New investment opportunity

GCP Student Living plc

(the "Company" and together with its subsidiaries, the "Group")

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GCP Student Living plc, the UK's first REIT focused on student residential assets, today announces that it is in advanced negotiations, through its Investment Manager, Gravis Capital Management Limited (the "Investment Manager"), to acquire and fund the construction of Scape Brighton, which if acquired, would be the Company's second asset in Brighton.

The Directors believe that Brighton demonstrates the strong supply-demand imbalance for student residential accommodation in the UK which is typical of the localities of the Group's investments, with a shortage of modern, purpose-built accommodation driven by supply restrictions including high barriers to entry and strong demand arising from both domestic and international students. Brighton has a structural shortfall of private direct let purpose-built student accommodation.

Scape Brighton is a large scale, purpose-built private student development located on the primary campus of the University of Brighton. Scape Brighton will provide c.550 beds and extensive communal areas with c.1,500 square feet of retail space. Subject to the acquisition proceeding, the property will be constructed and designed to the specifications set by the Company and Scape Student Living, who will oversee the development and be appointed as the asset and facilities manager upon completion of construction. The property will primarily serve students from Brighton University and the University of Sussex, which together have c.36,000 students including c.7,500 international students, and is currently expected to be operational in September 2020.

It is intended that Scape Brighton will be acquired and its construction financed through a forward-funding arrangement. The purchase of assets under development 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. Further, the acquisition of Scape Brighton should enable the Company to secure a new asset at a yield which is expected to be more attractive than yields on acquiring comparable operational assets and should provide rental and earnings growth for the Company over the long term, in addition to NAV growth prospects. In the event Scape Brighton is acquired, the Company expects to benefit from licensing fees which will provide a c.5.5% coupon through its construction phase.

Accordingly, the Board and Investment Manager are considering the optimum way to finance this acquisition including consulting with shareholders in regards to the potential of issuing new equity in June/early July 2018, as well as exploring potential sources of debt finance.

The Directors (as advised by the Investment Manager) believe that the Company is well placed to continue to provide rental, earnings and net asset growth over the short to medium term. This is primarily driven by operational efficiencies, the current positive outlook for rental growth for the portfolio and the forecast contribution to returns of those properties which are under construction (Circus Street and, if acquired, Scape Brighton) or refurbishment (Scape Bloomsbury). The dividends paid by the Company are expected to be fully covered by earnings when the Company's entire portfolio is fully operational.

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About GCP Student Living plc

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.

The Group'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.

Important Information

The content of this announcement has been prepared by, and is the sole responsibility of, GCP Student Living plc.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain. The information contained in this announcement is given at the date of its publication (unless otherwise marked) and is subject to updating, revision and amendment from time to time. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this announcement.

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