‘Even if you’re on the right track,
you’ll get run over if you just sit there’

-Will Rogers

What is GL?

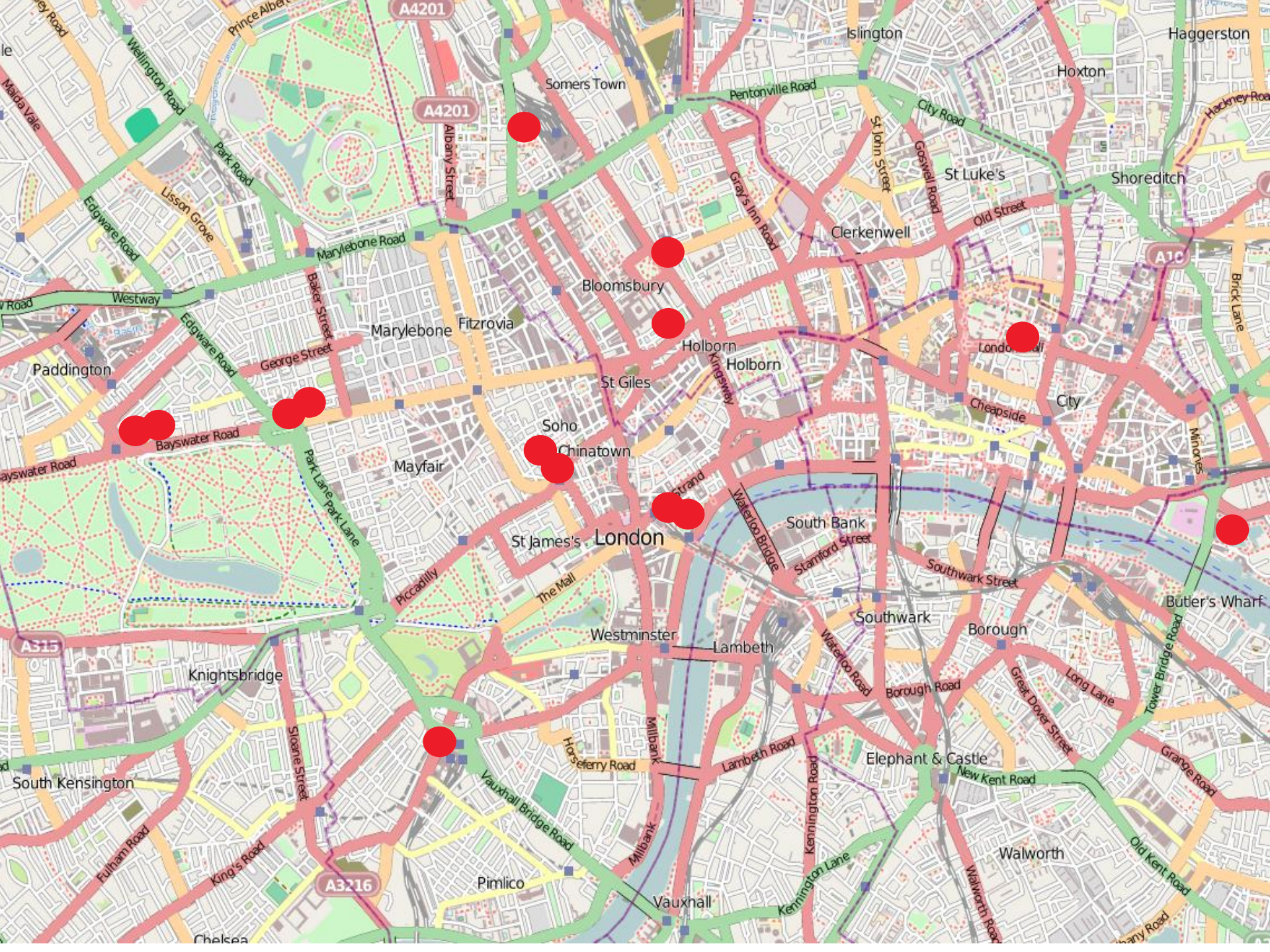
- glh Hotels is the main focus for the group
- The Clermont club has underperformed our expectations over the last 12 months – we are reviewing all possible options including a disposal
- The other assets and investments are not a distraction from our glh strategy
- We are continuing to invest in glh to prove and develop our concepts
- We see significant opportunity across the entire hotel industry value chain

Events since last time...

June 2014	Completed central office restructure, including full closure of central reservations office
October 2014	Opened the first Amba Hotel, Amba Hotel Charing Cross
December 2014	Amba Hotel Charing Cross became the world's fastest, free unlimited M&E hotel Wi-Fi
December 2014	Refinanced £138m mortgage debentures and secured an additional £62m in W. capital financing
December 2014	Announced H1 operating profits up 61% year on year
January 2015	Launched "Choose Your Own Room" concept
February 2015	Opened the first every hotel, every hotel Piccadilly
January 2014	Amba Hotels achieved No. 4 on Tripadvisor
February 2014	Completed rollout of "5 horizons" value centre management model
March 2015	14 VC team members promoted across London estate
April 2015	Announced Thistle Express, our value concept brand
April 2015	Our CIO achieved Top 2 CIO in the country (UK)
April 2015	Switched Company-wide to Google cloud based services to enable collaborative working
June 2015	One of our VCGM's was awarded an Acorn Award

Why buy GL as a medium term play?

- Disruptor with momentum and advantage
- Perhaps world's largest hotel living laboratory /ecosystem
- Pure play London real estate safety net


A4201
Somers Town
Islington
Haggerston
Hoxton
Pentonville Road
City Road
Hackney Road
St John Street
Goswell Road
St Luke's
Shoreditch
Gray's Inn Road
Old Street
Clerkenwell
A10
Brick Lane
Albany Street
Prince Albert
Wellington Road
Maida Vale
Park Road
Lisson Grove
Edgware Road
Marylebone Road
Westway
Baker Street
Bloomsbury
Fitzrovia
Marylebone
Paddington
George Street
Holborn
Kingsway
St Giles
Cheapside
City
Minories
Bayswater Road
Soho
Chinatown
Mayfair
Park Lane
Strand
Waterloo Bridge
South Bank
St James's
London
Stamford Street
Southwark Street
Butler's Wharf
Piccadilly
The Mall
Westminster
Lambeth
Southwark
Borough
A315
Knightsbridge
Waterloo Road
Borough Road
Great Dover Street
Long Lane
Tower Bridge Road
Grange Road
Sloane Street
Horseferry Road
Millbank
Lambeth Road
Elephant & Castle
New Kent Road
South Kensington
Vauxhall Bridge Road
Kennington Road
Fulham Road
King's Road
A3216
Pimlico
Vauxhall
Kennington Lane
Walworth
Old Kent Road
Walworth Road
Chelsea

7 Deadly Myths of the Hotel Industry

1. Hotel brands are the reliable predictor of satisfaction & driver of choice
2. ‘Exciting’ customer needs have all been met
3. Wifi’s an amenity and source of incremental revenue
4. De-skilling & centralising drives results - entrepreneurial & spirited need not apply
5. Intermediaries charge a fair economic rent
6. Key battleground - who owns customer & data
7. ‘Asset light’ only strategy for sustainable value creation

Roadmap for a Disruptor

7 deadly myths

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Roadmap for a disruptor

TripAdvisor et al are the new global currency for satisfaction and choice

Tripadvisor et al are the New Global Currency for Satisfaction and Choice . . .

Factors Impacting Decisions When Booking Accommodation



Guest review sites dominate customer booking decisions

Hotel Brands have dropped to relatively low importance

Source: TripAdvisor TripBarometer 2015

Tripadvisor et al are the New Global Currency for Satisfaction and Choice . . . (cont)

glh Hotels' Change in TripAdvisor 2012 - 2015

Hotel	October 2012	Jun 2015	
Euston	564	208	+356
Piccadilly	475	52	+423
Trafalgar	368	122	+246
Grosvenor	337	153	+184
Bloomsbury Park	483	415	+68
Hyde Park	386	273	+113
Charing Cross	220	4	+216
Kensington Gardens	306	245	+61
Barbican	708	603	+105
Cumberland	454	403	+51
Tower	373	320	+53
Marble Arch	370	295	+75
Royal Horseguards	55	56	-1

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Roadmap for a disruptor

→ TripAdvisor et al are the new global currency for satisfaction and choice

→ Some really fundamental attributes (“everything works”, “genuinely personalised”, “truly fast free wifi”) remain exciting and un(der)-met

Some really fundamental attributes remain exciting and un(der)-met . . .

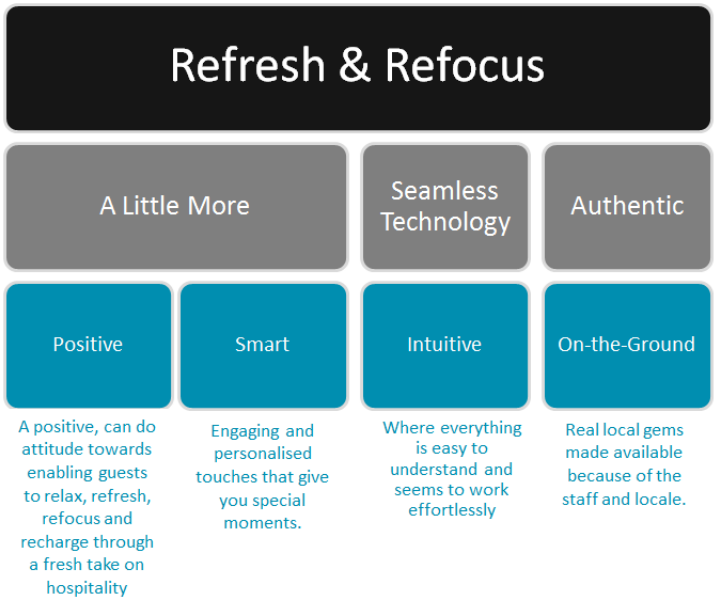
Prioritizing of Core Values
Mid Range Total

Attribute	CAS	Dimension	Perf	Claimed	Imptce (%)	Prioritization
A hotel that is so efficient that you get what you want quickly and without hassles	X	Everything Works Efficiently	Avg	No	22.7	
A hotel where everything works effortlessly	XP	Everything Works Efficiently	Avg	No	22.5	
A hotel that helps you relax, refresh/refocus and recharge	XP	Everything Works Efficiently	Avg	No	21.8	1
An ultra modern hotel that looks and feel like a hotel in a big city	XP	Modern Hotel	Avg	Yes (Hilton, Crowne Plaza)	5.6	
A hotel that offers guests cutting edge/leading technology in their rooms and is easy to use	XP	Modern Hotel	Avg	Yes (Novotel, Crowne Plaza)	4.5	3
A hotel chain with unique designs that reflect the best of the local culture instead of standardised designs which are the same all over the world	XP	Reflects Local Culture	Strong	No	11.4	2
It is a environmentally-friendly and carbon neutral (zero carbon emission) hotel	XP	Attentive to Special Needs	Strong	Yes (Crowne Plaza)	8.2	
A hotel that caters to special needs of children, women travelling alone, elderly	XP	Attentive to Special Needs	Avg	Yes (Crowne Plaza)	7.9	
A hotel that provides service that is respectful, attentive and anticipates customers' needs	P	Everything Works Efficiently	Avg	No	18.5	
A genuinely warm and friendly hotel	P	Friendly & Knowledgeable Staff	Avg	Yes (Le Meridien)	21.4	
Well trained and knowledgeable staff who help guests experience the local culture to the fullest	P	Friendly & Knowledgeable Staff	Avg	Yes (Marriott)	20.7	
A hotel chain that has loyalty program that recognises and rewards regular guest	P	International	Avg	Yes (Holiday Inn, Marriott)	6.2	
An international chain	E	International	Avg	Yes (Holiday Inn, Novotel)	7.1	
It is a business hotel	I	Modern Hotel	Avg	No	12.2	

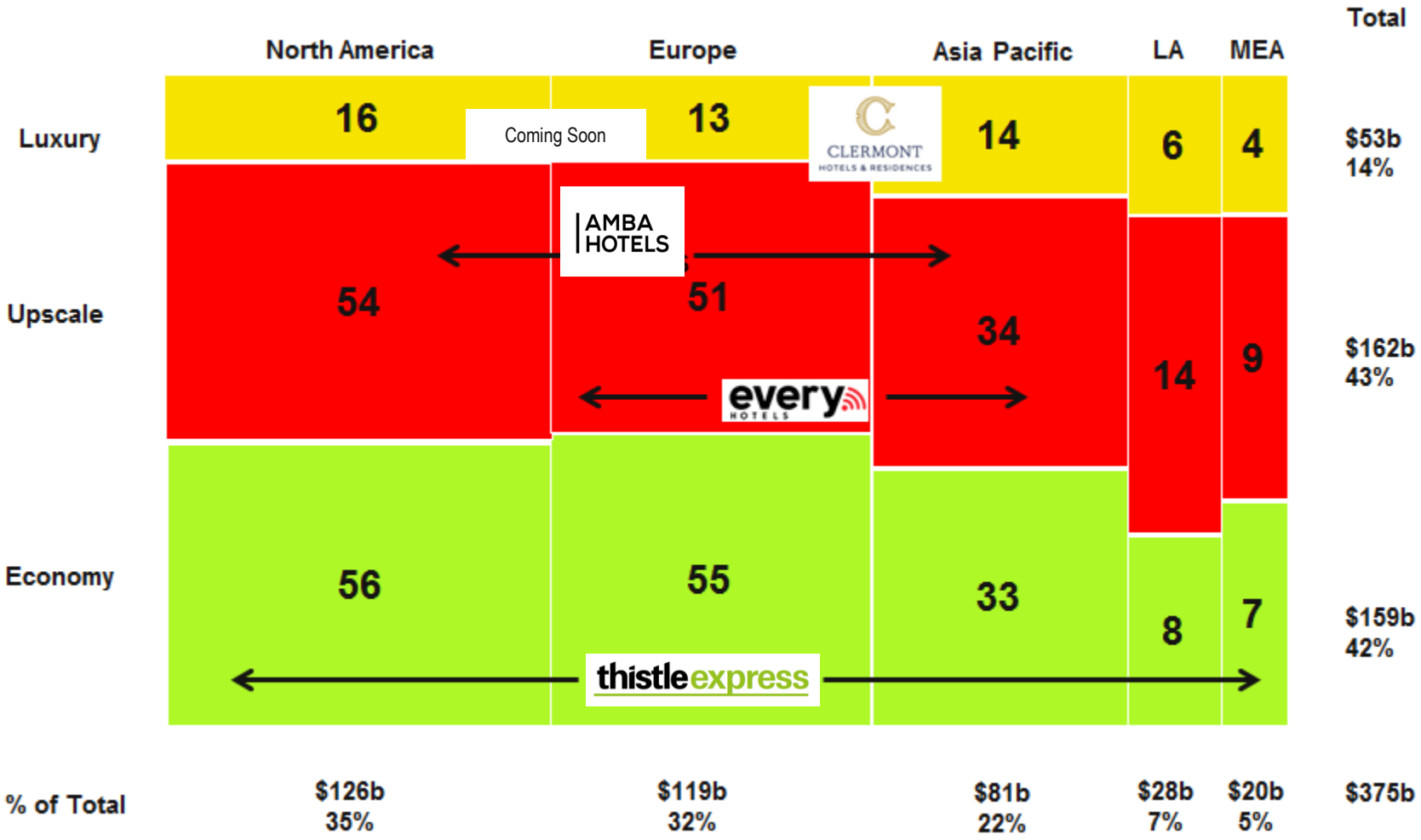
oposition
compelling
can convey
ut the brand

Pillars
he brand
and how
behaves

Brand Personality
The characteristics that personify the brand – tone of voice and imagery



Some really fundamental attributes remain exciting and un(der)-met . . . (cont)



PWC 2012

Some really fundamental attributes remain exciting and un(der)-met . . . (cont)

- Four brands designed and announced
- Two brands launched
- Limited Feature Luxury Brand to be announced Q2 2015/16
- Amba Hotel Charing Cross No. 4 out of 1055 on TripAdvisor
- every hotel Piccadilly No. 44 on TripAdvisor
- Thistle equity retained in Thistle Express
- Thistle Express development plan at Heathrow in progress

	Full Feature	Limited Feature	Open by June 2016
Luxury	CLERMONT HOTELS	Coming Soon	Clermont London TBA Hyde Park
Upper Mid	AMBA HOTELS	every HOTELS	Amba Hotel Charing Cross - Open Amba Hotel Marble Arch every hotel Piccadilly - Open every hotel Bloomsbury every Hotel Trafalgar
Mid	thistle	thistle express	

Roadmap for a Disruptor

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Roadmap for a disruptor

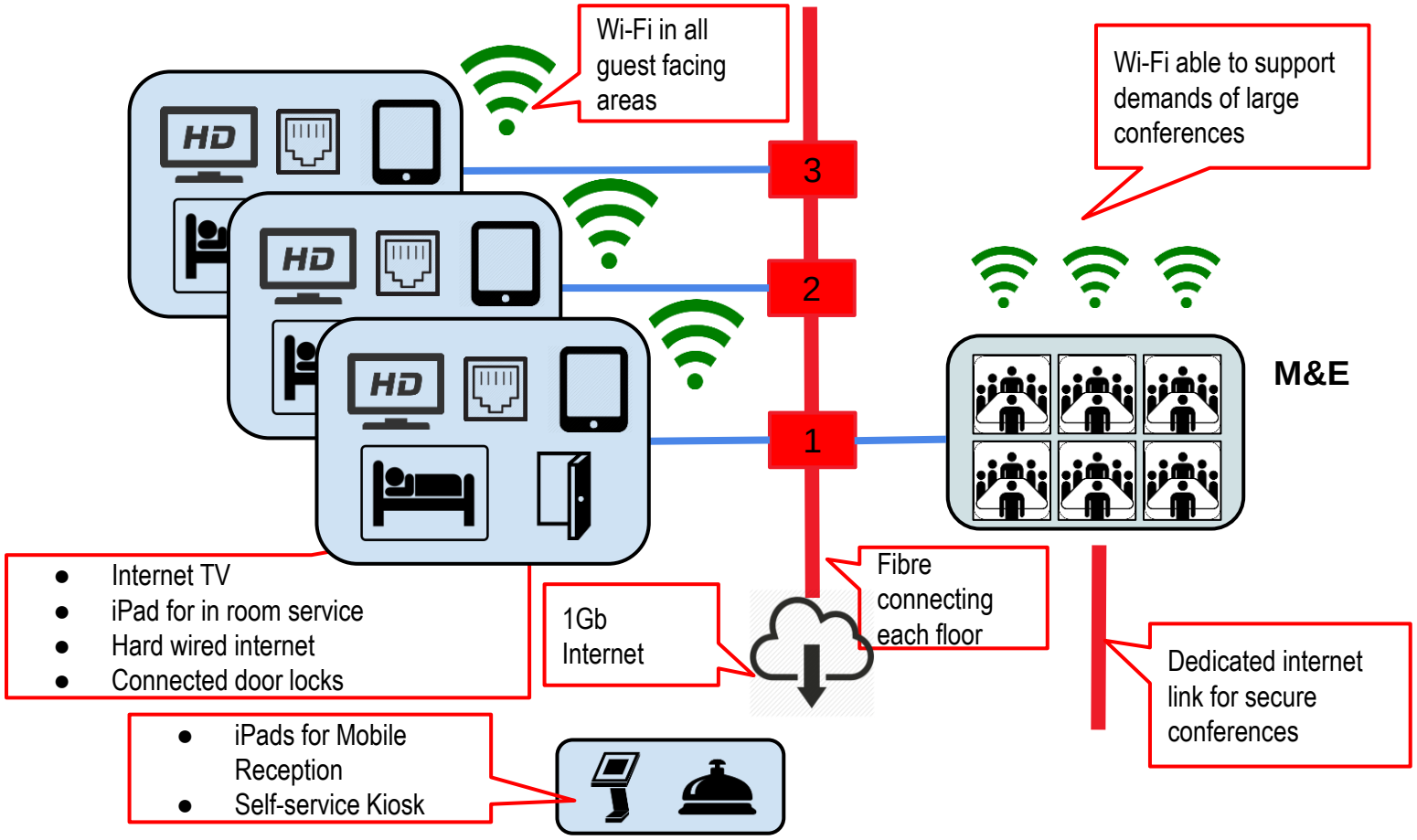
→ TripAdvisor et al are the new global currency for satisfaction and choice

→ Some really fundamental attributes ("everything works", "genuinely personalised", "truly fast free wifi") remain exciting and un(der)-met

→ Fast, free wifi is "the new basic human right"

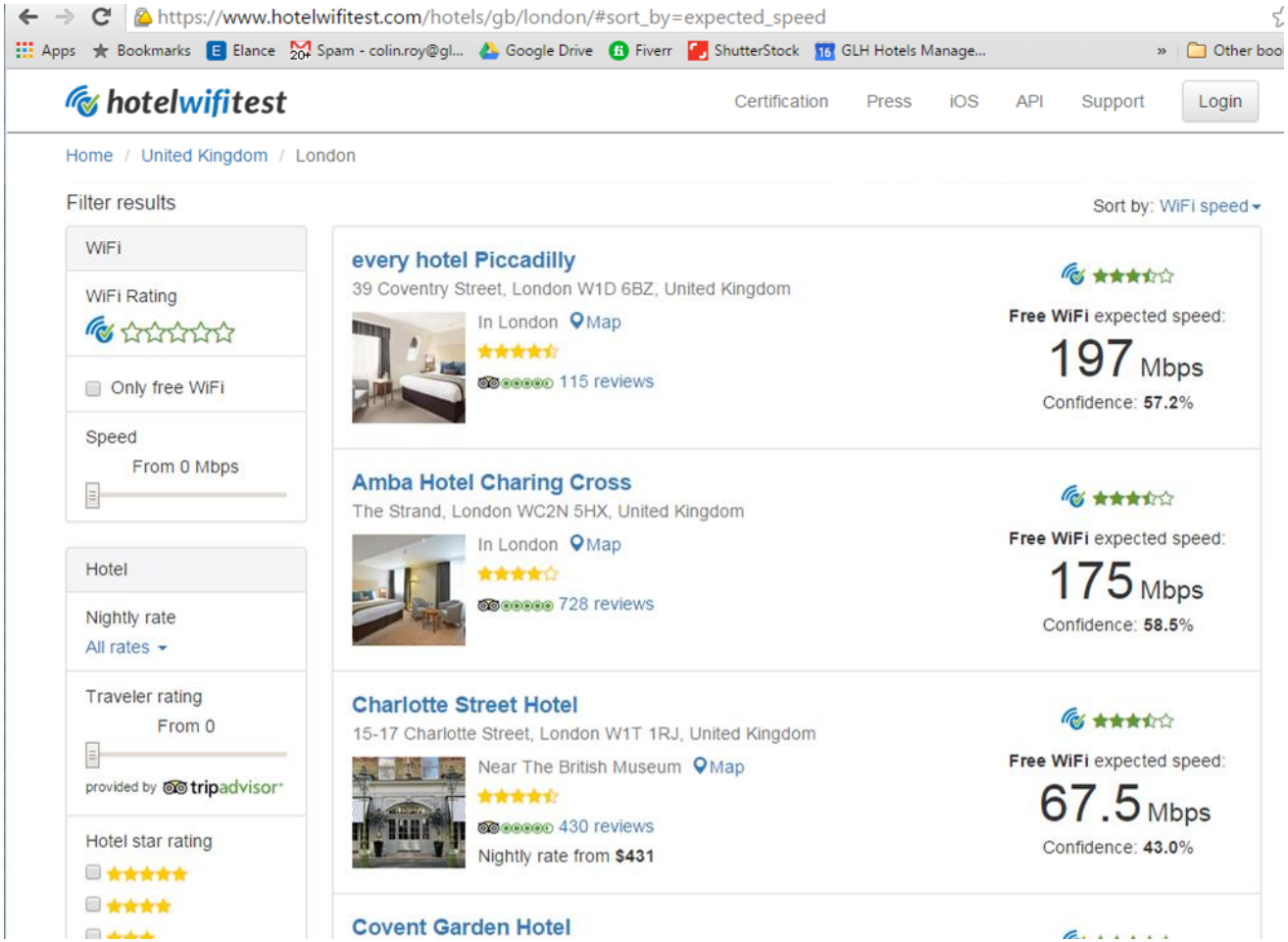
Fast free wifi is the new basic human right . . . (cont)

Go Gigabit or go home!



Fast free wifi is the new basic human right . . . (cont)

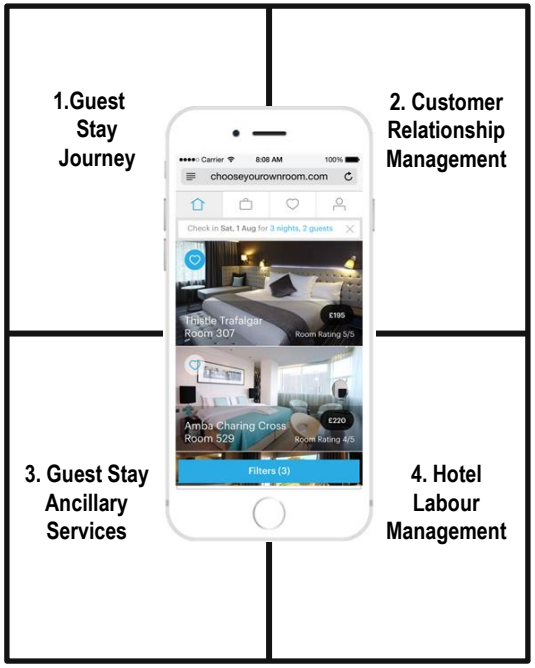
Go Gigabit or go home!



Fast free wifi . . . gigabit hotels . . .

The might of the mighty - true end-to-end ecosystem control?

Integrated Guest Experience



Real time Labour Management



Unique Room Identifier



Innovation Examples

- Mobile booking
- Mobile checking in / service
- Personal data storage

- Wearable technology
- Demand based labour management
- Local labour sourcing exchange

- Direct-to-room-booking
- STP ordering and exceptions management

80% on the cloud - industry first?

Over 80% of systems are now delivered as cloud based services

By Q1 2016 all enterprise systems will have been refreshed

- Simple operating cost model, eliminating capital intensive upgrades
- Scalable infrastructure to support rapid growth
- Rapid on-boarding of new properties
- Demonstrable technical leadership
- Minimal on property infrastructure
- Low central overheads



Infor EzRMS

micros

ExactTarget

apigee

salesforce

smg

iRiS
Software Systems Ltd

fourth

8x8, Inc.

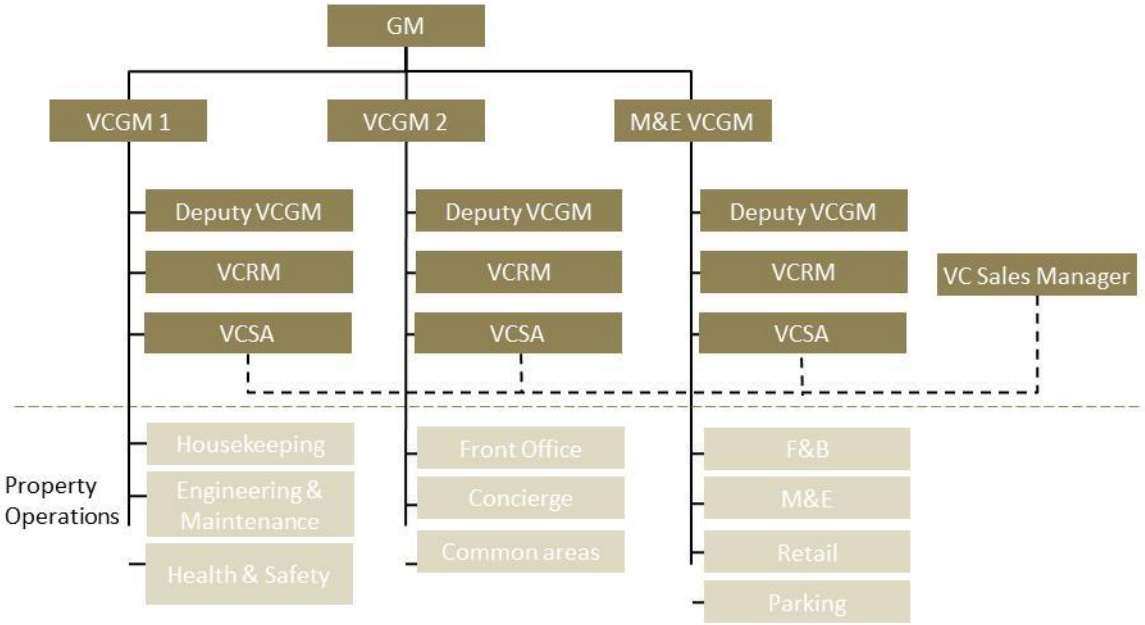
smartsheet

rackspace
the open cloud company

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4. De-skilling the property and centralising key decisions drives results; entrepreneurial & spirited	→	Decentralise to property level VCGM teams – and upgrade the general management focus … to fascinating and inspiring jobs
5. Intermediaries charge a fair economic rent for their value add		
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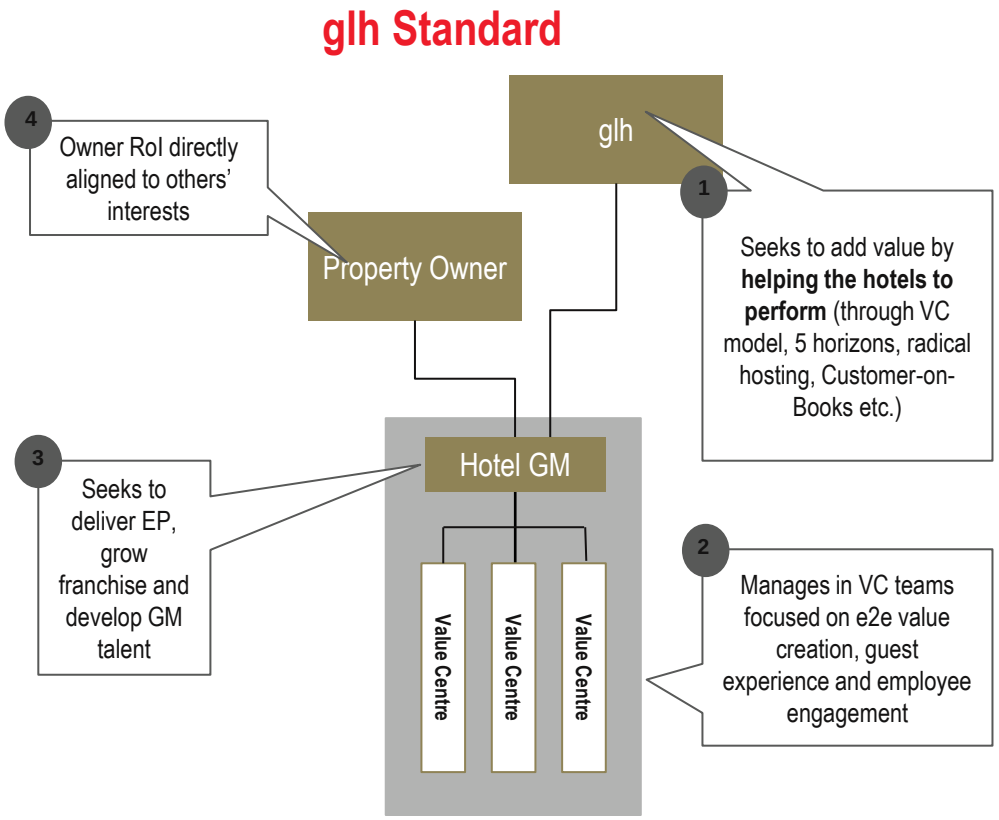
Decentralising to property level VCGM teams – & driving general management focus



- glh. has set up a certified training academy, in partnership with Cornell University, The Institute for Data Science and the Market Research society, amongst others, to support the Value Centre General Managers ("VCGM").

- The VCGM model is all about decentralising decision making and responsibility to the hotel management team and using the skills and experience of all our staff properly. .
- Supporting the General Managers, VCGMs are accountable for economic profit, balance sheet, P&L, sales/marketing and operations within each hotel.
- After intensive training in revenue management skills VCGMs contribute towards driving up guest satisfaction and profit across the whole business.

Decentralising to property level VCGM teams – & driving general management focus . . . (cont)



Our hotel-centric, gm-led management model means winning through being:

- Faster, more agile than the local competition
  "wide awake management "
- More joined up, and flexible than the local competition
  "relish complexity"
- Greater attention to detail and performance oriented than the local competition
  "do 100 things … 1% better"

Decentralising enabled us to reduce our Head Office headcount by 2/3rds in June 2014, and we have reduced further since then

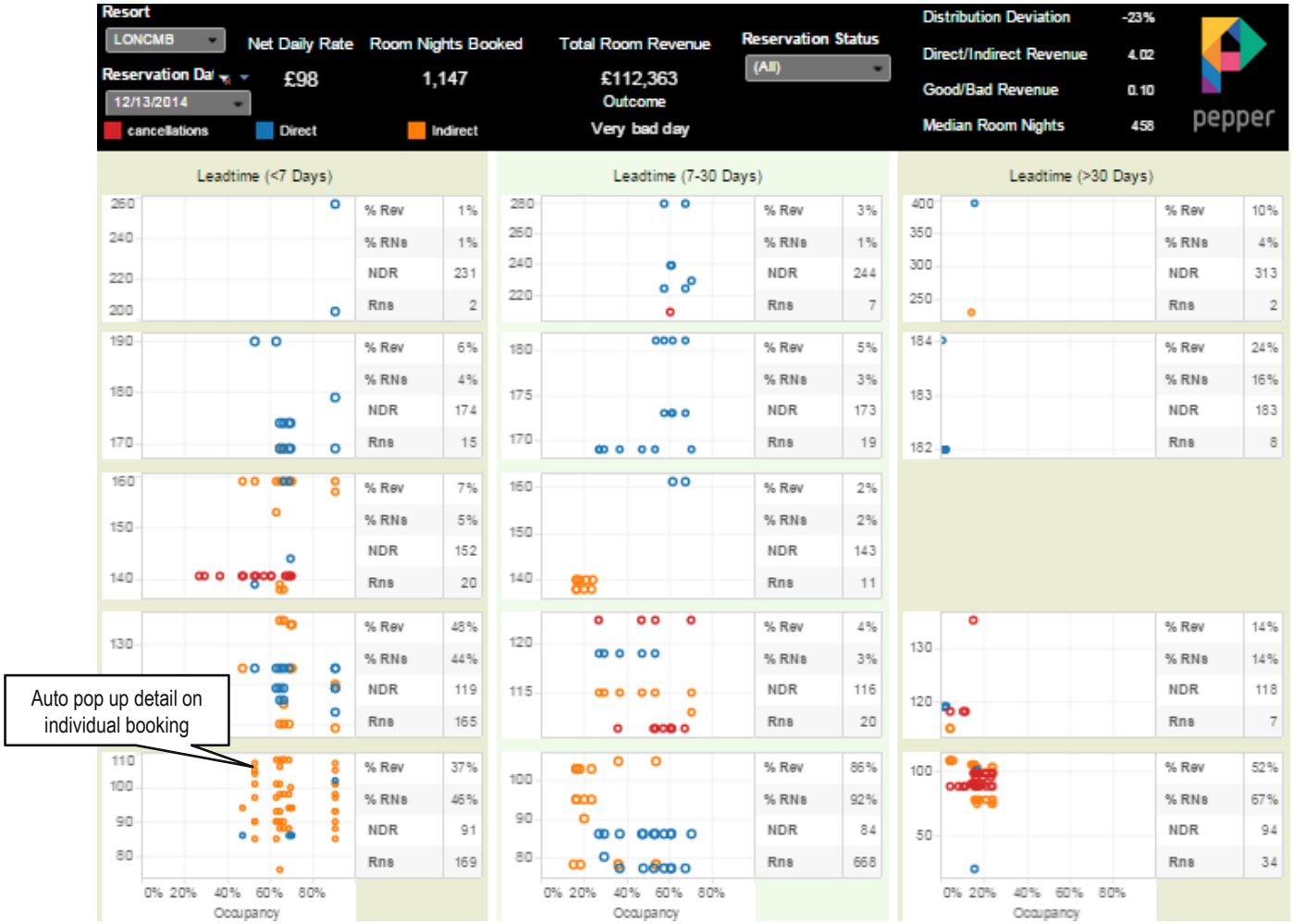
… to fascinating and inspiring jobs

glh's VCGMs . . . operating at 5 horizons of performance at the same time

	1 *Delivering the guest experience*	2 *Optimising the book*	3 *Driving the forward campaigns*	4 *Targeting markets, channels and segments*	5 *Building hotel Total Market Value*
					
VCGM mindset thinking…	– How can the guest experience be enhanced? – How can we enhance guests' spend, retention & advocacy? – How can on-day costs be aligned with the revenue profile?	– How can a short-term supply-demand imbalance be corrected? – What are the contingencies?	– How can the forward profile for occupancy / TRevPar be proactively managed? – What are the supporting marketing plans?	– What channels need to be used to access the targeted set of customer segments?	– How can the franchise be well thought of by all stakeholders – customers, owners, prospective employees? – How can the asset cash flow be maximised?
Traits exhibited	***…as a Radical Host*** • Customer centric • Attentive to detail • Responsive to feedback	***…as a trader*** • Disciplined risk taker • Quick and decisive • Opportunistic • Bottom line sawy	***…as a decision scientist / marketer*** • Analytical/ Fact-based • Business (not functional) manager • Test-and-learn orientation	***…as a strategist*** • Systematic/ Evaluative • 'Big picture' thinker • Value maximiser	***…as an asset maximiser*** • 'Big picture' thinker • Asset manager • Value builder
	Today	+1-90 days	+90-365 days	+4 quarters	+1-5 years

… to fascinating and inspiring jobs

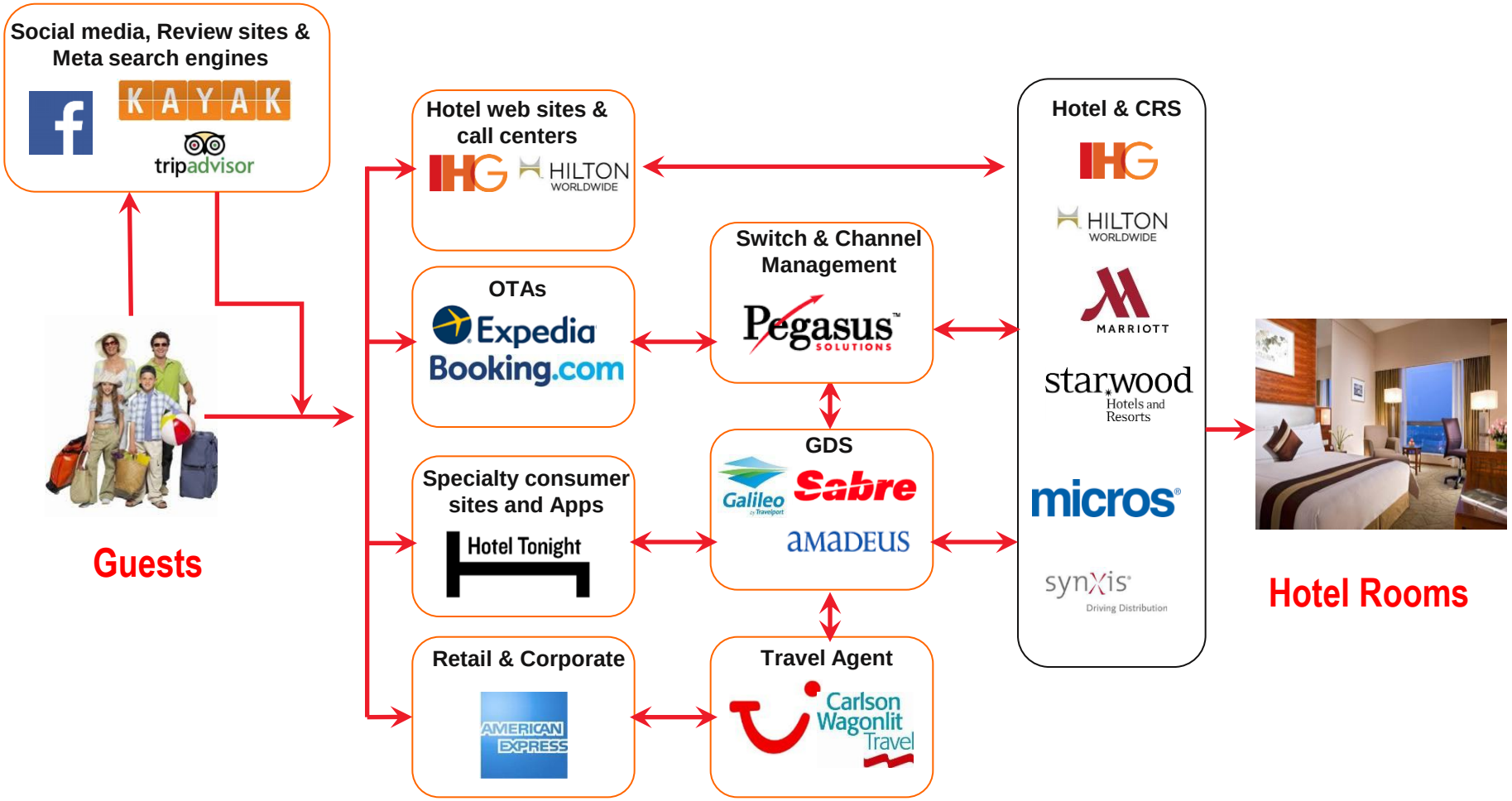
Example: the Pepper chart monitoring daily hotel new booking performance



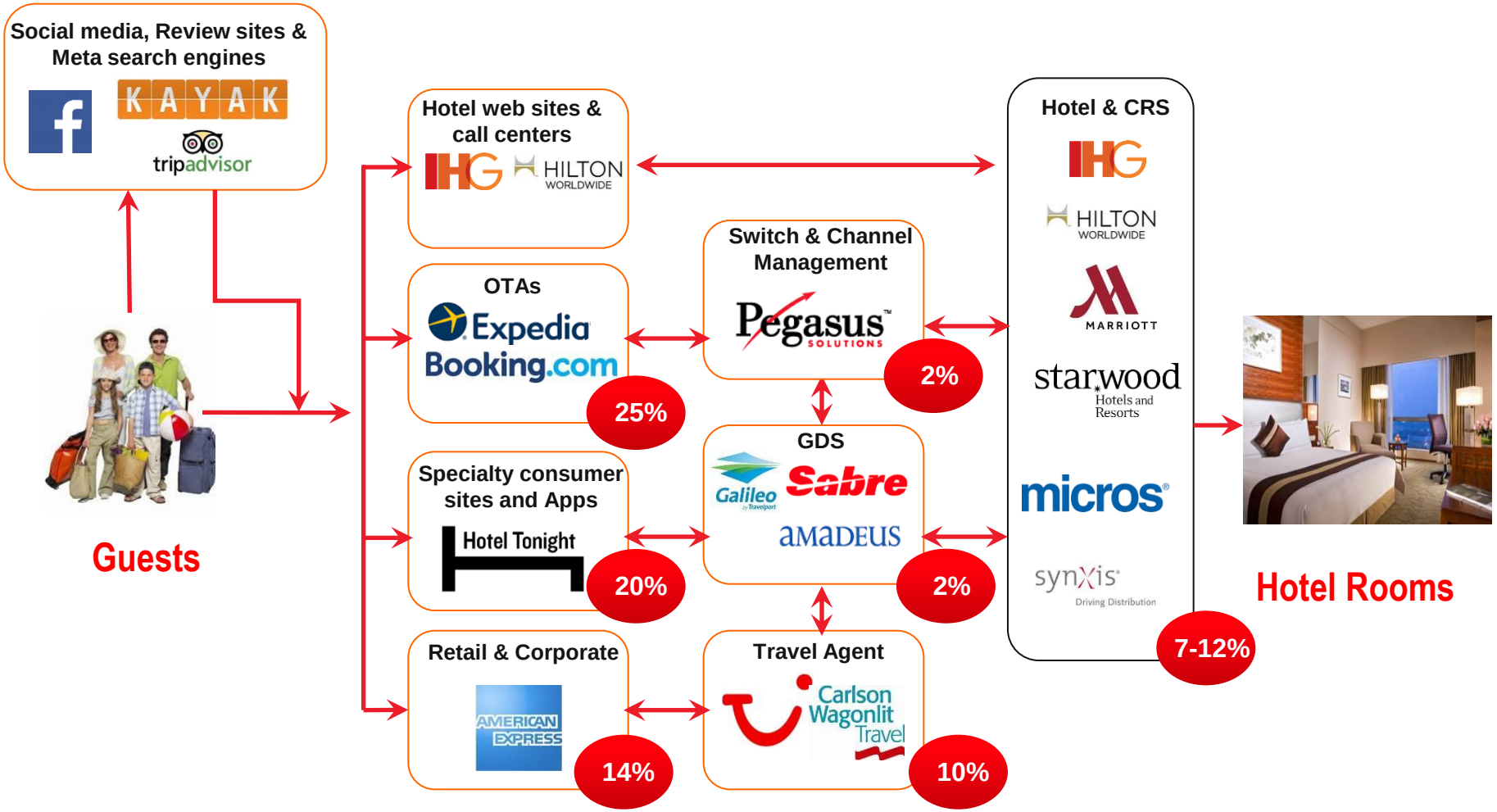
Roadmap for a Disruptor

7 deadly myths		Roadmap for a disruptor
1. Hotel brands - normally reliable predictor of satisfaction and choice driver	→	TripAdvisor et al are the new global currency for satisfaction and choice
2. 'Exciting" customer level deliverables have been competed away	→	Some really fundamental attributes ("everything works", "genuinely personalised", "truly fast free wifi") remain exciting and un(der)-met
3. Wifi's an amenity and a source of incremental revenue	→	Fast, free wifi is "the new basic human right"
4. De-skilling the property and centralising key decisions drives results; entrepreneurial & spirited	→	Decentralise to property level VCGM teams – and upgrade the general management focus
5. Intermediaries charge a fair economic rent for their value add	→	Re-distribution and intermediation is over-priced, inefficient and unsustainable
6. Key battleground – who owns customer & data		
7. "Asset light" is an ever virtuous key to sustainable value creation		

Re-distribution and intermediation is over-priced, inefficient and unsustainable



Re-distribution and intermediation is over-priced, inefficient and unsustainable



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5. Intermediaries charge a fair economic rent for their value add	→	Re-distribution and intermediation is over-priced, inefficient and unsustainable, for all players
6. Key battleground – who owns customer & data	→	The industry is becoming increasingly "guest-led", the future is more curation than re-distribution
7. "Asset light" is an ever virtuous key to sustainable value creation		

The industry is becoming increasingly "guest-led", the future is more curation than re-distribution

	2000 Brand-led	2010 In Transition	2020 Guest-led
• **Customer search**	• **Brands** provide principal source of customer assurance	• Increasing use of advocacy sites, brands fading from choice drivers	• **Guest advocacy** (and/or taste editors) provide principal source of assurance
• **Booking & reservations**	• **Brands'** GDS connections provide widest source of reach	• Leading OTAs, and meta-sites provide widest source of reach	• **Mobile networked guests** (and rooms) connect directly through low cost curation
• **Guest experience**	• **Brands** define generic guest experiences across estate	• Guest experience remains largely generic, and HO led	• Seamless, anticipated and **personalised guest experiences** – delivered on property
• **Customer relationship management**	• **Brands'** loyalty points programmes, drive repeat purchase and loyalty	• Guests develop relationships with brands and intermediaries	• **Guests-own data**, and initiate relationship management
• **Demand management**	• **Brand** HOs de-skill on-property inventory management, based on momentum algos	• Mixed approach to demand forecasting, using momentum algos plus sentiment-based	• Open, **sentiment-based** demand forecasting and integrated pricing on property
• **Operations management**	• HoD-led operations management – creating excess capacity and low engagement	• Operations management remains largely unchanged – HoD-led and inflexible	• Multi-skill, **flexible staffing – matching demand** and driving engagement
• **Business management**	• **Brand** HOs de-skill hotel business management; to manage to chain-wide averages	• Business management remains largely unchanged	• Hotel business management de-centralised to **on-property teams using decision science**

Today

The industry is becoming increasingly "guest-led", the future is more curation than re-distribution

	2010 In Transition		2020 Guest-led
• **Customer search**	• Increasing use of advocacy sites, brands fading from choice drivers • Leading OTAs, and meta-sites provide widest source of reach	**Digital Mobility, and New Form Factors**	• **Guest advocacy** (and/or taste editors) provide principal source of assurance • **Mobile networked guests** (and rooms) connect directly through low cost curation
• **Booking & reservations**			
• **Guest experience**	• Guest experience remains largely generic, and HO led	**Predictive Analytics and Big Data**	• Seamless, anticipated and **personalised guest experiences** – delivered on property
• **Customer relationship management**	• Guests develop relationships with brands and intermediaries	**Cloud Computing and SaaS**	• **Guests-own data**, and initiate relationship management
• **Demand management**	• Mixed approach to demand forecasting, using momentum algos plus sentiment-based	**Internet of Things and M2M**	• Open, **sentiment-based** demand forecasting and integrated pricing on property
• **Operations management**	• Operations management remains largely unchanged – HoD-led and inflexible	**Sharing Economy And Collaboration**	• Multi-skill, **flexible staffing – matching demand** and driving engagement
• **Business management**	• Business management remains largely unchanged		• Hotel business management de-centralised to **on-property teams using decision science**

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6. Key battleground – who owns customer & data	→	The industry is becoming increasingly "guest-led", the future is more curation than re-distribution
7. "Asset light" is an ever virtuous key to sustainable value creation	→	Our London owned estate is our greatest asset (a) it's a "Living Laboratory" – for us and others to create the (digital) future of hospitality and (b) it's a source of value stability – as a near pure play on London real estate

Our London owned estate is our greatest asset (a) it's a "Living Laboratory" – for us and others to create the (digital) future of hospitality

Unique inventory to pilot / test on	• +5000 rooms (1.4m room nights per year) in Central London • Full range of hotel and room types – 3 / 4 / 5 Star; full vs limited feature • Wide range of basement / training space, meeting / events rooms, restaurants • London room nights are 80% international – with all regions / cultures represented • London hotel staff 50% international - with all regions / cultures represented
Distinctive Partner to test with	Uniquely able to configure and manage a complex innovation (digital + operational) pilot across any / all aspects of hospitality value chain, with • End-to-end customer journey managed at the hotel level, by the hotel – from booking to staying to retaining • Deep VCGM teams driving performance, demand, guest experience and people quality in each hotel
Unique testing capabilities on tap	Uniquely able to A / B test digital + operational innovations, with • 33 distinct end-to-end P&Ls • Room level customer feedback • 1.4m customers on books; 1500 channel partners on books • Fully wired up hotels

Summary: Why buy GL as a medium term play?

- Disruptor with momentum and advantage
- Perhaps world's largest hotel living laboratory /ecosystem
- Pure play London real estate safety net