C H BAILEY PLC

Property disposal

The Board of C H Bailey Plc announces that St Georges Bay Hotel Limited, a subsidiary of Industrial Investment Corporation Ltd, one of C.H.Bailey's overseas subsidiaries, has signed contracts today with La Perla Hotels Ltd and Lifetime Ltd for the sale of its freehold property known as *Bellavista*. The total cash consideration for the sale is Euros 4,193,000, which at the current exchange rate of Euros1.255;£1 equates to UK£3,340,000, and is payable in full on completion.

The net book value of *Bellavista*, a hotel in Malta, was Euros 2,180,000 and was consolidated in the C H Bailey Plc accounts at 31 March 2008 which have recently been published. In 2005 the property was leased to La Perla Hotels Ltd for 15 years at a ground rent of Euros 220,000 per annum. *Bellavista* is not part of the larger site in Malta being considered for development.

The net proceeds from the sale, after taxation and expenses, are expected to be Euros 3,669,000 (UK£2,922,000), and the net profit to the Group arising on the sale will be approximately Euros 1,489,000 (UK£1,186,000). The proceeds will be applied in repaying bank loans of £1,021,000 and director's loans of £698,000, with the balance being retained by the Group as working capital and to finance future property development costs in Malta.

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