
Hotel and Other Accommodation Supply & Demand Study

MARKET STUDY
17 JANUARY 2019

PREPARED FOR
Plymouth City Council (PCC)



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TABLE OF CONTENTS

1	Executive summary	5
1.1	Introduction	5
1.2	Scope of Work	5
1.3	Plymouth	5
2	Tourism and Demand Generators Overview	6
2.1	Visitors to Plymouth	6
2.2	Segmentation of Demand for Hotels	12
2.3	Source Markets	15
3	Hotel Supply and Demand Performance	18
3.1	Hotel Supply in Plymouth	18
3.2	Hotel Performance in Plymouth	25
3.3	Plymouth in Comparison to Other Cities	36
3.4	Future Supply Analysis	42
3.5	Other Demand Research	45
4	Other Accommodation	47
4.1	Overview of Existing Supply	47
4.2	The Airbnb Market	47
5	The Conference and Events Market	53
5.1	Supply	53
6	Analysis and Opportunities	56
6.1	Plymouth SWOT Analysis	56
6.2	Hotel Opportunities Overview	57
7	Indirect Benefits	58
7.1	Overall Hospitality Industry in the UK	58
7.2	The Development Mix	59
7.3	Benefits of New Hotel Developments in Plymouth	60

APPENDIX 1: GLOSSARY OF TERMS

APPENDIX 2: GENERAL TERMS OF REFERENCE,
ASSUMPTIONS AND CONDITIONS

APPENDIX 3: STANDARD TERMS OF BUSINESS

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

This Hotel and Other Accommodation Market Study presents an overview of the overall accommodation market (i.e. hotels, guesthouses, etc.) in Plymouth in terms of supply, demand and future developments. The appendices are provided to present further information to Plymouth City Council (PCC) and Destination Plymouth.

1.2 SCOPE OF WORK

Our initial scope of work was to provide analysis in relation to the following:

- Tourism and demand trends in Plymouth;
- Overview of the overall accommodation offering in Plymouth, including hotels, Airbnb and guesthouses;
- Analysis of hotels and Airbnb supply, demand as well as performance;
- Assessment of the strongest sites with potential for hotel development;
- Conferencing demand, supply and SWOT analysis;
- Indirect benefits of future hotel supply;
- Conclusions and recommended next steps.

The agenda behind our work was to consider the market in relation to the desire of Plymouth City Council and Destination Plymouth (the formally recognised DMO¹ for the city), to see new and quality hotel development in Plymouth. This has guided our work.

1.3 PLYMOUTH

Plymouth is a destination that deserves to be better known than it is. It is the largest city in the South West after Bristol, with a population of 262,700 (ONS 2015 estimates). The city boasts the UK's largest aquarium that has c. 300,000 visitors a year, it is the home of Princess Yachts and Plymouth Gin, and its university has over 20,000 students. Its Theatre Royal is the best attended and largest regional theatre in the UK. It was host to America's Cup in 2011, is the finishing point of the biennial Fastnet yacht race and 16 million Americans can trace their origins back to Plymouth and the departure of the Mayflower in 1620. Devonport is also the largest naval base in Western Europe. It is a key business base for well-known companies such as Princess Yachts, Wrigley, Babcock Marine, Kawasaki, as well as being a major public sector employment location, including employment of over 7,000 people at Derriford Hospital.

¹ Destination Management Organisation

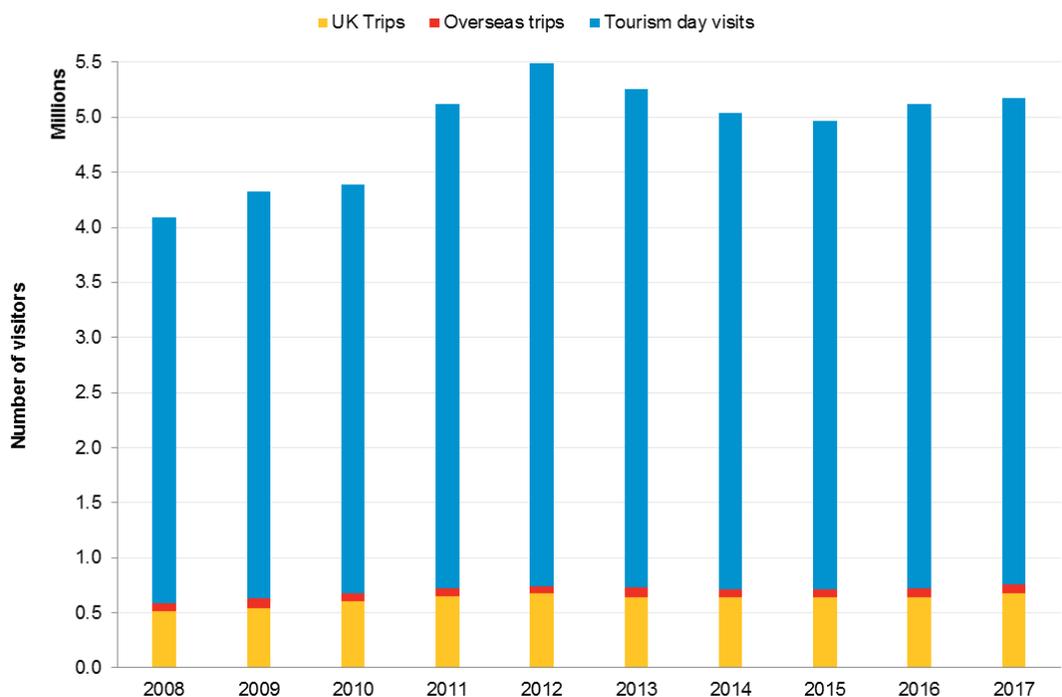
2 TOURISM AND DEMAND GENERATORS OVERVIEW

2.1 VISITORS TO PLYMOUTH

2.1.1 VISITORS TREND

Plymouth is attracting increasing numbers of UK and overseas visitors and has grown its overall share of trips since 2008 from 584,000 to 755,000 in 2017 (CAGR of 2.9%). In 2014 a region wide drop was suffered due to regional flooding and the effects of the main rail link. This has not affected the overall growth trajectory, as shown in Exhibit 1.

Exhibit 1: Visitors to Plymouth 2008-2017



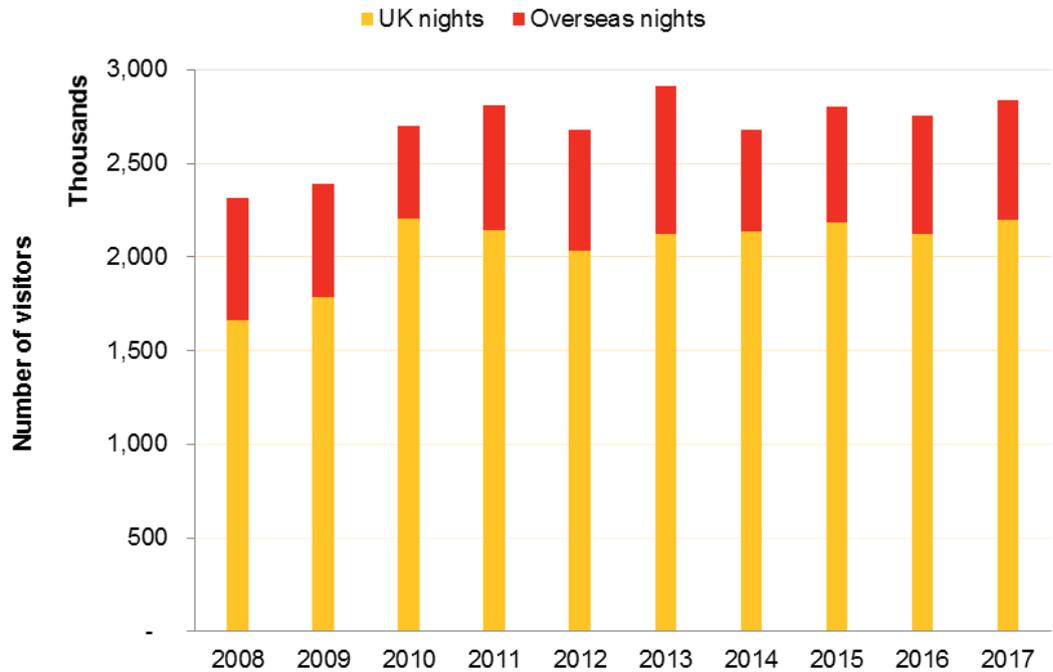
Source: Plymouth City Council - based on SWRC analysis of the Cambridge model

Tourism day visits express the most obvious fluctuations in Exhibit 1, however, in respect to the promising hotel market in Plymouth, the overseas trips have increased by a continuous average growth rate of 4.97% since 2012. The portion of UK trips has remained stable and shown an increase of 36,000 visitors in the last year, with projections of momentum continuing.

The length of tourist trips varies between markets with an average length of stay of 3.25 nights for UK visitors and 8.16 nights for overseas visitors (2017).

With a peak in 2013 (2,911,000), total nights have increased steadily at a continuous average growth rate of 1.19% and 2017 saw 2,841,000 nights compared to 2,678,000 in 2012.

Exhibit 2: Nights Stayed in Plymouth 2012-2017



Source: Plymouth City Council - based on SWRC analysis of the Cambridge model

2.1.2 HOTEL DEMAND GENERATORS AND KEY VISITOR ATTRACTIONS

The following factors are key drivers of demand for visiting Plymouth:

- The waterfront location of Britain’s ‘Ocean City’, with a natural harbour and rich maritime history;
- Devon and Cornwall in close proximity along with their coasts and tourist attractions;
- Economic drivers located in Plymouth such as the defence, marine, medical and engineering services, enticing business trips;
- Further business trips in relation to major employers. These include public sector, NHS, dockyard and major manufacturers;
- Visits to water-related sporting events, the Theatre Royal Plymouth and Plymouth’s high-quality restaurants;
- Visiting friends and relatives that live in Plymouth with its ‘high quality of life’;
- Large student population and relating visitations;

- Effective destination management organisation (DMO); Destination Plymouth and partnership actively marketing the city.

Plymouth's future prospect and demand drivers look positive and are expected to strengthen. Examples of future investments within the area that will have an encouraging influence on future tourist figures can be seen in Exhibit 3 overleaf.

Exhibit 3: Future Investments in Plymouth

Mayflower 400

Mayflower 400 is a programme of events on a scale of international celebration and commemoration. Mayflower 400 is an international commemoration of the 400th anniversary of the sailing of the Mayflower in 2020. Over 25 million Americans are descended from the passengers on the ship and 2020 will be a yearlong internationally significant programme of cultural events and activities in Plymouth the wider UK, Holland and the USA.

Proposed Train Station Redevelopment

A grand-scale revamp of the Plymouth Railway Station is soon to commence to improve the entrance into Britain's Ocean City. The plans include a new 'landmark building', new office space, hotel and the relocation of the multi-story carpark.

Sherford

The 1,200-acre development on the Eastern outskirts of Plymouth will provide a desirable place to live and work for circa 12,000 residents. The project will result in 5,500 new homes and over 80,000 m² of employment and retail space. Other facilities include a town hall, youth centre, health centre, library, theatre and sports centre.

Elizabethan House

The 17th-century historic building, also Grade II-listed, is located on 32 New Street on the Barbican. The iconic house is undergoing a £2.3 million complete restoration before the Mayflower 400 commemoration. The project aims to preserve the structure and layout of the building but refreshing the interior and making it more appropriate for the public to visit.



The Box

Located between Plymouth University and College of Art, the £34m project is transforming the old Museum, Art Gallery, Central Library and St Luke's Church into a new unique and cultural attraction. The Box will be highlighted as a new History Centre and become a landmark in Plymouth architecture.

Drake Circus Leisure Scheme

With works commencing at the end of 2017, the £50m investment by British Land is creating a new leisure destination within the city. The development will include an 11 screen IMAX cinema, 13 restaurants and a sky bar.

Oceansgate

The Oceansgate initiative is designed to cluster marine-based businesses in Plymouth harbour to create a world-class hub for marine industries and increase business activity within the city. The idea will provide a unique complex of industrial buildings and docks for commercial use with direct deep water access.

Source: Visit Plymouth & PCC

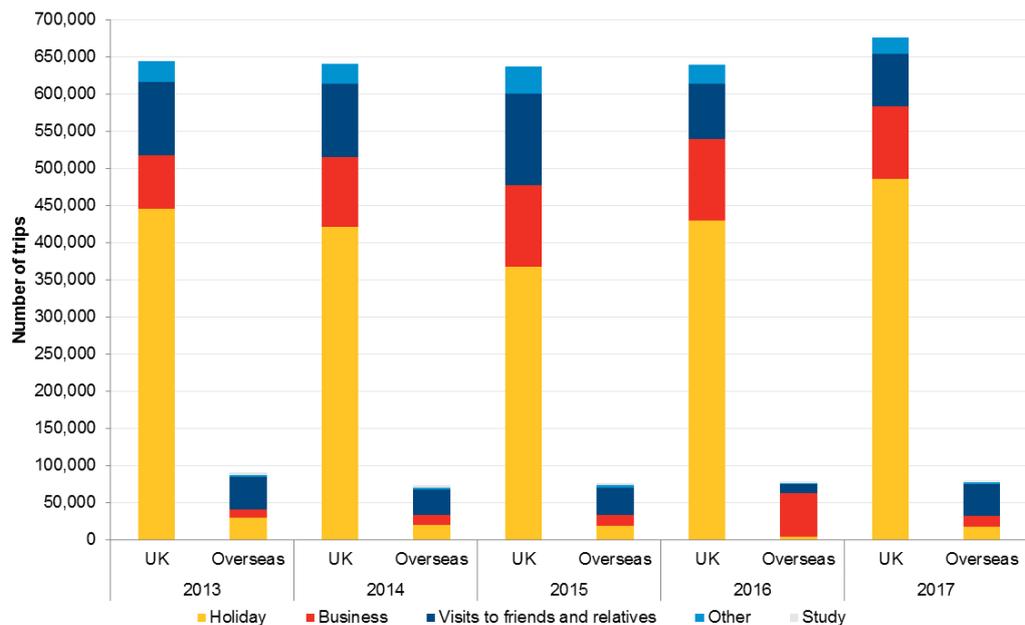
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2.1.3 CURRENT PURPOSE OF VISIT

Visits to Plymouth by UK tourists are currently dominated by holiday visits, with business and VFR (visiting friends and relatives) also very strong.

Exhibit 4: Trips to Plymouth by Market and Purpose 2013-2017

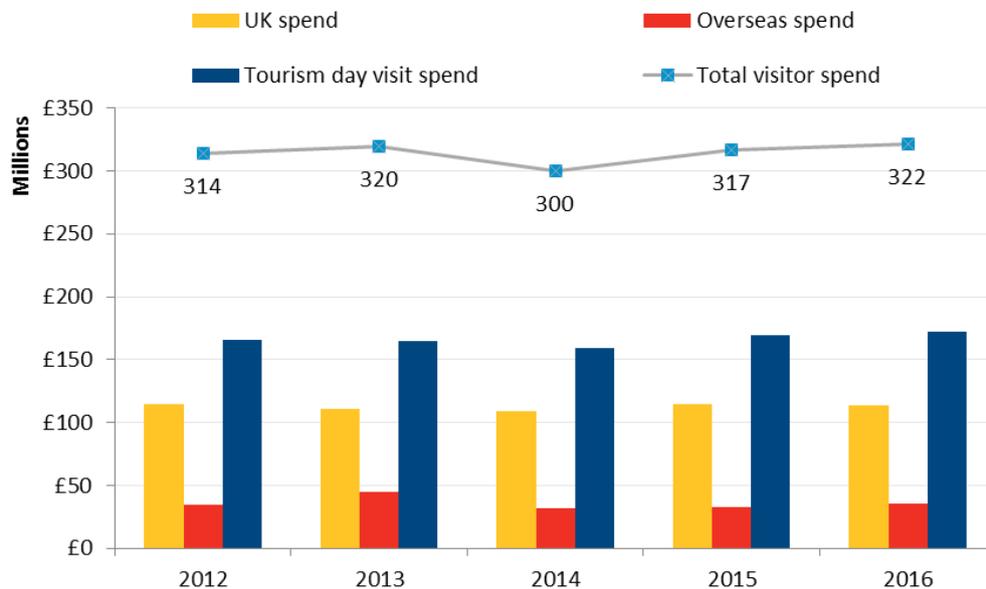


Source: Plymouth City Council - based on SWRC analysis of the Cambridge model

In respect to overseas trips, VFR has been most prominent since 2013. However, 2016 witnessed a huge spike in business-related trips. Anecdotally, we understand that some potential business-related guests are disappointed by the current hotel supply and quality within Plymouth. Consequently, some actually choose to stay outside of the city in areas such as Exeter or countryside located hotels.

2.1.4 VISITOR SPEND

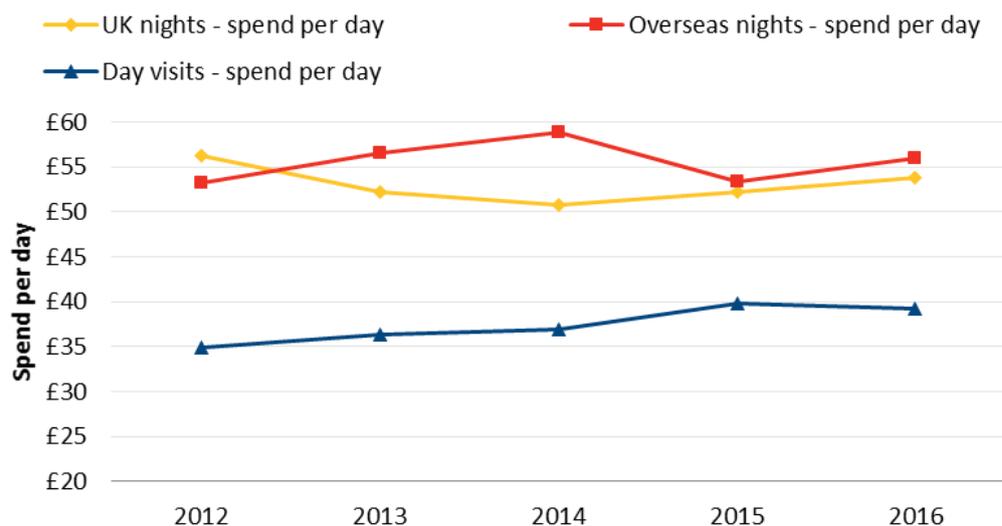
Exhibit 5: Visitor Spend by Market and Total 2012-2016



Source: Plymouth City Council - based on SWRC analysis of the Cambridge model

Since 2012, overall levels of visitor spend have increased by £6 million. There has been no substantial change in spend within markets.

Exhibit 6: Visitor Spend Per Day by Market 2012-2016



Source: Plymouth City Council - based on SWRC analysis of the Cambridge model

Interestingly, both UK and Overseas nights spend per day have fluctuated since 2012. The day visit spends gradually increased year-on-year to almost reach £40 per day.

2.2 SEGMENTATION OF DEMAND FOR HOTELS

Plymouth benefits from a strong combination of leisure and business-related demand, with the leisure market dominating in the peak, summer months. In this section, we provide a brief overview of these key markets, outlining key demand drivers and profile characteristics.

It is important to note that over the last few years, Plymouth has been experiencing a shift in the various sub-segments. We understand that Destination Plymouth is developing a 10-year strategy with PCC that will catalyse future capital developments as well as marketing and operational activities supported by an initial 3-year rolling business plan and marketing plan. Part of the strategy would be to drive the overall demand in the market, including to continue to grow overseas visitors, fully independent travellers and small groups due to their high spending power in comparison to the UK domestic visitors.

2.2.1 THE LEISURE MARKET

The hotel market in Plymouth is susceptible to seasonal trends due to its coastal location. Therefore, 'Britain's Ocean City' experiences an uplift of 80% of guests during the peak seasons (July and August) represented in the hotel leisure market. The leisure market in Plymouth comprises both the group leisure and tour/coach segment, as well as independent leisure travel. During the winter months, the seasonal demand of leisure guests falls to around 40-50% of roomnights.

It is also important to note that the leisure sector is always stronger for hotels in central Plymouth.

GROUP LEISURE

The group leisure segment generally comprises visitors who have either purchased organised package holidays or privately organised tours, as well as other select groups. Larger scale tour operator rates are generally contracted annually at rather low levels but are used to help fill lower occupancy periods. Smaller private groups of say, 10 to 20, will be contracted at individually negotiated rates but remain subject to preferential discount and availability. Due to the low rate of this segment, this business will be replaced (when demand timing permits) by higher-yielding segments as market occupancy increases and the proposed hotel establishes itself in the market.

Coach groups generally comprise of visitors who have purchased package holidays that include the cost of travel, hotel accommodation and some provision for meals, or what is termed an 'inclusive tour'. Tour operator rates are generally contracted annually at rather low levels but are used to help fill lower occupancy periods.

Over the past years, the coach tour market in Plymouth was the biggest proportion of leisure guests in particular during the summer months. Group tour operators typically secured package holidays roughly one year in advance and used Plymouth as a base to visit Devon and Cornwall. This was mostly due to the lack of branded hotels in Cornwall able to

accommodate large groups. Bigger hotels like Jurys Inn and Copthorne relied equally on coach groups, often accounting for around half of all leisure business at the hotels. Small hotels and guesthouses do not operate within the group leisure and tour segment.

It is worth noting however, that since 2014, hoteliers in Plymouth have reduced the number of coach tours accepted due to the low room rate the segment pays; aiming to improve the overall hotels' market ADR. Hoteliers and Destination Plymouth marketing activity have actively targeted the independent leisure segment and in particular overseas travellers who tend to pay the highest rate from all segments.

INDEPENDENT LEISURE

The independent leisure segment comprises visitors who have either purchased their trip through an Online Travel Agents (OTAs), local agent or independently planned and booked their trip online.

Demand from this segment is usually higher during holiday periods and the summer season, typically peaking in August. The hotel room rate is generally discounted to attract this segment during lower occupancy/quieter periods. This portion of the market includes weekend demand arising from promotional packages, as well as those visiting friend and relatives, visiting students (a large community) and people taking ferries to/from Spain and France via Plymouth Ferryport.

Although cruise/ferry subsegment does not necessarily require accommodation, it has been observed that ferry companies are considering Plymouth as a point of embarkation due to the low fees that the port has in comparison to other cities such as Southampton and Dover. While not a volume market, the passengers are considered to be high-spenders and hence require high-end accommodation in advance.

2.2.2 THE BUSINESS MARKET AND DRIVERS

The business market in Plymouth comprises both the local corporate and transient commercial segments and is a key source of business for hotels in Plymouth. It is a year-round segment helping to minimise the impact of seasonality within the leisure sector (coach tours and independent travel). It is a key source of business for hotels in the city, often accounting for around 60-70% of demand for those not operating within the coach tour segment. Some hotels concentrate in providing for this sector. For example, the peripheral hotels (such as the Future Inn), generate the majority of their demand from business visitors. This characteristic can be attributed to location, with several major employers such as the HM Land Registry and Derriford Hospital situated on the outskirts of the city.

Demand within the segment is generated by visitors and visiting staff/colleagues to both public and private sector companies based in and around the city, as well as travelling business guests using Plymouth as a base or stopover en route to other destinations further afield. The

latter is an important source of demand for local hotels, particularly those occupying strategic locations close to key access and arterial routes such as the A38.

Key public sector demand relates to healthcare (the NHS including Derriford Hospital), education (University of Plymouth, Colleges and research bodies) and local government departments. Private sector business originates from the naval, medical, manufacturing, energy and construction industries. Some companies of note in the area include British Gas, EDF Energy and Wrigley's.

The Dockyard, naval port and other marine related industries are key overnight demand generators for local accommodation providers. For example, Babcock International and Princess Yachts are the largest private sector employers in Plymouth and both market leaders within their respective fields. Collectively employing almost 6,500 staff locally, we understand both have notable overnight accommodation requirements including long-stay corporates and/or contractors based in the city for two or three months at a time.

Corporate demand is strongest Monday through to Thursday, dipping significantly on Fridays and over the weekend as opposed to the leisure market, balancing demand throughout the week. This demand is relatively constant throughout the year, with dips in July/August and December/January. Corporate demand growth is broadly correlated to GDP growth and economic market conditions.

MEETINGS, CONFERENCES AND EVENTS

Demand in this segment is generated first and foremost by local and regional companies holding small meetings, interviews, conferences, training sessions and seminars or away days in the defined competitive set. Those attending exhibitions, conferences and the like outside the competitive set are excluded from this segment but are taken into account as corporate/commercial clients. Room rates are often discounted for large groups.

Typically, demand is higher for conferences around spring and autumn. Summer represents the slowest period and winter demand is variable. Most commercial groups require accommodation Monday to Thursday and associations and social groups have a tendency to use hotels at the weekend.

On average, typical conference group length of stay is in the region of two to three nights. There has, however, been a decline in the UK residential conference market sector over recent years, largely due to economic conditions. Future demand potential is closely related to trends in growth expected in the corporate/commercial segment.

Locally, we understand the conference segment of the business market is also notable, both in relation to meeting facilities at hotels and accommodation for those attending events at The Pavilions and University of Plymouth. We understand there is also reasonable demand for other functions in Plymouth (such as private parties, christenings, weddings and Christmas parties) which generates some demand for overnight accommodation. It is worth noting that

VisitBritain's long-term tourism growth strategy aims to promote large events to the regional UK, hence this will generate future opportunities for large events in cities such as Plymouth.

2.3 SOURCE MARKETS

2.3.1 UK GUESTS

Based on interviews with hotel General Managers (GMs) in Plymouth, the majority of guests staying in the city's hotels are of UK origin. Domestic travellers visiting Plymouth for leisure predominantly come from locations within 1.5-2-hour travel time radius, including destinations such as Bristol, Bath and elsewhere in Devon. It must be noted that visits from further locations such as Manchester and Birmingham are still regularly recorded. Guests visiting for business purposes also include those originating from London, which has an approximate travel time of 3.5 hours via train. A recent visitor survey conducted by the Destination Plymouth indicated that approximately 36% of the total visitor numbers to Plymouth originate from London and the South East of England. These visitor numbers are inclusive of overnight stays and also day trips, therefore incorporating all demand segments.

2.3.2 OVERSEAS GUESTS

Guests from overseas represent a far smaller portion in the Plymouth visitor market than domestic guests. Sourced from both local interviews and the Office of National Statistics (ONS), we understand that international travellers visiting for leisure generally come from Europe and also from long haul destinations such as America, Australia and New Zealand. Visitors for business tend to be travelling from European destinations.

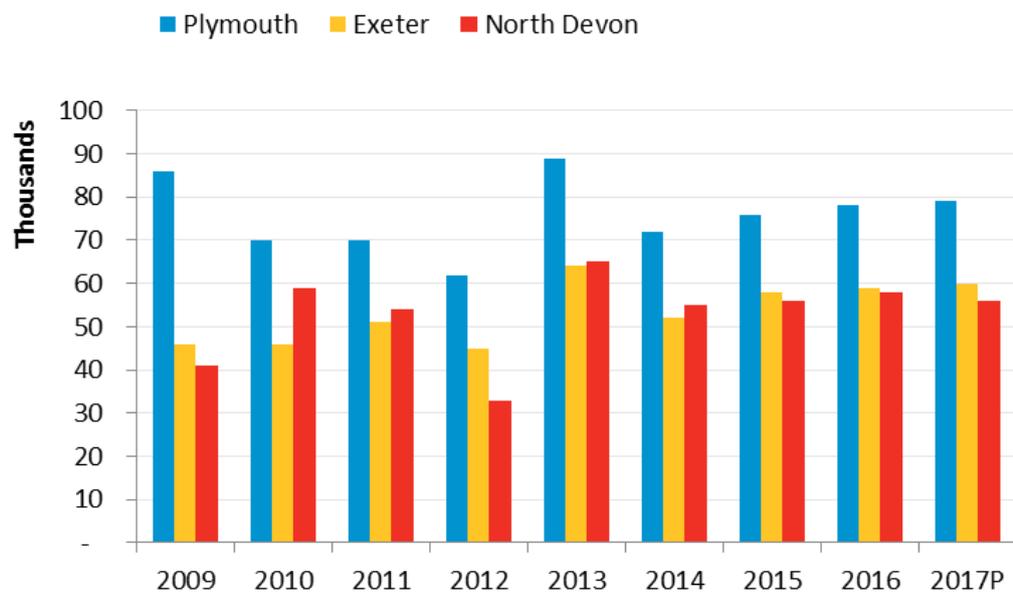
ONS figures show that for overall visits (including business and leisure) in 2016, Germany was the most prominent country of origin with 23,000 staying visits (25% of the overseas intake) and boasts similar levels over the last 6 years. France has historically provided the greatest number of staying visits however 2016 figures dropped below their average since 2010, at 9% of the overseas market. In respect of long-haul visitors, Australia has seen similar trends as France with historic figures of 13% in 2013 but only 2% in 2016. Following Australia, there are also strong overseas visitor numbers originating from America at 5.5%.

From analysing individual countries of origin, it is evident that visitors from America are attracted to Plymouth by historic links with the Mayflower carrying America's 'Founding Fathers' to the New World in 1620, departing from the port. The number of American visitors is expected to spike in 2020 as the city celebrates the 400th anniversary of the Mayflower.

Through the cross-channel ferry service located in Plymouth, visitors from Spain and France typically stay in the Millbay and The Hoe areas due to early departures and late arrivals. Brittany Ferries sail from Plymouth to Roscoff (in the summer months) twice a day, St Malo (in the winter months) every Monday and Santander every Sunday (all year round).

We understand that visitors from Germany, Austria and Switzerland tend to fly to Exeter Airport on charter aircraft and travel to Plymouth by coach. The length of stay is typically around 10 days to visit the parts of Devon and Cornwall that have been made famous by the books of South- West born novelist Rosamunde Pilcher and featured on TV shows in Germany and Austria.

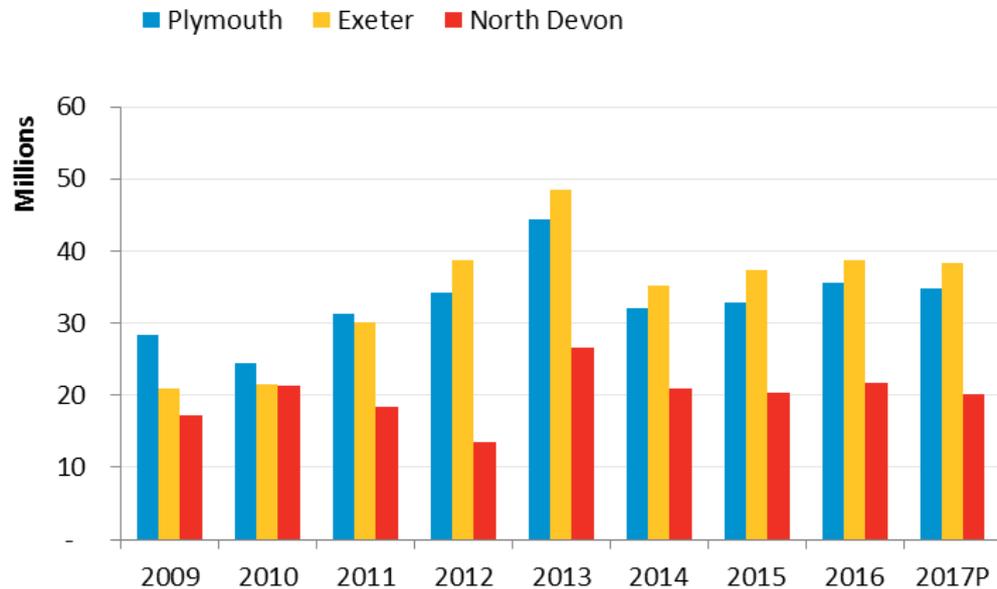
Exhibit 7: Overseas Visitor Trips Per Destination



Source: Plymouth City Council - based on SWRC analysis of the Cambridge model

In comparison to the competing markets in the southwest, Plymouth experiences a greater level of overseas visitor trips per annum, growing on average from 2012, than both Exeter and North Devon. In 2017, Plymouth experienced 79,000 overseas trips in comparison to 60,000 in Exeter. It is understood that the aim of the new visitor strategy is to double their intake of overseas visitors and therefore greater increase the respective demand for hotel roomnights within the city.

Exhibit 8: Overseas Visitor Spend Per Annum



Source: Plymouth City Council - based on SWRC analysis of the Cambridge model

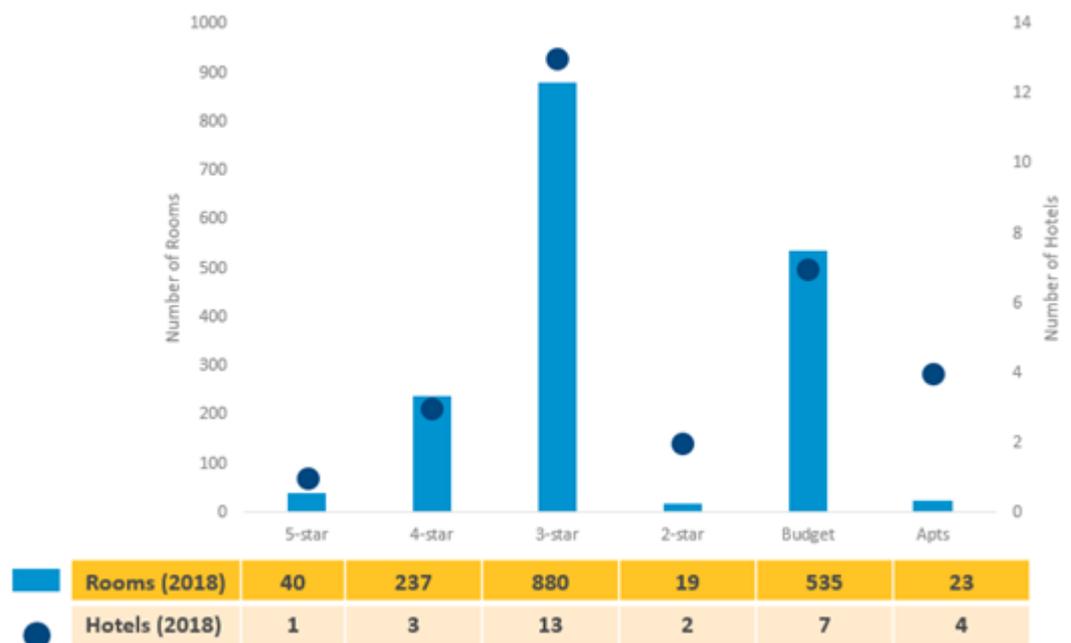
Despite receiving a higher number of overseas visitors, it does not directly correspond to the overseas spend as Plymouth witnessed a spend of £440 per person per visit, whilst Exeter experienced £638 per person per visit. This may be due to the level of Airbnb residences in Plymouth causing a lower spend in the area in comparison to the ADR in hotels. With an increase in the supply of hotels in Plymouth, the respective overseas and domestic visitor spend will grow and the predicted upsurge in overseas visitor numbers will magnify this improvement.

3 HOTEL SUPPLY AND DEMAND PERFORMANCE

3.1 HOTEL SUPPLY IN PLYMOUTH

According to the AM:PM by STR Global Hotels database, Plymouth comprises a total of 30 hotels, collectively providing 1,734 rooms. The majority of this supply is concentrated within the 3-star and budget sectors, which collectively account for over 80% of Plymouth’s hotel bedroom supply. Supply at the upper midscale and upscale level is limited, with 4-star properties accounting for only 14% of total supply. This includes the former 211-key Holiday Inn hotel near Plymouth Hoe, which was rebranded to Crowne Plaza in 2017.

Exhibit 9: Hotel Market Structure, Plymouth

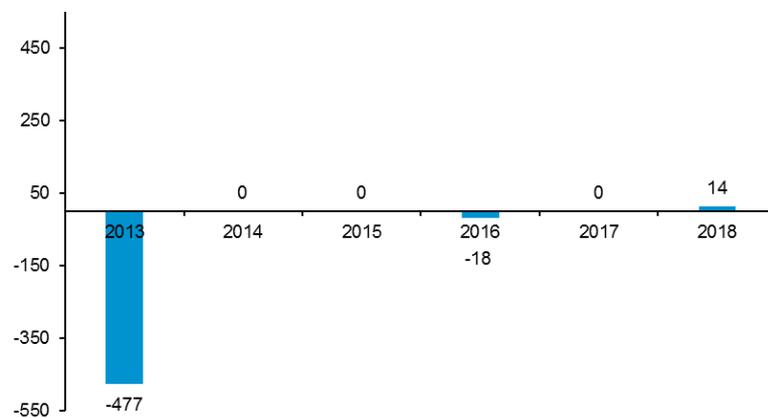


Source: AM:PM by STR Global

The following Exhibit shows the net (room) supply growth in the Plymouth hotel market between 2013 and 2018.

Exhibit 10: Historical Net Supply Growth, Plymouth, 2013 – Present

	Hotels			Rooms		
	Open	Close	Net	Open	Close	Net
2013	1	7	-6	10	487	-477
2014	0	0	0	0	0	0
2015	0	0	0	0	0	0
2016	0	1	-1	0	18	-18
2017	0	0	0	0	0	0
2018	1	0	1	14	0	14
Total	2	8	-6	24	505	-481



Source: AM:PM by STR Global

In 2013, the Plymouth market lost nearly 500 hotel rooms, including the 111-key Quality Inn hotel, which was located on the Plymouth Hoe. This prime waterfront site now represents a redevelopment opportunity for a new hotel scheme. In Exhibit 11 below we list the hotels that opened or closed between 2013 and 2018.

Exhibit 11: Historical Supply

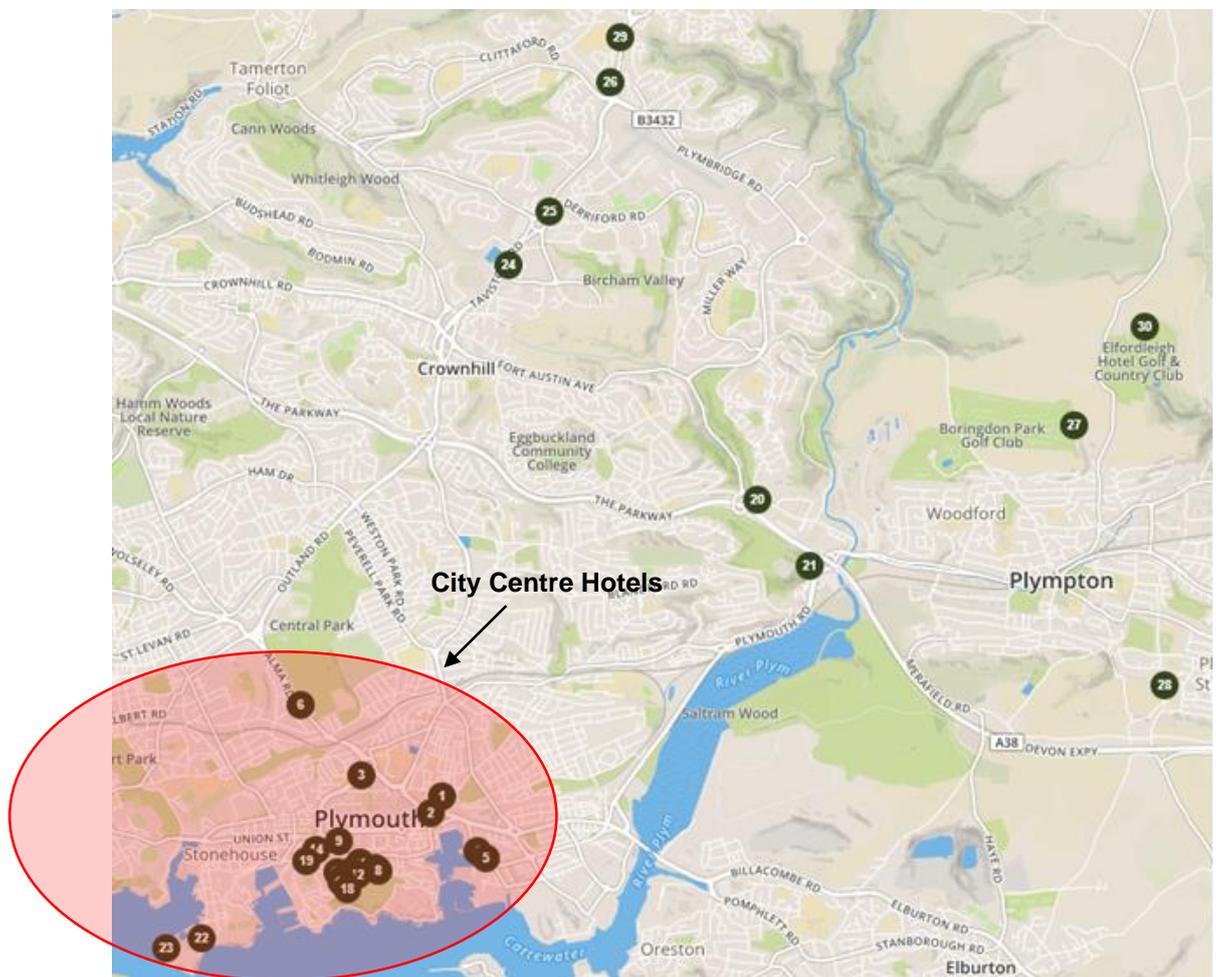
Hotel Name	No. of Rooms	Status	Year
Strathmore House Apartments	10	Opened	2013
Astor Hotel	62	Closed	2013
Cranbourne Hotel	41	Closed	2013
Legacy Hotel	100	Closed	2013
Legacy Plymouth International Hotel	100	Closed	2013
Quality Hotel Plymouth	111	Closed	2013
Riviera Guest House	11	Closed	2013
The Astor Hotel	62	Closed	2013
Camelot Hotel	18	Closed	2016
Rooms by Bistrot Pierre	14	Opened	2018

Source: AM:PM by STR Global

The lack of new hotel supply in Plymouth is predominantly due to funding issues for development in the city. This is also the reason for limited supply at the branded, 4-star plus level, which in turn impacts the markets attracted and rates paid by guests.

We map the location of Plymouth’s hotel supply in the Exhibit overleaf. The majority of supply is concentrated within the city centre, with several hotels situated on the outskirts of Plymouth, near key motorway networks and the Derriford area. There are also several properties in Plympton, including the 5-star Boringdon Hall Hotel and Spa.

Exhibit 12: Location Map, Plymouth



Source: AM:PM by STR Global

Exhibit 13: List of Supply

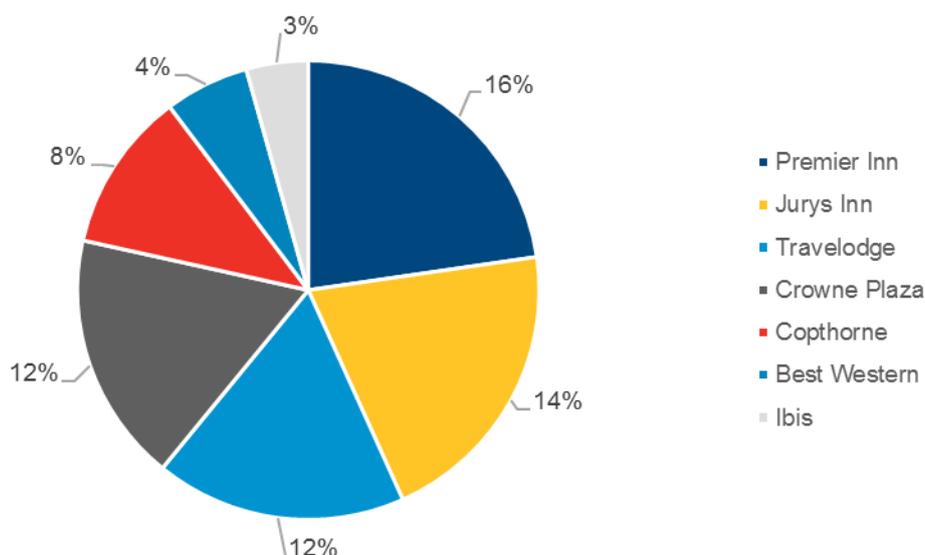
Marker	Title	Grade	Rooms
1	The Beaumont Apartments	Apts	2
2	Jurys Inn Plymouth	3	247
3	Copthorne Plymouth	3	135
4	Premier Inn Plymouth City Centre Sutton Harbour	Budget	107
5	Premier Inn Plymouth City Centre Lockyers Quay	Budget	84
6	Home Park Homestay	3	16
7	Crowne Plaza Plymouth	4	211
8	Pub On The Hoe	2	3
9	Travelodge Plymouth Hotel	Budget	96
10	Imperial Hotel Plymouth	3	20
11	Drake Hotel	2	16
12	The Invicta Hotel	3	23
13	Kynance House Hotel	3	26
14	The New Continental Hotel	3	99
15	Jewells Guest House	4	11
16	The Grosvenor Hotel	3	41
17	Strathmore House Apartments	Apts	10
18	Elliot Terrace Apartments	Apts	8
19	Best Western Duke Of Cornwall Hotel	3	71
20	Ibis Plymouth	Budget	52
21	Premier Inn Plymouth East	Budget	81
22	Rooms by Bistrot Pierre	3	14
23	Drakes Wharf	Apts	3
24	Future Inn Plymouth	3	143
25	Travelodge Plymouth Derriford Hotel	Budget	75
26	Travelodge Plymouth Roborough	Budget	40
27	Boringdon Hall Hotel & Spa	5	40
28	St Elizabeths Hotel	4	15
29	Millstones Country Hotel	3	9
30	Elfordleigh Hotel & Golf	3	36

Source: AM:PM by STR Global

3.1.1 BRAND PRESENTATION

The majority of Plymouth’s hotel supply is branded, providing almost 70% of total supply. Premier Inn properties account for the largest portion of room supply, closely followed by Jurys Inn and Travelodge.

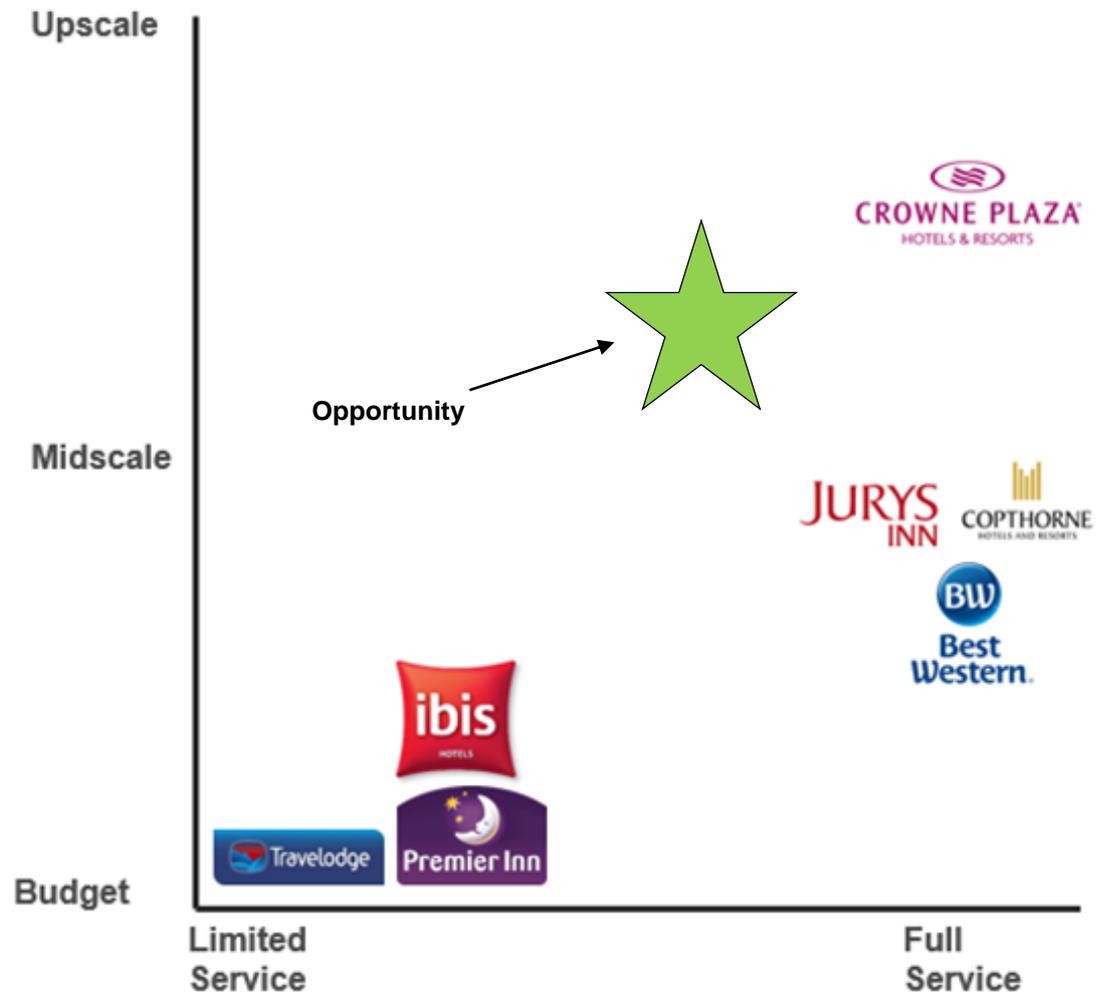
Exhibit 14: Top Brand Representation in Plymouth



	Brand	Parent Company	No. of Hotels	No. of Rooms	%
1	Premier Inn	Whitbread	3	272	16%
2	Jurys Inn	Leonardo Hotels	1	247	14%
3	Travelodge	Travelodge	3	211	12%
4	Crowne Plaza	IHG	0	211	12%
5	Copthorne	M&C	1	135	8%
6	Best Western	Best Western	1	71	4%
7	Ibis	Accor	1	52	3%

Source: AM:PM by STR Global

Exhibit 15: Brand Gap Analysis, Plymouth



Source: AM:PM by STR Global, colliers International Analysis

It is important to note the absence of hotels in Plymouth which operate with the benefit of major distribution systems. This includes major hotel companies such as Hilton, Marriott and Carlson Rezidor. Furthermore, Accor only has 52 rooms in the city. It is also evident that there is a limited supply of branded hotels at the midscale plus level in Plymouth.

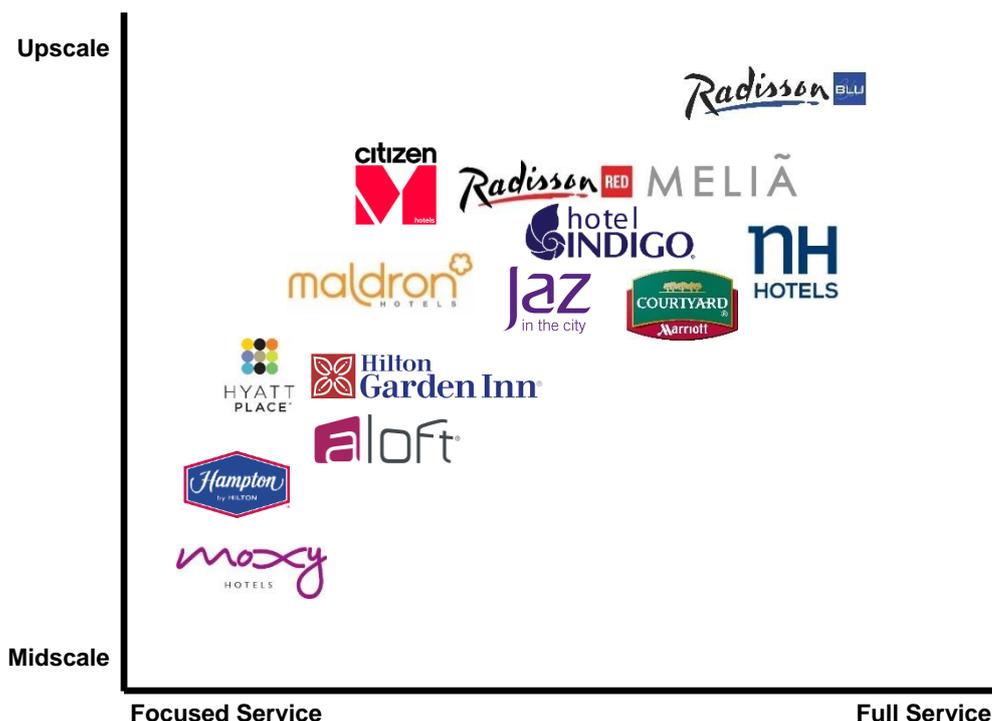
3.1.2 BRAND RECOMMENDATION

Based on the brand gap analysis presented above as well as the hotel market characteristics of Plymouth, we outline some potential branding solutions in Exhibit 16 (with the associated hotel parent company) that could be attractive for the Plymouth market. The hotel brands presented below, are well established in the UK, and we are aware that they actively seek new opportunities to expand their portfolio of hotels.

Exhibit 16: Brand Recommendations

Brand	Hotel Group	Chain Scale
citizenM	citizenM Hotels	Upscale Chains
Maldron	Dalata Hotel Group	Upscale Chains
Jaz in the City	Deutsche Hospitality	Upscale Chains
Hampton by Hilton	Hilton Hotels & Resorts	Upper Midscale Chains
Hilton Garden Inn	Hilton Hotels & Resorts	Upscale Chains
Hyatt Place	Hyatt Hotels	Upscale Chains
Hotel Indigo	InterContinental Hotels Group (IHG)	Upper Upscale Chains
Aloft Hotels	Marriott International	Upscale Chains
Moxy Hotels	Marriott International	Upper Midscale Chains
Courtyard	Marriott International	Upscale Chains
Meliá	Meliá Hotels International	Upscale Chains
NH hotels	NH Hotel Group	Upscale Chains
Radisson Blu	Radisson Hotel Group	Upper Upscale Chains
Radisson Red	Radisson Hotel Group	Upper Upscale Chains

Source: Colliers International
This table is not exhaustive

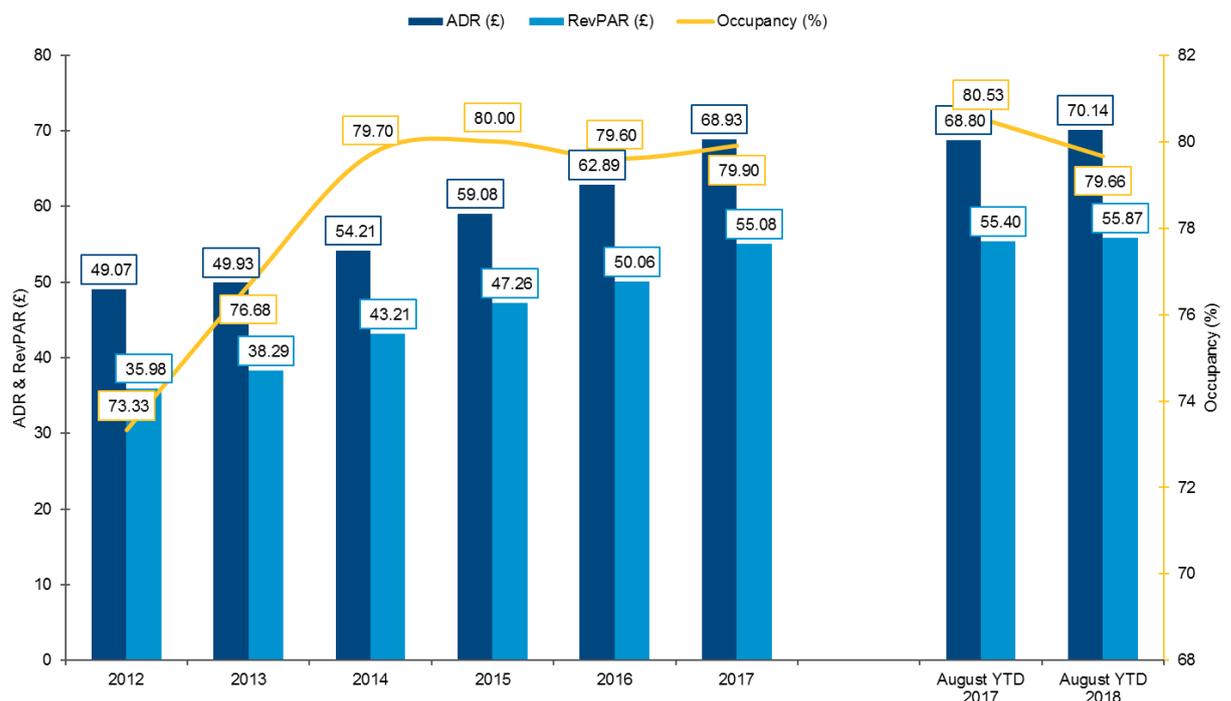


3.2 HOTEL PERFORMANCE IN PLYMOUTH

3.2.1 THE OVERALL PLYMOUTH HOTEL MARKET

The Exhibit overleaf presents the historical and current trends in occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) for the overall Plymouth hotel market. This sample represents 14 hotels, collectively providing 1,250 bedrooms.

Exhibit 17: Occupancy, ADR and RevPAR Trends, 2012 – 2017 and August YTD 2018



Source: STR Global

We note the following:

- The Plymouth hotel market experienced growth in occupancy levels between 2012 and 2014 (+6.4 percentage points), reaching a strong 79.7%. In subsequent years, Plymouth hotels continued to operate at peak levels of 79-80%. The overall occupancy trend illustrates the strength of local hotel market conditions, also highlighting an undersupplied market;
- The average room rate has increased year-on-year between 2012 and 2017 at a compound annual growth rate (“CAGR”) of 5.6%, approaching the £70 mark in 2017. 2017 ADR levels represent an increase of a significant 40% on 2012 (+£20);
- Overall, the Plymouth market has shown an upward, positive trend in RevPAR, which has grown at a CAGR of almost 9% over the past six years, reaching £55 in 2017;

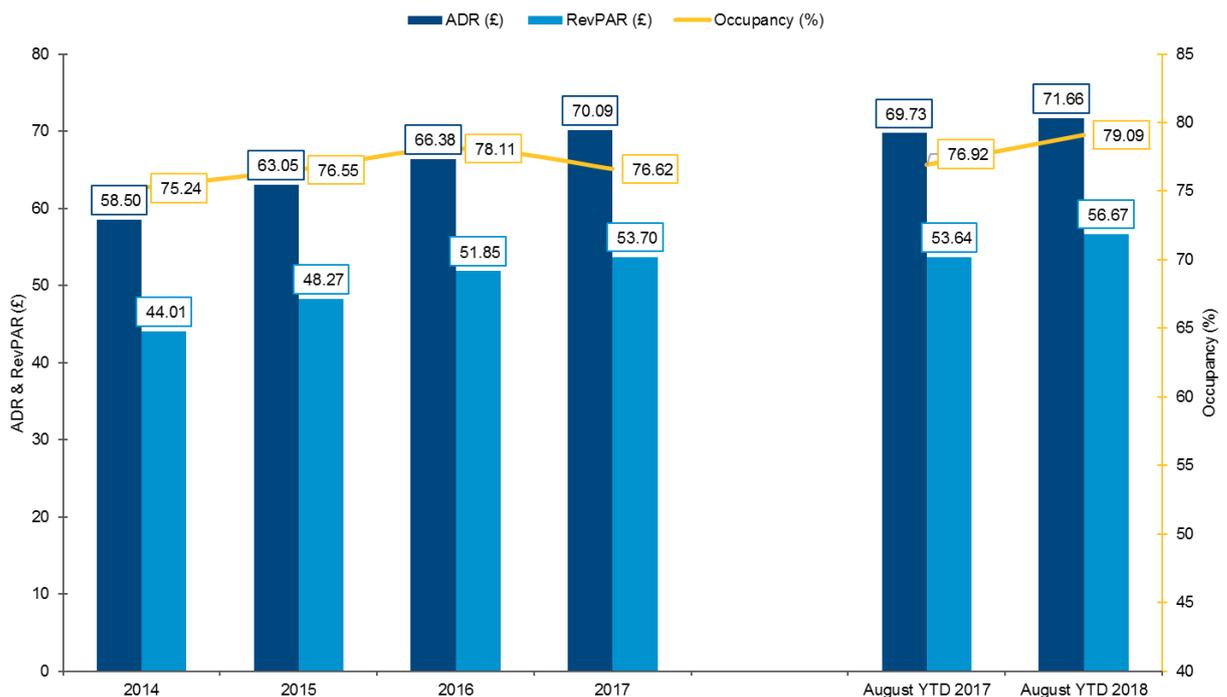
- Year-to-date (“YTD”) performance for August 2018 indicates little movement in the occupancy. However, the ADR continues to show improvements, increasing by 2% on the same period in 2017.

3.2.2 THE MIDSCALE PLUS MARKET

The following Exhibits present the historical and current trends in occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) for a sample of hotels positioned within the full-service, midscale plus sector. This market set comprises four hotels (Cophthorne Plymouth, Crowne Plaza Plymouth, Best Western Duke of Cornwall Hotel and Jurys Inn Plymouth), collectively providing 664 bedrooms.

ANNUAL PERFORMANCE

Exhibit 18: Occupancy, ADR and RevPAR Trends, Midscale Plus Market, 2014 – 2017 and August YTD 2018



Source: STR Global

We note the following:

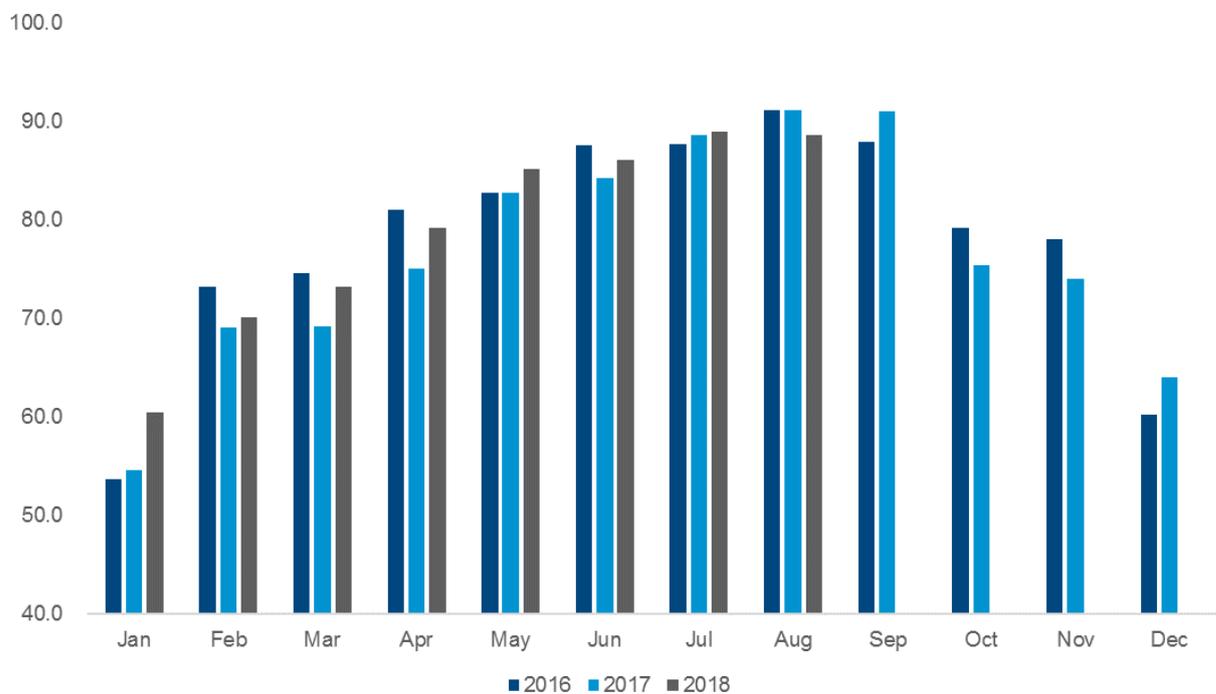
- Midscale hotels in Plymouth have continuously performed well between 2014 and 2017, with the RevPAR growing by almost £10 over the period, and reaching £53.70 in 2017;
- In general, annual improvements in the rooms yield can be attributed to both occupancy and ADR performance growth. The occupancy did dip slightly in 2017 by two percentage points, albeit still recording a healthy 76.6%.

- YTD performance for August 2018 indicates further improvements within the market set, with the RevPAR increasing by 5.7% when compared to the previous period. This is particularly positive, as the Crowne Plaza released its 80 fully refurbished rooms back into the market in Q1 2018. This trend highlights the growing demand for good quality, branded hotels in Plymouth.

MONTHLY TRENDS

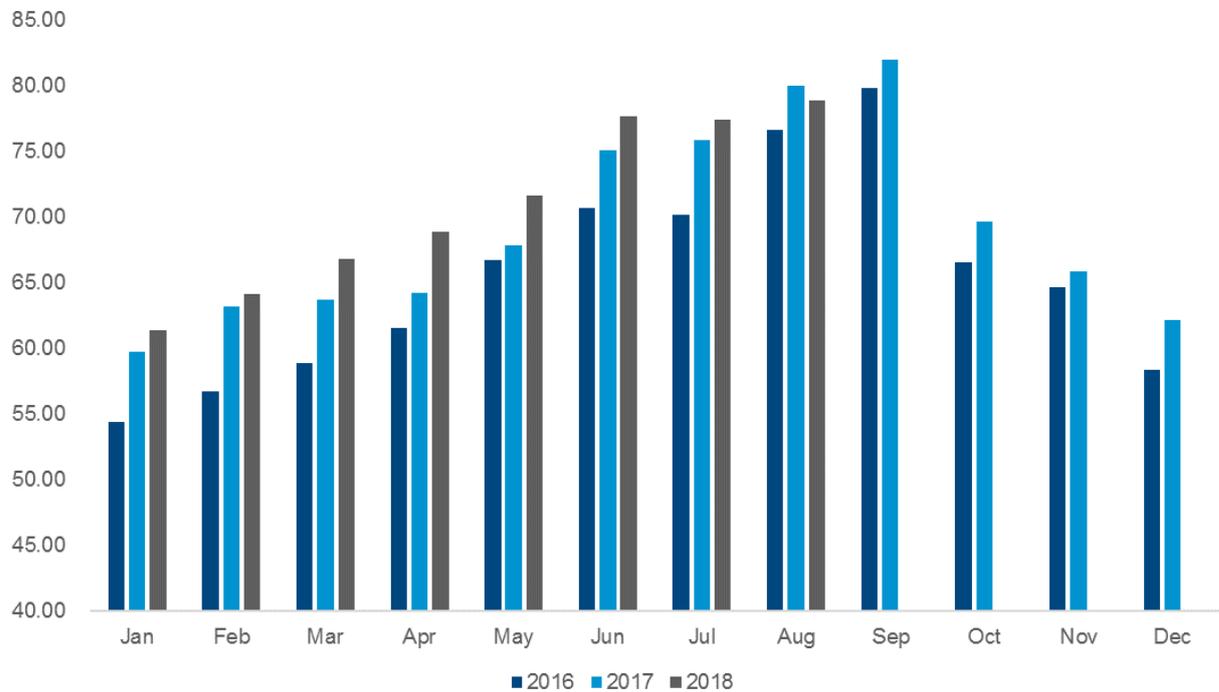
The following Exhibits present the monthly occupancy and ADR trends for the midscale plus market set between 2016 and August 2018.

Exhibit 19: Monthly Occupancy Trend, Midscale Plus Market, 2016 to August 2018



Source: STR Global

Exhibit 20: Monthly ADR Trend, Midscale Plus Market, 2016 to August 2018



Source: STR Global

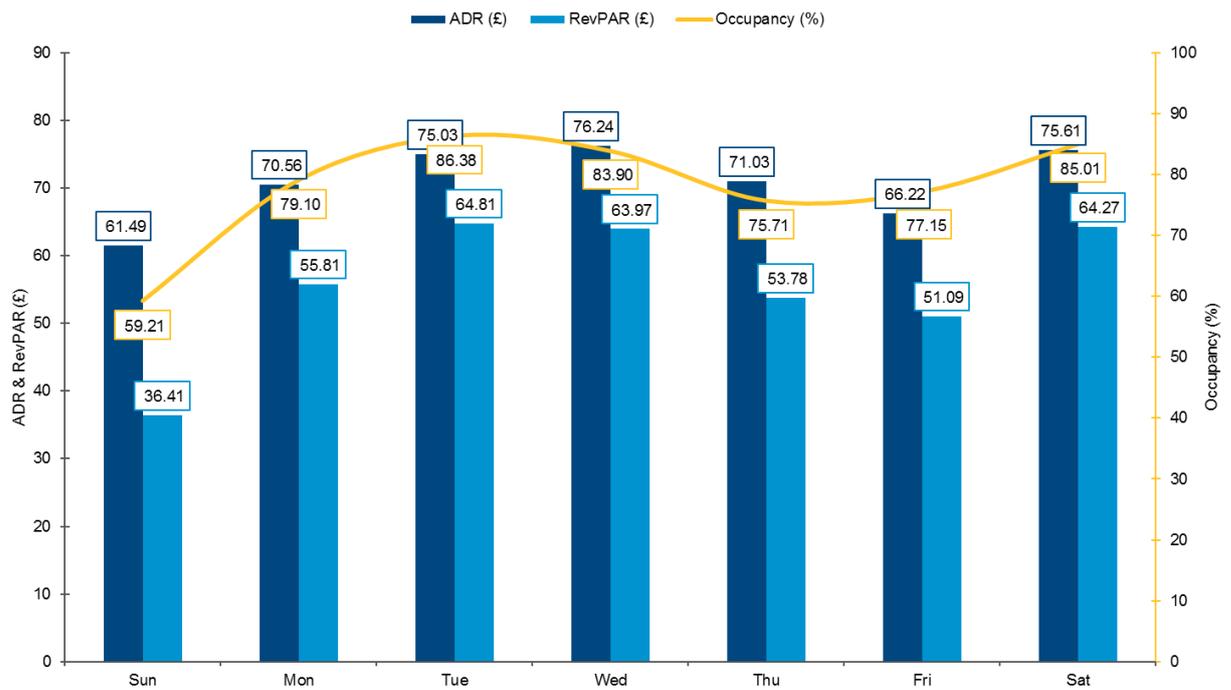
We note the following:

- July, August and September represent the strongest performing months for Plymouth hotels positioned at the midscale plus level. This mirrors the overall Plymouth market trend;
- 2018 monthly occupancy levels were up on 2017 figures up till July. Performance for August 2018 indicates a decline on the previous year. This can be attributed to the introduction of other accommodation offerings in the summer period, including Hashtag hotels and student accommodation.

DAY OF THE WEEK ANALYSIS

The following graph illustrates the average daily performance of the market set over a 12-month period (September 2017 – August 2018).

Exhibit 21: Average Daily Occupancy, ADR and RevPAR Trend, Midscale Plus Market



Source: STR Global

We note the following:

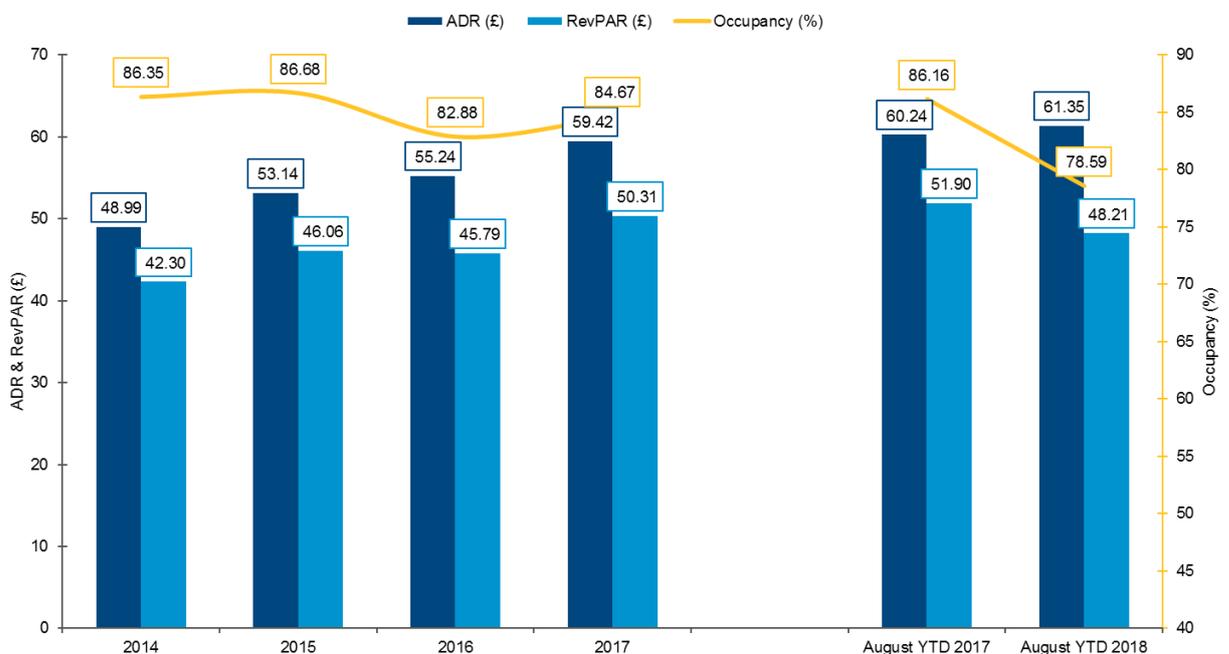
- Tuesdays, Wednesdays and Saturdays record the highest RevPAR levels, highlighting the strength of both business and leisure related demand within the midscale plus hotel market in Plymouth;
- The midscale market is less price sensitive in comparison to the budget market, with relatively stable ADR levels throughout the week (above £65 between Monday and Saturday).

3.2.3 THE BUDGET MARKET

The following Exhibits present the historical and current trends in occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) for a sample of hotels positioned within the budget, limited-service sector. This market set comprises five hotels (Travelodge Plymouth Hotel, Premier Inn Plymouth City Centre Lockyers Quay, Premier Inn Plymouth City Centre Sutton Harbour, Travelodge Plymouth Derriford Hotel and Ibis Plymouth), collectively providing 414 bedrooms.

ANNUAL PERFORMANCE

Exhibit 22: Occupancy, ADR and RevPAR Trends, Budget Market, 2014 – 2017 and August YTD 2018



Source: STR Global

We note the following:

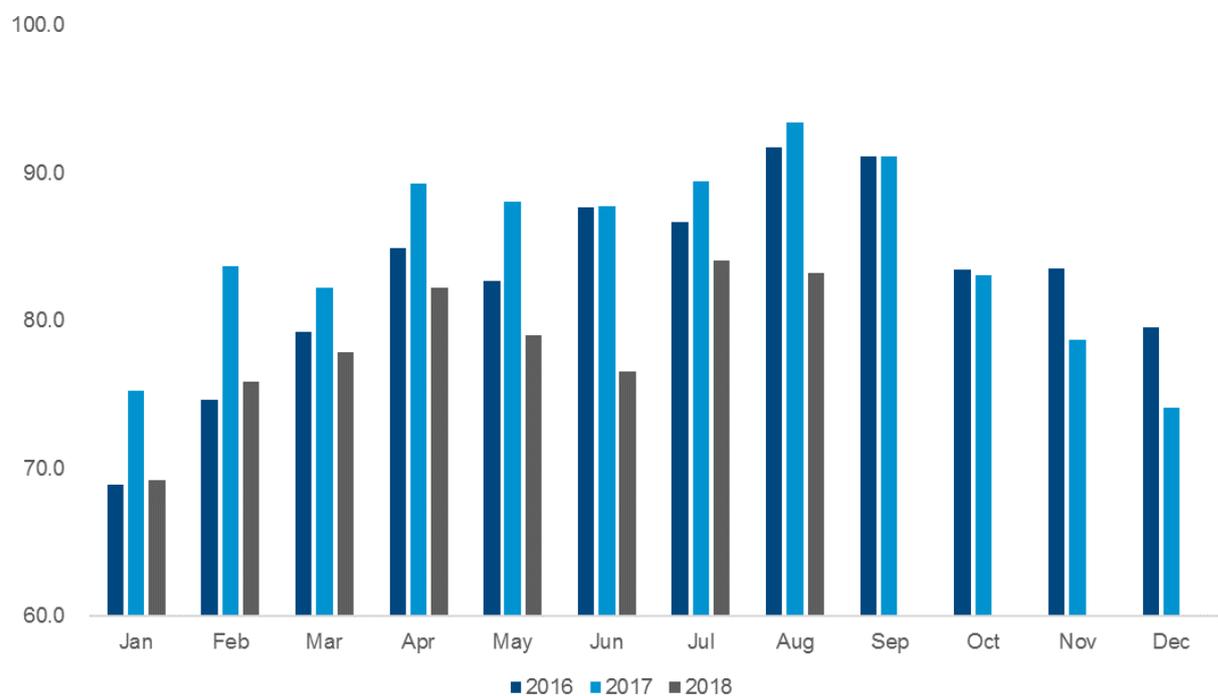
- Budget hotels in Plymouth have been operating at full capacity over the past four years, peaking in 2014 and 2015 with occupancy levels of 86%. Demand dipped in 2016 by 3.8 percentage points to 82.9%, before recovering in 2017 to 85.7%. This downward trend can be partly attributed to the increase in other affordable accommodation offerings such as Airbnb. However, demand is still strong at above 80%, highlighting an undersupplied market;
- The ADR has experienced year-on-year growth between 2014 and 2017, representing a CAGR of 5%;
- YTD performance for August 2018 indicates a significant decline in the occupancy, which dropped by 7.6 percentage points to 78.6%. This reflects the current market conditions

within the budget sector, which has been negatively impacted due to the substantial increase in other room-type supply such as student accommodation, Hashtag Hotels and Airbnb during the peak months. For example, we understand that student accommodation rooms are offered as an alternative to hotels in the summer months.

MONTHLY TRENDS

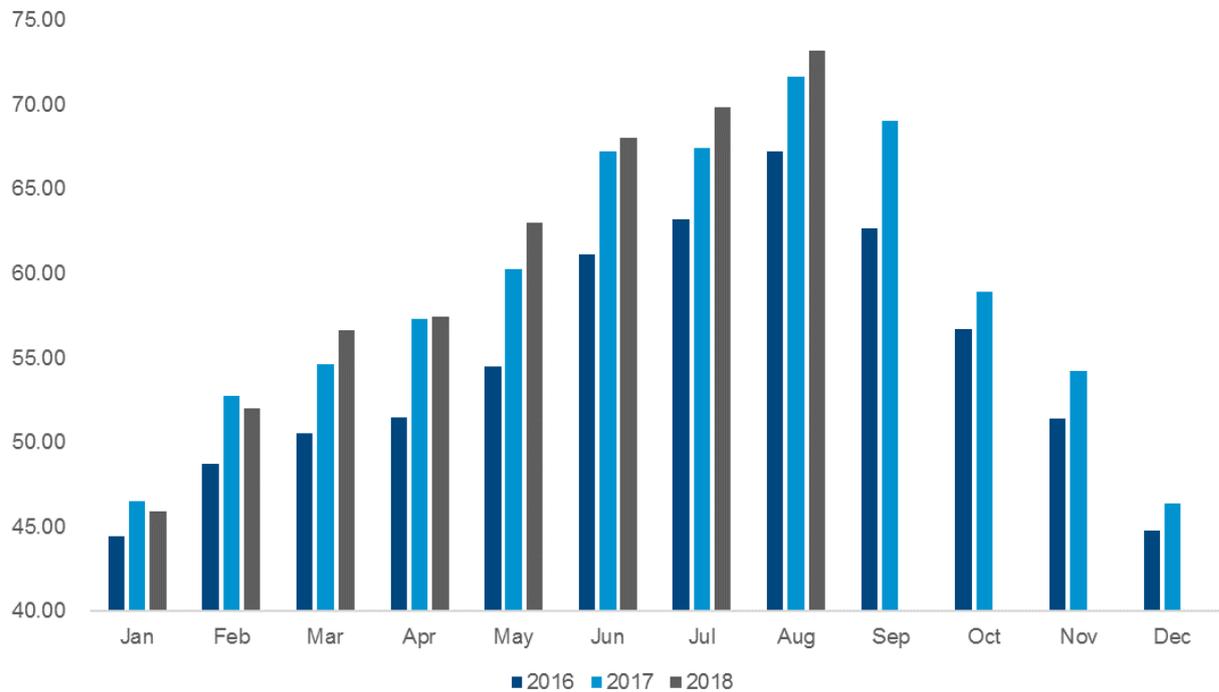
The following Exhibits present the monthly occupancy and ADR trends for the budget market set between 2016 and August 2018.

Exhibit 23: Monthly Occupancy Trend, Budget Market, 2016 to August 2018



Source: STR Global

Exhibit 24: Monthly ADR Trend, Budget Market, 2016 to August 2018



Source: STR Global

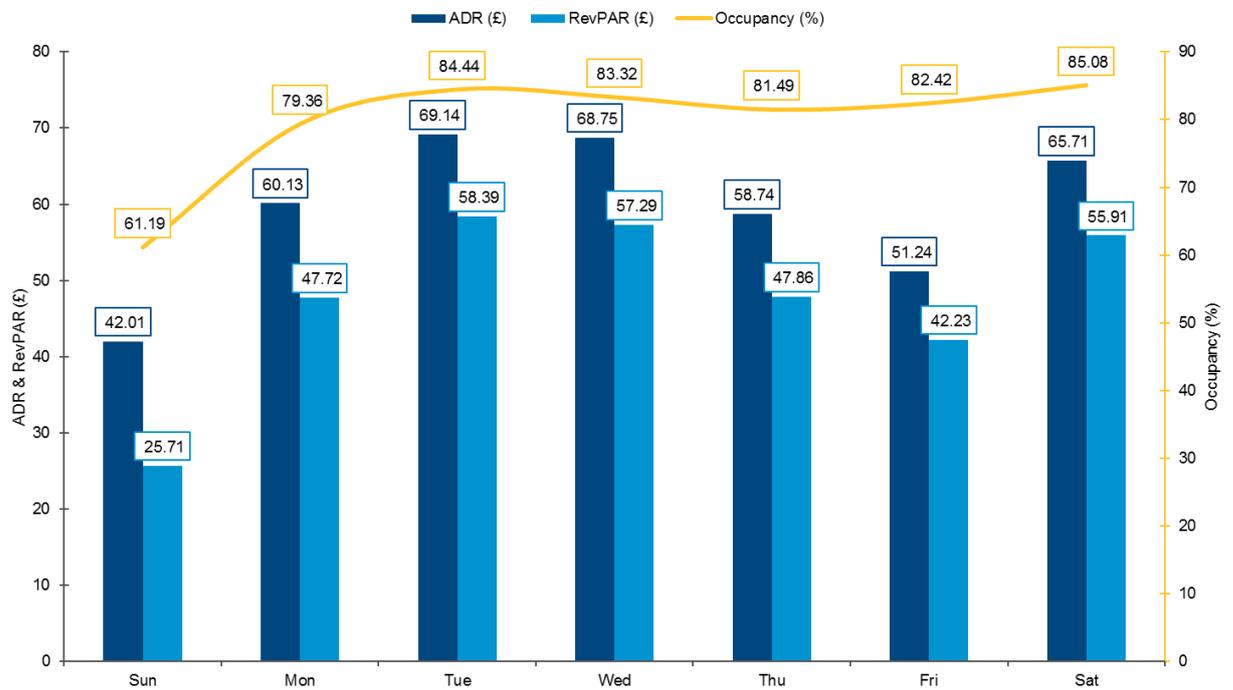
We note the following:

- 2018 monthly occupancy levels represent a decline on 2017 performance, reinforcing the adverse impact of alternative accommodation offerings (such as student accommodation) during the peak season, which take away demand from the budget hotels;
- Monthly ADR performance, however, generally represents an improvement on 2017 figures.

DAY OF THE WEEK ANALYSIS

The following graph illustrates the average daily performance of the market set over a 12-month period (September 2017 – August 2018).

Exhibit 25: Average Daily Occupancy, ADR and RevPAR Trend, Budget Market



Source: STR Global

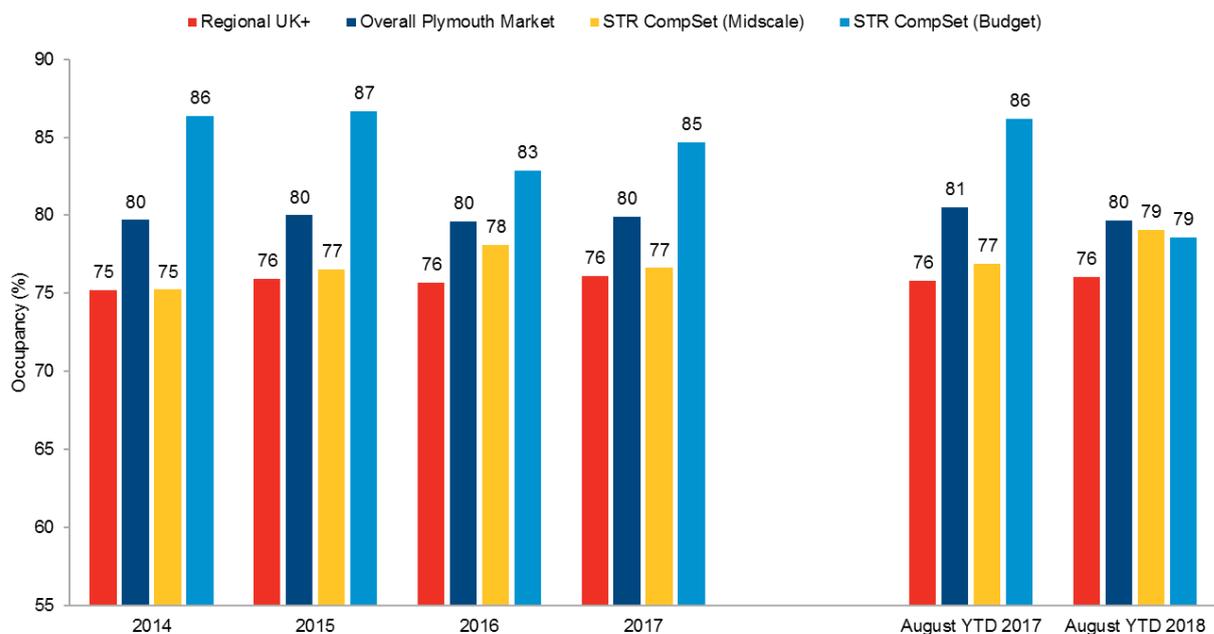
We note the following:

- The budget sector in Plymouth records strong and stable occupancy levels throughout the week. Only on Sunday does the occupancy dip below the 80% mark, highlighting an undersupplied market at this level;
- RevPAR levels are highest on Tuesdays, Wednesdays and Saturdays, indicating a balanced mix of leisure and business demand.

3.2.4 PERFORMANCE COMPARISON

The following graphs illustrate the historical and current performance of the overall Plymouth market against the budget and midscale plus market sets, as well as regional UK.

Exhibit 26: Occupancy Trends, Plymouth vs Regional UK

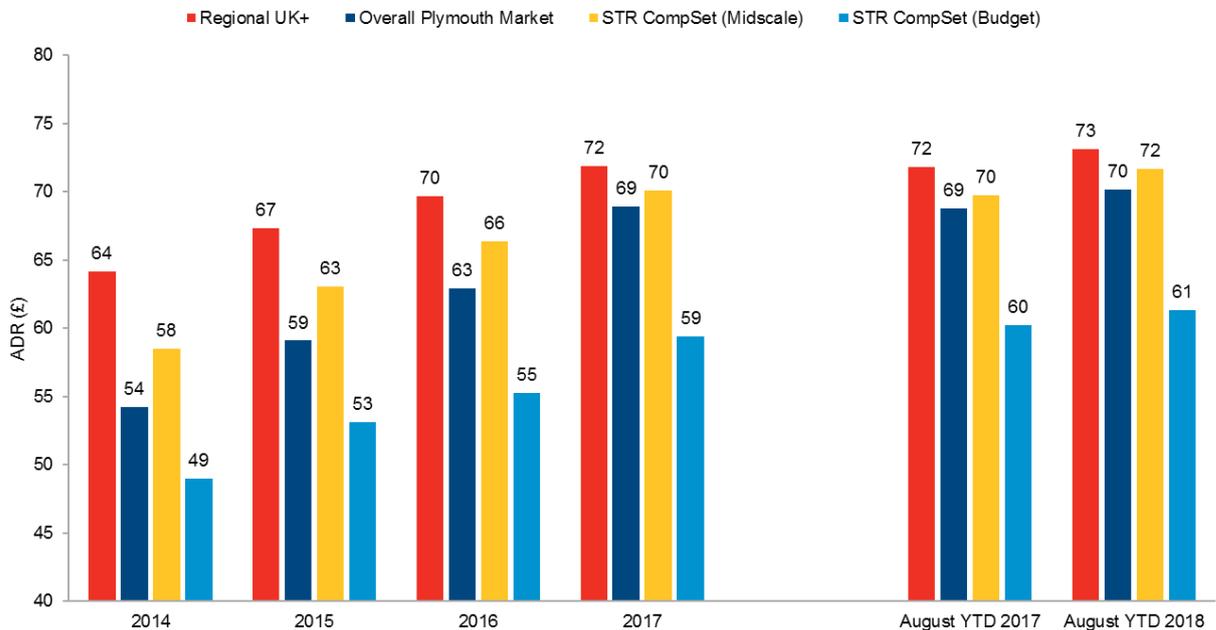


Source: STR Global

We note the following:

- The overall Plymouth market has consistently recorded occupancy levels above the regional UK between 2014 and 2017;
- Whilst Plymouth budget hotels experienced growth in demand in 2017, the midscale plus market dipped slightly;
- YTD occupancy performance for August 2018 shows little movement in the Plymouth and regional UK market. Whilst the midscale set benefitted from an uplift in occupancy, the budget sector has suffered significantly, with a decline in occupancy by approximately 7 percentage points;
- We understand that there is some anecdotal evidence, that due to the high levels of construction in Plymouth, many contractors are staying in accommodation at the lower end of the market or in other accommodation types (i.e. self-catering). This may have had a knock-on effect of driving demand higher up the chain, but has certainly reduced capacity available for other visitor types. Construction activity remains intense but this may ease over time.

Exhibit 27: ADR Trends, Plymouth vs Regional UK



Source: STR Global

We note the following:

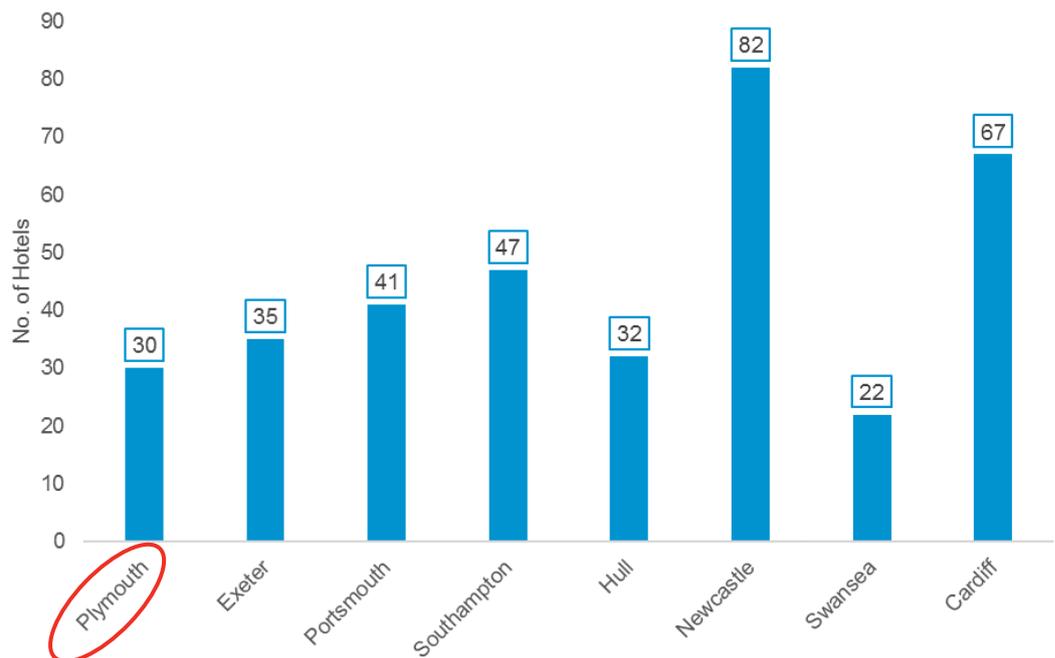
- The overall Plymouth market, as well as the midscale plus set, have consistently recorded ADR levels below regional UK over the past four years. However, this gap is getting narrower, with Plymouth recording an ADR of £69 in 2017; only £3 lower than regional UK, compared to a £10 differential in 2014. This highlights that Plymouth’s ADR has grown at a faster rate than regional UK, with a CAGR of 6%, almost double that of the regional UK;
- All market sets have experienced a positive ADR trend between 2014 and 2017;
- YTD ADR performance for August 2018 also highlights growth in all market sets when compared to the same period in 2017.

3.3 PLYMOUTH IN COMPARISON TO OTHER CITIES

Comparing Plymouth to other cities with similar characteristics is useful to understand the performance of hotels in the city. The comparator cities selected are cities near the coast and away from the UK's major cities. They also either have a strong public sector employment base or 'economic neighbours' in terms of their overall economy.

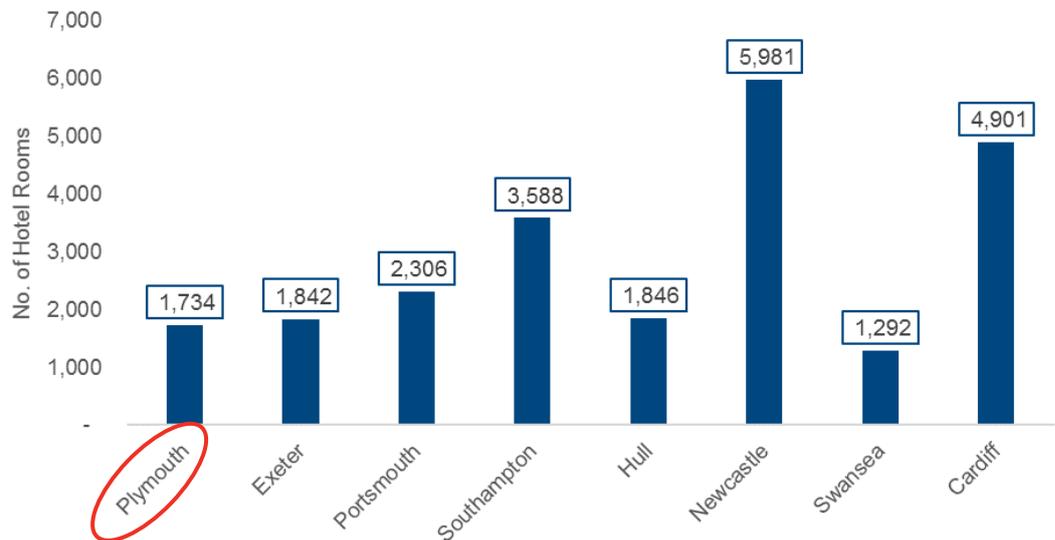
3.3.1 TOTAL SUPPLY

Exhibit 28: Hotel Supply Comparison (by number of hotels)



Source: AM:PM by STR Global

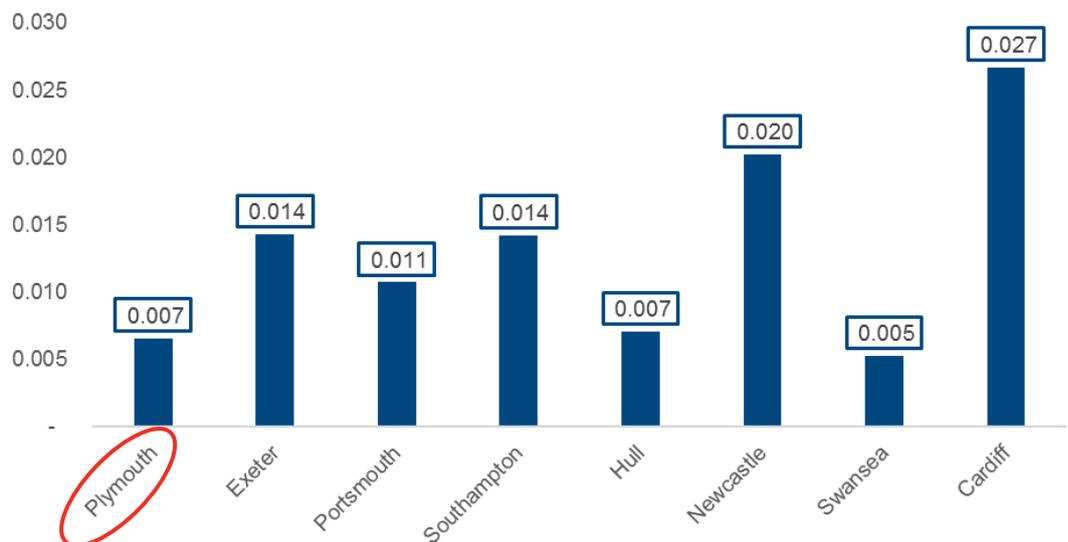
Exhibit 29: Room Supply Comparison (by number of bedrooms)



Source: AM:PM by STR Global

The graphs above illustrate that Plymouth has the second lowest hotel room count, after Swansea, with 1,734 keys. Plymouth’s hotel room supply is broadly on par with Exeter and Hull, but significantly lower than cities such as Cardiff, Newcastle and Southampton.

Exhibit 30: Hotel Room Supply per Head of Population



Source: AM:PM by STR Global, ONS

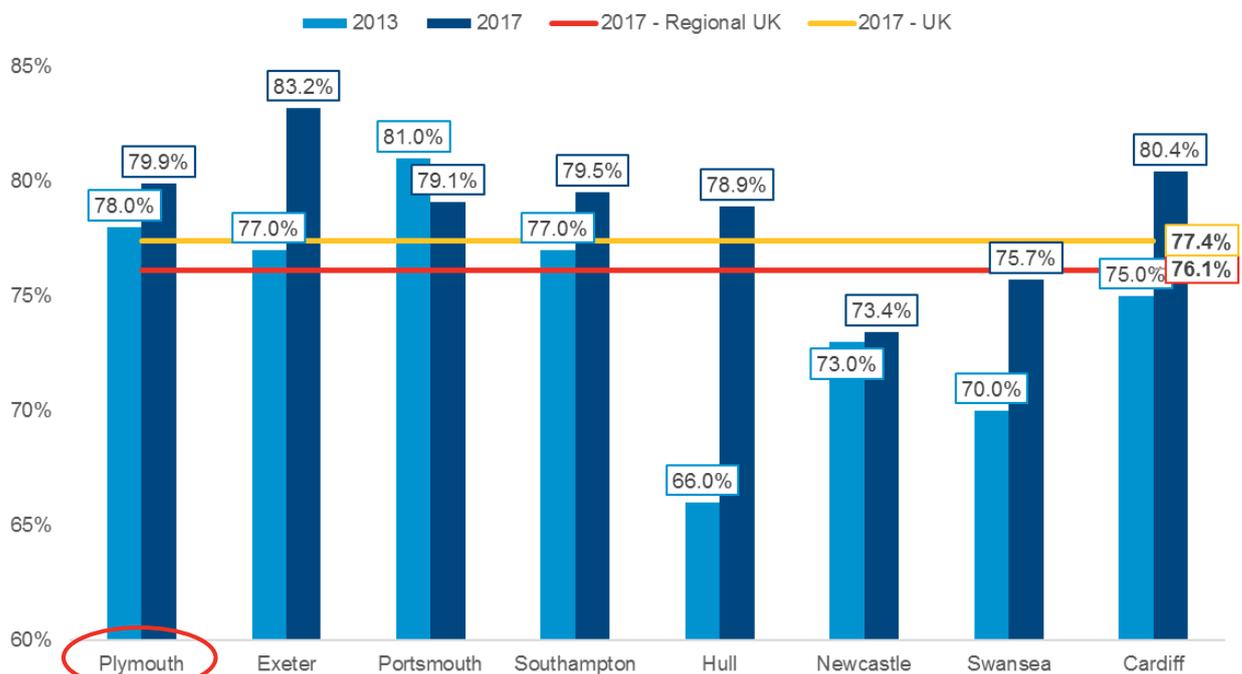
Plymouth has a fairly limited hotel supply base when compared to other similarly populated cities such as Southampton. Exeter, for example, has twice as many hotel rooms per head of population.

Whilst the size of population is not a direct driver of hotel demand, it is a useful indicator to put supply in proportion to city size and significance. In the comparator set, only Hull and Swansea have a lower supply per head of population than Plymouth.

3.3.2 OCCUPANCY

The following graph shows Plymouth’s occupancy performance in 2017 against the comparator cities, as well as the UK and regional UK.

Exhibit 31: Hotel Occupancy Comparison, 2013 vs 2017



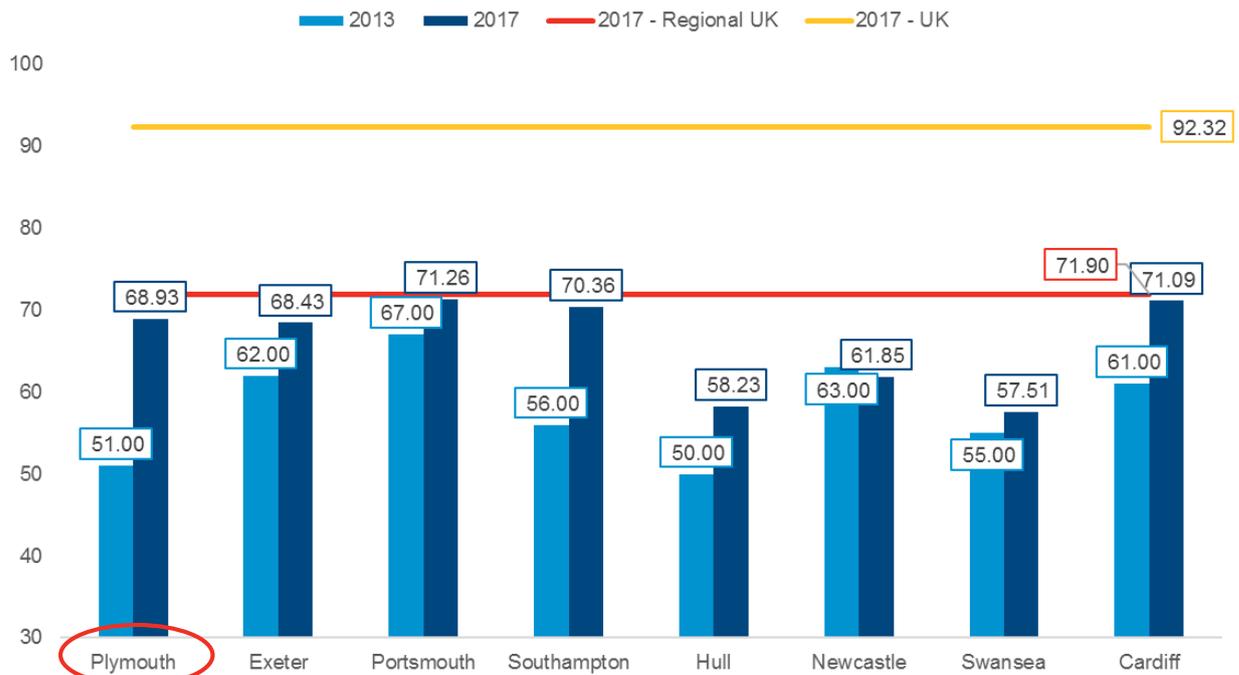
Source: AM:PM by STR Global

In 2017, Plymouth outperformed the UK and regional UK in terms of occupancy, at 79.9%. Plymouth also records occupancy levels either on par or above the majority of the comparator cities, highlighting the strength of the local market.

3.3.3 AVERAGE ROOM RATE

The following graph presents the ADR performance for Plymouth and its comparator cities, as well as the UK and regional UK in 2013 and 2017.

Exhibit 32: Hotel ADR Comparison, 2013 vs 2017



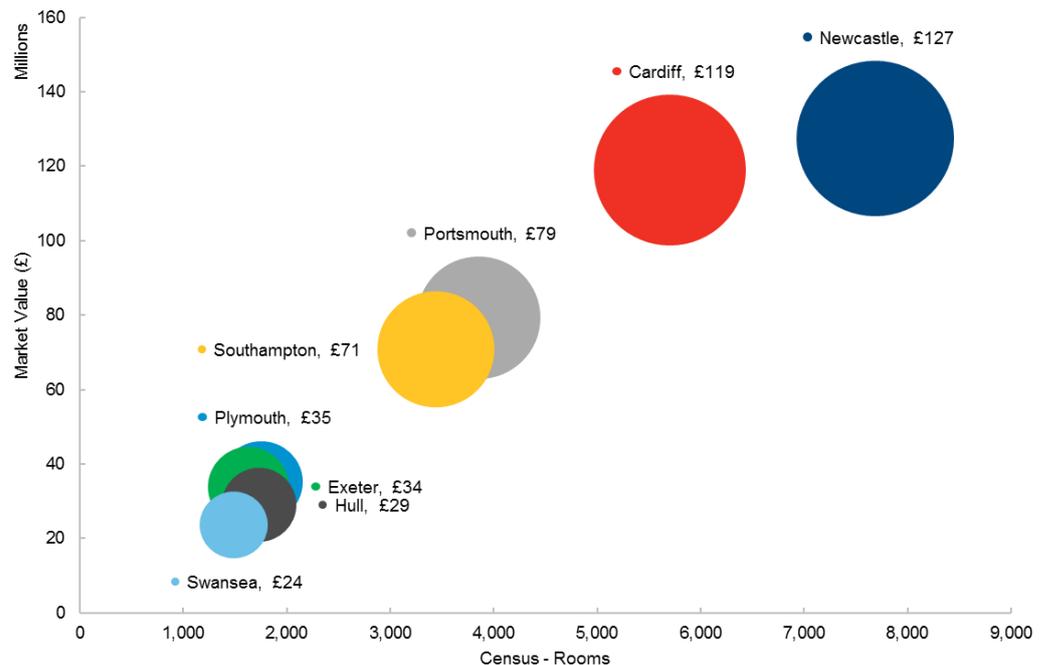
Source: AM:PM by STR Global

Plymouth significantly underperformed the UK and regional UK ADR in 2013, at £51. However, Plymouth's average room rate has experienced healthy growth since, and in 2017 recorded an ADR of £68.93, just below the UK regional average of £71.90. It currently has the fourth highest ADR amongst the sample of other cities, compared to the second lowest in 2013.

3.3.4 MARKET VALUE

Exhibit 33 shows the overall market value (RevPAR x number of hotel rooms x 365) for Plymouth and its comparator cities. Newcastle is the largest hotel market within the sample, with a market value of £127 million in 2017. Plymouth’s market value is at the lower end of the range, estimated at £35 million. Although Plymouth achieves a higher rooms yield than Newcastle, it has a lower supply base, and therefore a lower market value.

Exhibit 33: Plymouth vs Other Cities, Market Value, 2017



City	Census - Hotels	Census - Rooms	Market Value (£)	% Market Share*	Market Value per hotel (£)	RevPAR	Days
Newcastle	101	7,688	£ 127,437,564	24.6%	£ 1,261,758	£ 45.41	365
Cardiff	85	5,705	£ 119,000,994	23.0%	£ 1,400,012	£ 57.15	365
Portsmouth	70	3,855	£ 79,322,969	15.3%	£ 1,133,185	£ 56.37	365
Southampton	49	3,439	£ 70,791,488	13.7%	£ 1,444,724	£ 56.40	365
Plymouth	32	1,753	£ 35,232,828	6.8%	£ 1,101,026	£ 55.06	365
Exeter	33	1,631	£ 33,902,313	6.5%	£ 1,027,343	£ 56.95	365
Hull	31	1,729	£ 28,990,153	5.6%	£ 935,166	£ 45.94	365
Swansea	36	1,486	£ 23,599,182	4.6%	£ 655,533	£ 43.51	365
Totals	437	27,286	£ 518,277,491	100%	£ 1,185,990	£ 52.04	365

Regional UK+	13,132	517,379	£10,335,214,314		£ 787,025	£ 54.73	365
UK	14,737	655,559	£17,105,384,794		£ 1,160,710	£ 71.49	365

Source: AM:PM by STR Global, Colliers International, December 2017 Figures
 *Market Share is in respect to the Totals of the comparison cities

In 2017, the market value per room for the Plymouth market was £20,099. We can assume that this is the maximum value the market can achieve per additional room. Our indicative estimated added value for an additional of 100 rooms (based on 2017 RevPAR) is £2 million. However, it is important to note that this is an indicative value and that the RevPAR will

significantly depend on what type of new supply will come to the market (e.g. Budget, 5-Star, etc.), inflation rates, and future demand.

It should be noted that this is only capturing rooms revenue and does not include the other expenditure in the hotel on food, drink and other services – as an average this could add a further 30% to the totals shown. Moreover, there have been a number of assessments made of the multiplier effect of hotel expenditure and these suggest that an appropriate multiplier would be in the order of 1.4. This includes then expenditure locally such as taxis, restaurants, bars, visitor attractions and casual retail.

Taking into account the above then we could take the £35m indicated above, add expenditure on food, drink and other services to bring this total to £50m. If we apply the 1.4 multiplier this means that the hotel sector is creating £70m locally. This could be doubled to £140m if Plymouth was able to reach the equivalent impact of, say Portsmouth.

3.4 FUTURE SUPPLY ANALYSIS

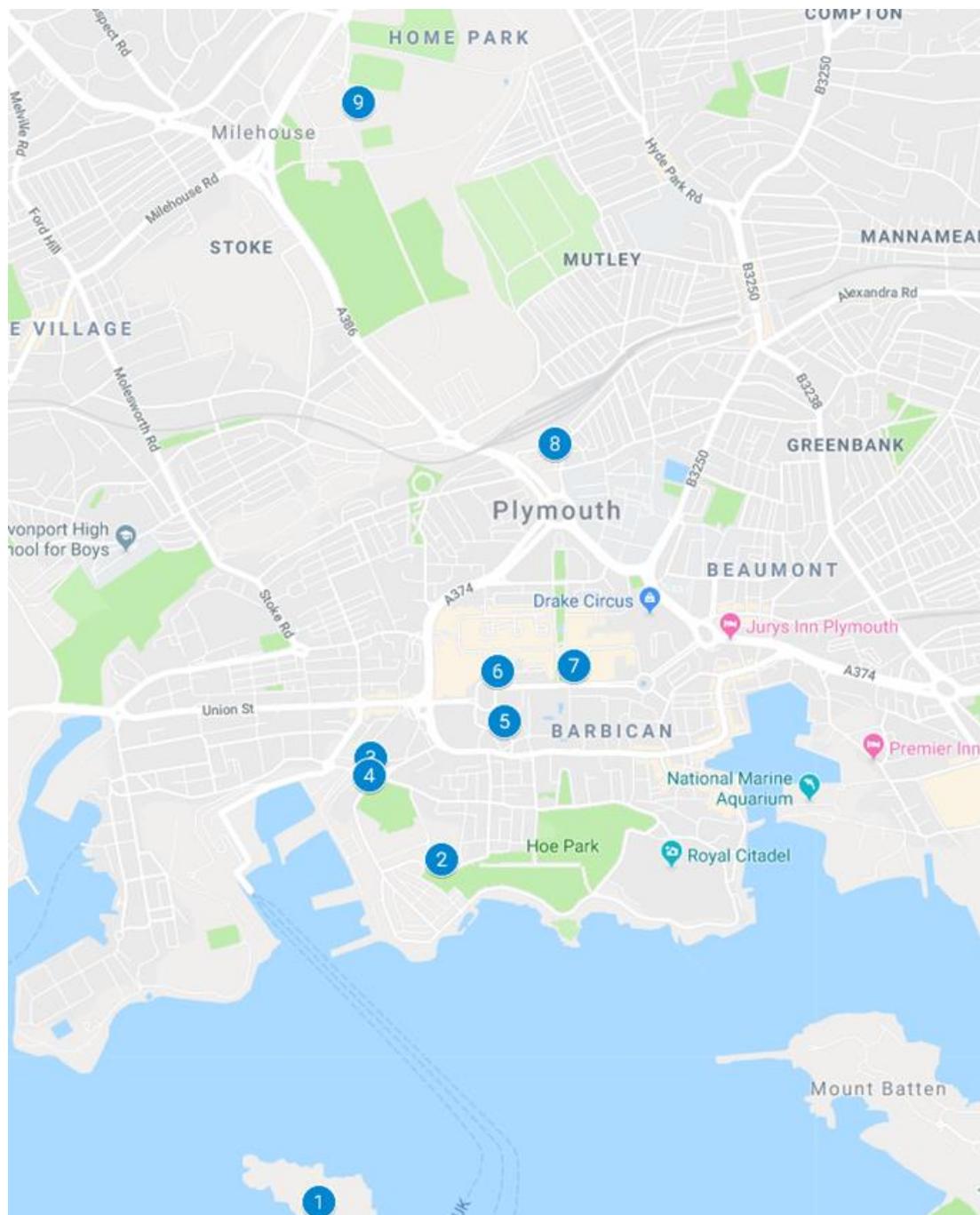
There are 9 hotel proposals in the pipeline representing a potential increase of 1,161 rooms in the market area. Currently, only 9% of total room supply will most likely come to fruition by 2020. The remaining of the schemes are still in early planning stages. In Exhibit 34 we list the hotel proposals and Exhibit 35 we illustrate their location.

Exhibit 34: Overall Hotel Development Pipeline

Marker	Hotel Name	No. of Rooms	Grade	Estimated Opening	Project Type
1	Drake's Island	43	5-Star	-	Construction works have not started
2	Former Quality Hotel Site	80	4-Star	-	Construction works have not started
3	Moxy Plymouth	170	3-Star	-	Planning submitted
4	Millbay Road	126	4-Star	-	Planning submitted
5	The Crescent	255	3-star & Apts	-	Planning submitted for dual branded hotel
6	Premier Inn Royal Parade	100	Budget	2019	In construction- estimated opening 2019
7	House of Fraser Site	130	4-Star	-	Early Stages
8	Railway Station Site	150	4-Star	-	Demolition of multi-storey car park for hotel site.
9	Home Park	107	3-Star	-	-
Totals		1,161	9 Hotels		

Source: AM:PM by STR Global, Colliers International Research, Plymouth City council

Exhibit 35: Future Hotel Supply – Location Map



Source: AM:PM by STR Global, Colliers International

DRAKE’S ISLAND

- Owned by Rotolok (Holdings);
- We understand that the owners envision a high-end, luxury hotel with a fine-dining restaurant, conference facilities and Spa;

- We also understand that they have recently granted a license to begin repairing the island's jetty;
- It is unlikely that the hotel will come to fruition in the near future.

FORMER QUALITY HOTEL SITE

- Located aside to the north of West Hoe Park
- The hotel development forms as part of a £50 million mixed-use redevelopment, comprising an apartment block and a 4-to-5 boutique luxury hotel with 80 bedrooms;

MOXY PLYMOUTH

- A lifestyle, 3-Star hotel with 170 rooms on a 5-storey building;
- The hotel is part of the Millbay redevelopment, located southwest of the Plymouth Pavilions at the former Pavilions car park;

MILLBAY ROAD

- The hotel is part of a wider development that includes retail/leisure units, as well as residential dwellings;
- The site is situated adjacent to the east of King Point Marina;
- We understand that construction has not begun yet.

THE CRESCENT

- The hotel is located on The Crescent, next to Travelodge Plymouth Hotel;
- We understand that the hotel is still at an early planning stage and it is unlikely to be completed by 2020;
- The development includes a large car park with c. 300 spaces;

PREMIER INN PLYMOUTH ROYAL PARADE

- Conversion of the former Derry's Department Store;
- The hotel is part of a wider mixed-use scheme, comprising student accommodation and retail;
- The hotel is situated in the city centre on Derrys Cross Roundabout, on the north side of Theatre Royal Plymouth;

HOUSE OF FRASER

- The site is situated in the heart of Plymouth city centre on Royal Parade Road;

- The hotel will occupy the southern half of the existing building that is currently owned by British Land Plc and leased to House of Fraser department store;
- We understand that the hotel development is still at an early stage.

RAILWAY STATION

- There are plans for a £100 million redevelopment of the Plymouth railway station that will include a hotel;
- We understand that the council is in the process of securing further funding for the project to begin construction in 2019;
- The redevelopment will include the 150-bed hotel, 11,000m² university building, the multi-storey car park and 6,000m² of commercial space.

HOME PARK

- The hotel is part of a wider redevelopment at the Home Park football stadium; also the home of Plymouth Argyle club since 1901;
- The site is located about 3.5km north of Plymouth city centre;
- We understand that there aren't any plans yet for the hotel and that it is unlikely to come to completion in the next few years.

FURTHER AFIELD

- The data from the analysis of Air BnB usage also suggests that there may be some opportunities for new hotel products in and around the Naval base.
- We also see strong performance of the limited number of properties along the A38 Devon Expressway as well as pockets of strong demand in Derriford.
- Site opportunities become available in these areas from time to time.

3.5 OTHER DEMAND RESEARCH

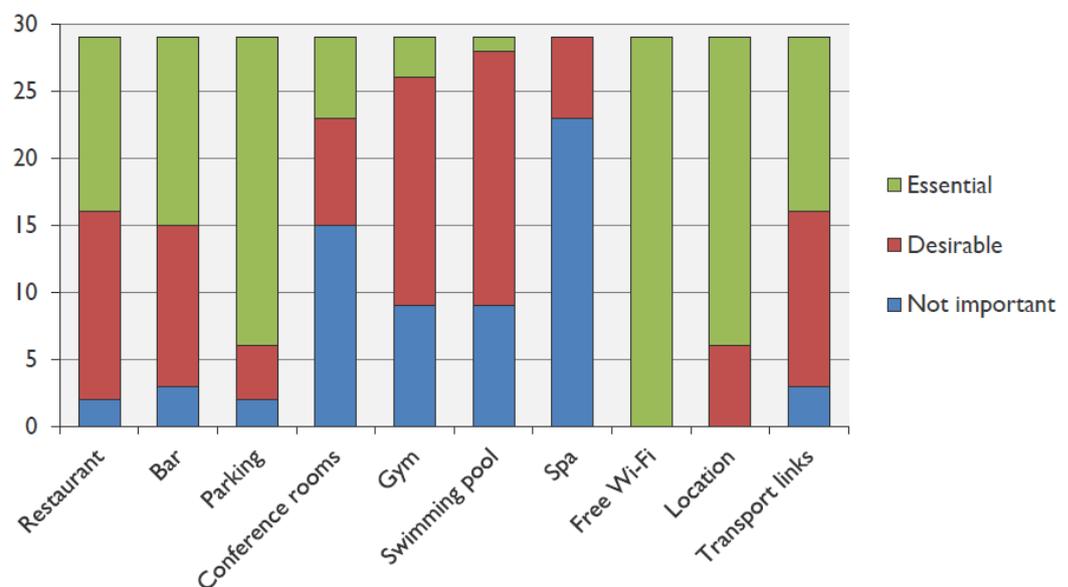
Plymouth City Council has carried out a hotel business survey (January 2016) to analyse the demand for a 4/5-star hotel offering in Plymouth. The survey was completed by 35 local companies and the key findings are as follows:

- Approximately 85% of local companies' book hotels for visiting clients and (existing and potential) employees;
- Midweek demand for accommodation is significantly higher than weekend demand (70% midweek, 30% weekend);

- Approximately 65% of local companies stated a preference for a mid-market, full-service hotel. Approximately 60% stated a preference for a 4-star hotel and 65% indicated interest in using a new hotel facility;
- The average budget for accommodation per night falls between £51 and £100;
- 53% of local companies expressed difficulties in securing hotel accommodation when required, particularly in the summer months and during events such as university graduation;
- Facility preference is presented in Exhibit 36:

Exhibit 36: Facility Preference

8. What other facilities would be important in your choice of hotel?



Source: Plymouth City Council Survey, January 2016

- Almost 50% of local companies require conference space in the area, with the average meeting size ranging between 1 to 20 delegates;
- Although the survey did not show significant demand for larger-scale conferences and events from a corporate perspective, we understand from local hoteliers that there is reasonably good demand at this level, particularly for weddings and other private functions.

Plymouth's existing hotel supply lacks high-quality, four-star hotels. The survey points above coupled with the Brand Analysis shown in Exhibit 15 (Section 3.1), indicate the market need and opportunity for a new product positioned at this level. For the past five years, there has not been any new supply; and we believe that a new hotel will be well received in the market, particularly with high levels of unsatisfied demand experienced in the summer months and other peak periods. A new premium hotel will also benefit Plymouth in terms of economic development, retaining and attracting inward investment.

4 OTHER ACCOMMODATION

4.1 OVERVIEW OF EXISTING SUPPLY

In addition to hotels, other types of accommodation are also available in Plymouth. In Exhibit 25 below, we present the alternative types of accommodation available in Plymouth.

Exhibit 37: Other Accommodation

Year	2011	2012	2013	2014	2015	2016	2017	YoY Change (units)	YoY Change (%)
B&B (bed spaces)	718	718	718	718	718	718	1,284	566	79%
Campus (bed spaces)	2,477	2,477	2,477	2,477	2,477	2,477	2,477	-	0%
Group accommodation (bed spaces)	-	-	-	-	-	-	80	80	0%
Guesthouses (bed spaces)	673	673	673	673	673	673	673	-	0%
Marinas (berths)**	1,620	1,620	1,620	1,620	1,620	1,620	1,620	-	0%
Second homes (units)*	203	222	222	222	222	222	222	-	0%
Self catering (units)	43	43	43	43	43	43	297	254	591%
Touring caravans/tents (pitches)	293	293	293	293	293	293	293	-	0%

Source: Plymouth City Council - based on SWRTB and Local Authority databases

**Based on 2011 Census*

***Based on RYA data*

In 2017, there has been a significant growth of other accommodation types and in particular for the B&B and Self-Catering. In 2017, B&B grew by 79% (or 566 additional bed spaces) in comparison to the previous year. The largest growth occurred in the Self-Catering units with an increase of 591% (or 254 additional units). We understand that Self-Catering units include the additional student accommodation that becomes available to the public during the peak season as well as private houses or apartments that are available on Airbnb and other booking platforms.

4.2 THE AIRBNB MARKET

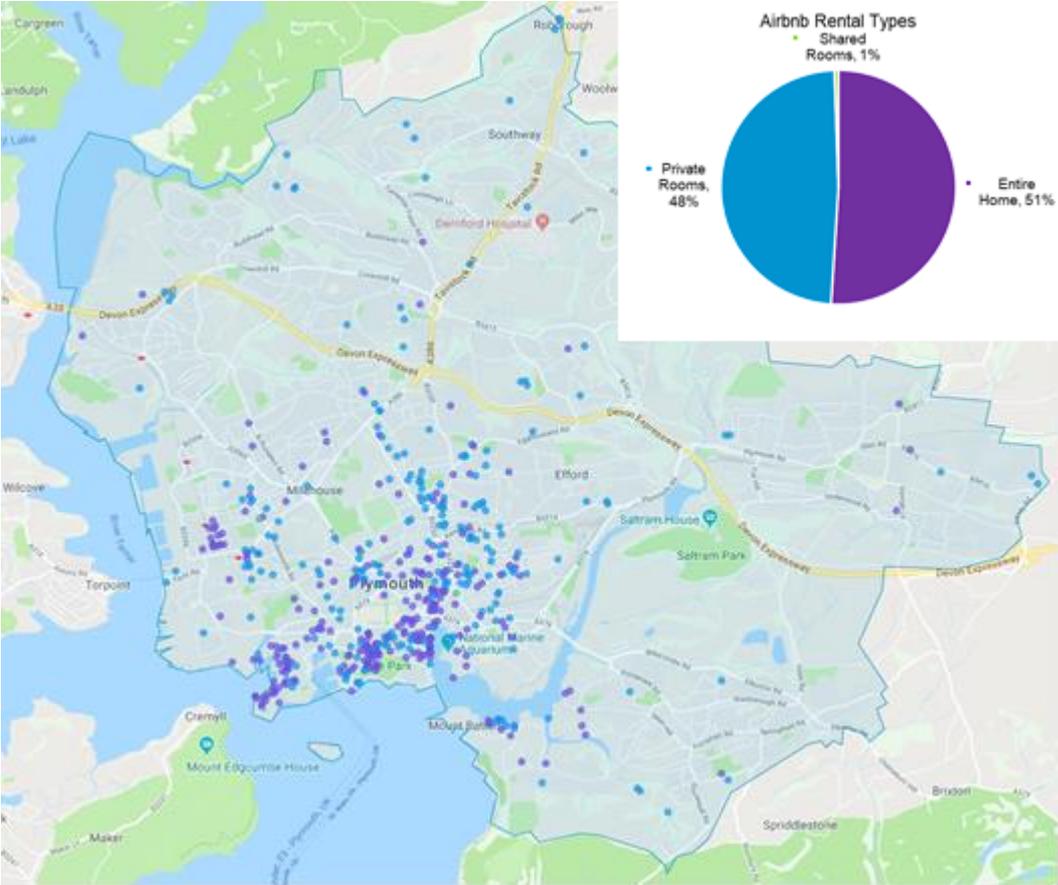
4.2.1 SUPPLY CHARACTERISTICS

Plymouth's Airbnb market has doubled in the last two years. Supply before 2014 was very limited; however, subsequent years experienced rapid growth. Over the past eight years, supply grew at a CAGR of 74%, reaching 946 active rentals in 2018.

We present the geographical distribution of Plymouth's Airbnb supply in the following Exhibit. It shows that the majority of Airbnb supply is concentrated within the city centre and close to Plymouth Hoe.

In terms of the type of supply, there is a fairly equal split between entire home and private room rentals available.

Exhibit 38: Location Map, Airbnb Properties in Plymouth



Source: AirDNA

According to our research, Airbnb supply fluctuates on a monthly basis as owners open and close capacity at their discretion. We present this trend in the following Exhibit.

Exhibit 39: Airbnb Active Listings, Monthly Supply Trend



Source: AirDNA

The above graph illustrates that supply for Airbnb properties is highest during the peak months of July to September, where demand for accommodation is the strongest. Additionally, we note the general growth in supply available over the past two years for Airbnb properties.

4.2.2 DEMAND CHARACTERISTICS

OCCUPANCY

The following graphs present the monthly occupancy trends for both entire home and private room Airbnb rentals.

Exhibit 40: Monthly Occupancy Trends, Entire Homes, June 2016 to August 2018



Source: AirDNA, 277 active rentals

Exhibit 41: Monthly Occupancy Trends, Private Rooms, June 2016 to August 2018



Source: AirDNA, 263 active rentals

We note the following:

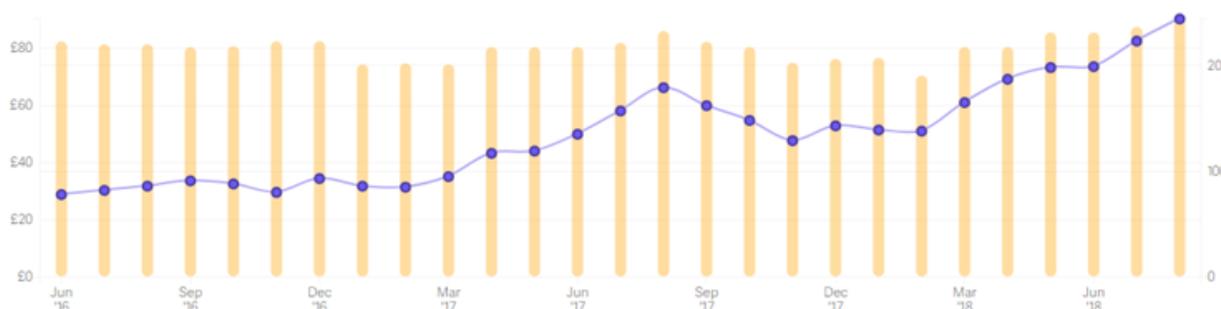
- August records the highest occupancy levels (83% in 2017 and 2018). This trend suggests that Airbnb properties are predominantly used by leisure guests;
- July and September are also strong months. September demand levels could be attributed to University graduation ceremonies;
- Airbnb occupancy generally shows a positive, upward trend between June 2016 and June 2018, highlighting the growing popularity of this accommodation offering;

- Entire homes show a similar seasonality trend, with August recording the highest occupancy levels;
- Occupancy levels are lower for private room rentals when compared to entire homes.

AVERAGE ROOM RATE

The following graphs present the monthly ADR trends for both entire home and private room Airbnb rentals.

Exhibit 42: Monthly ADR Trends, Entire Homes, June 2016 to August 2018



Source: AirDNA

Exhibit 43: Monthly ADR Trends, Private Rooms, June 2016 to August 2018



Source: AirDNA

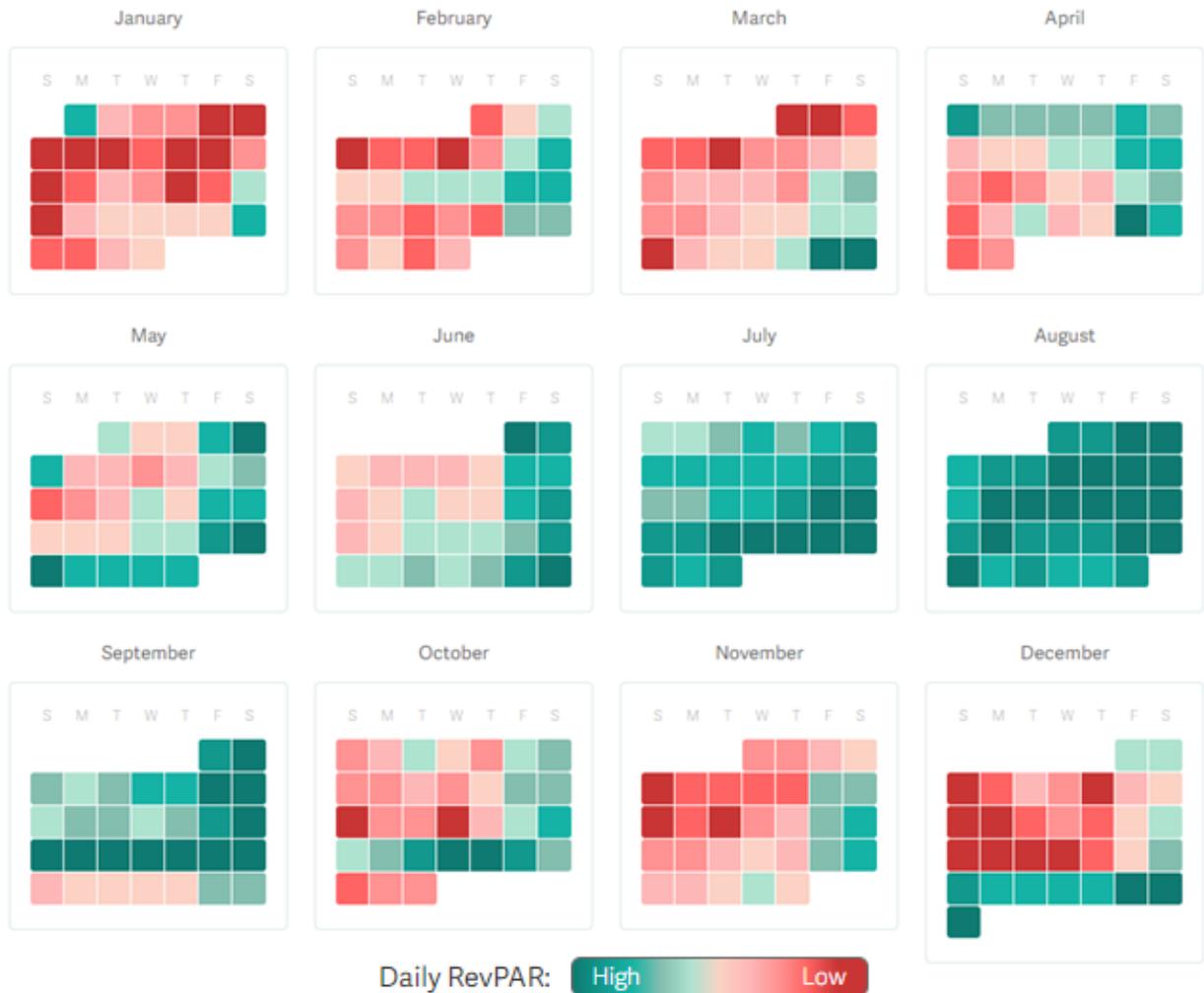
We note the following:

- April to October are the highest ADR months for entire homes, at £80 or above, peaking in August at £90 (2018);
- July to September are the highest ADR months for private room rentals, recording average room rates in the order of £30;
- Demand and ADR follow similar seasonality trends;
- Entire homes ADR levels have generally experienced more growth than private room rentals;
- The price differential between entire homes and private rooms is approximately £50.

REVPAR SEASONALITY TRENDS

We present the monthly and daily RevPAR trends for the Airbnb market below.

Exhibit 44: Monthly and Daily RevPAR Trends, Airbnb Market



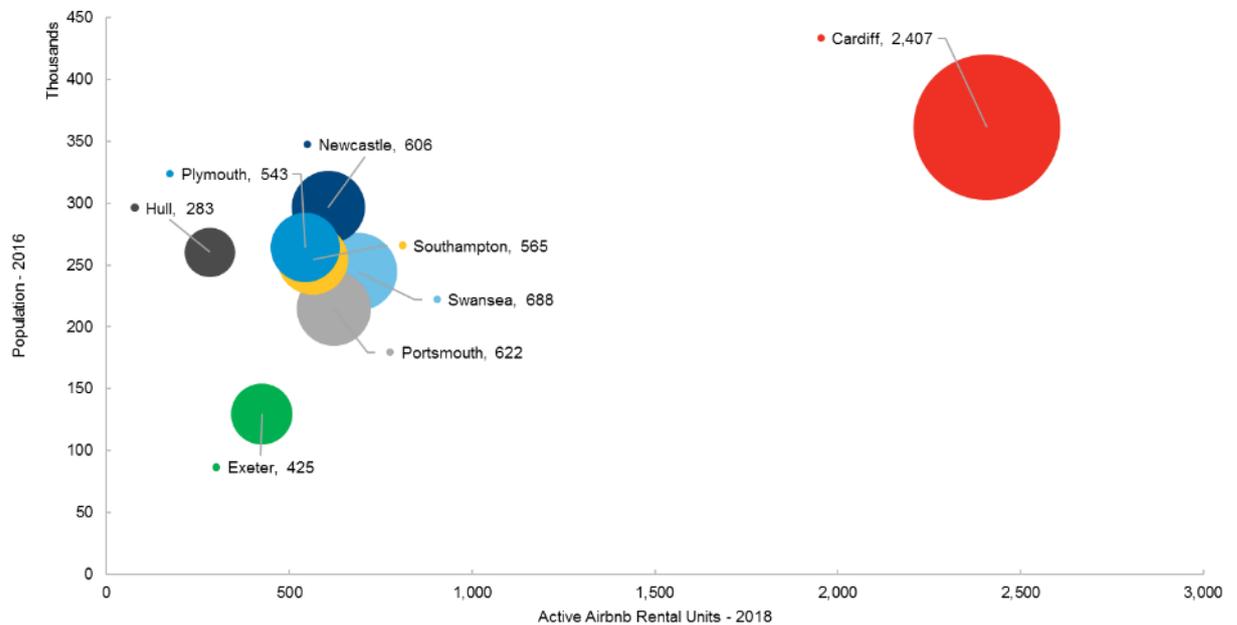
Source: AirDNA

- Overall, Plymouth has a strong weekend demand profile for Airbnb accommodation, highlighting the leisure segment as the main user market.
- The highest RevPAR achieved is between the peak tourism months of July and September.
- This trend shows that business related demand for Airbnb is limited.

4.2.3 PLYMOUTH AIRBNB IN COMPARISON TO OTHER CITIES

Airbnb has a strong presence in all of the comparable cities mentioned in Section 4.2. Cardiff has the largest number of active Airbnb units by far (i.e. 2,407) in comparison to the other cities likely to be reflection of the number of visitors to the city attending sporting and other events at Principality Stadium. Plymouth is ranked as 6th out of the eight selected cities with a total of 543 units. In Exhibit 45 below, we illustrate the number of Active Airbnb units and the population of each city.

Exhibit 45: Population and Active Airbnb units



Source: AirDNA, ONS

5 THE CONFERENCE AND EVENTS MARKET

5.1 SUPPLY

Plymouth offers a range of venues, catering for small meetings to large international conferences. These can be held at either hotels or multifunctional venues. The city however remains without a purpose-built conference and events venue.

Plymouth's conference and events venues include:

HOTELS

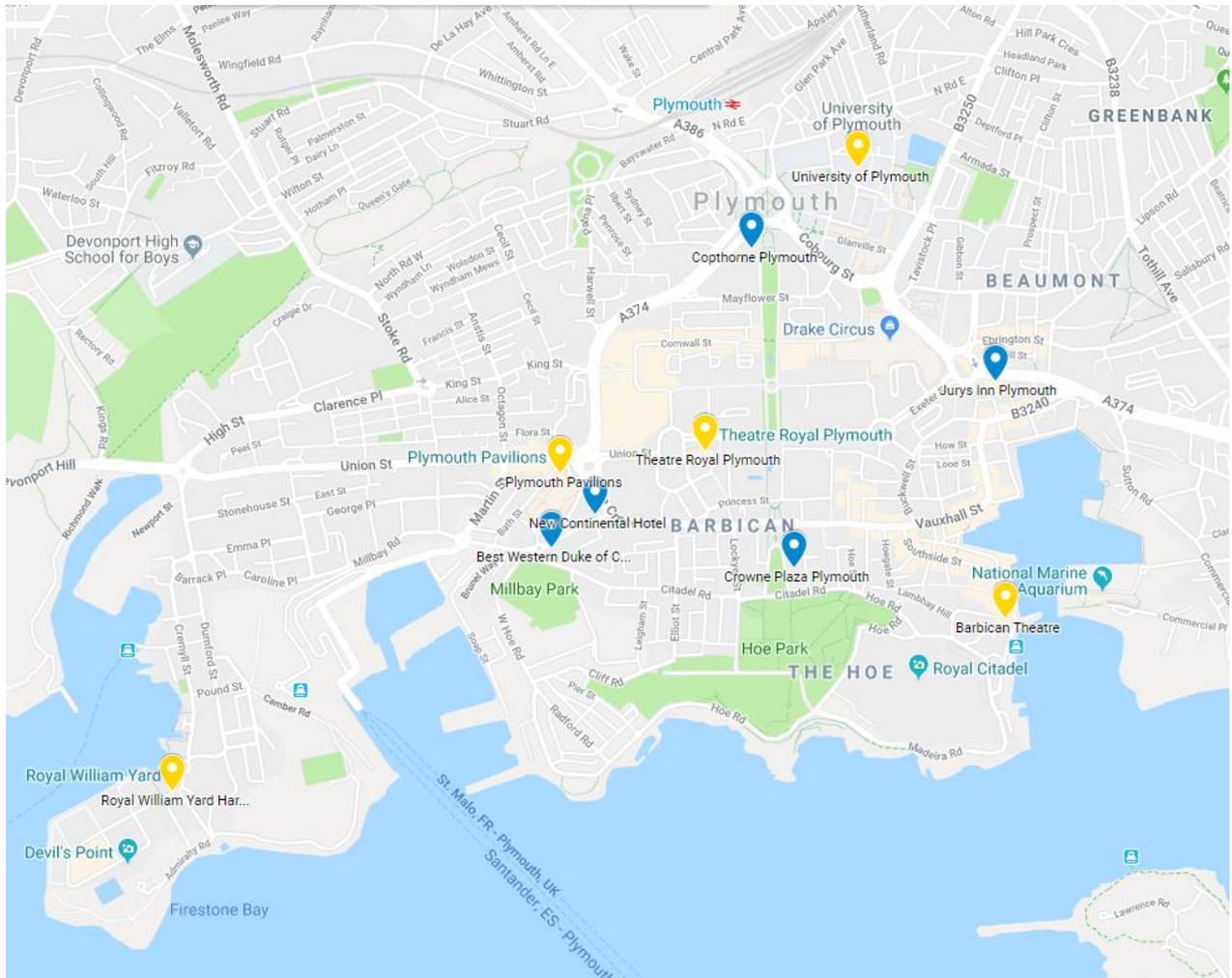
- Jurys Inn Plymouth
- Crowne Plaza Plymouth
- Copthorne Plymouth
- Best Western Duke of Cornwall
- New Continental Hotel

OTHER VENUES

- Plymouth Pavilions
- University of Plymouth
- Theatre Royal Plymouth
- Barbican Theatre
- Royal William Yard Harbour

We present the location of these venues in the following map.

Exhibit 46: Conference and Events Venues Location Map, Plymouth



Source: Google Maps

5.1.2 CURRENT DEMAND AND TRENDS

Demand for meeting and convention space is generated by local and regional companies holding small meetings, interviews, conferences, training sessions and seminars or away days. Additionally, there is a demand for facilities for social events including wedding and parties.

The meeting and events market is partly led by demand and partly led by supply; whilst demand is stronger in locations where larger companies are located, a new facility in a good location with strong access routes can generate new business that is not currently present in the local market.

Based on our interviews and field research, we understand that the conference and events market is scaling down on event sizes, with target capacities in the order of 500.

It should be noted that datasets for supply and demand for this market do not exist and so our information is based on desk research and interviews held.

6 ANALYSIS AND OPPORTUNITIES

This section presents some top-level analysis of Plymouth and the hotel and conferencing opportunity.

6.1 PLYMOUTH SWOT ANALYSIS

The following table presents a top-level SWOT of Plymouth from the perspective of interest in hotel development

Exhibit 47: Plymouth SWOT analysis in relation to hotel development

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Natural harbour and maritime history • Waterfront location; environment & natural setting • Good outdoor events spaces • Strong service centre; retail provision; leisure provision – such as the Life Centre • Some unique attractors e.g. National Aquarium • Strong defence, marine, medical and engineering sectors • Proximity to tourism assets of Devon & Cornwall coasts • Large Student Population 	<ul style="list-style-type: none"> • Peripheral to UK’s main economic centres • Long journey times to reach the city (rail; lack air link) • Not enough unique key tourist attractors/Arena • Lack of sporting anchors aside water-based • Dependence on a small number of major employers - public sector, NHS, Royal Navy dockyard and major manufacturers • Lower average salaries than UK average • Underdeveloped entrepreneurial culture
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Enabling tourists to embrace the waterfront / ocean views. Currently these views are enjoyed largely by residential developments • Mayflower 400 as a premier UK event to drive key aspects of the city’s economy • Potential as a major centre for marine leisure – yachting, diving and other water sports • Role as a transport hub – cross channel ferry, intercity rail, coach services and road • Potential as a sub-regional centre for business services, tourism and entertainment • Higher education sector supporting skills development (e.g. engineering) and attracting talent • Efficient redevelopment of brownfield sites • The historic visitor centre known as ‘The Box’ 	<ul style="list-style-type: none"> • Sensitive to the decisions of the foreign owned employers (esp. call centres and manufacturing operations) • Decline in defence spending and employment • Skills shortage (difficulties in attracting talents) • Limited infrastructure interventions supporting growth and development • Increased peripherally • Very competitive tourism market • Increasing competition from low cost overseas destinations

Source: Colliers International Research

6.1.1 OPPORTUNITY

There is a consensus that Plymouth would benefit from a large purpose-built conference venue with modern facilities and able to accommodate combined events such as indoor sports, music or an exhibition and conference at the same time. A potential site would need to be considered and a detailed feasibility study undertaken to assess the viability of such an opportunity.

With regard to the relationship between conferences and hotels, conferences and events should be focused in the low and shoulder seasons to strengthen visitor demand at these times and not to use up summer hotel capacity in the city at fixed low rates when higher rates could be commanded.

An enhanced quality of hotel offer would fit hand in hand with being able to attract more upmarket meetings and conferences.

The (re)development of conferencing space and supporting quality hotel accommodation should be supported by investment in dedicated marketing of Plymouth for conferences through Destination Plymouth.

6.2 HOTEL OPPORTUNITIES OVERVIEW

There are several opportunities for hotel development in Plymouth. A long list selection is presented below.

Exhibit 48: Key potential sites for hotels in Plymouth

Site	Status
Derry's Site	Vacant except Argos. Opportunity for a developer.
Former Quality Hotel Site	It would be an excellent hotel site, whilst recognising the need to maximise value through mixed-use opportunities. Prime waterfront location.
Millbay	Area redevelopment underway. Opportunity for a hotel developer.
Railway Station	A hotel is being considered as part of the 10-year masterplan for the redevelopment of the station.
Plymouth Registration Office	Good location; north of Hoe Park close to the centre. Timeline is an issue as the building is currently occupied and therefore a new site for the employer will be needed before possession.
Plymouth Argyle Home Park Football Stadium	Previous plans with James Brent of Akkeron for a £50m scheme including a hotel.

Source: Colliers International Research, Plymouth City Council

7 INDIRECT BENEFITS

Hotels provide a significant benefit to local economies in terms of GDP contribution and especially employment. Furthermore, they provide opportunities and training particularly for local low-skilled labour through direct, indirect, induced and tourism impacts.

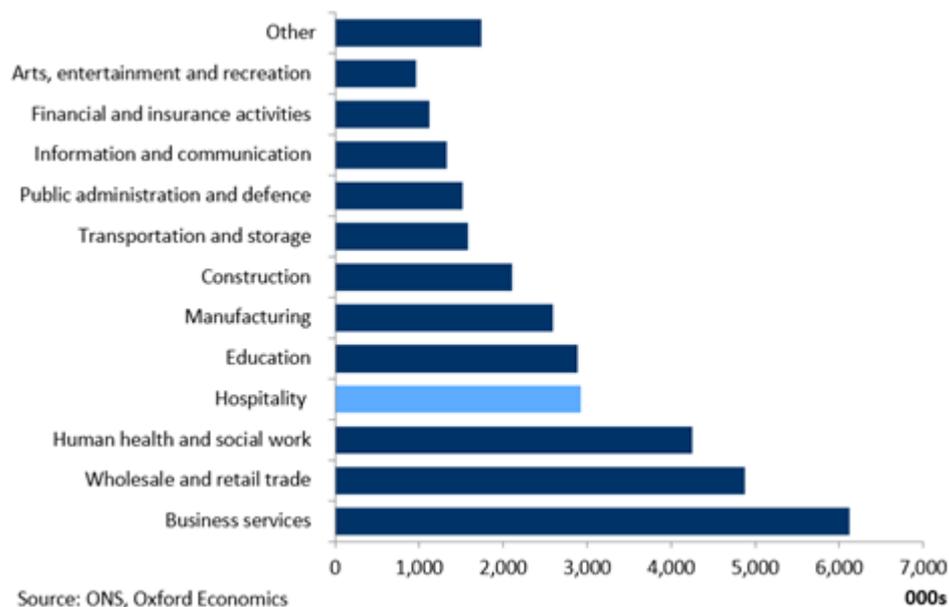
7.1 OVERALL HOSPITALITY INDUSTRY IN THE UK

Below we summarise some key facts (Oxford Economics) for the broader UK, in regard to how the hospitality industry (incl. hotels) contributes to the overall economy and local community;

- The hospitality industry provided 2.9 million jobs in the UK in 2014, equivalent to 9% of the total UK employment;
- The hospitality industry has significantly contributed to the UK's private sector job recovery after the financial crisis. It accounted for 17% of the total UK net employment growth between 2010 and 2014;
- London and the South East have the largest shares of the total UK hospitality employment. The South West has the highest concentration of hospitality employment;
- In 2014, almost 4% (or c. £57 billion) of the total UK's GDP was contributed by the hospitality industry (2011 Census).

It is widely regarded that the presence of a vibrant hospitality sector, as seen in Plymouth, can provide the optimum conditions in which inward investment and growth can thrive. In 2014, the hospitality industry was ranked as the 4th largest industry in terms of employment (or 8.8% of total employment). In Exhibit 49 overleaf, we present the comparison to other industries.

Exhibit 49: Industry comparison – UK employment 2014



Source: ONS, Oxford Economics

7.2 THE DEVELOPMENT MIX

The WTTC 2017 Benchmark Report shows an 11% contribution to the UK's GDP and 12% to employment.

The benefit of hotels lies beyond just GDP and employment measures however. Hotels are a vital part of creating active and attractive destinations and communities. Hotels within an area:

- Add vitality to an area by day
- An evening economy for restaurants, bars, theatres and entertainment
- Create a sense of destination and lifestyle
- Add diversity to the immediate economy
- Provide a complementary use type, for example, supporting conferencing and office uses

A mix of uses in a development area can create a whole that is greater than the sum of the parts. They are an important component of local and city level destinations. Hotels improve the ambience of, for example, a wider office environment and tourists will spend in local outlets and entertainment destinations at times when office workers are at their desks or have gone home for the evening. This spread of the timing of footfall and spend is important for the business cases of supporting enterprises and cultural and arts venues.

7.3 BENEFITS OF NEW HOTEL DEVELOPMENTS IN PLYMOUTH

The hotel market in Plymouth, as well as the local economy, will significantly benefit from new hotel developments in the market. Economic benefits include guest expenditure within the hotel and its surrounding environment, such as shops, bars, restaurants and museums, etc. Other benefits include commissioning local suppliers and job creation.

EMPLOYMENT IMPACT OF NEW SUPPLY

In accordance with the Employment Density Guide (November 2015) by Homes & Communities Agency, the midscale market has an employee to bed ratio of 1:3 (i.e. 1 FTE Employee per 3 beds), whereas for the Limited/Budget Sector is 1:5.

To assess the employment impact of future hotel developments in Plymouth, we have taken into account the ratios mentioned above as well as the future hotel developments in Section 3.4. Overall, we have estimated that if 80% of future rooms supply comes to fruition by 2026, between c. 350-450 FTE (full time equivalent) new jobs (i.e. direct employment) will be created. Our estimate takes into account the assumptions shown in Exhibit 50.

Exhibit 50: Employment Impact of New Supply Assumptions

Hotel Name	No. of Rooms	Grade	Estimated Opening	DOF*	Employee: Bed Ratio	Estimated Jobs Created
Premier Inn Royal Parade	100	Budget	2019	1.5	1:5	30
Moxy Plymouth	170	3-Star	2022	1.5	1:4	64
Millbay Road	126	4-Star	2022	1.5	1:3	63
The Crescent	255	3-Star	2024	1.5	1:4	96
House of Fraser Site	130	4-Star	2024	1.5	1:3	65
Railway Station Site	150	4-Star	2026	1.5	1:3	75

Source: Colliers International Research, Plymouth City Council, Homes & Communities Agency

*Double Occupancy Factor

IMPACT ON VISITORS SPEND

In Exhibit 51, we present the assumptions used to assess the impact of future hotel developments on visitor spends in Plymouth. We have estimated that each of the hotel development could generate on average an additional of £4 million spends per annum. We have based our assumption on the below:

- We have used the average spend per visitor in 2017 as the base of our calculation. In 2017 the average spends per visitor (i.e. overseas and domestic) in Plymouth was £54.95. We have calculated this by dividing the total spends to the total nights;
- We have applied a 2% inflation rate to estimate the average spend per visitor in the respected year of the hotel's opening;

Exhibit 51: Estimated Visitors spends per hotel development

Hotel Name	No. of Rooms	Estimated Opening	Projected Marketwide Occupancy*	No of Rooms Sold**	DOF***	Estimated of approx. Visitors	Av. Spend per Visitor, actual year price****	Total Spend, actual year price
Premier Inn Royal Parade	100	2019	81.0%	29,547	1.5	44,321	£57.17	£ 2,533,667
Moxy Plymouth	170	2022	76.3%	47,319	1.5	70,979	£59.47	£ 4,220,973
Millbay Road	126	2022	76.3%	35,072	1.5	52,608	£59.47	£ 3,128,486
The Crescent	255	2024	69.6%	64,771	1.5	97,156	£61.87	£ 6,011,098
House of Fraser Site	130	2024	69.6%	33,020	1.5	49,531	£61.87	£ 3,064,481
Railway Station Site	150	2026	67.7%	37,075	1.5	55,613	£64.37	£ 3,579,782

Source: Colliers International Research, Plymouth City Council

*Projected occupancy for the overall Plymouth market

**Calculated by multiplying the number of rooms to the projected marketwide occupancy

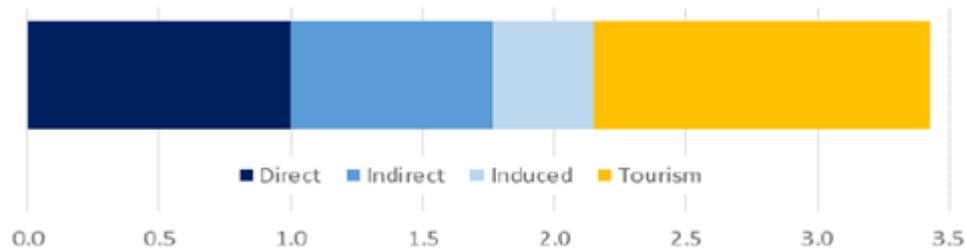
***Double Occupancy Factor

****Average spend including inflation

INDIRECT, INDUCED AND TOURISM RELATED EMPLOYMENT

In a different study by Oxford Economics (2017) for a proposed hotel in Edinburgh, it was identified that, during operation, for every one direct job in the hotel, an additional 2.4 would be generated through indirect, induced and tourism impacts. This is a multiplier of 3.4.

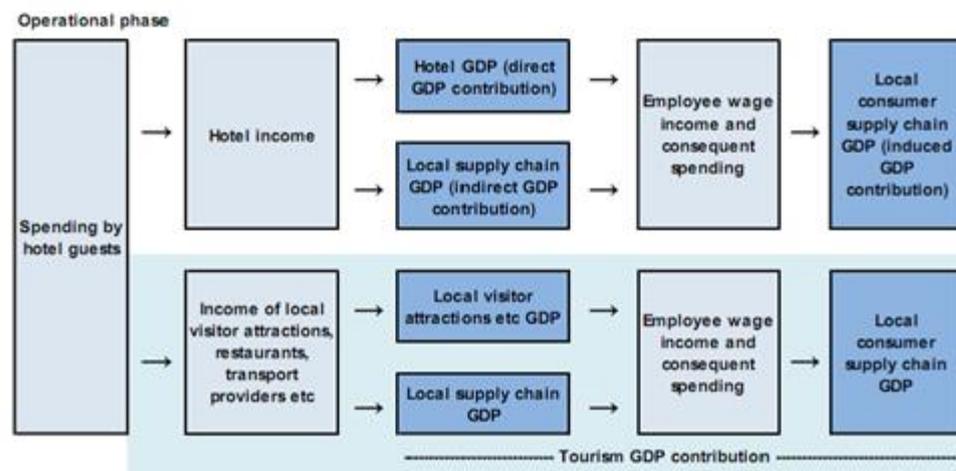
Exhibit 52: Job Multipliers – Edinburgh Hotel Example



Source: Oxford Economics

A particular benefit of hotels, in contrast to other businesses, is that the multipliers are not just in relation to the business, its supply chain and employees’ spending power, but also the guests staying in the hotel. This is what Oxford Economics refers to as ‘the tourism channel’ – the additional benefits resulting from the visitors’ spending. This is shown in the graphic below.

Exhibit 53: Oxford Economics Approach to Hotel Economic Impact Modelling



Source: Oxford Economics

If the same ratio is applied solely for the purpose of this study, we estimate indirect, induced and tourism job creation in relation to the hotels shown in Exhibit 50 above to be c. between 900-1000 jobs.

8 CONCLUSION

Plymouth's hotel supply mostly consists of budget and midscale hotels with only one five-star, a few four-star and no boutique/destination hotels. In 2013 Plymouth market lost nearly 500 hotels rooms, including the 111-key Quality Inn hotel, which was located on the Plymouth Hoe. Since 2013, there has not been any new supply in the market which indicated the lack of new, 'fresh' products.

The demand is very seasonal with occupancy of over 90% in summer, during the University's annual graduation week and when there are large conferences. Annual occupancy in 2017 was 79.9%, which is above the Regional (76.1%) overall UK (77.4%) averages.

ADR levels for the Plymouth market have substantially increased over the last years. Between 2013 and 2017, the ADR grew by 35%, the largest increased when compared to the eight cities shown in Section 3.3. In 2013 Plymouth had one of the lowest ADRs (£51.00, ranked 7th) among the selected cities and in 2017 the market has achieved an ADR of £68.93 (ranked 4th).

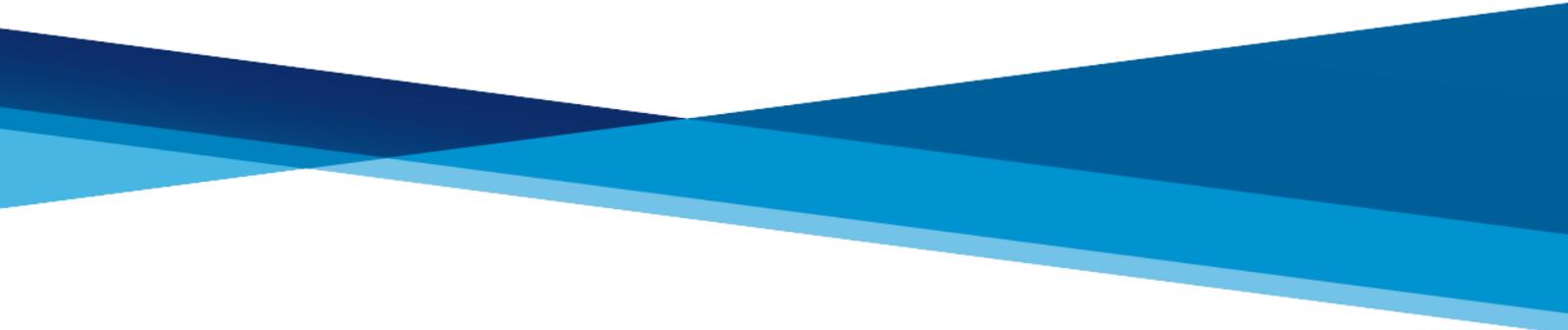
Other Accommodation (Section 4) has grown significantly in 2017. B&B units increased by 79% (or 566 additional bed spaces) in comparison to the previous year and Self-Catering units by 591% (or 254 additional units). Letting units registered on Airbnb grew at a CAGR of 74% over the past eight years reaching to 946 active unit rentals in 2018. It is important to note that some of the Other accommodation supply is registered to both Airbnb and other booking platforms thus the increase of Airbnb, Self-Catering, and B&B is correlated.

Major city partners including Destination Plymouth, the City Council, event venues and attractions are making good progress to work cohesively to make Plymouth an attractive destination to both leisure and business segments. Further progress could be made.

Based on our research, and our assessment of the market opportunity, we believe that there is potential for new hotel supply in the form of a midscale plus segment hotel with high standards, leisure facilities and international brand to benefit from a global distribution system. It could also include conference space able to accommodate approximately between 100-200 people for conferences and banquets.

We would be glad to assist Plymouth City Council in progressing attracting hotel development to the city and believe that there are "doable" opportunities.

APPENDIX 1: GLOSSARY OF TERMS



ADR/ARR - Average Daily Rate/Average Room Rate

Calculated by dividing revenues by the number of rooms sold.

AGOP - Adjusted Gross Operating Profit

Adjusted Gross Operating Profit is defined as total revenue less all departmental expenses and undistributed expenses and additional fees including management fees. Typically used as the basis for an incentive management fee.

Bednights

Quantifies the number of guests resident in the hotel.

Cost of Sales

Expenses directly related to the sale of goods or services such as raw materials but excluding indirect expenses.

Capitalisation Rate

The overall capitalisation rate is used in the direct capitalisation method to convert a single year income into a value. In the DCF method the cap rate equals the discount rate plus or minus a factor for anticipated growth and is used to calculate the value of the future stable income stream after year 10.

Demand Build-Up

Demand build-up is a methodology used to project roomnight demand, and includes an assessment of seasonality, source of demand, and future trading potential of any given hotel.

Departmental Expenses

Departmental Expenses relates to costs incurred in each revenue generating department.

DDR - Day Delegate Rate

A daily charged for business guest typically including meeting room hire and refreshments.

Discount Rate

The percentage rate required to calculate the present value of a future cashflow.

Discounted Cashflow (DCF)

A DCF is a projection of expected future earnings over a period of time (usually 10 years) to reflect what the expected cashflow would be and is in inflated values. A DCF valuation involves the capitalisation of the 10-year income stream discounted back to the valuation date using capitalisation and discount rates relevant to the market at the date of the valuation and thus reflects the time value of money and the realistic return expectations of the purchaser.

DOP - Departmental Operating Profit

Total departmental revenue less cost of sales, payroll costs and direct operating expenses.

Double Occupancy

Double occupancy describes a double or twin room that is occupied by two people as opposed to single occupancy in which case one person occupies a double or twin room.

Double Occupancy Factor

A measurement to denote the incidence of two people occupying double or twin room. A double occupancy factor of 1.2 denotes that 20 per cent of the time two people share the room.

EBITDA(R) - Earnings Before Interest Tax Depreciation Amortisation (and Rent)

Total revenue less all departmental expenses, undistributed expenses (and management fees if they apply) and fixed costs but before deductions for interest, tax, depreciation, amortisation (and rent if it is applicable).

Fair Share

Based on a quantification of current accommodation demand and supply in any given hotel market and includes an assessment of demand growth in the market, the impacts of future competitive supply and displaced and created demand in the market. The term 'fair share' relates to each hotel achieving an equal proportion of demand in the quantified market.

FF&E - Fixtures, Fittings and Equipment

FF&E are movable fixtures, fittings or other equipment that have no permanent connection to the structure of a building or utilities including chairs, tables, beds, wardrobes etc.

GOP - Gross Operating Profit

Gross Operating Profit is defined as total revenue less all departmental expenses and undistributed expenses (and management fees if they apply). Also referred to as IBFC (Income before Fixed Costs).

Management Fees

Management Fees are fees charged by an organisation managing a property for management services and supervision of the property. Typically made up of a base fee and an incentive fee.

NOI - Net Operating Income

Incomes after operating expenses have been deducted but before income taxes and interest are deducted (same as EBITDA).

PAR - Per Available Room

Revenue and expenses are often expressed as amounts per number of rooms available to let.

POR - Per Occupied Room

Revenue and expenses are often expressed as amounts per room occupied.

Rack Rate

The standard price of a hotel room before any discounting has taken place and is often a statement of position in the market.

RFF&E - Replacement Reserve FF&E

A fund; typically, a percentage of total revenue, put aside to replace FF&E.

RevPAR - Revenue Per Available Room (or Room Yield)

Calculated by dividing rooms revenue by rooms available for sale in the same period.

Room Occupancy/Occupancy

Calculated by dividing the number of roomnights sold during a period by the total number of rooms available in the same period.

RGI - Revenue Generator Index

The hotel's revenue share of the market, the market being the subject hotel and the hotel competitors).

Roomnights

Describes the number of rooms that are occupied in a hotel, regardless of the number of people staying in the room.

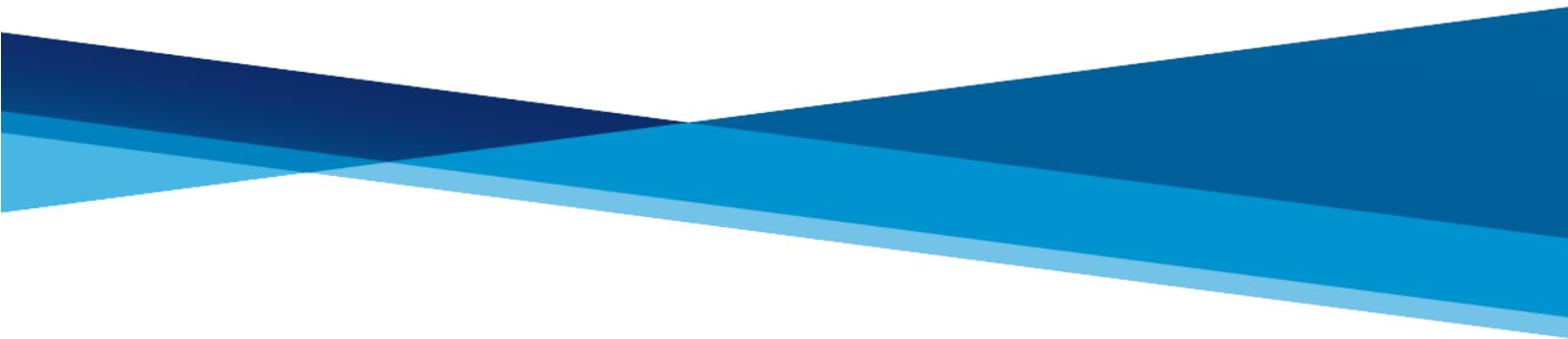
UOE - Undistributed (Operating) Expenses

This classification is used for administrative and general expenses, marketing expenses, energy costs, and property operation and maintenance expenses.

WACC - Weighted Average Cost of Capital

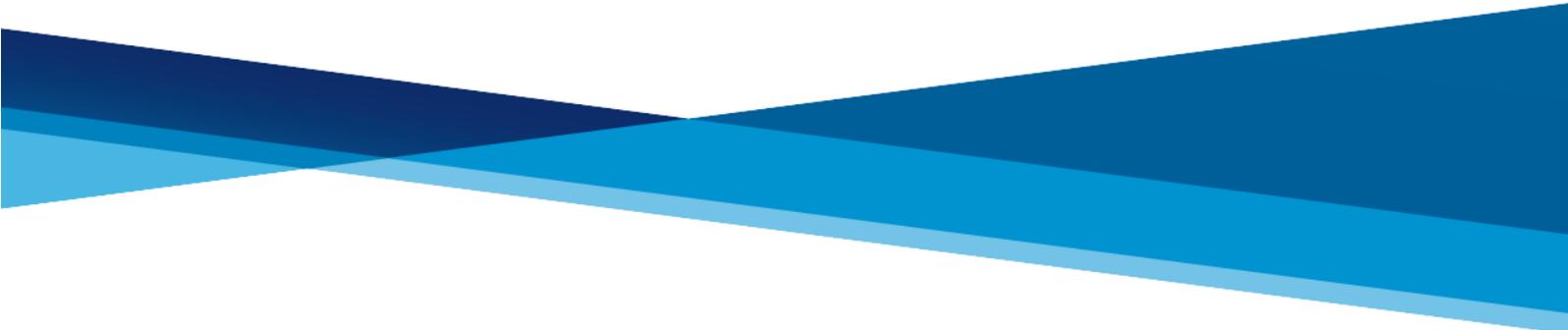
A calculation of cost of capital in which each category of capital is proportionately weighted. All capital sources - common stock, preferred stock, bonds and any other long-term debt - are included in a WACC calculation.

APPENDIX 2:
GENERAL TERMS OF REFERENCE,
ASSUMPTIONS
AND CONDITIONS



- 1 All information, analysis and recommendations made for Clients by Colliers International are made in good faith and represent Colliers' professional judgement on the basis of information obtained from the Client and elsewhere during the course of the assignment. However, since the achievement of recommendations, forecasts and valuations depends on factors outside Colliers International's control, no statement made by Colliers International may be deemed in any circumstances to be a representation, undertaking or warranty, and Colliers International cannot accept any liability should such statements prove to be inaccurate or based on incorrect premises.
- 2 In particular, and without limiting the generality of the foregoing, any projections, financial and otherwise, in this report are intended only to illustrate particular points of argument and do not constitute forecasts of actual performance.
- 3 We assume that the proposed property has been granted or will be granted all planning, development and statutory consents, licenses and certificates in order to open on the assumed first day of operation.
- 4 The analysis and report contained within are based on an evaluation of the current overall economy of the area where the proposed property is located. Our advice does not account for any unreasonable or unexpected strong rise or decline in the local, national or global economy or other unforeseen circumstances that effectively affect the success and/or the feasibility of the project. Colliers International takes no responsibility for the impact of such events that occur after our report has been issued. In such a situation, we recommend that you commission us to update our report in light of the new circumstances.
- 5 Owing to the importance of the day-to-day management of a hotel, we assume that the proposed hotel will be operated by a competent and efficient hotel operator. We have also assumed that both operator and owner will work together to ensure that the hotel and associated facilities are maintained to a high standard. Any variation from this assumption may have a major impact on the forecast operating performances.
- 6 The projections of the operating profit & loss in this report are based on the information available to us, our knowledge and the experience of our team. These statements may in no way be considered as a warranty that the proposed property will actually achieve the results projected.
- 7 Where the proposed property is developed by converting one or more existing buildings, we have not made any investigation concerning the suitability of the buildings for conversion nor their structural condition. We have assumed that the property is of sound design and construction and free from any inherent risks or defects.
- 8 In arriving at our projections of performance for the proposed property, we have assumed that the buildings are capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on our findings.
- 9 Where the report includes an opinion of value, our report is subject to the Colliers International Standard Terms and Conditions for Valuation Report, in place at the date of our report and available on request.
- 10 We confirm that the extent of our liability in respect of our report is limited to the fee charged for this assignment.

APPENDIX 3: STANDARD TERMS OF BUSINESS



STANDARD TERMS OF BUSINESS



These are the terms upon which Colliers International Property Advisers UK LLP (registered no OC385143) and/or Colliers International Capital Markets UK LLP (registered no OC392075) and/or Colliers International Central London UK LLP (registered no OC391630) and/or Colliers International Rating UK LLP (registered no OC391634) and/or Colliers International Retail UK LLP (registered no OC334835) and/or Colliers International Valuation UK LLP (registered no OC391629) and/or Colliers International Property Consultants Ltd (registered no 7996509), in each case trading as Colliers International, agree to act for you. The entity with which you have engaged will be noted on our letterheads, email footers and invoices that are sent to you. If you are at all unsure as to with which entity you have engaged, please contact us and we will confirm the same. Our agreement takes effect from the date we agree to accept your instructions but these terms will apply from the date we provide you with a copy of them.

1.0 DEFINITIONS AND INTERPRETATIONS

1.1 Terms means the terms of business set out in this document and include any other terms and conditions set out or referred to in our Instruction Letter. These Terms apply to all services that you instruct us to provide and cannot be varied or amended except in writing and signed by you and us.

1.2 Client (referred to throughout as 'you') means the person, company, firm or other legal entity named in our Instruction Letter. We will not accept instructions to act for any other legal entity nor will these Terms apply unless we have agreed in writing to act for that alternative entity. We reserve the right to refuse to act for such an alternative entity until (if at all) we have undertaken due diligence to fulfil our internal credit, money laundering and risk obligations. In the event that we are instructed to act for a single purpose corporate vehicle we reserve the right to require and be provided with a parent company or other guarantee for our fees before accepting instructions to act. In the case of the sale of a Property by a corporate client in which the shares in such client are the assets transferring we will require the shareholders of such corporate client to guarantee its obligations to us.

1.3 Colliers Entity means any entity owned or controlled by Colliers International Property Advisers UK LLP or by any of its members, or owned or controlled by any other Colliers Entity.

1.4 Colliers International (referred to throughout as "Colliers" "we" or "us") is the trading name of Colliers International Property Advisers UK LLP, Colliers International Capital Markets UK LLP, Colliers International Central London UK LLP, Colliers International Rating UK LLP, Colliers International Retail UK LLP, Colliers International Valuation UK LLP and Colliers International Property Consultants Ltd.

1.5 Confidential Information means information that is by its nature confidential and/or is designated by us to be confidential.

1.6 Instruction Letter means the letter of instruction, proposal or tender which is sent to you with these Terms. In the event that there is any conflict between the terms set out in this document and the terms set out in the Instruction Letter the terms in the Instruction Letter shall take precedence.

1.7 The Property means the assets (including shares in a company) which are the subject of our instructions and all other assets in which an interest is acquired by a purchaser including contents fixtures and fittings and any business carried on at the Property.

1.8 Purchaser includes a tenant or licensee.

1.9 Seller includes a landlord or licensor.

1.10 Services means the specific services set out in the Instruction Letter and any other services which we agree in writing to provide.

1.11 Sole Selling Rights – Unless specified to the contrary in the Instruction Letter by instructing us to dispose of and/or acquire (as applicable) the Property you grant us Sole Selling Rights which means that you will be liable to pay remuneration to us, in addition to any other costs or charges agreed, if:

(a) unconditional contracts for the sale and/or lease (as applicable) of the Property are exchanged in the period during which we have Sole Selling Rights even if the purchaser and/or seller (as applicable) was not found by us but by another agent or by any other person, including you; and

(b) if unconditional contracts for the sale and/or lease (as applicable) of the Property are exchanged after the expiry of the period during which we have Sole Selling Rights but to a purchaser and/or seller (as applicable) who was introduced to you during that period or with whom we had negotiations about the Property during that period.

2.0 FEES

2.1 Our fees are as stated in the Instruction Letter.

2.2 Where we agree to act jointly with another professional then the fee payable to us will be an agreed proportion of the total fee due. In the absence of such an agreement we shall be paid in equal proportion to the other professional(s).

2.3 Abortive Fees

(a) Unless otherwise agreed in writing if you instruct us to act for you and thereafter the transaction or instruction becomes abortive because you withdraw or you terminate our instructions we shall be entitled to 50% of the fee we would otherwise have received had the matter proceeded to completion.

(b) Whether the transaction or instruction concludes or not the disbursements and expenses referred to in Clause 3.0 below will be payable by you in any event.

(c) In the case of consultancy services an abortive fee will be calculated and payable by you according to our hourly rate at the time for all work done.

2.4 Additional Work

Where we are required to undertake additional work outside the agreed scope of the Services additional charges will be agreed.

2.5 Estimates

Any estimates of fees and disbursements are provided on the basis of the information you provide to us. Such estimates are not therefore binding upon us if the information provided is in any way incomplete, misleading or wrong.

2.6 Retention of commissions

In addition to any fees which are payable by you, unless otherwise agreed we may retain any commissions that we may receive from third parties in the course of providing the services. We will disclose any such commission to you.

3.0 DISBURSEMENTS AND EXPENSES

3.1 We will provide you with an estimate of disbursements and expenses prior to incurring them. Such items include but are not limited to travel, advertising and marketing (including 'for sale' and 'to let' boards), in-house mailing, printing, maps, photography, photocopying, library and data services, research, bank references, planning applications and RICS and other regulatory fees.

3.2 Disbursements and expenses may be charged to you as soon as they are ascertained or incurred, whether or not our instruction proceeds to a conclusion.

3.3 You agree to indemnify us against any liability on our part in respect of such disbursements and expenses.

3.4 In all circumstances in which your instructions involve an amount of administration on our part, such as photocopying, faxing etc, we shall be entitled to add an administration charge to our bills to cover such expense.

4.0 CHARGES DUE

4.1 We will be entitled to issue an invoice and our fees will become due for payment free from any discount, deduction set-off or counter claim:

(i) On the date(s) specified in the Instruction Letter

(ii) When you withdraw your instructions (in which case Clause 2.3 applies).

4.2 In all other cases charges become due on the date that we issue an invoice for the services provided and/or the disbursements and expenses incurred.

4.3 All invoices are payable by you upon delivery to you.

4.4 In the event that we are required to issue proceedings to recover any fees or disbursements and we are successful in such proceedings you agree that you will pay our legal costs of such proceedings even if the amount claimed is less than the limit for small claims cases.

5.0 TAXES

5.1 The fees disbursements and expenses referred to in these Terms and in the Instruction Letter are all subject to the addition of VAT where applicable (and any other taxes whether UK or overseas which may arise).

5.2 You will comply with the Criminal Finances Act 2017 and ensure that you and your associated persons do not commit or facilitate a tax evasion offence.

6.0 INTEREST

6.1 Unless otherwise agreed in writing, in default of payment by you within 21 days of delivery of an invoice, interest will be chargeable upon outstanding invoices at the rate of 6% above the Bank of England minimum lending rate from time to time from the date of our invoice until payment.

7.0 SCOPE OF SERVICES

7.1 We accept no liability for the content or interpretation of title, regulatory documents (such as Energy Performance Certificates) or tenancy documents and unless specifically instructed to report on them we do not warrant that properties on which we advise are in satisfactory structural order; that any land is free from contamination; or that any land or property is compliant with regulations, or that any land or premises has planning permission or is capable of being developed for the purposes for which it may be required.

7.2 We will perform the Services within a reasonable period of time after acceptance of your instructions on the basis that:

(a) Any estimates of the time for performance of the Services are not to be legally binding upon us; and

(b) We shall be entitled (but not obliged) to delegate performance of the Services (or any part of them) by instructing one or more other persons, firms or companies (whether as sub-agent or in any other capacity) upon such terms as we consider appropriate in our absolute discretion.

7.3 It may be necessary as part of our work to instruct specialist consultants on your behalf. We will not do so before obtaining your authority. Once you have authorised us to instruct such specialist consultants you will be responsible for payment of their fees and matters relating to their performance. In accepting your

instructions to instruct such specialist consultants we do not warrant their competence. If we are instructed by you to supervise the work of such specialist consultants we will be entitled to charge an additional fee calculated by reference to the time incurred in doing so however we assume no liability for any advice given to you by such consultants.

7.4 Any market projections incorporated within our Services including but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

8.0 INFORMATION PROVIDED

8.1 Unless you inform us in writing to the contrary we shall not be required to check or approve the accuracy of information provided to us by you or others including Energy Performance Certificates. In the event we are instructed to act for you on the assignment of a lease and/or a letting (including a sub-letting), you warrant that the Property has the minimum Energy Performance Certificate rating or a valid registered exemption to comply with the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 and/or any other applicable law or regulations.

8.2 Unless you inform us in writing to the contrary you hereby warrant the accuracy of all information provided to us by you or on your behalf on the basis that you expect us to rely upon it.

8.3 You will check all marketing materials that we produce in respect of any Property that we have been instructed to dispose on your behalf and you will notify us immediately if you become aware that any such marketing materials are inaccurate, misleading or incomplete.

8.4 You undertake to indemnify us against all costs, claims, charges and expenses of whatever nature which may arise as a result of any such information proving to be inaccurate (whether wholly or in part), misleading or incomplete.

8.5 Subject only to Clause 12 below any information which we acquire from you in the course of performing instructions may be used by us for any other purpose unless you instruct us in writing at any time prior to such use by us.

9.0 OUR REPORTS

9.1 In relation to any written report or advice prepared by us you agree that neither the whole nor any part of our report or advice or Confidential Information may be included in any published document, circular or statement or published in any way without our written approval prior to publication.

9.2 Copyright in any reports, documents or other material provided to you by us shall remain our property at all times.

10.0 PAPERS

10.1 After completing our work, we are entitled to keep all and any of your papers and documents until our fees and charges are paid in full.

10.2 Unless you instruct us to the contrary, you hereby agree that we may destroy papers or documents relating to the Services six years after the date of the final invoice that we send you for the particular matter.

11.0 EMAIL

11.1 We shall treat receipt of an email from you as a request to us to communicate with you by email.

11.2 If you intend to communicate with us by email, by accepting these Terms you confirm that you understand the risks of doing so and you authorise us to act upon electronic instructions which have been transmitted (or appear to have been transmitted) by you.

12.0 DATA PROTECTION

12.1 Both parties will comply with all applicable requirements of the General Data Protection Regulation 2016/679. To the extent you provide us with any personal data, you will ensure that you have all the necessary appropriate consents and notices in place to enable lawful transfer of such personal data.

12.2 You agree that we may receive and retain documentary proof required by the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and can disclose it to any Government authority that is legally entitled to request it. You further agree and consent to identity checks being carried out electronically for anti-money laundering purposes. For the purposes of this clause only, you release us from our obligations under Clause 12.1 above.

12.3 We may occasionally use your contact details to inform you of property updates, client seminars, and the like. By accepting these terms you consent to our sending you such information. If you do not wish to receive such information, please advise us, by writing to the Data Protection Officer at our address.

13.0 LIMITATION OF LIABILITY

13.1 In relation to any Services provided by us to you the following limitations apply:

13.2 You agree not to bring any claim for any losses against any member, officer, director, employee or consultant of Colliers or any Colliers Entity (each a "Colliers Person"). You hereby agree that a Colliers Person does not have a personal duty of care to you and any claim for losses must be brought against Colliers. It is agreed that any Colliers Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but that these terms may be varied at any time without the need for them to consent.

13.3 We will not be liable in respect of any of the following:

(a) for any services outside the scope of the Services agreed to be performed by us;

(b) to any third party;

(c) in respect of any consequential losses or loss of profits.

(d) for any losses, costs, penalties or damages arising from the Energy Performance of Buildings Regulations 2011.

13.4 Where any loss is suffered by you for which we and any other person are jointly and severally liable to you the loss recoverable by you from us shall be limited so as to be in proportion to our relative contribution to the overall fault.

13.5 Our liability for loss and damage attributable to our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall not exceed £1 million per single originating cause (or if higher, such minimum level of insurance cover as the Royal Institution of Chartered Surveyors requires us to maintain from time to time). This limit applies to each and every transaction and retainer and any subsequent work we undertake for you unless expressly overridden in a subsequent Instruction Letter signed by a director of Colliers.

13.6 The exclusions and limitations in this paragraph will not exclude or limit any liability for fraud or dishonesty or for liabilities which cannot lawfully be limited or excluded.

13.7 Where the Instruction Letter is addressed to more than one client, the above limit of liability applies to the aggregate of all claims by all such clients and not separately to each client.

13.8 No claims, actions or proceedings arising from or relating to the Services and/or this agreement shall be commenced against us after six years after the date of the completion of the Services or such earlier date as may be prescribed by law.

14.0 INDEMNITIES

14.1 You agree to indemnify us against all costs, claims, charges and expenses which we shall incur by reason of (but not limited to):

(a) Use of any of our work for purposes other than those agreed by us.

(b) Misrepresentation by you or with your authority to third parties of advice given by us.

(c) Misrepresentation to third parties of the extent of our involvement in any particular project.

(d) Any claims or proceedings concerning Energy Performance Certificates prepared by you or on your behalf.

14.2 You also agree to indemnify us against any and all damages or liability suffered by us, arising from the use by us of material provided by you to us the copyright of which is vested in a third party.

15.0 ASSIGNMENT

15.1 Neither this agreement nor any of its terms may be assigned by you to any third party unless agreed in writing.

16.0 TERMINATION OF INSTRUCTIONS

16.1 We may terminate any agreement governed by these Terms immediately by notice in writing:

(a) Where as a result of circumstances outside the control of both of us the Services become impossible of performance or;

(b) Where you have rendered the Services impossible of performance or;

(c) You have provided incorrect information to us contrary to Clause 8 above upon which we have relied or;

(d) If you have not made payment by the due date of any sum payable to us or;

(e) At any time in the event that you are in material breach of your obligations to us or;

(f) Without assigning any reason and on the basis that you are under no obligation to pay any fees in respect of the matter and that we are under no obligation to perform any further services.

16.2 You (and if clause 16.1 does not apply we) may terminate any agreement governed by these Terms by giving not less than 28 days' notice in writing. However, if the Instruction Letter states a minimum period for our instruction, notice to terminate may not be given so as to expire before the end of that period.

16.3 On termination of our instructions you will be liable to pay to us any outstanding disbursements and expenses and you will remain liable for any fees arising under Clauses 2, 3 and 5 of these Terms.

16.4 Notwithstanding termination of our agreement with you the provisions of Clauses 1 to 10, 12, 13, 14, 19, 20 and 21 shall remain in full force and effect.

17.0 MONEY LAUNDERING COMPLIANCE

We are required by law to operate procedures pursuant to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, which may include requesting that you provide us with documentary proof of identity, proof of address and/or proof of funding in relation to a particular transaction or instruction. You agree to comply with any such requests promptly.

18.0 COMPLAINTS AND INSURANCE

18.1 We operate a procedure for complaints handling as required by the Royal Institution of Chartered Surveyors. A copy is available on request.

18.2 The details of our professional indemnity insurance as set out in the Provision of Services Regulations 2009 can be requested from a member of our staff who is dealing with the Services.

19.0 LAW AND JURISDICTION

19.1 These terms of business are subject to the laws of England and Wales.

19.2 Any dispute shall be subject to the exclusive jurisdiction of the English Courts.

19.3 If a court rules that any provision of these Terms is invalid or unenforceable this will not affect the validity of the rest of the Terms which will remain in force.

20.0 RIGHTS OF THIRD PARTIES

Except as set out in clause 13 none of the Terms shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party. No third party will be entitled to rely on any Report or advice except as agreed in writing by us.

21.0 NON-SOLICITATION

You will not on your own account or in partnership or association with any person, firm, company or organisation, or otherwise and whether directly or indirectly during, or for a period of 12 months from, the end of the term of this agreement, solicit or entice away or attempt to entice away or authorise the taking of such action by any other person, any of our and/or any Colliers Entity employees, directors, members or consultants who have worked on the Services. In the event of any breach of this clause, you shall be liable to pay damages of one year's gross remuneration of such employee, director, member or consultant and you agree that this is a reasonable pre-estimate of our loss arising from the breach of this clause.

22.0 CONFLICTS OF INTEREST

You will inform us immediately if you are or become aware of any potential conflict which affects the Services. We may decline to act for you and/or terminate the Services if we consider that there is a conflict of interest.

CONTACT DETAILS

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