



PRESS RELEASE

Principal Real Estate Europe exchanges contract for the sale to AXA IM – Real Assets of 11 hotels for €545 Million on behalf of Principal’s first Hotel Real Estate Fund

Principal Real Estate Europe (“Principal”) confirms the exchange of contract for the sale for €545 million of its remaining portfolio of 11 high quality, city centre hotels in major European cities in its Principal Hotel Immobilien Spezial Fonds (“The Fund”) to AXA Investment Managers - Real Assets (“AXA IM - Real Assets”), which has acquired the portfolio on behalf of clients in an off-market transaction. The portfolio being sold comprises over 2,300 rooms in 7 Hotels in Germany including the Mondial Hotel am Dom MGallery in Cologne, the NH Hotels in Duesseldorf and Cologne, two Mercure Hotels in Berlin and Hannover, the Intercity hotel in Leipzig and the Steigenberger hotel in Kiel as well as 4 hotels in other major European cities like the Hilton Danube hotel in Vienna; the Ibis hotel The Hague City centre, the Lux Hotel Lisboa Park, and the NH Hotel Turin Centre. The closing of the transaction is expected during the 4th Quarter 2019.

This transaction will conclude the disposal of the entire portfolio of Principal’ Europe’s first hotel real estate fund which first closed in 2012, acquired 16 hotels until 2016 and earlier started a disposal process including amongst other the sale of three hotels in Amsterdam, Frankfurt and Nuernberg in 2018. In the 8th year of this fund’s life this portfolio sale to AXA IM – Real Assets will mark the successful conclusion of the Fund’s investment cycle which since 2012 consistently exceeded annual distribution targets and based on the disposal proceeds from the sale of the entire hotel portfolio including this latest portfolio transaction far exceeded its IRR targets. These results validate the fund’s core+ strategy focused on the acquisition of well located, established city centre 3-4* hotels in major European cities with long term leases with strong well-known hotel groups. This strategy was supported throughout the fund’s life by various value enhancing asset management initiatives such as limited refurbishments and lease extensions which together with good hotel market and asset selection as well as attractive financing conditions throughout the investment period allowed to achieve excellent returns.

Jochen Schafer-Suren CEO of Principal’s Hotel and Leisure Division commented: “At Principal we are proud of the results of our first ever hotel fund product which with this transaction will come to its successful conclusion as we will unwind the fund in early 2020 and return capital and profits to our institutional investors. It highlights the expertise of our strong team of 7 dedicated hotel real estate specialists to develop well designed hotel real estate investment strategies, select attractive hotel markets and assets, execute effectively acquisitions, financings, and asset management initiatives all the way to managing eventual disposals strategies. After this very successful first Principal hotel fund we will focus on investing over €400 Mio. of capital available for new hotel investments of our existing second hotel fund focused on value-add hotel investments across Europe. Furthermore, we will leverage our expertise in hotel real estate which attracts more and more investors due to its attractive long-term income generation by developing new well-designed hotel real estate investment strategies in Europe and the US as markets mature and evolve to serve investors in delivering attractive returns with institutional type-high quality hotel assets and risk return profiles”.



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About Principal Hotel Immobilien Spezial Fonds

The Fund is structured as a German 'Spezialfonds' operated by Principal Real Estate Kapitalverwaltungsgesellschaft (KVG). The Fund is managed by Jochen Schäfer-Suren, Chief Executive Officer of Principal Real Estate Europe's Hotel & Leisure division, together with Paul Muno, Head of Germany, both fellow Managing Directors of the Principal Real Estate KVG.

Principal Real Estate Europe

Principal Real Estate Europe is part of the Principal Financial Group, which has global assets under management with a volume of USD 451.7 bn, including real estate assets amounting to USD 82.8 bn (as at June 30, 2019). The range of services includes public and private real estate investments as well as equity capital and financing solutions. Principal Real Estate Europe has offices in London, Frankfurt, Amsterdam, Paris, Lisbon, Luxembourg, Madrid and Milan, employing more than 100 staff. www.principalreeurope.com