



# SOVEREIGN CAPITAL

CREATIVE CAPITAL FOR GROWTH

INVESTING IN **EDUCATION** TO CREATE MARKET LEADERS

# SOVEREIGN CAPITAL, A LEADING UK INVESTOR IN EDUCATION, HAS DEVELOPED AN IN-DEPTH KNOWLEDGE OF THE SECTOR AND PROVIDES INVESTMENT FOR SCHOOLS AND EDUCATION SERVICES ORGANISATIONS TO ENABLE THEM TO REACH THEIR FULL POTENTIAL.



## SOVEREIGN: EXPERTISE, COMMITMENT AND TRACK-RECORD OF INVESTING IN THE EDUCATION SECTOR

Sovereign has built up considerable experience across the education sector through its investments in leading independent schools group Alpha Plus, special needs schools group SENAD and training and apprenticeship provider esg; an overview of these last two examples can be found on the back page. Under Sovereign's stewardship these organisations have grown considerably, both organically and through acquisition, with ongoing financial and strategic support from Sovereign.

A good example of Sovereign's success in the education sector is its development of the Alpha Plus group of schools.

## ALPHA PLUS

Seventy years after Messrs Davies Laing and Dick founded their eponymous college for civil servants, their descendants agreed that it was time to sell their group of 11 schools, which included renowned schools Wetherby, Pembridge Hall and The Falcons.

Chairman Angus Fraser, who remained with the group, later renamed Alpha Plus, explains: "There were second, third and fourth generation shareholders, and the last executive shareholder on the board was coming up for retirement. The owners were clear that they did not want the business broken up. They wanted the integrity of the business maintained and enhanced, and to see their hopes and plans for it fulfilled."

The owners swiftly concluded that Sovereign Capital was the most appropriate buyer for the schools group. "Alpha Plus was an ideal candidate for Sovereign's Buy & Build strategy," explains Fraser. "Sovereign had a clear strategy for taking the business forward, but were very supportive of the original mission and goals of the group, and of its qualities and ethos."

Ryan Robson, Managing Partner at Sovereign, who had been researching investment opportunities in the education sector, saw in Alpha Plus an investment platform with a great reputation: "It was difficult to find a more prestigious brand. It had a great educational footprint and was an attractive business, with good visibility of both future and historic earnings. There was an opportunity to put in place a dynamic strategy, and use our investment to expand the group in a logical way. We knew the quality of the business, and we wanted to retain all of it. We believed that each individual school was different, had individual characteristics and we wanted to maintain and build upon what was in place – that's something we have achieved."



## HOW HAS SOVEREIGN HELPED?

Having initially injected £26 million to enable the original purchase, which completed in June 2002, a further £14 million of finance was provided to Alpha Plus.

As a result Sovereign and management:

- Invested heavily in people, premises and IT. The facilities in the Alpha Plus schools have been equipped to the highest standard to create interactive learning environments following significant investment over the past five years to develop new sites and enhance existing facilities.
- Won glowing inspections from Ofsted and the Independent School Inspectorate.
- Developed the schools portfolio through the acquisition of Cliff & Silverwood Schools in 2004, The Minors Nursery in 2004 and Davenport Lodge in 2007.
- Expanded pupil capacity by 1,100 places at both ends of the age range and opened new schools in response to parent demand.
- Increased pupil numbers by 44% since 2002 to 2,800 in 2007, through both organic and acquisitive growth.
- Strategically developed the group by forming the Best Practice Network consulting arm in 2003 and through the acquisition of Lyn Fry Associates educational psychology practice in 2004.
- Opened Abingdon House to provide intensive teaching for pupils demonstrating delayed development.
- Found the right buyer to take Alpha Plus onto the next stage of its development.

Alpha Plus's board was also reshaped and re-energised. A new Chief Executive, Paul Brett, was appointed to replace the retiring Managing Director. Paul, previously Strategic Director of Serco plc's educational business, a Director of Education for a Local Authority and a headmaster for many years, had the essential mix of 'soft' and 'hard' skills to develop the Group's premium brands and potential.



Paul Brett comments: "Sovereign has supported considerable investment in the schools to deliver the gold standard of premium quality education to our pupils. Sovereign's knowledge of, and experience in, education has complemented Alpha's management expertise and together we have built a robust business whilst simultaneously raising standards, results and demand for places at our schools."

Under Sovereign's ownership, Alpha Plus became one of the largest groups of independent schools in the UK with 17 schools by late 2007, with a further two in development, covering the spectrum from nursery to 6th Form. Sovereign sold Alpha Plus to Delancey in December 2007.

Jamie Ritblat, Chairman and Chief Executive at Delancey, believes that the property specialists are ideally placed to enhance the schools group further: "We look forward to building on the impressive reputation of Alpha Plus and adding our real estate expertise to the excellent educational and management credentials that have been developed under Sovereign's ownership."

**We continue to look for further opportunities in the education and training sector. If you would like to have a confidential conversation with us about your organisation please call Ryan Robson or David Myers on 020 7828 6944 or visit our website: [www.sovereigncapital.co.uk](http://www.sovereigncapital.co.uk)**

## SINCE THE BUYOUT IN 2002, ALPHA PLUS HAS EXPANDED ITS SERVICES:

2002	2007	INCREASE
11 SCHOOLS	17 SCHOOLS WITH TWO MORE IN DEVELOPMENT	8 SCHOOLS
2,450 PLACES	3,550 PLACES	45%
1,950 PUPILS	2,800 PUPILS	44%

**SERVICES:** SCHOOLS, COLLEGES

**SERVICES:** SCHOOLS, COLLEGES, NURSERIES, CONSULTANCY, EDUCATIONAL PSYCHOLOGY PRACTICE, SPECIAL NEEDS



## ESG

Employability and Skills Group (esg) is a market leading provider of learning and employability programmes. The Group operates from 29 centres across England and employs over 450 people. Last year the Group helped 3,000 employees achieve a recognised qualification and 2,200 unemployed people prepare for and find employment.

Through Sovereign's Buy & Build strategy, esg is formed of four complementary companies:

- Sencia – delivers employability services
- STL – focuses on service sector based SME employers
- Orient – serves large, multi-site, service sector employers
- Triangle – specialises in early years childcare apprenticeships

esg operates in a market with priority state funding that is forecast to grow substantially throughout the next decade.

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## EXPERTISE IN THE EDUCATION SECTOR

In addition to Sovereign's deep sector knowledge and its successful track record in education and training, Ryan Robson, Managing Partner, has a particular interest in the education

## SENAD

Under Sovereign's stewardship, The SENAD Group became the pre-eminent dedicated provider of Special Educational Needs (SEN) schools in the country.

Operating residential schools for children and care homes for young adults across the SEN spectrum, SENAD was developed through Sovereign's Buy & Build expertise and the bringing together of Honormead Schools, Principal Care Services, Tregynon Hall School, Aran Hall School and Orchard School.

Sovereign invested in new facilities for the Group and supported organic growth as well as financing the follow-on acquisitions listed above.

When Sovereign sold the group in 2006, SENAD offered over 400 places for children across seven schools and built a reputation as provider of quality education for the children and young adults in its care.

sector. Ryan has been a director of several leading educational groups and a local authority member with responsibility for school performance. He has chaired a series of policy reviews aimed at improving the educational outcomes for disadvantaged young people.

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Sovereign Capital, the UK private equity Buy & Build specialist, has a strong track record and specific expertise in the service based sectors of healthcare, education & training and business support services. Sovereign Capital is focused on investing in lower mid-market UK consolidators requiring £5m–£20m of equity.

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