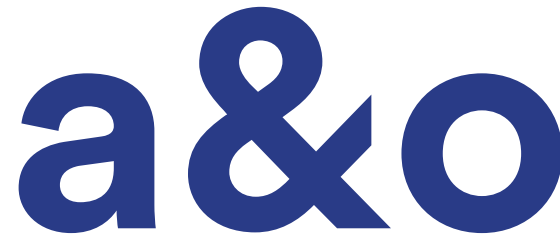


Company overview

August 2021



Introduction



“We love our slogan ‘everyone can travel’. Our daily drive lies in enabling overnight stays for even the smallest budgets – with hotels and hostels which can always be found in top locations in Europe’s most attractive cities.

Our guests value the a&o concept: simple, honest, big and always with a smile. Here, every guest receives what they really need – whether it is just a bed for the night or the full package with full board, conference room and sightseeing programme for 50 people. We can and want to cater for small and large, quiet and loud, rich and poor, national and international, couples and school trips, juice and mojito. That is a&o – always more for your money.”

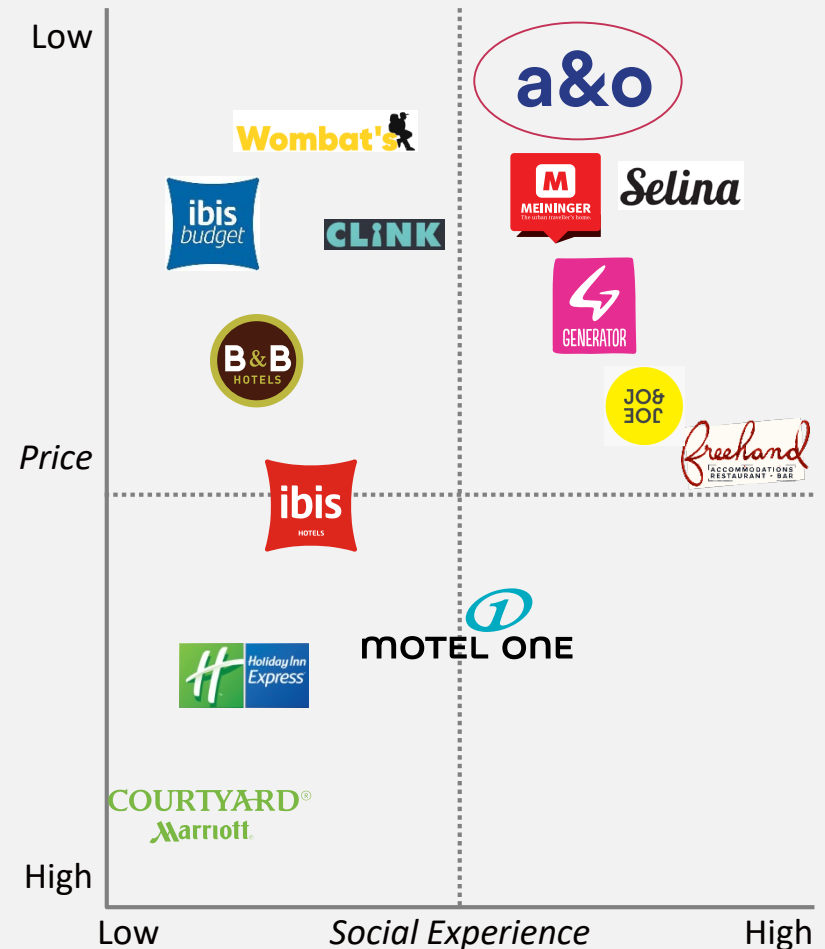
Oliver Winter, Founder and CEO, a&o Hotels and Hostels



About a&o: company overview

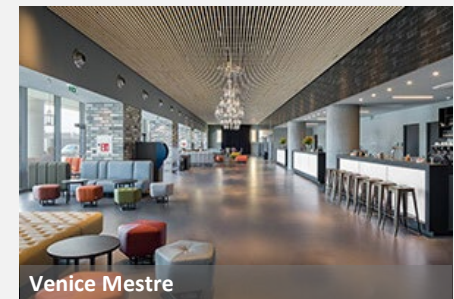
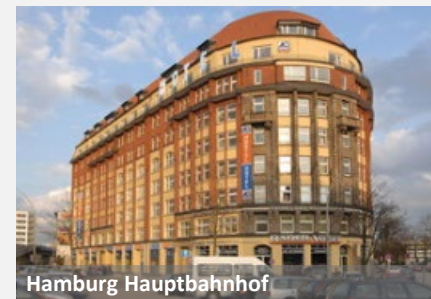
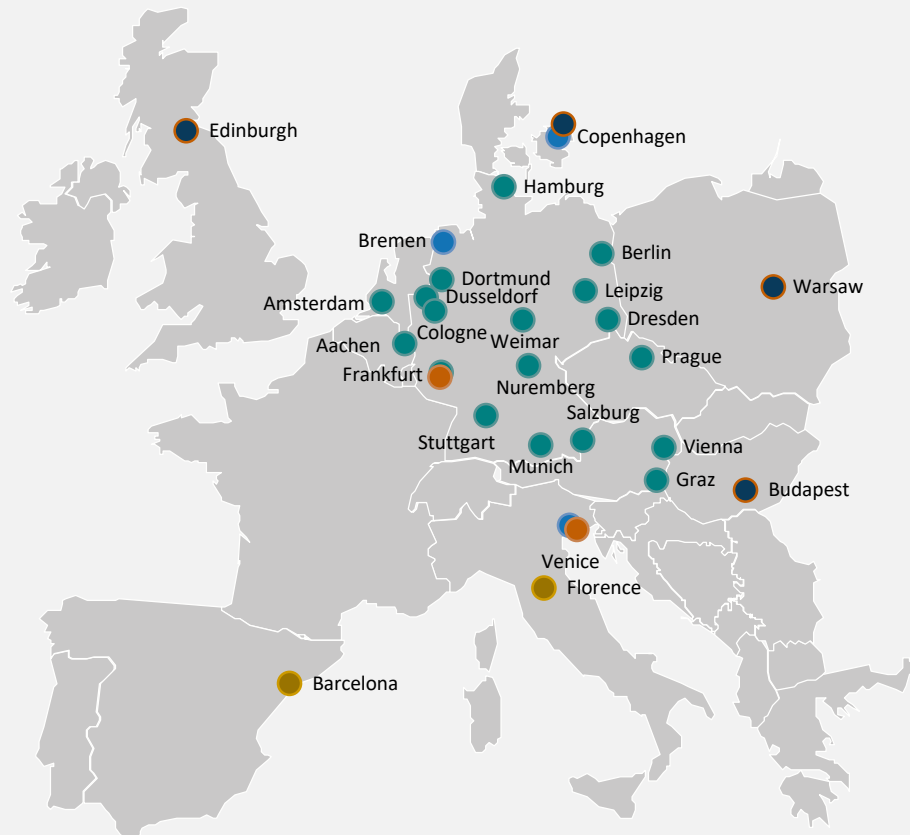
- a&o was founded in 2000 by Oliver Winter
- Today, Europe's market-leading and largest operator of hostels*
 - Operating 40 properties, 8,400 rooms and 30,000 beds
- Hybrid model offers two types of accommodation:
 - a private room (49% of rooms), and
 - a bed in a shared room (51%)
- Experienced owner-operator as well as institutional-quality tenant (50/50 owned and leased rooms)
- Headquartered in Berlin, ~100 person corporate team

* Excluding charitable youth hostel associations



About a&o: from national to pan-European player

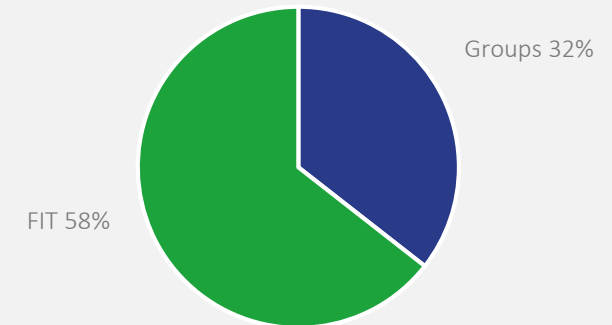
- Over 20 years, a&o has transitioned from a home-grown success story in Germany, to the largest pan-European player in 24 cities and 9 countries
- Most properties are in gateway markets such as Berlin, Munich, Frankfurt, Vienna, Prague, Amsterdam, Edinburgh and soon opening in Barcelona and Florence



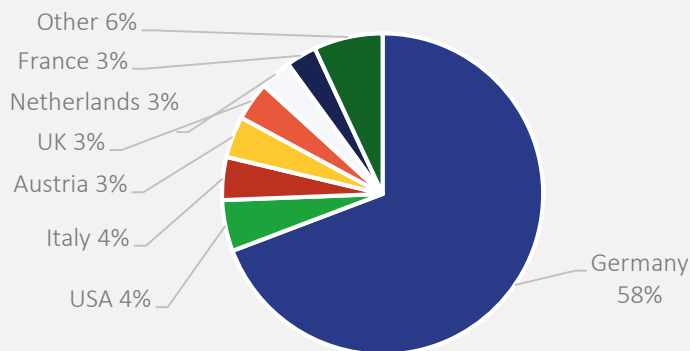
About a&o: our business mix

- The business model is volume-driven, based on a lean centralised approach and cost structure
- The company has maintained a strong focus on low complexity and low prices, with youth, large student groups, and smaller groups being its main customers
- Customer profile
 - Leisure focus over business
 - Younger demographic but not exclusively
 - Moving from groups (more than 10 guests) to FIT

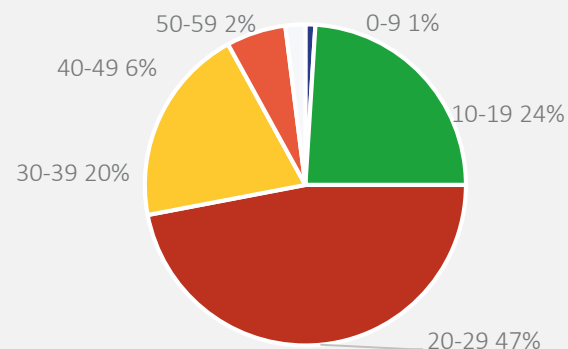
Revenue by Customer Type



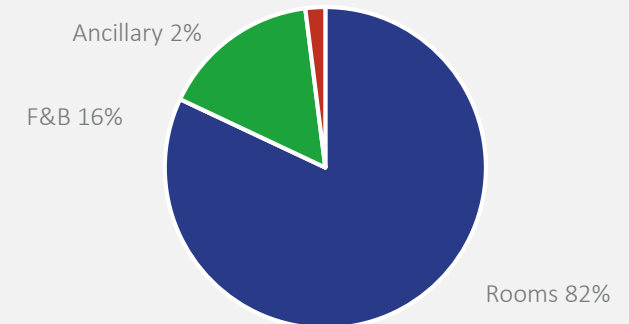
Revenue by Customer Origin



Revenue by Customer Age Group



Revenue by Product



a&o look and feel: common areas



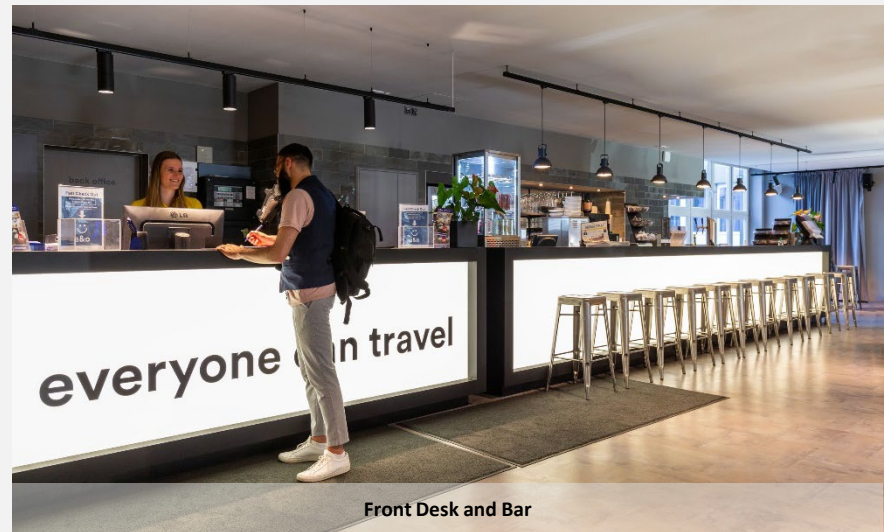
Group Breakfast Area



Lobby Area

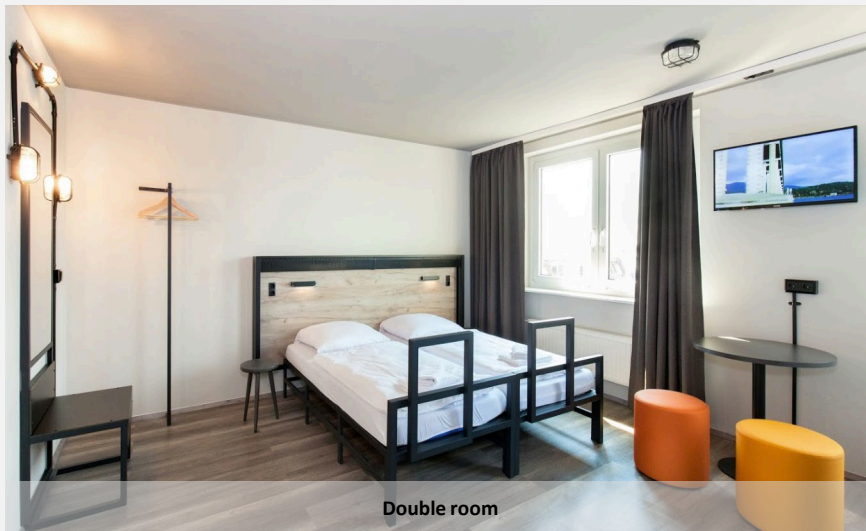
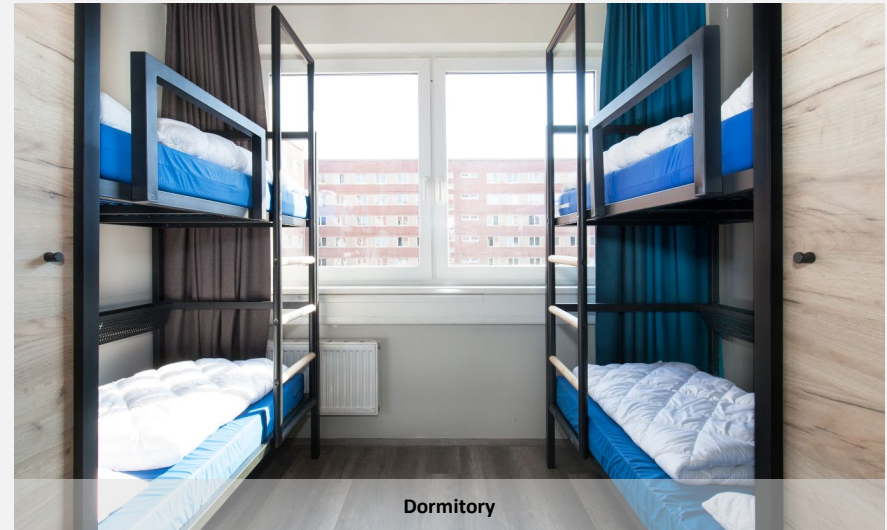
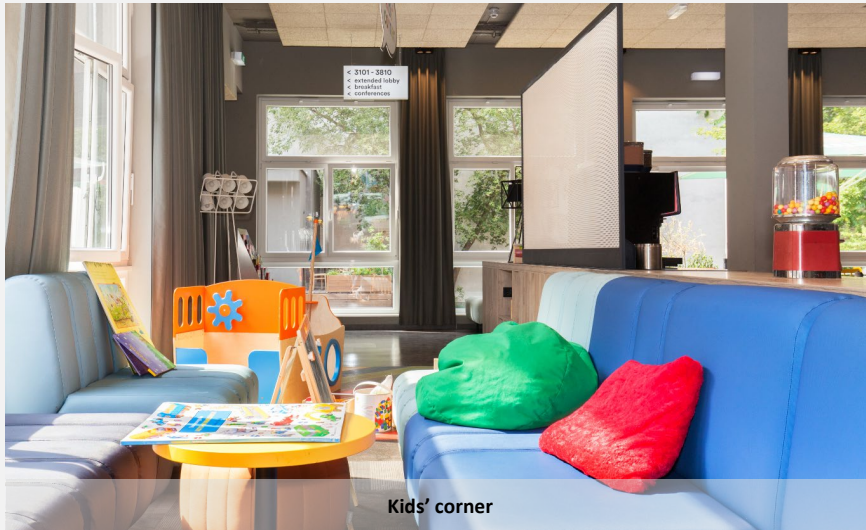


Individual Breakfast Area



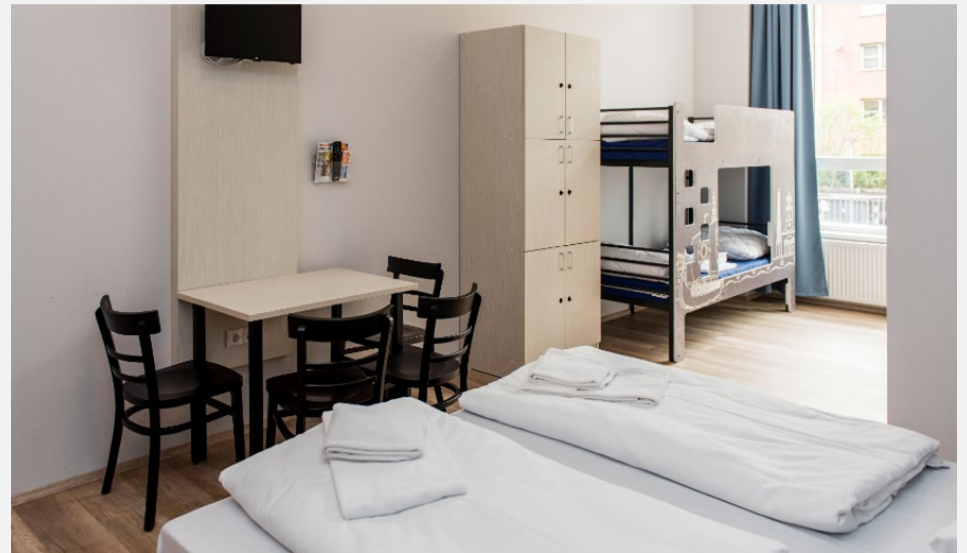
Front Desk and Bar

a&o look and feel: room product and kids' corner

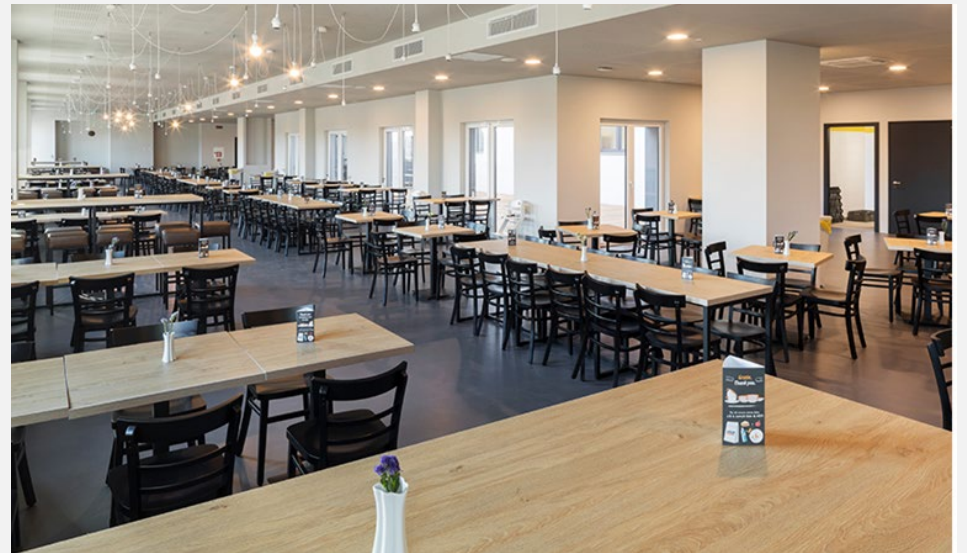


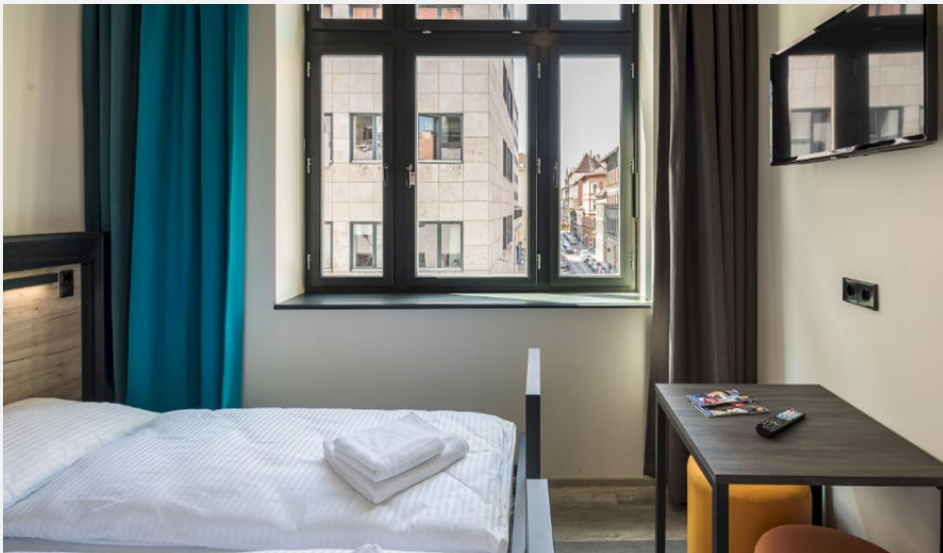
Pictures from a&o Berlin Mitte – a&o 2.0 design











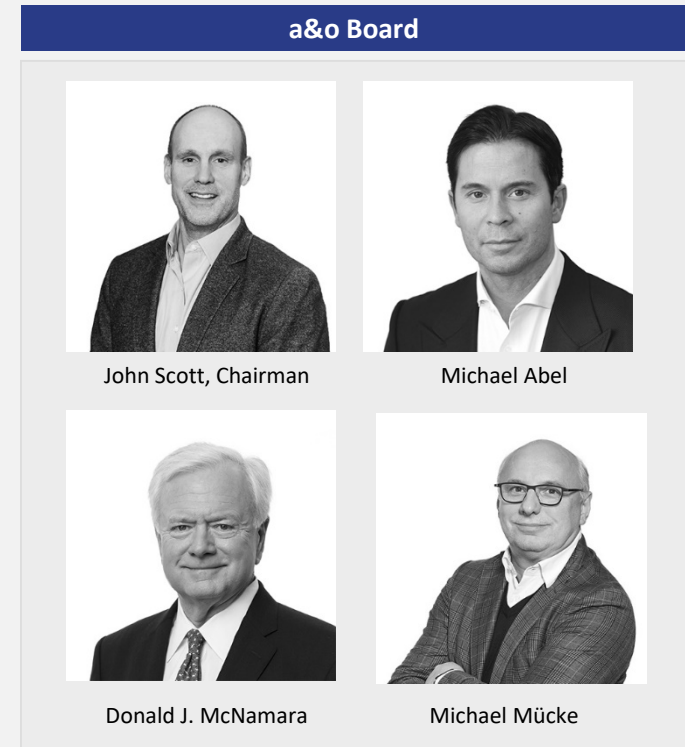


a&o brings scale and financial strength

- a&o is Europe's largest operator of hybrid hotel-hostels
- Privately-owned by TPG Real Estate, the real estate platform of leading global private investment firm TPG, which has more than \$91 billion of assets under management
- TPG Real Estate acquired a&o in 2017, with the CEO and management team fully-aligned through minority ownership
- a&o's lenders include Barclays, UniCredit, DKB and Erste Bank
- With its scale and mix of owned and leased properties, a&o is well-positioned to capitalise on growth opportunities
 - a&o announced the acquisition of its first UK property, a&o Edinburgh, in March 2021 for a cash purchase of £16 million



Rendering of a&o Edinburgh




A strong management team and growth platform

- Led by CEO and founder, Oliver Winter, the management team is based in Berlin
- The company has extensive corporate resources as an operator, owner and developer – from finance, revenue management, operations, marketing and property development (undertaking new-builds and conversions)
- a&o has grown consistently through acquisition – as an owner-operator – and leases, through conservative underwriting and signing sustainable deals
- 2019 was a peak year for revenue and EBITDAR* performance, achieving over €150 million and €60 million respectively


* EBITDA before rent




a&o Management




Oliver Winter, CEO




Andre Bleeker, CFO



Siim Karu, CRO





Torsten Loos, Operations



Phillip Winter, CMO

An attractive business model in the good times...

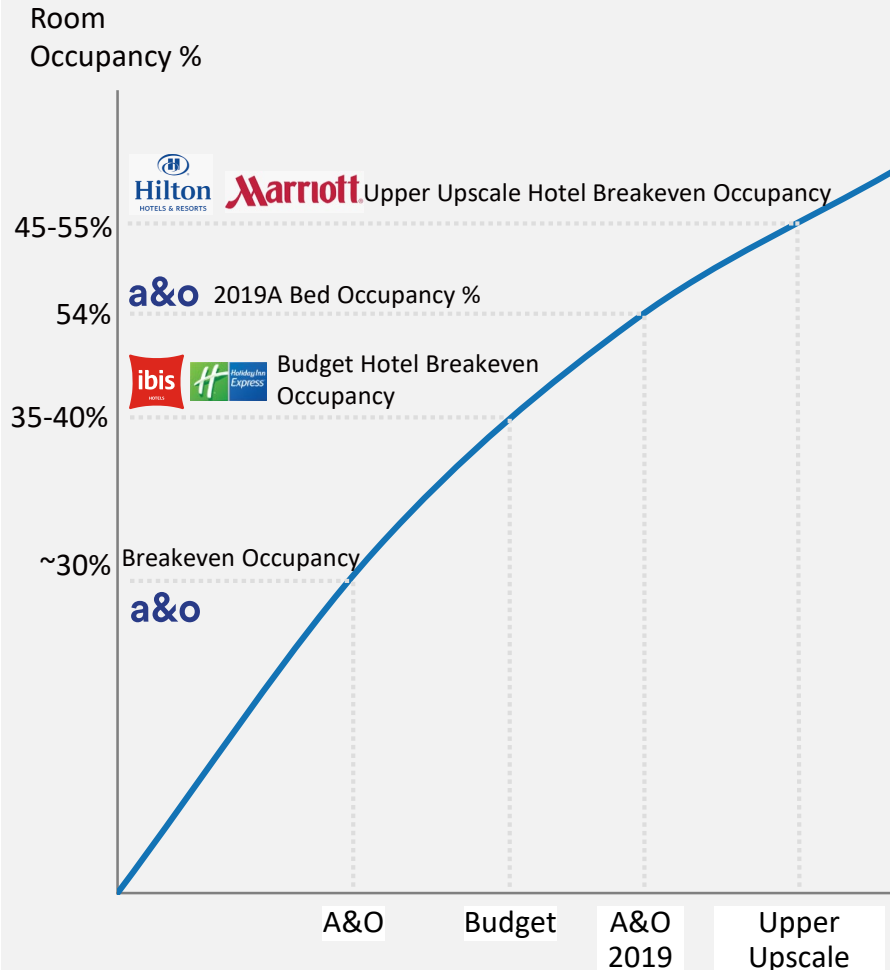
- The hybrid hotel-hostel model is attractive to investors, owing to its superior levels of profitability and ROI metrics, compared to conventional hotels
 - Achieving a higher bed:room ratio than hotels, this drives higher revenue per room and more revenue per sqm
 - With limited F&B facilities and a low-cost centralised model, this requires fewer employees onsite and achieves higher profit margins, maximising cash generation per sqm
 - Combined with lower fit-out costs than budget hotels, and requiring fewer sqm per room, yields a higher return on capital
- As an owner-operator, a&o has maintained an owner-centric, profit-focused philosophy, which has attracted a loyal base of landlords that like the business model
 - Landlords include 13 family offices and three institutional investors – with several landlords owning multiple properties

	Budget Hotels	Hybrid Hotel / Hostel
		
Unit Pricing	€60 per Room	€25 per Bed
Room Density	1 Bed per Room	Avg. 3.5 Beds per Room
Room Occupancy	65%	50%
Revenue per Room	€39	€44
EBITDA Margin	45%	50%
EBITDA per Room	€18	€22
Est. Build Cost per Room	€70-80K	€60-70K
Return on Capital	8-10%	10-13%



...and a resilient business model in the tough times

Illustrative Break-Even Occupancy



- With an Average Bed Rate of €25, a&o is much less price sensitive than midscale and upscale hotels, especially when market downturns or oversupply causes compression of hotel room rates
- The pandemic has demonstrated the resilience of a&o's business model owing to a much lower break-even point – around 30% occupancy rate – up to 10% points lower than budget hotels
- Coming out of the pandemic:
 - a&o has proven to be a reliable partner, not losing any properties or landlords
 - a&o has not asked for rent waivers or permanent rent deductions (and no guarantees have been drawn)
 - We are confident that a&o will be amongst the quickest operators to recover (and we will retain increased efficiencies post-pandemic)
 - Opportunities exist to replace hostel and hotel tenants that have defaulted, and to acquire properties at attractive returns

- a&o's strategy is to target existing properties with operating licenses (instead of new-builds or conversions) including:
 - Larger hostels and hybrid hotel-hostels (mix of private rooms and dorms)
 - Budget to midscale hotels (from 1-star to 3-star)
- We are expanding through leases and acquisitions:
 1. Long-term leases with family offices and institutional investors
 - Lease existing hotels and hostels from owners and re-brand
 - Work with investors to lease newly-acquired properties*
 2. Strategic acquisitions supported by TPG (larger deals in gateway cities, and portfolio deals in primary and secondary cities)
- a&o offers attractive lease terms to landlords:
 - Strong financial backing and reputation post-pandemic
 - Fixed rent, 100% index-linked, guaranteed by parent company
 - NN or NNN leases, depending on property and location
 - a&o funds refurb, re-brand and fit-out costs (landlord funds building and systems repairs and replacements, as required)
 - In-house technical team charges zero technical services fees

Lease Agreements

- **Typology of deal:** Lease agreement for existing hotels/hostels
- **Type of lease agreement:** Fixed with preference for double-net leases
- **Term:** long-term lease agreements (initial term of 20 years with further extension options for the tenant)
- **Rent review mechanism:** CPI indexation
- **Guarantee scheme:** Corporate guarantee from parent company
- **FF&E/OS&E/IT:** provided and paid by a&o

Acquisitions supported by TPG

- **Typology of deal:** Strong preference for acquisition of existing hotels/hostels with licenses in place (asset or share deals)
- **Gateway cities:** London, Paris, Dublin, plus regional portfolio deals across primary and secondary cities across Europe
- **Larger deal sizes:** requiring > €15m equity

* For opportunities that do not fit with TPG, a&o signs leases with 3rd party investors to support acquisitions

Typical property requirements

Depending on location, market and demand:

- **Room count:** around 120 (ranging from 70 to 200)
- **Room mix:** 30% to 50% as 2-bed private rooms, and remaining space as 4 bed to 8 bed dormitories
- **Net internal area:** 4,500 sqm (from 3,500 sqm to 7,000 sqm)
- **NIA per room:** 38 sqm (from 35 sqm to 50 sqm)
- **3.5x average bed:room ratio** (9 to 11 sqm per bed)
- Minimal space required for restaurants (e.g. breakfast room required), bar (optional) and back of house (centralised approach requires less onsite office space and laundry is outsourced)



Room sizes (room and bathroom)*

- 1 bed room (SR) Single Room > 13- 16 sqm
- 1 Bed Accessible Room (SR-Dis) Single Disabled Room 15- 18 sqm
- 2 Bed - Room (DR) Double Room > 16-19 sqm
- 2 Bed - Room Accessible (DR-DIS) Double Room Disabled
- 4 Bed - Room (4FA) 4 Family Room > 22-24 sqm
- 4 Bed - Room (4-Dorm)> 18-20 sqm
- 6 Bed - Room (6FA) 6 Family> Room 25- 28 sqm
- 6 Bed - Room (6-Dorm) > 24-26 sqm
- 8 Bed - Room (8FA) 8 Family Room > 29-34 sqm
- 8 Bed - Room (8-Dorm) > 29-31 sqm

* Subject to local building regulations

Target a&o markets

City-centre locations, or up to 15 minutes away from city centres with close connections to public transport (train stations, metro and tube)

Target city locations

Iberia: Madrid, Barcelona, Lisbon, Porto, Valencia, Seville, Malaga, Granada and Bilbao

Italy: Milan, Rome, Bologna, Turin, Verona and Genoa

UK and Ireland: London, Manchester, Glasgow, Dublin and Liverpool

Germany: Rostock, Munster, Hannover and Freiburg

Poland: Krakow, Warsaw and Wroclaw

Turkey: Istanbul

Benelux: Amsterdam, Rotterdam and Brussels

France: Paris, Lyon, Bordeaux

Nordics: Stockholm, Oslo, Helsinki

Switzerland: Geneva, Zurich

Austria: Innsbruck

Greece: Athens

Note: priorities, allowing for multiple properties in larger cities

GEOGRAPHICAL PRESENCE

(excluding Florence and Barcelona under construction)



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