Amendment to Management Arrangements

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GCP Student Living plc

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

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AMENDMENT TO MANAGEMENT ARRANGEMENTS

GCP Student, the UK's first REIT focused on student residential assets, today announces amendments to the Company's investment and property management arrangements.

Investment management arrangements

The Investment Manager, Gravis Capital Management Limited, is currently entitled to receive a management fee at an annual rate of one per cent of the prevailing net asset value ("NAV") of the Group, payable quarterly in arrears. From its investment management fee, the Investment Manager is responsible for the payment of annual property management fees of up to 0.25% of the Group's NAV that is attributable to its operational assets.

For the 12-month period ended 30 June 2020 the investment management fee earned by the Investment Manager, net of payments made by it in respect of property management fees, was 0.82% of the Group's average NAV over that period.

Under the terms of the revised investment management agreement (the "Revised IMA") the investment management fee structure will be modified such that a reduced investment management fee shall be payable on the Group's existing asset base. In addition, different tiers of investment management fees will be introduced depending on the size of the Company, as measured by the NAV. Accordingly, Shareholders should benefit from economies of scale as the Company grows over time.

The Investment Manager will not be responsible for the payment of any property management fees under the Revised IMA. The Group will assume responsibility for the payment of all such fees directly.

The modified investment management fee levels will be as set out below:

NAV	Revised investment management fee (annualised)	Current investment management fee (annualised) including property management
Up to £950 million	0.7500%	1.00%
Above £950 million and up to £1.5 billion	0.6375%	1.00%
Above £1.5 billion	0.5625%	1.00%

The current investment management arrangements were agreed for a minimum term of six years from 21 September 2015, subject to termination by the Company on not less than 12 months' written notice, such notice to expire no earlier than 21 September 2021.

Pursuant to the Revised IMA, the termination clauses in the agreement have been updated such that the agreement can be terminated by the Company or the Investment Manager at any time with 24 months' written notice to the other party. The amendments allow the Company to secure the services of the Investment Manager for a suitable period of time, also taking into account the specialist nature of the Group's assets and the time therefore taken to identify pipeline assets and to complete their acquisition, particularly where there are forward funding and/or development arrangements which often take more than 12 months to complete. Further, in exchange for the amendments to the termination clauses the Company has secured a reduction to the investment management fees payable by it and which will result in an immediate reduction to its cost base.

The Investment Manager is a related party of the Company under Chapter 11 of the FCA's Listing Rules and the amendments to the investment management agreement constitute a smaller related party transaction under Listing Rule 11.1.10.

Property management arrangements

The Group receives property management services from Scape Student Living Limited ("Scape") in respect of all but two of its operational assets, Water Lane Apartments, Bristol and Circus Street, Brighton.

In the period since the Company's IPO in 2013, Scape and its affiliates has grown into a global developer, manager and operator of purpose built student accommodation ("PBSA") in the UK, Australia and Europe with c.30,000 student beds in operation or under construction globally.

In order to align the Group's property management arrangements with those entered into by Scape and its affiliates globally, new property management agreements have been entered into between the Group and Scape (the "PMAs"), including in respect of Circus Street, Brighton and the Group's Scape Brighton asset, which is currently under construction.

Under the terms of the PMAs, Scape will be entitled to an annual property management fee (payable quarterly in arrears) in respect of the management of PBSA of 4% of the total income and 1.25% of net operating income attributable to the Group's PBSA managed by Scape.

An annual property management fee (payable quarterly in arrears) of 2% of income shall be payable in respect of the management of the Group's non-PBSA commercial space.

The property management fees payable by the Group to Scape shall be subject to a minimum fee where the provision of academic services by UK Higher Education Institutions is affected such that the Group's occupancy is materially and adversely affected by a pandemic and/or epidemic, including in the current Covid-19 pandemic. Such fee shall be calculated as 80% of the Group's relevant budgeted annual property management fees, payable quarterly in arrears.

The Group shall be responsible for all fees payable to Scape under the PMAs.

The revised arrangements between the Group and Scape provide for the assumption by Scape of certain employment cost overheads which are currently incurred by the Group. By way of illustration, the assumption by Scape of such costs would have reduced costs incurred by the Group by approximately £0.8 million for the 12 month period ended 30 June 2020.

Under the terms of the PMAs, Scape may license the Scape brand to third parties. It is not permitted to license the Scape brand to entities which are traded on the London Stock Exchange (subject to certain limited exceptions).

As part of a wider separation of the businesses of the Investment Manager and Scape, and in light of their time commitments to the Scape business, Nigel Taee (Chairman of Scape) and Tom Ward (Global CEO of Scape) have resigned as directors of the Investment Manager. Tom Ward served as the Company's lead portfolio manager in its early years following IPO. The Directors thank Mr. Ward for his substantial contribution to the Company during that time. For the avoidance of doubt, neither Mr Taee nor Mr Ward were involved in the provision of investment management services to the Company immediately prior to their resignations. One remaining director of the Investment Manager indirectly owns a small minority interest of approximately 6% in Scape.

On 7 April 2020, the Company announced the termination of the forward purchase agreement in respect of Scape Canalside. It is noted that the pipeline agreement entered into at IPO between the Company and Scape has lapsed.

Impact of the changes to management arrangements on the Group's cost base

The revised investment management and property management arrangements will provide the Company with competitive fee arrangements and seek to better align property management fees to relevant operational metrics in a manner which is more akin to the market standard seen with PBSA operators in the UK.

Further, the amendments to these arrangements will result in an immediate reduction to the Group's cost base.

By way of illustration, were these arrangements to have been entered into on 1 July 2019, the Group would have benefitted from approximately £0.6 million of cost savings for the 12 month period ended 30 June 2020. This represents a reduction to the Group's aggregate investment and property management costs for the period of approximately 7% on a like-for-like basis.

The Company has consulted with shareholders representing approximately 22% in connection with the amendments set out in this announcement.

The amendments to the investment management and property management arrangements shall come into effect immediately, with the relevant fee arrangements effective from 1 July 2020.

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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 30 June 2020, its property portfolio was valued at £1.0 billion.

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