



## Education

	2009	2008
Revenue	<b>£122.3m</b>	£109.5m
Headline operating profit**	<b>£13.6m</b>	£10.9m
Operating profit	<b>£10.5m</b>	£6.2m

The Education Division has performed well and is not materially affected by the recession. Headline operating profit\*\* increased by 25%. The division benefited from EST's first full year of trading post acquisition and the first operating season for the Windmill Hill education centre.

The principal activity of the division is the provision of outdoor education and educational travel tours for school children. PGL is the market leader in the residential, outdoor education and adventure sector for UK primary schools. NST is the market leading provider of educational travel tours for schools and colleges. EST specialises in bespoke travel and subject specific conferences for higher and further education students aged 16 and over.

PGL operates 28 education centres positioned across the UK, France and Spain, owning 20 of the sites and leasing or hiring in the remainder. At the end of this year PGL purchased a 150 acre site at Liddington, Wiltshire, for a total consideration (including fees) of £9.4m. A further investment of up to £3.2m in the site's facilities will be spread over 2010, 2011 and 2012. The site, formerly a training centre and more recently a hotel, will open as a PGL outdoor education centre in 2010.

This purchase follows the successful investment in a site at Windmill Hill in Sussex last year. The education centre opened on time and on budget in May 2009 and is expected to achieve attractive returns well in excess of the Group's cost of capital. Further capacity was added by increasing bed stock in the UK at Caythorpe Court and Dalguise education centres. The division has invested £17.0m in its education centres, including the cost of acquiring Liddington. We expect to spend £3.1m on developing Liddington and increasing bed capacity at other sites in 2010.

This year PGL continued to focus on growing its non-schools products to improve occupancy at off-peak times. Partnerships with scouts, girl guides and other youth groups have been developed. Notably, PGL has become the official sponsor of the centenary celebrations for girl guiding, 'Big Brownie Takeover', welcoming over 5,000 brownies and their leaders to ten dedicated brownie events at PGL education centres in 2009/10.

NST's range of specialist trips with 'added value' features continued to grow strongly. For example, the strategic partnership between NST and the Hotel Breaks Division's West End Theatre Bookings, which was established last year to provide NST with access to quality theatre stock at preferential rates, was a significant factor to NST's 20% volume growth this year in its English & Drama programme.

NST introduced school trips with rail travel targeting smaller school groups who are unable to fill a coach. Volumes to date are small but interest in the product is growing. Plans for 2010 include introducing a new programme of London history trips to reflect recent curriculum changes and developing a French language product aimed at primary school pupils and staying at PGL's Le Château d'Ebbingham property.

EST has been successfully integrated into the division following acquisition last year. The division launched 'One World' environmental seminars combining EST's conference expertise, NST's curriculum knowledge and PGL's centre base. The seminar has been well received and there are plans to expand the product in 2010.

