

## Harrison Street to buy developer for \$1.9bn

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*The acquisition of Campus Crest marks the Chicago-based private equity real estate firm's first take-private transaction and its largest single investment in student housing.*

Harrison Street Real Estate Capital has agreed to acquire Campus Crest Communities, a publicly-traded developer and operator of student housing properties in North America. The Chicago-based private equity real estate firm intends to buy all of the outstanding shares of Campus Crest for \$6.90 per share. Including the assumption of debt, the overall transaction is valued at \$1.9 billion.

Harrison Street said that the total purchase price represented a 24 percent premium over Campus Crest's recent closing stock price on October 16, and a 35 percent premium over the company's 60-day volume weighted average price. The transaction is scheduled to close during the first quarter of 2016. It was unclear at press time whether the deal was done on behalf of Harrison Street's latest fund, Harrison Street Real Estate Partners V, which attracted a total of \$850 million in January.

The Campus Crest acquisition represents Harrison Street's first takeover of a publicly-traded company, and its largest single investment in student housing. The size of the deal nearly doubles the number of student housing beds that Harrison Street has developed or acquired. Prior to the transaction, Harrison Street developed or acquired more than 63,000 beds, but the takeover of Campus Crest will add approximately 42,000 beds to its portfolio.

Richard Kahlbaugh, non-executive chairman of Campus Crest, said in a statement that beginning in October of last year, the company's board began a comprehensive strategic review process in part to simplify its business model and change its executive management. "We are pleased to announce that after thoroughly analyzing numerous proposals, including a number of qualified potential buyers and a range of alternative transactions, the board unanimously determined that this transaction is the best course of action in achieving our goal to maximize shareholder value," he said. "We are pleased that Harrison Street recognizes the value inherent in our portfolio of high-quality student housing properties."

Harrison Street co-founder, president and chief executive Christopher Merrill added: "As a significant owner of student housing assets, we are pleased to add these attractive properties to our portfolio. The need for high-quality off-campus housing continues to grow and we believe this sector has strong long-term

fundamentals that will drive sustainable returns.”

Moelis & Company acted as financial advisor and Kilpatrick Townsend & Stockton as legal advisor to Campus Crest. Raymond James and Associates is acting as Harrison Street’s financial advisor and DLA Piper as legal advisor.

Harrison Street, which currently manages approximately \$7.5 billion in property assets and publicly traded securities through multiple investment vehicles, was founded in 2005 by Merrill and Christopher and Michael Galvin, whose family founded Motorola. In addition to student housing, the firm also invests in senior housing, medical office and self-storage.