



Review 2021 and Outlook 2022

Current status and where we are heading

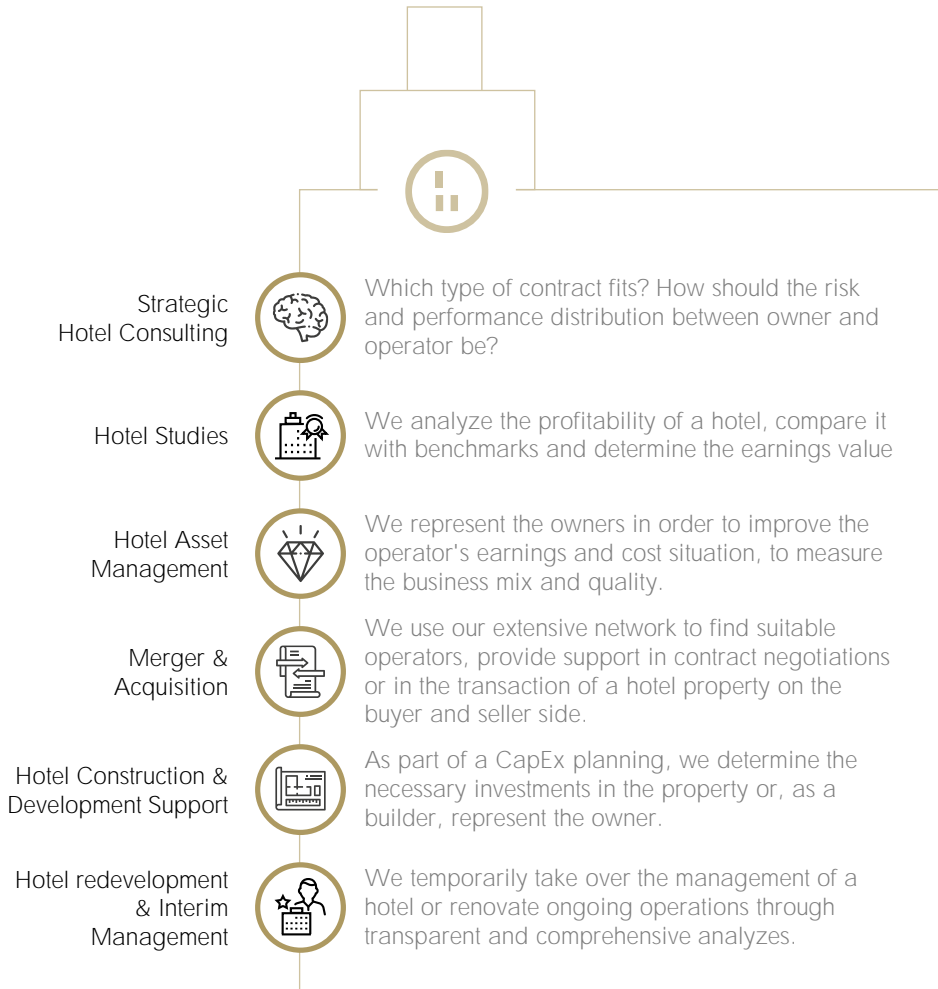
*"We know the European hotel business.
And the hotel business knows us."*

Newsletter December 2021

mrp hotels
Vienna – Berlin – Amsterdam – Istanbul

mrp hotels at a glance

There is still room for improvement in every hotel property.



mrp hotels takes hotel real estate to the next level and provides individual answers. Your hotel property has potential. With mrp hotels you can make the most of this.



Jan Hein Simons

"I am someone who has worked successfully in many different cultures and who use my advisory role well as a 'bridge builder'."



Olaf Steinhage

"Nothing motivates me more than the three words: You can't. When I hear this, I do everything I can to make the impossible possible"



Gilbert-André Ghammachi

"I see every project as a unique opportunity to improve and optimize it "



Martin Schaffer

"Transparency, clarity and good partnerships with employees, partners and customers are all of equal importance to me."



Patrick Adamle

"I want to help our customers avoid the same mistakes someone else made. It is therefore important to me to integrate the experiences of others into the decision-making cycle. "



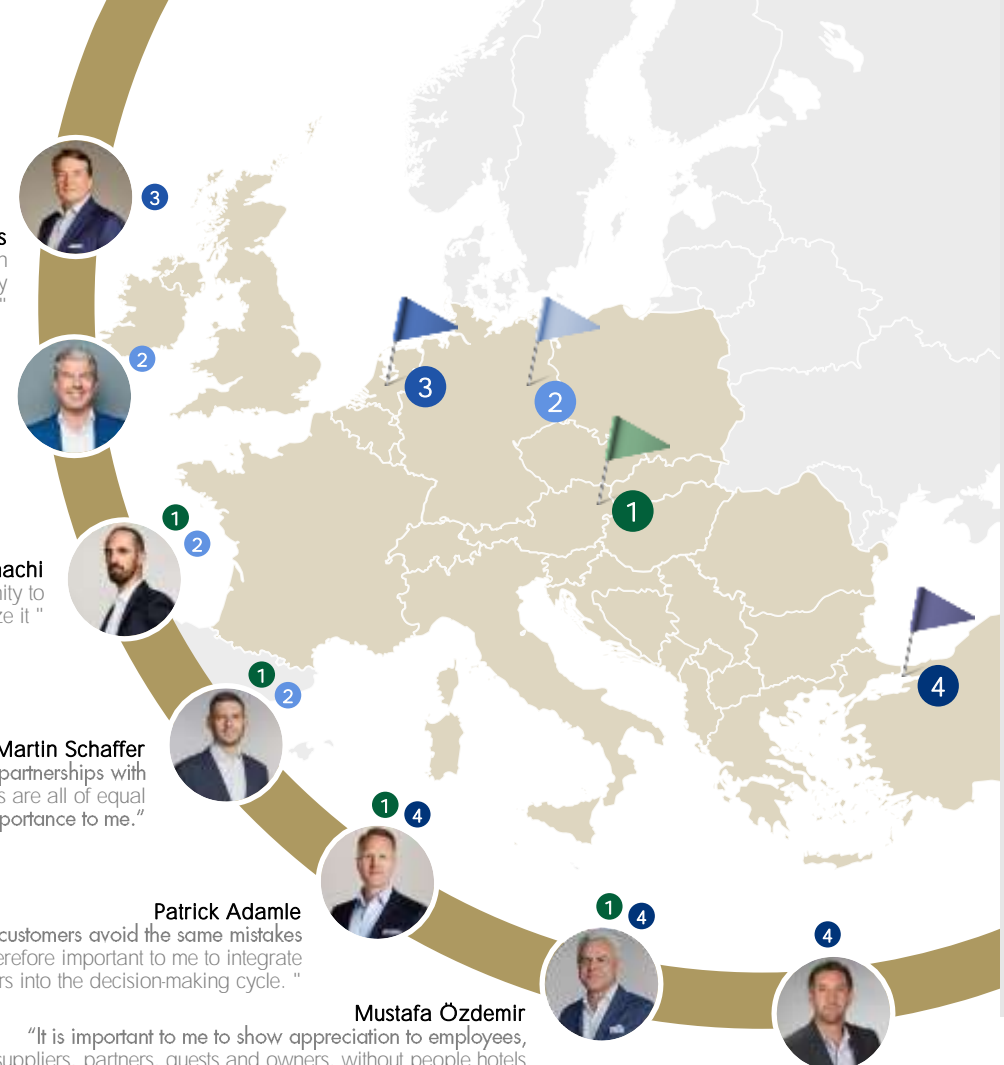
Mustafa Özdemir

"It is important to me to show appreciation to employees, suppliers, partners, guests and owners, without people hotels are just an empty shell"



Pogda Demircan

"Knowing is not enough - you have to apply. It is not enough to want - you have to do too."



Review 2021

What we have learnt

1 General statements no longer hold: the evaluation and recovery speed depend on the concept, brand, location and market.

2 The booking situation depends on the development of the pandemic and the current travel restrictions. Predictions are difficult. Whereas in the past hotel budgets could be prepared with +/- 5% accuracy, today it is almost impossible to plan for the next quarter.

3 Generally high travel demand among guests. As soon as travel restrictions were lifted, bookings soared.

4 The performance of the holiday hotel industry has recently outperformed the hotel business in the cities - and thus also gained new investor attention

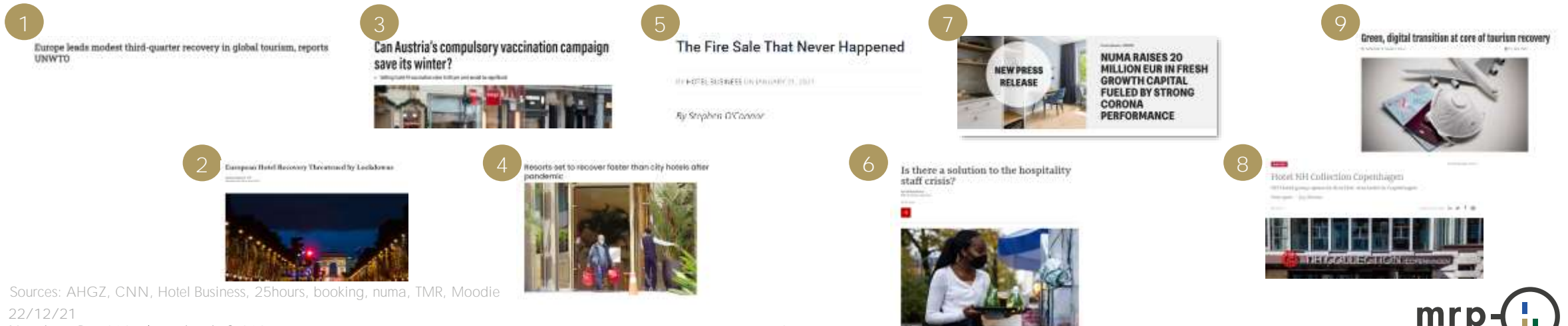
5 Fire sales have not occurred. The liquidity provided by the state, patient banks, the suspension of the obligation to file for insolvency and the frequent recapitalization of operating companies have ensured lease payments and thus prevented fire sales.

6 The problem of the shortage of skilled workers has been exacerbated by the pandemic. Salary costs will increase by 5 to 7% in the future. We are in a "war for talent".

7 The serviced apartment operators have grown rapidly backed by new investors. Technology, digitalization and low break-even are convincing concepts compared to conventional hotels.

8 Expansion is the only way for many operators to reduce the mountain of debt accumulated in the past two years. It will take years to make up for the losses of the years 2020 and 2021. The years-long growth rates are lost forever.

9 ESG is sweeping the hotel industry and investors. The implementation of the EU taxonomy does not stop in the hotel real estate world. It must be implemented.



Market Disruption in the DACH-Hotelmaket

Exemplary Destination Analysis



East Frisian Islands

+2.1% 664k ON Sept 21 vs 650k ON Sept 19

Record summer for tourism in Northern Germany in 2021. Holiday hotel industry benefits from high demand for travel in domestic markets

Strong performance also expected in 2022 due to international restrictions and uncertainties; occupancy rates and prices will continue to rise; season extension will continue to prevail



Frankfurt

-43.2% 546k ON Sept 21 vs 961k ON Sept 19

Lack of trade fairs, business travelers and international guests leave the hotels far below 2019 levels

Cancellations of trade fairs, poor airline business and more extensive home office obligations in large companies hamper market recovery in 2022



Salzburg*

+8.4% 1,9 mil. ON Sept 21 vs 1,8 mil. ON Sept 19

Strong summer with high share of European travelers; non-existent business due to the lockdown in H1 21; increase in KPIs in many hotels in open months

High demand due to international uncertainties and preferred travel in the local market also expected in 2022. Winter dependent on Corona restrictions.



Berlin

-35.5% 2 mil ON Sept 21 vs 3 mil ON Sept 19

Hotel market weakened due to lack of international guests and MICE business. Cautious recovery of the market in autumn 2021 due to high number of domestic travelers; relatively low infection numbers prevent further lockdowns (different in Bavaria) and Christmas markets etc. are open

Lack of major events and low number of international guests hamper market recovery in 2022



Leipzig

-3.4% 319k ON Sept 21 vs 330k ON Sept 19

Performance of B-cities overtakes strong A-cities so far; High share of domestic travelers and increased interest in leisure-oriented cities, such as Leipzig, performed comparatively well in 2021

Similar performance expected in 2022; recovery significantly faster than in A-cities

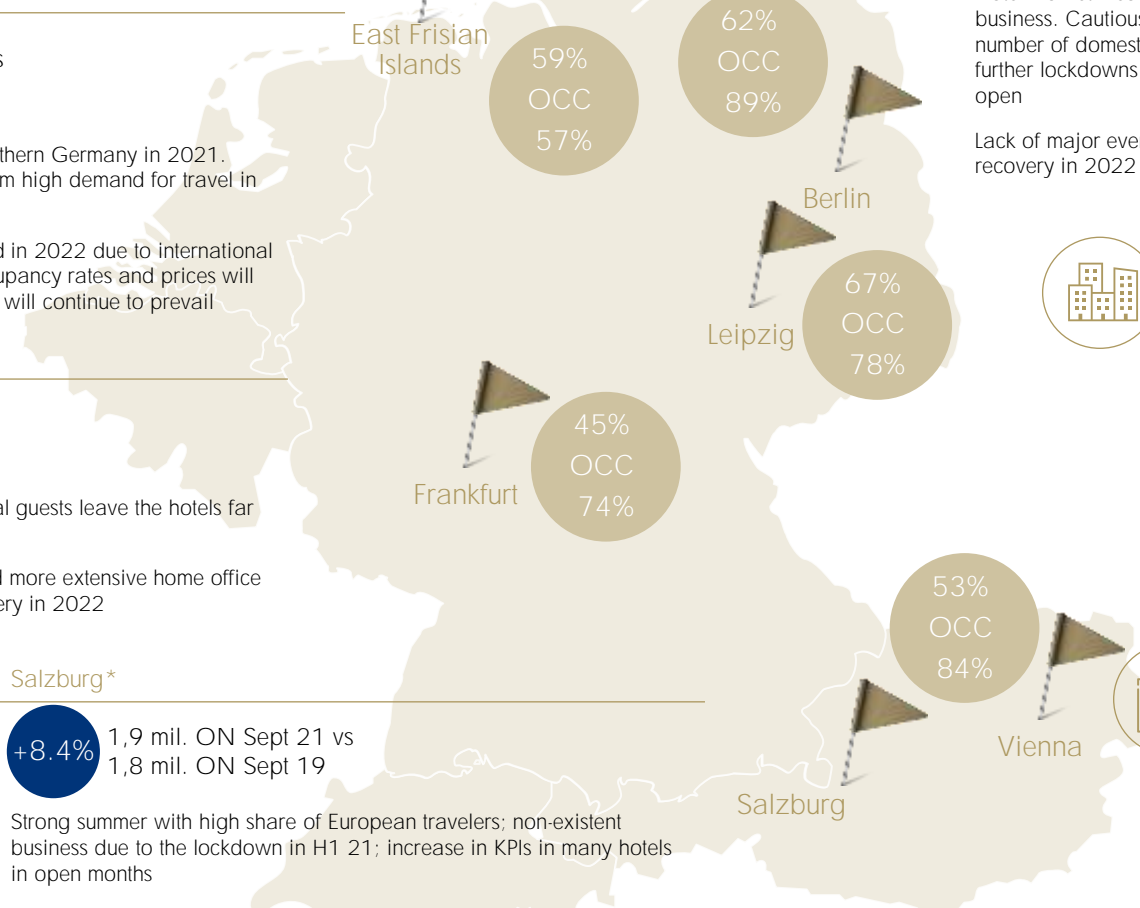


Vienna

-42.4% 920k ON Sept 21 vs 1.6 mil ON Sept 19

Tourism 2021 far below pre-crisis levels
Lack of international leisure and business travelers

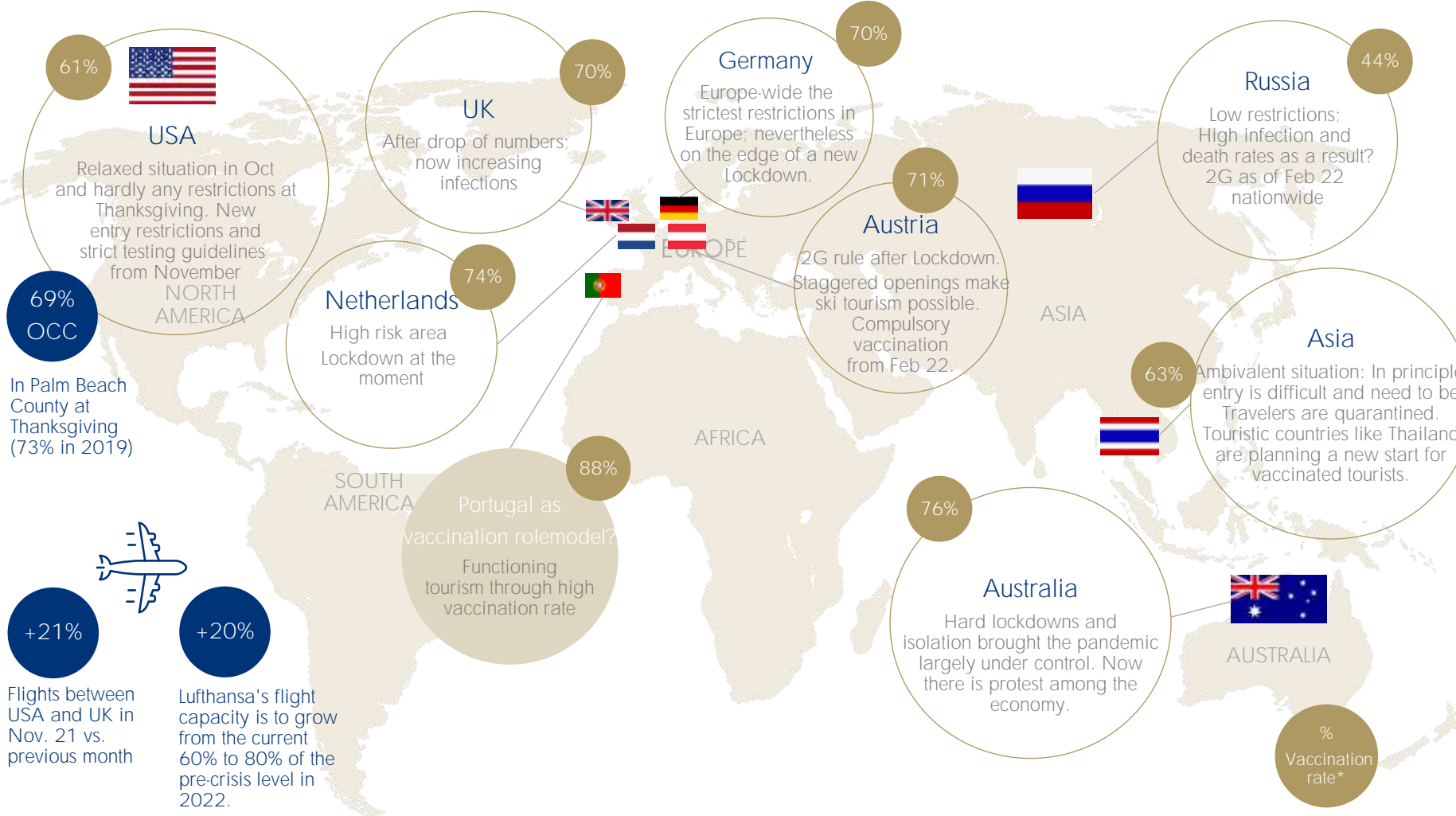
Due to the current restrictions, lack of long-haul flights and lack of MICE business, Vienna will only recover slowly in 2022



Sources: OCC - STR AM:PM, ON - statistischebibliothek, *salzburg.gv, mrp hotels research

Status Quo December 2021

42.7% of the global population are vaccinated 2x - Vaccination as a northern hemisphere phenomenon



Lack of standardised regulations between countries to enable international travel.

Great uncertainty due to 4th wave and the Omicron variant.

Vaccines such as Sputnik and Sinovak continue to be unrecognised and hamper tourism development.

Despite the resumption of operations to the US, global capacity is reduced by 40% in 2020 compared to 2019.

Testing is not compulsory for "boostered" citizens in many European countries as well as the USA and Canada.

International travel expected with restrictions also in 2022.

Portugal, Spain & Italy with high vaccination rates show the possibility of functioning tourism and the solution.

Vaccination shows to be the only real solution

*People are considered fully vaccinated if they have received all necessary vaccinations. They have either received a required second vaccination or have been vaccinated with a vaccine that provides full vaccination protection even with a single vaccination.

Outlook 2022 DACH-Region

Long-term positive outlook due to global growth

Current fields of discussion



City Hotels

A return of Overnight figures is expected in 2024 earliest. Q1 2022 as a major challenge

Forecasts for Q1 22 made in Oct. 21 expecting 80% of the overnights counted in 2019 do not seem realistic anymore

Intercontinental travel and MICE and event business missing.

Recovery in B-cities, faster than A-cities

Rapid recovery where there is a creative, unconventional product

City centre locations coming back faster than suburban products



Holiday Hotels

Positive forecasts for 2022; similar occupancy and rates as in 2021 expected

As long as international travel remains restricted, the domestic holiday hotel industry will benefit

Due to the restrictions in Dec 21, many bookings will be postponed to Q1 2022; thus, a good performance is expected after the end of the year - as long as Omikron does not lead to further restrictions



Investment

Investment interest will continue in the holiday hotel sector and return into the cities

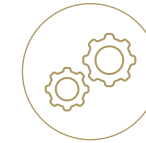
Individual conversions to residential properties will be realized in cities

Banks remain cautious and with increased requirements for collateral / equity ratio than prior to the crisis

Sellers' price expectations, uncertainty of pandemic effects and terms of bank financing are seen as the biggest obstacles to transactions

Investment in existing properties on the rise, as fewer development projects have been realized or completed

Hotel properties do not lose value



Topics that we have already addressed in 2019 are and will return

Shortage of skilled workers / personnel

Need for face-to-face meetings

Home Office

Digitalization

Discussion on overtourism

ESG criteria

Fixed lease

While in the beginning the credo was: "Nothing will be the same as before", we find that some things have remained the same: Pipelines are packed, the philosophy of growth has not been weakened, paperwork still reigns at check-in.



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Cooperative partnerships



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