

activity

May 2008

Hotels

Public Houses

Restaurants

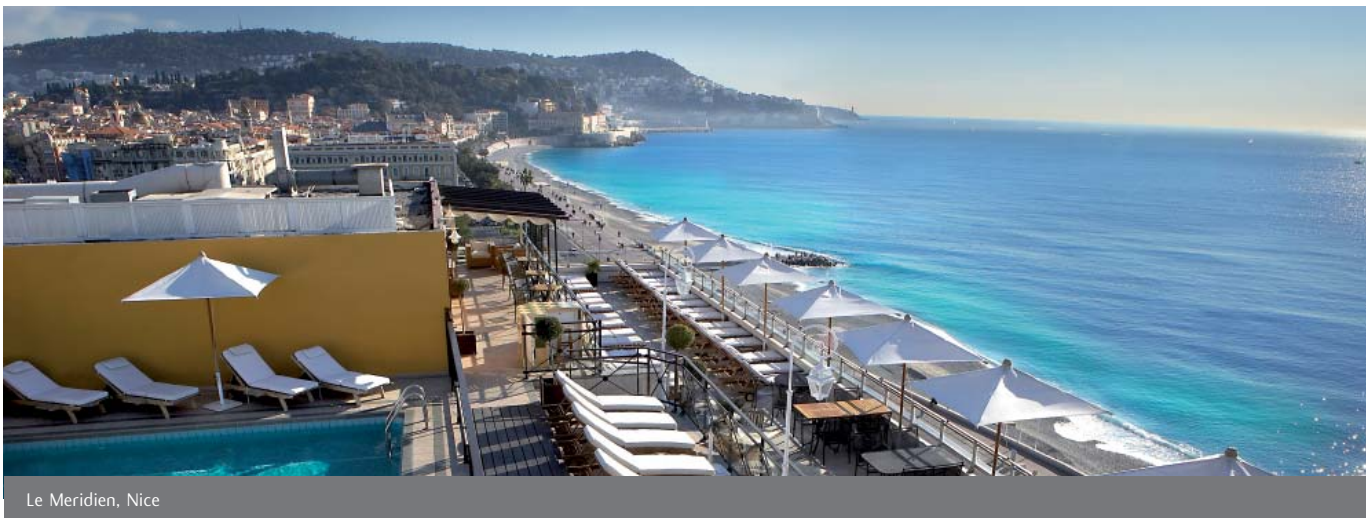
Leisure

Care

Retail

The wider media is speculating that private equity firms, which have been relatively quiet since the end of 2007, have started to tentatively invest again. Gala Coral, the bingo operator, and Mitchells & Butlers, the pub restaurant company, are said to be firmly in the sights of a number of would-be investors, and it is hoped that this may be the start of the return of investor confidence.

Hotels



Le Meridien, Nice

That is not to say that everything is suddenly going to improve, and it may take some time before normal service resumes.

Despite this uncertainty, corporate activity across all of Christie + Co's sectors has continued to be robust and diverse. The fact deals are continuing and new instructions taking place is highlighted by the numerous projects included our latest update.

Our hotels team has been busy over the last three months working on a number of diverse projects, including an instruction to market Le Méridien Hotel on the Promenade des Anglais in Nice on behalf of Starman - a joint venture between Starwood Capital and Lehman Brothers, for offers in excess of €100 million.

With 318 bedrooms, including 17 suites, the hotel is currently undergoing a multi-million euro refurbishment coinciding with Starwood's global relaunch of the Le Méridien brand.

We also acted in the sales of the Express by Holiday Inns in Strathclyde and Stevenage. The lease on the 120-bedroom Express by Holiday Inn Strathclyde was acquired by Geminex Hotels & Leisure, which will operate the hotel on a franchise basis.

Acting on behalf of private clients, we sold the Express by Holiday Inn Stevenage to Morethanhotels, the leading budget sector operators, who we advised JER Partners to acquire in October last year.

Other recent hotel transactions and instructions include:

+ An instruction by Metro Inns to market five limited service hotels, located across the UK. The portfolio, which totals 345 bedrooms, comprises three freehold properties in Peterborough, Teeside and Falkirk and two long-leaseholds in Doncaster and Newcastle.

- + We acted in the sale of St Andrews Golf Hotel, on behalf of Joe Headon, Chairman of St Andrews Golf Hotel Limited, to Hotel du Vin for an undisclosed sum.
- + Acting on behalf of John Lewis Partnership (JLP) we acquired the Bala Lake Hotel in Snowdonia, Wales, for an undisclosed sum.
- + Acting on behalf of Roadbeach Limited, we sold the Cwrt Bledodyn Country House Hotel and Leisure Spa to Lester Hotels for an undisclosed sum off an asking price of £6 million.



Simple Simons pub – Canterbury

Public Houses

The Pubs team has been particularly active since the turn of the year. Most recently, Christie + Co brokered the sale of 30 sites by Tadcaster Pub Company and Tadcaster Hotels & Inns to Scottish & Newcastle Pub Enterprises (S&NPE) for an undisclosed sum. The deal, which we believe is the biggest to have taken place in the pub sector so far in 2008, sees S&NPE takeover 20 pubs and 10 hotels located across South Yorkshire and Humberside, and as far north as Newcastle, while Tadcaster is left with an estate of 36 pubs and hotels spread across the North.

Christie + Co also helped S&NPE acquire Progressive Pub Company, which was set up around four years ago by Matthew Evans, and comprises the Crown Hotel in Brotton, Teesside; the George & Dragon in Bacup, Lancashire; the New Inn in Bury; and the Spinners Arms in Atherton, Manchester.

Following our valuation of Marston's entire pub estate, the company instructed us to market 47 new lease opportunities from its managed division. Offered on 10 to 20 year tied assignable leases, the pubs are spread across the UK from Rotherham in the north to Poole in the south, and from Clwyd in the west to High Wycombe in the east.

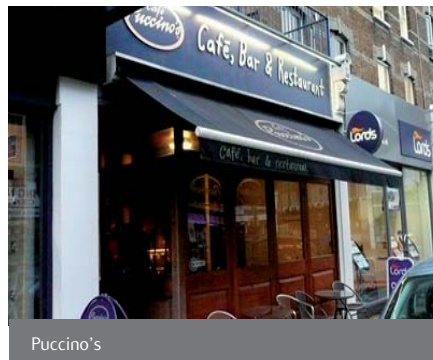
Other recent pub transactions and instructions include:

- + The acquisition of three freehold pubs in Essex for a figure in excess of £3.5 million on behalf of Close Imperial Pub Company, the Enterprise Investment Scheme (EIS) headed by Tony Carson.
- + An instruction by SA Brain & Co, the Welsh brewer and pub operator, to sell the leasehold interest of the Golden Grove Inn in Carmarthen, and The Wolfe Inn in Haverfordwest.
- + The sale of Simple Simons pub, the renowned freehouse in the centre of Canterbury, Kent, to Youngs Brewery for £1.77 million, the highest price paid for a "pure pub" to date.

Restaurants and venues

Christie + Co's Corporate Restaurant team has been instructed by the Real Hotel Company to market the leasehold of the Covent Garden-based New Connaught Rooms, one of the capital's most prestigious venues, for a sum reported to be in the region of £15 million. New Connaught Rooms, which has a history dating back over 200 years, offers 29 conference, seminar, banqueting and meeting rooms across 6 floors.

In February, we were instructed to market an 11-strong package of coffee bars for franchise or sale by Puccino's, following a review of the company's near 100-strong estate. The sites, which are available individually or as a package are located in Blackburn, Brighton, Camden, Epsom, Kingston-Upon-Thames, Reigate, Richmond, Stratford-Upon-Avon, London Euston, London Victoria and London Baker Street.



Puccino's

Acting on behalf of the owners of Le Monde, the landmark Bristol restaurant, we sold the 180-cover venue to Cosmo Restaurants. Le Monde opened in late 2002 as the sister restaurant of its hugely popular namesake, which was established in Cardiff more than 25 years ago and is renowned as one of the best seafood restaurants in the Welsh Capital. We invited offers for the leasehold interest in the restaurant, which was sold for an undisclosed sum through the assignment of the current 25-year lease with an annual rent in the region of £140,000. The 9,000 sq ft site, which will continue to be run under existing lines by its new owners for the foreseeable future, becomes Cosmo Restaurants' ninth site in the South of England.

Leeds City Council has instructed Christie + Co to find a new tenant to operate a restaurant, café, and bar at one of Yorkshire's most popular tourist destinations, The Mansion in Roundhay Park. The council has indicated that it would prefer a high-profile chef to operate the restaurant and function facilities at the Grade II-listed building, which it believes could also house a catering school. The site offers up to 9,321sq ft of floor area, with existing licensed and catering planning consents in place.

The team is also working on a number of disposal projects for leading operators including Tragus Group, Smollensky's and Prezzo.

Leisure

Our Corporate Leisure team was called upon by recovery investors Agilo to provide advice in connection with their acquisitions, out of administration, of Sports Café and Candu.

On the hospitality development front we were instructed by Muse and Urban Splash to promote a hotel development at their 56 acre urban regeneration scheme in Stockton on Tees – "North Shore" and have shortlisted operators for a 150-bedroom "Gateway" hotel development. In Gateshead city centre we received instructions from Tesco to promote a hotel opportunity as part of its 290,000 sq ft mixed use scheme and at Rainton Meadows Business Park near Sunderland we have been retained by Roseberry Leisure to market an 80-bedroom hotel development.

In Southport, terms were agreed on Neptune Developments' Floral Hall scheme which is set to include a 133-bedroom Ramada Plaza Hotel by New World Leisure, whilst on behalf of Moto Hospitality, contracts were signed for a 126-bedroom Days Inn Hotel with Starboard Hotels at a new Motorway Service Area at Wetherby.

Other recent Leisure & Development transactions include:

- + The letting of a 60-bedroom Travelodge at "The Exchange", Chester on behalf of Opus Land.
- + The sale of 1.5 acres of land at Kingsmill Park, Sutton in Ashfield, near Mansfield to Sandringham Investments on behalf of Castle Square Developments for a 120-bedroom Express by Holiday Inn.
- + The letting of the remaining Phase II leisure units at The Round Foundry, Leeds, on behalf of St James Securities.
- + Exchanged contracts on a 186-bedroom mid-market hotel and 40,000 sq ft office scheme in Gateshead.

Care

The first quarter of 2008 has been another productive period for our Corporate Care team with a number of transactions completed and new instructions taken on. Acting on behalf of private vendors, John and Fee Sharples, Christie + Co sold the entire share capital of Manorcourt Care (Norfolk) Limited to Healthcare Homes Group for an undisclosed sum. Founded in 1998, Manorcourt is a complete care service organisation, which offers both residential care and a full range of care services for those in the community. It operates three homes, situated in rural locations in North West Norfolk and provides 87 registered care beds.



Manorcourt Care – Norfolk

Christie + Co's Corporate Childcare team advised Lloyds Development Capital throughout the due diligence process involved in its acquisition of nursery group Kidsunlimited, which has an estate of over 50 nurseries, generating sales in excess of £30 million. The vendors, equity house ISIS, reported an exit price from the Wilmslow-based group of around £45 million.

Acting on behalf of its private owners, Christie + Co has been instructed to sell Casa Loca – a unique family-run children's nursery, play centre and café on the Costa del Sol.

Other recent transactions brokered by our Corporate Care team:

- + Acting on behalf of the vendors, we sold the entire share capital of Roborough House Ltd, comprising the 51-bed Roborough House care facility in Plymouth to Roborough House Properties Ltd, a company set up by Giles Livingstone of Somerset-based Cygnet Capital Ltd, for a sum in excess of the £7 million asking price.
- + Acting on behalf of The Caring Homes Group, we acquired Scoonie House in Fife, for an undisclosed sum from Mr and Mrs McCormick, who have retired from the business.
- + Acting on behalf of private owners, Steve and Jane Denton, we sold The Manor in Middlewich, Cheshire, to Quercus Healthcare Property Partnership Limited for an undisclosed sum.

Retail



Martin McColl's

Our Corporate Retail team has been instructed to market around 200 stores by Threshers as part of a review of its business. We have already received strong interest for a number of the sites, which are spread across the UK, especially from independent traders who either want to increase the convenience aspect of the shops or introduce more wine and delicatessen products.

We have also been instructed by Martin McColl, which is the largest operator of convenience store and CTN businesses in the United Kingdom with over 1,300 branches throughout England, Scotland and Wales, to market 63 retail opportunities as part of an ongoing churn of its estate.

Christie + Co has also been instructed to sell a 13-strong group of news and convenience-orientated stores located on the Channel Island of Jersey on behalf of Channel Island Newsagents (CI Newsagents) - a trading company within the Guiton Group.

The Retail team has also carried out a number of noteworthy single transactions including:

- + Acting on behalf of Lawrence Garages Ltd, we sold the freehold of Culverstone Service Station near Gravesend, in Kent to Mr Ragunathan for an undisclosed sum, off an asking price of £1 million. We had previously also sold the Eashing Service Station near Godalming, Surrey, on behalf of Lawrence Garages Ltd, which is one of the top 50 independent forecourt operators in the UK, for an undisclosed sum, off an asking price of £790,000.

Consultancy

Our Hotel Advisory Group has continued to expand its activities in the UK and Internationally with recent projects including:

- + A feasibility study into the hotel market in Montenegro, focusing on whether it could sustain a five-star hotel or resort. Subsequently, Four Seasons, the Canadian-based luxury hotel chain has announced plans to develop a \$79 million hotel on the country's Adriatic coast.
- + UK feasibility studies in Leeds, Nottingham, Liverpool John Lennon Airport, and Durham Tees Valley.
- + A feasibility study for a proposed International hotel in Kinshasa - in the Democratic Republic of Congo.
- + Lease and management contract advice relating to the Marriott Grosvenor Square - on behalf of the freeholder Grosvenor.
- + Our latest city study in connection with The Bench focusing on Liverpool, the European Capital of Culture 2008.

Development

Our Corporate Development team has been asked to undertake a number of hotel operator searches across the UK since the turn of the year.

QMD Hotels, a joint venture between Esk Properties and Blackrock International Land, has instructed Christie + Co to search for a hotel operator for an 85-room boutique hotel at Queen Margaret Drive, in Glasgow, the prestigious former headquarters of the BBC in Scotland.

We have also been asked by BSC Group to find upscale hotel operators for two hotels it is developing within the Canopus Greengate development in Salford, Manchester. Finally, Greenwich Hospital Trust has instructed us to find a hotel operator for a boutique property, which is to be developed as part of the planned regeneration of London's Greenwich Market.



Canopus Greengate in Salford – Manchester

Investment

Christie + Co's Corporate Investment team has continued to attract new clients to the company and is currently working on a number of major projects. In March it was instructed by aAim, the property investment company backed by high profile celebrities including Sir Alex Ferguson and Simon Cowell, to advise on the sale of its investment interest in six hotels currently let to The Principal Hayley Group.

The team was also instructed by Regent Inns to offer a £25 million portfolio of seven Walkabout bars on a sale and leaseback basis. The seven bars, are located in prime locations in Barnsley, Blackpool, Derby, Exeter, Newquay, Shepherds Bush and Wigan. They have the benefit of strong management with an established track record in the sector as well as all day trading complemented by late night licensing.

International

At the end of March Christie + Co opened its first office in Finland, as we look to establish a significant presence in Northern and Eastern Europe.

The new office, located in the country's capital Helsinki, becomes our 12th international opening and will be overseen by Christie + Co Director of Scandinavia, Russia and the Baltic States, Kimmo Virtanen.



Christie + Co Director of Scandinavia, Russia and the Baltic States – Kimmo Virtanen

At the start of March Christie + Co was again one of the patrons at the 11th annual International Hotel Investment Forum (IHIF) in Berlin, where 26 Christie + Co staff members represented the company.

Simon Hudspeth, Director and Head of Consultancy, and I both spoke at the forum, which is a key event for members of the European hotel investment community, with around 1,900 senior level executives visiting this year's event.

Christie + Co's international profile will be increased even further this year, when I speak at the fourth Arabian Hotel Investment Conference (AHIC) in Dubai, which is being held from 3-5th May 2008 at the Madinat Jumeirah conference centre.

More than 1,000 industry leaders are expected to be present, at what has been described as the most important event of the year for those who are thinking about the future of hospitality in the Middle East.

Finally, our investment and development teams again made sure that Christie + Co had a strong presence at MIPIM, the world's premier real estate summit, which took place in Cannes, in March.

In Germany, Christie + Co's Care team have been advising a number of clients, including HgCapital in their acquisition of Casa Reha. The team has also carried out various advisory and valuation assignments for the Royal Bank of Scotland and Irish Nationwide Building Society, plus valuation advice on a portfolio of care assets and on-going performance monitoring for HCREP Holdings.

Christie + Co's German team has also been instructed to sell a number of hotels:

- + Acting on behalf of a private owner we have been instructed to market a four-star spa and conference hotel with an international brand in Brandenburg.
- + We have also been exclusively instructed by a well-known German developer to find an operator and investor for a hotel development with 180 bedrooms in Frankfurt.

In Spain, our restaurant division acquired "La Cocina de Mari" (Mary's Kitchen) in central Madrid for a well-known local chef, who instructed Christie + Co to find him a restaurant in December last year.

Expanding our expertise

Despite the tough trading conditions being experienced across a number of the sectors and the current uncertain economic climate, Christie + Co has continued to invest in expanding its base of expertise with the addition of a number of significant appointments across our sectors.

In our Pubs team, Stephen Owens has been appointed Head of Rent Reviews. He has over 25 years' experience in the licensed property sector and is a Fellow of the Royal Institution of Chartered Surveyors (RICS) and an Associate Member of the Chartered Institute of Arbitrators. He is on the RICS Panel of Arbitrators and Panel of Independent Experts.

Martin Stansmore has also been added to our Pubs team. He was previously Pub Acquisitions Manager at Scottish & Newcastle Pub Enterprises (S&NPE).



Head of Rent Reviews – Stephen Owens

Mark Czajka has been promoted to the role of Negotiator for Corporate Restaurants, after joining Christie + Co in 2003. Before joining us, Mark built up 14 years of operational experience having owned several restaurants in Southern California, Hawaii and the UK.

He also operated two food-led pubs in the West Yorkshire area.

Barry Fitzgerald also joined our Corporate Restaurants team this year as a Negotiator after working for over nine years in residential estate agency across London and the South East.

In our Hotels team, Steve Rodell joined us in a regional corporate role and is responsible for our hotel sector activities along the east coast of England.

He joins Christie + Co after 12 years at a well established London-based property agent and is a professional member of the Royal Institution of Chartered Surveyors.

Lucie Tagg, who joined Christie + Co in 2005 as a healthcare negotiator, has been promoted to the position of Negotiator for Corporate Childcare, and shifts her focus to multiple and corporate operators.

Our Retail team has also added two new Negotiators to its Corporate team. Louise Jones (nee Briggs) joins us after previously working as an acquisitions manager in the Midlands for Lidl UK, while Nigel Lea joins us from The Co-operative Group where he was senior acquisitions manager responsible for the South East.

I am sure that all our new additions will be valuable members of their respective teams and of Christie + Co.

Going forward

As demonstrated in this newsletter, the appetite for good quality, well-located property is still strong, despite the challenges currently facing each sector. It also highlights that Christie + Co's unrivalled sector knowledge and ability to access comprehensive market intelligence, places us in a perfect position to help with the needs of your business.

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