TRAVELODGE, SEDGEFIELD

EARN A SECURE INCOME WHILE OTHERS SLEEP
We are proud to offer a rare opportunity to generate a secure 5 year fixed return via the ownership of a hotel room asset affiliated to the UK’s second largest hotel brand, Travelodge.

Leasehold owners of the hotel rooms shall benefit from a fixed income stream equal to 8% net of their purchase price. Income is paid quarterly (2% per quarter) as a net figure, no additional costs or fees shall be placed on the leaseholders.

The ownership model has been engineered to provide a clear exit strategy at the end of year 5 via a developer buyback equal to 115% of the original purchase price.

Prominently located on a busy A359 junction, just 2 minutes from junction 50 of the A1 this hotel is perfectly located for visitors to Middlesbrough, Stockton on Tees, Hartlepool, Durham and the North East.

INVESTMENT HIGHLIGHTS

- £50,000 per room
- 8% net rental return per annum
- 115% buyback at end of year 5
- Income paid in quarterly payments
- Hands-off investment
- Zero ownership fees
- 16.5 million guests per year
- Business guests doubled in last 5 years
- No. 2 budget hotel brand in the UK
- £57 million refurbishment scheme nationwide
- £1.3 billion expansion programme
Brands are synonymous with success in the hotel industry and within the budget sector a well-defined brand is essential if you are to be successful on a large scale. Customers seek assurance on quality and a consistency in their experience and it is brands that provide this reassurance.

Travelodge was the original UK budget brand, opening its first hotel in 1985, it then expanded aggressively as it created what is now known as the budget hotel sector. Travelodge is now London’s biggest hotel brand with 59 hotels across the capital and a further 450 nationwide making it the No. 2 brand in the UK.

There are three key areas which make a successful budget hotel and Travelodge excels at all three.

1. **PRICE**
   Travelodge consistently beat the other budget hotel brands on price and are generally accepted as having the lowest priced rooms in the market.

2. **LOCATION**
   Originally located beside motorways and major roads, they are now prevalent throughout the UK’s towns and city centres.

3. **ROOM QUALITY**
   Having just completed a £57 million room refurbishment the new design decor and the luxury new luxury bed - ‘The Travelodge Dreamer’ provides a sleeping experience second to none.

Today’s UK hotel market is worth £40 billion and an estimated third of this is accounted for by the budget sector, which is also seeing the highest growth rate.

Price is becoming increasingly important to UK hotel visitors and being able to offer a consistent level of quality and a professional service, whilst still competing on price is the key to achieving customer loyalty. This is a situation that inevitably favours larger organisations with established infrastructure and the ability to enjoy the benefits of economies of scale.

Travelodge have just spent £57 million refurbishing their rooms over an 18 month period. That is no mean feat when you consider that at the start of this program their network contained 39,000 rooms meaning over 50 rooms per day were being refurbished.
A PLAN FOR GROWTH

Travelodge has an aggressive two pronged strategy to organically grow its existing network. This will be achieved via an upgrade programme as well as expanding their hotel properties by 40%.

200 NEW HOTELS TO OPEN

Travelodge is set to embark on a phenomenal expansion programme, the likes of which has not been seen since their rapid ascendency as they effectively defined the budget hotel sector as we know it today. They have set aside a colossal £1.3bn for an expansion programme that will target 205 new hotel sites. This strategy to improve and upgrade its portfolio by 2022 will see the number of bedrooms grow from 39,000 to around 50,000 and increase the number of hotels in its group from 500 to around 700. As a result Travelodge will be the largest budget hotel chain in the UK.

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6% SALES UPLIFT

Travelodge Sedgefield will benefit from the nationwide £57 million refurbishment programme. Over 300 Travelodge’s have undergone this refit so far which has yielded an average 6% incremental year on year increase in turnover.

The centrepiece of the refurbishment programme is the introduction of a new luxury king size bed; the Travelodge Dreamer. This complex pocket sprung mattress boasts 952 individual springs each designed to follow the natural contours of an individual’s body in order to provide the correct amount of support and comfort which ensure guests receive a quality night’s sleep. This type of bed is deemed in the industry as the ‘Rolls Royce’ of beds and is used predominately by luxury hotels worldwide.

The room also features a sleep inducing colour palette in a tranquil blue, as well as stylish swoosh stripes on the curtains. Other additions in the new Travelodge room include a larger desk, new carpet, artwork above the bed and a stylish white contemporary en-suite bathroom.
LOCATION INFORMATION

Just a mile off the A1(M), the main gateway to the North East, Travelodge Sedgefield is prominently located on the busy junction of the A689 Hartlepool road and the A177 Stockton Road ensuring excellent business from passing traffic.

SEDGEFIELD
Perhaps most famous for being Tony Blair’s constituency whilst he was Prime Minister, Sedgefield is a picturesque town typical of this part of the world. The village is just a short walk away and has a variety of pubs and restaurants welcoming travellers overnight hotel guests.

NEARBY TOWNS
Durham – 11 miles – 20 minutes drive
Hartlepool – 13 miles – 21 minutes drive
Middlesbrough – 14 miles – 21 minutes drive
Newcastle – 29 miles – 41 minutes

PLACES TO VISIT
Sedgefield Racecourse - 1 mile
Stockton-on-Tees - 8 miles
Durham Cathedral - 11 miles

TRANSPORT LINKS
A1(M) Motorway – 3 miles
Newton Aycliffe Train Station - 6.5 miles
Teeside Airport - 9.5 miles
Durham Train Station – 11 miles

DURHAM

The North East, Newcastle and Sunderland

HARTLEPOOL

MIDDLESBROUGH

SEDGEFIELD

A689
A19
A167
A1(M)
STOCKTON-ON-TEES
The ownership model is simple yet very effective. Its hands-off format enables you to enjoy regular payments directly to your bank account every 3 months. At the end of year 5 your capital shall be repaid in full with an additional 15%, equating to a 55% net return on investment.

FINANCIAL ANALYSIS

SOLID GROWTH PROSPECTS

During the summer months the hotel is due to be upgraded as part of the Travelodge nationwide refurbishment programme. The 200 hotels that have gone through this process have achieved an average incremental increase of 6% on turnover.

A ROBUST BUSINESS

Travelodge Sedgefield has been trading since 1st January 1995. During this time it’s built up a regular customer base. The business has performed solidly for the last 4 years with an average occupancy averaging 75.1%.
On legal completion of the purchase the documents to be signed are:

- The Main Lease (125 years)
- Sub Lease (7 years)
- Call Option
- Put Option
- Pre-emption Agreement

The Main Lease is for 125 years and details the investor’s legal ownership of their unit(s) which is registered at The UK Land Registry.

The Sub Lease is for a period of 7 years and provides the investor with an 8% net return per annum on the purchase price in the form of rental income.

The Put Option provides that at the end of year 5 the investor can serve notice on the developer to buy the unit(s) back for an amount equal to the original purchase plus an additional 15% capital uplift (115%).

The Call Option provides that the developer can serve notice on the investor to buy the unit(s) back from them at any time during the first 5 years for an amount equal to the original purchase price plus a 15% capital uplift (115%).

The parties enter into a Pre-emption Agreement which means that the developer has the first option (first refusal) over any sale of the unit(s) within the development.

25% of the purchase price is payable on exchange of contracts. These monies are held as stakeholder by the seller’s solicitor to protect the deposit and will only be released on completion of the purchase of the unit(s).

FREQUENTLY ASKED QUESTIONS

Are the properties built?
Yes, the hotel is fully trading and operational as listed on the Travelodge website.

Am I buying a Freehold or Leasehold?
You are buying a 125 year leasehold, with the room being registered in your name at the UK Land Registry.

Is the sale handled by a solicitor?
Yes, we have an experienced nominated solicitor in place who will advise and act for you throughout your purchase.

Can I re-sell my hotel room?
Yes, you can sell at any given time.

Can I rent my hotel room out myself?
No, your room is leased back to the hotel management company who control the day to day activities.

What are the ongoing costs?
There are no ongoing costs after completion.

Can I view the properties?
Yes, we can arrange for you to visit the hotel.

What are my returns?
All units receive the same level of return which is equal to 8% of the purchase price. Please see the table earlier in this brochure under ‘Financial Analysis’.

Is there a due diligence pack available?
Yes, a full due diligence pack will be made available which includes details on the purchase contracts, management agreement and land registry title.

How do I reserve a Unit?
All units are subject to availability. If you would like to reserve a unit we require a reservation deposit equal to 5% of the purchase price (£2,500) along with a signed reservation agreement which we will forward to you.

Are there floor plans available?
Yes, these are available on request.
What Happens Next?

Please contact your dedicated Portfolio Manager to discuss or request any of the following:

Full floor plans  Reservation details
Up to date availability  Project due diligence

Contact Details

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