

Lazari Investments Limited,
Greater London House,
Hampstead Road,
London
NW1 7QX

22nd September 2023

hub by Premier Inn, Brunswick Centre

Introduction

We write to provide supporting information in respect of the preparation of an application for Full Planning Permission and Listed Building Consent for a subterranean hotel utilising part of the lower ground floor level of the Brunswick Centre.

Whitbread and Premier Inn

Whitbread is a FTSE 100 company that has been trading for over 275 years. Whitbread is the owner of hub by Premier Inn and Premier Inn Hotels, the UK's biggest hotel brand, with over 840 hotels in the UK and over 83,500 rooms nationwide. Employing over 40,000 people in over 1,600 Premier Inn hotels and restaurants across the UK; and serving over five million customers every month.

hub by Premier Inn

hub by Premier Inn is the latest concept in city centre hotels from Whitbread. Compact, contemporary, and connected, hub hotels are an innovation in high quality, great value hotel design and are all about taking the comfort, convenience and consistency of Premier Inn and putting it into a smaller package.

Features of hub by Premier Inn include:

- Rooms at an affordable price in connected, central locations with high footfall
- Contemporary style combined with excellent connectivity
- Space-efficient design with compact bedrooms meticulously designed around guests needs
- Modern food and beverage and lounge area
- Successful format which appeals to business and leisure travellers

hub at the Brunswick Centre

The new site at Russell Square is situated in the heart of Bloomsbury in the West End of London and is opposite Russell Square tube station. The hotel will be located on the lower ground floor of the Brunswick Shopping Centre, which will repurpose the underutilised car park.

Brunswick Shopping Centre is a retail and leisure destination encompassing a mix of fashion, entertainment and F&B offerings, alongside residential units on the upper levels. The Brunswick Shopping Centre attracts 7 million visitors per annum (approx. 126,000 per week) and shoppers are from four key groups, local residents, workers, students, and tourists.

Russell Square is a popular area in London, known for its central location and proximity to various attractions and amenities. It is close to the British Museum and within reasonable walking distance of other popular spots like Covent Garden and Oxford Street.

Whitbread Group PLC

Whitbread Court, Houghton Hall Business Park
Porz Avenue, Dunstable, Bedfordshire, LU5 5XE
T +44 (0) 1582 424200 www.whitbread.co.uk

Whitbread Group PLC Registered in England and Wales No. 29423
Registered Office: Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE

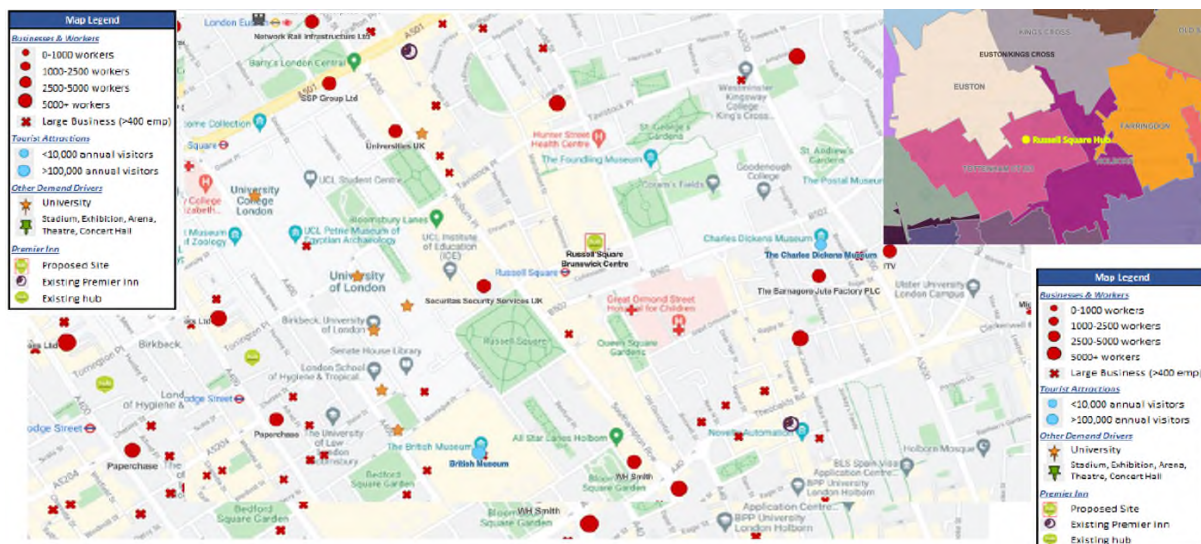
Need for development

Total market supply in London is forecast to decline circa 3% by 2023 when compared to 2019 levels, as independent hotels continue to exit the market. In addition, the Budget sector has seen a 3.3% CAGR growth in rooms across London since 2019 (but still behind historic levels (2011-2019) 7.4% CAGR %).

Whitbread divide the Greater London market into a number of markets to help us understand the local dynamics of the area. The hub by Premier Inn Brunswick Centre target falls within our 'Tottenham Court Road' catchment. At a local level 'Tottenham Court Road' total market supply has increased by 1% to circa 5.7k rooms, but the branded budget sector has seen a 54% decline in rooms to 168 (only one hotel is currently present within this market, as the Jury's Inn has been converted to non-budget).

The decline of the branded supply has meant market share has fallen slightly to 0.44% (from 1.1%) highlighting continued scope for growth.

Map 1: strong indicators are identified on the map, pointing towards the need for a new hotel in this catchment area:



RevPar Performance

STR report on Economy & Midscale sector market performance - the Economy & Midscale sector in London has been outperforming the total market since 2019, with RevPar growth of 29% vs 22% Total market.

STR also provide a more granular view of the performance data covering several submarkets within London. The Brunswick Centre target site would fall within the 'Bloomsbury/Covent Garden/Soho submarket.' The existing Premier Inn hotels are significantly outperforming the rest of Economy & Midscale sector when compared to 2019 levels (+20% RevPar growth vs +2% rest of the market).

The STR performance for the Bloomsbury Market for FY23¹, shows that the total market achieved 77% occupancy, whilst the midscale and economy market achieved 79% occupancy². For FY24 to date³, the total market has achieved 85% occupancy, and the midscale and economy market has achieved 85% occupancy. Given the strengthening in performance in the market, this suggests there is enough demand for further rooms.

Historic performance of the hub sites in London for FY23⁴ suggests that the concept caters to both business and leisure guests' midweek, however, leisure bookings are the main driver of the weekend demand.

	Midweek		Weekend	
FY23	Business	Leisure	Business	Leisure
Hub by Premier Inn	57%	43%	17%	83%

Given that Russell Square hub location is not too dissimilar to the existing hub locations, it is expected to achieve a similar guest mix.

Occupancy

The London market is made up of circa 70% inbound demand. Since Covid we have seen the gradual return of inbound travellers to London. This has meant that current occupancy within 'Bloomsbury/Covent Garden/Soho' submarket is below 2019 levels, but still strong at 82% (it was 93% in 2019). There is therefore significant scope for recovery as we see inbound return to pre-pandemic levels. In addition, our Premier Inn's that sit within this submarket (Bloomsbury/Covent Garden/Soho) are out-performing the sector (88% vs 80% for the rest of the market).

Conclusion

Whilst occupancy levels are not as strong as 2019 levels, we expect them to return to pre-pandemic levels. This, coupled with minimal Branded Budget supply growth and the loss of a branded budget competitor in the Tottenham Court Road catchment indicates the need for a new hotel.

Regards



Georgina Powell
Project & Programme Manager – London

Glossary:

- CAGR = Compound Annual Growth Rate
- RevPAR = Revenue per Available Room
- STR = Star Rating Report (global standard)

¹ Premier Full Trading Year: March 2022 - February 2023

² KPI performance includes Premier Inn

³ Premier Trading Year: March 2023 - Aug 2023

⁴ Premier Full Trading Year: March 2022 - February 2023