

'GREED IS BAD'

Arlington Advisors chief executive George Shweiry and his second in command Sean McKeown talk to **Emanuele Midolo** about their faith in growing slowly but surely

George Shweiry thinks he knows the secret of eternal youth. "Greed is bad," he says, inverting Gordon Gekko's motto from *Wall Street*. "The only way to achieve longevity is by not being greedy."

Pausing for a second, the 52-year-old, who eats lunch at the same restaurant, Franco's in St James's, every day and orders the same dish, pasta and tomato sauce with basil, adds that "cooked oil is bad too".

Shweiry is the founder and chief executive of Arlington Advisors, one of the largest student accommodation investors in the country, having pulled off a £280m deal last year, the sector's second biggest of 2018.

In his first media interview, Shweiry and his second in command Sean McKeown reveal at their favourite restaurant how they have achieved so

much in less than five years and what they plan to do next.

It is hard to imagine that Shweiry - impeccably dressed and full of anecdotes - has never been interviewed before. "I'm an interview virgin," he says with an explosive laugh, before paraphrasing David Bowie: "I don't exist; I am a collection of other people's ideas."

His low profile is all the more remarkable when you consider that Shweiry has racked up more than 25 years' in the industry.

Born in Lebanon, he moved to the UK in his early twenties, working as an accountant for a small Oxford firm. In 1993, he was hired by private equity and corporate advisory firm Capital

Trust Group (CTG), where he quickly moved up the ranks, eventually becoming head of European investment activity and managing director for Europe and the Middle East.

In 2012, after 19 years at

CTG, Shweiry decided it was time to push out on his own. "I realised that my uncle didn't know what I was doing for a living," he

jokes. "So I thought I would create my own company and that it would be easier to explain it to him."

In January 2013, he jumped ship, took his personal assistant and a number of clients with him and set up a vehicle in Jersey. Sir Frederick Barclay and his daughter, Amanda,

are shareholders and its main backers are family offices and high-net-worth individuals from locations ranging from Lebanon, Saudi Arabia, Kuwait and Bahrain to the UK.

First deal

Shweiry's initial intention for Arlington was to focus on office investment, but in 2013 the opportunity to buy a student accommodation portfolio presented itself. The deal introduced him to McKeown, who at the time was commercial director UK and development director Europe and US at Campus Living Villages (CLV).

In October 2013, Arlington and CLV bought a 4,539-bed portfolio from the collapsed Opal Group for around £245m. The deal instantly gave Arlington a presence in seven UK cities: London, Manchester, Liverpool, Leeds, Birmingham, Newport and Nottingham. >>

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« McKeown, an Australian lawyer with a decade of experience in the sector, officially joined Arlington in 2015 after working on the company's second deal with CLV - the purchase of 400 beds from Goldsmiths, University of London.

Over the past 12 months, the duo has not been afraid to spend big. Proof of that came in January last year when Arlington bought the Study Inn portfolio for £135m. With 10 sites in the university towns and cities of Coventry, Nottingham, Sheffield and Cambridge, the deal added 1,494 rooms to the group's holdings.

Then, in December last year, the company made an even bigger splash, acquiring two portfolios in a joint venture with investor firm Equitix for £280m. The two portfolios comprised 2,458 beds, split between Fusion Students (1,857 beds in Newcastle, Nottingham, Cardiff and Bristol) and the Merlin Heights complex in Leicester (601 beds developed by Watkin Jones in 2016 and operated by Fresh Student Living).

The deal, which completed last month, was 2018's second biggest in the UK in the sector and made Arlington the country's largest independently owned student accommodation platform.

Last year also saw Arlington launch a £400m fund with Rothschild as its lead adviser.

The company currently has around £1.2bn of assets under management covering a portfolio of 13,000 beds across 39 assets in 19 locations.

'Scientific approach'

McKeown says Arlington applies a "scientific approach" when hunting for suitable sites. This approach starts with crunching student population data released by all the major universities. Commuting data, trends and projections are also taken into account before the company decides where



Arlington's road ahead: Shweiry (left) and McKeown are optimistic about the future despite Brexit

to buy - and when.

At the moment, Arlington does not intend to invest in Glasgow, Liverpool, Sheffield, Cardiff, Southampton or Hertfordshire as the statistics suggest these markets are oversupplied.

Cities such as Bristol and Manchester, instead, present good opportunities and McKeown hints that they might be looking to buy something there in the future.

In terms of size, Arlington is looking for assets with a minimum of 400 beds. "It might not sound very exciting, but for us this is pure de-risking strategy," says McKeown.

Moving forward, Shweiry says Arlington is "looking

at relaunching and maybe refinancing a few assets. There are some balls in the air at the moment, plus the B-word."

He concedes that he has "some concerns" about the impact of Brexit on the student accommodation sector. McKeown

elaborates: "The EU student population in the UK now accounts for around 6% of the total. After Brexit, when these students will

have to pay twice what they're paying now, that figure is going to drop to around 1%."

However, the Arlington team is optimistic that international students from outside the EU will make up for this shortfall.

McKeown also hopes that

the UK government will continue to invest in education. "For us, this is a long-term project," he says. "We're trying to lay the foundations for Arlington to operate over the next 40 or 50 years."

McKeown adds that it has taken 20 years for student accommodation to become an established asset class and the sector's two main strengths - that it is fairly recession proof and consistently generates good returns - should stand it in good stead.

This sentiment is echoed by Shweiry. "We are optimistic about the future. It says in the Quran: expect good things and they will happen. It's from God. You don't quote God very often in *Property Week*, do you?"

We don't. But as this - Shweiry's inaugural interview - attests, there is always a first time for everything. ■

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