



NAVIGATE, INNOVATE, ACCELERATE

 **CHRISTIE & CO**

2019
Business Outlook

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CHRIS DAY
Global Managing Director

Managing Director's Statement

OVERALL MARKET

2018 was for some, surprisingly upbeat. Uncertainty fuelled by ongoing Brexit negotiations only became apparent in the last few weeks of the year as Parliament failed to reach a consensus. Nevertheless, we can look towards 2019 optimistic that clarity will be provided for the UK as we approach the March deal deadline. There is no doubt we are seeing pent-up demand from investors looking to commit to the UK once we have certainty.

Generally, the economy has performed as expected and in fact better than some predicted, with many markets remaining robust and the ongoing currency fluctuations continuing to make the UK attractive to overseas investors.

Another positive indicator of a stabilising economy is the recent interest rates increase by the Bank of England.

2018 was surprisingly upbeat for some. Uncertainty fuelled by ongoing Brexit negotiations only became apparent in the last few weeks of the year as Parliament failed to reach a consensus on how to proceed.

As ever, consumer confidence is key in driving economic and business performance and, whilst there have been a number of metrics and findings to suggest high street spending is falling, this may not be the most reliable method to establish consumer sentiment. As we move towards online platforms, this looks to be the most indicative way of measuring how people are spending their money.

The highly publicised struggles of big chain brands in the casual dining space have cast doubt in the market, however, the issues really stem from oversupply rather than a lack of customer demand. Operators who distinguish themselves from the crowd and present a unique offering are thriving, along with those who continue to reinvest and innovate. This is true across all sectors, where being able to adapt, adopt new trends and introduce relevant technology to improve services and cost-effectiveness will see any business prosper compared to those who have failed to prepare for the future.

Continued investment into the UK from overseas has consistently shown the attractiveness of our markets, with investors from continental Europe, US private equity and increasingly Israel and the Far East. The level of international interest, capital and activity in the UK shows no sign of slowing, suggesting that the future will be bright for business.

Sectors based on consistent consumer demand, such as those Christie & Co works across, are becoming more mainstream and increasingly attractive to those looking for a different kind of investment. As advisers with decades' worth of knowledge and expertise in these sectors, our teams are in demand to help clients traverse the particular nuances in

these markets, which are more complex than in traditional real estate.

CHRISTIE & CO

Our markets continue to function very effectively and front end KPIs in transactions, such as interest and offers received, have been robust. However, towards the end of 2018 there has been a slowdown within the tail end of some deal processes. As we approach the deadline for a Brexit deal, we've seen some caution from banks who are taking longer to provide loans and capital, causing a domino effect and slowing some completions.

Once we have passed the Brexit deadline, it looks likely that with the clarity this will bring, we will see transaction times return to normal and in fact possibly a dividend in deals from the boost in market confidence.

Beyond the UK market, our focus continues to be the growth of our consultancy teams, which are now working fluidly as a pan-European operation, providing a more cohesive and unique offering for clients on the continent. We have also been building our European brokerage services and continue to explore export opportunities from Far East investment into the UK, particularly in childcare, theme parks and intellectual property in China.

Through our Consultancy team, we are recognised as the go-to adviser in the hospitality and healthcare sectors across Europe, covering a range of languages, cultures and markets. We look to continue to consolidate our teams and ensure a critical mass of support in our core areas of operation, particularly in France, Germany and Spain.

WORKFORCE

Across our sectors, we've picked up on two key trends which look to be the most topical for operators and investors to be aware of; workforce and of course, Brexit. Throughout this edition of Business Outlook, each sector will touch upon the issues surrounding these themes, potential impacts and how the sector looks to deal with them.

Staffing and workforce issues invariably differ from sector to sector, but the key challenges are recruitment and retention, with competitive pay driving up staff costs for many employers.

The hospitality and care sectors are grappling most with this, with the current nursing shortage and decrease in European workers due to uncertain immigration policy post-Brexit exacerbating matters.

Businesses that look after their staff, pay competitively and create opportunities and a culture of feeling valued will attract better quality people, retain these staff, and in turn provide a better service ultimately to the benefit of the business.

BREXIT

Turning attention inevitably to Brexit, despite much uncertainty and negative speculation on the outcomes of various deal scenarios, we can reasonably expect that once an outcome is known businesses will continue to prosper. Generally, businesses have continued to trade and transact successfully, bolstered by solid underlying market fundamentals, so we see no reason for this not to continue in 2019 and beyond. If anything, the clarity a deal brings will only boost confidence in the market.

OUTLOOK

Looking ahead to 2019, the market will continue to realign itself along with consumer demand, and in every sector the quality businesses moving forward with future developments are set to continue to thrive. New concepts are coming to market all the time and with technology evolving, the time has never been better to capitalise on new opportunities in business.

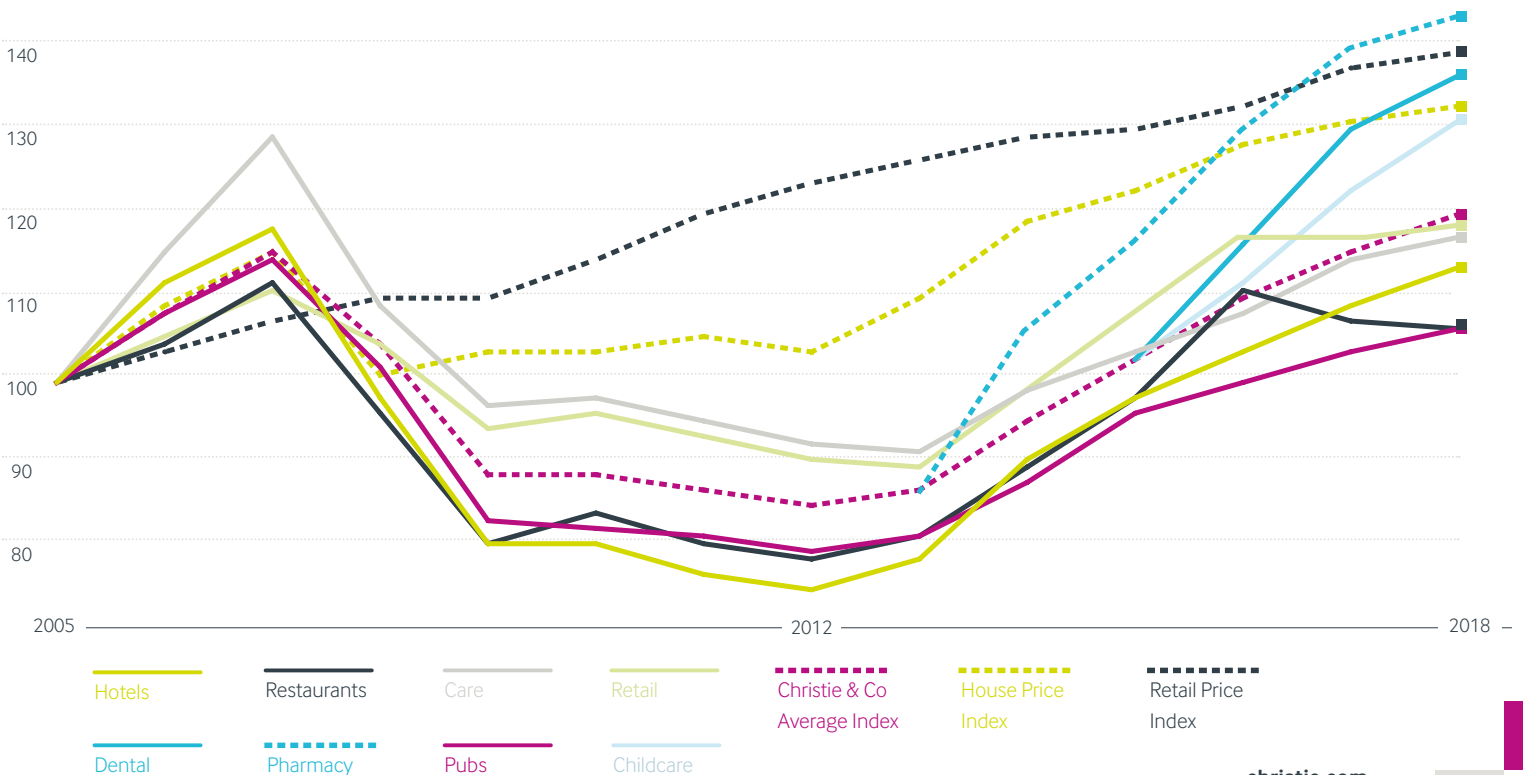
There continues to be an abundance of capital available despite some caution from

the larger banks, and there is still plenty of opportunity for funding through smaller banks, Funding Circle, angel investors and private equity. With huge amounts of capital trying to find a home, canny independents should be encouraged, as venture capital is increasingly looking to support start-ups, particularly in hospitality where these are performing well against an oversupply of casual dining brands. However, competition will continue to be rife across all sectors, and ensuring underlying quality and a solid concept are key to thriving.

This year's Business Outlook theme of Navigate, Innovate and Accelerate applies to how businesses can find their route to successful growth. Navigating an ever changing landscape to keep up with political, technological and demand shifts is vital and this can be achieved through innovation and agility. Being aware of the market and what needs to be done to meet expectations is key to prosperity. We hope that this year's report offers support and insight to allow all businesses across all our sectors to be prepared for what 2019 brings.

INDEX BASED ON AVERAGE SALE PRICES

From a base of 100 in 2005





DARREN BOND
Managing Director
Valuation & Capital
Markets

We anticipate a strong start to the year across many of our specialist sectors, as transactional activity and deal pipelines remain resilient.

We remain extremely optimistic about the demand for valuation services heading into 2019, following resilient trading performance across our markets in the past 12 months, despite ongoing political and economic uncertainties surrounding Brexit negotiations.

ACTIVITY

Despite the increase in interest rates to 0.75% in August 2018, the cost of borrowing remains at an all-time low, as refinancing opportunities remain attractive. This has led to strong demand for valuation services, alongside the increased requirement for lending institutions to insist on more frequent revaluations.

The hospitality market, in particular, remains very active, especially the public house and hotel sectors, despite the continuing pressures of increasing operating costs. The number of pubs closing in the UK has slowed following decades of rapid contraction.

Our Hospitality Valuation team has received instructions on a number of significant national pub portfolios. In 2018, we concluded revaluation exercises of both the Greene King and Marston's pub portfolios; two of the UK's largest brewers and pub operating companies with a combined 3,500 pubs. We also undertook a valuation of Liberation Group, which owns 115 public houses including Butcombe Brewery and associated unlicensed properties in Jersey, Guernsey and the South West of England.

In the hotel sector, we were instructed to provide valuations of ghh Hotels and RF Hotels, in addition to involvement in a number of significant hotel portfolios that transacted throughout the year.

Our valuation activity in the medical sector remained strong, with a notable increase in activity in the doctor's surgery sector, as well as the veterinary and optician markets. Whilst annual price movements in the dental and pharmacy sectors slowed from the very strong growth in recent years, the price movements achieved in 2018 were still respectable.

Christie & Co's Care Valuation team was instructed on a number of valuation projects including Barchester Healthcare, Choice Care Group and part of the Accomplish portfolio. One of the largest advisory assignments undertaken in 2018 was providing Four Seasons Health Care with strategic consultancy advice on 180 care assets, as part of the ongoing restructuring of the group.

Activity in the retail sector was also strong, alongside our transactional work on Wyevale Garden Centres. Notably, we undertook a valuation of a portfolio of almost 350 petrol stations in the UK, on behalf of TDR Capital-backed Euro Garages, who were very acquisitive throughout the year, buying significant packages of petrol filling stations in Australia, Germany, Italy and the US.

COST PRESSURES

Although business rates and increasing energy costs featured less in the headlines in 2018, cost inflation along with the National Living Wage will continue to impact our markets. Wage costs are the greatest overhead facing operational businesses and the increase in National Living Wage in April 2019 will add to existing pressures, including business rates, energy costs and general cost inflation, all of which continue to compound

Valuation & Capital Markets

The cost of borrowing remains at an all time low, as refinancing opportunities remain attractive.

operating costs. The hospitality and leisure sectors continue to be the hardest hit of our markets, although the healthcare sector has also had its challenges, with pressure from nursing staff shortages and the high cost of agency staffing.

CAPITAL EXPENDITURE

The market continues to be reactive towards capital expenditure with little market pressure to heavily focus on reinvestment. The stronger economy of the last five years has allowed trading performance to improve without adequate levels of CapEx, but we are starting to see some assets tire and trading performance deteriorate as a result of this recent underinvestment. Third party feedback websites will continue to provide a good barometer of asset quality in the hospitality sector, and we believe that businesses and lenders should increase their focus on CapEx in 2019.

CAPITAL MARKETS

There has been a continuation of the transition in the type of investor active in the UK with a shift away from opportunity funds, hedge funds and private equity investors with debt positions, who have largely actualised their returns in the UK and selectively exited our sectors in British markets in pursuit of stronger returns elsewhere in Europe. This has created a gap for new investors and a return of more conventional private equity funds, alongside a resurgence of traditional sources of European capital.

MARKET PREDICTIONS

There will be increased activity in secondary and tertiary locations, as investors seek better returns.

The UK and European markets remain attractive to Asian investors and we have seen strong interest from a number of the Singaporean and Asian REITs, all eager to acquire and develop platforms in the hospitality and healthcare markets.

The 'alternatives' market within which we operate continues to attract investment from those who have shifted away from more traditional commercial real estate opportunities. Yields in prime European capital cities and primary cities remain at an all time low, with secondary cities also generating strong levels of return.

We envisage that the shift towards good quality assets in secondary and tertiary cities will be a focus for investors in 2019, as the returns available from primary cities will fall short of investors required returns.

BANKS AND LENDING

Funding remains readily available from all the main UK lending institutions and the expanding number of challenger banks, who, with their increasing reach, can provide competitive options for funding. Banks remain active in almost all of our markets, albeit there is a real emphasis on a borrower's operational experience when considering a new lending opportunity. Throughout 2018, banks maintained the strongest appetite for the medical sector, with lenders attracted by the income security, but remain more selective across the elderly and specialist care sectors, with a focus on future-proof, modern quality properties.

Funding will remain readily available across all of our markets, with increased competition from the challenger banks.

Amidst increasing pressures and casualties, banks continue to lend more cautiously into the restaurant sector, and while banks remain active in the pubs industry, they require a strong operational CV from borrowers in what remains a competitive market.

We are also seeing an increase in ground rent transactions as a means of alternative funding in our markets, and there have been a number of such transactions in most of our sectors, including hotels, care and leisure.

BREXIT

While we await the terms of a Brexit deal at the time of writing, it's business as usual for operators across our sectors. The outcome of Brexit threatens to influence the availability of cheap funding, ultimately affecting capital expenditure and value.

There is concern about the consequences of any delay to the Brexit process, and the time it takes for the UK to negotiate its exit is likely to impact the confidence of transactional markets and investor appetite. Assuming an orderly Brexit, we believe that our markets should continue to perform strongly in 2019.

CapEx and reinvestment will become increasingly critical after many years of under-provision.



STEPHEN JACOBS
Director Bank Support &
Business Recovery

**In 2018,
business
distress
continued
on an
upward
trajectory.**

Enduring cost pressures on business, muted consumer activity and an impending Brexit have all challenged UK plc in 2018, impacting both economic growth and business distress.

The UK economy grew by just 0.1% in the first quarter of 2018, dramatically below predictions, and whilst the economy showed stronger performance in the second and third quarters of the year, growing by 0.4% and 0.6% respectively, real UK GDP growth continued to slow.

CONSUMER CONFIDENCE

Consumers have been hard pressed, as real wages fail to keep pace with inflation. Sluggish productivity and high business costs have impacted on the ability of some companies to invest in people, training and technology.

Weak pay growth has subdued consumer confidence in household finances, with worries about how Brexit will affect purchasing power and job security.

COST PRESSURES

Cost pressures continue to impact operator margins and profitability. Rising rents, a feature of the current cycle, proved to be unsustainable in many cases, and rates were exacerbated by the delayed rate revaluation to April 2017.

The year on year increase in the National Living Wage, alongside skill and occupational shortages, have driven labour costs upwards, while the depreciation of the pound has also increased input prices for many businesses, further squeezing operator margins.

BUSINESS DISTRESS

As 2017 came to a close, we anticipated that the increase in business distress we had seen during the year would continue, as cost pressures and weak consumer confidence endured, with uncertainties over Brexit having the potential to exacerbate the level

of distress. This was borne out in 2018, with distress continuing on an upward trajectory.

A common factor relevant to business distress across all Christie & Co's markets has been cost pressures, particularly in the leisure and hospitality sectors, which are largely driven by discretionary spending. In the childcare and care sectors we have seen business failures as a result of operators falling foul of their respective regulators due to poor management and governance. The implementation of legislation, such as the pharmacy funding cuts and 30 hours free childcare has also contributed to business distress and we have consequently dealt with several such cases in 2018.

BREXIT

Despite the spectre of Brexit, it has been largely 'business as usual' for SMEs across most of our sectors. This has been reflected in our transactional activity, with both instructions to sell assets and deal flow remaining steady, indicating continued appetite and confidence in the markets.

Although the devaluation of the pound has contributed to the increase in both staycations and the number of international visitors to the UK, benefitting the wider leisure and hospitality markets, a challenge for these and other sectors hugely reliant on migrant workers is the uncertainty surrounding their status in the lead up to Brexit. The care sector, for example, has seen a continual fall in EU nurses.

Undoubtedly, the UK's decision to leave the EU has weakened economic growth. How the economy fares once the UK exits the EU is uncertain with much speculation and differing opinions.

MARKET PREDICTIONS

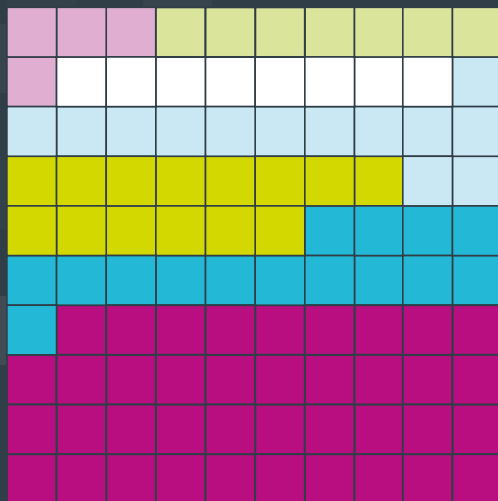
The underlying trend of slowing real GDP growth will continue.

We anticipate a proliferation of business failures where enduring cost pressures erode profitability, impacting the availability of investment required to maintain operator standards and succeed in competitive markets.

A poor Brexit deal or no deal will escalate both political and economic risk, affecting business investment decisions and consumer confidence with the potential to exacerbate business distress.

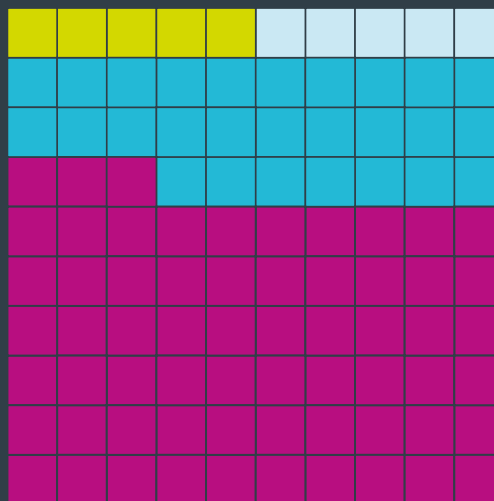
BUSINESS DISTRESS – 1

Percentage of distressed assets instructed by sector in 2018



BUSINESS DISTRESS – 2

Distressed assets instructed by appointment type in 2018



- 4%** Childcare & Education
- 7%** Restaurants
- 8%** Medical
- 13%** Hotels
- 14%** Retail
- 15%** Pubs
- 39%** Care

- 5%** Receiverships
- 5%** Liquidations
- 27%** Administrations
- 63%** Consensual

SCOTLAND

Brian Sheldon, Regional Director – Scotland

Transactional activity across the hospitality market remained stable in Scotland throughout 2018, with notably increased activity in the freehold pubs market and the independent hotel sector in strong tourist areas. The medical sectors were characterised by strong demand and competitive prices in 2018. Stable Government funding in the pharmacy sector influenced strong interest and although supply is expected to remain limited, prices are expected to cool. We will continue to strengthen our position in the increasingly competitive dental market, with a significant pipeline for 2019.

NORTH WEST

Nick Brown, Regional Director – North West

Manchester is seeing a construction and infrastructure boom with a range of residential and commercial developments, which has been fueled by larger employers now moving their headquarters to Manchester where London may have been their first choice. There are still plenty of challenges across a variety of sectors but an overall theme of robust growth is prevalent, and appetite from buyers to acquire is strong.

SOUTH WEST & WALES

Rob Kinsman, Regional Director – South West & Wales

Transactional activity remained strong in 2018 with increased demand from both domestic and overseas investors seeking opportunities to create upside and add value. The weakened pound and low interest rates continue to attract an array of international buyers seeking a UK hospitality footprint, and we expect demand to continue into 2019. The care sector has seen an increase in new-build activity across the region, which we predict will continue at pace, while appetite continues to exist for converted care homes in smaller, often more affluent towns, where new builds are not considered viable.



NORTH EAST

David Lee, Regional Director – North East

The North East market in all sectors remains busy, demonstrated by our viewing and offer numbers, which increased by 12% and 25% respectively from 2017 to 2018. Tourism in Northumberland and Yorkshire continues to thrive with the increasing trend of staycations benefitting the hospitality sector, plus the comparatively cheap price of property in the region is attracting more investors across all types of business.

MIDLANDS & ANGLIA

Lee Howard, Regional Director – Midlands & Anglia

Investment in the Midlands, and Birmingham in particular, is at a record high with recent major development schemes. This is set to continue, with global businesses moving in and more office space being constructed, bolstering the retail and hospitality markets and driving more tourism to the region. In 2018, we saw a record year for healthcare transactions, whilst other sectors continue to perform well.

In East Anglia, the care market remains strong, and the licensed and leisure sectors have benefitted from increased tourism to the region, with 65% of businesses surveyed by Visit Norfolk reporting an increase in visitor numbers in 2018.

SOUTH

Ed Bellfield, Regional Director – South

Despite headwinds, the South saw significant transactional growth throughout 2018, surpassing 2017 levels and culminating in the highest income year since 2007. The care sector has experienced substantial growth and demand will continue to outstrip supply in 2019. Hospitality will see the greatest opportunities to improve occupancy and revenue, although the casual dining market may struggle as competition and increasing costs continue to impact upon the high street.



JOHN MITCHELL
Head of Business Mortgages

Christie Finance

We delivered a 30% increase in offers secured across the business compared to the prior year.

Appetite for lending remains strong across our specialist sectors, with growing opportunities for alternative lenders to enter the market.

Despite some hesitation from traditional high street lenders to lend into certain sectors associated with increased risk, the current lending market remains diverse and continues to expand as new lenders identify alternative offerings.

As demand to borrow money grows alongside the popularity of challenger banks, new lenders and FinTech platforms can capitalise on the emerging opportunity to provide niche offerings.

Requirements for funding remain consistent and funding remains readily available for well run, quality businesses, which is reflected in the number of traditional lenders we continue to engage with, as well as the increasing number of offers from challenger banks we have received throughout 2018.

The childcare, education and medical sectors continue to be well supported by lenders, while the care sector has witnessed an increasing volume of traditional lenders diluting appetite for small care homes, despite plenty of support for larger, purpose-built homes. Lending criteria for first-time buyers in the care sector has significantly tightened.

In the hospitality sector, lenders are more likely to fund multiple hotel operators, whilst funding remains more challenging for small single asset pubs and restaurants. Established banks and alternative lenders are designing innovative lending products and criteria to address the needs of the market.

TEAM

The Business Mortgages team has engaged with over 40 lenders over the past 12 months, with a similar number affiliated with the Unsecured lending team. We look to further develop our corporate offering by providing senior debt facilities and mezzanine finance for private equity funds and corporate operators.

We delivered a 30% increase in offers secured across the business compared to the prior year. The Unsecured division has successfully traded throughout their first full year, with growth set to continue into 2019. We will also be launching a dedicated Commercial Investment Property division, which will offer our expertise and quality of services to the rapidly growing real estate investment market.

With the team set to expand in 2019, Christie Finance continues to work closely with Christie & Co, enabling greater penetration of opportunities across the Christie Group.

BREXIT

We have not witnessed any immediate impact or suggestion that Brexit will directly affect the commercial lending market. Despite potential to negatively affect the wider economic market, we remain optimistic as demand for businesses to borrow money remains strong. Access to competitive funding may become difficult depending on the deal agreed, meaning the services of a specialist finance broker may become ever more prevalent.



WALTER MURRAY
Managing Director

Christie Insurance

The outlook for the insurance industry in 2019 is set to be positive providing there are no material changes based on a growing supply outpacing the current demand for insurance.

Cyber insurance should now be a top priority for businesses. It is estimated that billions of losses have occurred worldwide.

OUTLOOK FOR 2019

Despite what insurers would describe as a 'challenging rating environment', i.e. the premiums they are charging are less than their preferred premium, new capital remains attracted into the global and UK insurance markets limiting any premium growth, though there will always be certain sectors that may not fall within this positive outlook. Global insured catastrophes, such as Storm David in Europe and historic fires in California, have all impacted the UK insurance market, however global losses to date are lower than they have been in the past decade.

UK insurers with any significant business across the EU borders have prudently planned for a 'hard' Brexit, having redomiciled parts of their business within the EU.

Major issues impacting our clients include cyber insurance, terrorism and underinsurance.

CYBER INSURANCE

Cyber insurance should now be a top priority for businesses. It is estimated that billions of losses have occurred worldwide due to global ransomware and cyber extortion; this figure excludes the fallout from recent events at Marriott Hotels.

Insurers look closely at an organisation's risk profile, identifying those that have not addressed their cybersecurity vulnerabilities. These companies will find themselves with an inability to find insurance with reasonable terms. As we have witnessed with the NotPetya and WannaCry attacks, midsize companies are prime targets for cyberattacks due to a lack of resource and protocols in place.

Cyber insurance premiums should remain stable and capacity aligned with demand,

however, any companies with claim activity or recent incidents will have higher premiums. Additional cyber resources and notification services are critical factors that should be considered when arranging cyber insurance.

Employee awareness of cybersecurity remains critical in any business. Investing in technology is important, effective cyber risk management should begin with educating employees, particularly as a large majority of cyber incidents are a direct result of employee behaviour.

Insurance coverage will evolve to address regulatory risks relating to the recent changes in GDPR. Although there have not been any substantial fines or penalties relating to GDPR, we anticipate an increase in claims activity given the complexity of the regulations imposed.

TERRORISM

Terrorism is a prevalent concern for most of us, not just with the possibility of damage to assets, injuries to employees and customers, but also an interruption to the profits of a business as a result of, for example, police quarantining areas until an attack has been contained as seen in The Mill Pub and Zizzi restaurant in Salisbury earlier this year. Fear of travelling will also impact those in the hospitality sector.

UNDERINSURANCE

Underinsuring a business remains an issue in all sectors. At the point of claim, which is often too late, it becomes clear that clients have not addressed the correct rebuilding cost of their buildings and have underestimated the time required to restore a business to its pre-loss revenue.



MEDICAL



SIMON HUGHES
Managing Director
Medical

Banks continue to demonstrate good appetite for dentistry and consistently low levels of impairment confirm the industry is a relatively safe haven for investment.

Our two largest Medical sectors, Pharmacy and Dentistry, performed well in 2018 and we report price increases in both, albeit at significantly lower rates than previous years.

DENTAL MARKET OVERVIEW

2018 saw a noticeable shift in demand towards the private dental sector, driven by the challenges NHS operators face in recruiting and retaining associate dentists. While NHS dentistry is still considered highly attractive for many entering the sector, there is now greater sensitivity in relation to UDA performance.

The continued lack of supply of quality dental practices has underpinned prices, particularly in the higher price ranges, and the growth in the number of smaller dental companies has increased demand for larger practices, where greater economies of scale can be realised. Banks continue to demonstrate good appetite for dentistry and consistently low levels of impairment confirm the industry is a relatively safe haven for investment.

CORPORATE ACTIVITY AND MARKET CONSOLIDATION

The sector continues to consolidate, although, with only an estimated 12% of practices in corporate ownership, the market remains highly fragmented.

The sector enjoys huge interest from private equity investors, and as we move into 2019 there are likely to be further platform transactions in the lower and mid-markets.

However, deal volumes are hampered by suitable 'platform' opportunities and a lack of quality management teams. To mitigate the lack of supply, we are seeing a number of smaller investment houses targeting large, single practices.

As the UK market matures, larger companies might begin to explore expansion opportunities in European countries, following the lead of Jacobs Holding, the first to own multiple portfolios on a pan-European basis.

WORKFORCE CHALLENGES

Our recent market report, *The Dental Industry 2018*, shows operators are increasingly concerned about the availability of specialist skilled workers. The private pay market will continue to attract new associates, and urbanicity will increasingly contribute to a surplus of dentists in urban settings whilst worsening the shortage of dentists in rural areas, placing upward pressure on pay scales in NHS dentistry. Most importantly, operators will need to accommodate emerging workforce trends to attract associates, for example through flexible working, while also maximising the skills of hygienists and therapists, allowing associates to perform more advanced dentistry, driving income.

BREXIT

Brexit is inextricably linked to recruitment and retention in the dental workforce. The number of EEA registered dentists fell for three consecutive years from 2014 to 2016, finally stabilising in 2017. Whatever exit terms are agreed should stabilise the number of dentists leaving the UK but more importantly, the Government should aim to welcome skilled dentists and immigration barriers should be reduced for dentists who qualified outside of the EEA to attract more dentists to the UK workforce.



TONY EVANS
Head of Pharmacy

Buyer profiles continued to evolve as the market saw a lull in appetite from larger multiple and corporate operators.

Demand remains strong across the major conurbations, evidenced by strong offers and rising multiples of profit.

PHARMACY MARKET OVERVIEW

2018 saw more pharmacies come to the market in England, largely driven by the combined ongoing impacts of the DHSC funding cuts, the Category M clawback, and supply and pricing issues, despite some closures. In the more stable funding environments of Wales and Scotland, relatively few pharmacies changed hands, and where opportunities did come to market, competitive interest was generated, driving premium prices.

Buyer profiles continued to evolve as the market saw a lull in appetite from larger multiple and corporate operators, which led to a shift in activity towards smaller multiple operators, more independent contractors and first-time buyers. In 2018, we saw an 11% increase in the number of pharmacy applicant registrations, and the breakdown in buyer type has remained relatively consistent with around 80% of buyers being either first-time buyers or new entrants to the market.

GOVERNMENT FUNDING

The largely anticipated announcement that the 2018/19 global funding settlement for England would remain virtually unchanged was met with disappointment. The announcement indicated operators would face increased cost pressures associated with the implementation of the Falsified Medicines Directive in February 2019, the three-pence reduction in the Single Activity Fee and further increases in the National Living Wage.

Following a brief respite after the 2017/18 £180 million Category M clawback came to an end in July, the PSNC announced it had

agreed a further clawback of £50 million, but it is hoped that its completion in March will put an end to clawbacks based on historic over-performance.

Optimistic about a more supportive settlement for 2019/20, we anticipate that buyer confidence in 2019 will remain at similar levels to those witnessed in 2018.

DISPENSING AND SERVICE ACTIVITY

Analysis of the NHSBSA dispensing data for 2017/18 shows that average monthly dispensing remained relatively static to prior years at c. 7,300 items. Many contractors failed to fully capitalise on service income available through Medicine User Reviews (MURs) and the New Medicines Service (NMS). On average, contractors lost out on an estimated £3,200 of MUR income and depending on payment thresholds achieved, £9,000 of NMS activity per pharmacy, with independent contractors faring the worst.

BREXIT

Having already reported a reduction in the number of EEA and overseas pharmacists, any further reduction may result in a shortage, which could increase wages and cost pressures. Additionally, should the Brexit deal agreed disrupt or completely sever free trade, the supply of drugs could be severely affected, leading to price increases. Discussions have already pointed to the potential stockpiling of drugs to mitigate the disruption of supply. The value of the pound following Brexit could also potentially increase the cost of imports, contributing to cost pressures on drug suppliers and ultimately retail pharmacies.



CASE STUDY

Caledonian Dental Care, Perth

Christie & Co brokered the sale of Caledonian Dental Care, Scotland's largest dental practice, comprising two large practices with a total of 19

surgeries. Established in 1947, with the second practice purpose built in 2009, the practices are two of the busiest in Scotland, with approximately 40,000 registered patients. Sold in excess of the asking price, Caledonian Dental Care was acquired by Portman Dental Care, marking its sixth acquisition in Scotland.



CASE STUDY

J G Clifford Dispensing Chemist, Cambridgeshire

Christie & Co sold J G Clifford Dispensing Chemist, a well-established community pharmacy in the town of

Godmanchester, on behalf of a small multiple operator as part of a strategic divestment. Generating nearly a dozen offers, the pharmacy was sold to a first-time buyer.

DENTAL MARKET PREDICTIONS

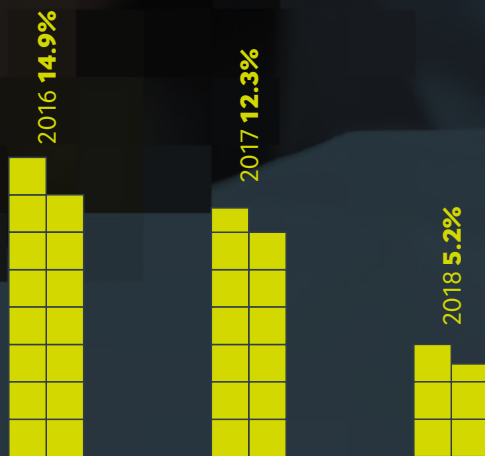
Corporates will divest non core practices into the independent sector.

The market will become increasingly quality driven.

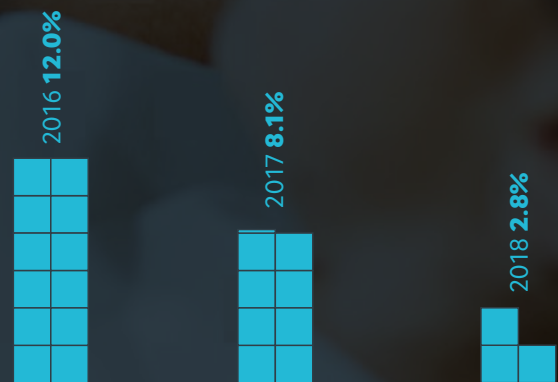
PHARMACY MARKET PREDICTIONS

The first half of the year will remain challenging through the completion of the Category M clawback in March.

Buyer appetite in the pharmacy sector will largely mirror that seen in 2018.



Dental



Pharmacy

Movement in average prices, year on year



CARE



RICHARD LUNN
Managing Director
Care

There is a lot to be positive about in the care sector despite the challenges highlighted in our latest Adult Social Care report.

Investor interest and opportunities have continued to grow in the past year and market demand looks to remain strong for the year ahead.

INVESTMENT & ACTIVITY

Although still a highly fragmented market with some strong local independent provision, competition for prime sites has increased. Significant corporate development activity has put pressure on some smaller operators, as regulators and operators focus on the quality of operations as well as the physical environment.

Diverse global capital providers now consider healthcare a favourable investment class, generating a greater range of buyers and investors than ever before. Previously defined by entrepreneurial individuals and family run businesses with traditional debt, the market now sees capital from private equity providers, international real estate, and infrastructure funds, amongst others.

DIVERSE MARKETS

The care market continues to consolidate with a reduction in the number of homes, despite the number of beds increasing overall. This reflects the shift in market standards, where smaller, nonviable assets are closing and being replaced with larger, new build developments which provide greater economies of scale.

Location and demographic factors continue to influence the value and performance of care settings and the attractiveness of investments, with the South East of England maintaining leading levels of supply and demand. Many other regions still have an undersupply of market standard beds and competition is most relevant on a localised market basis, as operators predominantly focus on building in locations with more self funded residents rather than those reliant on local authority fees.

FACING OPERATIONAL CHALLENGES

The key challenges facing operators relate to staffing, funding and a tougher regulatory environment. As highlighted in our *Adult Social Care 2018* report, there is a deficit of 20,000 nurses currently in the UK, and with a 13% drop in nurse registrations in 2018, the availability of nurses looks set to shrink further. Staffing has been a constant focus for operators who are developing programmes to recruit and retain trained staff.

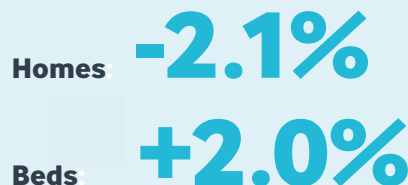
Agency staffing costs continue to affect many operators, who will inevitably look to offset these costs with increases to private fees. However, these increased costs will still significantly impact profitability.

BREXIT

As a needs-driven market, Brexit is unlikely to bring any substantial, new issues to the care sector, however, it could exacerbate existing challenges particularly around workforce.

Diverse global capital providers now consider healthcare a favourable investment class, generating a greater range of buyers and investors than ever before.

Variance of homes and beds between 2016 and 2018:





CASE STUDY Andover Nursing Home

Having been instructed on the sale of the substantial, 87 bed Andover Nursing Home in Hampshire, Christie & Co undertook a confidential marketing campaign on behalf of

the owners, two brothers who were looking to retire having operated the home for the past 16 years. The business garnered a high level of interest resulting in several competitive bids and was ultimately sold to a growing local group operator, Andover Care Ltd, in May 2018.



CASE STUDY Croftbank House and Rosepark

In October 2018, Christie & Co sold two purpose-built homes, Croftbank, a 68-bed home, and Rosepark, with 58 beds across two buildings, to Impact Healthcare REIT for a

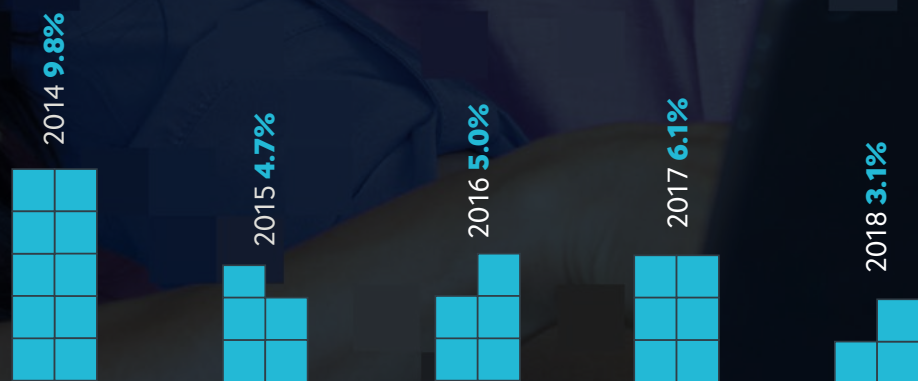
combined £11.6 million, reflecting a net initial yield of 7.6%. Impact entered into a lease on the two settings with Scottish group operator, Renaissance Care, bringing their portfolio up to 14 homes with almost 700 beds and 1,000 members of staff.

MARKET PREDICTIONS

The care sector still awaits the Government's Green Paper into the future of funding of social care which was due in 2018. This could have a significant impact on the sector upon its publication.

Quality still remains the key driver of value and operational effectiveness – we will see continued regulatory pressure on all operators to improve services.

We predicted the sale of a major OPCO in 2018 – this is still yet to be achieved but likely in 2019, along with further consolidation of quality providers.



Movement in average prices, year on year



MICHAEL HODGES
Managing Director
Healthcare Consultancy

2018 was a ground-breaking year for the team with two major research reports launched and record demand for our consultancy services, particularly in terms of commercial due diligence, market studies and development advisory mandates.

2018 saw a number of new well funded investors enter the sector, significant activity in relation to major M&A processes and a very active development market.

GROWING INTEREST AND INVESTMENT

The need for care services is continually growing, as people live longer with an ever-increasing range of health conditions. These demand drivers are fuelling interest in the sector from a growing range of investors. Interestingly, many institutional funds are now actively targeting healthcare investments given difficulties in other parts of the property market. Healthcare is now becoming much more mainstream, which is evidenced by the way yields have compressed for prime stock.

The need for high quality, future fit provision has also fuelled a substantial amount of new development activity, with 2018 being a record year in terms of our development advisory and brokerage activity.

Most of the new developments are targeting the private pay market with developers and operators continually looking to evolve the product offering in terms of specification and the use of technology.

TECHNOLOGY

Technology is being used in a number of areas, including care planning, resident experience enhancement and health monitoring, and we anticipate this to continue in the future, as operators aim to improve the service experience, efficiency and patient safety.

Along with the care sector, the pharmacy and dental markets are also growing with the development of new technology. A key development in the pharmacy sector is the move towards electronic prescriptions through EPS 4, whilst dental practices are capitalising on consumer demand to offer cosmetic surgery procedures as well as traditional dental care.

CARE CHALLENGES

In the care sector, operators of smaller converted homes reliant on local authority funded clients are finding trading conditions to be challenging, with these pressures exacerbated by demands imposed by regulatory bodies and staff recruitment challenges. Across the sector, the two main pressure points relate to local authority funding and staff recruitment, particularly the supply of trained nurses where, as our recent Adult Social Care report has shown, uncertainty through Brexit has had a particular impact.

BREXIT

Care is a needs-driven sector with the workforce being a vitally important component. The key risks which may arise from Brexit relate to the supply of labour, cost of materials, and overall market confidence, particularly in the investment community.

Concerns over the supply of labour stem from the fact that since the Brexit vote, there has been an 87% drop in EU nurse registrations since 2016. With our latest research showing that the shortage of nurses is continuing to increase, operators are now having to source more overseas nurses whilst employing other strategies, such as upskilling care assistants to assist with basic nursing duties.

Consultancy - Healthcare

Healthcare is now becoming much more mainstream, with this evidenced by the way yields have compressed for prime stock.

A woman with long brown hair, wearing a pink sleeveless top, is sitting at a white table with two children. On the left, a young girl with blonde hair in pigtails, wearing a red shirt, is painting a yellow shape on a white sheet of paper. On the right, a young boy with short brown hair, wearing a brown and yellow striped shirt, is also painting. The woman is looking down at the children, appearing to guide them. On the table, there are various art supplies: a green plastic basket filled with paintbrushes, a yellow plastic basket, a white palette with paint, and a glass of orange juice. In the background, there are colorful drawings on the wall, including one of a girl's face. The overall scene is bright and cheerful, suggesting a creative and educational activity in a childcare or classroom setting.

CHILDCARE & EDUCATION



COURTENEY DONALDSON
Managing Director
Childcare & Education

The premium prices being achieved by the most desirable businesses throughout 2018 look likely to continue into 2019 as we see an eager pool of new buyers continuing to emerge.

Part of an ever-growing sector, many businesses yielding high earnings have seen increases in value, driven by continued attraction to investors and eager competitiveness from buyers teamed with their thirst for high quality.

Our Childcare & Education team has seen unprecedented prices for quality businesses achieved over the past 12 months, albeit such may level out during 2019. While a very positive year for some, the past year has presented a divergent landscape and we expect the disparity between success and distress to widen during 2019.

INVESTORS AND OPPORTUNITIES

High quality single assets remain very much sought after by first-time buyers, existing providers and new, prospective investors alike, as the sector is increasingly being seen as an attractive investment class, offering scope for solid long term earnings and success.

The premium prices being achieved by the most desirable businesses throughout 2018 could potentially continue into 2019 as we see an eager pool of new buyers continuing to emerge.

Established and well-performing portfolios are expected to remain attractive to regional, national and international groups and investors. Consolidation opportunities remain, with existing providers and new entrants increasingly looking to pursue growth development strategies, via both acquisitions alongside organic development.

CHILDREN'S DAY NURSERIES

Still a highly fragmented market, with around 80% of settings owned by independent operators, UK based children's day nurseries continue to see inbound investor interest which has, in turn, driven up values, fuelled by competitiveness in the market.

The development of new 'future proofed', purpose designed settings are undoubtedly placing additional pressure on existing, smaller operators. The past year has seen a rise in nursery closures, particularly among the smaller, less commercial, least well funded and less viable businesses.

Research by NDNA revealed a 66% increase in closures between September 2017 to 2018, attributing this to the introduction of the 30 hours of free childcare policy. As of September 2018, 88% of eligibility codes for 30 hours free childcare have been validated, showing that the majority of the impact the policy has had on the sector has occurred.

88%

of eligibility codes for 30 hours of free childcare validated by September 2018

A growing trend has been the increasing introduction of full day care provision on primary school sites. Maintained sector nurseries in many cases have historically been in receipt of higher local authority fee rates, in comparison to rates awarded to the private sector, we have seen an increase in school-based provision.

As owners strive to differentiate their business from others, USPs, such as enrichment services, bilingual curriculum and cutting edge technology, are becoming increasingly more prevalent.

Fixed costs continue to increase year on year for staffing, operations and business rates, so warranting sustainable fee rates and increasing operational capacities are potential routes which could be taken to mitigate or offset sustainability pressures.

INDEPENDENT SCHOOLS

The landscape for independent schools is mixed, with private 'for profit' schools typically falling into one of three groups. The elite and prestigious private UK schools have been able to maintain high occupancy and school fees, assisting in offsetting increasing operational costs.

However, mid-market schools located in pockets of London, the South East and Home Counties are having to become increasingly commercial in order to ensure a healthy financial operation and ensuring profitability with necessary financial reserves.

The private independent schools which are most at risk are those located outside of London and the South East, with significant erosion in pupil numbers and little capital to reinvest. We anticipate increased evidence of distress during 2019 for this cohort of schools as costs rise and surpluses decrease.

Distressed assets aside, we expect the independent school market to remain strong and activity is anticipated to gain pace especially across mid-market pricing points of between £5 million and £50 million.

LOOKED AFTER CHILDREN AND YOUNG PEOPLE

Children's homes and foster care businesses are continuing to see high levels of activity as the fragmented nature of the market provides a variety of opportunities for trade buyers and investors alike, with demand continuing to outstrip supply.

USPs, such as enrichment services, bilingual curriculum and cutting edge technology, are becoming increasingly more prevalent.

Children's homes, in particular, look set to see capital value growth during the year ahead. With local authorities beginning to increase their referrals back toward children's homes, there is a significant shortage in supply, and this is expected to fuel demand from business property buyers during 2019.

SPECIALIST CHILDCARE

Trade and investor interest has continued unabated during 2018, as businesses that provide specialist care and education for children and young people continue to draw interest from a wide pool of acquisitive buyers. Alongside this, organic new business developments have been evident, with, amongst many others, 2018 seeing the opening of Brookways School in North Cheam, adding to the Keddleston Group's portfolio of specialist day and residential schools.

Overseas, against the backdrop of the Dubai Disabilities Strategy 2020,

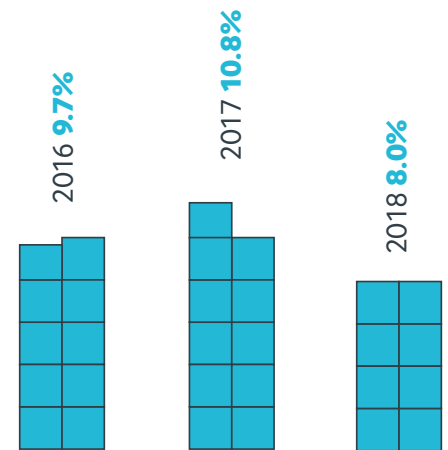
an aspirational vision to create a fully inclusive education system for children and young people with SEND is being realised. Riverston School, the first of its kind specifically catering for students with specialist needs or as referenced by the regulator, Children of Determination, opened in Dubai in 2018.

BREXIT & POLITICAL CHANGE

While a weaker pound may fuel inbound activity from overseas investors, domestic opportunities may be impacted as UK owners or investors will seek to divest risk.

Across the childcare and education sectors, there may be some challenges with visa issues impacting staff supply or a reduction in consumer supply in some instances.

Aside from Brexit, in the event of a snap election, the effect of a potential change in government, including changes to the funding system, regulatory policy and operational frameworks, could be the greatest challenge.



Movement in average prices, year on year



CASE STUDY

Yellow Dot & Mace Montessori, UK

Christie & Co brought both Yellow Dot and Mace Montessori portfolios to the market in 2018, which were subject to competitive processes

and extensive offers from a host of UK, European and wider international buyers from across Asia, Hong Kong and China. Multiple portfolio sales have been brokered by the team this year, but these two transactions are especially noteworthy due to the volume of offers presented by carefully vetted potential buyers in an off-market process, and the premium tone of offers received.



CASE STUDY

Project Queen, UK

A key transaction in the Specialist Childcare sector, Christie & Co instructed on the portfolio sale of seven residential children's homes and a specialist school, located

across the Midlands and East Anglia, by Direct Care Ltd. The group, a mix of freehold and leasehold, maintained an exceptional reputation and gained substantial interest from a range of regional and national operators when brought to the market, demonstrating the high demand for these types of businesses. It was ultimately purchased by Keys Group, a leading provider of innovative care and education services for children and young people with complex needs.

MARKET PREDICTIONS

We predict that we will see a marked increase in independent school closures during Q1 & Q2 2019, notably in relation to schools located outside of London and the South East. Particularly with the Teachers' Pension Scheme contribution rate increase from 16.48% to 23.6% from September 2019, this will be a further and potentially final blow for many already struggling with sustainability.

Quality UK single nursery settings and portfolios with solid sustainable earnings will remain sought after, but the sector will become increasingly divergent with the void between successful, stagnant and failing businesses widening. Additionally, we expect to see further competition as more school-based providers presently offering reception classes extend into full day care provision, coinciding with the new Education Inspection Framework implementation due in September 2019.

Demand for UK residential schools for children and young adults with SEND will remain high and the children's residential care market will increasingly strengthen, as demand continues to exceed supply. Foster care businesses, especially those with access to large cohort family placements, will also continue to attract premium prices.



RETAIL



STEVE RODELL
Managing Director
Retail

Major M&A activity is likely to create plenty of opportunity across the grocery, convenience and petrol filling station markets, particularly if any subsequent divestment of stores is needed.

The proposed merger of Sainsbury's and Asda is arguably the biggest story of 2018, along with some other substantial groups, and if it goes ahead could provide significant new acquisition opportunities for a range of buyers.

CONVENIENCE

The convenience sector, including petrol stations, continues to account for over a fifth of the overall grocery market and is only set to strengthen, showing an average of 4% compound annual growth. Site ownership continues to be dominated by independents, who make up 31% of the market, usually trading under and supplied by a symbol brand. This fragmented market allows and encourages a steady stream of activity by both corporates and independents to be maintained.

Reinvestment is a key theme amongst business owners, with £814 million spent in the last year. Freehold tenure is therefore favoured by independent buyers, as they can improve sites to increase revenue, reduce costs and enhance profitability, ultimately boosting value. Whilst there is some expansion in medium sized groups looking to consolidate, generally single-site transactions continue to dominate the market.

The collapse of Conviviality in 2018 led to wholesaler Bestway acquiring its convenience brands Bargain Booze and Wine Rack for £7.25 million. We expect that along with this consolidated group there will be several other acquisitive parties in the market, together with retailers 'churning' their portfolios.

PETROL FILLING STATIONS

After years of divestment, oil companies look set to shake up the petrol filling station market in 2019. We could see a rash of activity from returning buyers such as Phillips 66 (Jet) and Certas Gulf. Prax Petroleum (Harvest) set the tone for oil company investment in 2018 by acquiring HKS. All are likely to increase purchasing activity in 2019.

Margins look set to improve for fuel retailers. Following consistent crude oil price growth since January 2016 after a period of industry oversupply and pump price discounting by the oil companies, we anticipate that the gap between pump prices and oil prices will again widen, based on crude oil price forecasts for the next few years.

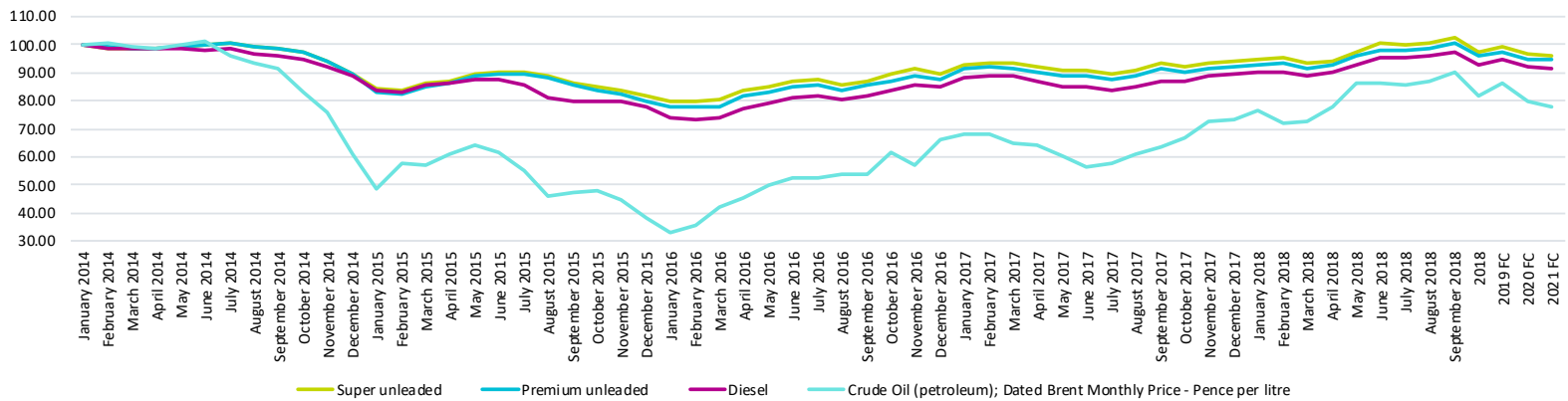
Christie & Co brought Cornwall Garage Group to the market in the autumn of 2018, and this has been a good market bellwether. Interested buyers included both domestic operators of all sizes and overseas investors seeking a foothold in the UK.

We expect that there will be several acquisitive parties in the market, together with retailers 'churning' their portfolios.

£814m

spent on reinvestment in convenience retail in 2018

MONTHLY VARIANCE IN PETROL AND CRUDE OIL PRICES (REBASED JANUARY 2014 = 100)



Sources: ONS, Statista, Christie & Co Analysis

GARDEN CENTRES

In 2018, Christie & Co was instructed to market 145 Wyevale Garden Centres, the biggest sale of garden centres assets in the UK. Strong appetite for expansion from those in the sector and from new external investors was evident following the launch in May.

Similarly, farm shops are an area of retail with a current low profile but this fairly new sector looks set to grow further in 2019. Consumer demand for provenance in product and locally sourced produce has become more prevalent and this will fuel attractiveness for investors and boost existing operators.

BREXIT

For retailers, the biggest potential impact from Brexit is likely to be on the supply chain. The cost of sourcing products and labour could be pushed upwards if the movement of casual labour and undesirable import and export tariffs are introduced.

Brexit is likely to have a much smaller effect on the majority of independent stores because such businesses are often more responsive to change being family operated or run by a small team. However, the larger chains and supermarkets may face a slight deficit in their EU workforce pool for frontline operational staff but, with good levels of pay and working conditions, generally there is no shortage of applicants for these positions.

MARKET PREDICTIONS

As the level of turnover increases to sustain a corporate convenience store, we are likely to see a significant increase in corporate divestment.

Oil companies could acquire more going concern petrol station businesses to retain market share.

Already narrow margins in high street retailing and shopping centres will be squeezed leading to the potential increase in financial distress.



CASE STUDY Wyevale Garden Centres, UK

Terra Firma, the private equity fund, appointed Christie & Co to advise on the process of selling 145 Wyevale Garden Centres. The opportunity to run one, a small group or a portfolio of garden centres ignited interest within the garden centre sector and beyond. Christie & Co reached over 60,000 potential buyers and through a two-phase offer process supported management in the sale of 40 garden centres by the end of 2018. Subgroup deals were concluded to Blue Diamond (9), Dobbies (6), In Excess (4) and the rest to a mix of garden centre operators and speculative investors. Woodcote Green was quoted in the trade press as being “the UK’s most expensive garden centre purchase ever”.



CASE STUDY Cornwall Garage Group, UK

Christie & Co was appointed to market Cornwall Garage Group, a portfolio of 17 petrol filling stations, located across the Midlands, Home Counties and South West of England. The 14 freeholds and three leaseholds were made available individually, in subgroups, or as a portfolio and generated enormous interest across the forecourt market. Our carefully orchestrated marketing reached over 21,000 buyers and we received offers on every property and nine offers for the whole portfolio.



CASE STUDY Bathway Service Station, UK

Flying Visit Limited appointed Christie & Co to confidentially market Bathway Service Station on the A36 in Frome, Somerset. The site was trading under the Texaco brand with an annual fuel throughput of 11 million litres and shop sales of £40,000 per week. After generating multiple bids, the site was sold to BP, who planned to demolish and re-build the retail shop as an M&S Food.

72%
of the
convenience
sector is
owned by
independents



A close-up photograph of a person's legs and hands on a tennis court. The person is wearing black socks and red and white sneakers. They are holding a tennis racket with a yellow and black frame. A bright yellow tennis ball is on the ground in the foreground. The word "LEISURE" is written in large, white, bold letters across the middle of the image.

LEISURE



JON PATRICK
Head of Leisure & Development

The leisure market was defined by a number of sizeable, single asset transactions in 2018, as well as some key corporate deals, albeit fewer than in previous years.

The 'alternatives' property sector overall has seen keen interest from investors, which looks set to continue into 2019.

INVESTOR INTEREST

Investors active in the 'alternatives' space comprise a diverse group including private investors, real estate investors, private equity, and more recently, public sector funds, looking to take on operational risk in pursuit of potentially higher returns.

We anticipate pension fund activity to continue to target key UK markets with robust business, leisure and education metrics.

LEISURE MARKET ACTIVITY

Yields in the leisure market have continued to harden for well let developments which deliver long, unexpired lease terms in prime locations. Investor interest is greatest for quality business operations or covenants prepared to enter into 25 to 35 year lease terms with indexed rent reviews and where businesses are delivering long term established multiple income streams.

In particular, the gym and fitness centre market in the UK has continued to grow, with around 10 million members in 2018 and a market value reported to be around £5 billion, with user penetration rates nearing 15%.

Caravan and holiday parks remain in high demand due to the range and quality of income streams where annual pitch fees are treated as quasi-investment income. We see this set to continue, particularly with the phenomenal summer in 2018

and low exchange rates on sterling seeing staycations enjoy maintained growth, along with increasing international visitor numbers.

MULTI-USE SITES

As the shift in consumer habits moves increasingly away from the high street towards online platforms, multi-use leisure sites offering a wide range of experiences in one location will be better positioned to take advantage of consumer demand.

A multi-faceted business that we have seen performing extremely well is garden centres, both with consumers and investors. Following our instruction on the sale of the Wyevale Garden Centres portfolio across the UK, interest in these assets has been phenomenal.

Yields in the leisure market have continued to harden for well let developments which deliver long, unexpired lease terms in prime locations.

In 2018

c. 65%

of overnights were from domestic residents

BREXIT

Staffing and employment costs are clearly going to be key issues following Brexit as much of the customer-facing workforce in leisure and hospitality comprise EU workers and the result of any immigration policy changes could reduce this employment pool.



CASE STUDY

Buchanan House, St Andrew Square, Edinburgh

On behalf of Associated British Foods Pension Fund, Christie & Co acquired the investment of a 72 key Malmaison hotel development, due for completion in September 2019.



CASE STUDY

David Lloyd Leisure, Harrogate

Christie & Co sold the investment of the David Lloyd Leisure club, formerly known as the Academy Health Club and Spa, on behalf of Academy Leisure Limited to CBRE Global Investors, off a net initial yield of 3.4%.

MARKET PREDICTIONS

There will be increasing distress for poorly invested indoor “big box” leisure operations, including trampoline centres, nightclubs and bowling alleys.

We envisage an increasing number of lease renewals, lease re-gears and pre-emptive lease extensions being negotiated across the UK’s leisure parks.

The health & fitness market will continue to see consolidation following acquisitions by Pure Gym and The Gym Group.



PUBS



NEIL MORGAN
Managing Director
Pubs & Restaurants

The number of UK pubs has declined by around 28% since 1989. Generally speaking, those that still remain are more viable and sustainable trading businesses. Some market churn will continue, as many managed companies will look to convert underperforming assets into their existing franchised or leased operations and private operators will also benefit from a number of national and regional companies' individual asset disposals.

M&A activity was sporadic throughout 2018, although interest from private equity remained strong. A number of operators saw more opportunity in the pub sector than in the restaurant sector, and stalwarts, including Fullers, Marston's and Punch Taverns, acquired small portfolios in package deals.

COST PRESSURES

Rising operational costs are nothing new, and average overheads are now eating up 52.5% of net revenue, up 3% in just two years. Wage cost inflation on the back of legislation is largely to blame, with the National Living Wage, apprenticeship levy and pension auto-enrolment all contributing to significant rises.

Property costs, primarily rent and rates, are the other key contributors to rising operator costs. However, following the wave of CVAs on the high street that began in early 2018, rents have shown

2018 may be the turning point for the British Pub. The total turnover from pubs has remained similar to that in the heady days of 2008 as today's pubs have generated new business and absorbed the trade from those that closed.

signs of returning to sustainable levels, with reductions of up to 30% becoming commonplace.

With limited opportunity to pass costs on to the consumer, margins are expected to erode further through to 2020. The primary focus for many remains on driving top lines and sweating assets in order to overcome these challenges.

CHANGING LANDSCAPE

Whilst the number of pubs has fallen, the number of large pubs has grown significantly since 2001, resulting in a net increase in the total trade area and number of people employed within the sector. New purpose-built managed houses that cater to the modern pub-goer are more efficient to run. National and regional operators, such as Greene King, Marston's, McMullen & Sons and

JW Lees, are all investing in new builds in either prominent locations or within large housing developments.

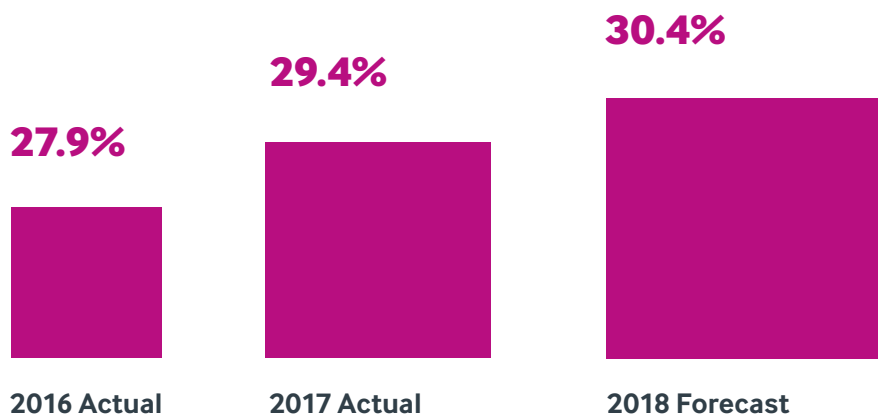
Operators who have embraced emerging trends have differentiated themselves from the competition and ensured that they have maximised their relevance to the consumer.

BREXIT

Aside from the negative impact of some cost inflation, the devaluation of the pound following the referendum on EU membership has driven an increase in tourists visiting the UK and boosted the popularity of staycations. As such, pubs with letting rooms have increasingly proven themselves as capable of successfully competing with both budget accommodation providers and the boutique market.

Whilst the overall number of pubs has fallen, the number of large pubs has grown significantly since 2001.

PUBS - WAGE COST MARGIN





CASE STUDY

Ribble Valley Inns, Lancashire

Ribble Valley Inns, a group portfolio of four pubs across Lancashire, was sold to The Restaurant Group's pub-operating subsidiary, Brunning & Price, through Christie & Co in May 2018. The sites are an ideal addition to Brunning & Price's existing sites in the Ribble Valley, the Aspinall Arms and Houghton Manor, which were also acquired through Christie & Co. We have been working with Brunning & Price for over seven years now and continue to help them source suitable pubs for their estate.



CASE STUDY

Fox in Haslington, London

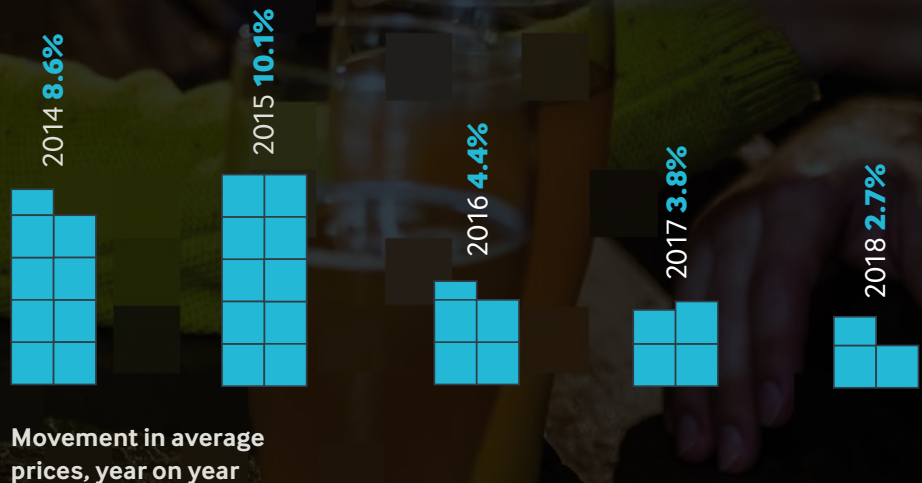
Christie & Co sourced and negotiated the acquisition of The Fox in Haslington via a new lease on behalf of Ego Restaurants, a Mediterranean inspired pub and restaurant brand. With the restaurant sector experiencing significant structural challenges, restaurant companies are increasingly entering the pub sector, where assets offer additional flexibility, external trading areas and reduced risk. Pub operator, Mitchells & Butlers has since acquired Ego and plans to further expand the Ego brand.

MARKET PREDICTIONS

We estimate a further 1,000 pubs need to close within the next two years to reach a sustainable equilibrium of 47,000 pubs.

Investors and private equity will be more willing to consider smaller scale pub group opportunities.

There will be a modest opportunity for value growth, driven by trading performance.





RESTAURANTS



SIMON CHAPLIN
Head of Restaurants

While the restaurant sector featured heavily in the news during 2018, independent and smaller operators can be cautiously optimistic as we enter 2019.

THE HIGH STREET

During 2018 more high profile operators used CVAs (Company Voluntary Arrangements) to restructure a business, primarily to manage underperforming sites and reduce rent costs for a period of time.

Prime candidates likely to turn towards CVAs are multi-site operators who expanded quickly over the last three years in the race for growth. In 2015, the growth in casual dining looked unstoppable and private equity pushed for expansion. Considering these factors, further casualties on the high street are inevitable.

DEVELOPMENT AND EXPANSION

As national brand operators begin to retreat from secondary markets, independent and smaller operators are able to benefit from the emergence of better deals and can look forward to great opportunities to capture customer interest, as consumer preferences continue to shift towards more imaginative dining experiences. Unconstrained by brand image, most small and independent operators are able to adapt their offering to the local consumer.

INNOVATION

The popularity of new concepts has seen many establish numerous pitches at street food markets, pop ups and box parks. Funding for restaurants is still forthcoming despite the headlines, especially from private investors, crowdfunding and emerging challenger banks, keen to back the next trend and seen as a catalyst to achieving success. New concepts could also create larger, multi-use spaces by taking advantage of the prevalence of space on the high street, where landlords are also beginning to offer new benefits and incentives.

TECHNOLOGY

While street food is a great source of food innovation, changes on the high street are mainly driven by technology and customer experience, as 'Grab & Go' and the rapid expansion of delivery services is causing concern amongst operators trying to improve margins. Most operators have now embraced the web and technology, but more could also utilise social media to attract customers through the door and promote the business.

OPERATOR COSTS

The 2018 Autumn Budget announced some rate relief for small businesses, and rents are set to stabilise at worst and will reduce significantly in many areas. Many operators will still need to invest heavily in the fit out of their space, and while operators will attempt to absorb the outlay, many will need to pass on costs to the consumer in 2019. Service charges and rising menu prices will increase the cost of a night out.

BREXIT

Leading software platform, Fourth Analytics, reported that EU nationals composed 40% of the UK's hospitality workforce as of June 2018, pressuring operators to become less dependent on talented migrant chefs and simplify menus, as the influx of new EU staff slows. Should food import costs rise depending on the Brexit deal that is agreed, better menu creation and sourcing more ingredients from the UK or outside the EU will keep costs to a minimum. There has also been a drive to encourage UK residents into the industry, which could be achieved through increased minimum wage and clear career development.

Consumer preferences continue to shift towards more imaginative dining experiences.



CASE STUDY
Bronte Restaurant and Bar,
London

Bronte Restaurant and Bar, a modern and elegant restaurant overlooking Trafalgar Square in London was sold to Saudi Delta Group, a Middle East based operator, through Christie & Co. The group sought to acquire a prime location site in the capital city for their first restaurant in the UK. The site was sold off an asking price of £850,000 for the leasehold interest and has now reopened as the Blue Garden.



CASE STUDY
Churche's Mansion, Cheshire

Christie & Co sold Churche's Mansion, a former antique showroom in Nantwich, Cheshire, to an independent operator, with plans to convert the space and open a new, quality seafood restaurant. Occupying a Grade I listed landmark building, the site previously traded as a tea room and restaurant from 1930 to 1986.

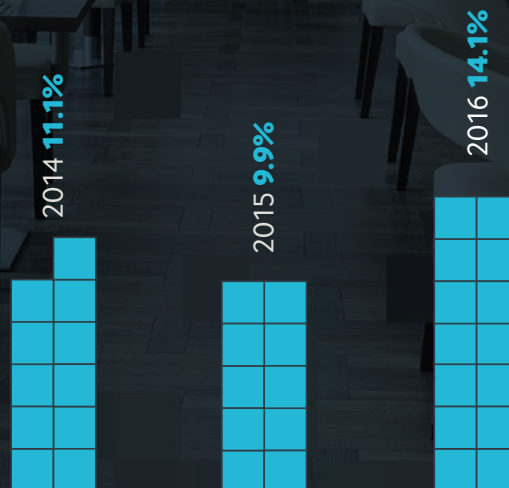
MARKET PREDICTIONS

Further causalities of high street restaurant brands are expected in the first half of 2019.

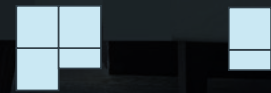
We will see growth in the number of independent, multi-site operators as landlords seek alternative tenants.

Competition in the delivery market will heat up with increasing benefits for restaurants.

EU nationals composed 40% of the UK's hospitality workforce as of June 2018



Movement in average prices, year on year



2017 -3.4%

2018 -1.3%



HOTELS



The UK hotel market continues to show encouraging signs of growth in terms of RevPAR performance, supply growth and investor appetite.

BARRIE WILLIAMS
Managing Director
Hospitality

Portfolio sales were a prominent aspect of the market in 2018, with regional, single asset transactions keeping the market buoyant, a trend which is likely to continue into 2019.

UK GROWTH

The hotel sector continues to innovate and evolve through the creation of new and exciting brands, dynamic new hospitality concepts and technology to meet ever-shifting consumer expectations.

Whilst 2018 has proven to be a more challenging year for hoteliers off the back of 2017's strong performance, the market displayed positive performance metrics in both occupancy and ADR. Encouragingly, RevPAR growth forecasts for London and

the regions remain strong, with increases of 0.6% and 0.7% in 2019, respectively. This will predominantly be driven by rate increases, but 2019 performance may be influenced by Brexit developments to some degree too.

In terms of hotel supply, there is likely to be over 10,500 new rooms in London across 85 hotels and in the regions as many as 25,500 new rooms across 295 hotels from July 2018 to the end of 2019. The vast majority of regional pipeline development is located within key gateway cities, including Manchester, Belfast, Edinburgh and Liverpool.

FACING HEADWINDS

Whilst we foresee top line revenue remaining relatively stable, with marginal

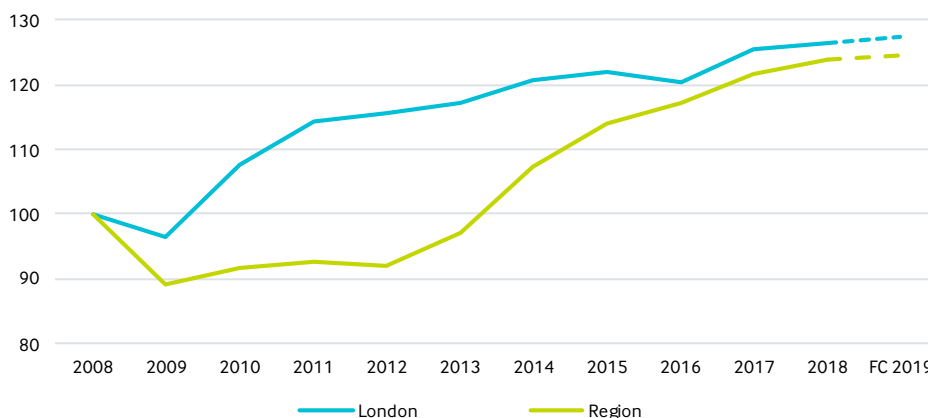
growth potential possible, operating and staff costs are rising, and it will be in the underlying profit margins where owners and operators are likely to encounter challenges in 2019.

INVESTOR APPETITE

The UK hotel market remains an attractive investment proposition and appeals to a wide range of buyers. International interest has continued with capital from across the globe, particularly from European investors, making up more than 50% of UK investment in 2018.

This was largely influenced by France, but with notable investment from Sweden, plus investors from the Middle East, North America, high net worth individuals, family funds and institutional investors.

CHRISTIE & CO 2019 REVPAR FORECASTS (REBASED 2008 = 100)



2018-19 RevPAR Growth Forecast

London:

+0.6%

Regional:

+0.7%

Source: STR, Christie & Co Analytics

MARKET PREDICTIONS

Hotel operators are likely to experience either flat or negative movement in 2019's profit margins, with lower RevPAR growth and higher bedroom supply and operational costs.

Macroeconomic factors, such as inflationary pressures and potential interest rate movements, may lead to an increase in distressed positions, likely to occur in H2 2019.

Significant developments in technology are growing and may assist in customer experiences, cost savings and even increased productivity.

BREXIT

The UK hospitality sector employs 2.9 million people, representing 10% of UK employment and within this number, over 400,000 are EU migrant workers. However, over the past two years, there has been a shortage of workers as the UK has become a less attractive destination for foreign job seekers.

Where the exchange rate will trade during 2019 depends on a number of economic factors, including Brexit, inflation and interest rates, but the weak currency does provide significant benefits for overseas investors.



CASE STUDY Eynsham Hall

Christie & Co sold Eynsham Hall, one of Oxfordshire's leading country house hotels, on behalf of Cathedral Hotels to Ennismore. Eynsham Hall was sold off an asking price of £8,250,000.



CASE STUDY Five Marriott hotels

Christie & Co acted in the sale of five Marriott hotels, spread across the North East and South of England, to Britannia Hotels for materially more than the combined asking price.



Movement in average prices, year on year

Portfolio sales were a prominent aspect of the market in 2018, with regional, single asset transactions keeping the market buoyant



CARINE BONNEJEAN
Managing Director
Hospitality Consultancy

We utilised our pan-European Consultancy team to its full potential in 2018, carrying out several large continental projects and leveraging our integrated approach across the UK, Spain, France, Germany and the Nordics.

Consultancy - Hotels

There is growing interest in hostels and serviced apartments, which are more equipped to avoid costs associated with traditional hotels.

CONTINUED EXPANSION AND INVESTMENT ACTIVITY

There has been a clear increase in demand for our services across Europe, particularly on acquisition due diligence and pricing advice for portfolios and single assets, development and planning support, and strategic market reviews. We expect a similar trend in 2019 and are likely to see a shift towards more asset optimisation assignments and independent business reviews.

A growing theme that we have seen this year is demand from operators for our newly-developed target market screenings, as more and more are keen to fast track their European expansions and want to proactively approach their development strategy by identifying existing properties for conversion.

POSITIVE PERFORMANCE DESPITE SUPPLY GROWTH

Despite the subsequent additions to supply in recent years, London remains consistently among the cities with the highest hotel occupancy in Europe and most UK regional markets are experiencing positive RevPAR growth.

In London, the pipeline under construction and due to enter the market in the next four years equates to approximately 8% of the existing supply, and, although it is likely that occupancy will continue to contract moderately in the coming years as the market absorbs the supply, it should remain positively above 80%.

In the regions, hotel rooms under construction equate to circa 5% of existing supply, with key cities, such as Manchester, Edinburgh and Glasgow, likely to see more impact than others.

TRENDS AND CHALLENGES

Whilst the numbers going into 2019 are still encouraging, it is important to note that operators are facing increased pressure with stabilisation in top line growth and rising costs impacting overall profitability. Optimising efficiency is now critical and many are rethinking their operational structure to identify cost saving opportunities, such as reducing staff costs, focusing on energy efficiencies and utilising technology to automate some systems.

Midmarket and independent hotels in the UK will be most likely to struggle in the coming years in the face of such headwinds, while those most able to cut costs or raise rates are best positioned to avoid losses. Alongside this, there is growing interest, particularly from institutional investors in demographic-led investments, such as hostels and serviced apartments, which are more equipped to avoid costs associated with traditional hotels.

BREXIT NOT DAMPENING APPETITE

Investors still appear very keen on the UK as proven by recent transactions, both for single assets and portfolios, and whilst some remain cautious there has been no noticeable drop in interest. Institutional investors and indigenous European funds, in particular, are still eager to have a presence in the market.

With much speculation around the outcomes of Brexit, uncertainty is rife, but this has not looked to alter behaviour and many companies' long-term business plans have been unchanged, with plans for future expansion and development in the market.



INTERNATIONAL



LUKAS HOCHEDLINGER
Managing Director
Central and Northern Europe

Germany has proven to be one of the most sought-after hotel investment markets in Europe over the last few years, and demand for hotel assets in Germany remained very strong in 2018.

GERMANY

Arrivals to Germany have increased every year since the financial crisis in 2009 and were up again by 3.9% as of July 2018, with no immediate signs of a slowdown. We can expect 2019 to be the tenth consecutive year of growth in arrivals. In 2018, occupancy increased on the previous year, although at a slower pace, primarily tamed by new supply. The federal states of Hesse, North Rhine-Westphalia, Saxony, Saxony-Anhalt and Schleswig Holstein recorded the strongest growth with arrivals up more than 5% in 2017.

International investors tend to show interest in the 'Top 6' German cities – Hamburg, Frankfurt, Munich, Dusseldorf, Cologne, Berlin – where markets are most transparent and stable. However, increased competition has sharply driven prices up and yields down.

Consolidation has continued across Germany since 2010 and fewer hotels are on the market, while bed supply continues to grow at the same time, as smaller hotels shut down and larger hotels are developed. We can expect this trend to continue into 2019 with full pipelines in most cities.

Several international brands have already opened or plan to open a hotel in Germany, including Plateno's 7 Days Premium, Hyatt's Andaz and Fattal's NYX. Most new concepts, ranging from economy to luxury, come with high-quality furniture, fixtures and equipment. In addition to traditional hotel products, the pipeline is filled with 'aparthotels' and 'boarding houses,' further blurring the line between hotel and home.

Overall, RevPAR in Germany has increased throughout 2018 and shows signs of continued growth into 2019. Of the top six markets, only Berlin and Frankfurt reported growth in 2018, while growth across the remaining top six markets declined partly due to the trade fair calendar's influence on performance.

Heading into 2019, we can expect strong performance from secondary cities with full development pipelines compared to primary markets, although secondary cities will still face similar pressures. Pipelines are full, and investors have seen prices per room reach a ceiling, meaning the stall in new development is unlikely to change.

AUSTRIA

Growth in tourism has been recorded in Austria year on year, influencing a positive effect on occupancy and RevPAR. Graz, Salzburg and Innsbruck achieved the highest RevPAR growth across the country, and the three cities, as well as Vienna, indicate towards strong growth in 2019.

There has been noticeable growth in the number of hotels across major and secondary cities. While demand growth has not necessarily shifted towards secondary markets, the summer and winter seasons have influenced growing similarities between the two market tiers over recent years and performance is now more evenly split between both seasons.

Demand is rising sharply across Austrian markets, with an increasing number of brands looking for hotels in Austrian

MARKET PREDICTIONS

All markets throughout Germany, Austria and the CEE will see continued growth in demand from a variety of investors.

Demand will increasingly shift from primary cities towards secondary cities, as operators and investors seek to meet return expectations.

Key stakeholders will increasingly focus on the hotel's underlying concept, micro-location, its attractiveness to multiple guest segments and tenant's covenants in preparation of any possible cooling of markets.

city destinations. Investor interest remains consistent and high, but as the achievement of premium prices has slowed, investors have started to show interest in secondary cities.

There are only a few existing hotels on the market, as a result of the high demand. We have seen a shift towards hotels with more rooms, especially as leisure destination and resort hotels become more popular, possibly reducing the number of hotels in the market by eliminating smaller family hotels and introducing more professionally managed hotels.

In the absence of operating hotels, more hotel developments are being sold as forward deals with several currently on the market. While this trend was already seen in 2017, there were several forward deals in the first half of 2018 covering about 15-20% of the total volume. Many properties came to the market in the second half of 2018 and are expected to complete in 2019, meaning an increase in overall investment volume can be expected in 2019.

CEE

The explosive growth rates of recent years have started to flatten, especially across the most mature markets of Poland, Czech Republic and Hungary. Secondary markets

across the region have experienced slow RevPAR growth, except for slight growth in the secondary markets of Poland.

Overall, the CEE region has experienced increasing tourism demand, mainly in major cities, and investment is likely to remain high in 2019 on the back of several large deals in 2018 as investors increasingly turn to Eastern Europe in order to achieve higher returns.

CEE markets have seen a tendency towards hotel developments, although significantly less when compared to Austria, with a number of interesting hotel developments in the pipeline. In primary cities, there are a high number of hotel developments, especially Budapest, Warsaw and Krakow, while in Southeastern European countries, such as Montenegro, Croatia and Slovenia, destinations on the coast have always performed stronger than cities.

BREXIT

As the terms of Brexit remain undecided at the time of writing, the subsequent impact on tourism in Germany and Austria remains uncertain. The devaluation of the pound compared to the euro could certainly make outbound travel to the UK more attractive, while new laws and regulations also stand to complicate travel,

influencing both inbound and outbound tourism.

Although the UK is the fourth highest feeder market to Germany, the UK only generated a fraction of all overnights in 2018. Similarly, the UK was responsible for less than 3% of overnights in Austria. Any additional impact is likely to be limited to a handful of hotels compared to the total market, and most markets will remain largely unaffected, while some submarkets in certain cities that profit from strong UK demand will be impacted.

THE TEAM

Our Brokerage team's activity has increased as the German market becomes progressively more competitive compared to Austria and the CEE, and our Consultancy team has also seen a significant increase in activity, particularly in market entrance support and commercial due diligence. We have expanded our team throughout the year in anticipation of an even greater increase in brokerage and consultancy activity in the next 12 to 24 months. Continued collaboration within Christie & Co's pan-European Consultancy team has created more cross-border business and an even more versatile team.

Growth in tourism has been recorded in Austria year on year, influencing a positive effect on the market's occupancy and RevPAR.

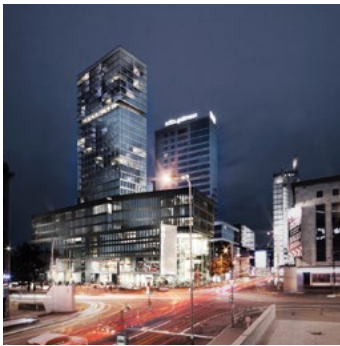


SI CENTRUM & SI SUITES

Acting on behalf of balandis real estate ag, one of Germany's prime mixed-use investment assets, Christie & Co brokered the investment sales of SI Centrum & SI Suites, a class-leading leisure & entertainment complex and Aparthotel in Stuttgart to a real estate fund managed by Brookfield. SI Centrum was originally constructed in 1960, with significant extensions in 1994 and 1997, as well as annual investments by balandis.



KIMMO VIRTANEN
Director - Nordics, Russia &
the Baltic States



CITY PLAZA, TALLINN

Christie & Co prepared a feasibility study for the City Plaza development site in Tallinn, concluding the combination of two hotels, one internationally branded mid-market concept and a smaller economy product, would maximise the earning potential of the proposed development site and location. We are now assisting the developer with the operator search and selection process.

Strong performance across the Nordic and Baltic hotel markets present the opportunity for further growth throughout 2019.

The Nordics showed consistent, moderate growth in terms of RevPAR throughout 2018. In comparison to the Nordics' steady growth, the Baltic region has boomed, with Riga achieving outstanding growth in RevPAR, rates and occupancy, while the number of hotel rooms sold increased throughout the region. Both regions are experiencing relatively strong growth in internationally branded hotel supply, which will positively influence market performance.

THE NORDICS

Growth has been observed in all Nordic capital cities with Reykjavik and Copenhagen remaining market leaders and average annual occupancy exceeding 80% and rates constantly growing, while Helsinki and Oslo continue to demonstrate moderate and stable growth. Active hotel development continues across the Nordics, as the markets welcome more supply in the economy and upscale segments and operators begin to experiment with flexible use of space to increase revenue and promote efficiency.

Nordic markets remain attractive for investors due to their stable and robust economies. Historically, large domestic and regional institutional investors have owned the majority of hotel real estate, but central European investors are beginning to increase their activity in Nordic markets. Strong investment activity will continue throughout 2019 with more international brands establishing a presence in the Nordics, as the region is set to retain its image as a trending travel destination.

THE BALTICS

The Baltic markets experienced significant growth in 2018, a trend expected to continue in the new year, evidenced by a strong

development pipeline for 2019 and beyond. Riga experienced tremendous RevPAR growth, up 16.6% in September 2018. Increasing foreign leisure demand, centenary independence celebrations, Estonia's EU presidency and the entry of internationally branded hotels have boosted the rate of growth throughout the region.

Strong upside potential continues to attract an increasing number of international investors to the Baltic markets. Considering the strong hotel development pipeline for 2019, positive economic outlook and the increasing presence of international brands, investment activity is expected to continue to drive development across our markets.

RUSSIA

The penetration of international brands and new hotel development continues in both Russian major and provincial cities, with an influx of new supply built ahead of the 2018 FIFA World Cup.

BREXIT

Historically considered a safe haven, investors are increasingly turning towards the Nordic and Baltic markets as the terms of Brexit remain unclear. Strong development has encouraged international investors to enter our markets, with interest expected to increase in 2019, alongside the expansion of international brands within the region.

THE TEAM

As an increasing number of investors and operators from the Nordics seek to enter markets in central Europe and European investors make plans to enter Nordic markets, cooperation across our pan-European Consultancy and Brokerage teams can only become stronger.



CARINE BONNEJEAN
Managing Director
Hospitality Consultancy



MODE PROJECT

Our involvement in the leasehold sale of 48 newly built, serviced apartment buildings near the Arc de Triomphe demonstrated the construction steps of an aparthotel developed from an office building.

In 2018, the French market was dominated by the complex sale process of the Maranatha portfolio, worth around €700 million, resulting in a general slowdown in activity.

MARKET LANDSCAPE

Coming into 2019, we anticipate a boost as the Maranatha deal completes, with many of those looking to sell now seeking maximum investor interest.

A variety of portfolios ranging from €30 million per group to €200 million are set to come to the market, predominantly in central and Greater Paris, which are consistently in high demand. In recent years, demand has exceeded supply and recent transactions reflect the high pricing expectations of sellers deterring some investors.

POSITIVE GROWTH

Expectations have started to realign as trading figures across France are growing. RevPAR was up 12% overall and 16% in Paris to September 2018, performing higher with better yields than many other European markets, such as Germany and Spain. Buyers, particularly private equity, see France as an attractive market and we anticipate increased activity in 2019.

Demand has been particularly strong in major cities, such as Lyon, Nice and Bordeaux, and a range of domestic and international buyers continue to be active. Investors range from French and UK private equity funds, real estate private equity, to high net worth individuals.

OUTSIDE OF THE CITIES

While investment and growth in cities are set to grow, coastal and resort style hotels in France continue to fall behind as they are typically underinvested, lack appeal to domestic visitors and must compete with alternative tourist accommodation, such

as Airbnb. However, vineyards and hotels in wine regions, such as Bordeaux, are well placed, building trade from cultural and food tourism.

NEW TRENDS

Provision of quality food and beverage, large public social spaces and hostel-style co-living accommodation is increasingly popular. Traditional players are investing in their F&B areas, whilst mixed-use buildings are emerging, introduced particularly from the UK and Dutch groups, which combine various room categories, retail areas and co-working and co-living spaces.

BREXIT

As a result of the Brexit uncertainty, the weak pound may have led to a drop in the number of British tourists in France, many choose to holiday at home. However, the full impact on tourism numbers has yet to be determined.

Recent industry reports show that the number of foreign investment projects in France has soared, with Paris knocking London off its top spot in terms of attractiveness to investors for the first time since 2003.

THE TEAM, CONSULTANCY & PAN-EUROPEAN NETWORK

Our team in France undertakes a variety of valuation and commercial due diligence work for clients across Europe.

Over the next year, our focus is to continue to work on pan-European large-scale projects with institutional clients. We anticipate further involvement in the identification of opportunities and more feasibility studies on behalf of developers.



INMACULADA RANERA
Managing Director
Spain & Portugal



HI PARTNERS & BANC SABADELL

Our Brokerage team handled the sale of an eight-asset portfolio owned by Banc Sabadell and managed by HI Partners, predominantly comprising underperforming sites located in secondary and tertiary locations. We achieved the sale of seven out of eight assets, with very good results in terms of price and timing.

Off market deals have been remarkable in 2018, as investors have become more experienced and now look for higher returns on their investments.

MARKET LANDSCAPE

2018 saw an increase in portfolio deals, particularly in the Spanish urban and resort markets.

In Portugal, urban markets have been more active, particularly Lisbon and Oporto, both booming with yields at similar levels to those of primary cities in Spain, such as Barcelona and Madrid. We expect this growth to continue in 2019, as hotel demand increases alongside investor and operator interest.

In Spain, we anticipate secondary destinations, such as Santander and Alicante, will continue to grow in 2019 as yields continue to be significantly higher than in primary destinations.

SUPPLY AND DEMAND

Hotel investment opportunities in Spain are still below investment demand, while there are opportunities in the market, many lack the minimum level of returns demanded by investors. However, Madrid is bucking this trend for primary cities, as it is experiencing considerable growth of its KPIs with parallel growth of investor interest.

We anticipate that sale prices of hotel assets will suffer a correction in the next two years, as sellers' price expectations will have to move closer to buyers'.

INVESTORS

2019 is likely to result in liquidity disruptions and a decline in assets because of diminutive inflows, also exacerbated by the US-China trade war and Brexit.

Real estate related investments might slow down, making way for alternative investors to enter the market. We are seeing

predominantly larger operators, institutional investors, family offices and increasingly special situations funds looking to buy.

TRENDS AND FUTURE DEVELOPMENTS

Tourist apartments, aparthotels and hostels are seeing higher consumer demand, most notably in urban destinations as they create a more limited accommodation offering at a lower price, making it not only more affordable for guests but more profitable for operators. With higher competition at different types of accommodation levels, as well as a lack of new hotel investment opportunities, there has been increased competitiveness among operators, resulting in higher market consolidation.

BREXIT

Following the Brexit vote in the UK, Spain is one of the countries that have felt an impact on the British demand KPIs and the overall resort market demand, with decreases in both overnights and spending.

THE TEAM, CONSULTANCY & PAN-EUROPEAN NETWORK

In 2018, our Hospitality Consultancy team provided most of their advice to investors keen to penetrate the Spanish market, helping in their acquisitions by providing due diligence work, valuations and repositioning plans. We also worked for hotel owners, providing hotel monitoring services and expert witness assistance, and for operators, assisting on their development plans.

Working along with our pan-European colleagues, we have been able to provide comprehensive support and services for international clients across the continent.



JOANNE JIA
Head of Asia



SPECIAL REPORT **Cultural & Tourism Villages and Theme Parks**

In November 2018, Christie & Co published the report "Cultural & Tourism Villages and Theme Parks", at a session titled 'Super IP Development and Cultural & Tourism Villages', co-hosted with the School of Hotel and Tourism Management (SHTM) at Hong Kong Polytechnic University for the 12th China Tourism Forum.

China continues to focus on its domestic market due to overseas investment controls and high domestic demand.

CHINA

Growth has been seen particularly in the childcare and education sectors following an increase in birth rates due to the new two-child policy. Leisure, hospitality and healthcare are also looking to be key markets in the coming years.

China has experienced significant growth of its education market, with several overseas educational providers keen to invest through JV, management contracts or leases, with many reputable UK schools now setting up their first footholds or expanding their Chinese portfolios.

China's domestic tourism market is paving the way for growth, as we predicted last year, with developments in cultural and tourism villages continuing to expand significantly. Theme parks and intellectual property (IP) are in high demand from Chinese developers, and there is expected to be significant growth to convert IP into theme parks through franchise or licensing agreements.

The healthcare sector is also of interest to Chinese investors, but some hurdles in this market make it difficult for many to break into.

ASIAN MARKETS AND TRENDS

Hong Kong, Singapore, Thailand and Malaysia continue to be key players in the hotel investment and childcare and education markets, as investors from these regions are increasingly looking out for high-quality assets and portfolios. The concept of cultural and tourism villages is also spreading out across many other Asian countries, such as Malaysia, Indonesia and South Korea, with more developments expected to be built across these geographies in 2019.

Educational assets are in high demand as Asian investors are keen to grow their market share. In 2019, we expect to see the UK as a top outbound investment market, however, the challenge will be the lack of supply, as owners tend to hold high quality assets within a long-term plan.

INTERNATIONAL INVESTMENT

Cross-border investment is expected to grow, with target trophy assets continuing to be attractive to investors, located across key European cities, such as London, Paris, Barcelona, Amsterdam and Munich, plus larger UK cities, such as Edinburgh and Manchester.

However, an overall slight shift among Asian investors from a UK focus to key pan-European markets, particularly in hotel investment, is becoming evident. This can be attributed to the uncertainty of Brexit negotiations, lack of high-quality supply in the UK and the strong performance of key European cities in the tourism and hotel markets.

BREXIT

We have seen a moderate investment slowdown in the regional UK market, but many Asian investors remain confident in the UK due to the devaluation of the pound and the expected resilient economy post-Brexit.

The devaluation of the pound following the EU referendum would still boost inbound tourism from Asia, and the number of Chinese visitors will also continue to grow due to the two-year multi-entry visa, introduced in 2016.

MAJOR TRANSACTIONS / DENTAL

DATE	VENDOR	PURCHASER	DEAL
February	YourSmile Dental Care	Bupa	Large mixed practice sold off an asking price of £1.85m
April	Independent	Private multi practice owner	Whitby Dental Practice, a five surgery NHS dental practice in Whitby, sold in excess of the £1.3m asking price
April	Oradi Ltd	Dental Care Group	Sale of mini-group in Northamptonshire to expanding multiple operator
May	John Glen, Alistair Picken, Graeme Hannah and Gordon Penman	Private multi practice owner	Sale of Breeze Family Dental Care in Fife, a mini-group comprising three mixed income practices, sold in excess of guide price
May	Independent	Dental Partners	Acquisition by August Equity backed Dental Partners of a group of high quality mixed practices in Dorset via Christie & Co
June	Independent	Dental partners	Two substantial practices in Merseyside sold to an expanding corporate provider
July	Portman Dental	Core Equity Holdings	Acquisition of 75 strong UK portfolio to replace existing investor and support future growth
July	Independent	Bupa	Sale of Martin Dental Care, a five surgery mixed income dental practice, business and property in Glasgow, sold in excess of the asking price
August	Independent	Bupa	Sale of B Dental, a substantial fully private practice in Islington, North London
October	Private	Independent (practice associate)	High St Dental Practice in Birstall was sold in excess of a £2.1m guide price
November	Independent	Portman	Landmark sale of Caledonian Dental Care in Perth, Scotland's largest dental practice comprising 19 surgeries and 40,000 registered NHS patients, sold for an undisclosed sum
December	Alpha Vitality Group	Riverdale Healthcare	Acquisition of ten strong mixed dental group in the North East, backed by Apposite Capital and Metro bank

MAJOR TRANSACTIONS / PHARMACY

DATE	VENDOR	PURCHASER	DEAL
Jan-May	LloydsPharmacy	Various	104 sales resulting from the disposals/closures programme announced in November 2017
April	Alchem Limited	Badhams Pharmacy Limited	Two pharmacies in Gloucestershire
May	Vittoria Healthcare Limited	Lexon UK	11 pharmacies in the North West
May	Dhesi Healthcare Limited	Juno Health UK Ltd	Two pharmacies in the North East
August	Prince Pharmacy Limited	Overseas Investor	Four private/none NHS pharmacies in the West End of London
August	Thomas McLean & Sons Limited	M&D Green Dispensing Chemists Limited	Five pharmacies across the Central Belt of Scotland
September	Eggborough Pharmacy Limited	St Helens Pharmacy Limited	Two pharmacies in West Yorkshire
October	Davison (Chemist) Limited	Juno Health UK Ltd	Six pharmacies in Newcastle
December	Springfield and Ross Chemists	Queens Street Pharmacy Limited	Two pharmacies in Greater Manchester

MAJOR TRANSACTIONS / CARE

DATE	VENDOR	PURCHASER	DEAL
January	August Equity	Montreux Capital Management	Acquisition of Active Assistance, which provides specialist care to individuals with acquired brain injury (ABI) and spinal cord injury (SCI) in domiciliary and residential settings
March	New Century Care	Hill Care	Acquisition of 13 homes in the North of England
May	Private	Marchmont Capital Ltd	Sale of Andover Nursing Home, an 83 bed home with an 'Outstanding' CQC rating, in Hampshire
August	Cambian Group PLC	CareTech PLC	Acquisition of Cambian Group, one of the largest providers of specialist behavioural health services for children in the UK, subject to CMA approval
August	John Edwards	Montreux Capital Management	Acquisition of John Edwards Care Ltd, a specialist adult and children's services group
September	Solar Care Homes	The Regard Group	Regard acquired the Cornwall based specialist provider for an undisclosed sum
October	Barchester	Aginicare UK Ltd	Sale of Gorseway Retirement Complex on Hayling Island
October	Caledonia	iCan Infrastructure	Sale of leading specialist care provider, Choice, to iCON Infrastructure
December	Court Cavendish	AMP Capital	Sale of Care Management Group (CMG), a specialist LD provider with over 120 services across the UK
December	Balmer Group	Impact REIT	Two purpose-built care homes in Scotland to be leased to Renaissance Care
December	Lone Star	Aedifica	Sale of a PropCo of 93 care home let to 14 tenants to Aedifica a pan European healthcare REIT

MAJOR TRANSACTIONS / CHILDRENS DAY NURSERIES

DATE	VENDOR	PURCHASER	DEAL
February	Little Rascals Nurseries	ICP Nurseries	Group of two outstanding nurseries in Tunbridge Wells
March	Yellow Dot Group Ltd	Bright Horizons	Group of 12 high quality settings in and around Hampshire
April	Elan Nurseries Ltd	Cranbrook Nursery Group	Group of 3 Impressive Nurseries Located in the South East
April	Playtime Nurseries	All about Children	Group of three impressive nurseries located in the South East
May	Mace Montessori Schools	Busy Bees Group	Nine high profile day nurseries with one school, all in Central London
May	Abbeywood Tots Ltd	Just Childcare	Four premium leasehold settings in Bristol
July	Daisy and Jake Nurseries	Busy Bees Group	Expanding group of six thriving purpose built settings
September	Miss Daisy Nursery Group	Dukes Education	Purchase of Miss Daisy's Group, comprising four premium nurseries in London
October	Headstart Nurseries Ltd	Kiddi Caru/Les Petits Chaperons Rouges	Group of four exceptional childcare settings across the Home Counties
November	Swingboat Nurseries Ltd	Storal Learning	Group of three exceptional freehold nurseries in Derbyshire
November	Elmwood Nursery School	Hjalli Model Ltd	87 place nursery sold to Icelandic nursery group, marking their first venture into the UK

MAJOR TRANSACTIONS / INDEPENDENT SCHOOLS & EDUCATIONAL BUSINESSES

DATE	VENDOR	PURCHASER	DEAL
January	GDST	Ipswich Education Ltd	A long standing all girls school purchased by Ipswich Education Ltd led by London and Oxford Group. London Oxford Group was founded by Swiss corporation bankers and is backed by China Wanda Group. Upon completion the School became a co-educational provision
February	Rosemary Edie	Robin Batlen	Sale of Hazel Hurst Prep School, a closed school in Nottinghamshire
July	Richard & Marzena Mace	Malvern International PLC	Communicate English School sold in a £2.34m deal
July	Prowting Family Concerns	Heather Partnership	A consortium of parents purchased Heathcote Preparatory School in Danbury, Essex
August	Windrush Valley School Limited	Fung King Jacqueline CHUNG	Windrush Valley School in Oxford was purchased by a Chinese investor with education investment interests
September	Westonbirt Schools Limited	Wishford Schools	Westonbirt School, an independent day and boarding school for girls near Tetbury in Gloucestershire
September	St Bees School	Full Circle Education Group	St Bees School Cumbria was purchased in 2017 by Chinese investor, Full Circle, and received significant investment to once again open its doors in 2018
September	ACG Limited	Inspired Learning	Inspired Learning, a UK based education provider, acquired the K12 unit of New Zealand's largest private school operator, ACG
September	Knightsbridge School Ltd	Dukes Education	Dukes Education acquired 75% or more of the shares in Knightsbridge School, an independent preparatory school in London
October	PGL Travel Limited	Midlothian Capital Partners	Private investment company, Midlothian Capital Partners purchased children's adventure holiday company, PGL, in a £467m deal
October	August Equity	Dukes Education	UK school's operator Dukes Education has acquired Minerva Education, a group of five London-based independent schools, from August Equity
October	Bournemouth Collegiate	Bright Scholar Management Limited	Bournemouth collegiate was acquired by Bright Scholar, which currently has more than 35,000 pupils studying at its 67 schools across China
December	Cognita Schools Limited Ltd	Jacobs Holding	The largest education transaction of 2018 was agreed in September. The sale of Cognita Schools Limited to Jacobs Holding, a Swiss investment firm, is set to complete imminently, subject to regulatory approval, with a price tag of £2bn

MAJOR TRANSACTIONS / SPECIALIST CHILDCARE

DATE	VENDOR	PURCHASER	DEAL
February	Aspirations Care Childrens Division	Keys Group	Ten homes and two schools
February	Kingdom Care	Keys Group	Two residential homes
March	Alliance Care & Education	Keys Group	Four residential homes and two colleges
August	John Edwards Care Homes Ltd	Montreux Group	Sale of a group of three CQC and Ofsted registered homes
October	Direct Care Limited	Keys Group	Portfolio of seven children's homes and a specialist school
November	Full Circle Care	Aspire One Care Ltd	Children's home in Manchester

MAJOR TRANSACTIONS / RETAIL - PETROL FILLING STATIONS

DATE	VENDOR	PURCHASER	DEAL
January	Golden Cross Group	Clayton Dubilier & Rice (MFG)	Acquisition of 14 sites from Top 50 Indie Golden Cross Group
February	Lone Star (MRH)	Clayton Dubilier & Rice (MFG)	MRH (GB) Ltd sold to Motor Fuel Group (MFG) in a reported €1.2bn deal. The joint company will operate over 900 sites across the UK
February	The Kroger Co.	EG Group	EG Group acquired 762 US forecourt convenience sites in a \$2.15bn deal
June	CrossAmerica Partners	Applegreen	Acquisition of 43 petrol filling stations in the US
August	Welcome Break	Applegreen	Applegreen agreed to acquire 55.02% stake in Welcome Break for £276.5m
August	Certas Energy	David Taylor Filling Stations	Acquisition of six petrol filling stations from South Wales Top 50 Indie operator
September	MPK Garages	Stratford Capital	Acquisition of Top 50 Indie with 17 petrol filling stations
September	TravelCenters of America	EG Group	EG Group acquired 225 Minit Mart branded convenience stores and forecourts in a \$300m deal
October	NJB Services Ltd	Phillips 66	Acquisition by Phillips 66 of four sites from Top 50 Indie NJB Services
November	Prax Group	HKS Holdings Ltd	Acquisition of 68 sites from Top 50 Indie HKS

MAJOR TRANSACTIONS / RETAIL - CONVENIENCE

DATE	VENDOR	PURCHASER	DEAL
April	Conviviality Retail	Bestway	Bestway acquired the assets and brands of Conviviality Retail from administrators in a £7.25m deal
April	Asda	Sainsbury's	Proposed £12bn merger between two of the largest supermarket businesses in the UK. The deal is currently being investigated by the CMA
May	Nisa Retail	The Co-operative Group	The Co-operative Group completed the acquisition of Nisa Retail in a £143m deal
June	Waitrose	The Co-operative Group	Acquisition of four convenience stores from Waitrose
August	Landmark Wholesale	Today's	Two of the largest FMCG wholesalers merge to create Unitas Wholesale
November	Woolworths Group	EG Group	EG Group acquired Woolworths Group's 540 site network in a \$1.725bn deal

MAJOR TRANSACTIONS / RETAIL - GARDEN CENTRES

DATE	VENDOR	PURCHASER	DEAL
August	Wyevale Garden Centres	Blue Diamond Garden Centres	Acquisition of eight garden centres
October	Wyevale Garden Centres	Dobbies Garden Centres	Acquisition of five garden centres
November	Wyevale Garden Centres	Dobbies Garden Centres	Acquisition of Woodcote Green Garden Centre, the third largest garden centre in the UK
November	Wyevale Garden Centres	In-Excess	Acquisition of four garden centres

MAJOR TRANSACTIONS / LEISURE

DATE	VENDOR	PURCHASER	DEAL
January	Simply Gym	Places for People Leisure	Places for People acquired three Simply Gyms in Chesterfield, Hinckley and Telford to run under its Places Gym brand
February	Shorewood Leisure Group	Harrison Leisure	Shorewood Leisure sold the Percy Wood Golf Course and Country Park, comprising 500 holiday home pitches, near Morpeth in excess of £16m
March	Regal	Cineworld	Cineworld completed a £2.5bn acquisition of Regal, making Cineworld and Regal the second largest operator in the world (by number of screens) with a combined 9,542 screens across the US and Europe
May	Balandis Real Estate AG	Brookfield	Christie & Co completed the sale of the 126,000 sq m SI Centrum mixed-use development and adjacent 192-key SI Suites Aparthotel on behalf of Balandis Real Estate AG to Brookfield
June	Soho Gyms	Pure Gym	Pure Gym acquired Soho Gyms' 10 sites in London
June	easyGym	The Gym Group	The Gym Group acquired 13 easyGym sites for £24.7m, representing a pre-head office and rebranding EBITDA multiple of 5.7
July	Oxygen Freejumping	NM Capital	Trampoline park operator with nine centres in England and Scotland, Oxygen Freejumping was acquired out of administration by London based NM Capital
July	Academy Leisure	CBRE Global Investors	Christie & Co completed the off-market investment disposal of David Lloyd Leisure Limited's Harrogate Club to CBREGi based on a net initial yield of 3.4%
October	NEC Group/LDC	Blackstone	Blackstone acquired UK based live events venue operator, National Exhibition Centre Group from LDC, the private equity arm of Lloyds Banking Group, in a deal believed to be worth c. £810m
October	HB Education Limited	Midlothian Capital	A consortium of investors led by Midlothian Capital Partners acquired HB Education Limited, the holding company for PGL, which was acquired by Cox & Kings for £311m in 2011

MAJOR TRANSACTIONS / PUBS

DATE	VENDOR	PURCHASER	DEAL
March	Draft House	Brewdog	Scottish craft brewery Brewdog acquires estate of 14 London leasehold bars in a £15m deal
May	Northcote Group/Ribble Valley Inns	Brunning and Price	Four leasehold pubs sold to the branded pub division of The Restaurant Group
May	Laine Pub Company	Vine Acquisitions/ Patron Capital	Mix of 54 freehold and leasehold independent managed pubs in London and Brighton sold for £45m
May	Hawthorn	New River	UK REIT and pub owner, New River acquired 298 UK wide tenanted pubs for a price of £106.8m
June	Bel and Dragon (Longshot Capital)	Fullers	Sale of six branded managed pub/restaurants located in the Home Counties in a £18.5m deal
July	Novus Leisure	TDR/Stonegate	Package sale of 15 managed London venues in a £35m deal
July	Be at One	TDR/Stonegate	Sale of 35 managed branded cocktail bars, 17 in London and 18 in city centre locations, for £50m
August	Food & Fuel Group	TRG	11 free of tie leasehold managed pubs located within the general London area sold in a £14.9m deal
August	Wear Inns	Aprirose Real Estate	Package of 16 managed pubs in the North East and nine in Yorkshire acquired by Aprirose for £22.4m
October	NewRiver	Unnamed PE Investor	NewRiver completed the sale of 22 community pubs to a private equity investor for £14.8m, representing a net initial yield of 5.6%. The pubs were part of the Trent portfolio of 202 community pubs acquired by NewRiver from Marston's in December 2013

MAJOR TRANSACTIONS / RESTAURANTS

DATE	VENDOR	PURCHASER	DEAL
January	Byron Burger	Company Voluntary Agreement	First of the year, Byron sought to close 19 sites as part of their CVA and ownership was taken over by Three Hills Capital from Hutton Collins, who bought the chain in 2013
February	Jamie's Italian	Company Voluntary Agreement	Approval of their CVA saw the closure of 12 more restaurants, including Barbacoa London, Harrogate and Bristol, bringing the group to 25 sites in the UK and 28 overseas
March	Prezzo	Company Voluntary Agreement	Following rapid expansion since its acquisition by TPG in 2015, the 300 plus restaurant chain, which included Prezzo, Chimichanga and Caffé Uno, secured approval to shut 94 sites
April	Pizza Hut	Management buy-out	Turnaround specialist Rutland Partners sold the 260 franchise chain to the existing management, backed by Pricoa Capital, after buying the chain from Yum! for £60m in 2012
May	Pret a Manger	JAB Holdings	Having created the brand 32 years ago, the founders sold the global chain with 530 stores and sales of £879m in a £1.5bn deal
May	Carluccios	Company Voluntary Agreement	The popular Italian eatery closed 34 stores as a CVA helped support a promise by its owners, Dubai based Landmark Group, to invest £10m in the remaining 70 sites
August	Costa (Whitbread)	Coca Cola	The global coffee chain with 4,000 outlets in 30 countries was acquired by the drinks giant for £3.9bn
September	Gaucho and CAU	Company Voluntary Agreement	After CAU Restaurants fell into administration with the closure of 22 branches in July, parent company Gaucho entered into a CVA and subsequent deal with its lenders to secure the future of its 16 up-market steak restaurants
November	Wagamama	The Restaurant Group	TRG shareholders approved the purchase of the 196 strong noodle chain for £559m from Duke Street Capital and Hutton Collins, who acquired the group in 2011 for £215m
November	Gourmet Burger Kitchen	Company Voluntary Agreement	Only two years after Famous Brands from South Africa bought the 75 strong group for £120m, it used a CVA to shed 17 sites after reported losses of £2.6m in the first half of 2018

MAJOR TRANSACTIONS / HOTELS

DATE	VENDOR	PURCHASER	DEAL
January	Lonestar / Amaris	LRC	DoubleTree by Hilton Hotel London, Islington
January	Farnsworth Group	LuLu Group / Twenty 14 Holdings	Waldorf Astoria, The Caledonian
January	Wanda	R&F Properties	Nine Elms
February	Oaktree	Brookfield Europe	Saco Apartments
February	Park Hotels & Resorts	Starwood Capital	Hilton Portfolio
March/July	Lonestar / Amaris	LRC	Mercure and Hilton portfolios
May	Apollo	Vision Capital	Hotel portfolio
June	Whitbread	Legal & General	Premier Inn, Kings Cross
July	Starwood Capital	Convivio	Principal Hotels portfolio
September	Grosvenor	Ellerman Investments	Beaumont Hotel, London
October	Rotch Property	Cola Holdings	Hilton London, Kensington
November	Aprirose	Fattal / Pandox	The Midland Hotel, Manchester

MOVEMENT IN AVERAGE PRICES YEAR ON YEAR

	2018	2017	2016	2015	2014
CDN	8.0%	10.8%	9.7%		
Care	3.1%	6.1%	5.0%	4.7%	9.8%
Hotel	4.0%	5.8%	6.0%	9.2%	17.2%
Pubs	2.7%	3.8%	4.4%	10.1%	8.6%
Restaurants	-1.3%	-3.4%	14.1%	9.9%	11.1%
Retail	1.3%	-0.4%	8.8%	10.3%	11.3%
Pharmacy	2.8%	8.1%	12.0%	10.8%	13.5%
Dental	5.2%	12.3%	14.9%		
Overall	3.4%	5.0%	8.0%		



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In a world driven by heightened customer expectations and demand it's easy to underestimate supply chain complexity and the need to ensure optimal control.

Established businesses, those looking to expand and those in transition can all benefit from improved networks and operations that can meet the challenges and opportunities in today's and tomorrow's markets.

Venners has over 120 years of experience serving the hotel, pub and restaurant sectors in preventing losses, optimising stock control and increasing compliance levels, helping operators eliminate shrinkage. We have made it our business for over

- Loss prevention services
- Stock control
- Compliance
- Consultancy
- Inventory listing and valuation
- Training and staff development

120 years and have operations across the UK, so wherever your business happens to be, we can react quickly to your needs. We are serious about helping you meet your targets. It's personal for us, we don't subcontract or franchise – we attract and develop our people so you get business coaches too.

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We are Europe's longest-established stocktaking business, specialising in retail and in particular high street,

warehousing and factory operations. We also have a specialised pharmacy division, established 170 years ago, providing services.

We are recognised as the leading supplier in the UK retail sector due to a culture of flexibility and creativity that keeps pace with the ever-changing demands of such a dynamic industry. This has naturally progressed into supply chain solutions, where our customers benefit further from reliable stock information and analysis, helping to identify both stock loss and inaccuracy; then improve it through operational change.

Why not benefit from minimal disruption to your store and staff, enhanced customer service experience, better stock availability, reduced shrinkage, and increased profit?



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- Supply chain optimisation services
- Retail store services
- Pharmacy services



SEASHELL TRUST - CHARITY OF THE YEAR 2018



Birmingham bake off



Visit to Seashell Trust



Regional Directors volunteer day



Rowing Challenge



Manchester charity football tournament



Scottish team charity bike ride



Hadrian's Wall walk



Manchester summer bake sale



NAVIGATE, INNOVATE, ACCELERATE