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## ECONOMY

### UK base rates hit unprecedented level

The Bank of England cut interest rates from 1% to 0.5% in March 2009. The rate had previously been reduced to 1% from 1.5% in February 2009. 2008 started with the base rate at 5.5%. Base rate is now at a historically low level.

### Inflation at below expectation level

The UK's inflation rate at the end of the period was at -1.6% (RPI all items – headline inflation) and there has been a trend in the rate falling over recent months. In the spring of 2008 there was a period of time where inflation increased from 3% up to 5.2%, which has fallen back in line with the market sentiment. The Bank of England's inflation target is 2%.

### Future house price index gives hope to homeowners

Financial services group Tradition's future house price index is predicting by this time next year average UK house prices will be 8% higher at £148,828. The index provides an estimate of the future price of an average UK house using derivative prices on the residential property markets, together with the Lloyds TSB and Halifax house price indices. Looking even further ahead, three-year forward house prices have also climbed to £144,806 from £130,439 last month.

### Hotel activity on the FTSE

Whitbread left the FTSE at the beginning of trading on 22 June. This is not, in all honesty, a big deal. Although the visibility of the stock may be somewhat lower, very few fund managers track the FTSE 100, due to the narrowness of the measure, and the influence of the share price movements of a very small number of international companies upon it.

### Holidaying at home

It was predicted at the beginning of the year that there would be an increase in the number of domestic holidays during 2009. This prediction is being borne out from the feedback we are getting from our customer base. Julian Troup, CRB Corporate Director, confirmed, "in line with the anticipated trading pattern, we are seeing a split in the feedback from operators in relation to the current trading pattern. Whilst related commercial business throughout the provinces remains challenging (where a battle is on to maintain occupancy rates) the story is very different from our leisure driven clients. In many cases leisure based trade is up on the previous year. This undoubtedly is due to the effect of a weaker pound against the euro, coupled with the general economic uncertainty, which is resulting in holidaymakers choosing the perceived value for money offered by UK hotels."

Further evidence of this is indicated in the news coming from Travelodge, whose recent survey confirmed that the proportion of Britons going abroad has dropped from 33% in 2008, to 27% in 2009. The budget chain questioned 3,300 people about their holiday plans for summer 2009. It found that 32% intend to holiday in the UK; of these, 40% will take a seaside break, 24% will stay in the countryside and 18% will take a theme park break. Overall, the average amount people expect to spend on their holiday in 2009 is £567, compared with £631 last year, showing the impact of the recession on disposable income.

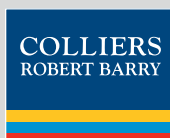
**HOT STATS BRIEFING DATA**  
**UK CHAIN HOTELS**  
**PERFORMANCE REPORT**  
 (Six month period ending June 2009)

The Six Months to June 2009			
	UK Total	London	Provincial
Occ %	70.0	77.3	65.8
ARR £	85.05	108.39	69.16
RevPAR £	59.53	83.80	45.48
TrevPAR £	100.43	120.63	88.73
Payroll %	29.7	26.0	32.6
GOP PAR £	35.68	52.78	25.78

The Six Months to June 2008			
	UK Total	London	Provincial
Occ %	73.4	80.0	69.6
ARR £	91.61	116.95	74.80
RevPAR £	67.23	93.52	52.04
TrevPAR £	113.29	135.84	100.26
Payroll %	29.3	25.6	32.1
GOP PAR £	42.84	61.46	32.08

Movement for the Six Months to June			
	UK Total	London	Provincial
Occ %	-3.4	-2.7	-3.8
ARR £	-7.2%	-7.3%	-7.5%
RevPAR £	-11.5%	-10.4%	-12.6%
TrevPAR £	-11.4%	-11.2%	-11.5%
Payroll %	-0.4	-0.4	-0.5
GOP PAR £	-16.7%	-14.1%	-19.7%

Source TRI Hospitality Consulting



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Travelodge said the top ten holiday locations for Britons taking a 'staycation' this summer will be: Cornwall; Lake District; Yorkshire Dales; Scottish Highlands & Islands; Edinburgh; London; Isle of Wight; Devon; Norfolk Broads; and South Wales.

### Quantitative easing measures help UK banks

Banks including RBS, Lloyds, AIB and Anglo Irish have all experienced the benefit of substantial government funds being provided to them. There is now evidence to suggest that those banks are not being left to sit on their laurels, as the Government is expecting them to use these funds to get back out to support customers wishing to purchase. However, banks are taking a far more diligent approach to credit, which is sometimes slowing up the lending process, and on occasion the hurdles placed in front of customers are seeing deals fall away.

### UK banks seek to increase their margins

With the drop in base rate many of the banks have found that customers are underpaying for the cost of borrowing. With the traditional method of calculation applied to the base rate, banks are increasingly offering new terms based on LIBOR.

### Signs of transactional activity picking up

In a period of around 6 months from September 2008 (collapse of Lehman Brothers,) there was a distinct shortage of larger corporate disposals. There is now evidence of hotel sales beginning to pick up, which is a consequence of vendors' expectations reducing, and purchasers' aspirations increasing. Whilst this is similar to the last correction in the early 1990s, on that occasion the trigger was the onset of the Gulf War and subsequent uncertainty and disparity in pricing resulted in a slowdown in sales.

### PwC quantifies increase in collapse of shops and hotels

PricewaterhouseCoopers (PwC) figures that have recently been released show retail insolvencies surged by almost 25% in the first quarter compared with the last quarter of 2008. The increase year-on-year amounted to 60%. PwC said the mantra for 2009 would be "survival of the fittest."

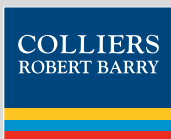
### Chancellor cuts business rate rise

The Chancellor, Alistair Darling, went back on plans to increase business rates by 5% from 1 April. Mr Darling said that the rise was linked to the Retail Price Index last year, but RPI inflation had now fallen to zero. He said businesses would face only a 2% rise this year, and the remaining 3% would be smoothed out over the following two years. He estimated that 1.5 million properties would gain from the change, and £600m would be deferred.

**FORBURY HOTEL  
READING  
"UNDER OFFER"**



Stunning 23 bedroom 5 star hotel in the middle of Reading, being sold on behalf of Baker Tilly Administrators. Given its quality and M4 corridor location, it was not surprising that there was enormous interest in the hotel, which went under offer through our Cirencester office in mid June. The agreed deal includes seventeen apartments to the rear of the hotel.



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## HOTEL MARKET

### Hoteliers may have seen worst of the slump, says Deloitte

UK hotel operators have a reason to be optimistic, with a clear trend in improved hotel performance emerging since the beginning of the year, according to a report by Deloitte. While revenue per available room (revPAR) is still below 2008 levels, the rate of decline is slowing, with some markets showing gains on last year's figures, as strong leisure demand drives up weekend occupancies and revenues. There is also a trend of improving performance in the weekday corporate business market in London. Figures from STR Global, for 1 January to 20 May 2009, show revPAR across the UK averaged £58 on weekdays (down 14.6%), and £54 at weekends (down 3.8%). Hotels in London saw weekday revPAR fall 11% year-on-year to £93 during the same period, but at the weekends it was 0.3% ahead at £86. In the provinces, both weekday and weekend revPAR declined from 2008 levels, by 16.8% to £43 and 6.7% to £40 respectively. However, some regional cities actually saw weekend leisure demand increase. They included Glasgow, where weekend revPAR grew by 4.7% year-on-year to £46, and Edinburgh (+3.4% at £64). The strong euro against sterling has also made the UK less expensive than in the past, which is helping hotels perform better.

### Alternative to buying and selling

Colliers Robert Barry have seen an increasing appetite for management contracts for existing hotel companies keen to grow their third party relationships, without the risk or required funding to go down the purchase route. Additionally there has been an increase in the number of companies now looking at growth through the offering of franchise agreements.

### Current market sentiment

We are seeing signs of activity picking up on the back of need-to-sell scenarios, and what is promising is that there are still plenty of buyers who are encouraged by the fact that vendors are becoming increasingly more realistic on price, and who are also considering creativity in the structuring of a deal.

### Eight out of 10 property deals 'break EPC law'

New research has claimed that more than 80% of properties are being marketed illegally because they do not have a valid Energy Performance Certificate. An investigation by National Energy Services (NES) has found widespread flouting of EPC legislation more than a year after the certificate first became mandatory for buildings when they were built, sold or let.

**BARNSELY HOUSE  
NEAR CIRENCESTER  
"SOLD"**



Charming 18 bedroom Grade II\* Cotswold hotel in around 11 acres sold by Colliers Robert Barry on the instructions of Administrators KPMG. Barnsley House has a gorgeous listed garden set out by previous owner Rosemary Verey, who helped Prince Charles design his garden at Highgrove. More recently, it was in all the papers when Liz Hurley stayed there while her nearby house was being done up.

Sold to Calcot Manor, the asking price, including the Village Pub, was £6.6m, and our clients were delighted with the result.

**COLLIERS  
ROBERT BARRY**



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## CORPORATE NEWS

### Travelodge continue to increase their bed stock

The deal at Greenwich High Road took the number of hotels that Travelodge has in London to 31, comprising 4,740 rooms. The budget hotel chain has set a target of reaching 40 hotels in the capital by 2012. In 2008, Travelodge opened six hotels in buildings that were former office blocks, including its 190-bedroom hotel at London Tower Bridge. Travelodge has now opened 22 hotels in office conversions, encompassing sites such as Manchester Central and Watford Central.

### IHG signs on three new London Indigos

InterContinental Hotels Group (IHG) has signed a contract with City Site Estates to open three new properties under the Hotel Indigo brand in London by 2012. The new hotels will include two sites in the City of London, a 38-room property on Cannon Street and a 43-room property on Philpot Lane, as well as a 51-room hotel on Kensington Church Street in West London. The company, which currently has 21 Indigo hotels in North America, has 56 properties under the brand in the global development pipeline, with a hotel planned for Shanghai, China in 2010.

### Real Hotel Company falls into administration

Real Hotel Company fell into administration during the early part of the period. It had 40 hotels in Britain. BDO Stoy Hayward was the administrator. This was another casualty of a business model based on high rents, fighting against a diminishing turnover and profit stream, resulting in cash flow issues.

### M&B disposals fetch more than city expected

It was announced at the beginning of the period that Mitchells & Butlers year-to-date disposals have been higher than analysts expected. The £52m disposals included a £30m sale-and-leaseback deal. Most analysts had pencilled in about £30m for the entire year.

### Lack of liquidity harms Hilton's expansion

Hilton Hotels' plans for significant expansion have been held up by the dearth of bank finance in the development pipeline. Speaking at the International Hotel Investment Forum in Berlin, Patrick Fitzgibbon, Senior Vice-President of Development for Europe and Africa, said the expansion of its Hilton Garden Inn, Hampton by Hilton and Doubletree brands had been slowed by developers struggling to get financing. "Our pace of growth has been impacted by the lack of debt in the market. Good developers are waiting to see liquidity return to the market, and that is why the government stimulus is so important." However, he said that the slowdown in Hilton's expansion had been compensated by the increase in activity from hotel owners wanting to be branded, which is further evidence of the franchise route being considered by existing hoteliers looking for the comfort of a brand.

### McKever Hotel Group placed in administration

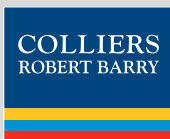
McKever Hotel Group, the Scottish and north of England luxury hotel and serviced apartment group, has been placed in administration. The Group, which has 10 sites, announced it had appointed accountant BDO Stoy Hayward to run its chain of hotels. The company, which was established in 1982, said BDO would work to keep the business afloat, and its 600 staff in work.

**NORFOLK ROYALE  
BOURNEMOUTH  
"SOLD"**



Acting on behalf of English Rose Hotels, Colliers Robert Barry sold the AA listed four star 95 bedroom hotel to Peel Hotels PLC.

The hotel turnover in its financial year 2008 was £2,772,000 and earnings before interest and depreciation were £706,000 (noting that profitability was materially adversely affected in the period by a large bedroom refurbishment project costing in excess of £1million, which resulted in a substantial number of bedrooms being unavailable during a significant part of the period.



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### Consolidation at Premier Inn

Whitbread is cutting back its Premier Inn development pipeline over the next two years 'to ride out the storm.' Whitbread now plans to open 2,000 Premier Inn rooms rather than 4,000 per year over the next two years. It will then step up its opening programme from 2011. Whitbread remains committed to the expansion of Premier Inn, and expects to achieve their target of increasing the portfolio in the UK and Ireland from 40,000 rooms to 55,000 rooms within 5 years, at the same time adding over 100 new pub/restaurants to their estate, where the locations are suitable for their joint site model. To achieve these ambitious goals, they are keen to acquire new development opportunities for Premier Inn that will add to their existing pipeline of planned hotel openings. As ever, these new developments will need to achieve strong returns on investment. For the next two years they will also be focusing on securing sites in new markets for Premier Inn, including micro-markets, within say, city centres or airport catchments. The budget hotel chain has 21 hotels in airport locations within the UK, with a combined total of 2,477 bedrooms.

### Starwood Capital to buy Golden Tulip Hospitality

Starwood Capital has entered a period of exclusivity to acquire Golden Tulip Hospitality – including its brands and joint venture interests – for an undisclosed fee. Starwood Capital is not taking on any of the group's leases or assuming its existing debt – reported in the Dutch media to be around €25m (£21m.) Starwood said that it would create a strategic alliance between Golden Tulip and its Louvre Hotels business to expand Golden Tulip in existing and emerging markets. The group is considered to be complementary to Louvre Hotels both geographically and on a segment level. It will enable them, through a strategic alliance, to offer a full range in accommodation and service levels across over 40 countries with over 1,000 hotels, comprising some 82,000 rooms.

### Principal Hayley to spend £40m on two hotels

Principal Hayley is to spend £40m buying and refurbishing the Central Hotel in Glasgow and the New Connaught Rooms in London. Both hotels are part of the collapsed Real Hotel Company. The Central is scheduled to re-open in February 2010 as the Grand Central Hotel, and the London hotel will be re-named the Grand Connaught Rooms.

### Choice plans UK upgrade after RHC demise

Choice Hotels International is terminating its franchise agreements with 22 UK properties operated by The Real Hotel Company. The Real Hotel Company went into administration at the beginning of the year. It operated more than 50 hotels in the UK and Europe under its own Purple Hotels and Stop Inn brands, and also under the Comfort Inn, Quality and Clarion brands licensed from Choice. Duncan Berry, Chief Operating Officer of Choice Hotels Europe, commented:

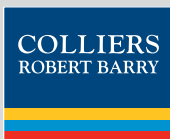
"The demise of The Real Hotel Company has given us the opportunity to strategically review our UK hotel portfolio against our new brand standards that are being rolled out across Europe. While withdrawing Choice Hotels' brands from the hotels formerly operated by The Real Hotel Company will mean there will be fewer Choice Hotels properties in the UK in the short term, we continue to pursue a strategy to grow the number of franchised hotels here in the UK and around the world."

Berry added that the company was interested in working with individual hoteliers, independent hotel groups and investors as franchisees to expand further in the UK. Choice Hotels Europe is the trading name of Quality Hotels Ltd, a subsidiary of New York listed Choice Hotels International, one of the world's biggest hotel franchisors, with more than 5,700 properties and over 455,000 rooms. Its European portfolio totals 500, including over 45 in the UK under the Comfort, Quality, Sleep Inn and Clarion brands.

**HOLIDAY INN EXPRESS  
CRAWLEY  
"SOLD"**



Purpose-built limited service hotel having 74 en suite bedrooms and valuable planning consent for a further 44 letting bedrooms. Acting for Mitchells & Butlers, sold by Colliers Robert Barry to Sojourn Hotels.



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**Travelodge benefits from consumers trading down**

Travelodge sold a total of 6m room nights last year, 9% more than in 2007, which helped boost annual revenues by 19% to £289.7m. Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew 11% to £57.9m, while the group ended 2008 with £51m cash in the bank. Occupancy averaged 74% across the board. Travelodge opened a record 39 properties (3,844 rooms) last year, taking its UK portfolio to 368 (26,148 rooms), representing 30% of the budget hotel sector.

**WG Mitchell to dispose of its UK hotels?**

Hotels belonging to WG Mitchell could be put up for sale after administrators moved in to take over 30 of the group's 75 businesses. Owned by brothers Patrick and Hugh Hegarty from Londonderry in Northern Ireland, the firm has a commercial property portfolio larger than £500m. Ernst & Young has been appointed receiver of the failed WG Mitchell businesses, which own and lease properties in Northern Ireland, Scotland and England. Ernst & Young said in a statement, "the business model under which the companies have been operating was becoming unsustainable."

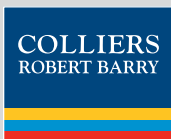
**Intercontinental and Crimson sign Heathrow hotel agreement**

Further evidence of the increase in franchise activity has been seen with InterContinental Hotels Group and Crimson Hotels Group signing a franchise agreement to open Europe's largest Holiday Inn Express at Heathrow. The 300-bedroom property will open at the airport's Terminal 5 in 2011. The first phase of 125 bedrooms is expected to be completed in May next year. The Holiday Inn Express London Heathrow Terminal 5 is being redeveloped from an existing 128-bedroomed hotel. IHG said that the redevelopment would include a complete redesign of the building's exterior and would "incorporate the contemporary look and feel of the new Holiday Inn brand."

**QUALITY HOTEL  
BIRMINGHAM  
"ACQUIRED"**



Substantial former Real Hotel Company commercial hotel with 176 letting bedrooms and a turnover to year ending December 2008 of £2,430,000 (excluding VAT) acquired by Colliers Robert Barry, acting for retained clients, from the administrators



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## TRANSACTIONAL MATTERS

### Quality Hotel Birmingham sells to Cobden Hotel Limited

Colliers Robert Barry acted for retained clients in the acquisition of the Quality Hotel Birmingham from the Administrators BDO Stoy Hayward LLP. The vendors were New Cobden Hotel Limited (in administration,) together with the Real Hotel Company Limited (in administration,) with the sale being handled by Shay Bannon and Tony Nygate, Joint Administrators of BDO, London. The hotel is prominently located on a major route approximately one mile from Birmingham city centre, and has 176 letting bedrooms, bar, restaurant, leisure facilities and seven conference rooms, and to the year ending December 2008 had a turnover of £2,430,000 excluding VAT. Following the invitation of offers, the purchasers were provided with preferred bidder status on the back of offers in the region of £4.5m being submitted. The purchasing company was formed by a group of directors with previously unrelated hotel interests.

### Last Folio Hotels property sold

Administrators sold Makeney Hall in Belper, Derbyshire to Mulbourn. This is a country house hotel with corporate facilities located on the outskirts of Belper. The sale by MCR completes the administrator's disposal of Folio Hotels' 36 properties. Most of the hotels went to Mulbourn and Bespoke Hotels.

### Premier Inn checks into Liverpool Airport

Premier Inn agreed a deal with Liverpool John Lennon Airport to build a £5.5m hotel. The 101-bedroom hotel, which will include a restaurant and Costa Coffee, has been granted planning and licensing permission. Work on the development, which is being undertaken in partnership with Peel Holdings, is anticipated to open in spring 2010. John Bates, head of acquisitions at Whitbread (Premier Inn's parent company,) said: "Bringing Premier Inn to Liverpool John Lennon Airport is a great result for us and a welcome addition to our growing airport portfolio."

### Peel Hotels buy the Norfolk Royale, Bournemouth

Colliers Robert Barry announced the sale of the 95 bedroom Norfolk Royale Hotel, Bournemouth, to Peel Hotels PLC for £8.25m. The hotel's turnover in its financial year 2008 was £2,772,000 and EBITDA was £706,000 (noting that profitability was materially adversely affected in the period by a large bedroom refurbishment project costing in excess of £1 million, which resulted in a substantial number of bedrooms being unavailable during a significant part of the period.) The hotel has an AA 4 star grading and is located on Richmond Hill in the town centre. The hotel fits with Peel Hotels' strategy to purchase medium-sized city centre hotels of AA four star standard, and where possible freehold land. The acquisition will enable the Company to make continued use of its financial instruments to "hedge" future interest rates, and will save a significant amount of capital gains tax arising from the sale of the Avon Gorge Hotel in 2007.

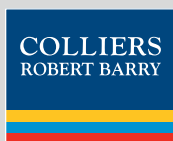
### Ellington Hotel goes to market

Menzies Corporate Restructuring has brought The Ellington hotel in Leeds to the market for £3m. The 35-bedroom luxury boutique hotel is newly constructed and located in the city centre, close to the train station.

**THE KENSINGTON ROOMS  
LONDON  
"FOR SALE"**



Prominent position with 88 letting bedrooms and planning for up to 38 more. Excellent potential for a boutique hotel in a prime Kensington location. – Being openly marketed by Colliers Robert Barry



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## TRANSACTIONAL MATTERS

### Travelodge exchanges on budget hotels

It was reported in the spring that Travelodge had exchanged on 12 new budget hotels. The acquisitions have a combined investment value of £77m. Sites purchased include several former offices and a car park, and will add 1,443 bedrooms to Travelodge's portfolio, some 575 of which will be in London.

### Sojourn Hotels complete the purchase of the Holiday Inn Express, Crawley

Colliers Robert Barry announced the sale of the Holiday Inn Express, Crawley, to Sojourn Hotels. The sale sees the disposal of the purpose-built limited service hotel, located close to the centre of Crawley, having 74 en suite bedrooms, and valuable planning consent for a further 44 letting bedrooms. The sale also included the site of the former Jefferson's Diner. The hotel was marketed by Colliers Robert Barry on behalf of Mitchells & Butlers, off an asking price of "offers around £10m" for the long leasehold interest.

### Principal Hayley checks into Oakley Court

Hotel and conference venue group Principal Hayley secured a 25-year contract to manage the 113 bedroom Oakley Court in Windsor. Principal Hayley's joint venture agreement with the private owner of Oakley Court will bring its portfolio to 22 hotels and conference venues across the UK and Europe. Heuston Hospitality previously held a two-year management contract at the four star country house hotel up until now.

### Travelodge completes residential-to-hotel first

As anticipated, and due to the downturn in the residential market, hotel companies have taken up the offer to convert residential sites into hotel sites. Travelodge exchanged contracts with developer City & Suburban Homes earlier in the year for its first residential-to-hotel development on Greenwich High Road, SE10. The site was originally bought by City & Suburban Homes, with planning permission for 14 flats. Subject to planning permission, Travelodge will construct a 97-bedroom hotel at the site, representing a £5.5m investment.

### Great Northern Hotel bought out of administration

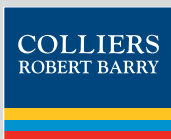
The Great Northern Hotel in Peterborough was bought out of administration by Renelson Investments. The Peterborough investment was owned by Peter Boizot, the founder of Pizza Express, off an asking price of £2.6m.

### Stafford Hotel

Daniel Thwaites owned Shire Hotels has put the exclusive Stafford Hotel in St James's, London, onto the market with an asking price of circa £80m. Purchased in 1995 for just £16m, Thwaites extended the property by 26 bedrooms in 2005, at a cost of nearly £26m. Thwaites stand to make a considerable profit on the only 5 star hotel in their portfolio.

**HARD DAYS NIGHT HOTEL,  
LIVERPOOL**

Colliers Robert Barry continue to work closely with the Directors and their lenders on the four star, 110 key Hard Days Night Hotel in Liverpool city centre. In addition to providing valuations for the bank, our Operational Services team continue to provide ongoing operational and strategic advice to the Directors, in support of the in house management.



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**Camelot and Park Hall Hotel Charnock Richard sell**

Carlisle-based construction and property company Story Group has bought the Camelot theme park in Lancashire after the former owner called in receivers last month. Story is planning a long-term mixed-use development to include residential uses, but in the short term the site will re-open as a theme park. The family-owned firm's other schemes in the North West include the £120m Marina Village project in Barrow-in-Furness, Cumbria.

Also during the period, the adjoining 141 bedroom Park Hall Hotel that also has substantial conference facilities and a leisure club sold to Lavender Hotels, the Lancashire based hotel company.

**Former Purple Hotels transfer to Travelodge**

Travelodge has acquired the leases of three former Purple hotels in Sheffield, Derby and Tewkesbury. The leases of a 103-bedroom hotel in Sheffield, 71 bedroom hotel in Tewkesbury and 84 bedroom hotel in Derby transferred to Travelodge.

**Historic Taymouth Castle up for sale**

KPMG, the administrator of Hampshire-based developer Taymouth Group, has put the 425 acre estate and castle in Perthshire up for sale. Taymouth Castle and its surrounding land, at Loch Tay near Kenmore, has planning permission for a £74m redevelopment, comprising 79 homes, a 72 bedroom hotel and spa, 26 shared-ownership homes, and an equestrian centre.

**Macdonald Hotels & Resorts - food & beverage operation at Rusacks**

Macdonald Hotels appointed Colliers Robert Barry to source an external operator to run the bar and restaurant at the famous Rusacks Hotel in St Andrews, Fife. The hotel overlooks the 18th fairway of the Old Course. The hotel group had previously agreed deals with London Fine Dining Group to run its other restaurants, including Aubergine's country outpost at the Compleat Angler in Marlow, Le Bistrot Pierre at the Swans Nest Hotel in Stratford, and the Chester Grille restaurants at Blossoms in Chester.

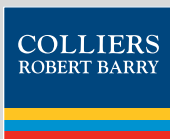
**Travelodge city hotel sold for £25m**

Mayfair-based boutique investment house, Aprirose Real Estate, has bought the 190 bedroom Travelodge hotel at Lloyds Court, Minories, E1, for £25m – a circa 6% yield. The hotel, which is let on a new 35 year lease, was bought from Lenta Properties. The purchase has been debt funded by an unnamed UK institution.

## PROPOSED 5 STAR HOTEL, WESTMINSTER



Proposed 254 key five star hotel in St James's, Westminster, London. In recent months feasibility report due diligence and valuation advice were provided to the Splendid Hotel Group Ltd and their lenders, Barclays Bank and Lloyds TSB prior to the commencement of this new exciting development.



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## VALUATION MATTERS

Over recent months we have all read much in the press, and many of you will have received professional opinion, about the supposed drop in hotel values over the last year or so, often reported to be by as much as 40%. Whilst we agree that, on a like for like basis, there has been an overall fall in the value of hotels during this time, to generalise that all hotels have fallen by 10, 20, 40% or more is plainly inaccurate.

Hotels are a specialist and unique property class whose valuation demands a great deal of skill and understanding. Indeed one hotel, whether it is owner operated or run under a management agreement, franchise or lease, may have suffered more in terms of its trading performance than its neighbour and, as a consequence, its value may have fallen by a similarly greater amount. On the other hand, a hotel that has seen its trading performance improve significantly (for whatever reason) may see its value increase, although we accept that the number of such hotels is not likely to be significant.

Our point is it is not correct to generalise across the sector with each hotel requiring individual consideration from a dedicated and specialist valuer if an opinion of value is to be of any worth. This is particularly relevant in the current uncertain times where an incorrect, maybe over-cautious valuation, has the potential to lead to a distressed situation.

This report gives information based primarily on Colliers CRE data, which may be helpful in anticipating trends in the property sector. However, no warranty is given as to the accuracy of, and no liability for negligence is accepted in relation to, the forecasts, figures or conclusions contained in this report and they must not be relied on for investment or any other purposes. This report does not constitute and must not be treated as investment or valuation advice or an offer to buy or sell property. (August 2009) ©