Yours, Maria Puetz-Willems
Editor-in-Chief
hospitalityInside.com

**Distribution:
over 3,600 copies.**

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**SAVE THE DATE:
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IMPRINT

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Partners of the joint stand "World of Hospitality" (in alphabetical order): arcona Management (arcona Hotels), Aroundtown (Primecity), Best Western Hotels Central Europe, Choice Hotels, Christie & Co, citizenM, Derag Livinghotels, Drees & Sommer, DSR Hotel Holding (A-rosa Resorts & Hideaways, Henri Hotels u.a.), Engel & Völkers Hotel Consulting, FMTG/Falkensteiner Michaeler Tourism Group, Gorgeous Smiling Hotels (Arthotel ANA und int. Franchise-Marken), Harry's Home Hotels, Hofer Land Fichtelgebirge Region Bayreuth (Destination in Bayern), HospitalityInside, Hotel Affairs Consulting, Hotour Hotel Consulting, igen hotels/easyhotel, Jung & Schleicher Rechtsanwälte, Kempinski Hotels, Letomotel, LFPI Hotels Deutschland, Pandox, Plaza Hotelgroup, Prizeotels, Radisson Hotels, Rilano Hotels & Resorts, Staycity Aparthotels, TKS Group, Treugast Solutions Group, TUI Group Hotels & Resorts

Sponsor of the networking event "BRICKS & BRAINS": Kempinski Hotels

EXPO REAL 2018: HOTEL INDUSTRY WITH TOP PRESENCE – 2ND REAL ESTATE INNOVATION FORUM

The trade fair continues to grow

After years of a continuous upswing, dark clouds are beginning to appear on the horizon in 2018, but at the same time the demand from exhibitors for Expo Real Munich is constantly high. In addition to many international companies, the participation of tech companies, for example, is growing. This is why digitization is becoming a major topic in all forums, e.g. at the 2nd Real Estate Innovation Forum (REIN) or the hotel conference „Hospitality Industry Dialogue“ (HID).

For Klaus Dittrich, Chairman of the Board of Management of Messe München, one of the highlights of the 2018 trade fair is the fact that exhibitor demand is at the level of the record year 2017, with international interest in particular increasing significantly. In Munich, for example, seven of the world's 25 largest asset managers will be exhibiting. New additions include cities and regions from all over Europe, including 'newcomers' such as Murcia from Spain and 'returnees' such as Prague and Serbia.

The Real Estate Innovation Forum (REIN) in Hall A1 is entering its second round. This year, according to Dittrich, the forum has been enlarged so that even more proptech companies can present themselves, namely 30 more than the 25 top start-ups determined in a competition.

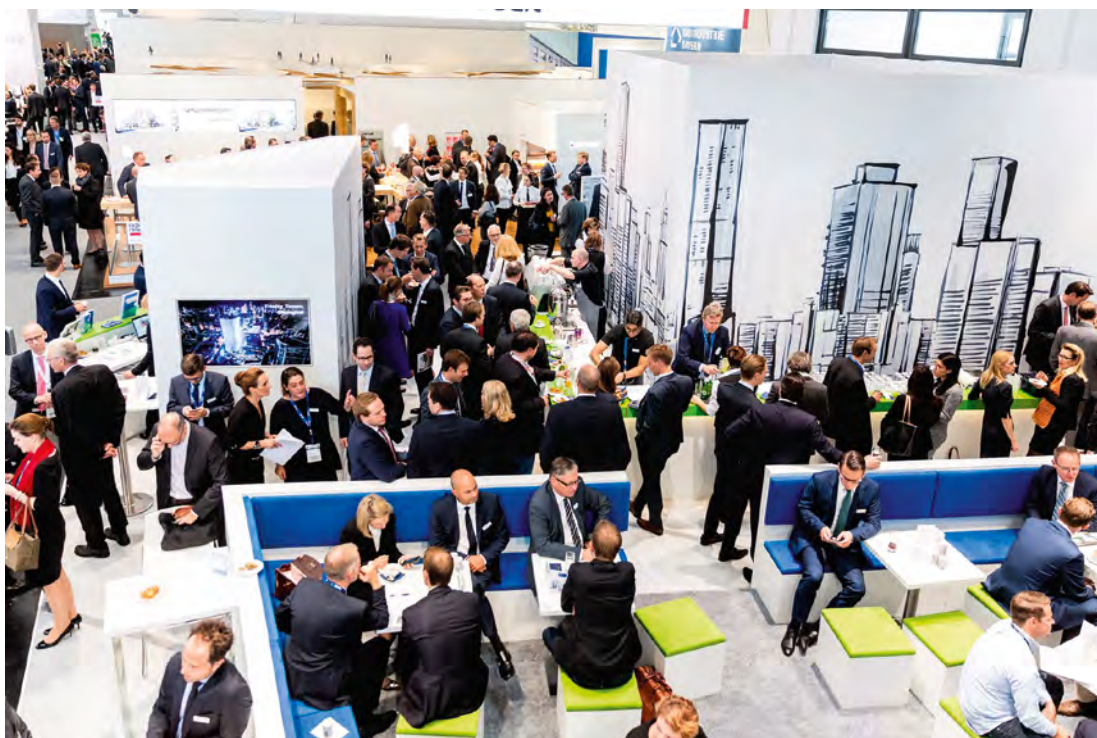
The Expo Real conference programme attracts a great deal of interest every year and this year once again includes a number of cross-segment presentations. Chris Boos is one of the top speakers. The managing director and founder of Arago, one of the few German pioneers of artificial intelligence, will talk about how AI can give people freedom for creativity and thus for innovation (Monday, 10.30 a.m., REIN/Hall A1). REIN will also pick up two hotel related topics on Tuesday (see below).

Darling hotel industry, the challenge of digitization

The hotel conference at Expo Real, which will be taking place for the 11th time, will provide a wealth of hotel insider information. This year, however, the „Hospitality Industry Dialogue“ will no longer be held in Hall C2, but

in A2 – in the „Planning & Partnerships“ Forum. The reason: the entire hotel segment is moving because the retail sector needed even more space at the previous location. The topics are once again exciting, because the dark cloud that is approaching over the entire real estate sector is also casting shadows over the hotel industry. Real estate in good locations is in short supply, prices are exploding and yields are attracting greedy career changers. Of course, this description also applies to other asset classes, but the hotel industry is far more volatile than these, because international crises can also destroy any margin overnight in local markets. Nevertheless, the asset class is now more than ever „Everybody's Darling“. Yields are more stable and in some cases higher than those of residential, commercial or retail properties.

Although the first hotel investors are now putting on the brakes, others are maintaining the pace of expansion: After all, according to UNWTO, the tourism market is the only one that continues to grow globally in regular percentages – between four and five percent per year. That's euphoric. In order to meet the demand pressure from ever more demanding travellers, hotel investors and operators alike know that this balancing act between





REIN – a cross-sector forum

The REIN focus is on startups. 25 have emerged from a competition held in April in the run-up to Expo Real. They are now present as exhibitors. „All participants must offer solutions that are really relevant for the real estate industry,“ explains Claudia Boymanns, project manager at Expo Real and initiator of REIN. „We want to promote digital innovation throughout the entire value chain“. The competition categories are „Invest“, „Market“, „Plan & Build“, „Work“ and „Manage & Operate“. Smart Cities & Urbanization“ is a new addition – because the future of the city is decisively shaped by technology companies.

REIN founder Wolfgang Moderegger has picked out the following from the large pool of startups that could be of interest to the hotel industry:

FOR NEW BUILDINGS:

THING TECHNOLOGIES is a software company. The main product Thing-It is a digitalization platform that is most commonly used as the brain in smart commercial buildings such as office buildings and hotels. For instance, it combines the access to the building with parking, light and room bookings (www.thing-it.com)

PHYSEE (PowerWindow) is changing the perspective on glass from a physics point of view. Glass currently is a passive and non-energy-efficient building material. Physee has developed two technologies that make glass smart and power-producing. In this way, the built environment can be made energy-neutral without compromising its design (www.physee.eu).

FOR EXISTING PROPERTIES:

THE LIFT GUARDIAN SOLUTION increases the safety standard of elevator system and is also capable of delivering predictive maintenance data; both services work without accessing the individual control components; therefore it operates completely autonomous of all lift-specific components (www.lift-technology.de).

DISRUPTIVE TECHNOLOGIES is backed by a group of industry experts with decades of experience in low-power and high-end semiconductors. Together they have created a complete sensing solution that is unmatched in size, capability, and price for different user cases. It is fully scalable, making it a great fit for operations of any size (www.disruptive-technologies.com).

NUKI HOME SOLUTIONS is a leading provider of retrofit, smart access solutions in Europe. The company's vision is aimed at making existing door locks smarter and thereby replacing the physical key (www.nuki.io).

ENERBRAIN's global ambition is to increase and promote the energy efficiency in non-residential buildings through a groundbreaking, plug&play, friendly IoT kit, suitable for any kind of HVAC system. It developed a kit that turns buildings into smarter and more sustainable ones by using IoT sensors, actuators and machine learning fuzzy logic algorithms (www.enerbrain.com).

And this link here leads to five companies that deal with Artificial Intelligence around real estate: www.real-estate-innovation.net/forum/tech-alley/#ai. / kn

demands and costs can only be mastered in the future with the help of digitization. The HID also takes up trends, potentials and opportunities of „Emerging Technologies“: The discussion round on Monday (16.30-17.20, A2/P&P Forum) „When the stones learn to speak...“ is intended to show how strongly the barriers between hotel real estate and hotel operations are crumbling. The panel includes representatives from Drees & Sommer, AccorHotels, Ruby Hotels

and Sabre Hospitality. You will find the exact programme of the HID in this SPECIAL on pages 8+9.

This discussion also reflects topics from the HITT, the first think tank of HospitalityInside in June 2018 in Berlin, which was supported by Expo Real as sponsor and REIN as cooperation partner. One finding was that digitization is bringing real estate (investor) and operator (hotel) closer together; it is forcing both parties to cooperate much more closely,

as the technology interferes with the structures and processes of both parties.

REIN also bridges the gap between real estate and the hotel industry. „Is Co-Living the new Residential?“ asks a panel on „Co-Living, Micro-Living and Serviced Apartments“ on Tuesday, followed by a panel on „Student Hotels, Serviced Apartments - Hotel Concepts for the next Generation? (10-11 and 11-12 in the REIN Forum in A1).

THE CONFERENCE PROGRAMME

THE „HOSPITALITY INDUSTRY DIALOGUE“ CONFERENCE IS MOVING – TOP TOPICS REMAIN

Meeting point Partnerships Forum

This year, the hotel segment is moving from Hall C2 in Hall A2 – and the hotel conference of Expo Real, the „Hospitality Industry Dialogue“ (HID), will also have a new home: in the „Planning & Partnerships Forum“ with its hip lounge character. However, the direct neighbourhood to the hotel exhibitors remains unchanged.



This year's discussion rounds will exceptionally not begin until 1 p.m. on the first day of the fair. In the morning there are two panels on the topic of health care in the forum; one of them also builds a bridge to the hotel industry. Meanwhile, the HID topics reflect the current discussions in the industry, which are slowly but surely moving towards consolidation. That is why hospitalityInside.com editor-in-chief Maria Puetz-Willems, who took over the content design of the HID for the 11th time, initiated discussions about the industry's strengths, weaknesses and uncertainties.

13.00-13.20 h

Under the magnifier: Boutique & Lifestyle brands. How do boutique and lifestyle hotels compare against 'traditional' hotel brands? Data analyst STR will present the key performance indicators of this hotel type, looking at performance as well as existing and future supply, exclusively for Expo Real.

Speaker: Thomas Emanuel, Director of Business Development, STR London

13.30-14.20 h

Copy & Paste: The big brand chaos. About brand collectors, fake brands, frustrated owners and the opportunities offered by change management.

Moderation: Prof Christian Buer, Tourism Management, Heilbronn University of Applied Sciences

Panelists: Steven Taylor, Global Chief Brand Officer, AccorHotels
Jasper Muller, Head of Development, citizenM
Alexander Winter, Geschäftsführer, arcona Hotels & Resorts

14.30-15.20 h

Who gets the deal? Blind actionism, bad style and great greed in hotel development characterize the year 2018. Especially the role of project developers is changing. How long will the projects last? Rare

assets, exorbitant prices, exploding construction prices, lateral entrants and hyperdynamics ruin rents and returns.

Moderation: Martina Fidschuster, Managing Director, Hotour Hotel Consulting

Panelists: Torsten Kuttig, Director Development, ECE Office Traffic Industries
Michelle Weiss, Head of Hotel Properties/Director, Aareal Bank
Mark Anderson, Managing Director, Property & Premier Inn International
Whitbread Group
Mario Maxeiner, Managing Director Northern Europe, InterContinental Hotels Group
Ruslan Husry, Managing Partner, HR Group

15.30-16.20 h

In search of stable returns: How can the value of real estate be increased? Which concept ensures the investor's survival in the crisis? Are they residences, serviced apartments, co-working spaces or dormitories next to suites? Do mixed use towers make sense?



Moderation: Olaf Steinhage, Managing Partner, Horwath HTL Germany

Panelists: Doris Pittlinger, Managing Director Fonds Management Europe, Invesco Real Estate
Dr Peter Ebertz, Partner/Head of Hotels, ArtInvest Real Estate Management
Rupert Simoner, Chief Executive Officer, Vienna House
Patrick Nelson, Executive Vice President Real Estate, WeWork

16.30-17.20 h

When bricks learn to speak... Sensors, analytics, artificial intelligence, blockchain and more change the hotel property. The barriers to hotel operations are crumbling. This opens up new potentials and opportunities, trends from the 1st HIT/Hospitality-Inside Think Tank.

Moderation: Maria Puetz-Willems, Editor-in-Chief, hospitalityInside.com

Panelists: Gesa Rohwedder, Head of Hospitality, Drees & Sommer
Daniela Schade, Chief Operations Officer, Central Europe, AccorHotels



Richard Wiegmann, Managing Director & Chief Commercial Officer EMEA, Sabre Hospitality
Michael Struck, Founder & Chief Executive Officer, Ruby Hotels

17.30-18.00 h

Overtourism: 1 million inhabitants, 18 million tourists. Amsterdam hits the

brakes and prepares alternatives.

Speaker: René van Schie, Leisure Director, Metropool Regio Amsterdam

Programme as of Sept 20, 2018.
Update www.exporeal.net /
see Conference Programme.

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Shaping Together

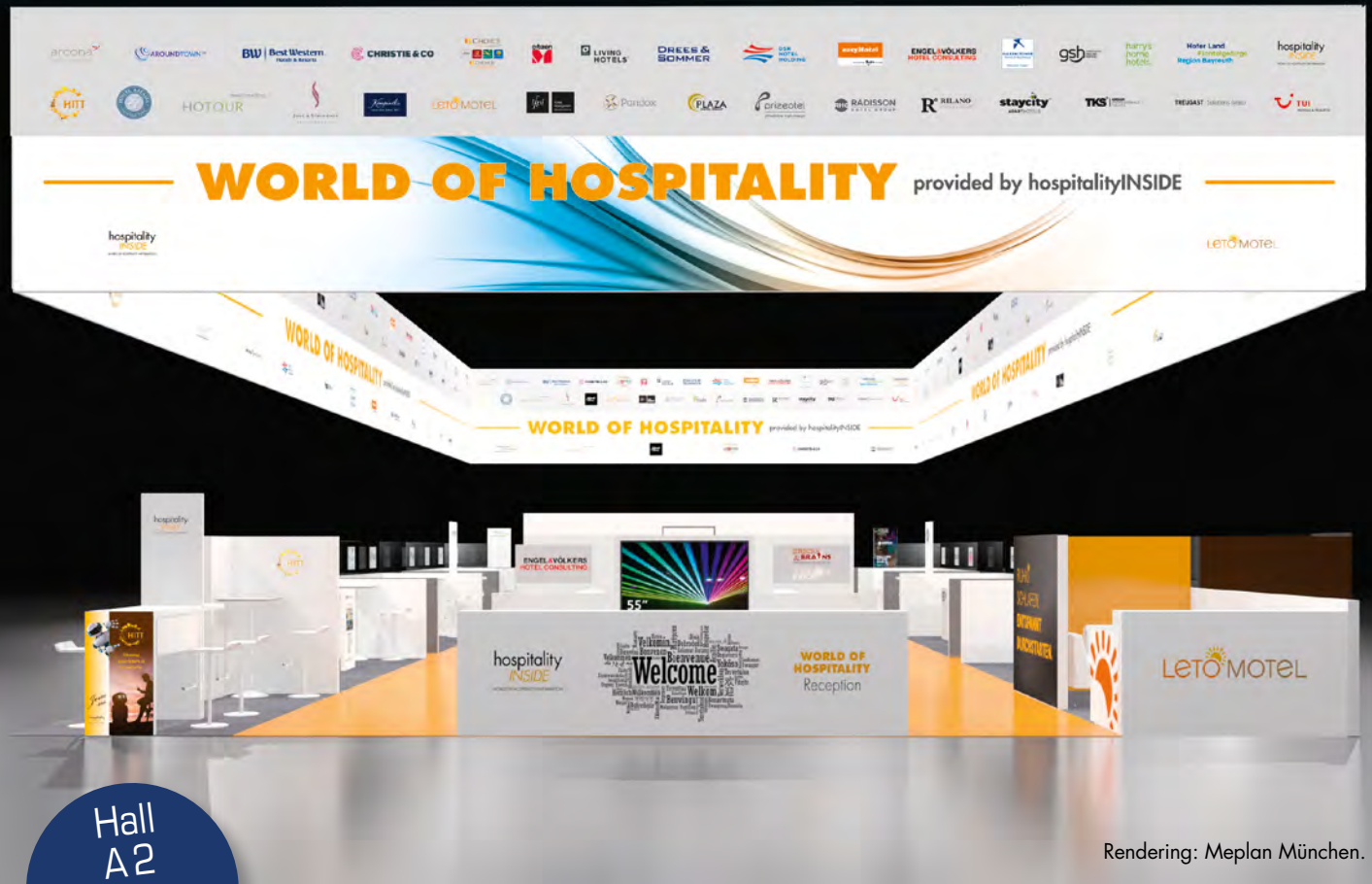
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Stand
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THE PARTNERS OF THE "WORLD OF HOSPITALITY" 2018

WELCOME!

The 31 exhibitors at a glance:

- arcona Hotels & Resorts
- Aroundtown (Primecity)
- Best Western Hotels Central Europe
- Choice Hotels
- Christie & Co
- citizenM
- Derag Livinghotels
- Drees & Sommer
- DSR Hotel Holding
- Engel & Völkers Hotel Consulting
- Falkensteiner Hotels & Residences (FMTG)
- Gorgeous Smiling Hotels
- Harry's Home Hotels
- Hofer Land-Fichtelgebirge-Region Bayreuth (Destination in Bavaria)
- HospitalityInside
- Hotel Affairs Consulting
- Hotour Hotel Consulting
- igen hotels / easyhotel
- Jung & Schleicher Rechtsanwälte
- Kempinski Hotels
- Letomotel
- LFPI Hotels Deutschland
- Pandox
- Plaza Hotelgroup
- Prizeotels
- Radisson Hotels
- Rilano Hotels & Resorts
- Staycity Aparthotels
- TKS Group
- Treugast Solutions Group
- TUI Hotels & Resorts

THE 31 PARTNERS OF THE JOINT STAND OF THE "WORLD OF HOSPITALITY" 2018 INTRODUCE THEMSELVES:



arcona HOTELS & RESORTS group currently operates 21 hotels in German-speaking countries, including five businesses of the Steigenberger Hotel Group franchisor. The growth driver of the Rostock-based company is the arcona LIVING brand with its urban hotels and serviced apartments. All arcona HOTELS & RESORTS combine warm hospitality with a strong connection to the respective location and its history. Stylishly furnished, the hotels offer business travellers and tourists an upmarket lifestyle for short or longer stays. Our restaurants win our guests over with freshly-prepared cuisine at reasonable prices, and almost all hotels offer certified conference rooms with the latest technology. The arcona Group shareholders are Alexander Winter and Professor Stephan Gerhard.
www.arcona.de



Aroundtown SA is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier cities primarily in Germany and the Netherlands. Aroundtown invests in commercial, residential and hotel real estate which benefits from strong fundamentals and growth prospects. Aroundtown is the largest listed and highest rated (BBB+ by S&P) German commercial real estate company and is included in several major indices, such as MDAX, EPRA indices and STOXX Europe 600. The hotel portfolio as of June 2018 consists of approx. 100 hotels with an asset value of close to 3bn. The hotels are flagged with leading and globally recognized brands and are located in touristic and commercially attractive locations in Germany and Europe and more than 80% is positioned within the 4-star market. Furthermore, the hotels have long-term fixed leases with third-party hotel operators, providing stable cash flows. The management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. An integral component of the business plan is a long-term fixed rental lease, which increases the cash flow stability.
www.aroundtown.de / www.prime-city.com



Best Western Hotels & Resorts is headquartered in Phoenix, Ariz., is a privately held hotel brand with a global network of approx. 4,000 hotels in more than 90 countries worldwide. Best Western Hotels Central Europe headquartered in Eschborn/Germany oversees approx. 230 hotels in ten countries: Austria, Croatia, Czech Republic, Germany, Hungary, Liechtenstein, Luxembourg, Slovakia, Slovenia and Switzerland. In addition to its German headquarter in Eschborn there is a regional office in Vienna, Austria.

All city and resort hotels of Best Western guarantee uniform and consistent quality standards worldwide and still keep their individual styles and their entrepreneurial independence. As a membership association all Best Western hotels are independently owned and operated. Ten hotel brands are available to suit the needs of developers and guests in every market: Best Western, Best Western Plus, Best Western Premier, V b, Executive Residency by Best Western, BW Premier Collection, and BW Signature Collection by Best Western; as well as its franchise offerings Sure Hotel by Best Western, Sure Hotel Plus by Best Western and Sure Hotel Collection by Best Western.

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Christie & Co Germany is headed up by Lukas Hochedlinger, Managing Director Central & Northern Europe with offices in Frankfurt, Berlin and Munich. The German team works closely with our team in Vienna.

<https://de.christie.com> / <https://at.christie.com>



Christie & Co is Europe's leading specialist adviser for buying and selling businesses in our sectors hotels, healthcare, childcare, pubs, restaurants, convenience retail and leisure with over 80 years of experience. We employ the largest group of hotel specialists in Europe, providing professional brokerage and advisory services from 15 international offices in Germany, Austria, France, Spain, Finland and Sweden and offices across UK with our headquarters and Asia Desk in London. This network of 30 offices allows us to leverage intimate local knowledge with pan-European insight. In the hotel sector we complete around 500 transactions and over 500 hotel valuations per year. Currently, we have more than 400 hotel instructions throughout Europe.

Christie & Co is regulated by RICS and employs registered valuers, specialist chartered surveyors and a sector leading consulting team. We have built a strong team of industry professionals, from both the hotel and property worlds to provide market-leading commercial advice and support to clients.

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- Marketing of the asset
- Operator search and selection
- Support with contract negotiations (purchasing contracts, lease, franchise, management)
- Site scouting
- Sales price estimates for hotels in stock or under development
- Exit strategies for NPLs
- Problem solving for shared ownership (WEG) structures
- Location and market analyses
- Feasibility studies



citizenM is owner/developer/operator of its own brand of hotels, named after its target audience: mobile citizens. citizenM started with an idea to disrupt the traditional hotel industry by creating a luxury hybrid hotel for today's modern travelers – eliminating the frustrations these travelers shared.

Currently citizenM has 13 hotels operational, with 20 more under development. citizenM has secured a presence in amongst others Amsterdam, London, Paris, New York, Boston, Los Angeles, San Francisco and Shanghai.

citizenM is a vertically integrated operational real estate platform and owns the majority of its real estate, with only a minority of hotels subject to management contracts and leases. The company has an ambitious rollout strategy and is actively sourcing new opportunities in key gateway cities around the world. In Europe the focus for further expansion is amongst others on Hamburg, Munich, Geneva, Zurich, Copenhagen and London.

In 2008, we opened our first hotel and designed it around a new type of traveler – one who values a luxury hotel experience in central city locations, but at an affordable price.

A hybrid hotel that isn't just a place to sleep, but somewhere to work, relax, and play. To meet like-minded people and get inspired. Somewhere to feel at home the moment you walk through the door. Somewhere with free Wi-Fi, comfortable furniture, and a great bed to crash in at the end of a long day.

We know your time is precious, that's why we don't want to waste any of it, not even when you check in or out. We swapped the tedious form-filling for self-service check-in at touch-screen terminals. It takes just 60 seconds to check in, 30 to check out, and our friendly ambassadors are always there to help.

We know our beds are the best in the world, but we don't want

anyone to feel they have to stay in the bedroom. We made our living rooms as inviting as possible by creating multiple corners for working and eating, lounges for relaxing, and places for sitting and watching TV.

We're not sure which part of our room is our favourite: the wall-to-wall beds and windows, powerful rain showers, or tablet-controlled ambient settings. Perhaps it's the fact that we only have one type of bed (king-size double), or that we stripped away all unnecessary and unwanted extras to give our citizens everything they truly need. Or maybe it's the free Wi-Fi and free movies. Take a tour and decide for yourself.

www.citizenM.com



**LIVING
HOTELS®**

Derag Livinghotels. Balancing Work and life in a Home away from Home. Living Hotels, a pioneer and market leader in Germany.

Balancing work and life: in the year 2018 this increasingly means that when you are on business in a foreign city you want to balance work on the one hand with leisure and life on the other. The Living Hotels of the Derag Group are offering a tailor-made solution in the form of homes away from home. There you may work and live between homely walls at a reasonable rate, without brokers or a cautionary payment, in the midst of attentive staff, who behave as willing hosts and are always unruffled and personal. In 1982, Living Hotels introduced the notion of serviced apartments in Germany with their first hotel in Munich and are viewed as pioneers even today. With currently 16 hotels and more than 3000 rooms in eight locations – Berlin, Bonn, Düsseldorf, Frankfurt/Main, Munich, Nuremberg, Weimar and Vienna – this family-owned company has always been one of the leading players in the German-speaking world.

One of the main reasons for this has been its determination not to follow market trends but to create them, to meet the ever-changing demands of business travellers on wheels or wings. And last but not least, the Living Hotels are based on a two-pillar concept, offering hotel rooms for leisure guests on the one hand and serviced apartments for business travellers on the other under one roof. The business categories range from big maisonettes and studios to individually furnished suites and luxury service apartments in a class of their own.

In creating a Living Hotel, we have always been guided by the quality of the location and the local infrastructure. The hotels are central, at the heart of events and within reach of everything vital; they are right there where you, as a guest from Munich, Berlin, Vienna or elsewhere, would like to live, given the choice. On top of all this, you are not tied down, as the apartment is only temporary, though it has a bedroom, work area and kitchenette, and mostly a balcony too. You also have all the amenities of service found only in a hotel. These factors are especially appreciated by business guests who, in being away from home for weeks on end,

like to feel part of a city. To put it in a nutshell, a guest in a Living Hotel has the best of both worlds, or as we in the firm say, "You are not just here for the night; you are here for life and delight!"

www.living-hotels.com

DREES & SOMMER

Drees & Sommer. Your innovative partner for consulting, planning, construction and operation.

For more than 45 years, Drees & Sommer has supported public- and private-sector owners and investors in all aspects of real estate. Managed by partners and headquartered in Stuttgart, the company has 43 offices worldwide. The focus is always on profitability, whereby Drees & Sommer promotes sustainable building to the greatest possible degree. This approach is called by Drees & Sommer 'the blue way'.

The construction and real estate experts always have the goal of producing measurable added value for the client. This could mean, for example, streamlining the implementation of a construction project, making the operation of a property more economical, or cutting energy costs through innovative concepts. Currently, the company with its 2,840 employees is acting for 3,495 construction projects.

Drees & Sommer and the Environmental Protection Encouragement Agency (EPEA) Hamburg are jointly committed to Cradle to Cradle®, bringing principals, investors, architects and manufacturers together to promote the approach.

Drees & Sommer has contributed in more than 200 hotel projects globally and has become an expert in hotel developments, conversions, new builds and refurbishments with its specific hospitality expertise.

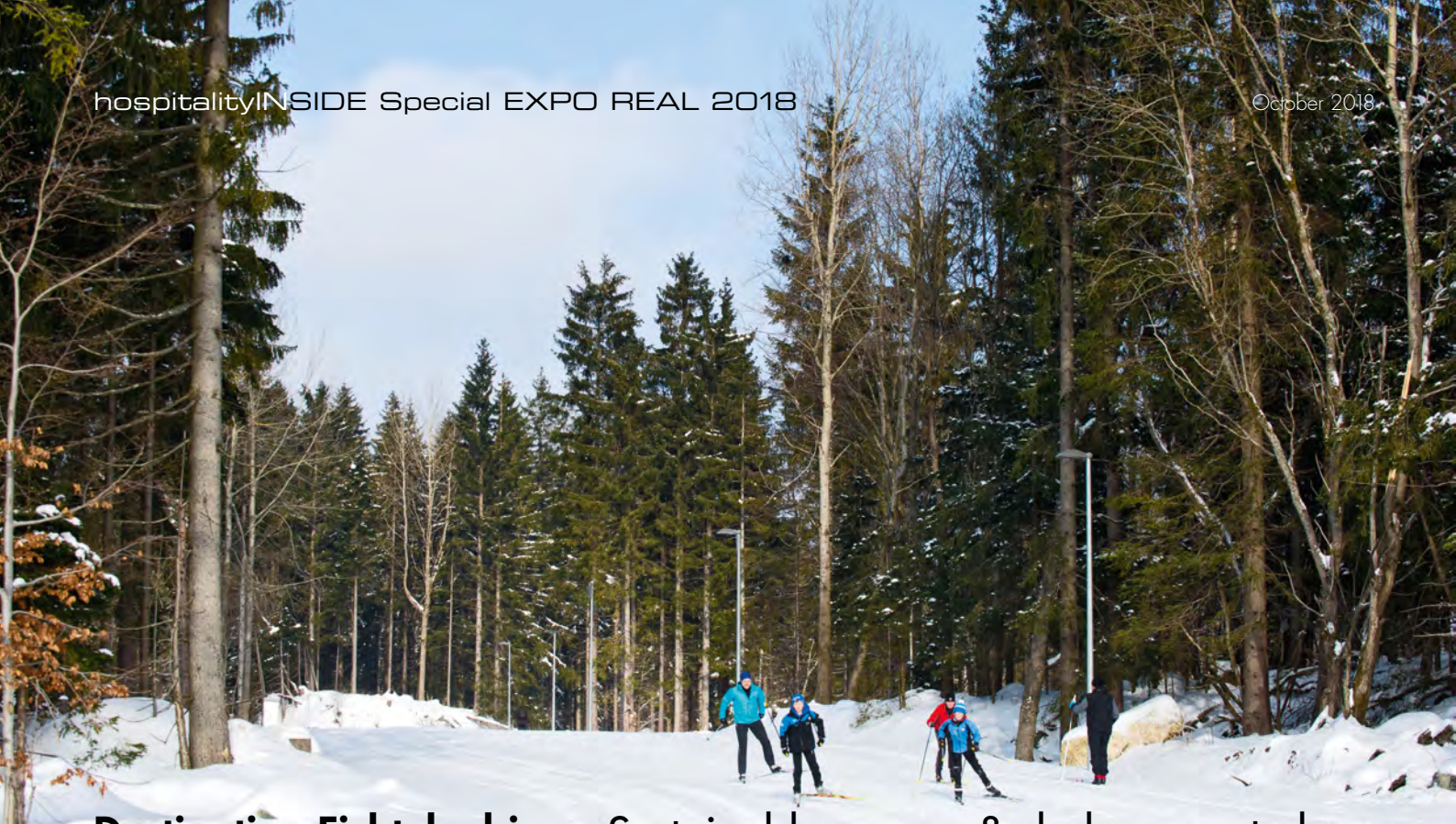
www.dreso.com



DSR Hotel Holding GmbH clusters activities of

Deutsche Seereederei in the areas of tourism and hotel industry and is responsible for the development of new projects. It organizes and controls key functions such as sales, marketing, human resources, purchasing and finance.

Within Deutsche Seereederei, the DSR Hotel Holding operates several brands: The A-ROSA Resorts & Hideaways, with four prominent locations on Sylt, in Travemünde, on the Scharmützelsee and in Kitzbühel, offer their guests an exclusive holiday – in a unique atmosphere as well as first-class range all around SPA, culinary and sports.



Destination Fichtelgebirge: Sustainable movers & shakers wanted

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There are no mayors in this region who blindly call for 5-star hotels. Instead, they are tourism professionals who want to breathe life back into a once sought-after landscape on the former border with the GDR – with creativity and down-to-earthness. That's why the districts of Bayreuth, Hof and Wunsiedel, in short the Fichtelgebirge, at Expo Real 2018 are looking for investors with a sensitivity for the region's typical features and the courage to help develop a sustainable infrastructure.

„Our image is not obvious, but I like to show it to the investors,“ says Ferdinand Reb, Managing Director of the Fichtelgebirge Tourism Centre based in Fichtelberg (www.tz-fichtelgebirge.de). He is the central contact for the three regions mentioned. These offer many things that sound traditional, „but we live it in modern facets,“ says Reb.

The area north of Bavaria – halfway to Munich, Berlin, Frankfurt and Prague, with the cities of Hof, Wunsiedel and Bayreuth as central points – is rich in romantic river valleys, lots of forest and just as many family-run hotels and restaurants. 13 wild herb cooks are deeply rooted in their natural surroundings and therefore cultivate their culinary passion in the network „eatable Fichtelgebirge“.

Why should one invest in a traditional holiday landscape in the German low moun-

tain range? Because the good substance needs a professional structure and the rural character offers many opportunities – simply „freedom for movers & shakers“, as Dr Peter Zimmer, Managing Director of the sustainability-oriented consultancy Futour, Cologne, calls it. Together with the locals, he develops the regional and tourism mission statement. For him, tourism marketing is also location marketing.

POSITIVE ATTITUDE OF THE LOCALS

„About eight years ago it was recognized in the Fichtelgebirge that you had to do something yourself,“ Ferdinand Reb continues. When the Wall still existed, many Berliners chose this region as their first holiday destination, as it was right at the end of the GDR transit route. For too long, tourist operators relied on this automatism. Special subsidies obscured the view; too late it was noticed that the opening and globalization withdrew many employers from the region.

„For about four years now, tourism figures have been growing by around three to four percent a year,“ remarks Reb, „but we now want to promote the economy more strongly and bring in investors, developers and hotel operators from outside. We need new creativity! We are looking for investors to expand our hotel and leisure infrastructure. There is a lack

of mainly 4-star hotels with wellness and conferences, but also family and design hotels with a clear focus, in smaller and larger units. Currently the largest hotel in the region is the 4-star Hotel Siebenquell with 124 rooms (224 beds), three seminar rooms and a young, large spa complex.

Regionality is a genuine asset, the word „home“ has a positive connotation. The Fichtelgebirge has the highest density of butcheries, bakeries and breweries in Germany. In addition, there is a lot of nature that can be explored by eBike, eMountainbike or eRacing bike, or in winter over 280 km of cross-country ski trails can be accessed. At an altitude of 1,000 metres above sea level, the destination has more snow than destinations at the same altitude in the Alps – because there is no Föhn. „Winter tourism accounts for 35% of total tourism,“ explains Reb. This year, the German Hiking Association even certified the first German winter hiking trail.

Reb concludes: „We will probably never be able to promise the yields of the North Sea or the Baltic Sea, but we offer potential. We do not build castles in the air and the population is in a mood of departure: they have recognised the values of their region – far away from urban hecticness and overtourism. With us you can ground yourself!“ / map

The brand HENRI HOTELS, evolved out of the traditions of the Louis C. Jacob, meets the spirit of the time and the taste of today's and tomorrow's generation of hotel guests. The brand is seen to have high potential beyond the existing hotels and the German borders. The concept: relatively small Boutique-Hotels in hand-picked metropolises. Conveying a highly individual and very authentic atmosphere through premium furnishings and a strong creative reference to the building's history and building type. Furthermore, the hotel group includes selected hotels – the 5-star Hotel Neptun in Warnemünde, the luxury hotel Louis C. Jacob in Hamburg and the Hotel Paradies in the Engadin in Switzerland. www.dsr-hotelholding.de



easyHotel

powered by **i.gen hotels**

easyhotel by i.GEN Hotels GmbH from Potsdam is the master franchisee of the international super-budget hotel chain easyHotel for Germany. The company was founded in 2007 in Berlin to acquire the franchise rights of easyHotel from the easyGroup and Sir Stelios, the founder of the low cost airline EasyJet. A hotel market analysis confirmed our own expectations and showed that the market chance for a low-budget hotel chain in Germany were very high.

The i.gen hotels GmbH partners are connected by their love of hotels and the hotel industry, and it is based on years of experience and collaboration in areas such as hotel development, project marketing and hotel management.

After intensive development of the room and the hotel product, the first easyHotel in Berlin – new build – at Hackescher Markt in the hotspot district Mitte was opened. The easyHotel Frankfurt City Center – conversion – between the Frankfurt main train station and the trade fair followed. Both properties were sold to one of the co-partners after opening.

easyHotel presents itself as future orientated and profitable. This has strengthened the financial potential of i.gen hotels and formed a secure platform to operate as a solid financial operator.

The strengths of the hotel product: internet-based „easy“ brand – top location in the city centre – super-budget price – high-quality design – profitable.

The development of easyHotel shall be pushed forward. For this purpose, we are looking for hotel locations or projects for acquisition, leasing or development.

Due to the fact that easyHotels do not have any restaurants or bars, the locations have to be in and around the city centre of major cities in Germany and Europe; but also hotspot districts with their urban infrastructure are ideal.

The hotel product easyHotel is ideal for conversions of outdated office buildings or as a way to fill a gap in properties with retail space on the ground floor.

Development-friendly use of space – safe return on investment.

www.igenhotels.com / www.easyHotel.com

ENGEL & VÖLKERS HOTEL CONSULTING

Engel & Völkers Hotel Consulting is the dedicated hotel consulting entity within Engel & Völkers, one of Germany's leading real estate service providers. Our team of experts bundles more than 50 years of experience in international hotel consulting and marketing. Through the E&V network with >800 regional offices in over 32 countries on four continents, we assemble access into an unreached amount of local markets.

Our clients value the main aspects of our DNA: established competence with deep understanding of hotel operations and real estate, highest quality standards and a reliable network.

We support investors, operators and developers comprehensively and accompany our clients along the entire life cycle of a hotel, applying a 360° consulting approach. Through the long-term, jointly gained experience of the management and consultant's team, we provide individual, tailor-made and goal-oriented solutions. With decades-grown access to important decision-makers in the industry we create value for our clients during transaction and advisory projects.

For the context of the Expo Real 2018 we have utilized our expertise and network, to conduct a sentiment survey which is reflecting the opinions of the most important personalities in the hotel industry. Our survey covers not only the investment market but also displays the hotel operator's perspective of today's challenges and opportunities. Please visit the HospitalityInside booth to get your free copy of the Hotel Sentiment Report 2018.

www.engelvoelkershotel.com



Falkensteiner Hotels & Residences. Welcome Home! „Modern holiday hotels/resorts with a stringent conception are becoming a destination of its own for the target group. This gives us great loyalty and makes us more independent of OTAs and tour operators.“

Falkensteiner Michaeler Tourism Group (FMTG) is one of the leading regional providers and developers of tourism products and services in Central Europe. FMTG is active in all areas of tourism development – from the planning and projection of hotels, residences, serviced apartments and mixed-use properties to the operational management and marketing of these. By integrating the entire value-creation chain, FMTG uses its experience in the opera-

tion, development and realization of tourism facilities to achieve an optimal internal transfer of knowledge. This results in numerous synergies and allows for the development of products tailored to future market demand.

Currently the Group counts over 2,000 employees from over 29 different countries. Falkensteiner Group is currently managing 34 hotels and residences under the Falkensteiner Hotels & Residences brand in seven European countries (Austria, Italy, Slovakia, the Czech Republic, Croatia, Serbia and Montenegro).

Since the founding of Falkensteiner Hotels as a family business with a small pension in Ehrenburg / South Tyrol in 1957, the group has transformed itself into a multinational player but at the same time we are still family-owned.

As of 2017, Falkensteiner Hotels & Residences generated a managed turnover of EUR 200 million and with approximately 4,000 rooms and 1.8 million bed nights per year, it provides hundreds of thousands of people from around the world the opportunity for holidays, recreation and relaxation in four-star, four-star superior and five star hotels.

www.fmtg.com



gsh Gorgeous Smiling Hotels GmbH:

Strategic growth as a base for exit. Gorgeous Smiling Hotels GmbH acts as an umbrella company for numerous brands and operating companies in the international hotel industry. Awarded for its fast European expansion by The Financial Times and Focus Business, the group was nominated as „Growth Champion“ in 2018“. Located in Grünwald near Munich, the GSH group coordinates development, yield management, purchasing and sales as well as marketing activities and legal matters for its operating companies.

Its strong growth in countries such as Germany, Austria and the Netherlands has led to currently 65 hotel properties in a wide range of segments. This number includes the Serviced Apartments of the group's own brand Arthotel ANA with budget hotels as well as four-star objects in prime innercity locations. Current expansion plans include further European countries. Globally acting players such as IHG, Hilton or Wyndham are franchise partners of the GSH group. Their brands e.g. Wyndham's Super 8 hotels were completely realigned and successfully adapted to the European market. On one hand, the group's strength is based in the flexible bundling of competences and forces, but also in its fast adaptation to the market's needs in terms of amenities, quality and price-performance ratio. New-build projects as well as comprehensive inventory conversions are creatively conceived and implemented at short notice. Especially the group's own brand, Arthotel ANA with its currently 26 objects, was successfully developed within a few years to a prestigious brand and a synonym for top locations, high occupancy rates as well as attractive amenities and exceptional services. Low turnover rates among the staff are due to great versatility and flexibility of the human resources management. Depend-

ing on their individual qualification, employees are welcome to occupy new positions within the GSH group.

Thus, all operating companies are characterized by successful objects as well as by a staff who represents the company's philosophy – Gorgeous Smiling – in an authentic way.

<https://gsh-hotels.com>

harry's home hotels

Harry's Home Hotels. 4 x in Austria – 1 x in Munich – from 2019 in Zurich. The company was founded in 2006 by hotelier and entrepreneur Harald „Harry“ Ultsch from Innsbruck and is the missing link between hotel and apartment. Guests are neither over nor under catered for. They decide on the scope for themselves: support instead of overpriced service. The innovative modular principle of Harry's Home Hotels, with individually bookable offers such as frequency of room cleaning, kitchen in the room or breakfast, combines the values of traditional hospitality with modern needs. Harry's Home positions itself in the category between 3 and 4 stars and complements its range of offers with the option of long stay. „Short-term accommodation“ is a growing need, be it private or professional. After opening Harry's Home Hotels in Graz (2006), Linz (2009), Dornbirn (2010) and Vienna (2012), Harald Ultsch opened his first hotel outside Austria in Munich in 2015, and Harry's Home Hotel Zurich will welcome its first guests on 1 April 2019. The next Harry's Home Hotels will open in Bern, Berlin and Lienz/East Tyrol. Further locations in Germany, Austria and Switzerland are being planned, as well as the acquisition of 15 franchisees over the next five years. The latest project is the development of the brand „Harry's Home Country“, i.e. vacation hotels in holiday regions. The „Harry's Home“ hotel group has already won several awards, including the 2016 „Top hotel Opening Award“ and „Tyrol's Best Family Business 2017“. The hotel group's headquarter is in Innsbruck, Austria.

www.harrys-home.com

Hofer Land Fichtelgebirge Region Bayreuth

Hofer Land – Fichtelgebirge – Region Bayreuth.

Situated in the heart of Europe, right in the middle of Germany, in the north of Bavaria, halfway to Munich, Berlin, Frankfurt and Prague, the central position of the three districts of Hof, Wunsiedel

im Fichtelgebirge und Bayreuth leaves nothing to be desired. As an established business location the region is outstanding. With its beautiful landscape and its almost unique quality of life, the region is a perfect location for work, life and leisure.

With their romantic river valleys, wooded slopes and rugged rock formations, the Franconian Forest, the Fichtelgebirge Mountains and the Franconian Switzerland present a landscape that is rich in variety and makes a perfect day out for locals just as much as for tourists. You can do everything here, from a gentle walk to a strenuous hike, from a leisurely cycle trip to trails on a mountain bike. For recreation, there is no better place to go than to our thermal baths or public pools.

As a strong business location, the region offers excellent transport connections and is linked to worldwide markets by a many-faceted flow of goods. As a business location it is characterized by family-owned medium-sized companies, including global players and hidden champions, whose products have become secret market leaders worldwide. Local companies also benefit from many forms of cooperation offered by Hof University of Applied Science and University of Bayreuth.

Whether you are looking for a new location for tourism, production, trade or logistics, in our region companies and investors find a large number of available premises in attractive locations that will suit your individual needs.

www.landkreis-hof.de

www.entwicklungsgesamt-fichtelgebirge.de

www.landkreis-bayreuth.de

hospitality
INSIDE

WORLD OF HOSPITALITY INFORMATION.

HospitalityInside is an information provider specialized in international hospitality and publishing a weekly online magazine. In both German and English, the magazine addresses top-level management of hotels but also representatives of related sectors (investment, real estate, finance). The geographic focus is Continental Europe and the Middle East, however, the reports also cover the global players and worldwide trends and developments. Based on a paid content model, the online magazine is free of advertisements and has been providing market and background information based on journalistic research to a top-notch readership in more than 20 countries each Friday for over 13 years. In addition, professional networking and presentation platforms such as international hotel conferences, trade fairs and events create manifold synergies between subscribers, trade fair partners and market participants. In particular, the joint booth of the „World of Hospitality“ at Expo Real Munich in October contributes to this. Since HospitalityInside launched this stand in 2011, Europe's leading trade fair for property and investment saw a new important market place for the hotel industry growing. Since then, the „World of Hospitality“ has been a popular address for the decision makers across the industry. With the HITT, the Think Thank in the hospitalityInside network, the foundation stone was laid in June

2018 for a work and development platform for hotel managers and hotel experts that meet the challenges posed by the new technologies in a solution-oriented manner.

www.hospitalityInside.com / www.hitt.world



Hotel Affairs Consulting. The team of Hotel Affairs Consulting offers decades of experience in the hospitality industry, ranging from consulting, development, design to management of international hotels. Our solid relationships and full-service concept make us the ideal partner from concept inception to market launch as well as for hotel transactions. In context of the 5th German Mittelstand Summit and under the academic supervision of Hochschule Rhein-Bonn-Sieg, we have been selected as TOP CONSULTANT 2018.

Our clients are developers, banks, investors, public entities or touristic regions, hoteliers and operators. The in-depth market insight and expertise cover city hotels as well as convention centers, resorts of any type incl. the management of international luxury hotels. Due to our work as lecturers, i.e. to executive personnel of the financial industry, we gain valuable knowledge of the most recent market developments. Managing Partner, Axel Deitermann, is deputy chairman of the German Study Group of Hotel Real Estate („Arbeitskreis Hotelimmobilien“).

We offer profound decision-making tools with following focuses:

- Studies ranging from Market & Financial Feasibility Studies, Potential Analyses to Plausibility Checks.
- Operator Sourcing for „green field projects“, adaptive reuses and new builds for cities and municipalities as well as re-brandings of existing hotels.
- Hotel project coordination from the acquisition of a project site to concept development incl. operator search and hotel-specific advise on contract negotiation.
- Exclusive sell-side brokerage at Director's level.
- Repositioning of existing hotels.
- Transaction Due Diligence.
- Asset Management, Monitoring & Strategic Controlling
- Architectural Advise / Design.

www.hotel-affairs.com

Hotel Consulting

HOTOUR

Hotour Hotel Consulting. We are one of the most distinguished hospitality consultancies within the German and European markets. Our aim is to sustainably support our clients in a wide range of different matters, from strategically important deci-

sion making processes over project development to hotel openings. With our team of 10, we advise our clients throughout Europe, with a focus on Germany, Benelux, Austria and Switzerland. The success of long term added value is based on creative approaches towards solutions and individually tailored consultation services.

We have been successful on the market for more than 40 years and cover a wide range of services:

- Transaction advice for buyers, sellers and banks
- Searching for investors and operators
- Preparation of and support for negotiations
- Appraisal reports for banks, investors, project developers and operators
- Hotel specific and business related due diligence
- Project development for developers, investors and banks
- Feasibility studies and plausibility appraisals
- Hotel development, conception and planning for new or converted buildings
- Asset management for banks, owners and investors
- Hotel checking: building, operator and budget assessments, preparation of business plans, coaching and monitoring with detailed reporting, implementation of interim management or new operators

www.hotour.de



JUNG & SCHLEICHER
RECHTSANWÄLTE

JUNG & SCHLEICHER RECHTSANWÄLTE

provides comprehensive legal advice to national and international clients in real estate law – always focused on performance and solutions. We offer individual and personal service at the highest professional standards, and our services are tailored to the individual requirements of our clients. Among our clients are world-wide market leaders, stock listed companies, fast-growing investment groups and family offices which enjoy our commercial-minded approach as well as our long-term market experience. Being one of the leading German real estate law firms, the long-term and personal relationship with our clients is an important value for us. J&S is specialized on complex and inter-disciplinary issues of real estate, hotel, banking, finance, corporate and commercial law and is well experienced in all kinds of national and cross-border transactions. In the last few years we successfully accompanied complex real estate transactions of more than 1.5 billion euro. Furthermore, J&S provides legal services in all aspects of asset management related to commercial and residential real estate. In addition to such major project work, J&S advises its clients in all questions of their day-to-day business operations such as developing and drafting contractual concepts (management, lease, franchise, building, service, licensing, cooperation, purchase, loan or outsourcing agreements), enforcing damage claims, achieving

settlements, handling public law and license requirements with the competent authorities, negotiating loans and mortgages, etc. Depending on the client's wishes all correspondence and documents are provided in bilingual versions or English only. Each year J&S represent clients in more than 250 regional and appeal court proceedings nationwide. Clients describe our success quote as outstanding. J&S is also experienced in international arbitration proceedings.

www.js-law.de



Kempinski Hotels. Created in 1897, Kempinski Hotels is Europe's oldest luxury hotel group. Kempinski's rich heritage of impeccable personal service and superb hospitality is complemented by the exclusivity and individuality of its properties. Headquartered in Geneva, Switzerland, Kempinski now comprises a portfolio of 75 five-star hotels and residences in 33 countries. Each one reflects the strength and success of the Kempinski brand without losing sight of its heritage.

Outstanding examples of this are the San Clemente Palace Kempinski, situated on a private island close to Venice or the Hotel Adlon Kempinski opposite the Brandenburg Gate in Berlin. The portfolio comprises a balanced mix of historic landmark properties, award-winning urban lifestyle hotels, outstanding resorts, and prestigious residences among which group showcases such as the Hotel Vier Jahreszeiten Kempinski in Munich, built during the reign of King Maximilian II of Bavaria, or the Gran Hotel Manzana Kempinski La Habana, the first international luxury hotel in Cuba. Each property imbues the quality guests have come to expect from Kempinski while embracing the cultural traditions of its location. Moreover, Kempinski is a founding member of the Global Hotel Alliance (GHA), the world's largest alliance of independent hotel brands. Following its pioneering spirit, the group continues to add new hotels and residences to its worldwide portfolio and intends to grow by another 21 properties over the next four years. The most recent additions to the Kempinski collection include Kempinski Hotel Muscat in Oman, located within a newly developed district and The Capitol Kempinski Hotel Singapore which is set in a restored colonial heritage building.

www.kempinski.com



Volksbanken Raiffeisenbanken
cooperative financial network



Andreas Löcher
Head of Investment Management Hospitality
Union Investment

The key to unlocking complex hotel investments? Mastery of the full contractual spectrum.



We take a forward-looking approach to investment. With innovative transaction structuring.

No two hotel investments are the same. Different partners and operator concepts require a unique response to each transaction. Our experience and expertise enable us to structure complex deals and tap into new investment opportunities for us and our partners. Let's talk about achieving success together.

Discover more about forward-looking real estate investment:
www.union-investment.de/realestate



Meet us at EXPO REAL in hall B2,
stand 142.



Letomotel is a family-run hotel company based in Starnberg. It currently operates three modern city hotels under the Letomotel brand with a total of 390 guest rooms. The hotel's guests include an even mix of business travellers, city tourists and families. Since the opening of the first Letomotel in 2010, our hotels have been very popular thanks to their good location, modern amenities and good service at comparably low prices. The consistently positive development of the hotels' operating figures shows that both the concept and the product are modern and marketable. Letomotel will continue to expand in the coming years.

The fourth hotel with 128 guest rooms in Nuremberg is already being built and will open in 2019. More locations in Munich, Augsburg, Regensburg and Vienna are planned. The focus is on locations in Germany, Austria and Switzerland with an annual overnight stay rate of 300,000 guests and more. Provided local conditions give reason to expect promising results in the hotel business, Letomotel is also happy to consider attractive locations that are smaller in size. When looking for a location, Letomotel considers it important to have good connections to public transport, good accessibility by car, available parking facilities as well as shopping facilities and dining options in the immediate vicinity. Letomotel hotels ideally have 120 – 150 guest rooms and, depending on the structural conditions, a total floor space requirement of around 3,500 sqm. Letomotel offers property owners and project developers excellent utilisation prospects for their projects thanks to long-term leasing at attractive rental conditions and clearly determinable investment costs. Many years of experience in hotel operations and project development help in supporting a successful project.

www.letomotel.com



LFPI Hotels Management Deutschland.

LFPI Group is one of the premier independent multi-strategy alternative asset managers in Europe with more than three billion Euros of assets under management. We invest in private equity (primary, secondary, co-investments, and funds), private debt (unitranche, mezzanine, senior), real estate (from core to opportunistic in both equity and debt) as well as asset management (fixed income and equity) in Europe, North America and Africa across seven offices and approximately 70 investment professionals with a long-term and prudent investment strategy.

With respect to hotels, we are both owners and operators in France and Germany with more than 74 hotels across the portfolio. The French portfolio of 62 budget hotels is primarily

marketed under the Timhotel brand as well as other franchise brands such as Louvre Hotels Group. The German portfolio of currently 12 hotels are operated by LFPI Hotels Management Deutschland GmbH: three Ibis hotels in Aachen, Erfurt and Augsburg, two Ibis Styles in Hamburg and Speyer, three Mercure in Berlin, Düsseldorf and Stuttgart-Zuffenhausen, a Best Western in Berlin, the Hotel Indigo in Düsseldorf, the Schloßhotel Karlsruhe and the Hotel Excelsior Lübeck. Specifically in Germany, we are looking to ramp-up to approximately 30 hotels over the next three to five years as owners and/or operators. Besides the owner & operator model LFPI Hotels Deutschland positions itself in the future as a pure operator for external owners. We focus on mid-scale city hotels in both primary and secondary city centre areas (approx. 50 to 150 rooms). Generally operated by LFPI Hotel Management Deutschland GmbH and marketed via franchise partnerships, certain leases can be taken over with short residual terms. Acquiring hotels in Germany and Central Europe will allow for positive growth of the LFPI portfolio over the near future.

www.lfpihotels.de / www.lfpi.fr



Pandex is a leading owner of hotel properties in Northern Europe with a focus on sizeable hotels in key leisure and corporate destinations. As of 30 June, 2018, the market value of Pandex's hotel property portfolio was 53 Billion SEK (ca. 5,2 Billion Euro). PANDOX's VISION is to be a world-leading hotel property company with regard to specialist expertise in hotel and property operations.

PANDOX's STRATEGY AND BUSINESS MODEL: Pandex's business concept, which is based on expertise within hotel properties, hotel operations and business development, is to actively own, develop and lease hotel properties. Pandex's strategy and business model have been consistently followed since the company was founded in 1995. The company has exclusively invested in one type of asset since inception: hotel properties. This type of asset has distinctive features that differ from other types of property and demands specialist expertise to maintain an active ownership business model.

PANDOX's BUSINESS SEGMENTS: Pandex's hotel property portfolio currently comprises 143 hotels with approximately 31,500 hotel rooms in fifteen countries in Northern Europe and Canada. Pandex's business is organised into Property Management, which includes hotel properties leased on a long-term basis to market-leading regional hotel operators and leading international hotel operators, and Operator Activities, which comprises hotel operations executed by Pandex in its owner-occupied hotel properties. **PANDOX's OWNERS:** Pandex was founded in 1995, and the company's B shares are, as of 18 June 2015, listed on Nasdaq Stockholm.

www.pandex.se



Plaza Hotelgroup GmbH was founded in 2002 and currently operates 34 three and four star business hotels with more than 4,000 rooms in Germany, Austria, Czech Republic and the Netherlands. At the moment more than 900 employees work for the company.

The core philosophy of the founding couple Yonca and Ihsan Yalaz: Especially the business traveller can find in our hotels all comfort which we expect as frequent travellers by ourselves: Friendly, helpful staff, large and comfortable beds, appealing, functional design, an adequate number of power sockets, fast wireless internet access with high bandwidth. Our core competence is the management of owned and leased business hotels in cities with a population of 50,000 and above. The central administration takes place efficiently from the Heilbronn headquarter. Because of the central location and modern furnishing our products are not only interesting for business travellers but also for guests from the leisure and city trip sector.

In order to meet our own, high service standards most of our hotels are member of the world's largest hotel chain Best Western. Our goal over the next 5 years is the healthy, economic increase

of our portfolio up to 50 hotels mainly in Germany and the Netherlands. Therefore we are constantly looking for new and existing buildings in city locations in order to buy or lease them. New projects 2018/2019: Linz (188 rooms), Bottrop (140 rooms), Almere (160 rooms), Augsburg (180 rooms).

www.plazahotels.de



Prizeotel the Economy-Design-Hotel has successfully established four hotels in Bremen, Hamburg and Hanover in the German hotel market. The prizeotel Hamburg-St. Pauli opened in June 2018 with 257 rooms near the Reeperbahn. After announcing the joint venture with The Rezidor Hotel Group and its 480 hotels in more than 80 countries in March 2016, the portfolio of prizeotel has grown rapidly: Besides 989 rooms in operation, almost 1,300 rooms are in the pipeline for hotels in Bern, Erfurt, Munich, Münster, Dusseldorf and Vienna. The neologism „prizeotel“ is based on the combination of creating



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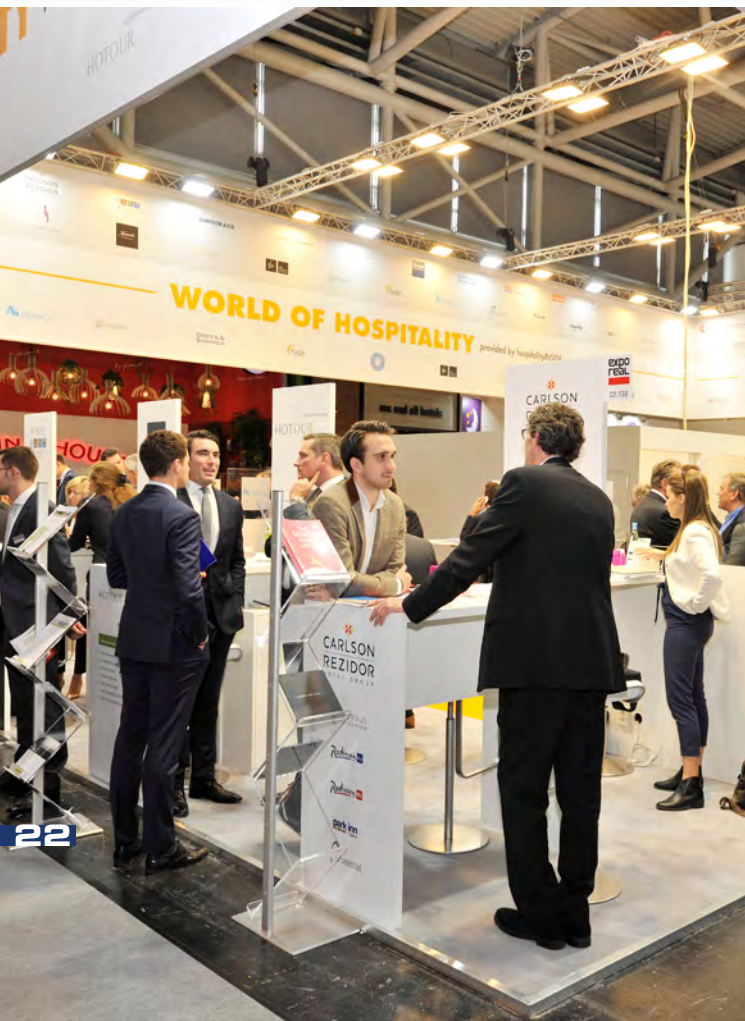
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Building networks



the maximum of value for guests with a well thought-out hotel concept. Along with the naming, a customer-oriented approach and the credibility to create a brand with clear objectives for everybody has been the center of attention. At prizeotel, it's not just about placing design furniture throughout the hotel, but creating a real and logical design inside and out. New York's Star-Designer Karim Rashid exclusively designs all prizeotels. Every hotel is designed individually in terms of colour and furnishing. Rashid's style is found throughout the entire hotel and each prizeotel is therefore a so called „signature-brand hotel“.

Furthermore, prizeotel is an innovative pioneer in the hotel industry, and one of the fastest hotel operators in developing and implementing technical innovations that underline the prizeotel experience in the most unconventional way.

www.prizeotel.com



Radisson Hotel Group, formerly Carlson Rezidor Hotel Group, is one of the world's largest hotel groups, with eight distinctive hotel brands made up of more than 1,400 hotels in

114 countries around the world. Radisson Hotel Group aims to be one of the top three hotel companies in the world. We will reach this goal by executing a five-year operating plan that will deliver creative hospitality innovation, more streamlined operations, an integrated global platform and memorable moments to every guest, owner, business partner and employee.

Our strategic approach is focused on leveraging our umbrella brand, redefining our brand architecture and optimizing our portfolio. We aim to grow the Radisson Hospitality AB (EMEA) by 13,000 rooms and Radisson Hospitality, Inc. (Americas & Asia Pacific) by 56,000 rooms by 2022. The Radisson Hotel Group portfolio includes Radisson Collection™, Radisson Blu®, Radisson®, Radisson RED®, Park Plaza®, Park Inn® by Radisson, Country Inn & Suites® by Radisson and prizeotel.

More than 95,000 team members work globally for the Radisson Hotel Group and at the hotels licensed to operate in its systems.

www.radisson.com



Rilano Hotels & Resorts combine a range of hotel designs to meet guests' needs. We stand for timeless style and elegance and for quality service with a focus on the newest technology. Space for individuality – this is our guiding principle at Rilano Hotels & Resorts. We bring together traditional international hotel values with a trend-setting look. The „Rilano“ name unifies the best of three countries with great reputations for hospitality: from Italy, we have taken subtlety, style and joie de vivre. Our focus on service and passion for state-of-the-art technology comes from America. Our German roots are the origin of our reliability and quality. The current portfolio consists of 8 hotels in Germany and Austria and includes hotels of the „The Rilano“ brand (full service), „Rilano 24|7“ (dynamic service) and Rilano Resorts (collection). The concepts are characterized by a high degree of flexibility and modern orientation. „Gastfreund“ and „Townhouse by Rilano“ are two newly developed, contemporary hotel brands, with a forward-looking concept.

Founded by real estate owners and long-time internationally experienced hotel managers, Rilano Group GmbH represents the entire hotel value chain. Our lines of business include project development, takeover of existing hotel operations, operative and strategic hotel management as well as conceptual design and planning of new builds. Banks, investment funds and hotel chains number among our clients, as do institutional investors and real estate owners. Our goal is the a sustainable economic and value driven management with a strong focus on the further expansion of our portfolio into selected European markets.

www.rilano.com



Staycity Aparthotels, based in Dublin, was founded by Tom and Gerald Walsh in 2004. Currently we are operating over 1,900 apartments in Ireland, the United Kingdom and France. An additional 3,000 units are contracted and in the planning phase or under construction. By 2022 we aim to make Staycity Europe's largest mid-market, pan-European city aparthotel brand with 15,000 units operational. We deliver properties in our four key target markets of Ireland, the UK, Germany and France along with, opportunistically, properties in other European capitals and gateway cities with high growth potential and low operational volatility.

To support our growth story, we discipline ourselves by focusing on properties only with a gross margin potential of minimum 20%. Our search profile includes centrally located purpose-built structures (or conversions) with an offering of 8,000 to 12,000 sqm. In Germany, we are keen on operating in Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich.

Our product lines: STAYCITY – our "Economy Plus" solution and "WILDE by Staycity", our premium brand targeted at 4 star leisure and business class customers. Two ideal solutions for our customers, developers and investors. For project developers and investors, we are the perfect match: With our successful and convincing track record we offer long-term fixed leases on a competitive and sustainable level with a strong and growing covenant. The ideal CORE product for institutional investors.

www.staycity.com



TKS Group. As general contractor, TKS offers the planning, organisation and implementation of various construction services including technical building installations „from one hand“ for refurbishment and initial fit-outs of hotels as well as the re-use of office buildings into hotels. TKS delivers its services mainly as turnkey solutions.

TKS manages and coordinates the communication between all project participants and deployed trades. Due to its longstanding experience and competence, TKS is well equipped to manage the interests of all participants through all phases of the project to reach an optimal solution.

With its reliable project organisation, its expert teams from all technical and business disciplines as well as its strong network of partners, TKS is capable of planning and realising very complex renovations and reconstruction works with guaranteed pricing and timelines in all European countries – under compliance with all official regulatory requirements and with due regard to legal guidelines.

For 30 years, TKS has been realising projects for international hotel chains such as 25hours, Accor, Hilton, Holiday Inn, Hyatt, Marriott, Motel One, Le Méridien, Radisson Blu, Steigenberger as well as for well-known individual hotels. In many cases, TKS has cooperated with international acclaimed architects and designers on a partnership basis.

The company operates in the European core markets with its subsidiaries TKS UK, TKS France, TKS Scandinavia and TKS Swiss. TKS' pioneering role is based on the continuous development of its service portfolio, including technical building installations (MEP) as well as the development of innovative service packages such as



shortest time renovation (STR®) and the CSM® analysis for a project-based optimisation of the budget and protection of the environment at the same time.

TKS realises an annual sales volume of about 50 million euros. Uwe Christian Koehnen is the CEO.

www.tks.net

TREUGAST Solutions Group

Treugast Unternehmensberatungsgesellschaft mbH, founded 1985 in Munich, is a member of Treugast Solutions Group and belongs to the leading consulting companies in hospitality industry in the German speaking part of Europe. Years of experience and expertise of more than 30 Consultants in our business fields consulting, management and institute provide decision-makers with the planning reliability, which is essential for the development and execution of projects within the tourism environment.

Portfolio:

- more than 120 consulting projects per year, among others in fields like feasibility studies, operational reviews, operator's searches, strategy consulting, valuations & transaction advisory as well as coaching & controlling
- since 1995 more than 160 self-operated hotels in terms of pre-opening management, interim management, turnaround and change management as well as hotel asset management
- scientific activities of Treugast International Institute, among others publisher of several industry-relevant publications like Hotel Investment Ranking Germany, Gastronomy-Ranking Germany, Hospitality Trends, Business Comparison Hospitality and Gastronomy as well as Hotel Location Attractions Index

The American Academy of Hospitality Sciences bestowed TREUGAST Solutions Group as the first consulting company worldwide with the Five Star Diamond Award. Furthermore, Treugast was distinguished by the German specialist publisher "AHGZ" with Special Award „Hotelier des Jahres 2011“.

www.treugast.com



TUI Group Hotels & Resorts. With a portfolio of more than 380 hotels in more than 30 destinations, TUI Group Hotels & Resorts make a significant contribution to the consolidated earnings of the TUI Group. With our leading leisure hotel brands RIU, Robinson, TUI Magic Life, TUI Blue, Sensimar, Sensori and Family Life we are striving for significant growth in hotel properties, which is based on three major reasons to believe:

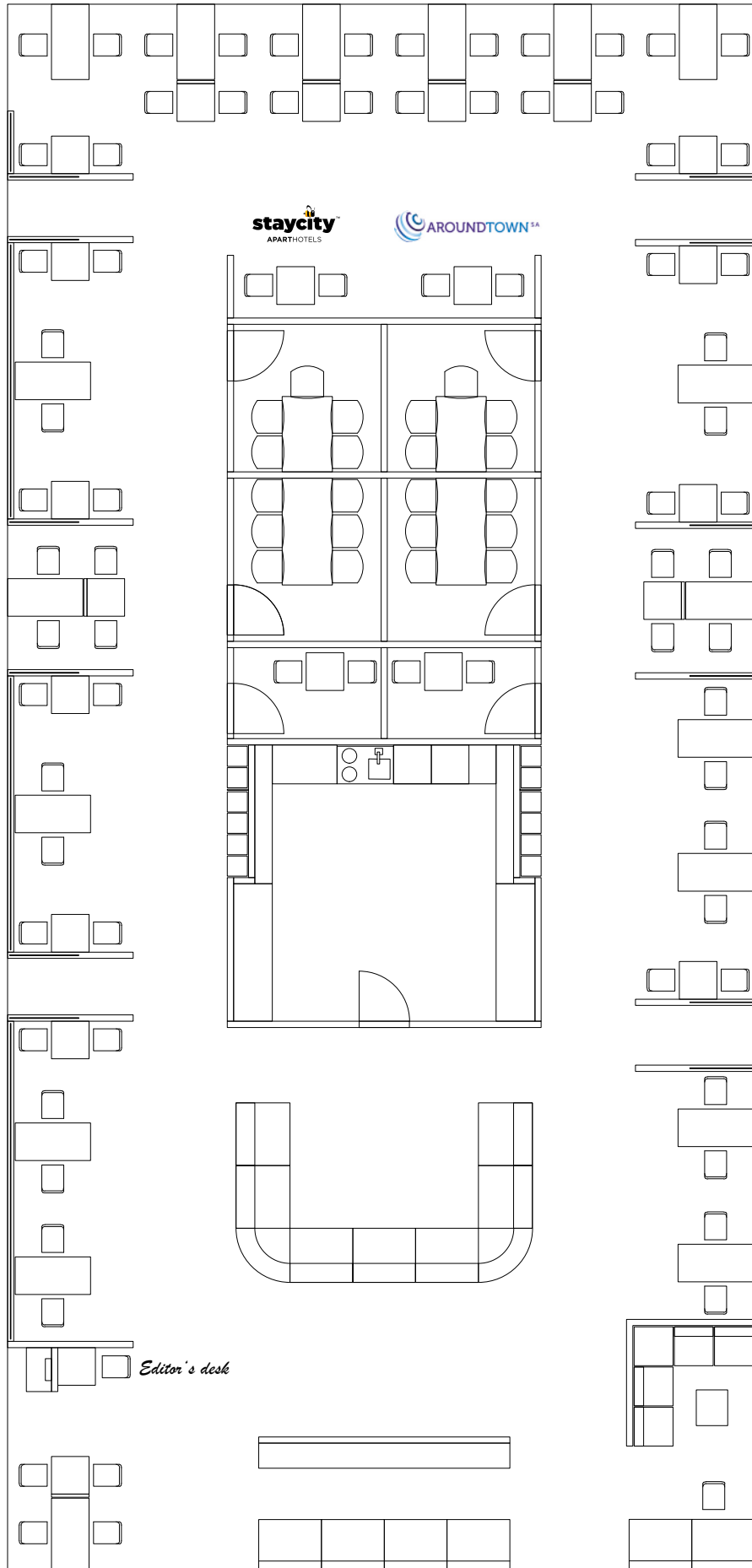
- For our customers, the hotel is the key decision factor when making a booking and it is key to customer loyalty
- For our industry, the leisure hotel segment is a stable and profitable business with above-average growth prospects
- Therefore, expansion of our hotel business is one of the key strategic pillars of the TUI Group growth strategy

This is where our potential lies: TUI Group Hotels & Resorts offers its guests individual hotel brands with a variety of concepts that allow them to find an offering that meets their needs and wishes. At our hotels, customer satisfaction and high quality are our top priorities.

This is the successful concept that will drive our planned growth. To strengthen our position in relation to the international competition and to further extend exclusivity for our customers, we will be expanding our hotel and club portfolio significantly in the coming years. Access to the strengths of TUI Group, as the world's largest integrated tourism group, promotes our growth and makes us the ideal link between tour operators and hotel partners. With more than 350 hotels, 16 cruise ships, more than 150 aircrafts and the sales strength of well-known tour operators, both online and through our 1,600 travel agencies across Europe, we operate a huge portfolio of unique travel experiences under one roof.

www.tuigroup.com / www.tuigroup.com/TUIhotels







10 years

BRICKS & BRAINS

A hospitalityInside Network Event at Expo Real Munich

A hospitalityInside Network Event at Expo Real Munich

BRICKS & BRAINS celebrates its 10th birthday! The event started in 2009, one year after the Lehman crash and the beginning of the financial crisis. A low point in the relationship between financiers and operators – and the right time to launch the first networking event for the hotel and real estate industry at Expo Real.

The basic idea in 2009 was also to make the hotel industry better known at Expo Real and to establish it more strongly as an asset class. Today BRICKS & BRAINS no longer has to advertise for this fair, because instead of a handful of hotel exhibitors ten years ago, around 60 companies with a hotel focus are now present at the fair.

Today Expo Real is a must for hotel developers, operators and investors. And the get-together on the evening of the first day of the fair is the exclusive meeting place for

decision-makers involved in the construction or sale of hotels.

We would therefore like to express our sincere thanks today to all those who have accompanied, promoted and supported this event over the years! It was a good idea at the right time. Our special thanks therefore go to the project management of Expo Real, which gave the impetus to this event in 2009! And of course Kempinski Hotels, which supported this event from the beginning as main sponsor and gave it the special touch. This applies in particular to

the catering team of the Hotel Vier Jahreszeiten Kempinski Munich, which exemplifies culinary and service hospitality.

HospitalityInside expects 200 guests this year in the spacious event area at the north entrance of the fair. And once again, the industry professionals can exchange their opinions on new ideas, projects, players and changed market conditions in a relaxed setting, when for the 10th time Hospitality meets Real Estate!



SAVE THE DATE 2019!

BRICKS & BRAINS will take place on Monday, 7 October.

Infos? office@hospitalityInside.com





+++ Ongoing hospitalityInside survey +++ Ongoing hospitalityInside survey +++

JOIN IN! NEW SURVEY BY HOSPITALITYINSIDE AND UNION INVESTMENT

Hot phase, hot questions

This year's hospitalityInside INVESTMENT BAROMETER traditionally started before Expo Real and ends on Monday, 22 October 2018, allowing the Barometer to take into account changed assessments that may develop through discussions and business deals around Europe's leading trade fair for real estate and investment. Take part – your opinion counts!

For the 6th time, the online trade magazine hospitalityInside.com and the investment house Union Investment invite decision-makers from the hotel industry and real estate/investment to answer the following two questions briefly and concisely. Of course, the answers are included in the evaluation anonymously.

THE QUESTIONS

1. The hotel investment markets in Europe are recording declines in transaction volumes, some of them significant. Why do you see fewer hotels being traded?

- Less is being built or completed; the supply is decreasing.
- Due to a lack of investment alternatives, there is no willingness to sell at present.
- There is no longer any attractive yield spread compared to other types of use.
- Investors in an advanced market cycle are more cautious.
- Interest is shifting towards more profitable niche markets (alternatives).
- Other reasons.

2. How will the trend of declining transaction volumes in the hotel real estate market develop in 2019?

- It will intensify.
- The decline will continue at the same rate.
- The decline will slow down.
- The trend will reverse.

THE EVALUATION

After completion of the survey, all participants will receive the complete evaluation to their personal eMail. Excerpts from the results will be published in the hospitalityInside.com magazine under „Market Check“. **The current survey runs until 22 October 2018.**

HOW TO PART?

- » hospitalityInside.com has already invited its subscribers and registered newsletter readers to participate in this survey; they have received a link.
- » Otherwise the way leads over the homepage www.hospitalityInside.com, on which the banner „Investment Barometer“ links directly to the suitable article and inquiry left.
- » Expo Real visitors can participate in the poll at the „World of Hospitality“ joint stand in hall A2/booth 240 during the fair. The survey terminal is located right next to the HospitalityInside table. As a thank-you we would like to invite you to a coffee!

... And this was YOUR opinion in the last hospitalityInside INVESTMENT BAROMETER:

AUTUMN 2017: Despite demand pressure on the German hotel market, C locations will not become the new B locations. 34% of those surveyed indicated that A locations were packed with hotel chains right up to the rafters. Only 15% – and thus some way behind – saw a shift from B locations to C locations.

AUTUMN 2016: With regard to the question as to current willingness to take risk, the participating hotel investment experts were divided into two roughly equal camps. 51 percent stated they pursued as strategy of „same return, higher risk“; by contrast 49 percent indicated that there were happy with „lower returns for the same risk“.

AUTUMN 2015: The hotel construction boom will continue. 48.5% describe the sentiment in hotel development as „very good“.

SPRING 2015: The continuing pressure on demand in the hotel market most likely motivates hoteliers and hotel property experts to diversify regionally in secondary and tertiary markets.

AUTUMN 2014: Brand hotels will happily announce a quick-paced expansion, but in reality, they rarely implement these plans as quickly.

Q1 2014: Currently, the rate-of-return considerations are driving the investments in hotels, more than diversification and security aspects.

Q4 2013: the largest potential for developing into an investment product is being assigned to apart-hotels and serviced apartments.

For more see www.hospitalityInside.com („Market Check“).

In this SPECIAL, we focus on the hotel industry at EXPO REAL 2018 and on the hot topics of the industry. Current topics of the fair are part of this magazine. Also, you will find younger articles and excerpts from the online trade magazine www.hospitalityInside.com.

TIM DAVIS: INNOVATION CREATES WINNING WAYS OR GROWING FAULT LINES FOR HOTELS

Reacting to the speed of **digitalisation**

Digital maturity across the hotel industry continues to increase as more and more businesses digitise what they do, giving consumers the opportunity to directly shop, book and engage with brands. But as digital maturity rises, there is a growing downward pressure on revenues and profits; as consumers become exposed to greater choice and the level of competition rises. Rapidly growing digital retailers and media companies have amplified this downward pressure to the detriment of many incumbent suppliers. But is this a signal of demise for hotel brands?



Tim Davis is the founder and managing director of PACE Dimensions based in London (www.pace-dimensions.com). His management consulting company specialises on technology, media and the digital economy and also carries out own research. Tim also was the facilitator & moderator of hospitalityInside's first HITT Think Tank in Berlin in June 2018.

This article by Tim Davis sets out the main changes impacting hotel companies, it highlights the most important technology innovations and what winning hotel brands need to prioritise.

Consumers' pressure on choice

Long term secular growth continues to increase hotel demand around the world. International travel is a major driver of hotel demand growth. Leisure is the biggest contributor of this, with transient business growing faster than packaged travel. UNWTO predicts 4% annual growth in international tourist arrivals to 2030.

At the same time, consumers are becoming more discerning as digital maturity increases the number of choices that they can easily compare. Comparison sites (e.g. Google, TripAdvisor, Trivago, and Kayak) have given consumers a single place to go where they can compare a very wide choice of brands, providers and prices and easily distil them to a relevant short. Consumers have also become more demanding as digital fluency increases and leisure time has become more valued. The importance of experiences over products, more choice available, and the need to engage with brands easily and quickly is shifting buying behaviour.

Rapid rise of digital retailing and media companies

Consumers are one driver; third parties are another one for the hotel industry despite

the fact that hotel supply has become much more consolidated under brands – adding up to about 50% of branded supply globally, due to STR 2017. As more business gets done online, the digital world in travel is already consolidated – but not by hotel operators: A handful of mega retailers and media companies dominate shopping for hotels and travel.

- OTAs represent 13-16% of major hotel chain bookings and up to 40% for smaller chains and independents (source: PACE Research Jan 2018)
- Metasearch comparison sites which have developed over the last 6 years, now attract 85% of consumer traffic for travel and cost hotel companies more than \$1BN annually.
- Substitute competition in the form of private accommodation marketed under global retail brands (e.g. AirBnB, HomeAway) have dramatically increased supply of rooms to greater than the supply of hotel rooms in some major cities. They are also grouping accommodation into product categories with defined standards and more directly targeting travellers staying for leisure, business and with their families. Finally they now blend accommodation into hotel retail sites and independent hotels into private accommodation retail sites, blurring the lines between substitute and direct competition for hotels.
- All are rapidly broadening the range of travel products they sell and increasing their understanding of what consumers want to buy.

Technologies with the biggest impact

Technology innovation has created powerful opportunities for hotel companies of all sizes to increase their competitive edge. For smaller companies there are a broad range of packaged solutions or cloud based services that integrate with existing legacy systems. For the largest hotel groups the opportunity to acquire expertise, open platforms, and software services also exists. PACE has recently conducted a 3 month study into the emerging technologies that are most impacting the way hotel companies market, distribute and optimise the performance of hotels. The company examined more than 40 different capabilities and researched the products and services of more than 200 different travel technology companies. It has identified the following technologies having the greatest adoption and impact in the hotel industry now and in the near future:



1. Artificial Intelligence (AI): Today AI creates the biggest economic benefits for hotels by improving the results of existing analytical problems. Most common problems AI solves are classification, forecasting, clustering, optimisation, ranking, and recommendations.

2. The Internet of Things (IoT) simply includes intelligent devices that capture, communicate and process data. They are often used to minimise unplanned maintenance of machines, monitor consumer usage and behaviour, and personalise and control devices for a customer or guest.

3. Cloud & distributed computing generally provided or enabled by Tier 1 tech companies such as Oracle, IBM, SAP, Amazon, Google and Microsoft. Cloud & distributed computing enables access to affordable and scalable computing power on demand. Business models that allow pay as you go, mean greater access to sophisticated applications and services to all sizes of company, at affordable costs.

4. Open architectures and Applications Programmer Interfaces (APIs) are not new, but becoming increasingly pervasive, with growing industry standards and more technology services open to integrate with. An open architecture and published interfaces provide flexibility in the way a company can acquire or develop systems, and most importantly integrate with or overcome the limitations of existing legacy systems.

Speed to market and affordability are also important; open architectures have enabled

companies to acquire platforms to build from, integrate ready built software services, acquire loosely coupled software modules that can be combined, scaled and extended, and hybrid systems that combine elements of all of these. Open Architectures and growing APIs are pervasive across most modern software companies that aim to grow.

5. Personal technology: The mass global adoption of smart mobile devices and explosion in personal applications empowers consumers at any time and throughout all phases of the customer journey. For hotel companies the devices provide a channel to engage with every prospect and guest in a personalised way. Hotel companies can not only reflect a guest's preferences but by understanding their location and buying behaviour for example, can anticipate ways to enhance their experience and provide relevant services and offers.

6. Messaging: Technology now enables the recognition and response to natural voice or text messaging. AI helps improve recognition and respond in relevant way. This is particularly useful for consumers using mobile devices on the go. It can make the experience of asking queries and getting the right answers easier for consumers, allows for far greater access to brand services, and a greater ability for brands to interact, learn and engage with its guests.

Extract of an article in hospitalityInside.com, Aug 24, 2018



SELECTED HOTEL DEALS SINCE OCTOBER 2017 IN EUROPE

Everything is **mega** mega me

■ OCTOBER 2017

Louvre Hotels Group acquires Hôtels & Préférence (H&P): By acquiring a majority stake in French H&P Collection, the Louvre Hotels Group, a subsidiary of the Chinese consortium Jin Jiang International, is investing in upscale and luxury hotels. The parties have agreed not to disclose the sale price. The group is thus expanding its international portfolio by 140 properties, mostly of a charming kind, with a total of 9,165 rooms. Founded in 2000, H&P owns over 122 subsidiaries in France, Europe, China, Canada and Colombia. 80% of the portfolio consists of 4-star plus and 5-star hotels.

■ DECEMBER 2017

Pandox & Fattal buy Jurys Inn: The Swedish hotel real estate company Pandox AB acquires the Irish hotel chain Jurys Inn together with the Fattal Group (Leonardo Hotels). The portfolio comprises 8,013 rooms in 37 properties. Following the restructuring of the portfolio, Pandox will retain 20 of the 37 hotel properties (with 4,694 rooms) plus one property in own operation (Hilton Garden Inn at Heathrow Airport). Fattal is thus taking over the operational management of 36 recently renovated properties under the Jurys Inn brand. Leonardo will operate the properties under a 25-year revenue-based lease with minimum guarantee and shared investments.

The total purchase price amounts to approximately £800 million (approximately Euro 908 million) on a debt-free basis.

Scandic-Restel merger approved: The Finnish Competition and Consumer Authority approves the acquisition of hotel operator Restel by Scandic, subject to the disinvestment of three hotels. The transaction is expected to close before the end of the year. The purchase was announced on June 21, 2017.

■ FEBRUARY 2018

GS Star expands with Auctus: The German project developer GS Star from Augsburg has found a partner in Auctus Capital Partners AG from Munich, with whose support they would like to expand both in the real estate business and in operations (under their own brand Arthotel ANA as well as with major franchisors such as Hilton, IHG, Choice and Wyndham). Both combine their strengths under the new Gorgeous Smiling Hotels Holding. Under the holding roof, 14 hotels are currently owned and another 40 properties are under management. In addition to Germany, Austria and the Netherlands, expansion into Italy and Spain is now also planned under the new auspices.

■ MARCH 2018

Premier Inn buys presence in Germany: The subsidiary of British hospitality group Whitbread PLC has acquired a portfolio of 19 Holiday Inn Express hotels from Foremost Hospitality HIEG GmbH, which will be rebranded as Premier Inn Hotels from 2020. The parties have agreed not to disclose the purchase price. This is a huge hole in IHG's map of Germany. This secures good locations for Premier Inn, which will grow to 31 hotels with over 5,700 rooms in 15 major cities. The acquisition includes 13 leased hotels in operation with approximately 2,140 rooms and six planned or under construction leased hotels with approximately 970 rooms. The transaction is subject to the consent of the landlords for renovation and rebranding and the termination of the franchise contract with the current franchisor – the IHG/InterContinental Hotels Group. For the 13 hotels in operation this can take up to two years, for the pipeline hotels possibly longer.

AccorHotels sells majority of AccorInvest: AccorHotels signs the sale of 55% of AccorInvest to a pool of French and international investors. The deal brings the company 4.4 billion euros in cash, which will be used to buy back shares, distribute dividends and continue the acquisition strategy. Thus, Europe's largest hotel chain

is losing control of its real estate business with the aim of selling up to 70% of AccorInvest shares. The buyers are SWFs: the Public Investment Fund of Saudi Arabia, GIC from Singapore and institutional investors, including Credit Agricole Assurances, one of France's largest insurance companies, Colony NorthStar, a major US private equity REIT, and Amundi, a major French investment fund.

IHG buys Regent Hotels: InterContinental Hotels Group acquires Regent Hotels and Resorts, a faded luxury brand with six hotels (2,200 rooms) and three projects, paying \$39 million in cash. The deal: IHG will acquire 51% of Regent Hotels, the Regent brand and related management contracts in a joint venture with Formosa International Hotels Corporation. The 51% stake will be acquired for \$39 million in cash, payable in three tranches through 2024. In 1970, Regent Hotels was founded by Robert H. Burns and his partners Georg Rafael (later Rafael Hotels, sold to Mandarin Oriental) and Adrian Zecha (later creator of Amanresorts).

Hirmer takes over Travel Charme Hotels: With retroactive effect from January 1, 2018, Munich-based Hirmer Group has acquired 100% of Travel Charme Hotel GmbH, Berlin. It operates eleven 4 and 5 star resorts in the most beautiful holiday destinations in Germany (Baltic Sea) and Austria; three projects are under development/construction, including the first in Italy. Two hotels – in Sellin and Prerow – are management contracts and will only be run by Travel Charme Hotels until the end of 2018. The core of the Hirmer Group is the Hirmer clothing store in Munich's Kaufinger Strasse shopping mile, which specialises in men's fashion. Hirmer is the owner of the Campo Bahia Hotel in Brazil, the 2014 quarter of the German football world champions. The parties have agreed not to disclose the price.

APRIL 2018

Choice Hotels gains a foothold in Spain with Sercotel: The Spanish operating company provides the US chain with growth in Spain, numerous European and Latin American markets. Sercotel currently has 137 hotels and apartment hotels in Spain and 22 hotels in Colombia. Then follow Cuba (6 properties), Portugal, Italy, Andorra and Mexico (2 each) as well as Ecuador and Panama with 1 property each. Choice

Hotels has already had a strong presence in Brazil and Mexico. Sercotel does not own any properties, 36 hotels are managed, 139 as franchise (with consortium character). Sercotel was originally established as a hotel consortium with marketing and sales services for its hotels. The group has been leasing and managing hotels directly for eleven years.

MAY 2018

Foncière des Régions & IHG in a mega-deal: InterContinental Hotels Group launches its Kimpton brand in the UK: To this end, the Group has agreed with Foncière des Régions (FdR) to operate 12 already opened hotels (2,200 rooms) and one hotel in the pipeline (185 rooms). FdR buys the portfolio from Starwood Capital Group through its Foncière des Murs hotel branch. As a price for upscale and luxury hotels, FdR cites 858 million British pounds (1.17 billion USD or 974 million euros). The future IHG hotels will operate under the brands Principal Hotels (London, Edinburgh (2), Leeds, York, Manchester, Glasgow (2), Cardiff, Spires) and De Vere Hotels (Oxford Thames, Wotton House), the hotel in the pipeline will operate under the name The Grand Birmingham.

AccorHotels buys Moevenpick: The Paris group invests 560 million Swiss francs (482 million euros) in the Switzerland-based chain, in which the German industrialist August von Finck holds the majority share, the Saudi prince Alwaleed 33.3%. The latter also holds 5.7% of the shares in AccorHotels since 2016. The value of Moevenpick does not lie in the 84 hotels (with over 20,000 rooms) currently in operation, but in their distribution across 27 countries – and in the pipeline of 42 properties (+11,000 rooms) by 2021. Moevenpick mainly brings beautiful resorts in sought-after destinations in the Middle East – and many new projects in Asia. A perfect addition to the chain from Paris, which, thanks to Moevenpick, ranks among the top 5 global hotel chains in the upscale and luxury brand segment.

Minor secures NH Hotels: Minor International from Thailand acquires 30 million shares (8.6%) for 192 million euros from the hedge fund Oceanwood from London in the Spanish group NH Hotels. After completion of the transaction, Minor will officially own 9.7% and thus become the second largest shareholder of NH Hotels after

HNA, for the time being at least. The 25.2% stake in the Chinese group is officially for sale. With 382 hotels and 59,350 rooms in 30 countries in Europe, Africa and the Americas, NH Hotel Group is the sixth largest hotel chain in Europe and three times the size of Minor Hotels, which has a portfolio of 161 hotels and serviced suites owned, operated and invested under its own brands and franchise brands. The brands of the chain are represented in 26 countries in Asia-Pacific, the Middle East, Africa, the Indian Ocean, Europe and South America.

JUNE / JULY 2018

Minor acquires more and more of NH: The highly indebted Chinese HNA Group finally sells its shares in NH Hotels – to Thailand-based Minor International Group, which plans to acquire all shares of NH. HNAs 25.2% of NH cost Minor 619 million euros. Following the conversion of a number of debt offerings into shares, this deal makes Minor NH's largest shareholder and now holds 34.7% of the company. In July, the US chain Hyatt Hotels Corporation makes an offer for a complete takeover. At this moment, Minor announces that it now controls more NH shares than it had previously known – 44%, with the share purchase to be completed in September 2018.

AUGUST 2018

Jin Jiang buys Radisson Hotels: The HNA Group must continue to sell. Now their shares in Radisson Hospitality AB and Radisson Holdings Inc. went to a Chinese hotel giant – Jin Jiang International Holding Co. The transaction value was not disclosed, but the agency „Bloomberg“ assumed that Radisson could achieve at least two billion dollars. Jin Jiang, also a state-owned company – with The Louvre Hotel Group and Plateno Hotels under its roof – acquires 51.15% of Stockholm-listed Radisson Hospitality AB and a further 18.50% of HNA. The buyer aims to acquire all 100 percent of the shares. The transaction is subject to regulatory approvals and other customary closing conditions and is expected to close by the end of 2018. / red

OVERCAPACITY IN GERMANY: ANALYSE, ADJUST OR EXIT

When RevPAR tips

There are more and more reports of hotel openings, sales and projects in Germany as new properties open every day. A-destinations, where the fear of overcapacity and its consequences is increasing in existing hotels, are still particularly affected. Sometimes the fear creeps further, even reaching B and C-destinations. In many places, rightly so, as a look at possible future RevPAR scenarios reveals. Those who do not move will fall by the wayside. Horwath HTL Berlin analysed Germany's seven top locations, and colleagues from Hotel Affairs explain the pitfalls and adjustment constraints.



Lindner Hotels' „coolest conference room“. Turning old into new pushes business again.

When hoteliers in Duesseldorf, Stuttgart or Frankfurt look anxiously into the future, they have every reason to do so according to calculations by the experts at Horwath HTL Berlin. The experts calculated the potential effects the ongoing construction boom has on the development of RevPAR at the seven German top locations of Berlin, Cologne, Duesseldorf, Hamburg, Munich, Stuttgart and Frankfurt against the backdrop of nationwide growth in hotel rooms by 11.06% from currently 751,932 to 835,078 rooms in 2022.

The data basis for this originated from the IHA Industry Report, STR and the database of tophotelprojects. The basis for the calculation was the average rate (ADR) and

average occupancy (OCC) for 2017, adjusted by 1.5% based on inflation. Three scenarios of average overnight growth were taken into account. Case 1: an unchanged compound annual growth rate (CAGR); case 2: a moderate CAGR of 66%; and case 3: a decelerated CAGR of 33%. In addition, it was assumed that 0.5% of the existing rooms at the respective locations left the market.

Trouble spots: Duesseldorf, Hamburg, Stuttgart, Frankfurt

In Berlin, for example, where RevPAR was 71.42 euros and CAGR 4.8% in 2017, RevPAR would rise to 91.92 euros (+28.7%) in scenario 1, to 84.99 euros

(+19%) in scenario 2 and to 78.66 euros (+10.1%) in scenario 3. By 2022, 4,863 additional rooms are scheduled in the capital.

With a RevPAR of 78.21 euros and a CAGR of 4.2% in 2017, Cologne achieved a RevPAR of 91.69 euros (+17.2%) in scenario 1 in 2022, in scenario 2, a RevPAR of 85.58 euros (+9.4%), and with a RevPAR of 79.96 euros in scenario 3, the city would still be 2.2% up compared to 2017. 2,297 additional rooms are expected in Cologne by 2022. The situation is entirely different in neighbouring Duesseldorf, one of the current project strongholds with a CAGR of 3.6% and a RevPAR of 77.73 euros in 2017. 71.26 euros (-8.3%) are expected for scenario 1,

67.14 euros (-13.6%) for scenario 2 and 63.34 euros (-18.5%) for scenario 3. Provided that the planned 5,789 rooms are actually all finished by then.

The situation for Hamburg is slightly better, but it is still not good. In 2017, RevPAR amounted to 82.42 euros and CAGR to 4.7%. In scenario 1, the RevPAR would rise to 90.80 euros (+10.2%), in scenario 2 to 84.08 euros (+2.0%) and in scenario 3, it would drop to 77.94 euros (-5.4%). A further 7,263 rooms are expected here by 2022.

Munich, on the other hand, is defying the expected capacity increase by 5,800 rooms by 2022 with a continued positive RevPAR. In 2017, RevPAR was 84.58 euros in the Bavarian capital, while CAGR was at an impressive 5.5%. Based on scenario 1, RevPAR would rise to 104.60 euros (+22.5%) in 2022, to 94.74 euros (+12.0%) based on scenario 2 and to 86.73 (+2.5%) based on scenario 3. The situation in Stuttgart, where the RevPAR 2017 was 75.50 euros, is less pleasing, CAGR is 4.9%. Given the expected increase of 2,825 rooms by 2022, RevPAR would then amount to 79.85 euros (+5.8%) in 2022 based on scenario 1, 73.71 euros (-2.4%) based on scenario 2 and 68.11 euros (-9.8%) based on scenario 3.

Last, but not least, the consultants took a close look at Frankfurt. A further 5,766 rooms are to be launched on the market there by 2022. In 2017, RevPAR was 68.50 euros, CAGR 6.1%. Based on scenario 1, RevPAR development would still be clearly positive at 81.61 euros (+19.1%), based on scenario 2 at 73.94 euros (+7.9%) also still in the green area, but based on scenario 3, RevPAR would also

drop to 67.06 euros (-2.1%). Meanwhile, the growth of the industry is no longer concentrated only on the metropolises, new hotels are even conquering B and C locations. Next, Horwath HTL will also examine these for the development of RevPAR. „In tense markets, new and existing hotels must be geared even more consistently to current developments. Clear positioning is more important than ever,” explains Senior Consultant Markus Gretenkord of Horwath HTL Berlin.

Exchangeable hotels stepping down

Colleagues from the industry share this view. „Whether new buildings or conversions of old office buildings: With growth, creativity increases and new concepts rough up the established brand landscape with well-designed products from budget to lean luxury,” emphasises Stefanie Zimmermanns of Hotel Affairs Consulting. The consulting firm from Duesseldorf is also critically observing the effects of this development. „As quality increases, so do expectations of guests and, as a result, the degree of crowding out. Experience shows that most of the capacities shown on the market are only conditionally competitive and only participate in the limited supply of modern facilities. As a result, a special phenomenon of the market is that interchangeable concepts and declassified products do not get excluded, but merely change into a lower category,” adds Zimmermanns' colleague Tina Froboese.

Increase space efficiency as far as possible

From a business management perspective, the two consultants recommend developing measures to increase space efficiency and

thus improve productivity as a special part of the strategic development. Take the kitchen, for example: Optimisation processes in production and work organisation often make it possible to convert commercial areas into larger guest areas. Personnel and operating costs can be sustainably reduced this way. Over an investment cycle of 20 years, a position (incl. outplacement/illness replacement) corresponds to savings or expenditure of around 2.5 million euros.

In the personnel-intensive food & beverage sector, all public areas and the back of the house must be turned upside down, and introducing new sales generators needs to be considered; these include, for example, modern lobby concepts, co-working areas, new design, revising conference and seminar areas, examining whether foyers are suitable as exhibition areas or whether event sponsors can be found. Can the break zones be used more reasonably than before? Which gastronomy concepts could be considered, which outlets could be leased if necessary. Sometimes the kitchen area behind the scenes can also be reduced by introducing a show kitchen in the guest area and thus gaining room for something new. The so-called potential analysis is a proven tool for determining a possible rise in profits based on a cost-range calculation. / Susanne Stauss

Extract of an article by hospitalityInside.com, July 13, 2018



Unchecked construction boom in Duesseldorf. This week UBM announced another Holiday Inn Express hotel with 455 rooms in Moskauer Strasse.



Where does the staircase lead to? For its new brand Design Hotels (here Hotel La Maison in Saarlouis) Marriott doesn't know the way yet, just the beginning...

REINER SACHAU, MARRIOTT COO EUROPE, ABOUT THE PRESSURE AFTER THE MERGER

Not a normal condition

■ The three loyalty programmes of Marriott, Ritz-Carlton and Starwood were merged in mid-April. „But another 17 systems have to be adapted and integrated by the end of this year,” says Reiner Sachau, Marriott's Chief Operations Officer for Core Brands in Europe (excluding the luxury brands), describing the huge workload behind the scenes after the merger of Marriott und Starwood Hotels. „This is not a normal condition for us,” he said. Therefore, it is not surprising that it has been quiet in the industry around Marriott for some time now. In Sachau's region, Starwood added 176 hotels. He has been „on the road” since then. Within 18 months, he has been able to talk to all owners respectively investors. Now, he has given Maria Puetz-Willems some background details during a meeting in Munich.

Such a merger has never before happened in the hotel industry. Therefore, every measure in the background is new, unpredictable and linked to uncertainties. Even a Marriott veteran like Reiner Sachau seems to be out of breath here. In 1983, he started his career at the US chain and has been COO since 2009. „The integration of systems affects more than just a technical system, it always affects the employees as well – which means the culture of the company.” They are on a very good way concerning both, he assures. One figure illustrates best the major effort that is being taken: at the European offices in Frankfurt/Eschborn and London, 250 additional people were hired to work on the further merging of the two chains.

Since September 23, 2018, the date of the official takeover of Starwood by Marriott Hotels, Sachau's life has gained much

more dynamic. Overnight, the portfolio in Europe increased by 176 hotels; 65 of them were under management and 62 under franchise. Currently, Marriott has 547 hotels in Europe, 251 of which are franchise (increase from 35 to 46 percent). In 2018, 72 hotels will open in Europe. But the new and united forces are motivating: 2017 was a „fantastic year for Europe”, including a RevPAR increase by 7 percent; for 2018, they have budgeted 4.5 percent. However, RevPAR itself could be higher, admitted Sachau, but did not want to go into any details. The synergy effects will also become apparent in the results in future, he is convinced. Starwood, for example, has provided many resorts in South European destinations – which is a perfect addition to Marriott's focus on business hotels in Europe.

In the last 18 months, Reiner Sachau has only been at home on the weekends. From

Monday to Friday, he has been talking with every owner/investor in person. Unlike the US, there are only few among the European investors who own several Starwood hotels. This way, he has discussed nearly every agreement individually – a real marathon. Und what did the owners want to know? The answer is simple: „What's in it for me?”, said Sachau chuckling.

Every conversation was about the (expected) synergy effects through the acquisition, about benefits of sales & marketing, distribution, purchase, etc. The complexity as well as the dimension of this acquisition becomes apparent in the area of purchasing, for example: Nearly every owner expects that his or her (former Starwood) hotel is able to profit from Marriott's (new) global special conditions over night – regardless of whether it concerns the purchase of Coca Cola or credit card conditions.

In principle, as Sachau's reports suggest, they all want to know from their new mega hotel operator if there are more levers available to increase their yield. But the questions are detailed. „The owners want to have everything calculated,“ says the COO. Marriott provides them with quarterly plans about changes and other measures. So the pressure behind the scenes is high, and the COO does not pretend otherwise.

Individual adaption of profiles

After all, Marriott wants to grow further, even if the portfolio already has 6,500 hotels worldwide today. In its regional structure, Marriott will rely on its head offices in London and Frankfurt/Eschborn. Further offices (Rome, Moscow, Munich, among others) already exist, retaining the existing structures and continuing to use them. These offices already include various departments, like Sales & Marketing, Development, Procurement and others. In Europe, they want to add ten to twelve hotels every year in future; they want to continue to grow via management and franchise, either via destinations or brands. On a side note, Marriott took over half a dozen lease agreements from Starwood and intends to handle them as they are. Moxy, the model brand concerning expansion, will open nine hotels in Europe this year alone. In principle, the branding structure will not be changed, and there are no „re-flaggings“ planned for individual properties. Therefore, nothing new here. Besides, dynamics will change for several brands. Starwood's Element brand and Marriott's Residence Inn, both of them focussing on on long-stay guests, will see a sharpened profile in future and being pushed in terms of expansion. The same

will happen to Sheraton, the brand with the highest awareness and the strongest distribution in the brands' net.

Via Starwood, Marriott also purchased Design Hotels – and therefore has a cooperation in the chain. Reiner Sachau has been delighted by the hotels he has seen so far. „The brand is fine,“ he says matter-of-factly, „and we will make something out of this brand, even if we have no strategy at the moment.“ Starwood was also lacking some kind of strategy here. Yesterday, Marriott has taken a first step towards changes: Design Hotels founder Claus Sendlinger will leave the company, succeeded by a Ritz-Carlton manager in the board.

The long process of finding HR

Sachau has become his own brand scout. Of course, he stays in Starwood Hotels of various brands in order to get to know them. Marriott's luxury/lifestyle segment has been enhanced significantly by Starwood's hotels (St. Regis, The Luxury Collection, W). And Starwood had numerous experts in its ranks, many of whom joined other businesses or chains taking their know-how with them – also to Marriott's competitors like Hyatt. Why did they not keep them? Sachau confesses that less than one third remained and they would have wanted to keep several more of them – „we offered everyone a job, we really put a lot of effort into it!“ The COO Europe knows that this is a sensitive topic, which gives rise to talks in the industry. He points out that the HR finding process „took much longer“ than planned for one thing. There were several reasons for this: on the one hand, it was everyone's personal decision, on the other hand many (Starwood) jobs could not be transferred easily



Reiner Sachau:
The good old Marriott with its values and its consistency is still there.

because of their job definition or geographical area of responsibility. Of course, there was also overlapping with Marriott managers. Decisions within Europe were much more cumbersome than in other regions of the world – because of the labour law-related standards in many countries, especially in Belgium where each party had to be granted a timely scope for decision-making after each negotiation. Therefore, the COO Europe asks for understanding in retrospect.

Moreover, he adds, they took over Starwood managers and even promoted them. Here are a few examples:

- **Jenni Benzaquen, today:** Vice President Luxury Brands, Europe, Marriott International. Before: Vice President Luxury Brand Management, EAME, Starwood Hotels & Resorts (>12 years at Starwood in various positions);
- **Andrew Watson, today:** Vice President – Digital, Loyalty & Portfolio Marketing Europe, Marriott International. Before: Director of Marketing, Western Europe; Starwood Hotels & Resorts;
- **Sandro Bohrmann, today:** Market Vice President, Luxury Brands Eastern Europe, Marriott International. Before: Area Manager Germany North, Starwood Hotels & Resorts;
- **Dimitri Gaucher, today:** Area Director of Marketing, Central Europe, Marriott International. Before: Director of Marketing Benelux, Starwood Hotels & Resorts

Reiner Sachau resumes dryly: „We also make mistakes,“ he says, „but there is a learning curve.“ Since the acquisition, the requirements for all employees have been high. The man, who has been working for the group for 35 years, is sure: The „old“ Marriott with its values and its consistency is still there. / Maria Puetz-Willems

Extract of an article by hospitalityInside.com, May 4, 2018

Marriott does not only have plans for the fast growing Moxy brand (here the hotel in Stuttgart).



SERVICED APARTMENT MARKET 2018: MORE BRANDS, NEW ENTRIES AND DUMPING

Small and sweet is no more

The wind is blowing in all directions: For the first time in the German Serviced Apartment market, the balance is shifting and more and more brands are pushing on to the market, and more providers as well – in particular from the residential construction sector. Real estate specialists bring their own approach with them – and dumping prices! As a result, price competition has taken hold early on in the young market segment. Niche character is disappearing.

We are currently seeing the biggest hype in the history of the segment," Anett Gregorius reports, founder and owner of Apartment-service in Berlin. Gregorius makes this statement in the 7th „Market Report Serviced Apartments“ which looks in particular at the changes to the market in Germany. As regards transactions in this segment, Germany is also in focus.

The Market Report 2018, which has just been published, states that by 2020 a further 13,900 units are set to come on to the market. „This corresponds to growth of 42%,“ Gregorius adds. By 2030, experts expect the current market to triple in size from approx. 33,400 units to around 600 complexes with 100,000 units (as of March 2018, counting method: a building must contain at least 15 units). Ten percent of these are hotel properties. Around 84% of operators surveyed by Apartmentservice see the mood as „positive“ to „very positive“. The driving force of this trend remains the mix of societal megatrends, the tense residential property market and the rise of project work. Temporary living has promised (up to now) greater living space and flexible service at a lower cost when compared to the standard hotel room. According to the report, in 2017 the segment generated approx 14.2 million overnight stays in Germany and thus 2.7 million more than the previous year. Demand meant that 51% of providers surveyed hiked their prices. The average room rate (ARR) stood at EUR 101, RevPAR at EUR 81. „For the first time, both of these ratios were above those reported by the classic hotel industry,“ Anett Gregorius highlights.

At the same time, the average duration of stay slipped from 41 to 27 nights: This reflects the rising share of Aparthotels on the market whose average duration of stay



Anett Gregorius:
The housing industry will certainly change the course of the segment.

stands at three to six nights. Genuine Apartment Hotels define long-stay as more than 28 days stay, Aparthotels upwards of 14 days.

According to the hotel association IHA, the classic hotel industry revealed a RevPAR of 68 euros on average with average room occupancy of 71.5%. Just as is the case for the hotel industry, Serviced Apartments are also experiencing a trend towards short-term bookings. Almost every second booking in 2017 was made two weeks before arrival. Only 9% are made with over eight week's notice – in 2013 this figure was still 17%. The increasing supply on the market as well as digitalisation obviously make it possible for customers to rely on being able to find an apartment in the near term.

Adina in the overtaking lane

All of this is positive and sounds promising. „As investors see things though, the segment is not yet on the same level as the hotel industry,“ Gregorius clarified, looking back on her 20 years in this sector. Even if Serviced Apartments are now being discussed as an asset class and investment experts have even declared Germany to be a favoured market in Europe, there is still a

large gap between perception and implementation. „But all of this is a sign of movement in the segment,“ she says.

Among the top 5 providers in Germany, the number 2 (Adina) is gaining ground on the long-standing market leader Derag Livinghotels: The next Aparthotel openings could even mean Adina, currently represented with 1,356 apartments on the market, pushes Derag (1,577 units) from the top spot. Number 3 down the list then follows quite some distance behind: Aparthotels Adagio + Adagio Access together count just 698 units. For this reason, the joint brand of AccorHotels and Pierre & Vacances Center Parcs Group could soon be surpassed by Smartments business (591 units (GBI AG) and by Citadines Aparthotels (556 units / Ascott Group).

The most notable changes are currently among operators though. „The structure is changing,“ Anett Gregorius says. Alongside the classic operators (professionals with several hotels and family-run individual businesses) more and more hotel chains are introducing long-stay brands to Germany, e.g. Hyatt with Hyatt House in Duesseldorf or Vienna House, which is targeting its first R.evo with an ambitious 600 rooms in Munich Neuperlach (and other complexes in Budapest, Hamburg, Vienna, Glasgow and Bangkok).

At the same time, established Serviced Apartment providers are setting their products apart: Adina Aparthotels has recently announced Adina Serviced Apartments as sub-brand in Europe (there are plans for Germany, Austria, Switzerland and Poland). This brand is primarily geared towards long-term guests and – in contrast to Adina Apartment Hotels – is also located in attractive areas outside city centres, though depending on the specific



Hyatt House Duesseldorf: More and more international chains enter Germany with their Serviced Apartment brands.

location, also does without restaurant and meeting areas.

New arrivals bring dumping prices

In parallel, – and this is a novelty with particular consequences – the new arrivals are increasing. „The housing industry is exercising massive pressure; it will certainly change the course of the segment,” Gregorius says, who has observed the market closely. With dumping prices for compact apartments geared towards students, young professionals and urban travellers, residential housing construction companies are beginning to operate at price levels which are below those of the cheapest serviced apartment providers. Anett Gregorius has been seeing prices here of below 800 euros and even below 600 euros per month. Up to now, rents of around 1,500 euros were standard for studio apartments. The consequences are foreseeable: Rates charged by established providers will (have to) fall. It's therefore conceivable that, in future, it won't be space and service that determines the price, but the number of storeys.

With this, the sector once again finds itself in the middle of the discussion as to what „long-stay” actually means – as well as in the middle of one of its biggest weaknesses. Not every business entering the market with

a long-stay brand also manages to acquire long-stay guests. Quite the opposite: For some providers, it's only the more trendy name in order to gain a faster foothold in this new and sexy market, which under certain conditions also attracts different investors than would the classic hotel concept.

„We encourage market players to stick to fixed definitions and concepts,” Anett Gregorius says neutrally. Otherwise, all statistics are made into a farce. And each step in the segment becomes a bitter disappointment for an investor. F&B on site attracts different guests to Serviced Apartments without, though also means higher personnel costs. And those staying just 3.6 nights, generally don't need a full kitchen as „extended stay” guest – though the long-stay guest staying over 28 days does.

New types of investors and operators that do not have prior experience in the hotel sector often also enter the Serviced Apartment segment with a significantly higher rate of expansion. „They often arrive on the scene with several projects, one after the other, and do not allow themselves time to acquire for important experience in operations,” Gregorius notes. In the case of a crisis, this could all end badly. A Serviced Apartment complex is not a complex of residential apartments.

Residential housing with massive impact

At present, everybody appears to be testing out the market. Demand from a varied and experimental public meets with interest from somewhat uncertain but just as experimental group of investors and operators. It's no wonder then that the sober easy-to-calculate hybrid model comes into focus: decentralised apartment houses of enormous size, located in huge complexes and/or mixed-use facilities in which temporary residents obtain low cost deals. In return, the guest accepts a strictly limited tenancy term, pays a deposit and accepts the fact that there is no human contact person located in the house itself.

New arrivals in this business segment from the residential housing sector are obviously very interested in such hospitality products. Expert Anett Gregorius doesn't doubt that such (low cost) products meet with interest from large companies: Their need for staff on location is meanwhile much too high, in some cases companies today assume the cost of rent for six months, she reports. The question is only to what extent desperate companies could trigger a real estate boost. Microapartments, that is, units of less than 25 sqm in size, as contributed mainly by the residential housing economy, meanwhile account for the largest share of serviced apartments, according to the report.

„The housing economy is pushing forward quickly on to the market with high numbers of units,” Gregorius reports, „their complexes generally include between 150 and 200 units, whilst in the Serviced Apartment segment up to now, the average property comprised of just 55 units. She expects the new players to drastically change statistics in the year 2020. / Maria Puetz-Willems

Extract of an article by *hospitalityInside.com*, May 18, 2018



Derag Living-hotel Munich, Viktualienmarkt: The German market leader could be cast off from the throne soon.

A FUTURE MODEL? RUBY WORKS IS AIMING AT „MULTI-TENANT TOWERS“?

Co-working spaces fueling hotels

It is an unusual joint venture: Ruby Hotels partners with an advertising agency group (Serviceplan) in the field of co-working spaces. A lifestyle hotel teams up with a European-wide agency. The first joint project will be developed in Hamburg. With this approach, Ruby's CEO Michael Struck sees a way to develop attractive locations with larger and more diversified land utilization. Investors have already identified co-working spaces as a high-yield segment – and as a bridge between hotel, office, living and trade. Today, JLL published an up-to-date study about co-working spaces with Hamburg as an exemplary market.

The first joint project by Ruby and Serviceplan will open in December in Hamburg: a co-working space in a historic counting house, right behind the Serviceplan office. Projects in Vienna and Cologne will follow soon.

The advertising agency, which was founded in Munich in 1970, is today's largest owner-operated agency group in Europe with 3,400 employees and offices at 36 locations. In workday life, the group has to cope with many customers, opinions and desires. In the end, this also influences its own mode of operation and working processes. The agency has to react flexibly to projects concerning time, space and staff. This all falls into the category of „cross

thinking“ – in all directions. Therefore, Serviceplan is a good example for the changing (online) working environment. „Intersectoral thinking“ is a good keyword for the joint venture, in which Serviceplan holds 51 percent. „In reality, it is a relationship on equal terms as we both believe in the same idea“. The hotel operator creates and rents out co-working spaces and provides for the framework conditions (room occupancy, equipment, catering, etc.), Serviceplan becomes the anchor tenant. This is the core concept.

A good concept for all

The concept is certainly good for both partners. Today, all businesses are faced with

enormous innovations and cost pressures in light of globalization. Only innovative service offers are still seen as effective levers for the increase of customer loyalty, customer satisfaction but also cost reduction. Therefore, creative businesses have put up pinball and football tables in their offices, provided relaxation rooms, „nap“ boxes and furnished the workplaces cooler than classical offices a long time ago. This way, they have already automatically approached the spirit of today's lifestyle hotels.

What are business doing when put under pressure? They rely on team work. Team work is always most successful when people from different ranges of duty are



Ideally, Ruby Works is connected to a Ruby Hotel, but standalone units are possible.



Save the date! 2nd HITT Think Tank in Berlin



**HITT, Edition 2:
Sunday/Monday,
19/20 May 2019**

The second HospitalityInside Think Tank (HITT) will take place again in Berlin and again on the water. At its premiere in Berlin in June of this year, the "floating forum" made ideas flow! Since then, many questions in connection with "emerging technologies" have been raised among the participants, on which the next activities and topics will build...

WHY JOIN THE THINK TANK?

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- ◆ **Experts from the non-hotel industry:** International technology experts and researchers/scientists explain trends & challenges.
- ◆ **Open discussion:** Less speakers, more time for personal questions.

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They believe in the same idea: Ruby CEO Michael Struck (left) and Ronald Focken, Managing Director of the Serviceplan group.

brought together. Other companies are also relying on these principles, such as Allianz, which initiated „Think Tanks“ or uses „Design Thinking“. Deutsche Bank is taking unusual approaches, too. It focuses on a lab in Berlin. But the lab is not an incubator, not an accelerator and not a think tank – it is a mixture of all three. In an area of 580 sqm, up to 40 people can work and think – and Deutsche Bank frequently organizes workshops there.

Working 4.0 in relaxed ambience

According to Struck, the target group in this joint venture is a cosmopolitan avantgarde – these are people and companies full of ideas, well-travelled, flexible and well-established. „We want to attract grown-up, seasoned companies. And not only – as is often the case with co-working spaces – freelancers or start-ups,“ emphasises Michael Struck. The topic of co-working has matured and developed quickly. Therefore, Ruby wants to attract new partners too, according to their plan. There is no exclusive agreement that Serviceplan will be the only partner. But the other way round, there is: Serviceplan is not allowed to partner with any other co-working provider.

Serviceplan rents a number of spaces from Ruby Works but Struck does not demand a guarantee for a special volume. Serviceplan pays the regular rents for the workplaces and profits, like all other costumers, from volume advantages at most.

This way, everything is arranged for the daily routine. Serviceplan is able to use Ruby Works flexibly – people are able to rent workplaces daily, monthly, stationary, online, alone or with whole teams for certain projects, a single workplace, a „War Room“ or a „Deep Dive“ area for silent work, with an overnight stay or without. In the centre, there is the „Community Space“, which resembles a living room of a luxury flat-sharing community: high ceilings, bookshelves, an old leather armchair, long wooden tables, mainly vintage furniture, mixed with a few modern pieces of furniture. Everything feels relaxed. This is exactly the atmosphere the founders wanted to create. „Our idea is to enable easy access to inspiring working worlds together with Ruby“, says Ronald Focken, Managing Director of the Serviceplan group.

But people should also be able to experience something together. Office lunches or after-work events should increase the overall exchange and transfer of knowledge – people can cook together but catering is also possible. „After all, the easiest way to create a community is when you cook and eat together“, says Struck convinced. „And the combination with the hotels, their spatial proximity to this working environment, is brilliant in our opinion. This often leads to international, temporary teams“.

Ruby Works drives the hotel location

One thing is clear: A Ruby Hotel and a Ruby Works next to each other/combined would be ideal. Concerning anchor tenants such as Serviceplan with its 36 locations, Ruby Works makes as many concessions as possible concerning space/location, even as a standalone object. Basically, Michael Struck wants to see both business models side by side: „Of course, I plan every Ruby Hotel independently from Ruby Works. And vice versa. Both projects have to pay off on their own too“.

The combination of both models generates cost advantages. Synergies take place in the overlapping functional areas of sales, cleaning and technical maintenance, for example. By concentrating on the basics, intelligent construction and slim organization, the workplaces remain payable: starting at 345 euros per workplace per month, and daily bookings starting at 15 euros. The costs for classical business centres

would be around 1,000 euros per month, according to Struck.

For Michael Struck, however, there is another larger incentive of combining the hotel and working world under one roof. This way, he is able to obtain larger property areas, amongst others. „Ruby Works can drive a hotel discussion“, he says, „as project developers obtain more square metres with the additional co-working spaces and more or other and larger buildings would be possible than with a hotel alone. And depths of buildings can be used differently and more flexibly with co-working spaces than hotel rooms only“.

Multi-tenant towers as future model

The idea to build multi-tenant high-rises is very interesting, according to Struck. Various tenants with various services under one roof are useful to other tenants, hotel guests, business travellers as well as local residents. The idea was already discussed by hotel experts at the „Hogan Lovells Hotel Day“ in September in Hamburg. „Co-working spaces will be firmly established in the real estate market,“ said host Marc Werner, Partner at Hogan Lovells Frankfurt, convinced: „It is a future model, also for hoteliers“.

Nevertheless, some critical points emerged during the discussion: Will head-hunters or lawyers, for example, book their confidential conversations with applicants or clients in boxes behind glass walls? Will the tenants of the spaces accept the technical equipment, or will they bring their own? How can you avoid a foul mood with other providers of business offices or even hotels that regard co-working spaces as fierce competition? Und where will all the space users come from considering the expected and fast-growing number of offices offered in the cities? / Beatrix Boutonnet

Extract of an article by hospitalityInside.com, November 10, 2017

THE HYPE IN THE WEST IS WANING, HOTEL MARKETS IN EASTERN EUROPE ARE CATCHING UP

The **yield pendulum** swings eastwards

The German hotel real estate market remains very popular for both domestic as well as foreign investors. Nonetheless, the transaction volume in 2017 lagged behind that from 2016, which was certainly in part due to the shortage of properties. However, another factor could be in play here, namely the fall in yield expectations. That yields are falling – and not only in Germany – is meanwhile fact. The pendulum has swung towards Eastern Europe, it seems. Poland, above all, has increasingly attracted investors' attention.

For Germany though, requirements are still in place for yet another strong hotel investment year in 2018, Stefan Gieseemann says, Senior Vice President of JLL Hotels & Hospitality Group. „The macro-economic forecasts for Germany are excellent, for the tourism sector we expect very positive performance. Loose monetary policy is having the desired effect and capital is being invested. As a result, the transaction market remains dynamic and liquid with further increases in activity by foreign players“.

Yet he does highlight one small downside: Increasing product shortages could be compensated somewhat by rising sales activities, which are caused by the currently very low yields. „Though hotel yields are still above those of other asset classes“, Gieseemann says. That yields in Germany are falling is also confirmed by a bank's representative. They're higher where risk is higher. For this reason, you have to be very cautious. „In the hotel investment sector, we believe a plateau has been reached, in particular in Germany on account of the shortage in

products available. This could mean further yield compression for the year 2018“, Matthias Hautli from Engels & Voelkers Hotel Consulting says. Focusing completely on other markets as a result doesn't appear to be the solution. However, German-speaking investors are certainly taking the broader perspective and are investing in Poland, for instance, and in other Eastern European destinations.

4% in London and in German top locations

According to Engels & Voelkers, which shone the spotlight on a number of gateway cities with the help of local colleagues in its European network, top yields for hotel investments in Western Europe stand at around 4% (lease scenario) and are still achieved in London as well as in the top German locations, closely followed by Paris, Amsterdam, Barcelona and the Scandinavian capitals. „Higher yields, of between 5.5 and 7.5%, continue to be achieved in Central and Eastern Europe. On account of the positive market

performance, Poland has seen investment activity steadily rise resulting in falling yields“, Hautli says.

Engels & Voelkers also attests very active investment activity in Southern European countries. „In Spain and Italy, 2017 saw a considerable rise in interest in the asset class 'hotel'. Compared to the UK and Germany, still the largest investment markets, the third-largest investment market, Spain, sees a larger share of the transaction volume directed towards resort hotels“, Andreas Ewald says, Managing Director of Engel & Voelkers Investment Consulting. That space is meanwhile in short supply in popular Italian cities such as Rome and Milan is no secret in the sector. Hotels available for sale there are often too small to satisfy the requirements of institutional investors or international hotel chains.

Alternative yield markets are available

UBM Development AG is investing heavily in Poland. „The pipeline is well-filled beyond 2020. German cities such as



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Gdansk, one of the most beautiful cities in Poland and a sought-after investment destination



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Munich, Hamburg, Düsseldorf and above all Berlin show strong growth and are therefore especially popular among investors. In these top destinations, yields for investors are therefore coming under pressure. Poland is emerging especially rapidly. Our focus is clearly on our strategic core markets Germany, Austria and Poland", UBM-CEO Thomas G. Winkler summarises: „Poland posts a rise of 5% in the number of overnight stays and of even 10% for room rates. UBM Development was just able to sell a newly developed Holiday Inn in Warsaw and one in Gdansk".

Half of UBM's investment planned over the coming years will continue to focus on Germany. „The country simply has a whole range of USPs – from the size of its economy to legal certainty. This appeal isn't going to change so quickly", Winkler stresses. Otmar Michaeler, CEO of Falkensteiner Michaeler Tourism Group, which is especially active in Austria, Croatia and Italy, but also in the Czech Republic, Slovakia and Serbia, also confirmed slight erosion in yields. „Depending on location or destination, yields in the city hotel sector are between 4 and 6%, in the resort hotel

sector they're between 5 and 7%", he says. „In general, I believe that Eastern Europe is again very much on the rise as are destinations around large conurbations, which are interesting for those looking to make short trips". He wouldn't invest in politically unstable countries, he says. „We are lucky insofar as travel is relatively safe across almost all of Europe", he continued.

Best marks for Poland

Management of Warimpex Finanz- und Beteiligungs AG, a finance and investment company domiciled in Vienna, also continues to see the value in an investment in hotel real estate. „Over recent years, no other type of real estate has generated higher yields than hotel real estate in good locations, with the right focus, the right operators and long-term lease or management agreement", Public Relations Manager Christoph Salzer states. For international investors, Central and Eastern Europe has been especially attractive for a long while already. „Here, markets have again recovered after the stagnation through the course of the global financial and economic crisis and are meanwhile as

stable as the German and Austrian market. The only difference: Economic growth in Central and Eastern Europe is mostly higher and above all catch-up demand for real estate is higher. In particular countries such as Poland, the Czech Republic, Hungary and Romania still offer huge potential – both for hotel as well as office and commercial real estate. Above all, projects in top destinations are in demand, locations with good infrastructure and transport connections – also in larger conurbation areas away from the capital cities", Salzer says. Another point in favour of Eastern Europe is that minimum wages are higher and social insurance contributions are lower, which boosts private consumption, the basis for the region's recovery. The good climate is increasingly attracting foreign investors who benefit from the low interest rates. „Poland is currently experiencing especially dynamic economic growth. The IWF's growth forecast for the year 2017 stands at 3.8% and at 3.3% for 2018. The real estate market benefits from this and we do not think that this growth has ended yet. Poland also plays a key role for tourism. Demand for hotel beds is rising steadily – also in the capital. There's development potential in Cracow, Lodz, Katowice and Bialystok. In particular, demand for business hotels in the 3 and 4-star segment, which offer both high quality overnight accommodation and conference services, is rising steadily here", Salzer explains. / Susanne Stauss

Extract of an article by hospitalityInside.com, February 16, 2018



Matthias Hautli:
In Germany, we have reached a plateau, when it comes to hotel investments.



Thomas Winkler:
„Germany will not lose its attractiveness in the nearer future".

THE HEADS OF SABRE LABS ON TRENDS, SPEED AND CYCLES

Recognizing the value of **innovation**

Sabre Labs has been testing and learning with and for its customers for 22 years. Over the years, the product focus has changed into a research focus and finally Sabre is now involved in innovation. The US company based in Dallas, Texas, is somewhat more critical of startups today than five years ago. Also with the topic blockchain one wants to learn even more to be able to pass on his knowledge conscientiously to customers. Philip Likens, Director of Sabre Labs, his colleague Timothy Hagues, Head of Research at Sabre Labs, and Richard Wiegmann, Managing Director & Chief Commercial Officer EMEA at Sabre Hospitality, explain their views on technology trends and their life cycles. The experts are certain: man and machine will become a twosome. Sabre wants them to get along.



Philip Likens:
Our business
will change
completely.



Richard Wiegmann: Startups
are welcome,
but the Synergies
must be there.



Timothy Hagues: The
Beaconator
was a research
success.



What does Sabre Labs do today?

PHILIP LIKENS: Sabre Labs was founded in 1996, partly as a product-oriented business, and partly as a research division. Today, the team facilitates innovation across Sabre by understanding emerging technologies and how they could benefit our various types of enterprise customers (i.e., travel agencies, airlines, hoteliers and

corporate direct customers). We conduct primary research with customers and technical experts, as well as secondary market research. By building prototypes and running pilots with customers, we help Sabre "test and learn" and inform the larger product roadmapping process.

What do such prototypes look like?

PHILIP LIKENS: On behalf of businesses, we create software that fits their hardware. We take Microsoft's headsets and develop a matching software, for example. Another example is Google Glass. About five years ago, a Sabre group was asked to create an API (application programming interface) for the flight search for Google Glass. We then saw

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Sabre Labs in Dallas: Listening, learning, implementing – but only if innovation promises companies value.

that Google Glass is actually a voice interface, thus the project developed from a prototype to the development of voice interfaces. For years, we then worked on such voice and message interfaces. Recently, we evolved that work and are now in-market with a live virtual agent chatbot with two of Sabre's travel management company customers.

TIMOTHEY HAYNES: For the hospitality industry, we developed the „Beaconator“: As we know, it is possible to capture the presence of guests in certain areas of the hotel through Bluetooth beacons. We developed this further and are able to anonymously trace the guests' movement through the building if they opt in. This way, the hotel is able to see if guests spend more time in the lobby or bar and whether the fitness course in the morning generates a higher number of breakfasts or not. We have built this Beaconator with thousands of implementations for one of the largest global hotel brands – for a better guest experience for everyone. You will find more details on Sabre's website at <https://www.sabre.com/insights/innovation-hub/prototypes/hotel-beaconator/>. Such applications are created by Sabre

Labs. Currently, our focus is also on face recognition, for example.

Is or will Sabre Labs remain focused on the travel industry?

PHILIP LIKENS: Yes, definitely. We want to remain flexible in this quickly changing world with everything we do, but not rigorously. Our matrix is more about Sabre and the partnership with Sabre's customers – it is less about purely generating ideas. In every quarter, we evaluate our own research and what we do in order to remain close to reality.

How often do you rely on start-ups?

RICHARD WIEGMANN: For many years, we have been working with start-ups and support them via technological partnerships in general. This provides great inspiration, it is important. Currently, we are still seeing the inspiration and start-ups are very welcome in Sabre Hospitality, with the scrupulous selection needed to secure a real value for hoteliers, even if we are not seeing the same synergies we did five years ago, but we remain open for everything. There are many start-ups out there, pushed by a lot of capital. Incubators and

innovations camps are appearing everywhere. Today, many countries are active, and that is very good. For example, we can learn a lot from the Chinese about machine learning. Innovations, which came from the Silicon Valley, were often based on assumptions and hopes, but the core of the idea was not always realistic. We are more interested in finding the right partner, which is not easy. After all, cooperations with start-ups will continue for several years or cycles. When we recognize the value of a start-up idea, we include it in the Sabre units. Often, the value of a start-up idea shows as soon as we try to realize it – then we go into the topic of security and safety very quickly (e.g. additional CRS implementation of such ideas). If a safe realization is not available, then we don't do it. Under <https://www.sabre.com/insights/how-sabre-supports-startups/> you will find many details about us and our support for start-ups.

Many people talk about a fast and highly dynamic development. How many years does „fast“ mean specifically?

PHILIP LIKENS: Everything is relative. Experiments and research have been done

with voice since the 1950s. However, voice has only been realizable and viable for the future for 5 to 7 years now. Sometimes you think, wow – this new technology is about to take off now, and then it still takes several more years... Between 2008 and 2016, many new technologies became reality: voice, smartphone and a lot concerning AI, machine learning, and deep learning. The touch screen, for example, is such a convenient and wide-spread application from that phase – and the touch screen has banned the mouse.

For two years now, experts have occupied themselves with the question on how to work with these technologies. This is about the „abilities“ of machines (such as the touch screen). Therefore, many things are happening in the background and many of them very fast: The programmers are improving protocols – the front end (for the user) remains the same. This way, the automated ticket purchase becomes easier, for example, without changing the user interface. But then, these improved protocols remain in the market for some time.

Are there life cycles for technologies – similar as for products?

PHILIP LIKENS: Yes, I think that there are cycles. This applies to the above-mentioned abilities of machines. For example, blockchain. So far, its principle meant relying on people for the business processes. Now, we are able to trust in systems. The machines' ability to manage transactions will continue. In 5 to 10 years, the way of doing business will be totally different. But the protocols, which we use for technologies, will be subject to a life cycle. Speed is relative to what you are looking for: the technology or the capability. The use of the voice or touch screens will

continue, but what may change are the capabilities.

Where will progress take place?

PHILIP LIKENS: Concerning artificial intelligence, the progress will continue to be enormous, especially with machine learning – and at the same time it will be fascinating how we manage this in our privacy policy. AI will become very important concerning personalization. Also, AR (augmented reality) will remain interesting in the next 10 years as it no longer applies to games or entertainment exclusively. There will be many niche developments, you have to keep an eye on everything. The management of crypto currencies via apps will come. At the same time, there will be many regulations concerning this topic.

Which tech streams will have the strongest effect on the hospitality industry?

PHILIP LIKENS: Artificial intelligence in various forms, for sure. Translations in real time inspire travelers and make interaction in foreign countries easier. Personalized offers help travelers. On the other hand, people do not always have to talk to people: they will also gain information from automatons, robots and chatbots, thanks to machine learning in refined processes. Our impression is that the hospitality industry is already experimenting substantially with the new technologies, it is one of the first industries to experiment with robotics. But a lot of work has to be done to bring these models into the market, across borders to individual hotels. The industry itself is not slow, the technology's rollout is the challenge.

Will human beings and machines become a twosome?

PHILIP LIKENS: Exactly! The cooperation of human beings and machines is something important for the future. Also for travelers. At Sabre, we want to bring these two together and we are convinced it will work out because both partners complement each other. Human beings understand the context of activities and situations and can adapt the change, machines understand specific tasks and data (if not fed with wrong data). This interaction will provide hoteliers, who understand this, with a great competitive advantage!

Do all experts and technology insiders define the terms in the same way?

PHILIP LIKENS: No! That's not the case. Concerning the difficult topic of blockchain, for example, we listen first and try to understand what is involved and which effects it will have on society or individual communities.

Let me summarize: The technological development is very dynamic, it provides many new things but no definite and complete solutions yet. How far away is the world of innovation from solutions?

PHILIP LIKENS: It is very hard to say or to estimate, which technology is the closest. For us as hospitality experts it is clear that technologies are able to provide many interesting aspects concerning the guest experience. In this field, we expect a big run!

Philip, Tim, Richard – thank you very much for the conversation!

The interview was conducted by Maria Puetz-Willems.

Extract of an article by hospitalityInside.com, June 1, 2018

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WEHOTEL USES 100 MILLION CUSTOMERS FOR APP AND TECH EXPERIMENTS

Baiting guests with **convenience**

In future, guests checking themselves into the hotel will get their rooms cheaper. And guests can interact personally with housekeeping staff. These are just two examples of the work of WeHotel, the technological experimentation platform of Jin Jiang and Plateno Hotels. Louvre Hotels will join WeHotel in 2019. WeHotel is stock-market listed and was launched in 2016 with the objective of turning the platform into a one-stop booking system for the mobile internet. WeHotel currently serves 100 million loyalty customers of Jin Jiang and Plateno – and uses these for its tests. Maria Puetz-Willems met two young managers from technology/innovation and marketing in Berlin and learned what is already possible in China today – a country with no data protection rules – and what is being tested systematically.

Whether in direct communication, through WeChat or app – the guest obtains the information and services on-site which he or she demands. That is the specific target. Both Jin Jiang as well as Plateno have their own Trip App. Both entice members with various benefits. In order to obtain them though, the guest has to play along too – for instance, by checking in online. Nancy Wu from the Marketing Centre of Plateno Group, and Avril Xue, Director of Technology and Innovation at WeHotel, explained that self check-in at a terminal is currently possible at 600 Jin Jiang hotels in China. As in Germany, there is still a front desk, but this is only because the state would like to identify the guest with his personal data. The state expects more though: It also demands a photo for facial recognition. By means of this technology, the room door only opens upon arrival at the hotel. Until then, the function is blocked. However, WeHotel wants to push forward with self check-in in future: Guests checking themselves into the hotel will get their room cheaper.

The rationale driving this is the desire to streamline services and so save on personnel. One service centre is responsible for between three and five hotels; the guest contacts the service centre via app and specifies the services he or she would like. The aim is to reduce the staff to room ratio to 1:5, Avril Xue reports. WeHotel makes service a profit centre (just like the no frills airlines have done) and will in future charge extra for various services. Those with allergies, for instance, who would like to have a „clean air room“ in the air-conditioned buildings, will pay extra. In China's smog-troubled metropolises, that will certainly be good business... As of March, WeHotel also allows guests to automatically manage light and temperature in its test hotels. For the moment, not very many guests have taken advantage of this offer, the two managers report, so that management will only provide details at the end of the year. Parallel to the service centre, which still employs human labour, the guest is already able to communicate his or her wishes to a

About WEHOTEL

WeHotel platform bundles under the roof of Jin Jiang hotels of Jin Jiang and Plateno Group worldwide. www.wehotelglobal.com / www.bestwehotel.com

WeHotel members: 100 million (as of March 2018).

Business model: Address customers via mobile, WeChat and smart services, in the form of a one-stop mobile internet booking system.

Business fields: Hotel & Travel Reservations on many distribution and sales channels, Online Shopping Mall for members, WeSmart Hotel Platform (Link Cloud-PMS for all hotels), WeHotel Biz for business travellers (with discounts, booking and payment benefits), WeRex Travel Cloud (for marketing tourist products), WeHotel Financial Platform (for arranging hotel investments and benefits), Hotel Enabling System (services for hotels).

Transactions: 15 billion, an average of 300,000 orders per day. Online payment: over 60% is paid online.

Founding: The Board of Jin Jiang Hotels (precisely: Shanghai Jin Jiang International Hotels (Group) Company Limited) announced on 5 December 2016 an agreement with Jin Jiang Hotels Development, Jin Jiang Capital, UnionPay Venture, Tibet Hony, Guosheng Investment and the Qualified Investors. The parties shall co-invest an aggregate capital contribution of RMB1 billion to establish the joint venture company known as WeHotel. Each of the Company and Jin Jiang Hotels Development shall make a capital contribution of RMB100 million, holding 10% equity interest in WeHotel, respectively.

robot (chatbot). Here, WeHotel is steadily testing its way forward. Avril Xue emphasizes the increased introduction of self-service on various occasions. In this vein, more vending machines will be set up in the lobbies in order to save personnel costs, e.g. for coffee, wine and beer – all of which can be ordered through the app. The guest behaviour data which WeHotel is able to collect from tests with its 100 million loyalty customers is highly likely to be scalable – and the corresponding services

can also be offered to non-hotel guests. This is the next step. The external guest is also to be able to wash his clothes in the hotel or have them washed via the hotel. In order to implement that, WeHotel is working on a public link for the external guest through which he or she too can log in. At the washing machine itself, the guest logs on using a QR code.

The Chinese, it seems, are just as concerned with the issue of „neighbourhood“ as AccorHotels CEO Sébastien Bazin is. He too has looked at laundry services in the hotel for local residents. For AccorHotels, the 25hours Hamburg HafenCity is testing various neighbourhood services – but presumably not yet with the same technical sophistication as WeHotels.

Guest communicates directly with housekeeping

WeHotel members are, on average, 27 years old – and therefore form an extremely internet-savvy target group. Almost two thirds of the members are men. Taken together, these members generate up to 76% of overnight stays.

For this reason, in future WeHotel will focus on direct interaction between guest and housekeeping – in order to improve efficiency further. In this case, the analysis of big data helps. Algorithms calculate the expected labour requirement based on the (anticipated) room occupancy – and thus also predicts the demand for staff. This makes personnel planning noticeably much more flexible.

At the same time, the guest receives information via this (specially programmed) app as to what member of staff cleans the room and when bed linen will be changed.

„Many guests want to know when the linen will be changed, because only this documents the cleanliness of the room,“ Avril Xue explains this Chinese peculiarity. Conversely, housekeeping knows how much linen will have to be washed. Linen is then scanned using its label.

This way, the hotel manager also becomes a mobile controller. Using a smartphone, he or she can check all processes and issue instructions. The same is true for the monitoring of water and light; the manager receives a daily report as well as a

summary of the environmental costs of the hotel in comparison with other average data within the city.

Convenience prevails

Around 700 staff work at WeHotel, both online and offline, Nancy Wu reports. Key guest data held by this platform is based on registration as member. With this, WeHotel receives the customer's telephone numbers, further personal details and therefore the person's ID. This makes everything possible. And why are members so often open to new and unusual service offers? „For reasons of convenience,“ the two managers respond, „and because they get cheaper rates.“ All analyses are broken down by hotel brand so that marketing departments can temper their campaigns in line with specific target groups. / Maria Puetz-Willems

Extract of an article by hospitalityInside.com, June 8, 2018

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ALPINE LOFTS, ALM AND STADL VILLAGES ARE SHOOTING UP IN AUSTRIAN MEADOWS

The chalet boom

Alm villages and chalets are shooting up across Austria. Neither of these have anything to do with traditional Swiss chalets or aristocratic villas, above all because they are conceived right from the very start as mega complexes. Real estate and construction firms are piling in, also from Germany. Competition is growing with the pure hotels, even if some hoteliers are building chalets themselves as supplement. The overnight figures from commercial holiday properties, which are often also second homes, increased over the past winter (November 2017 to March 2018), up by more than 17% – more than twice as big as rise as for other forms of accommodation in Austria.

In Austria's mountain landscape, the terms have established themselves over past decades to describe smaller holiday homes used by one holiday family. Over the last 15 years, close to 50 sites have been developed, most of these offer fewer than ten houses. „In particular the boom in high-end chalets with their own wellness and comprehensive service shows that an increasing number of guests prefer to stay in their own home than in hotels,” Managing Director of Proding, Thomas Reisenzahn, says. He explains this with reference to mega trends such as individualisation and cocooning. In Central Europe, a high standard of living is not flaunted, but rather enjoyed quietly.

From an economic perspective, chalets are an ideal supplement for hoteliers who have sufficient land. Yet the solution proposed by the consultants for years now has seldom fallen on fertile ground. „Enjoy the Arlberg chalet in Klostertal (www.arlberg-chalets.eu). The project has second-home status, which is very unusual for Austria and means that there is no obligation to pay rent nor is there any restrictions on use for the owners of apartments and chalets.”

Properties are rarely offered so openly to market as second home as is the case here for this new chalet development in Vorarlberg. For most developments, this role is often part of the plan. It isn't a coincidence that many of the newly built properties are financed by real estate and construction firms. The Montafon holiday village Walserland (<https://walserland.at>) by Natter-Netzer Wohnbau or several villages by Jaegerbau (<https://jaegerprojects.com/>), including in Maria Alm (Salzburg region) are examples here. A large player in this

segment is Alps Residence from St George in Kreischberg (www.alps-residence.com), already with over 3,000 beds in 12 holiday resorts. Many of these are in the company's home region in Styria, but also in Lammertal. And in August 2018, a new all-suite resort in Salzburg will open, the Tauernsuits Mitterwirt in Piesendorf (www.alps-residence.com/tauernsuits-mitterwirt). Whereas company revenue was still below two million in 2012, in 2018 it has already passed the EUR 14 million mark. Currently, properties are being offered to private investors in six complexes.

Buy-to-let model rarely accepted

Alpenparks, which grew out of the tourism consultancy Proding, not only manages several hotels, but for some years now also a traditional hut village, the Hagan Lodge Altaussee (<https://hagan-lodge-altaussee.alpenparks.at>). This village was expanded by 16 chalets in 2017. The investment volume stood at a total of six million euros. Investors were able to acquire chalets for

between 305,000 and 355,000 euros each. A good investment: Occupancy of the units stands at 72% – across the season. The gross operating profit (GOP) stood at 64% in 2017.

These buy-to-let models are recommended by Proding to all the hotels it advises which have sufficient land and customer demand. „In order to make such investment projects possible, the equity ceiling should be boosted with a partial buy-to-let concept,” Reisenzahn stresses. In such a model, properties are acquired by the investor who is entitled to use the property for a certain period of time. Over the remainder of the year, there's a lease-back obligation which enables the units to be rented out by the hotel. This allows tourism regions to avoid the feared „cold bed” phenomenon of empty holiday homes. Established Austrian hoteliers make relatively seldom use of this form of finance. The Arlberg 1800 Chalet Suites are known as part of the 5-star hotel Arlberg Hospiz by St. Christoph, close to the Swiss border

Holidays like yesterday with the luxury of today, that's the slogan of Prechtgut.



Cabins first, hotel second.
The Priesteregg was the
economic basis for the design
hotel Mama Thresl.



(www.arlberg1800resort.at). Here, each house contains several luxury apartments, more in the Swiss style. With the Alpenlofts in Bad Gastein (www.alpenlofts.com), another hotelier's buy-to-let project is doing things differently.

Motive: Value maintenance

Ike Ikrath, resident in Bad Gastein and one of the bigger hoteliers in the upscale segment with the Haus Hirt and Hotel Miramonte, distances himself from the term chalet. „The term Alpenloft is an exact description of the type of construction.“ Evelyn and Ike themselves live in one of the spacious, bright and modern homes. They also own another. The others have different owners. In the previous year, 120 small trees were planted between the properties. „They don't impede the view, but they do provide privacy,“ Ikrath says of the Alpenlofts, which enjoy an economic connection as residences to the Haus Hirt.

„In the case of projects like ours, it's not about earnings, it's about amortisation and value maintenance. Assuming of course, like we do, that one sticks to the fair play principles with the communes and owners. In this case, the model is a new form of extended hotel business,“ Ikrath states, stressing his ambition to act as an example here. Other owners view sale with less enthusiasm. Alongside the Almdorf Seinerzeit (www.almdorf.com), which is the oldest example in this segment, the Priesteregg in Leogang (www.priesteregg.at) also enjoys an exceptional reputation. Renate and Herbert Oberlader built the 16 properties (chalets) in 2009 on agricultural land used by the family for 200 years. Just five years later, they became hoteliers with the

opening of the Mama Thresl im Tal. Quite the opposite to what consultants thought, first the easier-to-finance chalets were built and only when they were financially successful was it possible to build the design hotel.

Michael Madreiter reports a similar development in the same location. In 2007, he built the chalets of Steinalmdorf in Leogang. The last major investment in 2017 was then the main hotel, the former Embachhof B&B. The meanwhile 76 rooms and 14 chalets which comprised the hotel complex Puradies (www.puradies.com) had previously and for decades operated under a „holiday on the farm“ motto. Whilst grandfather and father worked as managing directors of the Leogang mountain railway, Michael Madreiter focused on the hotel industry. He began with chalets because it was then possible to avoid the high infrastructure costs of a hotel. „Though the chalet guest today has high standards, expects a butler service, breakfast à la carte and perhaps also fine dining in the evening,“ Madreiter says. At rates of 200 euros per person, these expectations are justified. Yet in order to finance the necessary central infrastructure, it was necessary to expand by 60 rooms. Madreiter can imagine expansion by a further 15 units. Of the chalets, there would at best be just one new one. „If we build a chalet, it will be something quite extraordinary for marketing reasons.“

Here, chalets enjoy steady occupancy pretty much from the very start over 200 of a 300 day season. Yet Madreiter complains of growing competition, above all from individual properties. „Up on high on the alpe, chalets with sauna and whirlpool shoot up. That is of course a nice little side

income for the farmer, but I'm against this practice. Apart from that, it's often self-exploitation – and they pull prices through the floor,“ Madreiter explains of his reticence when it comes to chalets.

Many complexes in the pipeline

Even if demand pressure is likely to wane, there are still innumerable projects in the pipeline. Many of these have been waiting years to be realised. The Sevelt complex for instance (51 units) on the golf course of Seefeld (www.sevelt-resort.at) or the mega complex in Biberwier (Tyrol Zugspitz region), which has meanwhile been very much cut back through planning having been originally conceived in 2004 as TUI holiday village for up to 1,000 people. Timeshare projects by the Dutch Landal group are realised at a much faster pace. Or small projects by smaller private investors like the Schweinfurt twins Klaus and Juergen Seyfert. The former disco operators already have formed 14 log cabins and luxury chalets in Maria Alm, Salzburger Land, to their Huettendorf (www.huettendorf.com). On 1 December 2018 the luxury chalets Prechtgut will open in Wagrain (www.prechtgut.at). The young building contractor Manuel Aster is constructing eight chalets direct on the ski slope (85 to 150 sqm) with wellness and hot tub, including natural bathing area, restaurant and underground garage. „The individual chalets will of course not be sold, but managed with full service as family concern,“ Aster stresses and adds that the Prechtgut will be financed through a classic arrangement with a bank. / Fred Fettner

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