

PRIME ESSENDI HOTEL INVESTMENT OPPORTUNITY

ANNUAL UNCAPPED RPI RENT REVIEWS

LEWIS ELLIS

IBIS HOTEL

FRATTON WAY | SOUTHSEA | PORTSMOUTH | PO4 8SL

INVESTMENT SUMMARY

- Unique opportunity to acquire an ibis budget hotel located in the southern coastal city of Portsmouth.
- Portsmouth is a key UK maritime city, renowned for its naval presence and diverse economy including defence, student and tourism with over 12 million annual visitors.
- Prominently situated within a busy and established retail, commercial and leisure cluster comprising The Pompey Centre Retail Park, Fratton Rail Station, St Mary's NHS Hospital and Fratton Park (Portsmouth FC) Football Stadium.
- Purpose-built 120-bedroom hotel arranged over ground and four upper floors.
- Securely let on FRI terms to the strong covenant of Essendi UK Hotels 2 Limited (D&B rating 5A2), with the benefit of a guarantee from Essendi S.A. (D&B rating 5A1).
- Passing rent of £519,217.72 per annum, equating to a low £4,327 per key.
- Lease expiry on 22nd December 2035 (9.25 years unexpired).
- Annual uncapped RPI-linked rent reviews with the next review on 23rd December 2026.
- The quoting price is significantly below replacement cost.
- Freehold.

PROPOSAL

We are seeking offers in excess of

£7,660,000

(Seven Million, Six Hundred and Sixty Thousand Pounds) subject to contract and exclusive of VAT.

A purchase at this level would reflect:

- Net Initial Yield: 6.50%
- Low Capital Value: £63,833 per key

Net of S.C shortfall and based on the topped up rent to December 2026 rent review of £532,458 p.a. (£4,437 per key) assuming a 3% p.a. RPI forecast and purchasers costs of 6.66%.





 **Fratton Rail Station**
London Waterloo 1 hr 30 mins

Portsmouth
City Centre

Vista
Apartments

The Pompey Centre
Retail Park

 **Portsmouth
INTERNATIONAL
Port**

HM Naval Base

The Pompey Centre
Trade Park

SUBJECT PROPERTY

PORTSMOUTH



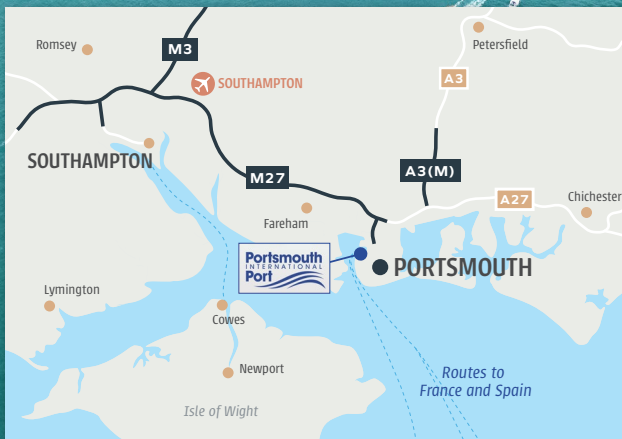
Portsmouth is part of the Solent Freeport, one of England's eight government-designated freeports, unlocking tax incentives and infrastructure investment across the Solent's £7.7bn maritime economy.



Portsmouth International Port is a major cross-Channel gateway handling routes to France and Spain plus Isle of Wight services - supporting steady passenger and freight-driven demand.



HM Naval Base Portsmouth is home to roughly two-thirds of the Royal Navy's surface fleet, including the two Queen Elizabeth-class aircraft carriers and anchors a large, stable defence and contractor workforce (BAE Systems, Babcock, QinetiQ).

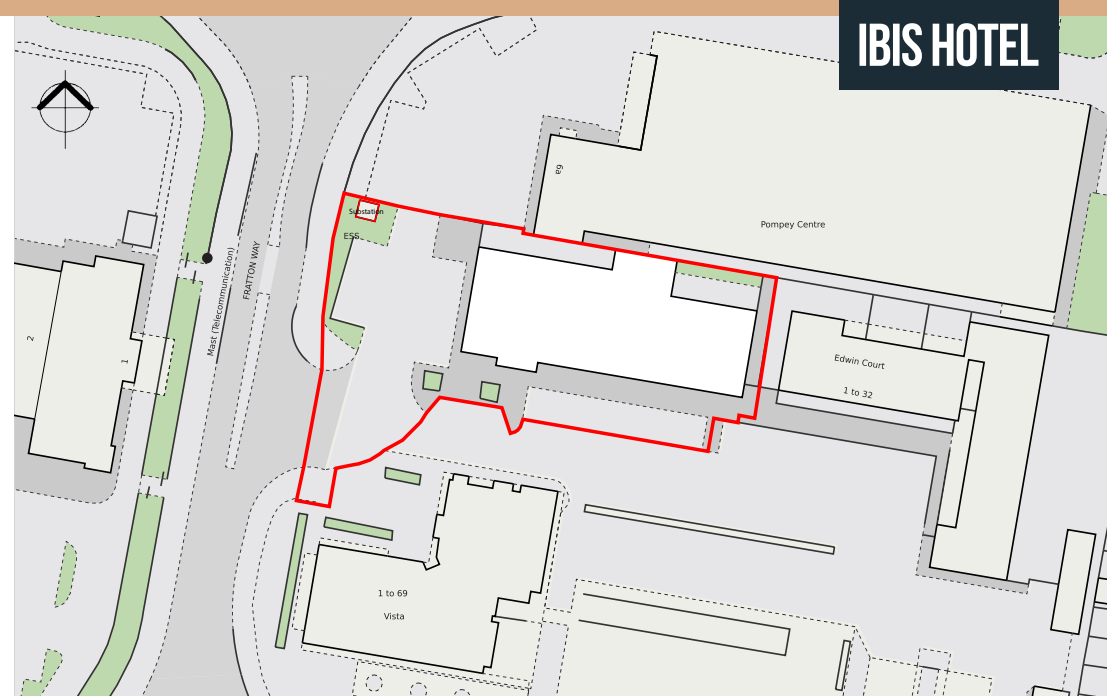


SITUATION

The property is situated in a prominent position on Fratton Way within a busy retail, commercial and leisure cluster consisting of The Pompey Centre Retail Park (B&Q, Aldi, Home Bargains & Matalan), Fratton main line Rail Station, St Mary's NHS Hospital and Fratton Park (Portsmouth FC) football stadium.

Portsmouth FC were promoted to the EFL Championship in 2024 and remain in the second tier for 2026/27 with Fratton Park regularly drawing matchday crowds of over 20,000 people, immediately adjacent to the hotel. Due to strong demand, the stadium has recently had a £60m expansion plan put in place for a new north stand.

Fratton train station is approximately a 5-minute walk from the hotel and sits on the mainline service between Southampton (40 minutes) and London Waterloo (1 hour 30 minutes), with regular services to each, plus further services to Portsmouth Harbour, Brighton, Cardiff and Bristol Temple Meads. The main city centre attractions are located a short walk to the west.



DESCRIPTION

The property comprises a 120-bedroom hotel across ground and four upper floors that was purpose built in 2008 and comprehensively refurbished in 2018. The hotel is of steel frame construction with metal deck and concrete slab floors. All rooms are ensuite and there is lift access to all levels. The hotel benefits from the following specification:

- Recently upgraded HVAC cooling and heating system throughout the hotel - this was a tenant improvement.
- The tenant is planning a phased refurbishment of the hotel to the new 'IBIS blue' branding with the top floor rooms being refurbished in Q4 this year.
- 15 exclusively demised car parking spaces adjacent to the hotel and an additional 72 spaces in the wider retail park.
- 6 disabled access rooms.
- Wi-Fi.
- Breakfast buffet and snack vending machines.

An assignable vendors building survey is available in the data room.

EPC

C (60).

PORTSMOUTH HOTEL MARKET DRIVERS

The Portsmouth area comprises approximately 4,100 rooms, with representation from key brands across all market segments from budget to luxury. Pipeline supply remains extremely restricted, with only circa 72 rooms under construction and no new hotel deliveries in the past 12 months. Key market drivers include:



HM NAVAL BASE

Royal Navy personnel, defence contractors and visitors creating strong, consistent demand.



DEFENCE SECTOR

BAE Systems, Qinetiq, Babcock and numerous large multi-national businesses generating project-based and long-stay accommodation demand.



TOURISM & LEISURE

Over 12 million visitors annually attracted to the historic dockyard (HMS Victory, Mary Rose Museum), Spinnaker Tower and seafront / beaches.



PORTSMOUTH UNIVERSITY

Top 50 university with open days, graduations, and parent/family visitors.



PORT TRAFFIC

Ferry services to France, Spain and the Isle of Wight.



EVENTS

Sporting and cultural, with ibis budget positioned adjacent to Fratton Park, home of Portsmouth FC (EFL Championship).



PORTSMOUTH HOTEL MARKET PERFORMANCE

Key Performance Indicators (KPIs) for the Portsmouth Midscale & Economy market from over the last 12 months are as follows:



78.2%
Occupancy



£66.19
Average Daily Rate (ADR)



£51.73
Revenue Per Available Room (RevPAR)

Source: CoStar data 12-month Key Performance Indicators

TENANCY

Tenant	Essendi UK Hotels 2 Limited (D&B rating of 5A2).
Guarantor	Essendi S.A. (D&B rating of 5A1).
Repairs	Full Repairing and Insuring (FRI).
Security of Tenure	Outside the Landlord & Tenant Act 1954.
Tenant Option to Renew	The tenant has the right to extend the lease for a further 10 years by providing 4 months' notice in the 10th year of the lease - exercisable up to three times.
Term	10 years.
Term Commencement	23rd December 2025.
Term Expiry	22nd December 2035 (9.25 years unexpired).
Passing Rent	£519,217.72 per annum (£4,327 per key).
Rent Reviews	Annual, upwards-only, uncapped RPI-linked rent reviews on the anniversary of the term commencement. The uplift is equivalent to 85% of the RPI annual increase. The next rent review is on 23rd December 2026.
Service Charge Cap	The service charge is capped at £15,654.53 per annum, subject to annual RPI reviews



COVENANT

ibis budget is part of the Accor family and is its most affordable offering. As of December 2025 there were 592 ibis budget hotels operating worldwide. Combined with the standard 'ibis' and 'ibis styles' brands, they make up a network of over 2,500 ibis hotels spanning 80 countries.

Essendi S.A. (previously known as AccorInvest) was created in 2017 as a spin-off from the Accor Group. Essendi S.A. now manages over 500 properties across Accor brands including ibis and Novotel. In July 2026, Blackstone and Colony IM agreed to acquire Accor's remaining 30.56% stake in Essendi S.A. for circa €975m, bringing further institutional-calibre ownership to the group.

Essendi report significant financial results for both the tenant and guarantor entities, summarised below:

Tenant – Essendi UK Hotels 2 Limited (D&B rating of 5A2)

	31 Dec 2024	31 Dec 2023	31 Dec 2022
Turnover	£226,244,000	£252,439,000	£218,544,000
Pre-Tax Profit	£56,561,000	£36,226,000	£25,030,000
Tangible Net Worth	£169,374,000	£159,530,000	£131,398,000
Net Current Assets	£124,273,000	£93,608,000	£68,456,000

Guarantor – Essendi S.A. (D&B rating of 5A1)

	31 Dec 2025	31 Dec 2024	31 Dec 2023
Turnover	€3,428,000,000	€4,039,000,000	€4,259,000,000
Pre-Tax Profit	€120,000,000	€768,000,000*	€165,000,000
Tangible Net Worth	€3,840,375,667	€3,404,732,379	€3,285,889,969

*inflated due to exceptional gains from disposal and asset swap programmes.

SERVICE CHARGE

The service charge budget for the year ending 31st December 2027 is £18,656.83 and based on the service charge cap of £16,832.32* there will be a landlords shortfall of £1,656.19.

*assuming a 3% p.a. growth forecast.



UK HOTEL MARKET

Trading conditions across regional UK hotels have strengthened into 2026, with RevPAR up 2.4% year-on-year in H1 and expected to improve by a further 0.8% in H2 - a clear step-up from the slower growth seen in 2025.

This has been underpinned by a resilient domestic leisure base and steady growth in UK visitor numbers, with VisitBritain forecasting a further 4% rise in inbound visits in 2026 from 2025.

Budget and value-oriented accommodation is particularly well placed to benefit from continued cost-conscious consumer behaviour. Domestic staycations remain a firmly embedded travel habit across the regions – British residents took over 87 million domestic overnight trips in 2025 alone - as household budgets stay stretched and the relative cost of travelling overseas keeps demand for UK breaks strong.

New hotel supply across the regions remains constrained. High build costs and a cautious development finance environment continue to limit new openings to a small number of markets, leaving existing, well-located regional stock increasingly sought after by both operators and investors.

HOTEL INVESTMENT MARKET

The UK leased hotel investment market remains buoyant in 2026, with Q1 volumes totalling £1.6bn – up circa 60% on Q1 2025.

Capital continues to flow into the sector, as investors remain attracted to the long income streams and index linked review mechanisms. Hotels with strong fundamentals, which can be acquired below replacement cost will continue to be the most sought after assets in the sector.

Essendi hotel investment opportunities are extremely rare and therefore provide an opportunity for hotel investors to diversify away from the more commonly traded operators.

Property	Date	Rooms	Unexpired Term	Rent Reviews	Rent £ per key	Price	Net Initial Yield	Price per key
Premier Inn, Bognor Regis	Available	116	30	5 yearly CPI (0% - 4%)	£7,000	Q. £16.1m	Q. 4.75%	Q. £138,793
Premier Inn, Southampton Quay	Apr-26	155	15.8	5 yearly CPI (0% - 4%)	£7,290	£17.95m	5.90%	£115,806
Premier Inn, Hitchin	Apr-26	60	9.5	5 yearly CPI (0% - 4%)	£5,532	£5.6m	5.55%	£93,333
Premier Inn, Hastings	Jan-26	84	30	5 yearly CPI (0% - 4%)	£6,756	£11.2m	4.75%	£133,333
Premier Inn & McDonalds, Salisbury	Feb-25	65	13.5	5 yearly CPI (0% & 4%)	£6,272	£9.7m	5.38%	£149,231





TENURE

Freehold.

VAT

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

DATA ROOM

Access to the data room is available upon request.

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