

# Starwood Capital Group-Brookfield JV Agrees To Sell Interhotel Portfolio In Germany

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**GREENWICH, Conn., May 20, 2016** - Starwood Capital Group, a leading global private investment firm, and Brookfield Property Partners (NYSE: BPY; TSX: BPY.UN), one of the world's largest commercial real estate companies, through separately controlled affiliates announced today an agreement to sell the Interhotel portfolio to FDM Management, a vehicle created by Foncière des Regions and institutional investors. Terms of the transaction—which is expected to be completed in August 2016—were not disclosed.

The portfolio comprises nine hotels with 4,131 keys and prime retail totaling approximately 157,000 square feet located in major cities across eastern Germany. Six different brands are represented in the portfolio, with the four primary flags being Westin, Park Inn, Ibis and Radisson Blu. The portfolio includes the 1,012-key Park Inn Berlin—which is Berlin's tallest occupiable building, and is positioned on Alexanderplatz, one of the city's most popular retail locations. Other properties include the 5-star hotels Westin Grand Berlin, Westin Leipzig and Westin Bellevue Dresden.

Starwood Distressed Opportunity Fund IX (SOF IX), a fund managed by Starwood Capital Group, acquired a significant stake in the senior debt secured on the Interhotel portfolio at a discount to par in 2012, after insolvency proceedings had begun. SOF IX subsequently purchased a 50% stake in the portfolio's junior C note at a discount, after which point it teamed up with Brookfield, an existing owner of the junior C note, on a 50/50 joint venture (JV) to bid on the portfolio. The JV was successful in the auction and signed a binding contract to acquire the portfolio. The insolvency proceedings were lifted in 2015, after which the JV assumed full ownership of the portfolio.

"Due to our combination of hospitality and financial expertise, we were able to identify and unlock the value of a high-quality hotel portfolio in strong German markets with multiple branding and development options," said Nick Chadwick, Vice President at Starwood Capital Group. "In particular, we are proud that we recognized the potential of Berlin, one of the world's most dynamic capital cities, as a high-growth hotel and retail market. We are pleased to see our thesis play out as anticipated to the ultimate benefit of our investors, and excited to see what the future holds for these assets under FDM Management's skilled management."

The Interhotel portfolio represents the latest successful investment in the hospitality sector for Starwood Capital Group, which has acquired more than \$77 billion of real estate assets globally since its inception, including approximately 2,600 hotels and resorts. In a separate transaction, Starwood Capital Group and Brookfield, through controlled affiliates, have agreed to sell the 386-key Mercure Hotel Kongress Chemnitz hotel to Event Hotels.

Jones Lang LaSalle, Eastdil Secured and Freshfields Bruckhaus Deringer served as advisors on the sale of the Interhotel portfolio.

## About Starwood Capital Group

Starwood Capital Group is a private investment firm with a core focus on global real estate. Headquartered in Greenwich, CT, the Firm and its affiliates maintain 10 offices in four countries around the world, and currently has more than 2,100 employees. Starwood Capital Group has raised more than \$33 billion of equity capital since its inception in 1991, and currently manages \$53 billion in assets. The Firm has invested in virtually every category of real estate on a global basis, opportunistically shifting asset classes, geographies and positions in the capital stack as it perceives risk-reward dynamics to be evolving. Over the past 25 years, Starwood Capital Group and its affiliates have successfully executed an investment strategy that involves building enterprises around real estate portfolios in both the private and public markets. Additional information can be found at [starwoodcapital.com](http://starwoodcapital.com).

## About Brookfield Property Partners

Brookfield Property Partners is one of the world's largest commercial real estate companies, with over \$65 billion in total assets. We are leading owners, operators and investors in commercial property assets, with a diversified portfolio that includes over 150 premier office properties and over 120 best-in-class retail malls around the world. We also hold interests in multifamily, triple net lease, industrial, hospitality and self-storage assets. Brookfield Property Partners is the flagship listed real estate company of Brookfield Asset Management, a leading global alternative asset manager with approximately \$225 billion in assets under management.

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