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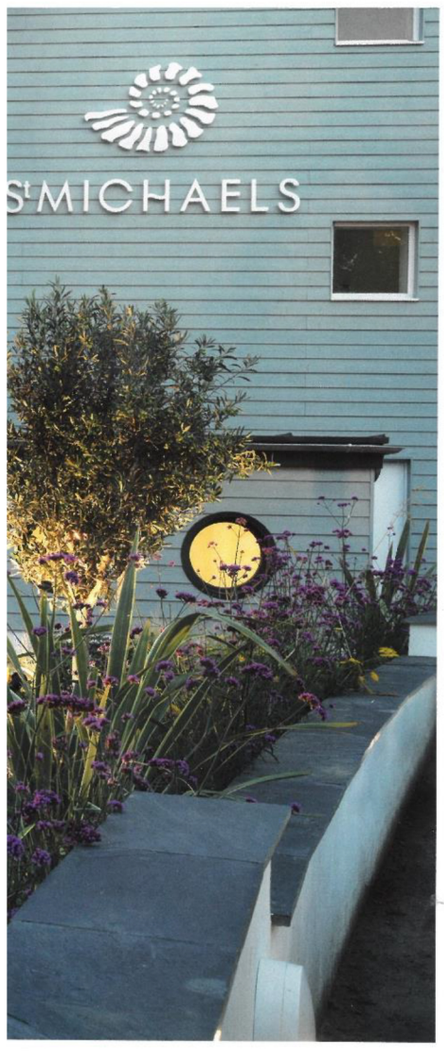
A MASTERPIECE AT ST MICHAELS

A £50M INVESTMENT HAS TAKEN ST MICHAELS HOTEL FROM DRAB TO FAB. CHAIRMAN NIGEL CARPENTER REVEALS HOW THE INVESTMENT HAS IMPACTED BUSINESS SO FAR

The new-look hotel in Falmouth.

A MASTERPIECE AT ST MICHAELS

A £50M INVESTMENT HAS HELPED TO CHANGE THE FORTUNES OF ST MICHAELS IN FALMOUTH, TAKING IT FROM DRAB TO FAB WITH NEW FACILITIES, REVAMPED BEDROOMS AND A REINVIGORATED HUNGER TO BE THE BEST BOUTIQUE IN THE SOUTH WEST. WE SAT DOWN WITH CHAIRMAN NIGEL CARPENTER TO DISCOVER HIS VISION AND HOW BUSINESS HAS ESCALATED SINCE THE PROJECT'S COMPLETION.



The outdoor hot tub and sauna are part of the new facilities.

The new health-focused Garden Kitchen.

The largest funding of its kind in Cornwall has helped transform St Michaels Hotel from a dilapidated business to a booming hospitality resort. Despite the huge investment, owner Nigel Carpenter had a firm hand on the changes throughout the process, ensuring that every single finer detail was considered.

"I project managed the building work," explains Carpenter, "I did an awful lot of the interior design and then we put together an implementation team in house who did all the buying and finishing of the project, so it was very hands on. Every door hinge, every bolt, every single tap we have specified and procured."

A total of £50m has been ploughed into the regeneration project at the Falmouth site, with a cool £20m invested into the hotel and the other slice of £30m being used to create a block of new residential apartments adjacent over the next year.

St Michaels Hotel now boasts 84 bedrooms - including 32 new bedrooms in The Beach House complete with Elemis toiletries, Roberts Radios and Lavazza coffee machines; two new restaurants – Brasserie on the Bay and the more casual, health-focused Garden Kitchen; a relaxed 'social space' lobby where staff are on hand with iPads; plus a new private dining room, the Wine Vaults.

The new destination spa is home to the world's first Cornish sea salt steam room and the largest hydrotherapy pool in the south west with 21 massage stations. It also comprises 10 treatment rooms, a manicure and pedicure Champagne bar, with nailcare by OPI.

The health club features a gym with studios to host fitness and rowing classes, while there are also four tennis courts and an indoor swimming pool.

A core part of the venture from the get-go was the desire to create a resort where wellness integrates seamlessly with nutrition, spa, and health and fitness. Carpenter says he wanted a 'strong proposition in both camps', with wellbeing at the core.

"I've looked very much internationally at what the trends are;

five years ago, spa and health club were completely different entities, but the integration of spa, fitness, health and nutrition is starting to happen now.

"The other big international trend at the top of the market is that people want fantastic facilities but they want the opportunity to enjoy those facilities from private accommodation," he added.

Finding the financial backing

Securing the funding was a challenging process, but a 'grand masterplan' was devised by Carpenter himself before planning approval was granted in 2014 and caught the eye of three main investors who realised the potential. Carpenter says that raising the money 250 miles west of London was 'no small feat' and they were clear in wanting to create something 'very ambitious that hadn't been done in Cornwall before'.

He adds: "There aren't companies buying into leisure resort developments in that way in the UK. It took us two years to finally sign three really important strategic deals for us."

As part of the deal, Carpenter sold the freehold for St Michaels to CBRE Global Investors, and leased it back to a new operating company, for which he became 50% shareholder, on a 150-year lease. This move helped to unlock the capital needed to develop the hotel and core facilities for the resort.

Carpenter then entered into partnership with James Houlston of BH Hotels. "He became a 50% partner and he helped facilitate the deal through his relationships with pension funds and he is building up a portfolio of hotel interests. He has a lot of expertise in property and development and he came down and saw the opportunity here and has become my partner going forward," explains Carpenter.

The third partner is Acorn Blue, a subsidiary of national development company, Acorn Property Group, which secured a deal to build out around 50 liner apartments and round off the investment into the site.

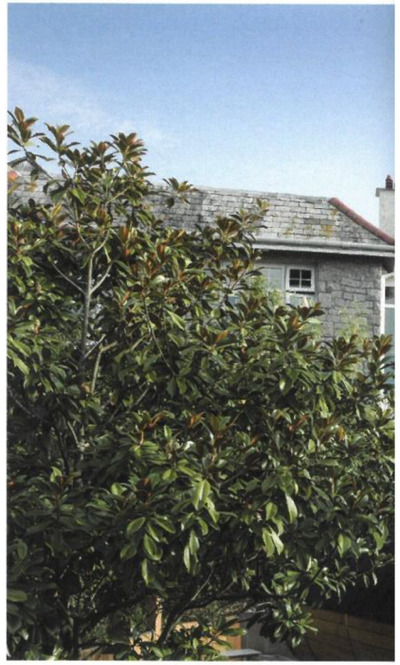
"The challenge was running the hotel and keeping that live throughout the development," Carpenter adds, "we only secured all of the funding deals at the end of last year (2017)."

Taking it back

Despite its bright future, things at St Michaels haven't always been so rosy. Carpenter bought the property in 2001 after returning to the UK following a stint working in Kenya on various tourism projects and then in charge of Africa's largest hotel group. He admits the hotel was 'completely on its knees' operating a 'Faulty Towers' style operation in desperate need of love, attention and investment.

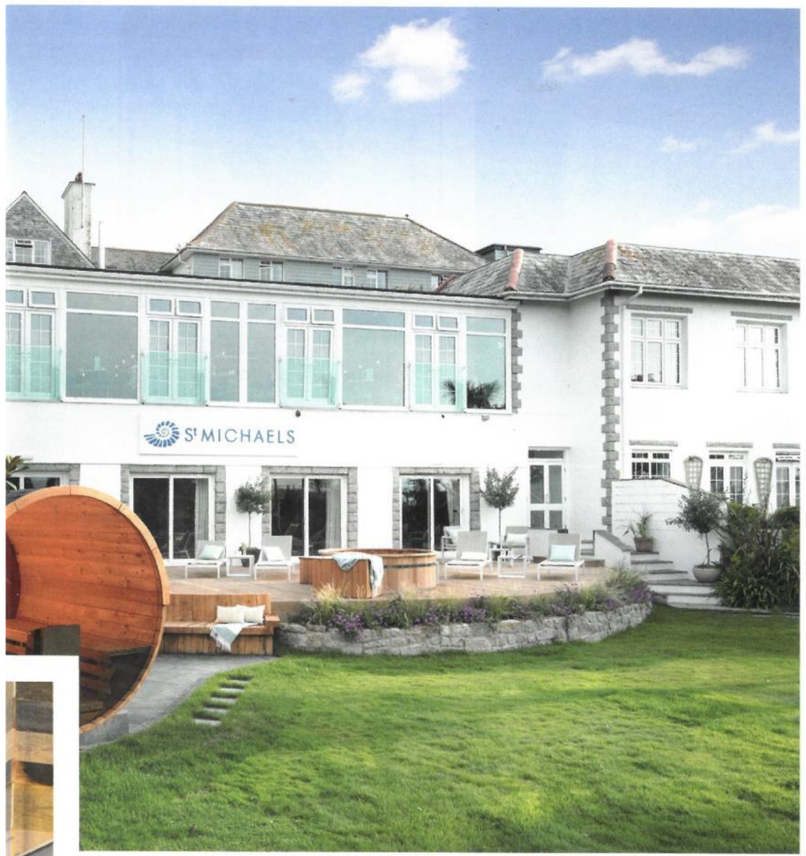
"It was on a warning from the AA," he says. "It had been owned by Corus and Regal and hadn't had any investment for 10 years.

"When we came back to the UK, place had become really important to us and we wanted to live somewhere



32 new bedrooms have been created in The Beach House

The new spa features the world's first Cornish sea salt steam room



The Health Club is home to Cornwall's largest private gym.

Brasserie on the Bay is part of the new restaurant offering.

"WE ARE NOT A STUFFY, HALLOWED BOUTIQUE HOTEL, WITH A HUSH TONE AND STIFF ATMOSPHERE FOR PEOPLE WHO HAVE DRIVEN FROM MILES AWAY AND HAVE LOTS OF MONEY"

Best Western hotel situated next to St Michaels. Thankfully nobody was hurt, and when the hotel wasn't reconstructed Carpenter took the opportunity to buy parts of the site in summer 2013. The wheels were then in motion for his redevelopment vision to come to fruition. Growth by then was firmly on Carpenter's mind; prior to the fire at the neighbouring hotel, he had invested in another site for expansion.

"I did purchase the former Cornish seat of Government, Old County Hall in Truro and gained planning permission for conversion to a hotel," he tells BH. "However, when the opportunity to acquire the large Falmouth Beach site next door came up, it was such a strong opportunity to expand the successful St Michaels and create a resort by the beach, it had to be taken up. The investment that the resort needed then meant that the Truro project had to be sold to help fund the new St Michaels resort. It was absolutely the right decision," he adds.

Carpenter knew the clear principles of the business he wanted to build, making sure the sense of place was firmly incorporated into the new business model.

"I wanted to create a flagship destination spa, the sort of health club you just don't see in the south west, restaurants and bars, hotel rooms, plus spa lodges which we are building next year," Carpenter explains.

"It's all about making the most of the environment that you're in. If you translate that to Cornwall, it's using the colours of the coast; using local materials like granite and wood and featuring local artists. Plus using the best we felt really passionate about. So we started looking at potential businesses to buy by the sea or the south west and this came on the market. Eventually after a protracted period we bought it at auction in 2001 and moved down here with our daughters."

Each year since, Carpenter has ensured that all the profits have been invested back into the hotel, and gradually as a result, its reputation, and business levels started to pick up. "Our first step was to solidify our three star rating, and then in 2009 we got four stars, in 2010 we won Hotel of the Year for Cornwall, and went to 2 AA Rosettes, and then it just built and built."

The vision

In 2012, a major fire destroyed the

The new Beach House bedrooms are decked out in a chic coastal style

The new lobby

of Cornish produce, keeping it seasonal and developing supplier relationships with farmers and fisherman direct.

"We are not a stuffy, hallowed boutique hotel, with a hush tone and stiff atmosphere for people who have driven from miles away and have lots of money. We embrace everyone locally."

Results

St Michaels Hotel officially unveiled its new look at the beginning of September. The ground-floor bar, lounge and dining area was completely reconfigured, the spa doubled in size and the three-story 'urban-style' gym was unveiled.

Membership to the health club is already now up at 2,000 – just 500 members off the limit – sales are 50% up on the previous year and in October the resort was operating between 75-80% occupancy. For Carpenter though, it's now that the hard work really begins.

"We've done really well but the builders have only been gone about eight weeks, so there is a lot of work still to do. I appointed a great management team; it's not just about the physicality, it's about creating the right team."

Not one to rest on his laurels, Carpenter still has other major plans for development that he will bring to fruition at St Michaels. The residential part of the project began in November and will take around 18 months, after which the builders can move on and the business can really start to motor.

Work will also begin in spring next year on the creation of some new spa woodland lodges.

"We want to create a nicer sense of arrival too," says Carpenter, "so work will start on constructing a new beach access road in January. So it's all happening. People often build the apartments and say, oh there is a health club and spa coming but we've done it the other way around. We have a nucleus of core facilities there for all to see already."

THE TEAM

NIKKI BROOM, RESORT DIRECTOR

Nikki Broom is resort director at St Michaels, joining from her role with Red Hotels where she launched The Scarlet as general manager and went on to become hotels director for both The Scarlet and Bedruthan in the portfolio.

LOUISE UYS JONES, DIRECTOR OF FINANCE

Louise Uys Jones is the resort's new director of finance and joined from The Cheval Group where she was stationed in the same position.

JAMES INNES WILLIAMS, HEAD OF MARKETING

Head of marketing is James Innes Williams, who joins from the Strand Palace Hotel where he was marketing director.

POLLY DENT, HEAD OF FOOD AND BEVERAGE

Polly Dent joins St Michaels from Jamie Oliver's Fifteen Cornwall, where she held the role of operations director for 12 years. She becomes head of food and beverage to oversee the resort's two new restaurant concepts.