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By WILLIAM KAY

A POWERFUL new financial combine-harvester is quietly being put together at the elegant 18th-century offices of Mr John Ritblat, the urbane estate agent turned property tycoon.

Who's having care Mr Ritblat has restored his headquarters in London's Manchester Square to its former glory. Look out of the window and you can almost see the business men go tramping by.

Hardly any maintenance has been the concern of British Land from an orthodox property owner's sophisticated cash-pumping operation.

"What I want to do," he told me, "is to give the group a wide base so that it becomes an internationally recognised property and finance company."

Latest addition to his treasury was the almost unacknowledged taxpayer of C. E. Coates, a £2,000,000 OMF merchant bank.

A PRIZE

It has been bought for little more than the cash in its coffers. But it holds a prize which is rapidly increasing beyond price, a "1-2-3."

This mysterious code refers to Section 123 of the 1967 Companies Act granting permission to trade as a bank. The Department has to certify that a banker is a banker and a bank is a bank. This means special visits on the banks from the point of view of inspecting and accepting deposits from the public.

As far as British Land is

concerned, it adds up to a suravenous source of funds for the group's central property investments and developments.

However, Mr Ritblat is spreading very carefully at the moment.

The scope for wrapping cash between banking and property is almost unlimited, and Mr Ritblat is rightly concerned that the authorities will remove Coates's banking status.

This is particularly pertinent in the current self-deeping mood of the Government's Phase Two policy. A property dealer who was loved to be using his banking funds over-deferly would almost inevitably be made to do public penance for political reasons.

However, these are early days, both for Coates within British Land and for the private firm.

In time the bank will take

its place with Investments In The West and W. Crowther as part of a range of satellite companies which will feed and service the master company.

Crowther is the group's industrial outfit, and it makes bricks. But the idea is that it will become the umbrella for other industrial interests which the group picks up along the way.

Margaret Patrick is unwell but will be resuming her column shortly.

Investments In The West, which like Crowther still has a share quota in its investment trust, it will be used to hold minority stakes in other firms.

Eventually British Land will expand into such areas as corporate finance and, perhaps, even law firms.

"By 1980 I expect the group to be worth £500 million," Mr Ritblat went.

That means that Crowther and Investments In The West will have grown to £20 million apiece. And that Coates will be more than just the name of a wine bar in London Wall.

Part of the secret behind such tremendous growth is the peculiar nature of the property business.

"I insist on going into freehold situations," he explained. "No one should buy property shares for income. What is the point of paying another per cent on the dividend when it can go into the business?"

That is why I am against safe-but-boreneck operations. You give two thirds of the growth in the underlying value to the person you sell the freehold to.

The effect of this is to store up a property company's true

worth until it explodes every so often as rents catch up with inflation.

British Land's turn is due to come in about five years. It takes that long for the fruits of development to show through.

Of course, some of these brave initiatives could be blown to the winds by Phase Two. Mr Heath has not yet spelt out his medicine for the property firm.

Mr Ritblat is confident that whatever measures are introduced they will only delay the growth of property values.

A Hongkong share slump

THE PARTY could be over in the Hongkong stock market - except for an unprecedented boom in share prices in recent weeks.

Obviously the discovery of foreign share certificates in a company called Hongkong had done a hell-lure to market confidence. Speculators naturally did that further strengthening was however more important - the share companies.

New trading books in the colony are making money scarce where once they were getting contracts up to 20% of the value of stocks held as collateral.

Both these developments led to a further big sell-off in all four stock exchanges there early weeks.

Even so, one of the newcomers, Union Bank, put up a remarkable record. Offered at 100p, it traded at 125p before its initial deep trough later slipped back to 100p.