

[Berlin]

- **2015 is heading for a new record:** After overnights in hotels and bed-and-breakfast hotels reached a new peak in 2014 at approx. 23.5 m, the first six months of 2015 showed a further rise in overnights of almost 6 % compared to 2014. If the trend continues in the second half of the year, Berlin will be heading for a further record in overnights for 2015.
- **Increase in bed occupancy year-on-year:** Bed occupancy for the first six months of 2015 was 2.2 percentage points higher than for the same period in 2014.
- **Germany continues to be an important source market:** Although German visitors continue to dominate overnights, the proportion of international guests rose year-on-year by 1.4 percentage points to 44.1 %. Visitors from the UK, the USA and Italy generated the highest numbers of overnights.
- **Numerous new openings:** Berlin is a popular destination not only for travellers, but also for investors and hotel operators. The start of the year saw the opening of hotels including the Titanic Deluxe – the second hotel of the Titanic Group on Französische Strasse. Grimm’s Hotel on Potsdamer Platz, Amano Grand Central and an ibis hotel at the main railway station followed in the summer. Only a few days ago, the Riu Plaza opened on Martin-Luther-Strasse. This year a further 500-plus rooms are also slated to be added to the hotel market.
- **YTD June 2015: Rooms yield rises by 10 % year-on-year:** The period saw significant year-on-year increases in average net room rate and room occupancy.

Berlin hotel market in figures

	1st half-year 2014	1st half-year 2015	
Hotels	538	537	➔
Beds	109 k	111 k	↗
Arrivals in Hotels	4.7 m	5.0 m	↗
Ø length of stay [nights]	2.3	2.3	➔
Overnights in Hotels	10.8 m	11.4 m	↗
Total overnights	13.2 m	13.8 m	↗
Overnights foreign visitors			
total	5.6 m	6.1 m	↗
Share of total overnights	42.7 %	44.1 %	↗

Notes Information about total and international overnights refers to all accommodation facilities, all further information refers only to hotels and bed-and-breakfast hotels as of 31st of June
Source Statistical Office of Berlin-Brandenburg



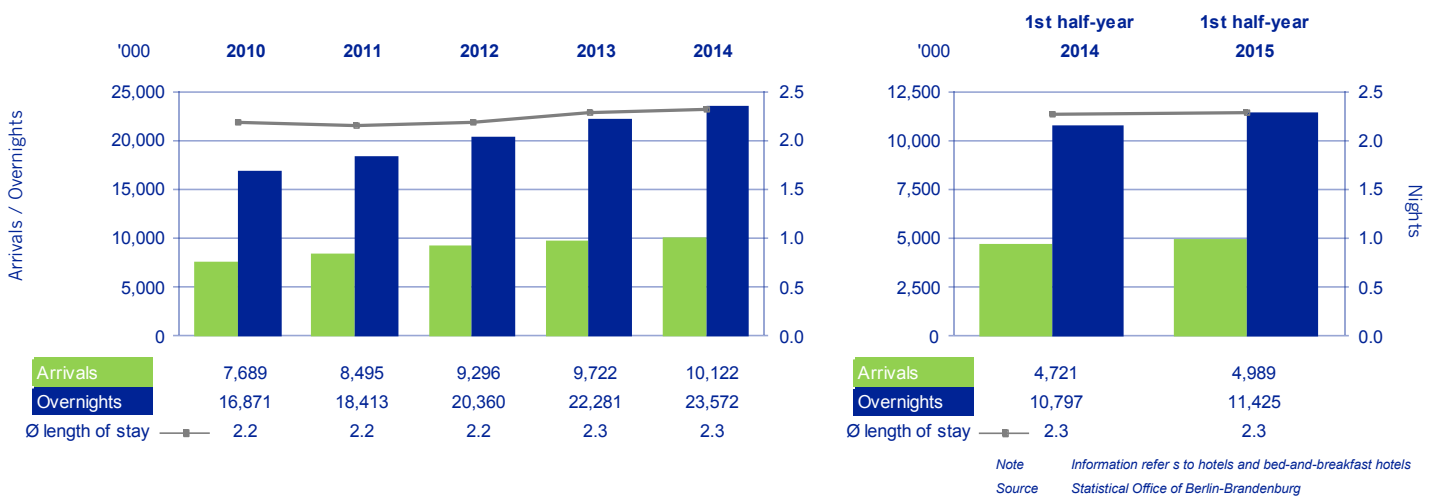
Photos from bottom to the top: Meininger Hotel Berlin Airport; Waldorf Astoria Berlin; Hotel Adlon Kempinski; 25 hours Bkinn Berlin; Das Stue

Growth trend continues

The rising trend in arrivals and overnights in hotels and bed-and-breakfast hotels continued in 2015, according to information from the Berlin-Brandenburg Statistics Office. The first six months showed a year-on-year rise in visitor arrivals of approx. 5.7 %, with total arrivals of around 5 million. In the first six

months of 2015 around 11.4 m overnight guests were recorded in Berlin's hotels and bed-and-breakfast hotels – an increase of 5.8 %. Since 2010, the number of arrivals has increased by 31.6 % and the number of overnights by 39.7 %. The average annual growth in arrivals and overnights between 2010 and 2014 was

7.1 % and 8.7 % respectively. The average length of stay has been stable since 2013, at 2.3 nights.

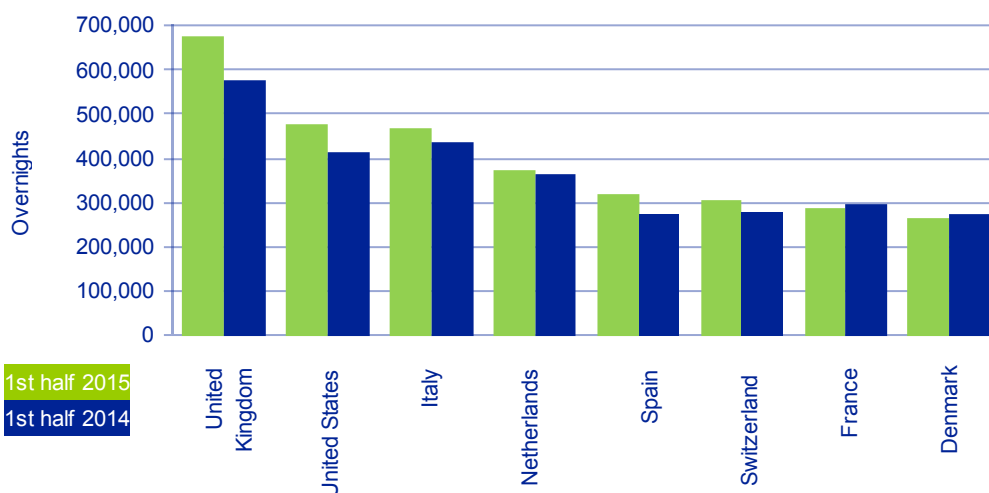


UK and USA guest dominate

In the first six months of 2015, approx. 55.9 % of overnights were generated by German visitors, so that Germany is still Berlin's main source market. However, the proportion of international guests rose by 1.4 percentage points year-on-year, to 44.1 % -

equivalent to a year-on-year rise of 8.5 % in overnights by international guests. The main international markets for Berlin are the UK with approx. 677 thousand overnights, the USA (477 thousand) and Italy (469 thousand). The average length of stay of

international guests was longer than that of German guests, at 2.7 nights compared to 2.1 nights.



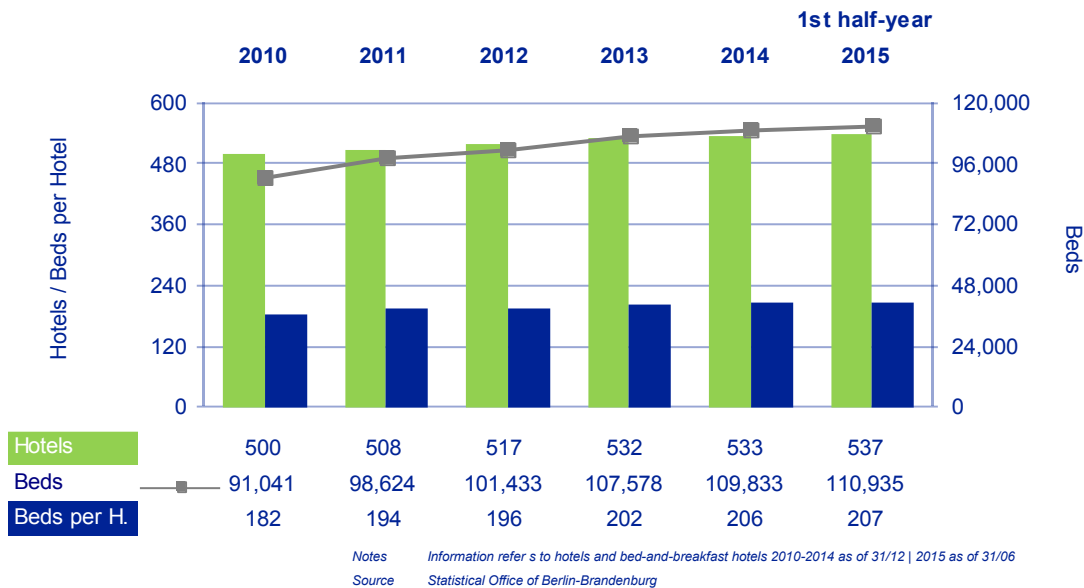
Note: Information refers to hotels and bed-and-breakfast hotels
Source: Statistical Office of Berlin-Brandenburg

Further increase in hotel capacity

In previous years the number of hotels and bed-and-breakfast hotels has risen by approx. 6.6 % to 533 hotels, while the number of beds rose by approx. 20.6 % to 110 thousand beds in 2014. This is equal to an average annual growth of 1.6 % for hotels and

4.8 % for beds. Growth in capacity continued in the first six months of the year; 537 hotels and bed-and-breakfast hotels with 111 thousand beds were recorded for the period. The average number of beds per hotel is also increasing. While this figure

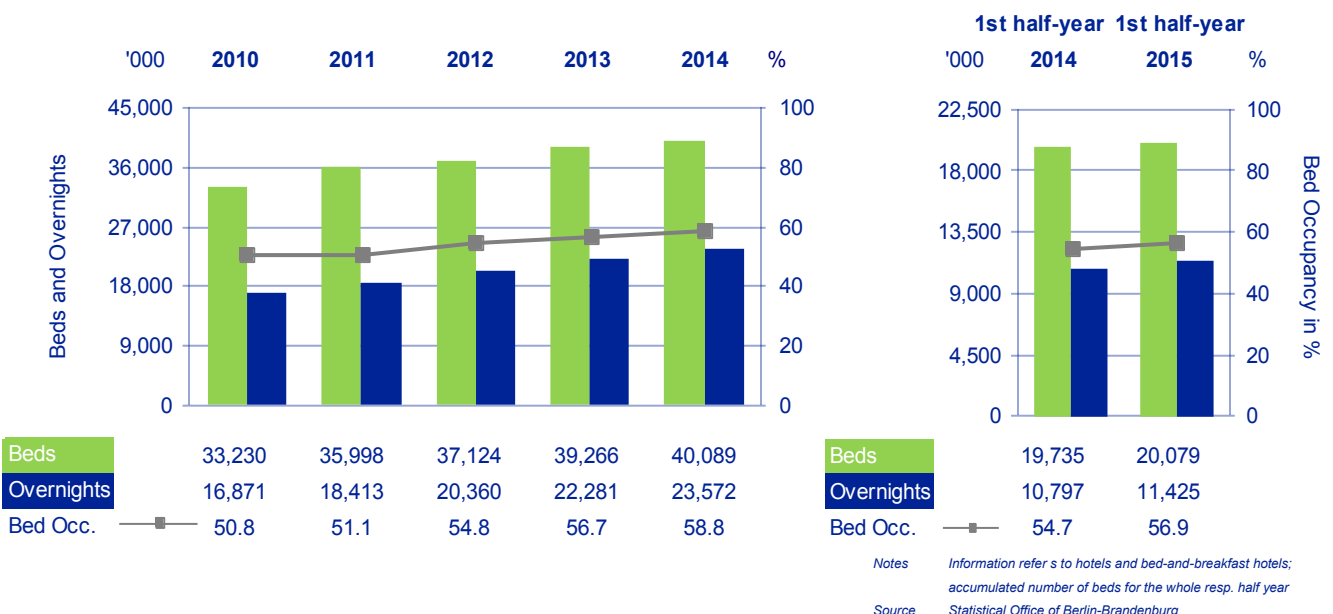
was at 182 in 2010, it had risen to 207 beds per hotel in the first six months of 2015.



Bed occupancy rate rises further

Between 2010 and 2014 the bed occupancy rate rose by 8 percentage points to peak at 58.8 %. Given the increased number of overnights in the first half of this

year, bed occupancy increased year-on-year by 2.2 percentage points to 56.9 % despite the relatively low increase in bed numbers.



Numerous new openings up to 2018

We are currently aware of approx. 50 new hotel projects in Berlin, adding a probable total of approx. 11 thousand new rooms. Around 40 % of these are in the budget sector.

The following chart shows a selection of hotel projects known to us:

Hotel projects				
Project	Location	Category (Stars)	Rooms	Opening
IBB Blue Hotel Berlin Airport	Gross-Berliner-Damm 71	3	84	2015
Titanic Business Berlin	Chausseestrasse 29	3-4	389	2015
Amano Home	Torstrasse	3	50	2016
B&B Hotel Berlin Messe	Kaiserdamm 117	1-2	135	2016
B&B Hotel Berlin Tiergarten	Englische Strasse 1-4	1-2	186	2016
Holiday Inn Express Berlin Alexanderplatz	Stralauer Strasse / Klosterstrasse	2	184	2016
Hotel Amano Friedrichstrasse	Friedrichstrasse 113	2-3	100	2016
Hotel ZOE (Amano)	Große Präsidentenstrasse	3	108	2016
Youth Hostel Berlin Ostkreuz	Marktstrasse 9-12	1	125	2016
Mercure Hotel Wittenbergplatz Berlin	Wittenbergplatz	3	185	2016
Meininger Berlin City East	Mühlenstrasse 43-44	1-2	206	2016
Moxy Berlin East Station	Andreasstrasse 77-78	2	210	2016
Provocateur Hotel	Brandenburgische Strasse	4	61	2016
Stadtbad Oderberger	Oderberger Strasse 57	2-3	74	2016
Hotel project	Oranienplatz	n/a	50	2016
Fraser Place Berlin	Petriplatz	4	144	2017
Hampton by Hilton	Otto-Braun-Strasse / Mollstrasse	2-3	344	2017
Meininger Hotel	Turmstrasse 28	1-2	300	2017
Motel One	Grunerstrasse 11	2	708	2017
Motel One Berlin-Upper West	Kantstrasse 163-165	2	582	2017
Moxy Berlin Schönefeld Airport	Berliner Chaussee / Kienberger Allee	2	235	2017
Hotel project	Holzmarktstrasse 25	n/a	180	2017
Barcelo	Invalidenstrasse	4	272	2018
Hampton by Hilton	Mühlenstrasse / Mercedesplatz	2-3	254	2018
Hotel Amano Stralauer Allee	Stralauer Allee	3	200	2018
Hotel Indigo Berlin City - East Side	Mühlenstrasse / Mercedesplatz	3	125	2018
Lindner Hotel	Voltairestrasse / Alexanderstrasse	3-4	165	2018

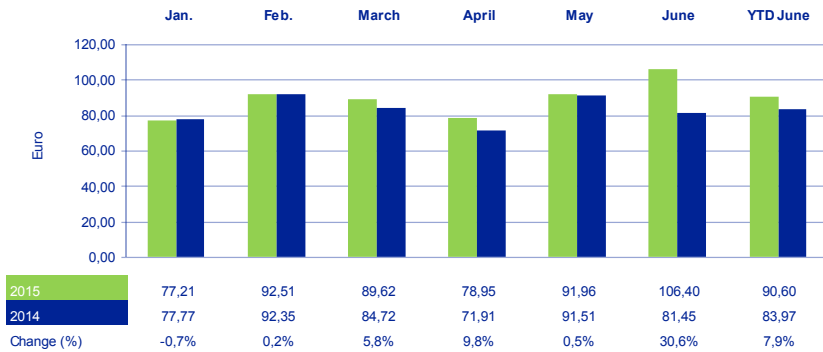
Notes Category according to international standards; no claim to completeness
 Source Research PKF hotelexperts

Key figures for 1st half 2015

Slight increase in room rates

A sample of three to five-star hotels surveyed by BDO LLP, UK reached average net room rates of approx. 90.60 EUR in the first half of 2015 – a year-on-year increase of 7.9 %. With the exception of January, the average net room rate rose throughout all months in 2015 compared to the previous year; the highest increase of 30.6 % was seen in June, to 106.40 EUR. Reasons included the Champions League finale between Juventus Turin and FC Barcelona, the visit by Queen Elizabeth II. and the EAN Congress.

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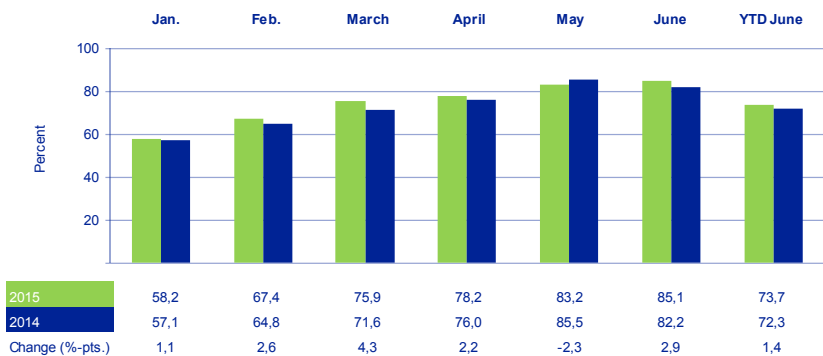


Source BDO LLP, UK

Room occupancy stable to rising

The average room occupancy rate for the first half of 2015 was 73.7 %, showing a continuous rise throughout the year and outperforming the prior year's result for the period (YTD June) by 1.4 percentage points. Room occupancy rates outperformed the previous year's result in all months with the exception of May.

Occupancy



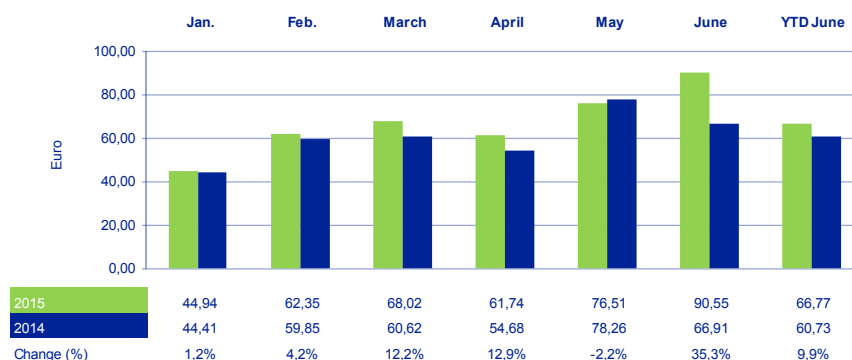
Source BDO LLP, UK

Increase in rooms yield

At 66.77 EUR, rooms yield was 10 % above the prior year's level and thus echoed the positive trend. The highest rate of 90.55 EUR was seen in June - 35 % higher year-on-year. The

months of March and April also showed significant increases at around 12 % and 13 % respectively. The only decline was in May, at 2.2 %.

Rooms yield



Source BDO LLP, UK

Future prospects

Berlin's hotel market has developed extremely positively throughout the first half of 2015. The number of overnights in hotels and bed-and-breakfast hotels once more rose year-on-year by around 6 % to approx. 11 m, with growth primarily driven by international guests. Despite further new hotel openings, occupancy at a sample of hotels surveyed by BDO LLP, UK rose year-on-year in the first half of 2015 by 1.4 percentage points, to 73.7 %. A very positive trend was observed in average net room rates, which climbed around 8 % from their prior year's level. In a comparison of Germany's top 6 cities, Berlin still brings up the rear in terms of net room rates, but showed above-average growth rates for the first six months.

In addition to the recently opened Riu hotel – the brand's first – in the west of Berlin, the second half of 2015 saw the opening of further hotels including the Titanic Business Berlin at Chausseestrasse. In the coming two years the number of hotel beds will rise sharply, particularly in the budget to mid-class category. The focus here is on openings, including two B&B brand hotels totalling 321 beds, the Motel One Berlin Upper West with 582 rooms, the Motel One at Alexanderplatz in Grunerstrasse, with 708 rooms, and two Meininger hotels totalling approx. 500 rooms. Also new

brands such as moxy at Ostbahnhof, are entering the market. Given positive market development, we anticipate that demand will (over-)compensate for supply, particularly in the lower and mid-class sector. However, this trend does not favour any major increase in net average room rates, which are low compared to other national and international cities.

Slightly slower growth in demand is expected for the second half of 2015 given that several large-scale trade shows are not due to take place – including the ILA Berlin Air Show, which last attracted 227 thousand visitors, and InnoTrans, which brought in 139 thousand visitors last year. The closure of the International Congress Center in April 2014, for which there are no further development plans at present, will also have an impact. The loss of the ICC will lead to relocation of several congresses, which is likely to affect superior-category hotels in particular. Overall, however, the popularity of Germany's capital with tourists remains high, so that increased demand can continue to be expected in the future.

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As of September 2015