



About Compass Hotels Ltd

Compass Hotels Ltd is a privately owned company, specialising in 3 star hotel operations. We are a customer focussed organisation, true to our values of honesty, integrity, accountability, professionalism and offering value for money.

Compass Hotels has traded successfully for over 27 years. It is the Company's intention to expand its operations primarily through management contract and consultancy work. Our focus is on delivering value for all stakeholders in the business, giving a firm foundation on which to trade the hotel and underpinning the asset value. Within the hotel operation, we focus on local management, delivering service and value for money in an ever competitive market place.

Our hotels stand out from the competition through their individuality and the standards we deliver. Our owned hotels are marketed through Best Western Hotels, who provide a strong brand which we believe reflects the individual style, personality and appeal of each of the properties, underpinning our business goals and values.

Compass Hotels are well positioned to take on hotel management contracts and operate these hotels as branded properties or as independents. We have extensive experience in all aspects of hotel operations. As a smaller Company we can offer more flexible contract terms and we have a range of services available. As Directors, we involve ourselves in each business we operate in order to maximise profit potential and to ensure adherence to standards, service levels and both front and back of house operations. We report to the property owner and in turn the Hotel Manager reports to us, keeping the chain of command as short as possible.

If you are considering a "hands off" approach to running your hotel business and wish to ensure that your business is focused and driven, please do speak with us about how a management contract with Compass Hotel Ltd could help you achieve your aims.

Contact us at:

Compass Hotels Ltd
1st Floor, Suite 2
Tollgate House
69 / 71 High Street
Harpenden
Herts
AL5 2SL

Julian M Tee
Chief Executive

Tel: 01582 763 893
Fax: 01582 767 382

E-mail: juliantee@compasshotels.ltd.uk
Web: www.compasshotels.co.uk

Our History and recent Hotel Management Work

Incorporated in March 1983 to acquire the leases of two London properties, the Great Eastern Hotel at Liverpool Street and the Great Northern Hotel at Kings Cross, Compass Hotels Ltd has traded successfully in the upper three star hotel market for over 27 years.

Since 1983, the Company has owned and operated a number of properties, at one time the group totalled 12 properties, which included the creation of and management / operation of six properties for Andrew Weir Hotels Ltd (subsequently Hanover International), between 1986 and 1993. During the recession of the early 1990's the Company managed, on behalf of several institutions, a number of hotels in receivership.

Today Compass Hotels owns and operates two properties, The Abbey Hotel in Bath and Manor House Hotel in Alsager, Cheshire. In July 2003 the company acquired Stansted Manor Hotel, just 3 miles from Stansted Airport; this hotel was leased to Travelodge Hotels in March 2010.

Throughout 2009, Compass Hotels operated four former Real Hotel Company properties on short term contracts, on behalf of various investors, following the demise of the Real Hotel Company.

Compass Hotels also provided consultancy services to purchasers of one of these hotels for ongoing operational matters immediately following the acquisition of the hotel.

Our portfolio:

The following hotels are owned and operated by Compass Hotels.

The Best Western Abbey Hotel

North Parade

Bath

BA1 1LF



Description:

A beautiful three star hotel offering comfortable accommodation in the centre of Bath, catering to business travellers, leisure travellers and groups. Breakfast and dinner are served daily in Number 1 North Parade restaurant, light lunches are available in the lounge or outside during the summer. High-speed internet access is available throughout the property and by the end of March 2008, all bedrooms will have been recently refurbished.

Location:

In the heart of Bath, minute's walk from the centre of the town, the Abbey and all of Bath's major attractions including the Thermae Spa.

Purchased:

1989, closed and fully refurbished.

Owned:

Freehold along with equity partner.

Bedrooms:

60, all en-suite.

Capacity to sleep:

108 people.

Rating:

AA 3 star & 72% merit score.

Brand:

Best Western, since 1995

Employs:

Approximately 40 people (full and part time).

Web site:

www.compasshotels.co.uk

www.abbeyhotelbath.co.uk

Best Western Manor House Hotel

Audley Road
Alsager
Stoke on Trent
Cheshire
ST7 2QQ



Description:	A charming three star hotel offering comfortable accommodation on the outskirts of the village of Alsager, catering to business travellers, leisure travellers, tour groups, weddings, private and corporate functions and conferences. The Ostler Restaurant serves breakfast, lunch and dinner, is well regarded in the locality having been awarded one dining rosette by the AA. High-speed internet access is available throughout the property and a series of loyalty clubs attracts repeat local custom and provide a useful database for local marketing initiatives.
Location:	On the outskirts of the village of Alsager on the Cheshire / Staffordshire border. Three miles from junction 16 of the M6, 10 miles from Crewe and Stoke.
Purchased:	1988.
Owned:	Freehold.
Bedrooms:	57, all en-suite.
Capacity to sleep:	110 people.
Rating:	AA 3 star & 83% merit score.
Brand:	Best Western, since 1995. A Connoisseur hotel
Employs:	Approximately 80 people (full and part time).
Web site:	www.compasshotels.co.uk www.manorhousealsager.co.uk
Opportunities:	Planning consent granted in 2003 to add a function room for 150 people, 10 bedrooms and a leisure suite with gym, sauna, steam room and treatment rooms.

Executive Team:

Our Executive Team has amassed a wealth of experience in both hotel operations and finance over the years. Being a small team, decisions can be made quickly and we can react to client requirements.

The Executive comprises:

Chief Executive	Julian Tee
Finance Director & Company Secretary	Nicholas Carlton

Also on the Board are:

John Tee	Chairman and founder
Derek Plant	Advisory and founder

Non-Executive Director:

John Kitching	Former Partner, Lovell White and Durrant
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Julian Tee was a Management Trainee with the Savoy Group of Hotels & Restaurants for five years from 1990, including one year at The Phoenician Resort in Arizona, USA. Having been a part of the opening team of the Royal Garden Hotel in Kensington in 1996, he spent two and a half years as Conference & Banqueting Manager at Turnberry Hotel in Scotland. He joined Compass Hotels Ltd in April 1999 as General Manager at the Best Western Manor House Hotel in Stoke on Trent and was appointed Chief Executive in August 2000. A career resume is attached for reference.

Nicholas Carlton joined TSB Scotland as a graduate entrant in 1985 and undertook a wide range of branch and Head Office roles as part of his trainee programme. He was admitted as a member of the Chartered Institute of Bankers in Scotland in 1989. Following the merger with Lloyds Bank he spent five years in a senior management role within the new retail head office working in a specialist finance / human resources capacity. He joined Compass Hotels in July 2000 and was appointed Finance Director & Company Secretary.

Julian M Tee

Chief Executive

Resume of professional career:

Training and Development

- 1990 Joined Savoy Hotel Group 5 year Management Training Programme
The five year management training course involved work in all major and several minor hotel departments within the Savoy Group of Hotels and Restaurants.
During this time, studies were sponsored by the Group for the HCIMA Professional Certificate at Thames Valley University and Diploma at Oxford Brooks University
- One year was spent abroad at the Phoenician Resort in Scottsdale Arizona, as a trainee working in rooms orientated departments, such as housekeeping, concierge, reservations and reception.
- 1995 On completion of the management training course, remained at the Savoy Hotel for a year
- 1996 Joined opening Team of the Royal Garden Hotel in Kensington, London as Reception Shift Leader
- 1997 Joined Turnberry Hotel, Ayrshire Scotland as Conference and Banqueting Manager
- 1999 Joined Compass Hotels Ltd as General Manager at the Best Western Manor House Hotel, Alsager
- 2000 (August) Took over as Chief Executive of Compass Hotels Ltd, based at Head Office

Competitions and National Awards:

- 1992 Winner – Savoy Gastronomes Olive Barnet Award. A Savoy Group “in house” award for a paper researched and written on a topical issue for the hotel industry at the time.
- 1993 Winner – Booker Fitch Food Services National Student Award. An essay based competition tackling topical hospitality issues at the time.
- 1998 Winner – Acorn Award. National Award, sponsored by the Caterer and Hotelkeeper magazine and awarded to 30 people under the age of 30 for achievements in the industry to date
- 1999 Winner – Master Innholders Scholarship to Cranfield University to undertake a two week course entitled Developing General Management Potential

Our Competences:

Compass Hotels deliver competences in the following areas:

- Hotel operations
- Human Resource Management
- Revenue Management
- Sales and Marketing Planning / Business Development
- Hotel Finance and Accounting
- Purchasing Management
- Asset Value Protection
- Health and Safety Management
- Strategic Hotel Management, forward planning and delivery

Corporate Goals and Objectives:

Our goals and objectives are straightforward and seek to ensure we run a professional, profitable and ethical company, building relationships with customers, suppliers and investors, driving business at the hotels and developing the business as a whole.

In summary, we aim to:

1. Operate hotel properties, furnished and equipped to the top of the UK 3* classification standards, and maintain them at this level.
2. Build relationships with investors, secure management contracts and successfully manage the hotel investments, underpinning asset values.
3. Further reinforce our position in the market place as a recognised and trusted Hotel Management Company.
4. Achieve levels of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors.
5. Within each hotel operation, provide complete satisfaction to clientele in terms of facilities and service standards, food and beverage and related products, at a fair price.
6. Manage hotels by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involvement and satisfaction.
7. Maintain a close professional working relationship with the Hotel Managers, supporting them and guiding them where necessary.
8. Market the hotels through recognised and trusted Brands (if appropriate) selected agencies and direct marketing initiatives from the hotels, to high standards of ethics and taste.
9. Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts.
10. Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.

In order to do this we need to understand your business, your goals and objectives and the scope and opportunity of the hotel or hotels you wish us to manage or advise on. We will tailor our services to your needs to ensure the best fit for your businesses. A partnership is a meeting of minds, and this is the very ethos of a service driven company like Compass Hotels.

Hotel Consultancy and Management Services:

Compass Hotels can offer two types of hotel management and consultancy service. These are detailed below.

1. Strategic Advice and Consultancy:

- ❖ It takes an experienced hotel owner and operator firstly to understand the daily challenges of running a successful hotel, and then to produce winning strategies and actions to boost profitability and standards.
- ❖ Fortunately, Compass Hotels has experienced industry professionals who are able to give advice, support and assistance to the hotel trade.

Two tiers of this service are available:

Tier 1 Detailed assessment of the current operation, with **Review, Critique and Report** on the current status:

Areas covered will be:

- ✓ Business strategy appraisal
- ✓ Operational efficiencies
- ✓ Sales and marketing opportunities
- ✓ Competitor analysis
- ✓ Distribution strategies
- ✓ Hotel standards, (as per AA guidelines), Brand standard compliance
- ✓ Purchasing procedures and opportunities to “buy better”
- ✓ Human Resources policies and procedures
- ✓ Overview of Hotel Management Team
- ✓ Accounting procedures and control functions
- ✓ Use of IT and opportunities for improvement
- ✓ Overview of health and safety legislative compliance

At the end of the review period we will produce a report with recommendations. Our report will be:

- ✓ A focused review of your current business and operations
- ✓ Assessment of market position compared to the competition
- ✓ Recommendations on priority issues / areas for business improvement

Tier 2: Ongoing **Review and Mentoring Support** for Hotel Management following the initial assessment.

Once a detailed assessment of the business has been undertaken, Compass Hotels can continue to support Management through a review and mentoring support programme, giving comfort to Management that a support network is in place off which to bounce ideas, discuss issues and appraise actions.

The frequency and duration of the tier 2 service is open to discussion.

Hotel Consultancy and Management Services:

2. Full Hotel Management Service - Hotel Management Contract:

- ❖ Compass can provide a complete Management Package, thereby relieving the owner of the day-to-day stresses and pressures of running a hotel.
- ❖ We provide the strategic management support and take effective control of the hotel, managing through the Hotel Manager to established standards and budgets, reporting frequently to the owner.
- ❖ The owner continues to benefit from ownership of the asset.
- ❖ Our service applies to going concerns and new openings.

Our service includes:

- ✓ Day-to-day operation and management of the Hotel through the Hotel Manager;
 - ✓ Establishment and implementation of strategy
 - ✓ Financial management within the hotel
 - ✓ Implementation and maintaining of standards
 - ✓ Delivery and measurement of customer satisfaction
 - ✓ Creation of and implementation of sales and marketing plans
 - ✓ Management of Human Resources
 - ✓ Management of day to day maintenance programme
 - ✓ Management of capital expenditure programme
 - ✓ Reporting to the Owner at the agreed intervals

 - ✓ Production of management accounts and payment of suppliers. *
- (* subject to separate negotiation)

Summary Case Studies:

The Best Western Abbey Hotel, Bath:

Although majority owned by Compass Hotels Ltd, there is an external investor in the Best Western Abbey Hotel. The Hotel had operated successfully for many years, boosted by its prime location in the city centre. However, a quick succession of trading shocks (eg. first Gulf War, 9/11, foot & mouth, etc) coupled with a difficult staffing situation meant that by 2003 EBITDA had dropped by 35% on previous performance with net ARR well below £50.00; REVPAR stood at £38.57 in the 2003-04 year.

An internal strategic review of the business produced a six-point turnaround plan:

- review the hotel's market position within Bath and identify higher-yielding accommodation business;
- target the internet as the hotel's prime sales channel;
- dedicate resources to managing the internet sales channels, Best Western's on-line system and preferred agents, maximise revenues through a mix of on-line booking systems, direct sales, agents and wholesalers;
- make significant changes to the hotel's management structure (without litigation risk);
- implement a cost review of all elements within the hotel's cost structure;
- tailor the food & beverage offering to provide a significantly more profitable product.

Helped in part by improving tourist volumes, the hotel is now enjoying year on year record profitability built on room sales some 35% ahead of 2003 levels. Net ARR now stands comfortably in excess of £70.00 with REVPAR at £85.18 for the 2009-10 year to date. The Abbey hotel is majority owned by Compass Hotels Ltd.

The Compass Hotel Walsall:

Compass Hotels were called in to take on the short term management of the former Quality Hotel Walsall following the demise of the Real Hotel Company in January 2009. The hotel was owned by a consortium of investors and the business was rescued from the Administrators in February 2009. Working for the investors, who were based in Denmark, Compass took on the day to day management of the hotel in the knowledge that the owners may choose to invest, sell or close the business.

On entering the agreement, Compass had to re-establish links with suppliers, as all credit terms had been cancelled through previous non payment of invoices, and links with sources of business as all internet channels had been closed off through non payment of commission invoices, thus rendering the hotel invisible.

Compass opened credit accounts with a number of key suppliers and brought in a colleague to open links with the vital third party websites. Visibility was restored and business levels regained.

Regrettably, though years of under-investment the property could not be traded successfully and in the economic climate of 2009, with very difficult trading circumstances, the hotel closed shortly after the operator agreement with Compass came to a natural end.

The Scotch Corner Hotel and Leisure Club:

At the same time as taking on the management of the Walsall Hotel, Compass also took on the management of the Scotch Corner Hotel, a former Stop Inn property, again formerly operated by the Real Hotel Company. Compass had to establish supplier accounts and re-establish visibility on websites. In the 6 months Compass operated the hotel, and from a virtual standing start, occupancy climbed to 35.60% and net average room rate of £38.14. The agreement to operate this hotel terminated at the end of the contract period as the Owners of the hotel would not meet certain health and safety requirements laid down by the local fire authority. Compass was not prepared to compromise their integrity and so did not renew the agreement. A reference from Scotch Corner Operations Ltd is attached. I would add that the decision for a longer term operator to be selected by the owner was in part through Compass' decision not to renew their agreement through the owner's lack of commitment to capital investment in the property and in particular to meet legislative compliance issues.

During the contract period, Compass prepared a full business plan for the hotel to include three years of forecast profit and loss accounts, a competitor analysis, investment programme and Gap Analysis for membership of Best Western Hotels.

The Southcrest Hotel, Redditch:

Management of the Southcrest Hotel started at the same time as the Walsall and Scotch Corner properties. Another Stop Inn brand, it faced the same issues as the Scotch Corner Hotel. The property was in very poor condition and staff morale was low. Compass was recruited to boost staff morale and keep the business trading whilst a buyer was found. In the six months of operation, and again from a standing start, occupancy of 49.30% was achieved at a net average room rate of £28.52. Compass assisted the Owners' solicitors in the sale process and were retained by the new owners on a short term basis to advise them on operational matters and strategic projects. A reference from Redditch Operations Ltd and Southcrest Hotel Redditch Ltd is attached.

The Compass Hotel Loughborough:

The last of the four former Real Hotel Company properties to come on board in February was the former Quality Hotel Loughborough. Similar issues faced this hotel as with the others and a change in Directors and controlling interest in September 2009 brought extra pressures on the business. In the period of operation since February, Compass has achieved an occupancy of 44.80% and net average room rate of £36.64. Compass operated this hotel through to the end of January 2010, assisting the owners, an international investment company, with the sale process. A reference from Loughborough Operations Ltd is attached.

In each of the above four Real Hotel Company situations, staff morale was low and legislative compliance lacking. Compass sought to boost morale by improving communication with the General Managers and other staff and keeping them abreast of future developments. Legislative compliance was assessed and made good where necessary, supplier accounts opened and visibility regained through websites. The General Managers were tasked with running the hotel on a day to day basis and ensuring key controls were in place and adhered to. Whilst these were short term engagements, they are very demanding and require strong, decisive management to reinvigorate staff and start to rekindle the business. The references enclosed detail the satisfaction of the owning companies during the period of our agreement.

Why choose Compass Hotels Ltd:

With more than 27 years experience in the three star hotel sector, both as owner / operators and as a hotel management company, Compass Hotels have a proven track record of successfully operating hotels.

We bring to the table the following benefits:

- ✓ A committed, professional and knowledgeable Executive Team;
- ✓ A track record of successful hotel operations in the 3 star market;
- ✓ Competences and a passionate interest in all aspects of hotel operations;
- ✓ A Proven track record in recruitment and retention of competent, professional Hotel Managers;
- ✓ A will to succeed coupled with the energy and drive to deliver results;
- ✓ Experience of working with Best Western and having grown with their company; we have two properties in membership, both since 1995;
- ✓ A flat management structure keeping close to the Hotel Manager;
- ✓ Established contacts and partnerships with industry professionals in purchasing, legislative compliance; sales and marketing, valuations, acquisitions and disposals;
- ✓ Flexibility in the term of engagement;
- ✓ Desire to build a relationship with the asset owner and seek to underpin the asset value of a property through strong trading performance;
- ✓ Transparency of accounting with an annual external financial audit of each property's accounts.

In addition:

Whilst not always required, Compass Hotels Ltd can produce full monthly profit and loss accounts for the hotel through our head office operation. An additional charge will be made for this service.

Strong links have been forged over time with professionals in challenging rateable values, providing comprehensive insurance quotes specific to the hotel sector and the management of Health and Safety issues. All these services can be introduced but additional fees will apply should the services be engaged.

For further details:

For further details of our services and information on our company can be obtained through our website www.compasshotels.co.uk or please contact me directly on 01582 763 893 or by e-mail at juliantee@compasshotels.ltd.uk