Reduction to Cost of Borrowings

GCP STUDENT LIVING PLC - Reduction to Cost of Borrowings

PR Newswire

London, May 30

GCP Student Living plc (the "Company" or "Group")

Reduction to Cost of Borrowings

Following on from the Company's oversubscribed capital raise to acquire Scape Greenwich, the Board is pleased to announce that the Group has entered into significantly improved new financing arrangements with its lender, Barclays Bank plc ("Barclays").

As at 31 March 2014, total bank borrowings were £38.6 million (set to mature in July 2015), producing a debt to property value of 35.3%. The Company had an interest rate swap with a notional value of £25.1 million at a rate of 2.745%, and a weighted average cost of debt of 4.4% at 31 March 2014.

The Company has secured a £40 million facility with Barclays set to mature in May 2019.

The previous interest rate swap has been terminated and replaced with an interest rate swap with a notional value of £20 million. The cost of cancelling the previous swap was £0.6 million.

The new banking arrangements will reduce the Group's weighted average cost of debt to 3.0%.

Accordingly, as at the date of this announcement, total bank borrowings were £40 million, producing a debt to property value of 26.7% after the issue of new shares and the acquisition of Scape Greenwich.

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About GCP Student Living plc

The Company is the first student accommodation REIT in the UK. The Company invests in modern, purpose-built, private student residential accommodation and teaching facilities, initially branded and operated by Scape Student Living. Facilities will be 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.

In total, London has over 400,000 students and the largest number of overseas students of any city in the world, at over 100,000, with international student numbers up by 9% in 2014/15 and expected to increase at a similar rate in the years to come. However, with only c.70,000 beds in purpose-built student accommodation in London, there are insufficient beds for domestic first year students let alone international students and postgraduates.

The Company's assets are primarily occupied by international students and postgraduates and offer new high specification facilities and hotel-level concierge type services.

The Company will only acquire properties once they are completed and generating income.