BUSINESS OUTLOOK 2021

Review. Realign. Recover

CHRISTIE & CO

christie.com

TABLE OF CONTENTS

Darren Bond

Global Managing Director

OVERVIEW

2020 turned out to be a year that no one could have predicted. What started very positively in the first two months of the year, soon led to a frenzy as businesses all around the UK had to take stock of the Coronavirus (COVID-19) situation and very quickly adapt.

A message from government requiring us to socially distance ourselves on 16 March 2020, quickly escalated to a 'you must stay at home' message and businesses being forced to close from 23 March 2020.

Our sectors were significantly affected, with hospitality being the hardest hit. Hotels, pubs and restaurants were closed immediately, with cellars and kitchens still full of product. We also saw children's day nurseries, dental practices, garden centres and leisure businesses forced to close.

The care sector rallied and, whilst businesses had to adapt with an unfortunate wave of cases passing through homes, it did so as best it could. We also saw pharmacy businesses continue to trade, alongside convenience retail which was one of the big benefactors of the lockdown as individuals shopped local under lockdown restrictions.

In the period that followed, up to June, we all turned to video calls and offered our support to friends, family and clients who were navigating the crisis in a similar manner. Whilst we saw lenders pause valuation activity in April and May, this returned from June and volumes were back to pre-COVID levels by the end of 2020. Positively, after a few months of coming to terms with the virus, we saw transactions resume with buyers and sellers remaining stoic and determined to close deals. Transactions continued, with nominal adjustment to pricing, as buyers remained committed to their acquisitions.

As we entered the second half of 2020, the resilience and creativity of operators involved in our sectors showed in abundance. Hospitality briefly returned to life from July onwards and the sector pulled out all the stops to provide a safe and secure dining and drinking environment for their customers. Sadly, hospitality became the scapegoat blamed for further increases in COVID-19 cases from autumn onwards. Those of us passionately involved with the sector find this both disappointing and misleading.

We saw strong activity across our sectors continue over the remainder of the year, with impressive levels of viewings, offers and completions, despite all the head winds facing the market.

So, what was the impact on values due to COVID-19? The immediate answer is that this still remains to be seen. Following the Global Financial Crisis, we saw that price movements in our markets took a couple of years to adjust. There is a logic that businesses cannot be worth the same as they were pre-COVID, particularly given the uncertainty around how long it will take to return to a stabilised trading level and what that level might look like. As things stand at the moment, there is little evidence of any considerable price adjustment and we expect that to play out in 2021. The market remains well capitalised and ready to invest in our sectors, confident of the recovery ahead.

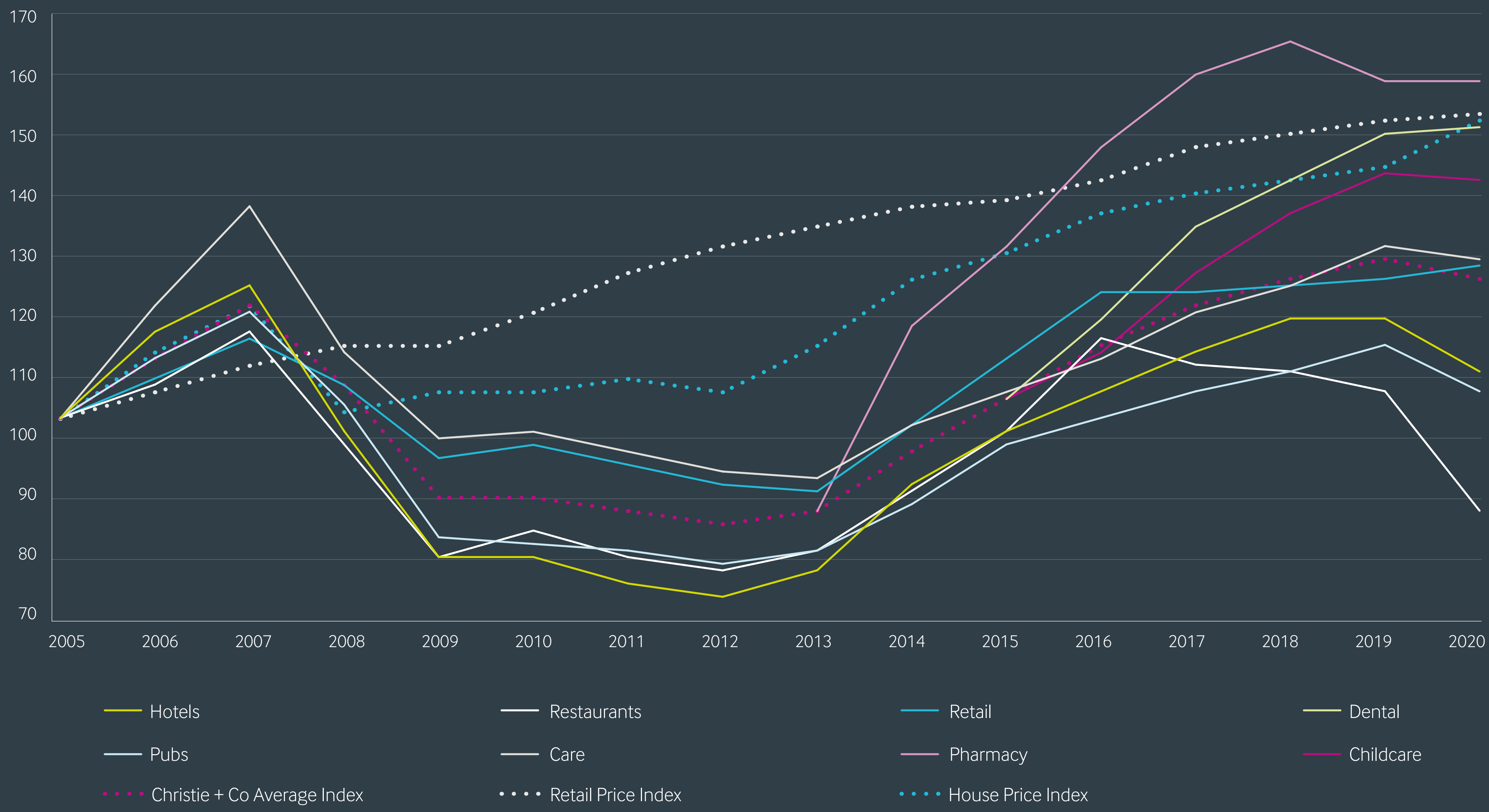
Overall, we saw our price indices move negatively by 2.5% last year. The movements were biggest in hospitality, across restaurants, pubs and hotels.

I am confident that our markets have some incredible characters and determined individuals. We expect the majority of businesses will bounce back as COVID-19 starts to recede, however, the longer the restrictions continue, the harder it may be for those without further financial support.

Finally, I would like to say thank you to the amazing team of colleagues across the UK and Europe that I work with every day at Christie & Co. Their hard work and fortitude has been incredible to see over the last year and they have ensured that all of our clients continued to receive the very best advice and support through this challenging period.

INDEX BASED ON AVERAGE SALE PRICES

(FROM A BASE OF 100 IN 2005)



Stephen Jacobs

Director Bank - Support & Business Recovery

OVERVIEW

Business Outlook 2020 reported a rise in business distress during 2019 due to operational cost pressures and the uncertainty of Brexit influencing business and consumer confidence and economic growth.

Whilst we predicted these factors would be ongoing challenges in 2020, we could not have foreseen the COVID-19 pandemic and the tumultuous impact it would have on commerce, the economy, and people's lives.

The effect of the pandemic on the markets we operate in has been significant, but none more so than in social care, leisure, and hospitality. The care sector experienced a wave of resident deaths, which significantly impacted occupancy, and the reluctance of families to place their loved ones in care facilities compounded the situation. The hospitality sector's ability to trade throughout the pandemic has been most affected by the government's 'whack-a-mole' approach in attempting to bring an unpredictable virus under control. Imposed lockdowns and various tier restrictions have resulted in intermittent closures for large parts of the industry.

GOVERNMENT SUPPORT

The severe disruption caused by the pandemic would have led to business failure on a monumental scale, if not for the unprecedented intervention of the UK government. This resulted in over nine million workers being furloughed through the Coronavirus Job Retention Scheme (CJRS), financial support in the form of cash grants, loans (the Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLS)), business rate relief and VAT deferment. The introduction of the Coronavirus Act 2020 has given business tenancies protection from forfeiture due to non-payment of rent, and the Corporate Insolvency and Governance Act 2020 includes temporary provisions to suspend both winding-up petitions, by way of a statutory demand, and wrongful trading, so a business can trade on without the threat of personal liability for directors.

These measures, coupled with banks giving support and forbearance to their debtors, have been a lifeline for businesses, with many 'artificially' avoiding insolvency proceedings. This is reflected in The Insolvency Service's statistics for Q2 and Q3, which show a decline of 36% in company insolvencies, compared with the same period in 2019. This mirrors Christie & Co's activity in terms of a reduction in the number of distressed businesses we valued and sold in 2020.

THE ROAD TO RECOVERY

The road to recovery has been hampered by this uncontrollable virus and, whilst the timeline for several key support measures has been extended, business support has not kept fully apace with the evolving trading restrictions.

With most of the support due to end in Spring 2021, we anticipate a significant rise in business distress and insolvency from Q2, with the level of business failures minimised only if there is further strategic financial support which addresses the issues. Moreover, there will be an increasing requirement for turnaround and restructuring assistance.

We anticipate a rise in demand for Christie & Co's consultancy, valuation, and brokerage services accordingly.

The UK economy is estimated to have shrunk by 11% in 2020. **-11%**

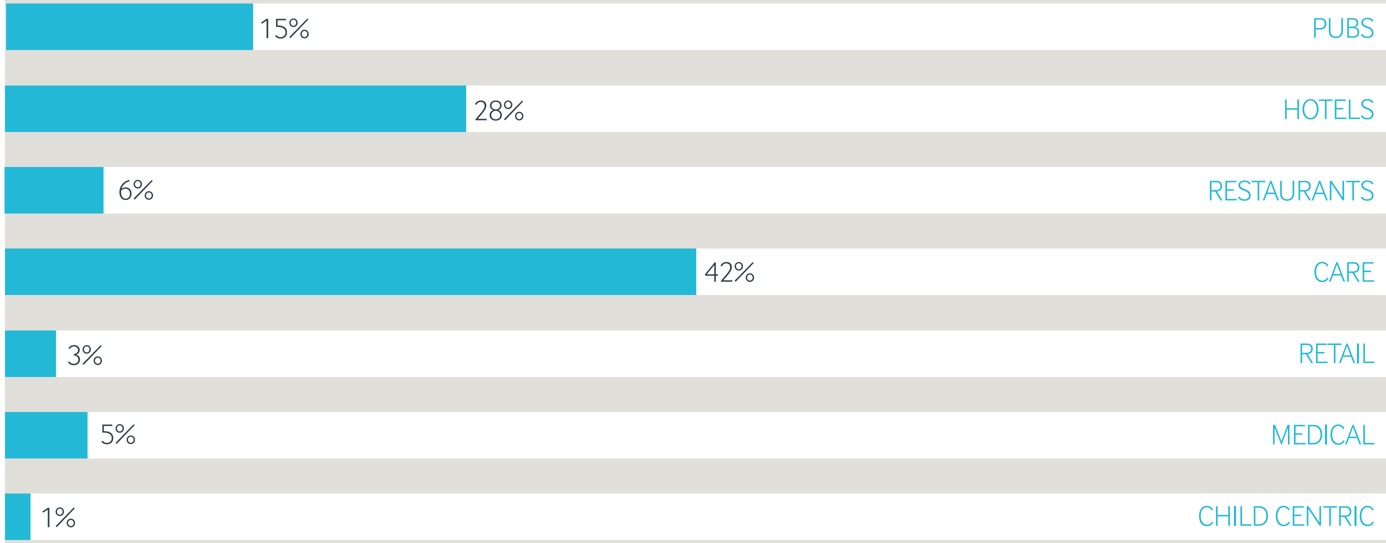
WITH ONGOING LOCKDOWN MEASURES AND POSSIBLE DISRUPTION FROM BREXIT, SOME ECONOMISTS ARE PREDICTING A UK DOUBLE-DIP RECESSION, AND A DECLINE IN GDP IN 2021.

More positive estimates, however, predict growth of 5%. **5%**

Whilst unemployment and concerns around job security are likely to have a negative impact on consumer confidence, assuming a successful rollout of the vaccine and gradual easing of restrictions post lockdown in England and Scotland, the economy could experience a surge in pent-up demand from a more confident consumer with money, saved during the pandemic, to spend.

BUSINESS DISTRESS-1

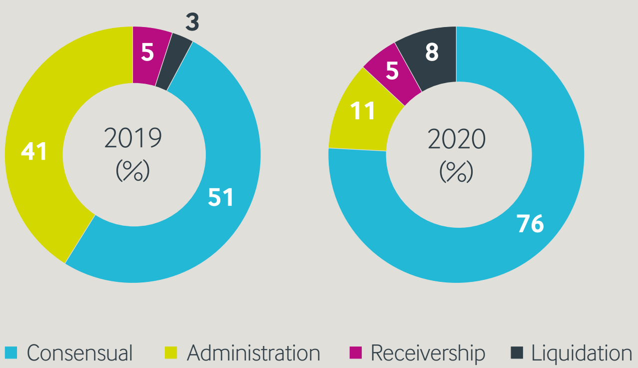
Percentage of distressed assets instructed by sector in 2020.



Source: Christie & Co

BUSINESS DISTRESS-2

Distressed assets instructed for disposal by appointment type.



Source: Christie & Co

BUSINESS DISTRESS-3

Movements recorded Q2 and Q3 2020 compared with the same period in 2019.

-40% Company insolvencies

Source: Insolvency Service

-36% Christie & Co insolvent assets instructed for disposal

Source: Christie & Co

MARKET PREDICTIONS

A significant rise in failed businesses from Q2, as operators encounter liquidity issues and many business support measures come to an end.

A rise in distress business sales, with values most impacted for asset classes that flood the market. The leisure and hospitality sectors will be particularly vulnerable.

The likelihood of a double-dip recession as further restrictions and the imposed third national lockdown in January 2021 impact the economy.

A successful roll-out of the vaccine programme and easing of restrictions will instil consumer confidence and release pent-up demand boosting the economy.

COVID-19 – DIARY OF EVENTS

31 January 2020
First two cases confirmed in the UK.

17 March 2020
Chancellor Rishi Sunak announces £330bn in measures to protect the economy from COVID-19: VAT and business rate cuts, CBILS scheme and additional NHS funding.

20 March 2020
Prime Minister Boris Johnson orders, hospitality venues, gyms, offices and schools to close (children of key workers are exempt).

Government announces the Coronavirus Job Retention Scheme (CJRS).

23 March 2020
Prime Minister announces lockdown in the UK – public ordered to stay at home.

10 May 2020
Prime Minister announces easing of lockdown measures in **England**, effective from 13.5.20.

12 May 2020
CJRS scheme extended to October.

13 May 2020
England: Lockdown lifts – people from two households can meet outside (must be 2 metres apart and maximum of 6 people) and garden centres reopen.

29 May 2020
Scotland: People from two households can meet outside (must be 2 metres apart and maximum of 8 people).

1 June 2020
England: Schools reopen for Reception, Year 1 and Year 6 students, outdoor markets reopen.

8 June 2020
England: Dentists reopen.

15 June 2020
England: Non-essential shops, zoos and wildlife parks reopen.

22 June 2020
Professional sport restarts without spectators.

29 June 2020
Wales: Schools reopen for certain age groups
Scotland: All non-essential outdoor retail reopens.

3 July 2020
Scotland: Five-mile travel limit lifted, self-contained holiday accommodation reopens, visits to care homes resume.

4 July 2020
England: Social distancing rule reduced to 1 metre. Holiday accommodation, non-essential retail, leisure and entertainment and hospitality sectors reopens (table-service only).

13 July 2020
Wales: Pubs, cafés and restaurants reopen (outdoor service only).
Scotland: Non-essential indoor shops reopen, dentists can offer treatments (no aerosol procedures).

15 July 2020
Scotland: Tourism resumes, hospitality and childcare sectors reopen.

22 July 2020
England: Visits to care homes resume (one relative per resident).

Notes: a. Applies to UK as a whole, unless other stated; b. For geographic areas affected by local lockdowns or other measures, see local authority websites. From 1.9.20 these are too numerous to comprehensively list here.

25

July 2020
England: Indoor gyms, swimming pools and sports facilities reopen.

1

August 2020
Government announces update to CJRS effective 1.9.20 (employers to contribute 10% of salary to furloughed employees, with government funding other 70%).

3

August 2020
Government launches Eat Out to Help Out scheme for the month of August.

5

August 2020
Scotland: Aberdeen lockdown: all pubs, restaurants and cafés closed; travel restrictions introduced.

24

September 2020
Job Support Scheme ("JSS") announced, to replace the CJRS on 1.11.20.

England: Hospitality curfew introduced – all pubs, bars, restaurants and cafés must close by 22:00.

VAT rate cut to 5% for hospitality and tourism businesses extended until March (excluding alcohol).

1

October 2020
Update to CJRS: employers must now contribute 20% of salaries of those remaining on furlough.

9

October 2020
Government updates JSS: it will pay up to 67% of the wages as firms told to shut because of coronavirus rules. For firms that must close, a grant of £3,000pcm is available.

Scotland: Two-week lockdown: Pubs and restaurants in the central belt to close (except for takeaways). Ban on indoor alcohol service and 22:00 curfew introduced across the country.

12

October 2020
England: Government announces a new three tier lockdown system for restrictions and measures in local areas.

31

October 2020
CJRS scheme ends.

1

November 2020
JSS starts.

5

November 2020
Government announces extension of CJRS until the end of March 2021.

5

November 2020
England enters month-long nationwide lockdown.

9

November 2020
Pfizer announces a COVID-19 vaccine that is 90% effective.

16

November 2020
Moderna announces a similar COVID-19 vaccine that is 94.5% effective.

2

December 2020
England's nationwide lockdown ends, and tier system recommences, with most areas placed in Tier 2 or 3.

2

December 2020
Pfizer/BioNTech vaccine approved for use by British medical regulator, the MHRA.

14

December 2020
England: New virus strain that is 70% more transmissible detected in South East and London, causing virus cases to surge.

19

December 2020
England: Boris Johnson issues new Tier 4 'stay at home' alert covering London and much of the South and East of England, and scraps relaxation of rules for Christmas and NYE. All non-essential retail must close.

30

December 2020
Oxford University-AstaZeneca COVID-19 vaccine approved by MHRA. Start of new school term delayed as virus cases continue to surge across England putting pressure on the NHS.

John Mitchell

Managing Director - **CHRISTIE FINANCE**

THE IMPACT OF COVID-19 ON THE UK LENDING MARKET

Despite the effects of COVID-19 impacting our day to day lives, many buyers continued with their plans to acquire a business, add to their existing portfolios, or refinance their current finance package, with the pandemic being viewed as a short-term problem that would, in time, allow market conditions to return to normal.

Despite transaction times being delayed in 2020, Christie Finance continued to fund first-time buyers and existing operators across all sectors throughout the lockdown periods.

High street lenders took extreme caution towards all new business and continue to do so. There is, however, an increasing number of alternative lenders in the market who are willing to provide solutions for clients, with several new SME focused banks looking to enter the market in 2021. Many of these lenders are readily accessible via a specialist finance broker such as Christie Finance.

In 2019, 60% of our offers of finance for business mortgages were sourced via high street lenders. In 2020, the high street only financed 35% of our transactions.

CBILS (CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME)

Following the initial lockdown in March 2020, the government rapidly responded and provided emergency funding to businesses with the launch of Bounce Back Loans and the Coronavirus Business Interruption Loan Scheme (CBILS). At first, these loans were distributed mainly via high street banks who sought to assist their existing client base, providing much needed financial support at a time of extraordinary uncertainty.

Lenders were forced to redeploy their resources to aid their existing client base due to a significant increase in demand. This resulted in many high street lenders effectively closing for any new business. For those lenders without a large client base or smaller niche lenders, an opportunity was created to fill the void created by the larger lenders and high street banks.

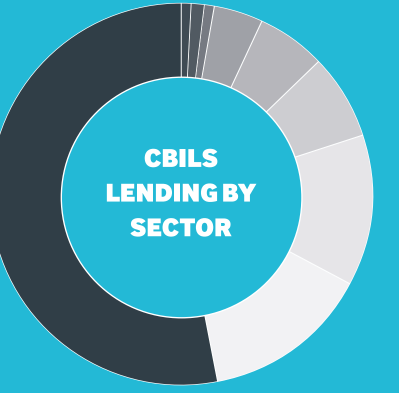
In the months that followed, most high street lenders returned to 'business as usual', albeit with a very cautious approach to new business applications, particularly in sectors adversely impacted by lockdown and travel restrictions – namely leisure and hospitality, with some banks refusing to consider new loan applications.

Specialist lenders continued to provide strong support to their chosen sectors such as pharmacy, dental, childcare, convenience retail, and elderly care, where these types of businesses were not as severely impacted.

Lenders are scrutinising deals more than ever, with the business owners' track record and experience being incredibly important. Lenders who can provide CBILS funding for business acquisitions can take comfort that the loan will be repayment-free for 12 months, alleviating cashflow pressures and hopefully allowing time for the world to adapt to a new, post-COVID-19, normal.

In the second half of 2020, our Unsecured Finance division received 225 client instructions, predominantly related to CBILS funding.

During this period, the Unsecured team successfully delivered on £17,000,000 of new lending to UK SMEs. The majority of CBILS loans brokered by the Unsecured team were obtained by the care sector.



Care	**53%**
Retail	**14%**
Pharmacy	**13%**
Hospitality	**7%**
Dental	**6%**
Leisure	**4%**
Engineering	**1%**
Other	**1%**
Child Centric	**1%**

**Data sourced by Christie Finance Analytics*

CHRISTIE FINANCE AND COVID-19

We started 2020 with a very healthy pipeline of business and, whilst panic and uncertainty gripped the nation during April and May 2020, we bounced back during the summer months and experienced increased business levels throughout quarters three and four, similar to that of 2019.

Our accessibility to unsecured CBILS funding for existing business operators proved to be extremely successful, with applications in September 2020 peaking at c.100 – an increase of 300% compared to the previous year. The scheme was initially scheduled to end in September last year but has subsequently been extended until March 2021.

Working with a specialist finance broker to secure funding has never been more important. Across all our divisions (Core, Corporate and Unsecured), the volume of new business applications delivered by the team has increased by 15% compared to the prior year.

Walter Murray

Managing Director - **CHRISTIE INSURANCE**

THE UK INSURANCE MARKET

There is no denying that the COVID-19 pandemic has, and is continuing to, impact the UK insurance market. Across all sectors many leading insurers are no longer taking on any new business, if they do it is with a very cautious approach. The economic uncertainty that has arisen as a result of the pandemic has added to this challenging environment and is set continue into 2021.

Global and UK rate increases continue, on average by 15% to 20% in the UK, and 'professional liability' pricing increased by +50%, driven largely by Directors and Officers insurance. This price increase can, in part, be attributed to a lack of insurers within the Directors and Officers sector.

The Supreme Court has made a ruling on insurance policy wordings cover for business interruption losses resulting from COVID-19; the decision seems to indicate positive news for certain types of cover but the full effect of the decision is still to be digested.

It is difficult to say where rates will go in 2021, however the Supreme Court decision, as well as the reduced number of insurers and economic downturn, will all play a role on rate fluctuation.

IMPACTS OF COVID-19

There has been a significant and rapid change across all sectors, with a cautious approach taken by most insurers when considering new business until the litigation arising from COVID-19 is better understood.

In the care sector, those greatly impacted were homes providing elderly and nursing care. Many of these operators were adversely affected by substantial movements in the insurance market's approach towards both new business and renewals; on the cover and terms they were willing to provide.

COVID-19 has led insurers to review the financial exposures around potential liability claim scenarios for example, injuries to staff and service users. Following these assessments, care sector insurers have taken several actions:

Total withdrawal from offering insurance solutions to the sector

Pausing offering terms to potential new clients

Looking to increase rates and premiums and update policy wording – in some cases using a combination of both

Some insurers are excluding COVID-19 completely under the public liability covers whilst others are looking to offer inner limits (reducing the core cover down) around COVID-19 with severe restrictions, and some continuing to provide the same protection and limits as previously

One insurer in the sector is restricting cover to go beyond the COVID-19 exclusion and is now prohibiting other communicable diseases such as Norovirus and the flu

Some of the changes outlined are not just prevalent in the care sector alone; many insurers are reviewing their risk appetite across their multi-sector portfolios and are pausing writing new business whilst also reviewing their rating structures.

In the hospitality sector, as some of these businesses have in effect been 'unoccupied' for months, insurers have concerns that the normal early warning signs of claims for water damage, break-ins and the like are now missing. With the absence of people on site giving rise to a view that the hospitality sector is now in a higher insurance risk category.

WHAT IS OUR APPROACH?

Across all our sectors we are still able to support new clients with their insurance requirements; acquainting them with the latest market conditions and working together to prepare a presentation that portrays their business in the best possible light when reaching out to a limited insurance market.

In the care sector, we will be contacting clients at least three months ahead of their renewal date to discuss the options open for them within the context of a shifting insurance market.

DENTAL

Simon Hughes

Managing Director - Medical

Paul Graham

Head of Dental

Christopher Vowles FRICS

Head of Valuation - Medical

MARKET OVERVIEW

The dental sector adjusted quickly to the shock of the pandemic and, whilst practices were closed during April and May, the profession bounced back very strongly.

Considering the enormity of events since the beginning of the pandemic, the dental market remained remarkably resilient, with the majority of transactions put on hold rather than abandoned. We now enter 2021 with optimism that recovery will continue and deals will successfully complete in greater volumes.

THE HEADLINE IMPACTS OF COVID-19 ON THE DENTAL SECTOR - EARLY STAGES

By the end of March 2020, Chief Dental Officers (CDOs) had announced the closure of all practices, bringing an end to the majority of dental treatments in the UK. Practice owners were adjusting to the events and what they would mean for their businesses and patients.

Arrangements were implemented for patients to be triaged and assessed over the telephone by a dentist, and either given self-help advice or referred to an urgent dental hub for emergency treatment only.

Most practices took advantage of the government support packages, although it became clear very early on that self-employed associates, particularly those operating in the private sector, would not qualify for the various financial support schemes available to others.

New standard operating procedures (SOPs) were developed by the regulatory bodies which governed the way dentistry would be performed after the first lockdown period. The evidence that supported these was often contradictory or missing, which led to a feeling across the profession that dentistry, already well-versed in managing cross-infection, was being unfairly treated compared to other clinical settings.

During this time, the market for dental practice sales effectively paused, as buyers and lenders took stock. However, surprisingly very few transactions were lost, with buyers generally taking a long-term view. The number of completions across the market dramatically reduced and were limited mainly to NHS practices where providers continued to be paid at the full value of the contract.

DENTISTRY REINVENTED

It was during the month of June, following direction from the respective CDOs throughout the UK that NHS dental practices began reopening, although in reality, it was several weeks before many private practices were fully functioning. The new SOPs and, in particular, the requirement for fallow time after aerosol generating procedures, significantly reduced patient flow and made the provision of hygiene, especially, extremely challenging in many modern practices.

As the year progressed and dentistry was reestablished, it became clear that the dire predictions made by some commentators about dental practice valuations falling were considerably wide of the mark. Patients returned in droves, and this led to revenue recovering much sooner than had been expected. This was eventually boosted by various updates to the SOPs, helped by the incremental reductions in fallow time periods.

Rapid improvement in trading gave both independent and corporate purchasers the confidence to re-engage their deal pipelines leading to a marked increase in transactional activity from September onwards.

MARKET NORMALITY RETURNING

As dentistry itself continued its recovery during the latter part of the year, the market further improved, returning slowly to a sense of normality.

We have seen a noticeable increase in the number of enquiries from first-time buyers and independent buyers over lockdown for NHS-led opportunities, a proportion of whom had never considered practice ownership.

THE FUNDING LANDSCAPE

As we entered lockdown in March, dentistry was towards the top of many lenders' 'green light' sectors. Inevitably, the banks' focus during the first national lockdown was on existing customers and CBILS loans took priority, which effectively led to a hiatus in new lending. Deals that were advanced did go through to completion.

When dentistry reopened there was a clear preference for banks to lend to practices with an NHS contract, given the obvious cash flow advantages. As the year progressed and private revenues recovered, lenders returned to funding the private sector.

CASE STUDIES

BOURNE END DENTAL, BUCKINGHAMSHIRE

A leading Buckinghamshire dental practice sold to national dental partnership group, Dentex.

This high quality private practice has built an enviable reputation since it was first established in the early 1980s, and has seen significant growth in the last 10 years. The practice generated a high degree of interest and multiple offers were received.

SANDGATE DENTISTRY, AYR

A well established dental practice sold to an expanding Scottish dental group.

This impressive four-surgery, mixed income practice with approximately 12,000 registered patients is growing by around 70 new patients each month. Having completed during the peak of the pandemic, this sale is a real testament to the strength of the Scottish dental market.

HARDHORN ROAD DENTAL PRACTICE, POULTON -LE-FYLDE

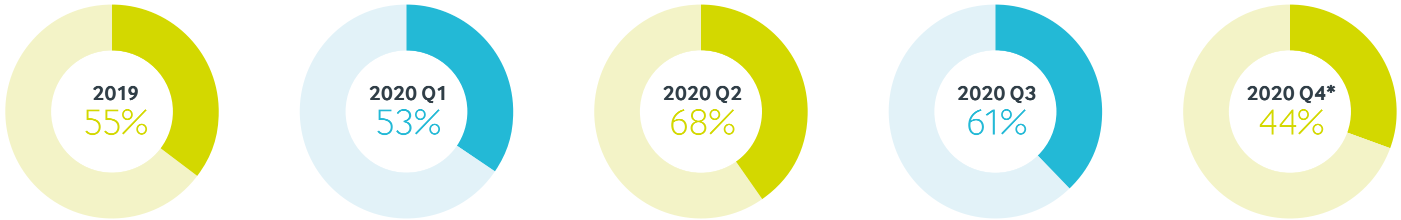
Hardhorn Road is a highly successful, six-surgery practice located in a desirable location.

This large mixed income dental practice was sold to two first-time buyers who were former Associates at the practice and who contributed to the sterling performance of the business over the years.

Funding for this deal was arranged through Christie Finance.

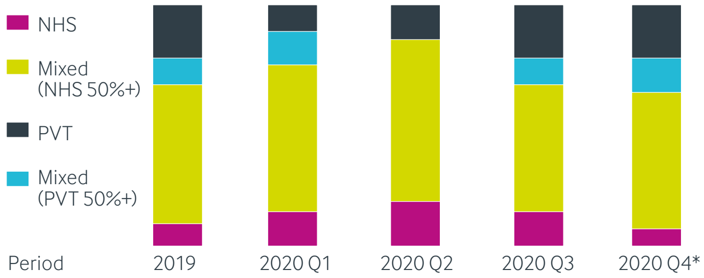
FIRST-TIME/EXISTING BUYER SENTIMENT

(Percentage of total viewings sub £750,000)



Whilst demand for mixed practices remains, with buyers attracted to the security of income afforded by an NHS contract, the latter part of the year realigned to become more reflective of 2019 and 2020 Q1, as demand for practices with a higher proportion of private revenue increased. This was fuelled by the noticeable recovery of private income, driven partly by a backlog of patient demand and long NHS waiting lists.

BUYER SENTIMENT BY PRACTICE TYPE



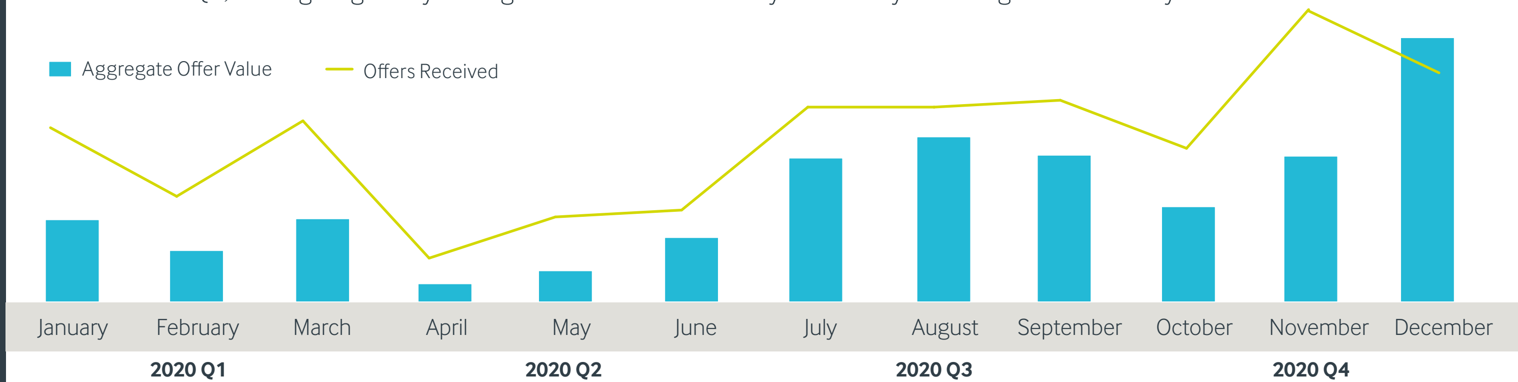
Period	2019	2020 Q1	2020 Q2	2020 Q3	2020 Q4*
NHS: Private	**61 : 39**	**66 : 34**	**80 : 20**	**59 : 41**	**56 : 44**

Although demand remained surprisingly strong during Q2, buyers and sellers were more cautious about arranging physical viewings. This led to 26% of our total dental viewings being facilitated virtually during this period.

Activity recovered during Q3, with encouraging volumes of new deals and completions. October levels were only marginally impacted by uncertainty and speculation of a second lockdown in England, but the effect was minimal as dentistry remained open. December saw the highest aggregate offer value received in any month in 2020 and the second highest in volume following November.

OFFERS RECEIVED & AGGREGATE VALUE BY MONTH

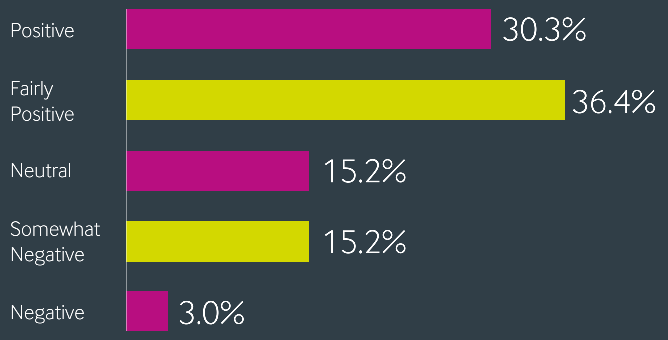
Appraisals continue to be based broadly on pre-COVID trading performance. Mechanisms, such as deferred sale prices, are often being used to reduce purchaser risk, and are particularly common amongst corporate buyers, as they were before lockdown. The speed of recovery from an operational perspective has hastened the recovery of the sales market. The likely tax changes in 2021 may well be the catalyst for a glut of transactions in Q1, although regulatory and legal restraints mean that any new deals yet to be agreed are unlikely to meet that same deadline.



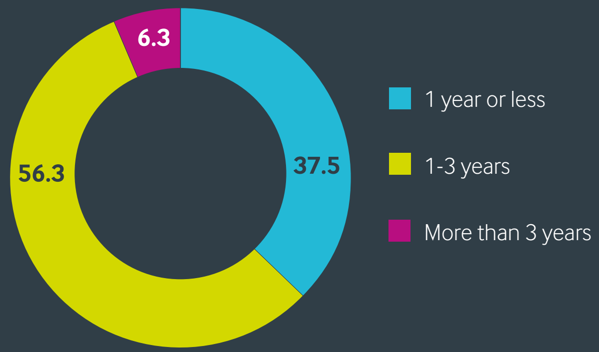
Note:
Q2 represents 1 April - 7 June: Lockdown to practices reopening, Q3 represents 8 - June 30 Sept: post practice reopening, *Q4 represents 1 October - 8 December

SENTIMENT SURVEY

DO YOU FEEL OPTIMISTIC ABOUT RECOVERY IN 2021?



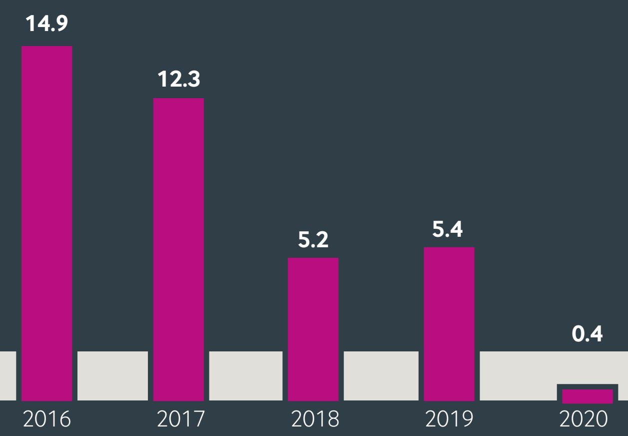
HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)



The market is generally feeling positive about recovery in 2021, with two-thirds of respondents stating that they are "positive" or "fairly positive" as the market continues to return to normal trading conditions. The majority feel it will take up to three years for the market to return to pre-COVID levels, however 37.5% are more optimistic that this will be within the year.

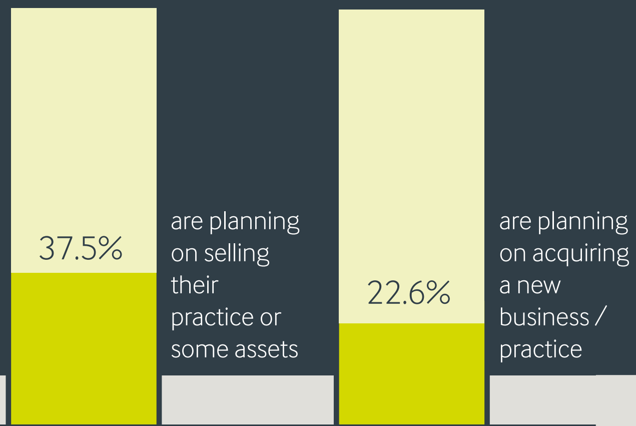
CHRISTIE & CO PRICE INDEX (%)

Our neutral price index movement for 2020 follows a challenging year for most dental practices and consistent increases over the past four to five years. Sentiment for 2021 is balanced between those who feel that prices will increase, remain neutral or fall.



IS THERE SECTOR OPPORTUNITY IN 2021?

Despite the absence of a clear consensus on price movements for 2021, we are looking forward to an active market within which:



MARKET PREDICTIONS

A significant volume of practice sales will complete in Q1 in anticipation of the Spring Budget and a likely increase in Capital Gains Tax (CGT).

Pre-COVID levels placed a heightened emphasis on oral health. We expect this reinvigorated appetite to continue as independent buyers purchase their own practices.

Corporate buyers with ambitious buy and build targets will make up for lost time, and deal flow will increase considerably.

Corporate buyers will continue to bid aggressively for larger practices, and we will see renewed price inflation for better quality sites.

A greater supply of practices will come to the market from owners who put their exit plans on hold in 2020.

Much of the market will continue to bounce back strongly. However, price corrections will affect poorer quality businesses proportionately harder, as they struggle to adapt financially.

Practices for sale that remain in a 'recovery stage' will progress with more flexible deal structures to bridge the value gap with increased deferred consideration and longer vendor tie ins.

PHARMACY

Tony Evans

Head of Pharmacy

Christopher Vowles FRICS

Head of Valuation - Medical

MARKET OVERVIEW

Despite the wider impact COVID-19 has had on many business sectors, pharmacy is one that has fared well in comparison. The increased profile the sector has generated across the year, largely driven by its tremendous response to support primary care services over the lockdown, has contributed to a buoyant market.

2020 IMPACT

The pandemic forced many businesses to close but, due to the necessity of its services, the pharmacy sector remained open. This, however, did not come without its challenges.

At the outset of the pandemic, pharmacy services were placed under significant pressure, both through increased dispensing and retail sales activity, alongside having to introduce social distancing measures and provide PPE equipment and screen installations for the health and wellbeing of staff and patients.

As the pandemic developed and the first lockdown loomed, pharmacy contractors saw a significant increase in dispensing activity in March compared with February. This was a result of a mix of panic-buying and GP prescribing habits altering from 28 days to between 56 and 84 days, as they closed their doors to patients and opted for telephone triage services as the primary point of contact. This impacted dispensing volumes in subsequent months and was further exacerbated by a reduction in acute prescriptions.

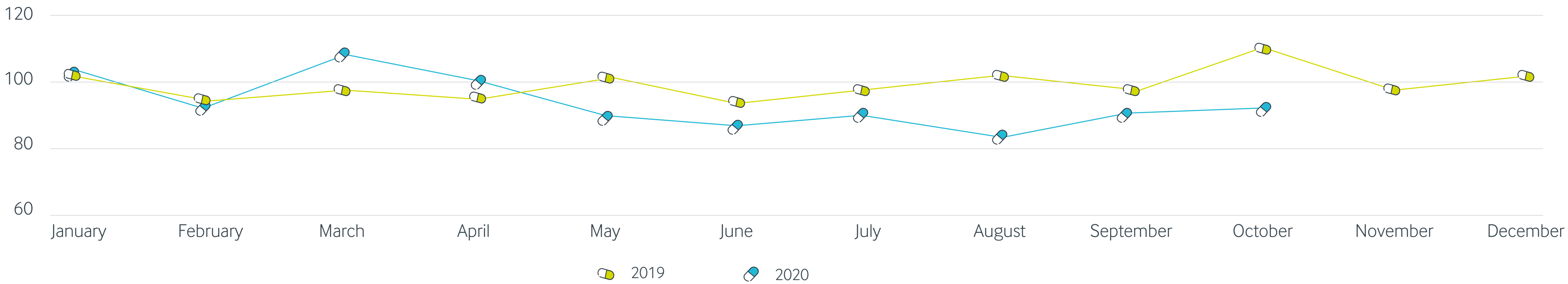
Following a relaxation of the lockdown measures at the end of June, as surgeries began to reopen, many operators reported that dispensing volumes were returning to more normal levels.

Financial pressures on the industry have been significant and keeping up with rising demand was a huge hurdle. The £370 million of advanced funding the government has provided the industry is a much needed support, helping to ease the cash flow pressures many contractors have had to bear.

Although contractors found it challenging to adapt to the changing circumstances, the pharmacy market continued to function throughout the first national lockdown with completions taking place, albeit at reduced volumes. Deals were also hampered by the adjustment to home working of professional advisors and the banks' focus on CBILS. Primary Care Support England's (PCSE) temporary suspension of its Market Entry processes also slowed deals, as purchasers saw inevitable delays in the determination of Fitness to Practice and Change of Ownership applications.

Despite all this, we saw sales activity increase as interested parties, buoyed by the heightened profile the sector gained, sought to invest in pharmacy opportunities across the UK.

ITEMS DISPENSED BY MONTH AND YEAR (MILLIONS)



CASE STUDIES

WESTBURY AND BABA CHEMIST, SOUTH WEST LONDON

The sale of two established South West London pharmacies to an experienced operator.

Sold by way of a share sale of Underack Limited. A competitive bidding process took place, and they were sold to a local provider who was looking to increase their presence in the area.

STEPPS PHARMACY, GLASGOW

A long-standing, unopposed pharmacy located on the main street in Stepps, sold to a local operator who previously owned pharmacies in central and East Scotland.

The sale was subject to a minor relocation, with the new premises offering opportunity to expand. The new buyer was funded by our colleagues at Christie Finance.

BOOTS UK PHARMACIES, LOCATED ACROSS ENGLAND AND WALES

We were appointed by Boots UK in early 2020 to manage the sale of 44 pharmacies across the UK, offering an exciting opportunity for first-time buyers and independent pharmacists.

This project remains ongoing, with most of the premises now sold. Our colleagues at Christie Finance supported several of the buyers in securing funding.

OUR ACTIVITY

We have seen strong levels of interest throughout the pandemic period, both from existing operators looking to expand their activities, as well as first-time buyers still keen to acquire, driving a:

14.1% increase in completions,

whilst sales agreed were up by:

9.5% when compared to 2019.

This enhanced profile has also contributed to interest from parties currently outside the sector looking to invest for the first time, including private equity and private family offices. In addition to the sales we have already agreed to such investors, we remain in active discussion with others who continue to actively consider investing in pharmacy.

THE FUNDING LANDSCAPE

Prices in the main have held at pre-COVID levels. At the beginning of 2020 and during the pandemic, we had seen prices stabilise after some correction in 2019.

However, due to increased purchaser appetite we have witnessed the return of competitive bidding which has resulted in some strong prices being achieved, albeit on a case-by-case basis.

Valuations of pharmacies have been stable with little effect seen on overall value and, coupled with continued appetite to lend from the banking community, the sector has been resilient.

SECTOR OUTLOOK

2020 was a tumultuous year for everyone, however, pharmacy undoubtedly stepped up to the mark when it was most needed.

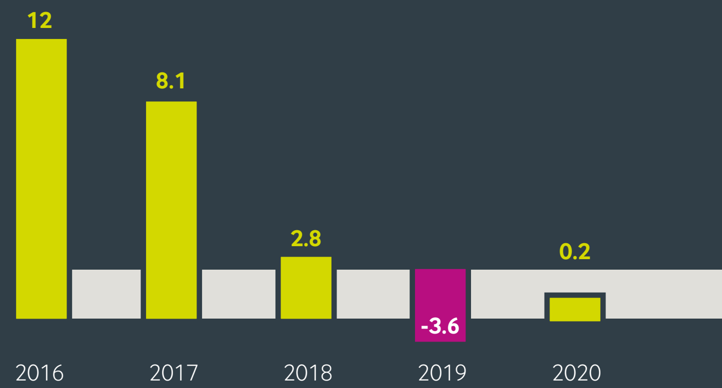
With its reputation truly bolstered, not only did the sector demonstrate its adaptability and resilience, but it also emphasised the pivotal role it plays in the delivery of primary healthcare throughout the UK.

Appetite was generated across all the main conurbations, none more so than in London, the South East and in Scotland, the latter continuing to witness a strong market as operators sought to invest on the back of its consistent approach to pharmacy funding.

This resulted in a positive year of sales completed by our pharmacy team and an optimistic outlook for 2021.

CHRISTIE & CO PRICE INDEX (%)

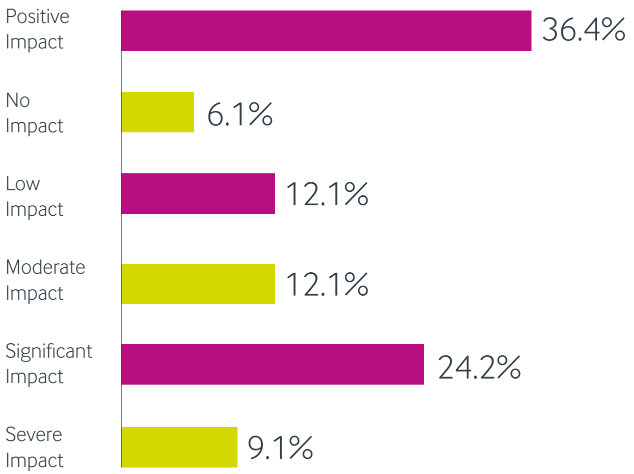
Our neutral price movement reflects a combination of continued demand for pharmacies, heightened by the pandemic, alongside financial pressures of the industry. 50% of pharmacists expect an increase in average prices paid in 2021.

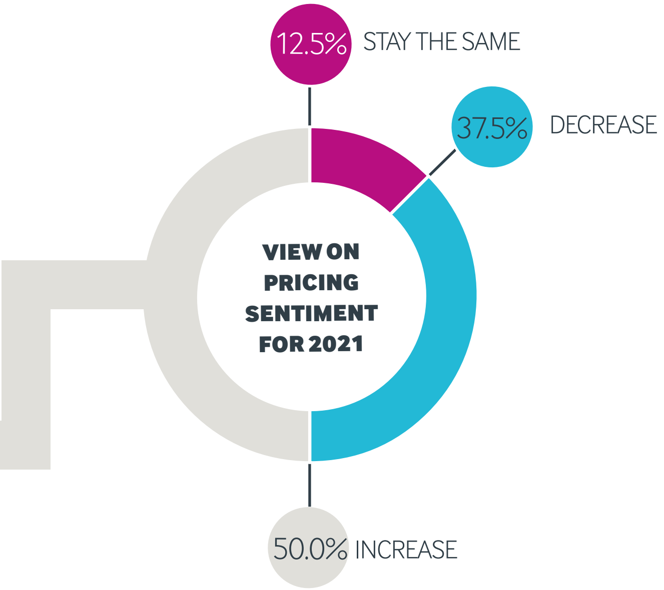


SENTIMENT SURVEY

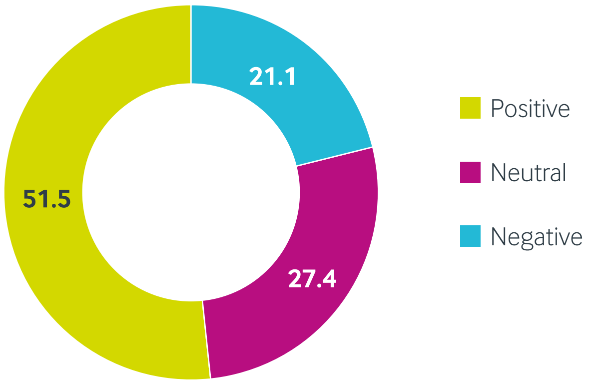
HOW HEAVILY WAS YOUR BUSINESS IMPACTED BY COVID-19?

Whilst many businesses were forced to close due to the pandemic, pharmacies remained open, which could explain the mixed response regarding the impact of COVID-19. Increased dispensing and retail activity, in addition to implementing infection control measures such as social distancing, created challenges which the sector addressed.





HOW OPTIMISTIC ARE YOU ABOUT BUSINESS RECOVERY IN 2021? (%)



over 50%

of pharmacists are feeling positive about recovery in 2021.

62.1%

feel the sector will take less than one year to return to pre-COVID levels.

In addition

73% consider there are opportunities within the sector

Key themes are:

- Capitalising on pharmacy's role in the vaccine roll-out
- Expanding service offerings
- An improvement in sector funding

38.7% of respondents are looking to sell their business in 2021, with **29.0%** looking to acquire a business or additional pharmacies.

THE SURVEY RESPONSES UNDERPIN THE CURRENT LEVELS OF CONFIDENCE IN THE PHARMACY SECTOR.

MARKET PREDICTIONS

Judging by the current levels of interest and appetite for pharmacy opportunities, we are confident that the market will continue to perform well throughout 2021.

Following the approval of the; Pfizer/BioNTech, University of Oxford/AstraZeneca and Moderna NIAID vaccines, the government's strategy to vaccinate 15 million people by the end of February is expected to result in the progressive relaxation of the currently imposed lockdown measures. In doing so, such easing of restrictions is expected to fuel further sales activity.

Pharmacy as a sector is expected to play an increasingly important role in the implementation of the national vaccination programme, further enhancing its profile as a key primary care service.

Further consolidation of corporate pharmacy estates is likely as they continue to divest marginal assets.

CARE

Image copyright Gaunt Francis Architects

Richard Lunn

Managing Director - Care

Michael Hodges

Managing Director - Care Consultancy

MARKET OVERVIEW

Despite all the challenges of 2020, the care sector has demonstrated admirable strength and resilience. Operationally, the sector has had to trade through an unprecedented situation caused by COVID-19, with care home operators and their staff doing an exceptional job in the circumstances.

In November 2020, we were proud to be the main sponsor for the National Care Awards 2020. This was our 22nd year as the main sponsor, and it was truly inspiring to hear the stories of strength and perseverance from all the finalists. Congratulations once again to all.

2020 IMPACT

During the first wave of the pandemic, the care sector was tragically hit with a number of resident deaths and numerous operational challenges, including the sourcing of PPE and managing staff absences due to sickness or self-isolation. Moving forward, as more support became available, the situation has certainly improved and, during the second wave, homes were much better prepared in terms of having the equipment, resources, and the support needed.

Care homes witnessed financial strain due to a combination of top line pressure on revenue coupled with an increase in operational costs.

Income decreased as occupancy levels dropped to circa 80% on average during the first wave, many families were reluctant to send elderly relatives into care facilities due to concerns over their ability to subsequently visit.

Following increased testing and other innovations such as dedicated COVID-secure visitor areas, admission levels have started to slowly recover although most operators expect the main recovery will take place later this year, following the roll out of the vaccine.

One other impact of the pandemic has been a lack of routine CQC inspections, although the Regulator has continued to monitor and risk assess through the use of technology and other means. We anticipate that the CQC will increase its physical inspection activity this year once vaccinations have been undertaken and with the increased availability of testing.

OUR ACTIVITY

At Christie & Co, we have been very mindful of the challenges being faced by operators and have evolved our working practices accordingly.

One example of this is the use of virtual video tours which have proven to be very effective. Across all segments of the market, demand for assets has remained strong and, overall, pricing has held up well. This is due to several factors including a relative shortage of available stock and, also, buyers taking a longer-term view as a consequence of the sector being underpinned by strong needs-driven fundamentals.

In terms of the regional going concern market, during 2020, we have successfully agreed many deals to an acquisitive pool of local and regional operators.

With high street lenders preoccupied in administering the government's loan support schemes, 53% of these deals have been concluded on a cash basis, and we have seen a 9% increase in cash offers received from 2019 to 2020.

Larger portfolio M&A activity has been more mixed with several substantial processes being launched at the start of 2020 prior to being paused during the first lockdown. Very positively, a number now appear to be moving forward and 2020 closed with the announcement that Priory Group had been sold to Waterland Private Equity for a reported £1.08 billion.

PORTFOLIO OF NINE SCOTTISH CARE HOMES

We facilitated the sale and leaseback of a portfolio of nine care homes in Scotland on behalf of Holmes Care Group. The portfolio was purchased by Impact Healthcare REIT plc. for a net purchase price of £47.5 million.

BMI WOODLANDS HOSPITAL, DARLINGTON

Richard Lunn, Managing Director of Care and Mike Hodges, Managing Director of Care Consultancy, acted for Legal & General in the sale of its freehold interest in the BMI Woodlands Hospital for £29.4 million.

THE WAVERLEY CARE CENTRE, PENARTH

We brokered the sale of The Waverley Care Centre in Penarth to local operators Mr Jacob and Mrs Beena George of Bellavista Care Homes, in one of the largest single-asset care home transactions in Wales.

THE INVESTMENT AND DEVELOPMENT LANDSCAPE

Investment sentiment has remained strong, although some funds have remained relatively passive due to gating as a consequence of material uncertainty clauses being added to valuation reports by fund valuers. We expect these funds to return strongly during 2021. Aside from UK sector specialist funds, we have seen significant activity from overseas investors. Examples include Belgium REIT Aedifica together with US REIT, Medical Properties Trust, and Canadian REIT, NorthWest Healthcare Properties. The latter two funds concluded very significant hospital investment portfolio transactions in the UK during 2020.

In the case of developments, we have seen significant appetite from a diverse range of buyers including operators and investors who are active in the care home and housing with care/extra care markets. We have also seen an increasing level of appetite from operators who are prepared to commit to leases on new developments with this fuelling forward funded investment activity.

SECTOR OUTLOOK

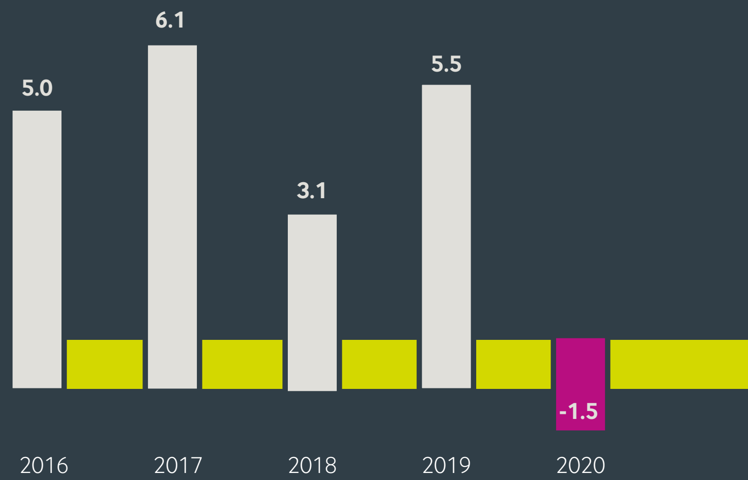
Whilst the pandemic has clearly had some very tragic impacts, there have been a number of important positives in terms of how the sector and wider society has responded.

Many operators and observers talk about a much closer relationship being forged between the NHS and Adult Social Care, with long standing barriers being removed. The social status of people working in care homes has also been materially enhanced through initiatives like 'clap for carers'. Many operators experienced a surge in job applications, and this is to be welcomed.

Investment appetite for the sector has also remained very strong, with a number of funds looking to diversify from other more traditional asset classes like high street retail and offices into sectors such as care. A key attraction is the needs-driven nature of the care sector which is reflected in the strong level of development activity which has continued, largely unabated, throughout the pandemic with developers, operators and investors all taking longer-term views.

CHRISTIE & CO PRICE INDEX (%)

For the first time since 2009, Christie & Co has observed a negative price index movement. This is largely due to a reduction in trading performance, and is not related to the demand for care businesses which remains strong - particularly as a result of the sector's profile during the pandemic.



SENTIMENT SURVEY

HOW HEAVILY WAS YOUR BUSINESS IMPACTED BY COVID-19?

The social care sector has been at the forefront of the pandemic with attention drawn to operational challenges and the tragic volume of resident deaths. In a sector which already faced staffing and funding challenges, it is no surprise that:

92%

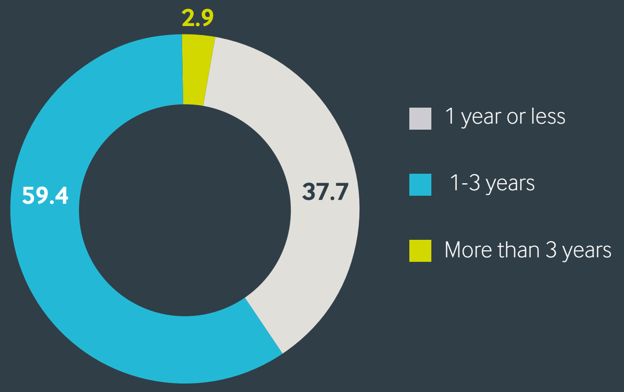
feel their business has been impacted by COVID-19.

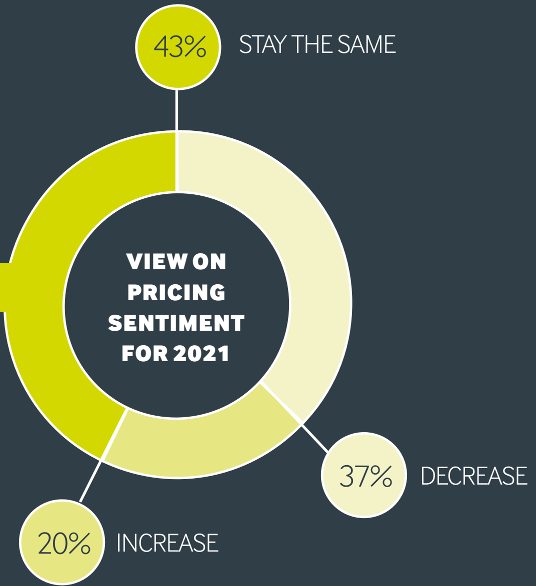
It is expected that it will take between 1-3 years for the sector to recover, however:

38%

are more optimistic that recovery will be seen within the year.

HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)





58% feel there is potential opportunity for the sector in 2021.

Common themes include:

- The need for government to address funding issues
- Recovered occupancy levels due to: ageing population, reduced competition and delayed referrals from 2020
- Expansion through acquiring new businesses and redevelopment

36% of respondents said they are planning on selling their business or some assets in 2021, with **29%** planning on acquiring.

THIS INDICATES WE CAN LOOK FORWARD TO AN ACTIVE TRANSACTIONAL MARKET THIS YEAR.

MARKET PREDICTIONS

An increase in activity as major portfolio processes paused in 2020 move forward and new opportunities are placed on the market.

Increased activity with investment transactions as funds that have been gated, or otherwise paused new deal activity during the latter part of 2020, return actively to the market.

Occupancy levels are likely to re-build in 2021, and referrals will increase as the vaccination and testing programmes are rolled out during Q1.

Interest in the UK care sector from overseas capital is likely to increase further and we may see European consolidators become increasingly active in the UK market.

Development activity is likely to continue at pace, both for care homes and extra care/ housing with care schemes. The development of new facilities is essential to keep up with demographic demand and the structural undersupply of future-proof care beds in the UK.

In summary, whilst the third national lockdown will create some challenges, there is equally very positive news relating to the vaccine roll out. As we get to Easter and during H2, we anticipate a steady recovery in trading performance coupled with a notable increase in transactional volumes and a continued level of strong development activity.

CHILD CENTRIC

Courteney Donaldson-Bourchier MRICS

Managing Director - Child Centric Sectors

MARKET OVERVIEW

On 18 March 2020, with just 48 hours' notice, the UK government called for all nurseries and schools to close.

Early years settings and education establishments were asked to remain open only to children of key and frontline workers until early summer, when staggered childcare and education services were permitted to resume.

With settings across the UK forced to close, many families recognised, more than ever, the incredible work of early years practitioners and educators, and the challenges they overcome on a daily basis.

The profile of child centric sectors and their workforces - be they nursery, independent or specialist education - have come to the fore during 2020.

Many childcare providers and independent schools operated at a financial loss during the initial lockdown, facing the greatest sustainability challenges of their career as the cost of delivering childcare rocketed and local authority funding shortfalls widened. All child centric providers need to receive recognition for their service and dedication during this pandemic. Looking ahead, it is imperative that underfunded early years services need to be duly compensated with adequate funding from government.

OUR ACTIVITY

At the start of 2020, Christie & Co saw huge levels of market activity and demand for child centric businesses, much of which halted when lockdown began. Operators', buyers', and prospective investors' attentions were immediately diverted away from their 2020 growth and acquisition plans to focus on their existing business interests, operational challenges and business survival plans.

Thankfully, market activity did not stagnate for long. Easter proved to be a turning point, as buyers regained their appetite to acquire, their confidence in the longer-term prospects of the markets, and recognised the resilience of child centric sectors.

We witnessed a 9% increase in the number of offers received per transaction in 2020 compared with 2019 and, of those received, the majority were within a very close range of the pre-pandemic asking price. This demonstrates our knowledge and expertise in giving realistic, deliverable pricing advice to business owners at the outset of a sale process and shows that, despite everything, buyers are still willing to pay good prices for businesses.

Despite all the year's challenges, we did not see any significant diminution of values across child centric sector transactions. It is also comforting to note that we are yet to see any significant increase in sales driven specifically by businesses being in financial distress.

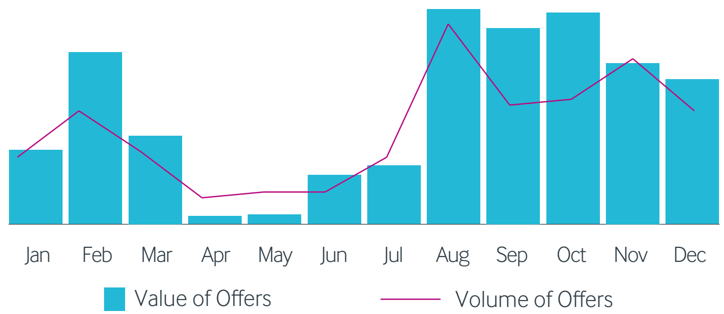
THE FUNDING LANDSCAPE

2020 saw a decline in the number of nursery businesses sold to first-time buyers.

Following the lockdown and due to challenges including staffing, cash flow and occupancy re-growth, we initially saw a degree of nervousness from banks to fund first-time buyers as they concentrated their support towards existing customers.

For offers accepted through Christie & Co, there was a marginal weighting of Christie & Co clients favouring offers from cash buyers over buyers with bank funding requirements (51% in 2020), although the volume of cash buyers differs significantly when compared to previous years (63% in 2019) highlighting the preference for the retention of cash by some buyers favouring acquisition finance in uncertain times.

AGGREGATE VALUE OF OFFER VOLUMES BY MONTH IN 2020



MARKET PREDICTIONS

Following the end of the furlough scheme, business rates holidays and revocation of the moratorium on commercial landlords' right to forfeiture for the non-payment of rent; we anticipate seeing an increase in businesses in financial distress.

Substantial tax changes are likely to be announced in the Chancellor's Spring Budget on 3 March 2021.

Continued consolidation across all child centric sectors.

The National Living Wage will continue to impact the profitability of businesses.

For day nurseries and schools, under-performing assets are likely to see a value realignment.

Nick Brown

NURSERIES

Director & Head of Brokerage Child Centric Sectors UK

2020 IMPACT/OVERVIEW

The UK's day nursery sector remains highly fragmented with c.80% of provision run by independent operators.

The sudden forced closure of nurseries created some significant and immediate challenges for many childcare providers.

Information released by the government came in thick and fast, with limited time for business owners to fully digest before the next set of guidance was released. Many providers found it a real challenge to deal with the ever-changing nature of the government's guidance during those first few weeks of spring lockdown. One of the most notable issues related to mixed messaging about continued provision of funding and furloughing, alongside issues regarding insurance claims against the backdrop of the government's closure directive.

Initially, a large number of childcare settings stayed open to provide for the children of key and frontline workers, but demand was patchy. Many that stayed open incurred significant financial losses but felt ethically bound to 'do their bit' to aid fellow frontline workers and the NHS in fighting the pandemic. Others saw little demand from keyworkers for their services and they subsequently closed, furloughing their staff.

As the pandemic progressed into the autumn and winter months, more and more settings needed to recruit additional members of staff in order to maintain and manage setting 'bubbles', to provide cover while colleagues self-isolated, and in order to maintain staff-to-child ratios – the combination of which, amid funding and income shortfalls, continued to place a great strain on the workforce and financial sustainability alike.

OUR ACTIVITY

While we have witnessed a slight slowdown in organic development in the nursery sector, as operators focus on their core portfolios and the re-establishment of occupancy levels, we have seen a notable increase in buyer demand and continue to see solid offers being made for quality businesses. Despite a diminution in the number of transactions, largely in part due to the market being closed during Q2, the transactions that we successfully completed during the first lockdown and through to year end all broadly completed at sale prices akin to pre-pandemic pricing.

With the exception of Q2 2020, across all child centric sectors we saw an increase in corporate acquisition activity during the year, with experienced operators benefiting from strong sector knowledge and taking a long-term view.

Investor interest has remained very strong and banks have broadly continued to be supportive of their existing and established customer's acquisition and expansion plans.

We also witnessed a huge uptick in buyer registration figures during 2020. Data derived from our first Buyer Registration Index evidenced an impressive overall increase of 140% in child centric buyer registration figures from 27 April - shortly after the UK government announced the beginning of the gradual easing of lockdown restrictions - to 22 June 2020. This demonstrates the strength of the market and the perception of the opportunity it awards to potential investors.

CASE STUDIES

KIDS ALLOWED, NORTH WEST

Market leading nursery group, Kids Allowed, sold to expanding group operator, Kids Planet, in a competitive confidential sales process. Founded in 2003, Kids Allowed has grown organically to encompass eight state-of-the-art, purpose-built settings, providing childcare to c.2,000 children, and boasting an annual turnover in excess of £11,000,000.

FUTUREPATH CHILDCARE, HAMPSHIRE

Futurepath Childcare comprises five reputable nurseries in high profile locations across the UK, offering a combined operating capacity for c.375 children.

Following a short confidential sale process the portfolio was acquired by Grandir UK, an expanding French childcare operator which also owns and operates Kiddi Caru Day Nurseries Group.

A STEP AHEAD NURSERIES, WEST SUSSEX

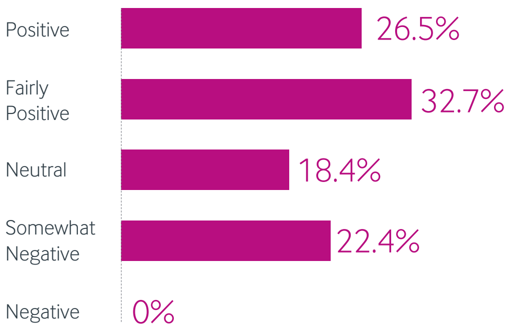
A Step Ahead Nurseries is a well-established, profitable group of six nursery settings located across West Sussex, with an effective operating capacity for circa 312 children.

The portfolio was sold mid-pandemic to new international entrant, Ann Education.

SENTIMENT SURVEY

DO YOU FEEL OPTIMISTIC ABOUT RECOVERY IN 2021?

Children's Day Nursery owners are feeling optimistic about recovery in 2021, with 78% feeling positive or neutral.



74%

feel positive about potential opportunities in 2021, with

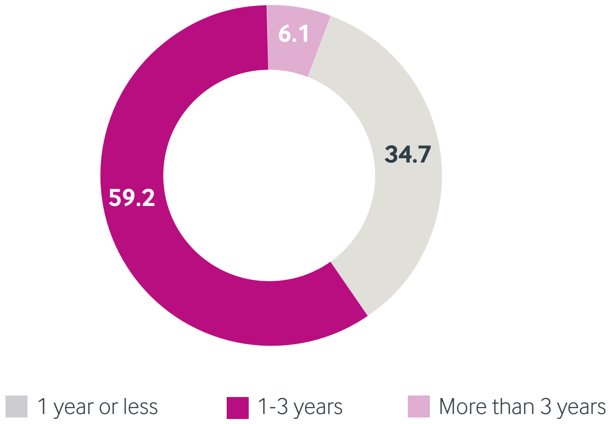
43%

identifying opportunities through market consolidation and acquisitions, demonstrating strong appetite for Day Nurseries in 2021.

51% said they are interested in buying nursery businesses in 2021

22% said they are looking to sell their business during 2021

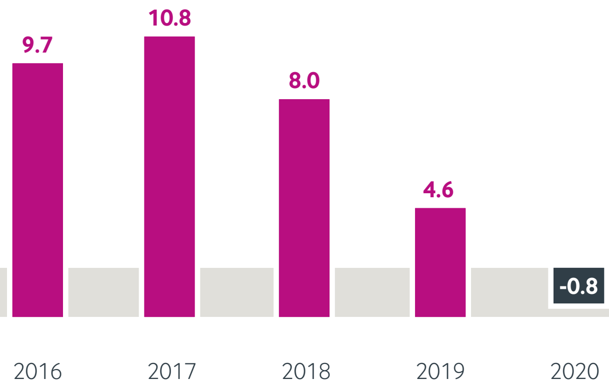
HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)



CHRISTIE & CO PRICE INDEX (%)

Since 2015, we have seen a continued uplift in average prices paid for Day Nurseries. Whilst we saw a marginal decline in 2020, in the midst of a challenging year, we note this price movement is reflective of the harsher trading conditions and potential risks associated to earnings and recovery, and not a decline in demand.

Approximately one third of Day Nursery owners expect pricing levels to remain static in 2021, with some more optimistic than others.



MARKET PREDICTIONS

Continued consolidation with regional providers gaining market-share.

Private equity divestments, potentially due to debt over-gearing rather than due to business performance.

Larger providers' divestment of assets more suited to sole trader operations.

A diminution in the number of early years providers with 'Good' or 'Outstanding' Ofsted (or equivalent) inspection outcomes.

Continued evolution, and further new entrants into the premium childcare, early education and family 'member clubs'.

Rosie Adlem

Director

INDEPENDENT EDUCATION

2020 IMPACT/OVERVIEW

Mid-March and mid-term, with just two days' notice, independent schools and colleges faced the challenge of transitioning students from a physical classroom presence to online learning. Some schools already had established virtual classroom platforms and were able to transition smoothly, even offering their full tuition programmes and whole school assemblies. Whilst others were less able to introduce and implement the necessary technical changes as quickly as required.

Schools with international students were faced with repatriating students back to their families overseas, which proved incredibly difficult due to very fast-moving events: cancelled flights and border closures.

Many smaller schools, already experiencing financial challenges before COVID-19, found it increasingly difficult to gain additional financial support from their lenders who, while wanting to help, were unable to do so because of prior sustainability challenges and demand from other businesses nationwide.

By Easter, schools had to decide what to charge ahead of summer tuition fee deadlines. Some charged the full amount, some deducted certain costs – such as catering – in order to marginally reduce fees. Some implemented 10% or 20% fee reductions, and some gave far more sizeable discounts, subject to their occupancy figures and nature of the transition to virtual classroom services.

Moving into the autumn term, many schools encountered different experiences; some saw a decline in student numbers, others an increase with some parents choosing to move their children to independent schools in order to ensure continuity of their child's education. Some schools saw an influx of new pupils from Hong Kong and the US, due in part to parental concerns around social unrest, while some parents chose not to return their children to the UK amid the ongoing pandemic.

OUR ACTIVITY

With home schooling receiving much media attention and differing experiences of state and private education being reported in the media, buyer interest in the independent sector has prevailed, especially for schools with larger capacities (300 + places) located in London, the South and South East of the UK.

Prospective buyers of schools which cater for international students have, in some cases, become slightly more cautious, with transactions taking longer - indeed, this was the case across all child centric sectors during 2020. In many cases this was primarily due to the capacity of vendors to obtain, collate and supply the information that buyers required for their acquisition and due diligence purposes.

CASE STUDIES

HEATHFIELD KNOLL SCHOOL, KIDDERMINSTER

Heathfield Knoll School is an independent, non-selective day school in Kidderminster with capacity for 250 pupils aged three months to 16 years.

The school was sold to KSI Education, an organisation dedicated to providing high-quality educational resources across the UK.

FORMER EXCEL ENGLISH LANGUAGE SCHOOL, LONDON

Judy and Richard Loren appointed us to facilitate the sale of a new leasehold interest in relation to 8A Muswell Hill, London, which was successfully acquired by Cavendish Education.

Post-completion, extensive investment was made to the property and, in September 2020, Holmewood Upper School students settled into their new premises.

D'OVERBROECK'S, OXFORD

Valuation of the freehold investment in d'Overbroeck's Sixth Form College, Oxford, on a bank's instruction and as associated to Carnegie Capital Estates Limited. Originally acquired in 2014, the site gained consent for the development of this extensive asset for educational use. A new 30-year lease was signed with d'Overbroeck's College, part of the Oxford International Education Group.

MARKET PREDICTIONS

Emergence of distressed assets across the UK language college sector.

A partial shift in focus for private tuition businesses.

Closures of smaller provincial independent schools, but demand for those assets on a vacant possession basis from a wide range of alternative occupiers.

Continued demand from trade buyers and investors for established high-calibre, high-capacity independent schools, co-educational, day and boarding.

Julie Kitson

SPECIALIST CHILDCARE

Director

2020 IMPACT/OVERVIEW

At the start of the pandemic, many childcare providers cited their concerns about the impact the nationwide lockdown could potentially have on vulnerable children. Many voiced concerns over the lack of visibility associated to identifying safeguarding concerns and the heightened risks to some vulnerable children being 'locked down'.

The UK children's services and specialist childcare sectors are diverse, providing services to children and young adults with a whole host of different and often complex needs.

The impact of the first lockdown and the speed at which it was implemented has, in some cases, had a profound impact on some children and young people. Routines were turned upside down overnight.

Providers rallied to the fore and while, operationally, many challenges were encountered the compassion, dedication and commitment of staff across the sector was highlighted.

MARKET PREDICTION

Further consolidation across all parts of the specialist care market.

Resurgence in buyer demand for smaller businesses and portfolios with mixed, complimentary services.

By early Easter, there was a significant increase in the number of specialist childcare providers seeking additional premises in order to keep up with increases in demand from local authorities requiring support for children in need. Coinciding with this increase, during the early summer there was a rise in the number of campaigns from many of the UK's largest fostering agencies to find new foster carers for long and short-term placements across the UK.

While the NSPCC and those working closely with children had voiced their concerns about vulnerability at the outset of the pandemic, it took until December for Ofsted's Chief Inspector, Amanda Spielman, to raise a national report stating that "when many pupils were out of school in the lockdown, teachers might not have picked up early warning signs of abuse or neglect... such children, at risk of harm, slipped out of sight... It should now be a priority to find such overlooked cases".

OUR ACTIVITY

Activity across the children's services and special educational needs sectors has notably gained pace during the past 18 to 24 months. Demand from a wide pool of buyers remains incredibly strong for established businesses.

Having seen a noticeable increase in providers seeking additional D1 premises to meet increasing capacity requirements, as we moved into the autumn, increasing reports associated to local authority capacity being stretched began to emerge.

Despite the pandemic, some notable portfolio opportunities have been presented to the market, with these having been subject to strong interest and again pre-pandemic prices have been evident throughout the progression of these transactions. Demand for services is heightening buyer appetite and this is one of the few sectors that is unlikely to see business failure or acute distress in the short- to medium-term.

CASE STUDIES

GLADSTONE CHILD CARE, SCOTLAND

On behalf of the Gladstone Partnership, which has provided vital services to children across Scotland for many years, we facilitated the sale of a portfolio of three children's homes, with a capacity of 12 residential places, to leading provider of residential care, Inspire CC Scotland Limited.

SPORTFIT SUPPORT SERVICES LIMITED, UK

Our valuation and advisory team were appointed in readiness for Tristone Healthcare Limited's acquisition of Sportfit Support Services Limited. The company works alongside social services and local authorities to provide tailored support, active care packages, independent living and education provision.

NINE POINTS PROPERTY LIMITED ACQUIRES CHILDREN'S HOME PORTFOLIO, UK

We were appointed to provide valuation advice for the proposed acquisition of a portfolio of seven children's homes.

The portfolio was acquired by Nine Points Property Limited, a specialist commercial landlord and developer with ambitious growth plans to facilitate the provision of high-calibre assets within the children's services sector.

RETAIL

Steve Rodell

Managing Director - Retail

Nick Bywater

Retail Investment and Valuation

MARKET OVERVIEW

The global outbreak of COVID-19 brought the retail sector to the forefront of the nation's minds in 2020, with frequent stories of empty shelves and stockpiling dominating headlines early in the year.

However, it became quite apparent how important the convenience network is in providing food, medicine and other key supplies to local communities, particularly the vulnerable. There are some huge positives that the wider convenience sector will surely take from the pandemic.

We witnessed the best entrepreneurial spirits adapt to survive and, in many cases, thrive, despite further restrictions on movement and an uncertain outlook. The market remains robust due to sustained consumer demand and we saw heightened investor interest in 'alternatives' in 2020, such as convenience stores and petrol filling stations, from those who sought a safer investment option to the more traditional staples of high street retail and offices in the face of difficult economic times.

Over the next few pages, we dive deeper into each of our retail subsectors: garden centres, convenience and petrol filling stations, reflecting on the events of 2020 and their influence on market trends and activity.

GARDEN CENTRES

The emergence of the COVID-19 pandemic just prior to the peak sales season in 2020 brought with it many concerns for both businesses and employees.

Sales during the spring and summer often surge, capturing 70% of overall annual sales volumes which compensates for quieter periods. **70%**

However, the national lockdown, which ordered garden centres to close from 23 March to 13 May had a huge impact on these businesses. Those that thrived however, were ones able to adapt their operation and offer online sales.

Despite these challenges, the market showed resilience and in fact benefited from Brits spending their holiday money on the garden and home furnishings.

Sales from June indicated an upwards recovery trajectory, with figures up 34% on the prior year. **34%**

The sector was given a further boost in November, with businesses allowed to remain open in the second national lockdown, albeit with restrictions on restaurants.

Transaction levels were subdued after the sale of 145 Wyevale Garden Centres dominated the market in 2019. Buyers spent 2020 consolidating their recently purchased sites, refinancing and taking advantage of improved values. In fact, our valuation team was kept busy and valued over £81 million of garden centre assets, including some of the top 100 garden centres across the UK.

Encouragingly, the sector remains attractive due to the preference of customers to 'experience' a garden centre and the variety it conveniently offers, rather than simply buying gardening products online. The opportunity remains for retailers to develop a strong, multi-income offering, a key fundamental to success in any retail business. We continue to speak with a number of key operators as a result of the Wyevale project and expect to be involved in several exciting transactions in 2021.

CASE STUDIES

PROJECT ANGEL

Following a successful pilot in 2019, the Co-operative Group retained Christie & Co for an ongoing multi-phase instruction to confidentially market a number of convenience stores that no longer align with their long term strategy. The successful sale of a large number of these stores were completed to the independent market, many including Nisa franchises.

PROJECT CROSSRIDGE

In November 2020 on behalf of Llink Group Limited, we completed on the confidential sale of two freehold petrol forecourts in Llandrindod Wells, Mid Wales to Top 50 Indie and well-established Christie & Co client, Ascona Group.

PROJECT ENDEAVOUR

During August, Bestway Retail Limited appointed Christie & Co to sell 37 of its Bargain Booze, Wine Rack, Select Convenience and Central Convenience stores across the UK, which no longer fit the company's future strategy.

STEWARTS BROOMHILL GARDEN CENTRE, DORSET

In September 2020, we completed a valuation for Santander UK.

CONVENIENCE

2020 IMPACT/OVERVIEW

Whilst the national lockdown imposed by the government in March forced many businesses to close, convenience retail, an essential service, remained open, and was heavily relied upon by communities. However, this did not come without its share of challenges.

Initial stockpiling and panic buying placed pressure on operators and supply chains, who were unable to cope with the increased demand. This frequently resulted in empty shelves and inflation of supply prices due to scarcity, which was often passed onto customers. Balancing staff welfare and availability was also a major challenge, due to self-isolation and shielding in order to prevent the virus spreading and to protect the vulnerable.

There was a large rise in convenience store footfall,

WITH TWO IN FIVE BRITS (41%) SAYING THEY SHOPPED AT THEIR LOCAL INDEPENDENT STORES MORE REGULARLY THAN THEY DID BEFORE COVID-19.

In such uncertain times, the convenience of visiting a local store became incredibly favourable.

From April 2020, the operational performance of most convenience businesses significantly improved, with average turnover increasing 40% year-on-year – sometimes more. This continued and resurged during the second set of restrictions. It is widely considered that there will be a long term and sustainable 'bounce' from COVID-19 which could see a c.10% rise in convenience sales across the sector compared with pre-COVID levels. This prospect has attracted buyers to the market and the rise in buyer demand out-stripped the supply of available stores all year. This meant asking prices were frequently achieved or exceeded after competitive bidding.

OUR ACTIVITY

In 2020, we saw a dramatic increase in demand for retail opportunities, particularly those with a convenience offering, as measured by the number of buyers registering on christie.com.

18.9%
increase in the number of completed and exchanged deals

23.1%
increase in the average number of offers received per deal

15.4%
increase in the number of viewings per deal

The timing of deals from 'offer accepted to exchange' and 'exchange to completion' reduced, highlighting the strong demand for convenience assets.

Offer accepted to exchange reduced by 34.8%

66 days
in 2019

43 days
in 2020

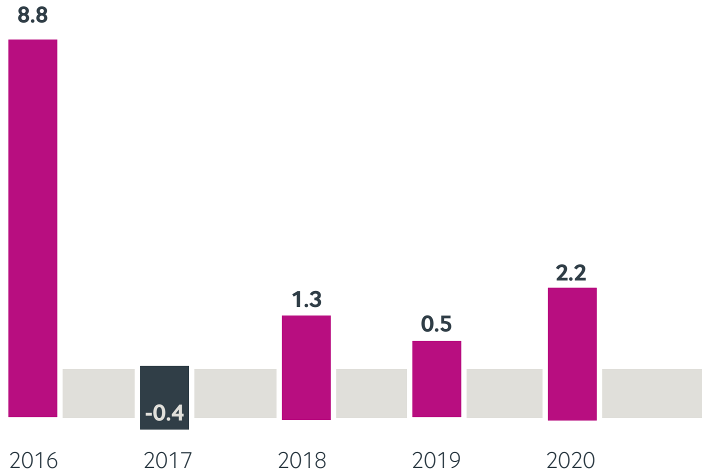
Exchange to completion timing has halved

10 days
in 2019

5 days
in 2020

The proportion of offers received from cash buyers increased, highlighting the willingness for buyers to secure an asset and "act fast" with cash.

CHRISTIE & CO PRICE INDEX (%)



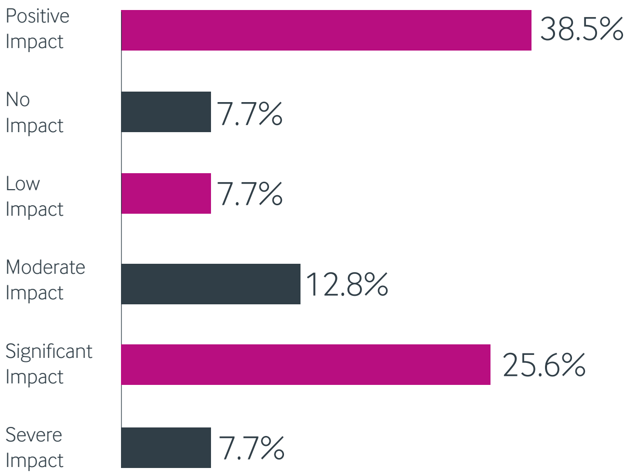
Our price index in 2020 reflects a positive year for convenience retail with regards to revenue growth, business profiles and market liquidity.

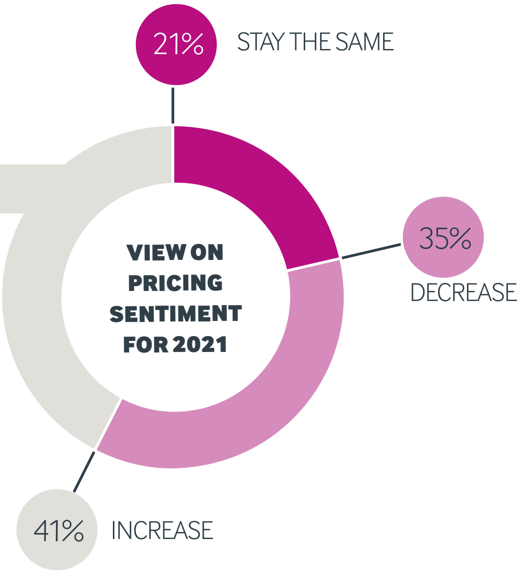
WE ARE EXPECTING INCREASED BUYER ACTIVITY NEXT YEAR. THE CHALLENGE WILL BE BRINGING SUFFICIENT INSTRUCTIONS TO THE MARKET.

SENTIMENT SURVEY

HOW HEAVILY WAS YOUR BUSINESS IMPACTED BY COVID-19?

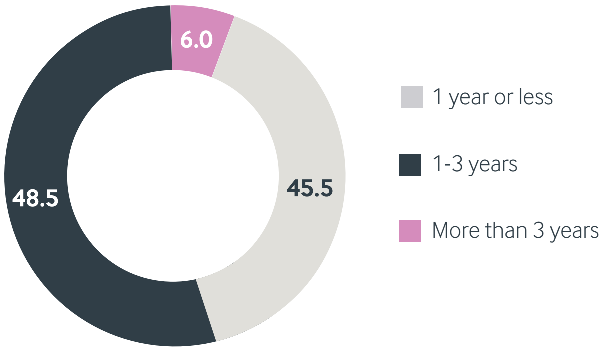
Whilst the majority of businesses were forced to close on 23 March, convenience stores continued trading as an essential service. However, this came with challenges such as fulfilling deliveries, restricting stockpiling during the first lockdown and keeping staff and customers safe.





HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)

Whilst anecdotal market sentiment is that convenience retail has done well by COVID-19, almost 50% think the sector will return to pre-COVID levels within the year.



IS THERE OPPORTUNITY IN THE SECTOR IN 2021?

63% feel there is opportunity in the sector in 2021

The key areas of opportunity identified by respondents include revenue benefits, as a result of consumers continuing to shop locally and at independent stores, as well as strategic acquisition of new businesses.

50% of respondents have indicated they are interested in buying or selling businesses in 2021

45% interested in selling

46% interested in buying

Buyers want 'a piece of the action' and sellers want to take advantage of buoyant demand.

THIS FOLLOWS A 19% INCREASE IN TRANSACTIONAL ACTIVITY IN 2020.

MARKET PREDICTIONS

Buyer demand will continue to outstrip supply across the majority of convenience and forecourt instructions, leading to competitive bidding.

Sellers should therefore balance expectations with realistic asking prices knowing that the proper marketing will ultimately result in optimum pricing.

We expect more disposals to come to market as corporates and multiples shed the tail end of their portfolios.

We anticipate more activity in the garden centre market as owners assess the risks versus rewards of ongoing business.

PETROL FILLING STATIONS

2020 IMPACT/OVERVIEW

The forecourt sector remained resilient throughout 2020, against an unpredictable backdrop. Fuel volumes significantly dropped to c.70% of pre lockdown levels, as people followed the government advice to "stay at home", yet they bounced back swiftly once restrictions were eased.

Whilst they dropped again during the second lockdown the fall was nowhere near as sharp and ongoing levels were dependent on location within the government tier restrictions. Some retailers have seen a complete recovery whilst others are still well below pre-COVID levels.

Notably, sites with a convenience offering had the same experience as their standalone counterparts.

Shop sales increased resulting from the shift in consumer behaviour in favour of local stores over larger grocery chains. The net result in many cases was, ironically, better profitability.

All Christie & Co deals agreed and those progressing pre-lockdown subsequently completed – evidence that investors remain keen to acquire in the sector. Implications on value caused by the pandemic remains a key focus for many stakeholders such as banks and landlords.

However, Christie & Co's Retail team has experienced consistent ongoing interest from buyers with prices remaining stable as evidenced by deals we agreed in H2 2020.

Questions continue to arise around the potential effect of government intervention on the market moving forward. The recent announcement that the government plans to accelerate its Road to Zero campaign and ban the sale of Internal Combustion Engine (ICE) vehicles by 2030 rather than the original target of 2040 raises questions for business owners.

However, a ban on the sale on ICE vehicles would still be 10 years out, and the uptake of Ultra Low Emission Vehicles (ULEVs) remains subdued at around 10% of all new vehicles.

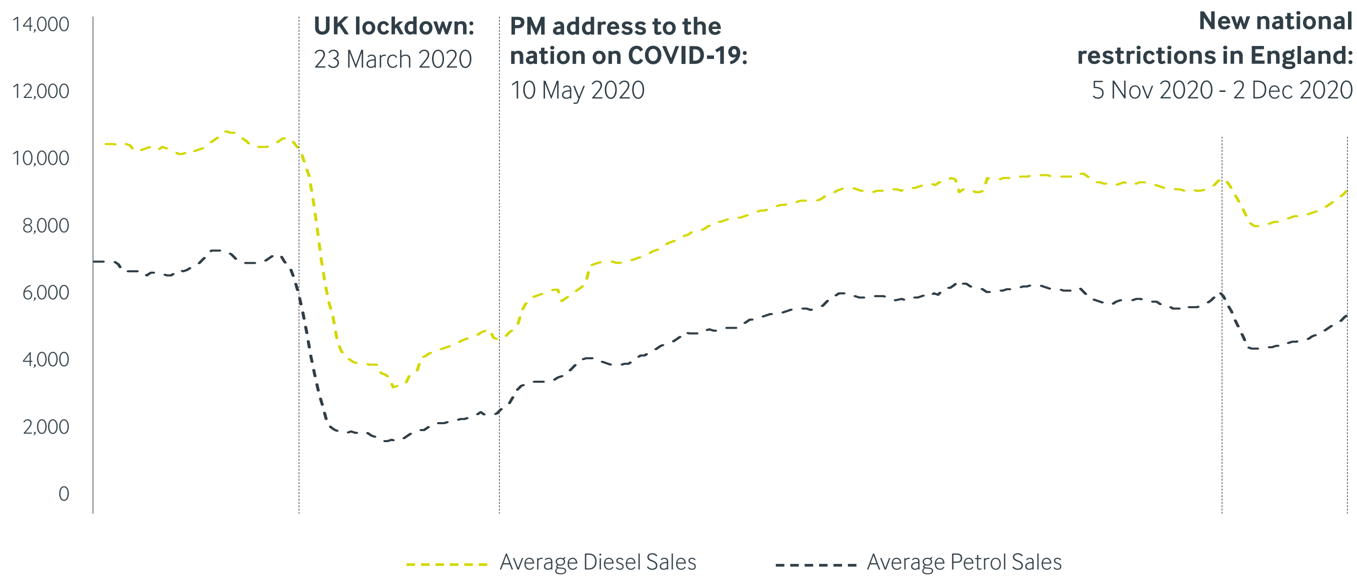
Albeit, the total number of vehicles sold in 2020 was down 29.4% on the previous year.*

Even if uptake rises to 15% by 2030 it will take a very long time to replace the many millions of ICE vehicles on Britain's roads. This means the legacy of ICE vehicles will underpin fossil fuel sales for quite some time.

More importantly there is plenty of time for stakeholders to adapt their model to shift the focus of profit towards alternative retail products such as food service.

In summary, the forecourt market remains robust and continues to generate a healthy level of interest from a wide variety of potential purchasers, including first-time buyers, expanding regional and local operators, as well as national groups.

AVERAGE ROAD FUEL SALES BY FUEL TYPE (WEEKLY MOVING AVERAGE), GREAT BRITAIN

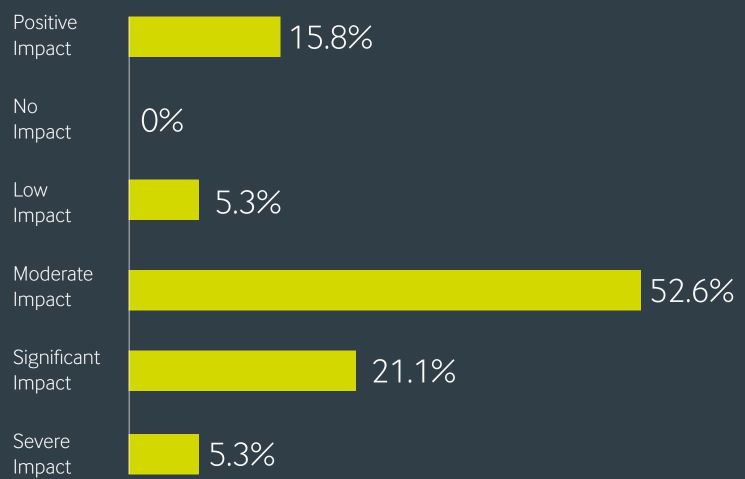


*https://www.smmt.co.uk/vehicle-data/car-registrations/

SENTIMENT SURVEY

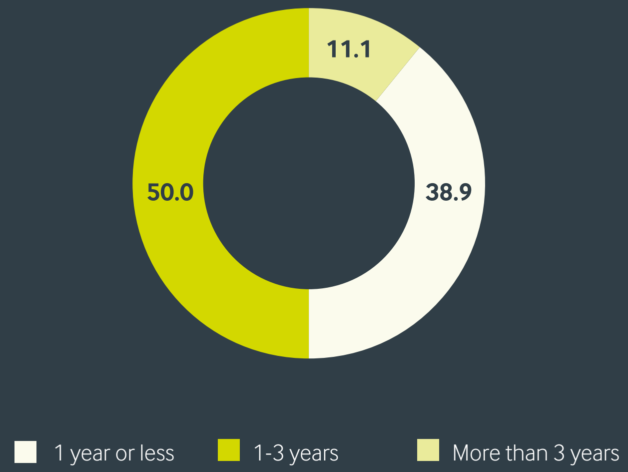
HOW HEAVILY WAS YOUR BUSINESS IMPACTED BY COVID-19?

Petrol filling stations experienced, for the most part, a moderate impact on business because of COVID-19. This follows a significant but temporary fall in fuel volume as consumers adhered to the government's advice to stay at home. This bounce back, coupled with the significant increase in shop sales , demonstrated the resilience of this sector.



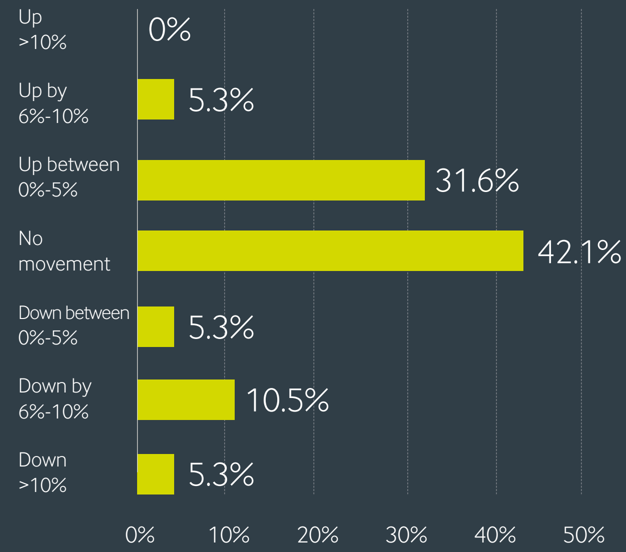
HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)

Whilst fuel sales are still recovering, 88.9% of respondents feel the forecourt sector will return to pre-COVID levels within the next three years, with 38.9% feeling this will be met within the year.



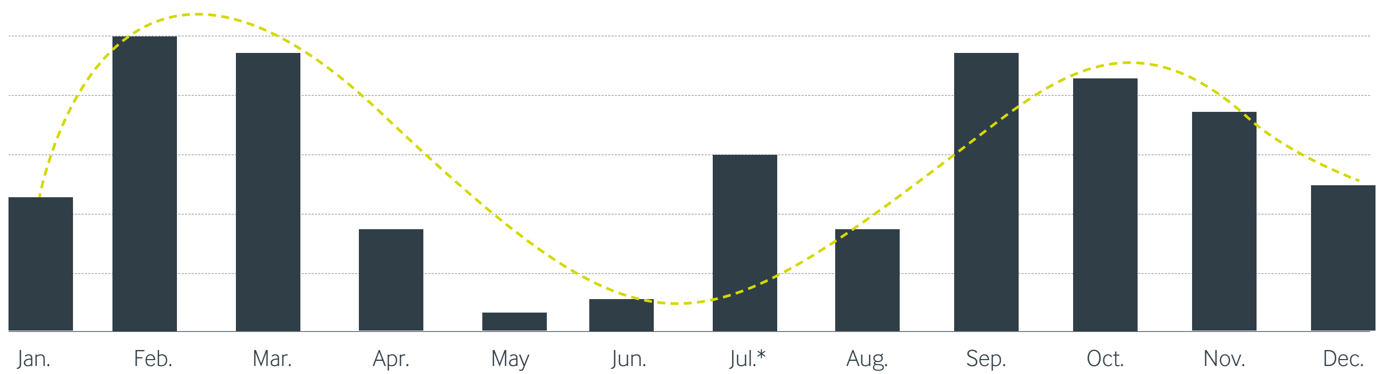
WHERE DO YOU SEE PRICING / THE VALUE OF YOUR BUSINESS MOVING IN 2021?

A majority feel that prices for Petrol Forecourts will remain static for 2021, if not marginally up 0-5%



VOLUME OF OFFERS RECEIVED IN 2020

Interest in petrol filling stations remains strong, with offer volumes in Q2 in line with those received in Q1, pre-COVID. The marginal decline in December closer reflects seasonal trends.



**July figures adjusted to remove group offers received*

IS THERE SECTOR OPPORTUNITY IN 2021?

53% feel there is opportunity for the sector in 2021, notably to diversify their existing offering such as food to go or expand their business.

21.4% interested in selling

53.3% interested in buying

This is positive for those forecourts on the market, whereby demand is likely to outstrip supply.

LEISURE

Jon Patrick

Managing Director - Leisure

MARKET OVERVIEW

Like many other sectors, the COVID-19 pandemic will have a lasting impact on the alternatives property sector.

Strict measures implemented by the government in 2020 to curb the outbreak of the virus, such as national lockdowns and forced closures of all leisure and entertainment businesses at various times throughout the year, finishing off with London and the surrounding boroughs moving up into a new Tier 4, brought about an abrupt change to the way society has been able to freely engage in leisure activities.

The final weeks of 2020 saw the eagerly awaited announcements of the approval and roll-out of the Pfizer/BioNTech and the University of Oxford/AstraZeneca COVID vaccines, whilst paradoxically it was confirmed in the first few days of 2021 that the UK would enter its third lockdown, placing further uncertainty on many businesses and households.

In 2020, the stop-start nature of trading, resulting in lower cashflow, was a key issue for leisure operators, with many already feeling the pinch from increases in operational costs, including wages, utilities and the cost of goods prior to the virus outbreak. Increased staff training and costs associated with implementing the use of PPE and altering premises to adhere with COVID-safe regulations added additional layers of financial pressure.

However, the challenges of 2020 have allowed all areas of the industry to show incredible levels of resilience in adapting to the 'new normal'. While the post-COVID leisure sector landscape will be fundamentally different, some changes across the sector have been perceived as positive. Thus, we believe the alternatives market will return strongly and show itself to be a sustainable investment option.

LEISURE MARKET ACTIVITY

The uncertainty caused by the virus influenced many leisure operators to delay or halt plans to bring their business to market in 2020. This lack of supply resulted in a high level of competitive interest in quality opportunities already on or introduced to the market, with freehold businesses in particular high demand. This was the case when the iconic UK visitor attraction, Skegness Pier was launched to market through Christie & Co in September, for the first time in almost 45 years (see case studies).

Transactions of note in the wider market included the sale of Dutch Holiday Parks company, Roompot to private equity giant KKR, Looping Group's acquisition of international leisure park operator, Drayton Manor out of administration for £15 million, and Fraser Group's successful acquisition of DW Fitness for £37 million.

As a result, pricing has remained broadly similar to pre-COVID levels in respect of freehold disposals.

In comparison however, values for leasehold businesses were significantly suppressed, particularly those where trade has been slower to return or where social distancing restrictions have placed significant stress and increased running costs on the business model. Operations including cinemas, bingo clubs and city centre entertainment and leisure venues including gyms remain quieter as people continue to work remotely and/or stay closer to home, following the national lockdown.

As lockdown restrictions began to ease in the summer, outdoor related businesses emerged as some of the most sought-after assets, due to their increased capability of trading well in the face of social distancing measures. The likes of golf courses, adventure golf, holiday and caravan parks and outdoor activities and attractions in general witnessed a return to near pre-COVID trading levels and in some instances, trade returned even stronger than before.

Additionally, leisure businesses in rural and coastal locations across the UK were clear winners in 2020.

Suburban and out of town concepts fared better than city centre venues due to the trend of localisation. Businesses in these locations also benefited from the rise in staycations and domestic travel due to international travel restrictions, as they were able to capture business from holidaymakers and begin recovery earlier than other markets. Thus, we saw an increased demand from investors for assets in these locations, as they sought to capitalise on these trends or make a lifestyle change.

Areas across the leisure sector which have really struggled include night clubs and late-night venues such as live music and performance related operations which have remained shuttered.

The UK's largest nightclub operator Deltic was bought out of administration by Scandinavian firm Rekom UK for £10 million saving some 42 of Deltic's 52 bars and clubs and bolstering its ambition to become one of the largest pan European nightlife groups.

At the other end of the leisure spectrum, whilst zoos and wildlife visitor attractions were able to reopen, the fixed costs of looking after their animals was a very significant draw on already scarce resources and will take time to recoup in due course. In the live sports arena, it was those grass roots level operations, where 80% of revenue comes from match-day income, that were hit the hardest and a number of lower league football clubs were in severe financial distress as a result, as seen with Macclesfield Town FC, which Christie & Co sold on behalf of the administrators in October. In the wider market, Bury FC went into administration in November, a year after entering into a CVA and leaving the English Football League, whilst Championship club Wigan Athletic also ended the year in administration.

THE FUNDING LANDSCAPE

Various government support initiatives such as the furlough scheme, rate rebates, CBILS and taxation incentives have carried the sector through 2020.

Borrowers have been keen to ensure their businesses have sufficient liquidity to see them through in 2021 as this government support eases off.

There is considerable private equity and investor interest in the leisure sector in terms of opportunistic acquisitions, at single asset or portfolio level, either to add to an existing business or provide a platform.

2021 OUTLOOK

Entering the start of 2021 in lockdown but with viable vaccination solutions being implemented, this year will not be without challenges, as unemployment and concerns around job security headwinds are likely to lead to reductions in overall household discretionary spending. In saying this however, the Office for National Statistics (ONS) reports that more than one-fifth of usual household spending on the likes of dining out, holidays, leisure activities and 'big ticket' purchases has not been possible during the lockdown because of the restrictions on movement and social interaction. It is not unfeasible therefore, that following a successful vaccination process and a period of bedding in that we will see a spike in spending as people "get on" with their lives and try to return to a sense of normality, increasing demand for leisure assets.

Well invested real estate in key locations will therefore be a focus for investors. However, opportunities may also present themselves on over-leveraged or creatively financed businesses. Buyers with significant capital to deploy and who are prepared to make opportunistic acquisitions, where there is potential to create value through better management and operation, may pick up attractively priced opportunities.

CASE STUDIES

MACCLESFIELD TOWN FC

Appointed by LPA Receiver CRG Insolvency & Financial Recovery in September 2020, we implemented a fast-track open marketing strategy and sold the leasehold interest to local businessman and football investor buyer within 16 working days of launch.

SKEGNESS PIER

The open marketing of this iconic, multifaceted freehold visitor attraction offered for sale for the first time in nearly 45 years.
Major media (TV/Radio) pick-up and coordinated PR campaign delivered fast-track competitive bidding and multiple offers in excess of the guide price. At the time of writing, exchange and completion are imminent.

NATIONAL HORSERACING COLLEGE

Instructed to market the freehold long income investment comprising one of only two specialist horse racing training centres of excellence in the UK. Exchange and completion imminent at a price equivalent to a net initial yield of 3.5%.

MARKET PREDICTIONS

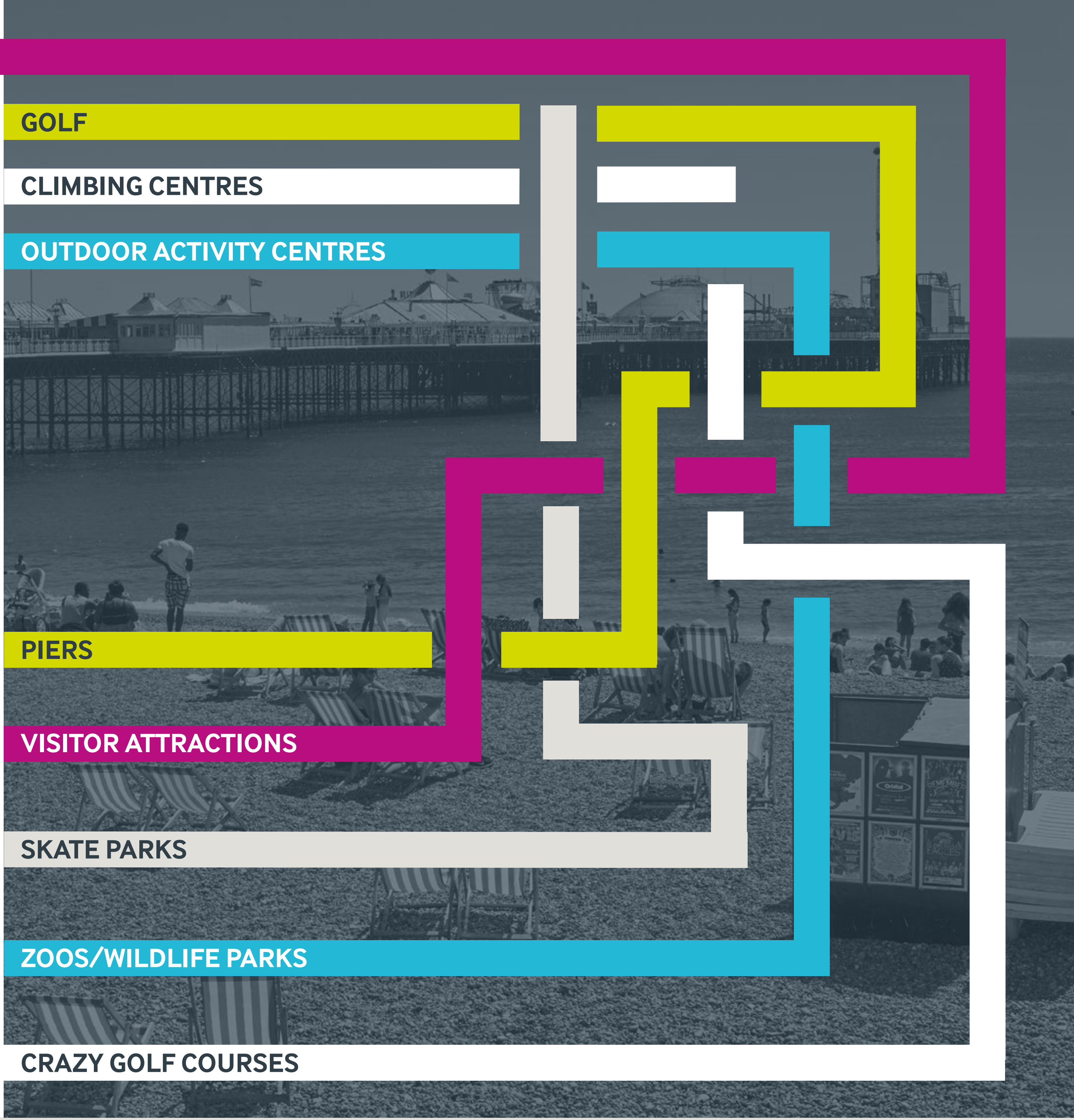
The ongoing threat of limited trading and reductions in household discretionary spending may lead to a significant increase in distressed leisure assets coming to market from Q2.

Private equity will deploy significant, cross-sector capital towards M&A activity.

The end of the Eviction Moratorium in March 2021 may lead to a number of confrontational landlord and tenant situations and there may be a move towards more turnover/profit related landlord and tenant relationships going forward as a result.

Outdoor businesses and venues which capture staycation trade will continue to benefit from the increase in domestic demand. Strong buyer appetite for these types of assets may lead to more competitive bidding.

From Q3 onwards, we may begin to see a spike in consumer spending, as the vaccination programme is rolled out to larger amounts of the population and pent up demand flows into the economy.



PUBS

Stephen Owens

Managing Director - Pubs & Restaurants

Neil Morgan

Senior Director, Pubs & Restaurants

MARKET OVERVIEW

The licensed hospitality sector has undoubtedly been one of the worst hit by the ongoing COVID-19 pandemic.

Businesses have felt the effects of various lockdowns and the tightening of operating rules and restrictions imposed throughout 2020 more than others, as these social distancing measures appear to conflict with one of the sectors primary purposes, to bring people together. As a result, job losses have been mounting and the number of pubs forecast not to survive this year is alarming.

Disappointingly for the British pub sector, 2020 followed some of the busiest years of activity in a decade. Prior to the pandemic erupting in March, momentum for the year appeared to be heading in a similar direction, with much of the frenetic transactional activity continuing on from 2019. Yet the arrival of the virus in the UK caused many of these larger scale portfolio deals to stall. Despite this, since April we observed an uptick in market activity driven largely by smaller, single asset transactions.

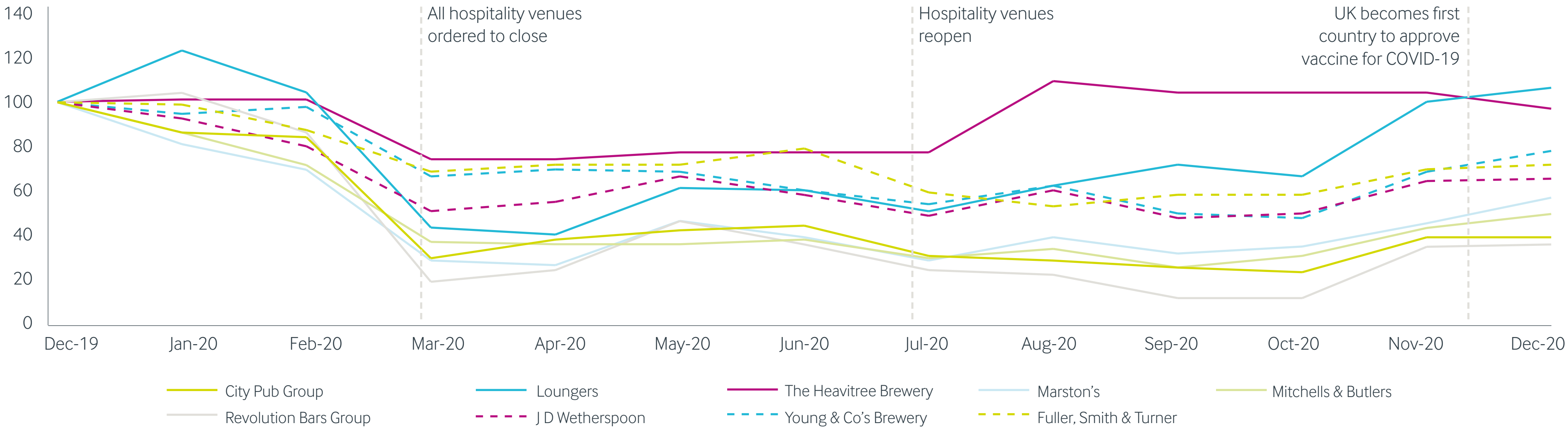
Encouragingly, investor appetite in the sector remains healthy, and buyers appear undeterred from the unprecedented events of 2020. Many businesses remain in survival mode, yet positive news around vaccine approvals and commencement of the rollout programme will hopefully bring forward recovery in 2021.

2020 IMPACT

The pandemic forced licensed hospitality businesses to close for a total of 104 days between March and July, with many businesses facing unprecedented challenges as a result. However, we have also seen some winners across the market.

Notably, as the lockdown began to lift and restrictions eased, we observed an increasing interest in community-based operations, largely influenced by people continuing to work from home. The trend towards localisation is a positive one for the market and has driven a renewed demand for pub settings in rural and coastal locations. Venues with an accommodation offering have also done well compared to those in city centre locations.

PUBS AND BARS SHARE PRICE INDEX 2020 (REBASED TO DECEMBER 2019)



There has been a growing popularity of letting rooms within pubs over the past few years and this really boomed in 2020 due to international travel restrictions, which has led customers to seek staycations and short breaks within the UK. Buyer appetite for pubs with a diversified income is strong, with many buyers seeking to capitalise off the staycation boom or seek lifestyle opportunities.

In a bid to mitigate the impacts of national lockdowns and financial pressures facing operators, the Chancellor, Rishi Sunak has offered a cushion of support to the sector. Measures have included the Coronavirus Job Retention Scheme (CJRS), an interest-free Business Interruption Loan Scheme (CBILS), cash grants, business rates relief, VAT cuts to 5% and a moratorium on lease forfeiture to combat commercial rent arrears. During August 2020, the Eat Out to Help Out scheme also encouraged sales growth and improved consumer sentiment.

Encouragingly, during November the Chancellor confirmed that much of this support will continue during the first quarter of 2021, however this appears to be doing no more than putting pubs into hibernation. We have seen a limited amount of distress in the hospitality sector to date due to the level of government assistance, but we expect this to change as support is phased out and as bank sentiment may change.

City centres remain quiet and face challenges as people continue to work remotely or remain furloughed. Late-night venues are also a real concern, as they face no prospects of reopening in the foreseeable future.

OUR ACTIVITY

In contrast to previous years, we saw little in the way of large-scale portfolio deals in 2020 and many of the portfolio transactions that we were involved in stalled during the lockdown period. However, the volume of single asset transactions rose, and we continued to see an uptick in activity from 1 April to December 2020 as a result.

CASE STUDIES

PROJECT PEBBLE

In January 2020, we advised on the sale of a portfolio of seven pubs for Heartstone Inns, a national pub group with a collection of pubs located around picturesque Southern England, to Punch Pubs & Co, who plan to invest in the properties.

SEAFOOD PUB COMPANY

In September 2020, we were appointed by joint administrators to market a portfolio of 10 pubs, located across affluent areas of England's North West and Yorkshire, that were formerly operated by Seafood Pub Company Holdings Limited.

AVERAGE OFFERS BY PRICE BANDING

There is greater demand for pubs that are less than £650k, which attracts first time buyers and independents.

<£650k: **2.4**
(up to 17 offers)

£650k-£1m: **1.6**
(up to 13)

>£1m: **1.8**
(up to 10)

PUBS - VALUE AND VOLUME OF OFFERS 2020 (MILLIONS)

13% increase in offers received per instruction as demand for high quality pubs is out-stripping supply.

OFFERS RECEIVED BY FUNDING TYPE

Due to challenges in securing bank funding in 2020, as traditional lenders focus on supporting existing customers, our team saw a shift in the basis towards which offers have been received, weighted more towards cash funded buyers.

CASH OFFERS LESS THAN £650k

2019	70%
2020	72%

CASH OFFERS GREATER THAN £650k

2019	44%
2020	78%

SENTIMENT SURVEY

HOW HEAVILY WAS YOUR BUSINESS IMPACTED BY COVID-19?

The pub sector has seen a significant impact on business as a result of COVID-19.

98% of owners highlighted a degree of impact on trade.

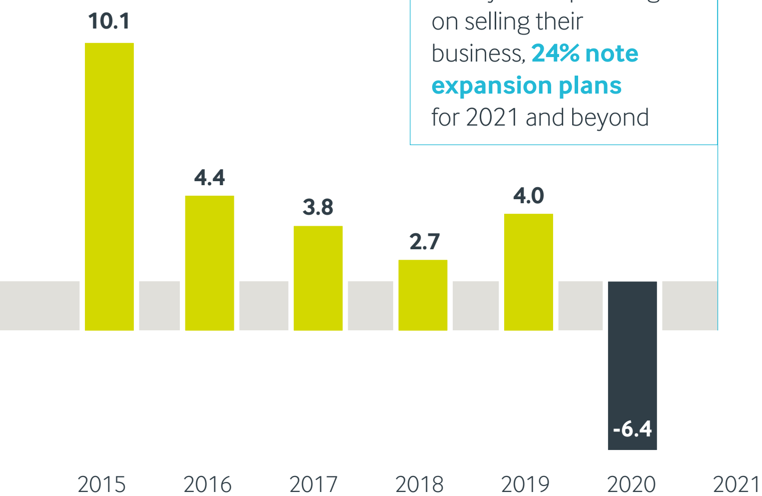
A majority feel it will take 1-3 years to recover

20% are more optimistic for recovery within the year, following news of approved vaccine roll-out and the potential for significant postponed sporting events to take place, such as the Olympic Games and the UEFA Euro Championship.

CHRISTIE & CO PRICE INDEX

We observed a 6.4% decrease in average prices in 2020, which follows a period of annual increases and some of the busiest years of activity in a decade.

Whilst 33% of those surveyed are planning on selling their business, **24% note expansion plans** for 2021 and beyond



HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)

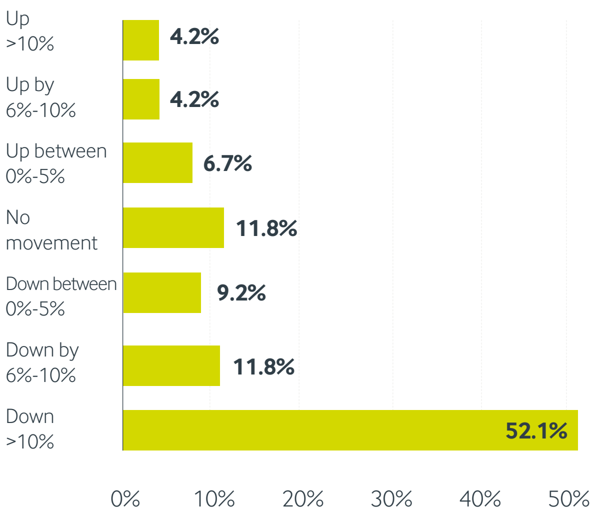
DO YOU FEEL OPTIMISTIC ABOUT RECOVERY IN 2021?

49% feel optimistic about recovery in 2021, with the key themes identified as:

- Less competition due to closures
- Diversifying their service offering
- Expanding their portfolio by strategic acquisition of distressed pubs

WHERE DO YOU SEE THE PRICING/VALUE OF YOUR BUSINESS MOVING IN 2021?

Our sentiment survey outlines that a majority of pub owners expect prices to decrease by more than 10% in 2021, following the disruption caused by the pandemic. Price will, of course, depend on location as some owners are feeling more positive for 2021.



MARKET PREDICTIONS

As government support in the form of grants, moratoria and rates relief begins to ease in Q2, we expect a wave of distressed assets will come to market, due to "zombie" companies unable to pay off debt or raise cash to grow.

City centre, wet-led and late-night venues will be amongst the last to recover, however community-based settings in regional, rural and coastal destinations will continue to perform well and attract the most investor interest, as people continue to work remotely and stay closer to home.

Large pub companies will continue to divest under-performing assets, both in the tenanted and managed house segments, presenting a good opportunity for equity-backed buyers (both new entrants and existing operators) to acquire freehold property portfolios of scale.

RESTAURANTS

Stephen Owens

Managing Director - Pubs & Restaurants

Simon Chaplin

Senior Director

MARKET OVERVIEW

Prior to the outbreak of COVID-19, the restaurant sector was already experiencing a state of distress, driven largely by an over-saturated market, following a boom in the number of casual dining venues across the UK.

This, combined with rising cost pressures, reduced consumer spending and a decline in restaurant visits placed significant pressure on operators. As a result, the market was forced to re-adjust through distressed sales and CVAs, with a record-breaking number of restaurants at the time, including several household brands, falling into insolvency during 2018 and 2019.

The pandemic and subsequent social distancing measures imposed by the government to curb the virus outbreak have accelerated this trend in 2020 and consequently, we have seen many casualties throughout the year.

However, the resilience of the sector has been highlighted through operators ability to adapt their businesses in line with COVID-19 regulations or introduce new service lines. Some areas of the market, such as food delivery have seen growth as a result.

2020 IMPACT

The national UK lockdown from March to July forced many businesses to close their doors and cease trading for nearly three and a half months. Within the restaurant sector, large leasehold casual dining groups, many of which had already undergone some level of portfolio rationalisation or restructuring, appear to have suffered the most. Only those groups who have been able to change ownership and secure access to much needed funding have survived.

Whilst traditional lenders have focussed their efforts on supporting existing customers and taken a more cautious approach to new lending, a range of government measures have been offered to the sector to alleviate cashflow pressures. Support mirrors that offered to pubs and other hospitality settings. Initiatives have included the Coronavirus Job Retention Scheme (CJRS), otherwise known as the furlough scheme, an interest-free Business Interruption Loan Scheme (CBILS), cuts to business rates, a reduction in VAT, grants and rent moratorium.

Businesses were also given a boost in August, with the introduction of the government's 'Eat Out to Help Out' scheme, which improved consumer confidence in eating out and saw like-for-like sales pick up during August. However, various operating regulations such as the 10pm curfew, rule of six and the local tier system of restrictions which have been imposed since have placed additional pressure on the sector and pushed many businesses to permanently close.

Despite this, some areas of the market have fared better than others. Whilst news around failing bars and restaurants in the cities has dominated the headlines, many in regional towns and rural and coastal locations have seen an increase in sales when they have been allowed to operate and investors continue to see opportunity.

Notably, independent operators and community-based operations have performed much better than city-centre premises, influenced largely by the emerging trend of localisation. In 2019, consumers were already beginning to favour niche, local eateries over large chain outlets, so these businesses have benefited from the shift towards remote working and people staying closer to home.

The pandemic has also driven the rise of takeaway and delivery services, with sales surging by at least 20%, due to increased demand from consumers during lockdown, which in the whole has remained strong. The delivery sector was already booming prior to the virus outbreak and 2020 can be marked as the year it came into its own.

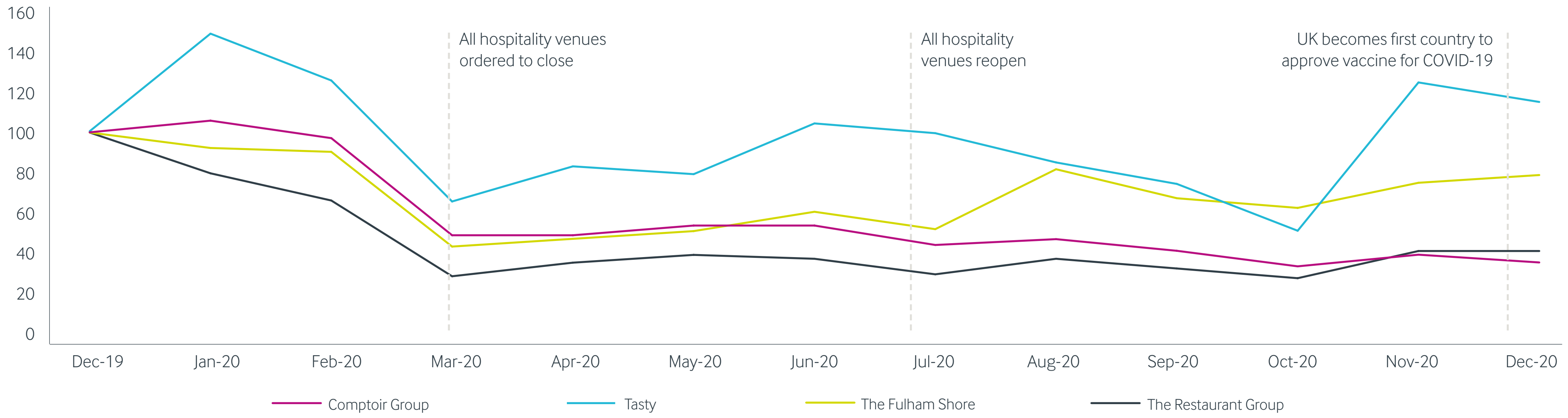
The market is now reported to be worth over £8.5 billion, 30% of which is captured through online sales, as convenience remains key. Due to a shift in consumer mindset, this growth is expected to be sustained.

At least 2020 saw one possible issue removed with a last minute Brexit deal. Whilst opinions are divided, it does mean that the supply chain will only suffer minor disruption and the threat of tariffs on food produce imported from the EU, which accounts for a quarter of food sold in the UK, has been removed.

TOTAL LIKE-FOR-LIKE SALES GROWTH MARCH-NOVEMBER 2020

March	April	May	June	July	August	September	October	November
-56.2%	-100%	-100%	-100%	-59.8%	13.5%	-6.7%	-19.5%	-65.9%

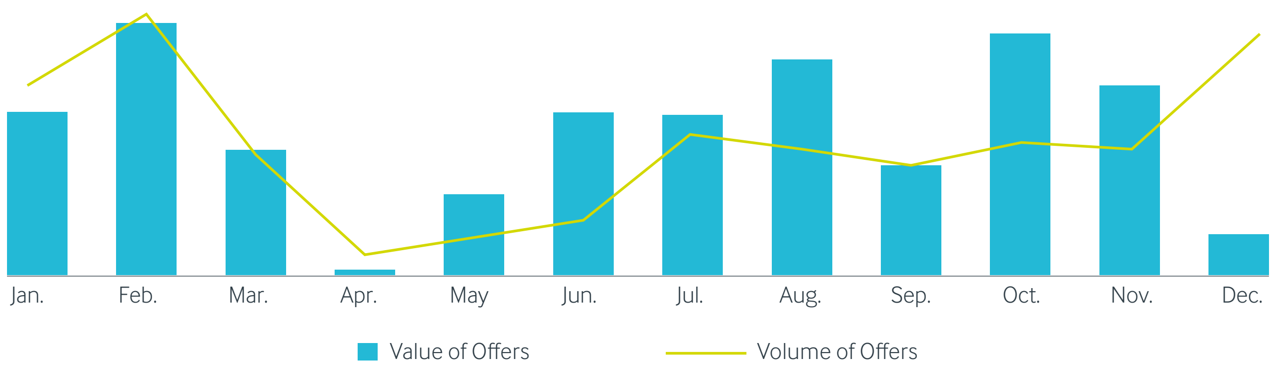
UK RESTAURANT SHARE PRICE INDEX 2020 (REBASED TO DECEMBER 2019)



OUR ACTIVITY

2020 began with a strong start, with both group and individual sales completing in the first few months. This activity boded well for the months ahead, only to be slowed by the arrival of COVID-19 and subsequent national lockdown, which brought the sector to a halt. Encouragingly however, offers and deals continued on restaurants around the country, with 60% of our restaurant transactions completing after 1 April. These ranged from £1m freeholds to new lettings, with an appetite across all price ranges. Larger transactions were limited, and much of our time was spent on advisory work for third parties involved in various administrations and CVA's.

RESTAURANTS - VALUE AND VOLUME OF OFFERS 2020



CASE STUDIES

PROJECT VESPA

In October 2020, we were appointed by Pizza Hut Delivery, the world's largest pizza brand, to expand its delivery and takeaway offering across the UK. Over the next 12 months we will assist the company in acquiring 125 new sites across the UK with a focus on areas such as the North East and South West of England in particular, by converting existing operators to franchisees.

SENTIMENT SURVEY

HOW HEAVILY WAS YOUR BUSINESS IMPACTED BY COVID-19?

Compared with the wider hospitality sector, restaurants were already in a weak position before the effects of COVID-19 took hold, so it is no surprise that:

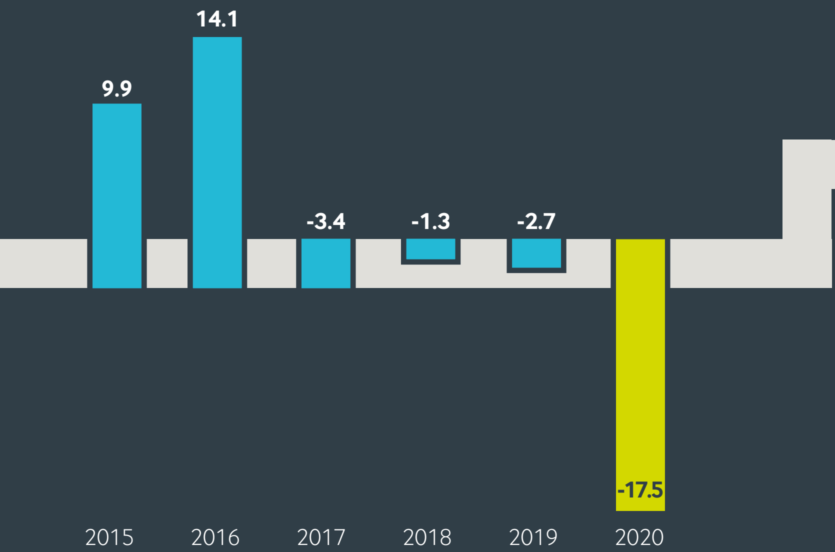
85% of restaurant owners said that COVID-19 has had a negative impact on their business.

15% note there has been a positive impact, attributed to the opportunity to expand their offering through takeaway and streamlining costs.

CHRISTIE & CO PRICE INDEX (%)

Our price index clearly indicates the market has been in decline since 2017, with these challenging trading conditions being exacerbated in 2020 as a result of COVID-19.

Whilst this represents the average across the market, we note that independent restaurants and those in suburbs and rural locations have fared better.



HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)

DO YOU FEEL OPTIMISTIC ABOUT RECOVERY IN 2021?

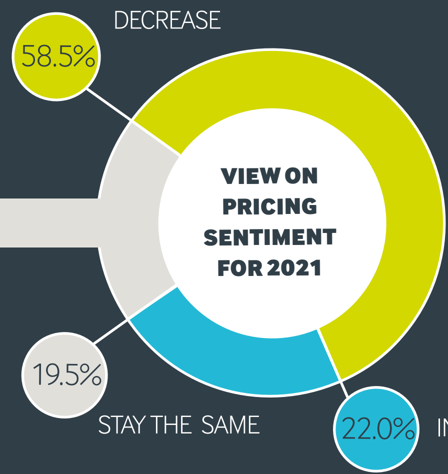
59% feel optimistic about recovery in 2021, with the key areas identified as:

- Acquiring businesses out of distress
- Building a multi-faceted strategy
- Revenue growth due to less competition and streamlining costs

35.9% are planning on selling their business, whilst

38.5% note they are interested in expanding their portfolio.

WE THEREFORE EXPECT AN INCREASE IN TRANSACTIONAL ACTIVITY IN 2021



A majority of respondents feel that prices will continue to reduce. The 22% who feel more optimistic are likely those who will benefit from the shift in consumer behaviour or in prime locations.

MARKET PREDICTIONS

Growth in the food delivery and takeaway market will be sustained as convenience remains key, with many independents continuing to adopt this as part of their strategy.

The uptake of touch-free, digital and app-focused ordering systems by both consumers and operators will increase, should operating restrictions and social distancing requirements remain.

Casual dining operators will continue to struggle, especially those in city centre locations, with further casualties expected from Q2 onwards as government support begins to end. However, drops in value of large, PE-backed restaurant groups will stabilise in 2021.

Demand from independent operators and community-based operations will continue, driven by the trend of localisation and falling rents, creating greater opportunity for those looking to expand.

HOTELS

Carine Bonnejean

Managing Director - Hotels

Jeremy Jones

Head of Brokerage - Hotels

Olivia Chaplin

Director - Hotels Consultancy

MARKET OVERVIEW

The adverse effects COVID-19 has inflicted on the hotel sector throughout 2020 are undeniable.

Forced multiple closures of hotels and bans to both inbound and outbound travel across the UK and wider global market have led to some of the sharpest declines in performance ever recorded, as supported by our sentiment survey, with 90% of respondents reporting significant and severe impact to their businesses.

Encouragingly however, with huge government support in place, the sector has remained resilient against this backdrop. Prior to the virus outbreak, hotels were experiencing a decade of year-on-year growth since the Global Financial Crisis and the sector continues to prove its strength in overcoming such challenges. Whilst it is a time of great uncertainty, a sense of cautious optimism for some relief, and the chance to begin some recovery in 2021 continues to filter through the industry, particularly on the back of the current vaccine rollout and mass testing.

Investor demand is still very robust for hotel businesses and speculative buyers continue to actively chase well-placed opportunities in the current market. Buyer appetite remains strong and we are seeing demand for a range of hotels including large branded assets or under-invested assets with potential for repositioning or conversion to other uses, as well as assets located in leisure destinations, where we saw trade pick up significantly during summer.

2020 IMPACT – Resurgence of Rural and Coastal Markets

Following the easing of lockdown in early July, domestic holiday demand picked up strongly for rural and coastal destinations, with these locations currently out-performing hotels in city centres, even into the winter shoulder season. This resurgence of domestic rural and coastal markets can be attributed to international travel restrictions encouraging holiday-makers to stay closer to home.

Entering the summer period, booking websites and reservation platforms reported unprecedented levels of enquiries from domestic guests, which offered regional operators an opportunity to recoup some losses and stabilise themselves ahead of the quieter trading months . The second national lockdown during November, followed by the return to tier restrictions over Christmas led many hoteliers to close their doors once again. Subsequently, the announcement of a third national lockdown, slashing Christmas and new year demand has reinforced this decision, with many operators now planning on remaining closed until March 2021 at the earliest.

Buyers seeking to capitalise on the "staycation" boom are predominantly domestic, cash funded and willing to take a long-term view on the current uncertainty surrounding the sector.

THE FUNDING LANDSCAPE

Throughout 2020, the Government offered the sector a range of initiatives and support packages to alleviate the distress caused by lockdowns, operating restrictions, and quarantine measures. Measures included VAT cuts, business rates relief, the Coronavirus Job Retention Scheme (CJRS), the Coronavirus Business Interruption Loan Scheme (CBILS), extensions to repayment times for loans taken out under the schemes and the moratorium on Coronavirus-related commercial rent forfeiture. Lenders have no choice but to be accommodating whilst these protection measures are in place.

Cash remains king and cash buyers have been particularly active while debt financing remains challenging. However, there is a wall of capital waiting for larger opportunities which have been limited to date. Opportunities are likely to materialise in Q2-Q3 2021 as government support eases and more distress emerges within the sector.

OUR ACTIVITY

The UK's transactional activity has remained particularly strong despite the uncertainty. As soon as lockdown restrictions were lifted, we witnessed a surge in buyer enquiries for hotel assets on christie.com and requests for asset tours. During 2020, Christie & Co has clearly established itself as the market leader in deal volume, completing on over 70 hotel deals across the UK during the year. Our key deal statistics from 1 April to December 2020 are a testament to our intrinsic knowledge of the UK hotel market, our ability to source the right buyers and deliver successful deals even in the most challenging environment.

FROM 1 APRIL TO DECEMBER 2020 OUR HOTEL TEAM HAVE:

CONDUCTED OVER

680 asset tours

RECEIVED

290 offers

HAD OVER

100 new offers accepted

CASE STUDIES

HOLIDAY INN EXPRESS LONDON - EALING

We sold The Holiday Inn Express Ealing to the Kazemi family; experienced hoteliers with a portfolio of several hotels in London. The hotel will continue to operate under the InterContinental Hotels Group brand.

THE COSMOPOLITAN HOTEL, LEEDS

We completed on the sale of The Cosmopolitan Hotel, an iconic 89-bedroom freehold hotel in Leeds, to Belfont Hotels, which is a joint venture owned by the Thakerar and Dhamecha families.

Travelodge

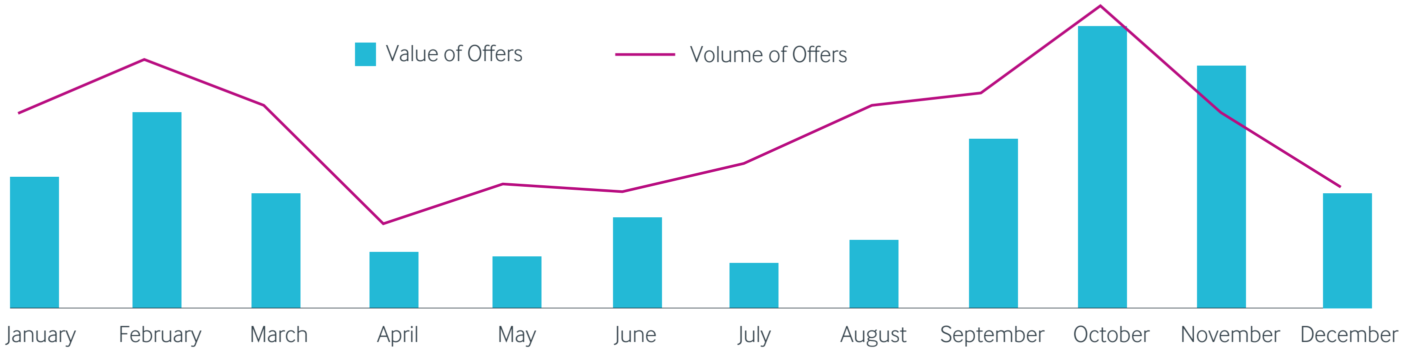
PROJECT LINKS

Our consultancy team supported a major US-based investor with their commercial due diligence. The portfolio consisted of 123 hotels spread across the UK, one of the largest seen in the market in 2020.

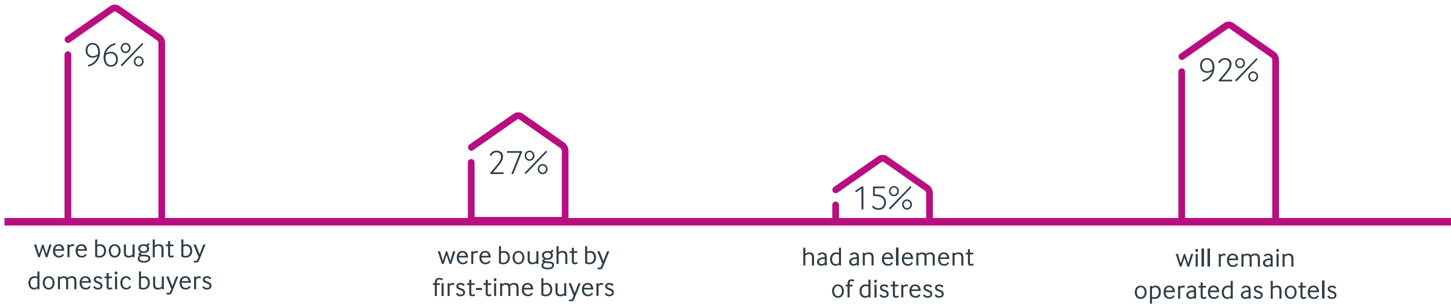
CHRISTIE & CO IS CLEARLY THE MARKET LEADER IN HOTEL DEAL VOLUME, COMPLETING ON OVER 70 HOTEL DEALS ACROSS THE UK IN 2020

HOTEL OFFERS - VOLUME AND AGGREGATE VALUE 2020, BY MONTH

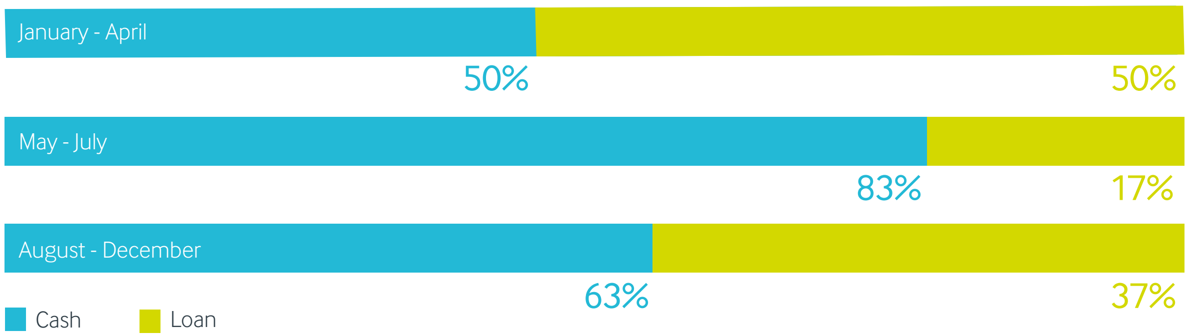
Following a period of uncertainty as the UK entered lockdown in March, activity volumes have returned to pre-COVID levels. The decline in activity in December reflects seasonal trends.



IN 2020, WE COMPLETED ON OVER 70 HOTEL DEALS ACROSS THE UK



HOTEL OFFERS RECEIVED BY FUNDING TYPE, CASH OR LOAN



6 OUT OF 10 deals in 2020 were cash funded

MARKET PREDICTIONS

The ongoing vaccine rollout will drive recovery of the staycation market from Q2 2021 whilst international and corporate demand should slowly materialise during H2. RevPAR recovery this year will be the strongest ever recorded but full recovery to pre-COVID levels will take several years, influenced by more subdued ADR growth.

The easing of government support in the form of grants, rates relief and rent moratoria from Q2 onwards, as well as shifting lender sentiment as banks review their bad debt positions as a result, will lead to increased distressed activity.

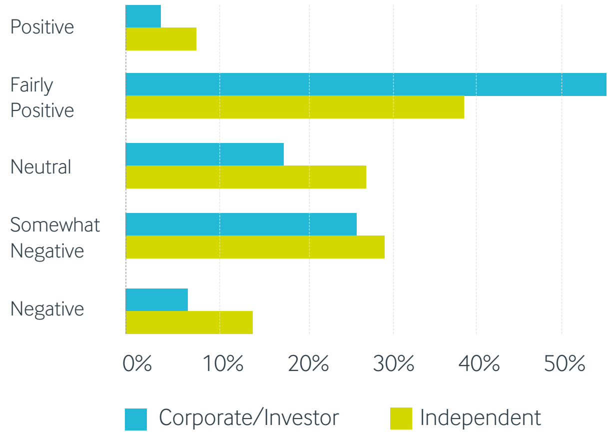
The record levels of new capital raised will mobilise in this window of attractively-priced opportunities, particularly with regards to distressed assets. Subject to adequate supply, we anticipate heightened M&A activity during 2021.

The pandemic is likely to result in the permanent closures of smaller, unviable hotels across the country; however we anticipate strong demand for these non-trading sites from a variety of alternative uses.

SENTIMENT SURVEY

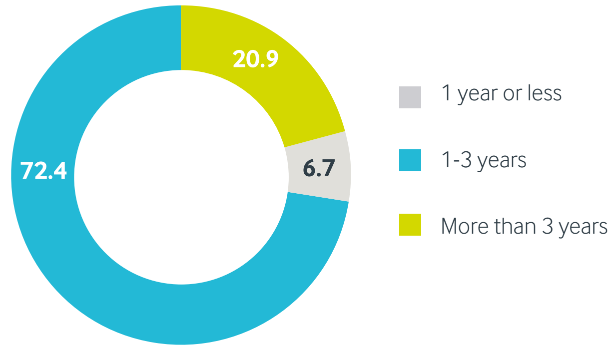
DO YOU FEEL OPTIMISTIC ABOUT RECOVERY IN 2021?

Optimism for recovery in 2021 is mixed, however there is a clear leader of those feeling "fairly positive", particularly amongst corporate operators and investors.

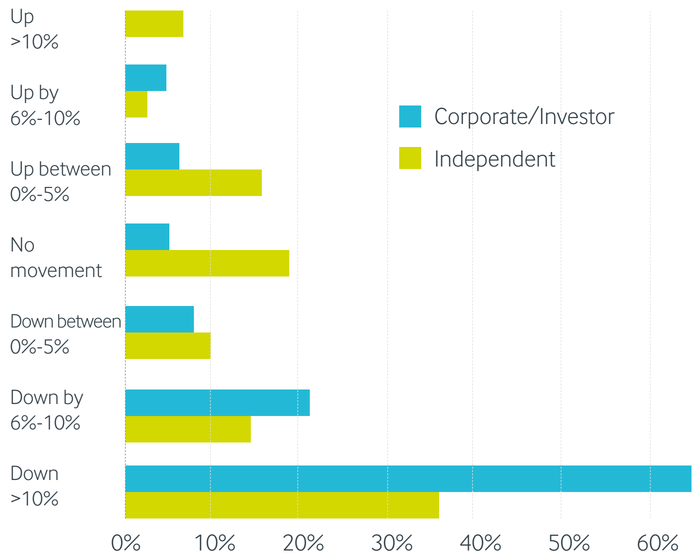


HOW LONG DO YOU THINK IT WILL TAKE FOR THE SECTOR TO RETURN TO PRE-COVID LEVELS? (%)

Having been one of the worst affected sectors, many hoteliers are estimating that it could take them up to three years to return to pre-COVID business levels.

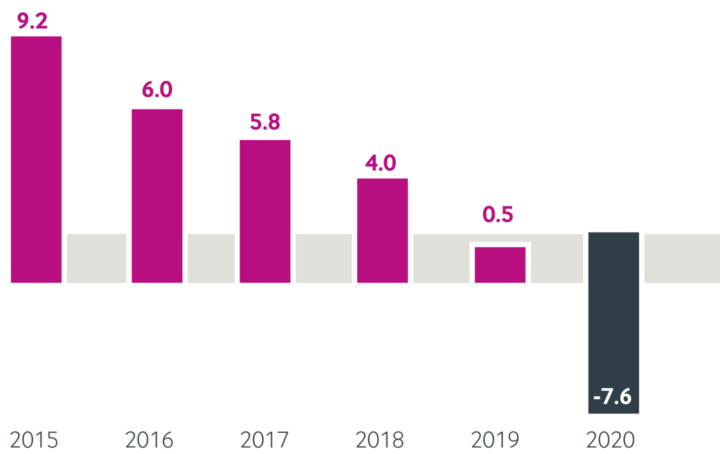


WHERE DO YOU SEE THE PRICING/VALUE OF YOUR BUSINESS MOVING IN 2021?



CHRISTIE & CO PRICE INDEX (%)

For the first time since 2012, the hotel market has seen a reduction in average sale price. Whilst most hoteliers, corporates and independents feel this will continue to decrease in 2021, our past experience looks forward to the industry, and pricing, swiftly bouncing back.



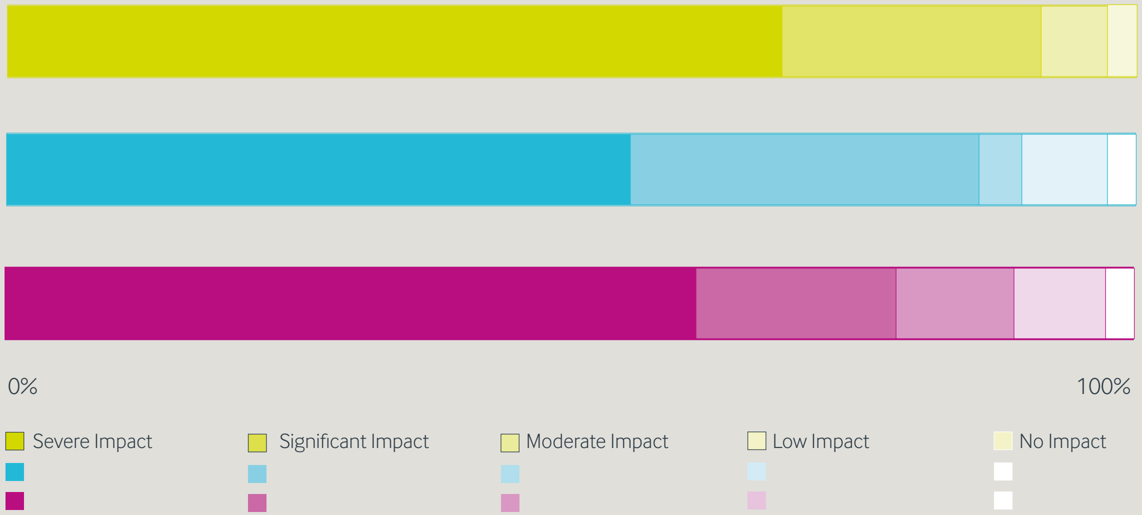
INTERNATIONAL

SENTIMENT SURVEY

Following what has been a challenging year, the results from our sentiment survey reiterate the impact COVID-19 has had on the hospitality industry across Europe in 2020. However this is paired with some optimism for recovery, from a sector which has a reputation for showing resilience in the face of adversity.

We look forward to working with our clients on this road to recovery for 2021 and beyond.

HOW HEAVILY WAS YOUR BUSINESS IMPACTED BY COVID-19?



It is no surprise that almost all respondents noted that their business has been impacted by COVID-19. Over 80% said this impact has been "significant" or "severe".

82%
FRANCE

90%
GERMANY & AUSTRIA

96%
SPAIN & PORTUGAL

DO YOU FEEL OPTIMISTIC ABOUT RECOVERY IN 2021?

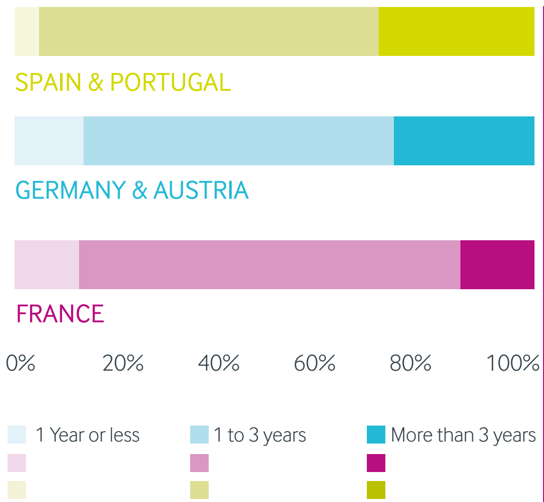
Optimism for recovery in 2021 is mixed. Those in Germany and Austria are feeling most positive, albeit this represents less than 50% of responses.

46%
GERMANY & AUSTRIA

36%
FRANCE

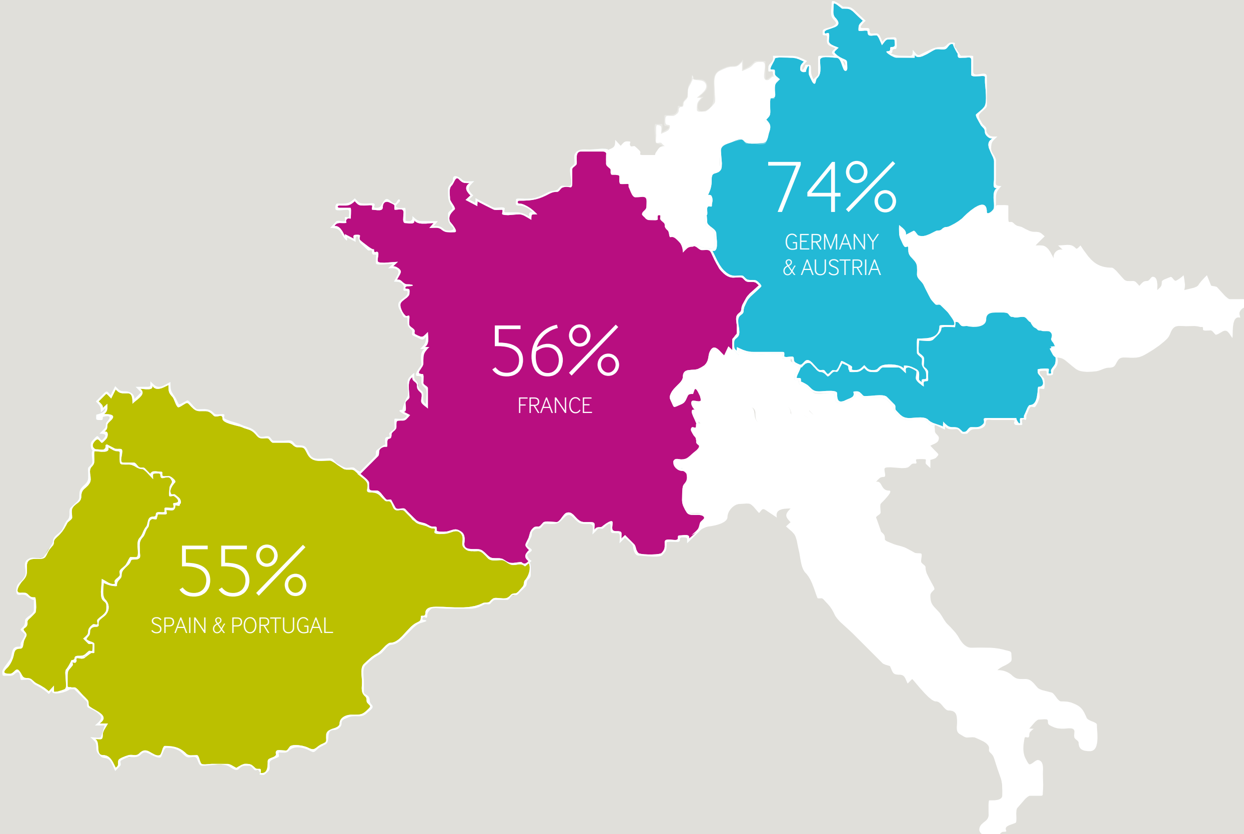
21%
SPAIN & PORTUGAL

HOW LONG DO YOU THINK IT WILL TAKE FOR YOUR SECTOR TO RETURN TO PRE COVID-19 LEVELS?



SENTIMENT SURVEY

DO YOU FEEL THERE IS OPPORTUNITY IN YOUR SECTOR IN 2021?



In line with the overall optimism for recovery in 2021, those feeling more positive also feel there is potential opportunity, notably so for those in Germany and Austria. Those opportunities identified include:

- Growth through acquiring distressed, or discounted assets
- Less competition / market consolidation alongside an increased appetite for travel
- Investing in their current estate

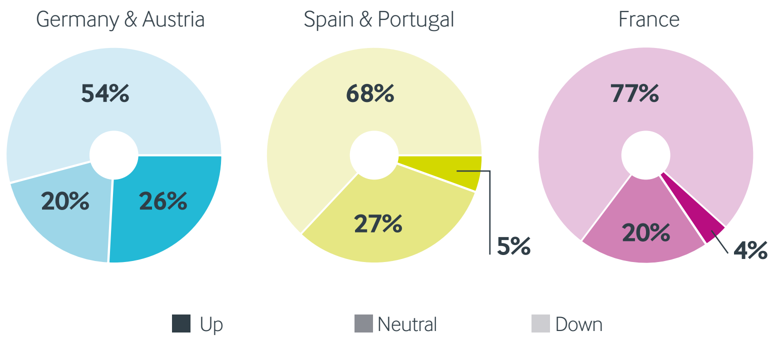
AS A RESULT OF COVID-19, 74% SAID THEY CHANGED THEIR INVESTMENT PLANS FOR 2020.

DO YOU PLAN ON BUYING OR SELLING ANY ASSETS IN 2021?

	France	Spain & Portugal	Germany & Austria
BUYING	44%	18%	23%
SELLING	45%	30%	9%

WE ARE LOOKING FORWARD TO A LIQUID MARKET IN 2021, PARTICULARLY IN FRANCE WHERE OVER 40% NOTE THEY ARE LOOKING TO EXPAND THEIR PORTFOLIO, MATCHED WITH 45% WHO ARE LOOKING TO SELL ASSETS.

WHERE DO YOU SEE THE PRICING / VALUE OF YOUR BUSINESS MOVING IN 2021?



Over 50%

feel asset values will reduce in 2021. Of all locations, a higher proportion of those in Germany and Austria feel values will increase, in line with the optimism for recovery this coming year.

Kimmo Virtanen

Director - Scandinavia, Russia and the Baltic States

Markus Hagelstam

Senior Consultant - Investment & Letting

THE NORDICS

OVERVIEW

Prior to the outbreak of COVID-19 across Europe in March 2020, the Nordic market was performing well, with many locations achieving record figures in January and February. The pandemic began to have an impact in April, when over 50% of the room stock in most markets closed down due to lack of business. RevPAR dropped by up to 90% in the capital markets and ADR was also affected, especially in Stockholm and Oslo with drops of over 20%.

Finns reacted to travel restrictions abroad by domestic holidaying, which drove improved market performance in July and August. During this period only some 10-15% of the room stock remained closed and occupancy levels remained over 50%, while ADR was down around 5-10%.

Many regional markets throughout the Nordics also saw some recovery in July and August. However, from September onwards the boost from leisure travellers taking domestic trips started to decline, causing a widening gap to year-on-year performance. Following this, in late November and early December the number of virus cases throughout the region surged, causing further detrimental impacts on the market.

On the whole, provincial markets and resort destinations have fared better than city markets, such as Helsinki, Copenhagen and Lapland. These destinations continue to struggle due to a lack of corporate and MICE demand.

MARKET IMPACT

The pandemic has had a lasting impact on development, with some projects postponed or cancelled as a result. Similarly, many transactions have stalled, as less funding was available in 2020. Despite this, we managed to close a non-performing Spa Hotel deal in the midst of the crisis, during April.

Operators have faced the challenge of balancing debt, despite reduced trading opportunities throughout the year. One of the more visible casualties in 2020 was the bankruptcy of First Hotels in Sweden and we expect to see similar over the coming months.

The majority of investors appear to be waiting for better deals to come in 2021. However, a notable transaction took place in Sweden in July, when Clarion Hotel Amaranten in Stockholm was sold to NREP for c. €150 million. We expect to see an increase in transactional activity as more stock comes to the market.

KEY ACTIVITY

In 2020, we established a new Finland-focussed virtual event, 'Finnish Hospitality Forum', aimed at bringing together key industry stakeholders to discuss strategies and ideas, particularly in light of the ongoing effects of the coronavirus pandemic. The event attracted close to 400 participants.

SECTOR OUTLOOK

The shock and unpredictable nature of the virus has shaken the market fundamentals. However, the sector is resilient and will begin to correct itself in 2021. Businesses who are unable to adapt or access key funding may not survive, however this consolidation of supply will result in better quality and more efficient hotels.

Whilst growth in domestic travel will help carry the hotel sector through, airlines also play a critical role in recovery, as constant connectivity for the region is vital, once international travel restrictions are lifted. Unfortunately, one of the region's largest airlines, Norwegian, which is privately owned, is struggling to survive the pandemic. Yet rescue packages have been secured for other national airlines including Finnair and SAS.

MARKET PREDICTIONS

We expect an increase in transactional activity from Q2, as operators in a state of distress start to bring their assets to market.

Recovery is unlikely to start until H2 and leisure demand will recover before business and MICE, driven largely by the ongoing boom in staycations and domestic travel.

Domestic and intra-Nordic demand will continue to see growth. Interest will therefore remain high for properties in provincial holiday destinations over city centres.

THE BALTIC STATES

OVERVIEW

The year started promisingly for the hotel sector across the Baltics, with market fundamentals improving, driving ever-increasing interest from developers, investors, and operators.

However, the arrival of the pandemic in March turned the market upside-down, as hotels were forced to close and developments halted. The situation in the market improved as the summer months approached and restrictions eased, facilitating domestic and regional travel. Nevertheless, with autumn arriving and COVID-19 cases rising, travel restrictions were tightened, deteriorating the hotel market once again.

2020 IMPACT

While most hotel developments are halted for the time being, primarily due to lack of visibility and financing, interest has grown in the transactional market. Much like other central markets across Europe, city centre hotels have been severely affected by the pandemic and performed significantly worse than regional ones in 2020, especially those focussed on leisure customers.

FUNDING LANDSCAPE

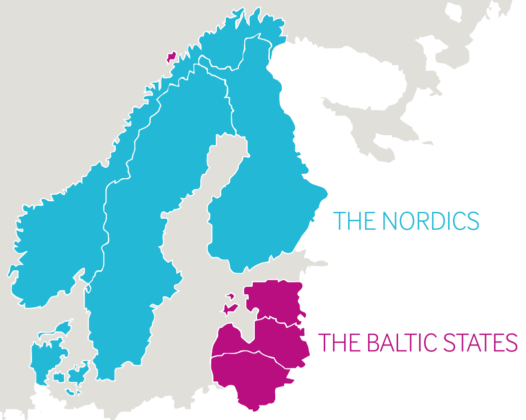
Prior to the virus outbreak, funding for the hotel sector was already somewhat limited in the Baltics, especially from the larger more established banks. While lending is still available, it is tough to attract it, especially for developments, even in prime locations. Furthermore, interest rates have increased and covenants tightened.

SECTOR OUTLOOK

We anticipate the coming year will still present challenges and headwinds for the hotel sector. However, positive news around vaccine approvals and the commencement of the roll-out programme will improve sentiment, leading to increased activity in the market.

Constant connectivity is crucial for hotel market recovery across the region. Encouragingly, the largest air carrier in the Baltics, airBaltic, has secured a rescue package from the government.

Another positive aspect for the Nordic and Baltic region is that its economies are in good shape, with low public debt and unemployment levels, and overall GDP reliance on the tourism sector is considerably lower in most other parts of the EU.



MARKET PREDICTIONS

Paused developments will pick up again around Q2/Q3, depending on the progress of the vaccination programme and related boost on economic sentiment and travel.

Market recovery will commence from Q2, with full recovery taking potentially two to three years.

We anticipate increased transactional activity in 2021, as market sentiment improves.

CASE STUDY

HILTON GARDEN INN RIGA OLD TOWN

We were appointed as the sole broker for the divestment of Hilton Garden Inn Riga Old Town. The hotel features 100 spacious rooms, and appeals to corporate and leisure guests alike.

The hotel is operated under a management agreement by Apex Alliance, one of the top operators in the Baltics. Since launching, the investment opportunity has attracted interest both locally and internationally. The sale is anticipated to be concluded during 2021.

Inmaculada Ranera

Managing Director - Spain & Portugal

Core Martin

Head of Investment - Spain & Portugal

OVERVIEW

On the 14 March 2020, all but essential businesses in Spain were forced to close and a national lockdown was imposed across the country, in response to the COVID-19 outbreak. The impact of these restrictions and further lockdowns implemented by regional governments throughout 2020 have been severe, with hotels amongst some of the worst affected businesses.

In response, the government introduced a number of economic relief measures, such as the Force Majeure Temporary Unemployment Scheme (ERTE), allowing companies to issue temporary redundancy to its workforce or to reduce their working hours. Workers are also protected from dismissal for a period of six months and cannot be forced to take holiday during the pandemic period. Additionally, financial aids were introduced, including, Public Credits, an increase to ICO Net Borrowing Capacity and tax relief measures.

From 23 November 2020, travellers have had to show a negative PCR test in order to enter Spain, which the hotel sector hopes will reactivate the travel industry.

2020 IMPACT

The forced closure of hotels from March to May had a catastrophic impact on the market. The industry faced a shorter than usual peak season during the summer months and severely low hotel occupancy against the previous year as a result.

On 11 May, hotels on several Balearic and Canary Islands were allowed to reopen, followed by the rest of the country later that month. However, the reopening and operating regulations were so restrictive that less than 25% of hotels in Madrid and Barcelona actually opened their facilities.

During the summer, coastal and resort hotels were able to recoup some of their lost income. In addition, regional city hotels and rural hotels, especially in the northern and southern regions, saw an increase in guests who decided to take domestic trips to smaller hotels. However, urban markets, which were expected to reopen from September onwards were caught by the second wave, and only around 20% to 30% of hotel assets opened in major cities such as Madrid, Barcelona, Málaga, Sevilla or València.

Many hotel companies have taken the period of closure as a chance to improve their digital operational systems or to refurbish. In some other cases, hotels have been rented out as working spaces or for long stays.

OUR ACTIVITY

Since the beginning of the pandemic, investors have been extremely interested in acquiring hotels in Spain and Portugal, with a focus on resort and coastal businesses as well as main urban markets. There was a notable increase in our advisory and consultancy activities as a result, especially after the summer holidays, due to investors needing to fulfil their annual investment commitments.

Transactional activity has slowed but hoteliers are confident the market will start to recover in summer 2021, once vaccines are distributed. Much of the current supply is individual asset sales, which are being offloaded by businesses who were already struggling financially prior to the outbreak of COVID-19.

FUNDING LANDSCAPE

Funding for the sector was limited during the first months of the pandemic and continues to prove challenging. In addition, some of the nation's largest banks have merged, such as CaixaBank absorbing Bankia, and this continues to slow funding. Buyers are increasingly exploring alternative finance options as a result.

MARKET PREDICTIONS

Vaccination programmes will be a key element in relation to recovery: if all goes to plan, recovery should start by summer 2021 but it might take four to five years to return to pre-COVID levels.

Investor interest will remain high for Spain and Portugal, with high-end, well positioned assets in resort and city markets of most interest.

Asset price deductions will remain around 40% before recovery begins, with assets located in tier two or tier three cities, as well as those not located in beach front positions, continuing to suffer from the largest deductions.

Economy hotels, extended stay and tourist apartments should recover faster as they rely more on domestic demand, whilst luxury and MICE hotels might have a longer path to recovery, depending on international demand.

CASE STUDY

LA ROSALEDA, MÁLAGA DEVELOPMENT SITE

We have advised a private owner on the sale of a development site in La Rosaleda shopping centre (Málaga), for the development of a 640 m2 hotel and 155 rooms, to be operated by Sercotel.

Philippe Bijaoui

Managing Director - France

OVERVIEW

2020 was a challenging year for the French hotel sector, with much of the dynamic market activity seen prior to the arrival of COVID-19 in March brought to a halt.

Despite this, we managed to complete a number of impressive portfolio deals, highlighting the expertise of the team and the resilience of the sector.

From 17 March to 11 May, France was put into their first national lockdown to combat the outbreak of the virus. The country's borders shut, and restrictions were also placed on travel within the country. Schools closed and businesses across the hospitality sector were forced to cease trading.

Despite the hotel market seeing some recovery during the summer holiday season, these measures have had a severe economic impact on the sector. August 2020 YTD figures showed a RevPAR decrease of 57.5% throughout the country, with Ile de France and Provence Alpes Côte d'Azur registering the steepest declines (71.7% and 55.7% respectively).

The second national lockdown between October and December and following curfew were further blows to the sector and businesses remain strongly affected by these restrictions. In response, the French authorities have implemented a number of support measures, including the Partial Unemployment scheme, State Guarantee loans and a rent deferral scheme.

2020 IMPACT

The COVID-19 pandemic heavily impacted the entire hospitality sector in 2020, with businesses experiencing a loss in revenue at the end of October of up to 67%, compared to 2019, due to business interruptions and forced closures, with some markets faring worse than others.

Key cities, such as Paris, were more heavily economically damaged than regional and budget hotels due to the lack of international demand and cancellations of large events. Properties operating under commercial lease agreements have also faced challenges, with the sudden loss of revenue forcing many hotels to forfeit on rent obligations.

In comparison, larger hotels have been able to restructure any debts and employ loans through the State Guarantee Scheme to face their immediate cash needs. The most resilient and cash strong companies have used the various lockdowns and absence of business to renovate their properties or look for acquisition opportunities to grow their portfolio.

OUR ACTIVITY

The pandemic caused a number of transactions to fall through in 2020, with many more delayed. Despite this, we successfully completed several notable deals throughout the year, including the ibis Styles Paris Mairie de Montreuil which was sold in January to MyHotels group and the sale of a Portfolio of 25 Hotels to a private owner. Also of note, The Days Inn Nice was sold to a local hotel group and the Holiday Inn Paris Porte de Clichy, the largest Holiday Inn in France was acquired by Extendam and Catella Hospitality.

Appetite for the sector remains healthy, with many investors looking ahead at opportunities in 2021. The results of our sentiment survey indicate there is a clear appetite to buy and sell, suggesting the hotel market remains an attractive investment option. As such, we look forward to increased buyer activity this year.

FUNDING LANDSCAPE

Bank funding was challenging in 2020, especially for large transactions. Only a few of the major banks were willing to finance new deals, with many delaying for recovery to begin within the sector.

MARKET PREDICTIONS

We anticipate an increase in transactional activity in 2021 due to a number of distressed leasehold sales being carried over from last year.

Recovery will start during the second half of 2021 and it will take five to six years to reach the RevPAR levels we had before the crisis.

Hotel values will recover faster as opportunistic, well-capitalised buyers will compete for the best assets.

CASE STUDY

HOLIDAY INN PARIS PORTE DE CLICHY

In November 2020, we sold the 262-room Holiday Inn Paris - Porte de Clichy – France's largest hotel transaction in 2020. This freehold transaction of one of Paris' largest hotels demonstrates both investor's and our team's ability to navigate in a transactional market that has been halted by the pandemic, but which should remain buoyed by sustainable fundamentals.

Lukas Hochedlinger

Managing Director - Central and Northern Europe

Benjamin Ploppa

Director - Head of Hotels Germany

Simon Kronberger

Director - Austria & CEE

OVERVIEW

In 2020, hotel owners across Germany, Austria, and the Central and Eastern European Countries (CEE) were faced with the challenge of stabilising performance or making the strategic decision to close, whilst also facing hurdles accessing government support.

Almost half of all investors and operators surveyed in our sentiment survey said they are positive about beginning recovery in 2021, especially with regards to domestic tourism which emerged strong from 2020 and saw some regions reaching better performance figures than pre-crisis.

GERMANY AND AUSTRIA

In mid-March, as COVID-19 spread across Europe, a lockdown, leisure travel bans, and effective contact tracing technology were implemented. Whilst these measures have damaged the economy, they have been successful in reducing cases, with both countries reporting lower mortality rates than the rest of Europe.

Further lockdowns and restrictions in December and January continue to make forward planning extremely difficult and we have seen a negative impact on tourism in the winter season.

A variety of government support has been made available, including furlough/reduced hours, cost contribution and turnover support. For a limited period, there is also the chance to claim a revenue replacement of 80% in Austria and 75% in Germany from the turnover in the same month of the previous year.

As city tourism continues to struggle, a strong trend towards domestic tourism has emerged, particularly for hotels in holiday regions.

CEE

Across the CEE markets, occupancy rates significantly dropped in line with other European cities (around -70%) and in ADR (between -15% and -25%).

Croatia notably felt a significant impact at the beginning of the season (April/May) but was able to bounce back and enjoy a reasonably good summer due to low levels of the virus and easing of travel restrictions.

Strong leisure-oriented city destinations, such as Prague and Budapest, were impacted more severely, with both experiencing declines in RevPAR from roughly 73 EUR to 13 EUR.

Poland benefited from strong domestic travel with Warsaw showing an occupancy rate of 26% (YTD October) thanks to steady levels of business travel and inbound tourism, which is among the strongest in Eastern Europe.

OUR ACTIVITY

During the initial months of lockdown, activity declined, as investors took a cautious, wait-and-see approach. This led to the delay or cancellation of some projects at Christie & Co but, nonetheless, we acted as a key source of information.

In the months that followed, we saw an uptick in activity, and were instructed on a range of mandates, from small hotels to large-scale corporate portfolios.

Investor interest remains strong, especially for larger-scale properties and resort hotels. Our survey revealed that almost 75% of all German and Austrian investors and operators feel 2021 will bring opportunities.

FUNDING LANDSCAPE

Banks continue to finance hotel projects but are more cautious and will look closer at the overall funding package to ensure that points, such as a sustainable lease level and a reasonable location, are factored in.

Forward funding might be an option for some project developments, fulfilling obligations of the seller vis à vis the contractors.

MARKET PREDICTIONS

Investor demand for the sector remains healthy, with demand for overnight stays expected to rise in the long-term.

Quality, a strong USP, and standing out from the crowd, as well as sustainability and digitalisation will be even more important.

The hotel market has historically been overheated in terms of rents, rent levels, room supply and hotel developments. This will calm down in 2021.

International brands will push further into the market as some privately-owned hotels and smaller local groups drop out.

Leisure destinations will continue to benefit short- to mid-term as long haul travel remains limited, driving domestic demand.

CASE STUDY

SCHLOSSHOTEL KLINK

Established German hotel operator, Privathotels' Dr. Lohbeck acquired the 4-star hotel on the Mueritz. Due to its special location on the Mecklenburg Lake Plateau, the castle, built in 1898, attracts tourists all year long. A total of 106 rooms, several restaurants and a 640m2 wellness area offer overnight guests and day trippers the opportunity to relax. In addition, the hotel offers modern conference and event facilities.

CARE

DATE	VENDOR	PURCHASER	DEAL
January	BMI Healthcare	Medical Property Trust	Sale of BMI PropCo for £1.5bn
January	Bond Care and MMCG	Aedifica	Sale of five assets comprising c.467 en suite beds for £61m
February	BMI Saluus Portfolio	NorthWest Healthcare Properties	Sale of six hospital assets for £97.8m
April	Holmleigh Care Homes Limited	Ancala Partners	Investment manager Ancala Partners acquired a majority interest in Holmleigh Care Homes Limited
August	Patron/ Hamberley	Aedifica	Transaction of one asset comprising c. 69 en suite beds sold for £16.5m with a yield of approximately 5.5%
September	Holmes Care Group	Impact Healthcare REIT	Sale and leaseback of nine assets comprising c. 650 beds for £47m
September	Legal & General	Undisclosed	Investment sale of BMI Woodlands Hospital for £29.4m
October	The Waverley Care Centre	Bellavista Care Homes	This deal represented the largest single-asset care home transaction in Wales during 2020 and transacted for an undisclosed sum
November	The Huntercombe Group	Montreux Capital Management	Sale of the Huntercombe portfolio (11 sites) for £35m
November	Heathcotes Group	Civitas Investment Management	Civitas Investment Management (CIM) acquired specialist provider Heathcotes Group. The transaction was carried out in partnership with the Envivo Group
November	Alchemy Partners	The Carlyle Group	US investment firm the Carlyle Group bought senior living developer Beechcroft from Alchemy Partners
November	Virtue Group	Emera	French care group Emera acquired a 70% stake in Irish nursing homes operator Virtue Group for an undisclosed sum
December	LNT Care Developments	Octopus Healthcare Fund	Transaction of eight new care homes for over £100m
December	Consensus	Stirling Square Capital Partners	Stake acquired in Consensus that provides support for nearly 600 people with learning disabilities, autism and other complex needs
December	Priory Healthcare	Waterland	Sale of Priory Group to Waterland Private Equity for £1.08bn

RETAIL

DATE	VENDOR	PURCHASER	DEAL
August	Vegan Store	A.F. Blakemore	Acquisition of online wholesaler and retailer
November	Schrader Oil	EG Group	Acquisition of 18 convenience retail stores and fuel stations in Northern Colorado
October	Asda	EG Group	Proposed acquisition of Asda by EG Group and TDR Capital. Deal is subject to CMA clearance
October	BP	Exmoor Properties PFLP	BP raised c£400m through the sale of a 49% stake a portfolio of 199 forecourts across the UK, as part of a lease-back arrangement
December	AUK Investments	MFG	MFG acquired six forecourts in the Lake District
December	Bibby Line Group (Costcutter)	Bestway Wholesale	Bestway announce acquisition of Costcutter Supermarkets Group from Bibby Line Group in December. The deal is likely to complete in 2021

CHILD CENTRIC

DATE	VENDOR	PURCHASER	DEAL
			DAY NURSERIES
January	Kids Allowed Group	Kids Planet	Market leading and award-winning portfolio of eight settings in the North West, with effective operating capacity of circa 1,100 places
January	Crystal Childcare	Three Little Birds	Three leasehold day nurseries offering 115 places in South London sold to Three Little Birds
January	EduKids	Busy Bees	Portfolio of 15 settings, providing care for 1,600 children, acquired by UK Headquartered Busy Bees
March	Network Nurseries Limited	MiChild	A long-established North West based group of five settings sold to growing regional consolidator
April	Futurepath Childcare	Grandir UK	Highly regarded group of five leasehold settings in Hampshire sold to growing French based group
July	Dizzy Ducks Day Nurseries	Kindred Nurseries	Six day nurseries based across Essex sold to Kindred Nurseries
September	A Step Ahead Ltd	Ann Education	Sussex based group of six settings sold as a platform acquisition to new Chinese backed market entrant
October	Head Start	Little Garden Day Nurseries	Three leasehold day nurseries in North London and Hertfordshire offering a total of 163 places
November	Cobepa	Antin Infrastructure Partners	Antin Infrastructure Partners acquired majority shareholding in Babilou. The portfolio was sold off a c. €80 million EBITDA
November	Sunhill Daycare Nurseries Group	The Old Station Nursery Ltd, part of the La Maison Bleue group	Sunhill Daycare Nurseries Group, a group of nine settings in and around Hertfordshire
			INDEPENDENT SCHOOLS
January	Wisbech Grammar School	Access Education	Investment partnership formation completed in association with the Schools OpCo and a new charity under a board of trustees established to oversee physical assets including the freehold interests of associated land and buildings
January	Colegio Mirabal	Inspired Education Group	Sale of Colegio Mirabal, Madrid, in a €52m deal for K-12 school with over 1,900 places
February	Excel English Language School Ltd	Cavendish Education	Sale of new lease of the former Excel English School, Muswell Hill, London
February	Hethersett Old Hall School Limited (In Liquidation)	Norfolk Constabulary	Sale of Hethersett Old Hall School for £3.35m. Sold on a vacant possession basis following closure in 2019 due to falling pupil numbers
February	House Schools Group	Dukes Education Group	House Schools Group, London, comprises a co-educational group of three schools for children aged three to 11 years, with a total of 800 places
February	Colegio Internacional Aravaca	The International Schools Partnership (ISP)	Colegio Internacional Aravaca, Madrid, is a co-educational school offering 550 places for children aged between two and 18 years
February	St George's College	The International Schools Partnership (ISP)	St George's College, Peru, is a co-educational school offering 1,900 places for children aged between three and 17 years
March	Heathfield Knoll School	KSI Education	Heathfield Knoll School, Worcestershire, is a 270 place co-educational school for children aged between three months and 16 years
November	DHBS and DAIS	Nord Anglia Education	Family-owned Dalian Huamei Bilingual School and Dalian American International School sold to Nord Anglia Education
			SPECIALIST CHILDCARE
March	Gladstone Partnership	Inspire CC Scotland Limited	A group of three residential children's homes in Scotland sold to Inspire CC Scotland Limited
May	Unique Care Homes Ltd	Keys Childcare	Five residential homes and one school sold to Keys Childcare
June	South West Childcare Services	Keys Childcare	Keys Childcare purchased South West Childcare Services, a group of residential homes and leaving care
September	Brook View School	Cambian Group	The acquisition of this specialist school provided care and education for students diagnosed with autism-spectrum disorder aged between eight and 19 years
November	Enhanced Care	Outcomes First Group	Residential and fostering services, Enhanced Care, sold to Outcomes First Group
November	Bryn Melyn Care Ltd	Outcomes First Group	Outcomes First Group purchased Bryn Melyn Care Ltd, a group of therapeutic children's homes and education services

PHARMACY

DATE	VENDOR	PURCHASER	DEAL
February	Middlesex pharmacy group	Wellcare (Harrow Weald) Ltd	The sale of three pharmacies in North West London
June	Stepps Pharmacy	BGR Healthcare Limited	Large Independent pharmacy, North Lanarkshire
September	Leslie Doherty Limited	J & J G Dickson & Son Limited	Two pharmacies in Glasgow, sold to family-owned pharmacy group
October	Kandola Limited	Michael Franklin (Chemists)Ltd	The sale of a group of six pharmacies across Cambridgeshire and Hertfordshire
October	North West pharmacy group	North Meols Pharmacy Limited	The sale of two community pharmacies on The Wirral
year-to-date	L Rowland & Company (Retail) Ltd	Various	The sale of 10 community pharmacies across England as part of disposal project
year-to-date	Boots UK Ltd	Various	The sale of 14 community pharmacies across England as part of disposal project

DENTAL

DATE	VENDOR	PURCHASER	DEAL
January	Bourne End Dental Practice, Buckinghamshire	Dentex	The sale of a high-quality seven-surgery private practice
April	Royd House Dental Practice, Rotherham	Carholme Dental Group	Well-established practice with a substantial NHS contract
May	Gorgie Dental Practice, Edinburgh	Real Good Dental Company	Freehold sale of a large mixed income dental price
October	Confidential, Hertfordshire	Colosseum Dental	Award-winning private practice sold to a major corporate
October	Sandgate Dental Practice, Ayrshire	Clyde Munro Dental	Freehold sale of a substantial four-surgery mixed income practice
December	Colindale Dental Centre and 218 Dental, London & Middlesex	Smile Clinic Group	Freehold sale of two London mixed practices to expanding multiple operator
December	Keen Dental Care, Stoke-on-Trent	Dr Sanraj Dulay	Freehold sale of a mixed income dental practice

LEISURE

DATE	VENDOR	PURCHASER	DEAL
January	Erigmore Estate	Verdant Leisure	Palatine Equity backed Verdant Leisure acquires its tenth holiday park - Erigmore Estate in Perthshire for an undisclosed sum, taking the business to 3,000 pitches of privately owned lodges, holiday homes, holiday lettings and touring facilities
February	Cineplex	Cineworld	Acquisition of Canada's largest cinema operator, Cineplex, for C$2.8bn (£1.63bn), adding 165 cinemas and 1,695 screens to its portfolio
June	Roompot	KKR	Private equity giant KKR is to buy Dutch holiday parks company Roompot, in a deal that values the company at €1bn
June	Bridges Fund Management	MBO	Jan Spaticchia completes an MBO of the business he founded in 2003 for an undisclosed sum. The énergie portfolio includes 105 clubs with 143,000 members and has 85 franchisees. Annual network turnover pre-COVID-19 was £33m
July	Xercise4Less (BGF and Proventus Capital)	JD Gyms	Acquisition out of administration of 50 of Xercise4Less' 51 gyms and the transfer of 400 staff for an undisclosed sum
August	Drayton Manor	Looping Group	Acquired out of administration (PwC) for £15m by Looping Group which operates 15 leisure parks in seven countries across Europe and the UK, where existing attractions include Pleasurewood Mills in East Anglia and The West Midlands Safari Park
August	Alternative Income Reit	Serco Leisure Operating Limited	Sale of Wet 'n' Wild Water Park, North Shields asset, for a total consideration of £3,204,500 to Serco Leisure Operating Limited, the tenant and a wholly owned subsidiary of Serco Group plc
August	DW Fitness (in administration)	Frasers Group	Frasers Group acquires DW Sports gym business for £37m with up to a maximum of another £6.9m payable contingent upon the number of leasehold sites eventually acquired. DW Sports operates 73 gyms. For the year ended 31 March 2019 – the last date to which accounts are available – DW Sports had gross assets of almost £195m and made a loss of just over £20m
October	Rank	Kindred Group plc	Rank sells its Blankenberge casino and associated digital licence in Belgium to Kindred Group plc fr £25m. The casino contributed £2.7m to group profit but as a stand alone business was seen as non-core. The disposal is subject to regulatory approvals by the Belgian Gaming Commission and the Blankenberge City Council
November	William Hill	Ceasars	William Hill has agreed to a takeover bid from Caesars

HOTELS

DATE	VENDOR	PURCHASER	DEAL
January	Family Office of HBJ	Vivion Investments	Acquisition of two London properties: St Martins Lane Hotel (204 rooms) and Sanderson London (150 rooms) for a combined price of £255m
January	Coldunell Group	Signet Hotel Group	Mitre Hotel in Hampton Court sold by Christie & Co off a guide price of £8m
January	Aviva Investors	Rockwell	£106m forward funding of the 400-room Premier Inn hotel in London's Docklands area. Part of a 30-storey mixed-use scheme
January	Cycas Hospitality	CBRE Global Investors	132-unit serviced apartments Staybridge Suites Liverpool sold for £8.8m
January	Vivion Investments	Imperial London Assets (Walduck family)	Holiday Inn Bloomsbury sold for approximately £90m
February	LaSalle	Confidential	Sale of the long leasehold interest (139 years) in the Travelodge Barking, inclusive of adjacent retail uses for £8.9m
March	Ellerman Investment Limited	Patari HNWI	The Ritz London sold for approximately £750m (£5.6m per room) making it the largest UK hotel transaction in 2020
March	The Ability Group	CIMC Capital	201-room Hampton by Hilton Bristol Airport sold for approximately £24m
March	The Crown Estate	MELIA Hotels International	Melia White House Hotel in London sold for £90m
April	Independent	Touriste Collection	Chrysos Hotel sold by Chrsitie & Co above the guide price of offers in excess of £17m
June	Downing LLP	Heeton Holdings Ltd	Days Inn Hotel Liverpool sold by Christie & Co for an undisclosed amount. To be converted to the Heeton Concept brand
June	Cairn Group	Canada Life	Forward sale of the 120-room Holiday Inn Sunderland for approximately £18m
August	Confidential	Sun Hotels	Warren House Hotel in Kingston upon Thames sold by Christie & Co for a confidential amount
September	Peel Hotels PLC	Belmont Hotels	Cosmopolitan Hotel Leeds sold by Christie & Co off a guide price of £4.95m
September	Westbrook Partners	AXA Investment Managers	Dolphin House Serviced Apartments in London, Pimlico sold as part of a large residential transaction
November	Nikal Investment Ltd	LaSalle Investment Management	£38m forward funding of a 235-room Premier Inn, restaurant, retail units and public space

PUBS & RESTAURANTS

DATE	VENDOR	PURCHASER	DEAL
January	Heartstone Inns	Punch Pubs & Co	Acquisition of seven pubs from South-West based Heartstone Inns group as part of a disposal package deal for an undisclosed amount through Christie & Co
January	Marston's Plc	NewRiver REIT	Marston's Plc sold a group of 29 sites across England and Wales to NewRiver REIT's hospitality arm, Hawthorne Leisure for £9.8 million
January	Carluccios	Boparan Restaurant Group	Italian restaurant chain Carluccio's bought out of administration in a deal which will save 30 restaurants, worth £3.225 million
January	Alvarez & Marsal	Cobepa	Le Pain Quotidien's UK operation, which comprises 11 sites, sold out of administration to Belgian-based investment firm, Cobepa. The business is also set to acquire the brand's Belgian and French assets
March	Pearmain Pubs	Youngs & Co	London-based pub operator, Young's & Co acquire five Pearmain sites in a deal worth £28.5 million
July	KPMG	Tnui Capital	Muzinich Private Debt-owned Busaba Eathai brand comprising 13 sites sold to US credit investor, TnuiCapital for an undisclosed amount
August	AlixPartners	Espiris	Sale of KKR-backed , 150-site strong Casual Dining Group portfolio out of administration for an undisclosed amount
August	KPMG	Calveton UK	Calverton UK acquire a collection of 20 Byron Burger sites in a pre-pack administration deal worth £4 million
August	KPMG	TowerBrook Capital	Azzurri Group portfolio of 225 assets sold out of administration to TowerBrook Capital for £109.5 million
October	Famous Brands	Boparan Restaurant Group	Acquisition of the Gourmet Burger Kitchen portfolio of 35 sites as part of a pre-pack administration agreement for an undisclosed amount
November	Wadworth & Co Ltd	Liberation Group	Package sale of 21 sites across the South West and London for an undisclosed amount
December	SA Brain	Marston's Plc	Marston's Plc set to take over the operation of Welsh brewer, SA Brain's 156-strong pub estate in Wales, on a combination of leased and management contract arrangements
December	Sir John Fitzgerald	Ladhar Group	Acquisition of the Sir John Fitzgerald estate of 16 pubs across the North East for an undisclosed amount

Darren Flack

Managing Director

ORRIDGE - TAKING STOCK SINCE 1846

At Orridge we like to think locally but act internationally, helping clients to optimise inventory levels in-store and throughout their supply chains, as well as helping to significantly reduce their operating costs and improve profit margins.

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?

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

T: 07850 612 097
E: darren.flack@orridge.eu
W: orridge.co.uk

Scott Hulme

Managing Director

OPTIMISING PROFITS, EFFICIENCY AND COMPLIANCE SINCE 1896

Businesses operating within today's saturated markets and complex socioeconomic challenges, increasingly rely on a host of controls in order to remain both competitive and profitable.

It is why established businesses, those looking to expand and those in transition, can all benefit from expert advice that helps to optimise operations and prepares them to meet these challenges head on.

As a specialist national supplier of business services to the hospitality industry, Venners auditing, training and software solutions are designed to do just that. Drawing on 125 years of experience serving the hotel, pub and restaurant sectors, our services help you achieve and maintain peak profitability, efficiency and compliance levels.

Gain confidence in your business, as well as its output, by starting your journey with Venners today. Our highly trained advisors and auditors will work closely with your teams, providing expert coaching and practical recommendations that drive business success.

- Stock control
- Compliance
- Consultancy
- Inventory listing
- Asset valuation

T: 01279 620820
E: scott.hulme@venners.co.uk
W: venners.co.uk

THE GREAT **CHRISTIE CAKE** OFF 2020

COURTENEY DONALDSON'S COUCH TO 5K CHARITY CHALLENGE

THE CHRISTIE & CO 'FACE OFF'

Rather than the extensive Bake Off challenge planned for 2020, Vicki McHugh organised 'The Christie & Co "Face Off"' and started producing face masks over the summer for various nurses to cheer up their PPE.