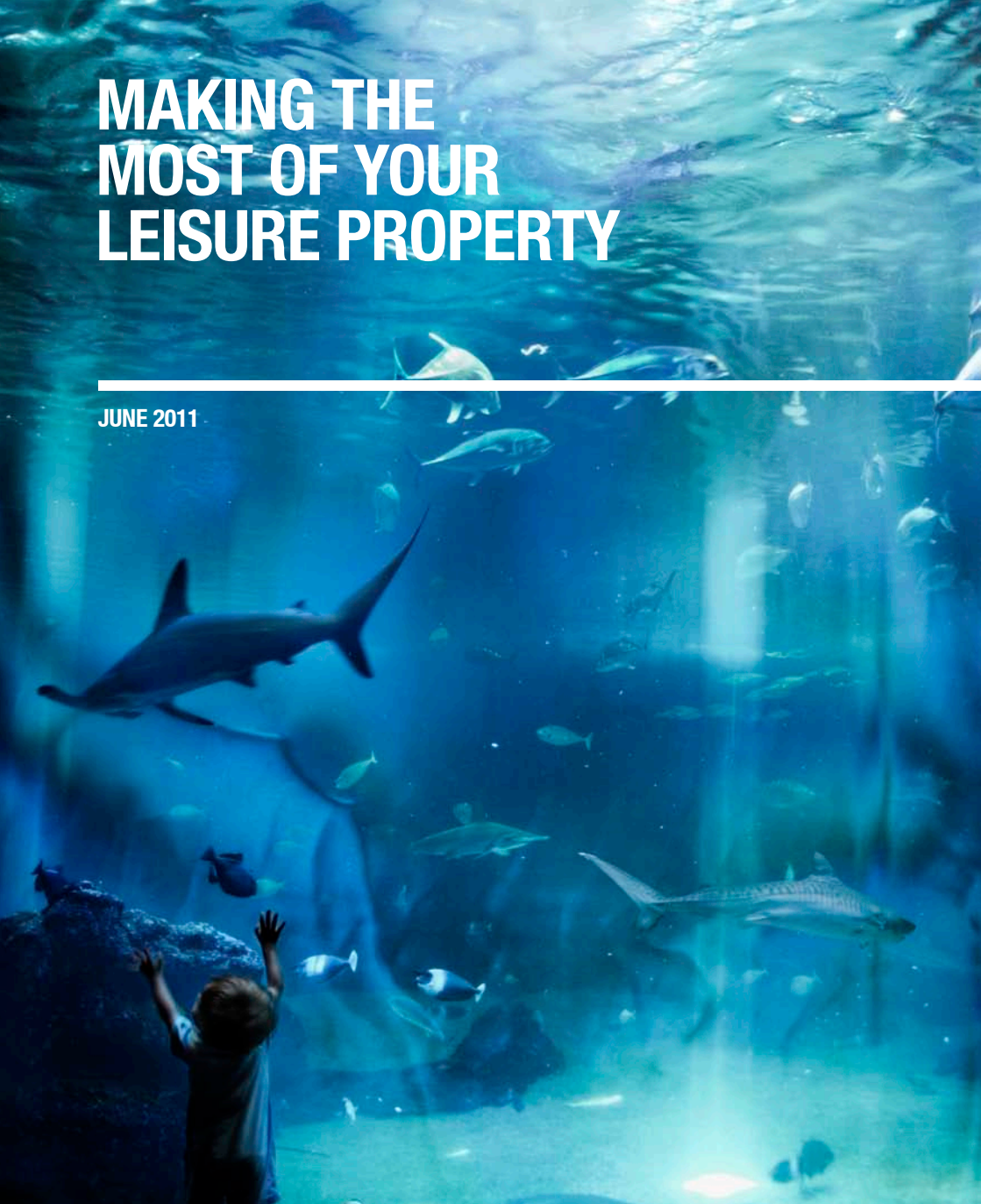


MAKING THE MOST OF YOUR LEISURE PROPERTY

JUNE 2011



GERALDEVE



“It doesn’t get much better than working with some of the leisure sector’s biggest players.”

Tim Smith

We provide leading advice in a number of specialist areas...

We believe we have earned a reputation, both in our profession and in the property market, as a firm known for its professionalism and integrity.

We know that every client’s project is different, so we customise our team to suit each individual client’s needs. This is possible because of Gerald Eve’s flexible structure, built around property sectors and specialist disciplines. The extent of our expertise is a revelation to many of our new clients.

It is an approach which has enabled us to advise on some complex projects.



Charles Wilford
Partner

Tel. 020 7333 6215



Daniel Anning
Partner

Tel. 020 7333 6374



David Butters
Partner

Tel. 020 7333 6237

CORPORATE

Valuation and acquisition advice

Motorway Service Areas (MSAs)

We have advised the industry for over ten years. Our work has included planning & development, asset management and valuation services. Most recently we completed a £760m portfolio valuation of Moto's property interests in connection with refinancing of the business. We also worked with M3 Capital Partners during its acquisition of the Swayfields 'Extra' service station assets out of Administration from Lloyds Banking Group, in a transaction valued in excess of £200m. The portfolio included eight service stations and one development site. Our advice, included extensive market/lease due diligence, valuation and building consultancy.



Andrew Buxton
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Tim Smith
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William Kirkpatrick
Partner

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Corporate valuation

Wellpark Brewery, Glasgow

We were instructed by InBev UK Limited to provide a valuation of the property, plant and equipment assets comprising the Wellpark Brewery in anticipation of the sale of its Scottish business to the C&C Group plc.

Liaising with PwC and working to a tight timetable, we provided an IFRS compliant valuation of £47.8m of the brewery for inclusion in an investor Offering Circular which was relied upon by the purchaser and C&C's equity shareholders.

Subsequently, we undertook a valuation of the brewery as at March 1982 in order to minimise InBev's tax liability.

Land acquisition & property rights

Whitbread Organic Growth programme

Gerald Eve is retained by Whitbread Group plc, owner of the UK's largest hotel company, to advise on the continuous review of its estate, developing new Premier Inn hotels adjacent to existing public house/restaurants and extending existing Premier Inns.

In the last two years we have advised on the acquisitions of 18 sites and in the negotiating of 12 leases and restrictive covenants, including complex overage provisions, across all types of properties ranging from a former naval hospital to greenfield sites.

The Organic Growth strategy has contributed to Whitbread's success as the fastest growing hotel company in the UK by investing in sites with a known track record, which provides greater certainty on its investment return and significantly reduces development costs.

“We go the extra mile on every project and our long standing clients reflect this attitude.”

Michael Riordan



Corporate disposals strategy

Luminar

We were already providing business rates advice to Luminar when we won a tender in 2009 to manage the company's disposals programme.

Our advice has extended well beyond the usual agency role – we call it “agency plus” – and has included assistance with strategic estate planning. To date, we have sold a major landmark building in Leeds for alternative use, a leisure investment in Basingstoke and several trading and

non-trading clubs throughout the UK for Luminar. In addition to providing the usual agency functions we liaise with in-house operations, finance and support teams as well as external solicitors to ensure deals are concluded as quickly and as effectively as possible.

Subsequently, we received further instructions to sell another group of freehold and leasehold nightclubs, either for existing use or redevelopment.



Chris Ford
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Paul Ridgeway
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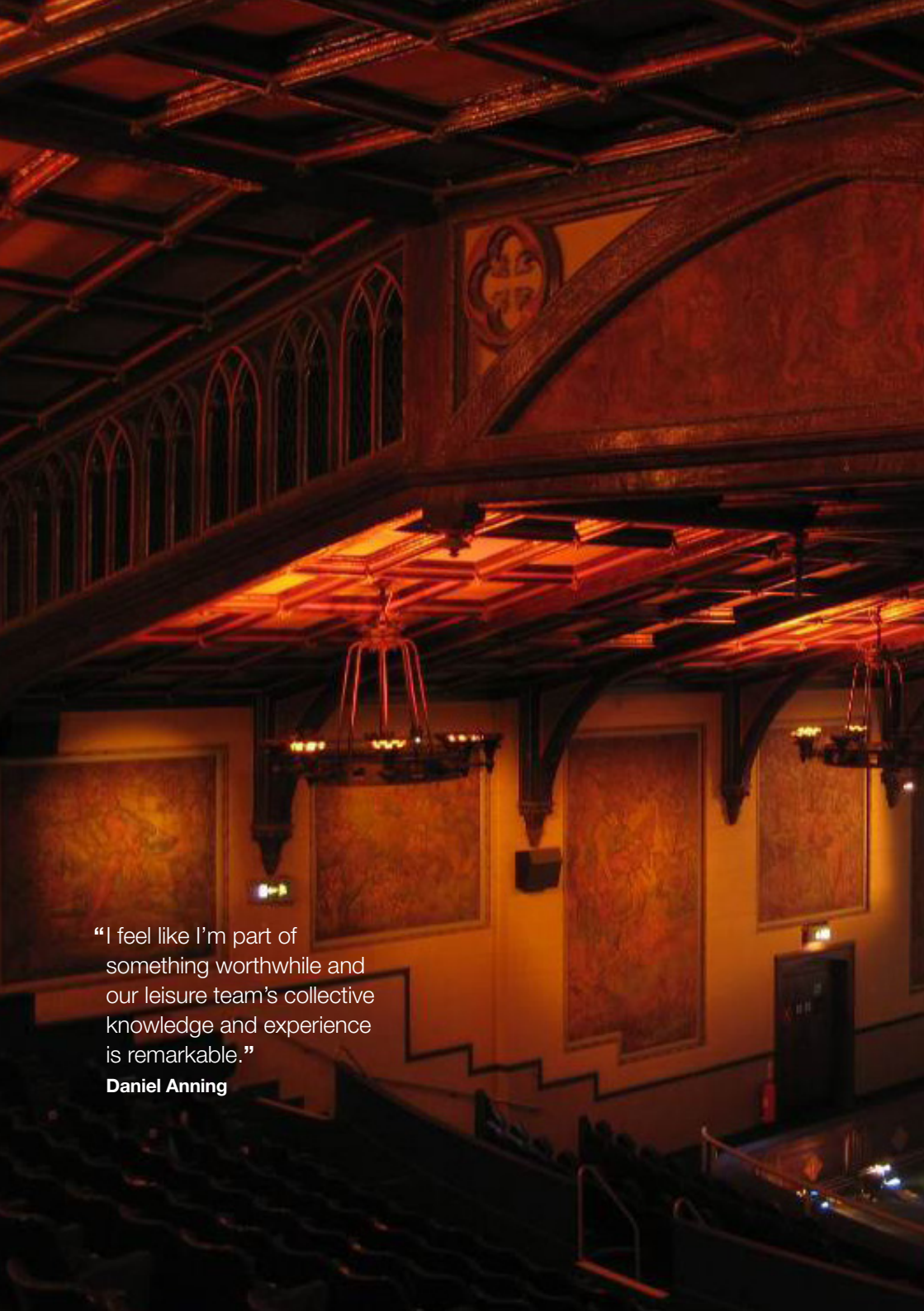
Sweating the non-core assets

Not surprisingly operators focus primarily on their core income, but while other areas may be ancillary they can be vital to the overall guest or member experience in a hotel or leisure business. Increasingly, services such as beauty, hair, physiotherapy and car hire are being provided by third parties under a rental arrangement.

We act for major operators such as Marriott, Thistle/Guoman, Premier Inn and David Lloyd Leisure in actively managing these non-core areas and currently let space within their businesses to over 500 tenants, with a rent roll in excess of £7 million. There is a very wide range of uses, including a rifle club and fine wine storage in a former WW2 bunker.

We undertake full management of these assets and we actively seek out underutilised areas of each client business outlet, to establish if greater returns can be made from complementary and ancillary lettings. Today's cupboard, tomorrow's beauty salon.





“I feel like I’m part of something worthwhile and our leisure team’s collective knowledge and experience is remarkable.”

Daniel Anning

Making the most of your leisure property

ENTERTAINMENT

Entertainment is a serious business. Our objective is to deliver up to date, accurate and insightful property advice to our clients – supporting them with the full extent of our industry knowledge and influence. Our leisure partners are at the top of their profession, playing influential roles in advising trade associations, Government and guiding clients in all their property dealings.



Daniel Anning
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Julian Jennings
Partner
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Odeon

How do you approach the rent review of the country’s only medieval cinema?

This was the problem we faced at Odeon’s Salisbury cinema, a property dating back in part to the 1470s. The building was protected by three separate listing notices one of which afforded the highest possible protection by English Heritage, Grade 1. The lease itself set out a very unusual range of rent review assumptions including a 21-year term without any provisions for adjusting the rent. This, the landlord argued, was a valuable concession for which a tenant would pay a significant premium. Our view was that the lease dictated a significant transfer of risk from landlord to tenant given the English Heritage protection and consequent repairing liabilities. We also argued that the lack of any rent-free period and the disregard of all the tenant’s improvements, including the conversion from 1 to 5 screens, further increased the risks and uncertainty faced by the ingoing tenant.

The landlord was seeking a substantial increase in rent to a six figure sum, reflecting the fact that the current rent had been set 21 years previously. Ultimately we were able to draw on our extensive operator and market knowledge in this specialist sector and limited the rental increase to less than £65,000 per annum.



“Advising on properties like Alton Towers and the All England Club makes me a pretty cool dad, according to my kids.”

Charles Wilford

HEALTH & FITNESS SECTOR

Membership clubs place relationships at the heart of their business – and so do we. Our team has advised a range of health, fitness and tennis clubs on all kinds of property issues. More than 90 per cent of our clients have been with us for more than five years.



Charles Wilford
Partner

Tel. 020 7333 6215



Paul Ridgeway
Partner

Tel. 01908 685961

“One of the things I like most about Gerald Eve is that it’s a people caring employer.”

Paul Ridgeway

David Lloyd Leisure

From evolution to revolution, the health and fitness sector has experienced something of a rollercoaster ride over the past decade, with the past three years being particularly challenging.

Against a backdrop of declining membership and yield pressures, keeping operating costs under control has been paramount in helping to keep businesses profitable.

Gerald Eve has advised David Lloyd Leisure on all rent reviews across its estate for over ten years now. Critically, since late 2006 we have successfully negotiated nil or contractual minimum rental increases on each and every health club we have dealt with, ensuring property costs have been minimised as part of a wider asset management strategy for this particular client.

HOTELS

We advise many of the UK's leading hotel operators, having done so for many years. Our resources mean that we can create flexible, fast-moving, client-facing teams to meet the most urgent deadlines for valuation, agency, rating and due diligence exercises.

Hotel rating

Retained by the British Hospitality Association as its rating advisers, we have led central negotiations against the Valuation Office to agree the bases of valuation to be applied to all hotels throughout the UK for each rating revaluation since 1990 and on specific events and issues affecting the industry from time to time.

For the Revaluation 2010, we were proactive in prior agreeing the new assessments for our clients' London hotels before they became effective on 1 April 2010. This gave clients the assurance that their rateable values were as low as possible from day one of the new rating list, enabled more accurate budgeting of future liabilities and saved clients nearly £22m in business rates over the five years of the rating list.

Hotel agency letting & investment

The Charlecote Pheasant Hotel, Stratford-upon-Avon

The Charlecote Pheasant is a 72-bedroom upper three star hotel enjoying a leading leisure location. It has been extensively refurbished and is well presented, but was operating during 2010 under temporary management, following the demise of the previous tenant.

Acting for the freehold investor Gerald Eve arranged for a re-letting that created the 50th UK Shearings hotel. Our negotiations covered detail as specific as reducing the hotel's carbon footprint through boiler replacement and the sympathetic repair of a Listed garden wall.

The outcome for our client was the creation of a hotel investment for onward sale of a property in 'tip top' condition and with an A1 tenant covenant.

“The business operation is as important as the property to the specialist hotel adviser.”

Nick Barber



Brian Scott
Partner
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Nick Barber
Partner
Tel. 020 7333 6209



Brian Owen
Partner
Tel. 01908 685956



Mike Riordan
Partner
Tel. 020 7653 6828

PUBS

Our team provides valuation and property taxation advice on more than 8,000 pubs across the UK. This gives us unique knowledge and experience of issues facing pub operators and tenants throughout the sector.

Charles Wells

Having provided corporate property management and rating advice to Charles Wells over the past eight years we have more recently handled all of its surplus pub disposals. We have sold over 50 pubs for both existing and alternative uses.

We use our own bespoke website to promote the marketing of the sites and have close liaison throughout the disposal process with Charles Wells' administration, finance, property and operations teams. We help co-ordinate the whole sale process and liaise with external solicitors and other consultants throughout. Regular and proactive communications with the client team helps ensure transactions take place smoothly in what has been a tough property market. About 50% of the sites have been sold for alternative uses, from churches and health centres to betting shops.



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Elysia Wilson-Gunn
Senior surveyor
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Chris Shearer
Senior surveyor
Tel. 020 7333 6330

“My sector – pubs – is interesting because it changes all the time. There’s always something new to learn and every pub is different.”

Brock Jones



RESTAURANTS

We work with many restaurateurs advising on day-to-day issues ranging from a full corporate property management service through to specific advice on leasehold matters and rating appeals. With the full support of our building consultancy and rating teams, we advise on the optimum way of dealing with any external disruption to businesses.

Lease re-gear

Pizza Express, Dorking, Surrey

With the current lease due to expire in 2012 and Pizza Express viewing its Dorking restaurant as a long term 'hold', we suggested approaching the landlord regarding an extension of the existing lease, utilising the Pizza Express covenant in return for a rent-free period.

We agreed a new 15-year lease at the passing rent payable under the old lease, with an 18 month rent-free period (cash value over £50,000). We were also able to agree that rent under the new lease should be paid monthly, together with flexibility in the rent review pattern to permit a downwards adjustment if the market dictates.



Catriona Campbell
Partner
Tel. 020 7333 6283



Richard Stoney
Partner
Tel. 020 7333 6313



Simon Dye
Partner
Tel. 01908 685967



“A culture where you are encouraged to pursue business opportunities without being wrapped in red tape is great to work in.”

Richard Stoney

VISITOR ATTRACTIONS

We have worked continuously with Merlin Entertainments since it developed its first Sea Life centre through its meteoric rise to become the second largest attractions operator in the world.



Charles Wilford
Partner
Tel. 020 7333 6215

Rating

Cadogan Hall, London SW3

Business rates on unusual or specialist properties are notoriously hard to assess.

Inevitably this gives rise to greater opportunities than most for negotiating reductions and securing rates savings for our clients. One recent such example involved Cadogan Hall, home to the London Philharmonic Orchestra and a concert venue in the heart of Chelsea. The Hall started life as a Christian Science Church before being sold to Mohammed Al Fayed in a failed attempt to create a private residence and then on to Cadogan Estates.

Whilst the Hall has great charm, there are many irregularities due to its original use that gave rise to creative arguments to exploit the rating assessment. Having also advised the Royal Albert Hall on similar matters, we used our experience, specialist knowledge and proactive approach to secure a reduction of 33% in rateable value in the 2005 Rating List, as well as a 36% reduction in the rateable value from April 2010, securing total savings for our client of nearly £300,000.

Rent review

The London Eye

How do you assess the rental value of one of the world's most popular and iconic visitor attractions?

When Merlin Entertainments instructed Gerald Eve to solve this conundrum, matters were further complicated by the fact that the review related to oversailing rights on a site with a complex and fragmented ownership structure.

Gerald Eve's involvement with The Eye dates back to its original development phase and we have provided various lease and valuation advice from its infancy as a five-year temporary Millennium project, through its development to its status today.

It is on the unusual and more cerebral problems that Gerald Eve's sector specialisms really come to the fore. Despite an aggressive push from the landlord to benefit from the extraordinary success of the attraction, we were able to agree the review at a figure of more than £650,000 below the landlord's original quoting rent.

“It's an open and friendly environment which nurtures good communications between teams to the benefit of our clients.”

Catriona Campbell



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06/11

www.geraldeve.com