GCP Student Living Plc - Net Asset Value, Portfolio Update and Dividend

GCP Student Living plc

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

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Net Asset Value, Portfolio Update and Dividend

Net Asset Value

GCP Student Living, the UK's first REIT focused on student residential assets, today announces that at close of business on 31 December 2017, the unaudited estimated EPRA net asset value per ordinary share of the Company was 146.31 pence. The EPRA net asset value includes income for the period (cum-income) and does not include a provision for an accrued dividend for the quarter to 31 December 2017.

The EPRA net asset value (ex-income) was 144.83 pence per ordinary share as at that date, representing a quarterly increase of 2.5%.

Portfolio and pipeline update

At 31 December 2017, the valuation of the Company's portfolio was £739.6 million, 95% of which was located in and around London, representing a like-for-like increase over the quarter of 2.7%.

The portfolio comprised ten assets, with c.3,600 beds which were either operational or expected to complete construction or refurbishment over the next two academic years. The Net Initial Yield on the portfolio was 5.04%.

The focus on assets in and around London has delivered strong NAV performance driven by valuation uplifts across the portfolio supported by strong rental growth, full occupancy and yield compression arising from a competitive market activity for private student accommodation assets in and around London.

During the period, the Company acquired Podium, which provides c.180 beds in the same locality as The Pad, in aggregate offering c.400 beds adjacent to Royal Holloway, University of London. The aggregation of beds in the same locality providing scale in proximity to a leading HEI should benefit the Company through operational efficiencies over the longer term, particularly relative to smaller offerings.

Podium was acquired through a forward purchase agreement entered into by the Company in April 2016. Such arrangements enable the Company to secure attractively located assets in areas with few existing properties and scarce development opportunities.

In October 2017, the Company entered into a conditional forward purchase agreement to acquire an asset located adjacent to Queen Mary University of London, in the same locality as the 590-bed Scape East asset, which, if acquired, will provide c.400 beds for the 2019/20 academic year and offer the potential for the Company to benefit from operational efficiencies through the scale of its offering in the locality over the longer term.

Additional information on the Company's portfolio can be found in the factsheet for the period ended 31 December 2017 which will be published shortly and available at www.graviscapital.com/funds/gcp-student/literature.

Dividend

The Board is pleased to announce a second interim dividend of 1.48 pence per ordinary share, in respect of the quarter ended 31 December 2017. The second interim dividend will be paid on 12 March 2018 to ordinary shareholders on the register at 9 February 2018. The dividend will be paid as 1.09 pence per ordinary share as a REIT property income distribution ("PID") in respect of the Group's tax exempt property rental business and 0.39 pence per ordinary share as an ordinary UK dividend ("non-PID").

The Company targets a fully covered dividend over the longer term. Where assets in its portfolio are being refurbished or are under construction (as is the case with Woburn Place, London and Circus Street, Brighton), cover may be lower over the short term. The acquisition of such assets enables the Company to secure properties located in areas which benefit from strong supply and demand characteristics, where appropriate operational assets may not be available, and which the Directors believe will provide regular, sustainable dividends with rental growth prospects over the longer term.

Where the Company acquires forward-funded assets that are under construction, it seeks to benefit from licensing fees providing revenue through the construction phase which supports its objective of regular, sustainable dividends over the longer term. The Circus Street asset provides a 5.5% coupon during its construction phase, which is expected to be complete ahead of the 2019/20 academic year.

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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.

GCP Student'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 December 2017, its property portfolio was valued at £739.6 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.