

SCHOOLS' INVESTMENT FOR MAN IN THE STREET

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Sir John Ritblat at Alpha Plus's Wetherby School, whose former pupils include Prince William and Prince Harry

The former chairman of British Land has returned to the public markets to launch a retail bond offer for a collection of independent schools.

Sir John Ritblat, 77, is the chairman of Alpha Plus Group, which yesterday launched a secured sterling retail bond backed by seven of its nineteen independent schools.

Alpha Plus, which owns some of Britain's best-known schools, such as Wetherby, in Notting Hill, where Princes William and Harry began their education, aims to raise between £50 million and £55 million. It plans to issue bonds paying a fixed 5.75 per cent annual return for seven years, with a relatively low entry price of £2,000, increasing in £100 multiples.

Sir John, whose son Jamie Ritblat's Delancey Real Estate manages the DV4 fund that owns Alpha Plus, said: "I have always liked education and been heavily involved in it — and when we bought Alpha we thought it was a very attractive addition to our main business, which is developing shop, offices and homes.

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"We have never looked at Alpha as a blockbuster business, but it is a very steady, sound, asset-backed business where we could look for modest growth. Expenses do go up, but so do fees and demand. There is always demand for private education, as people are very concerned that their children get the best opportunities."

Alpha Plus educates 3,625 pupils at schools such as Abbey College Cambridge, St Anthony's School, in Hampstead, and The Falcons School for Boys in Chiswick. In the past five years, it has increased its turnover by 62.2 per cent, from £35.7 million to £57.9 million. Fees at Wetherby are £5,490 a term.

Sir John said that the offering was aimed deliberately at the man-in-the-street investor: "There has been nothing in the market for people who want to make a modest investment – and here investors will be getting a genuine net yield."

The Alpha Plus bonds will be secured by six London schools and one nursery with a trading value of £84.4 million. Alpha's £130.7 million property portfolio comprises 14 freehold and 17 leasehold properties and is valued on the basis of their use as trading schools, nurseries and colleges.

John Edwards, a director at JC Rathbone, which advised Alpha Plus, said this was not only a debut bond offering backed by independent schools but also was the first secured issue from a property company. Sir John said that the proceeds raised would be used to reduce shareholder debt.