The “Learning Hotel”
Development Opportunity

WONDERFUL THINGS HAPPEN HERE
INTRODUCTION

The University of Surrey is at an early stage in developing its proposition for a “Learning Hotel” at Manor Park Campus.

The University is seeking a partnering arrangement for its School of Hospitality and Tourism Management (SHTM) that realises its vision to create a world-leading centre for hospitality research and innovation.

The University is seeking input on the most attractive way of developing and delivering a new hotel. The decision has been informed by preliminary market and financial feasibility assessment.

CBRE Hotels are inviting expressions of interest to explore potential partnering opportunities.
INVESTMENT HIGHLIGHTS

UNIQUE COMMERCIAL PARTNERING OPPORTUNITY

- Opportunity to form a commercial partnering arrangement with the University to realise the “Learning Hotel” concept
- One of the country’s leading universities, at the forefront of education and international research and innovation
- The School of Hospitality and Tourism Management (SHTM) – number one in the UK, enjoys an outstanding international reputation

PIONEER HOTEL CONCEPT

- Potential to partner in the development and operation of a 175-200 bedroom “Learning Hotel”
- The “Learning Hotel” is envisaged to go beyond the concept of a “Teaching Hotel”, by linking world-class hospitality and tourism education with global research and innovation
- Flexibility in terms of market positioning and branding

STRATEGIC LOCATION

- Located in the Guildford catchment area, a market closely associated with London with high-barriers of entry
- Excellent site visibility on campus, with easy access to the A3, connecting London to Portsmouth
- Amidst the University, Surrey Research Park and Royal Surrey County Hospital, three of the strongest demand generators in Guildford

EXCELLENT HOTEL MARKET

- One of the strongest hotel markets in the UK, with average annual occupancy around the 80 per cent mark
- Undersupplied market, with the majority of hotels unbranded, opportunity to deploy innovative hotel concept
THE “LEARNING HOTEL” VISION

Opportunity for a partnering arrangement with the University in the financing, construction and operation of a 175-200 bedroom “Learning Hotel” with 100 parking spaces. The hotel will be co-located with a new academic building, designed with a capacity for up to circa 1,200 students.

The hotel will be a “Learning Hotel” rather than the more traditional “Teaching Hotel”, as a place of education, innovation and sustainability. Opportunity for experimentation where research and innovation will inform improvements on design and management of hotels and hospitality experiences. The hotel will shape future hospitality and tourism leaders by offering students the opportunity to work alongside experienced professionals to hone their skills.

Delivery of the Learning Hotel Vision and the core academic aims therein are a priority for the University. The University is therefore seeking creative suggestions on how a long-term, collaborative and resilient partnering might be structured, where a partner is able to demonstrate their commitment to the delivery of the Learning Hotel Vision beyond the commercial operation of the hotel alone. At this time the University has an open mind on the nature and structure of the relationship and is open to all suggestions including, but not limited to, joint venture arrangements.
PRIME STRATEGIC LOCATION

The University of Surrey is located in Guildford, within the commuter belt of London.

Guildford is a well-connected town with over 140,000 inhabitants. Its proximate location to central London is reflected in the strong commercial profile home to companies such as:

There is significant inward travel related to these businesses, to the Surrey Sports Park (part of the University) and to the University itself (15,000 students from 140 nations).

The region is growing rapidly with 17% growth in Gross Value Added (GVA) over the past 3 years. Guildford has been designated as a growth town by Enterprise M3, the Local Economic Partnership, in large part because of the significance of the University and its widely acclaimed Research Park.
The site

- Approximately 3.3 acre site earmarked for hotel development
- Amidst Manor Park Campus surrounded by key demand generators, University, Surrey Research Park and Surrey Sports Park
- Prime location, located with easy access to the A3, providing easy access to major cities and business hubs in the region
- Guildford city centre located 2.0 miles away
- Strategic location ideal for capturing conference-related business from central London and other major cities and business hubs at Reading, Farnborough, Portsmouth, Southampton and Basingstoke
A LEADING UNIVERSITY

The University of Surrey is one of the UK’s top professional, scientific and technological universities. Named as The Times and Sunday Times 2016 University of the Year, Surrey has a world-class profile and a leading reputation in both teaching and research. The University has been 4th in the Guardian Good University Guide in 2015 and 2016.

FACTS AND FIGURES

2016 University of the Year
by the Times and Sunday Times

- 15,000+ students
- £1.7bn national economic activity stimulated each year (£1.1bn Surrey, incl £950m Guildford)
- £70m signed up for 5G Centre
- 23% international students (38% post graduate)
- 23 exchange agreements spanning 4 continents
- 17,312 jobs supported in Surrey (10,644 in Guildford)

A PIONEER IN INTERNATIONAL RESEARCH

- A truly global approach to research, with 50% of research outputs featuring an international collaboration.
- 111 companies at Surrey Research Park, employing 4,610 staff in R&D activities, many of which relate closely to the work of the university.
- The 5G Innovation Centre is now the UK’s largest academic research centre dedicated to the development of the next generation of mobile and wireless communications.
The School of Hospitality and Tourism Management (SHTM) is a dynamic, forward-thinking school, offering pioneering degree programmes, unsurpassed connections with leading figures in the hospitality and tourism industries and a remarkable track record in graduate employment.

The School is now seeking to explore partnership with individuals and organisations that would support it in developing an exemplary quality learning Hotel facility on University land.

FACTS AND FIGURES

Consistently Ranked
Best Hospitality & Tourism School in the UK

900 students
8,000 alumni
94% Students employed within 6 months of Graduation
In proximity to major demand generators and accessibility to important communication links, the proposed hotel site has the fundamental locational characteristics to **effectively penetrate both the corporate and leisure market segments**.

### Surrey Research Park
- 70 acres
- 111 companies
- 4,600 staff
- Closely associated with UniS
- £1.7bn GVA contribution to UK Economy

### Surrey Sports Park
- £35m Project
- Opened in 2010
- Range of Olympic standard sports facilities
- Will host Women’s Lacrosse World Cup in 2017
- Base for Italy and Ireland during 2015 Rugby World Cup

### University of Surrey
- Guildford’s leisure market segment includes visiting friends and relatives (VFR) of local residents and University students.

### Guildford Town Centre
- Attractive town centre and entertainment offer, which makes it a popular destination for corporates in the wider area.
- Excellent reputation for shopping/retail, as well as attractions, heritage and events (eg Guildfest, Farnborough Air Show).
- 2014 Destination of the Year by the Tourist Network Awards.

Source: Google Earth Pro, 2016
The Guildford hotel market is limited to just 9 hotels, at an average of 89 bedrooms (only 797 bedrooms in total). The wider competitive hotel market (5-mile radius of the proposed site) comprises 22 serviced accommodation establishments, representing a total of 1,025 bedrooms.

Of the 22 identified properties, 13 are positioned within the 4-star and 3-star segments. There are no 5-star, hostel, or serviced apartment properties.

Somewhat surprisingly, given Guildford’s strong commercial profile, there is currently only one International brand (Holiday Inn Guildford).

The local hotel market is dominated by independent properties.

The majority of hotel stock is tired and dated, and recent investment has been limited.

There is currently no confirmed hotel pipeline in Guildford, underlining an opportunity to fill a gap in an undersupplied hotel market.
HOTEL MARKET PERFORMANCE

KEY INSIGHTS

- Hotel market performance for the Guildford area is very strong, achieving an **average room occupancy of nearly 80 per cent** at an achieved **average daily rate of £81** in the 12 months to June 2016.

- Guildford is becoming an increasingly established hotel market, illustrated by the strong compounded annual growth rate (CAGR) in Revenue per Available Room (RevPAR) of 5.8 per cent over the last four years.

- The daily occupancy graph opposite illustrates the significant level of both mid-week, corporate-focused demand with occupancy at circa 89% for Tuesday and Wednesdays. Weekend, leisure-driven demand is also very strong with occupancy at 85% for Saturday nights.

- Given the lack of good-quality, branded hotels and limited pipeline threat, there is an opportunity for the proposed hotel to achieve a rate premium over the STR set.

- The preliminary market and financial feasibility assessment is available in the electronic data room: www.learninghoteldevelopmentopportunity.com

### Hotel Operating Performance of STR Global Benchmark Set
(12 months to June 2013 to 12 months to June 2016)

<table>
<thead>
<tr>
<th>Performance Indicators</th>
<th>12 months to June 2016</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>VARIANCE 2016/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy %</td>
<td></td>
<td>75.1</td>
<td>77.6</td>
<td>79.9</td>
<td>79.0</td>
<td>-0.9pp</td>
</tr>
<tr>
<td>Average Daily Rate £</td>
<td></td>
<td>71.87</td>
<td>73.22</td>
<td>79.32</td>
<td>80.93</td>
<td>2.0%</td>
</tr>
<tr>
<td>Revenue per Available Room £</td>
<td></td>
<td>53.95</td>
<td>56.84</td>
<td>63.39</td>
<td>63.96</td>
<td>0.9%</td>
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<tr>
<td>Annual Room Supply (000s)</td>
<td></td>
<td>223.4</td>
<td>223.7</td>
<td>225.2</td>
<td>225.2</td>
<td>0.0%</td>
</tr>
<tr>
<td>Annual Rooms Sold (000s)</td>
<td></td>
<td>167.7</td>
<td>173.6</td>
<td>180.0</td>
<td>178.0</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Actual Rooms Revenue (£000s)</td>
<td></td>
<td>12,052.4</td>
<td>12,714.4</td>
<td>14,276.3</td>
<td>14,404.8</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Source: STR Global, 2016

### Spread of Daily Occupancy per Day of STR Global Benchmark Set

<table>
<thead>
<tr>
<th>Occupancy (%)</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82.4%</td>
<td>89.4%</td>
<td>88.7%</td>
<td>79.2%</td>
<td>73.9%</td>
<td>84.9%</td>
<td>54.6%</td>
</tr>
</tbody>
</table>

Source: STR Global, 2016
STAGE 1 – EXPRESSION OF INTEREST

CBRE Hotels are seeking interest for the “Learning Hotel” project and are inviting initial expressions of interest by close of play on Tuesday 13th September 2016 to be sent by e-mail to lewis.corby@cbrehotels.com and jeannette_pfister@cbrehotels.com. Should interested parties wish to meet with the University’s representatives in order to discuss the project, view the site and its surroundings, prior to the closing date, please contact the CBRE team for further information. Further information on the opportunity is available in the data room: www.learninghoteldevelopmentopportunity.com.

Please provide the following information in your proposal:

- Opinion and comment on the “Learning Hotel” concept
- Potential partnering structure to best support the vision for the “Learning Hotel” concept and what legal and operating form it might take
- Proposed hotel market positioning and brand (if any)

We envisage the process to be as follows:

STAGE 1

- Expression of Interest

STAGE 2

- Specification and Shape of Future Competitive Procurement Process Informed

- Expressions of interest inform the University's decision on optimum commercial partnering structure
- Decision made on the appropriate specification and shape of the procurement process


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