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Coffer Corporate Leisure advises Orchard Care Homes on further £40 million sale and leaseback

Orchard Care Homes (OCH) have agreed a sale and leaseback to ING Real Estate of four turnkey care homes in the north of England.

The first two homes are located in Leeming Bar, close to Nortallerton and Boroughbridge, York are due to open in January 2008. The third and fourth homes in Scarborough and Cookridge should to open in February.

Orchard Care Homes were the subject of a £175million management buy out in June 2007 led by incumbent Chief Executive Paul Mancey. The reported net initial yield is circa 6%. The original sale and leaseback was also part funded by a £70 million sale and leaseback transaction with a joint venture between the Fund Manager, Invista and Prestigic Holdings. Coffer Corporate Leisure also acted on behalf of Orchard Care Homes in this transaction.

Orchard Care Homes deliver high quality purpose built facilities for the elderly. The estate currently comprises 27 care homes in the north of England, set to grow to over 2000 beds across 56 homes by way of a rolling development programme. Orchard Care Homes is taking a 35 year institutional lease on the properties sold.

Coffer Corporate Leisure Managing Director, Mark Sheehan said “this transaction is another demonstration that good opportunities continue to attract investors”. ING were able to look past short term nervousness and really understand the value of this opportunity. They are buying prime assets from a good operator offering rental growth and a potential yield shift play as the covenant of the operator will undoubtedly improve.”

Coffer Corporate Leisure have quickly proven themselves as portfolio sale and leaseback specialists. This deal follows on from the sale and leaseback of nine properties trading as Revolution on behalf of Inventive

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Leisure which completed in October, amongst a number of transactions the advisor has successfully worked on since its interception two years ago.

Sheehan adds "Coffer Corporate Leisure expects to see more sale and leasebacks over the coming months. Although there has been some yield shift in the investment market, values of operating businesses have also fallen and therefore there is still an arbitrage for owners seeking to unlock property value from portfolios. We expect to see private equity investors in asset backed industries such as care homes, pubs, hotels and other leisure sectors to continue to examine their portfolios to unlock the property value."

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