

## Income strips

### An alternative funding solution for education institutions



With education institutions under increasing economic pressure in the current climate of cuts to income, many are looking at alternative funding structures to finance their capital developments and to provide greater financial certainty.

It has been inspiring to see institutions striving to keep their capital projects on track notwithstanding current challenges.

With institutions seeking to minimise development risk and financial exposure on these projects, there is an increasing trend away from traditional bank finance or bonds issues, and towards other funding options which can provide the right balance of risk. On top of this, institutions are looking for ways to secure long-term finance to address deficits suffered as a result of the perfect storm of enforced online learning, shortfalls in accommodation fees and a lack of commercial conference income.

For many institutions, forward funded income strips have provided an excellent solution: balancing risk whilst providing a welcome release of funds.

Traditionally, income strips have been associated with new developments and a potential income stream, for example new build student accommodation blocks. However, investors and the sector are starting to see the benefit of involving other types of educational buildings as security in these arrangements, including existing university buildings used for academic teaching. Indeed, lenders are much more flexible in what they will accept as security and institutions are starting to think about what assets they have which could be leveraged in this way.

In recent years, Eversheds Sutherland have been working with numerous institutions, covering a range of alternative funding solutions to meet individual institutions' needs, whether that be for the purpose of development projects or to release capital. We can advise on all legal aspects of these projects, including specialist property, governance and tax advice. We also have connections with market leading financial and other specialist advisors who can help structure your transaction and take your proposal to the market to achieve the best return for you.



If you would be interested in exploring this further, please contact:



**Elizabeth Fevyer**  
*Legal Director*

**T:** +44 29 2047 8036

**M:** +44 782 798 7834

[elizabethfevyer@eversheds-sutherland.com](mailto:elizabethfevyer@eversheds-sutherland.com)



**Charlotte Tanikal**  
*Principal Associate*

**T:** +44 113 200 4024

**M:** +44 776 884 4092

[charlottetanikal@eversheds-sutherland.com](mailto:charlottetanikal@eversheds-sutherland.com)

[eversheds-sutherland.com](http://eversheds-sutherland.com)

© Eversheds Sutherland 2022. All rights reserved.

Eversheds Sutherland (International) LLP is part of a global legal practice, operating through various separate and distinct legal entities, under Eversheds Sutherland. For a full description of the structure and a list of offices, please visit [www.eversheds-sutherland.com](http://www.eversheds-sutherland.com).

LDS\_002\8578787\1