



SCHÖRGHUBER  
UNTERNEHMENSGRUPPE

## PRESSEMITTEILUNG

### **The Schörghuber Corporate Group changes its hotel strategy**

**The Schörghuber Corporate Group will in the future be focussing on its own hotel properties, it is increasing the level of collaboration with Starwood Hotels & Resorts and has appointed a new chief executive of the Arabella Hospitality Group.**

**Munich, 25 August 2010.** In view of the changes being made to international financial reporting standards, the executive board of the holding of the Schörghuber Corporate Group has decided to confine its portfolio in the future exclusively to its own hotel properties and no longer conclude management or lease agreements for third-party hotel properties.

#### **Level of collaboration with Starwood to be increased**

As a result of this change in strategy, the management company for the hotels in the group, ArabellaStarwood Hotels & Resorts, a joint venture with Starwood Hotels & Resorts, will be dissolved. This company was founded in 1998 with the signing of a joint venture agreement between both partners with the aim of preserving the *Arabella* brand introduced in the German-speaking and Majorcan markets. Stefan Schörghuber, however, abandoned this aim when a “clean branding” strategy was agreed on in 2007 and subsequently implemented. Today, almost all the hotels in the Arabella Hospitality Group carry globally recognized brand names belonging to Starwood Hotels & Resorts such as Sheraton, Westin and The Luxury Collection.

Furthermore, concentrating focus on the group’s own hotel properties means that the resources of ArabellaStarwood Hotels & Resorts, whose structure is geared to growth resulting from third-party management and lease agreements, would, in the long term, no longer be fully utilized. Therefore, the majority of its existing management functions will in the future be taken over directly by Starwood while the remaining



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management responsibilities relating to the Hotels division of the Schörghuber Corporate Group will remain bundled under the roof of the Arabella Hospitality Group.

**Revised edition of IFRS 17 makes growth via lease agreements obsolete**

This change in strategy was influenced in particular by the revised edition of IFRS 17 – expected to go into effect 1 January 2013 – which made a fundamental reevaluation of the Arabella Hospitality Group’s previous growth strategy inevitable. IFRS 17 currently still makes a distinction between a *finance lease* and an *operating lease*. To date, leases for hotels are mainly regarded as being *operating leases* and are therefore included in the balance sheet as such. For the lessee, this has the advantage that the object being leased does not have to be included in the balance sheet as an asset or liability. The revised version of IFRS 17 no longer makes this distinction. It stipulates that lessees must include all assets and liabilities resulting from a lease agreement in the balance sheet. This increases the balance sheet total, thus reducing the relative equity ratio of the lessee. What impact this will have on the rating is still extremely uncertain.

**Changes to the management board**

Due to a difference in opinion regarding the future growth strategy for the Hotels division, Wolfgang M. Neumann, CEO of the Arabella Hospitality Group and member of the executive board of the Schörghuber Corporate Group, has decided to leave the company. In view of the change in strategy and the transfer of key management responsibilities to Starwood, he has decided that he would like to pursue a new challenge elsewhere.

In addition to Wolfgang M. Neumann, Dr. Christoph Scherk is also stepping down from the management board of the Arabella Hospitality Group. Dr. Scherk, who was responsible for business operations, will likely take over new responsibilities within the Schörghuber Corporate Group.

The existing area manager and longtime general manager of the Westin Grand München, Reinhold Weise, who been with the company for two decades in a number



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of executive positions, will assume responsibility for managing the Arabella Hospitality Group.

“The decision to make a fundamental change to the strategy pursued in our Hotels division was not an easy one. It is, however, crucial for the sustained success of the Schörghuber Corporate Group, with its approximately 5,400 employees. We would like to thank both Wolfgang M. Neumann and Dr. Christoph Scherk for their great commitment, their keen sense of loyalty and our successful collaboration.”, said both the chairwoman of the foundation board, Alexandra Schörghuber, and the chairman of the executive board, Dr. Klaus N. Naeve. “We regret Mr. Neumann leaving the company and wish him the greatest of success for the future.”

**About the Schörghuber Corporate Group**

The owner-managed Schörghuber Corporate Group, which was founded in 1954 and has its headquarters in Munich, is successfully involved in the business sectors hotels, aircraft leasing, beverages, real estate and construction in both the national and international arenas. The Hotels division, with the management company Arabella Hospitality Group, operates 43 hotels in Germany, Austria and Switzerland, on the Balearic island of Majorca and in South Africa. In the aircraft leasing sector, Bavaria International Aircraft Leasing GmbH & Co. KG has successfully positioned itself as a privately-owned aircraft leasing company. Brau Holding International GmbH & Co. KGaA, a joint venture with Heineken N.V., is Germany’s third largest brewery group and comprises the Paulaner Brewery Group, the Kulmbacher Group and the Südwest Group. Bayerische Bau und Immobilien Group, which bundles all the real estate, property development and prefabricated housing activities of the Schörghuber Corporate Group, is one of the largest full-service real estate companies in Germany. Common values – diversity, quality and growth – forge a bond between the four business divisions. The group’s approximately 5,400 employees ensure that customers enjoy the benefits provided by these shared values every single day. [www.sug-munich.com](http://www.sug-munich.com).

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