

New theatre, Tunbridge Wells

Bonnar Keenlyside

November 16, 2017

Agenda

- Facts about 1200 seat theatres
- Touring across the UK
- West End vs Tunbridge Wells
- Ticket sales growth
- Transition planning
- F&B returns
- Financial projections

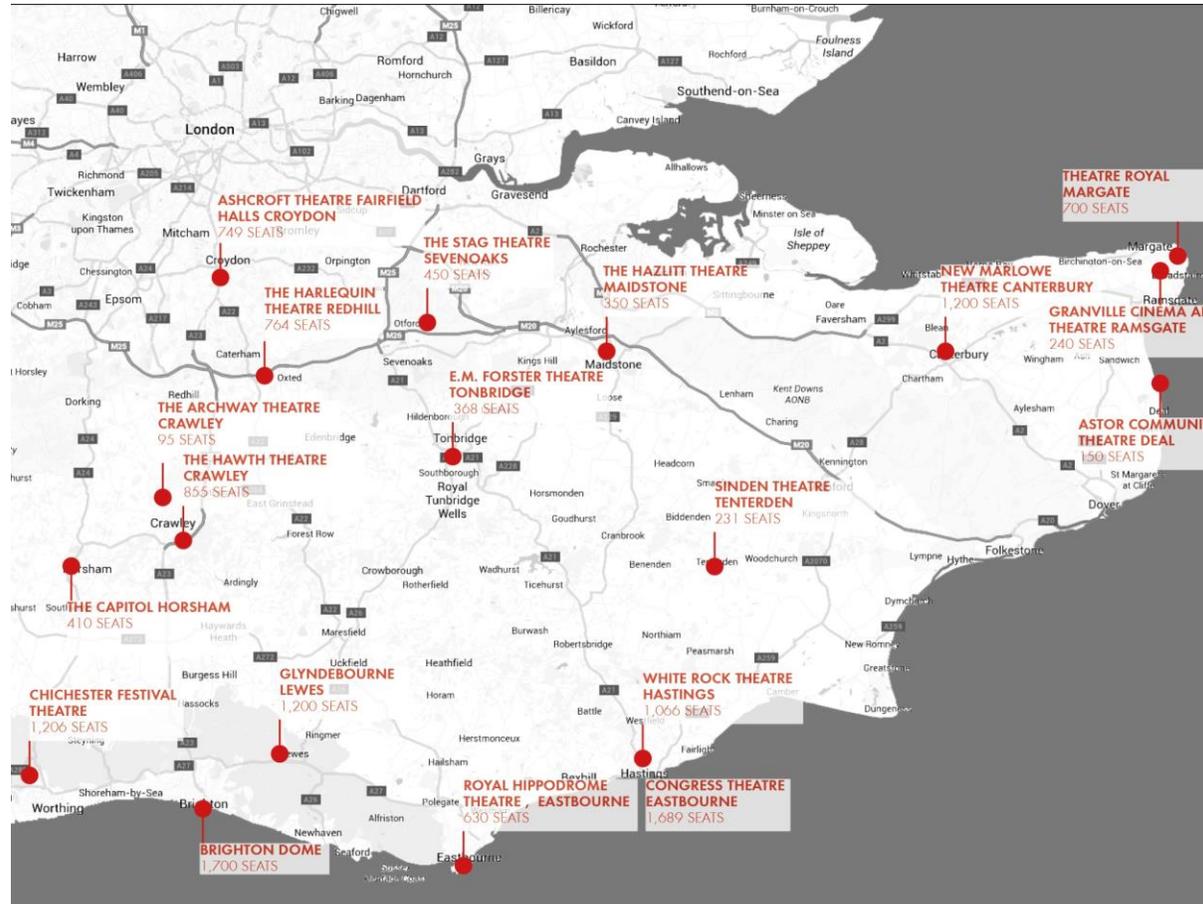
Facts

- 40 presenting houses in UK with capacities of 900 – 2300 seats
- 1200 seat independent theatres operating without subsidies include:
 - Theatre Royal, Newcastle
 - Theatre Royal, Norwich
 - Wolverhampton Grand
 - Marlowe Theatre, Canterbury
- 50 - 60% of programme is musicals and pantomime
- 20% of programme is drama
- High quality programmes tour across UK over several seasons
- 350,000– 400,000 are typical annual ticket sales

Touring shows

- Shows currently touring to these venues include:
- *Jane Eyre* (National Theatre)
- *Curious Incident of the Dog in the Night Time* (NT out of West End)
- *War Horse* (NT out of West End)
- *Mathilda* (RSC out of West End)
- *Shrek* (commercial out of West End)
- *Sister Act* (commercial out of West End)
- *Wicked* (commercial out of West End)

Map of south east venues



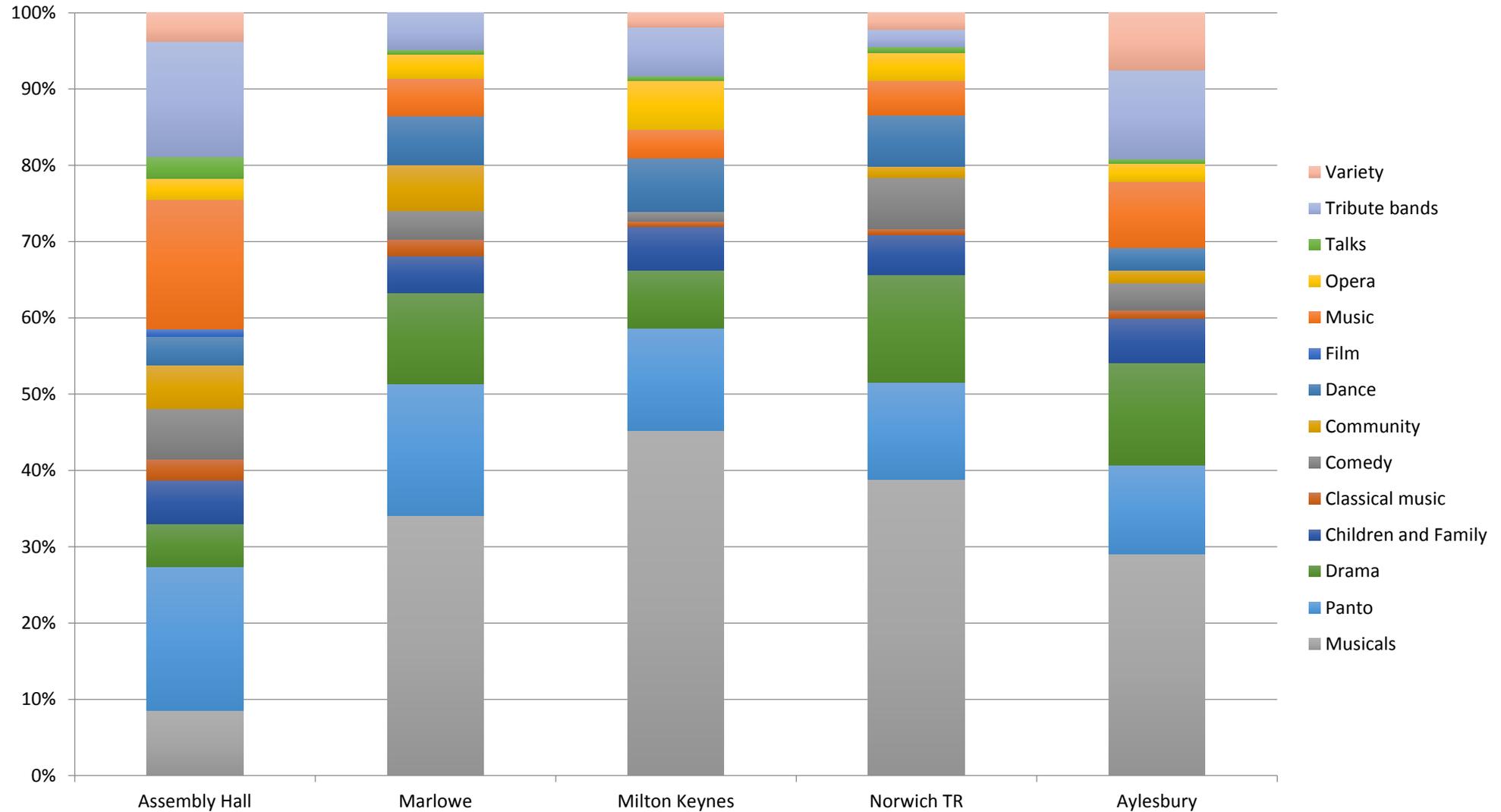
Map of south east theatres taking programme of scale



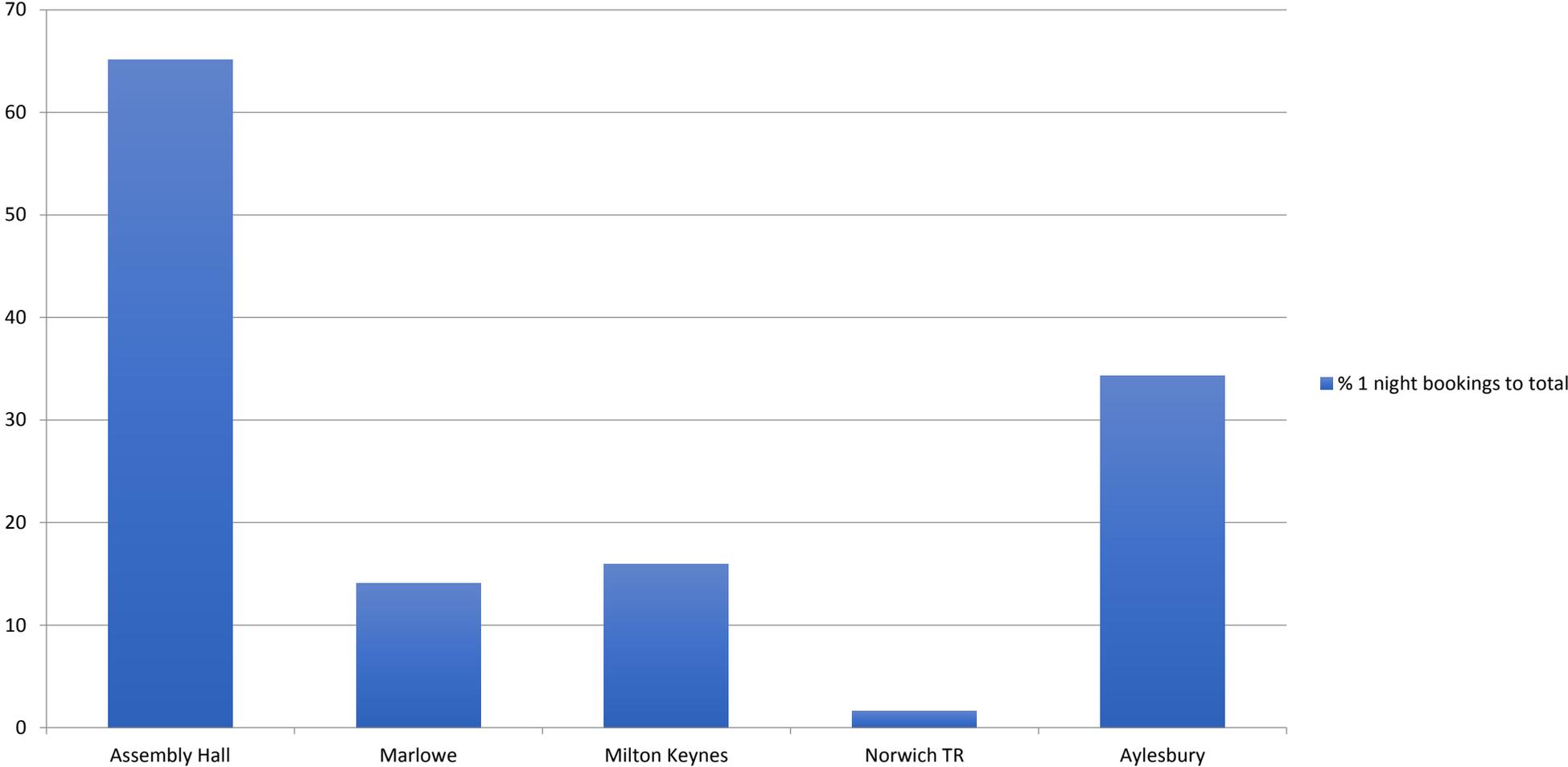
Growth in ticket sales

- Target to break even 350,000 – 400,000 annual attendances (which is the benchmark from other theatres)
- This includes loss of seats for pits in musical performances
- AHT currently achieving c. 100,000 attendances
- Step change required to the programme in the new theatre
- Will attract audiences from one hour drive time radius
- Market within that area equals 2.417 million people (actual data recorded)
- 200,000 in Tunbridge Wells post codes alone

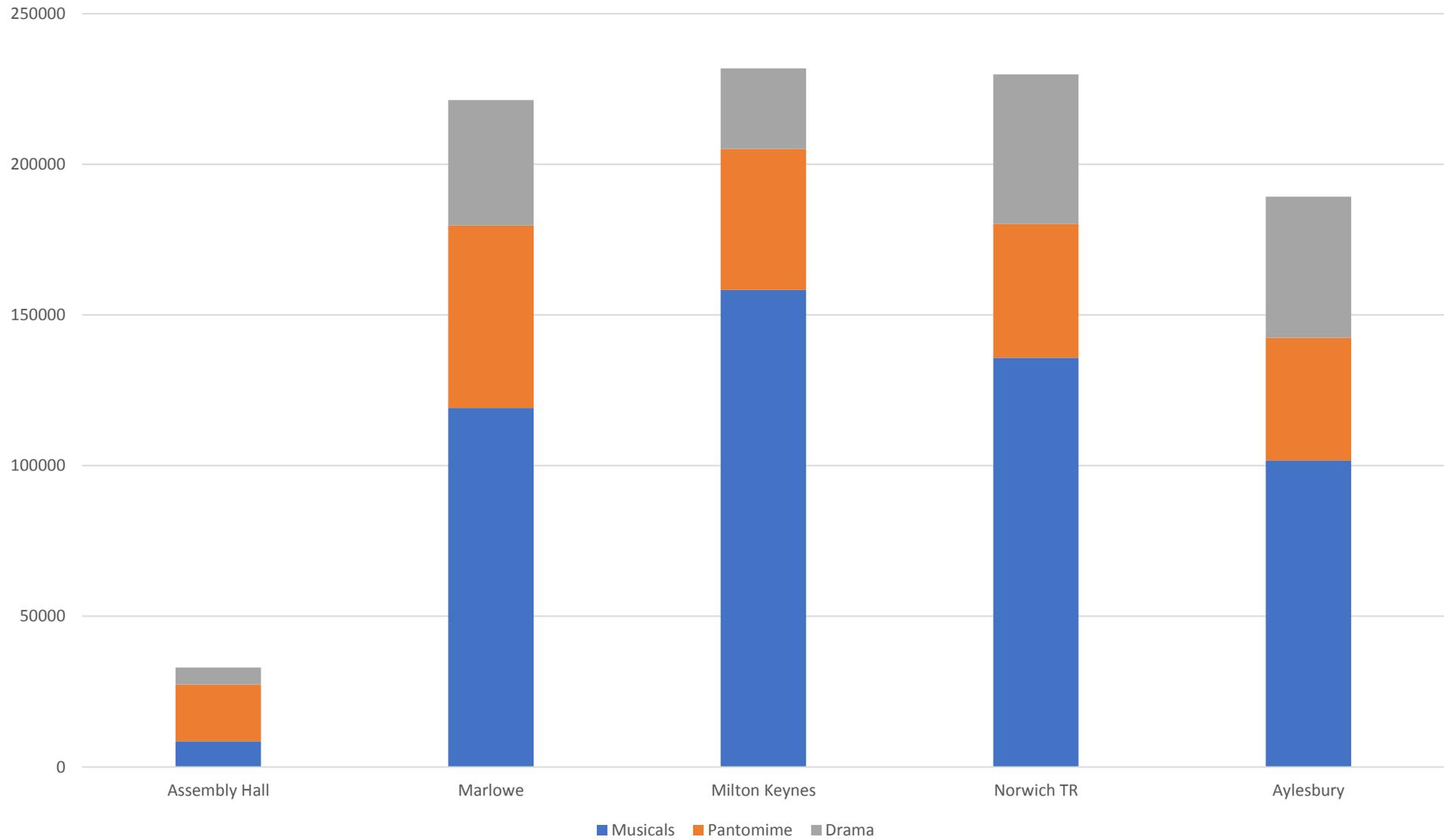
Programme mix comparisons



Current % 1 night events to total events



Seat sales comparisons for musicals, pantomime and drama - AHT currently at 100,000; others currently at 350,000 average



Operating model

- Variety of models across the UK – local authority operated, charitable trust and commercial management
- TWBC is making a considerable investment in the new theatre and will continue to take full responsibility for its operation
- Commercial operators would demand ongoing subsidy for 10 years
- TWBC would lose all expertise in theatre management & governance
- Current AHT management has time to plan and grow into new theatre operation
- Plan gives time for TWBC to realise the value of its investment and to assess accurately ongoing costs

Transition from old to new

- At this stage, without exact construction timetable, not possible to be entirely accurate (once contractor is appointed this will be clear)
- For example, different issues with respect of time of year when opening (summer vs Christmas vs spring)
- Launch costs will be high due to at least three months pre opening costs (commissioning new theatre plant and technical equipment, staff recruitment and training, setting up new operation)
- Current projections are modest to reflect these issues

Financial projections

- No inflation in figures as RPI / CPI does not strongly affect theatres
- Self cancelling in any event
- All financial projections are VAT neutral
- Business model is cautious, achieving break even after 6 years

| New theatre | Soft opening | | | | | | | |
|-----------------------------|---------------------|----------------|----------------|---------------|---------------|-----------------|-----------------|-----------------|
| Overall return | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 |
| Overall return | 1,127,077 | 571,942 | 350,442 | 24,192 | -37,661 | -175,908 | -314,155 | -338,152 |
| Creative Learning | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 |
| Revised total return | 1,182,077 | 626,942 | 405,442 | 79,192 | 17,339 | -120,908 | -259,155 | -283,152 |