DELANCEY

MINERVA DEAL SEES JAMIE RITBLAT FOLLOW IN FARTHER'S PROPERTY FOOTSTEPS

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Ritblat follows in father's property footsteps

Delancey boss secures backing for £200m Minerva deal

By Graham Ruddick

THE London property developer Minerva has recommended a £202.6m offer from a consortium led by Delancey and private equity group Area Property Partners.

The deal for the listed property company represents one of the highest-profile moves by Jamie Ritblat, son of former British Land chief executive Sir John Ritblat, since forming Delancey in 1995.

Alongside the Minerva transaction, Mr Ritblat is attempting to acquire the Olympic Village in Stratford for use after the 2012 Games, and complete an audacious takeover of City office Plantation Place, which was developed by his father at British Land but is now in the hands of bondholders.

Armed with £1bn of equity, billions of pounds of debt, and backing from sovereign wealth funds, Mr Ritblat is emerging from the recession as an even greater influence in the Central London property market. Just as his father did in the downturns of the 20th century, he is playing a central role in the reshaping of the industry as distressed assets are unwound.

Minerva has been in talks with bidders since January and said the 120½p-a-share approach from the Delancey and Area consortium – named Jupiter Properties 2011 UK Limited – was "the most attractive proposal and provides certain value for Minerva shareholders".

This is the third time in three years the company has been engulfed in a takeover battle. Dubai investor Limitless abandoned a deal in 2008, while last year the Minerva board rejected the advances of Nathan Kirsh, the South African investor who owns 30pc of the company.

Mr Kirsh subsequently sought to oust the board but is thought to be impressed with the proposals from Delancey and Area. The tycoon is still mulling over the terms, but even if he rejects the offer the consortium could secure the deal because they only need approval from half of shareholders. To strengthen their hand, Mr Ritblat and Area have already acquired 15pc of Minerva shares.

However, the consortium faces a tough challenge to overhaul Minerva if they secure control.

The company is laden with roughly £800m of debt after developing two major City office schemes, The Walbrook and The St Botolph Building. The 445,000 sq ft Walbrook is still empty despite being completed last year and Central London suffering from a shortage of office space.

In the offer announcement yesterday, Minerva revealed Delancey and Area will supply it with £40m of new short-term funding through a bond issue. These funds will meet the cost of paying down bank facilities, amending terms and paying the expenses related to the takeover talks.

A top 10 shareholder in Minerva said the revelation was "extraordinary".

Minerva says it must repay three facilities totalling £120m this year and it has "recently become clear" the loans could not be extended on existing terms. Minerva also faces a covenant breach on debt backing the Walbrook which could lead to the loans being called in.

The company added: "In the light of prevailing bank financing market conditions, it may become necessary for significant capital to be injected into Minerva either to facilitate future refinancings or to pursue future potential development activities."

Mr Ritblat, however, appears ready to take the battle on. The Walbrook and St Botolphs are quality London office sites and if a tenant is secured then there is potential to sell them on at a significant profit. Minerva also controls prime London development sites at Lancaster Gate near Hyde Park and a residential development site on Kensington High Street.

The 43-year-old Mr Ritblat is financing Delancey's involvement through the evergreen DV4 fund. Delancey raised €1.5bn (£1.3bn) for the fund in 2007 and has access to €6bn including debt. Because the fund has no wind-up date, Mr Ritblat was able to sit on the sidelines in 2008 and 2009 as global property values crashed. He is now in position to sweep up distressed assets as the market turns.

The fund was created after Delancey sold £1.5bn of assets and, speaking to *The Daily Telegraph* in a rare interview in 2008, Mr Ritblat said he had made an "informed decision" about which direction the market was heading.

Delancey was formed in 1995 after the publicity-shy Mr

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Ritblat left his father at British Land to start a business with backing from George Soros's Quantum fund. Delancey floated on the stock market in 1998 before going private in 2001 again.

Mr Ritblat has said in the past he will be running the company for decades. "This is my business. Where am I going to go? Delancey is my life and I am going to carry on doing this for the next 25 to 30 years," he stated three years ago.

Mr Ritblat's father was brought in to advise Delancey on the creation of DV4 and his son stated: "You can't buy experience or knowledge like that."

If the ambition of the Minerva deal is anything to go by then those qualities rubbed off on Mr Ritblat. If the takeover proves a success, he will have created his own legacy in3 the UK property market.

> *"If the takeover proves a success, he will have created his own legacy"*

Plantation Place (right) was developed by Sir John Ritblat (above left) and is now being targeted by Jamie Ritblat (above right)

Sir John Ritblat's daring deals

SIR John Ritblat, father of Delancey boss Jamie Ritblat, became arguably the most respected figure in the UK property industry through a series of daring and innovative deals that transformed British Land.

British Land was founded in 1856 but came under the control of Sir John in 1970. Then the managing director of Union Property, Sir John was offered a 17pc stake in British Land by financier Jim Slater. He subsequently reversed Union into British Land and adopted the name. All for the cost of £1m.

By 1990, Sir John had grown British Land's portfolio from £37m to £1.6bn. Perhaps his two most famous deals, however, were still to come. In December 1991, the Queen, Roy Castle and can-can dancers helped to open the Broadgate Estate, an office complex unprecedented in scale in the City and a monument to the financial sector's growth.

However, the economy was already crashing and the developers, Godfrey Bradman's Rosehaugh and Sir Stuart Lipton's Stanhope, were going with it. Sir John sensed an opportunity. He had learnt lessons from the property crash of the 1970s and had a cash pile ready to deploy. Over the next four years Sir John set about taking control of Broadgate by acquiring Stanhope and finally securing Rosehaugh's 50pc stake from receivers for £120m in January 1996. Broadgate went on to define British Land's presence in the City and is now valued at more than £2bn.

In 1999, Sir John was at it again. He snapped up Meadowhall shopping centre in Sheffield from struggling entrepreneurs Eddie Healey and Paul Sykes for £1.07bn. Again, although the company did not develop the asset, the property has become synonymous with British Land and Sir John.

Sir John finally stepped down as chairman of British Land in 2006, although he remains honorary president. Today, British Land is valued at £5bn.

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