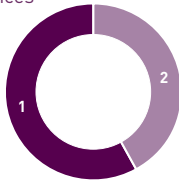


Divisional review

1. Professional business services

Revenue
£36.9m

2. Stock & inventory systems & services



Chris Day
MD Christie + Co and Christie Group Director



Simon Hughes
MD Christie + Co UK

CHRISTIE + CO

Christie + Co is Europe's largest business broker, specialising in the hospitality, retail and care sectors. Our 270 specialists provide professional agency and advisory services from 29 offices across Europe.

Since 1935, we have experienced every kind of economic climate and we recognise that we operate in a cyclical market. We therefore structure the company to be quickly scalable. In difficult markets, this allows us to act swiftly to reduce overheads and avert any long-term damage to the business. Our new agency and valuation management system, IBIS, will also help in this regard, allowing us to be more efficient and providing complete transparency of our activity on a real time basis across the company. By the end of 2008 IBIS had been introduced into half of our offices.

There have been few precedents for the markets seen in 2008. Although deal volumes held up reasonably well in the first quarter, this was largely driven by vendors' desire to complete before the capital gains tax rules changed in April. From then on we saw a rapid downward

spiral, fuelled by declining residential property prices and the lack of credit, particularly for large corporate deals. This gathered momentum as the year progressed, with a big downturn following Lehman Brothers' insolvency. The resulting uncertainty choked off transactional activity.

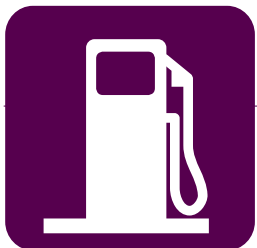
However, our advisory activities were still in demand. We worked with the Hilton Group on its new international brands, we advised the management of Kidsunlimited on their buyout of the national children's day-care operator and we acted for Virgin Clubs on a rent review of the world-famous Kensington Roof Gardens and Restaurant. We saw more pub disposals in the corporate sector, and acted for several administrators.

We re-established a dedicated Bank Support and Business Recovery Unit. This is helping us to achieve positive outcomes on behalf of our banking clients for distressed businesses and insolvency situations.

Our website traffic is encouraging. Both the number of businesses for sale on the site and the rate of registrations have held up well.

The environment was unusually hostile during 2008, but we also know that business values ultimately adjust to the medium-term cost of money. Availability of credit, not cost, is the key issue. By the end of the year there were tentative signs that markets could be starting to stabilise.

Over time, we anticipate a return to sound commercial principles. As always, we will be there to advise and assist.



→ **Craegmoor Healthcare**
Christie + Co advised Craegmoor Healthcare, which operates around 220 residential care homes in the UK, during its £290 million acquisition by Advent International.

↑ GNE Group / Petrol Express

Christie + Co advised GNE Group on the sale of its Petrol Express business, which is one of the largest independent petrol station operators in the UK, to Leopard No. 2 Investments Limited, an investment vehicle backed by the Royal Bank of Scotland, for £51.66 million.



↑ Mercure Hotels

On behalf of the fund management department of Falk Fonds 66, the 150-room Mercure Hotel in Berlin-Hennigsdorf and the 220-room Mercure Hotel in Hanover were sold by Christie + Co to an Israeli hotel company. Both hotels will continue to be managed under franchise by Accor and are branded Mercure.

