

7 February 2019

Arc & Co. advise on £45 million blended debt facility to secure funding for EREC Estates Ltd 502-bed Purpose Built Student Accommodation development site in Coventry

- Octopus Property's largest ever development loan of £36 million
- Third Purpose Built Student Accommodation deal with developer EREC Estates Ltd
- Both Coventry and Warwick universities facing a significant bed shortage

London, 7 February 2019 - Specialist property lender Octopus Property, part of the Octopus Group, has agreed to provide EREC Estates Ltd, an experienced UK developer of student accommodation, with a **£36 million senior loan** for the development of a major Purpose Built Student Accommodation ("PBSA") scheme in Coventry. The scheme was brought to Octopus Property by **John Kerrigan – Director at Arc & Co.**, who advised EREC Estates Ltd on the debt structure, which also included a **£9.2m mezzanine loan**. This loan represents the largest ever development deal completed by the team within Octopus Property.

Designed to a high specification, the modern development will comprise two buildings totaling 502 beds, a mix of clusters and studios, and will feature a range of high-quality communal facilities and retail offerings.

Centrally located adjacent to the city ring road, the scheme is a short walk from the main Coventry University campus, whilst the city centre and its wide variety of national retailers and cafes, bars and restaurants is also nearby. The completed building will serve both Coventry and Warwick universities.

According to recent data¹, Coventry and nearby Warwick University, are characterized by a large shortage of beds. The current student to bed ratio of 2.85:1 equates to nearly 30,000 students unable to find Purpose Built Student Accommodation each year and these market dynamics support the strong investment seen in this sector in recent times.

The 27 month facility marks the third collaboration between Octopus Property and EREC Estates Ltd, following two smaller PBSA developments in Leicester and Coventry. Winvic Construction Ltd, a large multidisciplinary UK wide contractor, will act as Main Contractor to ensure the scheme is completed in time for the start of the 2019/20 academic year.

John Kerrigan – Director at Arc and Co., comments: "The completion of the Parkside transaction is a real milestone for all those involved and is the culmination of 12 months of hard work, on what has been a very complex deal, both from a real estate and funding perspective. However, the underlying proposition was extremely strong and supported by a very high calibre sponsor and funder, both of whom were a pleasure to work with."

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Gavin Eustace, Head of Residential Development at Octopus Property, then commented:

“Whilst we are seeing some geographical polarisation caused by oversupply, the student accommodation sector remains one of the most attractive asset classes for investors. It’s a sector that we like, and as long as the broader favourable supply demand dynamics remain in place for this type of innovative and high specification accommodation, we will continue to back schemes that require bespoke and efficient financing facilities.

“Starting 2019 with our largest ever development facility is a significant milestone for the team and demonstrates our evolving maturity and ability to compete with major institutional lenders. Growing the development loan book is a key priority moving forward and working alongside our key partners should see us doing similar sized deals more regularly.”

Andrew Jamieson of EREC Estates also comments: “We are extremely pleased to be working with Octopus on behalf of UNINN Investment Fund Ltd. This is the fourth property that UNINN has developed and owned in Coventry and underscores our belief in the potential of its Universities to continue to deliver a product that is respected internationally. We understand that the West Midlands has an ability to deliver returns to students and investors alike”

-ENDS-

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Notes to Editors

About Arc & Co.

Arc & Co. is an award-winning specialist asset finance advisory company with offices in Mayfair, London and Oxfordshire. Our divisions allow us to provide specialist advice on real estate, marine & aviation assets. Arc & Co. Structured Finance arranges senior debt and equity packages on all sizes of residential development, commercial development and long-term income producing assets. Arc & Co. Private Finance advises on debt and leasing structures for both private and corporate use.

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About Octopus Property

Octopus Property, part of the Octopus Group, is a leading specialist UK property lender. We work with a diverse range of industry professionals to provide bespoke, customer focused financing solutions, typically ranging from £100,000 to £50 million. Since it was founded in 2009, Octopus Property has provided more than £3.6 billion of financing, across 3,100 loans.

Octopus Property's product offering spans the commercial investment and residential investment and development sectors. Through our talented and entrepreneurial team of 70+ professionals and with access to multiple credit lines, we are able to provide efficient, competitively priced financing options, through the property investment lifecycle.

Octopus is a group of companies that invests in the people, ideas and industries that will help to change the world. We are experts in smaller companies, renewable energy and healthcare infrastructure. We currently manage more than £8.3 billion on behalf of our customers. Octopus Energy, Octopus Healthcare, Octopus Investments, Octopus Labs, Octopus Property and Octopus Ventures are all part of Octopus Group.

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