



Hotel performance *what now, what next, what future*

Robin Rossmann – Managing Director



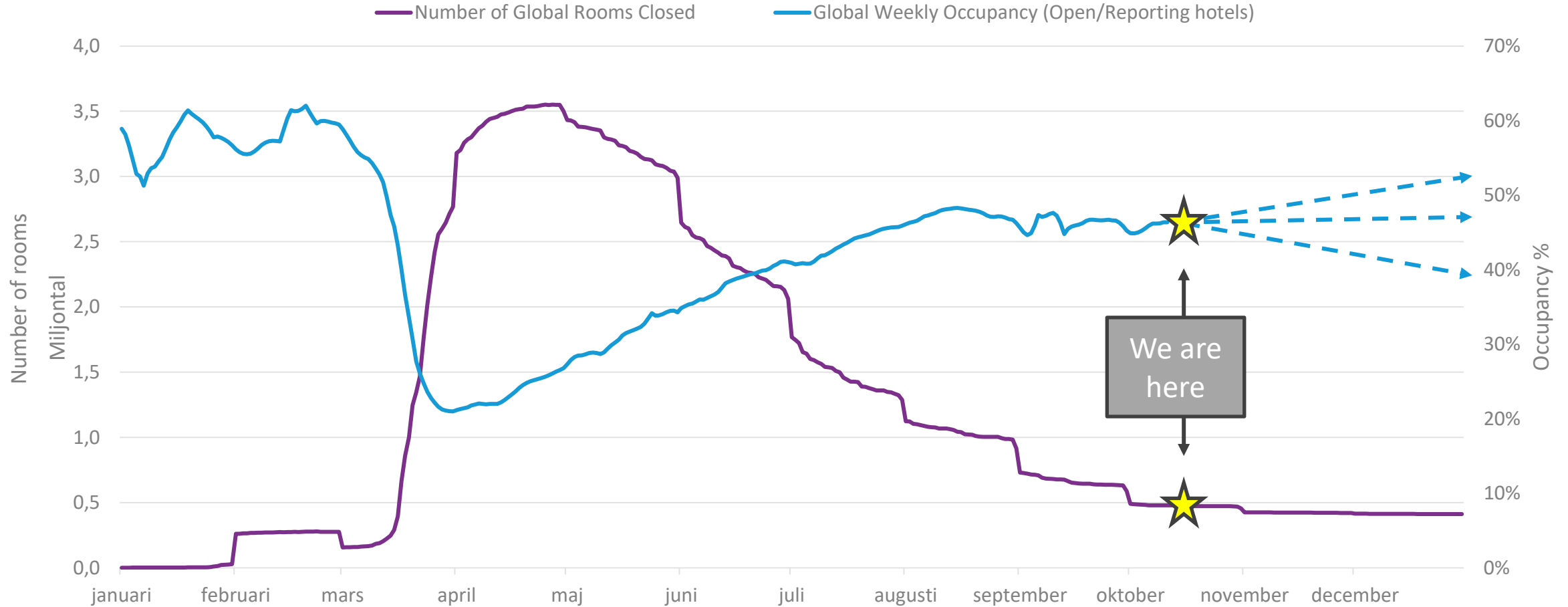
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What now?

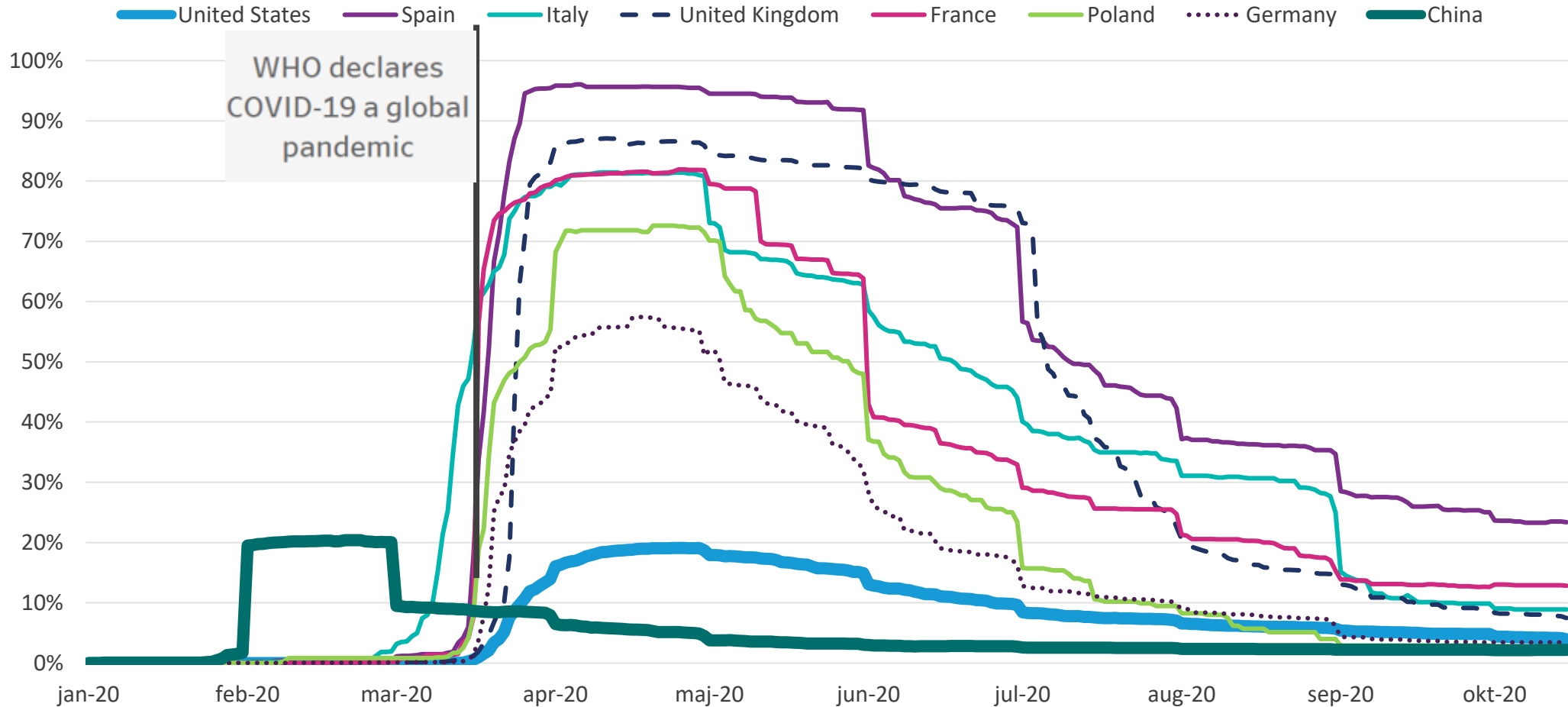
Hotels have re-opened, occupancy has stalled, but what next?

Global temporary room closures vs rolling 7 day occupancy



Europe had mostly re-opened by the end of the summer

% of hotels closed based on STR sample – Data as at 12.10.2020



Spain still 23% closed

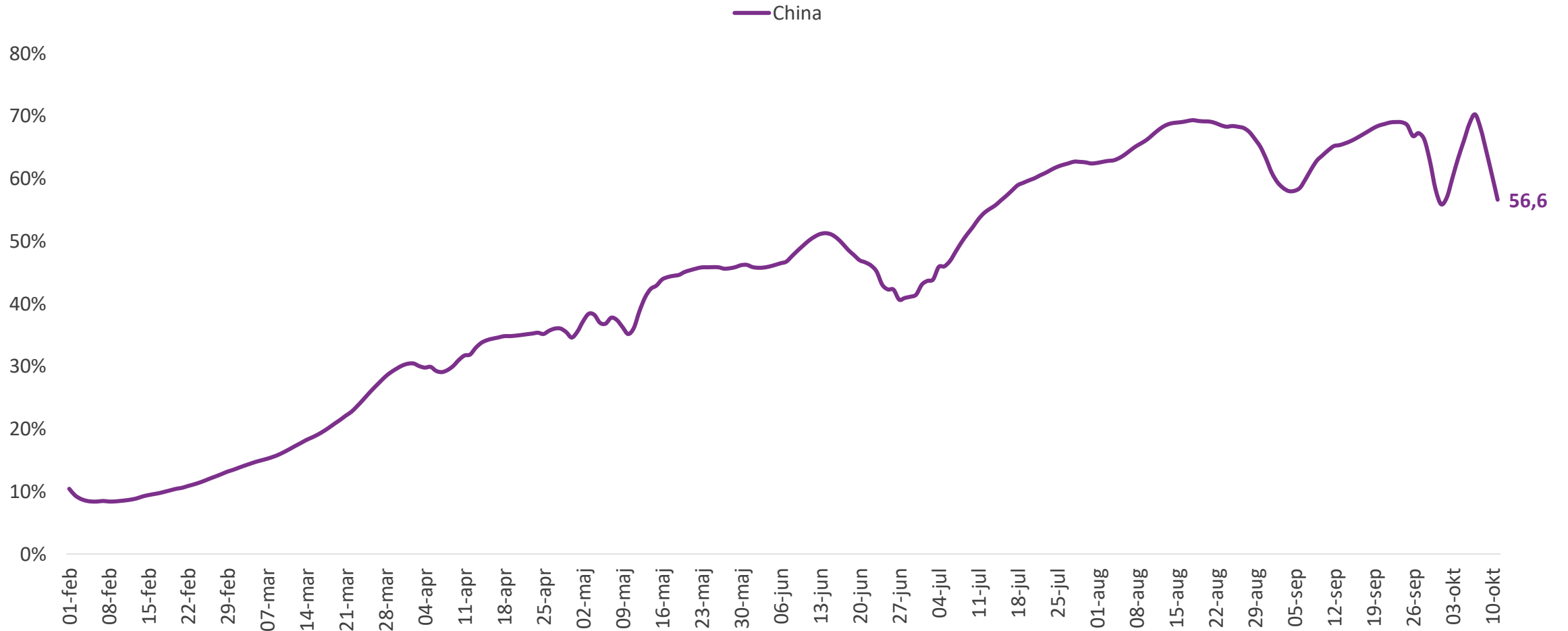
France and Italy heading towards 7-13%

Germany & UK less than 10% closed

China & US almost fully re-open,

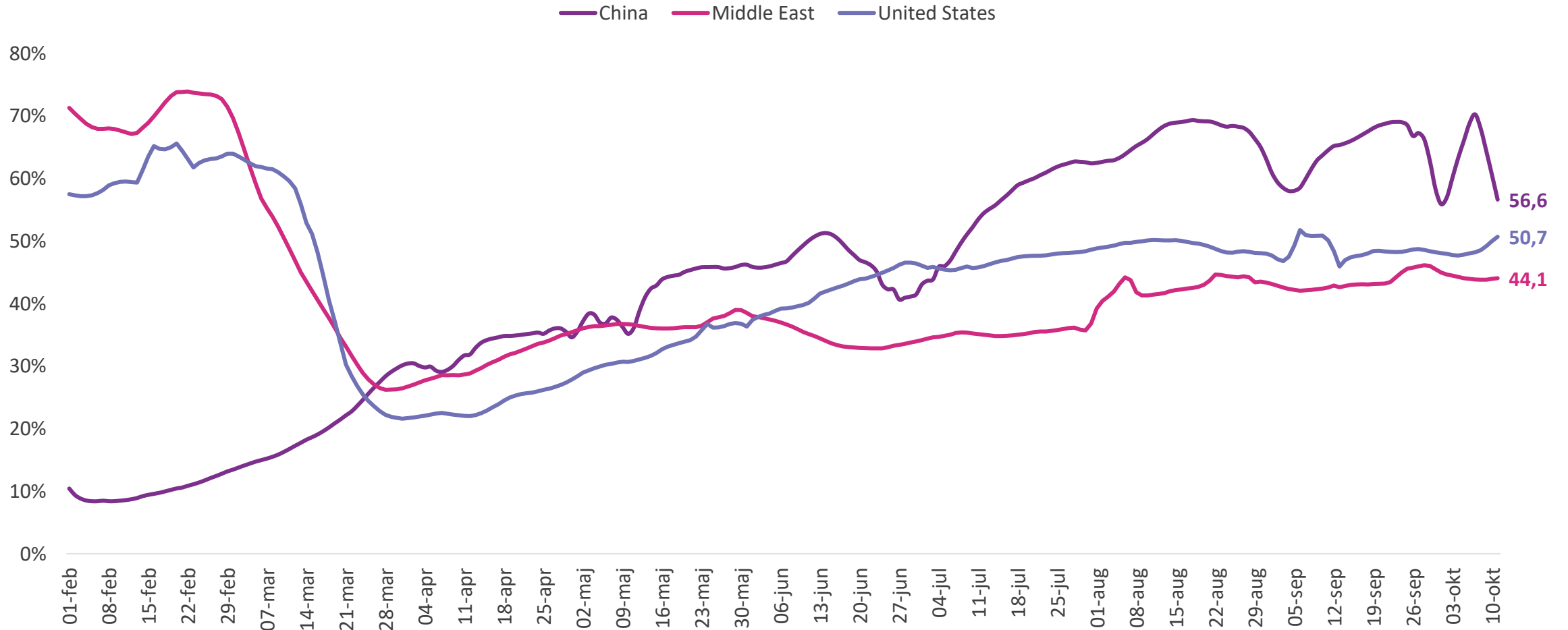
China bounces back

Absolute Rolling 7 days Occ % of (reporting methodology) to October 11th 2020



... Middle East and US stuck at 40-50% Occupancy...

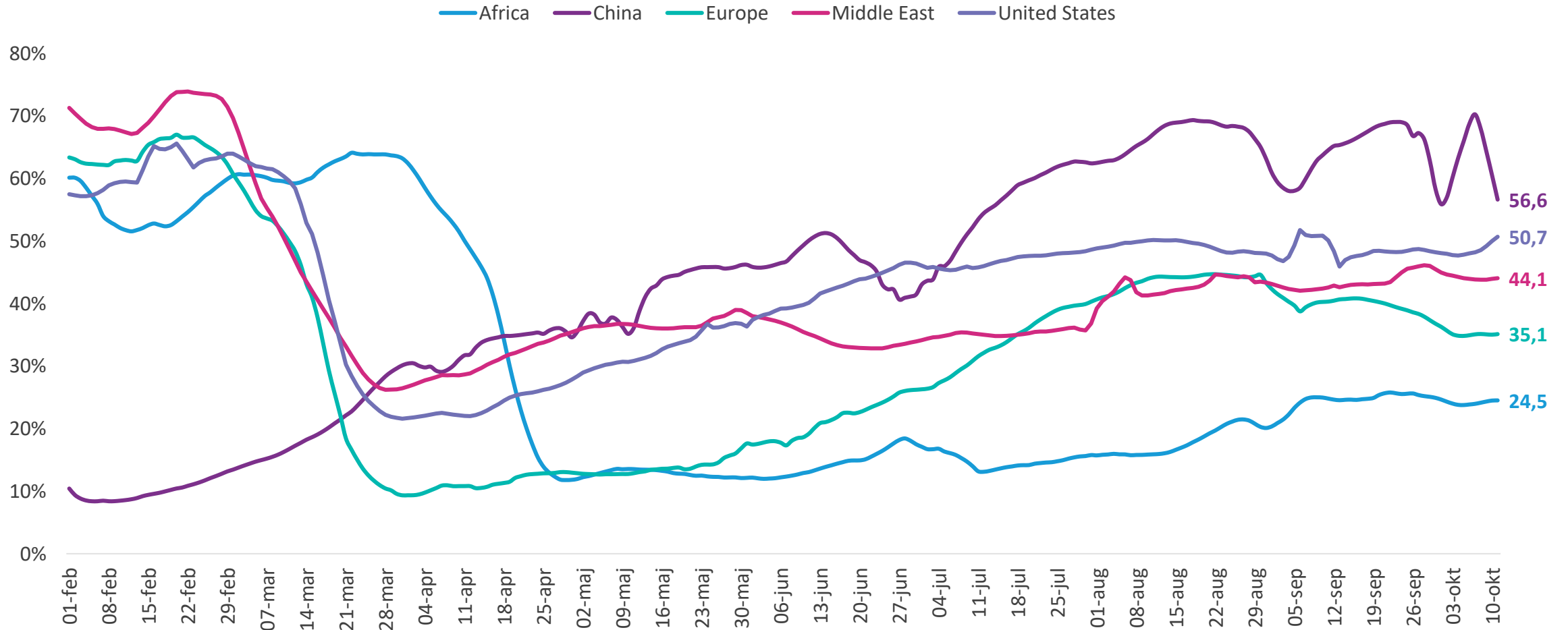
Absolute Rolling 7 days Occ % of (reporting methodology) to October 11th 2020



... Europe's recovery in reverse, and Africa delayed even more...

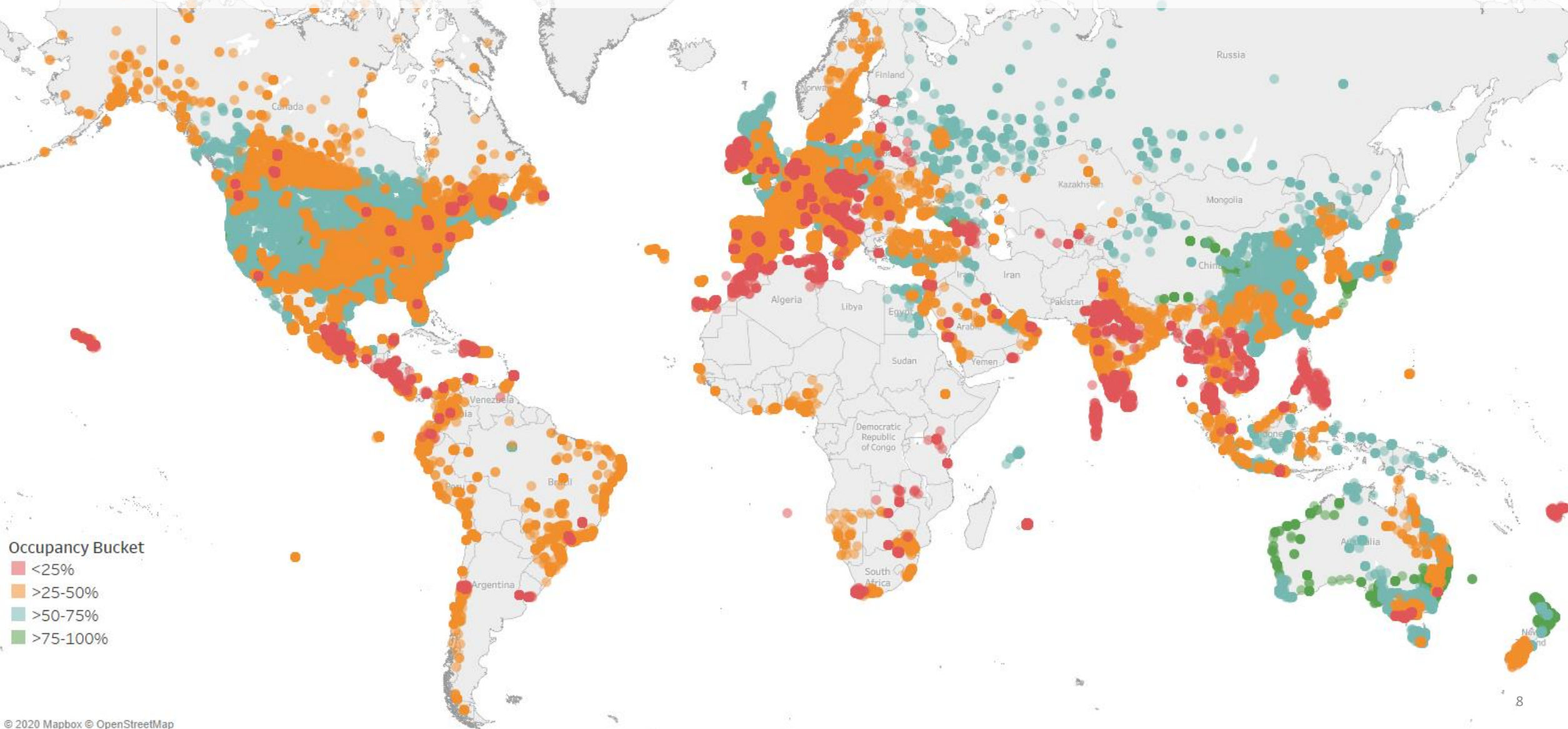


Absolute Rolling 7 days Occ % of (reporting methodology) to October 11th 2020



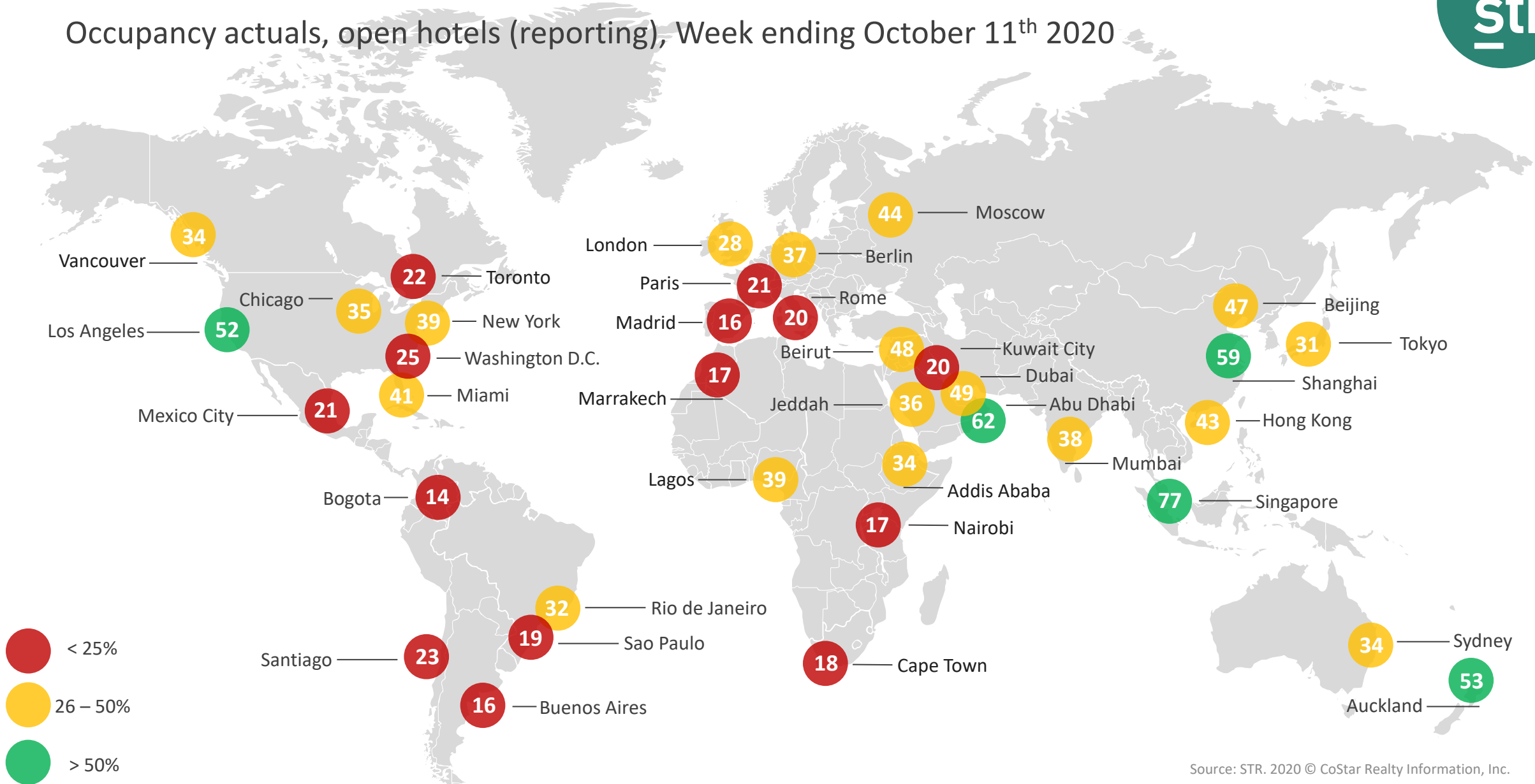
Recovery is very un-even at a micro market level

STR Sub-Markets, Occupancy actuals 25% buckets. Rolling 7 until 10 October 2020



Recovery in cities has been far more depressed to date

Occupancy actuals, open hotels (reporting), Week ending October 11th 2020

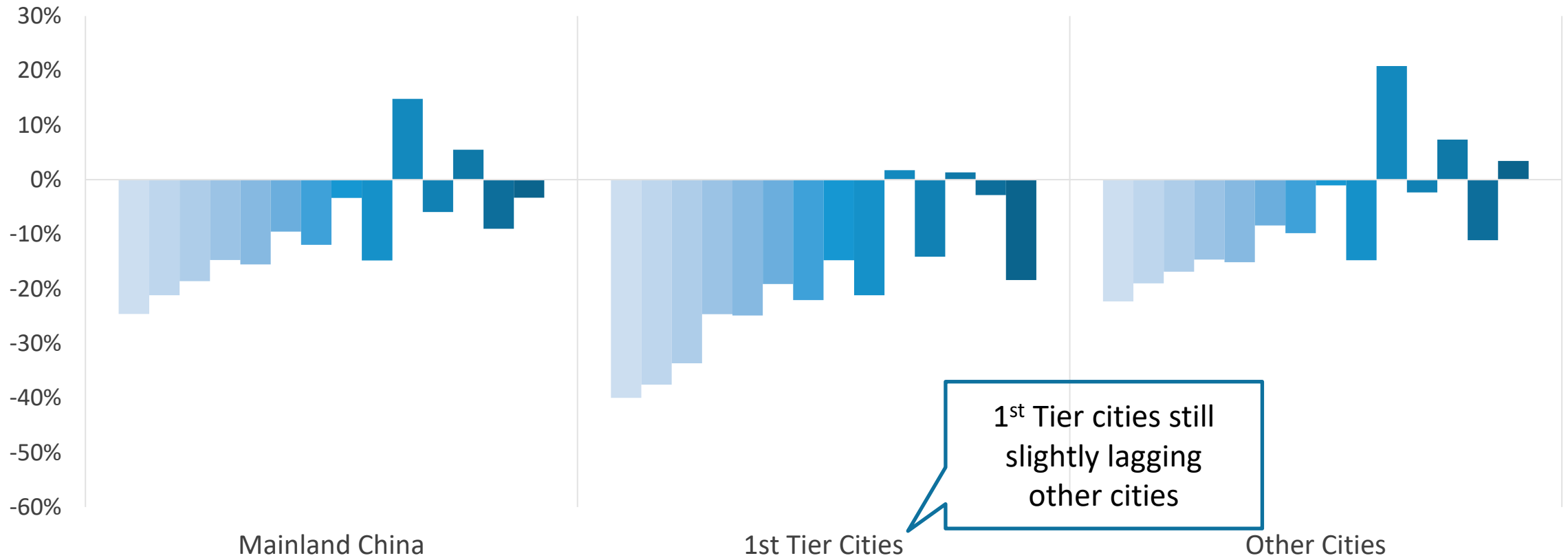


China occupancy... back to prior year levels!

Occupancy % change on same week prior year



- 6-12 July
- 13-19 July
- 20-26 July
- 27 Jul-2 Aug
- 3-9 August
- 10-16 August
- 17-23 August
- 24-30 August
- 31 Aug- 6 Sep
- 7-13 Sep
- 14-20 Sep
- 21-27 Sep
- 28 Sep-4 Oct
- 5-11 Oct

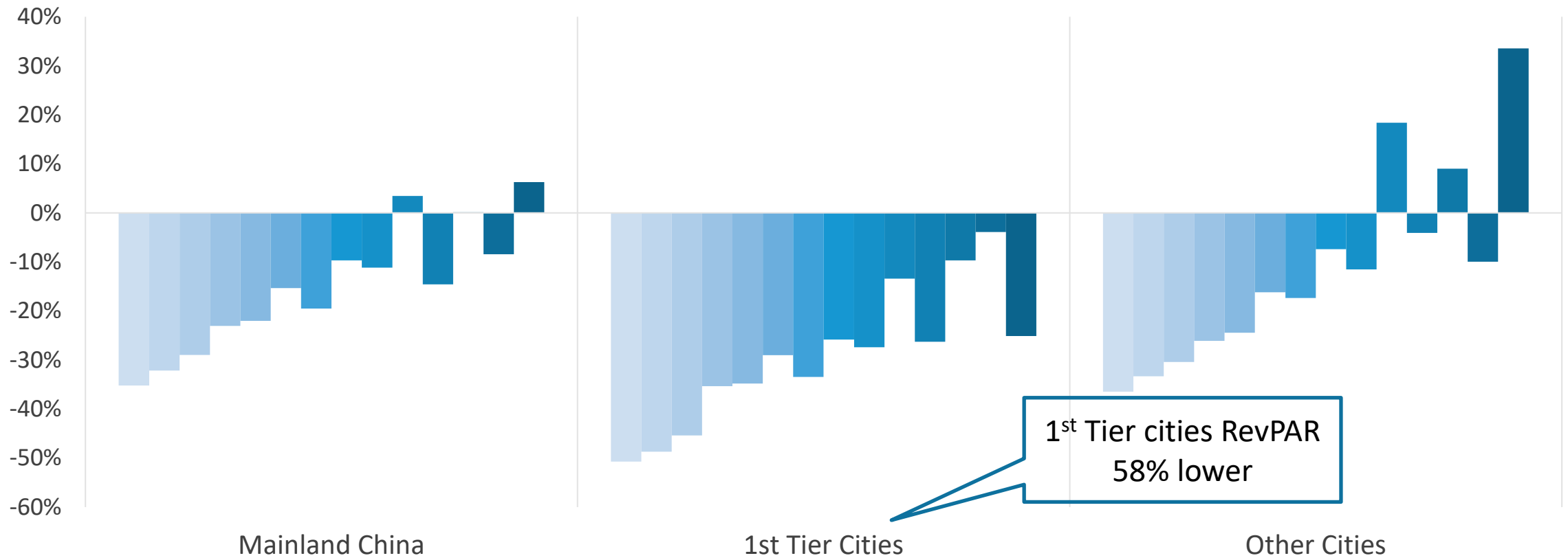


China RevPAR... trending back to prior year levels too!

RevPAR % change on same week prior year, local currency



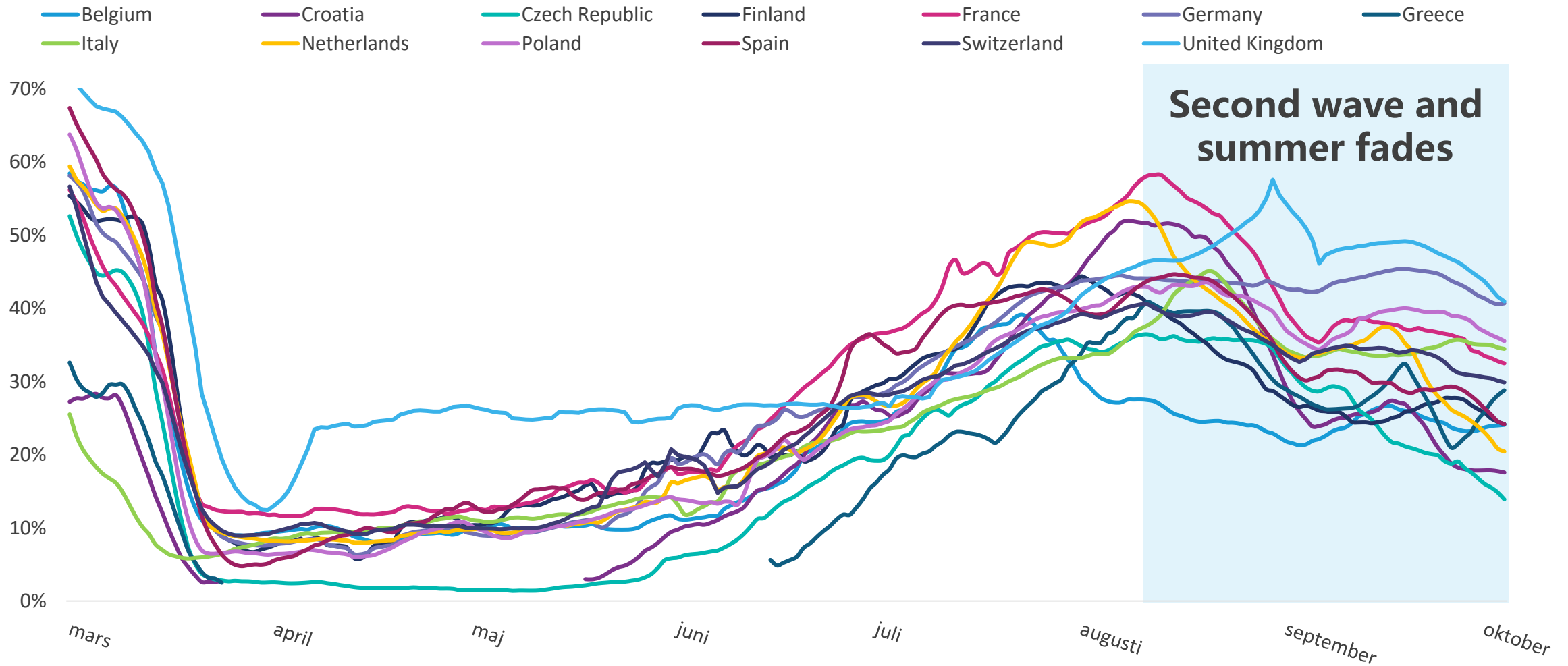
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- 5-11 Oct



1st Tier cities RevPAR
58% lower

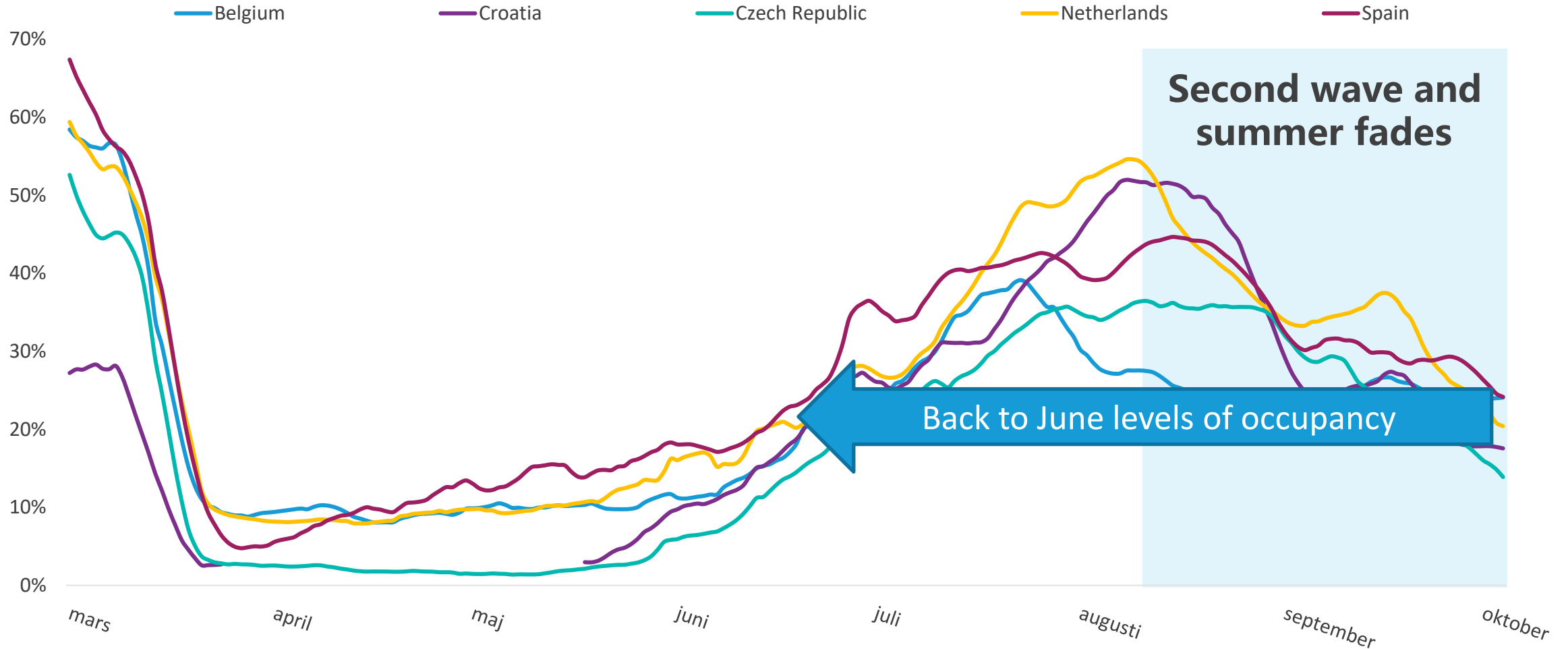
European performance has taken a step back

Occupancy R7, March – October 4th 2020



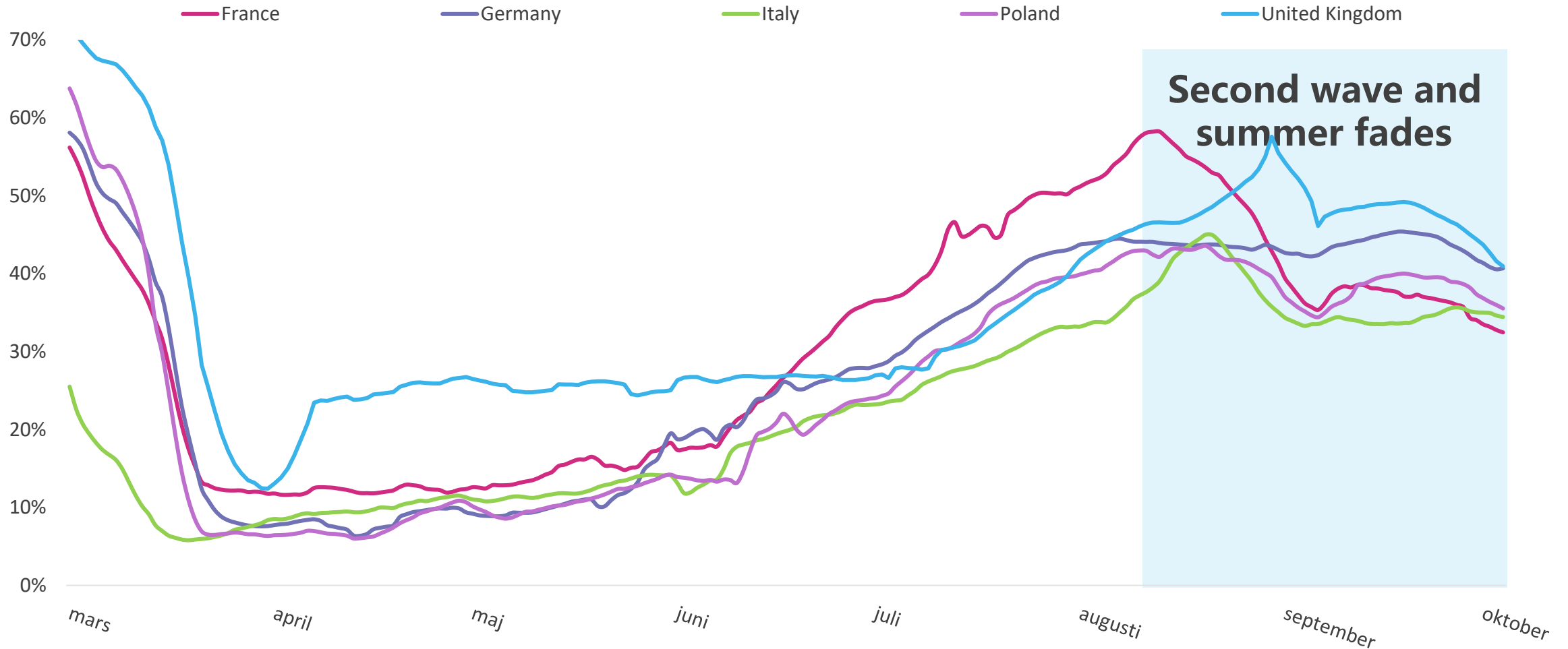
How bad can it get... pretty bad... 10-20% occupancies

Occupancy R7, March – October 4th 2020



What does good look like.... Pretty tough... 30-40% occupancies

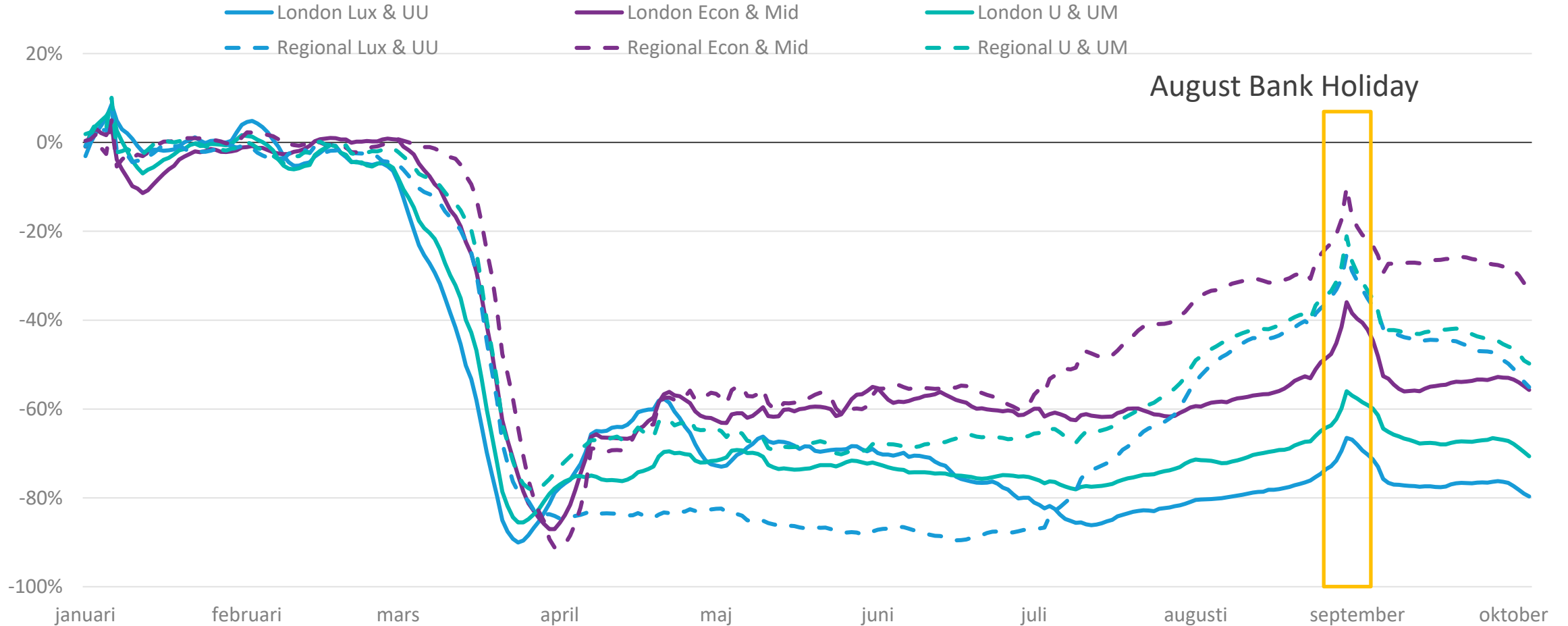
Occupancy R7, March – October 4th 2020



UK lower tier hotels and regional markets showing more resilience...



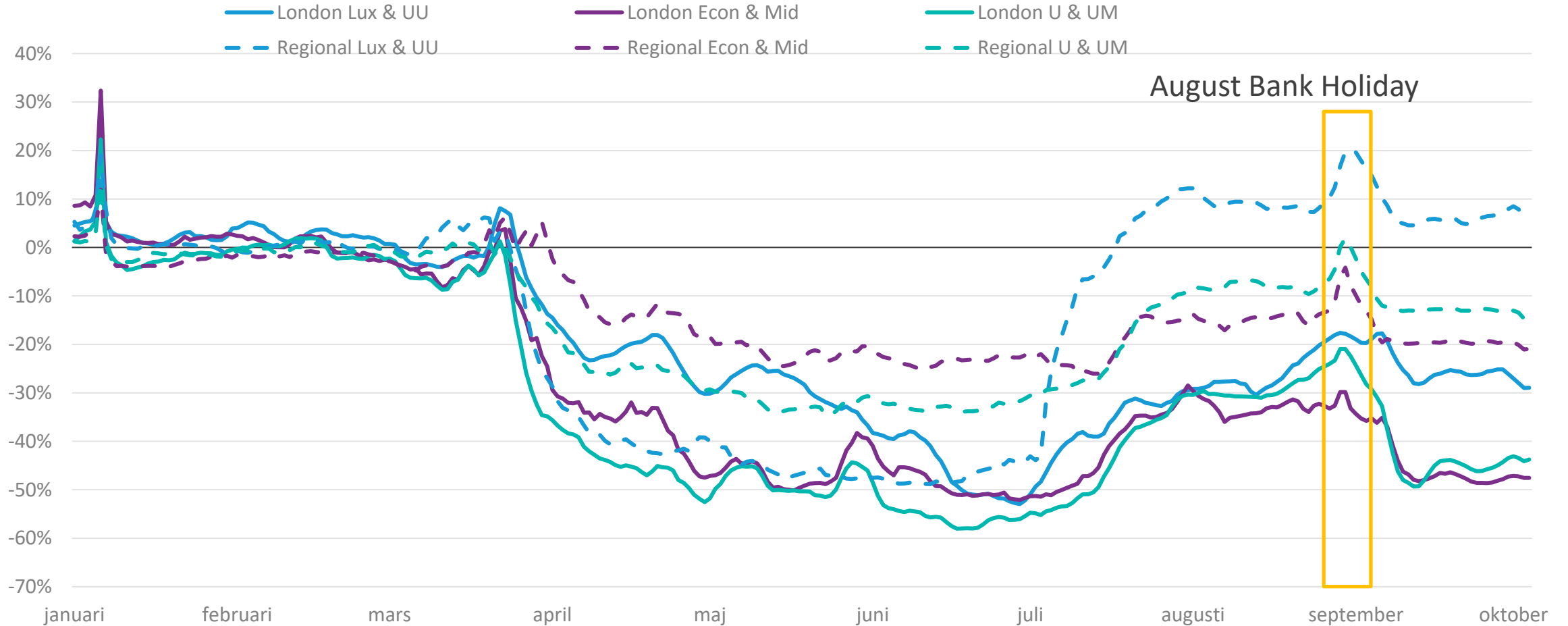
UK, Rolling 7 days Occupancy vs prior year



... with regional luxury hotels achieving y-o-y ADR growth



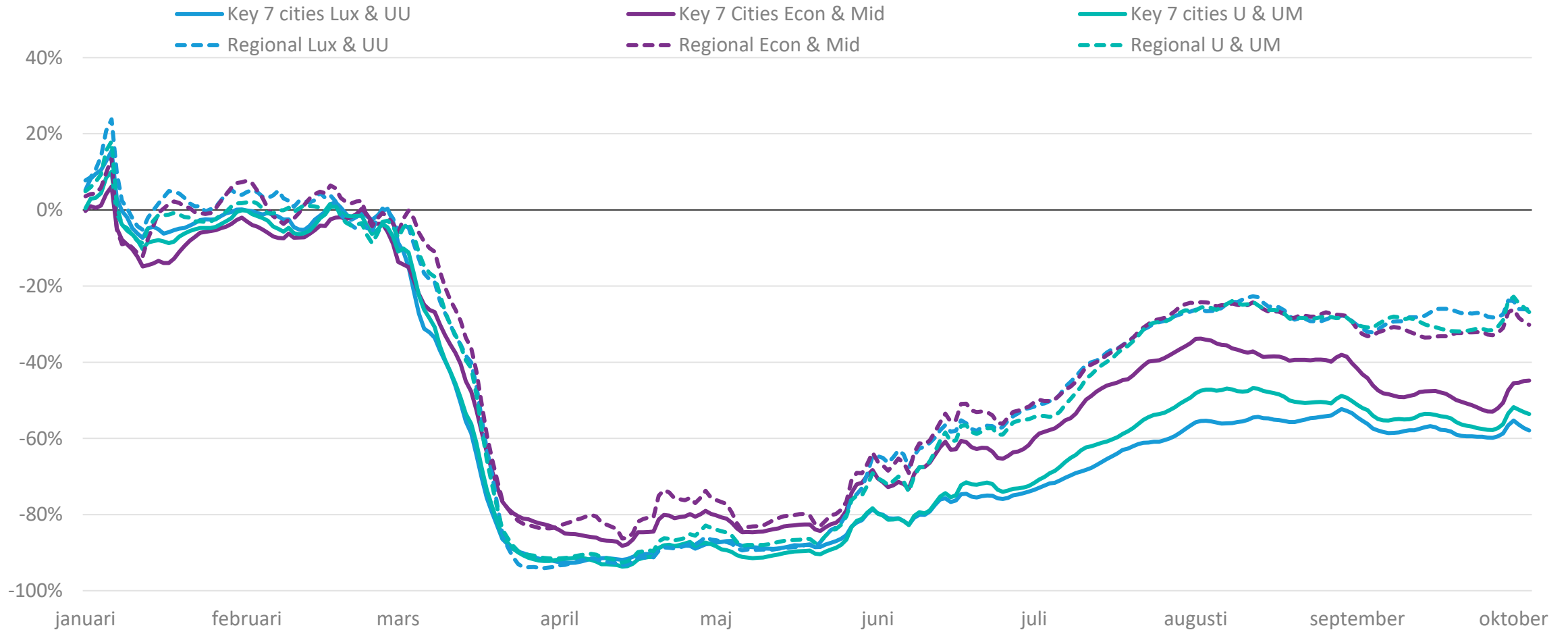
UK, Rolling 7 days ADR vs prior year, local currency



Germany region markets outperforming 7 key cities across all classes



Germany, Rolling 7 days Occupancy vs prior year



Source: STR & Fairmas. © CoStar Realty Information, Inc.

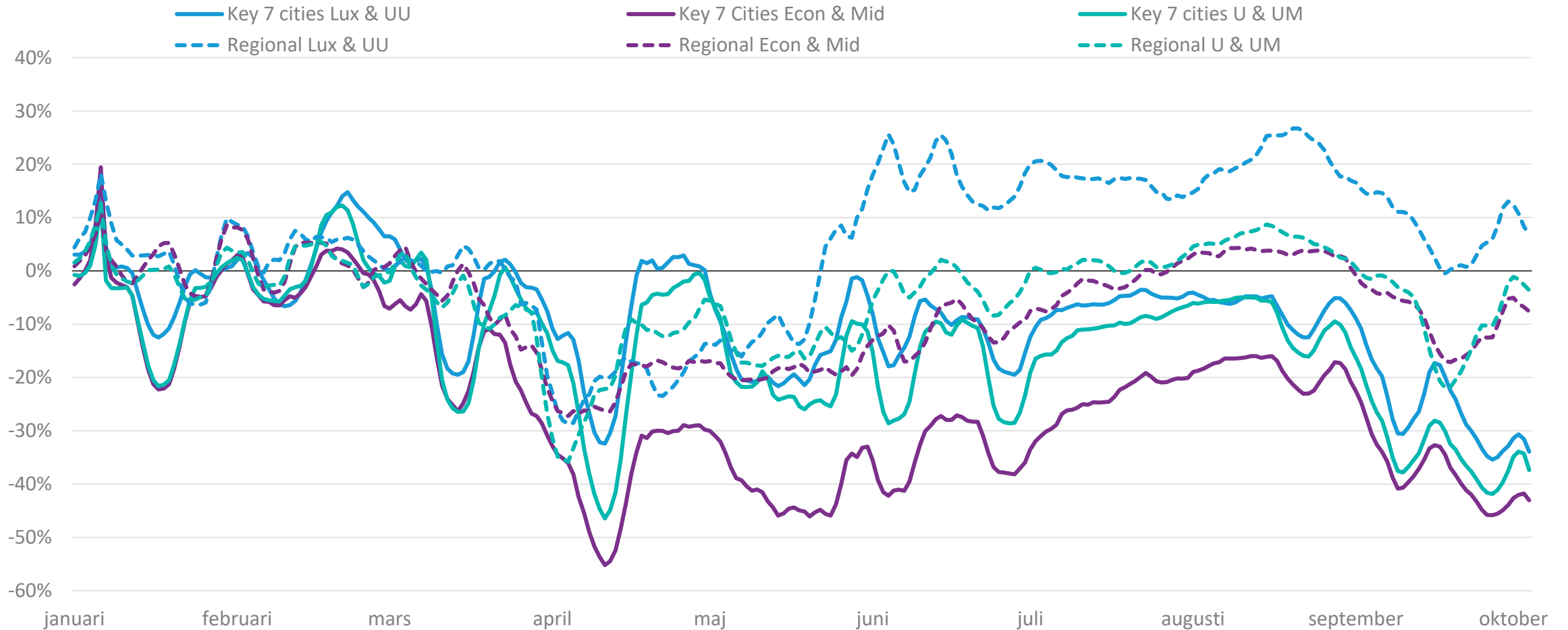
7 cities include: Berlin, Munich, Cologne, Stuttgart, Hamburg, Frankfurt and Dusseldorf

Source: STR. 2020 © CoStar Realty Information, Inc.

... and regional ADR's more resilient with growth for high-end hotels



Germany, Rolling 7 days ADR vs prior year, local currency



7 cities include: Berlin, Munich, Cologne, Stuttgart, Hamburg, Frankfurt and Dusseldorf

Source: STR. 2020 © CoStar Realty Information, Inc.



What future?



We think demand will recover – but it may look quite different

Travel demand patterns are likely to change



Domestic will dominate

- Less barriers to recovery than international
- Represents 'Greener Travel' choice

More WFH = More travel

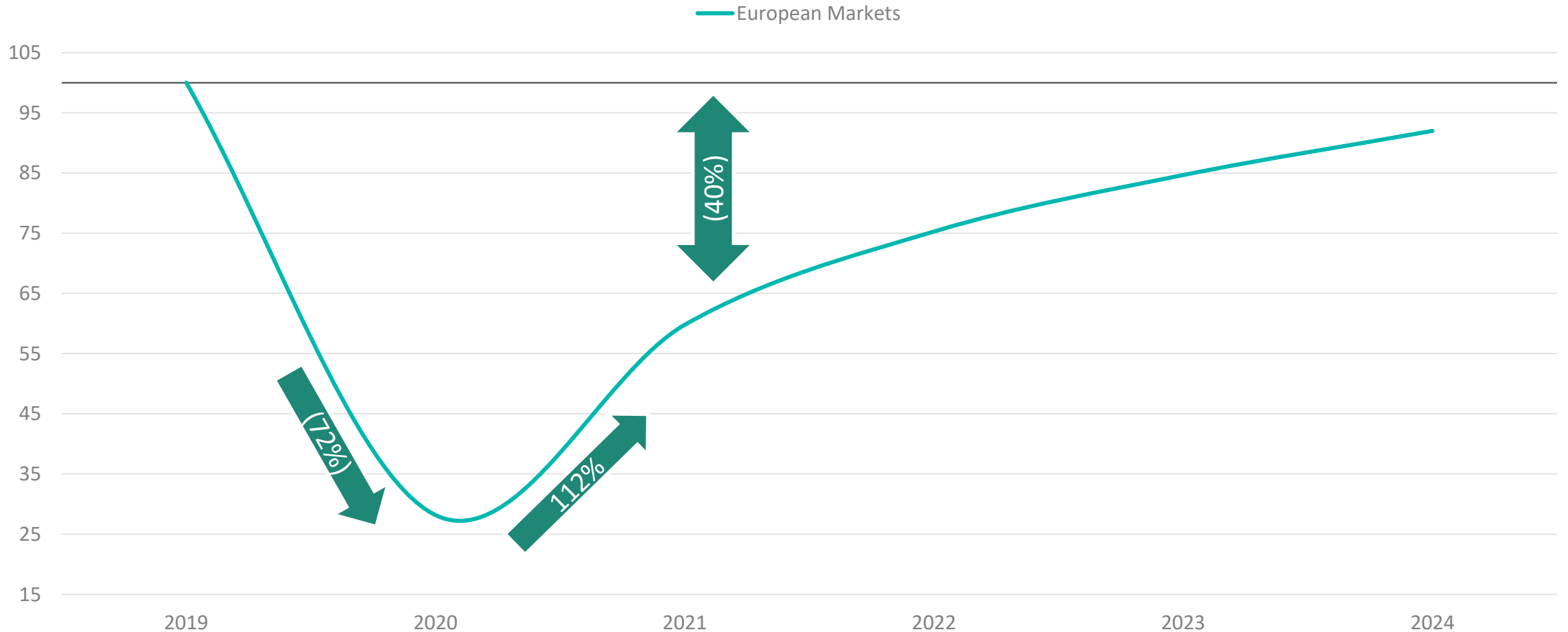
- Overnight stays when visiting office
- More flexibility for leisure / bleisure

Group and MICE will get there

- Will take longest to recovery, but...
- Will become more important for effective face-to-face connection in more digital world

Slow recovery expected for European cities

Forecast RevPAR performance index to 2019, European markets*



*Aggregated performance of Amsterdam, Athens, Amsterdam, Athens, Barcelona, Belfast, Berlin, Birmingham, Brussels, Budapest, Cologne, Dublin, Dusseldorf, Edinburgh, Frankfurt, Glasgow, Hamburg, Leeds, London, Madrid, Manchester, Milan, Moscow, Munich, Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich



So... in conclusion

We must keep the faith... but also face the facts of our current reality

What we 'know'

- The virus will still be here for some time to come...
- ... and things will remain very tough until there is a cure
- Most hotels will have re-opened... for now
- Demand recovery will differ by segment of demand

What we don't 'know'

- How bad a winter second wave could/will be
- When/if a cure can be found and rolled-out
- Just how bad the economic damage has/will be

What we expect

- China is best-case benchmark, recovery for rest likely to stall without cure
- Has demand for travel been irreparably damaged – we don't think so
- RevPAR recovery to 2019 levels in most markets likely to be only in 2024



Questions



HOTEL DATA
CONFERENCE
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Nordic Hotel Market Current State

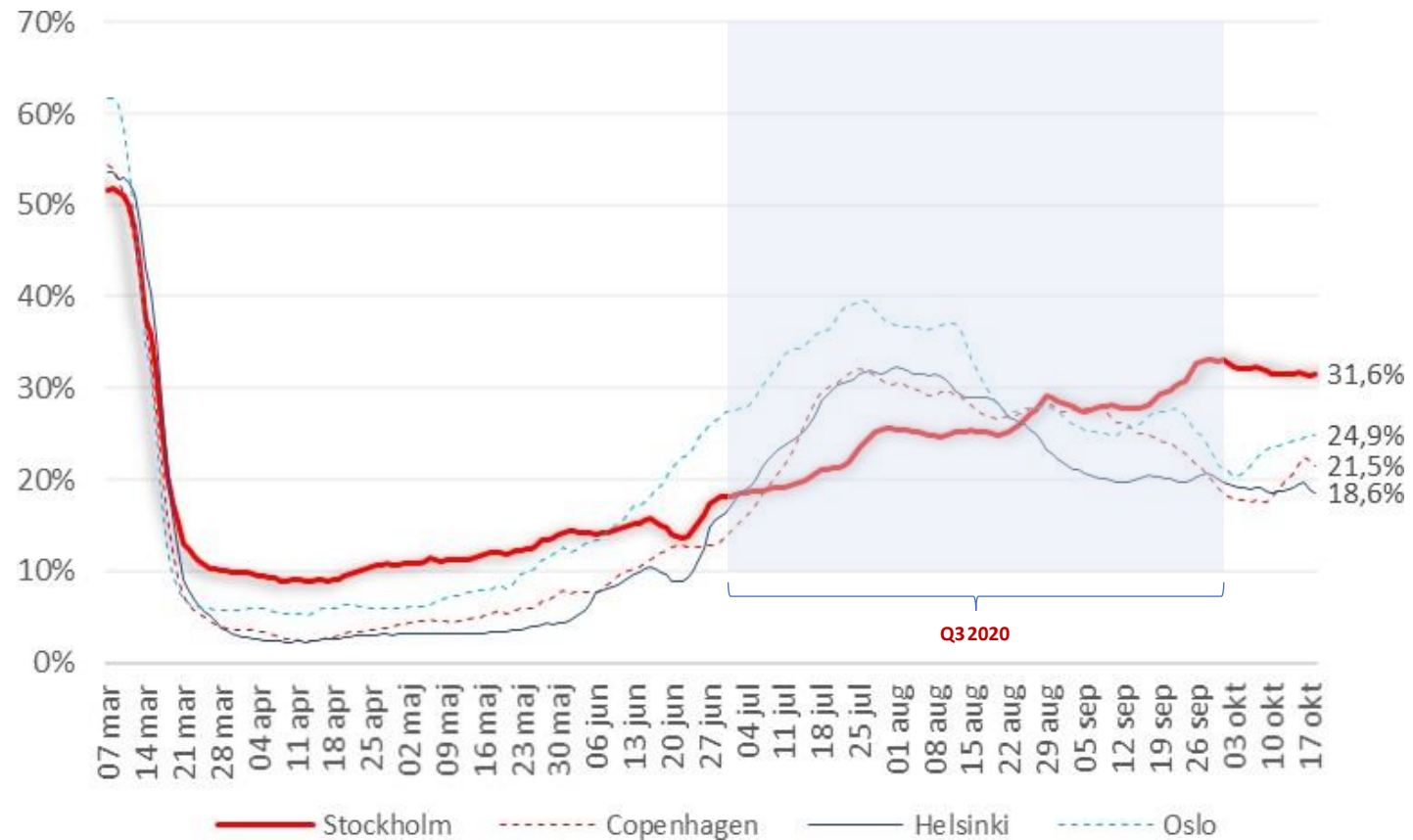
2020-10-23

**BENCHMARKING
ALLIANCE**

BENCHMARKING
ALLIANCE

Development Q3 2020 – Nordic capitals

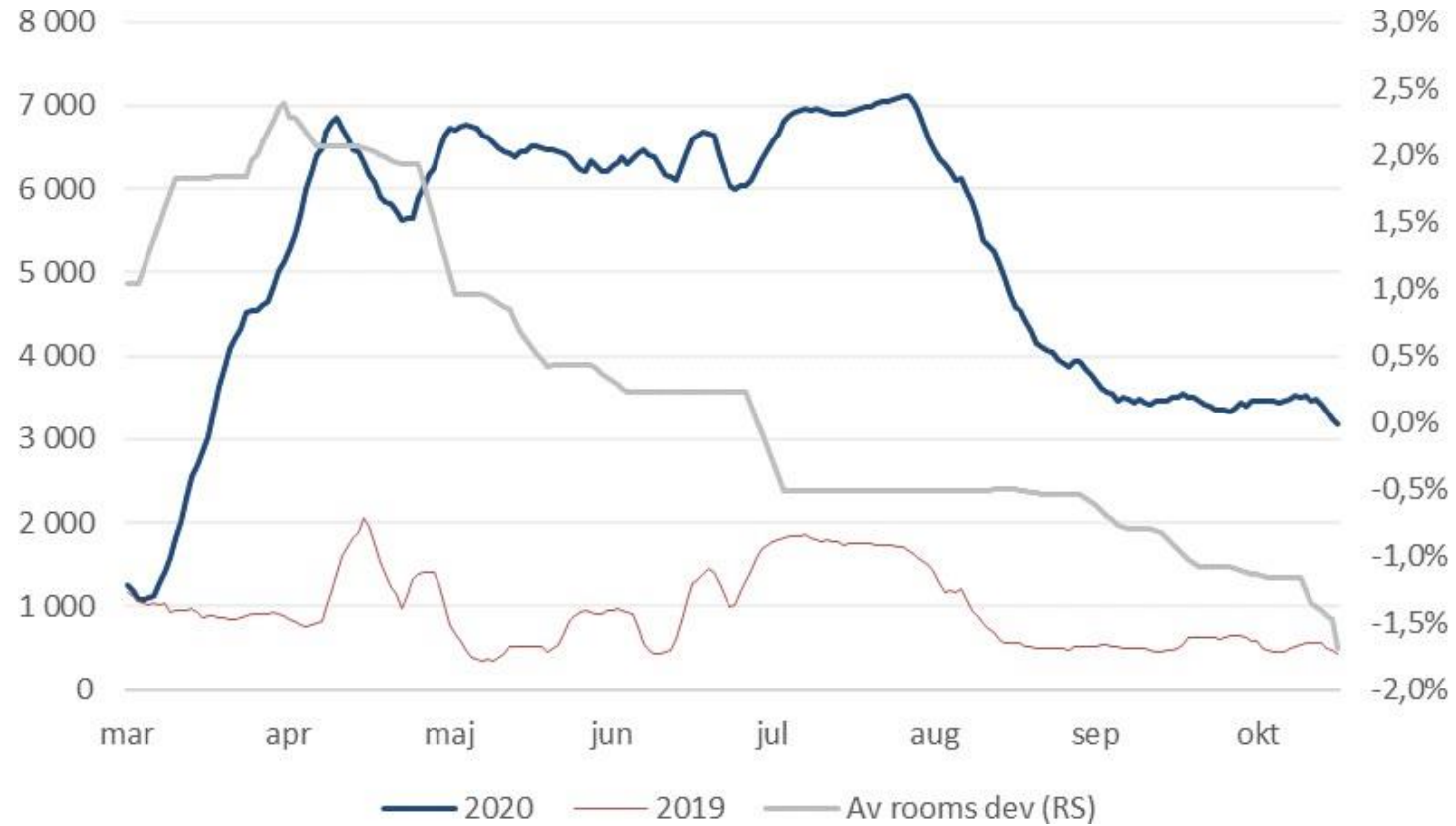
Occupancy 7 days rolling average 1 Mar – 30 Sep 2020 (Q3 highlighted)



> Summer upswing followed by downturn in all capitals but Stockholm; Stockholm more stable upward trend

Closed hotels – Stockholm

Number of closed hotels 7 days rolling average and change in available rooms 1 Mar – 18 Oct 2020



> Temporary closings decreasing after summer peak, but permanent closings starting to increase

Occupancy adjusted for closed rooms – Stockholm

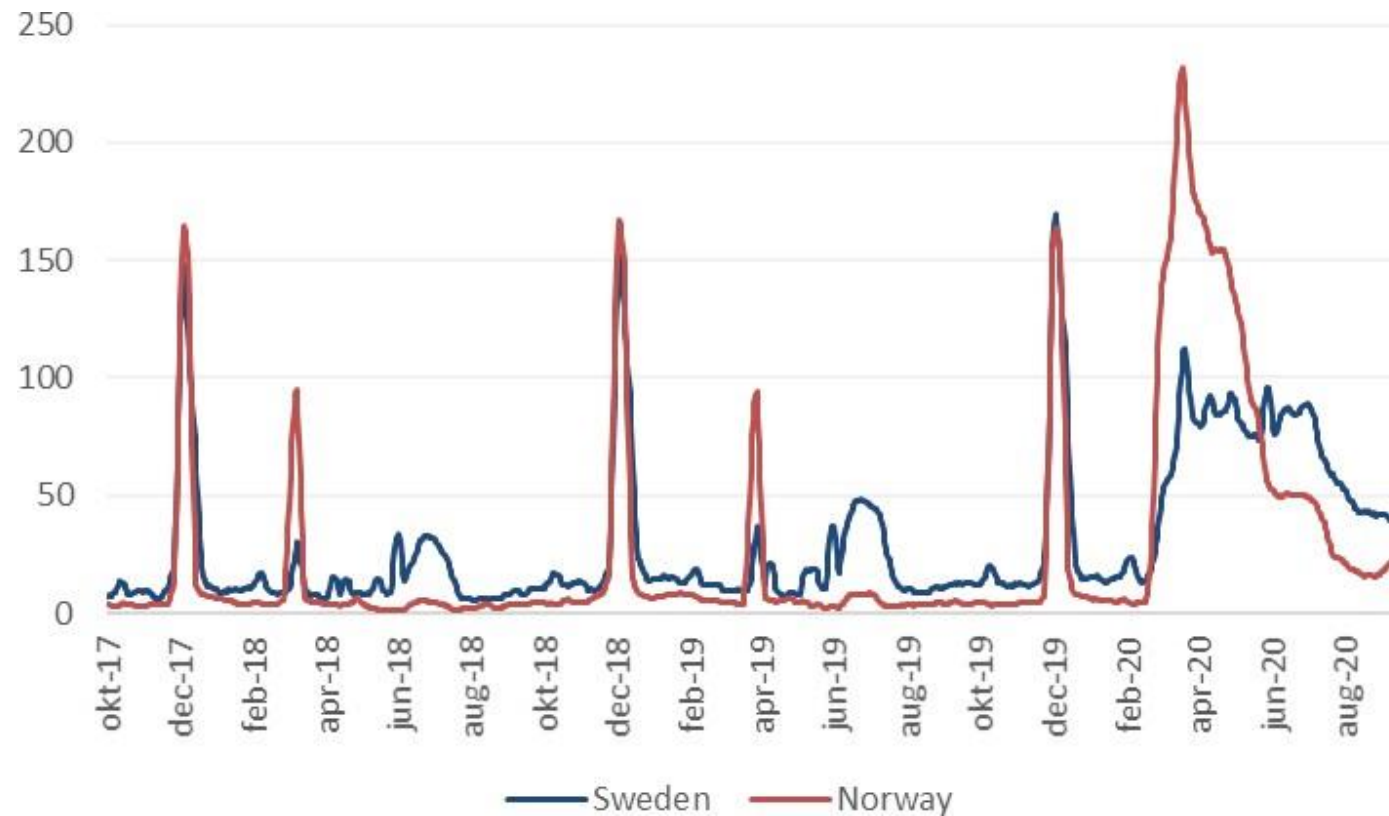
Occupancy with fixed capacity and adjusted occupancy 7 days rolling average 1 mar – 18 Oct 2019 and 2020



> Some relief in temporary closed capacity for hotels staying open – and in permanent closings rising

Closed hotels – Sweden and Norway

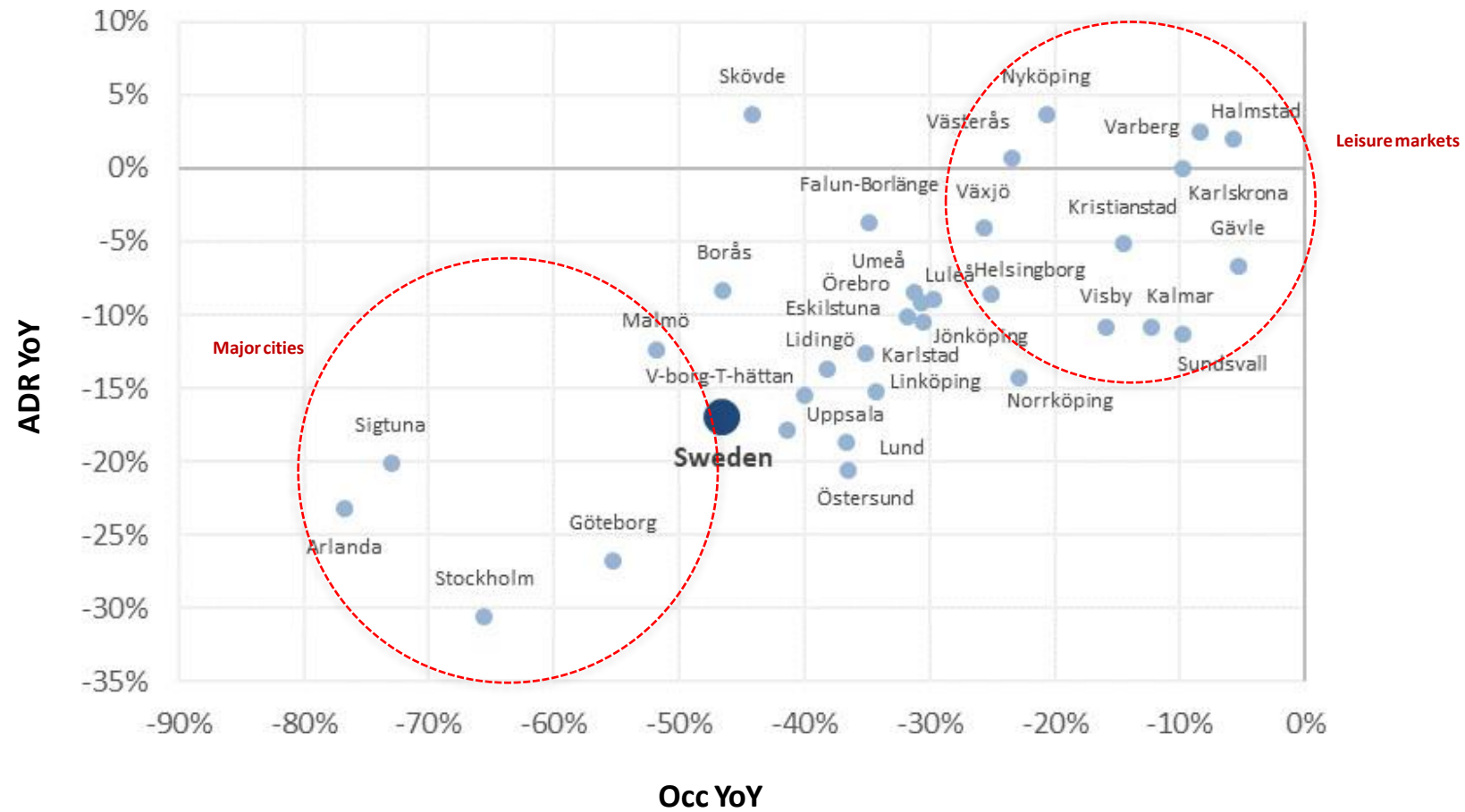
Number of closed hotels 7 days rolling average Oct 2017 – Oct 2020



> Higher peak of closings in Norway by with sharper downturn, although we see a slight increase short-term

Regional development Q3 2020 – Swedish cities

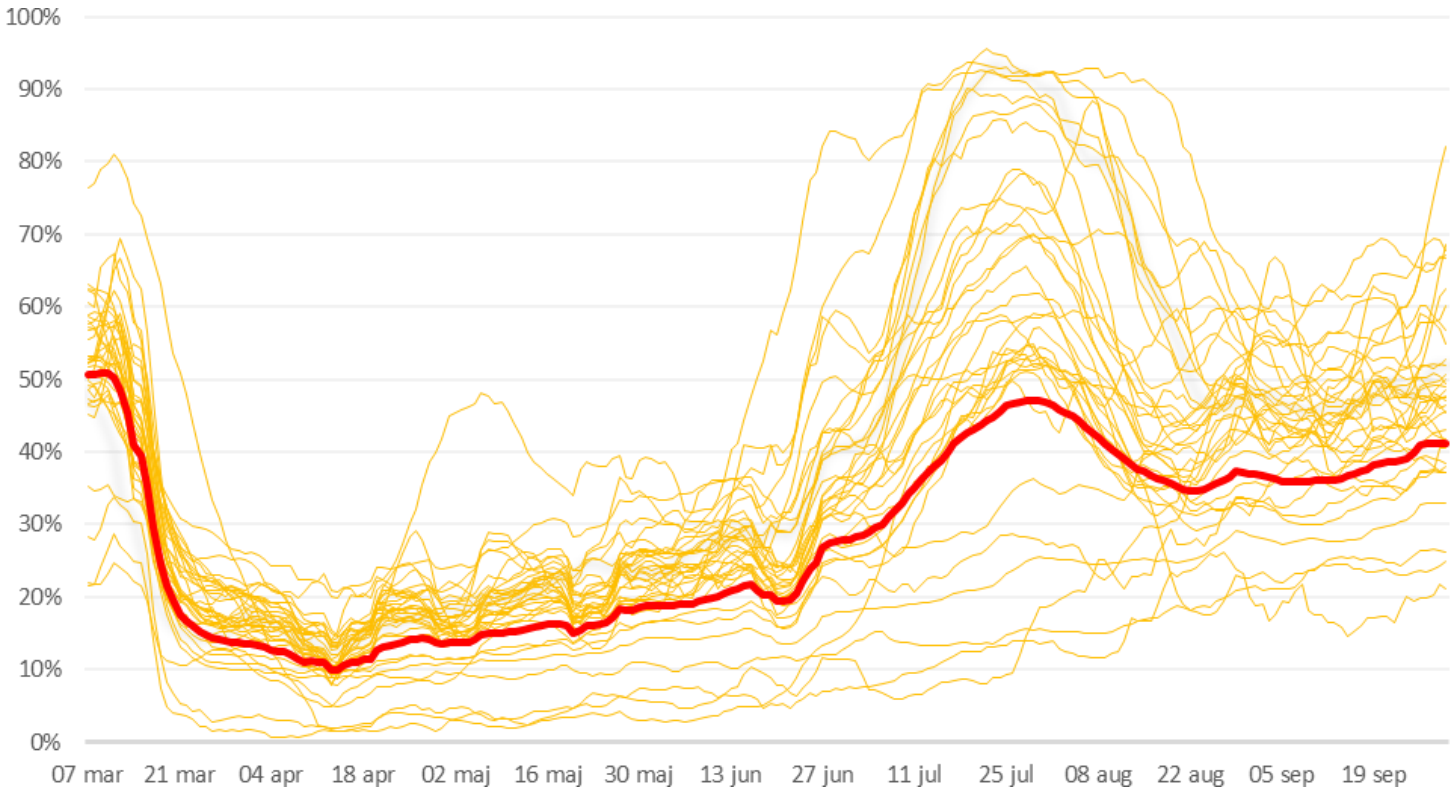
Occupancy and ADR YoY 1 Jul – 30 Sep 2020



> Leisure markets still performing relatively well; Major cities drag Sweden as a whole down

Regional development since start of pandemic – Sweden

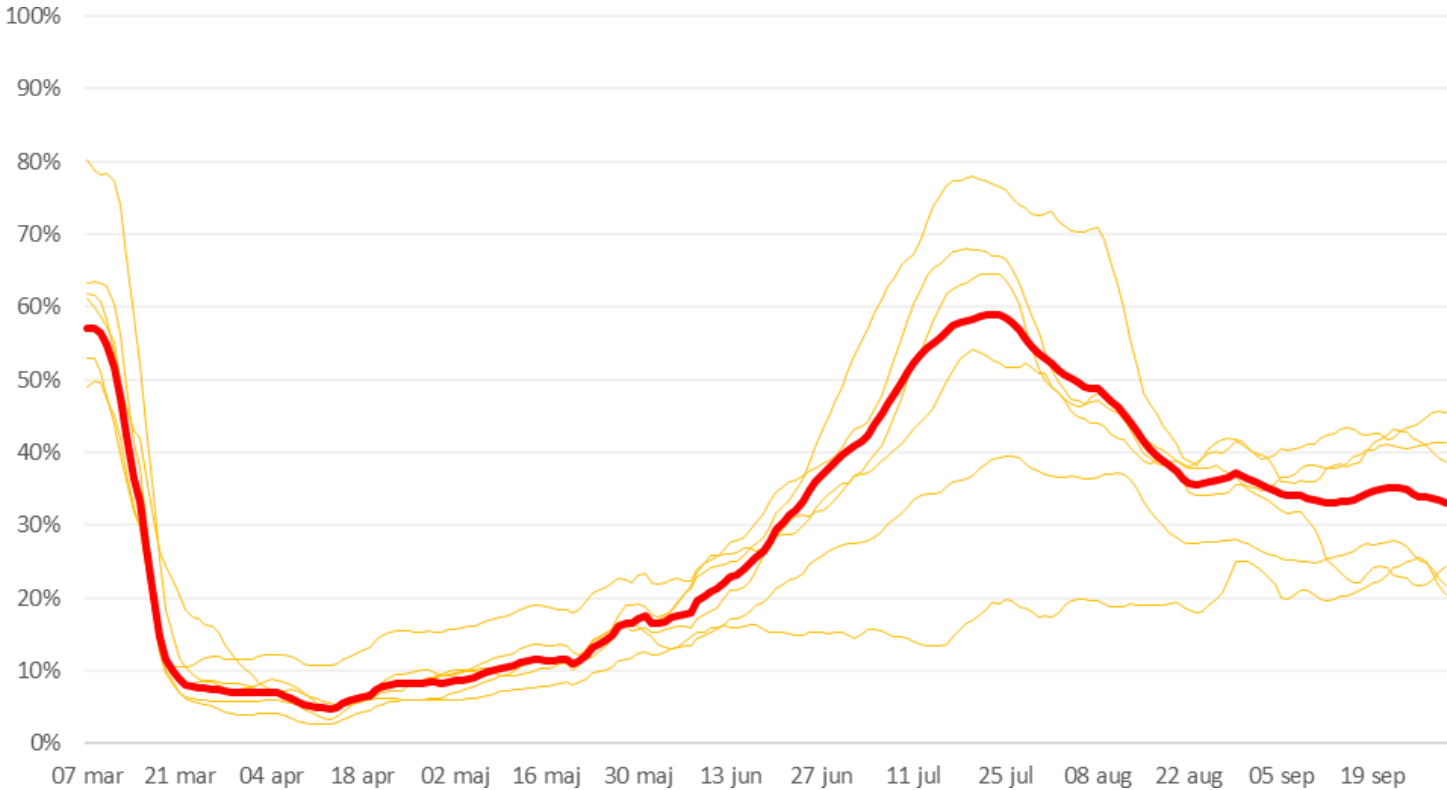
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Regional development since start of pandemic – Norway

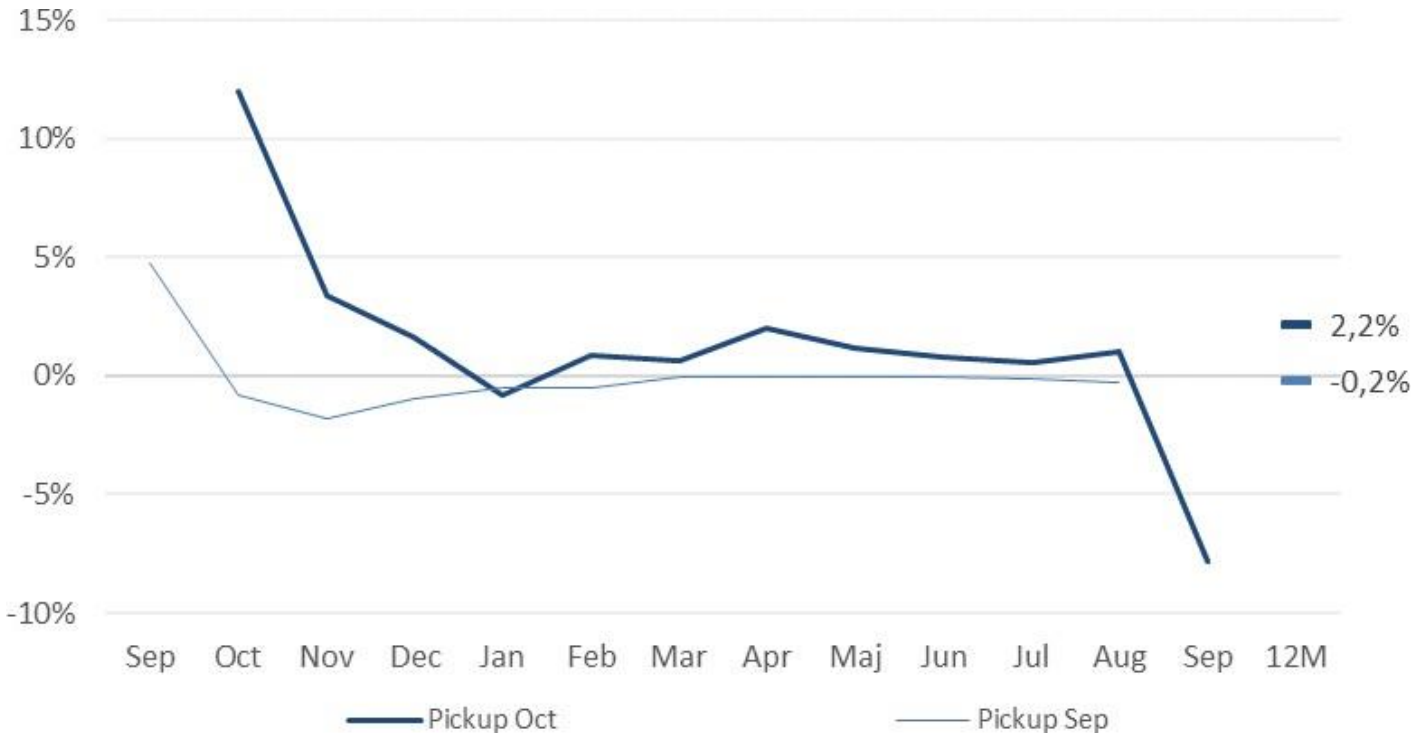
Occupancy 7 days rolling average 1 Mar – 30 Sep 2020



> Similar pattern in Norway as in Sweden, but with higher summer peak and sharper downturn thereafter

Pickup for coming 12 months – Stockholm

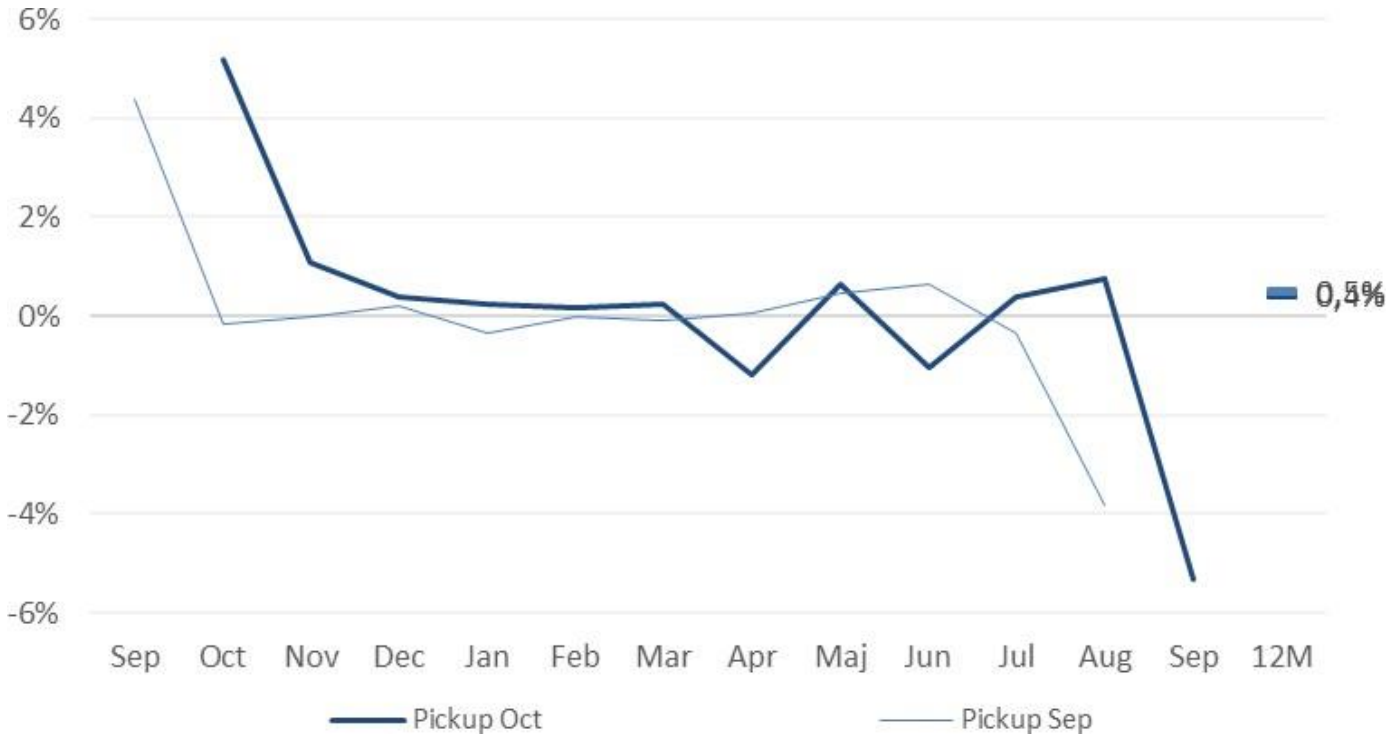
Pickup occupancy OTB by month 1 Oct 2020 – 30 Sep 2021 and 1 Sep 2020 – 31 Aug 2021 vs previous month



> Higher pickup in October than in September, still with emphasis short-term

Pickup for coming 12 months – Oslo

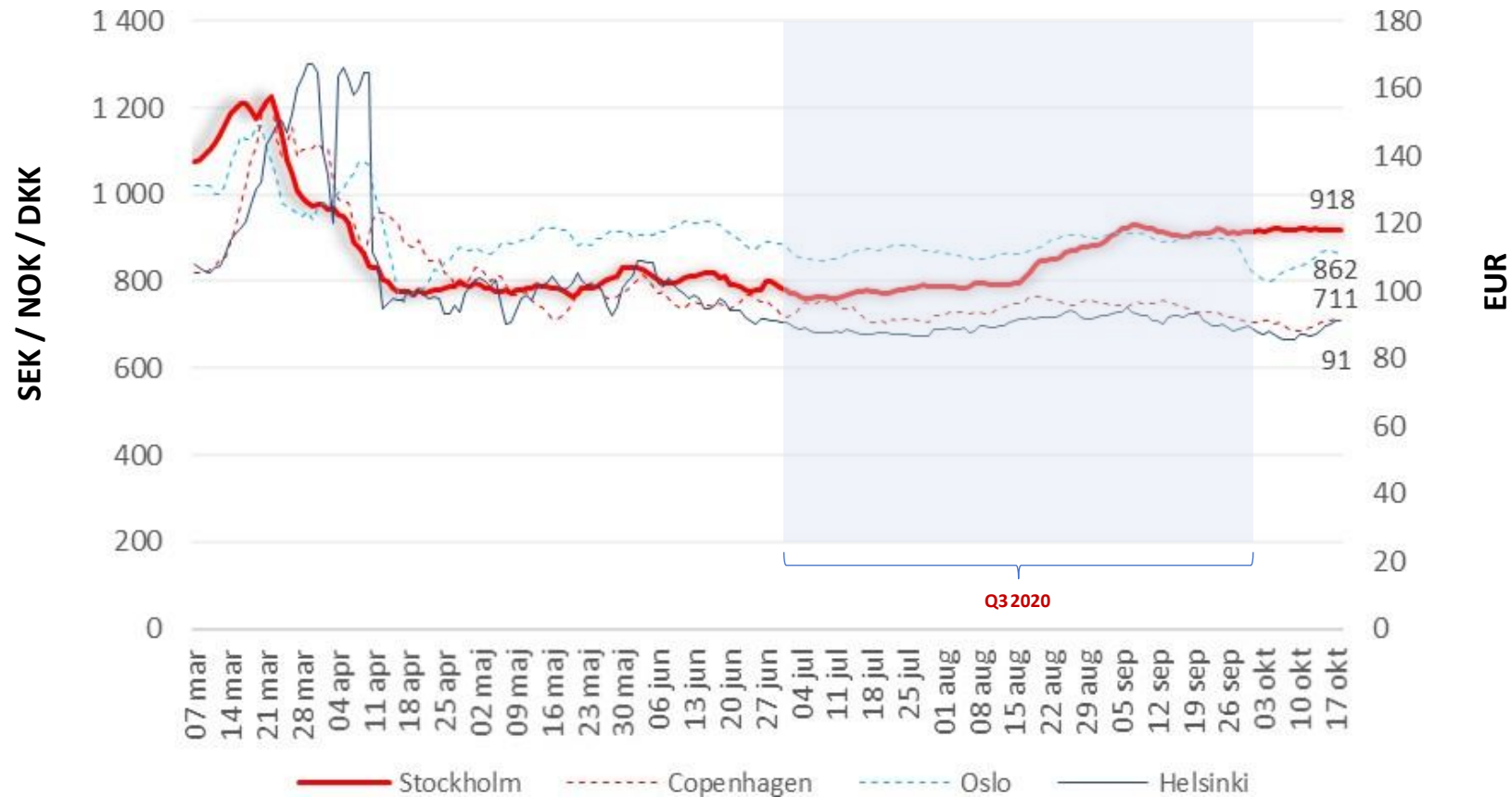
Pickup occupancy OTB by month 1 Oct 2020 – 30 Sep 2021 and 1 Sep 2020 – 31 Aug 2021 vs previous month



> Somewhat higher pickup in October than in September, even more emphasis short-term

Price development Q3 2020 – Nordic capitals

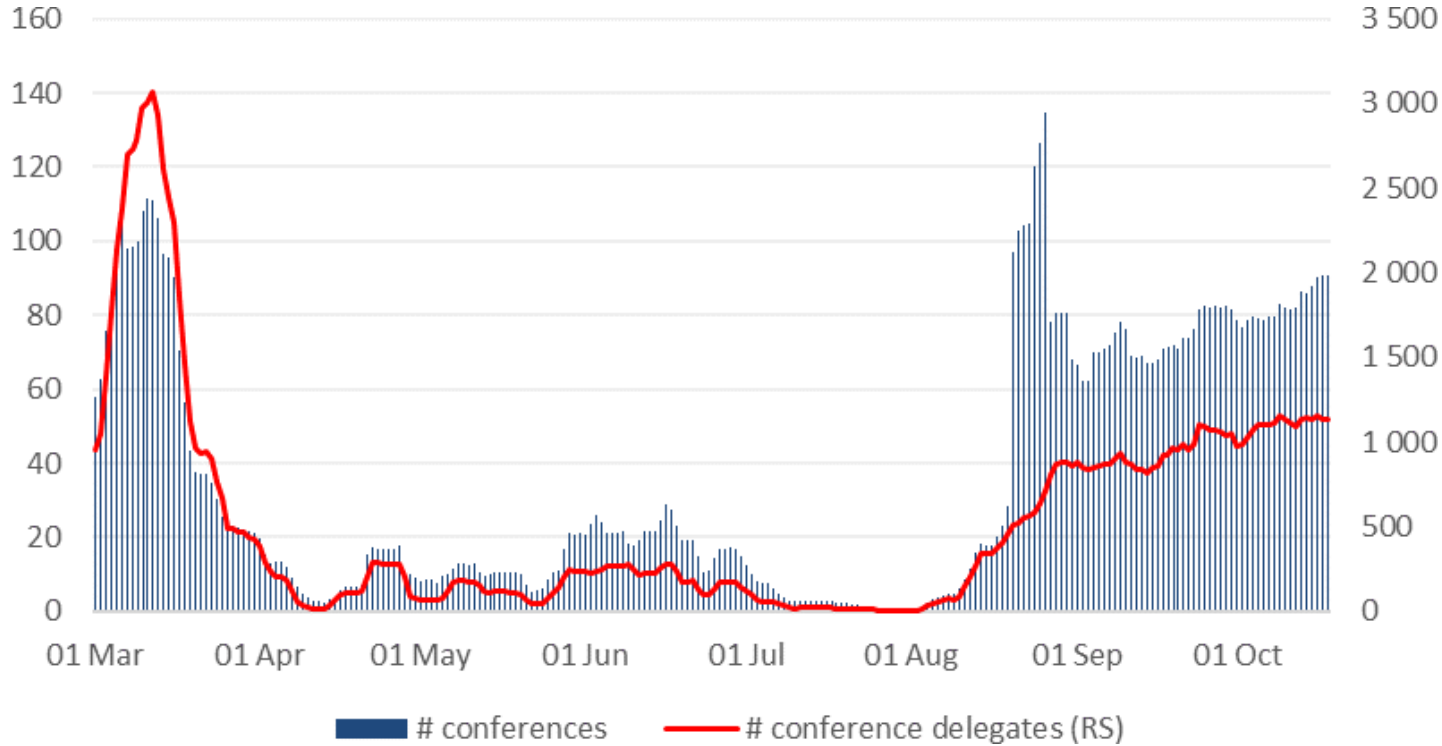
ADR (local currency) 7 days rolling average 1 Mar – 30 Sep 2020 (Q3 highlighted)



> Stockholm ADR increased substantially in Q3; Oslo flat, Helsinki and Copenhagen trending downward

Meetings market development – Sweden

Number of meetings and number of meeting delegates 7 days rolling average 1 Mar – 18 Oct 2020



> Number of meetings increasing more that number of meeting delegates,implying smaller meetings

Current State Nordic Hotel Market

Summary

- > Summer effect from increased local leisure travel peaked in July and faded in August
 - Stockholm exception among Nordic capitals with more stable growth over the whole period

- > Temporarily closed hotels starting to open, but more permanent closings
 - Still low number of bankruptcies, predominantly voluntary permanent closings

- > Pickup increasing short-term, and time period with positive pickup increasing
 - 12% pickup coming month as compared to less than 5% previous month in Stockholm
 - Positive pickup for almost all coming 12 months, although small number further into the future

- > Business travel and smaller meetings slowly returning, but larger events and meetings still lacking
 - ADR increase suggest business segment increase
 - Number of meeting delegates increase but less than number of meetings