

Prospectus dated 9 March 2016



ALPHA PLUS HOLDINGS PLC

(incorporated with limited liability in England and Wales with registered number 04418776)

5.00 per cent. Secured Sterling Bonds due 31 March 2024 secured over a portfolio of real estate and other assets of Alpha Plus Holdings plc and certain of its subsidiaries and affiliates

Issue Price: 100 per cent.

The 5.00 per cent. Secured Sterling Bonds due 31 March 2024 (the “**Bonds**”) of Alpha Plus Holdings plc (the “**Company**”) are proposed to be issued on 31 March 2016 (the “**Issue Date**”). The maximum aggregate principal amount of Bonds that will be issued by the Company is £130 million. The aggregate principal amount of Bonds to be issued within this range will be determined following a process of “bookbuilding” by the Managers as described under “*Subscription and Sale*”, and will be set forth in an announcement which will be published by the Company by Regulatory Information Service (expected to be the Regulatory News Service operated by the London Stock Exchange) on or about 23 March 2016 (the “**Sizing Announcement**”).

The Bonds will rank *pari passu* without any preference amongst themselves. The Bonds will be secured by way of a first legal mortgage over a portfolio of real estate assets of certain of the Company’s subsidiaries and affiliates, a first fixed charge over cash, cash equivalents and other assets of the Company and certain of its subsidiaries and affiliates. The Bonds will also have the benefit of a limited negative pledge. See “*Terms and Conditions of the Bonds - Status of the Bonds and Coupons – Security; Negative Pledge*”.

50 per cent. in principal amount of the Bonds issued will be immediately purchased by or on behalf of the Company on the Issue Date (the “**Retained Bonds**”) and will be held by Deutsche Bank AG, London Branch as custodian (“**Retained Bond Custodian**”) on the terms set out in the custody agreement entered into between the Company, the Trustee and the Retained Bond Custodian.

The Bonds will not be rated by any rating agency.

The Bonds will accrue interest from and including the Issue Date at the fixed rate of 5.00 per cent. per annum. The first payment of interest is due to be made on 30 September 2016 will amount to £2.50 per £100 in principal amount of the Bonds. Thereafter, interest on the Bonds is payable in equal instalments in arrear on 31 March and 30 September in each year.

The Bonds mature on 31 March 2024 (the “**Maturity Date**”). The Bonds are subject to redemption in whole, at their principal amount together with accrued interest, at the option of the Company, at any time in the event of certain United Kingdom tax changes. The Bonds may also be redeemed in whole by the Company, at its option, at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the relevant United Kingdom Government Treasury Stock plus a margin of 0.50 per cent., together with accrued interest. See “*Terms and Conditions of the Bonds - Redemption and Purchase*”.

Application will be made after the publication of the Sizing Announcement to the Financial Conduct Authority (the “**FCA**”) in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “**FSMA**”) (the “**UK Listing Authority**”) for the principal amount of the Bonds referred to in the Sizing Announcement to be admitted to the Official List of the UK Listing Authority and to London Stock Exchange plc (the “**London Stock Exchange**”) for the Bonds to be admitted to trading on the London Stock Exchange’s regulated market (the “**Market**”) and through the electronic order book for retail bonds (the “**ORB**”) of the London Stock Exchange. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (“**MIFID**”).

The denomination of the Bonds shall be £100. The Bonds will initially be represented by a global Bond (the “**Global Bond**”), without interest coupons, which will be deposited with a common depository on behalf of Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and Euroclear Bank SA/NV (“**Euroclear**”) on or about the Issue Date. The Global Bond will be exchangeable for definitive Bonds in bearer form in the denomination of £100 not fewer than 60 days following the request of the holder in the limited circumstances set out in it. See “*Summary of Provisions relating to the Bonds while represented by the Global Bond*”.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE HEADING “RISK FACTORS”.

Managers

Canaccord Genuity Limited

Peel Hunt LLP

IMPORTANT NOTICES

About this document

This document (the “**Prospectus**”) has been prepared in accordance with the Prospectus Rules of the United Kingdom Financial Conduct Authority (the “**FCA**”) and relates to the offer of the Bonds.

The Company’s payment obligations under the Bonds will initially be secured by, *inter alia*, first legal mortgages over certain properties used in the provision of schools and nurseries in London and Coventry and other assets described in this Prospectus (together, the “**Security**”). See Section 7 (*Description of Alpha Plus Holdings plc*)

This Prospectus contains important information about the Company, the Charging Companies (as defined below) the Bonds, the Security and details of how to apply for the Bonds. This Prospectus also describes certain risks relevant to the Company and the Charging Companies and risks relating to an investment in the Bonds generally. You should read and understand fully the contents of this Prospectus before making any investment decision relating to the Bonds.

About the Bonds

The Bonds are freely transferable debt instruments and are due to be issued by the Company on 31 March 2016. The nominal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100; however, the minimum subscription amount per investor is £2,000 of the Bonds in the initial distribution. The maximum aggregate nominal amount of the Bonds to be issued will be £130,000,000 (i.e. 1,300,000 Bonds of £100 nominal amount each). The aggregate nominal amount of the Bonds to be issued will be specified in the Sizing Announcement published by the Company via the Regulatory News Service of London Stock Exchange plc (“**RNS**”) on or around 23 March 2016. The Retained Bonds will be immediately purchased by or on behalf of the Company on the Issue Date and will be held by the Retained Bond Custodian on the terms set out in the custody agreement to be entered into between the Company, the Trustee and the Retained Bond Custodian.

Unless previously redeemed or purchased and cancelled in accordance with the Terms and Conditions of the Bonds, the Bonds will be redeemed at their principal amount on 31 March 2024 (the “**Maturity Date**”).

The Bonds have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and the Bonds are subject to United States tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States.

Responsibility for the information contained in this Prospectus

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where information has been sourced from a third party, this information has been accurately reproduced and as far as each of the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Use of defined terms in this Prospectus

Certain terms or phrases in this document (this “**Prospectus**”) are defined in bold text in double quotation marks and subsequent references to that term are designated with initial capital letters. The locations in this Prospectus where these terms are defined are set out in the *Index of Defined Terms* in this Prospectus.

In this Prospectus, references to the “**Company**” are to Alpha Plus Holdings plc, which is the issuer of the Bonds. References to the “**Charging Companies**” are to each company which, from time to time, provides security for the Company’s obligations under the Bonds (which, on the Issue Date will be the Company, Alpha

Plus Group Limited and DV4 Properties (Pembroke Villas) Co. Limited). See Section 7 (*Description of the Alpha Plus Holdings plc*).

All references in this Prospectus to “**Sterling**”, “**GBP**” and “**£**” refer to the currency of the United Kingdom.

All references in this Prospectus to “**Bonds outstanding**” and “**Bonds from time to time outstanding**” shall exclude any of the Retained Bonds which have not been sold in accordance with the provisions of the Retained Bond Custody Agreement.

The Bonds are not protected by the Financial Services Compensation Scheme

Unlike a bank deposit, the Bonds are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Company, the Charging Companies or the Group as a whole.

Therefore (unlike in the case of a bank deposit), if the Company were to become insolvent or go out of business, the Bondholders could lose all or part of their investment in the Bonds and no governmental body would be required to compensate them for such loss.

What other documents should I read?

This Prospectus contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of the Company and the rights attaching to the Bonds. Some of this information (such as the latest publicly available financial information relating to the Company) is incorporated by reference into the Prospectus. Before making any investment decision in respect of any Bonds, you should read this Prospectus, together with the documents incorporated by reference.

This Prospectus will be made available at the registered office of the Company and will be published at: www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html. Additionally, copies of the documents listed under “*Documents Available*” in Section 17 (*Additional Information*) may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office for the time being of the Principal Paying Agent, being at the date hereof Winchester House, 1 Great Winchester Street, London EC2N 2DB, and at the Company’s registered office for 12 months from the date of this Prospectus.

How to apply

Applications to purchase Bonds cannot be made directly to the Company. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.

After the closing time and date of the Offer Period, which is expected to be 12 (noon) (London time) on 23 March 2016 or such earlier time as may be communicated by the Company via RNS announcement, no Bonds will be offered for sale by or on behalf of the Company or by or on behalf of any of the authorised financial intermediaries described in this Prospectus.

See Section 4 (*Timetable of the Offer and Key Dates*) and Section 5 (*How to Apply for the Bonds*) for more information.

Questions relating to this Prospectus and the Bonds

If you have any questions regarding the content of this Prospectus and/or the Bonds or the actions that you should take, you should seek advice from your independent financial adviser or other professional adviser before making any investment decisions.

How do I use this Prospectus?

You should read and understand fully the contents of this Prospectus, including any document incorporated by reference, before making any investment decision in respect of any Bonds. This Prospectus contains important information about the Company, the other Charging Companies, the Group, the terms of the Bonds; as well as describing certain risks relating to the Company, the Charging Companies, the Group and their businesses and also other risks relating to an investment in the Bonds generally. An overview of the various sections comprising this Prospectus is set out below.

Section 1 (*Summary*) sets out in tabular format standard information which is arranged under standard headings and which the Company is required, for legal and regulatory reasons, to include in a prospectus summary for a prospectus of this type.

Section 2 (*Risk Factors*) describes the principal risks and uncertainties which may affect the ability of the Company and/or the other Charging Companies to fulfil their respective obligations under the Bonds and/or the Guarantee, as well as the risks relating to the Bonds and other risks including those relating to taxation and to the market generally.

Section 3 (*Information about the Bonds*) provides an overview of the Bonds in order to assist the reader.

Section 4 (*Timetable of the Offer and Key Dates*) describes the key dates in relation to the offer of the Bonds.

Section 5 (*How to apply for the Bonds*) provides certain information about how to apply for the Bonds and how the Bonds are allocated.

Section 6 (*Use of Proceeds*) describes the manner in which the Company intends to use the proceeds from the issue of the Bonds.

Section 7 (*Description of Alpha Plus Holdings plc*) provides certain information about the Company and its group structure, as well as the nature of the Group's business.

Section 8 (*Retained Bond Custody Agreement*) provides a summary of the terms and conditions of the Retained Bond Custody Agreement which is applicable to the Retained Bonds.

Section 9 (*Terms and Conditions of the Bonds*) sets out the terms and conditions which apply to the Bonds.

Section 10 (*Summary of Provisions Relating to the Bonds whilst represented by the Global Bond*) provides a summary of certain terms of the Global Bond which apply to the Bonds while they are held in global form by the clearing systems, some of which include minor and/or technical modifications to the Terms and Conditions of the Bonds as set out in this Prospectus.

Section 11 (*Clearing and Settlement*) provides a summary of certain terms relating to transfers of interests in the Global Bond.

Section 12 (*Important Legal Information*) contains some important legal information regarding the basis on which this Prospectus may be used.

Section 13 (*Taxation*) provides a brief outline of certain taxation implications and considerations which may be relevant to the Bonds.

Section 14 (*Subscription and Sale*) contains a description of the Public Offer and the material provisions of the Subscription Agreement, which includes certain selling restrictions applicable to making offers of the Bonds.

Section 15 (*Documents Incorporated by Reference*) sets out the information that is deemed to be incorporated by reference into this Prospectus. This Prospectus should be read together with all information which is deemed to be incorporated into this Prospectus by reference.

Section 16 (*Valuation Report*) sets out the independent valuation report dated 9 March 2016, prepared by Gerald Eve LLP, in respect of the Charged Properties.

Section 17 (*Additional Information*) sets out further information on the Company and the Bonds which the Company is required to include under applicable rules. This includes the availability for inspection of certain documents relating to the Bonds, confirmations from the Company and details regarding the listing of the Bonds.

A “*Table of Contents*” identifying each section of this Prospectus with corresponding page references is included on page vi.

An “*Index of Defined Terms*” is set out on page 121.

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SECTION 1 - SUMMARY

This summary comprises disclosure requirements known as “Elements”. These Elements are numbered in Sections A - E (A.1 - E.7).

This summary contains all the Elements required to be included in a summary relating to the Bonds and the Company. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this summary because of the nature of the Bonds and the Company, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary and marked as “Not Applicable”.

Section A - Introduction and warnings	
A.1	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court of an EU Member State, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.</p>
A.2	<p>Consent to use this Prospectus</p> <p>The Company consents to the use of this Prospectus in connection with any public offer of Bonds in the United Kingdom (a “Public Offer”), including any subsequent resale or final placement of Bonds by financial intermediaries, in the United Kingdom during the Offer Period (as defined below) or such earlier time and date as may be agreed between the Company and Canaccord Genuity Limited and Peel Hunt LLP (the “Managers”), by the Managers and the Authorised Distributors (as defined below).</p>
	<p><i>Offer Period</i></p> <p>A Public Offer may only be made, subject to the conditions set out above, during the period commencing from the date of this Prospectus until 12 (noon) on 23 March 2016 (the “Offer Period”) (or such earlier time and date as may be agreed between the Company and the Managers) by the Company, the Managers or the Authorised Distributors (as defined below).</p>
	<p><i>Authorised Distributors</i></p> <p>Any financial intermediary which (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction (“MiFID”); and (b) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the “Acceptance Statement”):</p> <p><i>“We, [specify name of financial intermediary], refer to the offer of 5.00 per cent. Secured Sterling Bonds due 31 March 2024 (the “Bonds”) described in the Prospectus dated 9 March 2016 (the “Prospectus”) published by Alpha Plus Holdings plc (the “Company”). In consideration of the Company offering to grant its consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom during the Offer Period in accordance with the Authorised Distributor Terms (as specified in the Prospectus), we hereby accept the offer by the Company in accordance with the Authorised Distributor Terms. We</i></p>

	<p><i>confirm that we are authorised under MiFID to make, and are using the Prospectus in connection with, the Public Offer accordingly. Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Prospectus.”</i></p> <p>The financial intermediaries referred to above are together referred to herein as the “Authorised Distributors”.</p> <p>Any Authorised Distributor who wishes to use this Prospectus in connection with any Public Offer as set out above is required, for the duration of the Offer Period, to publish on its website the Acceptance Statement set out above, confirming that it uses the Prospectus in accordance with the consent and the conditions attached thereto.</p>	
	<p>Other than as set out above, the Company has not authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of Bonds. Any such offers are not made on behalf of the Company, the Managers or any Authorised Distributor and none of the Company, the Managers or any Authorised Distributor has any responsibility or liability for the actions of any person making such offers.</p> <p>The information relating to the procedure for making applications and the terms and conditions of the offer by the Managers or by any financial intermediary will be provided by the Managers or the relevant financial intermediary (as applicable) to you at the time of such offer.</p>	
Section B - The Company		
B.1	The legal and commercial name of the Company:	Alpha Plus Holdings plc.
B.2	The domicile and legal form of the Company, the legislation under which the Company operates and its country of incorporation:	<p>The Company was incorporated on 17 April 2002 under the laws of England and Wales as a private limited company (registration number 04418776) under the name of Newincco 162 Limited. The Company changed its name to DLD Holdings Limited on 28 May 2002, and then again on 20 December 2002 to Alpha Plus Holdings Limited. On 15 November 2012, the Company re-registered as a public company and changed its name to Alpha Plus Holdings plc.</p> <p>The principal legislation under which the Company operates is the Companies Act 2006.</p>
B.4b	A description of any known trends affecting the Company and the industries in which it operates:	Not Applicable. There are no known trends affecting the Company and the industry in which it operates.
B.5	Description of the Group and the Company’s position within the Group:	The Company is the parent company of a group of companies and directly or indirectly holds all of the issued ordinary share capital of its subsidiaries.
B.9	Profit forecast or estimate:	Not Applicable. The Company has not made a profit forecast or estimate.
B.10	Qualifications in the audit report:	Not Applicable.
B.12	Selected historical key financial	The selected financial information set out below has been extracted without material adjustment from the consolidated financial statements of the Company

	<p>information:</p>	<p>for the years ending 31 August 2015 and 31 August 2014:</p> <p>Group Statement of Comprehensive Income</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Year ended 31 August 2015</i></th> <th style="text-align: right;"><i>Year ended 31 August 2014</i></th> </tr> <tr> <th></th> <th style="text-align: right;">£000</th> <th style="text-align: right;">£000</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: right;">79,400</td> <td style="text-align: right;">70,973</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">9,523</td> <td style="text-align: right;">10,333</td> </tr> <tr> <td>Operating Profit</td> <td style="text-align: right;">4,700</td> <td style="text-align: right;">5,626</td> </tr> <tr> <td>Profit before tax</td> <td style="text-align: right;">1,732</td> <td style="text-align: right;">3,895</td> </tr> <tr> <td>Profit and total comprehensive income for the year</td> <td style="text-align: right;">1,232</td> <td style="text-align: right;">3,558</td> </tr> </tbody> </table> <p>Group Balance Sheet</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Year ended 31 August 2015</i></th> <th style="text-align: right;"><i>Year ended 31 August 2014</i></th> </tr> <tr> <th></th> <th style="text-align: right;">£000</th> <th style="text-align: right;">£000</th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td style="text-align: right;">133,714</td> <td style="text-align: right;">121,034</td> </tr> <tr> <td>Current Assets</td> <td style="text-align: right;">18,686</td> <td style="text-align: right;">18,099</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">38,099</td> <td style="text-align: right;">34,362</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">82,827</td> <td style="text-align: right;">74,529</td> </tr> <tr> <td>Net Assets</td> <td style="text-align: right;">31,474</td> <td style="text-align: right;">30,242</td> </tr> </tbody> </table> <p>Group Statement of Cash Flows</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Year ended 31 August 2015</i></th> <th style="text-align: right;"><i>Year ended 31 August 2014</i></th> </tr> <tr> <th></th> <th style="text-align: right;">£000</th> <th style="text-align: right;">£000</th> </tr> </thead> <tbody> <tr> <td>Net cash inflows from operating activities</td> <td style="text-align: right;">14,312</td> <td style="text-align: right;">17,097</td> </tr> <tr> <td>Net cash (outflow) from investing activities</td> <td style="text-align: right;">(18,136)</td> <td style="text-align: right;">(10,075)</td> </tr> <tr> <td>Net cash inflow from financing activities</td> <td style="text-align: right;">4,497</td> <td style="text-align: right;">400</td> </tr> <tr> <td>Net increase in cash and cash equivalents</td> <td style="text-align: right;">673</td> <td style="text-align: right;">7,442</td> </tr> </tbody> </table>		<i>Year ended 31 August 2015</i>	<i>Year ended 31 August 2014</i>		£000	£000	Revenue	79,400	70,973	EBITDA	9,523	10,333	Operating Profit	4,700	5,626	Profit before tax	1,732	3,895	Profit and total comprehensive income for the year	1,232	3,558		<i>Year ended 31 August 2015</i>	<i>Year ended 31 August 2014</i>		£000	£000	Non-current assets	133,714	121,034	Current Assets	18,686	18,099	Current liabilities	38,099	34,362	Non-current liabilities	82,827	74,529	Net Assets	31,474	30,242		<i>Year ended 31 August 2015</i>	<i>Year ended 31 August 2014</i>		£000	£000	Net cash inflows from operating activities	14,312	17,097	Net cash (outflow) from investing activities	(18,136)	(10,075)	Net cash inflow from financing activities	4,497	400	Net increase in cash and cash equivalents	673	7,442
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		<p>There has been no material adverse change in the prospects of the Company or the Group and no significant change in the financial or trading position of the Company or the Group since 31 August 2015 (being the end of the last financial period of the Company for which audited or interim financial statements have been published).</p>																																																												
<p>B.13</p>	<p>Recent material events particular to the Company's solvency:</p>	<p>Not Applicable. There have been no recent events particular to the Company which are to a material extent relevant to the evaluation of the Company's solvency.</p>																																																												

B.14	Extent to which the Company is dependent upon other entities within the Group:	The Company is the parent company of a group of companies (the Company and its subsidiaries together, constitute the “ Group ”) and is dependent on the performance of the Group for the satisfaction of its obligations.
B.15	Principal activities of the Company:	<p>The Company is the parent company of the Group which provides private education to children in London as well as elsewhere in England.</p> <p>The Group operates 12 independent schools, 2 nurseries and 4 sixth form colleges, many of which have a long and established history.</p> <p>As an integral part of the Group’s operations, it manages a portfolio of school properties, comprising freehold and leasehold properties. The Group’s property portfolio is valued at £239.75 million on the basis of current use (i.e. trading schools, nurseries and colleges having regard to their trading potential). In addition, the property owned by DV4 Properties (Pembroke Villas) Co. Limited which will form part of the security for the Bonds on the Issue Date is valued at £15.8 million on an investment basis.</p>
B.16	Extent to which the Company is directly or indirectly owned or controlled:	As at 9 March 2016, all of the issued shares of the Company are owned by DV4 Holdings Alpha Plus Co. Limited (“ DV4 Holdings ”) which in turn is owned as to 95.946 per cent. by DV4 Investment Alpha Plus Co. Limited. DV4 Investment Alpha Plus Co. Limited is owned by DV4 Alpha Plus Limited. DV4 Alpha Plus Limited is owned by DV4 Limited. DV4 Limited, the ultimate holding company, is a private company incorporated in the British Virgin Islands. So far as the Company is aware, DV4 Limited is not controlled by any one investor.
B.17	Credit ratings assigned to the Company on its debt securities:	Not Applicable. Neither the Company nor any of its securities are rated by any ratings agency.

Section C – Securities		
C.1	Type and class of the Bonds:	<p>The 5.00 per cent. Secured Sterling Bonds due 31 March 2024 will be issued in bearer form in the denomination of £100.</p> <p>50 per cent. in principal amount of the Bonds issued will be immediately purchased by or on behalf of the Company on the Issue Date (the “Retained Bonds”). The Retained Bonds will be held by Deutsche Bank AG, London Branch as custodian (the “Retained Bond Custodian”) on the terms set out in a custody agreement dated the Issue Date between the Company, the Trustee and the Retained Bond Custodian (the “Retained Bond Custody Agreement”). Retained Bonds are Bonds which the Retained Bond Custodian will hold on behalf of the Company until the Company instructs it to sell those Bonds to raise further funding. The Company may arrange for the sale of the Retained Bonds at any time provided that following any such sale the Value of the Specifically Mortgaged Properties is at least 1.667 times the nominal value of the Bonds outstanding immediately following any such sale of Retained Bonds (see “<i>Covenants – Additional Charged Assets</i>” below).</p> <p>The ISIN for the Bonds is XS1379593566 and the Common Code is 137959356.</p>
C.2	Currency:	Pounds Sterling (“£”).
C.5	A description of any restrictions on the free transferability of the Bonds:	Not Applicable. There are no restrictions on the transferability of the Bonds, however the Company and the Managers have agreed certain customary restrictions on offers, sales and deliveries of Bonds and on the distribution of offering material in the United States, the European Economic Area, the United Kingdom, Jersey, Guernsey and the Isle of Man.
C.8	Description of the rights attaching to the Bonds:	<p>Status of the Bonds:</p> <p>The Bonds constitute secured obligations of the Company and at all times shall rank <i>pari passu</i> (i.e. equally in right of payment) and without preference among themselves.</p> <p>Security:</p> <p>A security or charge is a generic description of certain types of legal rights which can be created in respect of assets whereby the person benefiting from such a right controls any dealing or disposal of the relevant asset. On the Issue Date, as security for the payment and discharge of all present and future obligations of the Company under the Bonds, the Company, its subsidiary Alpha Plus Group Limited, and its affiliate, DV4 Properties (Pembroke Villas) Co. Limited (together with DV4 Properties Fulham</p>

		<p>Co. Limited and any other subsidiary of the Company which might, from time to time, grant security for the Bonds, the “Charging Companies”) will create the following security in favour of the Trustee:</p> <p>(a) a first fixed charge (i.e. a charge secured on particular property or assets of a borrower) granted by the Company over a cash collateral account together with all moneys from time to time standing to the credit thereof (which may, for a limited period of time, include all or part of the proceeds of the issue of the Bonds);</p> <p>(b) a first legal mortgage (i.e. a transfer of the legal title of a property or asset by way of security for particular obligations on the condition that it will be re-transferred on the discharge of such obligations) with respect to all of its right, title, interest and benefit existing now and in the future, in and to certain properties, being initially (but subject to withdrawal and replacement as described below) the properties with the following title numbers (the “Initial Specifically Mortgaged Properties”):</p> <p>(i) NGL551069</p> <p><i>(10 and 11 Pembridge Square, London W2 4ED. Also referred to as Wetherby School, The Minors Nursery School and Pembridge Hall School);</i></p> <p>(ii) NGL344664</p> <p><i>(18 Pembridge Square, London W2 4EH. Also referred to as Pembridge Hall School);</i></p> <p>(iii) 227792</p> <p><i>(19 Pembridge Villas, London W11 3EP. Also referred to as Wetherby School);</i></p> <p>(iv) K225653, K585661 and K867893</p> <p><i>(62 Dry Hill Park Road, Tonbridge, Kent TN10 3BX. Also referred to as Hilden Grange Preparatory School.)</i></p> <p>(v) WK77623</p> <p><i>(21 Davenport Road, Coventry CV5 6QA. Also referred to as Davenport Lodge);</i></p> <p>(vi) BGL89446</p> <p><i>(34a Oxford Gardens, London W10 5UG.</i></p>
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		<p><i>Also referred to as Rolfe's Nursery);</i></p> <p>(vii) LN40265</p> <p><i>(21 and 23 Pembridge Villas, London W11 3EP. Also referred to as The Russian Embassy School.)</i></p> <p>(c) a first fixed charge granted over insurance policies relating to the Specifically Mortgaged Properties;</p> <p>(d) a first fixed charge granted by the Company over certain cash equivalent investments, if any; and</p> <p>(e) a first fixed charge over intellectual property rights relating to the Specifically Mortgaged Properties, including over the following trademarks with the following registration numbers:</p> <p>(i) WETHERBY SCHOOL (App/Reg No. 2498632);</p> <p>(ii) PEMBRIDGE HALL (App/Reg No. 2498630);</p> <p>(iv) ROLFE'S NURSERY (App/Reg No. UK00002657568); and</p> <p>(v) THE MINORS NURSERY (App/Reg No. UK00002657570).</p> <p><i>Covenants:</i></p> <p>The Conditions and/or the Trust Deed contain covenants in favour of holders of Bonds including the following:</p> <p><i>Insurance</i></p> <p>The Company and each Charging Company will maintain (or procure that there is maintained) insurance of the Specifically Mortgaged Properties against all risks (but to the extent commercially available in the London insurance market) and to a standard that is customary for companies carrying on a business that is the same or substantially the same to that carried on by the relevant Charging Company.</p> <p><i>Property Valuation</i></p> <p>The Company will deliver to the Trustee a valuation report in respect of the Specifically Mortgaged Properties at least annually.</p>
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		<p><u>Charged Assets</u></p> <p>The Company will ensure that cash and cash equivalent investments represent not more than 30 per cent. by value of all assets charged by the Company and the other Charging Companies at any time; provided that for the period ending on the earlier of: (i) 3 months from (and including) the issue date of the Bonds; and (ii) the date on which security is created over the Initial Specifically Mortgaged Properties (the title numbers in respect of which are set out above), cash (which may include all or part of the proceeds of the issue of the Bonds) and cash equivalent investments may represent 100 per cent. by value of all assets charged by the Company and the other Charging Companies.</p> <p><u>Value of Charged Assets</u></p> <p>The Company will undertake to procure that, for as long as the Bonds remain due and payable, the Group will provide additional security over its property assets for the benefit of the Bondholders, having an aggregate market value of the individual freehold and leasehold properties (i) as fully equipped and trading entities having regard to their trading potential, in relation to properties owned by the Company and any of its Subsidiaries which is a Charging Company and (ii) on an investment basis, in relation to properties owned by DV4 Properties Fulham Co. Limited and DV4 Properties (Pembridge Villas) Co. Limited (the “DV4 Companies”), in each case, as determined by reference to the most recent valuation prepared pursuant to the Trust Deed (the “Value”) of at least 1.5 times the nominal amount of the Bonds from time to time outstanding (after deducting from such nominal amount of Bonds outstanding from time to time the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, provided as security from time to time).</p> <p><u>Additional Charged Assets</u></p> <p>From the period beginning on the earlier of: (i) 3 months from (and including) the issue date of the Bonds; and (ii) the date on which security is created over the Initial Specifically Mortgaged Properties (the title numbers in respect of which are set out above), the Company and/or the other Charging Companies will provide further security in the form of further property, cash or equivalents of cash (broadly Government or European Investment Bank securities):</p> <p>(a) if a valuation report should demonstrate that the Value of the Specifically Mortgaged Properties is less than 1.5 times the nominal amount of Bonds then outstanding (after</p>
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		<p>deducting from such nominal amount of Bonds then outstanding the sum of (i) any cash and (ii) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security); or</p> <p>(b) for the purposes of ensuring that the Value of the Specifically Mortgaged Properties is at least 1.667 times the nominal value of the Bonds outstanding immediately following any sale of Retained Bonds (after deducting from such nominal amount of Bonds then outstanding the sum of (i) any cash and (ii) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security),</p> <p>so that the Specifically Mortgaged Properties have a Value of at least 1.5 times or (as applicable) 1.667 times the nominal amount of Bonds then outstanding (after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security).</p> <p><u>Withdrawal of Charged Assets</u></p> <p>The Company and/or the Charging Companies will have the right to withdraw properties (or any cash or cash equivalent) from the security package if: (i) a valuation report should demonstrate that the Value of the Specifically Mortgaged Properties is greater than 1.667 times the nominal amount of Bonds then outstanding; or (ii) Bonds have been purchased and cancelled by the Company and a valuation report should demonstrate that the Value of the Specifically Mortgaged Properties is greater than 1.5 times the nominal amount of Bonds then outstanding (in each case, after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments then provided as security).</p> <p>A Charging Company is entitled at any time to withdraw any charged asset from the security package and replace it (or procure that it is replaced by another Charging Company) with another charged asset provided that the value or, where the charged asset to be substituted is a Specifically Mortgaged Property, the Value, of the substituted charged asset is at least equal to the value or, where the charged asset to be withdrawn is a Specifically Mortgaged Property, the Value, of the charged asset withdrawn or, if a valuation has been delivered within sixty days prior to the substitution, the substitution does not result in the Value of the</p>
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		<p>Specifically Mortgaged Properties falling to less than 1.5 times the nominal amount of Bonds then outstanding (after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments, each as provided as security at that time).</p> <p><u>Release of existing security</u></p> <p>Where the Company and/or the other Charging Companies provide further security in the form of additional property and any such property is subject to an existing security interest, the Company shall procure the release of such security so that any security interest subsequently created in favour of the Trustee pursuant to the terms of the Security Deed will not be subject to any prior ranking or <i>pari passu</i> ranking security interest.</p> <p><u>Negative Pledge</u></p> <p>The Bonds contain a negative pledge provision. In general terms, a negative pledge provision restricts an issuer of unsecured bonds from granting security over assets for other comparable bond financings. Condition 3(b) describes the negative pledge which applies to the Bonds and provides that the Company and the other Charging Companies may not create or permit to subsist any security interest over the Charged Assets (or over any of the fixtures, fittings, plant, machinery and other moveable property contained in or attached to the secured properties) provided that the Company and the other Charging Companies may grant in favour of DV4 Holdings and DV4 Investment Alpha Plus Co. Limited:</p> <ul style="list-style-type: none"> (i) first ranking security interests over any assets (other than the Charged Assets but including fixtures, fittings, plant, machinery and other moveable property contained in or attached to the secured properties) of the Company and the other Charging Companies; and (ii) second ranking security interests over any of the Charged Assets. <p>If the Company or any other Charging Company creates any security interest (other than in favour of DV4 Holdings and DV4 Investment Alpha Plus Co. Limited as described above) which under any law in force while the Bonds are outstanding gives any party the right to appoint an administrative receiver of the Company or such other Charging Company then the same security interest will at the same time be granted equally and rateably to the Trustee for the benefit of, <i>inter alios</i>, the Bondholders.</p>
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		<p><u><i>Further Issues</i></u></p> <p>The Company may from time to time, without the consent of the Bondholders or Couponholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further securities shall be consolidated and form a single series with the outstanding Bonds (the “Further Issues”), provided that no Further Issue may be created or issued unless the most recent valuation prepared pursuant to the Trust Deed shows that the aggregate Value of the Specifically Mortgaged Properties will be not less than 1.667 times the nominal amount of Bonds then outstanding and such proposed Further Issue (after deducting from such nominal amount of Bonds then outstanding and such proposed Further Issue the sum of (a) any cash and (b) the market value of any cash equivalent investments then provided as security).</p> <p><i>Events of Default:</i></p> <p>An event of default generally refers to a breach by an issuer or any other obligor of certain provisions described in the terms and conditions of the instrument. Events of Default under the Bonds include those relating to (a) non-payment of principal or interest, (b) breach of other obligations under the Conditions or the Transaction Documents, (c) cross-acceleration of other indebtedness (i.e. meaning that the Company would be in default under the Bonds if the Company or any Charging Company (excluding the DV4 Companies) defaults under any other indebtedness (subject to a £2 million threshold) and such indebtedness becomes due and payable), (d) enforcement proceedings, (e) security enforcement, (f) insolvency, (g) winding-up and (h) a Charging Company which is a Subsidiary ceasing to be a wholly-owned, direct or indirect, subsidiary of the Company. The provisions include certain minimum thresholds and grace periods. In addition, Trustee certification that certain events would be materially prejudicial to the interests of the Bondholders is required before certain events will be deemed to constitute Events of Default.</p> <p><i>Withholding tax:</i></p> <p>Payments of principal and interest by the Company in respect of the Bonds and the Coupons shall be made free and clear of withholding or deduction for tax by or within the United Kingdom unless such withholding or deduction is required by law. In that event, the Company shall pay such additional amounts as will result in receipt by Bondholders and/or Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to</p>
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		<p>certain customary exemptions.</p> <p>Meetings of Bondholders:</p> <p>The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not vote on the relevant resolution and Bondholders who voted in a manner contrary to the majority.</p> <p>Modification, waiver and substitution:</p> <p>The Trustee may, without the consent of Bondholders, agree to (i) any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or (ii) the substitution of another company as principal debtor under any Bonds in place of the Company.</p> <p>Retained Bonds:</p> <p>Pursuant to the terms of the Retained Bond Custody Agreement, the Retained Bond Custodian will hold the Retained Bonds on the Company's behalf. The Company will instruct the Retained Bond Custodian to waive the Company's rights to receive payments (of interest, principal or otherwise) on the Retained Bonds for so long as the Retained Bonds are held on the Company's behalf. Such waiver may not be revoked without the consent of the Trustee.</p> <p>Pursuant to the Trust Deed, the Company will covenant with the Trustee that it will, immediately prior to a sale of any Retained Bonds by the Company, deliver to the Trustee a certificate in writing signed by two directors of the Company (upon which the Trustee may rely without enquiry or liability) addressed to the Trustee confirming that, immediately following the sale of such Retained Bonds, the Value of the Specifically Mortgaged Properties will be at least 1.667 times the nominal amount of the Bonds outstanding immediately following such sale of Retained Bonds.</p> <p>Governing law:</p> <p>English law.</p>
C.9	<p>Interest rate, maturity and early redemption provisions, yield and representatives of the Bondholders:</p>	<p>Interest rate:</p> <p>The Bonds will bear interest from (and including) the Issue Date to (but excluding) the Maturity Date (as defined below) at a fixed rate of 5.00 per cent. per annum. The first payment of interest is due to be made on 30 September 2016 and will amount to £2.50 per £100 in principal amount of the Bonds. Thereafter, interest will be payable semi-annually in</p>

		<p>equal instalments in arrear on 31 March and 30 September in each year.</p> <p>Maturity:</p> <p>Unless previously redeemed or purchased and cancelled in accordance with the Conditions, the Bonds will mature and become due and payable at their principal amount on 31 March 2024.</p> <p>Optional Early Redemption by Company for tax reasons:</p> <p>The Company may, at its option, redeem all, but not some only, of the Bonds at any time at par plus accrued interest in certain circumstances in the event that the Company is obliged to pay additional amounts in respect of the Bonds as a result of any changes in, or amendments to, the tax laws or regulations of the United Kingdom, or the application or official interpretation of such laws or regulations on or after the Issue Date.</p> <p>Optional Early Redemption by Company at any time:</p> <p>The Bonds may also be redeemed in whole by the Company, at its option, at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the 2.75 per cent. United Kingdom Government Treasury Stock due 2024 (or, where for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as may be recommended by a financial adviser for such purpose) plus a margin of 0.50 per cent., together with accrued interest.</p> <p>Indication of Yield:</p> <p>5.00 per cent. The yield is calculated as at the Issue Date on the basis of the Issue Price (being 100 per cent. of the principal amount of the Bonds). It is not an indication of future yield.</p> <p>Trustee:</p> <p>Prudential Trustee Company Limited.</p>
C.10	Derivative component in interest payments:	Not Applicable. The Bonds bear interest at a fixed rate and there is not a derivative component in the interest payment.
C.11	Listing and Admission to Trading:	Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for the Bonds to be admitted to trading on its regulated market and through the electronic order book for retail bonds (the “ORB”) market. Admissions are

		expected to be granted on or about 31 March 2016, subject only to the issue of the Global Bond.
Section D - Risks		
D.2	Information on the key risks that are specific to the Company:	<p>The Group's ability to attract pupils to its schools, colleges and nurseries is affected by a number of factors, including:</p> <ul style="list-style-type: none"> • deteriorating economic conditions in the United Kingdom, such as increased levels of unemployment and increasing levels of inflation, which may have an adverse effect on the disposable income that parents have available to spend on education; • a fall in the academic reputation of a school, college or nursery, which may have an adverse effect on the popularity of the Group's schools, colleges or nurseries; and • fluctuating exchange rates which make it increasingly difficult for families with incomes denominated in currencies other than the British pound to afford to pay the levels of tuition fees charged by the Group. <p>A consequent fall in the number of pupils attending the Group's schools, colleges or nurseries may result in a reduction in or inability to maintain or increase its level of fees which could have a material adverse effect on the business, results of operations and financial condition of the Group.</p> <p>The Group's policy is to aim to increase the already significant number of non-UK/EU students who attend the Group's colleges. However, the implementation of further stringent UK Government policies on immigration or the revocation of the Group's licences from the UK Border Agency which affects the Group's ability to obtain visas for overseas students, may result in a downturn in the number of non-UK/EU students attending the Group's colleges. This may, in turn, have an adverse effect on the Group's fee income and accordingly its results of operations and financial condition.</p> <p>The Group's schools, colleges and nurseries compete for pupils with a wide variety of other education establishments in England and Wales. Continuing and increased competition, as well as a failure by the Group to successfully differentiate itself could affect the Group's ability to attract pupils, or maintain or increase its levels of fees.</p> <p>The Group's schools, colleges and nurseries are subject to regulations and standards applicable in the United Kingdom. Any legal or regulatory changes</p>

		<p>could result in additional costs for the Group.</p> <p>A number of the Group's schools reside in leasehold properties which benefit from a variety of leases that expire between 2016 and 2040. A failure to extend such leases or to find replacement sites for schools, nurseries and colleges occupying short leasehold properties may hinder the Group's growth and reduce student numbers.</p> <p>The properties located at Hugon Road and 21 and 23 Pembridge Villas do not currently operate as Alpha Plus schools, but were acquired by the DV4 Companies with tenants in situ. The Value of these investment properties is contingent on the rent being paid by the tenants on a timely basis. There can be no assurance that the tenants will pay rent in a timely manner and as a result the Value of these investment properties might decline.</p>
D.3	Information on the key risks that are specific to the Bonds:	<p>There are also risks associated with the Bonds including a range of risks relating to the structure of the Bonds, market risks and risks relating to the Bonds generally.</p> <p>First, because, unlike a bank deposit, the Bonds are not protected by the Financial Services Compensation Scheme, upon the failure of the Company, there is a risk that Bondholders may lose all or part of their investment.</p> <p>There is also the risk of an early redemption of the Bonds by the Company because of a change in law or at its option which may result in an investor not being able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds. Furthermore, the realisation from a sale of the Bonds at any time prior to their stated maturity may be below the investment price.</p> <p>Finally, the terms and conditions of the Bonds contain provisions for calling meetings of Bondholders which permit defined majorities to bind all Bondholders including Bondholders who did not vote on the relevant resolution and Bondholders who voted in a manner contrary to the majority.</p>
Section E - Offer:		
E.2b	Reason for the offer and use of proceeds:	<p>The net proceeds of the offer of the Bonds (the "Offer") will be determined by deducting (a) the total expenses incurred in connection with the transaction (estimated at the date of this Prospectus to be £615,000) and (b) the Managers' management and distribution fee of 1.0 per cent. of the total principal amount of the Bonds subscribed and paid for, from the subscription monies payable by the Managers to the Company in respect of the Bonds.</p>

		<p>The net proceeds will be set out in the Sizing Announcement following the completion of the Offer Period.</p> <p>The net proceeds of the issue of the Bonds (or in the case of the Retained Bonds, the net proceeds of sale of the Retained Bonds to a third party (after deduction of expenses payable by the Company)) will be:</p> <ul style="list-style-type: none"> ● used as to all amounts raised up to £34.085 million, by the Company to repay shareholder debt owed to DV4 Holdings; and ● in respect of any proceeds in excess of £34.085 million, used by the Company for general corporate purposes.
E.3	Terms and Conditions of the Offer:	<p><i>Size and Price of Issue:</i></p> <p>The aggregate principal amount of the Bonds to be issued following the Offer will depend partly on the amount of Bonds for which indicative offers to subscribe are received during the Offer Period and will be specified in the Sizing Announcement. The Bonds will be issued at the Issue Price.</p> <p>The minimum subscription per investor is £2,000 in principal amount of the Bonds. There is no maximum amount of the Bonds per investor which can be subscribed for or that may be issued. There is no minimum aggregate principal amount of Bonds that will be issued by the Company. The maximum aggregate principal amount of Bonds that will be issued by the Company (including the Retained Bonds) is £130 million.</p> <p><i>Allocations:</i></p> <p>Investors will be notified by the Managers or their relevant Authorised Distributor (as applicable) of their allocations of Bonds (if any) in accordance with the arrangements in place between the relevant investor and the relevant Manager or Authorised Distributor. Investors may not be allocated all the Bonds for which they apply.</p> <p>If the issue is oversubscribed, there will be no refund as investors will not be required to pay for any Bonds until any application for Bonds has been accepted and the Bonds allotted.</p> <p><i>Conditions to which the Offer is subject:</i></p> <p>The issue of the Bonds will be conditional upon the subscription agreement expected to be dated on or about 29 March 2016 between the Company and the Managers (the “Subscription Agreement”) being signed and will be made further to the terms of the</p>

		<p>Subscription Agreement which will in certain circumstances entitle the Managers to be released and discharged from its obligations under the Subscription Agreement prior to the issue of the Bonds.</p> <p>An offer of the Bonds may be made by the Managers or any Authorised Distributor in the United Kingdom, Jersey, Guernsey and/or the Isle of Man during the Offer Period.</p> <p>Any investor intending to acquire any Bonds from a bank, financial intermediary or other entity (including an Authorised Distributor) will do so in accordance with any terms and other arrangements in place between the seller or distributor and such investor, including as to price, allocations and settlement arrangements.</p>
E.4	Interests of natural and legal persons involved in the offer and issue of the Bonds, including conflicts of interest:	So far as the Company is aware, no person involved in the offer of the Bonds has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Bonds.
E.7	Estimated expenses charged to investors by the Company or the Authorised Distributors:	<p>Neither the Company nor Canaccord Genuity Limited nor Peel Hunt LLP will charge any expenses to any investor.</p> <p>Expenses may be charged by an Authorised Distributor who is unknown at the date of this Prospectus; however, such expenses are unknown as at the date hereof as they are beyond the control of the Company and are not set by the Company. They may vary depending on the size of the amount subscribed and the investor's arrangements with the Authorised Distributor.</p> <p>Although the Bonds are being issued at the Issue Price and offered at the offer price as described above, the Company will not receive the entire Issue Price in respect of the aggregate nominal amount of Bonds to be issued because it will pay a management and distribution fee of 1.0 per cent. of the total principal amount of the Bonds subscribed and paid for. These fees will be payable by the Company to the Managers (who may share such fees with the Authorised Distributors and any other financial intermediaries that are appointed by a Manager to procure places for and/or to distribute the Bonds) and will be deducted from the subscription moneys payable by the Managers to the Company in respect of the Bonds.</p>

SECTION 2 - RISK FACTORS

The Company believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Company believes may be material for the purpose of assessing the market risks associated with Bonds are also described below.

The Company believes that the factors described below represent the principal risks inherent in investing in Bonds, but the Company may be unable to pay interest, principal or other amounts on the Bonds for other reasons and the Company does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Further risk factors that are currently not known, or that are currently not considered significant, could also affect the Group's future operations, results and financial position and, therefore, the Company's ability to meet its obligations under the Bonds.

Prospective investors should carefully read and consider all the risk factors set forth below and all of the information provided in this Prospectus and in the documents incorporated by reference in this Prospectus and should make their own independent evaluations of all the risk factors and all such information, and consult with their own professional advisers if they consider it necessary, prior to making any investment decision with respect to the Bonds.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

The ability of the Group to attract pupils and the willingness to pay fees may be adversely affected by deteriorating economic conditions

Deteriorating economic conditions in the United Kingdom could adversely affect the Group's business.

Recessionary pressures and other negative economic factors in the United Kingdom and elsewhere such as increased levels of unemployment, redundancies, increasing levels of inflation, declining incomes, rising interest rates, tax increases and falling house prices may have an adverse effect on the disposable income that parents have available to spend on education and accordingly on the ability of the Group to attract pupils to its schools, colleges and nurseries. The occurrence of such negative economic factors may also affect the ability of the Group to increase or maintain its current fee levels.

A consequent fall in the number pupils attending the Group's schools, colleges or nurseries, or a reduction in or inability to maintain or increase its level of fees, could have an adverse effect on the business, results of operations and financial condition of the Group.

The ability of the Group to attract pupils and the willingness to pay fees may be adversely affected by events that affect the academic reputation and popularity of the Group's schools, colleges and nurseries

The Group's ability to attract and retain pupils is to a large extent dependent on the academic reputation and popularity of its schools, colleges and nurseries. A fall in the academic reputation of a school, college or nursery or some other event such as an individual teacher's inappropriate behaviour, could impact negatively on the reputation of the affected school, college or nursery or in certain circumstances on the reputation of the schools, colleges and nurseries of the Group as a whole.

A reduction in the number of pupils attending the Group's schools, colleges or nurseries, or a reduction in or inability to increase the level of fees as a result of a fall in reputation of any of the Group's schools, colleges and nurseries or in the schools, colleges and nurseries of the Group as a whole, could have an adverse effect on the Group's business, results of operations and financial condition.

Changes to the United Kingdom Government's immigration policy may reduce the number of non-UK/EU students who can attend the Group's colleges

A significant number of non-UK/EU students attend the Group's colleges and the Group's policy is to aim to increase the numbers of such students. The Group's ability to maintain or grow current levels of non-UK/EU student recruitment is dependent upon a number of factors including the UK government's immigration policy,

the growth of international higher education in other countries and international political and economic developments.

The Group's colleges all hold a UK Visa and Immigration (the "UKVI") 'Highly Trusted' Tier 4 Sponsor's Licence (the "Licences") which is the highest rating awarded to institutions that sponsor overseas students who enter the UK for their studies. The rating conveys that the colleges have been complying with immigration laws to a high standard. The Licences have to be renewed every 12 months and may be suspended or revoked by UKVI for a number of reasons before their expiry date. Renewal of the Licences may be refused on various grounds.

Suspension or revocation of and refusal to renew the Licences may all have an adverse effect on the Group's ability to obtain visas for overseas students.

The implementation of increasingly stringent UK Government policies on immigration or the availability of student visas may result in fewer non-UK/EU students being able to obtain the necessary permissions to be able to study at the Group's colleges in the UK.

Any downturn in the number of non-UK/EU students attending the Group's colleges by reason of the loss of any of the Licences, increasingly stringent UK Government policies on immigration or because of international political or economic uncertainties or events, may have an adverse effect on the Group's fee income and accordingly on its results of operations and financial condition.

The Group faces competition in the UK education sector which may have an adverse effect on the Group's business and financial condition

The Group's schools, colleges and nurseries compete for pupils with a wide variety of other education establishments in England and Wales. Such establishments may offer higher facility levels or lower fees and may be backed by greater financial and operational resources.

Continuing and increased competition and a failure by the Group to differentiate itself successfully from its competitors could affect the Group's ability to attract pupils or maintain or increase its level of fees and so may adversely affect the Group's operating results, financial condition and prospects.

The ability of non-UK pupils to pay the Group's fees which are charged in British pounds may be affected by fluctuating exchange rates

The Group's fees for attending its schools and colleges are charged in British pounds. A significant proportion of the Group's sixth form college pupils come from overseas, in particular from Asia and Africa.

In these cases, the incomes of the pupils' families are likely to be in currencies other than British pounds. If the British pound appreciates against such currencies, the families of pupils making such payments may find it increasingly difficult to afford to pay the levels of tuition fees charged by the Group's schools and colleges.

The Group may be adversely affected by the loss of its senior management and other key personnel

The Group's future success may be adversely affected by the loss of the services and continuing contribution of its Directors, senior managers and other key personnel. Head teachers are of particular importance to the schools and colleges and the loss of the services of any such persons as well as of any senior management could have an adverse effect on the Group's business. The Group has not taken out key man insurance for all of its Directors, senior managers or key personnel. Loss of certain key personnel may have an adverse effect on the Group's operating results and prospects.

Valuations of the Group's properties might not reflect actual sale prices

Valuations of property are subject to uncertainty and cash generated on disposal may be different from the value of the asset previously carried on the balance sheet. There is no assurance that valuations of the Group's properties, when made, will reflect actual sale prices even where those sales occur shortly after the valuation date. This may mean that the value ascribed by the Company and the Group to the properties held by it may not reflect the value realised on sale (whether at the option of the Company or as a result of the Trustee enforcing a security interest over any such property as created, evidenced or conferred by or under the Security Deed), and

that the returns generated by the Group on disposals of properties are less than anticipated, which may mean that the Company is unable to make interest payments or repay principal under the Bonds in full. As a result, Bondholders may lose all or part of their investment in the Bonds.

The value of the Group's properties may also be affected by other factors specific to the real estate market, including competition from other property owners, the perceptions of prospective buyers of the attractiveness and suitability of the properties. A reduction in the value of the properties owned by the Group may have an adverse effect on the ability of the Company to make interest payments or repay principal under the Bonds. As a result, Bondholders may lose all or part of their investment in the Bonds.

Health and safety

There is a risk of accidents at the premises owned and/or operated by the Group which places great importance on health and safety.

The Group has approved policies and procedures applicable to all of its premises. In addition, the Group has insurance in place which the Company considers provides an adequate level of protection against third party claims.

Should an accident occur which is of a nature that is not adequately covered by insurance, the resulting adverse publicity and costs could have a material adverse effect on the Group's reputation as well as on its business and financial condition.

Regulation of schools

The Group's schools, colleges and nurseries are subject to regulations and standards applicable in the United Kingdom.

Each school must be registered with the Department for Education (formerly the Department for Children, School and Families) and is subject to independent inspections, carried out either by the Office for Standards in Education ("Ofsted") or by the Independent Schools Inspectorate ("ISI").

Any adverse inspection reports by Ofsted or ISI in respect of any of the Group's colleges, schools or nurseries could adversely affect the reputation of that school, college or nursery or of the Group's schools, colleges and nurseries as a whole, and accordingly could have a material adverse effect on the Group's business and financial condition.

Any changes in the relevant legal framework may result in further costs for the Group in ensuring any additional compliance.

Failure to extend leases or find replacement sites for schools, nurseries and colleges occupying short leasehold properties may hinder growth and reduce student numbers

A number of the Group's schools reside in leasehold properties which benefit from a variety of leases that expire between 2016 and 2040. As part of their day-to-day operations, the Group manages this aspect of the business by either proactively engaging with landlords to discuss lease extensions or finding replacement sites. Finding replacement sites can involve either (a) moving into new sites which already have planning for educational use, (b) acquiring sites which have planning for educational use and constructing a school, college or nursery, or (c) acquiring sites and changing the existing use of the buildings on such to that of a school, college or nursery. The acquisition of such sites may also enable schools, colleges or nurseries to expand or to relocate to improved or larger premises.

The Group may not be able to agree terms with their landlords to extend existing leases or identify sufficient suitable new, additional or replacement sites for its needs. In addition, even if suitable sites are identified, the Group may be unable to obtain planning permission for the use of such site as a school, college or nursery, or any planning permission that is forthcoming may be subject to conditions that do not permit the site to be operated profitably within the Group's financial requirements.

A failure by the Group to extend their leases and/or identify and acquire sufficient new or replacement sites for schools, colleges or nurseries that currently reside in leasehold properties may restrict the Group's ability to

continue operations of certain of its schools, colleges and nurseries and therefore may restrict the Group's ability to maintain or increase the number of pupils attending its schools, colleges and nurseries students and so may adversely affect its revenue and profits.

Uninsured losses

The Company believes that the Group's properties and other assets are adequately insured to cover all appropriate losses.

However, the Group's properties could suffer physical damage by fire or other causes, resulting in losses (including business interruption and consequent loss of fees) to the extent not covered by third-party insurers. There are also certain types of losses that may be uninsurable or are not economically insurable. In addition, insurance proceeds may be insufficient to repair or replace properties that are damaged or destroyed.

Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future fee revenue from the schools, colleges or nurseries that operate from those properties. In addition, the Group could be liable to repair damage caused by uninsured risks and/or remain liable for any debt or other financial obligation related to those properties.

Properties located at Hugon Road and 21 and 23 Pembridge Villas

The properties located at Hugon Road and 21 and 23 Pembridge Villas do not currently operate as Alpha Plus schools, but were acquired by the DV4 Companies with tenants in situ with the medium-to-long term potential of being contributed to the Alpha Plus business upon expiry of their current leases. The value of these investment properties is contingent on the rent being paid by the tenants on a timely basis and there can be no assurance that the tenants will pay rent in a timely manner.

The tenant at Hugon Road is Thomas' Schools, a well-known school operator in Southwest London which operates its "Thomas' School Fulham" at this property. The school is well-attended and operates at full capacity. There is no history of non-payment of rent which is currently £966,000 per annum.

The tenant at 21 and 23 Pembridge Villas is The Russian Federation which operates "The Russian Embassy School" on site for the children of their embassy employees. There is no history of non-payment of rent by The Russian Federation which is currently £561,000 per annum subject to annual RPI uplifts.

In each case, if the tenants were to fail to pay its rent, the Company (or one of its Subsidiaries) would have the opportunity to acquire or lease on market terms from its affiliates the relevant properties in advance of the lease expiry dates. Both properties are located in prime locations with valuable educational planning use and would provide ideal premises for new Alpha Plus schools or extensions to existing Alpha Plus schools.

At the date of the Prospectus, the property located at Hugon Road does not form part of the security for the Bonds. However, in connection with the provision of additional security for the Bonds (see "*Summary – Securities - Additional Charged Assets*"), it is possible that the property located at Hugon Road could be included as additional security at a future date.

RISKS RELATING TO THE BONDS

The Bonds are not protected by the Financial Services Compensation Scheme

Unlike a bank deposit, the Bonds are not protected by the Financial Services Compensation Scheme (the "FSCS"). As a result, the FSCS will not pay compensation to an investor in the Bonds upon the failure of the Company. If the Company and the other Charging Companies go out of business or become insolvent, Bondholders may lose all or part of their investment in the Bonds.

Interest rate risks

The Bonds bear interest at a fixed rate. Potential investors should note that if interest rates rise, then the income payable on the Bonds might become less attractive and the price that investors could realise on a sale of the Bonds may fall. However, the market price of the Bonds from time to time has no effect on the total income that investors receive if the investor holds the Bonds until the maturity date. Further, inflation will reduce the real

value of the Bonds over time, which may affect what investors could buy with their investment in the future and may make the fixed rate payable on the Bonds less attractive in the future, again affecting the price that investors could realise on a sale of the Bonds.

Modification, waivers and substitution

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not vote on the relevant resolution and Bondholders who voted in a manner contrary to the majority.

The Trust Deed also provides that the Trustee may without the consent of Bondholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds or the Transaction Documents or (ii) determine that any Event of Default or potential Event of Default should not be treated as such or (iii) agree to the substitution of another company as principal debtor under the Bonds in place of the Company, in the circumstances described in Condition 11 (*Meetings of Bondholders, Modification and Waiver, and Substitution*).

Change of law

The Terms and Conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

The Bonds may be redeemed prior to maturity

If a change in law results in the Company becoming obliged to increase the amounts payable under the Bonds pursuant to Condition 7, the Company may, at its option, redeem the Bonds early in whole, but not in part, pursuant to Condition 5(b). If the Company redeems the Bonds under such circumstances, the redemption price will be the principal amount of the Bonds plus any accrued interest. See *“Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for taxation reasons”*. The Bonds may also be redeemed early at the option of the Company in whole, but not in part, at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the 2.75 per cent. United Kingdom Government Treasury Stock due 2024 (or, where for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as may be recommended by a financial adviser for such purpose) plus a margin of 0.50 per cent. together with accrued interest. See *“Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of the Company”*.

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate.

Holding CREST Depository Interests

Investors may hold interests in the Bonds through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited), (“**CREST**”) a central electronic securities depository system which allows for the issuance of dematerialised depository interests (i.e. interests held in electronic rather than in paper form) (“**CREST Depository Interests**” or “**CDIs**”). CDIs are issued, held, settled and transferred through CREST, representing interests in the Bonds underlying the CDIs (the “**Underlying Bonds**”). CREST Depository Interests are independent securities distinct from the Bonds, constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the “**CREST Depository**”). Neither the Bonds nor any rights attached thereto will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. Holders of CREST Depository Interests (“**CDI Holders**”) will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Bonds. The rights of CDI Holders to the Underlying Bonds are represented by the relevant entitlements against the CREST Depository which (through CREST International Nominees Limited (“**CREST Nominee**”), holds interests in the Underlying Bonds. Accordingly, rights under the Underlying Bonds cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Underlying Bonds will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are

fungible (i.e. capable of being substituted in place of one another) with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Company, including the pursuant to the global deed poll dated 25 June 2001 as subsequently modified, supplemented and/or restated (the “**CREST Deed Poll**”). Potential investors should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008, as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”), and the CREST Rules (the “**CREST Rules**”) contained in the CREST Manual applicable to the CREST International Settlement Links Service contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Bonds which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Bonds through the CREST International Settlement Links Service.

Potential investors should note that none of the Company, the Managers, the Trustee or any Paying Agent has any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations. For further information on the issue and holding of CDIs see the section “*Clearing and Settlement*”.

No formal credit ratings

The Bonds will not be assigned a credit rating by any rating agency on issue and nor does the Company currently have any intention of applying for a credit rating from any credit rating agency. However, one or more independent credit rating agencies may assign credit ratings to some or all of the Bonds prior to their redemption. Any such ratings may not reflect the potential impact of all risks relating to the market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Negative pledge and appointment of an administrative receiver

The Bonds contain a negative pledge provision. In general terms, a negative pledge provision restricts an issuer of unsecured bonds from granting security over assets for other comparable bond financings. Condition 3(b) describes the negative pledge which applies to the Bonds and provides that the Company and the other Charging Companies may create security interests over their assets (but may not create security interests over the Charged Assets and any of the fixtures, fittings, plant, machinery and other moveable property contained in or attached to the secured properties) subject to the exceptions in relation to the security interests granted to DV4 Holdings and DV4 Investment Alpha Plus Co. Limited set out in Condition 3(b) and provided that if the Company or any other Charging Company creates any security interest (other than in favour of DV4 Holdings and DV4 Investment Alpha Plus Co. Limited) which under any law in force whilst the Bonds are outstanding gives any party the right to appoint an administrative receiver (i.e. a person placed in the custodial responsibility for the property of others, including tangible and intangible assets and rights where, for example, a company cannot meet its financial obligations or enters bankruptcy) of the Company or such other Charging Company, then the same security interest will at the same time be granted equally and rateably to the Trustee for the benefit of, inter alios, the Bondholders.

An administrative receiver may only be appointed by the holder of certain floating charges (i.e. a charge taken over all the assets or a class of assets of a borrower from time to time) over the whole (or substantially the whole) of the property of the company. The Insolvency Act 1986 (the “**Insolvency Act**”) restricts the right of the holder of (a) a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003) or (b) the holder of a qualifying floating charge (i.e. a charge which enables its holder to appoint an administrative receiver without the need for a court order) (as defined in the Insolvency Act) to

appoint an administrative receiver (unless an exception applies) and instead gives primacy to collective insolvent procedures (in particular, administration).

The Insolvency Act contains provisions that allow for the appointment of an administrative receiver in relation to, *inter alia*, certain transactions in the capital markets (the “**capital markets exception**”). The capital markets exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50,000,000 and if the arrangement involves the issue of capital market investments (also defined in the Insolvency Act, but generally a rated, listed or traded debt instrument). To date there is as yet no case law on how the capital markets exception will be interpreted.

Therefore, if the Company or any of the other Charging Companies were to create a qualifying floating charge over their respective assets other than by way of a qualifying floating charge in relation to which an exception applies under the Insolvency Act, the holder of such qualifying floating charge would not be entitled to appoint an administrative receiver. As a result, the Company or the other Charging Companies would not be required to grant a qualifying floating charge in favour of the Trustee for the benefit of the Bondholders. If the holder of a qualifying floating charge were not able to appoint an administrative receiver in respect of one or more of the Company or any of the other Charging Companies, such companies would in all likelihood, respectively, be subject to administration if they were to become insolvent. In these circumstances, the relevant Charging Company would be subject to an automatic statutory moratorium which would prevent the Trustee from enforcing the Security (as defined in the Terms and Conditions of the Bonds) without the prior consent of the administrator or the consent of the court. As a result, the proceeds of enforcement of the Security may not be readily available to repay the Bonds.

If the Company or any of the other Charging Companies were to create a qualifying floating charge over their respective assets in relation to which an exception applies under the Insolvency Act, the holder of such qualifying floating charge would be entitled to appoint an administrative receiver. As a result, the Company and any other Charging Company (as applicable) would be required to grant a qualifying floating charge in favour of the Trustee for the benefit of the Bondholders.

Under the British Virgin Islands Insolvency Act 2003 (the “**BVI Insolvency Act**”) any receiver appointed under a floating charge created by any Charging Company incorporated in the British Virgin Islands (the “**BVI Charging Company**”) over all or substantially all of the assets and undertaking of such a company will be treated as an administrative receiver for the purposes of British Virgin Islands law. Where the floating charge is governed by foreign law (such as English law) which would not permit the appointment of an administrative receiver in the relevant circumstances, the position is unclear, and has not been considered by the courts. At present it is not possible to obtain an administration order over any Charging Company incorporated in the British Virgin Islands pursuant to the BVI Insolvency Act.

Security may constitute a transaction at an undervalue or preference

A liquidator or administrator of a Charging Company incorporated in England and Wales could apply to the court to unwind the granting of security pursuant to the Security Deed (as defined in the Terms and Conditions of the Bonds) if such liquidator or administrator believed that granting of security pursuant to the Security Deed constituted a transaction at an undervalue. The Charging Companies believe that the security granted pursuant to the Security Deed will not be a transaction at an undervalue and that the security will be provided in good faith for the purposes of carrying on the business of each Charging Company incorporated in England and Wales and that there are reasonable grounds for believing that the transactions will benefit each Charging Company. However, there can be no assurance that the provision of the security will not be challenged by a liquidator or administrator or that a court would support the analysis of the Charging Companies (other than DV4 Properties (Pembroke Villas) Co. Limited and, if applicable, DV4 Properties Fulham Co. Limited).

A liquidator of a BVI Charging Company could apply to the court to unwind the granting of security pursuant to the Security Deed (as defined in the Terms and Conditions of the Bonds) if such liquidator believed that granting of security pursuant to the Security Deed constituted a transaction at an undervalue, if such undervalue transaction was entered into by such BVI Charging Company within six months of the onset of liquidation (or two years if the undervalue transaction is with a “connected person”) and, at the time of the undervalue transaction, that BVI Charging Company were technically insolvent or became so as a result of the undervalue transaction. Under section 246(2) of the BVI Insolvency Act, a company does not enter into an undervalue

transaction with a person if (a) the company enters into the transaction in good faith and for the purposes of its business and (b) at the time when it enters into the transaction, there were reasonable grounds for believing that the transaction would benefit the company. The Charging Companies believe that the security granted pursuant to the Security Deed will not be a transaction at an undervalue and that the security will be provided in good faith for the purposes of carrying on the business of each BVI Charging Company and that there are reasonable grounds for believing that the transactions will benefit each Charging Company. However, there can be no assurance that the provision of the security will not be challenged by a liquidator or that a court would support the analysis of the BVI Charging Company.

If the liquidator or administrator can show that any of the Charging Companies incorporated in England and Wales has given a “preference” to any person within six months of the onset of liquidation or administration (or two years if the preference is to a “connected person”) and, at the time of the preference, that Charging Company were technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company’s creditors (or a surety or guarantor for any of the company’s debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The court may not make an order avoiding a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position. This provision of English insolvency law may affect transactions entered into or payments made by any of the Charging Companies during the relevant period prior to the liquidation or administration of such Charging Company.

If the liquidator can show that any of the BVI Charging Companies has given a “preference” to any person within six months of the onset of liquidation or administration (or two years if the preference is to a “connected person”) and, at the time of the preference, that BVI Charging Company were technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company’s creditors (or a surety or guarantor for any of the company’s debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. Under section 245(2) of the BVI Insolvency Act, a transaction is not an unfair preference if the transaction took place in the ordinary course of business. This provision of BVI insolvency law may affect transactions entered into or payments made by any of the BVI Charging Companies during the relevant period prior to the liquidation or administration of such BVI Charging Company.

In addition, if it can be shown that a transaction was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors. Any person, who is a “victim” of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction. None of the Charging Companies incorporated in England and Wales believes that it has entered into any transaction which may be regarded as being for less than fair value or to shield assets from its creditors.

Fixed security interests may be recharacterised as floating security interests due to the degree of control exercised over certain underlying assets, including over bank accounts, and as a result of the full proceeds of enforcement may not be available to repay the Bonds

There is a possibility that a court could find that the fixed security interests (i.e. a charge secured on particular property or assets of a borrower) expressed to be created by the Security Deed could take effect as floating charges (i.e. a charge taken over all the assets or a class of assets of a borrower from time to time) as the description given to them as first fixed charges is not determinative. Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Trustee has the requisite degree of control over the relevant assets and exercises that control in practice.

The Company has, in accordance with the terms of the Security Deed, established a Cash Collateral Account into which, among other things, certain payments may (or in the case of the proceeds of issuance of the Bonds must) be made. The Company, pursuant to the terms of the Security Deed, will grant security over the Cash Collateral Account and certain Cash Equivalent Investments, which security is expressed to be by way of a first fixed charge.

Although the Cash Collateral Account and the Cash Equivalent Investments are stated to be subject to various degrees of control, there is a risk that, if the Trustee does not exercise the requisite degree of control over the Cash Collateral Account and the Cash Equivalent Investments, in practice, a court could determine that the security interests granted in respect of the Cash Collateral Account and the Cash Equivalent Investments take effect as floating security interests only, notwithstanding that the security interests are expressed to be fixed. In such circumstances, moneys credited to the Cash Collateral Account or the proceeds of realisation of Cash Equivalent Investments could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the Company.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors of the Company in respect of that part of its net property which is ring-fenced as a result of the Enterprise Act 2002 and (ii) certain statutorily defined preferential creditors of the Company, may have priority over the rights of the Trustee to the proceeds of enforcement of such security in accordance with s176A of the Insolvency Act 1986. To the extent that the assets of the Company are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Security Deed may be first used to satisfy any claims of unsecured creditors, up to an amount equal to £600,000. As a result, the full amount of the proceeds of enforcement of the security may not be available to repay the Bonds.

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Buchler & Another v Talbot & Ors* [2004] UKHL 9. Accordingly, it is now the case that the costs and expenses of a liquidation (including corporation tax on capital gains) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. As a result of the changes described above, upon the enforcement of the floating charge security granted by the Company, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Security Deed will be reduced by at least a significant proportion of any liquidation expenses.

Insufficiency of security and structural subordination

If there is an event of default under the Bonds, the holders of the Bonds will be secured by certain of the assets of the Company and the other Charging Companies in accordance with the terms of the Security Deed. To the extent that the claims of the holders of the Bonds exceed the value of the security (including the property secured pursuant to the Security Deed) securing the Bonds, those claims will rank equally with the claims of the holders of all other existing and future unsecured indebtedness of the Company. In such event, holders of the Bonds will be structurally subordinated to any creditor (including secured creditors such as DV4 Holdings and DV4 Investment Alpha Plus Co. Limited) of the Company's subsidiaries which means that such creditors will be paid out before any distribution is made to the Company as the shareholder of its subsidiaries. Only if the Company receives a distribution from the liquidator of such a subsidiary will it be able to apply such payments towards claims of its creditors which exceed the value of the security. See "*Valuations of Group's properties may not reflect actual sale prices*" for a description of the uncertainty of property valuations which may, when made, not reflect actual sale prices even where sales occur shortly thereafter.

The Trustee may be liable to third parties if it is recharacterised as a mortgagee in possession

The Trustee may be deemed to be a mortgagee in possession if there is physical entry into possession of any secured property, a step-in enforcement of security or an act of control or influence which may amount, in effect, to possession. A mortgagee in possession may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner. The Trustee has the absolute discretion, at any time, to refrain from taking any action under the Transaction Documents, including becoming a mortgagee in possession in respect of a secured property unless it is satisfied at that time that it is adequately indemnified and/or secured and/or prefunded. The Trustee ranks senior to the Bondholders in respect of the payments due to it by the Company under the Transaction Documents (including under any indemnity by the Company described in this paragraph) following enforcement of the Security. The Trustee may require indemnification and/or security and/or prefunding in addition to that provided by the Company under the Transaction Documents as a pre-condition to taking any action under the Transaction Documents, including becoming a mortgagee in possession in respect of a secured property.

Certain of the Charging Companies which are incorporated in England and Wales may fall within the ‘small companies’ threshold allowing them the right to seek a moratorium which could restrict the Trustee’s ability to enforce the Security

Certain small companies, as part of the company voluntary arrangement procedure in England (i.e. a procedure whereby an insolvent company is allowed to reach a voluntary arrangement with its creditors regarding payment of all or part of its debt over an agreed period of time), may seek court protection from their creditors by way of a moratorium (which will, amongst other things, restrict a creditor’s ability to enforce security, prevent the appointment of an administrator or liquidator and restrict proceedings being commenced or continued against the company) for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the UK Secretary of State for Business, Enterprise and Regulatory Reform may, by order, extend or reduce the duration of either period).

A “small company” is defined for these purposes by reference to whether the company meets certain tests contained in Section 382(3) of the Companies Act 2006, relating to a company’s balance sheet, total turnover and average number of employees in a particular period. The position as to whether or not a company is a small company may change from period to period, depending on its financial position and average number of employees during that particular period. The UK Secretary of State for Business, Enterprise and Regulatory Reform may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a small company. Accordingly, any of the Charging Companies may, at any given time, come within the ambit of the small companies provisions, such that any such Charging Company may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

Certain companies which qualify as small companies for the purposes of these provisions may, nonetheless, be excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10 million is incurred and which involves the issue of a capital market investment. The definitions of capital market arrangement and capital market investment are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The UK Secretary of State for Business, Enterprise and Regulatory Reform may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Accordingly, the provisions described above will serve to limit the Trustee’s ability to enforce the Security to the extent that, first, any of the Charging Companies incorporated in England and Wales falls within the criteria for eligibility for a moratorium at the time a moratorium is sought; second, if the directors of any such Charging Company seeks a moratorium in advance of a company voluntary arrangement; and, third, if any such Charging Company is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time; in those circumstances, the enforcement of any security by the Trustee will be for a period prohibited by the imposition of the moratorium. In addition, the other effects resulting from the imposition of a moratorium described above may impact the transaction in a manner detrimental to the Bondholders.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There might not be a liquid secondary market for the Bonds and their market price may be volatile

The Bonds may have no established trading market when issued, and one may never develop. Therefore, you may not be able to sell your Bonds easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary (i.e. after the issue date) market. The Bonds are sensitive to interest rate, currency or market risks and are designed to meet the investment requirements of limited categories of investors. For these reasons, the Bonds generally will have a limited secondary market. This lack of liquidity may have an adverse effect on the market value of Bonds.

The Managers are expected to be appointed as registered market-maker (i.e. a dealer in financial instruments who will quote prices for the buying and selling of such instruments during trading hours) on the London Stock Exchange's order book for retail bonds (ORB) in respect of the Bonds from the date of admission of the Bonds to trading. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours. However, the Managers may not continue to act as a market-maker for the life of the Bonds. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the Bonds.

Realisation from sale of the Bonds

If investors choose to sell the Bonds at any time prior to their maturity, the price received from such could be less than the original investment made by such investors and may be less than the amount due to be repaid at maturity of the Bonds. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Company.

Yield

The indication of yield stated within this Prospectus applies only to investments made at (as opposed to above or below) the Issue Price of the Bonds. If an investor invests in the Bonds at a price other than the Issue Price of the Bonds, the yield on the investment will be different from the indication of yield on the Bonds as set out in this Prospectus.

Exchange rate risks and exchange controls

The Company will pay principal and interest on the Bonds in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling as the value of the principal cash interest may, when converted to the investor's functional currency, fluctuate in line with movements in exchange rates, affecting the value of the Bonds as reported by the investor. There is a risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency – equivalent value of the principal payable on the Bonds and (3) the Investor's Currency – equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.


Inflation

Inflation will reduce the real value of the Bonds over time which may affect the investors' purchasing power in other investments in the future and which may make the fixed interest rate on the Bonds less attractive in the future.

SECTION 3 - INFORMATION ABOUT THE BONDS

What are the Bonds?	<p>The Sterling denominated 5.00 per cent. Secured Bonds due 31 March 2024 are debt instruments issued by Alpha Plus Holdings Plc (the “Company”). The Bonds will be subject to the “<i>Terms and Conditions of the Bonds</i>” which are set out in Section 9 of this Prospectus. The Bonds:</p> <ul style="list-style-type: none"> (a) entitle Bondholders to receive a first interest payment on 30 September 2016 of £2.50 per £100 in principal amount of the Bonds and, thereafter, interest payments at a fixed interest rate of 5.00 per cent. per year (payable in two equal instalments on 31 March and 30 September in each year); (b) are tradable in nominal amounts of £100 per Bond; (c) are due to be issued on 31 March 2016 (the “Issue Date”) and to be paid back in full by the Company on 31 March 2024 (the “Maturity Date”); (d) in certain circumstances however, may be repaid prior to the Maturity Date if the Company chooses to do so or else following a default under the terms and conditions of the Bonds; (e) are secured by first legal mortgages granted by each Charging Company with respect to certain properties in London, Tonbridge and Coventry, and secured by charges over certain other assets and interests; and (f) are intended to be admitted to trading on London Stock Exchange plc’s regulated market, and through its order book for retail bonds (ORB) market. <p>See Section 9 (<i>Terms and Conditions of the Bonds</i>) for further information.</p>
Who is issuing the Bonds?	<p>The Bonds will be issued by Alpha Plus Holdings plc.</p> <p>See Section 7 (<i>Description of Alpha Plus Holdings plc</i>) for further information.</p>
Who is guaranteeing the Bonds?	<p>The Bonds will not be guaranteed by any person.</p>
How will the Bonds be secured?	<p>The Company, Alpha Plus Group Limited and DV4 Properties (Pembridge Villas) Co. Limited will grant security for the Bonds on the Issue Date.</p> <p>Immediately prior to a proposed sale of any Retained Bonds by the Company, the Company will deliver a certificate in writing signed by two directors of the Company (upon which the Trustee may rely without enquiry or liability) addressed to the Trustee, confirming that, immediately following the sale of such Retained Bonds, the Value of the Specifically Mortgaged Properties will be at least 1.667 times the nominal amount of the Bonds outstanding immediately following such sale of Retained Bonds.</p> <p>The benefit of the security will be held on trust by Prudential Trustee Company Limited (the “Trustee”), for and on behalf of itself, its appointees (including any receiver appointed by it), the paying agents under the Bonds, the Retained Bond Custodian and the Bondholders. The security includes first fixed charges (explained in more detail below) granted by each of the Charging Companies over their title to, and fixed charges over insurance policies held by each of the Charging Companies in respect of, certain properties in England and Wales held primarily for the provision of education services, and a fixed charge over a cash account (described in more detail below) (the “Cash Reserve Account”) to be opened by the Company on or prior to the Issue Date.</p>

	<p>A ‘mortgage’ provides security over the specified asset(s) and/or other interests of the person giving the security by transferring legal title to those assets and/or other interests from the mortgagor (i.e. the company granting the mortgage) to the mortgagee (i.e. the Trustee acting on behalf of the Bondholders and the other secured parties), along with the right to sell those assets and/or other interests if there is a default in obligations due under the terms of the Bonds (for example, if the Company were to fail to make a payment of interest when due under the Bonds).</p>
	<p>A “fixed charge” unlike a mortgage, does not transfer title, ownership or possession of the secured assets and/or interests to the Trustee (or to anyone else). Instead it allows the person giving the security to continue to own the secured assets and/or interests during the period in which the Bonds are outstanding. However, such usage is subject to certain conditions designed to maintain the value of the secured assets or interests and prevent the disposal of these assets or interests without the consent of the mortgagee (i.e. the Trustee acting on behalf of the Bondholders and the other secured parties). On the occurrence of any enforcement event (for example, if the Company were to fail to make a payment of interest when due under the Bonds), the Trustee may or shall (if directed to do so by Bondholders, and subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction) either require the mortgagor company (i.e. the company granting the mortgage) to sell the secured assets or interests or it may take possession of the secured assets and either sell the assets or interest in it on its own or else appoint a receiver to sell or otherwise realise the secured assets. Pursuant to the fixed charges, the Trustee, acting on behalf of the Bondholders, would have a claim over the proceeds of the sale of such secured assets in priority to any other creditors of the mortgagor company. The Trustee would, in such an event, hold all proceeds of the secured assets on trust for itself, its appointees (including any receiver appointed by it) the paying agents under the Bonds, the Retained Bond Custodian and the Bondholders.</p>
<p>What will Bondholders receive upon a winding up of the Group?</p>	<p>In the event of the Company’s insolvency, the Bondholders, acting through the Trustee, will have recourse to the secured assets, which are secured for the benefit of the Trustee as described above. The secured assets include the ownership rights and interests of the Charging Companies in the Specifically Mortgaged Properties.</p> <p>The security granted over the Charged Assets shall become enforceable by the Trustee for and on behalf of itself, its appointees (including any receiver appointed by it), the paying agents under the Bonds, the Retained Bond Custodian and the Bondholders, at the Trustee’s discretion or if so directed by the Bondholders and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction in respect of all costs, claims and liabilities to or for which it may, in its opinion, thereby become liable upon an event of default occurring. As described above in the context of “mortgages” and “fixed charges”, if the security becomes enforceable, the Trustee would typically be entitled to take possession of the relevant assets or interest and/or procure their sale or realisation (or else the Trustee could appoint a receiver to do these things on its behalf). Any proceeds would be held on trust for distribution to the Trustee, its appointees, the paying agents under the Bonds, the Retained Bond Custodian and the Bondholders (in priority to claims of any other creditors of the Company and/or the other Charging Companies, as the case may be). Any cash remaining, after Bondholders had been paid in full, would be available to unsecured creditors of the Company or the other Charging Companies. A simplified table illustrating the expected ranking of the Bonds compared with other creditors of the Company following the Issue Date is set out below:</p>

	Type of obligation	Examples of obligations
 <p>Higher ranking</p> <p>Lowest ranking</p>	Proceeds of fixed charged assets	Obligations to the Bondholders in respect of Specifically Mortgaged Properties and to holders of the £48,500,000 5.75 Secured Sterling Bonds due December 2019 in respect of certain mortgaged properties
	Expenses of the liquidation/ administration	Currently none
	Preferential creditors	Including remuneration due to employees of Alpha Plus Group Limited
	Proceeds of floating charge assets	On the Issue Date, none
	Unsecured obligations, including guarantees in respect of them	For example, trade creditors and unsecured obligations, for instance any banking facilities and other financings
	Shareholders	Alpha Plus Holdings PLC (the Company)
<p>However, notwithstanding that the Company has undertaken to procure a valuation of the Specifically Mortgaged Properties at least annually for so long as the Bonds are outstanding (and at such time as covenanted to ensure that the value of those assets is at least 1.5 times the nominal amount of the Bonds from time to time outstanding), if the surplus proceeds from the sale of assets following an enforcement event proved to be insufficient to cover all amounts due and payable to Bondholders in respect of the Bonds (for instance, if there was a decline in value of the Specifically Mortgaged Properties prior to an enforcement event), then Bondholders would have only an unsecured claim for satisfaction of any outstanding amounts.</p>		

Structural Subordination in the context of the Bonds


However, as well as being aware of the ranking of the Bonds compared to the other categories of creditor, and the shareholders, of the Company, investors should note that the Company holds a substantial amount of its assets in its subsidiaries. See Section 7 (*Description of Alpha Plus Holdings plc*) for details of the Company’s principal subsidiaries.

As a shareholder of a subsidiary, the Company will have a right to participate in a distribution of such subsidiary’s assets in the event of any liquidation, re-organisation (other than a solvent internal Group reorganisation) or insolvency of such subsidiary.

However, the Company's right to participate is generally subject to any claims made against that subsidiary, including creditors such as any lending bank and trade creditors. The obligations of the Company under the Bonds are, therefore, structurally subordinated to any liability of the Company’s subsidiaries (other than in respect of the proceeds of realisation of the security granted by any such subsidiary in its capacity as a Charging Company).

Structural subordination in this context means that, in the event of a winding up or insolvency of a subsidiary of the Company, any creditor of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Company (i.e. including Bondholders).

A simplified diagram illustrating the structural subordination of the Company’s obligations under the Bonds to any liabilities of its subsidiaries referred to above is set out below by way of example by reference to Alpha Plus Group Limited, which following the Issue Date is a direct wholly owned subsidiary of the Company:

	Type of obligation	Examples of obligations
	Higher ranking	Proceeds of fixed charge
		Expenses of the liquidation/ administration
		Preferential creditors
		Proceeds of floating charge assets
		Unsecured obligations, including guarantees in respect of them
Lowest ranking	Shareholders	DV4 Holdings Alpha Plus Co. Limited

Obligations to the Bondholders in respect of Specifically Mortgaged Properties and to holders of the £48,500,000 5.75 Secured Sterling Bonds due December 2019 in respect of certain mortgaged properties
 Currently none
 Including remuneration due to employees of Alpha Plus Group Limited
 On the Issue Date, none
 For example, trade creditors and unsecured obligations, for instance any banking facilities and other financings

	<p>Investors should, however, note that the security for the Bonds granted by the Company and the other Charging Companies mitigates the risks associated with structural subordination.</p>
<p>How will the security be valued?</p>	<p>The Properties have been independently valued by Gerald Eve LLP as at 1 March 2016.</p> <p>Gerald Eve LLP prepared a valuation of the properties for the purposes of inclusion in the Prospectus (see Section 16 (<i>Valuation Report</i>)). In preparing the valuation, a number of assumptions, including the following, were made by Gerald Eve LLP:</p> <ul style="list-style-type: none"> (a) the relevant company has good and marketable title free from any security interest; (b) the properties are valued fully equipped and that all necessary systems and services reliant on computers are functional; (c) no deleterious or hazardous materials were used in the construction of the properties; (d) no contaminative or potentially contaminative uses have been carried out on the properties; (e) where required, registration at current levels with OFSTED will be continued and that there are no significant defects in the properties which might put in doubt the current registrations; (f) the buildings are constructed in accordance with all statutory requirements, British Standards and Codes of Practice and are in a condition fit for their proposed use; and (g) compliance with health & safety and similar regulations including, <i>inter alia</i>, the Defective Premises Act 1972, the Environmental Protection Act 1990, Food Safety Act 1990, or the Environment Act 1995. <p>See the risk factor headed “<i>Valuation of the Group’s Properties might not reflect actual sale prices</i>” in Section 2 (<i>Risk Factors</i>) of this Prospectus.</p> <p>The valuation given by Gerald Eve LLP as at 1 March 2016:</p> <ul style="list-style-type: none"> (a) of the Initial Specifically Mortgaged Properties is £108,820,000; and (b) of all properties owned by the Group is £239,750,000. <p>See Section 16 (<i>Valuation Report</i>) for further information.</p>
<p>What financial covenants apply to the Group?</p>	<p>None.</p>
<p>What will the proceeds be used for?</p>	<p>The proceeds of the issue of the Bonds (or, in the case of the Retained Bonds, the net proceeds of sale of the Retained Bonds to a third party (after deduction of expenses payable by the Company)) (after deduction of expenses incurred in connection with the issue) will be used by the Company to repay existing borrowings of the Group and for general working capital purposes of the Company. See Section 6 (<i>Use of Proceeds</i>) for further information.</p>
<p>What is the</p>	<p>The interest rate payable on the Bonds will be fixed until the Maturity Date at 5.00 per cent. per year. The interest rate payable on the Bonds is fixed for the life of the Bonds.</p>

interest rate?	<p>The first payment of interest in relation to the Bonds is due to be made on 30 September 2016.</p> <p>Following the first payment, interest is expected to be paid on 31 March and 30 September in each year up to and including the Maturity Date (unless the Bonds are redeemed early).</p> <p>See Section 9 (<i>Terms and Conditions of the Bonds - Interest</i>) for further information.</p>
How is the amount of interest payable calculated?	<p>The Company will pay a fixed rate of 5.00 per cent. interest per year in respect of the Bonds. The first payment of interest will be made on 30 September 2016 in an amount equal to £2.50 per £100 in principal amount of the Bonds. Thereafter, interest will be payable in two semi-annual instalments on 31 March and 30 September every year. Therefore, for each £100 nominal amount of Bonds that you buy on 31 March 2016, for instance, you will receive £2.50 on 30 September 2016 and £2.50 on 31 March 2017, and so on every six months until and including the Maturity Date (unless you sell the Bonds or they are repaid by the Company before the Maturity Date).</p> <p>See Section 9 (<i>Terms and Conditions of the Bonds - Interest</i>) for further information.</p>
What is the yield on the Bonds?	<p>On the basis of the issue price of the Bonds of 100 per cent. of their nominal amount, the initial yield (being the interest received from the Bonds expressed as a percentage of their nominal amount) of the Bonds on the Issue Date is 5.00 per cent. on an annual basis. This initial yield is not an indication of future yield.</p>
Will I be able to trade the Bonds?	<p>The Company will make an application for the Bonds to be admitted to trading on London Stock Exchange plc, on its regulated market and through its electronic order book for retail bonds (ORB) market. If this application is accepted, the Bonds are expected to commence trading on or about 31 March 2016.</p> <p>Once admitted to trading, the Bonds may be purchased or sold through a broker. The market price of the Bonds may be higher or lower than their original issue price depending on, among other things, the level of supply and demand for the Bonds and any movements in interest rates. See Section 2 (<i>Risk Factors - Risks related to the market generally – There might not be a liquid secondary market for the Bonds and their market price might be volatile</i>) for further information.</p>
Do the Bonds have a credit rating?	<p>No, the Bonds will not when issued be rated by any credit rating agency. The Company currently does not have any intention of applying for a credit rating from any credit rating agency.</p>
Do the Bonds have voting rights?	<p>Bondholders have certain rights to vote at meetings of the Bondholders, but are not entitled to vote at any meeting of shareholders of the Company, the Charging Companies or any other member of the Group.</p> <p>The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a different manner to the majority.</p>
Who will represent the interests of the Bondholders?	<p>The Trustee is appointed to act on behalf of the Bondholders as an intermediary between Bondholders and the Company throughout the life of the Bonds. The main obligations of the Company (such as the obligation to pay, and to observe the various covenants in the Conditions of the Bonds) are owed to the Trustee. The Trustee also holds the benefit of the security on trust for and on behalf of itself, its appointees (including any receiver appointed by it) the paying agents under the Bonds, the Retained Bond Custodian and the Bondholders. These obligations are enforceable by the Trustee only, not the Bondholders themselves. Although the entity chosen to act as Trustee is chosen and appointed by the Company, the Trustee's role is to protect the interests of the Bondholders and, in respect</p>

	<p>of the secured obligations, the other secured parties.</p> <p>See Section 8 (<i>Terms and Conditions of the Bonds</i>) for further information.</p>
How do I apply for Bonds?	<p>Details on how to apply for the Bonds are set out in Section 4 (<i>Timetable of the Offer and Key Dates</i>) and Section 5 (<i>How to Apply for the Bonds</i>).</p>
What if I have further questions?	<p>If you are unclear in relation to any matter, or uncertain if the Bonds are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest.</p>

SECTION 4 - TIMETABLE OF THE OFFER AND KEY DATES

Key dates relating to the Offer

Commencement of Offer Period.....	9 March 2016
End of Offer Period	12 (noon) (London time) 23 March 2016
Sizing Announcement (confirming total nominal amount of Bonds to be issued).....	23 March 2016
Issue Date.....	31 March 2016
Key dates for the Bonds	
First Interest Payment Date.....	30 September 2016
Maturity Date	31 March 2024

Other than in respect of the first payment of interest, interest is scheduled to be paid on the semi-annual Interest Payment Dates (31 March and 30 September in each year), until the Maturity Date or any earlier redemption date. The first payment of interest is due to be made on 30 September 2016. If any of these scheduled dates is not a business day, then the payment of interest will be made on the next succeeding business day in the place of presentation (and, in the case of a payment by transfer to a Sterling account, in London) without any additional interest being payable.

The key dates for the offer are indicative only and subject to change without notice. The Company may end the Offer Period early or withdraw the offer at any time prior to the Issue Date.

This Prospectus may only be used by the Managers and the Authorised Distributors referred to in this Prospectus for the purposes of making offers of the Bonds during the Offer Period. The Prospectus may not be so used at any time after the end of the Offer Period.

SECTION 5 - HOW TO APPLY FOR THE BONDS

<p>How and on what terms will Bonds be allocated to me?</p>	<p>Applications to purchase Bonds cannot be made directly to the Company. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.</p> <p>It is important to note that none of the Company, the other Charging Companies and the Managers or the Trustee are party to such arrangements between you and the relevant financial intermediaries referred to in Section 12 (<i>Important Legal Information - Consent</i>) (the “Authorised Distributors”). You must therefore obtain this information from the relevant Authorised Distributor. Because they are not party to the dealings you may have with any Authorised Distributor, the Company, the Charging Companies, the Managers and the Trustee will have no responsibility to you for any information provided to you by the Authorised Distributor.</p>
<p>How many Bonds will be issued to investors?</p>	<p>The total amount of the Bonds to be issued may depend on the amount of Bonds for which indicative offers to purchase Bonds are received during the Offer Period. This total amount will be specified in an announcement which the Company intends to publish via RNS announcement (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) on or about 23 March 2016 (the “Sizing Announcement”).</p> <p>The maximum nominal amount of the Bonds to be issued will be £130,000,000. 50 per cent. in principal amount of the Bonds issued will be immediately purchased by or on behalf of the Company on the Issue Date and will be held by the Retained Bond Custodian on the terms set out in the Retained Bond Custody Agreement.</p>
<p>How and when must I pay for my allocation and when will that allocation be delivered to me?</p>	<p>You will be notified by the relevant Authorised Distributor of your allocation of Bonds (if any) and the arrangements for the Bonds to be delivered to you in return for payment.</p>
<p>When can the Authorised Distributors offer the Bonds for sale?</p>	<p>An offer of the Bonds may be (subject to applicable law and regulation) made by the Managers and the Authorised Distributors in the United Kingdom during the period from the date of this Prospectus until 12 (noon) on 23 March 2016 (the “Offer Period”), or such earlier time and date as agreed between the Company and the Managers and announced via RNS during the Offer Period.</p>
<p>Is the offer of the Bonds conditional on anything else?</p>	<p>The issue of the Bonds is conditional upon the Subscription Agreement being signed by the Company, the other Charging Companies and the Managers. The Subscription Agreement will include certain conditions customary for transactions of this type which must be satisfied (including the delivery of legal opinions from legal counsel which are satisfactory to the Managers). If these conditions are not satisfied, the Managers may be released from their obligations under the Subscription Agreement before the issue of the Bonds. For further information on the Subscription Agreement, see Section 14 (<i>Subscription and Sale</i>).</p>
<p>Is it possible that I may not be issued with the number of Bonds I apply for? Will I be</p>	<p>You may not be allocated all (or any) of the Bonds for which you apply. This might happen for example if the total amount of orders for the Bonds exceeds the number of Bonds that are issued. There will be no refund as</p>

refunded for any excess amounts paid?	you will not be required to pay for any Bonds until any application for Bonds has been accepted and the Bonds have been allocated to you.
Is there a minimum or maximum amount of Bonds that I can apply for?	The minimum application amount for each investor is £2,000. The maximum aggregate nominal amount of the Bonds to be issued on the Issue Date will be £130,000,000. 50 per cent. in principal amount of the Bonds issued will be immediately purchased by or on behalf of the Company on the Issue Date and will be held by the Retained Bond Custodian on the terms set out in the custody agreement entered into between the Company, the Trustee and the Retained Bond Custodian.
How and when will the results of the offer of the Bonds be made public?	The results of the offer of the Bonds will be made public in the Sizing Announcement, which will be published by the Company via RNS prior to the Issue Date. The Sizing Announcement is currently expected to be made on or around 23 March 2016.
Who can apply for the Bonds? Have any Bonds been reserved for certain countries?	Subject to certain exceptions, Bonds may only be offered by the Authorised Distributors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period (and to the extent that the relevant Authorised Distributor is appropriately authorised to make offers in the relevant jurisdiction(s), in accordance with all applicable laws, rules and regulations). No Bonds have been reserved for certain countries.
When and how will I be told of how many Bonds have been allotted to me?	You will be notified by the relevant Authorised Distributor of your allocation of Bonds (if any) in accordance with the arrangements in place between you and the Authorised Distributor.
Have any steps been taken to allow dealings in the Bonds before investors are told how many Bonds have been allotted to them?	No steps have been taken to allow the Bonds to be traded before informing you of your allocation of Bonds.
What is the amount of any expenses and taxes specifically that will be charged to me?	Neither the Company nor the Managers will charge you any expenses or taxes relating to the issue of the Bonds. The Bonds will be issued at the issue price (which is 100 per cent. of the nominal amount of the Bonds), and the aggregate nominal amount of the Bonds to be issued will be specified in a Sizing Announcement to be published by the Company by RNS at the end of the Offer Period. Authorised Distributors may offer the Bonds at the issue price (i.e. 100 per cent. of the nominal amount of the Bonds) or, if such Authorised Distributor charges you any expenses, then it may offer you the Bonds at a corresponding amount more than the issue price. For example, if your stockbroker or financial adviser charges you total dealing expenses of, for instance, 1 per cent., then he or she would offer the Bonds to you at 101 per cent. of the nominal amount of the Bonds (i.e. a price to you of £101 per £100 Bond). You must check with your stockbroker or financial adviser what expenses he or she will charge to you, and therefore what the offer price to you will be. Any such expenses charged by an Authorised Distributor are beyond the control of the Company, are not knowable by the Company, and must be disclosed to any potential investor by the relevant Authorised Distributor at the relevant time.

<p>What are the names and addresses of those distributing the Bonds?</p>	<p>As of the date of this Prospectus, the persons listed below are the persons who have each been appointed by the Company and the Managers to offer and distribute subject to applicable law and regulation the Bonds in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period:</p> <p>Interactive Investor Standon House 21 Mansell Street London E1 8AA http://www.iii.co.uk/ipos/retail-bond-issues</p> <p>Redmayne Bentley LLP 9 Bond Court Leeds LS1 2JZ http://www.redmayne.co.uk/sharedealing/new-issues.htm</p> <p>Barclays Stockbrokers 1 Churchill Place London E14 5HP https://www.barclaysstockbrokers.co.uk/investments/new-issues/Pages/at-a-glance.aspx</p> <hr/> <p>The Company has granted consent to the use of this Prospectus by the persons listed above and other relevant stockbrokers and financial intermediaries during the Offer Period on the basis of and so long as they comply with the conditions described in Section 12 (<i>Important Legal Information – Consent</i>). None of the Company, the Charging Companies or the Managers has authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.</p>
<p>Will a registered market-maker be appointed?</p>	<p>Each Managers will be appointed as a registered market-maker through the London Stock Exchange’s order book for retail bonds (ORB) in respect of the Bonds from the date on which the Bonds are admitted to trading on the London Stock Exchange plc’s regulated market. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours.</p>

SECTION 6 - USE OF PROCEEDS

The net proceeds of the issue of the Bonds (less (i) total expenses incurred in connection with the offer and issue of Bonds and (ii) the Managers' management and distribution fee of 1.0 per cent. of the total principal amount of Bonds (other than the Retained Bonds) subscribed and paid for as set out in "*Subscription and Sale*" which will be deducted from the subscription moneys payable by the Managers to the Company in respect of the Bonds) will be determined following completion of the Offer Period (as defined in "*Terms and Conditions of the Offer*") and set forth in the Sizing Announcement. The net proceeds of the issue of the Bonds (or in the case of the Retained Bonds, the net proceeds of sale of the Retained Bonds to a third party (after deduction of expenses payable by the Company)) will be:

- used as to all amounts raised up to £34.085 million, by the Company to repay shareholder debt owed to DV4 Holdings; and
- in respect of any proceeds in excess of £34.085 million, used by the Company for general corporate purposes.

The estimated total expenses incurred in connection with the transaction will be determined following completion of the Offer Period. However, at the date of this Prospectus, the estimated total expenses to be incurred in connection with the offer and issue of Bonds is £615,000. This figure is calculated on the basis of the following estimates: (i) £500,000 of legal expenses, (ii) £50,000 of auditor expenses, (iii) £15,000 of regulatory fees (including those related to listing and admission to trading) and (iv) £50,000 of valuation expenses.

SECTION 7 - DESCRIPTION OF ALPHA PLUS HOLDINGS PLC

Information on the Company

The Company was incorporated on 17 April 2002 under the laws of England and Wales as a private limited company (registration number 04418776) under the name of Newincco 162 Limited. The Company changed its name to DLD Holdings Limited on 28 May 2002, and then again on 20 December 2002 to Alpha Plus Holdings Limited. On 15 November 2012, the Company re-registered as a public company and changed its name to Alpha Plus Holdings plc. The Company's objects and purposes are unrestricted.

The principal legislation under which the Company operates is the Companies Act 2006. The Company's shares are not admitted to trading on any stock exchange or otherwise publicly traded.

The Company's registered office and principal place of business is at 50 Queen Anne Street, Marylebone, London W1G 8HJ. The Company's telephone number is +44 (0) 20 7487 6000.

Overview

The Company and its Subsidiaries (the "**Group**") provide private education to children primarily in London as well as elsewhere in England.

The Group operates 12 independent schools, 2 nursery schools and 4 sixth form colleges. Many of these schools have a long and established history. For example, Wetherby School was founded in 1951 as a pre-preparatory school for boys aged 4 to 8, and Davies Laing, and Dick College, (commonly known as "**DLD**"), was founded in 1931 to provide tutoring for Oxford and Cambridge and Colonial Service entrance exams.

The majority of the schools and nurseries operated by the Group are located in Central London (Notting Hill, Marylebone and Hampstead in particular). Delivering the Group's "Gold Standard" education coupled with the Group's record of successful exam results and placements at follow-on schools, many of the Group's schools are oversubscribed and have waiting lists. Parents who wish to enrol their children at Wetherby School and Pembridge Hall School, for example, are encouraged to register their children within the first few days of birth in order to secure a place for attendance at the age of 4.

The nature of the Group's turnover is predictably stable. Once enrolled in a school, children generally stay through graduation from that school, and therefore school fees are generated from each student for several years. Also, since the Group offers education for various age groups, students often move from one Group school to another, creating an even longer cashflow profile. For example, many of the boys who attend Rolfe's or Minors nursery schools move on to Wetherby School and thereafter to Wetherby Preparatory School and then, potentially, to the recently established Wetherby Senior School, thereby remaining a Group student from the age of 2 ½ through to 18 years of age. The Group's average school fees increased by 5.4% and 5.5% respectively in 2014 and 2015.

The Group has used strategic acquisitions and a policy of "Build and Expand" to grow its portfolio of schools, nurseries and colleges. The Group's management team look for opportunities in the market to acquire both existing schools that will enhance the overall portfolio and also sites where the Group's schools may move to increase capacity or sites where new schools may be opened. Pupil numbers have grown 24% from 3,447 to 4,263 over the last 5 years. Capacity has grown from 4,218 to 5,687 over the same period.

With 18 schools within the portfolio, the Group has benefitted from its portfolio size and centralisation through sharing common costs and back office functions, see further, the "*Group's Business – Benefit of Scale*" below.

As an integral part of its operations, the Group manages a portfolio of school properties with 13 of the schools and colleges being located in Central London. Due to their locations, many of the properties have significant value, particularly given that these properties benefit from rarely awarded and highly valued D1 educational use planning consents. The Group's property portfolio comprises a number of freehold and leasehold properties. The Group's property portfolio has been valued at £239.75 million on a trading basis.

History and Development

Founded in 1931, the Group's business grew rapidly from the 1970s through both acquisitions and organic growth. The business was acquired in 2002 by private equity company Sovereign Capital. DV4 Limited, advised by Delancey Real Estate Asset Management Limited, acquired the Group in 2007. Since then, the Group has continued to grow significantly through a combination of active asset management and strategic school and property acquisitions.

The key milestones since incorporation are provided below:

Date	Milestone
1931	Davies, Laing & Dick college founded
1971	Acquisition of Wetherby School
1979	Pembridge Hall founded
1996	Portland Place School founded
1990-94	Abbey Colleges founded in Birmingham, Cambridge and Manchester
2000	Acquired Falcons School for Girls
2002	Sovereign Capital acquired Davies, Laing & Dick Education Group
2004	Wetherby Preparatory School founded Group re-branded as Alpha Plus
2007	DV4 Limited acquired Alpha Plus
2008	Falcons Prep School opened
2009	Wetherby Prep moved to Bryanston Square, London W1 increasing capacity to 300 Acquired St Anthony's School in Hampstead
2010	Chepstow House School opened in Wetherby Preparatory School's former premises Acquired Hilden Grange School and commenced extensive building project
2012	Hilden Grange building project completed
2013	Putney site acquired for Falcons School for Girls
2014	Lancaster Road lease secured for Chepstow House School expansion Wetherby School expanded and new Wetherby Nursery opened in previous Chepstow House premises Falcons School for Girls relocated from South Ealing to Putney increasing capacity to 400
2015	DLD College moved to Westminster Bridge Road increasing capacity and providing on-site boarding Wetherby Senior School opened in former DLD premises in Marylebone
2016	Abbey College Cambridge to relocate to new purpose-built facility St. Anthony's School for Girls to open in Ivy House, London NW11

The Group's Business

The Group owns and manages 12 independent schools, 2 nursery schools and 4 sixth form colleges. The Group's individual schools have strong brands in their own local markets which have often been developed over several decades. There are philosophical values and overall business approaches however that are intrinsic across the portfolio, see in particular "*The Gold Standard*" below.

Financial and pupil growth

In the year ended 31 August 2015, the Group's turnover was £79.4 million, an increase of 11.8 per cent. compared to its turnover of £71.0 million for the corresponding period in 2013/2014. The increase is attributable both to increased fee levels and to an increased number of pupils and students.

The Group's EBITDA for the year ended 31 August 2015 was £9.5 million, a decrease of 7.8% per cent. compared to its EBITDA of £10.3 million in the corresponding period in 2013/2014. The decrease in EBITDA reflects the fact that certain schools, particularly Chepstow House School, having recently relocated to larger premises, are incurring the burden of significantly increased premises and other operational costs, the impact of which will diminish in future years as pupil numbers continue to grow.

The Group's turnover increased by 51.8% over the last 5 years from £52.3 million in 2010/11 to £79.4 million in 2014/15. In the same period, EBITDA increased by 17.3% from £8.1 million to £9.5 million. However, this historic rate of EBITDA growth does not reflect the very significant potential future growth that will come through as available capacity in the current portfolio is utilised as schools mature.

The financial growth detailed above is the result of increasing pupil numbers and fees. The number of pupils attending the Group's schools, colleges and nurseries increased by 24% from 3,447 at the end of the 2010/11 academic year to 4,263 in the current term.. During the same period, average fee income per pupil attending the Group's schools and nurseries increased by 27.1% from £13,736 to £17,465 per annum. Capacity has increased from 4,218 places to 5,687 places over this period, much of which has been delivered in the last two years through the relocations of Chepstow House, Falcons School for Girls and DLD College, and the opening of Wetherby Senior School. It is anticipated that increasing pupil and student numbers will fill this additional capacity as these schools and colleges mature.

The Gold Standard

The Group has developed the Alpha Plus "Gold Standard" as a benchmark for the quality of education it aims to deliver. The Group seeks to create centres of educational excellence in all of its schools and colleges; each strives to establish a climate of high expectations and there is a genuine and visible commitment to setting challenging targets, exceeding expectations and maximising individual achievement. A key feature is the appointment and retention of high quality school leaders, teachers and support staff.

The Group's educational establishments benefit from cutting edge technology and modern learning environments. School and college curricula are regularly reviewed to ensure their relevance and their potential to enable all pupils and students to obtain first choice placements into destination schools and higher education institutions.

The Group is committed to maintaining and improving this level of quality and, whilst each school or college is encouraged to retain its own individual ethos and identity, all have a number of common characteristics that enable them to maintain and embrace the Gold Standard, including:

- Outstanding leadership at all levels and effective resource management.
- High aspirations and expectations for all pupils and staff.
- Working in partnership with parents.
- A focus upon and a passion for high quality teaching and learning.

- A commitment to self-review and continuous improvement that is underpinned by the celebration of success.

Build and Expand

The Group's policy of "Build and Expand" has been followed since 2002, which has resulted in increasing total student capacity. Individual strategic moves have included the following:

- Wetherby Preparatory School opened in Notting Hill in 2004. Its popularity necessitated a move to larger premises in Bryanston Square in 2009. It has now reached its maximum capacity of 325.
- Falcons Prep School opened in Richmond in 2008 as a follow-on school to Falcons School for Boys. These two schools are now operated as a single school on two sites and together the total number of pupils enrolled has increased from 246 to 339 over the last five years.
- Falcons School for Girls – Falcons Girls moved from South Ealing into new premises in Putney in September 2014. The Putney location attracts students from a larger target market and also provides greater capacity.
- St. Anthony's School, Hampstead, was acquired by the Group in 2009. The school is now operating at its full capacity.
- Hilden Grange School was acquired in 2010 for a nominal amount from a charitable institution, subject to the condition that the Group invested £2 million in the school. The Group invested £6 million in development of new and improved education facilities, and relaunched the school in September 2012. The school currently has 324 pupils with total operational capacity of 350.
- DLD College – DLD College operated out of its historic location in Marylebone for many years. In 2013, DLD merged with its sister school Abbey College London and in September 2015 the merged college relocated to new purpose-built premises with on-site boarding on Westminster Bridge Road, London SE1.
- Abbey College Cambridge – Abbey College Cambridge currently occupies a number of short leasehold premises in various locations in Cambridge City Centre. Terms were agreed in 2013 with Homerton College, Cambridge to lease a new purpose-built educational facility with on-site boarding and the college will relocate to these new premises in September 2016 increasing student capacity from approximately 330 to approximately 570.

New school development

In addition to acquiring existing schools, where the Group's management believe such acquisitions will enhance the overall portfolio, the Group also evaluates opportunities to open new schools. New schools can be opened either in newly acquired sites or existing sites within the Group's portfolio. When a new school is opened it is typically filled from the bottom up, one year group at a time. This ensures the achievement of high academic standards in line with best educational practice. Profitability is reached and increased as additional year groups enrol. Profitability is maximised when the school reaches capacity and is increased thereafter by a combination of fee increases, cost optimisation and/or further increases in capacity.

The selection, recruitment and retention of high quality head teachers and other staff is critical in ensuring each school maintains its reputation in its locality. The Group believes that its focus, which is to provide a premium education with a high level of autonomy given to individual schools, helps it to attract and retain high quality teaching staff.

Some examples of schools that have been opened by the Company in recent years are:

- Chepstow House School opened in Notting Hill in 2010 as a co-educational school, in the former Wetherby Preparatory School building where it was able to accommodate pupils from Reception to Year 2. The Company secured a lease on larger premises in Lancaster Road, London W10 in 2014 and, with a new nursery offering as well, can now provide education for pupils from age 2 ½ through to 13 years of age. The school's pupil numbers have increased from 115 in Summer term 2014 to 262 in the

current term 2015 with significant pupil number increases anticipated in the forthcoming years based upon existing registrations.

- Wetherby Senior – Alpha Plus opened Wetherby Senior School in the premises previously occupied by DLD College in Marylebone in September 2015 in response to parent demand. On maturity, the new school will provide education for pupils aged 11 to 18 and will have a maximum operational capacity of between 350 and 400 pupils. Initial interest has been overwhelming and around 1,250 parents attended an open day in early October 2015.
- St. Anthony’s School for Girls – Following the success of the Group’s Roman Catholic ethos St. Anthony’s School for Boys in Hampstead, the Company recently announced the acquisition of Ivy House, London NW11 and proposes to open St. Anthony’s School for Girls in September 2016.

Benefits of scale

With 18 schools within the portfolio, the Group has benefitted from its portfolio size and centralisation through sharing common costs and back office functions. Whilst fee collection is administered by administrative personnel within each school, all other financial administration functions such as payroll and annual accounts are administered by a centralised Head Office team. Contracts for catering, maintenance, IT support and other significant overheads are also managed on a portfolio basis thus enabling the Group to benefit from economies of scale.

The size of the Group also facilitates teacher retention. Talented teachers who have been with a school for a number of years will naturally seek promotion ultimately to Senior Leadership Team or Head Teacher positions. In an individual school, promotion opportunities may be limited or may not exist at all. However, the Group is better placed to find new opportunities for teachers who seek career progression by movement from school to school within the portfolio. The Group has also invested in the professional development of staff and the collaboration of educational best practice across its schools, nurseries and colleges. This approach has ensured that the Group is able to maintain retain quality teachers, and maintain high teaching standards whilst also optimising its cost base.

Schools

Some of the schools in the Group have long waiting lists for enrolment. Parents who seek a place for their children at Wetherby, Pembridge Hall or Chepstow House Schools, for example, are encouraged to register their child within the first week of birth.

The following table sets out the schools owned and operated by the Group:

School	Location	Approximate current full time equivalent number of pupils	Description
Wetherby School	Notting Hill, West London	320 aged 2 ½ to 8	A pre-prep boys school founded in 1951, Wetherby School prepares pupils for entry into the prep school of their choice, commonly Wetherby Prep. In September 2014, Wetherby School expanded into new premises in Notting Hill and, for the first time, also now has its own nursery.

School	Location	Approximate current full time equivalent number of pupils	Description
Wetherby Preparatory School	Marylebone, Central London	325 aged 7 to 13	A boys school which opened in 2004 to meet demand from boys leaving Wetherby School, Wetherby Prep was relocated to larger premises in Marylebone in 2009. Boys move on at age 13 to leading day and boarding schools across the country.
Wetherby Senior School	Marylebone, Central London	65 aged 11 to 18	A boys school opened in September 2015 in response to parent demand, Wetherby Senior seeks to educate boys through to sixth form before transitioning to top universities in the UK and abroad. Still in its fledging year, Wetherby Senior has capacity for 350 pupils when each year is filled.
Pembridge Hall School	Notting Hill, West London	420 aged 4 to 11	A girls prep school founded in 1979 and significantly expanded in 2004 to meet local demand. Girls transfer at age 11 to some of the country's finest senior day and boarding schools.
Chepstow House School	Notting Hill, West London	260 aged 3 to 11	Chepstow House School is a co-educational school which opened in January 2010 and originally catered for pupils from age 4 to age 7. It relocated to much larger premises in September 2014 to enable pupils to remain until age 11 with a potential option to stay on until to age 13. The school also now has a co-educational nursery provision known as Little Chepstow Nursery. Only in its second year at its enlarged premises, Chepstow House is fully expected to reach full capacity of 500 pupils.
Portland Place School	Central London	390 aged 9 to 18	A Central London co-educational day school founded in 1996, Portland Place prepares students for GCSE and A Levels and subsequent transition to universities.

School	Location	Approximate current full time equivalent number of pupils	Description
Falcons School for Boys (Pre-Prep)	Chiswick, West London	150 aged 3 to 7	Originally established in 1956 as a boys pre-prep school in Chiswick, the school now educates boys up to age 13 on two sites following the opening of the prep school building in Richmond in 2008.
Falcons School for Boys (Prep)	Richmond, West London	190 aged 7 to 13	
Falcons School for Girls	Putney, South-West London	100 aged 3 to 11	A girls-only prep school which relocated from South Ealing to much larger premises spread across four Edwardian houses in Putney in September 2014.
St. Anthony's School	Hampstead, London	310 aged 4 to 13	St. Anthony's School is a boys-only prep school that has been operating in Hampstead since the 1950s. The school is Roman Catholic but welcomes boys of other faiths.
Abingdon House School	Central London	60 aged 5 to 14	Abingdon House is a co-educational school which opened in 2005 and aims to provide and advance the education of children who have a specific learning difficulty.
Hilden Grange Preparatory School	Tonbridge, Kent	325 aged 3 to 13	A co-educational prep school founded in 1934 which also has its own nursery school.
Davenport Lodge	Coventry, West Midlands	85 aged 6 weeks to 8 years	A nursery offering care and education for children from aged 6 weeks until their third birthday together with a co-educational school for children aged three to eight.

Nursery Schools

The Group operates two standalone nurseries which are each well established in its local marketplace. Small nurseries also operate in six other schools (Wetherby School, Chepstow House School, Falcons School for Boys, Falcons School for Girls, Hilden Grange and Davenport Lodge).

The following table sets out the nurseries owned and operated by the Group:

Nursery	Location	Approximate number of pupils	Description
Rolfe's Nursery School	Notting Hill, West London	65 aged 2 ½ to 5	A co-educational nursery preparing girls and boys for entry into other Alpha Plus Group schools in the local area as well as to other London day schools.

The Minors Nursery School	Notting Hill, West London	40 aged 2 ½ to 5	A co-educational nursery founded in 1975 preparing girls and boys for entry into other Alpha Plus Group schools in the local area as well as to other London day schools.
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Colleges

The Group owns and operates four independent colleges located in Central London, Cambridge, Manchester and Birmingham. The colleges specialise in preparing students for GCSE's (ages 14+) and A-levels (ages 16-18). Of all A levels taken in 2015 across the Group's colleges including Portland Place School, two-thirds were awarded A*, A or B grades in 2015. More than half of Abbey College Cambridge's graduating students went on to enrol at Russell Group universities.

The following table sets out the colleges owned and operated by the Group:

College	Location	Approximate number of pupils	Description
DLD College (formerly Davies Laing & Dick College)	Central London	485 aged 16 and above	Established in 1931, DLD College relocated to a new purpose-built facility with on-site boarding in Westminster Bridge Road, London SE1 in September 2015. It offers a full range of GCSE, A-Level and BTEC courses to domestic and international students.
Abbey College Birmingham	Birmingham	130 aged 14 and above	Situated close to Birmingham City Centre, a college providing a broad curriculum at GCSE and A-Level to both domestic and international students.
Abbey College Cambridge	Cambridge	315 aged 14 and above	Located in the centre of Cambridge, a college focused on preparing students for vocational qualifications and professions such as Medicine and Law and which consistently delivers excellent A-Level results. The college attracts students from around the world most notably from China and South-East Asia. The college is due to relocate to a new purpose-built facility with on-site boarding in September 2016.
Abbey College Manchester	Manchester	220 aged 15 and above	Originally established in 1990 and based in the centre of Manchester, a college offering an extensive range of GCSE, A-Level and BTEC courses as well as International Foundation Programmes.

The Group's Property Assets

As at 1 March 2016, the Group's property assets were valued at £239.75 million on the basis of current use (i.e. trading schools, nurseries and colleges having regard to their trading potential) by Gerald Eve LLP. Set out below is a table providing details of the Group's properties:

School	Address	Area (square feet)	Freehold or Leasehold	Lease Term (years)	Lease Expiry Date
Pembridge Hall School	10 and 11 Pembridge Square, London W2 4ED (incl. annex)	8,860	F/H	-	-
	18 Pembridge Square, London W2 4EH	9,027	F/H	-	-
The Minors Nursery School	10 and 11 Pembridge Square, London W2 4ED	2,120	F/H	-	-
Wetherby School	10 and 11 Pembridge Square, London W2 4ED and 19 Pembridge Villas, London W11 3EP	10,300	F/H	-	-
Abingdon House School	Broadley Terrace, London NW1 6LG (Registered at the Land Registry as Sylvia Young Theatre School and the property spans onto Rossmore Road, London NW1 6NJ)	8,000	F/H	-	-
St Anthony's School	1 Arkwright Road, London NW3 6AA	8,000	F/H	-	-
	90 Fitzjohn's Avenue, London NW3 6NP	9,000	F/H	-	-
Chepstow House School	108a Lancaster Road, London W11 1QS	29,675	L/H	25	2039
Hilden Grange Preparatory School	62 Dry Hill Park Road, Tonbridge, Kent TN10 3BX	35,000	F/H	-	-
Davenport Lodge	21 Davenport Road, Coventry CV5 6QA	4,169	F/H	-	-
Falcons School for Boys (Pre-Prep site)	2 Burnaby Gardens, London W4 3DT (Registered at the Land Registry as Gunnersbury School)	6,570	F/H	-	-
Falcons School for Boys (Prep site)	Kew Foot Road, Richmond TW9 2PN	17,000	F/H	-	-

School	Address	Area (square feet)	Freehold or Leasehold	Lease Term (years)	Lease Expiry Date
	(Registered at the Land Registry as The Richmond Adult and Community College)				
Falcons School for Girls	7 and 11 Woodborough Road, Putney London SW15 6PY and 22 and 24 Woodborough Road, London SW15 6PZ	13,870	F/H	-	-
Abbey College Birmingham	6-10 St Paul's Square, Birmingham B3 1QU and Landsdowne House Water Street Birmingham	11,340	F/H L/H	- 10	- 2025
Abbey College Cambridge	227 Milton Road, Cambridge CB4 1XJ (currently under offer for sale)	2,123	F/H		
Abbey College Manchester	5-7 Cheapside, Manchester M2 4WG and Ground Floor 5-7 Cheapside, Manchester M2 4WG	12,221	L/H L/H	999 25	3002 2039
Portland Place School	56 Portland Place, London W1B 1NJ	10,596	L/H	25	2021
	58 Portland Place, London W1B 1NJ	incl. above	L/H	25	2021
	101-105 Great Portland Street, London W1W 6QE	8,007	L/H	15	2017
	143-149 Great Portland Street, London W1W 6QN	10,707	L/H	13	2017
Wetherby Preparatory School	48 Bryanston Square and 41 Bryanston Mews West, London W1H 2EA	15,121	L/H	20	2028
Abbey College Cambridge	17 Station Road, Cambridge CB1 2JB	3,469	L/H	10	2018
	3 Glisson Road, Cambridge CB1 2HA	1,531	L/H	10 months	2016
	12 Regent Terrace, Cambridge CB2 1AA	1,200	L/H	5	2018

School	Address	Area (square feet)	Freehold or Leasehold	Lease Term (years)	Lease Expiry Date
	13 Regent Terrace, Cambridge CB2 1AA	1,201	L/H	5	2018
	3 Cambridge Place and 25 Hills Road, Cambridge CB2 1NS	3,196	L/H	17 months	2016
	Norman House, Hills Road, Cambridge CB2 1NS	1,500	L/H	3	2017
DLD College	199 Westminster Bridge Road, London SE1 7FX	53,000	L/H	25	2040
Wetherby Senior School	100 Marylebone Lane, London W1U 2QV	12,729	L/H	25	2038
	9 Bulstrode Street, London W1U 2JD	8,993	L/H	24	2038
Rolfe's Nursery	34a Oxford Gardens, London W10 5UG	3,842	L/H	20	2032
Vacant	Ivy House 94-96 North End Road, London NW11 7SX		L/H	125	2127
Head Office	50 Queen Anne Street London W1G 8HJ	4,276	L/H	10	2020

DV4 Fulham and DV4 Pembridge Villas

Two of DV4 Limited's wholly owned indirect subsidiaries incorporated in the British Virgin Islands (DV4 Properties Fulham Co. Limited and DV4 Properties (Pembridge Villas) Co. Limited (the "**DV4 Companies**"), each acquired a freehold school investment asset in 2015. Both school properties have tenants in situ but are not currently trading as Alpha Plus schools. However, given the prime locations of these two properties and valuable educational planning use, DV4 Limited determined it would be strategic to acquire these assets for the Alpha Plus business in the medium-term future. There is potential that these two properties could become premises for Alpha Plus schools in the future upon the expiry of the current leases. DV4 Investment Alpha Plus Co. Limited (as parent company of both DV4 Companies and DV4 Holdings), has approved the granting of security by the DV4 Companies over the properties as Charged Assets.

- (i) DV4 Properties Fulham Co. Limited acquired the property known as Hugon Road. Hugon Road is let to Thomas' Schools, a well-known private school operator in Southwest London. There are 10.5 years left on the Thomas' lease which generates a passing rent of £0.966 million with a fixed uplift to £1.093 million in 5 years' time. The freehold asset is a 45,000 sqft (gross), purpose-built Victorian school property, substantially refurbished in 2005. The property occupies a substantial site in a high quality residential location in Fulham, close to Wandsworth Bridge and the Hurlingham Club. The school is well-attended and has approximately 420 pupils.
- (ii) DV4 Properties (Pembridge Villas) Co. Limited acquired 21 and 23 Pembridge Villas. Pembridge Villas is let to The Russian Federation with c. 14 years left on the lease. The lease generates a passing rent of £0.561m, subject to annual RPI uplifts. The Russian Federation operates "The Russian

Embassy School” in the premises which provides a Russian education to children of their embassy employees. The building is a substantial freehold property currently in a mix of school and residential use (circa two thirds / one third by floor area,) comprising a gross internal area of around 11,850 sqft. Pembridge Villas is located in a prime location in Notting Hill adjacent to Alpha Plus’ existing ownership at 19 Pembridge Villas (Wetherby School) and in close proximity to the Group’s other Notting Hill assets. Set out below is a table providing further details.

School	Address	Area (square feet)	Freehold or Leasehold
Thomas’ School Fulham	Hugon Road, London SW6 3ES	45,000	F/H
The Russian Embassy School	21 and 23 Pembridge Villas, London W11 3EP	11,850	F/H

Obligations under the Trust Deed

The Trust Deed provides that the Company and the other Charging Companies must provide security over their property assets for the benefit of the Bondholders, having an aggregate Value (as defined below) of at least 1.5 times the amount of Bonds from time to time outstanding (after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security).

The Company and the other Charging Companies will initially provide security in favour of the Trustee for the benefit of Bondholders over the following properties:

	Value (£)
Wetherby School 10 and 11 Pembridge Square, London W2 4ED and 19 Pembridge Villas, London W11 3EP	35,790,000
Pembridge Hall School 10 Pembridge Square, London W2 4ED (incl. annex) and 18 Pembridge Square, London W2 4EH	45,890,000
The Minors Nursery School 10 Pembridge Square, London W2 4ED	3,290,000
Rolfe’s Nursery 34a Oxford Gardens, London W10 5UG	1,050,000
Davenport Lodge 21 Davenport Road, Coventry CV5 6QA	470,000
Hilden Grange Preparatory School 62 Dry Hill Park Road Tonbridge Kent TN10 3BX	6,530,000

21 and 23 Pembridge Villas London W11 3EP (t/a The Russian Embassy School)	15,800,000
Total	108,820,000

The properties owned by the Charging Companies were valued by Gerald Eve LLP as at 1 March 2016 by way of a market valuation of the individual freehold and leasehold properties (a) as fully equipped trading entities having regard to their trading potential, in relation to properties owned by the Company and any of its Subsidiaries which is a Charging Company and (b) on an investment basis, in relation to properties owned by the DV4 Companies. A copy of the valuation report is set out in “*Valuation Report*” below.

Under the Trust Deed, the Company will be obliged to value the Specifically Mortgaged Properties at least annually and deliver to the Trustee a market valuation of any cash equivalent investments at the time of any such property valuation. If any such valuation demonstrates that the Value of the secured properties is less than 1.5 times the amount of Bonds then outstanding (after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security), then the Group is obliged to provide further security, within three months of such valuation, in the form of further property, cash or equivalents of cash (broadly Government or European Investment Bank securities) so that the secured properties have a Value of at least 1.5 times the amount of Bonds then outstanding (after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security).

In addition, under the Trust Deed the Company and/or the other Charging Companies are required to provide further security in the form of further property, cash or equivalents of cash (broadly Government or European Investment Bank securities) for the purposes of ensuring that the Value of the Specifically Mortgaged Properties is at least 1.667 times the nominal value of the Bonds immediately following any sale of Retained Bonds (after deducting from such nominal amount of Bonds then outstanding the sum of (i) any cash and (ii) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security).

In addition, if (i) any such valuation demonstrates that the Value of the secured properties is greater than 1.667 times the nominal amount of Bonds then outstanding or (ii) Bonds have been purchased and cancelled by the Company and the valuation demonstrates that the Value of the secured properties is greater than 1.5 times the nominal amount of Bonds then outstanding (in each case, after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security), the Company and the other Charging Companies are entitled to withdraw secured properties (or any cash or cash equivalent investments) from the security package provided that the Value of the remaining secured properties is not less than 1.5 times the nominal amount of Bonds then outstanding (after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security).

The Company and the other Charging Companies are entitled at any time to withdraw any charged asset from the security package and replace it with another charged asset provided that the value or, where the charged asset to be substituted is a secured property, the Value of the substitute charged asset is at least equal to the value (determined on the basis described in the Trust Deed) or, where the charged asset to be withdrawn is secured property, the Value of the charged asset withdrawn or, if a valuation has been delivered within sixty days prior to the substitution, the substitution does not result in the Value of the secured properties falling to less than 1.5 times the nominal amount of Bonds then outstanding (after deducting from such nominal amount of Bonds then outstanding the sum of (a) any cash and (b) the market value of any cash equivalent investments then provided as security). Where the Company or any other Charging Companies provide further security in the form of additional property and any such property is subject to a security interest, the Company shall procure the release of such security so that any security interest subsequently created in favour of the Trustee in accordance

with the terms of the Security Deed will not be subject to any prior ranking or *pari passu* ranking security interest.

The Group will make available to the Trustee copies of the Company's consolidated annual and interim report and accounts, and a list of all substitutions to, withdrawals from, and additions to, the secured properties each year, in addition to notifying the Trustee of any shortfall in security as well as when any such shortfall has been made good.

The Company and the other Charging Companies must also:

- maintain insurance over the Specifically Mortgaged Properties against all risks (but to the extent commercially available in the London insurance market) and to a standard that is customary for companies carrying on a business the same or substantially the same as the relevant Charging Company;
- comply with all applicable laws and regulations;
- maintain all authorities necessary for the Specifically Mortgaged Properties to be operated as schools, colleges or other educational premises; and
- ensure that any cash and cash equivalent investments represent not more than 30 per cent. by Value of all assets charged by the Company and the other Charging Companies at any time; provided that for the period ending on the earlier of: (i) 3 months from (and including) the Issue Date; and (ii) the date on which security is created over the initial Specifically Mortgaged Properties, cash (which may include all or part of the proceeds of the issue of the Bonds) and cash equivalent investments may represent 100 per cent. by value of all assets charged by the Company and the other Charging Companies.

Save as described above and under the Trust Deed, the Group is free to deal with its assets, including its properties that are not secured in favour of Bondholders as security it wishes and in particular is free to sell such assets and properties or to grant security over them in favour of other lenders.

The Company may from time to time, without the consent of the Bondholders or Couponholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further securities shall be consolidated and form a single series with the outstanding securities of the Bonds (the "**Further Issues**"), provided that no Further Issues may be created or issued unless the most recent valuation prepared pursuant to the Trust Deed shows that the aggregate Value of the secured properties will be not less than 1.667 times the nominal amount of Bonds then outstanding and such proposed Further Issue (after deducting from such nominal amount of Bonds then outstanding and such proposed Further Issue the sum of (a) any cash and (b) the market value of any cash equivalent investments reported in the most recent valuation prepared pursuant to the Trust Deed, then provided as security).

Strategy and Objectives

The Group believes that there continues to be significant scope for the UK private education sector to grow and that the Group is in a strong position to participate in resulting opportunities.

Market Characteristics

Around 80% of all independent schools in the UK are members of the Independent Schools Council ("**ISC**"). The 2015 Independent Schools Council census reports that are over 517,000 pupils in its 1,267 member schools, the highest number of pupils since the ISC's records began in 1974 and, in London, 7% more than there were in 2007. The UK day schools market is highly fragmented and dominated by charitable organisations who account for nearly 80% of all ISC member schools. Individual day schools operate competitively on the basis of their own individual marketplace. There is only one private national school provider other than the Group in the UK: Cognita (43 UK schools). Together, the two platforms operate only 71 of the 2000+ independent day schools in the UK.

As an immature and fragmented market, there are opportunities for consolidation. Many independent schools are owned and operated by charitable trusts, some of which are no longer able to financially support their

schools and therefore are looking for an exit. Other schools have been owned and operated by families for generations, but are finding themselves without successors to take over the business. Either situation opens the door for a discussion regarding a sale to the Group. The quality and reputation of the buyer is often a critical consideration of vendors in these situations.

Geographically, a significant proportion of all independent schools are situated in London and the South East driven by the concentration of wealth in these areas. According to the ISC census, 47% of their 1,267 member schools are located in London and the South East. The Group should be well placed to take advantage of any acquisition opportunities in these areas. It should also be noted that the Group is selective in its assessment of potential acquisitions as the Group's management will only consider schools which will enhance the overall portfolio.

Competition in the independent day school market is local to each individual school, and it would be difficult for a new operator to gain entry to a local market if the market is already well supplied due to significant barriers to entry for a new school operator. These include:

- (i) Location and planning use permission – Buildings suitable for school use are in scarce supply. This problem is exacerbated in premium property areas where residential values far exceed the value of a school building. Even if a suitable site is found, it is necessary to apply for D1 planning use permission. Both location and planning use permission are particularly difficult to obtain in Central London, the Group's core market.
- (ii) Reputation and brand – Reputation and brand play a strong part in a parents' decision-making process for choosing a school for their child. It is also crucial to attracting the best headteachers and staff teachers.
- (iii) Management – As a result of the fragmented nature of the sector and high proportion of independent schools which are charitable trusts or privately owned, there are very few management teams who have both educational and commercial experience, both of which are necessary for platform expansion.

Predictable and stable cashflow

Independent schools account only for approximately 7% of all students in England (source: 2015 ISC census). Office for National Statistics data indicates that, in London, the Group's core market, 10.6% of pupils attend independent schools. The Group believes that there is therefore significant opportunity for the independent education sector in the UK – particularly in London – to continue to grow.

The Group also believes that revenue generated from its education platform is relatively predictable, since pupils who enrol in a school will typically stay in the same school until they graduate from that school and may continue their education within other Group schools. Turnover and profits have been robust even in times of economic downturn or recession due to parents generally being willing to make other savings before cutting back on their children's education.

Independent school fees in the UK grew at an average of 5% per annum between 1997 and 2015 (source: ISC census data). The Group believes that school fees in the UK are likely to continue to increase steadily in the future.

Based on the above factors, the Group has developed a strategy to increase capacity by focusing on organic growth, strategic acquisitions and delivering a 'Gold Standard' education offering for pupils. As a result, the Group has been able to increase fees steadily, ahead of inflation, thus enhancing profitability even in the Group's mature schools.

Reputation

The reputation of a school is one of the most important factors in parents' decisions as to which school their children should attend. The Group believes that the elements by which parents measure a school are principally results and destination of leaving pupils.

Results

The Group's schools have a reputation for securing places within prestigious schools, colleges and universities in the UK. The Group's colleges also performed well. For example, at Abbey College Cambridge, where over 80% of A-Level grades have been A*, A or B in every year since 2007, more than half of graduates in 2015 progressed to Russell Group universities. Across the Group, two-thirds of A-levels taken in 2015 were awarded A*, A or B grades.

Regulation

All schools (state and independent) in the UK are subject to regulation. Each school must be registered with the Department for Education which specifies the permitted maximum number of pupils and is subject to independent inspections, carried out either by the Ofsted or by the ISI. These inspections ensure compliance with all relevant regulations and make judgments on standards. All of the Group's schools have had inspections carried out during the period 2010– 2015, and all have achieved Excellent/Outstanding or Good ratings across all areas from Ofsted or ISI.

Group Structure

The Company is the holding company of the Group and directly or indirectly holds all of the issued ordinary share capital of its subsidiaries, being:

- Alpha Plus Group Limited which is the entity which owns all of the Group's nurseries, schools and colleges other than St. Anthony's School.
- Alpha Plus Education Limited which provides student accommodation services.
- Alpha Plus Schools Limited owns and operates St Anthony's School in Hampstead, London.
- Abbey College Limited and AW&P Patton Limited - both of these entities are dormant.

The issued share capital of the Company comprises 50,000 ordinary shares of £1 each (45,000 of which are 25p paid up) and 1 preference share of £1. The preference share, which carries no voting rights, entitles the holder to be paid out of the surplus assets of the Company arising on a return of assets in a liquidation, a reduction of capital or otherwise, in priority to the holders of the ordinary shares.

All of the issued shares of the Company are owned by DV4 Holdings which in turn is owned as to 95.946 per cent. by DV4 Investment Alpha Plus Co. Limited ("**DV4 Investment**"). DV4 Investment is owned by DV4 Alpha Plus Limited which is in turn owned by DV4 Limited. DV4 Limited, the ultimate holding company, is a private company incorporated in the British Virgin Islands. So far as the Company is aware, DV4 Limited is not controlled by any one investor.

Selected Financial Information

Group Statement of Comprehensive Income

for the year ended 31 August

	2015	2014
	£000	£000
Revenue	79,400	70,793
Operating expenses	(69,877)	(60,640)
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	9,523	10,333
Depreciation and amortisation	(4,823)	(4,140)
Impairment of fixed assets	-	(567)
Operating profit	4,700	5,626
(Loss)/profit on sale of property, plant and equipment	(133)	1,143
Finance costs	(2,976)	(2,988)
Finance income	141	114
Profit before tax	1,732	3,895
Tax expense	(500)	(337)
Profit and total comprehensive income for the year	1,232	3,558

Group Balance Sheet

as at 31 August

	2015	2014
	£000	£000
Assets		
Non-current assets		
Property, plant and equipment	129,719	116,539
Intangible assets	2,238	2,238
Deferred tax assets	1,757	2,257
	133,714	121,034
Current assets		
Trade and other receivables	5,037	5,123
Cash	13,649	12,976
	18,686	18,099
Total assets	152,400	139,133
Current liabilities		
Trade and other payables	37,534	33,764
Loans and borrowings	565	598
	38,099	34,362
Non-current liabilities		
Trade and other payables	1,033	100
Loans and borrowings	81,794	74,429
	82,827	74,529
Total liabilities	120,926	108,891
Net assets	31,474	30,242
Equity attributable to equity shareholders		
Share capital	16	16
Retained earnings	31,458	30,226
Total equity	31,474	30,242

Group Statement of Cash Flows

for the year ended 31 August

	2015	2014
	£000	£000
Operating activities		
Profit before tax	1,732	3,895
<i>Adjustments to reconcile profit before tax to net cash flow from operating activities:</i>		
Depreciation of property, plant and equipment	(4,823)	(4,140)
Impairment of fixed assets	-	(567)
(Loss)/profit on disposal of property, plant and equipment	133	(1,143)
Cash-settled share-based payment provision	564	100
Finance income	(141)	(114)
Finance costs	2,976	2,988
Working capital adjustments:		
Decrease/(increase) in trade and other receivables	86	(955)
Increase in trade and other payables	4,139	7,619
Cash generated from operations	14,312	17,097
Investing activities		
(Cost of disposal)/proceeds from sale of property, plant and equipment	(31)	2,193
Additions of property, plant and equipment	(18,105)	(12,268)
Net cash outflow from investing activities	(18,136)	(10,075)
Financing activities		
Interest received	141	114
Interest paid	(2,793)	(2,806)
Payment of finance lease liabilities	(51)	83
Proceeds from loans and borrowings	(8,000)	4,100
Repayment of loans and borrowings	(800)	(925)
Net cash inflow from financing activities	4,497	400
Net increase in cash and cash equivalents	673	7,442
Cash and cash equivalents at 1 September	12,976	5,554
Cash and cash equivalents at 31 August	13,649	12,976

Description of Indebtedness

The Group's Indebtedness

The Group finances its operations through (i) bank overdrafts; (ii) shareholder loans from DV4 Holdings; and (iii) revenue generated by the business.

As at the date of this Prospectus, amounts owed to DV4 Holdings pursuant to the shareholder loans are secured. Such security will be released immediately prior to the issue of the Bonds.

The net proceeds of the issue of the Bonds will be:

- used as to all amounts raised up to £34.085 million, by the Company to repay shareholder debt owed to DV4 Holdings; and
- in respect of any proceeds in excess of £34.085 million, used for general corporate purposes.

Upon completion of the issue of the Bonds:

- the Group's indebtedness under its principal debt facilities will comprise the following:
 - the Bonds; and
 - £48.5 million outstanding from the 5.75 per cent. bonds due December 2019 issued by the Company in December 2012.

The Company may also issue one or more series of Sterling denominated LPI-linked secured bonds which will not be listed or admitted to trading on any stock exchange, are not the subject of this Prospectus and are likely to be sold to one or more sophisticated professional investors. The maximum aggregate nominal amount of such Sterling denominated LPI-linked secured bonds is expected to be £25 million.

In addition, the Company has an undrawn £5,000,000 overdraft facility with Barclays Bank PLC.

Security provided to DV4 Holdings

Any future shareholder debt provided to the Company or any of its Subsidiaries by DV4 Holdings will be secured by way of (i) a first ranking fixed and floating charge over the assets of the Group (other than over the Charged Assets in the security package but including any of the fixtures, fittings, plant, machinery and other moveable property contained in or attached to the secured properties); and (ii) a second ranking fixed and floating charge over the Charged Assets in the security package (which will rank behind liabilities owed to the Trustee on behalf of the holders of the Bonds under the Security Deed).

DV4 Holdings has undertaken, however, pursuant to the terms of the Security Deed not to take any step to crystallise any charge created in its favour over any Charged Asset in the security package without first obtaining the consent of the Trustee and then subject to any conditions as may be agreed with the Trustee. In addition, DV4 Holdings has agreed to hold on trust for, or to promptly pay to, the Trustee an amount equal to the amount owed to the Trustee, pursuant to the terms of the Security Deed (or, if less, the amount received or recovered) in respect of any proceedings of enforcement or realisation of all or any of the security interest constituted by any fixed charge or any floating charge (which has crystallised) created in favour of DV4 Holdings over (i) any Charged Asset in the security package and/or (ii) any fixtures, fittings, plant, machinery and other moveable property contained in or attached to the secured properties.

The Board of Directors and Management

The Board of Directors

The Directors of the Company are:

Sir John Ritblat (*Chairman*)

Sir John is the Honorary President of The British Land Company PLC. He has many educational interests and his varied experience as a school governor included the Deputy Chairmanship of the Hall School in Hampstead and as a governor of Dulwich College where he remains a consultant to the Governing Body.

He is Vice President of the Royal Institution, having previously served on its Council. He is a Fellow of the Royal Institution of Chartered Surveyors (FRICS), an Honorary Fellow of the Royal Institute of British Architects (FRIBA), a Companion of the Chartered Management Institute (CCMI), a Life Fellow of the Royal Society of Arts (FRSA) and has an Honorary DLitt. London Metropolitan.

Dame Rosalind Savill (*Non-executive Director*)

Dame Rosalind Savill DBE, FBA, FSA, Curator Emerita, the Wallace Collection, London, was educated at the University of Leeds (BA English and Fine Art, 2 (i), 1972) and at the Study Centre, London (Diploma in the Fine and Decorative Arts, 1973). In 1973 she became a Museum Assistant in the Ceramics Department of the Victoria and Albert Museum, moving to the Wallace Collection in 1974. There she worked for thirty-seven years, becoming an Assistant Director in 1979 and Director in 1992, and retired in 2011. In 1990 she became a Fellow of the Society of Antiquaries, in 2000 she was awarded a CBE for services to the study of ceramics, in 2006 she became a Fellow of the British Academy, and in 2009 she was awarded a DBE for services to the arts. She has Visiting Professorships from the University of Buckingham and the University of the Arts, was a Governor of Camden School for Girls and a Trustee of the Dame Frances Mary Buss Foundation, won the European Woman of Achievement Award (Arts and Media) 2005, and currently her Trusteeships include the Royal Collection Trust, the Samuel Courtauld Trust, the Buccleuch Living Heritage Trust and the Hertford House Trust.

Stafford Lancaster (*Non-executive Director*)

Stafford is an investment director at Delancey Real Estate Asset Management Limited and is part of the firm's steering committee. He joined the business in 2000. He was previously a partner at Cushman & Wakefield, an international real estate consultancy that he joined in 1989. Stafford is a qualified Chartered Surveyor. He is a board member of the University of Reading Real Estate Foundation and sits on the residential special interest group of the Investment Property Forum.

Colin Wagman FCA (*Non-executive Director*)

Colin Wagman was admitted as a member of the Institute of Chartered Accountants in England and Wales in 1970. He practiced as a specialist in business structuring and tax planning and in his earlier career specialised with business issues of SME's and the property industry.

In 1995, he was appointed Chairman of Artesian Estates Plc, a residential property company, which was listed on the London Stock Exchange. The company later changed its name to Delancey Estates Plc and focused on commercial property.

Since 1998 Colin has been Deputy Chairman and was Finance Director of Delancey.

Colin has held a number of commercial executive and non-executive appointments in quoted, unquoted and FSA regulated entities.

Graham Able (*Non-Executive Deputy Chairman*)

Graham was the Chief Executive Officer of the Company from 2009-2014. Prior to that, he spent 40 years teaching in independent schools, the last 21 as a Headmaster in London. He retired from the Mastership of Dulwich College in August 2009. He is a former Chairman of the Headmasters' and Headmistresses' Conference and was President of the International Boys' Schools' Coalition for 3 years.

Julian Drinkall (*Chief Executive Officer*)

Julian joined the Group in July 2014 having previously been President and CEO of Cengage Learning, EMEA and India. He was educated at Eton and Oxford where he graduated in PPE. Julian also has an MBA from

Harvard and a Masters in Public Administration from Harvard's JFK School of Government, where he holds a Littauer Fellowship. Having pursued an early career involving strategy consulting and corporate finance, Julian became Head of the BBC's Financial and Commercial Strategy in 1998. Since then, Julian has been in general management roles in media and international education companies including IPC Media and three years as CEO of Macmillan Education.

Jenny Aviss (*Director of Schools*)

Jenny was appointed Director of Schools on 26 November 2009 and was the former headmistress of Eaton House School from 1992 -1998. She was then the Head of Wetherby School from 1998 -2008. During her time at Wetherby School she additionally fulfilled a Principal's role, through which she initiated and developed Wetherby Preparatory School, Abingdon House School and most recently Chepstow House School. Jenny has also served as a governor for both the Gatehouse School and Fairley House, a Special Needs school.

Richard Jones (*Director of Property*)

Richard was appointed Director of Property on 14 December 2010. Richard, a Chartered Surveyor, has over 25 years' experience in the field of specialist asset development and estate management. He joined the Company as a consultant in 2008 and the Board as Director of Property in 2010.

David Elliott (*Director of IT*)

David was appointed Director of IT on 1 September 2012. Prior to joining the Company in April 2011 he was Head of IT at Regent's College, a private higher education institution, for eight years. He holds chartered membership of the British Computer Society.

Mark Sample (*Director of Finance*)

Mark was appointed as Director of Finance of the Company on 1 September 2012. Mark is a graduate of Imperial College, London and qualified as a Chartered Accountant at BDO Stoy Hayward in 1989. He was Group Finance Director at Colliers International UK plc from 2008-2012.

At the date of this document, there is no potential conflict of interest between any duty owed to the Company by the Directors and their private interests and/or other duties.

Corporate Governance

Since the ordinary shares of the Company are not listed on any stock exchange, the Company is not required to comply with any UK corporate governance regime.

Audit Committee

The Audit Committee comprises Colin Wagman (as the Audit Committee Chairman), Sir John Ritblat and Anandh Owen. The Audit Committee meets twice each calendar year.

The Audit Committee is responsible for reviewing and reporting to the Board on a range of matters including:

- the interim and annual financial statements;
- the appropriateness of the Group's accounting policies and practices;
- the valuations of the Group's property portfolio;
- the review of the Group's internal control and risk management systems;
- the external auditor's management letter;
- the need for an internal audit function; and

- the review of fraud risk.

The Audit Committee's terms of reference cover the Group's risk management activities as a whole and extend to advising the Board on the appointment of external auditors, their remuneration for audit and non-audit work, their cost effectiveness, independence and objectivity, as well as discussing the nature, scope and results of the audit with the external auditors.

Office address for management

The business address for all Directors is:

Alpha Plus Holdings plc
50 Queen Anne Street
Marylebone
London W1G 8HJ

SECTION 8 - RETAINED BOND CUSTODY AGREEMENT

Retained Bond Custody Account

Pursuant to the Retained Bond Custody Agreement, the Company will instruct the Retained Bond Custodian to open, in the name of the Company, the Retained Bond Custody Account (the “**Retained Bond Custody Account**”).

Payments and Delivery

The Company will authorise the Retained Bond Custodian to make payments and delivery from the Retained Bond Custody Account.

Payment Waiver

Notwithstanding any other provision of the Retained Bond Custody Agreement to the contrary and subject to the following paragraph, the Company will unconditionally and irrevocably:

- (a) waive its rights to receive payments of interest, principal or other amounts in respect of the Retained Bonds and, for the avoidance of doubt, such waiver by the Company of such rights will continue to be effective following the occurrence of an Event of Default;
- (b) authorise the Retained Bond Custodian to disclose the waiver referred to in (a) above in respect of the Retained Bonds (and the Retained Bonds position with the Retained Bond Custodian) to the paying agents appointed with respect to the Bonds and any applicable international clearing system for the Retained Bonds to ensure that the waiver of the right to receive payments of interest, principal or otherwise in respect of the Retained Bonds is effected; and
- (c) direct the Retained Bond Custodian, in respect of each Retained Bond held by the Retained Bond Custodian on behalf of the Company in definitive certificated form, (i) on each Interest Payment Date, to surrender the interest coupon for such Retained Bond corresponding to such Interest Payment Date to the paying agents appointed with respect to the Bonds for cancellation and (ii) to surrender the definitive certificate representing such Retained Bond to the paying agents appointed with respect to the Bonds for cancellation on any date on which the Retained Bonds are to be redeemed in full.

The Retained Bond Custodian and the Company will each acknowledge and agreed that the waiver, authorisation and direction provided by the Company as described above will be irrevocable except with the prior written consent of the Trustee in the form of a Retained Bond consent letter which has been countersigned on behalf of the Trustee.

Termination of Retained Bond Custody Agreement

The Company may revoke its appointment of the Retained Bond Custodian upon not fewer than 30 days' notice to the Retained Bond Custodian and the Trustee (subject to the appointment of a replacement Retained Bond Custodian).

The Custodian may resign its appointment upon giving not fewer than 30 days' notice to the Company and the Trustee (subject to the appointment of a replacement Retained Bond Custodian).

Pursuant to the Retained Bond Custody Agreement, the Company shall, in the event of a revocation or resignation of the Retained Bond Custodian, appoint a successor custodian, whereupon the Company and the successor custodian shall acquire and become subject to the same rights and obligations between themselves as if they entered into an agreement in the form *mutatis mutandis* of the Retained Bond Custody Agreement, save (other than in the case of the payment waiver and transfer restrictions applicable to the Retained Bonds, as described above) as otherwise agreed between such parties.

SECTION 9 -TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Conditions of the Bonds which (subject to modification) will be endorsed on each Bond in definitive form (if issued):

The issue of the Bonds (as defined in the Trust Deed) was authorised by resolutions of the Board of Directors of Alpha Plus Holdings plc (the “**Company**”) passed on 9 March 2016. The Bonds are constituted by a Trust Deed (the “**Trust Deed**”) dated 31 March 2016 (the “**Issue Date**”) between the Company, Alpha Plus Group Limited and DV4 Properties (Pembroke Villas) Co. Limited, DV4 Holdings Alpha Plus Co. Ltd (“**DV4 Holdings**”) and Prudential Trustee Company Limited as bond trustee (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the “**Bondholders**”). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the “**Coupons**”) and the Security Deed (as defined below). Copies of the Trust Deed, the Paying Agency Agreement dated on or around the Issue Date relating to the Bonds between the Company, the Trustee and the initial principal paying agent named in it (the “**Paying Agency Agreement**”) and the Security Deed, are available for inspection during usual business hours at the principal office of the Trustee (presently at Laurence Pountney Hill, London EC4R 0HH) and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”) and the other paying agents for the time being (the “**Paying Agents**”, which expression shall include the Principal Paying Agent). Security for the Bonds is created by a security deed dated the Issue Date between the Company, the other Charging Companies, DV4 Holdings and the Trustee (the “**Security Deed**” and together with the Trust Deed, the Paying Agency Agreement and the Retained Bond Custody Agreement (as defined in Condition 18 (*Definitions*)), the “**Transaction Documents**”). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Security Deed and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

1. **Form, Denomination and Title**

(a) **Form and denomination**

The Bonds are serially numbered and in bearer form in the denomination of £100 each with Coupons attached on issue.

(b) **Title**

Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. **Status of the Bonds and Coupons**

(a) **Status**

The Bonds and Coupons constitute secured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 2(b) (*Application of Moneys*) and Condition 3 (*Security; Negative Pledge*), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) **Application of Moneys**

All moneys received by the Trustee in respect of the Bonds or recovered by the Trustee or any Receiver following the enforcement of the Security despite any appropriation of all or part of them by the Company (including any moneys which represent principal or interest in respect of Bonds or Coupons which have become void under the Conditions) shall be held by the Trustee on trust to apply them (subject to Clause 9.2 of the Trust Deed):

- (i) *first*, in or towards satisfaction of (i) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to the Trustee under the Transaction Documents and (ii) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to any Receiver or other appointee appointed by the Trustee;
- (ii) *second*, in or towards satisfaction of the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to the Paying Agents and the Retained Bond Custodian under the Transaction Documents;
- (iii) *third*, in or towards payment of all arrears of interest remaining unpaid in respect of the Bonds and all principal moneys due on or in respect of the Bonds; and
- (iv) *fourth*, the balance (if any) in payment to the Company or the relevant Charging Company (as the case may be).

3. Security; Negative Pledge

(a) Security

As security for the payment and discharge of all present and future obligations of the Company under the Bonds and the Transaction Documents, the Company and the other Charging Companies created the following Security Interests in favour of the Trustee pursuant to the Security Deed:

- (i) a first fixed charge granted by the Company over all its right, title, interest and benefit in and to the Cash Collateral Account together with all moneys from time to time standing to the credit thereof (including any interest thereon), all debts represented by those amounts and all Related Rights;
- (ii) as from the Issue Date or such later date (being not later than 3 months after the Issue Date) on which Security over the Specifically Mortgaged Properties is provided in accordance with the Security Deed, a first legal mortgage (which shall take effect as an equitable mortgage until requisite registrations have been made) (and to the extent that they are not subject to a mortgage by way of first fixed charge) granted by each Charging Company with respect to all of its respective right, title, interest and benefit existing now and in the future, in and to the following Real Property (which is subject to withdrawal and replacement as provided in the Trust Deed):

Description of property	Title number
10 and 11 Pembridge Square, London W2 4ED <i>(also referred to as Wetherby School, The Minors Nursery School and Pembridge Hall School)</i>	NGL551069
19 Pembridge Villas, London W11 3EP <i>(also referred to as Wetherby School)</i>	227792
18 Pembridge Square, London W2 4EH <i>(also referred to as Pembridge Hall School)</i>	NGL344664
62 Dry Hill Park Road, Tonbridge TN10 3BX <i>(also referred to as Hilden Grange Preparatory School)</i>	K225653, K585661 and K867893

21 Davenport Road, Coventry CV5 6QA <i>(also referred to as Davenport Lodge)</i>	WK77623
34a Oxford Gardens, London W10 5UG <i>(also referred to as Rolfe's Nursery)</i>	BGL89446
21 and 23 Pembridge Villas, London W11 3EP <i>(also referred to as The Russian Embassy School)</i>	LN40265

- (iii) a first fixed charge granted by each Charging Company over all of its rights, title and interest from time to time in and to the Insurances and all Related Rights but only to the extent that such Insurances and Related Rights relate to the Specifically Mortgaged Properties;
- (iv) a first fixed charge granted by the Company over all its right, title, interest and benefit in and to Cash Equivalent Investments, together with all moneys, income and proceeds payable or due to become payable in respect of such Cash Equivalent Investments and all interest accruing on them from time to time and all Related Rights; and
- (v) a first fixed charge granted by each Charging Company over its rights, title and interest from time to time in and to the Intellectual Property (including, the following registered trade marks) and all Related Rights:

Country	Trade Mark	App/(Reg) Date	App/(Reg) No	Status
UK	WETHERBY SCHOOL	27.03.2009	2498632	Registered
UK	PEMBRIDGE HALL	27.03.2009	2498630	Registered
UK	ROLFE'S NURSERY	20.03.2013	UK00002657568	Registered
UK	THE MINORS NURSERY	20.03.2013	UK00002657570	Registered

(b) **Negative Pledge**

The Company and the other Charging Companies may not create or permit to subsist any Security Interest over the Charged Assets or any of the Related Assets provided that the Company and the other Charging Companies may grant in favour of DV4 Holdings and DV4 Investment Alpha Plus Co. Limited:

- (i) first ranking Security Interests over any assets (other than the Charged Assets but including any Related Assets) of the Company and the other Charging Companies; and
- (ii) second ranking Security Interests over any of the Charged Assets.

If the Company or any other Charging Company creates any Security Interest (other than in favour of DV4 Holdings and DV4 Investment Alpha Plus Co. Limited, as described above) which under any law in force whilst the Bonds are outstanding gives any party the right to appoint an administrative receiver of the Company or such other Charging Company then the same Security Interest will at the same time be granted equally and rateably to the Trustee for the benefit of, *inter alios*, the Bondholders.

4. **Interest**

The Bonds bear interest from and including the Issue Date at the fixed rate of 5.00 per cent. per annum. The first interest payment shall be made on 30 September 2016 in an amount equal to £2.50 per £100

in principal amount of the Bonds. Thereafter, interest shall be payable semi-annually in arrear in equal instalments of £2.50 per £100 in principal amount of the Bonds on 31 March and 30 September in each year (including 30 September 2016, each an “**Interest Payment Date**”) commencing on 30 September 2016. The final Interest Payment Date will be 31 March 2024 (the “**Maturity Date**”).

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of: (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last); and (2) the number of Interest Periods normally ending in any year.

In these Conditions, the period beginning on and including 31 March 2016 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next successive Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per £100 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 5.00 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

5. **Redemption and Purchase**

(a) **Final redemption**

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

(b) **Redemption for taxation reasons**

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not fewer than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Paying Agents (which notice shall be irrevocable and shall specify the date fixed for redemption), at their principal amount (together with interest accrued to but excluding the date fixed for redemption), if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Company shall deliver to the Trustee (a) if the Trustee so requests, an opinion of an independent legal adviser of recognised standing to the effect that the Company has or will become obliged to pay such additional amounts as a result of such change or amendment and (b) a Directors’ Certificate stating that the obligation referred to in (i) above has arisen and cannot be avoided by the Company taking reasonable measures available to it and the Trustee shall be entitled to accept and rely upon (without liability to any person) such certificate as sufficient evidence of the satisfaction of the conditions

precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Trustee, the Bondholders and the Couponholders.

(c) **Redemption at the option of the Company**

The Company may at any time, having given not fewer than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Paying Agents (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")) redeem all, but not some only, of the Bonds at a redemption price per Bond equal to the greater of the following, in each case together with interest accrued to but excluding the Optional Redemption Date:

- (i) the principal amount of the Bonds; and
- (ii) the price (as reported in writing to the Company and the Trustee by a financial adviser (the "**Financial Adviser**") appointed by the Company at the Company's expense) expressed as a percentage (and rounded to three decimal places, with 0.0005 being rounded up) at which the Gross Redemption Yield on the Bonds on the Calculation Date is equal to the sum of the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of the 2.75 per cent. United Kingdom Government Treasury Stock due 2024 (or, where the Financial Adviser advises the Company that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend for such purpose (the "**Reference Stock**")) plus 0.50 per cent.

References in the Transaction Documents and in these Conditions to principal shall, unless the context otherwise requires, be deemed to include any amount payable pursuant to this Condition 5(c).

(d) **Notice of redemption**

All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(e) **Purchase**

The Company will purchase the Retained Bonds on the Issue Date. The Company and its Subsidiaries may at any time purchase the Bonds in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 5(f) (*Cancellation*) below, they are purchased together with all unmatured Coupons relating to them). Such Bonds may be held, reissued, resold or, at the option of the Company or the relevant Subsidiary of the Company, surrendered to the Principal Paying Agent for cancellation. The Bonds so purchased (including the Retained Bonds), while held by or on behalf of the Company or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating any quorum at meetings of the Bondholders or for the purposes of Condition 11 (*Meetings of Bondholders, Modification and Waiver, and Substitution*).

(f) **Cancellation**

All Bonds which are (i) redeemed, or (ii) purchased by or on behalf of the Company (other than the Retained Bonds purchased on the Issue Date) or any Subsidiary of the Company and surrendered to the Principal Paying Agent for cancellation pursuant to Condition 5(e) (*Purchase*), shall forthwith be cancelled together with all unmatured Coupons attached thereto or surrendered therewith, and accordingly all such Bonds shall be forwarded to the Principal Paying Agent and cannot be held, reissued or sold.

The Company:

- (a) shall surrender to the Principal Paying Agent for cancellation all Retained Bonds held by or on behalf of the Company:

- (i) forthwith upon notice that the Bonds are to be redeemed (and, in any event, prior to such redemption) in accordance with Condition 5(b) (*Redemption for taxation reasons*), Condition 5(c) (*Redemption at the option of the Company*) or Condition 8 (*Events of Default*); and
 - (ii) by no later than the Maturity Date of the Bonds; and
- (b) may surrender to the Principal Paying Agent for cancellation any Bonds held by it or on its behalf at any time at its discretion.

6. **Payments**

(a) **Method of Payment**

Payments of principal and interest will be made against presentation and surrender of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by Sterling cheque drawn on, or by transfer to a Sterling account maintained by the payee with, a bank in the United Kingdom.

(b) **Payments subject to laws**

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(c) **Surrender of unmatured Coupons**

Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against presentation and surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) for the relevant payment of principal (whether or not the Coupon would otherwise have become void pursuant to Condition 9 (*Prescription*)).

(d) **Payments on business days**

A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a Sterling account, in London). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 6 (*Payments*) falling after the due date. In this Condition, “**business day**” means a day on which commercial banks and foreign exchange markets are open for the conduct of general business (including dealing in foreign exchange and foreign currency deposits) in the relevant city.

(e) **Paying Agents**

The initial Paying Agents and their initial specified offices are listed below. The Company reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that the Company will maintain (i) a Principal Paying Agent, (ii) a Paying Agent (which may be the Principal Paying Agent) having a specified office in London and/or any other major European city and (iii) a Paying Agent (which may be the Principal Paying Agent) with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

7. Taxation

All payments of principal and interest by or on behalf of the Company in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Bondholders and/or the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon:

(a) **Other connection:**

presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or

(b) **Tax exemptions available:**

if no such withholding or deduction would have been required if such holder (or a person on behalf of such holder) complied with any statutory requirement or presented any form or certificate or made a declaration of non-residence or other similar claim for exemption to the relevant tax authority, provided that the Company notified such holder of such statutory requirement or the requirement to present such form or certificate or make such declaration or claim; or

(c) **Presentation more than 30 days after the Relevant Date:**

presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days assuming, whether or not such is in fact the case, that day to have been a date on which payment would have been made pursuant to Condition 6(d) (*Payments – Payments on business days*).

“**Relevant Date**” means whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or substitution for it under the Trust Deed.

8. Events of Default

Subject as provided below, if any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction, give a notice (an “**Acceleration Notice**”) to the Company that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) any default is made in the payment of any principal of or any interest on any of the Bonds and such default continues for a period of seven days in the case of principal and fourteen days in the case of interest; or
- (b) the Company does not perform or comply with any one or more of its other obligations in the Bonds, or the Company or any other Charging Company does not perform or comply with any one or more of its other obligations in the Transaction Documents, which default is, in the opinion of the Trustee, incapable of remedy or, if in the opinion of the Trustee such failure to perform or comply is capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Company and (if different) the relevant Charging Company by the Trustee; or

- (c) any other present or future indebtedness of the Company or any other Charging Company (excluding the DV4 Companies) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Company or any other Charging Company (excluding the DV4 Companies) fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities is greater than £2 million; or
- (d) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Company or any other Charging Company and, in any such case, is not discharged or stayed within 30 days; or
- (e) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company or any other Charging Company over all or substantially all of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and, in any such case, is not discharged or stayed within 30 days; or
- (f) the Company or any Charging Company is (or is deemed (other than where a demand is made for less than £1,000,000 under section 123(l)(a) of the Insolvency Act 1986) by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or substantially all of the debts of the Company or any other Charging Company; or
- (g) an administrator or administrative receiver is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Company or any other Charging Company and, in any such case, is not discharged within 30 days, or the Company and its Subsidiaries as a whole ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders; or
- (h) any company, which is for the time being a Charging Company (other than the Company, DV4 Properties Fulham Co. Limited and DV4 Properties (Pembroke Villas) Co. Limited), ceases to be a wholly-owned, direct or indirect subsidiary of the Company,

provided that in the case of Conditions 8(b), 8(d) and 8(e) (*Events of Default*), the Trustee shall have certified that, in its opinion, such event is materially prejudicial to the interests of the Bondholders.

The security constituted by the Security Deed shall become enforceable upon the giving of an Acceleration Notice by the Trustee to the Company.

9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 (*Payments*) within a period of 10 years in the case of principal and 5 years in the case of interest from the appropriate Relevant Date.

10. Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Company may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

11. **Meetings of Bondholders, Modification and Waiver, and Substitution**

(a) **Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Transaction Document. Such a meeting may be convened by the Company or the Trustee, and the Trustee shall be obliged to do so subject to being indemnified, and/or secured and/or prefunded to its satisfaction upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the Bonds for the time being outstanding.

Subject as provided below, the quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 66⅔ per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present or voted at the meeting at which such resolution was passed) and on all Couponholders.

- (b) The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(c) **Modification and Waiver**

The Trustee may, without the consent of the Bondholders or Couponholders (i) agree to any modification of any of these Conditions or any of the provisions of the Transaction Documents that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) agree to any modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders and (iii) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders). Any such modification, authorisation, waiver or determination shall be binding on the Bondholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation, waiver or determination shall be notified to the Bondholders as soon as practicable in accordance with Condition 15 (*Notices*).

(d) **Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Transaction Documents and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Company, or of any previous substituted company, as principal debtor or obligor under the Transaction Documents and the Bonds.

(e) **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and shall not

have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Company, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

(f) **Bonds outstanding**

The Trust Deed provides that Bonds which are for the time being held by or on behalf of, or for the benefit of, the Company (including, for the avoidance of doubt, the Retained Bonds for so long as they are held by or on behalf of the Company) as beneficial owner shall (unless and until ceasing to be so held) be deemed not to be outstanding for the purpose of, *inter alia*, voting and quorum requirements and determination of covenant ratios for the purposes of providing and maintaining adequate security in respect of the Bonds.

12. **Enforcement**

The Trustee may, at any time, at its discretion and without further notice, institute such actions, steps or proceedings against the Company or any other Charging Company as it may think fit to enforce the terms of the Transaction Documents, the Bonds and the Coupons, and, at any time after the Security has become enforceable, the Trustee may, at its discretion and without further notice, take such steps as it may think fit to enforce such Security, but it need not take any such actions, steps or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder may proceed directly against the Company or any other Charging Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. **Indemnification and Exclusion of Liability of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and provisions limiting or excluding its responsibility and liability towards the Company, the Bondholders and the Couponholders, including provisions (i) relieving it from taking action unless requested or directed by the Bondholders in the manner described in Conditions 8 (*Events of Default*) and 12 (*Enforcement*), and indemnified and/or secured and/or prefunded to its satisfaction and (ii) allowing the Trustee to rely without liability to Bondholders or Couponholders on a certificate signed by two directors or one director and the secretary of the Company, a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether such expert's liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

The Trustee is entitled to enter into business transactions with the Company and any entity related to the Company without accounting for any profit.

14. **Further Issues**

The Company may from time to time, without the consent of the Bondholders or Couponholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further securities shall be consolidated and form a single series with the outstanding Bonds (the "**Further Issues**"), provided that no Further Issue may be created or issued unless the most recent valuation prepared pursuant to the Trust Deed shows that the aggregate Value of the Specifically Mortgaged Properties will be not less than 1.667 times the nominal amount of the Bonds then outstanding and such proposed Further Issue (after deducting from such nominal amount of the Bonds then outstanding and such proposed Further Issue the sum of (a) the credit balance of the Cash Collateral Account and (b) the market value of the Cash Equivalent Investments reported in the most recent valuation prepared pursuant to the Trust Deed).

References in these Conditions to the Bonds include (unless the context requires otherwise) any Further Issue issued pursuant to this Condition 14 (*Further Issues*). Any Further Issue shall be constituted by a deed supplemental to the Trust Deed.

15. Notices

Notices to Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in the United Kingdom. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

The Trust Deed, the Bonds and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

18. Definitions

“**Accession Document**” means a deed of accession substantially in the form set out in Schedule 4 to the Security Deed (*Form of Deed of Accession*) (or such other form as the Trustee may approve).

“**Account Bank**” means (a) any bank, building society or financial institution with a rating equal to or higher than (i) A-2 (short-term) (or the equivalent) by S&P; (ii) F2 (short-term) (or the equivalent) by Fitch; or (iii) P-2 (short term) (or the equivalent) by Moody’s or (b) any other bank, building society or financial institution agreed between the Company and the Trustee with whom the Cash Collateral Account is maintained by the Company.

“**Calculation Date**” means the third dealing day prior to the date of publication of the notice of redemption.

“**Cash Collateral Account**” means the account so named and opened with the Account Bank or any replacement therefor.

“**Cash Equivalent Investments**” means any sterling fixed rate securities, debenture, loan stock, security, bond, warrant, coupon, interest in any investment fund and any other investment (whether or not marketable) issued or guaranteed by H.M. Government or the European Investment Bank maturing at a date no later than 2 years from the date of their being charged under the Security Deed, any Supplemental Security Deed or any Accession Document and with a maturity no later than the Maturity Date and whether held directly by or to the order of the Company or by any trustee, fiduciary or clearance system on its behalf and all Related Rights.

“**Charged Assets**” means all of the Real Property, Cash Collateral Account, Cash Equivalent Investments, Intellectual Property and Insurances of each Charging Company from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) pursuant to the Security Deed, any Supplemental Security Deed and any Accession Document.

“**Charging Company**” means the Company, Alpha Plus Group Limited, DV4 Properties Fulham Co. Limited and DV4 Properties (Pembroke Villas) Co. Limited and any Subsidiary of the Company, in each case which is the registered owner of, or holds title to, any Charged Asset.

“**Directors’ Certificate**” means a certificate signed by two directors of the Company.

“**DV4 Companies**” means DV4 Properties (Pembroke Villas) Co. Limited and DV4 Properties Fulham Co. Limited.

“**DV4 Holdings**” means DV4 Holdings Alpha Plus Co. Limited;

“Eligible Property” means property in England and Wales primarily used for education purposes and in respect of which the following have been provided to the Trustee:

- (a) save in the case of the Initial Specifically Mortgaged Properties, a valuation dated not more than 3 months prior to the date on which the property is intended to be charged pursuant to the Security Deed, any Supplemental Security Deed or any Accession Document and carried out by an independent valuer of national repute and prepared in accordance with the Trust Deed;
- (b) a certificate of title dated not more than 3 months prior to the date on which the property is intended to be charged pursuant to the Security Deed, any Supplemental Security Deed or any Accession Document; and
- (c) Land Registry searches in favour of the Trustee against all the titles comprising such property, showing no third party security entry or evidence that any existing third party security over such property has been discharged or will be discharged on or prior to the date on which such property is to be charged pursuant to the Security Deed, any Supplemental Security Deed or any Accession Document.

“Extraordinary Resolution” means a resolution passed at a meeting of Bondholders duly convened and held in accordance with the Trust Deed by a majority of not less than three-quarters of the votes cast.

“Fitch” means Fitch Ratings Ltd. or any successor to its rating business.

“Gross Redemption Yield” on the Bonds and the Reference Stock will be expressed as a percentage and will be calculated by the Financial Adviser on the basis set out in the United Kingdom Debt Management Office paper “Formulae for Calculating Gilt Prices from Yields” page 4, Section One: Price/Yield Formulae “Conventional Gilts; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005 and as further updated or amended) on a semi-annual compounding basis rounded up (if necessary) to three decimal places, 0.0005 being rounded up.

“Initial Specifically Mortgaged Properties” means the Real Property of the Charging Companies identified in Condition 3(a)(ii) (*Security*).

“Insurances” means any contract or policy of insurance of any kind from time to time taken out by the Charging Companies in respect of the Specifically Mortgaged Properties.

“Intellectual Property” means in respect of the Relevant Schools (i) any patent, trade mark, service mark, design, logo, trade name, domain name, copyright (including rights in computer software), database right and other intellectual property rights and interests (which may now or in the future subsist), in each case whether registered or unregistered, and (ii) the benefit of all applications and all rights to use such assets (which may now or in the future subsist) and **“registered”** includes registrations and applications for registration.

“Moody’s” means Moody’s Investors Service, Inc. or any successor to its rating business.

“Real Property” means all estates and interests in the freehold and leasehold land identified from time to time in:

- (a) the Security Deed; and
- (b) any Supplemental Security Deed or Accession Document,

and, in each case, all Related Rights.

“Receiver” means a receiver and manager or other receiver appointed under the Security Deed in respect of all or part of the Charged Assets and shall, if allowed by law, include an administrative receiver.

“Related Assets” means, in relation to each Relevant School, the fixtures, fittings, plant, machinery and other moveable property at such Relevant School.

“Related Rights” means, in relation to any Charged Asset:

- (a) all rights under any licence, agreement for sale or agreement for lease or other use in respect of all or any part of that asset;
- (b) all rights, powers, benefits, claims, contracts, warranties, remedies, covenants for title, security, guarantees or indemnities in respect of any part of that asset;
- (c) the proceeds of sale of all or any part of that asset;
- (d) any other moneys paid or payable in respect of that asset;
- (e) any right against any clearance system and any right under any custodian or other agreement.

“Relevant School” means, in relation to any Real Property, each school, nursery, college or similar institution operating at such Real Property.

“Retained Bond Custodian” means Deutsche Bank AG, London Branch or any successor custodian appointed by the Company under the Retained Bond Custody Agreement.

“Retained Bond Custody Agreement” means the custody agreement relating to the Retained Bonds dated 31 March 2016 between the Company, the Retained Bond Custodian and the Trustee as amended, supplemented and/or restated from time to time.

“Retained Bonds” means the Bonds purchased by the Company on the Issue Date.

“S&P” means Standard & Poor’s Rating Services, a division of the McGraw Hill Companies, Inc. or any successor to its rating business.

“Security” means any Security Interest created, evidenced or conferred by or under the Security Deed, any Supplemental Security Deed or any Accession Document.

“Security Interest” means any mortgage, lien, charge, assignment, hypothecation or security interest or any other arrangement having a similar effect.

“Specifically Mortgaged Properties” means each Eligible Property for the time being charged by way of a first legal mortgage in favour of the Trustee pursuant to the Security Deed, any Supplemental Security Deed or any Accession Document.

“Subsidiary” means a subsidiary or a subsidiary undertaking within the respective meanings of section 1159 and 1162 of the Companies Act 2006.

“Supplemental Security Deed” means any deed supplemental to the Security Deed pursuant to which Security Interests are granted by a Charging Company in favour of the Trustee by way of security for the liabilities and all other present and future obligations at any time due, owing or incurred by the Company, to the Bondholders, the Trustee and its appointees (including any Receiver appointed by it), any Receiver, the Retained Bond Custodian or the Paying Agents under the Bonds, the Trust Deed, the Security Deed and the Paying Agency Agreement, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.

“Value” means the market value of the individual freehold and leasehold properties (a) as fully equipped and trading entities having regard to their trading potential, in relation to properties owned by the Company and any of its Subsidiaries which is a Charging Company and (b) on an investment basis, in relation to properties owned by the DV4 Companies, in each case, as determined by reference to the most recent valuation prepared pursuant to the Trust Deed.

SECTION 10 - SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILST REPRESENTED BY THE GLOBAL BOND

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Bonds and in the Global Bond which will apply to, and in some cases modify, the Conditions of the Bonds while the Bonds are represented by the Global Bond.

1. Exchange

The Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for definitive Bonds described below if (a) the Global Bond is held on behalf of Euroclear or Clearstream, Luxembourg (each a “**Clearing System**”) and (i) such Clearing System is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or (ii) announces an intention permanently to cease business or does in fact do so, or (b) any of the circumstances described in Condition 8 of the “*Terms and Conditions of the Bonds*” occurs.

Thereupon, the holder of the Global Bond (acting on the instructions of one or more of the Accountholders (as defined below)) may exchange the Global Bond for definitive Bonds on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Global Bond may surrender the Global Bond to or to the order of the Principal Paying Agent. In exchange for the Global Bond the Company will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Global Bond, the Company will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Bonds.

For these purposes, “**Exchange Date**” means a day falling not fewer than 60 days after that on which the notice requiring exchange is given and on which banks are open for the conduct of general business (including dealing in foreign exchange and foreign currency deposits) in the city in which the specified office of the Principal Paying Agent is located and, in the case of exchange pursuant to (b) above, in the place in which the relevant Clearing System is located.

2. Payments

Payments of principal and interest in respect of Bonds represented by the Global Bond will, subject as set out below, be made to the bearer of the Global Bond against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, against surrender of the Global Bond to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the Global Bond by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Bonds. For the purpose of any payments made in respect of the Global Bond, Condition 6(d) (*Payments on business days*) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open in the financial centre of the currency of the Bonds.

3. Notices

For so long as all of the Bonds are represented by the Global Bond and the Global Bond is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 15. Any such notice shall be deemed to have been given to the Bondholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Bonds held by a Bondholder are represented by the Global Bond, notices to be given by such Bondholder may be given by such Bondholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. **Accountholders**

For so long as all of the Bonds are represented by the Global Bond and the Global Bond is held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal and interest on such principal amount of such Bonds, the right to which shall be vested, as against the Company and the Trustee, solely in the bearer of the Global Bond in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the Global Bond.

5. **Prescription**

Claims against the Company in respect of principal and interest on the Bonds represented by the Global Bond will become void after 10 years (in the case of principal) and 5 years (in the case of interest) from the Relevant Date (as defined in the Conditions of the Bonds).

6. **Cancellation**

Cancellation of any Bond represented by the Global Bond and required by the Conditions of the Bonds to be cancelled following its redemption or purchase will be effected by reduction in the principal amount of the Global Bond by endorsement on the relevant part of the schedule thereto.

7. **Trustee’s Powers**

In considering the interests of Bondholders while the Global Bond is held on behalf of the relevant Clearing System the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its Accountholders with entitlements to the Global Bond, but without prejudice to the provisions of Condition 11(e) and the corresponding provisions of the Trust Deed.

8. **Euroclear and Clearstream, Luxembourg**

References in the Global Bond and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

SECTION 11 - CLEARING AND SETTLEMENT

The Company has applied to the Clearing Systems for acceptance in their respective book-entry systems in respect of the Bonds. A Global Bond without coupons will be deposited with a common depository for the Clearing Systems. Transfers of interests in such Global Bond will be made in accordance with the normal Euromarket debt securities operating procedures of the Clearing Systems.

CREST Depository Interests

Following their delivery into a Clearing System, interests in Bonds may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Bonds. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of the CREST Nominee in the Underlying Bonds. Pursuant to the CREST Manual (as defined below), Bonds held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Bonds will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Bond, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Bonds on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Bonds and other relevant notices issued by the Company.

Transfers of interests in Underlying Bonds by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Bonds to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Bonds and will not require a separate listing on the Official List.

Prospective subscribers of Bonds represented by CDIs are referred to Section 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Company including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Bonds which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (i) CDI Holders will not be the legal owners of the Underlying Bonds. The CDIs are separate legal Bonds from the Underlying Bonds to which they relate and represent an indirect interest in such Underlying Bonds.
- (ii) The Underlying Bonds themselves (as distinct from the CDIs representing indirect interests in such Underlying Bonds) will be held in an account with a custodian. The custodian will hold the Underlying Bonds through a Clearing System. Rights in the Underlying Bonds will be held through custodial and depository links through the appropriate Clearing Systems. The legal title to the Underlying Bonds or to interests in the Underlying Bonds will depend on the rules of the Clearing System in or through which the Underlying Bonds are held.
- (iii) Rights under the Underlying Bonds cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Bonds will therefore be subject to the local law of the relevant intermediary. The rights of

CDI Holders to the Underlying Bonds are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Bonds. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Bonds held in Clearing Systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

- (iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST Manual and the CREST Rules applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44(0) 207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI. The contents of the CREST website shall not form part of this Prospectus.
- (vii) Potential investors should note that CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDI's through the CREST International Settlement Links Service.
- (viii) Potential investors should note that none of the Company, the Managers, the Trustee or any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

SECTION 12 - IMPORTANT LEGAL INFORMATION

Important information relating to the Public Offer of the Bonds

If, in the context of the Public Offer (as defined below) you are offered Bonds by any entity, you should check that such entity is authorised to use this Prospectus for the purposes of making such offer before agreeing to purchase any Bonds. To be authorised to use this Prospectus in connection with the Public Offer (referred to below as an “Authorised Distributor”), an entity must be:

- the Managers; or
- any other financial intermediary which (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction; and (b) accepts such offer by publishing on its website the “Acceptance Statement” as defined and set out below.

Other than as set out above, neither the Company nor the Managers have authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use the Prospectus in connection with any offer of Bonds.

Public Offer by any person in any circumstances

This Prospectus has been prepared on a basis that permits a “Public Offer” (being an offer of Bonds that is not within an exemption from the requirement to publish a prospectus under Article 5.4 of the Prospectus Directive) in the United Kingdom. Any person making or intending to make a Public Offer of Bonds in the United Kingdom on the basis of this Prospectus must do so only with the Company’s consent - see “*Consent given in accordance with Article 3.2 of the Prospectus Directive*” below.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of any Public Offer of Bonds in the United Kingdom, the Company accepts responsibility, in the United Kingdom, for the content of this Prospectus under section 90 of FSMA in relation to any person in the United Kingdom to whom an offer of any Bonds is made by a financial intermediary (including the Managers) to whom the Company has given its consent to use the Prospectus, where the offer is made in compliance with all conditions attached to the giving of such consent. Such consent and the attached conditions are described below under “*Consent*” below.

Except in the circumstances described below, neither the Company nor the Managers have authorised the making of any Public Offer and the Company has not consented to the use of this Prospectus by any other person in connection with any offer of the Bonds. Any offer made without the consent of the Company is unauthorised and neither the Company nor the Managers accept any responsibility in relation to such offer.

If, in the context of a Public Offer, you are offered Bonds by a person which is not an Authorised Distributor referred to in Section 12 (*Important Legal Information - Consent*), you should check with such person whether anyone is responsible for this Prospectus for the purpose of section 90 of the Financial Services and Markets Act 2000 (“**FSMA**”) in the context of the Public Offer and, if so, who that person is. If you are in any doubt about whether you can rely on this Prospectus and/or who is responsible for its contents, you should take legal advice.

Consent

The Company consents to the use of this Prospectus in connection with any Public Offer of Bonds, including any subsequent resale or final placement of Bonds by financial intermediaries, in the United Kingdom during the period commencing from and including the date of this Prospectus until 12 (noon) (London time) on 23 March 2016 (or such earlier or such earlier time and date as may be agreed between the Company and the Managers) (the “**Offer Period**”) by:

- (a) the Managers; and
- (b) any other financial intermediary which (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction (“**MiFID**”); and (b) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the “**Acceptance Statement**”):

*“We, [FINANCIAL INTERMEDIARY], refer to the offer of 5.00 per cent. Secured Sterling Bonds due 31 March 2024 (the “**Bonds**”) described in the Prospectus dated 9 March 2016 (the “**Prospectus**”) published by Alpha Plus Holdings plc (the “**Company**”). In consideration of the Company offering to grant its consent to our use of the Prospectus in connection with the offer of the Bonds in the United Kingdom during the Offer Period in accordance with the Authorised Distributor Terms (as specified in the Prospectus), we hereby accept the offer by the Company in accordance with the Authorised Distributor Terms. We confirm that we are authorised under MiFID to make, and are using the Prospectus in connection with, the Public Offer accordingly. Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Prospectus.”*

The financial intermediaries referred to in sub-paragraph (b) above are together referred to herein as, the “**Authorised Distributors**”.

Any Authorised Distributor falling within sub-paragraph (b) above who wishes to use this Prospectus in connection with a Public Offer as set out above is required, for the duration of the Offer Period, to publish on its website the Acceptance Statement set out above, confirming that it uses the Prospectus in accordance with the consent and conditions attached thereto.

The “**Authorised Distributor Terms**” are that the relevant financial intermediary represents and agrees that it:

- (a) is authorised to make such offers under MiFID (in which regard, you should consult the register of authorised entities maintained by the FCA at www.fca.org.uk/firms/systems-reporting/register). MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors;
- (b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the FCA (including its guidance for distributors in “*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by any person and disclosure to any potential investor;
- (c) complies with the restrictions set out under Section 13 (*Subscription and Sale - Selling Restrictions*) in this Prospectus which would apply as if the relevant financial intermediary was a Manager;
- (d) ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to investors or potential investors;
- (e) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under FSMA and/or the Financial Services Act 2012;
- (f) complies with and takes appropriate steps in relation to applicable anti-money laundering, anti-bribery, prevention of corruption and “know your client” Rules, and does not permit any application for Bonds

in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

- (g) retains investor identification records for at least the minimum period required under applicable Rules, and will, if so requested and to the extent permitted by the Rules, make such records available to the Managers and the Company or directly to the appropriate authorities with jurisdiction over the Company and/or the Managers in order to enable the Company and/or the Managers to comply with anti-money laundering, anti-bribery and “know your client” Rules applying to the Company and/or the Managers;
- (h) does not, directly or indirectly, cause the Company or the Managers to breach any Rule or subject the Company or the Managers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (i) immediately gives notice to the Company and the Managers if at any time such Authorised Distributor becomes aware or suspects that they are or may be in violation of any Rules or the terms of this paragraph, and takes all appropriate steps to remedy such violation and comply with such Rules and this paragraph in all respects;
- (j) does not give any information other than that contained in this document (as may be amended or supplemented by the Company from time to time) or make any representation in connection with the offering or sale of, or the solicitation of interest in, the Bonds;
- (k) agrees that any communication in which it attaches or otherwise includes this Prospectus or any announcement published by the Company *via* a Regulatory Information Service at the end of the Offer Period (or includes a weblink thereto) will be consistent with the Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Officer has provided it independently from the Company and must expressly confirm that the Company accepts no responsibility for the content of any such communication;
- (l) does not use the legal or publicity names of the Managers, the Company or any other name, brand or logo registered by any member of the Group or DV4 Properties Fulham Co. Limited or DV4 Properties (Pembridge Villas) Co. Limited or any material over which any member of the Group or DV4 Properties Fulham Co. Limited or DV4 Properties (Pembridge Villas) Co. Limited retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Bonds;
- (m) agrees and undertakes to indemnify each of the Company and the Managers (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Company or the Managers; and
- (n) agrees and accepts that:
 - (i) the contract between the Company and the financial intermediary formed upon acceptance by the financial intermediary of the Company’s offer to use the Prospectus with its consent in connection with the relevant Public Offer (the “**Authorised Distributor Contract**”), and any non-contractual obligations arising out of or in connection with the Authorised Distributor Contract, shall be governed by, and construed in accordance with, English law;
 - (ii) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Distributor Contract (including a dispute relating to any

non-contractual obligations arising out of or in connection with the Authorised Distributor Contract) and accordingly submits to the exclusive jurisdiction of the English courts; and

- (iii) the Managers will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Distributor Contract which are, or are expressed to be, for their benefit, including the agreements, representations, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Distributor Terms.

Arrangements between you and the financial intermediaries who will distribute the Bonds

Neither the Company nor the Managers have any responsibility for any of the actions of any Authorised Distributor, including compliance by an Authorised Distributor with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

If you intend to acquire or do acquire any Bonds from an Authorised Distributor, you will do so, and offers and sales of the Bonds to you by such an Authorised Distributor will be made, in accordance with any terms and other arrangements in place between such Authorised Distributor and you including as to price, allocations and settlement arrangements. The Company will not be a party to any such arrangements with you in connection with the offer or sale of the Bonds and, accordingly, this Prospectus does not contain such information.

In the event of an offer being made by an Authorised Distributor, such Authorised Distributor will provide information to investors on the terms and conditions of the offer at the time the offer is made.

Neither the Company nor the Managers or other Authorised Distributors have any responsibility or liability for such information.

Notice to investors

The Bonds may not be a suitable investment for all investors. You must determine the suitability of any investment in light of your own circumstances. In particular, you may wish to consider, either on your own or with the help of your financial and other professional advisers, whether you:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus (and any applicable supplement to this Prospectus);
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on your overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments (Sterling) is different from the currency which you usually use;
- (d) understand thoroughly the terms of the Bonds and are familiar with the behaviour of the financial markets; and
- (e) are able to evaluate possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

No person is or has been authorised by the Company, the Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Managers or the Trustee.

Neither the publication of this Prospectus nor the offering, sale or delivery of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that there has been no adverse change in the financial position of the Company since the date of this Prospectus or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. Neither the

Managers nor the Trustee undertake to review the financial condition or affairs of the Company during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds should be considered as a recommendation by the Company, the Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and any purchase of Bonds should be based upon such investigation as it deems necessary.

The Managers and the Trustee

Neither the Managers nor the Trustee have independently confirmed the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made by the Managers or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Company in connection with the offering of the Bonds. Neither the Managers nor the Trustee accept liability in relation to the information contained in this Prospectus or any other information provided by the Company in connection with the offering of the Bonds or their distribution.

The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Company and its affiliates in the ordinary course of business.

No incorporation of websites

The contents of the websites of the Group do not form part of this Prospectus, and you should not rely on them.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

This Prospectus is based on English law in effect as of the date of issue of this Prospectus. Except to the extent required by laws and regulations, the Company does not intend, and does not assume any obligation, to update the Prospectus in light of the impact of any judicial decision or change to English law or administrative practice after the date of this Prospectus.

CREST depository interests

In certain circumstances, investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

Selling restrictions

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy, Bonds to any person in any jurisdiction to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Bonds have not been and will not be registered under the Securities Act or qualified for sale

under the laws of the United States. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons.

The distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Managers or the Trustee anywhere which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction, other than in the United Kingdom, Guernsey, Jersey and the Isle of Man. You must inform yourself about, and observe, any such restrictions.

SECTION 13 - TAXATION

The following summary of certain United Kingdom tax issues applies only to persons who are the beneficial owners of Bonds. It is based on a summary of the Company's understanding of current law and Her Majesty's Revenue and Customs' ("HMRC") practice in the United Kingdom. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with the Company) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may therefore differ to that set out below or may be subject to change in the future (possibly with retrospective effect). Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary only deals with the matters expressly set out below.

A. Interest on the Bonds

1. Withholding tax on the Bonds

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA"). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds are and remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax at the time of payment.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where (i) at the time the payment is made, the Company reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner is: (a) a company resident in the United Kingdom; or (b) a company not resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account the interest in computing its United Kingdom taxable profits; or (c) falls within the various categories specified in section 936(2) ITA (including charities and specified pension funds); or (d) is a partnership consisting of such persons outlined in (a), (b) or (c) above, provided in each case that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the relevant exemption will not be available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax, or (ii) the Company has received a direction permitting payment without withholding or deduction from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). If interest were paid under deduction of United Kingdom income tax, Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable tax treaty (and subject to the laws of the applicable jurisdiction).

2. Further United Kingdom Income Tax Issues

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source properly received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

B. United Kingdom Corporation Tax Payers

In general, Bondholders which are within the charge to United Kingdom corporation tax (including non-resident bondholders whose Bonds are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a UK permanent establishment) will be charged to tax as income on all returns, profits or gains on and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) on a basis which is broadly in accordance with their statutory accounting treatment so long as the accounting treatment is in accordance with generally accepted accounting practice as that term is defined for tax purposes.

C. Other United Kingdom Tax Payers

3. Interest

Bondholders who are individuals and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the Bonds.

4. Transfer (including redemption)

Bonds issued on the Issue Date will constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond should not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains. Whether or not Bonds issued by way of a Further Issue constitute “qualifying corporate bonds” will depend on the circumstances as at the time of issue.

5. Accrued Income Scheme

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the ITA, if that Bondholder is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

6. Individual Savings Accounts

The Bonds should be qualifying investments for the stocks and shares component of an account (an “ISA”) under the Individual Savings Account Regulations 1998 (the “ISA Regulations”) provided that the Bonds are listed on the official list of a recognised stock exchange within the meaning of section 1005 of the ITA. The London Stock Exchange is a recognised stock exchange for these purposes. Bondholders who acquire or hold their Bonds through an ISA and who satisfy the requirements for tax exemption in the ISA Regulations will not be subject to United Kingdom tax on interest or other amounts received in respect of the Bonds.

The opportunity to invest in Bonds through an ISA is restricted to individuals. Individuals wishing to purchase the Bonds through an ISA should contact their professional advisers regarding their eligibility.

D. Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue or transfer by delivery of the Bonds. No United Kingdom stamp duty is payable and no stamp duty reserve tax should be payable on the issue or transfer of CDIs representing interests in the Underlying Bonds.

E. The Proposed Financial Transaction Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (“the **Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate. The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

SECTION 14 - SUBSCRIPTION AND SALE

Pursuant to a Subscription Agreement expected to be dated on or about 29 March 2016, Canaccord Genuity Limited and Peel Hunt LLP (the “**Managers**”) is expected to agree with the Company, subject to the satisfaction of certain conditions, to deliver the Bonds (other than the Retained Bonds) to the Financial Intermediaries (as defined below) who have paid for them. The Company will pay to the Managers a management fee of 0.75 per cent. of the total principal amount of the Bonds subscribed and paid for (other than the Retained Bonds) and a distribution fee of 0.25 per cent. of such total principal amount. In addition, the Company will reimburse the Managers for certain of its expenses in connection with the issue of the Bonds. The distribution fee may be shared between the Managers, the authorised distributors and any other financial intermediaries that are appointed by the Managers to procure places for and/or to distribute the Bonds (together, the “**Financial Intermediaries**” and each, a “**Financial Intermediary**”). The Subscription Agreement will entitle the Managers to terminate it in certain circumstances prior to payment being made to the Company. The issue of Bonds shall not be underwritten by the Managers or any other person.

Selling Restrictions

The Company and the Managers have entered into a Prospectus Confirmation Agreement dated the date hereof, pursuant to which the parties have agreed to comply with the selling restrictions set out below.

United States

The Bonds have not been and will not be registered under the Securities Act and the Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Each Manager has agreed that it will not offer, sell or deliver any Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in this Prospectus in the United Kingdom from the time this Prospectus has been approved by the competent authority in the United Kingdom and published in accordance with the Prospectus Directive until the Issue Date, and provided that the Company has consented in writing to use of this Prospectus for any such offers, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Manager; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Company or the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Bonds to the public**” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the

Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC, as amended, including Directive 2010/73/EU, and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Jersey

Each Manager has represented, warranted and agreed that there will be no circulation in Jersey of any offer for subscription, sale or exchange of the Bonds unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998, as amended and (a) such offer does not for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, constitute an offer to the public; or (b) an identical offer is for the time being circulated in the UK without contravening the FSMA and is, *mutatis mutandis*, circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the UK.

Guernsey

Each Manager has represented, warranted and agreed that:

- (a) the Bonds cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, and the regulations enacted thereunder, or any exemption therefrom; and
- (b) this Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey. This Prospectus may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, or (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000.

Isle of Man

Each Manager has represented, warranted and agreed that any offer for subscription, sale or exchange of the Bonds within the Isle of Man shall be made by (i) an Isle of Man financial services licenceholder licensed under Section 7 of the Financial Services Act 2008 to do so or (ii) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011 or exemption contained in the Financial Services (Exemptions) Regulations 2011.

General

Save as described under “*Public Offer Restriction under the Prospectus Directive*” above, no representation has been made that any action has been or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Prospectus or any amendment or supplement hereto or any information booklet or advertisement or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply to the best of its knowledge and belief in all material

respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus or any such other material, in all cases at its own expense.

SECTION 15 – DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference

The following documents, which have previously been published or are published simultaneously with this Prospectus and have been filed with the Financial Conduct Authority, shall be incorporated in, and form part of, this Prospectus:

- (i) the audited consolidated financial statements of the Company for the financial year ended 31 August 2014, together with the independent audit report thereon, which are included on pages 9 to 32 of the 2014 Annual Report of the Company, available for inspection and viewing on the website of the Company at the following address: <http://www.alphaplusgroup.co.uk/investors/>;
- (ii) the audited consolidated financial statements of the Company for the financial year ended 31 August 2015, together with the independent audit report thereon, which are included on pages 10 to 34 of the 2015 Annual Report of the Company, available for inspection and viewing on the website of the Company at the following address <http://www.alphaplusgroup.co.uk/investors/>.

Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Where only certain parts of the documents referred to above are incorporated by reference in this Prospectus, the parts of the document which are not incorporated by reference are either not relevant for the prospective investors in the Bonds or the relevant information is included elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Company and the Company's website following the links above. In addition, copies of documents incorporated by reference in this Prospectus are available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Other than indicated above, neither the content of the Company's website, nor the content of any website accessible from hyperlinks on the Company's website, is incorporated into, or forms part of, this Prospectus and investors should not rely on them, without prejudice to the documents incorporated by reference into this Prospectus, which are made available on the Company's website.

SECTION 16 - VALUATION REPORT

VALUATION REPORT

ALPHA PLUS SCHOOLS GROUP

On behalf of Alpha Plus Holdings plc

Prepared by: Richard Moir, Partner

Gerald Eve LLP

9 March 2016


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Prudential Trustee Company Limited
(in its capacity as Trustee)
Laurence Pountney Hill
London EC4R 0HH

Canaccord Genuity Limited (as a Manager)
88 Wood Street
London EC2V 7QR

Peel Hunt LLP (as a Manager)
Moor House
120 London Wall
London EC2Y 5ET

Alpha Plus Holdings plc (as Issuer)
50 Queen Anne Street
London W1G 8HJ

9 March 2016

Our ref: RAMM/A13449

Dear Sirs

Alpha Plus Schools Group

In accordance with your instructions received via Lesley Chen-Davison on 28 October 2015 and our conditions of engagement dated 20 November 2015, we are pleased to provide our valuation report (the **Report**).

This Report is issued for inclusion in the prospectus for the Bonds to be issued by Alpha Plus Holdings plc (the **Issuer**) dated the date hereof (the **Prospectus**) and may only be used in connection with the transaction referred to in this Report and for the purposes of the Prospectus.

Both addressees and any bond holder or other party who may seek to rely on our advice (**Beneficiaries**) may do so only in accordance with our conditions of engagement and in particular, that our maximum liability both before or after the date of this letter, to all parties, shall not in the aggregate exceed £50,000,000 (fifty million pounds). This limitation shall apply to all Beneficiaries on any basis for any losses, damages, costs or expenses ("losses") arising from or in connection with our services in relation to this instruction.

We declare that, to the best of our knowledge (having taken all reasonable care to ensure that such is the case) the information given in this Report is in accordance with the facts and does not omit anything likely to affect the import of such information.

Before the Report or any part of it is reproduced or referred to in any document, circular or statement our written approval as to the form and context of such publication must be obtained.


We have previously reviewed the draft form of certificates of title of the Charged Properties (defined below) issued by Mishcon de Reya dated on or about the date of this Report and can confirm that our valuations fully reflect the disclosures contained within.

For the avoidance of doubt, we confirm that it would not be possible to reconcile this valuation to the property values disclosed in the Issuer's accounts for the year ended 31st August 2015. We understand that the properties are included in the accounts at historical cost less accumulated

depreciation. The valuations provided herein are of the current Market Value of the freehold and leasehold Properties as fully equipped trading schools and colleges having regard to their trading potential and otherwise, the vacant Properties are valued on the basis of Market Value with vacant possession and the investment Properties are valued on the basis of Market Value of the freehold interests subject to the occupational leases.

If you have any questions about this Report, or require further information, please contact us.

Yours faithfully



R A M Moir MRICS
RICS Registered Valuer
Partner
For and on behalf of Gerald Eve LLP



J L Orr MRICS
RICS Registered Valuer
Partner
For and on behalf of Gerald Eve LLP

72 Welbeck Street
London W1G 0AY
www.geraldeve.com
rmoir@geraldeve.com
Direct tel. 020 7333 6281

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SUMMARY

Property address	Schools, Nurseries, Colleges, vacant properties and investment properties of Alpha Plus Holdings plc and its subsidiaries (together, the Group)
Scope of instructions	Valuation for inclusion in the Prospectus (in relation to a public offering of bonds)
Valuation date	1st March 2016
Description	12 independent schools, 2 nurseries, 4 colleges, principally in London plus 2 vacant properties proposed for school use, 1 vacant property proposed for disposal and 2 investment properties leased to third party school providers
Tenure	Mainly freeholds plus leaseholds
Aggregate Market Values of individual business units as fully equipped trading entities	£227,260,000 (two hundred and twenty-seven million two hundred and sixty thousand pounds)
Aggregate Market Values of vacant freehold properties intended for school use	£11,750,000 (eleven million seven hundred and fifty thousand pounds)
Aggregate Market Value of vacant freehold property intended for disposal	£740,000 (seven hundred and forty thousand pounds)
Aggregate Market Values of freehold investment properties leased to third party school providers	£39,300,000 (thirty-nine million three hundred thousand pounds)
Aggregate Market Values of the freehold and leasehold properties, as above	£279,050,000 (two hundred and seventy-nine million and fifty thousand pounds)

1 INTRODUCTION

- 1.1 In accordance with your instructions and our conditions of engagement dated 20 November 2015, we have prepared our valuations of the freehold and leasehold Properties described in Section 5 below. We understand that Bonds to be issued by the Issuer will be secured by the properties identified in the Prospectus (defined herein as the **Charged Properties**). This valuation is required to assess the level of security which the Properties provide.

2 DATE OF VALUATION

- 2.1 The date of these valuations is 1st March 2016.

3 STATUS OF VALUER

- 3.1 Gerald Eve LLP are acting as External Valuers who are defined as: "...a valuer together with any associates has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment." We can also confirm that we consider ourselves to be independent for the purposes of this instruction.
- 3.2 We confirm that we have carried out the necessary checks and are satisfied there are no conflicts of interest in this respect.
- 3.3 This valuation qualifies as a Regulated Purpose Valuation as defined by the RICS Valuation - Professional Standards. It is a requirement of the Standards in relation to disclosures that we declare our prior involvement with the Issuer, or the Properties being valued. Gerald Eve LLP have previously valued the Properties on several occasions for previous financing arrangements, and we also advise the Issuer in respect of rating and other miscellaneous planning and valuation advice.
- 3.4 The total fees (including fees for this assignment) earned by Gerald Eve LLP from the Issuer is substantially less than 5.0% of our total fees earned in our last financial year and we do not anticipate this situation changing in the foreseeable future.
- 3.5 This report has been prepared by Richard Moir MRICS and checked by James Orr MRICS whom have relevant experience of the valuation of a wide range of educational properties. Fuller information on our relevant experience can be provided on request.

4 ROYAL INSTITUTION OF CHARTERED SURVEYORS (RICS) VALUATION - PROFESSIONAL STANDARDS

- 4.1 We confirm that our valuations have been prepared in accordance with the RICS Valuation - Professional Standards, January 2014 (the "Standards"). The valuations have been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuation.
- 4.2 The operational properties are valued on the basis of current Market Value of the freehold interests in the Properties, as noted in Section 5, as fully equipped and trading entities having regard to their trading potential. The vacant Properties are valued on the basis of Market Value with vacant possession and the investment Properties are valued on the basis of Market Value of the freehold interests subject to the occupational leases.
- 4.3 The Properties have been valued on the basis of Market Value which is defined in VPS4 (1.2) of the Standards as:
- "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".*
- 4.4 All of the properties were inspected by RICS Registered Valuers with relevant expertise between 19th August and 14th October 2015.

5 ASSETS COMPRISED IN THIS VALUATION

5.1 The freehold and leasehold properties which form the subject of these valuations are as follows:

Operational schools, nurseries and colleges:

Freehold:

2 Burnaby Gardens, London W4 3DT (*registered at the Land Registry as Gunnersbury School*)

7-11 & 22-24 Woodborough Road, Putney SW15 6PY

10 Pembridge Square, London W2 4ED

11 Pembridge Square, London W2 4ED

18 Pembridge Square, London W2 4EH

19 Pembridge Villas, London W11 3EP

1 Arkwright Road, London NW3 6AA

90 Fitzjohn's Avenue, London NW3 6NP

Kew Foot Road, Richmond TW9 2PN (*registered at the Land Registry as The Richmond Adult and Community College*)

62 Dry Hill Park Road, Tonbridge, Kent TN10 3BX

21 Davenport Road, Coventry CV5 6QA

6-10 St Paul's Square, Birmingham B3 1QU and leasehold premises on Basement and Ground Floors of Lansdowne House, Water Street, Birmingham

Broadley Terrace, London, NW1 6LG (*registered at the Land Registry as Sylvia Young Theatre School, and the property spans onto Rossmore Road, London NW1 6NJ*)

Leasehold:

5-7 Cheapside, Manchester M2 4WG (999 year lease)

56 Portland Place, London W1B 1NJ

58 Portland Place, London W1B 1NJ

101 – 105 Great Portland Street (Harford House), London W1W 6QE

143 – 149 Great Portland Street, London W1W 6QN

48 Bryanston Square, 41 Bryanston Mews West, London W1H 2EA

17 Station Road, Cambridge CB1 2JB

3 Glisson Road, Cambridge CB1 2HA

5 Glisson Road, London CB1 2HA

12 & 13 Regent Terrace, Cambridge CB2 1AA

3 Cambridge Place and 25 Hills Road, Cambridge CB2 1NS

50 Cambridge Place, Cambridge CB2 1NS

Norman House, Hills Road, Cambridge CB2 1NS

Building A Homerton Business Park, Cambridge (agreement for lease)

100 Marylebone Lane, London W1U 2QV

9 Bulstrode Street, London W1U 2JD

34A Oxford Gardens, London W10 5UG

108a Lancaster Road, London W11 1QS

199 Westminster Bridge Road, London SE1 7FX

Vacant properties intended for school use:

Freehold:

3 Arkwright Road, London NW3 6AA

Leasehold:

Ivy House, North End Road, Golders Green, London NW11 7SX (125 year lease)

Vacant property proposed for disposal:

227 Milton Road, Cambridge CB4 1XJ

Freehold investment properties:

Thomas's School, Hugon Road, London SW6 3ES

21 & 23 Pembridge Villas, London W11 3EP

6 ENVIRONMENTAL FACTORS AND CONTAMINATION ISSUES

- 6.1 Our valuations assume that the Properties are not affected by nor at risk of contamination, flooding nor other environmental nor ground defects. Should it later be found that the Properties are adversely affected by environmental issues then we may need to vary our valuations.

7 VALUATION METHODOLOGY AND COMMENTARY

- 7.1 Our approach to the valuation of the operational properties as fully equipped and trading entities is to estimate the fair maintainable level of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) which a competent operator would expect to achieve from operating a business in the Properties. We then make deductions from the unit level EBITDA to take account of the central costs (head office) in supporting the trading performance at each of the Properties. In addition, we deduct an allowance for capital expenditure required to sustain the estimated level of trading performance. In respect of the Colleges we have also deducted the central marketing costs which we have apportioned between the Colleges according to their respective turnovers. We also add or deduct profit or loss from the provision of residential accommodation linked to each College.
- 7.2 In the main, we have based our valuations on the current year budgets prepared by management for 2015/16 and confirmed pupil numbers at the beginning of the current academic year in September 2015. Schools businesses are relatively predictable, once pupil numbers for September are known and thus, the current year budget is a sound basis, cross referenced with prior years' performance.
- 7.3 We have also been provided with a detailed 7 year forecast for each the schools, nurseries and colleges to 2021/22, prepared by management, on which we have relied. Many of the schools and colleges are forecast to grow their profitability as businesses in occupation develop and mature and thus, these forecasts are a key element in determining value.
- 7.4 Our principal approach to the valuation is the use of discounted cashflows based principally on income inflation of 4% per annum (below historic averages) and staff cost inflation of 4% per annum and other costs inflation of 2.5% per annum. This approach is used to determine the 'core' value of the existing school businesses and the discount rate and exit yield reflect that these businesses are well established.
- 7.5 However, in addition we identify the income and expenditure within management's trade forecasts to 2021/22 which exceeds the performance predicted under the above assumptions. We add the value of this 'top slice' trading potential but based on a higher discount rate reflecting the greater risks associated with this element of trade.
- 7.6 In respect of the Schools and Colleges which are maturing we have relied on a discounted cashflow approach principally using management's forecasts to 2021/22. The discount rates adopted reflect the greater uncertainty attached to the development of a new business when compared with one trading at maturity.
- 7.7 In valuing the leasehold properties as trading entities we value the income to lease expiries and apply a higher discount rate to reflect the disadvantages of a leasehold asset when compared with a freehold. Nonetheless, we recognise that leasehold assets are also sought after in the market.
- 7.8 Having regard to limited comparable evidence of other transactions we find guidance by applying an 'all risk' yield or year's purchase multiplier to our estimate of the fair maintainable level of EBITDA. The multiplier reflects a range of factors including the location, tenure, quality of property assets, business and trading potential. The multiples in respect of the freehold and long-leasehold assets also take account of the strong market demand and pricing for sale and leaseback transactions.
- 7.8 We have valued certain properties under 'special assumptions' as set out below:-

- Portland Place School is valued on the special assumptions that the agreed lease extensions for 101/105 Great Portland Street and 143/149 Great Portland Street have been completed, extending the terms by 15 years from 24th January 2017 with a mutual break, in respect of no's. 101/105 on the expiry of 10 years.
- The starting rent on the teaching space at DLD College (subject to a measured survey) is £1,749,000 per annum including VAT.
- The starting rent on the new teaching space in Building A Homerton Business Centre (subject to a measured survey) is £907,500 per annum including VAT.
- There is no disposal of any of the properties forming Falcons School for Girls prior to 29th August 2016 which would trigger the overage provisions.

7.10 The vacant properties have been valued having regard to their estimated capital values based on market transactions of other comparable rental or freehold transactions. We have also checked our values based on a residual valuation approach, where appropriate, generally on the assumption of conversion to alternative residential schemes. Ivy House has been acquired recently in the open market following a competitive bidding process.

7.11 We have valued the two investment properties using discounted cashflows reflecting both the strong security of the rental income for the unexpired terms of the leases, the strong re-let potential, the potential for Alpha Plus to operate from the premises should the tenants vacate and that both passing rents are reversionary. We have checked these against yields paid for comparable investment properties. The two investments have recently been acquired following competitive building in the market place.

7.11 We have also reviewed the draft form of certificates of title of the Charged Properties issued by Mishcon de Reya on or about the date of this Report and can confirm that our valuations fully reflect the disclosures contained within.

8. VALUATION ASSUMPTIONS

8.1 Title: We have assumed that the Properties are held by the Group under good and marketable title free from any encumbrances, restrictions or other outgoings of an onerous nature.

8.2 We have not investigated any mineral working or other rights that might affect the title of the properties or their future use and have assumed that no such rights exist. We have assumed that there are no unused rights of way, restrictive covenants or easements affecting the titles to the properties that would have a material effect on our assessment.

8.3 Mortgages and Charges: For the purposes of our valuation, we have assumed that the Properties are free and clear of all mortgages or other charges on or over them.

8.4 Cost of Repair: We have not carried out structural surveys of the Properties nor tested any of the services in the properties or enquired about deleterious materials, which may be prudent in the absence of construction warranties.

8.5 Trade, Fixtures and Fittings: The valuations include land, buildings, site works and all plant, machinery, fixtures and fittings associated with the mechanical and electrical services of the buildings. The tenants' trade fixtures, fittings and equipment are also included within our valuations. The facilities are valued fully equipped.

8.6 Computers: For the purposes of this valuation, we have assumed that all systems and services that are reliant upon any form of computer or microprocessor are functional and have no inherent software defect which might now, or in the future, cause them to cease operation.

Should it however be established that significant costs will arise in achieving continuous operation of the services, our valuation may need to be varied.

- 8.7 Condition Surveys: We have not carried out building surveys nor have we inspected those parts of the Properties that are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition (unless we have been informed otherwise). We cannot give any warranty concerning the condition of the Properties. We have not examined or tested any of the services installed or connected and have assumed that all such services have been installed and connected in accordance with appropriate regulations and that they are in full working order and not in need of repair or replacement. We have not made any allowance for extra repair costs and liabilities that might arise if high aluminous cement concrete, asbestos or any other deleterious or hazardous substances have been used in any part of the construction, nor have we made any specific provision regarding latent defects. We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the properties or has since been incorporated and we are therefore, unable to report that the properties are free from risk in this respect. For the purposes of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.
- 8.8 Environmental Matters: We have not undertaken detailed site nor environmental surveys of the Properties. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out on the properties. Should it, however, be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land or that the properties have been or is being put to a contaminative use, this might have an effect on trade or give rise to a remediation liability which may need to be reflected in our valuation.
- 8.9 We have not carried out or commissioned site investigations, geological or geophysical surveys and therefore, can give no opinion, assurance or guarantee that the grounds have sufficient load bearing strength to support the existing constructions, or any other constructions that may be erected upon them in the future. We also cannot give any opinion, assurance or guarantee that there are no underground mines, mineral or other workings beneath the sites, or in their vicinity, nor that there is any fault or disability underground which could or might affect the Properties or any construction thereon. We have assumed that the properties are not adversely affected by such matters.
- 8.10 Information Provided: Our valuations are reliant on the information that has been provided to us. We have not carried out any investigations of the title of the properties or independently verified the accounts or trading information provided.
- 8.11 This report has been prepared on the basis that we are entitled to rely on this information. We can take no responsibility for any miss-statement, omission or misrepresentation made to us. In the event of a future change in trading potential, or actual levels of trade that have been supplied to us, or should any of the information we have used prove to be incorrect, or inadequate, our valuation may need to be varied.
- 8.12 Local Authority and Other Statutory Regulations: We have assumed, in the absence of information to the contrary, that where required, registration at current levels with the Office for Standards in Education (OFSTED) will be continued and that there are no significant defects in the Properties which might put in doubt the current registrations.
- 8.13 Unless specifically informed, no allowances have been made for rights, obligations or liabilities arising from compliance with health & safety and similar regulations including inter alia, the Defective Premises Act 1972, the Environmental Protection Act 1990, Food Safety Act 1990, or the Environment Act 1995.
- 8.14 We have not made our own enquiries and assumed in the absence of information to the contrary that the Properties will be occupied in accordance with planning control. We have assumed that the buildings are constructed in accordance with all statutory requirements, British Standards and Codes of Practice and are in a condition fit for their proposed use. We

have also assumed that there are no outstanding notices, orders or disputes in respect of such matters.

- 8.15 Disability Discrimination: We have not included any allowance in our valuations for works that might become necessary to enable access for disabled persons under the Equality Act 2010.
- 8.16 Asbestos Regulations: The Control of Asbestos Regulations 2012 require the management of asbestos within the premises and that arrangements are recorded in writing, usually in an asbestos management plan. We have not seen a copy of any asbestos management plan in respect of the Properties and, therefore asbestos issues have not been reflected in these valuations.
- 8.17 Grants, Tax and VAT: No allowances have been made in our valuation for the incidents of grants and for any liabilities for tax. Our valuations are expressed exclusive of any Value Added Tax or other tax liabilities that may become chargeable.
- 8.18 Costs of Acquisition & Stamp Duty: We have assumed a share purchase of the businesses and have made an allowance of 2.25% for purchaser's costs in our valuations of the trading entities.
- 8.19 Should these assumptions subsequently prove to be incorrect, then we may need to vary our valuation.

9 INFORMATION RECEIVED

- 9.1 In carrying out our valuations we have had regard in particular to the following information provided to us:
- Individual budgets for each school, nursery and college for 2015/16 prepared by management.
 - Management accounts to 31 August 2015.
 - Management trade forecasts for each school, nursery and college to the academic year 2021/22.
 - Confirmed pupil numbers at the start of the academic year in September 2015.
- 9.2 Valuations are prepared on the understanding that this information is an accurate and true record of the trade carried on at the properties and that there are no significant omissions or extra items added that will distort the true position. In the event of a future change of trading potential or actual levels of trade being achieved, the values as fully operational trading entities could vary.

10 VALUATION COMMENTARY

- 10.1 Overview: The Group is a leading provider of independent schools, colleges and nurseries. The Group, which was originally known as Davies Laing & Dick, was founded in 1931. It now comprises 12 Schools, 4 Colleges and 2 Nurseries. Approximately 61% of turnover arises from the Schools, 37% from the Colleges and 2% from the Nurseries.
- 10.2 The Schools are mainly located in sought after residential locations in London, which continue to demonstrate strong demand for independent schooling. There is a cluster of schools in Notting Hill comprising Wetherby School (boys aged 4 to 8 years); Chepstow House School (co-education aged 4 to 7 years) which opened in new premises in September 2014; and Pembridge Hall School (girls aged 4 to 11 years). These schools are fed by the Group's two nurseries, The Minors Nursery (registered for up to 45 children aged 2 to 5 years) and Rolfe's Nursery (registered for up to 82 children aged under 5 years).

- 10.3 Wetherby Preparatory School (boys aged 8 to 13 years) was relocated circa 2009 to new premises in Bryanston Square, London W1. This business is linked with the Notting Hill cluster. Wetherby Senior School was opened in September 2015 in Marylebone, in premises formerly occupied by DLD College. This now offers a continuum of education for boys from 4 to 18 years of age.
- 10.4 Elsewhere in Central London, the Group operates Portland Place School which is accommodated in three leasehold properties located to the north of Oxford Street, W1. The School was founded in 1996 and offers GCSE and A level courses to boys and girls between the ages of 11 and 18 years.
- 10.5 Also in Central London, just to the north of Marylebone Station, is one of the Group's newest schools, Abingdon House School. The School opened in 2005 in premises in Kensington and subsequently relocated to the current larger and improved facilities. It provides intensive teaching to pupils demonstrating delayed development or learning difficulties with the objective being to seek to return as many as possible into mainstream education.
- 10.6 The Group owns and operates three other schools in west London comprising Falcon School for Boys located in Chiswick (4 to 8 years), Falcon School for Girls which relocated to new premises in Putney in September 2015 (3 to 11 years), together with school premises in Richmond, acquired in 2008, for Falcon Preparatory School (boys 8 to 13 years). This school opened in September 2008 with a year group from Falcon Boys which continues to feed the School and the business is still maturing.
- 10.7 The final school in London is St Anthony's (boys aged 5 to 13 years) which was acquired as a trading business by Alpha Plus in 2009. It is located in the wealthy residential catchment of Hampstead. The Group has acquired an adjoining residential building at 3 Arkwright Road and is seeking planning permission for a change of use to school use to expand the school. In Summer 2015, Ivy House in Golders Green was also acquired and will be extensively refurbished and used to open a girls school associated with St Anthony's School.
- 10.8 The Group operates two schools outside of London, being Davenport Lodge and Hilden Grange. Davenport Lodge Nursery and Pre-preparatory School, Coventry was acquired in 2007. It accommodates boys and girls from the age of 6 weeks to 5 years.
- 10.9 In 2010 the Group completed the purchase of a co-educational preparatory school, Hilden Grange in Tonbridge. It was acquired as a trading entity from the Girls Day School Trust. A significant build project to improve the facilities at the school has been completed at a cost of circa £5.6 million and the pupil roll is expected to re-grow.
- 10.10 In addition to the Schools, the Group operates 4 independent sixth form colleges, located in Central London, Cambridge, Manchester and Birmingham. The Colleges start at 14 or 15 years and offer both GCSE and A-level courses together with university foundation courses. DLD College merged with Abbey College London and relocated in September 2015 to purpose built, state of the art, teaching and boarding accommodation on Westminster Bridge Road. Abbey College Cambridge is currently operated across numerous premises in Cambridge but in September 2016 the College will consolidate into new purpose built teaching and boarding premises which are currently under construction.
- 10.11 Eleven of the Schools and Colleges operate from freehold premises (including Abbey College Manchester which is a 999 year leasehold interest) which in the main are located in highly sought-after residential locations. These ownerships offer good alternative use potential but also provide the opportunity to implement a sale and leaseback transaction or other forms of Propco: Opco funding arrangements. We have seen several sales of London school properties in the last six months at net initial yields plus or minus 4% which has a positive impact on capitalisation multiples.

10.12 The characteristics of the Group offer numerous advantages which include:

- The majority of the Schools and Colleges are located in areas of high demand. The demand and supply characteristics are particularly favourable in London where many of the Group's facilities are located. The recent trading performance of the Central London Schools demonstrate their strong locations and the resilience of the business.
- The majority of the Schools and Colleges are well established with strong reputations and relatively limited trading risk. However, recent acquisitions and developments materially enhance the capacity and trading potential of the Group. New schools tend to develop relatively slowly with one year group each year but the majority of EBITDA is mature. There is also a high degree of visibility on trading performance as pupil numbers in the Schools tend to be reasonably clear well before September each year and most remain for the year. Pupil numbers in the Colleges have similar characteristics but tend to be known a little later each year.
- Barriers to entry for new competitors are high. It is difficult to secure suitable premises for acquisition in most of the areas in which the Group operates; when premises do become available there is strong competition from other users, commonly for residential use; and it can be difficult to negotiate planning permission for D1, school use. Highways issues and impact on the amenity of local residents are key hurdles to overcome at planning.
- The Group has a strong reputation and brand as a leading high quality provider of educational services which is reinforced with experienced management at Group level as well as at a local level with the head teachers and other senior staff. This is beneficial both in attracting parents and pupils as well as attracting stand-alone school operators who may be seeking an exit.
- The central infrastructure, expertise and access to funding makes the Group an attractive platform for future growth. The independent schools sector, in particular, is immature in comparison with most other trading sectors. We expect to see consolidation in the future and Alpha Plus is well placed to effectively complete bolt-on acquisitions leveraging off the existing infrastructure.
- The existing scale of the Group offers both operational economies of scale and value advantages in terms of financing and covenant strength under Propco : Opco structures.

11 VALUATIONS

11.1 In accordance with the facts, assumptions and qualifications set out in this valuation report, we are of the opinion that the current aggregate market value of the individual freehold and leasehold interests in the operational Properties, as fully equipped trading entities as part of the business of the Group, is:

£227,260,000

(two hundred and twenty-seven million two hundred and sixty thousand pounds).

11.2 The aggregate valuation above is applied to the business units as follows:

	Apportioned Market Value
Freehold Properties:	
Wetherby School 11 Pembridge Square, London W2 4ED and 19 Pembridge Villas, London W11 3EP	£35,790,000 (thirty-five million seven hundred and ninety thousand pounds)
Pembridge Hall School 10 Pembridge Square, London W2 4ED (incl annex) and 18 Pembridge Square, London W2 4EH	£45,890,000 (forty-five million eight hundred and ninety thousand pounds)
Abingdon House School Broadley Terrace, London NW1 6LG (registered at the Land Registry as Sylvia Young Theatre School and the property spans onto Rossmore Road, London NW1 6NJ)	£5,860,000 (five million eight hundred and sixty thousand pounds)
Falcons School for Boys 2 Burnaby Gardens, London W4 3DT (registered at the Land Registry as Gunnersbury School)	£7,660,000 (seven million six hundred and sixty thousand pounds)
Falcons School for Girls 7-11 & 22-24 Woodborough Road, Putney SW15 6PY	£11,290,000 (eleven million two hundred and ninety thousand pounds)
Falcons Prep School for Boys Kew Foot Road, Richmond TW9 2PN (registered at the Land Registry as The Richmond Adult and Community College)	£12,850,000 (twelve million eight hundred and fifty thousand pounds)
St Anthony's School 1 Arkwright Road, London NW3 6AA and 90 Fitzjohn's Avenue, London NW3 6NP	£16,000,000 (sixteen million pounds)
Hilden Grange Preparatory School 62 Dry Hill Park Road, Tonbridge, Kent TN10 3BX	£6,530,000 (six million five hundred and thirty thousand pounds)

Davenport Lodge 21 Davenport Road, Coventry CV5 6QA	£470,000 (four hundred and seventy thousand pounds)
Abbey College Birmingham 6-10 St Paul's Square, Birmingham B3 1QU and leasehold premises on Basement and Ground Floors of Lansdowne House, Water Street, Birmingham	£1,480,000 (one million four hundred and eighty thousand pounds)
The Minors Nursery School 10 Pembridge Square, London W2 4ED	£3,290,000 (three million two hundred and ninety thousand pounds)

Leasehold Properties:	
Portland Place School 56 Portland Place, London W1B 1NJ, 58 Portland Place, London W1B 1NJ, 101-105 Great Portland Street, London W1W 6QE and 143-149 Great Portland Street, London W1W 6QN	£7,080,000 (seven million and eighty thousand pounds)
Abbey College Manchester 5-7 Cheapside, Manchester M2 4WG	£4,320,000 (four million three hundred and twenty thousand pounds)
Abbey College Cambridge 17 Station Road, Cambridge CB1 2JB; 3 Glisson Road, Cambridge CB1 2HA; 5 Glisson Road, London CB1 2HA; 12 & 13 Regent Terrace, Cambridge CB2 1AA; 3 Cambridge Place and 25 Hills Road, Cambridge CB2 1NS; 50 Cambridge Place, Cambridge CB2 1NS; Norman House, Hills Road, Cambridge CB2 1NS; Building A Homerton Business Park, Cambridge (agreement for lease)	£13,920,000 (thirteen million nine hundred and twenty thousand pounds)
Davies Laing & Dick College 199 Westminster Bridge Road, London SE1 7FX	£13,770,000 (thirteen million seven hundred and seventy thousand pounds)

Wetherby Senior School 100 Marylebone Lane, London W1U 2QV and 9 Bulstrode Street, London W1U 2JD	£10,070,000 (ten million and seventy thousand pounds)
Wetherby Preparatory School 48 Bryanston Square and 41 Bryanston Mews West, London W1H 2EA	£14,250,000 (fourteen million two hundred and fifty thousand pounds)
Chepstow House School 108a Lancaster Road, London W11 1QS	£15,690,000 (fifteen million six hundred and ninety thousand pounds)
Rolfe's Nursery 34A Oxford Gardens, London W10 5UG	£1,050,000 (one million and fifty thousand pounds)
Total	£227,260,000

- 11.3 In accordance with the facts, assumptions and qualifications set out in this valuation report, we are of the opinion that the current aggregate market value of the individual freehold and leasehold interests in the currently vacant Properties held by the Group with vacant possession is:

£12,490,000

(twelve million four hundred and ninety thousand pounds).

- 11.4 The aggregate valuation above is applied to the business units as follows:

	Apportioned Market Value
Freehold Properties:	
3 Arkwright Road, London NW3 6AA	£4,140,000 (four million one hundred and forty thousand pounds)
227 Milton Road, Cambridge CB4 1XJ	£740,000 (seven hundred and forty thousand pounds)
Leasehold Property:	
Ivy House, North End Road, Golders Green, London NW11 7SX	£7,610,000 (seven million six hundred and ten thousand pounds)

- 11.5 In accordance with the facts, assumptions and qualifications set out in this valuation report, we are of the opinion that the current aggregate market value of the individual freehold interests in the investment Properties, subject to the existing occupational leases, is:

£39,300,000

(thirty-nine million three hundred thousand pounds).

- 11.6 The aggregate valuation above is applied to the business units as follows:

	Apportioned Market Value
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Freehold Investment Properties:	
Thomas's School, Hugon Road, London SW6 3ES	£23,500,000 (twenty-three million five hundred thousand pounds)
21 & 23 Pembridge Villas, London W11 3EP	£15,800,000 (fifteen million eight hundred thousand pounds)

12 SECURITY PROVIDED

- 12.1 The London schools market continues to perform more strongly than regional businesses and the levels of trade of these core London Schools has generally continued to improve through the recessionary times and subsequently. Many of these businesses are still maturing which enhance profitability and value in the future. These businesses are likely to be relatively cushioned from any new competition. The aggregate value of the operational school businesses of the Group within London is approximately £186.8 million in aggregate. In addition, DLD College, the vacant and investment properties which are located in London add a further c £64.8 million.
- 12.2 The College businesses continue to transition towards attracting more international students, particularly DLD and Abbey Cambridge where the majority of students are international, and there is potential to broaden the service offering as markets develop.
- 12.3 It is worth clarifying that our valuations herein are of the individual schools, nurseries and colleges. They do not reflect the enterprise value of the Group. Having regard to the current market interest in acquiring education businesses, the strong locations and reputations of the Schools, Nurseries and Colleges, brand, asset backing with numerous freehold buildings, strong trading potential and growth potential we would expect the value of the Group offered as a whole would be higher than the aggregate of the individual businesses.

SECTION 17 - ADDITIONAL INFORMATION

1. Authorisations

The issue of the Bonds was duly authorised by resolutions of the Board of Directors of the Company dated 9 March 2016.

The Company has obtained all necessary consents, approvals and authorisations in England and Wales in connection with the issue and performance of the Bonds.

2. Listing and Admission to Trading

It is expected that official listing will be granted on or about 31 March 2016, after the publication of the Sizing Announcement subject only to the issue of the Global Bond. Application will be made after publication of the Sizing Announcement to the UK Listing Authority for the Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange for such Bonds to be admitted to trading on the London Stock Exchange's regulated market and through the ORB of the London Stock Exchange. Admission of the Bonds to trading is expected to occur on or about 31 March 2016.

The amount of expenses related to the admission to trading of the Bonds will be specified in the Sizing Announcement.

3. Clearing Systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Bonds will be accepted for settlement in Euroclear UK & Ireland (CREST) via the CREST Depository Interest (CDI) mechanism. Interests in the Bonds may be held through CREST through the issuance of CDIs representing the Underlying Bonds. The ISIN for the Bonds is XS1379593566 and the Common Code is 137959356.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert U, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L 1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

4. No significant change

There has been no material adverse change in the prospects of the Company or the Group and no significant change in the financial or trading position of the Company or the Group since 31 August 2015 (being the end of the last financial period of the Company for which audited or interim financial statements have been published).

5. Litigation

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

6. Auditors of the Company

The auditor of the Company for each of the financial years ended 31 August 2014 and 31 August 2015 was Ernst & Young LLP, of 1 More London Place, London SW1 2AF, United Kingdom, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

7. U.S. tax

The Bonds and Coupons will contain the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

8. Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Company and from the registered office of the Principal Paying Agent for the time being:

- (a) the articles of association of the Company for the time being;
- (b) the most recently published audited consolidated annual financial statements of the Company and the most recently published interim financial statements (if any) of the Company, in each case together with any audit or review reports prepared in connection therewith;
- (c) the Valuation Report (as defined below);
- (d) the audited consolidated financial statements of the Company for the financial years ended 31 August 2014 and 31 August 2015, each together with the independent audit report thereon and as further described in Section 15 (*Documents Incorporated by Reference*);
- (e) the Trust Deed, the Security Deed, the Retained Bond Custody Agreement and the Paying Agency Agreement; and
- (f) a copy of this Prospectus together with any supplement to this Prospectus or any further prospectus.

9. Consent

Details of the valuation of the Group’s properties by the Gerald Eve LLP (the “**Valuer**”) has been included in this Prospectus, in the form and context in which it is included, with the consent of the Valuer who has authorised the contents set out in “*Valuation Report*” (the “**Valuation Report**”) in accordance with Rule 5.5.4 R(2)(f) of the Prospectus Rules. The address of the Valuer is 72 Welbeck Street, London W1G 0AY. The valuation has been prepared in accordance with “RICS Valuation - Professional Standards, January 2014” published by the Royal Institute of Chartered Surveyors. The Company affirms that there has been no material change since 1 March 2016. The Valuer has no material interest in the Company or the Group.

For the purposes of Prospectus Rule 5.5.4R(2)(f), Gerald Eve LLP is responsible for the Valuation Report as part of this Prospectus and has confirmed that it has taken all reasonable care to ensure that the information contained in the Valuation Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

10. Yield

The yield of the Bonds is 5.00 per cent. per annum calculated on the basis of the Issue Price and as at the date of this Prospectus. It is not an indication of future yield.

11. Managers transacting with the Company

The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may provide services to, the Company and their affiliates in the ordinary course of business.

12. Material Contracts

There are no material contracts entered into other than in the ordinary course of the Company’s business which could result in any member of the Group being under an obligation or entitlement that is material to the Company’s ability to meet its obligations to Bondholders in respect of the Bonds being issued.

13. **Third Party Information**

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced, and as far as the Company is aware and are able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

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THE COMPANY

Alpha Plus Holdings plc
50 Queen Anne Street
Marylebone
London W1G 8HJ

MANAGERS

Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

TRUSTEE

Prudential Trustee Company Limited
Laurence Pountney Hill
London EC4R 0HH

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

RETAINED BOND CUSTODIAN

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

LEGAL ADVISERS

To the Company as to English law
Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS

To the Managers and the Trustee as to English law
Allen & Overy LLP
1 Bishops Square
London E1 6AD

AUDITORS

To the Company
Ernst & Young LLP
1 More London Place
London SE1 2AF

VALUER

Gerald Eve LLP
72 Welbeck Street
London W1G 0AY