

Property companies behind Newcastle Glassworks student block sold out of administration

A trio of companies behind a prominent Newcastle student accommodation site have been acquired out of administration.

Newcastle Glassworks Limited, Newcastle Glassworks Management Limited and Bricks K5 Capital Ltd – all part of the wider Hong Kong-based Bricks Capital group – developed and managed via a leasehold structure the 270-bed Glassworks property in the city's Ouseburn area. The three businesses were placed into administration at the behest of lender CIMC Leasing Transportation Ltd – also registered in Hong Kong – which acquired the property in a pre-pack deal.

Interpath Advisory, administrators of the firms, said the move had been prompted by “several years” in which the group had not serviced its debt. The most recent accounts for Newcastle Glassworks Limited show the company suffered losses of £3.49m in 2020, and that it was overdue repayment of a £9.77m loan facility.

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Writing in the accounts published earlier this year, director Peter Prickett – founder of the Bricks Group, which boasts of owning £500m worth of development assets – said he was working to find a buyer for Newcastle Glassworks that could refinance the loan.

He wrote: “The cashflow forecasts prepared by the company to assess its going concern status recognise that the entity has

a loan facility available that is overdue and was due for repayment In March 2019 and at the year end the liability totals £9.77m. However, at the date of approving the financial statements, the director is in active discussions to resolve the repayment of the loan via a sale of the company and a refinancing of the loan.

“There remains a risk that the sale will fall through, and the company could be called to repay the loan. If this was to happen, the company would either need to obtain new finance or default on Its loan. The company is in active discussions to resolve this issue.”

The Glassworks development was seen as an innovative project, having used modular containers imported from China in a method previously used for hotel construction. It comprises five separate blocks, three of which are constructed from the imported container pods which arrived on site completely fitted out as bedrooms and bathrooms.

A statement from Interpath Advisory said: “An initial pre-pack transaction was completed by the Joint Administrators immediately upon appointment to two purchasing entities under the control of the ultimate owner of the secured lender. The purchasers have put in place arrangements to ensure the ongoing operation of the Glassworks student accommodation and will be contacting all student tenants directly. The group’s eight employees have all transferred to the purchasing entities.”

Bricks Capital was contacted for comment.

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