GCP Student Living Plc - Exclusivity on New Asset and Placing

Exclusivity on new asset and placing

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

LEI: 2138004J4ID66FK38H25

Proposed Placing

GCP Student Living, the UK's first REIT focussed on student residential assets, today announces that it is seeking to raise gross proceeds of £70 million through a non pre-emptive placing of new ordinary shares (the "Placing" and the "Placing Shares" respectively") in accordance with the terms and conditions of the 2017 Placing Programme set out in the prospectus issued on 2 February 2017 (the "Prospectus").

The Placing Price will be 142 pence per Placing Share, which represents a 6.75 pence discount to the closing mid-price per ordinary share on 12 June 2017 of 148.75 pence. The Placing will be NAV accretive for existing Shareholders.

Background to the Placing

The Company has entered into an exclusivity arrangement in respect of the acquisition of its second forward-funded development. The property, Circus Street, is located in a city centre location in Brighton within short walking distance of its iconic pier, vibrant shopping district and transport links.

The property will primarily serve the University of Sussex, a UK top 20 university, and Brighton University with c.36,000 students including c.6,100 international students.

The Directors believe that Brighton demonstrates the strong supply-demand imbalance for student residential accommodation in the UK which is typical of the Group's investments, with a shortage of modern, purpose-built accommodation driven by supply restrictions and strong demand driven by domestic and international students alike.

It is currently expected that construction of Circus Street will be completed ahead of the 2019/2020 academic year following which it will offer high specification student accommodation and c.30,000 square feet of commercial office space. Licensing fees will provide a 5.5% coupon through the construction phase which will support the Company's objective of regular, sustainable dividends and modest capital appreciation over the longer term.

The student accommodation will provide c.450 modern beds. It is currently expected the student accommodation will be contracted to a subsidiary owned and guaranteed by an established global, Higher Education Institution with a long term track record in the provision of educational services on a 21 year lease, with upward only annual uplifts of RPI plus 50bps capped and collared at 5% and 2% respectively.

It is currently envisaged that the commercial space will generate ancillary revenues through medium to long term leases.

The acquisition of Circus Street through a forward-funded arrangement would enable the Group to secure a city centre asset in Brighton, a growing cosmopolitan city and one of the largest commercial centres in the South East of England, at an attractive valuation relative to acquiring assets which are already operational. Further, such arrangement enables the Group to provide modern, purpose-built, accommodation in an attractive location where suitable existing assets are unavailable.

The final acquisition price for Circus Street, including agreed costs of construction, is expected to reflect a net initial yield consistent with the blended yield of the Group's existing portfolio of standing assets of 5.1% (the net initial yield average excludes Woburn Place, London, which is to be refurbished ahead of the 2018/19 academic year).

The Investment Manager, Gravis Capital Management Ltd, is in advanced negotiations with the vendor of Circus Street.

As set out in the Prospectus, the Company further benefits from a forward purchase agreement in respect of Podium, Egham a high specification, purpose-built, private student accommodation asset in the same locality as the Group's 'The Pad' asset adjacent to Royal Holloway, University of London. Royal Holloway is a UK top 30 university with c.9,800 students from more than 100 countries.

Podium remains on schedule to be completed for the 2017/18 academic year and will provide approximately 180 beds.

The Directors (as advised by the Investment Manager) currently anticipate that there will be a modest uplift to the valuation of Podium on acquisition arising from the attractive, pre-determined, pricing secured pursuant to the forward purchase agreement.

The Pad provides c.220 beds and has been fully occupied since acquisition.

The acquisition cost for both assets, in aggregate, is approximately £95 million and is expected to be funded by the net proceeds of the Placing, the Company's existing resources and further borrowings, as required.

Benefits of the Placing

The Board believes the Placing will have the following benefits to Shareholders and the Company:-

- the acquisition of additional assets with attractive rental characteristics will further diversify the Company's investment portfolio and reduce portfolio concentration risk;
- growing the equity base over which the fixed costs of the Company are spread will reduce its on-going costs per ordinary share;
- an increase in the market capitalisation of the Company should make the Company more attractive to a wider investor base; and
- the introduction of any new shareholders pursuant to the Placing will further diversify the Company's Shareholder register and potentially enhance liquidity in the ordinary shares.

Terms of the Placing

The Company is targeting gross proceeds of £70 million through the Placing of 49,295,774 Placing Shares. The Placing is being made pursuant to the terms and conditions set out in the Prospectus and is currently expected to close at 1.00pm (London time) on 4 July 2017.

The Placing Shares will, when issued, be credited as fully paid and rank *pari passu* with the existing ordinary shares, including for the Company's quarterly dividend in respect of the period ended 30 June 2017 and which is expected to be declared in late July 2017.

In the event the number of Placing Shares applied for under the Placing exceeds 49,295,774 it may be necessary to scale back applications under the Placing. In such event, Placing Shares will be allocated at the discretion of the Board.

The Placing is not being underwritten.

Applications will be made to the FCA for admission of the Placing Shares to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities ("Admission"). It is expected that Admission will become effective and that unconditional dealings in the Placing Shares will commence at 8.00am (London time) on 7 July 2017.

The Placing Shares will be issued in registered form and may be held in uncertificated form. The Placing Shares allocated will be issued to Placees through the CREST system unless otherwise stated. The Placing Shares will be eligible for settlement through CREST with effect from Admission.

Expected timetable

	2017
Latest time and date for receipt of Placing commitments	1.00pm on 4 July
Announcement of the results of the Placing	5 July
Admission of Placing Shares to the Official List and to trading	8:00am on 7 July
Crediting of CREST stock accounts	7 July
Share certificates dispatched (where appropriate)	w/c 10 July (or as soon as practicable thereafter)

The Placing may close earlier (or later) than indicated above at the absolute discretion of the Company, in consultation with Stifel Nicolaus Europe Limited, which is acting in its role as sole bookrunner for the Company. In such event, the Company will notify investors by the publication of a notice through a Regulatory Information Service.

Dealing codes	
Ticker	DIGS
ISIN for the Placing Shares	GB00B8460Z43
SEDOL for the Placing Shares	B8460Z4

Capitalised terms used but not defined in this announcement will have the same meaning as set out in the Prospectus.

An electronic copy of the Prospectus is available at www.morningstar.co.uk/uk/nsm and on the Company's website at www.gcpuk.com/gcp-student-living-plc/investor-relations/publications/all.

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.

For further information, please contact:

Gravis Capital Management Ltd		+44 20 7518 1490
Tom Ward	tom.ward@gcpuk.com	
Nick Barker	nick.barker@gcpuk.com	
Dion Di Miceli	dion.dimiceli@gcpuk.com	
Stifel Nicolaus Europe Limited		+44 20 7710 7600
Neil Winward	neil.winward@stifel.com	
Mark Young	mark.young@stifel.com	
Tom Yeadon	tom.yeadon@stifel.com	
Buchanan		+44 20 7466 5000
Charles Ryland	charlesr@buchanan.uk.com	
Vicky Hayns	victoriah@buchanan.uk.com	

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.

The Group has a property portfolio with a valuation of c. £614 million comprising six modern standing assets with c.2,000 beds. In addition, Scape Wembley (2017/18) and Woburn Place, London (2018/19) are expected to add a further 1,000 beds over the next two academic years following completion of construction / refurbishment.

Its assets are primarily located in and around London and are mainly occupied by international students offering 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.

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. The distribution of this announcement and any other documentation associated with the Placing into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction.

In particular, such documents should not be distributed, forwarded to or transmitted, directly or indirectly, in whole or in part, in, into or from the United States, Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction where to do so may constitute a violation of the securities laws or regulations of any such jurisdiction.

The Placing Shares have not been registered and will not be registered in the United States under the U.S. Securities Act of 1933, as amended (the "Securities Act"), the US Investment Company Act of 1940, as amended or any other applicable securities laws and may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, in or into the United States or to or for the account or benefit of any US Person (within the meaning of Regulation S under the Securities Act), except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

There will be no public offer of the Placing Shares in the United States. The Placing Shares are being offered and sold outside the US to non U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S thereunder. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the US.

The Placing Shares have not been registered under the applicable securities laws of Australia, Canada, Japan or South Africa and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or South Africa or to any national, resident or citizen of Australia, Canada, Japan or South Africa.

This announcement does not constitute a prospectus relating to the Company and does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the Company in any jurisdiction nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract therefor. Recipients of this announcement are reminded that applications for Placing Shares may be made solely on the basis of the information contained in the Prospectus.

Stifel Nicolaus Europe Limited, which is authorised and regulated by the Financial Conduct Authority, is acting only for the Company in connection with the matters described in this announcement and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of Stifel Nicolaus Europe Limited or advice to any other person in relation to the matters contained herein.

None of the Company, Gravis Capital Management Limited or Stifel Nicolaus Europe Limited, or any of their respective affiliates, accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to this announcement, including the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or for any loss howsoever arising from any use of the announcement or its contents. The Company, Gravis Capital Management Limited and Stifel Nicolaus Europe Limited, and their respective affiliates, accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this announcement or its contents or otherwise arising in connection therewith.