HOTEL INVESTOR SURVEY

EUROPE

H1 2021

Extended Summary



June 2021

CUSHMAN & WAKEFIELD

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CUSHMAN & WAKEFIELD

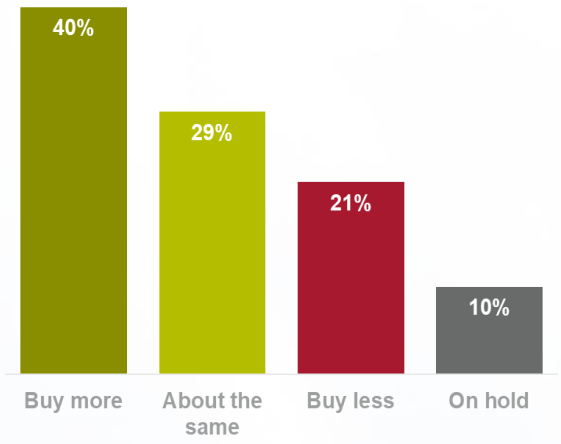


INVESTMENT SENTIMENT

POSITIVE DESPITE COVID-19

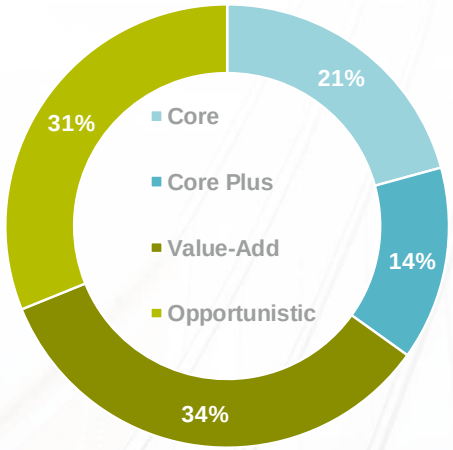
How has your acquisition strategy for hotels changed due to COVID-19?

% of responses



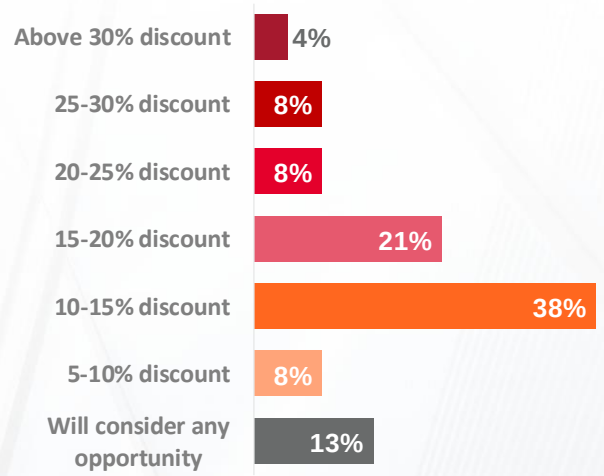
What hotel investment opportunities are you targeting in 2021 ?

% of responses



What is the minimum pricing discount relative to 2019 levels that you require to consider a new acquisition opportunity ?

% of responses

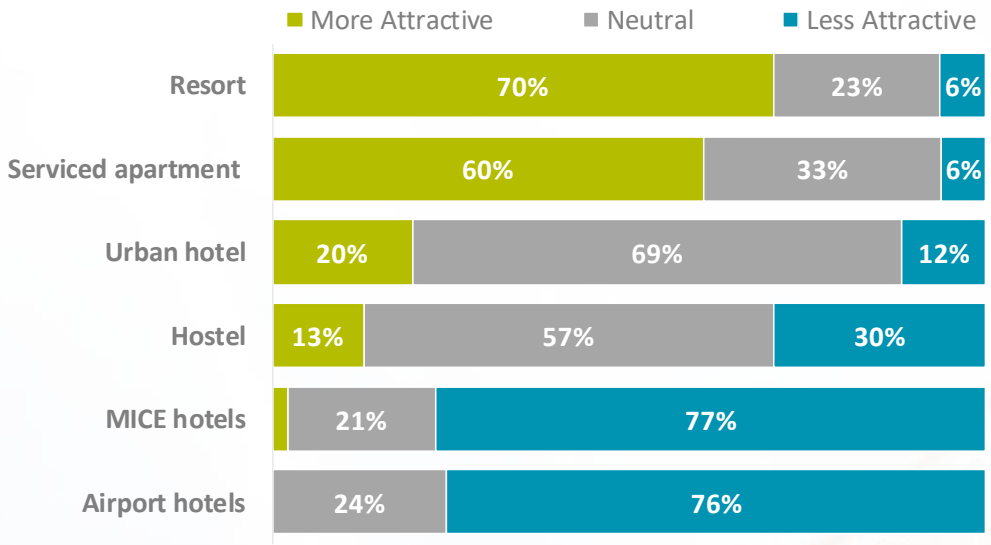


INVESTMENT TARGETS

TYPE OF LOCATION & HOTEL CLASS

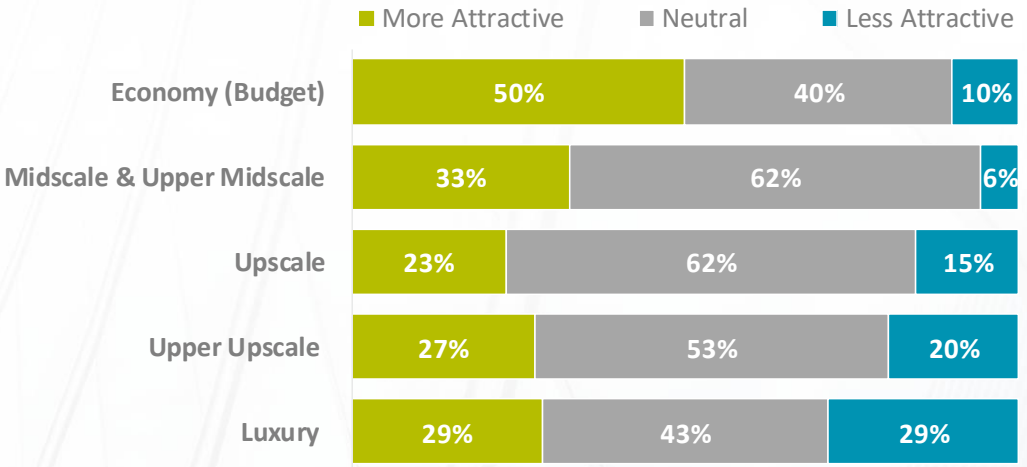
How has the level of attractiveness of the following accommodation types changed for your investment strategy due to the pandemic?

% of responses



How has the level of attractiveness of the following hotel classes changed for your company due to the pandemic?

% of responses



INVESTMENT TARGETS

REGIONS & CITIES

Please rate the following countries/regions according to your level of investment interest? (1 = not interested, 5 – highly interested)

No.	Market	Average ranking	Interest level (1-5): % of respondents *Not interested <---------> Highly interested*				
			1	2	3	4	5
1	UK & Ireland	3.9	6%	6%	13%	36%	38%
2	Germany	3.9	6%	4%	24%	29%	37%
3	Iberian Peninsula	3.9	4%	9%	28%	20%	39%
4	France	3.8	10%	6%	24%	18%	41%
5	Benelux	3.4	4%	13%	35%	31%	17%
6	Italy	3.4	9%	20%	28%	15%	28%
7	Nordics	2.9	7%	29%	38%	17%	10%
8	CEE	2.6	25%	20%	30%	18%	8%
9	SEE	1.9	54%	17%	17%	9%	3%
10	Russia	1.5	77%	3%	13%	0%	6%

Please rate the following cities according to your level of investment interest? (1 = not interested, 5 – highly interested)

No.	Market	Average ranking	Interest level (1-5): % of respondents *Not interested <---------> Highly interested*				
			1	2	3	4	5
1	Barcelona (ES)	4.0	4%	6%	19%	31%	40%
2	London (UK)	3.9	11%	9%	9%	20%	52%
3	Paris (FR)	3.9	10%	4%	18%	20%	47%
4	Amsterdam (NL)	3.8	6%	6%	24%	30%	34%
5	Munich (DE)	3.8	4%	10%	22%	30%	34%
6	Berlin (DE)	3.8	6%	10%	18%	35%	31%
7	Madrid (ES)	3.8	4%	6%	27%	33%	29%
8	Rome (IT)	3.6	6%	15%	26%	21%	32%
9	Lisbon (PT)	3.4	9%	9%	38%	23%	21%
10	Dublin (IE)	3.4	6%	15%	36%	21%	21%
11	Edinburgh (UK)	3.3	15%	9%	26%	30%	20%
12	Vienna (AT)	3.1	4%	22%	39%	24%	11%
13	Prague (CZ)	3.0	15%	22%	27%	22%	15%
14	Nice-Cannes (FR)	2.9	16%	22%	27%	22%	13%
15	Moscow (RU)	1.4	87%	0%	7%	3%	3%

OTHER DESTINATIONS/MARKETS SUGGESTED:

- Resort destinations in general and particularly in Italy
- Florence, Hamburg, Malaga, Milan, Porto and Venice

Note: Cities: top-15 markets in Europe based on number of nights spent in paid accommodation in 2019

MARKET RECOVERY EXPECTATIONS

CITIES AND LEISURE DESTINATIONS

When do you think the European market will recover to 2019 RevPAR levels?

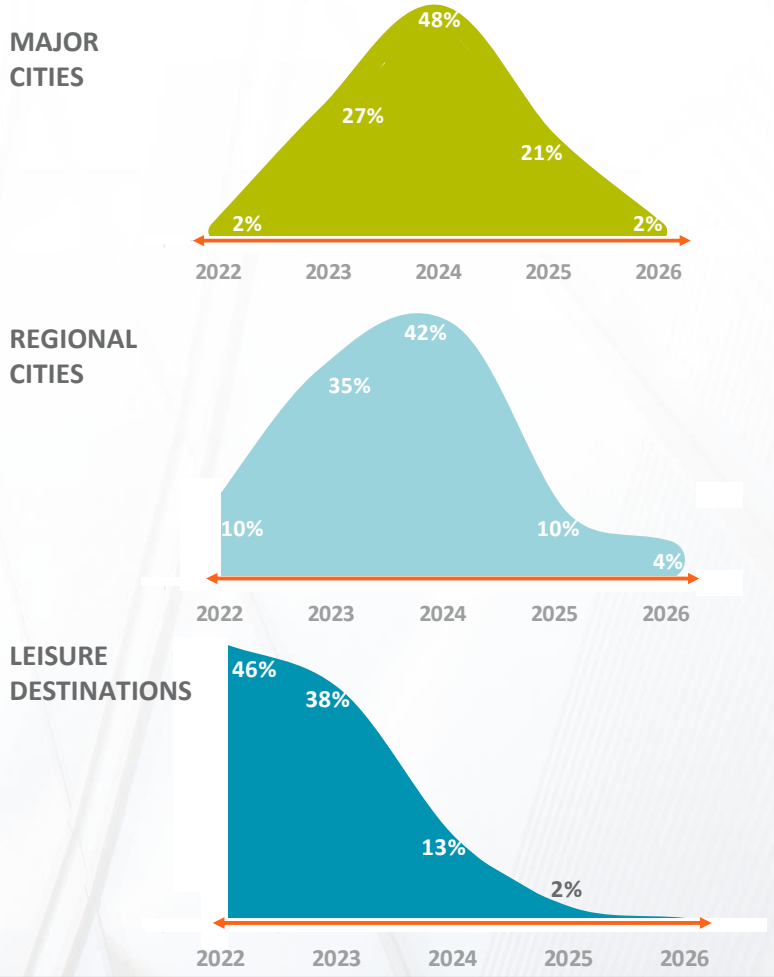
% of Respondents

Market	2022	2023	2024	2025	2026	2027	Average
Major Cities	2%	27%	48%	21%	2%	0%	2023.9
Regional Cities	10%	35%	42%	10%	4%	0%	2023.6
Leisure destinations	46%	38%	13%	2%	0%	0%	2022.7

% of Respondents - Cumulative

Market	2022	2023	2024	2025	2026	2027	Rank
Major Cities	2%	29%	77%	98%	100%	100%	3.0
Regional Cities	10%	44%	87%	96%	100%	100%	2.0
Leisure destinations	46%	85%	98%	100%	100%	100%	1.0

Charts – Expected recovery year by market type (% of respondents)



UNDERWRITING CONSIDERATIONS

KEY UNCERTAINTIES & LOAN TO VALUES (LTV)

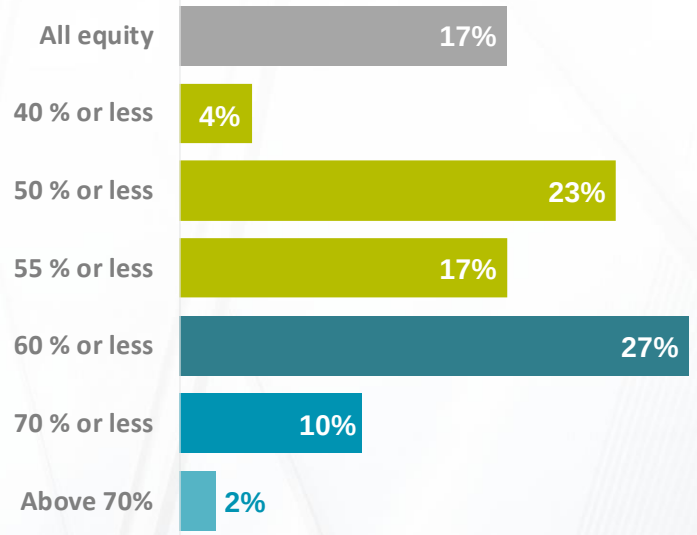
What is the biggest uncertainty you are currently facing in underwriting new deals? (rate 1-5, 1 = least challenging, 5 – most challenging)

	Average response	Interest level (1-5): % of respondents *Least challenging <---------> Most challenging*				
		1	2	3	4	5
Hotel Performance Uncertainty	**3.6**	2%	8%	44%	21%	25%
Financing	**3.4**	12%	12%	25%	31%	21%
Yields	**3.1**	6%	23%	38%	23%	10%
Operator/Tenant Uncertainty	**2.9**	17%	19%	29%	21%	13%
Exit	**2.7**	17%	33%	23%	19%	8%

Other uncertainties/issues that investors listed in the survey:

- Lack of leased hotels on the market
- Travel restrictions, difficult to conduct DD and consider acquisition candidates
- How long will the affects of COVID-19 last, particularly air travel
- Relation between risk and reward
- Contracts conditions
- Behaviour of some lenders
- Change in Capex costs (inflation)

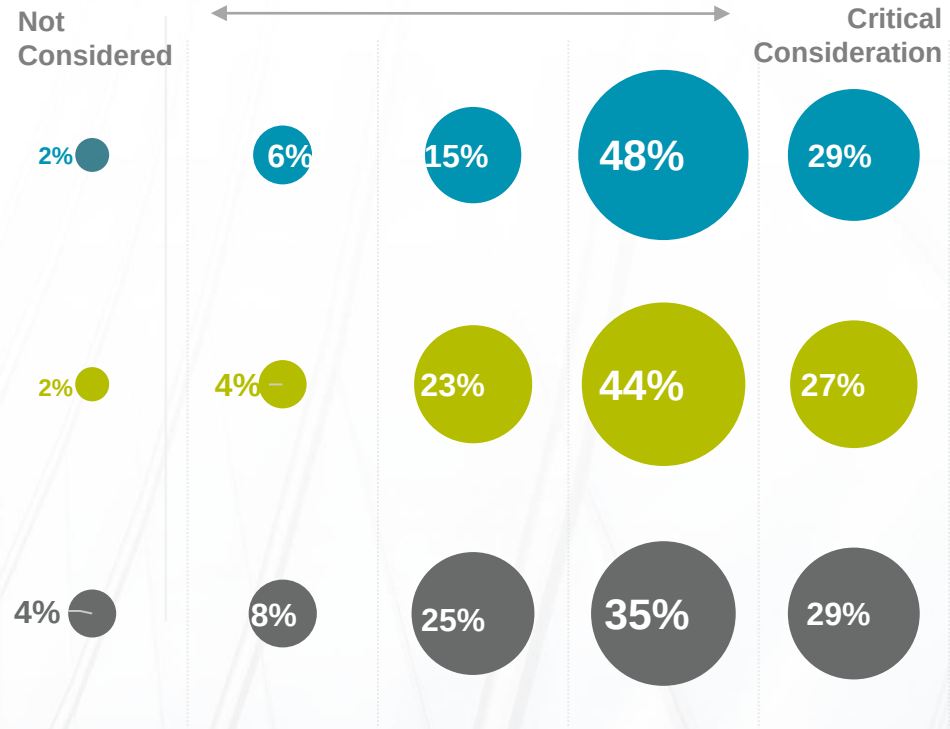
What is the maximum LTV level at which you are currently underwriting new deals?



ESG CONSIDERATION IN THE ACQUISITION PROCESS

PROPERTY, OPERATIONS & SUPPLIERS

How important are the following ESG considerations in your acquisition process?



ABOUT THE SURVEY

- The survey was conducted by C&W during May and June 2021.
- It was completed by 52 respondents, including senior representatives of major private equity firms, funds, REITs and other institutional investors active in the European hotel real estate market.
- The respondents' firms invested in aggregate over EUR 26 billion during the last five years (2016-2020), acquiring 664 hotels with 127,642 rooms, accounting for about a quarter of all hotel transaction volume in Europe.
- About 61% of investors surveyed are based in Europe and 34% in the Americas.

(this above based on 83% of the respondents revealing their identity in the survey).

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