

UK ECONOMY & HOTEL MARKET – HALF YEAR TO 30 JUNE 2011

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ECONOMY

The State of The Market

After its deepest recession for over 60 years, the UK saw some signs of stability returning in the 1st half of 2011.

Nevertheless, in certain areas concern remains. Banks continue to be reluctant to lend on business-friendly terms despite the historically low base rate of 0.5% since March 2009, whilst inflation remains persistently above the Bank of England's target of 2.0%.

However, funding remains difficult and banks tend to favour primary locations and high quality assets where a high level of equity and strong accounts provide evidence of a business's ability to service a loan. Maintaining profitability, in particular, has been a challenge for many hotels over the last two years as the corporate market cut back its spending and business travel dropped off considerably, resulting in a loss of income which the increase in leisure demand was unable to offset.

Whilst some smaller businesses have benefited from the trend towards staycations, there are now also signs that corporate travel is recovering, with aviation records indicating an increase in business travel, hotels seeing more midweek business guests and demand for meetings and events also rising. However, corporate spending policies now tend to exclude the use of luxury hotels; video-conferencing and other technologies are becoming more widespread and, where hotels are used, negotiations on rates are tougher than prior to the recession. Leisure guests also expect more for their money, making tariff increases more difficult, particularly in regional hotels.

FOR SALE**LUTTRELL ARMS HOTEL,
DUNSTER**

Famous 3 Star hotel for sale
South-West honeypot town

FEASIBILITY STUDY**SUNDERLAND**

The professional services team carried out a feasibility study for a proposed full service hotel in Sunderland city centre. The hotel will also include an all-day dining restaurant & bar (100 covers), lobby, two boardrooms, health & fitness facilities for residents and car parking for 135 cars.

UK Banks Could Help Themselves

We remain in a period of uncertainty driven by media hype, fundamental concerns with the economy and an inherent cautiousness irrespective of the economic cycle.

Having experienced the dramatic after-effects of the fall of Lehman Brothers, we entered during 2010 a more stable existence. However, a marked change in the attitude of UK banks saw the traditional lending model based on loan to value starting to be replaced with a multiple on EBITDA as a way of ensuring selective funding on hotels. In essence, this has driven through a polarisation in demand and more particularly hotel values, whereby those hotels that continue to trade well, generating funding support backed by a confident valuer, have seen their values only marginally affected. Conversely, those hotels that fail to trade in line with industry-average profit margins and have failed to invest into the fabric of the building, have experienced a very different scenario in terms of value.

As a result of some banks' reticence to provide funding support in certain cases, this has left some values being based on the level a cash buyer is prepared to lift themselves to secure a purchase.

Where a bank has failed to appreciate the importance of supporting hotels with 'potential' as well as the healthy trading hotel, the results of their actions are now affecting the banks' exposure to the hotel market.

As banks battle with their need to increase the cost of borrowing to improve their margins, a decision to reduce the amount of lending in the property-based sectors through their actions of a reduction in funding support, they now find themselves as being the catalyst for the reduction in values which are now affecting the value of their own lending book.

The Gap Between Strong and Weak Widens

"With banks' lending criteria based primarily on serviceability resulting in levels of available debt being based on a multiple of profit, we are seeing a widening in values as a consequence," commented Julian Troup, Head of Agency at Colliers International Hotels.

Quality businesses with healthy trading performance are continuing to attract bank lending support. However, those where the levels of business have fallen and the reduction in expenses is not keeping up with the fall in revenue, the lack of profit is reducing the banks' appetite resulting in a marked reduction in bank support for this type of business. We are therefore seeing certain scenarios where quality businesses are attracting a value based on a proportionate "Fair Value". Conversely, however, poor quality hotels are attracting only limited bank support and therefore in many cases this is leaving values based on a cash-only offer. The severity of such action is widening the gap in value between the "good" and the "bad".

VALUATION

LIMPLEY STOKE HOTEL, BATH



65 bedroom three star country hotel near Bath, valued for loan security purposes

FOR SALE

CROWNE PLAZA, SHOREDITCH



An exciting investment opportunity close to the city.

196 spacious bedrooms with 5 meeting rooms bar and roof-top restaurant.

Offers in the region of £80m

NAMA to Turn Bank

NAMA, Ireland's toxic loan agency, made a move that will change its role to be closer to lenders in an attempt to bolster the residential and commercial property markets.

The agency was looking to provide debt funding for the commercial market, specifically staple financing to purchasers of "commercial property which is either under the control of NAMA debtors or of receivers engaged either directly or indirectly by the agency".

During the period, NAMA had approved the sale of an estimated Eu3.3bn in property assets held by debtors, with the majority of it in the UK. Some of the proceeds of these sales were used to pay down debts to participating institutions or to non-NAMA banks where they had co-lent on developments. The group is estimated to hold up to Eu20bn of commercial property loans relating to UK real estate.

In the hotel sector, the highest profile holding for NAMA remains the loans to Irish property investors in the Maybourne Hotel Group, which was the subject of wrangling between the Barclay brothers and Malaysian and Chinese sovereign wealth funds.

The Irish property market remained of little interest to investors, as commercial property prices were reported to have dropped by 60% over the past three-and-a-half years and fears continue that the fall will be ongoing. NAMA now thinks that the bottom may have been reached, with prices likely to see slight increases in both 2012 and 2013.

NAMA said that vendor/staple funding was widely used internationally and under their plans would require the purchaser to inject equity capital of 25% or 30% of the purchase price of the asset upfront, while entering into a loan agreement with NAMA to repay the outstanding percentage of the purchase price over a five- or seven-year period.

NAMA is likely to take advantage of the holdings it has acquired in the buoyant London market to bolster its coffers — indeed, some argue that NAMA will be the biggest vendor of property in the UK over the next couple of years. But its main issue is the depressed domestic market.

FEASIBILITY STUDY

SCOTLAND

Destination strategy and feasibility study for a proposed upscale resort located in Scotland targeting the high end market. The resort will include residential development, golf, spa and a luxury hotel.

SOLD

CARBERRY TOWER, EAST LOTHIAN



Sold on behalf of the charity Gartmore House to The Clarenco Group of Companies who are expanding their “Amazing Retreats” brand of unique destinations.

FOCUS ON ...SCOTLAND

Edinburgh News

Transactional activity has been on a much more local/private scale but highlights include the acquisition by Stefan King’s G1 group of 4 Edinburgh hotels in the Festival Inns portfolio (the 5th being acquired by Saltire Taverns) and the Shanti Hospitality Group, a big player in India and Mauritius, has made its first venture into Europe with the acquisition of the 28-room Christopher North & No. 10 boutique hotel in Gloucester Place, Edinburgh. Travelodge continue their growth in Edinburgh with more hotel openings planned in both Queen Street and Princes Street, whilst Edinburgh will soon have its first Indigo Hotel and a Waldorf Astoria and plans are afoot for Motel One, Marriott Residence, Staybridge, a second Ibis, Tune Hotels and Park Inn to create new units in the city.

Glasgow News

There has been little transactional evidence of any real note – the Park Inn has been sold to create student accommodation – but Glasgow remains at the “cutting-edge” with the UK’s first CitizenM opening in the city in 2010, and in 2011 an Indigo Hotel too. There are a number of planned new openings in the pipeline in preparation for the 2014 Commonwealth Games.

Aberdeen News

Aberdeen remains a strong and active trading market with good RevPar returns. The opening of a new Park Inn, Ibis, Travelodge and Hilton Garden Inn all in the city centre highlight the continuing strength of the Aberdeen hotel market.

Other Scottish News

Generally, according to the likes of PKF and others, Scotland trading wise is relatively healthy – occupancy is holding up, increasing in places, but ARR is proving to be more of a challenge.

HOTEL STATS BRIEFING DATA
UK CHAIN HOTELS
PERFORMANCE REPORT
(6-MONTH PERIOD ENDING JUNE
2011)

The calendar year to June 2011		
	London	Provincial
Occ %	79.20	67.50
ARR £	129.65	67.86
RevPar £	102.63	45.82
TrevPar £	140.74	86.56
Payroll %	24.80	33.30
GOP PAR £	65.70	24.68

The calendar year to June 2010		
	London	Provincial
Occ %	79.20	66.80
ARR £	117.67	67.21
RevPar £	93.16	44.87
TrevPar £	131.55	85.89
Payroll %	25.40	33.00
GOP PAR £	59.75	24.68

Movement for the calendar year		
	London	Provincial
Occ %	0.0	0.7
ARR £	10.2%	1.0%
RevPar £	10.2%	2.1%
TrevPar £	7.0%	0.8%
Payroll %	0.6	-0.3
GOP PAR £	10.0%	-1.7%

Source: TRI Hospitality Consulting

THE HOTEL MARKET

Hotel Buyers Will Increase in Number

Despite the challenging times of the recent past, Colliers International Hotels has continued to maintain a healthy database of buyers. One of the issues for the reduction in transactional activity has been the desire of many quality buyers to hold out to buy a quality business. As a result, many of the poorer quality hotel opportunities have sold mainly as a consequence of competitive pricing. Where obvious quality is on offer we are seeing evidence of well-heeled buyers less concerned about the immediate level of return on the investment. We are also seeing some evidence of new-to-the-trade buyers approaching us, in part as a consequence of an increase in unemployment feeding prospective buyers through to the hotel industry. In line with the events of the early 90s' recession, professionals in the service industry who suffered in terms of employment chose the hotel trade as a viable means of alternative employment where they had control over their own destiny. As an example, with the dramatic cuts in the number of bank employees this is a prime sector for individuals to leave their existing profession and consider hotels as a very real alternative.

Bookings Up 20% for Best Western

Best Western hotels celebrated a remarkable 20% increase in business in the first half of 2011. Despite challenging trading conditions across the leisure and hotels industry in the last couple of years, the UK's largest independent group of hotels generated a 20.28% increase in room bookings from January to June, compared to the same period during 2010. It also appears that Brits are loving the East coast this year with the North and South-East of the country booking up much faster than its Western counterpart. Figures show that room sales for the South-East of the country are up an impressive 28.6% compared to the same time last year, closely followed by the North-East, which is up by 20.6%. The West is not too far behind, however, with the South-West generating an uplift of 20.2% and the North-West achieving a 16.6% gain in sales since last year. Scotland saw a smaller, but still healthy, margin with sales up 13.3%. The biggest surprise, however, came when the hotel group noticed the two top destinations British travellers were making a beeline for. Not typically known as tourist hotspots, Bristol and Birmingham saw the highest increases in popularity, with the hotel group witnessing a 47.6% and 40.4% growth, respectively! Further popularity came from the usual suspects: London, York, Edinburgh and the Lake District, with Bath and Bournemouth also making the shortlist.

FOR SALE**THE BEACH HOUSE,
LULWORTH COVE**

The Beach House, Lulworth Cove. Currently under offer, this business proves there is good demand for charming hotels in delightful and historic locations.

FOR SALE**HOLIDAY INN, CORBY**

On the market with Colliers International Hotels at an asking price of “Offers in the region of £3.85m” the hotel is well located and has 105 letting bedrooms and an extensive leisure facility.

Coach Operators Predict Another ‘Staycation’ Season

The trend for travelling within the UK looks set to continue, according to the country’s coach tour operators. The Coach Tourism Council (CTC) surveyed members on trends in coach travel in 2010 and 2011, and 48% said they expected a rise in UK holiday bookings this year. Encouragingly, there seems to be no let up in the number of overseas visitors taking advantage of the relatively weak exchange rates and, although the majority continue to flood to London, there is still evidence of the trip to the UK incorporating secondary tours to the likes of Edinburgh and other prime tourist locations throughout the UK.

A Change in Hotel Broking

In years gone by all types of vendors seemed content with going relatively openly to the market. There is now evidence that many healthy business owners are choosing to batten down the hatches and trade through the challenging times, realizing that the return of the boom years will not be for a considerable period of time. Although some are wary of going to the open market we are now entering into discussions with hotel owners who have kept their heads down in recent years but who now, for a variety of reasons including retirement, health and other driving forces, have entered into dialogue with us about selling, albeit in a highly confidential fashion.

Julian Troup, Head of UK Hotels/Agency commented: “In the period ahead there will be an increase in hotel owners wishing to sell; however many would prefer this to be handled in a highly confidential fashion. I am convinced that we will see an increase in the number of ‘off market’ hotel transactions taking place over the next few years — our challenge will be to sort out the wheat from the chaff in terms of the people wishing to sell and people wishing to buy”.

Lack of Supply is Driving Up Rental Rates for UK Serviced Apartments, a Survey by the Sector’s Trade Body has Concluded

The Association of Serviced Apartment Providers found average weekly rates in London during the January-March period to be £904, up 6.8% on the 2010 first quarter price of £846. The average net weekly rental rate for the regions grew to £598, an increase of just over 7% on the 2010 figure of £558. The poll found average overall occupancy for London during the first quarter was 79%, with March delivering the strongest performance of 84%. For the rest of the UK the average overall occupancy for Q1 was 71%, with March once again recording the strongest occupancy, at 75%.

FOR SALE**PENNYFARTHING,
BERKHAMSTEAD**

Rooms-led business in a High Street location under offer with multiple underbidders

SOLD**THE WELL HOUSE,
ST. KEYNE**

A well presented country house hotel with 3 acres of gardens and a swimming pool

Hotel Market Set for Wave of Takeovers, Says Plimsoll Report

One in three companies in the UK hotels industry could change ownership as a result of the current economic climate, according to a study by financial analysts Plimsoll.

The *Plimsoll Industry Analysis - Hotels* report identified 334 companies which have a sizeable cash reserve on their balance sheet, which, owing to record low interest rates, is generating little income.

"These companies are now in the position to buy up large chunks of market share at rock-bottom prices and make that money work for them," said David Pattison, author of the report. "They must be like kids in a sweet shop at the moment - all those distressed competitors available at a fraction of their true value." The study analysed 819 companies with a turnover of more than £1m per year and suggested that 355 are primed to be taken over.

"Buying one of these businesses represents a massive opportunity for someone to enhance their share of the market," Pattison said. "Either way, the market is set for a wave of takeovers in the next months."

Brands Suffer as Brits Value Price Highest

Hard-up Brits are looking to maintain their holiday breaks, but are planning shorter get-aways and choosing late deals, with price their foremost consideration. That's the summary of findings from Expedia-owned Hotwire.com's latest survey of 2,000 UK consumers.

More than half of respondents expect to take as many breaks this year as last. But the worry for the industry is that half expect to book their accommodation between two and four weeks before they depart, with price ahead of brand loyalty.

Demand for Branding

During the period there was no let up in the race from larger corporate concerns to secure operating positions on larger hotels throughout the UK through a management contract or franchise route. Hilton have boosted their team to assist in the attempt to increase the "Hampton" and "Double Tree" brand; Accor have made gains in their expansion of the "Mercure" brand whilst IHG remain on the hunt for core brand Holiday Inn conversion opportunities. Julian Troup commented, "With the reduction in hotel development opportunities that has taken place, the focus from many of the corporates is now on the conversion route".

11% of Irish Hotels Bankrupt

One hotel a week in Ireland went into receivership in the first five months of the year, according to Horwath Bastow Charleton, with a total of 11% of the country's room stock now bankrupt.

FOR SALE**THE TOPHAMS HOTEL,
LONDON SW1**

Recently refurbished 50-bedroom boutique hotel covering 5 adjoining and interconnecting period buildings.

Leasehold, in excess of 70 years remaining

Guide price £17.5 million

VALUATION**PARK PLAZA,
WESTMINSTER BRIDGE,
LONDON**

1019-bedroom 4 star hotel valued for loan security purposes

Hotels Remaining Unsociable

There's nowt so sociable as hotel folk, as is only right and proper in an industry where hospitality is the business. A report from Travelclick, however, has found that social media remains one area where hotels are unwilling to socialise, with a quarter of hotels failing to utilise any of the available channels. The study is the latest in a series which has underlined the ongoing reticence of hotels to trust their businesses to the virtual environment, costing them custom.

Travelclick found that only 20% of the poll's respondents cited using Twitter; 10% cited using Groupon or other forms of online couponing, and just 8% used FourSquare promotions. Facebook was by far the most preferred social media channel for hoteliers, with 65% of respondents using it to increase bookings and revenue.

Social Media

Besides TripAdvisor, many hotel companies are using social media to improve and personalise customers' experiences, further enhancing the service culture at the core of the business.

Hotels and the wider travel sector stand to gain more from social media exposure than almost any other type of business, given the strength of word of mouth in making purchasing decisions. According to the latest L2 Digital IQ Index for Travel, social media was a "significant" source of traffic for 78% of travel websites.

An Alternative to An Outright Sale

We are seeing a more flexible and more creative approach being taken by both the vendor and the purchaser in terms of concluding transactions.

The traditional transaction prior to the onset of the recession was an outright sale, generally supported by bank funding of between 60% and 70%.

With a reduction in banks' support, both vendor and purchaser are looking to take a more creative and more flexible view of the methodology behind agreeing a deal. We have seen and have been involved with a variety of different supportive functions, including lease with option to purchase, vendor loan, deferred consideration, management contract as opposed to a sale, franchise agreements, introduction of a corporate brand to support future sale, part disposal of shares, option to acquire, alternative use backed by overage clauses, and many more different types of transactional activity.

Julian Troup commented: "Although the ideal scenario might be an outright disposal of the offer, it is important for vendors and purchasers to consider the alternatives available to them. It is however imperative that an experienced and qualified hotel broker is on hand to introduce the options available but, more importantly, has the skill set to close them in a satisfactory fashion".

FOR SALE

PORTLAND HOTEL, HULL

A city centre hotel with 126 letting bedrooms. It is a retirement sale with excellent potential.

Offers in the region of £2.25m for the Freehold interest

VALUATION

DALES COUNTRY HOUSE HOTEL, NORFOLK

21-bedroom 4 star country house hotel valued for loan security purposes

CORPORATE NEWS

Britannia Saves Bluecoats with £20m Deal for Pontins

Britannia Hotels, owner of the Adelphi in Liverpool, fought off a late bid to buy holiday camp business Pontins from Bluebird Partners for around £20m.

Administrators from KPMG, appointed in November after Pontins' bank decided to pull the plug, said that they had received 10 bids from wealthy individuals, private equity firms, property developers and trade bidders.

Barclay Bros Agree to Market The Cavendish

The Barclay brothers agreed to market the Cavendish, in central London, for about £240m. The twins, who are seeking full control of The Maybourne Hotel Group, bought the 4 star hotel for £100m five years ago and paid a further £16m to extend the lease to 150 years.

£45m Edinburgh Scheme to Start This Month

Work started on a £45m mixed-use development on the edge of Edinburgh's Royal Mile in the Castlehill area of the city. Property developer Chris Stewart Group says it has completed the purchase of a 140,000 sq ft site and has agreed terms with Motel One to anchor the development by opening its first UK hotel there. Motel One, which has 32 hotels in Germany and two in development in Austria, has agreed terms for a 208-bedroom hotel located in the former buildings of Edinburgh City Council's economic development department on Market Street. The £25m hotel will form the cornerstone of the development, which already has planning consent and will include 30,000 sq ft of residential space, plus six office premises comprising 10,000 sq ft each.

Premier Inn Ups Expansion Target

Whitbread has increased its target of new Premier Inn bedrooms by 10,000 following double-digit increases in revenue and profits.

The leisure group revealed that total revenue had increased by 11.5% in the 12 months ended 3 March to £1.6bn. Underlying pre-tax profit increased by 20.1% to £287.1m.

The group said it now planned to add 65,000 new bedrooms to its Premier Inn portfolio over the coming five years; a dramatic increase on the previous target of 55,000. It hopes to add some 2m sq ft of development space to its portfolio each year for the next three years.

SOLD**ROSE & CROWN HOTEL,
WISBECH**

The Rose & Crown Hotel with its 30 rooms and The White Lion Hotel with its 13 Rooms are 2 Cambridgeshire market town hotels that completed within weeks of each other.

SOLD**WHITE LION HOTEL,
WISBECH****Moorfield and Safeland Form Hostel Joint Venture**

Moorfield Group and investment company Safeland have formed a joint venture, Safestay, to establish a chain of hostels. Safestay will acquire properties, initially in London, and develop them into hostels targeted at backpackers, school groups and value-conscious families. The joint ventures' first acquisition is John Smith House, a part-listed building in Elephant & Castle and once headquarters of the Labour Party, which will be converted into a 400-bed hostel.

Travelodge Announced it is Building 35 Hotels This Year and Creating 700 New Jobs in the UK

These new properties represent an investment of £300m and will boost the company's estate to 495 hotels and 35,841 rooms. The budget chain has also increased its growth targets and plans to have 1,100 hotels and 100,000 rooms by 2025. The chain recently opened a 99-bedroom hotel in Ealing, W5, making it the largest hotel brand in London. Travelodge now has 5,714 rooms and 40 hotels in the capital, taking the title of being the biggest hotel brand in London from Hilton. Travelodge plans to have at least 50 hotels and nearly 7,000 rooms in London for the start of the Olympic Games. Travelodge has exchanged contracts on eight new hotels - totalling a £60m investment - in the capital over the last six months.

Jarvis to Give Up Leases

Jarvis Hotels signed a deal releasing it from nine operating leases, as part of ongoing efforts to reduce its debts. *The Times* reported that the group, which is in talks with Royal Bank of Scotland, will give control of the sites back to Lioncourt Capital and Nationwide.

Travelodge is the 'Tesco' of UK Hotels

Budget hotel chains will squeeze independent and mid-market brands out of existence by 2030, Travelodge predicts. Travelodge bases its forecast on the fact that the budget sector has grown 35% since 2008.

During this recessionary period, 20,000 rooms have been added and budget market share rose from 12% to 16% of the UK accommodation market.

Travelodge and its rival Premier Inn have driven most of this growth, with Travelodge alone opening 131 new hotels containing 9,520 rooms since 2008. About 40% of these were conversions of existing properties. This expansion will entail the conversion of many independent and mid-market hotels that no longer meet customer expectations and the closure of others that cannot be upgraded.

VALUATION

RYDGES KENSINGTON PLAZA HOTEL, LONDON



90-bedroom hotel be refurbished to 4 star standard. Valued for loan security purposes.

SOLD

THE ADMIRAL RODNEY, HORNCASTLE



31-bedroom 3 star country market town hotel sold in May 2011 on behalf of Focus Hotels Ltd

Von Essen Collapses

The appointment of administrators from Ernst & Young took place, resulting in a flurry of interest for hotels, the most famous being Cliveden, the country house on the banks of the Thames in Berkshire that has been home to an earl, two dukes, several viscounts and a Prince of Wales and provided the backdrop to much of the infamous Profumo affair. Administrators from Ernst & Young were understood to have been appointed at the behest of Barclays and Lloyds Banking Group after Von Essen Hotels failed to make interest payments on £250 million of borrowings. The group, founded in 1996 by its chairman Andrew Davis, is also understood to have breached a covenant governing the minimum level of underlying earnings after experiencing difficult trading in recent months amid a tough economic backdrop. Ernst & Young said that the administration affected only the main Von Essen Hotels holding company that owns the properties, and the 28 hotels themselves - including one in France - were not in administration. Property experts said that Barclays had also become concerned at the viability of Mr Davis's valuations in the light of continued tough trading. In its last annual report, the group's assets were valued at £430 million, well above the £249 million of debt and other liabilities of about £34 million. The group's 2010 accounts, which exclude three separately financed hotels, the London Heliport in Battersea and helicopter and private jet businesses, show that it made an operating profit, before depreciation, of £25 million from turnover of £74.2 million. Its annual report claims to have made a "retained net profit" of £1.94 million although, when its full accounts are filed at Companies House, it is expected to show a loss at pre-tax level.

Fraud Accusation at Von Essen

The lenders and administrators of Von Essen Hotels were reported to have submitted a report to City of London police alleging fraud at the company. *The Times* reported that the group is thought to have used falsified accounts to draw down cash under its banking facility with Lloyds Banking Group and Barclays, in addition to accessing a £30m hotel capital expenditure facility. Evidence submitted suggests that Von Essen Hotels kept parallel sets of accounts.

FOR SALE**THE WILD PHEASANT
HOTEL, LLANGOLLEN**

Lovely country house hotel for sale with luxury bedroom & spa wing. Function suite (200), restaurant (20), courtyard bar (20).

Stunning rural location with beautiful surrounding views.

VALUATION**THE ORIEL HOUSE HOTEL,
DENBIGHSHIRE**

38 bedroom 4 star hotel valued for loan security purposes

DoubleTree for Newcastle

Hilton Worldwide has signed a franchise agreement with Cairn Hotel Group for a DoubleTree by Hilton hotel at its recently acquired site at Newcastle International Airport.

Colliers Picked for Llangollen

KPMG appointed Colliers International to sell four properties from Llangollen Hotels which is in administration. The properties for sale are Bodidris Hall, in Llandegla, and the Wild Pheasant, the Bryn Howel and the Chainbridge, all in Llangollen.

Mint Hotels Shortlist Revealed

A final shortlist of investors was drawn up to buy the Mint Hotels portfolio for £575m. Blackstone, the Livingstone brothers' London & Regional, and a joint venture between Goldman Sachs' Whitehall Fund and the Texas Pacific Group were all understood to be vying for the seven-strong portfolio with Blackstone coming out to be the preferred bidder. The investors were reported to have outbid other parties including Realstar Group, Host Hotels & Resorts, Morgan Stanley Real Estate Fund and Westmont Hospitality Group. The portfolio comprises six hotels in the UK and one in Amsterdam. Mint Hotel Tower of London opened last December. The Orr family, which owns the hotels, appointed JP Morgan late last year to undertake a review of the business. The family is expected to retain an involvement in the business.

Things Remain on The Up for Chardon

Chardon Management recently opened the 94-bedroom Hotel Indigo Glasgow, bringing the number of hotels within the company's portfolio to 30. Hotel Indigo is situated within a Victorian building at 75 Waterloo Street and houses a contemporary interior along with a stylish restaurant, Limelight Bar & Grill, serving locally inspired dishes. The brand is part of InterContinental Hotel Group, and offers guests the unique design they would expect from a boutique hotel. In August 2011 Chardon Management will also be opening the much anticipated Drayton Manor Hotel in the West Midlands. The 150-bedroom hotel is just 250m from the main entrance to Drayton Manor Theme Park, home of 'Thomas Land', and incorporates fun and quirky features aimed at families and the modern-day businessman. With over a million visitors a year to the Theme Park, the hotel should be a welcome addition to those looking for accommodation in the area.

SOLD**THE WOODLANDS HOTEL,
SPALDING**

This imposing period property attracted a great deal of interest from a number of private buyers

VALUATION**SCAFELL HOTEL, THE
LAKE DISTRICT**

23 bedroom 3 star Country House hotel valued for loan security purposes

Premier Inn Signs up for Two More Hotels

Budget hotel chain Premier Inn has completed deals to develop hotels in Weymouth, Dorset and Weston-Super-Mare, Somerset. The sites, which will add almost 180 bedrooms to Premier Inn's existing UK portfolio of more than 580 hotels and 42,000 rooms, will see a total investment of £14m. Deals were exchanged with New Look and Maclaren Life, for a 60-bedroom hotel on Dorchester Way in Weymouth, which will include a Beefeater Grill restaurant, and a 116-bedroom hotel on Dolphin Square in Weston-Super-Mare, which will include a Brewers Fayre restaurant.

Shoreditch Crowne Plaza Comes to Market

The Crowne Plaza in Shoreditch, the hotel once owned by collapsed Irish developer Glenkerrin, has been brought to the market. Grant Thornton appointed Colliers International Hotels to sell the 196-bedroom hotel off an asking price of around £80m. The Crowne Plaza hotel also comprises a health and fitness centre, spa, business centre and restaurant and bar. The UK arm of Glenkerrin, owned by Irishmen Ray and Danny Grehan, was placed into administration in May. Colin Hall, Head of London Hotels at Colliers International, commented: "We have been overwhelmed with the level of interest expressed in this opportunity. The encouraging factor is the actual number of funded domestic and international buyers who have expressed serious interest".

FEASIBILITY STUDY AND VALUATIONS

YORK & SWANSEA

The professional team undertook feasibility studies and valuations for a proposed 168-bedroom Hilton Garden Inn located in York and a 164-bedroom Garden Inn that will be located in Swansea.

FOR SALE

THE CROWN HOTEL, LYNDHURST



Best Western Crown Hotel, Lyndhurst has just come to the open market; a rarely available landmark hotel in the heart of the New Forest National Park.

TRANSACTIONAL MATTERS

Cadogan Estate Buys Cadogan Hotel

The Cadogan Estate bought the leasehold interest in its Cadogan Hotel on Sloane Street, SW1 for around £15.5m. The Earl of Cadogan's estate has acquired the long lease with 28 years unexpired from US-based Trinity Hotel Investors. The Cadogan Estate already owns the hotel freehold. The 65-bedroom hotel, which features Langtry's restaurant, was first offered at around £25m in 2008.

Flagship Gatwick Hotel Up For Sale

Kew Green Hotels is selling the flagship Courtyard by Marriott hotel. The group is thought to be seeking around £27m for the 218-bedroom Courtyard by Marriott London Gatwick Airport hotel. It opened in April 2009 and includes a fitness centre, restaurant, bar, business centre and parking for 150 cars.

Malmaison Agrees £87m Sale and Leaseback

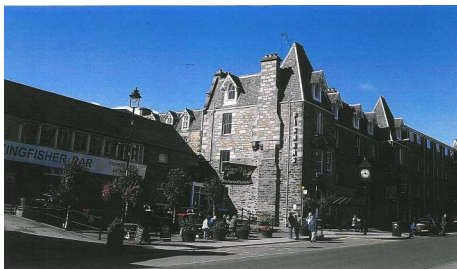
MWB exchanged contracts for the sale and leaseback of four Malmaison hotels for £86.8m. The proceeds from the sale of the hotels in London, Birmingham, Newcastle and Manchester, will be used to cut debt. The London property has been sold to DEKA Immobilien whilst the other three properties are being sold to Legal and General Property.

Hallmark Buys Aerodrome

Hallmark Hotels acquired the Aerodrome Hotel in Croydon, London, in a deal backed by Palatine Private Equity. The Aerodrome is the eighth hotel to be acquired by Hallmark, which already operates hotels in Bournemouth, Carlisle, Derby, Gloucester, Hull and Manchester. Bank of Ireland provided the debt funding for the transaction.

RBS Sells Hilton Hotels

The Royal Bank of Scotland sold four Hilton-branded properties in the UK to Cowell Group Investors, a subsidiary of London-based private property company, Marcus Cooper Group, in an all-equity transaction for a reported £130 million. The 334-room Hilton Brighton Metropole, the 170-room Hilton St Anne's Manor, the 181-room Hilton Warwick/Stratford-on-Avon and the 821-room Hilton Manchester Airport will continue to be let to Hilton Worldwide for 11 years, with an option to extend. The sale includes 20 acres of land adjacent to the hotel in Warwick that is zoned for residential use.

ACQUIRED**FISHERS HOTEL,
PITLOCHRY**

130-bedroom hotel acquired from an offshore investment fund on behalf of Irish based hotel operators who already own and operate a 4 star hotel in Pitlochry.

Beetham Shores Up Estate

The acquisition of the Radisson Blu Hotel Liverpool and Hilton Manchester Deansgate by Cypriot businessman Loucas Louca has eased the complex series of administrations around the Beetham Organisation. The hotels were sold by KPMG earlier this year. However, the administration related to the companies that operated the hotels, not the company that owned them or the wider Beetham Organisation, leaving the group relatively unscathed.

Rezidor Hotel Group and Hilton Worldwide will continue to flag the hotels, bringing a period of uncertainty to an end. Beetham Organisation, which grew rapidly in the last upturn, has issues across its estate, the most high profile of which is the Beetham Tower London development. The £600m project, which was set to include a hotel, was put into administration by RBS last October when the group had a disagreement with its Russian development partners.

Redefine Buys Reading Hotel

AIM-listed developer and investor Redefine International has bought the three-star Caversham Thameside hotel in Reading, Berkshire, for £12.7m. The property has been bought from Pedersen and forms part of a portfolio of four hotels that were placed into the hands of administrators at Grant Thornton last year. Redefine said that the purchase was in line with its objective of increasing its presence in the UK hotel market and would complement its existing portfolio of five hotels.

VALUATION**EURO HOSTEL, GLASGOW,**

A 115 bedroom city centre hostel valued in connection with the further development of the group.

Investors Buy Remaining Pedersen Hotels Assets

Grant Thornton has sold the three remaining Pedersen Hotels from a hotel portfolio that collapsed into administration last year. The 95-bedroom, four-star Sheffield Park Hotel was acquired for £4m by Hotbed, a private investor syndicator, and hotel operator Longrose Buccleuch. The hotel was to trade as a Hilton DoubleTree by the end of July. The 108-bedroom, 4-star Regency Park Hotel in Newbury, Berkshire has been sold to an overseas investor, and the 98-bedroom, 4-star Winchester Hotel was bought by Quantum Hotels, a subsidiary of Carnarvon Hotels.

VALUATION

HOLIDAY INN EXPRESS, WATFORD



A 98 bedroom hotel valued for loan security purposes

INVESTMENT ADVICE

BUDGET HOTELS

Strategic and investment advice provided for an existing investor looking to buy an existing portfolio of circa 20 budget hotels located throughout the UK.

Firmdale Buys Back Its First Hotel

UK-based Firmdale Hotels has purchased the Dorset Square hotel in London for an undisclosed sum. However, this isn't the first time the 37-room hotel, which went into administration earlier this year, has been part of the Firmdale portfolio, as it was the group's first ever hotel when it was launched back in 1985. Firmdale sold Dorset Square eight years ago and, now that it has been bought back into the fold, the hotel is to undergo an extensive refurbishment before it reopens at the end of the year. This acquisition brings Firmdale's portfolio up to seven hotels in London and one in New York; the company has also recently received planning permission for a 90-room hotel in Soho which is expected to open as the group's flagship hotel in 2013.

Exclusive Adds Berkshire Hotel

Exclusive Hotels acquired The Royal Berkshire hotel in Ascot for a figure off an asking price of £15m. The group owns several luxury country house hotels in the UK, including Pennyhill Park, Bagshot and The Manor House, Wiltshire. The hotel was on a freehold tenure and although currently operated by Jarvis Hotels, was sold clear of any brand or management contract.

Menzies Sells Hotel

Menzies Hotels has sold the 58-room Pinewood Hotel in Wilmslow to the owners of The Castle Green Hotel, Kendal off an asking price of £2.25m.

L&R Buys Dublin Hotel Lease

London & Regional acquired the leasehold interest in Dublin's Four Seasons hotel for €17m (£15m).

These notes contain a summary only of certain aspects of the subject matter. They have been prepared for the purposes of the newsletter and are not a substitute for legal advice on specific facts. Great care has been taken in their preparation but no responsibility is accepted for any inaccuracies or omissions.
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