GCP Student Living Plc - Net Asset Value, Portfolio Update and Dividend

GCP Student Living plc

("GCP Student" or the "Company", together with its subsidiaries the "Group")

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Net Asset Value, Portfolio Update and Dividend

Net Asset Value

GCP Student Living, the UK's first REIT focused on student residential assets, today announces that at close of business on 31 March 2018, the unaudited estimated EPRA net asset value per ordinary share of the Company was 146.92 pence. The EPRA net asset value includes income for the period (cum-income) and does not include a provision for an accrued dividend for the quarter to 31 March 2018.

The EPRA net asset value (ex-income) was 145.44 pence per ordinary share as at that date, representing a quarterly increase of 0.4%.

Portfolio update

At 31 March 2018, the valuation of the Company's portfolio was £759.1 million, 95% of which was located in and around London, representing a like-for-like increase over the quarter of 0.6%.

The portfolio comprised ten assets with c.3,600 beds. Eight of the assets are currently operational whilst two of the assets are under construction / in refurbishment. The Net Initial Yield on the operational portfolio was 5.01%.

Operational Portfolio:

The focus on assets in and around London has delivered stable NAV performance over the period. Whilst the Company has not benefitted from any material yield compression over the period, it notes the recent sale of a portfolio of c.3,600 beds primarily located in London which was achieved at a net yield estimated by the Investment Manager of c.4.3%.

Assets under construction / in refurbishment:

During the period under review, the Company's Woburn Place asset, which has been rebranded as Scape Bloomsbury, remained closed in order for it to be reconfigured and refurbished, as set out at the time of its acquisition in April 2017. The refurbishment of Scape Bloomsbury involves diversifying the mix of accommodation units, offering modern studios and single and double occupancy apartment-style accommodation, which is expected to increase the annual rental income previously generated by the property prior to its acquisition by the Company. Scape Bloomsbury remains on track to re-open in September 2018, in-line with forecast, with the refurbishment costs currently in line with budgeted expectations. The property, which is located in central London, WC1, will provide c.430 beds.

The Company's forward-funded construction at Circus Street, Brighton – which was acquired in August 2018 – remains on track for completion in September 2019. The property will provide c.450 beds and c.30,000 square feet of commercial office space. The student accommodation will be contracted on a 21?year lease, with upward only annual uplifts of RPI plus 50 basis points capped at 5% and floored at 2%, to a subsidiary guaranteed by Kaplan, a global education provider.

Additional information on the Company's portfolio can be found in the factsheet for the period ended 31 March 2018 which will be published shortly and available at www.graviscapital.com/funds/gcp-student/literature.

Dividend

The Board is pleased to announce a third interim dividend of 1.48 pence per ordinary share, in respect of the quarter ended 31 March 2018. The third interim dividend will be paid on 11 June 2018 to ordinary shareholders on the register at 11 May 2018. The dividend will be paid as 0.92 pence per ordinary share as a REIT property income distribution ("PID") in respect of the Group's tax exempt property rental business and 0.56 pence per ordinary share as an ordinary UK dividend ("non-PID").

The Company targets a fully covered dividend over the longer term. Where assets in its portfolio are being refurbished or are under construction (as is the case with Scape Bloomsbury and Circus Street, Brighton), cover may be lower over the short term. The acquisition of such assets enables the Company to secure properties located in areas which benefit from favourable supply and demand characteristics, where appropriate operational assets may not be available, and which the Directors believe will provide regular, sustainable dividends with rental growth prospects over the longer term.

The dividend was 65% covered by adjusted EPS for the six-month interim accounting period to 31 December 2017. On the basis of an investment portfolio which is fully operational, and assuming current occupancy levels across the portfolio, the Directors expect the dividend to be fully covered.

Where the Company acquires forward-funded assets that are under construction, it seeks to benefit from licensing fees providing revenue through the construction phase which supports its objective of regular, sustainable dividends over the longer term. The Circus Street asset provides a 5.5% coupon during its construction phase.

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About GCP Student Living

The Company was the first student accommodation REIT in the UK, investing in modern, purpose-built, private student residential accommodation and teaching facilities. Its investments are located primarily in and around London where the Investment Manager believes the Company is likely to benefit from supply and demand imbalances for student residential accommodation.

GCP Student's property portfolio comprises ten assets with c.3,600 beds which are either currently fully operational or expected to complete construction/ refurbishment over the next two academic years. At 31 March 2018, its property portfolio was valued at £759.1 million.

The Company's standing properties are mainly occupied by international students and offer high specification facilities and hotel-level concierge type services which the Investment Manager believes are attractive to overseas students.