

FINANCIAL REVIEW

Property

Campus Living in \$350m deal

Ben Wilmot

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Student housing group **Campus Living** Villages has leapt into the massive United States market with the acquisition of America's largest owner-operator of on-campus student accommodation in a deal valued at up to \$350 million.

The Transfield Holdings-owned company is considering raising capital via either an initial public offering or a private placement to fund its expansion across the globe.

A decision is to be made by the end of the second quarter.

Campus Living Villages chairman Guido Belgiorno-Nettis said of investor interest in the emerging asset class: "We think there is an appetite."

Campus Living is looking to take its student housing model around the world with the acquisition of Century Campus Housing. Mr Belgiorno-Nettis put the enterprise value of the US business at between \$300 million and \$350 million.

The deal builds significantly on **Campus Living's** portfolio in Australia and New Zealand.

It has 6773 beds in Australia and New Zealand and Mr Belgiorno-Nettis said he was confident of having another 5000 beds over the next five to 10 years.

Century is much larger. It provides accommodation for more than 20,000 students in 30 campuses across the US, with a focus on the south and midwest states.

It owns long-term leasehold interests in 17 on-campus US properties and has another 13 management agreements for non-owned properties. The company was acquired from an affiliate of Century Development, a major property developer based in Houston, Texas.

Campus Living has grown rapidly in Australia in the past four years and several Australian universities are in talks with the company. Ever tighter budgets are pushing universities to offload non-core activities such as housing.

Being the largest player in Australia means a move offshore was always on the cards.

"There is good growth in Australia but it's not indefinite," Mr Belgiorno-Nettis said.

The company's strategy is now really global, where it may face off against much larger real estate investment trusts that specialise in student housing.

"We expect to go to Europe in the next three to five years," Mr Belgiorno-Nettis said. **Campus Living** will look to buy an existing operator rather than starting from scratch.

Closer to home, it is bidding in its own right for a role in a Singapore student housing project and is also interested in housing at the RMIT campus in Hanoi, Vietnam.

Mr Belgiorno-Nettis said that student housing was "not quite" infrastructure but it bore many of the hallmarks of the asset class. "We've seen there is a very stable income stream and there is plenty of growth," he said.

Macquarie Bank advised **Campus Living** on the acquisition.

