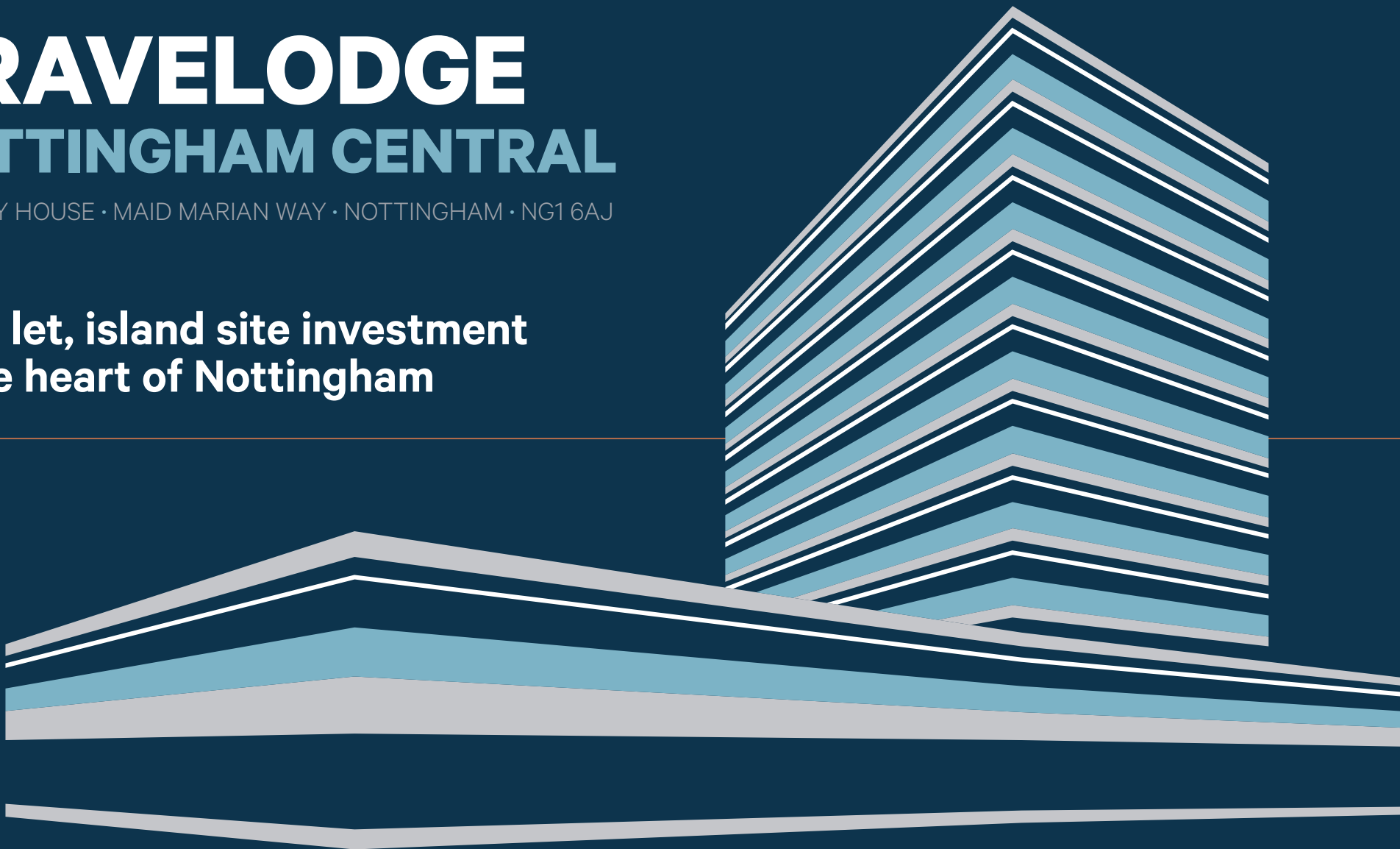


TRAVELODGE NOTTINGHAM CENTRAL

NEW CITY HOUSE · MAID MARIAN WAY · NOTTINGHAM · NG1 6AJ

Long let, island site investment
in the heart of Nottingham



Kimmre

m MAPLE
REAL
ESTATE

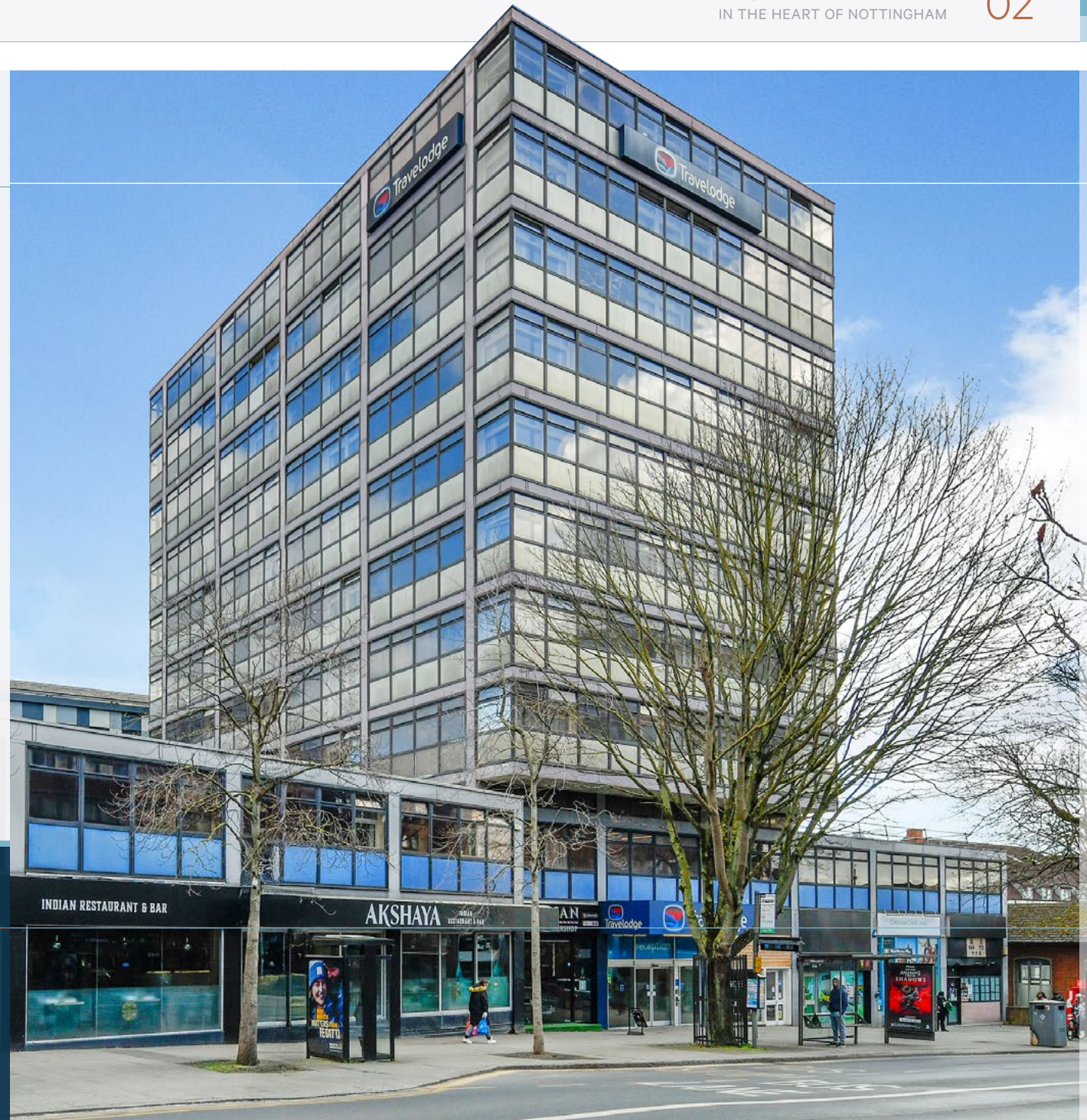
Investment Summary

- **Hotel led, mixed use building** in a prominent location on Maid Marian Way.
- Excellent city centre location, a short walk to **Nottingham's main tourist attractions**, Nottingham Central Train station and strategically located between **Nottingham's two main Universities**.
- Freehold island site of **0.48 acres** (0.19 hectares).
- The building comprises a **114-bed hotel, 9 retail units** on the ground floor, along with a self contained unit at the rear, and **25 car parking spaces**.
- The hotel is leased to **Travelodge Hotels Limited** at a rent of **£708,097 p.a.** reflecting a low rent per key of **£6,212**.
- Over **20 years unexpired** to Travelodge with 5 yearly uncapped RPI reviews.
- Total passing rent **£924,297 p.a** with a WAULT of **16.8 years to break**.
- **77%** of the income secured to Travelodge.
- Over the past five years, the midscale and economy hotel market in Nottingham has demonstrated strong performance. The **12-month rolling average RevPAR** increased from **£39.23** in January 2020 to **£55.83** in January 2025, representing an average annual growth rate of **8.5%**.
- Occupancy levels for midscale and economy hotels in Nottingham average **81.2% over the last 12 months**. With limited new supply and no upcoming developments, these high occupancy levels are expected to remain stable, alongside anticipated **ADR growth**.
- The property received planning permission for change of use from hotel to **121 student apartments** (now lapsed) offering the purchaser strong alternative use optionality.

Proposal

Offers are sought in excess of **£11,500,000** subject to contract and exclusive of VAT, reflecting an attractive blended **net initial yield of 7.55%** assuming purchasers' costs of 6.70%.

A purchase at this price reflects a **low cap value of £224 psf**.





TRINITY SQUARE

VICTORIA CENTRE

COUNCIL HOUSE

THE EXCHANGE

OLD MARKET SQUARE

ST PETER'S GATE

MOTORPOINT ARENA

NATIONAL ICE CENTRE

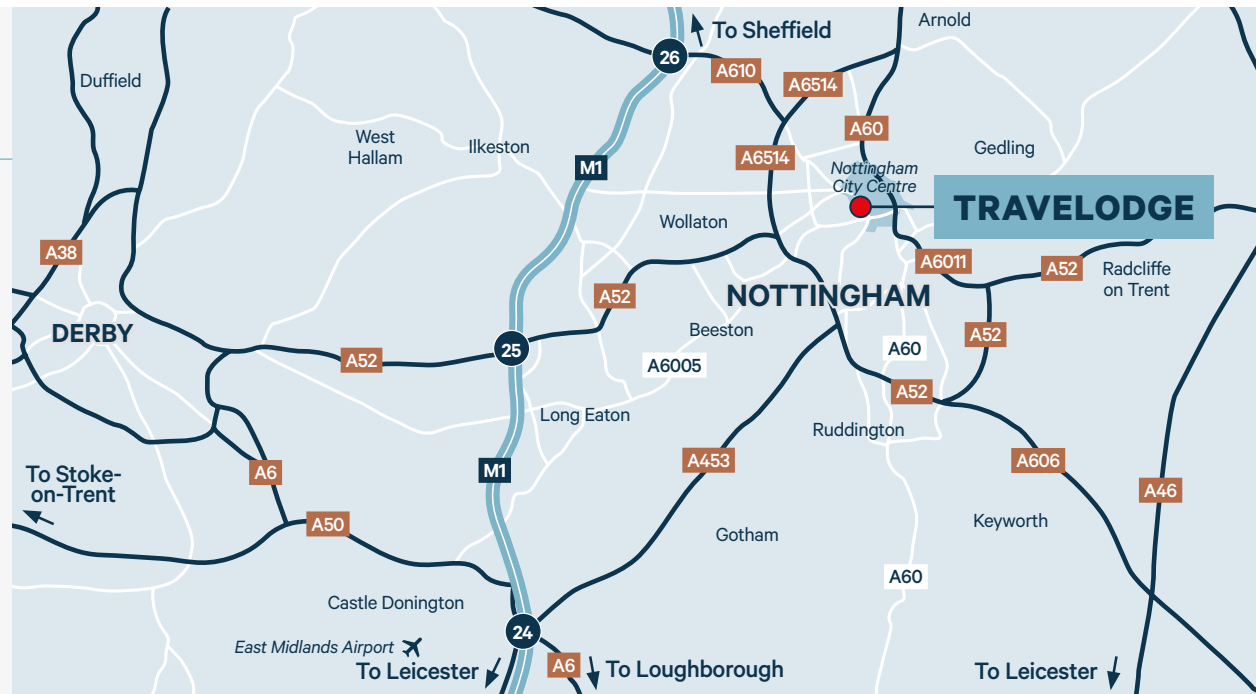
LACE MARKET SQUARE

FRIAR LANE

TRAVELODGE

MAID MARIAN WAY

CASTLE GATE



Location

Located in the heart of the UK, Nottingham is the cultural and economic capital of the East Midlands.

Nottingham boasts excellent transport links, with Nottingham railway station a 10-min walk from the property. The station offers direct services to London to the South (1 hr 40 min), Birmingham to the South-west (1 hr 15 min), and Manchester to the North-west (2 hrs). East Midlands Airport is just a 25-min drive from the property, providing easy access for international travellers.

In terms of road connectivity, the M1 motorway connects the city to London in the South (2 hr 53 min), the M42 connects it to Birmingham in the South-west (1 hr 15 min), and the M6 connects it to Manchester in the North-west (2 hr 10 min).

The local economy is driven by education, healthcare, tourism, and creative industries, with the University of Nottingham and Nottingham Trent University at the forefront of innovation and research. Over 78,000 students were enrolled in these universities during academic year 2022-23 with c21% of the student population coming from outside of the UK. The tourism sector, which generated £2.36 billion in 2023, grew by 15.40% compared to 2022 and was 24.21% above the levels seen in 2019. This highlights the city's appeal, with attractions like the Lace Market and Sherwood Forest drawing visitors year-round.



Situation

The subject property is ideally situated at the junction of Maid Marian Way and Friar Lane, in the heart of Nottingham. It benefits from proximity to key attractions like Nottingham Castle, the Lace Market, and the City of Caves, as well as shopping hubs such as Broadmarsh and Victoria Shopping Centres.

The location offers excellent transport links, with Nottingham railway station being situated within a 10-min walk from the property. Additionally, East Midlands Airport is just 25-min from the property providing easy access to the guests and making it a convenient base for exploring the city's rich cultural heritage.

Description

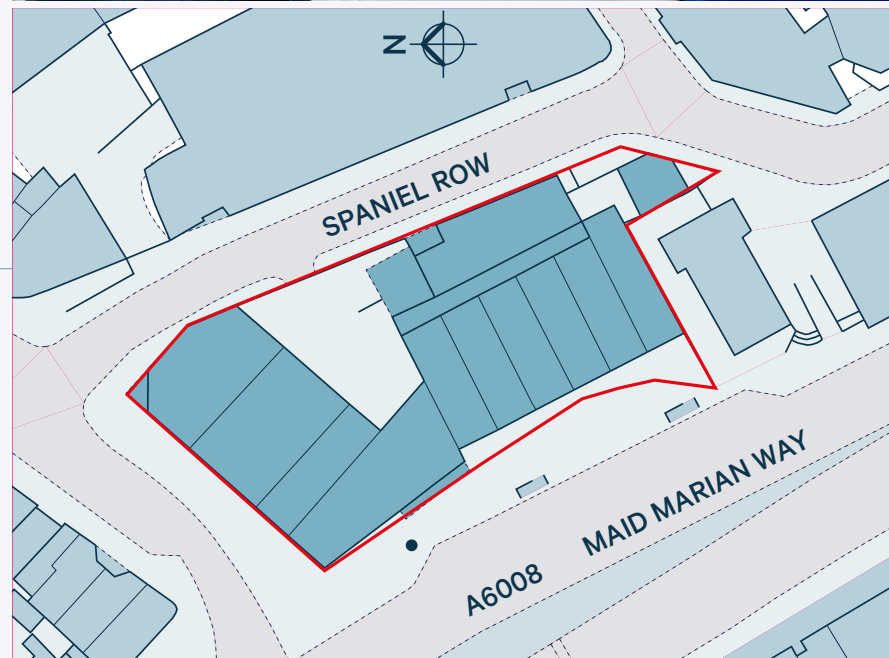
The property is a mixed-use development, comprising a 114 bed hotel and 9 retail units.

The hotel entrance is accessed off Maid Marian Way with the reception and air conditioned bar/ restaurant on the first floor. The 114 bedrooms are arranged over nine floors in a horseshoe layout, with central lifts and staircase.

As a converted building, the hotel's bedrooms are varied in size, with many larger than in a purpose-built Travelodge. Some of the highest rooms enjoy views of Nottingham Castle. There are 83 double rooms, 25 family, 6 accessible; 61 have bath ensuite and 53 a shower.

There are nine fully let ground floor retail units along Maid Marian Way and Friar Lane which have been fitted out to the various tenants' specification. There is also a vacant unit, totalling 3,800 sq ft fronting Spaniel Row that is in shell and core condition.

The property also benefits from 25 car parking spaces in total, of which 17 are located in the underground car park, which is managed by SIP Car Parks. The remaining 8 surface level spaces are located in the rear service yard.



Site Area

The total site comprises
0.48 acres (0.19 hectares)

Tenure

Freehold
(title number NT166724)

Tenancy Schedule

Ref	Address	Tenant	Sq ft / beds	Lease Start	Lease Expiry	Break Option	Rent Pa.	Comments
1	New City House	Travelodge Hotels Ltd	39,060 sq ft (114 beds).	25/12/04	10/07/45	19/11/28	£708,097 (£6,212 per key)	5-yearly Uncapped RPI Landlord break option* The Landlord has an option to extend lease term for an additional 12.5 years from Dec 2032 to July 2045 * The next rent review is Dec 2029
2	31-33 Friar Lane	Polyverse Ltd	1,372	27/02/15	26/02/30		£30,000	
3	35-37 Friar Lane	Polyverse Ltd	1,591	27/02/15	26/02/30		£35,000	
4	39 Friar Lane	Mellivora Holdings Ltd	849	04/06/18	03/06/33		£20,000	
5	41 & 53 Friar Lane	Dosa Wala UK Ltd	1,726	11/01/24	11/01/34		£30,000	
6	61 Maid Marian Way	Ahmed Sharara	711	05/06/24	04/06/29	05/06/27	£12,000	Tenant break
7	65 Maid Marian Way	The Pride Shop	447	06/12/24	05/09/29	05/09/27	£15,000	Tenant break
8	67 Maid Marian Way	Trent Motor Traction Company Ltd	503	20/12/18	20/12/28		£17,000	
9	69 Maid Marian Way	Nottingham Credit Union Ltd	536	16/11/19	12/03/28	12/03/26	£16,000	Tenant break
10	71 Maid Marian Way	Chi Mai Fok	810	07/12/18	06/12/33	07/12/28	£16,000	Tenant break
11	Basement Car Park	SIP Car Park		08/12/16	17/12/31		£25,000	Base rent of £25k with turnover provisions in the lease
12	Spaniel Row	Vacant	3,816					In shell condition
13	Sub-station	Western Power Distribution		14/06/16	07/12/31		£200	
TOTAL			51,421		16.96 (Years WAULT)	16.78 (Years WAULTC)	£924,297	



Covenant Information

TRAVELODGE HOTELS LIMITED

Travelodge is the second largest hotel brand in the UK based on number of hotels and rooms. As per the latest investor report (Q3 2024), Travelodge operates 47,036 rooms across 607 hotels, including 22 hotels in Spain and Ireland. The company has demonstrated robust growth over the past few years, with total underlying revenue reaching £1,016m in 2023, up from £728m in 2019, and EBITDA profit rising to £240m in 2023 from £129.1m in 2019.

In terms of investment activities, Travelodge has been proactive in expanding the business. In 2022, the company embarked on a budget-luxe hotel upgrade programme, with plans to upgrade 50% of the room estate by the end of 2024. Furthermore, the company acquired 66 Travelodge branded hotels on a freehold and long-leasehold basis from LXi REIT, for £210 million in 2023. These hotels are acquired through a newly created property holding group benefitting from support to drive further growth from its owner, Golden Tree Asset Management.

Travelodge are exploring further freehold opportunities, which would further diversify its freehold/leasehold asset base.

The company has seen two rating upgrades over the last 2 years from Moody's and S&P currently standing at B3 and B respectively.

The company has the following financial highlights:

Travelodge Hotels Ltd	FY 2021 (Millions)	FY 2022 (Millions)	FY 2023 (Millions)
Sales Turnover	£713.2	£680.2	£1,016.5
Adjusted EBITDA	£83.1	£209.7	£239.9
Statutory Profit/(Loss) before tax	(£33.8)	£71.5	£147.2
Total Equity	(£12.6)	£63.9	£275.0

Nottingham Market – Midscale & Budget Hotels

Travelodge Nottingham is prominently located in the heart of the Nottingham submarket, which comprises of 74 hotels and approximately 4,900 rooms. Budget hotels constitute 23% of this market, offering around 1,137 rooms.

Over the past five years, the midscale and economy hotel market in Nottingham has demonstrated robust performance. The 12-month rolling average RevPAR increased from £39.23 in January 2020 to £55.83 in January 2025, representing an average annual growth rate of 8.5%. During the same period, the retail price index rose by an average of 6.96% annually, supporting our research that budget hotels' RevPAR across the UK tends to outperform RPI in the long run.

Currently, there are no new hotel developments in Nottingham, nor have there been any new hotel openings in the past year. Occupancy levels for midscale and economy hotels in Nottingham average at 81.2% over the last 12 months. With limited new supply and no upcoming developments, these high occupancy levels are expected to remain stable, alongside anticipated ADR growth.

The economy hotel market surrounding Travelodge Nottingham Central is undersupplied relative to other major cities. The property is the most centrally located branded budget hotel and we understand benefits from strong trading performance.



Nottingham Town Hall and Market Square



Nottingham Castle



The City Ground, River Trent



Nottingham Train Station

Investment Market

The UK hotel investment market has had a robust rebound throughout 2024, driven by a flurry of major portfolio deals. Portfolio deals have accounted for over 70% of total volumes up to the end of November. Some highlights have been Starwood Capital's acquisition of the freehold of 10 Radisson Edwardian hotels for approximately £800 million in January, representing the first major portfolio deal since 2022. Since then, deals of similar size have exchanged with Landsec's disposal of its 21-hotel portfolio for £400 million, Blackstone's acquisition of the Village Hotels portfolio for a reported £800 million, and finally, KKR and Baupost's acquisition of the ADIA portfolio for a reported £900 million, further underlining the return of private equity buyers.

Interest rates have started to come down, which is expected to enhance investor confidence and could unlock some opportunities should they fall further. However, the possibility of debt costs remaining higher for longer may impede some deals from taking place in the short term until investors feel there is more certainty. Pockets of distress have surfaced in recent months, which might continue, mainly from independent operators, as financial pressures caused by increased costs could force owners to sell. Overall, market participants are cautiously optimistic about the investment outlook for the UK hotel sector, with activity expected to continue in a positive direction.

Travelodge has become a prime target for investment, following earlier yield softening due to the impact of CVAs (Company Voluntary Arrangements). The post-pandemic trading rebound, coupled with the ongoing business expansion strategy from Travelodge, has attracted renewed investor interest, leading to a sharp uptick in demand. Compared to its competitor Premier Inn, Travelodge offers a compelling value proposition, with significant potential for yield enhancement due to its operational efficiency and brand repositioning.

This trend reflects a broader market shift, as an increasing weight of capital is targeting long-let hotel opportunities, particularly those with index-linked lease structures, which offer protection against inflationary pressures. The hotel sector remains one of the few asset classes to regularly provide such returns, making it an attractive option for investors looking to hedge against inflation while achieving long-term, stable cash flow. The demand for budget hotels in prime locations is expected to continue driving yields upward, supported by positive trading updates and strategic growth initiatives in the sector.

	Date	Address	Rooms	Brand	Lease length (unexpired TC)	Rent Review	Transaction Type	Rent per room £	Rent Passing £	Yield	Price	Price Per Key
Sold	Dec-24	Travelodge, 1 Speke Hall Avenue, Liverpool	100	Travelodge	170	5 Yearly , Uncapped RPI	Investment	£4,940	£494,000	7.60%	£6,500,000	£65,000
Sold	Nov-24	Travelodge, 19-31 Piccadilly Gardens, Manchester	157	Travelodge	130	5 Yearly , Uncapped RPIX	Investment	£10,300	£1,617,154	6.32%	£24,000,000	£152,866
Sold	Nov-24	Travelodge, Carrs Lane, Birmingham, B4 7SX	88	Travelodge	22.2	Hotel: Annual Reviews to the higher of OMV and RPIX Tesco (4,119 sqft): 5 Yearly, RPIX, 1-4%	Investment	£6,229	£548,150	9.70%	£5,296,186	£60,184
Sold	Oct-24	Travelodge, Chester, 23 Little Saint John St	60	Travelodge	16.9	5-Yr Uncapped RPI	Investment	£6,412	£384,718	6.75%	£5,341,636	£89,027
Sold	Jun-24	Travelodge Portsmouth City Centre, Stanhope Rd	152	Travelodge	22.00	5 Yearly CPI, 1-4%	Investment	£6,683	£1,015,794	6.80%	£14,000,000	£92,105
Sold	Apr-24	Travelodge, Milton Keynes	159	Travelodge	17.00	5 yearly RPI, 1-4%	Investment	£6,730	£1,070,000	6.80%	£14,747,230	£92,750
Sold	Mar-24	Travelodge, 23-25 Market Rd, Watford	93	Travelodge	19.00	RPI Uncapped 5-Yearly	Investment	£6,672	£620,530	6.50%	£8,947,156	£96,206
Sold	Mar-24	Travelodge Sheffield, 299 Barrow Road	103	Travelodge	16.00	5 yearly RPI, uncapped	Investment	£4,687	£482,748	6.75%	£6,702,739	£65,075
Sold	Mar-24	Travelodge Northampton Wootton, London Rd	51	Travelodge	11.40	5 yearly RPI, uncapped	Investment	£3,176	£161,958	7.40%	£3,710,000	£72,745

Alternative Use

Planning permission was granted on 4th January 2022 for, change of use to provide 121 studio apartments for students and associated amenity space. (Nottingham City Council planning ref: 21/00174/PFUL3). The planning consent has now lapsed. A break date of 19th November 2028, is available to the landlord only, for redevelopment purposes only (subject to correct Notice procedure).



Nottingham Trent University

Nottingham Student Market

Nottingham is home to two major universities: the University of Nottingham and Nottingham Trent University, which collectively enroll around 78,645 students. Considered the 4th largest market by student population, Nottingham is a popular destination providing a wide range of courses across the two universities and a thriving city life. The city has a student to bed ratio of c2.25:1 which is largely inline with the national average.



University of Nottingham

Investment Rationale



EXCELLENT CONNECTIVITY

The Nottingham Central Travelodge is well-connected, with Nottingham Railway Station and the bus station just a short walk away. It's also close to major roads like the A60 and A52, and the city's tram network is easily accessible.



TOWN CENTRE LOCATION

Located in the heart of Nottingham.



FREEHOLD

0.48 gross acre site in central Nottingham.



LONG INCOME

UXT for the hotel is 20.38 years and the WAULT to expiry for the retail element is 5.25 years.



STRONG UNDERPIN

Benefits from multiple alternative use options including student redevelopment.



IMPROVING COVENANT

Travelodge have posted robust trading figures in recent years with strong growth.



REVERSIONARY HOTEL RENT

City centre location and lack of supply driving hotel performance

VAT

The property has been elected for VAT purpose and will be treated as a transfer of a going concern (TOGC).

EPC

Available upon request.

Proposal

Offers are sought in excess of **£11,500,000** subject to contract and exclusive of VAT, reflecting an attractive blended **net initial yield of 7.55%** assuming purchasers' costs of 6.70%.

A purchase at this price reflects a **low cap val of £224 psf.**



Contact

For further information please contact:

Kimmre

www.kimmre.com

Rory Turner

07852 247 977

Rory.turner@kimmre.com

Mike Burden

07815 305 180

mike.burden@kimmre.com

m MAPLE
REAL
ESTATE

Steven Pollack

07530 424 019

steven@maplerealestate.co.uk

Oliver Spero

07887 532 572

oliver@maplerealestate.co.uk

MISREPRESENTATION ACT 1967
Kimmeridge Real Estate Ltd and Maple RE Ltd on its own behalf and for vendors or lessors of this property, whose agent it is, gives notice that: 1. The particulars are produced in good faith, but are a general guide only and do not constitute any part of a contract. 2. No person in the employment of the agent(s) has any authority to make or give any representation or warranty whatsoever in relation to this property. 3. The property is offered subject to contract and unless otherwise stated all rents are quoted exclusive of VAT. 4. Nothing in these particulars should be deemed a statement that the property is in good condition, or that any services or facilities are in working order. 5. Unless otherwise stated, no investigations have been made regarding pollution, or potential land, air or water contamination. Interested parties are advised to carry out their own investigations if required. Publication Date: April 2025

Created by CARVE

carve-design.co.uk 17085/6