Portfolio update and Covid-19

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GCP Student Living plc

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

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Portfolio update and Covid-19

The Directors of GCP Student, the UK's first REIT focused on student residential assets, continue to monitor global events as they relate to student numbers, including the potential impact of the Covid-19 pandemic. Of paramount importance to the Directors and the Investment Manager is the wellbeing of the residents and staff in the Company's buildings. Consideration is also being given to the ability of students to occupy their rooms, whether as a result of closure of academic institutions or other unavoidable factors.

Substantial majority of revenues for the 2019/20 academic year have been received

GCP Student receives income from direct lets of rooms to students, comprising approximately 79% of its annual income, and a combination of nominations agreements with higher education institutions and long-term leases which comprise the remaining 21%.

- Rental payments for direct let agreements with students are paid in three tranches for each academic year, with c.40% received in September, c.40% in January and the remaining c.20% in April. For the current academic year, the Company has received approximately 74% of all budgeted revenues due to it.

- The Board notes that, at the date of this announcement, direct let bookings for the forthcoming 2020/21 academic year are ahead of bookings as compared with the same time last year. Students pay the Company a deposit equal to two weeks' rent at the time of booking.

- In the light of recent measures which restrict global mobility, enforce social distancing and result in closure of academic establishments, the Company expects to receive materially reduced revenues than budgeted for the final term of the current academic year.

- The Company, in consultation with its Asset and Facilities Managers, will look favourably upon requests to forgo rents by residents seeking to return home for the remainder of the current academic year on a case-by-case basis. Some students have already vacated their rooms; the Company keeps under continuing review the number of students who have done so or have stated an intention to do so.

Conservative borrowing levels

- At the date of this announcement, the Group's available banking facilities totalled £335 million, of which c. £249 million was drawn.

- The Group's borrowings have an average weighted maturity on its drawn debt of approximately six years from the date of this announcement. The Group's Loan to Value ("LTV"), calculated as borrowings net of cash as a proportion of the Group's total portfolio value, is 19%.

- The Group's fixed interest rate term facilities with PGIM Real Estate Finance are for an aggregate amount of £235 million.

- The Group's facilities with Wells Fargo Bank N.A. are for an aggregate amount of up to £100 million and comprise i) a development facility for an amount of up to £55 million repayable on 21 December 2021 which is being drawn over time to fund the construction of Scape Brighton and which is £14 million drawn at the present time and ii) a redrawable credit facility of an amount of up to £45 million which is currently undrawn and which expires on 25 July 2021.

- The debt facilities include LTV and interest cover covenants that are measured in accordance with each facility agreement. The Group has maintained headroom against all such measures and is in compliance with all of its loan covenants.

The Directors and the Investment Manager regularly monitor compliance with the Group's financial covenants.

Defensively positioned with strong capital resources

In the event that the disruption caused by the Covid-19 pandemic continues through the remainder of the 2020 calendar year, the Company's rental income will be materially adversely impacted.

- The scale of this impact will depend on measures taken by global authorities, including the UK government, the approach taken by higher education institutions as regards in-person learning and how the situation develops and over what timescale.

- The Company currently benefits from a robust balance sheet, including cash resources of c.£50 million, conservative borrowing levels and an undrawn £45 million redrawable credit facility.

- The Directors currently intend to maintain the third interim dividend in respect of the quarter ended 31 March 2020 at a level which is comparable to that paid in respect of the quarter ended 31 December 2019. For the avoidance of doubt, the Directors will continue to keep wider events and the Company's operations under review. The Directors currently expect to declare the third interim dividend on or around 1 May 2020.

The Directors continue to monitor events as they develop and further announcements will be made as and when appropriate.

NOTE - Student market fundamentals and the London advantage

- For the 2019/20 academic year the number of students applying to higher education in the UK exceeded the number of places available, with c. 165,000 students unable to secure a place, of which a significant majority were domestic students. In the event of a sustained period of measures which restrict global mobility, there remains an excess of applicants to places available for higher education in the UK driven by domestic students.

- Student applications for full time higher education for the 2020/21 academic year have increased by 1.2% year-on-year, supported by statements from the UK Government and the Universities Minister recently suggesting that the admissions cycle for higher education should not be disrupted by the Covid-19 pandemic. A record number of domestic 18 year olds applied (275,000), and the number of 18 year olds in the UK is projected to increase each year for the next ten years.

- Demand for full-time higher education is not evenly distributed across the UK, with higher ranked universities and certain locations attracting greater demand for places from domestic and international students alike.

- Demand for courses in London remains strong. London is home to 23 universities, with more universities ranked in the top 40 by The Times Higher Education World University Rankings than any other city in the world. Approximately 30% of the 2.4 million students in the UK study in London and the south east of England. In 2019, London provided an estimated 110,000 purpose-built student beds for a population of c.400,000 full time students, of whom c.275,000 were domestic students.

- Approximately 85% of the Company's portfolio is located in and around London.

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About GCP Student

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 eleven assets with c.4,100 beds, including one asset which is under construction. At 31 December 2019, its property portfolio was valued at £987.3 million.

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