

## **PRESS RELEASE**

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### **Santon in £5m pubs disposal**

The Santon Group disposed of 3 former well known Central London watering holes; two of which the Group had previously converted into gastro pubs and let to Geronimo Inns and one into the up-market Baker & Spice Patisserie unit. They were sold to an unidentified overseas purchaser who acquired them for long term investment. The assets sold were the Duke of Clarence in Old Brompton Road, the Phoenix in Smith Street, Chelsea and the former Shuckburgh Arms, also in Chelsea. All were let on 25 year leases and sold on a yield of approximately 6%.

The Santon Group had previously acquired these units as part of a much larger portfolio from Noble House in 2001. The Group continued to operate the pubs whilst they obtained planning permission to convert the upper parts into residential units, which were developed and sold on 120 year leases and with the ground floors and basements being converted for use by gastro pub operators, restaurants, retailers or patisseries.

Out of the original portfolio purchased from Noble House, the Group retains the 5,800 sq ft The Spencer Arms on the Lower Richmond Road. Previous disposals in 2006 included two Westbourne Grove units, which had been converted into retail outlets, including one let to Nicole Fahri, at a yield of just over 4% and the famous Belsize Tavern which was sold to Will Ricker's E&O Group.

The sale proceeds were used to repay bank debt in full and the properties were sold at 40% above Royal Bank of Scotland, the funders, bank valuations.

Bim Sandhu, CEO of The Santon Group commented *'We were pleased that we managed to obtain a fair price for these properties in extremely difficult market conditions. We are particularly pleased that our asset management skills were used to create significant value over and above the bank valuation prior to the sale and under extreme time pressure from our funders. It is shame that our funders and their valuers did not share our view of the value that we had added through lease renegotiations and obtaining group guarantees from tenants, where they had not previously been available, whereas a third party investor did.'*

For further information:-

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