



Mercure Bristol
Holland House
Hotel and Spa

INVESTMENT OPPORTUNITY

CBRE

THE OPPORTUNITY

CBRE Hotels is pleased to present for sale the freehold of the 275-bedroom Mercure Bristol Holland House Hotel and Spa, Redcliffe Hill, BS1 6SQ. This upscale hotel is for sale with the benefit of Mercure branding and provides a great opportunity for an investor to acquire a prominent hotel in a UK city with strong market fundamentals.

The hotel benefits from the following attributes:

- **Freehold, full-service property** comprising 275 bedrooms, bar, restaurant, spa, extensive conference facilities and parking for 100 cars
- **Management agreement** with Accor under the Mercure Hotels brand
- **Opportunity to convert** the hotel to a franchise agreement with 12 months' notice (without termination fees). There is also the opportunity to break the Management Contract in 2021 and obtain vacant possession
- **City centre location**, within walking distance to key corporate demand generators and attractions including O2 Academy Bristol, Bristol Hippodrome and Bristol Aquarium as well as Bristol Temple Meads station
- **Proximity to the numerous Bristol regeneration schemes** such as Temple Quarter, Bristol Arena and Hinkley Point, one of Europe's largest construction projects
- **Amongst the UK's top performing hotel markets** experiencing stable growth in business and leisure demand as well as limited supply threat
- **Well invested asset** having received a total of approximately £2.7m capital expenditure since 2014
- **Further trading upside opportunity** benefitting from recent refurbishment. There are also further identified asset management opportunities
- **Benefitting from scale and effective layout**, currently forecast to achieve a GOP level of approximately £4.7 million in 2016 equivalent to £46.7 per available room night, 35% above the provincial UK full-service hotel average of £34.7 in the 12 months to August 2016



Hotel Entrance



Reception

INVESTMENT HIGHLIGHTS

3

Large Full-Service Hotel with Extensive Facilities

The hotel boasts 275 bedrooms, 12 meeting rooms and a fully equipped health club & spa with 14 treatment rooms. The property can host events accommodating up to 220 people in one conference room and also benefits from 100 car parking spaces.

Central Location

The Mercure Bristol Holland House Hotel and Spa is conveniently located in Bristol's city centre, within walking distance of Bristol's prime shopping area, cultural attractions and business district. The hotel is easily accessible by public transport, situated within walking distance from Bristol Temple Meads Station and it is located 0.5 miles from Temple Way Road leading on to the M32 and M4 motorways.

Freehold Opportunity with Flexibility on Operating Structure

This freehold hotel benefits from Mercure branding and the Accor infrastructure and distribution systems. The incoming owner has the flexibility to convert the existing management contract with Accor into a franchise agreement with 12 months' notice. There is also the opportunity to break the Management Contract in 2021 and obtain vacant possession.

Growing Hotel Market with Strong Fundamentals

Bristol is one of the UK's leading hotel markets evidenced by RevPAR growth of 35% over the past four years. This growth was achieved despite a 9% increase in hotel bedroom supply over the same period. Going forward there is a very limited supply pipeline creating a favourable market environment.

INVESTMENT HIGHLIGHTS

Financial Performance

The hotel benefits from a very efficient operation that is forecast to achieve a GOPPAR of £47.8, 38% higher than the provincial UK full-service hotel average of £34.7 in the 12 months to August 2016.

Source: HotStats, 2016

Well-invested Asset

Between 2014 and 2016 £2.7m has been invested into the hotel covering the restaurant, bar and lounge area, corridors and bedrooms.

Asset Management Opportunity

The spa facilities are currently located in a standalone building adjacent to the car park and these facilities could be relocated into the main building. Plans have been drawn up for the separate building to be converted into residential units. In addition, there is further opportunity to enhance rooms and F&B departmental efficiency and profit via Accor Procurement. Examples include the outsourcing of accommodation cleaning, linen costs and improved F&B procurement.

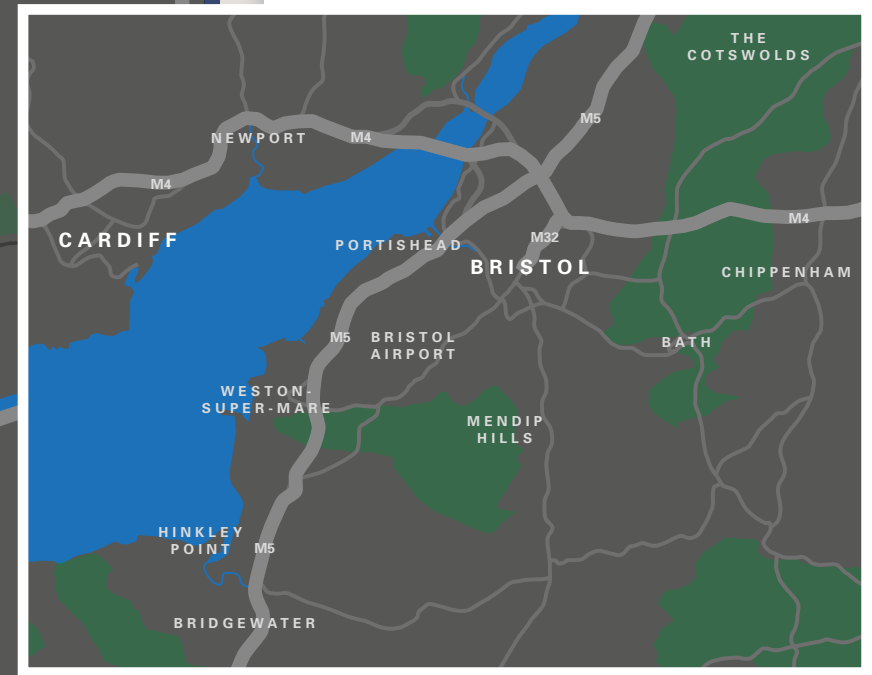
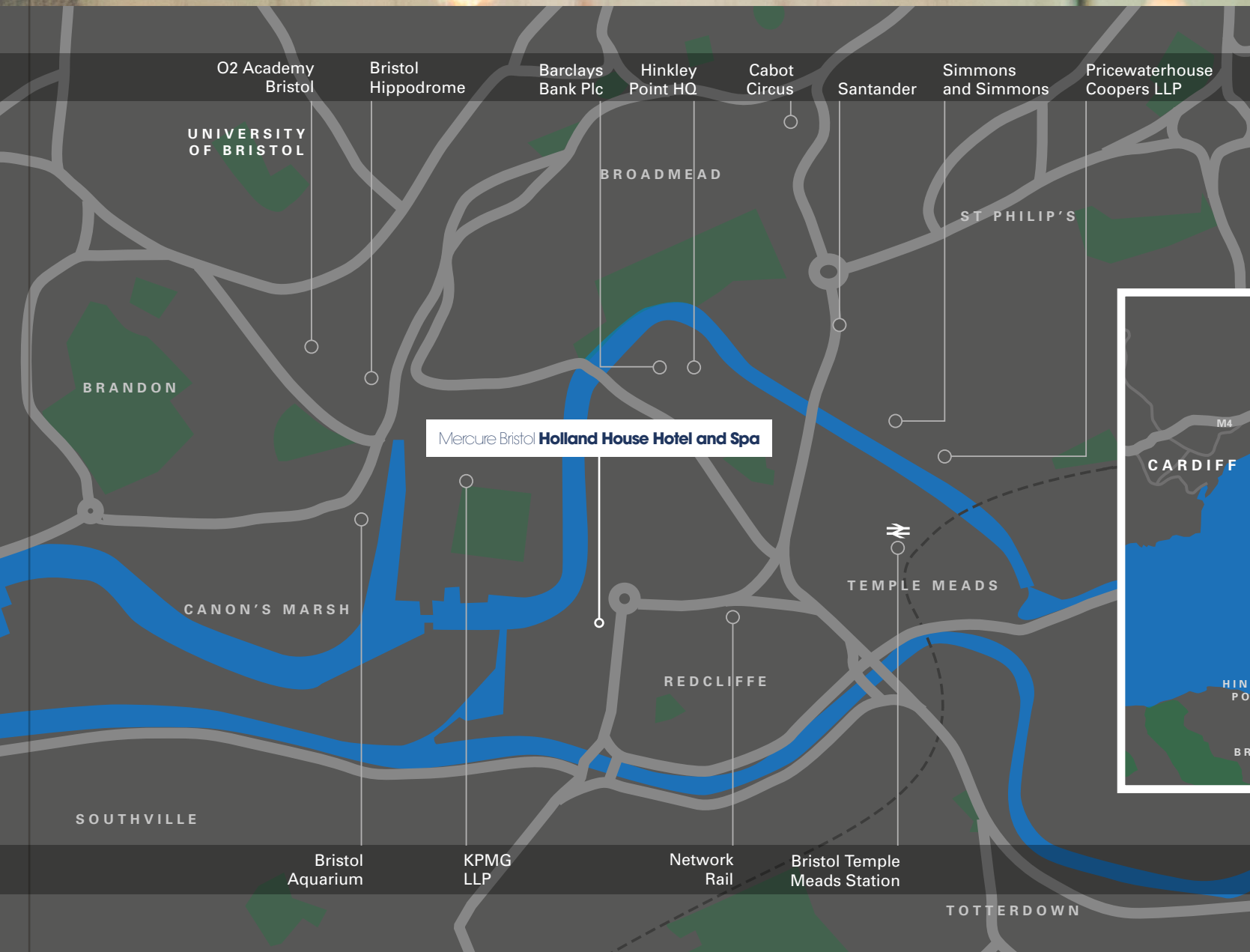
Development in Bristol

Bristol is experiencing significant investment including Wapping Wharf, Temple Quarter (due 2017) and Bristol Arena, a 12,000-seated stadium expected to attract high profile large scale events throughout the year. Additionally Bristol will benefit from the Hinkley Point development, one of Europe's largest construction projects with their offices located in Bristol.



THE LOCATION

The Mercure Bristol Holland House Hotel and Spa benefits from a central location on the southern side of Bristol city centre, within proximity to key demand drivers and transport links. Bristol Airport is located only 20 minutes' drive time from the hotel.



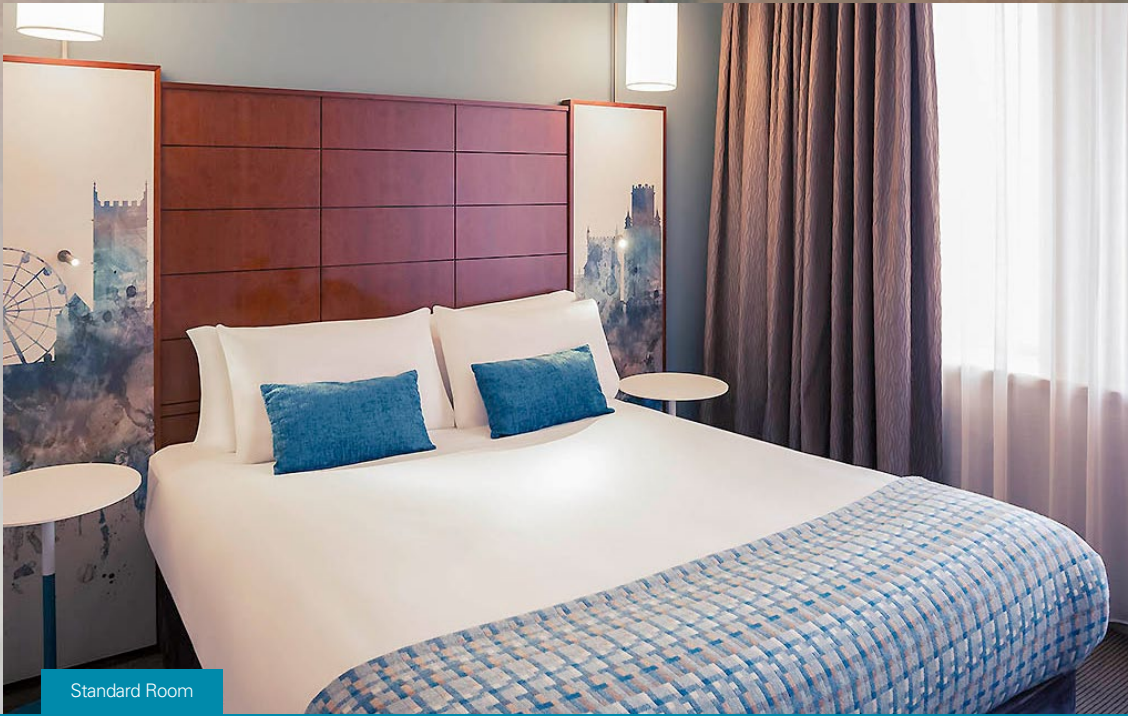
GUEST ROOMS

All 275 bedrooms have been refurbished in 2014/2015 and finished to Mercure brand standard. The large guestrooms benefit from sprinklers and air conditioning throughout.

Bedroom Type	Number	Areas (sqm)
Classic Double Rooms (Standard Room)	122	Range from 16 to 22
Classic twin or family room (Standard Room)	59	Range from 23 to 25
Privilege room with kingsize bed	80	Range from 24 to 25
Superior spacious room with kingsize bed	14	35
Total	275	



Family Room



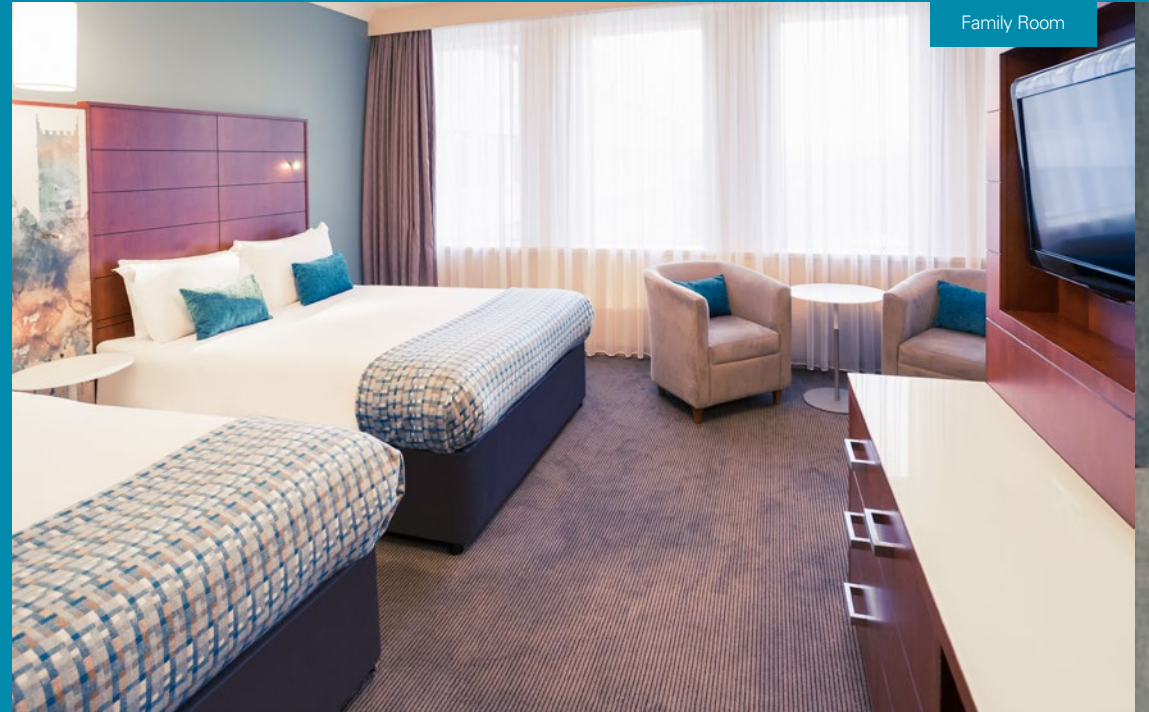
Standard Room



Standard Bathroom



Executive Bathroom



Family Room



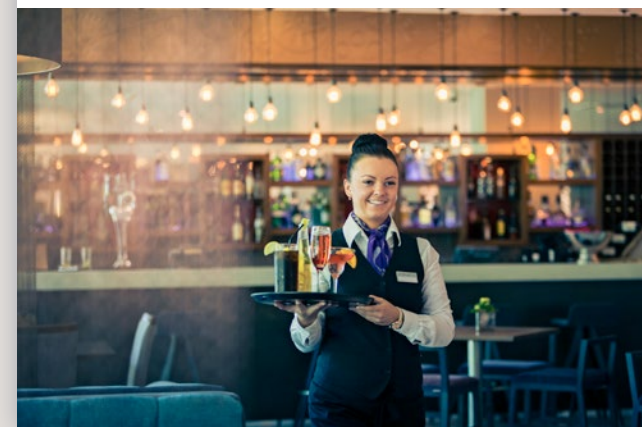
Restaurant

FOOD & BEVERAGE

The Urban Bar & Kitchen benefits from an open plan dining area and serves breakfast, lunch and dinner.

Facility	Covers	Areas (sqm)
Urban Restaurant	90	163
Urban Bar	110	344
Total	200	507

Opened in 2015, the Urban Bar & Kitchen was designed to offer a fresh and contemporary dining experience for guests, enhancing the hotel's food and beverage offering and competitiveness in the local market. This has opened to great success with the concept now rolled out to 11 other Mercure hotels.





Bar

Lounge



Restaurant



Lounge

MEETING AND EVENTS

The hotel offers 12 meeting rooms, the largest of which can accommodate 220 delegates. All rooms benefit from natural daylight, air conditioning and Wi-Fi connectivity. 11 rooms are located on the fifth floor and have the added benefit of a dedicated breakout area. The Phoenix Suite is located on the ground floor and is an ideal venue for meetings, receptions and private dinners benefitting from direct access to the outside courtyard.

Meeting Room	Capacity Theatre Style	Area sqm
Forest	220	324
Phoenix	110	126
Orchard	100	119
Birch	60	60
Willow	50	50
Aspen	50	45
Hawthorn	50	45
Cedar	40	35
Hornbeam	40	35
Maple	40	35
Oak	14*	35
Rowan	40	35
Total		944

*Boardroom Style



Forest Room



Indoor Pool

SPA

The hotel boasts a fully equipped spa with 14 treatment rooms, indoor pool, nail bar, relaxation room and fitness centre with cardiovascular machines and free weights.



TENURE

The property is freehold.



The above illustration is an approximation of the site.

BRANDING

There is a management agreement in place with Accor under the Mercure Hotels brand. There is also the opportunity to convert to a franchise agreement on 12 months' notice (without termination fees).

CAPITAL EXPENDITURE

Year	Total Amount	Areas Invested
2014	£2.53 million	Bedrooms, Corridors, Reception, Bar Restaurant
2015	£148,000	Technical Installation, Exterior, Kitchen
2016 YTD	£18,000	Kitchen, Technical Installation



UPSIDE OPPORTUNITIES

Repositioning of Spa Building

- The spa facilities, excluding the pool, are currently located in a standalone building adjacent to the hotel. There is an opportunity to relocate the spa into the main building. The standalone spa building could be developed for alternative use or converted into a number of residential units.

Courtyard Terrace

- There is an opportunity to create a courtyard terrace and expand the hotel's Food & Beverage offering particularly during the spring and summer months.

Operational Asset Management

- The hotel has a number of cost control initiatives that are now being implemented by management. These include new housekeeping contracts and a more efficient head count by clustering the Finance and Sales & Marketing departments.



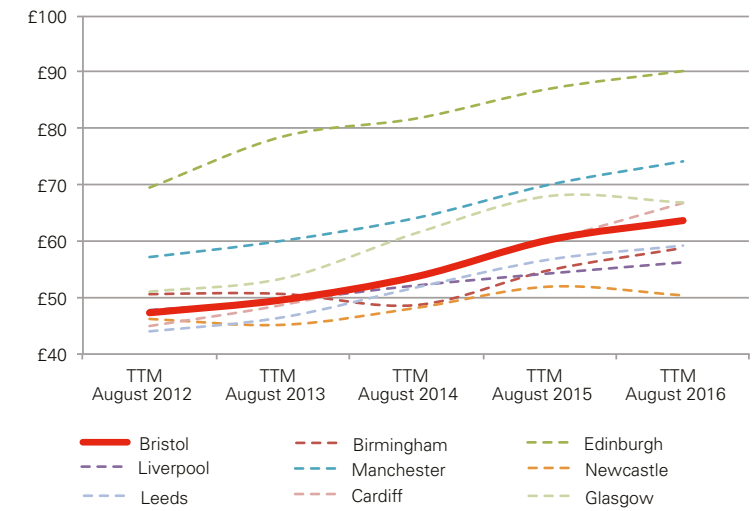


Clifton Suspension Bridge

BRISTOL HOTEL MARKET

Over the past five years Bristol has experienced significant growth in market performance becoming one of the UK's best regional hotel markets. Based on annualised trading from August 2012 to August 2016, Bristol has reported a 35% growth in RevPAR which is equal to a compound average growth rate (CAGR) of 6.1%.

RevPAR Comparison TTM to August 2012 - 2016



CAGR Growth Ranking:

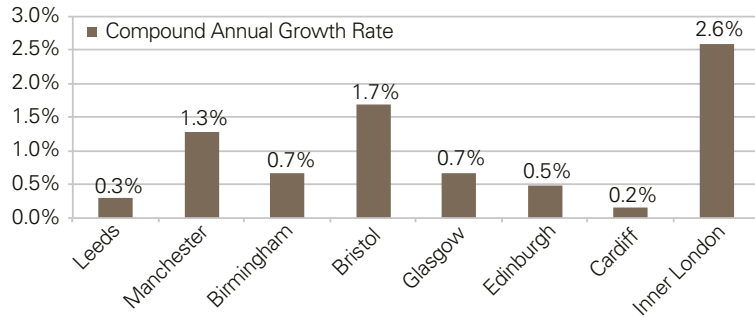
1	Cardiff	8.3%
2	Leeds	6.2%
3	Bristol	6.1%
4	Glasgow	5.5%
5	Manchester	5.4%
6	Edinburgh	5.3%
7	Liverpool	3.3%
8	Birmingham	3.0%
9	Newcastle	1.8%

Source: HotStats, 2016

BRISTOL ECONOMY

Often referred to as the capital of the South West, Bristol has one of the strongest economies in the UK. Over the past five years, the city has seen continued growth and has outperformed all other secondary cities in the UK such as Edinburgh, Glasgow and Manchester. As an important commercial and financial centre within the UK, the city possesses a diverse cross-section of industries including important government departments, aerospace, engineering firms and conglomerates. The presence of two prominent universities and two large colleges has nurtured the city into a hub for innovation and research.

Gross Value Added CAGR 2005 - 2016



Source: Oxford Economics, 2016

Top Employers in Bristol

Company	Sector
Airbus	Engineering
Rolls Royce	Engineering
GKN	Engineering
Ministry of Defence (MOD)	Government
Lloyds Banking Group	Finance
Bank of Ireland	Finance
Computershare	Technology
Hargreaves Lansdown	Finance
EDF	Energy
BBC	Media

Source: IBB





Bristol Harbour

Temple Quarter Enterprise Zone Hinkley Point C

- £18 billion project to create a nuclear power station
- Will provide 7% of the UK's electricity demand
- 5,600 workers will be on site
- Developers EDF have got their offices located in Bristol
- Project completion due in 2025
- The power station is forecast to create more than 25,000 jobs in total

Temple Meads

- £2 billion project for the electrification of the Great Western Route
- Passenger numbers of Temple Meads station is projected to rise from 11 million to 22 million by 2030
- Redevelopment of the station with improved public areas, increase in retail and leisure facilities and multi-storey car park

Bristol Arena

- Newly built arena for £93 million
- Capacity for 12,000 people and will host over 100 events per year
- Scheduled opening in 2018
- Located within walking distance of the Mercure Bristol Holland House Hotel and Spa

Engine Shed

- Enterprise hub providing workspace for a range of high tech and creative businesses
- Offices occupy Brunel's original train station, which has undergone a £1.7million transformation
- 5,000 high-value jobs to be generated in the next 15 years
- Includes 20 shipping containers converted into office space

Source: IBB

THE SALE PROCESS

The Bristol Holland House Hotel and Spa Hotel is being offered for sale by private treaty.

Further information on this property and full details of the hotel's trading performance and projections are available in a confidential data room upon acceptance of the non-disclosure agreement. The hotel should not be contacted directly. For property viewings or additional information please contact:

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