

Recovery Email: [September](#)

Asset classes, values and Jamie Oliver...

### [A LONG WAY TO GO](#)

As Germany and France lead the way out of recession in Europe, the UK has taken pole position as the home to the most distressed companies on the continent. According to a study by Close Brothers, the UK is home to 24% of distressed companies in Europe, up from 19% two years ago.

Despite what appears to be a faint light at the end of tunnel, analysts are still pessimistic over what the next few months and next year may have in-store. The Insolvency Service predicts that over 30,000 companies could fail before the end of next year, with figures showing that company failures have reached their highest ever level. Tenon Recovery also predicts that 3,000 small firms will go under in October alone.

As the economic landscape continues to be challenging across Christie + Co's relevant sectors the main talking points this month have been hotel investment, ability to secure funding, catching the eating out pound, and nursery valuations.

### [ARE HOTELS STILL BANKABLE](#)

As the volume of investment transactions in the hotel sector materially weakened over the last 18 months or so, the question put forward is whether we have seen the end of investor interest in hotels as a reputable asset class?

Key investment factors of location, length of income flow, prospects for income growth and certainty of payment are coming under scrutiny within the sector. The long-term, less risk averse investor still has an appetite for prime assets although only a select group is currently able to source funding for operating structures which may provide more volatile returns.

Please go to [www.christiecorporate.com/ccc/news/pressrelease/](http://www.christiecorporate.com/ccc/news/pressrelease/) to read Christie + Co's latest thoughts on hotel investment: Hotels still have a future as an investment class.

### VALUATIONS NOT CHILD'S PLAY

Bank losses during the last recession were not solely caused by general business insolvency and declining market values, but in some instances by inaccurate valuation advice provided by inexperienced valuers.

After the last downturn, some negligence cases proved that the nursery businesses held by the banks as security were actually worth far less than the senior debt providers were initially advised. This caused them either to lend too much or to lend where they may otherwise have declined. There is an expectation that a very similar situation might arise in the coming months as banks continue to assess their "bad book" of debt positions. The need, therefore, for specialist valuation expertise has never been more imperative.

Please click on [www.christiecorporate.com/ccc/news/pressrelease/](http://www.christiecorporate.com/ccc/news/pressrelease/) to read our latest market analysis on the subject of: Understanding day nursery values.

### OLIVER – CAN I HAVE SOME MORE?

A new report by the department of sociology at Oxford University and YouGov found that nearly 50% of families are eating out less frequently. However, restaurant industry figures show that branded operations remain resilient in the face of the squeeze on consumer spending, with like-for-like sales actually showing a slight rise in July.

While focussing on operational efficiencies, operators of the more established brands have also started to reassess their own estates including churning sites which no longer match their long-term strategies. New concepts backed by well-known names and operators, such as Jamie Oliver's Jamie's Italian and the Richard Caring-backed Cote chain, are taking the opportunity to grow their estates and place their brands firmly in the minds of consumers, giving them a base to expand even further over the next few years.

Please go to [www.christiecorporate.com/ccc/news/publications/](http://www.christiecorporate.com/ccc/news/publications/) to read Christie + Co's latest thoughts on the UK Restaurant Market: Emerging restaurant brands.

### CREDIT WHERE CREDIT'S DUE

According to the Forum of Private Businesses (FPB), banks have adopted a blanket policy of refusing credit to pub and restaurant businesses, arguing that the entire sector has been classed as "high risk" by certain lenders.

However, judging by the work carried out by Christie + Co's sister company Christie Finance there are tentative signs that banks are becoming more receptive towards lending in the hospitality, care and retail sectors, after pulling back on lending levels over the past 12 months in light of more risk-averse lending. Evidence to date shows that buyers are now more in-tune with the stricter lending criteria currently put in place by the banks, which is allowing more deals to be financed and completed.

Please go to [www.christiefinance.com/fin/ournews/pressreleases/](http://www.christiefinance.com/fin/ournews/pressreleases/) to view the latest examples of deals funded by Christie Finance.

### THE MARKETPLACE

Transactional activity in the hospitality, retail and care markets remains subdued but is up on the same period last year and has shown further signs of an upturn during the last month. Instances of competitive bidding, contract races and cash offers continue to increase, whilst lending levels, as mentioned above, are also on the rise.

Well-located, established freehold businesses continue, unsurprisingly, to generate the strongest demand however, interest in leasehold opportunities, and to a lesser extent closed businesses, remains resilient across all Christie + Co's relevant sectors.

### RECOVERY PROJECTS

Christie + Co's Bank Support and Business Recovery team continues to work on a number of projects for leading banks and insolvency practitioners.

- Acting on behalf of Joint Administrators David Matthews and Nigel Morrison of Grant Thornton UK LLP, Christie + Co sold the hotel & conference centre venue – The Liddington near Swindon, to PGL, the outdoor education centre business, for £9.44 million. The Liddington generated significant interest from a wide range of parties, with over 12 offers received, seven of which were cash, at or around the asking price sought.
- Acting on behalf of Anthony Stephen Barrell, Robert Jonathan Hunt and Stuart David Maddison of PricewaterhouseCoopers, Joint Administrators of Norwich Healthcare Limited, Christie + Co has been instructed to market three care homes located in the Midland and the South of England.
- Acting on behalf of administrators BDO Stoy Hayward, Christie + Co sold the freehold interest of the Beckford Inn Hotel & Restaurant near Tewkesbury, Gloucestershire, to experienced and multi-award

- winning operator Anthony Mears for an undisclosed sum off an asking price of £950,000.
- Acting on behalf of three different administrators, Christie + Co completed on the sale of a trio of hotels based along the South Coast in just under a month, highlighting that well-located, quality businesses continue to attract high levels of interest despite the current challenging market conditions.
- Acting on behalf of receivers, Christie + Co's Berlin Office has sold a 5-star hotel located close to Leipzig to a German entrepreneur.

To get more information on any of the projects we are currently working on or if you wish to discuss any insolvency or distressed situations with us, please contact our team in confidence:

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