

MARSTON'S INNS – OUR STRATEGY



Ed Hancock, Group Estates Director

The Penny Hedge Whitby

CONTENTS

1. The Opportunity/Scale
2. Design, Room Sizing, Specification/Cost
3. Building Sizes and Deployment
4. The Spring River, Ebbsfleet
5. Development Expertise
6. Driving Revenue, Occupancy and RevPAR
7. Questions



The Pine Marten Dunbar

THE OPPORTUNITY

“Premium” Budget Rooms

- The market is projected to grow. Branded operators will continue to take share from independent businesses
- We have the operational skill set to compete
- Marston’s are the market leaders in new build pub development, this give us access to excellent sites
- We can deliver the expected basics:
 - Comfortable Bed (Hypnos)
 - Powerful Shower
 - Breakfast offer
- ...and add
 - A Great Pub next door
 - Superfast wifi, included in the room rate
- Third Party Booking providers remove barriers to entry



Mermaid Ipswich, Spread Eagle Wolverhampton

SCALE AND PIPELINE

Current Status

Marston's operate c1,500 Rooms throughout the UK, split as follows:

- 600 constructed in the last 5 years (22 New Builds)
- 100 operated by the Premium Pubs team (Revere Country)
- 800 ancillary to existing pubs, but refurbished to a consistent standard

Pipeline

- 5 Pub Lodges planned for 2018/2019 (200 rooms)
- 16 Sites have planning or are under contract (800 rooms)
- Visibility on a further 500, in conjunction with our new build programme

Aspiration

To grow the estate above 4,000 Rooms, in the medium term



ROOMS/COST



Maintaining a Competitive Advantage

Room designed evolved, at the same cost

Sizing consistent with the wider market

Build Cost (Stand Alone) - c£60k per room

Land Cost - £10k per room

Minimum RevPAR (Yr 3) - £ 41

Freehold ROC Threshold - >12%

Leasehold ROC - 40%

A Better Environment than our Competitors

BUILDING DESIGNS – EVOLVING OUR OFFER



The “Stack” (Rooms above the Pub)

- 150 Covers with 27 Bedrooms
- 180 Covers with 46 Bedrooms
- Tourist locations, where RevPAR projections lead the business case
- 3 Sites in Planning

60/80 “Stand Alone”

- Deployed adjacent to a 180/220 cover pub
- Areas of significant Population/Employment
- 4 Sites in planning

All hotel proposals supported by an independent viability report

Our reputation for Hotel Development is building

EBBSFLEET GARDEN CITY

Acquired from Redrow in January 2017

15,000 Houses planned
 45,000 Sqm of Offices/Employment
 30,000 New Jobs
 Close transport links to Central London

Site Cost	-	£ 2,500,000
Pub Investment	-	£ 3,250,000
Hotel Investment	-	£ 6,250,000
		£12,000,000

- Delivery of a “Proper Pub” key to securing the deal, consistent with our wider strategy
- Target Metrics

Turnover	-	£ 70k p.w.
EBITDA	-	£1.5m p.a.
RevPAR	-	£43 per room



Options to extend the Pub being examined

DEVELOPMENT EXPERTISE



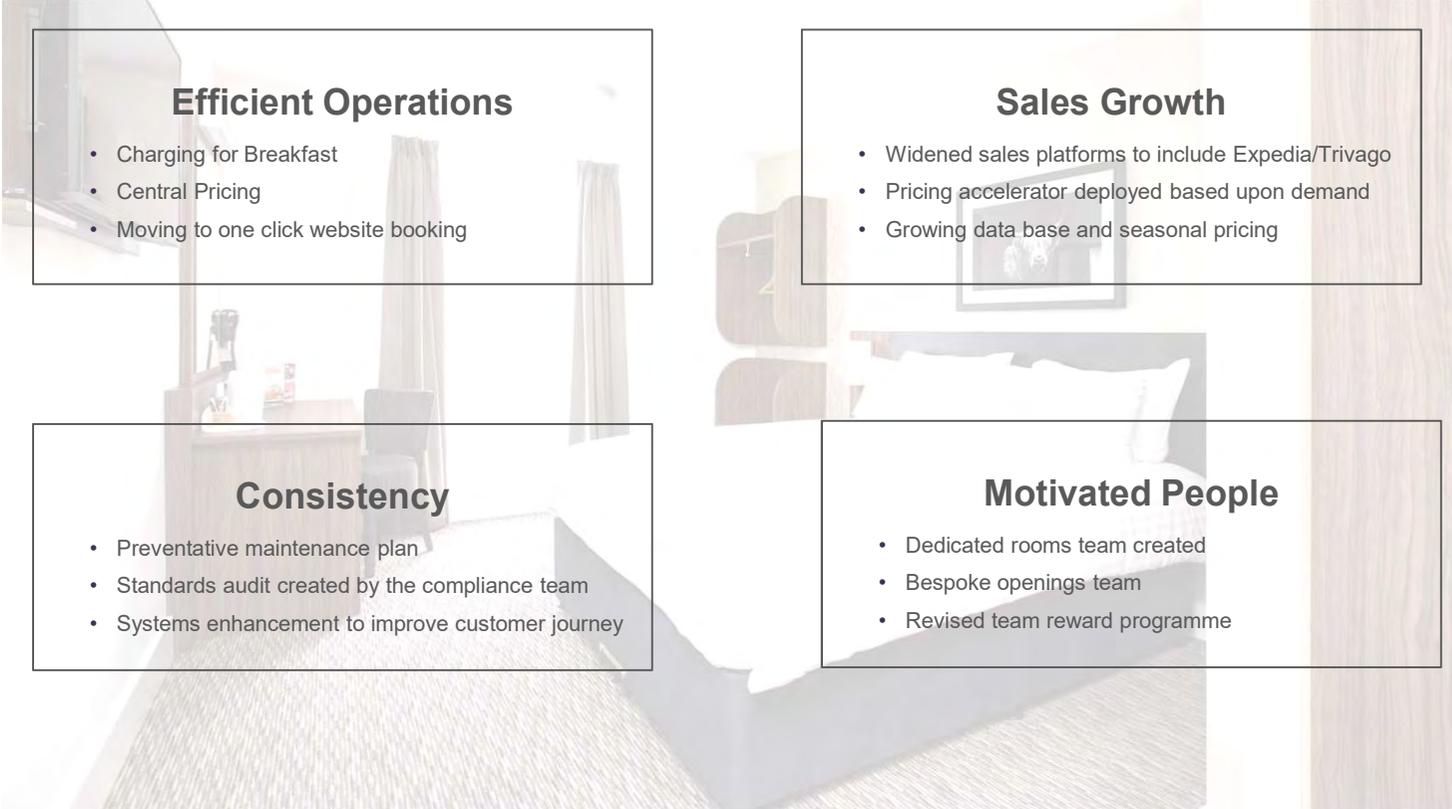
Site Purchase Price - £ 100,000
 Build Costs - £1,700,000

Total Investment - £1,800,000

Receipts
 Costa - £830,000
 KFC - £370,000
 Retail - £200,000

Total -£1,400,000
 Site Price -£ 400,000

DRIVING REVENUE AND PERFORMANCE



Efficient Operations

- Charging for Breakfast
- Central Pricing
- Moving to one click website booking

Sales Growth

- Widened sales platforms to include Expedia/Trivago
- Pricing accelerator deployed based upon demand
- Growing data base and seasonal pricing

Consistency

- Preventative maintenance plan
- Standards audit created by the compliance team
- Systems enhancement to improve customer journey

Motivated People

- Dedicated rooms team created
- Bespoke openings team
- Revised team reward programme

Motivated Teams Driving Growth

QUESTIONS?



The Highland Gate Stirling