

21 June 2013

Christie Group plc

AGM Statement

Christie Group plc ('Christie Group' or the 'Group'), leading provider of Professional Business Services and Stock & Inventory Systems & Services to the leisure, retail and care markets announces that at today's Annual General Meeting commencing at 10.30 a.m., the Chairman, Philip Gwyn, will issue the following statement:

"Within our Stock and Inventory Systems and Services division, we have identified the opportunity for significant expansion in mainland Europe. I am therefore pleased to report that this morning the Group announces that, in accordance with the powers taken under Resolution 9 at our 2012 AGM, we have completed the placing of 5% of the previously authorised but unissued share capital of the Group in order to assist this.

Such opportunity requires some investment in our existing I.T. systems to facilitate a multi-language, multi-currency operation. This development is already under way and we anticipate will be completed in the New Year.

At the beginning of 2013, we embarked on our first franchise stocktaking operation with Inventory Services GmbH which now trades as Orridge Inventory Services. We have an option to acquire 75% of the franchisee's business and, subject to completion of satisfactory due diligence, it is our intention to exercise this agreement later this summer. Subsequent to our acquisition, we will provide working capital and an investment in the proven technology we use elsewhere to enable this business to produce margins equivalent to those we ourselves currently enjoy. The retail market and trans-national hotel companies are hungry to find a pan-European service provider. Following this acquisition, and with further moves planned, we believe that our business is well placed to satisfy these demands. It is an exciting time for us as we move to expand our market leading position as stocktakers in the UK and across Europe where we have been established on a smaller scale for a number of years.

Our existing Stock & Inventory Systems & Services operations continue to progress. Contract extensions were won with Co-operative Food, Waterstones, Paperchase and Morrisons Pharmacy, whilst Kurt Geiger returned to the fold for stocktaking both in the UK and the EU. New customers this year include Arena Leisure, Bowlplex, Great Northern Inns and Lindley Catering. In Vennersys, we signed a contract for the phased installation of integrated online ticketing, membership management and visitor attraction onsite control for Odds Farm Park in Buckinghamshire.

Professional Business Services

Our Professional Business Services division operates in a market which remains disrupted. As witnessed by the insolvency practitioners, the level of distressed assets being brought to the market by the banks has slowed considerably. The slow-down has in our view been brought about by the banks' need to investigate the possibility of any mis-selling of interest rate swaps in order to identify any borrowers whose financial prospects may have been adversely affected. At the present time, this process is ongoing, but we would expect that by the third and fourth quarters of this year, non-sophisticated borrowers and their businesses will have been identified and that normal recovery procedures will recommence and continue in respect of assets which are the subject of defaulted loans. The sale of trading businesses brought about by loan default is a regrettable stage but a precursor to full market recovery and a necessary cathartic process.

Businesses in some sectors are at their most affordable level. For example, the average sale price of a pub in 2012 was roughly on a par with the average house price. Given that at the peak of the market, pub prices were nearly three times that of the average residential dwelling, it can be seen how relatively affordable pubs have become.

For buyers with suitable experience who are purchasing established and profitable businesses of all types, funding is readily available on sensible loan to value criteria. Equally encouragingly, our specialist business appraiser, Pinders, is seeing instructions to appraise smaller businesses at their highest level for five years, which bodes well for the wider market recovery.

Corporate transactions and advisory work has continued, illustrated by a few highlights:

- In the Childcare sector, Christie + Co advised the buyer in a deal which saw kidsunlimited acquired by Bright Horizons. The addition of 64 operational kidsunlimited nurseries, in a deal which also included a number of D1 development sites, brings Bright Horizons' UK presence up to 203 nurseries.
- Rehabilitation services will be returning to the Royal Buckinghamshire Hospital in Aylesbury in a care home deal brokered by Christie + Co working with Affinity Care.
- Travelodge Bath Waterside Hotel was acquired by LaSalle Investment Management for £11.2m - the fourth of a package of six Travelodge hotels to be sold by Christie + Co on behalf of Cordial Hotels. This sale added to those of Travelodge hotels in Oldham, Coventry and Stevenage. Deals are expected on the final two imminently.

- In one of the largest hotel deals in Europe in recent years, the Israeli hotel company, Fattal Hotels, acquired the entire share capital of the Queens Moat Houses (Germany) Holding GmbH group of hotels. Christie + Co's specialist international property advisory team advised the vendors on the transaction which saw them acquire 20 hotels across Germany, while we also acted on further hotel sales across Germany, Austria, France and Spain.

Our finance brokerage business, Christie Finance, was pleased to arrange funding for Waypoints Care Group's Chairman, Bill Stone, formerly of McCarthy & Stone, to build a new 64 bed care home in Dorset - a generous loan to value deal, having regard to both an outstanding concept and customer experience.

Our insurance intermediaries, Christie Insurance, were recently instructed to arrange cover in respect of an insolvent group of hotels. Their existing insurance was with a Latvian insurer whose authorisation is currently suspended. From quote to cover, insurance was in place within 24 hours.

Outlook

In terms of outlook, our expectations for the full year remain undiminished although we anticipate that our profits will be earned in the second half of trading as transaction activity improves from the lower level of activity we experienced in the first quarter. Our more flexible structure is intended to produce a more balanced split of both revenue and profits in 2014 and subsequent years. Given our market leading position in our chosen fields and the operating profit margins which can be achieved on incremental revenues, we remain confident concerning the Group's prospects. We are working towards strong recovery of profits in the periods ahead."

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Notes to Editors:

Christie Group plc (CTG.L.), quoted on AIM, is a leading professional business services group with 39 offices serving the UK, Europe, Canada and the Middle East and Africa, catering to its specialist markets in the leisure, retail and care sectors.

Christie Group operates its two complementary business divisions: Professional Business Services (PBS) and Stock & Inventory Systems & Services (SISS). These divisions trade under the brand names: PBS - Christie + Co, Christie Finance, Christie Insurance and Pinders; SISS - Orridge, Venners and Vennersys.

Tracing its origins back to 1846, the Group has a long-established reputation for offering essential services to client companies in agency, valuation services, investment, consultancy, project management, multi-functional trading systems and online ticketing services, stock audit and inventory management. The diversity of these services is intended to provide a natural balance to the Group's core agency business.

For more information, please go to www.christiegroup.com