



# Park Market Continues to Attract Private Equity

GI Partners, the niche private equity firm best known for investing in Yates's pubs, recently announced its purchase of Park Resorts (the UK's largest operator of caravan parks with 35 sites) for £440m. The deal is the latest in a wave of private equity firms investing in the UK holiday parks sector.

It is the second time in under three years that Park Resorts has changed hands, following ABN Amro Capital's acquisition of the company from Close Brothers Private Equity for £165m in December 2004. ABN Amro grew Park Resorts by combining it with GB Holiday, which it bought in November 2004 from Royal Bank of Scotland for £105m.

Commenting on the deal, Alfred Foglio, partner at GI Partners, said that the private equity firm had been tracking Park Resorts for some time and is keen on the leisure sector:

"We like the caravanning sector because it's asset-backed and provides predictable cash flow."

The Times also reported recently that following the Park Resorts sale, Weststar Holidays (who were sold to Phoenix Equity Partners by Dragon's Den panellist, Deborah Meaden, for £33m in 2005) are undergoing a strategic review which could lead to its sale for around £75m - £85m.

Caravan parks are particularly attractive to private equity investors because of their strong cashflow, high value land and property assets, high barriers to entry (with greenfield land being out of bounds, meaning there are a finite number of sites) and strong consumer demand. As a result, industry analysts have predicted more consolidation within the market, and not just involving the large operators.



Private equity 'suits' are leaping into the holiday sector

For the single park owner or an owner with a small chain of parks, the key to attracting the 'suits' of private equity firms, or any other investors, is by having as successful a business as possible, with strong management and also investment in improving the value of pitches on the park (e.g. by investing in additional facilities for customers). Although the swathe of private equity transactions, and Edwards and Partners annual survey, would suggest that the demand for caravan parks is currently high, investors will not be keen to invest in a business that is flawed.

**Are you considering exiting your business in the next three to five years, or even sooner than that? If so, you should be seeking advice and making plans now to understand and maximise the value of your business to potential acquirers. Moore and Smalley offer a unique BEST (Business Exit Strategies) service to allow park owners to maximise the value of their business pre-sale, minimise their tax-bills post-sale and consider options for investing the post-sale proceeds. For more information, contact Corporate Finance Partner, Rob Kennare on 01772 821021.**

# Where there's a will, there's a way...to save tax!

**Do you have a will? Have you assumed that everything will pass tax-free to your spouse when you die? If so, you may not just be passing on your estate but also a substantial tax bill to your beneficiaries.**

*"You must ensure that you have a will in place before you die"*

plus your personal possessions free of IHT. Your spouse will also get a life interest in half of what's left (meaning that they only get the income it generates, not the capital – which is divided equally between the children when the surviving spouse dies). The remaining half is shared equally between the children.

With today's property prices, any successful park owner will more than likely have an estate with a value in excess of the Inheritance Tax (IHT) nil rate band of £300,000. The value of your estate above this threshold will be charged IHT at 40%.

This means that only £425,000 of your estate (the £300,000 nil rate band, plus the intestacy rules transfer of £125,000) will be passed on to your spouse IHT-free, with the remainder being taxed at 40%. However, if you had a simple will in place, you could leave the whole of your estate tax-free to your spouse on your death.

There are a number of measures that you can use to reduce the IHT burden facing your family, including making gifts to your beneficiaries whilst you are still alive, taking out life insurance to cover the inheritance tax bill, or making tax efficient wills. The most important thing to remember though is that whether you make a tax efficient will or a simple will, you must ensure that you have a will in place before you die.

Simple wills do not have to be costly, but to ensure that your wishes are carried out, the will should be drafted by an expert. If you do not currently have a solicitor, we would be happy to refer you to an expert. We can also advise on preparing a tax-efficient will if you are interested in reducing your potential IHT bill.

If you die without having a will, then you are deemed to be 'intestate', meaning that the laws of intestacy take over. These rules dictate how your estate will be distributed regardless of what your intentions were for your estate.

Inheritance Tax planning is complicated, hence the need for specialist advice to be sought. Our tax and financial planning team can help you to reduce your potential inheritance tax bill, and maximise the value of your estate for your spouse and your children. Please give us a call on 01772 821021 to find out more.

Under the intestacy rules, if your estate is worth more than £125,000, then your spouse will receive £125,000