

## MWB's sale proposals 'do not amount to liquidation'

Marylebone Warwick Balfour is likely to continue after its businesses are sold and cash returned to shareholders, chief executive Richard Balfour-Lynn said this week.

Balfour-Lynn was speaking after a circular was published outlining proposals which will enable MWB to sell its businesses

and return more than £2 per share to shareholders. He said they did not amount to a liquidation.

"These proposals have given shareholders clarity about what our plans are going forward, after a lot of speculation," he said. "MWB was always going to realise the value of those businesses. It does not mean that

our business plan has failed.

"I expect that MWB will go on after the existing six businesses are sold or floated. All we have said is that we will not go into any new lines of business until that has happened.

He added: "But we will continue to develop and grow those businesses."

Balfour-Lynn added that the December 2005 deadline for the return of cash to shareholders was not set in stone.

"That was a timeframe we set. I believe we can realise the value of the businesses by then, but if the right time has not come by then for one of them, we will not be forced sellers."

## PRICOA enters retirement sector

PRICOA is to enter the retirement home market in the UK and Germany through a joint venture that could be worth £275m to £410m.

PRICOA Property Private Equity and quoted US company Sunrise Assisted Living plan an 80:20 JV to develop "assisted living" properties for the elderly.

PPPE chief executive Jonathan Short said they would consider putting the product into a fund after about five years.

Equity contributions will total up to £85m, with the balance funded by debt.

The venture could develop up to 50 assisted living properties in major metropolitan areas in the UK and Germany over the next five to seven years. Sunrise will manage the properties.

Short said the JV would work alongside an existing arrangement between Sunrise and CSFB's opportunity fund, Real Estate Capital Partners.

US giant still makes loss, but cuts and European revenues staunch flow

## IRE's performance lifts Insignia's quarterly results

Mark Cooper

The performance of Insignia Richard Ellis provided a boost to US parent Insignia in the first quarter of this year.

IRE brought in earnings before interest, tax, depreciation and amortisation (EBITDA) of \$1.4m, up from \$1m in Q1 2001.

Revenues fell only 5% to around \$21m, but cost savings, which included reducing staff numbers from 800 to 750, boosted earnings.

The newly acquired Insignia Bourdais in France also shone, producing better than expected EBITDA of \$2m. European revenues were up 34% to \$33.1m.

Overall, Insignia made a loss of \$408,000 compared with income of \$216,000 the previous year.



Froggatt: "Investment market has held up well, but leasing is difficult"

Next quarter, the bottom line will be hit by a \$30m impairment charge owing to a new US accounting treatment of goodwill amortisation.

The group said it had managed to cut property services expenses by 11% and interest expenses by 24% after paying \$32m of debt on its revolving credit facility.

In the US, revenues for the group's commercial property services fell from \$145.7m to

\$120m, and EBITDA slumped from \$16.8m to \$6.4m.

European chief executive Alan Froggatt said that UK first quarter performance was broadly in line with expectations.

"The investment market has held up well, but leasing is difficult in the UK and Europe and things are much tougher in the US. France performed even better than expected and we are looking to boost our presence in Spain, France and Germany, either through acquisitions or adding people," he said.

He said that Insignia would also bolster its presence in Asia, focusing on India and China.

"We think it is better to build teams in these growing markets than to force our way into more mature ones."

## Profit warning hits Fletcher shares

Quoted agent Fletcher King saw more than a quarter of its market value disappear after it issued a profits warning.

The firm's share price fell 27.5% (7p) to 18.5p at the end of last week, after it warned that its full-year pretax profits would be "substantially reduced". The share

price this week recovered to 22.5p.

The company said it had seen a "slowdown in its core property market activities", particularly in London, and that key deals had failed to complete before the 30 April year-end. It has also been forced to write off two bad debts.

## Knight Frank's US link bears fruit with \$700m fund

Knight Frank Corporate Finance has set up a \$700m fund to invest in office property in Washington DC.

Knight Frank head of research Steve Mallen said the deal had come about through the company's link with US firm Grubb & Ellis.

The fund, which will raise

\$200m of equity and \$500m of debt, is being launched by US developer Republic Properties.

Mallen said the fund was expecting a healthy income return and modest capital growth.

Demand from Middle Eastern investors is expected, and the fund has been structured to comply with Islamic law.