



FOCUS HOTELS MANAGEMENT LTD

focushotels

WHO WE ARE

A leading UK independent full service management company with a 100% track record in all management contracts secured and all projects developed since inception.

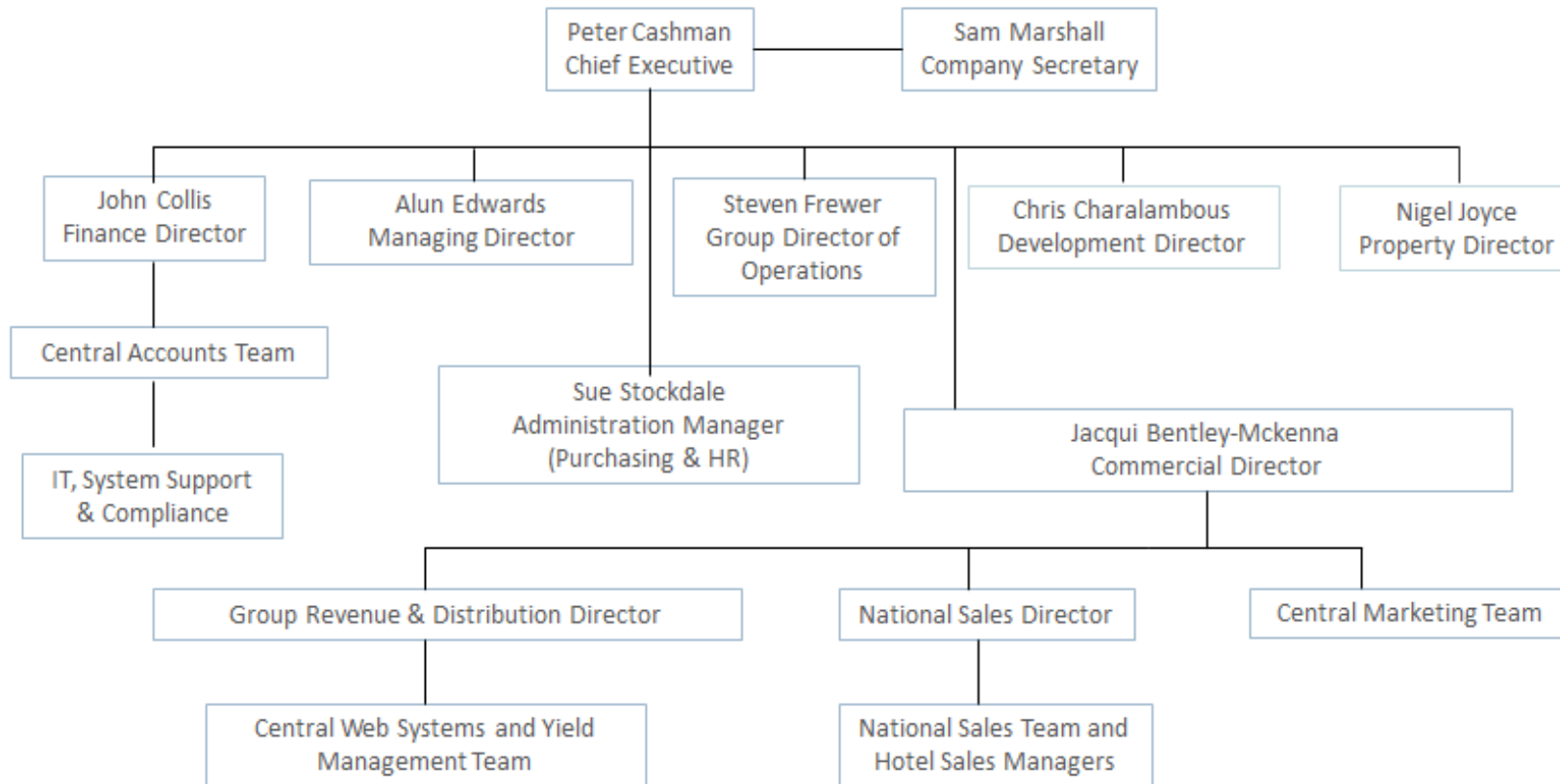
Key Executives:

- Peter Cashman, Chief Executive
- Alun Edwards, Managing Director
- Steven Frewer, Group Director of Operations
- Chris Charalambous, Director of Development
- John Collis, Finance Director
- Jacqui Bentley-Mckenna, Commercial Director
- Nigel Joyce, Property and Procurement Director

Focus Hotel Management is a debt-free company with unrivalled reputation for meeting all its financial commitments on time.

We have very strong, well-established, hotel industry financial partners who are willing to invest in further developing Focus Hotels Management Ltd.

FOCUS HOTELS MANAGEMENT LTD — ORGANISATION CHART



OUR CURRENT PORTFOLIO

18 hotels in the UK with 2,000+ bedrooms

- 2 x DoubleTree by Hilton
- 8 x Mercure
- 1 x ibis Styles
- 1 x Hampton by Hilton
- 1 x Indigo (Under construction)
- 5 x Independents

> Under development: Glasgow | Birmingham | Liverpool



BRANDS THAT FOCUS HOTELS AND PARTNERS ARE INVOLVED WITH



FOCUS HOTELS IS AN APPROVED HOTEL MANAGEMENT COMPANY TO OPERATE HOTELS UNDER THESE HOTEL BRANDS



OUR MISSION

- To deliver a quality, friendly service to our guests
- To be innovative in all our actions
- To maximise profit for our Owners & Shareholders
- To fully comply with all legal requirements and foster a healthy environment for our clients and colleagues
- To act with integrity within all our contracts
- To work closely with our local communities
- To protect our environment

OUR PHILOSOPHY

- To develop the profitability and asset value of our clients' hotels by providing strategic management to enhance their business through pro-active sales, marketing and revenue management.
- To implement efficient cost control whilst maintaining high standards of service and customer care.
- To provide a level playing field to owners/investors with transparent fee structures aligned to owners' returns.
- To work with owners/investors on an open book basis.
- To provide comprehensive management information to keep owners/investors fully informed.
- To offer local knowledge, hands-on experience and close financial management foundations critical to success.
- To identify, set budget, plan and deliver best value capital projects to enhance the property and the hotels' profitability.

WHAT WE DO

- Focus Hotels Management Ltd is an established Full Service Management Company with a top quality reputation for managing clients' businesses and driving continual profit growth, exceeding similar competitor hotels in the market in which the business operates.
- We have always delivered development and refurbishment projects on time and within the agreed budgets.
- Our management structure covers all disciplines required to operate efficiently and deliver planned results to our Owners.
- Focus Hotels Management Ltd manages branded, independent and country house hotels in the premium budget, mid and upscale sectors.

WHAT WE DO

- Focus Hotels Management Ltd has one of the most experienced management teams in the UK hotel market and have demonstrated quantifiable improved results, working closely and in partnership with owners and private investors.
- The Focus Hotels Management team have an in-depth knowledge of the UK hotel market and can easily identify opportunities and also recognise potential threats for our business.
- The Focus Hotels Management team knows and understands how to get the best performance from all the hotels we manage.
- The Focus Hotels Directors have a hands-on approach and are actively involved in the hotel operations on a day to day basis.

WHAT WE DO IN SALES AND MARKETING

- Focus Hotels Management have a top quality national sales, marketing and revenue development team.
- Focus Hotels Management have developed an experienced central yield management team based at Hatfield – supported, where applicable, by the brand’s own teams (such as Hilton RMCC team based in Watford).
- The sales and marketing team have full understanding of working with branded hotels and franchise systems and due to this knowledge, we can get the best out of our systems and people.
- Excellent contacts with the key HBAA Booking Agents and Online Travel Agents (OTA’s).
- Established preferred partnership agreements with the major corporate and MICE agents.
- Expertise in driving sales and maximising efficiency across all hotel types.
- National and Local PR campaigns to spread good news using both brand and Focus Hotel Management contracted agencies.
- Focus Hotels Management owns and operates its own online booking agency to drive corporate and leisure business to all hotels and to help optimise each hotels revenue opportunities.

OUR SYSTEMS

We operate a 'hosted network for business' which handles critical applications, documents and emails.

This system allows for fast integration of new sites, simpler access, more robust IT structure at hotel level, business security and disaster recovery.

- **Accounts:** Sun System – delivering the 'Uniform System of Hotel Accounts' with Vision Reporting
- **Purchasing:** IPOS – a fully web based e-procurement system
- **Payroll:** Fourth Hospitality – People System and Regents Payroll for processing.
- **Sales:** Protel Sales Force Administration.
- **Reservations:** Full central reservations for independent hotels and brand systems for branded hotels.
- **Property Management Systems:** Protel, Opera, Opera Lite, Micros or brand specific.

OUR DEVELOPMENT OBJECTIVES

- Focus Hotels Management has met its UK portfolio development objectives for 2015 and we are on target on meeting our 2016 development objectives.
- Focus Hotels Management has the infrastructure in place to support the management and development of new hotels.
- Our aim is to add both internationally branded and independent hotels to complement our existing portfolio of branded and un-branded hotels.
- To expand in regions of the UK where the economic outlook is positive where Focus Hotels Management have identified good opportunities.

CASE STUDIES

Attached are 6 case studies that illustrate the breadth of the projects that Focus Hotels Management have been, and still are, involved in.

- Case Study 1 - **10 Hotels Project**
- Case Study 2 - **Acquisition of Hotels on behalf of Overseas Investors**
- Case Study 3 - **New 186 Bedroom City Centre Development**
- Case Study 4 - **200 Bedroom Airport Hotel Repositioning**
- Case Study 5 - **City Centre 200 Bedroom Hotel Refurbishment and Rebranding**
- Case Study 6 - **107 Bedroom Country Hotel Business and Property Development**

CASE STUDY 1 INSTITUTIONAL INVESTOR — 10 HOTELS PROJECT

- In January 2009, Focus Hotels Management was approached by an Institutional Investor to discuss the management of 10 properties prior to the incumbent tenant going into administration.
- Investor was not allowed to be involved in operating companies other than as a shareholder.
- Focus Hotels Management identified a solution to buy the existing leases with new agreements on rent.
- The solution was a profit share lease with terms similar to a management contract.
- Tenant went into administration in mid-January 2009.
- Focus Hotels Management bought the leases from the administrators and finalised and implemented the new lease structures.
- Focus Hotels Management took over the hotels within two weeks of the administration.

Operational Overview

Before taking over, Focus Hotels Management carried out a full review of operating efficiencies, identified the primary issues and put in place plans to address these immediately once in control.

These plans included:

- ✓ Removal of existing branding, taking the hotels back to their original names.
- ✓ An external and internal clean-up to enhance the sense of arrival.
- ✓ Implementation of management and staff training to improve morale.
- ✓ Significant national sales and marketing campaign supported by a number of key agencies.
- ✓ Purchasing reviews with many new suppliers.
- ✓ Quick fix limited capital programme.
- ✓ Implementation of identified operational efficiencies.

Branding Review

- ✓ Review of available brands and branded all the hotels with the best brands available within their competitors set.
- ✓ Focus Hotel Management agreed future brand requirements with Accor and branded the hotels under Mercure.
- ✓ A property improvement plan was agreed with the institutional investor.
- ✓ The property improvement plan was implemented within the capital budget.

Hotel Development and Capital Projects

- ✓ Identified some quick fix capital projects for immediate returns.
- ✓ Agreed budget and timeframe with the institutional investor and implemented within 3 months.
- ✓ Put forward a capital plan with supporting capital returns to upgrade all the hotels.
- ✓ Returned to top 3 star quality, suitable for Mercure branding.
- ✓ Capital plan supported by the institutional investor.
- ✓ The capital plan was fully delivered during latter half of 2009 and throughout 2010, on time and within budget.

Achievements

- ✓ During financial year 2009, the portfolio traded profitably net of all costs.
- ✓ In February 2011, 9 hotels were branded Mercure, and Focus became the first significant franchisee of the brand. Revenues have continued to grow across the estate since.
- ✓ In 2011, revenues were up from 2009 base position by 36% and profits up by 72%.
- ✓ By the end of 2013, and even after the disposal of a hotel, revenues had continued to grow by a further 12%+ and net EBITDA profits by 50%+.
- ✓ For the year ending 2014 like for like revenues improved by a further 9.3% and profits improved by a further 20.4%
- ✓ 2016 is on target for a further profit uplift ahead of the market.
- ✓ Initial agreement for leases on 5-year renewable terms. Subsequently extended to 10-year terms.

CASE STUDY 2 ACQUISITION OF HOTELS ON BEHALF OF OVERSEAS INVESTORS

Opportunity

- ✓ Focus Hotels Management was approached in early 2014 by a group of investors who were interested in investing in the UK hotel market.
- ✓ The investors aim was to build a small portfolio of quality 4 star country properties where UK bank funding was sourced by the operating company with the overseas investors providing the balance of the investment and working capital.
- ✓ The investors' objective was to realise investment returns both cash on cash and in property appreciation of a minimum of 15% per year.
- ✓ Focus Hotel Management contracted with the investors to execute this objective and set about identifying suitable properties and funders.

Project One

- ✓ The 1st property was identified in mid-2014 - a 90 room branded country house hotel and spa in Shrewsbury which met all the investors' criteria. The property was trading well, but was in need of capital injection to reposition itself in the local market.
- ✓ Focus Hotels Management completed the acquisition of this property in November 2014 and immediately put in place the planning to refurbish the hotel which was executed through 2015 and early 2016.
- ✓ Focus Hotels Management immediately set out a plan to reposition the hotel which included changing significantly the spend in both the wedding and spa business market.
- ✓ Focus Hotels Management planned the following to help facilitate:
 - A. A full upgrade of the existing spa facilities. Adding to these facilities were additional treatment rooms, a new relaxation suite and a dedicated spa reception with associated nail and foot treatment areas.
 - B. A full makeover of the main wedding facilities including 2 new bridal suites and a space for outdoor weddings.
 - C. A full makeover to all public areas including creating a new lounge in the existing bar and extending it into an unused back of house area creating a much larger, more versatile and more enhanced facility.

Project One - The Result

- ✓ In 2015, the hotel increased its operating profits by over 20% despite significant areas of the hotel including the main wedding suite, leisure club and spa being out of use for a six week period with the knock on impact of all associated revenues being lost.
- ✓ Focus Hotels Management has implemented a strategy to recover and improve the wedding market segment of this newly acquired hotel. A lack of booking prior to the acquisition led the hotel to suffer a 30% reduction in the number of wedding bookings in 2015. Since the refurbishment and local marketing activity, the hotel is recovering well with the overall bookings and wedding spend showing an increase. The hotel is on target to be back to its pre-refurbishment number of weddings for 2017 but with significantly higher associated revenues.
- ✓ In 2016, the hotel is on target to continue its improvement in profits, again despite all its main public areas being under refurbishment and out of use for the first 3 months of the year.
- ✓ The business is fully meeting the proposals put by Focus Hotel Management to the investors and in line to exceed their objectives and expectations.

Project Two

- ✓ Focus Hotels Management identified a second property for the same overseas investors in mid 2015 and completed its acquisition in December of that year.
- ✓ This property has:
 - 95 guests bedrooms all en-suite
 - 4 spa and treatment rooms
 - A fully equipped leisure club with over 1000 members
 - High quality conference & meeting facilities
 - Wedding and events venue holding over 100 local food and drinks related functions
- ✓ Focus Hotels Management commenced a £2m capital programme to upgrade this property in January 2016.
- ✓ Despite this business interruption, the hotel is performing very well and is currently ahead of the first year financial projections agreed with the investors.
- ✓ Looking ahead for 2017, the hotel has a significant amount of revenue confirmed as a result of the refurbishment.

CASE STUDY 3 186-BEDROOM CITY CENTRE DEVELOPMENT - HAMPTON BY HILTON

Opportunity

- ✓ Introduced to developer/owner of a planned 156 bedroom Hampton by Hilton.
- ✓ Agreed a contract for a development overview / pre-opening / long term management contract.
- ✓ Reviewed opportunity with owners and recommended / agreed to increase footprint to take the hotel up to 186 rooms without losing any valuable letting space on the ground floor.
- ✓ Attended all site meetings and advised owners on best way forward.
- ✓ Recruited a management team and managed all pre-opening planning including all agreements and contact with the Franchisor.
- ✓ Despite some contractor delays, the hotel was opened with all rooms available for letting in October 2015 fully to agreed brand standards.

- ✓ In year 1 of trading, the business is on target to meet its planned budget for year 3 post opening.
- ✓ Within 6 months of opening the hotel has achieved an RGI market share of 100%+ against a strong competitor set.
- ✓ The business is fully meeting and exceeding all its preopening targets including all financial performance and brand standards.

CASE STUDY 4 200 BEDROOM AIRPORT HOTEL

Opportunity

- ✓ In November 2011, Focus Hotels Management was approached by a private investor to take over a branded, 200 bedroom, 4 star hotel in Heathrow which was subject to the CVA.

The Issue and Solution

- ✓ The CVA provided for the owner to either take the hotel back or accept a much reduced rent.
- ✓ The rent reduction was not acceptable to the owner being insufficient to cover financial commitments.
- ✓ Hotel opened in late 2008, but did not trade well & performing significantly behind its competitor set.
- ✓ Identified a solution to buy the existing lease with a new agreement on rent similar to a management contract.
- ✓ Focus acquired the hotel from the administrators and took over the management in October 2011.

Operational Overview

- In 4 weeks after takeover, full review of the business undertaken.
- Looked at all aspects with an emphasis on revenue management and general operating efficiencies.
- Established that the issues were with the group central management. The key issues were:
 - a) Group central yield and reservations making decisions without local management.
 - b) The group decision to price the hotel outside of its proper competitor set.
 - c) Operational costs high with no focus to implement efficiencies in line with hotel performance.
- Focus installed a new revenue management and reservations team based at the hotel, supported by Focus' central revenue teams.
- Provided them with necessary yield tools to enable them to compete in the local market.
- Developed a revenue and yield culture enabling the hotel to compete effectively.
- Hotel established itself as a key competitor taking its fair share of the market resulting in a significant increase in occupancy without diluting the net average room rate.
- Refocused the senior team and reduced where necessary.

Branding Review

- ✓ The owner and Focus Hotels Management believed that the hotel would benefit from new branding more in line with the standard of the property.
- ✓ Research indicated that the DoubleTree by Hilton brand would do well and have a positive impact on the hotel's performance.
- ✓ Focus negotiated the brand with Hilton including all PIP requirements
- ✓ Brand went live in July 2012.

Achievements

- ✓ In 2012, Focus improved performance against 2011 (when the hotel was trading under previous management) as follows:
 - Gross Revenue increased by 21.6%
 - Occupancy increased from 55.6% to 74.15%
 - RevPAR increased by 28.9%
 - EBITDA increased by 28 %

Achievements

- ✓ In 2013, the hotel continued to grow market share and performed in line with its new 4 star comp set and owner's objectives on profitability:
 - Gross Revenue increased by 20.6%
 - Occupancy increased from 74.15% to 82.03%
 - RevPAR increased by 9.6%
 - EBITDA increased by 40%
- ✓ In 2014, the hotel continued to trade well with an increase in revenue of 9% and EBITDA of 23.5% on 2013.
- ✓ In 2016, the hotel is on target to continue its revenue and profit growth which will result in another successful year, despite extra competition in the market.
- ✓ The STR RGI (Revenue Generation Index) of the hotel continues to perform above a strong competitive set which includes some national and international brands.

CASE STUDY 5 CITY CENTRE 200 BEDROOM HOTEL MAJOR REFURBISHMENT & REPOSITIONING

The Project

- ✓ In November 2011, Focus Hotels Management was approached by an institutional investor to take over a 200 bedroom branded 4 star city centre hotel subject to a CVA*.

The Issue and Solution

- ✓ The CVA provided for the owner to either take the hotel back or accept a much reduced rent.
- ✓ The rent reduction was not acceptable to the investors and did not reflect the hotels potential to generate rental profits.
- ✓ The hotel was in need of capital investment but was trading reasonably well.
- ✓ Revenues and profits had been on a downward cycle for a number of years.
- ✓ Focus agreed to buy the existing lease with a new arrangement on rent and with terms similar to a management contract.
- ✓ Focus acquired the hotel lease and took over the management in October 2011.

* CVA – Company Voluntary Administration

Operational Overview

- ✓ Implemented a full review to understand how existing performance could be improved without significant capital.
- ✓ Reviewed the long term development of the business.
- ✓ Reviewed the following areas:
 - Fabric of the property
 - The branding
 - The management team
 - Revenue and sales management
 - Operational review

Established

- ✓ Experienced management team in place who understood their market.
- ✓ Were losing room rate and some market share.
- ✓ Revenue decisions were made off site at group central office with little local management involvement.
- ✓ Significant level of complaints about the quality of the beds.
- ✓ Hotel was tired but clean and well maintained.
- ✓ Existing brand did not deliver and there was a difficult relationship with the owning company.
- ✓ Hotel had a loyal following which was declining, or rate was being discounted to retain it.

The Quick Fixes

- ✓ A key issue was identified with regards to the quality of the beds. All beds and associated bedding were replaced immediately.
- ✓ Installed revenue management and reservations teams based at the hotel, supported by Focus' central revenue teams.
- ✓ Provided them with the necessary yield tools to enable them to compete in the local market.
- ✓ Developed a revenue and yield culture enabling the hotel to compete effectively.
- ✓ Set up short and long term revenue and profit related targets.

Long Term Business Development Review

- ✓ A full review of the existing branding and the capital required to maintain the brand took place
- ✓ Reviewed all other brands to establish if an alternative would better protect the business.
- ✓ Research indicated that the DoubleTree by Hilton brand was best.
- ✓ Conversion to this brand involved a full refurbishment.
- ✓ Projections justified this investment and was fully supported by the investor and funding provided.
- ✓ Negotiated the brand with Hilton including all PIP requirements.
- ✓ Project commenced in October 2012, managed by the Focus property team.
- ✓ Live under the DoubleTree brand on 1st May 2013.

Achievements

- ✓ In 2012, Focus improved the occupancy by 10% on the prior year (pre Focus Management) while maintaining average room rates.
- ✓ Achieved whilst the hotel bedrooms were being refurbished during the last 3 months of the year.
- ✓ In the first 4 months of 2013, hotel trading was, as expected, significantly reduced at the peak of the refurbishment programme while all areas were under refurbishment, although the hotel continued to trade with little negative guest feedback.
- ✓ Opened as the DoubleTree brand on 1st May 2013.
- ✓ Redevelopment project delivered on time, on budget (significantly below the budget plan produced by the brand and the previous owner) and above brand expectation and requirements. Focus and its investor believe the hotel will compete at the top end of the city market and generate the profits justifying the investment made.
- ✓ The hotel had an outstanding trading year in 2014, performing both above budget and significantly above the expectations of the owner. The hotel is now one of the top performing hotels in the Bristol market in both occupancy and RevPAR. The profit performance of the hotel was at year 4 of the 5 year plan given to our investors for conversion from Ramada to Doubletree.
- ✓ In 2015, exceeded budget and 2016 is on target to be a very successful year, ahead of all budget plans and the hotel continues to trade as one of the top performing hotels in the city.
- ✓ The STR RGI (Revenue Generation Index) of the hotel continues to perform at 100%+ of its competitive set.

CASE STUDY 6 107 BEDROOM COUNTRY HOTEL NORTH WALES

Opportunity

- ✓ Approached by the owners, who knew the Directors and Senior Executives of Focus Hotels Management from a previous association, with a view to take over the management of the hotel from the existing management company due to the poor performance of the hotel.

Operational Overview

- ✓ Focus Hotels Management took over the management of the hotel in January 2013 and carried out a full review of all the operations and efficiencies.
- ✓ Management and general operational inefficiencies were quickly identified that were resulting in the hotel operating scarcely at break even.
- ✓ A new General Manager was recruited and appointed and plans were put in place to turn the hotel around in the quickest timeframe possible.
- ✓ By the end of 2013, Focus had increased the hotel EDITDA profits by £140,000+.

Operational Overview

- ✓ By the end of 2014, Focus had increased the profits by a further 42%, significantly above the targets set by the owner.
- ✓ Based on this performance, the owners agreed and funded a full refurbishment over the winter of 2014/2015.
- ✓ In 2015, following that refurbishment, the hotel achieved its best year of trading. EBITDA improved by a further 25% on 2014.
- ✓ In 2016, the hotel is continuing to grow its customer base, sales and profitability, exceeding its budgeted EBITDA.

SOME OF OUR HOTELS











SKETCHLEY GRANGE HOTEL & SPA



MERCURE SHREWSBURY ALBRIGHTON HALL HOTEL & SPA



DOUBLETREE BY HILTON, LONDON HEATHROW AIRPORT



ROYAL VICTORIA HOTEL, SNOWDONIA