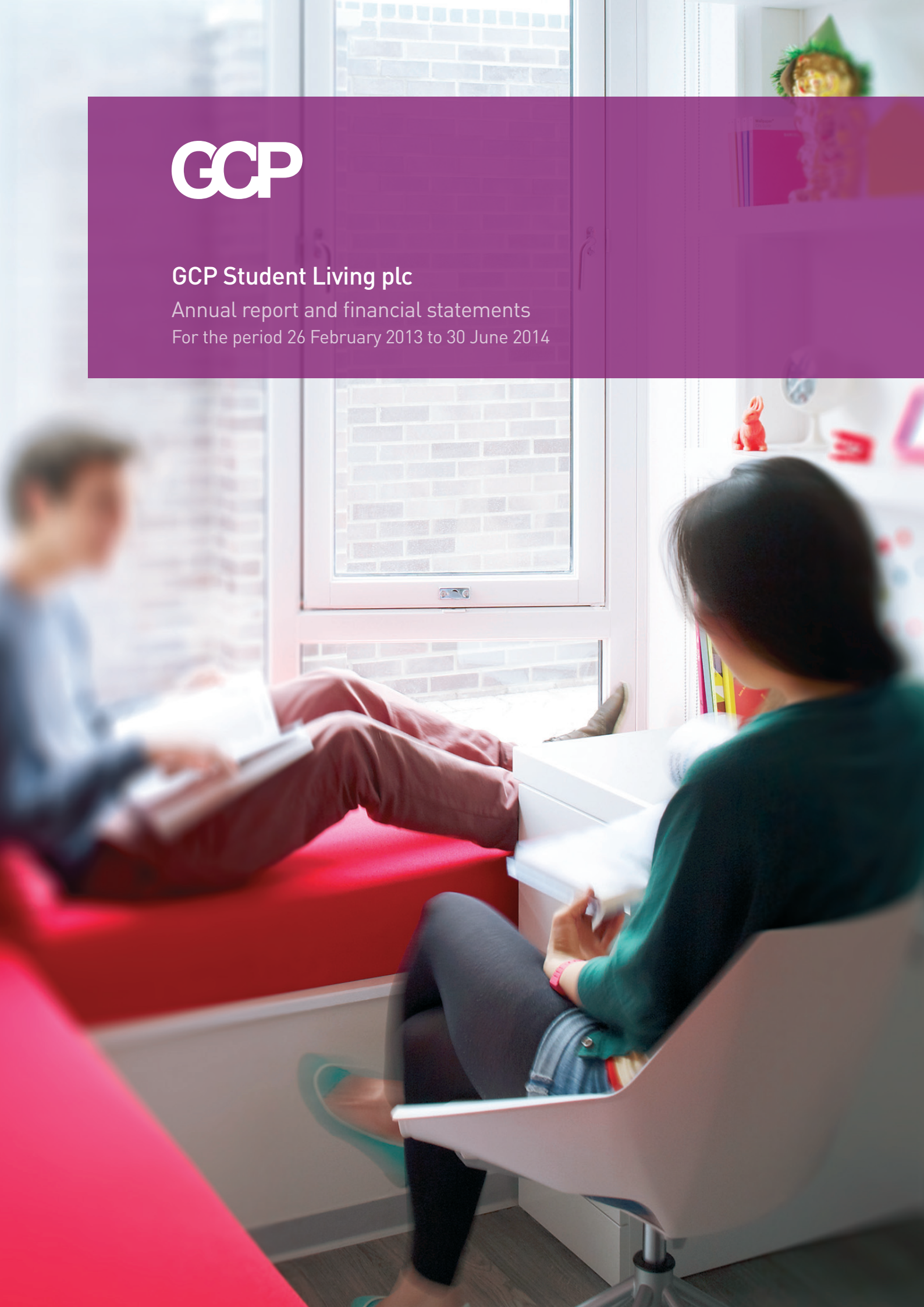




GCP Student Living plc

Annual report and financial statements

For the period 26 February 2013 to 30 June 2014



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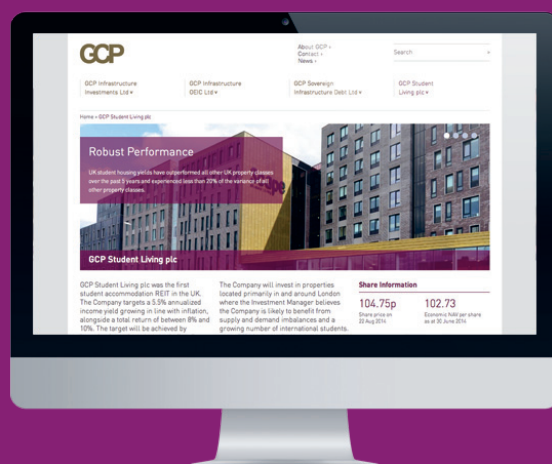
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GCP Student Living plc (the "Company") was the first real estate investment trust in the UK focused on student residential assets. The Company invests in modern, mostly purpose-built, private student residential accommodation and teaching facilities located primarily in and around London. Our primary objective is to provide shareholders with regular, sustainable, long-term dividends coupled with the potential for modest capital appreciation over the long term and RPI inflation-linked income characteristics. In respect of the period from IPO to 30 June 2014, the Company targeted an annualised dividend yield of 5.5% on the IPO issue price, which has been achieved.

The Company invests in properties located primarily in and around London where the Investment Manager believes the Company is likely to benefit from supply and demand imbalances and a growing number of international students.

The Company is a closed-ended investment company incorporated in England and Wales, and has been admitted to trading on the London Stock Exchange (Specialist Fund Market) and Channel Islands Securities Exchange Authority Limited.



Visit us online
www.gcpluk.com



At a glance

£7.7m

Profit for the period

5.5%

Dividend yield

102.64p

EPRA NAV per ordinary share

£151.6m

Value of investments

11.5%

Total shareholder return

3.3%

Rental growth

Highlights for the period

- Successful IPO of the Company raised £70.1 million through the placing and offer for subscription of ordinary shares in order to acquire the Company's seed asset, Scape East.
- Ordinary shares of the Company admitted to the Specialist Fund Market of the London Stock Exchange ("SFM") and the Channel Islands Securities Exchange Authority Limited ("CISEA") on 20 May 2013.
- Acquisition of The Pad, RHUL (£13 million) made in December 2013, ahead of target.
- A further successful, oversubscribed open offer, placing and offer for subscription raised £42 million in May 2014 in order to fund the Company's acquisition of Scape Greenwich.
- Forward purchase agreements for Phase 2 of The Pad signed in December 2013 and Scape Guildford signed in February 2014, due for completion in Q3 2015.
- Year-on-year growth in student rental income of 3.3% in the academic year since IPO.
- Scape East and The Pad fully occupied for the 2013/14 academic year. As at the date of the report, Scape East, Scape Greenwich and The Pad had achieved full occupancy for the 2014/15 academic year.
- Operating profit of £10.1 million with total profit for the period of £7.7 million.
- Annualised total return achieved of 11.5% to 30 June 2014, exceeding the Company's annualised target return of 8.0-10.0% per annum.
- Company's target 5.5% annualised dividend yield in respect of the period to 30 June 2014 achieved with a total dividend of 6.10 pence per share paid to shareholders in respect of the period.
- EPRA NAV* per ordinary share of 102.64 pence as at 30 June 2014 and EPRA NNNNAV* per ordinary share of 102.68 pence at 30 June 2014.
- External valuation of investments as at 30 June 2014 of £151.6 million.

*The Company has adopted the EPRA best practice recommendations on reporting and accounting. EPRA NAV and EPRA NNNNAV respectively are calculated on the same basis as the 'Economic NAV' and 'Accounting NAV' that the Company has reported previously.

Investment objectives

The Company invests in UK student accommodation to meet the following key objectives:

Dividend income

To provide shareholders with regular, sustainable and long term dividends.

The Company has achieved its annualised dividend yield target of 5.5% with reference to the IPO issue price in respect of the period to 30 June 2014, paying a total of 6.10 pence per ordinary share in the period since IPO.

Capital appreciation

To provide modest capital appreciation over the long term with income having RPI inflation-linked characteristics.

The valuation of the Company's property portfolio has increased by 3.5% over the period providing modest capital appreciation to shareholders. Income for the 2014/15 academic year has risen slightly in excess of RPI.

Portfolio quality

Focus on high quality, modern, purpose-built, private student residential accommodation and teaching facilities for students studying at leading academic institutions in and around London.

The Company has further increased its property portfolio to include The Pad and Scape Greenwich, high specification, modern, purpose-built residential student accommodation buildings in and around London.

Key performance highlights

6.10p

Dividends paid in 2013/14

£5.0m

Capital appreciation since IPO

100%

Occupancy for 2013/14 academic year for Scape East and The Pad

11.5%

Total shareholder return

3.3%

Year-on-year rental growth for the 2013/14 academic year

61

Number of HEIs represented

Portfolio at a glance

The Company's portfolio comprises high quality, modern, purpose-built student accommodation.



The Pad

71 Egham Hill, Egham TW20 0ER

→ Read more pages 24 and 25



Scape East

450 Mile End Road, London E1 4GG

→ Read more pages 20 and 21



Scape Greenwich

Bear Point, 2 East Parkside,
Greenwich SE1 0FQ

→ Read more pages 22 and 23

£151.6m

Value of investments

Chairman's statement



Mr Robert Peto
Chairman

Introduction

On behalf of the Board, I am pleased to announce a successful first financial period for the Company. The Company delivered a strong set of results over the period, achieving the target 5.5% annualised dividend in respect of the period to 30 June 2014 and exceeding the annualised total target return of 8.0-10.0% per annum. The net assets of the Company have grown significantly over the period since IPO with the acquisition of The Pad and Scape Greenwich, rising from £70.1 million at IPO to £112.9 million at 30 June 2014. A full summary of the Company's results is included on pages 14 to 17.

The Company's IPO in May 2013 was oversubscribed, with £70.1 million raised. The total funds raised were used to acquire the seed asset, Scape East, a high-specification student accommodation scheme located directly opposite QMUL. The property houses 588 studio bedrooms and c.30,000 sq ft of teaching facilities, retail space and communal facilities.

The Company built on its initial acquisition by acquiring a newly built 116 bed scheme, The Pad, adjacent to RHUL, in December 2013. The property was fully occupied during the 2013/14 academic year and was acquired through an increase in the Company's senior debt facility with Barclays. The Company also entered into a forward purchase agreement for the acquisition of The Pad Phase 2, a further 100 studio bed scheme targeted for completion in Q3 2015.

The Company's growth path continued following a successful capital raise in May 2014 of £42 million. The proceeds were used to acquire Scape Greenwich, a purpose-built, private student accommodation residence located in a prime London student residential location within 30 minutes of c.75% of London's HEIs and in close proximity to Ravensbourne College, a leading specialist digital media HEI, and the University of Greenwich.

The Company also entered into a forward purchase agreement to acquire Scape Guildford, a high-specification, purpose-built, private student accommodation residence located adjacent to the University of Surrey in Guildford, due for completion in Q3 2015. Once complete, the scheme will comprise 141 rooms.

Financial results

The Company generated operating profit of £10.1 million for the first financial period to 30 June 2014, with profit for the period of £7.7 million and basic earnings per share of 10.50 pence. The net asset value of the Company has increased by 60.0% in the period to £112.9 million following the successful capital raise in order to fund the acquisition of Scape Greenwich. EPRA NAV per ordinary share has increased by 5.64 pence with reference to the EPRA NAV at IPO of 97.00 pence per ordinary share to 102.64 pence.

Property portfolio

Since the acquisition of Scape East, the Company successfully acquired two properties, The Pad and Scape Greenwich, and secured forward purchase agreements on a further two sites, The Pad Phase 2 and Scape Guildford, due for completion in Q3 2015. Capital values have performed slightly ahead of expectations with 3.4% uplift in the period since IPO, largely driven by increasing rental rates. The external valuation of the portfolio stood at £151.6 million as at 30 June 2014.

The net assets of the Company have grown significantly over the period since IPO with the acquisition of The Pad and Scape Greenwich, rising from £70.1 million at IPO to £112.9 million at 30 June 2014.

Dividends

The Company paid dividends in respect of the financial period ended 30 June 2014 of 6.10 pence per ordinary share. All dividends were made as PIDs in respect of the Group's tax exempt property rental business.

Financing and hedging

The Company's financing strategy was enhanced in the period by successfully renegotiating a £40 million senior debt facility at a lower rate of interest with Barclays Bank PLC and by entering into a new interest rate swap with a notional value of £20.0 million at a fixed rate of 1.4% and floating rate of three-month LIBOR, bringing the weighted average cost of debt down from 4.4% to 3.0% at 30 June 2014. The Company continues to have significant headroom on its loan-to-value and interest cover covenants. At 30 June 2014, the debt facility was fully drawn and the Company was operating with a property loan-to-value of 26.7%.

Alternative Investment Fund Managers' Directive

The Company is classed as an externally managed AIF under the AIFMD. The Board has appointed the Investment Manager as the Company's AIFM with effect from 1 April 2014. Langham Hall LLP was appointed on 22 July 2014 to provide depositary services in order to fully comply with the provisions of the AIFMD.

Delisting from the CISEA

The Company currently operates with a dual listing on both the SFM and the CISEA. At the date of the Company's IPO, the SFM was not a recognised exchange for ISA investors and therefore a dual listing on the CISEA was required to ensure ISA eligibility of the Company's ordinary shares for investors. Since the launch of the Company, amendments were made to the ISA regulations pursuant to which ISA investors can now invest in shares traded on the SFM.

As announced to the market on 10 September 2014, following consultation with the Company's legal and financial advisers, the Board has decided that it is no longer in the interests of shareholders for the Company to retain a listing of its ordinary shares on the CISEA, given the ongoing costs of such listing. The Company's ordinary shares will continue to trade on the SFM. The delisting from the CISEA is expected to take effect at 7.00 am on 10 October 2014.

Outlook

The Company has performed strongly since IPO and has achieved its target income and return profiles, with strong occupancy and rental growth forecasted for the forthcoming 2014/15 academic year.

Student numbers in the UK remain robust, with total placed applications for the 2013/14 academic year 6% up on the previous year. Student applications for the forthcoming 2014/15 academic year were up 4% on the previous year, with EU student numbers up almost 5% and non-EU students up over 8%, indicating an increase in potential demand for the Company's stock of accommodation.

The supply/demand imbalance in and around London is expected to continue, with limited new stock coming on stream and an increasing number of domestic and in particular international students forecast for the forthcoming academic year.

The providers who selectively choose strong locations and enhance their schemes through quality design and an operational platform with strong brand values will continue to have a competitive advantage in the market.

The Investment Manager continues to review and source additional opportunities in line with the Company's investment policy and currently anticipates making further investments in 2015.



Mr Robert Peto

Chairman

16 September 2014

Strategic report

The Strategic report has been prepared in accordance with section 414A of the Companies Act 2006 (the “Act”).



Strategic overview

The Company’s investment objective is to provide shareholders with regular, sustainable, long-term dividends (with RPI inflation-linked characteristics) coupled with the potential for modest capital appreciation over the long term.

[→ Read more pages 08 and 09](#)



UK student accommodation market

The UK was the most popular destination for students studying English outside of their home country.

[→ Read more pages 10 to 13](#)



Review of the financial period

The Company generated operating profit for the first financial period to 30 June 2014 of £10.1 million

[→ Read more pages 14 to 17](#)

Its purpose is to inform members of the Company and help them assess how the Directors have performed their legal duty under section 172 of the Act to promote the success of the Company.



Property portfolio

Years of hard work and listening to student feedback has resulted in some of the best student accommodation in London.

[➔ Read more pages 18 to 25](#)



Corporate, social and environmental responsibility

The Company's aim is to operate a fully sustainable business model with a low carbon footprint.

[➔ Read more pages 26 and 27](#)



Risk management

The Board recognises that risk is inherent in the operation of the Company and that effective risk management is key to the success of the organisation.

[➔ Read more pages 28 to 31](#)

Strategic overview

The Company's investment objective is to provide shareholders with regular, sustainable, long-term dividends (with RPI inflation-linked characteristics) coupled with the potential for modest capital appreciation over the long term.

6.10p

Dividends per ordinary share in the period

£5.0m

Capital appreciation since IPO

Investment policy

The Company intends to meet its investment objective through owning, leasing and licensing student residential accommodation and teaching facilities to a diversified portfolio of direct let tenants and HEIs. The Company will invest in modern, mostly purpose-built, private student residential accommodation and teaching facilities 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.

Rental income will predominantly derive from a mix of contractual arrangements including direct leases and/or licences to students ("direct let agreements"), leases and/or licences to students guaranteed by HEIs and/or leases and/or licences directly to HEIs.

The Company may enter into soft nominations agreements (pari passu marketing arrangements with HEIs to place their students in private accommodation) or hard nominations agreements (longer-term marketing arrangements with HEIs of between 2 and 30 years in duration).

The Company intends to focus primarily on accommodation and teaching facilities for students studying at Russell Group universities and other leading academic institutions, regional universities with satellite teaching facilities in and around London and at specialist colleges.

The Company may acquire properties directly or through holdings in special purpose vehicles and properties may be held through limited partnerships, trusts or other vehicles with third-party co-investors.

Investment restrictions

The Company will invest and manage its assets with an objective of spreading risk through the following investment restrictions:

- the Company will derive its rental income from a portfolio of not less than 500 studios;
- at least 90% by value of the properties directly or indirectly owned by the Company shall be in the form of freehold or long leasehold (over 60 years remaining at the time of acquisition) properties or the equivalent;
- the Company will not invest in development assets or assets which are unoccupied or not producing income at the time of acquisition; and
- the Company will not invest in closed-ended investment companies.

Use of derivatives

The Company may invest through derivatives for efficient portfolio management. In particular, the Company engages in interest rate hedging or otherwise seeks to mitigate the risk of interest rate increases as part of the Company's efficient portfolio management.

Borrowing and gearing policy

The Company may use gearing to enhance returns over the long term. The level of gearing will be governed by careful consideration of the cost of borrowing and the Company may use hedging or otherwise seek to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of gross assets, will not exceed 55% at the time of investment. It is the Directors' current intention to target gearing of less than 30% of gross assets in the long term and to comply with the REIT condition relating to the ratio between the Company's 'property profits' and 'property finance costs'. As at the period end, the Company was operating with a property loan-to-value of 26.7%.

The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as the principal company of a REIT for the purposes of Part 12 of the Corporation Tax Act 2010 (and the regulations made thereunder).

In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Directors upon becoming aware of the same and if the Directors consider the breach to be material, notification will be made to a Regulatory Information Service.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

Business and status of the Company

The Company is registered as a public limited company and is an investment company within the terms of section 833 of the Act. The Company is a REIT for the purposes of Part 12 of the Corporation Tax Act 2010. Notification has been submitted to, and acknowledged by, HMRC for the Company to enter the UK REIT regime. The Company will be treated as a REIT so long as it continues to meet the REIT conditions in relation to any accounting period.

The Company was incorporated on 26 February 2013. The Company's shares were admitted to trading on the SFM and were listed on the Official List of the CISEA on 20 May 2013.

The Company's performance along with the important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the financial period are set out on pages 10 to 31.

UK student accommodation market

The UK was the most popular destination for students studying English outside of their home country.

Overview

Higher education is one of the UK's largest service exports, contributing an estimated £17.5 billion to the UK economy in 2011/12. Its continued growth is a mainstay of UK government policy. In the period, the UK was the most popular destination for students studying English outside of their home country, attracting nearly 50% of students globally. In 2011/12, there were 435,000 international students studying at publicly funded HEIs, and a further 53,000 international students studying at alternative institutions, making the UK the second most popular destination for internationally mobile higher education students (behind the USA).

In July 2013, the UK government published an ambitious new strategy to expand the UK's education exports industry to ensure that British higher education continues to stay ahead in the global education market.

It aims to secure an extra £3 billion of contracts for educational exports and attract a further 90,000 international students by 2018.

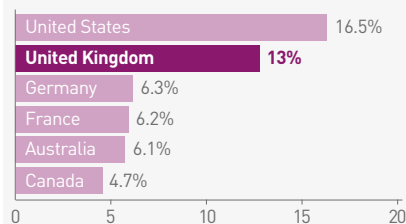
The international education sector is likely to grow partly due to demographic change, with the total global population forecast to increase from nearly 6.9 billion in 2010 to over 7.6 billion in 2020, and partly due to the increase in wealth and size of the middle classes in emerging economies.

English language students



Source: Department of Business, Innovation and Skills (2013)

HE students top destinations 2011



Source: OECD (2013)

Student numbers for the 2013/14 academic year were c.37,000 up on the previous year with 677,000 applicants chasing 496,000 places.

In the light of this, the Directors (as advised by the Investment Manager) expect that the rise in international student numbers will continue to increase in line with the OECD predictions on global student mobility, from c.3.7 million international students in 2010 to c.8 million international students by 2025. It is expected that the long-term impact of higher domestic tuition fees will be to increase the competitiveness of the best tertiary education institutions in the country, particularly the Russell Group, as domestic students become more selective over where they will study as they take on more debt.

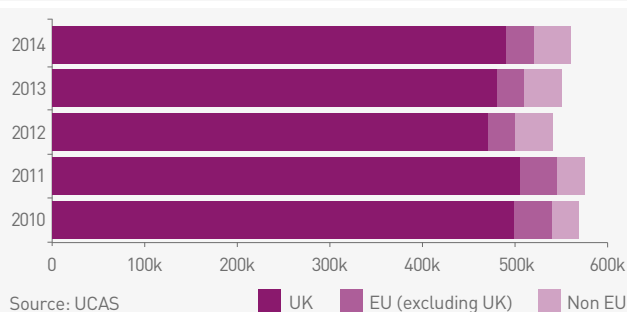
HEI applications

The number of students in UK HEIs has doubled since 1991. This has been driven by government policy, demographics and global mobility, with approximately 1.7 million students studying full time in the UK in 2012/2013, with c.22% from outside the UK.

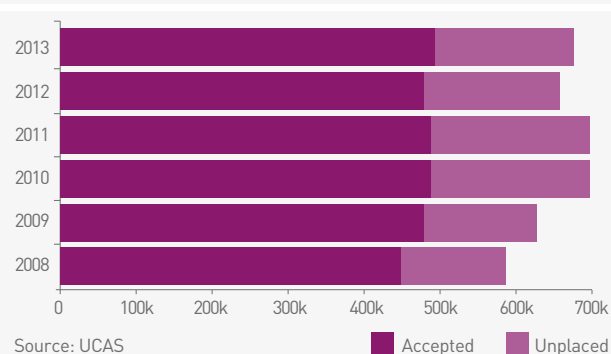
Student numbers for the 2013/14 academic year were c.37,000 up on the previous year, with 677,000 applicants chasing 496,000 places. Full year applicants for UK HEIs have historically exceeded the number of available places and this continued trend provides comfort that student numbers will continue to grow at a sustainable level and that demand will continue to outstrip supply.

The number of students looking to study at UK HEIs continues to increase year on year. UCAS applications for 2014/15 show a 4% increase in the number of applications in spite of the continuing fall in the population of 18-year olds in the UK. The increase was most marked in the number of EU (excluding the UK) and non-EU students which increased by 5% and 9% respectively.

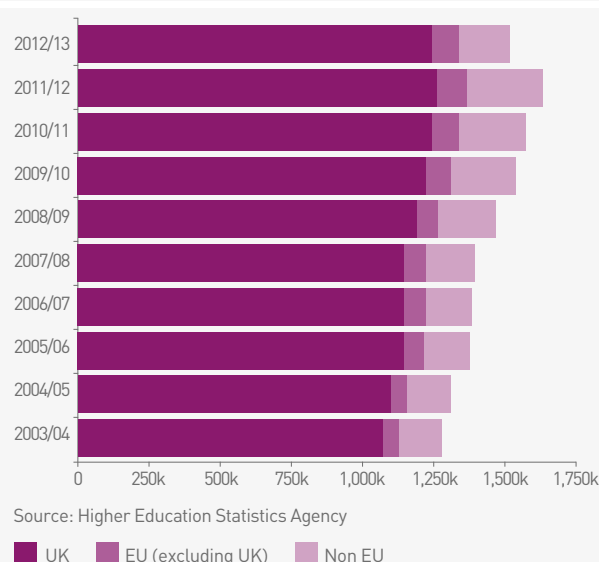
University applications (15 January deadline)



UCAS full year applicants



Full-time student numbers



The reduction in student numbers in 2012/13 corresponds with the introduction of higher tuition fees announced by the UK government.

UK student accommodation market_{continued}

Student accommodation – the importance of design and quality

Purpose-built student accommodation has evolved as a product over the past 15 years. Over this period, and in particular, following the introduction of tuition fees, students have become consumers in their own right and are making their investment decisions for their higher education not just on price, but also on a mix of quality of the academia and the quality and location of accommodation.

Increasingly, students are demanding high quality living space with clever design, quality materials, social areas in the buildings which provide opportunities for social groups to form and bond centred around work spaces, play space with games and TV areas and communal kitchens. Likewise, they are demanding services that create wider social interaction such as talks, events, workshops and tie-ins with local businesses and educational establishments.

This is particularly the case for international students who tend to demand a higher class of accommodation than domestic students and who have a requirement for greater social interaction.

Student accommodation – supply/demand imbalance

There is a fundamental supply/demand imbalance in the UK student accommodation sector which is responsible for the stability and the strong rental and capital returns produced in this financial period.

The UK has seen a rising tide of student numbers since the early 1990s, with the student population more than doubling over this period.

Domestic student applications have increased year-on-year despite an ageing population and international student numbers continue to grow at a disproportionate rate, as evidenced by the 9% increase in applications by non-EU students for the 2014/15 period.

There is a structural shortfall of purpose-built student accommodation in most of the UK. The supply of private student accommodation has failed to keep pace with the increasing demand owing to the following:

- the residential property market has recovered over the past 18 months, increasing land values as well as increasing the pressure on the private residential sector to house tenants other than students who are willing to pay higher rent levels;
- the private rented sector has become subject to greater local authority and government legislation for houses in multiple occupancy;
- universities are not developing new accommodation as they are becoming more focused on their core competency of investing in education;
- development financing remains constrained; and
- the introduction of CIL which will increase the cost of developing student accommodation.



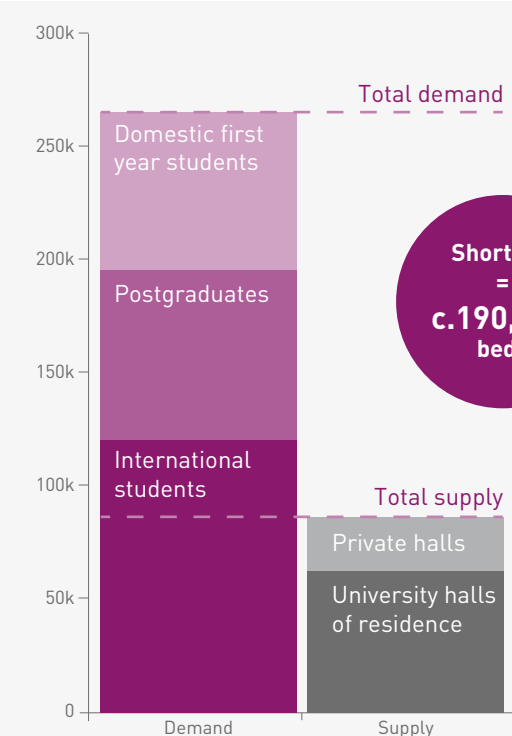
The London market

The Company is focused on the London student accommodation market because this is where the largest supply/demand imbalance exists in the UK market. London has a number of important dynamics that separate it from the wider UK student housing market:

- London has the largest number of students of any city in the UK, with over 400,000 students being educated at HEIs in the capital;
- London has the largest number of international students of any city in the world with c.108,000 students in 2011 from over 200 countries;
- London is home to some of the leading HEIs in the world which attract a significant number of international students – it has five of the 24 Russell Group universities, two of the top ten universities in the world and has a large number of world-renowned specialist colleges;
- London is one of the most popular cities in the world to visit, with a huge global profile following the London 2012 Olympic Games; and
- London universities are only able to supply accommodation to c.30% of first year and international students.

The acute supply/demand imbalance is more pronounced in London than in any other major UK city as evidenced in the graph below. This graph highlights that in 2013, there were over 250,000 domestic first year undergraduates, international students and postgraduates studying in the capital with only 60,000 purpose-built student accommodation beds in halls of residence available in aggregate from both the university and private sectors, indicating a structural supply shortfall of c.190,000 beds. It is this shortfall that underpins the strong performance of the asset class in the capital.

Student accommodation supply and demand in London 2013



Source: Knight Frank LLP

Review of the financial period

The Company generated operating profit for the first financial period to 30 June 2014 of £10.1 million

Financial results

The Company generated a strong set of results with £9.1 million of rental income generated in the period, resulting in a total of £7.5 million in net operating income and a NOI margin for the period of 81.8% as detailed below. The Board anticipates as additional properties are acquired, further economies of scale in asset and

facilities management will be achieved across the Company's portfolio.

Total administration expenses incurred of £1.6 million comprise the Investment Manager's fee and other service provider costs in the period. Total gains on investment properties of £5.0 million upon the revaluation of the Company's investment portfolio as at 30 June 2014, resulting in operating profit for the

Company of £10.1 million. Finance costs of £2.4 million comprising loan and swap interest and swap break fees associated with the Company's improved financing arrangements, giving total profit for the period of £7.7 million.

At 30 June 2014, there were no dilutive equity instruments in issue and therefore the Company's basic earnings per share were 10.50 pence per share.

Financial performance

	For the period ended 30 June 2014 £'000
Income statement	
Rental income	9,132
Operating expense	(1,664)
Gross profit (net operating margin)	7,468
NOI margin	81.8%
Administration expenses	(1,646)
Other costs	(711)
Gains on investment properties	5,010
Operating profit	10,121
Finance costs	(2,412)
Profit for the period	7,709

Dividends

In order to maintain its REIT status, the Group is required to meet a minimum distribution test for each accounting period for which it is a REIT. This test requires the Company to distribute at least 90% of the income profits of the property rental business for each accounting period, as adjusted for tax purposes. In respect of the financial period ended 30 June 2014, the Company paid dividends of 6.10 pence per share.

Capital raises

The Company's IPO in May 2013 was oversubscribed, with £70.1 million raised. The total funds raised were used to acquire the Company's seed asset, Scape East, a high-specification student accommodation scheme located directly opposite QMUL. In May 2014, the Company raised a further £42 million by way of an oversubscribed open offer, placing and offer for subscription to fund the acquisition of Scape Greenwich in accordance with the Company's investment policy.

Cash flow generation

The Company generated cash and cash equivalents of £3.6 million at the end of the period. A total of £5.9 million of operating cash flows were generated in relation to the Company's student accommodation portfolio. Total capital raised in the period amounted to £112.1 million, which was used alongside the Company's debt facility to finance the acquisitions of Scape East and Scape Greenwich.

An additional draw down on the facility was utilised to fund the acquisition of The Pad. The remaining cash flows relate to net financing costs in addition to payment of dividends, resulting in a net increase in cash and cash equivalents at the period end of £3.6 million.

Debt financing

The Company entered into significantly improved new financing arrangements with its lender, Barclays, following the renegotiation in May 2014 of a £40 million facility. This facility is now set to mature in May 2019 at a more favourable rate of interest. 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 have reduced the Group's weighted average cost of debt from 4.4% to 3.0%. The Company is operating with a debt to property value of 26.7% after the issue of new shares and the acquisition of Scape Greenwich.

Banking covenants

The Company debt facility includes loan-to-value and interest cover covenants that are measured at a Group level. The Company has maintained significant headroom against all measures throughout the financial period and is in full compliance with all loan covenants at 30 June 2014.

Asset performance

The Company has experienced 3.3% year-on-year rental growth for the 2013/14 academic year. The valuation of the Company's property portfolio has increased by £5.0 million (3.4%) since the IPO or acquisition of assets.

The portfolio has been 100% occupied for the 2013/14 academic year, all on 51 week tenancies. As at the date of this report, Scape East, Scape Greenwich and The Pad had achieved full occupancy for the 2014/15 academic year.

Review of the financial period continued

Net assets

Net assets attributable to equity holders at 30 June 2014 were £112.9 million. The increase in net assets since the IPO primarily relates to the May 2014 capital raise. The acquisition of The Pad was funded by an increase in the Company's existing debt facility and therefore had no effect on the net assets of the Company.

At 30 June 2014, there were 109,910,428 shares in issue giving an EPRA NAV per ordinary share of 102.64 pence. The EPRA NAV excludes the fair value mark-to-market valuation of the Company's financial derivative instrument, which is used to manage adverse effects of interest rate movements on the Company's debt facility.

Accordingly, taking into account the fair value mark-to-market valuation of this financial derivative instrument based on current gilt rates, the EPRA NAV at 30 June 2014, adjusted to reflect the cost of fixed rate debt (EPRA NNNAV), is 102.68 pence per ordinary share.

Financial performance

Net assets

	30 June 2014 £'000
Assets	
Property	151,560
Receivables	1,362
Cash and cash equivalents	4,585
Total assets	157,507
Liabilities	
Payables	(3,168)
Deferred income	(2,028)
Senior loan	(39,456)
Total liabilities	(44,652)
Net assets	112,855
Number of shares	109,910,428
EPRA NAV per share	102.64p
EPRA NNNAV per share	102.68p

Net asset value and share price performance

The Company's shares have traded at a premium to NAV since IPO, with an average premium over the period of 6.6%. The Company's share price hit an all-time high of 108.50 pence on three occasions, in September, October and November 2013.

EPRA NAV has increased to 102.64 pence per ordinary share as at 30 June 2014 (5.8% increase in 13 months). Dividends of 6.10 pence per ordinary share were declared and paid to shareholders, achieving the target 5.5% annualised dividend yield in respect of the period to 30 June 2014. At the Company level, the

annualised total return to 30 June 2014 was 11.5%, which exceeds the annualised target return of 8.0-10.0%. Historic share price and NAV performance is set out in the charts on page 17.

£112.9m

Total net assets

Company performance

Key performance indicators

11.5%

Shareholder total return

10.50p

Basic earnings per share

5.5%

Dividend yield

102.64p

EPRA NAV per share

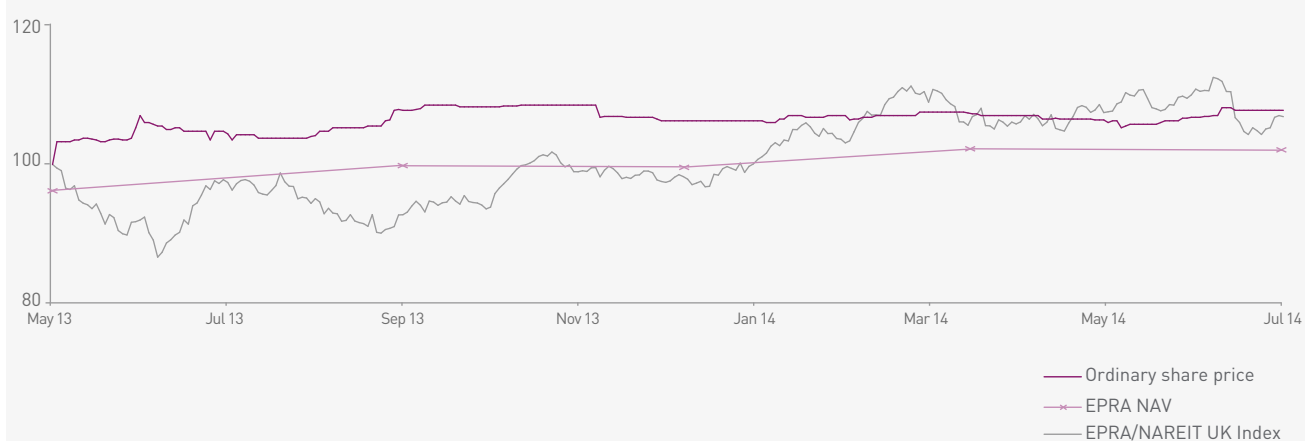
26.7%

Loan-to-value

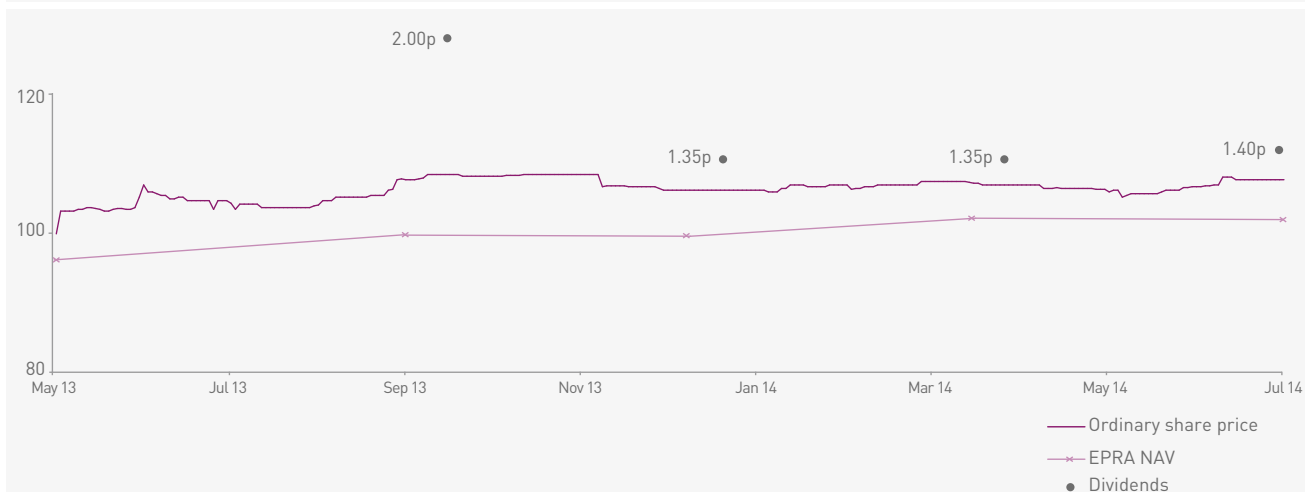
3.3%

Rental growth

Share price performance



Share price performance/dividends



Property portfolio

Years of hard work and listening to student feedback has resulted in some of the best student accommodation in London.

Quality, design and brand

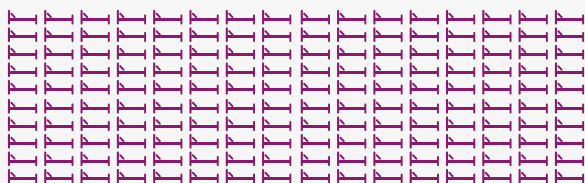
The property portfolio is made up of high quality, modern, purpose-built student accommodation focusing on international students, postgraduates and domestic students alike. The living experience forms a mainstay of each student's university life and the Company has put the quality, design, experience and performance of its assets at the heart of its operational strategy. This is achieved through the Company's investment selection and its choice of Asset Managers.

Scape is the Asset Manager for Scape East and Scape Greenwich. The vision of the Scape brand was to create a new kind of student accommodation; one that was affordable but with modern design based in the heart of London. By enlisting the help of leading interior designers and top architects, Scape continues to ensure that high standards of quality finishes and service are met. Years of hard work and listening to student feedback has resulted in some of the best student accommodation in London.

Alongside the striking design features, Scape also offers ample common space for students to socialise and study. High speed internet and wi-fi are available throughout each location. Scape constantly responds to student feedback, which has resulted in the provision of extra facilities and amenities, such as additional private rooms for group study, ping pong tables and a gym.

The Pad, located in Egham, comprises the remainder of the assets in the portfolio and provided the first private, purpose-built student accommodation in the local vicinity for RHUL's students. CRM is the Asset Manager for The Pad. The property provides high quality studios and en-suite accommodation to meet the needs of the growing international and postgraduate student population at RHUL. Approximately 90% of the residents of The Pad are international students, who are attracted by the large spacious rooms, high specification fixtures and fittings and sociable communal areas spread across the building and the leafy courtyard areas.

Number of beds



984

Occupancy

June 2014



100%*

*Scape East and The Pad

Nationality



33%



20%



47%

Year of study

Undergraduate



68%

Postgraduate



32%

Number of higher education institutions



61

Number of nationalities



85

Top five nationalities

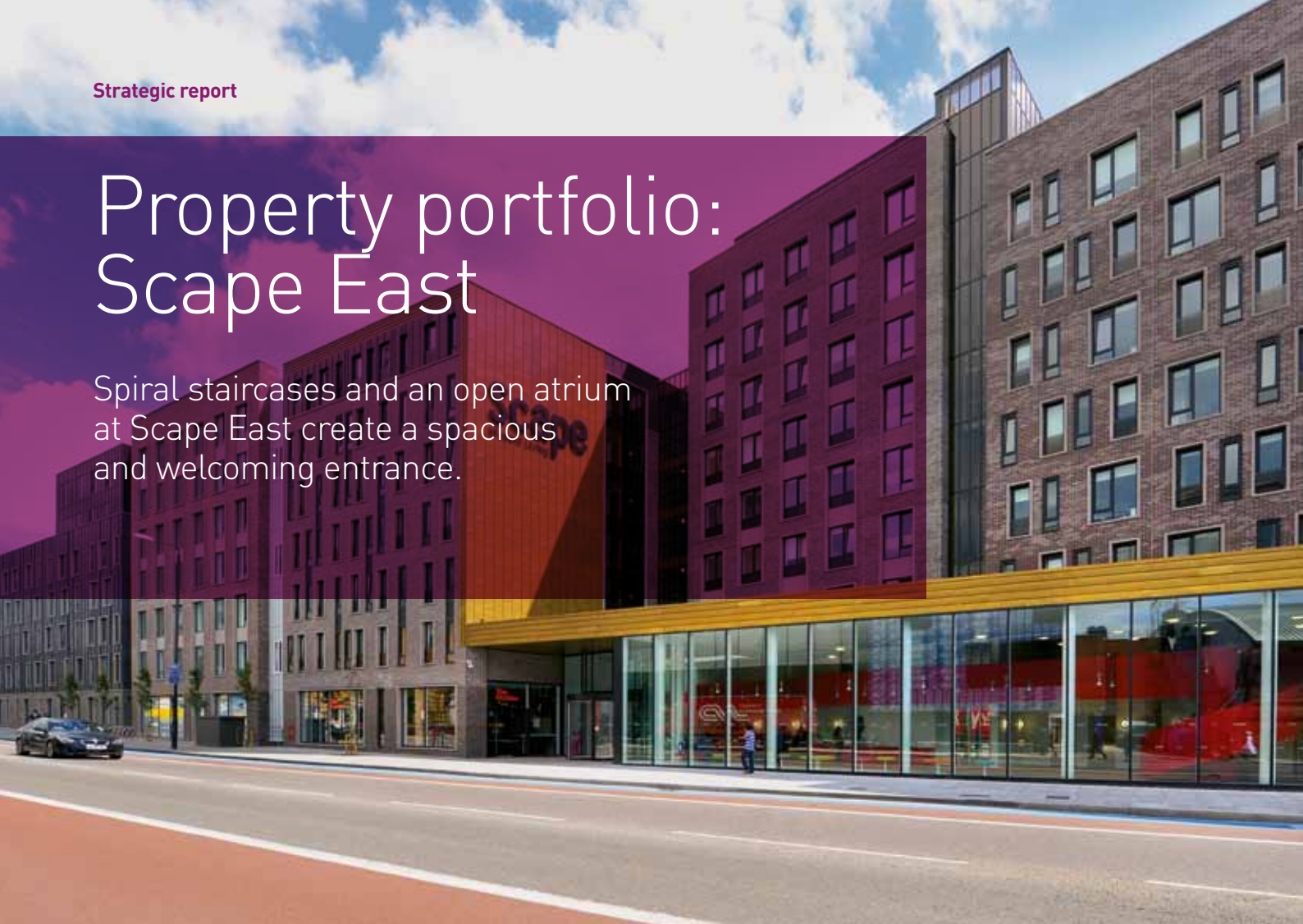
1. British
2. Chinese
3. Indian
4. Greek
5. Korean

Top five universities

1. QMUL
2. RHUL
3. Ravensbourne
4. University of Greenwich
5. King's College London

Property portfolio: Scape East

Spiral staircases and an open atrium at Scape East create a spacious and welcoming entrance.



588

Number of beds

Scape East is a private student residence, completed in June 2012 under the Scape brand, which seeks to provide affordable and aspirational hotel-style student accommodation in private, purpose-built, high-specification buildings.

Scape East is located in Mile End, directly opposite QMUL, which is a Russell Group HEI and one of London's leading universities with approximately 17,000 students. Approximately 75% of all Scape East's direct let students study at QMUL. The impressive building encompasses a double height entrance and floor-to-ceiling glazed reception.

Spiral staircases and an open atrium at Scape East create a spacious and welcoming entrance. Copper and bronze is a recurring theme, from the illuminated canopy on top of the building to the cladding surrounds. The green roof space attracts birds and insects and the ground water provides heat for the 25,000 sq ft of educational space and the communal areas.



Residents have access to a private courtyard garden, free gym, TV and games lounge, communal kitchen, study areas and two on-site restaurants. Most of the studios at Scape East are the exclusively designed "Scape Studio", which feature integrated storage and work space, fully-fitted kitchenette, breakfast bar and stunning en-suite shower room. The concept of modern student accommodation came from the Scape partners who enlisted leading interior designer Ab Rogers and design studio Praline to bring their vision to life.

The result has yielded a superior alternative to traditional student housing, where striking design goes hand-in-hand with competitive prices and excellent London locations.

Additional rental income is generated through a 30-year FRI lease with annual RPI uplifts of teaching facilities, which has generated 6.5% of total revenues for Scape East for the 2013/14 academic year.

As at 30 June 2014, Scape East was occupied by students from 22 different HEIs and of 65 different nationalities, with c.90% of tenants coming from outside the UK.

Property portfolio: Scape Greenwich

Big picture windows create bright, natural light as they extend across the building.



280

Number of beds

Scape Greenwich is a private student residence which was completed in September 2013 on the Greenwich Peninsula. Designed by award-winning architects, AHMM, it comprises 280 studios and approximately 10,000 sq ft of communal facilities, kitchens, study areas and breakout rooms.

Scape Greenwich is situated in a prime London student residential location within 30 minutes of c.75% of London's HEIs and in close proximity to Ravensbourne College (with c.1,600 students), a leading specialist digital media HEI, and to the University of Greenwich (with c.26,000 students). Scape Greenwich is a stunning white concrete building with an expansive glazed reception and versatile communal dining, theatre and lounge.

Students also enjoy large shared balconies and linked atria study spaces. Big picture windows provide bright, natural light as they extend across the building. The bright white exterior is offset by the colourful hues that cover the corridors.



Scape Greenwich boasts a campus feel with shared study spaces, striking communal areas, designer student studio apartments and an ideal location in London. All student rooms come with a fully-equipped kitchenette, a comfortable double bed with built-in storage, en-suite shower room and large windows. Communal balconies on alternate floors afford stunning views of Canary Wharf, the City and local parks.

As at 30 June 2014, Scape Greenwich was occupied by students from 47 different HEIs and of 48 different nationalities, with c.50% tenants coming from outside the UK.

Property portfolio: The Pad

The property opens out onto a large leafy courtyard area with patios, outdoor seating and gardens for students to breakout in the summer months.



116

Number of beds

The Pad is a private student residence which was completed in September 2013 under the CRM Students brand and is located adjacent to RHUL, in Egham.

RHUL is ranked in fifth place in the world (first in the UK) in the Times Higher Education World University Rankings category of 'International Outlook'. This category looks at diversity on campus and to what degree academics collaborate with international colleagues on research projects, recognising it as a global university. It is home to more than 9,000 students from over 100 countries, with c.20% from outside the EU.

The building is a modern, purpose-built student accommodation block offering 116 rooms comprising of 15 studios and 101 en-suite rooms. The studios comprise fully-furnished rooms with kitchenette and appliances provided and en-suite shower room. En-suites in the main building are in clusters of 3-6 bedrooms in addition to a small "house" of 9 rooms.



The clusters share a large fully-fitted kitchen, living area and include fully-furnished study bedrooms with en-suite shower rooms. The property opens out onto a large leafy courtyard area with patios, outdoor seating and gardens for students to breakout in the summer months.

The Pad is the only purpose-built private student accommodation within five miles of RHUL.

As at 30 June 2014, The Pad was occupied exclusively by students from RHUL, comprising of 36 different nationalities, with c.90% of tenants coming from outside the UK.

Corporate, social and environmental responsibility

The Company's aim is to operate a fully sustainable business model with a low carbon footprint.



Sustainability

The Company's aim is to operate a fully sustainable business model with a low carbon footprint. The Company's environmental sustainability measures include the use of highly-efficient combined heat and power systems, ground source heat pumps and intelligent interior heating and lighting to minimise GHG emissions. The Company's property portfolio incorporates green roof space, rain water harvesting and sustainable waste management, including diverting waste from landfill to generate renewable electricity and via the waste management process. In the period to 30 June 2014, the Asset Manager converted c.80% of property waste from Scape East and Scape Greenwich into renewable energy, with the remaining c.20% into national recycling schemes.

Environmental impact

The Company is committed to being both socially and environmentally responsible and recognises the impact the Company has on the environment. The Company has delegated the day-to-day asset and facilities management to the Asset Managers who are responsible for the provision of energy supplies, including the procurement of renewable energy, managing the Company's waste schemes and raising general awareness of environmental impact and waste reduction amongst the Group's employees and residents.

Details of the Company's GHG emissions are given in the Directors' report on pages 36 and 37.

Diversity and equality

The Company is committed to achieving a working environment which provides equality of opportunity and freedom from unlawful discrimination on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age or sexual orientation. The Company's policy aims to remove unfair and discriminatory practices and to encourage full contribution from its diverse community. The Company is committed to opposing actively all forms of discrimination and values diversity amongst its workforce.

Further information on the Company's diversity policy is included in the Corporate governance statement on page 45.

The Company's property portfolio incorporates green roof space, rainwater harvesting and sustainable waste management.

Social and community

The Company is committed to being socially responsible and the Directors consider community involvement to be an important part of that responsibility. The Company is indirectly involved with a number of social and local community initiatives via the Asset Manager, such as local employment schemes and initiatives to give back to the local area via student bursaries, sponsorship and local events.

Human rights

The Company respects human rights and aims to provide assurance to internal and external stakeholders that it will carry out its affairs in accordance with the principles of the Universal Declaration of Human Rights. No human rights concerns have arisen within the Company's operations or its supply chain during the period ended 30 June 2014.

Employees

On 1 April 2014, Scape took over the facilities and property management function from the facilities manager, Grosvenor Facilities Services Limited. It assumed the employment of those individuals providing asset and facilities management services to Scape East and Scape Greenwich at that time, by way of a new subsidiary of the Company, GCP Operations Limited ("GCP Operations").

Scape continues to retain overall responsibility for the supervision and provision of asset management services through oversight and management of the employees of GCP Operations and has taken over responsibility for the procurement and supervision of the facilities management services in connection with Scape East and Scape Greenwich on behalf of the Company.

The Board believes that the restructuring of the asset and facilities management services will offer the Group higher service levels, improved brand awareness, greater control over the service provided and cost savings.

Gender breakdown

The gender breakdown of the Group's Directors and employees as at 30 June 2014 is detailed below:

Gender breakdown

Period ended 30 June 2014

Directors



3

Employees



29

14

Risk management

The Board recognises that risk is inherent in the operation of the Company and that effective risk management is key to the success of the organisation.

The role of the Board

The Board of Directors has overall responsibility for risk management and internal control within the Group. The Board recognises that risk is inherent in the operation of the Company and that effective risk management is key to the success of the organisation. The Board has delegated responsibility for the assurance of the risk management process and the review of mitigating controls to the audit committee.

The Board, when setting the risk management strategy, also determines the nature and extent of the significant risks and its risk appetite in implementing this strategy. A formal risk identification and assessment process has been in place since IPO, resulting in a risk framework document which summarises the key risks and their mitigants.

The Board undertakes a formal risk review with the assistance of the audit committee at least twice a year in order to assess the effectiveness of the Group's risk management and internal control systems. During the course of such review, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be of a material nature. The principal risks and uncertainties the Company faces are set out below.

The Board undertakes a formal risk review with the assistance of the audit committee at least twice a year.

Principal risks and uncertainties

The principal financial risks, the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 26 to the financial statements.

The Board has also identified the following additional risks and uncertainties:

Investment and strategy

There can be no guarantee that the investment objective of the Company will be achieved. The Company is a REIT which invests in student residential accommodation. The Company focuses primarily on accommodation and teaching facilities for students studying at universities and specialist colleges in and around London.

The Company's investment objective includes the aim of providing shareholders with modest capital appreciation over the long term. The amount of any capital appreciation will depend upon, amongst other things, the Company successfully pursuing its investment policy and the performance of the Company's assets. There can be no assurance as to the level of any capital appreciation over the long term.

The Company has already acquired three assets which meet the investment strategy. The Investment Manager and Asset Managers have significant experience in the sector which should provide the Company with access to assets to continue to meet its investment strategy going forward.

General property and investment market conditions

The Company's performance depends to a significant extent on property values in the UK. An overall downturn in the UK property market and the availability of credit to the UK property sector may have a materially adverse effect upon the value of the property owned by the Company and ultimately upon the net asset value and the ability of the Company to generate revenues.

The Investment Manager provides the Board with quarterly updates on the student accommodation market and senior debt market to act as an early warning signal of any adverse market conditions ahead.

Property valuation

The valuation of the Company's property portfolio is inherently subjective, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate, and because of the individual nature of each property. This is particularly so where there has been more limited transactional activity in the market against which the Company's property valuations can be benchmarked by the Company's external valuation agents. Valuations of the Company's investments may not reflect actual sale prices, even where any such sales occur shortly after the relevant valuation date.

The Company can invest in properties through investments in various property-owning vehicles, and may in the future utilise a variety of investment structures for the purpose of investing in property.

There can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

The Company has entered into a valuation agreement with Knight Frank LLP to provide quarterly valuations. Knight Frank is one of the largest valuers of student accommodation in the UK and therefore has access to the maximum number of data points to support their valuations. In addition to this, the Board of Directors has significant experience of property valuation and its constituent elements.

Portfolio performance

Returns achieved are reliant primarily upon the performance of the property portfolio. The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Company, changes in the Company's operating expenses, occupancy rates, the degree to which the Company encounters competition and general economic and market conditions.

The Company may be subject to concentration risk on its portfolio. Whilst it is the Board's intention for the Company to acquire additional property assets, there can be no certainty that it will be able to do so.

The Investment Manager and Asset Managers provide the Board with quarterly reports on asset performance. The analysis provides both the Investment Manager and Board with the tools to adjust the Company's operational strategy in order to maximise shareholder value.

Risk management continued

Principal risks and uncertainties continued

Rental income and occupancy rates

Rental income and property values may be adversely affected by increased supply of student accommodation and teaching facilities, the failure to collect rents, periodic renovation costs and increased operating costs. A decrease in rental income and/or in property values may materially and adversely impact the net asset value and earnings of the Company.

The value of the Company's properties and, to a significant degree, the Company's turnover, is dependent on the rental rates that can be achieved from the properties that the Company owns. Any failure to maintain or increase the rental rates for the Company's rooms and properties generally may have a material adverse effect on the value of the Company's properties as well as the Company's turnover and its ability to service interest on its debts in the longer term.

The Company may not be able to maintain occupancy rates, which may have a material adverse impact on the Company's revenue performance, margins and asset values.

The Investment Manager will only propose to the Board those assets which it believes are in the most advantageous locations and benefit from large supply and demand imbalances that can bear the entry of new competitors into the market. In addition, the quality of assets that the Company acquires will be amongst the best in class to minimise occupancy risk.

Dividends

The Company's investment objective includes the aim of providing shareholders with regular, sustainable dividends payable over the long term. The declaration, payment and amount of any future dividends by the Company are subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment policy and its earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws or generally accepted accounting principles from time to time. There is no guarantee that any dividends will be paid in respect of any financial year or period.

Borrowings

The Company's investment strategy may involve securing borrowing facilities to finance additions to the Company's portfolio. It is not certain that the Company will be able to secure such facilities. Lack of access to debt or the utilisation of debt on more expensive terms than anticipated may adversely affect the Company's investment returns.

While the use of borrowings should enhance the total return on the shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per share and the Company's ability to pay dividends to shareholders.

The Company's borrowing policy provides for the Company to have no more than 55% gearing in the short term and 30% in the long term, thereby reducing the volatility that changes in debt rates can have on the Company. In addition to this, the Investment Manager provides the Board with a quarterly update on the state of the senior debt market to ensure debt facilities are renewed well in advance of expiration, and interest rate derivatives are used where required to hedge fluctuations in underlying interest rates.

Taxation

The affairs of the Company are conducted so as to satisfy the conditions of approval as a REIT.

Any change in the Company's tax status or in taxation legislation in the UK (including a change in interpretation of such legislation) could affect the Company's ability to achieve its investment objective or provide favourable returns to shareholders. In particular, an increase in the rates of stamp duty land tax could have a material impact on the value of assets acquired.

If the Company fails to remain a REIT for UK tax purposes, its profits and gains will be subject to UK corporation tax.

The Board has ultimate responsibility for ensuring adherence to the UK REIT regime and monitors the compliance reports provided by the Investment Manager on potential transactions to be undertaken, the Administrator on asset levels and the Registrar on shareholdings.

Compliance with laws or regulations

The Company and its operations are subject to laws and regulations enacted by national and local governments and government policy. Any change in the laws, regulations and/or government policy affecting the Company may have a material adverse effect on the ability of the Company to successfully pursue its investment policy and meet its investment objective and on the value of the Company and its shares.

The Company is subject to and will be required to comply with certain regulatory requirements that are applicable to closed-ended investment companies that are admitted to trading on the SFM and the CISEA and listed on the Official List of the CISEA. The Company must comply with the listing rules of the CISEA, the London Stock Exchange Admission and Disclosure Standards and the Disclosure and Transparency Rules. Any failure to comply with any future changes to such rules and regulations may result in the shares being suspended from listing on the CISEA and/or trading on the SFM. The Company is voluntarily complying with certain of the Listing Rules of the UKLA; however, the UKLA does not have the authority to monitor such voluntary compliance or impose sanctions in respect of any failure of such compliance by the Company.

As announced by the Company on 10 September 2014, the Company has applied to be delisted from the Official List of the CISEA. It is anticipated that the delisting will take effect on 10 October 2014.

The Board has appointed Wragge Lawrence Graham & Co LLP as legal counsel, Capita Company Secretarial Services Limited as Company Secretary and Capita Sinclair Henderson Limited as Administrator to ensure compliance with all relevant laws and regulations.

On behalf of the Board



Mr Robert Peto

Chairman

16 September 2014

Board of Directors



Robert Peto
Chairman – 63

Mr Peto is part time chairman of DTZ Investment Management Ltd. In 1992, he founded the real estate investment management arm of DTZ (which now has over £4 billion of assets under management). Mr Peto chairs a number of investment committees for property funds, is a consultant to Insight Investments Limited in respect of its commercial real estate debt programme and is a non-executive director of Lend Lease Europe GP Limited (Retail Fund), Western Heritable Investment Company Limited, Standard Life Investments Property Income Trust Limited and the commercial subsidiary of the Royal Bath & West Society. He was Global President of RICS in 2010–2011, a member of the Bank of England Property Advisory Group from 2007 to 2011, chairman of DTZ UK from 1998 to 2008 and a member of the board of DTZ Holdings plc from 1998 to 2009.

Mr Peto was appointed as a Director of the Company on 9 April 2013.



Peter Dunscombe
Non-executive Director – 65

Mr Dunscombe is a director of Murray International Trust plc and HgCapital Trust plc. He joined a London firm of stockbrokers in the early 1970s to carry out economic and company research. After five years, he joined Imperial Group in their in-house pension fund management team and later became joint managing director of Imperial Investments Limited. Mr Dunscombe joined BBC Pension Trust Limited where he was head of pension investments until 2011. He is a member of the investment committees of The Pensions Trust, Reed Elsevier Pension Fund, St James's Place plc and the Nuffield Foundation.

Mr Dunscombe was appointed as a Director of the Company on 9 April 2013.



Malcolm Naish
Non-executive Director – 61

Mr Naish was head of real estate at Scottish Widows Investment Partnership ("SWIP") until 2012 with responsibility for a portfolio of commercial property assets spanning the UK, Continental Europe and North America, and SWIP's real estate investment management business. He has over 40 years' experience of working in the real estate industry and qualified as a Chartered Surveyor in 1976. Immediately prior to joining SWIP in 2007, Mr Naish was director and head of DTZ Investment Management, where he also led new business development in the UK and international markets. He was a founding partner of Jones Lang Wootton Fund Management, and UK Managing Director of LaSalle Investment Management. In 2002, he co-founded Fountain Capital Partners, a pan-European real estate investment manager and adviser. Mr Naish was also chairman of the Scottish Property Federation for 2010/11. He now holds a number of non-executive directorships and two roles in the charity sector.

Mr Naish was appointed as a Director of the Company on 9 April 2013.

The Investment Manager



Tom Ward
Partner – 36

Mr Ward has overall responsibility for the provision of investment advice to the Company. He qualified as a Chartered Accountant with Arthur Andersen LLP in 2002 and continued to work in practice with Deloitte LLP in its Corporate Finance division. Mr Ward joined DTZ Corporate Finance in 2004, where he spent four years in the Structured Finance team, focusing on developing, funding and structuring property transactions on student and residential accommodation. He is one of the founding partners of the Investment Manager, where he has overall responsibility for advising on the development, structuring and acquisition of student residential and educational assets.



Stephen Ellis
Partner – 55

Mr Ellis has overall supervision of the investment management function at the Investment Manager. He co-founded the Investment Manager after five years as a director at DTZ Corporate Finance, where he had responsibility for all UK infrastructure financing, in particular in the healthcare and education sectors. Mr Ellis graduated from Oxford University in 1980 and, after a short service commission with the British Army, he spent a 16 year career in investment banking, principally in tax-based finance, securitisation and debt origination.



Harry Daws
Analyst – 28

Mr Daws is responsible for new asset reviews, due diligence and financing for the Group. He graduated with a first class degree in Physics from Bristol University in 2008 and subsequently trained and qualified as an Associate of the Institute of Chartered Accountants with Deloitte LLP in London, where he spent three years within Corporate Audit. Mr Daws joined the Investment Manager as an analyst in 2012.



Chloe Marlow
Head of Operations and Risk – 33

Ms Marlow is responsible for monitoring and reporting the performance of the Group. She qualified as a Chartered Management Accountant with Lloyds Banking Group plc where she spent five years working in the Real Estate Finance and Divisional Regulatory Compliance teams. Ms Marlow went on to join fund administrator Capita Sinclair Henderson Limited in 2011 where she was responsible for a portfolio of real estate and infrastructure funds. Ms Marlow joined the Investment Manager in 2013.

Directors' report

The Directors are pleased to present the annual report and the financial statements for the period from incorporation on 26 February 2013 to 30 June 2014. The Company commenced trading on 20 May 2013.

Corporate governance

The Corporate governance statement on pages 42 to 47 forms part of the Directors' report.

Directors

The Directors in office during the period and at the date of this report and their biographical details are shown on page 32.

Details of the Directors' terms of appointment can be found in the Corporate governance statement on pages 42 and 43 and the Directors' remuneration report on pages 39 to 41.

Dividends

Dividends totalling 6.10 pence per ordinary share have been paid in respect of the period ended 30 June 2014 as follows:

- first interim dividend: 2.0 pence paid on 5 December 2013;
- second interim dividend: 1.35 pence paid on 5 March 2014;
- third interim dividend: 1.35 pence paid on 5 June 2014; and
- fourth interim dividend: 1.40 pence paid on 5 September 2014.

As set out in the launch prospectus, in respect of the period to 30 June 2014, the Company targeted an annualised dividend yield of 5.5%, which was achieved during the period.

Shareholders will have the option to vote on the dividend payment policy of the Company at the forthcoming annual general meeting (see page 37 for further details).

Share capital

The Company was incorporated with a share capital of one ordinary share of one pence in the capital of the Company ("ordinary shares") issued at £1.00 (nil paid). On 21 March 2013, 100,001 restricted shares of 50 pence each were issued at par (fully paid) and a further 100,000 ordinary shares were issued at £1.00 per share (nil paid).

On 20 May 2013, 70,000,000 ordinary shares were issued at £1.00 each fully paid pursuant to a placing and offer for subscription. Simultaneous to this issue, the restricted shares were redeemed and cancelled in accordance with the Company's articles of association. On 31 July 2013, the Company's share premium account was cancelled in order to create distributable reserves for the payment of dividends.

Following the result of an open offer, placing and offer for subscription by the Company announced on 22 May 2014, the Company issued 39,810,427 ordinary shares. These shares were admitted to trading on the SFM and CISEA on 28 May 2014. At the general meeting held on 21 March 2013, the Company was granted authority to allot shares up to an aggregate nominal amount of £2,500,000 in accordance with statutory pre-emption rights. Following the issue of new shares in May 2014 and as at the date of this report, the Company may allot shares up to an aggregate nominal amount of £2,101,895.73.

At 30 June 2014, and as at the date of this report, the Company's issued share capital comprised 109,910,428 ordinary shares. No shares were held in treasury at the period end.

At general meetings of the Company, shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. The total voting rights of the Company at 30 June 2014 were 109,910,428.

Substantial shareholdings

In May 2014, the Listing Rules (Listing Regime Enhancements) Instrument 2014 came into effect. The revised rules require that premium listing companies with "controlling shareholders" (defined as a shareholder who individually or with any of their concert parties exercises or controls 30% or more of the votes able to be cast on all or substantially all matters at the Company's general meeting) must enter into a relationship agreement containing independence provisions. The Company is not a premium listing company but has agreed to voluntarily comply with these new provisions. The Company confirms that, as at the date of this report, it does not have any controlling shareholders and, as such, is not required to enter into any such relationship agreements.

As at 30 June 2014, the Company had been informed of the following notifiable interests in the voting rights of the Company:

	Number of shares held	% of total voting rights
CCLA Investment Management Limited	16,049,999	14.60*
Brewin Dolphin Limited	10,409,580	9.47
Henderson Global Investors Limited	9,947,500	9.05
Quilter Cheviot Investment Management	8,019,110	7.30
Killik & Co.	6,784,621	6.17
Smith & Williamson Holdings Limited	4,291,550	3.90
J. M. Finn & Co Limited	4,200,430	3.82
Royal London Asset Management Limited	3,500,000	3.18
F&C Asset Management plc	3,383,816	3.08

*None of the underlying beneficial owners holds more than 10% of the issued share capital of the Company.

The Company was informed on 20 August 2014 that the interest of Royal London Asset Management Limited had decreased to 3,250,000 ordinary shares (2.96% of voting rights).

The Directors have not been informed of any other changes to the above substantial share interests between 30 June 2014 and the date of this report.

Information about securities carrying voting rights

The following information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the Financial Conduct Authority's Disclosure and Transparency Rules:

- the Company's capital structure and voting rights and details of the substantial shareholders in the Company are set out on page 34 and above;
- an amendment to the Company's articles of association and the giving of powers to issue or buyback the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals to grant powers to the Board to issue and buy back shares are set out on pages 37 and 38; and
- there are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid.

Management arrangements

The Group's assets are managed by Gravis Capital Partners LLP under an agreement dated 12 April 2013, as amended and restated on 1 April 2014. Pursuant to this agreement, the Investment Manager provides investment management services in relation to the Company's assets on a day-to-day basis, subject to the overall supervision and direction of the Board of Directors.

The Investment Manager is entitled to receive from the Company, in respect of its services provided under the investment management agreement, a management fee accrued daily and payable quarterly in arrears calculated at an annual rate of 1% of the prevailing net asset value. The Investment Management Agreement is for an initial term of four years, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Investment Manager.

The Investment Manager was appointed as the Company's AIFM on the terms of and subject to the conditions to the amended and restated investment management agreement. The Investment Manager is paid an additional £15,000 per annum for acting as the Company's AIFM; the other arrangements in respect of management fees remain unchanged.

Directors' report continued

Continuing appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under continual review, and the management engagement committee, comprising all Directors, conduct an annual appraisal of the Investment Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. The Investment Manager has executed the investment strategy according to the Board's expectations and it is the opinion of the Directors that the continuing appointment of Gravis Capital Partners LLP is in the interests of shareholders as a whole.

Administration agreement

Capita Sinclair Henderson Limited has been appointed as Administrator to the Company. The Administrator provides the day-to-day administration of the Company and is responsible for the Company's general administrative functions, such as the calculation and publication of the net asset value and maintenance of the Company's accounting and statutory records.

Under the terms of the administration agreement, the Administrator is entitled to an administration fee of £66,000 per annum. The administration agreement is terminable upon six months' written notice.

Auditor

The Directors holding office at the date of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Ernst & Young LLP has expressed its willingness to continue in office as Auditor of the Company and resolutions for its re-appointment and to authorise the Board to determine its remuneration will be proposed at the forthcoming annual general meeting to be held on 24 October 2014.

Financial risk management and going concern

Information about the Company's financial risk management objectives and policies is set out in note 26 of the financial statements.

The Directors periodically review the Group's ability to continue as a going concern.

Global greenhouse gas emissions

This section contains information on GHG emissions required by the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 (the "Regulations").

Reporting period

The reporting period is 20 May 2013 to 30 June 2014, comprising the period from the commencement of operations to the year end. This is the first period in which GHG reporting has been conducted by the Company, and it will be used as the baseline period for comparison in future years.

Methodology

The principal methodology used to calculate the emissions reflects the UK Government's Environmental Reporting Guidance (2013 version).

The Company has reported on all of the emission sources required under the Regulations. The Company does not have responsibility for any emission sources that are not included in the carbon emissions data table on page 37.

Organisational boundary

An operational control approach was used to define the Company's organisational boundary and responsibility for GHG emissions. The Company owns 100% of the property assets it operates and has therefore reported on that basis. All material emission sources within this boundary have been reported upon, in line with the requirements of the Regulations.

Intensity ratio

In order to express the GHG emissions in relation to a quantifiable factor associated with the Company's activities, the intensity ratio of per square foot has been chosen. It is considered that this intensity ratio will provide a uniform basis of comparing data between the Company's different properties and take into account the commercial areas within each of the properties. This will also allow comparison of the Company's performance over time, as well as with other companies in the Company's peer group.

Total GHG emissions data for the period from 20 May 2013 to 30 June 2014:

Carbon emissions data

Absolute energy use:

Residential gas (kWh)	1,648,384
Residential oil (kWh)	156,411
Residential electricity (kWh)	2,044,158

Absolute CO₂e emissions (tonnes CO₂e) **1,256**

Residential gas emissions (tonnes CO ₂ e) (Scope 1)	303
Residential oil emissions (tonnes CO ₂ e) (Scope 1)	42
Residential electricity emissions (tonnes CO ₂ e) (Scope 2)	911

Total residential emissions (tonnes CO₂e) (Scopes 1+2) **1,256**

CO₂e emissions per sq ft **0.0043**

Residential gas and oil emissions (tonnes CO ₂ e/sq ft) (Scope 1)	0.0012
Residential electricity emissions (tonnes CO ₂ e/sq ft) (Scope 2)	0.0031

Total residential emissions (tonnes CO₂e/sq ft) (Scopes 1+2) **0.0043**

Annual general meeting

The notice convening the annual general meeting of the Company to be held on 24 October 2014 is set out on pages 79 to 83. Shareholders are being asked to vote on various items of business, being: the receipt and acceptance of the Strategic report, Directors' report, Auditor's report and the financial statements for the period ended 30 June 2014; the receipt and approval of the Directors' remuneration report and the Directors' remuneration policy; the election of Directors; the re-appointment of Ernst & Young LLP as Auditor; the authorisation of the Directors to determine the remuneration of the Auditor; the approval of the Company's dividend payment policy; the authorisation of the Directors to allot ordinary shares and disapply statutory pre-emption rights for certain issues of shares; the authorisation of the Company to make market purchases of ordinary shares and the holding of general meetings (other than annual general meetings) on not less than 14 clear days' notice.

Directors' remuneration

In accordance with the Directors' reporting regime which came into effect on 1 October 2013, shareholders have an annual advisory vote on the report on Directors' remuneration and a binding vote, to be held every three years, on the remuneration policy of the Directors. Accordingly, shareholders are being requested to vote on the receipt and approval of the Directors' remuneration report as set out on pages 39 and 40 and on the Directors' remuneration policy as set out on page 41.

Resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions.

Dividend payment policy

As set out in the launch prospectus, the Company's policy is to pay dividends on a quarterly basis, with dividends declared in November, February, May and August and paid in December, March, June and September each year. As the fourth dividend is payable prior to the annual general meeting, which is scheduled to be held in October each year, it is declared as an interim dividend and there is accordingly no final dividend payable.

The Board is conscious that this means that shareholders will not be given the opportunity to vote on the payment of a final dividend. Accordingly, it has been decided that shareholders will be asked to confirm their ongoing approval of the current dividend payment policy, and this is set out in resolution 9 in the notice of annual general meeting.

Authority to allot ordinary shares

Resolution 10 would give the Directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £109,910 (representing 10,991,000 ordinary shares). This amount represents approximately 10% of the Company's issued share capital as at the date of this report. This authority replaces the authority given to the Directors at the time of the Company's IPO to allot shares up to 10% of the issued share capital and would be given for the period ending on 31 December 2015 or, if earlier, the date of the annual general meeting to be held in 2015. The Directors have no present intention of exercising such authority but it will give them flexibility should appropriate business opportunities arise.

Directors' report continued

Disapplication of pre-emption rights

Resolution 11 is being proposed to authorise the Directors to disapply the statutory pre-emption rights of existing shareholders in relation to issue of shares for cash or the sale of shares out of treasury up to an aggregate nominal amount of £109,910, equal to approximately 10% of the Company's issued share capital as at the date of this report. This authority replaces the similar authority given to the Directors at the time of the Company's IPO. This authority, if approved by shareholders, will expire at the earlier of the annual general meeting to be held in 2015, when a resolution for its renewal will be proposed, and 31 December 2015. Shares would only be issued at a price at or above the prevailing net asset value per share. The Directors will only issue new shares if they believe it would be in the best interests of the Company's shareholders.

Purchase of own shares

At the general meeting held on 21 March 2013, the Company was granted authority to purchase up to 14.99% of the Company's ordinary share capital in issue following IPO admission, amounting to 10,507,990 shares. No shares have been bought back under this authority.

Resolution 12, a special resolution, will renew the Company's authority to make market purchases of up to 16,475,573 ordinary shares (being 14.99% of the issued share capital as at the date of this report), either for cancellation or placing into treasury at the determination of the Directors. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of ordinary shares would be made only out of the available cash resources of the Company. The maximum price which may be paid for an ordinary share must not be more than the higher of (i) 5% above the average of the mid market values of the ordinary shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for the ordinary shares. The minimum price which may be paid is 1 pence per ordinary share.

Whilst the Directors have no present intention of using this authority, the Directors would use this authority in order to address any significant imbalance between the supply and demand for the ordinary shares and to manage the discount to net asset value at which the ordinary shares trade. Ordinary shares will be repurchased only at prices below the net asset value per ordinary share, which should have the effect of increasing the net asset value per ordinary share for remaining shareholders. The Directors would consider holding as treasury shares any ordinary shares which the Company purchases pursuant to the authority proposed to be granted by resolution 12. In relation to any repurchased ordinary shares held in treasury, however, unless such ordinary shares are subsequently cancelled, earnings per ordinary share will only be increased on a temporary basis until such time as the ordinary shares are subsequently sold out of treasury. This authority, if approved by shareholders, will expire at the earlier of the annual general meeting to be held in 2015, when a resolution for its renewal will be proposed, and 31 December 2015.

Notice period for general meetings

In terms of the Companies Act 2006, the notice period for general meetings (other than an annual general meeting) is 21 clear days' notice unless the Company: (i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent annual general meeting; and (ii) offers the facility for all shareholders to vote by electronic means. The Company would like to preserve its ability to call general meetings (other than an annual general meeting) on less than 21 clear days' notice. The shorter notice period proposed by resolution 13 would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The approval will be effective until the date of the annual general meeting to be held in 2015, when it is intended that a similar resolution will be proposed.

Directors' recommendation

The Directors consider each resolution being proposed at the annual general meeting to be in the best interests of the Company and shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do in respect of their own beneficial shareholdings.

By order of the Board

Capita Company Secretarial Services Limited

Company Secretary
16 September 2014

Remuneration report

The Board has prepared this report in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Financial Statements and Reports) Regulations 2008.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's report on pages 51 to 53.

Directors' remuneration report

Statement from the Chairman

I am pleased to present the Directors' remuneration report for the period ended 30 June 2014.

In accordance with the new rules for the reporting of Directors' remuneration which came into effect on 1 October 2013, companies are required to ask shareholders to approve the remuneration paid to Directors every year and to formally approve the Directors' remuneration policy on a three-yearly basis. Any change to the Directors' remuneration policy will require shareholder approval. The vote on the Directors' remuneration report is an advisory vote, whilst the Directors' remuneration policy is subject to a binding vote. Accordingly, ordinary resolutions will be put to shareholders at the forthcoming annual general meeting to be held on 24 October 2014, to receive and approve the Directors' remuneration report and to receive and approve the Directors' remuneration policy.

The Board comprises solely of non-executive Directors. Given the size of the Board, it is not considered appropriate for the Company to have a separate remuneration committee and the functions of this committee are carried out by the Board as a whole.

During the period ended 30 June 2014, the annual fees were set at the rate of £25,000 for the Chairman and £18,000 for the other Directors. These initial fees were set at modest levels in relation to the market having regard to the fact that the Company was starting its life as a public entity with only one asset and there was a need to keep initial costs as low as possible.

As anticipated, the responsibilities and the time commitment that the Directors have given to the Company's affairs have increased substantially, as the Company has acquired further assets and significantly increased in size during the period under review. The complexity of property acquisitions has been increased as a result of the need to acquire through Channel Island based entities whilst in parallel raising additional funds from the market.

As noted in the Chairman's statement, the Company intends to acquire a number of additional assets which will further increase the Directors' workload. Consequently, the Board has reviewed the current levels of remuneration paid to the Directors and agreed that, with effect from 1 July 2014, these be increased for the Chairman and Directors, and a third level introduced to reflect the responsibilities of the chairman of the audit committee. The revised levels of annual remuneration are: £34,000 for the Chairman and £28,000 for a non-executive Director. An additional payment of £3,000 will be made to the chairman of the audit committee. The Board has not consulted directly with employees on the Directors' remuneration policy, but takes into account the pay and employment conditions of its employees when considering any changes to the levels of Directors' remuneration.

Performance of the Company

The graph below compares the total return to ordinary shareholders compared to the total shareholder return of the EPRA/NAREIT UK Index. The Index was chosen for comparison purposes, as it was the benchmark used for investment performance measurement purposes during the period ended 30 June 2014.

Share price performance



Remuneration report continued

Directors' remuneration for the period ended 30 June 2014 (audited)

The fees paid to the Directors during the period of 20 May 2013 to 30 June 2014 are set out in the table below:

	£'000
Mr Robert Peto (Chairman)	28
Mr Peter Dunscombe	20
Mr Malcolm Naish	20
	68

Relative importance of spend on pay

The table below sets out, in respect of the period ended 30 June 2014:

- a) the remuneration paid to the Directors;
- b) the distributions made to shareholders by way of dividend; and
- c) the remuneration paid to the employees within the Group.

	£'000
Directors' remuneration	68
Dividends paid to shareholders	4,834*
Employees' wages**	163

*Includes fourth interim dividend of £1,539,000 for the quarter ended 30 June 2014 which was paid on 5 September 2014.

**With effect from 1 April 2014 and 29 May 2014 respectively, the Company, via its subsidiary, GCP Operations Limited, assumed the employment of the individuals providing asset and facilities management services to Scape East and Scape Greenwich.

Directors' interests (audited)

As at 30 June 2014, the interests of the Directors and any connected persons in the ordinary shares of the Company are set out below:

	Number of shares
Mr Robert Peto (Chairman)*	30,000
Mr Peter Dunscombe*	37,500
Mr Malcolm Naish	22,500

*The legal and beneficial interest in 50% of Mr Peto's shares and all of Mr Dunscombe's shares are held by the relevant Director's spouse.

There have been no changes to any of the above holdings between 30 June 2014 and the date of this report.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the period.

Directors' service contracts

It is the Board's policy that Directors do not have service contracts, but Directors are provided with a letter of appointment as a non-executive Director. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment. The Directors are subject to retirement by rotation in accordance with the articles of association, however, the Company has adopted the policy of annual re-election of all of the Directors.

Directors' remuneration policy

The Company follows the recommendation of the UK Corporate Governance Code that non-executive directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, and be determined with reference to comparable organisations and appointments.

The fees of the non-executive Directors are determined within the limits set out in the Company's articles of association, and the Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There are no performance conditions attaching to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors. Under the Directors' letters of appointment, there is no notice period and no compensation is payable to a Director on leaving office.

As detailed in the Statement from the Chairman on page 39, with effect from 1 July 2014, Directors' fees were increased to £34,000 for the Chairman and £28,000 for a non-executive Director, with an additional fee of £3,000 for the chairman of the audit committee.

	Expected annual fees for the year to 30 June 2015 £'000	Annual fees for the period to 30 June 2014 £'000
Chairman	34	25
Director	28	18
Additional fee for chairman of the audit committee	3	—
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' remuneration policy, as set out in the articles of association	200	200

The approval of shareholders would be required to increase the aggregate limit of £200,000, as set out in the Company's articles of association.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' remuneration policy and in the annual review of Directors' fees.

An ordinary resolution for the approval of this Directors' remuneration policy will be put to shareholders at the forthcoming annual general meeting. If approved by shareholders, it is intended that this policy will be effective immediately upon the passing of the resolution.

Approval

The Directors' remuneration report was approved by the Board on 16 September 2014 and signed on its behalf by:



Mr Robert Peto

Chairman

Corporate governance statement

This Corporate governance statement forms part of the Directors' report.

Introduction

The Board is accountable to shareholders for the governance of the Group's affairs and is committed to maintaining high standards of corporate governance and the principles of good governance as set out in the UK Code issued by the Financial Reporting Council in September 2012, a copy of which can be found at www.frc.org.uk.

The Company is listed on the Official List of the CISEA and its shares are traded on the SFM and the CISEA. It is subject to the listing rules of the CISEA and as a matter of best practice and good corporate governance, the Company voluntarily complies with certain of the listing rules of the UKLA. In addition, although the Company is not required to comply with the Model Code for directors' dealings contained in the listing rules of the UKLA, the Board has adopted a voluntary share dealing code pursuant to which the Directors will apply with both the UKLA Model Code and the CISEA Model Code.

Statement of compliance with the UK Code

Pursuant to the listing rules of the UKLA, the Company is required to provide shareholders with a statement on how the main and supporting principles set out in the UK Code have been applied and whether the Company has complied with the provisions of the UK Code. The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company as a REIT and its subsidiaries as a whole.

The Board has reviewed the principles and recommendations of the UK Code and considers that it has complied throughout the period, except as disclosed below:

- Directors are not appointed for a specified term as all Directors are non-executive and the Company's articles of association require that all Directors retire by rotation at the annual general meetings of the Company. In addition, the Company has adopted the policy of all Directors standing for re-election annually;
- in light of the responsibilities retained by the Board and its committees and the responsibilities delegated to the Company's third party service providers, including the Investment Manager, the Company has not appointed a chief executive officer or senior independent director;
- given the structure and size of the Board, the Board does not consider it necessary to appoint separate remuneration or nomination committees, and the roles and responsibilities normally reserved for these committees will be a matter for the full Board; and
- the Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board. However, the need for an internal audit function will be reviewed annually.

Board of Directors

Under the leadership of the Chairman, the Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk assessment and overall investment policy. The Directors have overall responsibility of review of investment activity and performance and the control and supervision of the Investment Manager and Scape, the Asset Manager. Scape is responsible for the day-to-day oversight of the Company's employees, with the Directors retaining overall responsibility for the control and supervision of the Group's employees.

The Board consists of three non-executive Directors. The Board seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial experience of investment trusts, the UK real estate sector and public company management.

The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the period.

A procedure for the induction of new Directors has been established, including the provision of an induction pack containing relevant information about the Company, its processes and procedures. New appointees will have the opportunity of meeting with the Chairman and relevant persons at the Investment Manager and viewing the property assets of the Company.

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties. The Company has Directors' and Officers' liability insurance and professional indemnity insurance to cover legal defence costs. Under the Company's articles of association, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Apart from this, there are no third party indemnity provisions in place for the Directors.

Chairman

The Chairman, Mr Peto, is deemed by his fellow independent Board members to be independent in character and judgement and free of any conflicts of interest. He considers himself to have sufficient time to spend on the affairs of the Group. He has no significant commitments other than those disclosed in his biography on page 32.

Independence of the Directors

The independence of the Directors is reviewed as part of the annual evaluation process and each Director is considered to be independent in character and judgement and entirely independent of the Investment Manager. None of the Directors sits on the boards of any other companies managed by the Investment Manager.

Re-election and retirement of Directors

Under the Company's articles of association and in accordance with the UK Code, Directors are subject to election by shareholders at the first annual general meeting after their appointment. Thereafter, at each annual general meeting of the Company, any Director appointed by the Board since the last annual general meeting shall retire. In addition, one-third of the Directors eligible to retire by rotation shall retire from office at each annual general meeting.

Beyond these requirements, the Board has agreed a policy whereby all Directors will seek annual re-election at the Company's annual general meetings. This is in line with the recommendations of the UK Code for FTSE 350 companies, albeit the Company currently does not fall in this category.

Mr Peto, Mr Dunscombe and Mr Naish were appointed to the Board on 9 April 2013 and will stand for election at the annual general meeting to be held on 24 October 2014.

Each of the Directors has made a valuable and effective contribution to the Company and the Board strongly recommends that shareholders vote in favour of their election.

Board operation

The Directors have adopted a formal schedule of matters specifically reserved for their approval. These reserved matters include the following:

- investment and business strategy of the Company;
- approval of annual and interim reports and financial statements and accounting policies, prospectuses, circulars and other shareholder communications;
- acquisitions and disposals of student residential accommodation and teaching facilities and/or subsidiaries;
- raising new capital and approval of major financing facilities;
- approval and recommendation of dividends;
- Board appointments and removals; and
- appointment and removal of the Investment Manager, Auditor and the Company's other service providers.

At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Secretary. The Secretary, the Administrator and the Investment Manager regularly provide the Board with financial information, including an annual expenses budget, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

The Board is responsible for adherence to the investment policy and strategic and operational decisions of the Company. The Company's main functions are delegated to a number of service providers, each engaged under separate legal contracts. The management of the Company's portfolio is delegated to Gravis Capital Partners LLP, the Investment Manager, which has discretion to manage the assets in accordance with the Company's objectives and policies. At each Board meeting, a representative from the Investment Manager is in attendance to present verbal and written reports covering the Company's activity, portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. The Board and the Investment Manager operate in a fully supportive, co-operative and open environment.

Corporate governance statement continued

Meetings

The Directors meet at regular Board meetings, at least once every quarter, with additional meetings arranged as necessary. The number of scheduled Board and audit committee meetings held during the period ended 30 June 2014 and the attendance of the individual Directors is shown below:

	Board meetings		Audit committee meetings	
	Number of meetings	Number attended	Number of meetings	Number attended
Mr Robert Peto	4	4	3	3
Mr Peter Dunscombe	4	4	3	3
Mr Malcolm Naish	4	4	3	3

A number of additional Board and audit committee meetings were held in connection with the launch of the Company and the acquisition of further assets by the Company.

No meetings of the management engagement committee were held during the period under review. A meeting of the committee was held following the period end in order to review the continuing appointment of the Investment Manager and other service providers of the Company.

Performance evaluation

The Directors are aware that they need continually to monitor and improve performance and recognise this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

The Directors have therefore opted to undertake an internal performance evaluation by way of questionnaires specifically designed to assess the strengths and independence of the Board and the Chairman, individual Directors and the performance of its Committees. The evaluation of the Chairman is carried out by the other Directors of the Company. The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. The results of the Board evaluation process were reviewed and discussed by the Board as a whole.

As a result of the evaluation, the Board considers that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company. This evaluation process will be carried out annually.

Committees

The Board has established two committees to assist its operations, the audit committee and the management engagement committee. Each committee's delegated responsibilities are clearly defined in formal terms of reference, which are available from the Company's registered office. Both committees comprise the full Board as all the Directors are independent and non-executive and it is considered that the size of the Board is conducive to including all Directors in the business and operations of the Company.

Audit committee

The audit committee comprises all the Directors of the Company and is chaired by Mr Dunscombe. The committee meets formally at least twice a year. The Board believes it is appropriate for the Chairman of the Company to be a member of the audit committee as he provides a valuable contribution to the committee and his membership enhances the operation of the committee and its interaction with the Board. It is considered that there is a range of relevant financial expertise amongst the members of the committee.

The audit committee has direct access to the Company's Auditor, and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor attend meetings of the audit committee at least annually.

The Audit committee report is set out on pages 48 and 49.

Management engagement committee

The management engagement committee comprises all the Directors and is chaired by Mr Naish. The committee meets at least once a year to review the performance and the continuing appointment of the Investment Manager and the other service providers of the Company. The committee also considers any variation to the terms of the investment management agreement and the service providers' agreements, and reports its findings to the Board.

Diversity

The Board regularly reviews its composition and effectiveness with the objective of ensuring that it has an appropriate balance of skills and experience required to meet the future opportunities and challenges facing the Company. The Directors are committed to enhancing the diversity, including gender, on the Board.

The Company is dedicated to achieving a working environment which provides equality of opportunity and freedom from unlawful discrimination on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age or sexual orientation. This policy aims to remove unfair and discriminatory practices within the Company and to encourage full contribution from its diverse community. The Company is committed to actively opposing all forms of discrimination.

The Company also aims to provide a service that does not discriminate against its clients and customers in the means by which they can access the services and goods supplied by the Company. The Company believes that all employees and clients are entitled to be treated with respect and dignity.

The objective of the Company's diversity policy is to prevent, reduce and stop all forms of unlawful discrimination in line with the Equality Act 2010. This is to ensure that recruitment, promotion, training, development, assessment, benefits, pay, terms and conditions of employment, redundancy and dismissals are determined on the basis of capability, qualifications, experience, skills and productivity.

The Company values diversity amongst its workforce. Its aim is that its workforce is truly representative of all sections of society and each employee feels respected and able to give their best.

Dialogue with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. A regular dialogue is maintained with the Company's institutional shareholders through the Broker and Investment Manager, who report to the Board on any such contact, covering the views of shareholders and any changes to the composition of the share register. Direct meetings between the Board and the Company's shareholders will be arranged where appropriate. All shareholders are encouraged to attend and vote at the annual general meeting, during which the Board and Investment Manager will be available to discuss issues affecting the Company.

Details of all the resolutions being proposed at this year's annual general meeting are set out in the notice on pages 79 to 83. Shareholders wishing to communicate directly with the Board should contact the Secretary at the registered office address.

Copies of the annual report are dispatched to shareholders by post. In addition to the announcement of the annual and half-yearly results of the Company to the market, copies of the annual report and half-yearly report are also available for downloading from the Company's website www.gcpuk.com/gcp-student-living-plc. This information is supplemented by publication of the quarterly net asset value and the dividends declared.

Corporate governance statement continued

Conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. The Director must request authorisation from the Board as soon as he becomes aware of the possibility of an interest that conflicts or might possibly conflict with the interests of the Company (a “situational conflict”). The Company’s articles of association authorise the Board to approve such situations, where deemed appropriate.

The Board is responsible for considering Directors’ requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include: whether the situational conflict could prevent the Director from properly performing his duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company’s success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Board has adopted the policy of maintaining a gifts and hospitality register to record all gifts and hospitality in excess of £50 accepted by the Directors from the Company’s service providers and other relevant third parties.

Company Secretary

The Board has direct access to the advice and services of the Secretary, Capita Company Secretarial Services Limited, which is responsible for ensuring that the Board and committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of the information and reports and that the statutory obligations of the Company are met.

Internal control review

The Board is responsible for the systems of internal controls relating to the Group and the reliability of the financial reporting process and for reviewing their effectiveness.

The Directors have reviewed and considered the guidance supplied by the Financial Reporting Council on internal controls and an ongoing process has been established for identifying, evaluating and managing the risks faced by the Group. This process, together with key procedures established with a view to providing effective financial control, was in place during the period under review and at the date of the signing of this report. The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded. The risk management process and Group systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company’s objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the report and financial statements.

Internal control assessment process

Regular risk assessments and reviews of internal controls are undertaken in the context of the Company's overall investment objective. The Board, through the audit committee, has identified risk management controls in four key areas: corporate strategy; published information and compliance with relevant laws and regulations; relationships with service providers; and investment and business activities. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk and associated controls of the Company; and
- the extent to which the third parties operate the relevant controls.

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed at each scheduled meeting of the audit committee and at other times as necessary.

The Board reviews financial information produced by the Investment Manager and the Administrator on a regular basis at each Board meeting as part of the NAV and dividend approval process

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the audit committee.

Audit committee report

I am pleased to present the Audit committee report for the period ended 30 June 2014.

Role of the audit committee

The primary responsibilities of the audit committee are:

- to monitor the integrity of the financial statements of the Company and the Group, the financial reporting process and the accounting policies of the Company;
- to keep under review the effectiveness of the Company's and the Group's internal control environment and risk management systems;
- to make recommendations to the Board in relation to the re-appointment or removal of the external Auditor and to approve its remuneration and terms of engagement;
- to review the scope and effectiveness of the audit process undertaken by the Auditor; and
- to review and monitor the Auditor's independence and objectivity.

Matters considered during the period

The committee met three times during the period under review and once post year end. Additional meetings were held where necessary. The committee has:

- reviewed the Group's financial statements and made formal recommendations to the Board;
- reviewed the internal controls and risk management systems of the Company and its third party service providers;
- agreed the audit plan and fees with the Auditor, including the principal areas of focus;
- reviewed the quarterly net asset values; and
- reviewed the Company's deposit takers and banking arrangements.

The committee has reviewed the Company's financial statements for the period ended 30 June 2014 and advised the Board accordingly. During the period, the committee considered the following key issues in relation to the Group's financial statements:

a) Valuation of property assets

The committee considered the valuations of the Company's portfolio assets as at 30 June 2014 and the market report provided by the Company's valuer. The relevant committee meeting was attended by the valuer to facilitate a full discussion of the valuations of the investment properties.

b) Internal controls

The Company does not have an internal audit function. The committee takes comfort from the fact that the investment management and administration of the Company are carried out by separate organisations and therefore provide checks and balances of the figures. During the period, the committee reviewed whether an internal audit function would be of value and concluded that this would provide little added comfort at considerable extra cost to the Company and agreed that the existing system of monitoring and reporting by third parties remains appropriate and sufficient.

The committee has reviewed and updated, where appropriate, the risk matrix. This is done on a six-monthly basis.

The committee receives a report on internal control and compliance from the Investment Manager and the Company's other service providers and no significant matters of concern were identified.

c) Maintenance of REIT status

The committee regularly monitored the compliance status of the Company and considered each of the requirements for the maintenance of REIT status at its meetings.

d) Going concern

The committee considered what its financial requirements for the next twelve months were likely to be and concluded that it had adequate cash resources to meet its commitments and any outstanding loan covenants.

Audit fees and non-audit services

The audit committee reviewed the audit plan and fees presented by the Auditor and considered its report on the financial statements. The fee for the audit of the annual report and financial statements for the period ended 30 June 2014 is £20,000. An additional £6,000 was paid in relation to the audit of the initial accounts for the period ended 30 September 2013, which was required to be carried out to support the payment of dividends by the Company in its first year.

The committee reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. During the period under review, the Auditor provided reporting accountant services for the prospectuses at the time of the Company's launch and the acquisition of Scape Greenwich. The aggregate fees for these non-audit services were £130,000. These non-audit fees are significantly higher than the statutory audit fees due to the work involved in the Company's IPO and the second capital raise during the period under review.

Ernst & Young LLP also provides routine tax compliance services to the Company. The fee for these services in the period under review was £8,300. Details of the total fees paid to the Auditor are set out in note 9 of the financial statements on page 64.

Independence and objectivity of the Auditor

The committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit services which the Auditor has provided. During the period under review, the Auditor provided non-audit services in relation to the review of Company's prospectuses and tax services. The committee receives an annual assurance from the Auditor that its independence is not compromised by the practice of these services. It reviews the scope and nature of all proposed non-audit services before engagement.

The committee is satisfied that the Auditor's objectivity and independence is not impaired by the performance of these non-audit services and believes that the appointment of a third party unfamiliar with the Company to carry out non-audit services would be of no benefit to shareholders and would therefore incur unnecessary additional expense. The committee is satisfied that in these respects, Ernst & Young LLP has fulfilled its obligations to the Company and its shareholders and has recommended their reappointment to the Board.

Ernst & Young LLP was appointed as Auditor to the Company in 2013. The committee will regularly consider the need to put the audit out to tender, the Auditor's fees and independence, along with matters raised during each audit.

Re-appointment of the Auditor

Following consideration of the performance of the Auditor, the service provided during the period and a review of their independence and objectivity, the committee has recommended to the Board the re-appointment of Ernst & Young LLP as Auditor to the Company.



Mr Peter Dunscombe

Audit committee Chairman

16 September 2014

Statement of Directors' responsibilities

In respect of the annual report and financial statements

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable UK law and IFRS as adopted by the EU.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that comply with that law and those regulations, and for ensuring that the annual report includes information required by the Listing Rules of the CISEA and the Disclosure and Transparency Rules of the UKLA. The Company is voluntarily complying with certain of the listing rules of the UKLA.

The financial statements are published on the Company's website, www.gcpluk.com/gcp-student-living-plc, which is maintained on behalf of the Company by the Investment Manager. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Under the investment management agreement, the Investment Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Visitors to the website need to be aware that legislation in the UK covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- this annual report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board



Mr Robert Peto

Chairman

16 September 2014

Independent Auditor's report

To the members of GCP Student Living plc

We have audited the Group and parent company financial statements of GCP Student Living plc and its subsidiaries (collectively "the Group") for the period ended 30 June 2014 which comprise the consolidated and Company statement of financial position, the consolidated and Company statement of comprehensive income, the consolidated and Company statement of cash flows, the consolidated and Company statement of changes in equity and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 50, the Directors are responsible for the preparation of the Group and Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement

We identified the following risks that we believe to have had the greatest impact on our audit strategy and scope:

- valuation of investment property portfolio; and
- incomplete or inaccurate income recognition.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonable knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Group to be £1.1 million which is 1% of net assets. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement is that overall performance materiality for the Group should be 50% of materiality, namely £0.6 million. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our materiality of £1.1 million for the financial statements as a whole.

We agreed with the audit committee that we would report to the committee all audit differences in excess of £56,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's report continued

To the members of GCP Student Living plc

An overview of the scope of our audit

The Group consists of the Company and its four wholly owned subsidiaries. All associated numbers were subject to a full scope audit for the period ended 30 June 2014.

Following our assessment of the risk of material misstatement to the Group's financial statements, our response was as follows:

The way in which we scoped our response to the risks identified above was as follows:

We addressed the risk with respect to the valuation of investment property portfolio by:

- reviewing third-party property valuation reports to assess the appropriateness and suitability of the reported values, and the changes in value from the previous periods;
- assessing the independence and qualifications of the appraisers; and
- assessing the reasonableness of the valuation methodology adopted, and the key valuation inputs and assumptions, where possible supporting these by reference to published market data/information, comparable transaction evidence or anecdotal evidence through market activity.

We addressed the risk with respect to the incomplete or inaccurate income recognition through:

- verifying rental rates to tenancy agreements;
- verifying a sample of rental income from the Group's income report to bank statements;
- performing a review of a sample of the tenancy agreements to ensure all relevant items and covenants have been captured in the accounting records and financial statements; and
- assessing the appropriateness of the accounting treatment for significant terms of the tenancy agreements such as any rent free period.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, the information in the annual report is:

- materially inconsistent with the information in the financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing the audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' report that they consider the annual report is fair, balanced and understandable and whether the annual report discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the Directors' report, set out on page 36, in relation to going concern;
- the part of the Corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Ashley Coups (Senior statutory Auditor)

for and on behalf of Ernst and Young LLP, Statutory Auditor

London

16 September 2014

The maintenance and integrity of the GCP Student Living plc's website is the responsibility of the Investment Manager; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated and Company income statement

For the period 26 February 2013 to 30 June 2014

	Notes	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Continuing operations			
Revenue	5	9,132	4,461
Property operating expenses	6	(1,664)	(573)
Gross profit		7,468	3,888
Administration expenses	6	(1,646)	(1,466)
Other costs		(711)	—
Operating profit before gains on investment properties		5,111	2,422
Fair value gains on investment properties	3	5,010	1,040
Fair value gains on investments in subsidiary companies	4	—	5,042
Operating profit		10,121	8,504
Finance income	7	6	2
Finance expenses	8	(2,418)	(750)
Profit before tax		7,709	7,756
Tax charge on residual income	12	—	—
Profit for the period		7,709	7,756
Earnings per share (basic and diluted) (pps)	15	10.50	10.56

Consolidated and Company statement of comprehensive income

For the period 26 February 2013 to 30 June 2014

	Notes	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Profit for the period		7,709	7,756
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Net gains on cash flow hedges	21	47	—
Total comprehensive income for the period		7,756	7,756

The accompanying notes on pages 58 to 77 form an integral part of these financial statements.

Consolidated and Company statement of financial position

As at 30 June 2014

Assets	Notes	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Non-current assets			
Investment property	3	151,560	—
Investment in subsidiary companies	4	—	129,020
Retention account		956	—
		152,516	129,020
Current assets			
Cash and cash equivalents	22	3,629	149
Trade and other receivables	19	1,315	3,484
Derivative financial instruments	21	47	—
		4,991	3,633
Total assets		157,507	132,653
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	20	(39,456)	—
Retention account		(956)	—
		(40,412)	—
Current liabilities			
Trade and other payables	18	(2,212)	(19,798)
Deferred income	18	(2,028)	—
		(4,240)	(19,798)
Total liabilities		(44,652)	(19,798)
Net assets		112,855	112,855
Equity			
Share capital	23	1,099	1,099
Share premium	24	39,937	39,937
Hedging reserve		47	—
Retained earnings		71,772	71,819
Total equity		112,855	112,855
Number of shares in issue		109,910,428	109,910,428
EPRA NNNNAV per share (pps)	16	102.68	102.68
EPRA NAV per share (pps)	16	102.64	N/A

These financial statements were approved by the Board of Directors of GCP Student Living plc on 16 September 2014 and signed on its behalf by:



Mr Robert Peto

Chairman

Company number: 08420243

The accompanying notes on pages 58 to 77 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the period 26 February 2013 to 30 June 2014

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Profit for the period	—	—	—	7,709	7,709
Other comprehensive income that may be reclassified subsequently to profit and loss					
Net gains on cash flow hedges	—	—	47	—	47
Total comprehensive income	—	—	47	7,709	7,756
Ordinary shares issued	1,099	111,001	—	—	112,100
Share issue costs	—	(3,706)	—	—	(3,706)
Share premium cancelled on 31 July 2013	—	(67,358)	—	67,358	—
Dividends	—	—	—	(3,295)	(3,295)
Balance at 30 June 2014	1,099	39,937	47	71,772	112,855

Company statement of changes in equity

For the period 26 February 2013 to 30 June 2014

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Profit for the period	—	—	—	7,756	7,756
Total comprehensive income	—	—	—	7,756	7,756
Ordinary shares issued	1,099	111,001	—	—	112,100
Share issue costs	—	(3,706)	—	—	(3,706)
Share premium cancelled on 31 July 2013	—	(67,358)	—	67,358	—
Dividends	—	—	—	(3,295)	(3,295)
Balance at 30 June 2014	1,099	39,937	—	71,819	112,855

The accompanying notes on pages 58 to 77 form an integral part of these financial statements.

Consolidated and Company statement of cash flows

For the period 26 February 2013 to 30 June 2014

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Operating profit	10,121	8,504
Adjustments to reconcile profit for the period to net cash flows:		
Gain from change in fair value of investment properties	(5,010)	(1,040)
Gain from change in fair value of subsidiary companies	—	(5,042)
Increase in other receivables and prepayments	(641)	(733)
Increase in other payables and accrued expenses	1,473	287
Net cash flow generated from operating activities	5,943	1,976
Cash flows from investing activities		
Acquisition of investment properties	(35,221)	(35,221)
Acquisition of subsidiaries, net of cash acquired	(51,817)	(51,817)
Net cash used in investing activities	(87,038)	(87,038)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	112,100	112,100
Share issue costs	(3,706)	(3,706)
Loan arrangement fees	(655)	—
Received from subsidiary companies	—	13,386
Loan received for acquisition of subsidiary	14,866	—
Part repayment of initial loan	(32,645)	(32,645)
Finance income	6	2
Finance expenses	(2,066)	(750)
Dividends paid in the period	(3,176)	(3,176)
Net cash flow generated from financing activities	84,724	85,211
Net increase in cash and cash equivalents	3,629	149
Cash and cash equivalents at start of the period	—	—
Cash and cash equivalents at end of the period	3,629	149

The accompanying notes on pages 58 to 77 form an integral part of these financial statements.

Notes to the financial statements

For the period 26 February 2013 to 30 June 2014

1. General information

GCP Student living plc is a closed-ended investment company incorporated in the UK on 26 February 2013. The registered office of the Company is located at Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company's shares are admitted to trading on the SFM, the CISEA and are listed on the Official List of the CISEA.

Audited initial accounts for the period 26 February 2013 to 30 September 2013 have been filed with the registrar of companies.

2. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union. The financial statements have been prepared under the historical cost convention, except for investment property, investments in subsidiaries and derivative financial instruments that have been measured at fair value. The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Group has chosen to adopt the EPRA best practice guidelines for calculating key metrics such as net asset value and earnings.

2.1 Changes to accounting standards and interpretations

The following accounting standards and their amendments were in issue at the period end but will not be in effect until after this financial period. They are not expected to impact significantly the financial statements.

- IAS 27 Separate Financial Statements (as amended in 2011) – amendments for investment entities (effective for annual periods beginning on or after 1 January 2014).
- IAS 32 Financial Instruments: Presentation – amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014).
- IFRS 10 Consolidated Financial Statements – amendments for investment entities (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities – amendments for investment entities (effective for annual periods beginning on or after 1 January 2014).

The following new standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning after 1 January 2014 or later periods, but the Group has not decided not to early adopt them.

- IFRS 11 Joint Arrangements – amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts (effective for annual periods beginning on or after 1 January 2017).
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018).

The Group does not expect that the adoption of new accounting standards issued but not yet effective to have a significant impact on its financial statements other than IFRS 10 Consolidated Financial Statements on adoption of which the Group may be required to consolidate certain funds that are managed by the Group.

2.2 Significant accounting judgements and estimates

The preparation of these financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards January 2014 (incorporating the International Valuation Standards) and in accordance with IFRS 13.

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of consolidation

The financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. In preparing the financial statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

b) Business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value of the proportionate share of the acquiree's identifiable net assets. Acquisition costs (except for costs of issue of debt or equity) are expensed in accordance with IFRS 3 Business Combinations.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not re-measured and its subsequent settlement shall be accounted for within equity. If the contingent consideration is classified as a liability, subsequent changes to the fair value are recognised either in profit or loss or as a change to other comprehensive income.

c) Functional and presentation currency

The overall objective of the Group is to generate returns in Sterling and the Group's performance is evaluated in Sterling. Therefore, the Directors consider Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

2. Basis of preparation continued

2.3 Summary of significant accounting policies continued

d) Investment property

Investment property comprises property held to earn rental income or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the period in which they arise under IAS 40 Investment Property.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (from lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

e) Investment in subsidiary companies

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value. In the Company's financial statements, investments in subsidiary companies which are 100% owned by the Company are valued at net asset value.

Changes in fair value of investments and gains on the sale of investments are recognised as they arise in the income statement.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less.

g) Rent and other receivables

Rent and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

h) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

i) Revenue recognition

i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option. (Premiums received to terminate or extend leases are recognised in the statement of comprehensive income when they arise).

ii) Interest income

Interest income is recognised on an effective interest rate basis and shown within the income statement as finance income.

iii) Deferred income

Deferred income is rental income received in advance during the accounting period. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

iv) Service charge income

Service charges are received to cover expenditure on hard and soft facilities management. These are paid to the landlord and then on to the Asset Manager and reimbursed to the Group via the Group's nominations agreement.

v) Operating segments

All of the Group's revenue and results are generated from student accommodation provision operating in the UK.

j) Tenant deposits

Tenant deposits received which create corresponding liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

k) Taxes

Corporation tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. In certain circumstances corporation tax may be recognised in other comprehensive income.

As a REIT, the Company is exempt from corporation tax on the profits and gains from its property investment business, provided it continues to meet certain conditions as per REIT regulations.

Non-qualifying profits and gains of the Company (the residual business) continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the year if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost net of directly attributable transaction costs. All loans and borrowings are subsequently measured at amortised cost with interest charged to the income statement at the effective interest rate, and shown within finance costs.

m) Dividends to shareholders

Dividends due to the Company's shareholders are recognised when they become payable. For interim dividends this will be when they are paid and for final dividends when approved by shareholders.

n) Derivatives and hedging

The Group uses interest rate swaps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss. Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment occurs.

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

3. UK investment property

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Acquisitions arising from business combinations	53,550	—
Acquisition of property	93,000	93,000
Fair value gains on revaluation of investment property	5,010	1,040
Investment property transferred to subsidiary company	—	(94,040)
Valuation at the end of the period	151,560	—

The purchase of the property was financed by the payment of cash amounting to £35,221,000 and the novation of an existing loan of £57,779,000.

4. Investment in subsidiary companies

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
At the beginning of the period	—	—
Value of assets transferred down to subsidiary	—	71,534
Purchases of subsidiary companies	—	52,444
Total acquisitions	—	123,978
Fair value gains on the revaluation of subsidiary companies	—	5,042
Fair value	—	129,020

Purchases of subsidiary companies includes additional incidental purchase costs of £711,000.

5. Revenue

The following table analyses rental income received in the period to 30 June 2014:

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Nomination rental income	2,360	1,116
Direct let rental income	6,107	2,525
Teaching space income	503	244
Retail space income	35	10
	9,005	3,895
Income from subsidiary companies	—	566
Sundry income	127	—
Total revenue	9,132	4,461

Rental income in the Company relates to income on the property Scape East, received prior to the transfer of the property down to the subsidiary company.

6. Property operating and administration expenses

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Property operating expenses		
Asset Managers' fees	901	389
Utilities	352	94
Insurance	39	34
Sales and marketing	118	56
Life cycle costs	91	—
Payroll	163	—
	1,664	573
Administration expenses	1,646	1,466
Total	3,310	2,039

Directors' remuneration for the period to 30 June 2014 is shown in note 10 and is included within administration expenses within the income statement.

7. Finance income

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Income from cash and short-term deposits	6	2
Total finance income	6	2

8. Finance expenses

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Bank charges	3	1
Swap interest	578	345
Loan interest	1,080	404
Loan arrangement fees amortised	111	—
Swap break fees	646	—
	2,418	750

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

9. Auditor's remuneration

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Audit fee	26	26
Other services	138	138
Total	164	164

The Company reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. The fee for the audit of the annual report and financial statements for the period ended 30 June 2014 was £20,000. An additional fee of £6,000 was paid in relation to the audit of the initial accounts for the period ended 30 September 2013. During the period under review, the Auditor provided non-audit services in relation to the reporting accountant services for the prospectuses at the time of the Company's launch and the acquisition of Scape Greenwich. The aggregate fees for these services were £130,000. These non-audit fees are significantly higher than the statutory audit fees due to the work involved in the Company's IPO and the second capital raise during the period under review. Ernst & Young LLP also provides routine tax compliance services to the Company. The fee for these services in the period under review was £8,300.

10. Directors' remuneration

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Mr Robert Peto	28	28
Mr Malcolm Naish	20	20
Mr Peter Dunscombe	20	20
Total	68	68

11. Staff costs

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Salaries	162	—
Other benefits	1	—
	163	—

With the exception of the Directors, whose remuneration is shown in the Directors' remuneration report as at 30 June 2014, the Group employed 43 members of staff, with an average of 34 employees during the period.

12. Taxation

As a REIT, the Group's UK property rental business (both income and capital gains) is exempt from tax. Any residual income from non-property business is subject to corporation tax at a rate of 22.55%, representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income for the period. No tax charge has arisen on residual income for the period 26 February 2013 to 30 June 2014.

13. Operating leases

The Group has entered into leases on its property portfolio. Leases are typically direct-let agreements with individual students or higher education institutions for the academic year or a shorter period. The Group also has a small number of commercial leases on teaching and retail spaces and a number of nomination agreements whereby blocks of beds are rented out for a set number of years.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2014 are as follows:

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Within one year	7,536	—
Between one and five years	5,157	—
More than five years	10,411	—
Total	23,104	—

14. Dividends

Consolidated and Company	Pence per share	30 June 2014 £'000
For the period ended 30 June 2014		
First interim dividend paid on 5 December 2013	2.00	1,403
Second interim dividend paid on 5 March 2014	1.35	946
Third interim dividend paid on 5 June 2014	1.35	946
Dividends paid during the period	4.70	3,295
Fourth interim dividend paid on 5 September 2014	1.40	1,539
Total	6.10	4,834

As a REIT, the Company is required to pay PIDs equal to at least 90% of the Group's exempted income after deduction of withholding tax at the basic rate (currently 20%). The entire £4.8 million cash dividend payable for the period from 26 February 2013 to 30 June 2014 was attributable to PIDs.

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

15. Earnings per share

Basic earnings per share ("EPS") amounts are calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

30 June 2014	Profit £'000	Weighted average number of shares	Pence per share
Earnings per share Group	7,709	73,425,688	10.50
Earnings per share Company	7,756	73,425,688	10.56
Weighted average number of shares	Shares in issue	Days	Weighted average
Issue on admission to trading on the SFM on 20 May 2013	70,100,001	373	64,243,981
Following issue to trading on the SFM on 28 May 2014	109,910,428	34	9,181,707
	109,910,428	407	73,425,688

The EPRA EPS may be calculated as:

	30 June 2014 £'000
Group earnings for basic EPS	7,709
Fair value gains on investment properties	(5,010)
Fair value movement on financial derivatives	(47)
Associated close out fees on financial derivatives	646
Group earnings for EPRA EPS	3,298
	Pence per share
Group EPRA EPS	4.49

16. Net asset value per share (NAV)

Basic NAV per share amounts are calculated by dividing net assets in the statement of financial position attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical. The following reflects the net asset and share data used in the basic and diluted NAV per share computations:

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Net assets attributable to ordinary shareholders (for calculation of EPRA NNAV)	112,855	112,855
Financial derivative	(47)	—
Adjusted net assets for calculation of EPRA NAV	112,808	112,855
Number of shares in issue	109,910,428	109,910,428
EPRA NNAV (pence per share)	102.68	102.68
EPRA NAV (pence per share)	102.64	N/A

17. Business combinations

The financial statements comprise the financial statements of the Company and its subsidiaries, GCP Scape East Limited, GCP Operations Limited, Ternion Danehurst Limited and Leopard Guernsey Greenwich JV Limited, for the period from 26 February 2013 to 30 June 2014.

All subsidiaries are domiciled in the UK except for Leopard Guernsey Greenwich JV Limited, which is domiciled in Guernsey.

Company and business	Country of registration, incorporation and operation	Number and class of share held by the Group	Group holding	Capital and reserves at 30 June 2014 £'000	Profit after tax for the period ended 30 June 2014 £'000
GCP Scape East Limited	UK	2 ordinary shares	100%	76,067	4,533
Ternion Danehurst Limited	UK	2 ordinary shares	100%	12,958	1,411
Leopard Guernsey Greenwich JV Limited	Guernsey	101 ordinary shares	100%	40,162	603
GCP Operations Limited	UK	2 ordinary shares	100%	(167)	(167)

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and distributions are eliminated in full. As at 30 June 2014, the Company owns 100% of the issued share capital of all subsidiaries.

GCP Scape East Limited was incorporated on 15 November 2013, with two shares issued to the Company at £1 per share. On 2 December 2013, the Group obtained control of Ternion Danehurst Limited, by acquiring 100% of the issued share capital. On 29 May 2014, the Group obtained control of Leopard Guernsey Greenwich JV Limited, by obtaining 100% of the issued share capital. The principal activity of GCP Scape East Limited, Ternion Danehurst Limited and Leopard Guernsey Greenwich JV Limited is the provision of student accommodation in line with the Group's investment strategy. GCP Scape East Limited, Ternion Danehurst Limited and Leopard Guernsey Greenwich JV Limited were acquired in order to provide Group shareholders with sustained long-term distributions with the potential for modest capital appreciation over the long term and RPI inflation-linked income characteristics. GCP Operations Limited was incorporated on 26 March 2014 and holds the employment contracts of the employees engaged in facilities and asset management on behalf of the Company.

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

17. Business combinations continued

The fair value of identifiable assets and liabilities of Ternion Danehurst Limited upon acquisition at 2 December 2013 and of Leopard Greenwich Guernsey JV Limited upon acquisition at 29 May 2014 were:

30 June 2014	Ternion Danehurst Limited £'000	Leopard Greenwich Guernsey JV Limited £'000	Total £'000
Assets			
Investment properties	13,030	40,520	53,550
Trade receivables	—	675	675
	13,030	41,195	54,225
Liabilities			
Trade payables	—	592	592
Deferred rental income	650	522	1,172
Retention account	82	515	597
Corporation tax provision	125	6	131
	857	1,635	2,492
Total identifiable net assets at fair value	12,173	39,560	51,733
Purchase consideration	12,173	39,560	51,733
Analysis of cash flows on acquisition:			
Cash consideration	12,173	39,560	51,733
Less: cash and cash equivalents acquired	—	(1)	(1)
	12,173	39,559	51,732

Ternion Danehurst Limited contributed £700,000 to revenue and £545,000 to the Group's profit for the period between the date of acquisition and the statement of financial position date. Leopard Guernsey Greenwich JV Limited contributed £213,000 to revenue and £154,000 to the Group's profit for the period between the date of acquisition and the statement of financial position date. If the combinations had taken place at the beginning of the period, the Group's profit for the period would have been £10,558,000 and revenue (rental income) would have been £11,786,000.

Contingent liability

As discussed in note 29, as part of the sale and purchase agreement for Leopard Guernsey Greenwich JV Limited, an amount of contingent consideration has been agreed. An additional cash payment is payable to the previous owners of Leopard Guernsey Greenwich JV Limited of £301,000 provided the property achieves 97% occupancy by 8 September 2014, being the end of the 2013/14 academic year.

As at 30 June 2014, the key performance indicators of Leopard Guernsey Greenwich JV Limited show that it is not probable that the target will be achieved and therefore no liability has been included in the financial statements.

18. Other payables and accrued expenses

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Deferred income	2,028	—
Property operating expenses payable	802	—
Finance expense payable	241	—
Amounts due to subsidiary companies	—	18,756
Other expenses payable	1,169	1,042
Total	4,240	19,798

19. Trade and other receivables

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Prepayments	219	159
Landscaping cost recovery	284	—
Rent receivable	434	—
Amounts receivable from subsidiary companies	—	3,325
Other receivables	378	—
Total	1,315	3,484

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

20. Interest-bearing loans and borrowings

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Initial loan transferred on the acquisition of Scape East on 20 May 2013	57,779	57,779
Part repayment of initial loan	(32,645)	(32,645)
Loan transferred to subsidiary company	—	(25,134)
Further loan drawn down following acquisition of Ternion Danehurst Limited on 2 December 2013	13,500	—
Further loan drawn down following acquisition of Leopard Guernsey Greenwich JV Limited on 29 May 2014	1,366	—
Total loans drawn down	40,000	—
Loan arrangement fees	(655)	—
Loan arrangement fees amortised to date	111	—
	39,456	—

During the period from 26 February 2013 to 30 June 2014, loans were drawn down under the Group's existing debt facility to the sum of £40 million. An initial loan of £57.7 million was transferred to the Company on the acquisition of the property Scape East on 20 May 2013 of which £32.6 million was repaid on 23 May 2013. An additional loan of £13.5 million was drawn down on 2 December 2013 to finance the acquisition of Ternion Danehurst Limited and a further loan of £1.4 million was drawn down on 29 May 2014 to cover the costs of acquisition in relation to Scape Greenwich. The facility is due to be fully repaid on 20 April 2019.

At 30 June 2014, the interest rate on the loans of £25.1 million and £13.5 million was 3.027% with the interest rate on the loan of £1.4 million being 3.004%.

The Group uses gearing to enhance returns over the long term. The level of gearing is governed by careful consideration of the cost of borrowing and the Group uses hedging or otherwise seeks to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of gross assets, will not exceed 55% at the time of investment. It is the Directors' current intention to target gearing of less than 30% of gross assets in the long term and to comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'.

The debt facility includes loan-to-value of and interest cover covenants that are measured at a Group level and the Group has maintained significant headroom against all measures throughout the financial period. The Group is in full compliance with all loan covenants at 30 June 2014.

21. Financial derivatives and hedging

	Hedged amount £'000	Pay fixed rate	Receive 3M LIBOR	Maturity	30 June 2014 Total £'000
Consolidated only					
Interest rate swap at fair value	20,000	1.440%	0.5090%	02/05/2017	47
Fair value of financial derivatives					47

Cash flow hedges

The Group has entered into interest rate swap contracts with notional amounts of £20 million whereby it pays a fixed rate of interest of 1.440% and receives a variable rate based on three-month LIBOR on the notional amount. The swap is used to hedge the exposure to the variable interest rate payments on the variable rate element of the Company's secured loans.

Cash flows are expected to occur between the reporting date and May 2017 and will be recognised through profit or loss at that time.

The fair value of the interest rate swap at the end of the reporting period was an asset of £47,000.

Derivatives are classified in Level 2 in the fair value hierarchy under IFRS 13.

22. Cash and cash equivalents

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Cash and cash equivalents	149	149
Subsidiary cash and cash equivalents	3,480	—
	3,629	149

23. Share capital

Consolidated and Company	30 June 2014 £'000
Issued and fully paid:	
At 26 February 2013	
One ordinary share of £0.01	—
Issued during period 109,910,427 ordinary shares of £0.01 each	1,099
	1,099

The share capital comprises one class of ordinary shares. At general meetings of the Company, shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

24. Share premium

Consolidated and Company	30 June 2014 £'000
Issued on admission to trading on the SFM and the CISEA on 20 May 2013	69,399
Share issue costs at 20 May 2013	(1,921)
Share premium cancelled on 31 July 2013	(67,358)
Issued on 28 May 2014	41,602
Share issue costs at 28 May 2014	(1,785)
Balance at 30 June 2014	39,937

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

25. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

The fair values of the derivative interest rate swap contracts are estimated by discounting expected future cash flows using current market interest rates yield curves and performance risk over the remaining term of the instrument.

Valuation of investment property is performed by Knight Frank LLP, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, however the valuations are the ultimate responsibility of the Directors.

The valuation of the Company's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards (incorporating the International Valuation Standards).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.

In the Company's financial statements, investments in subsidiary companies which are 100% owned by the Company are valued at net asset value.

The following tables shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy*:

Consolidated

	30 June 2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Investment properties	—	—	151,560	151,560
Financial derivatives	—	47	—	47
	—	47	151,560	151,607

Company

	30 June 2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value				
Investment in subsidiaries	—	—	129,020	129,020
	—	—	129,020	129,020

***Explanation of the fair value hierarchy:**

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and
- Level 3 – use of a model with inputs that are not based on observable market data.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolio of investment property are:

- ERV;
- rental growth;
- long-term vacancy rate;
- discount rate/yield; and
- specific to property under development: construction costs, lease up period, construction period and development profit.

Significant increases/(decreases) in the ERV (per sqm p.a.) and rental growth p.a. in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit or yield) in isolation would result in a significantly lower/(higher) fair value measurement.

Generally, a change in the assumption made for the ERV (per sqm p.a.) is accompanied by:

- a similar change in the rent growth p.a. and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

Class	Fair value	Valuation technique	Key unobservable inputs	Range
Student property	£151,560,000	Income capitalisation	ERV	£180.00 – £303.75 per week
			Rental growth	2.5% – 3.0%
			Tenancy period	51 weeks
			Sundry income	£100 per bed per annum
			Facilities management cost	£1,800 – £1,950 per bed per annum
			Initial yield	5.79% – 6.23% blended (5.34% – 7.50%)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £5,010,000 and are presented in the income statement in line item 'fair value gains on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Company's assets and liabilities, except for investment properties, is considered to be the same as their fair value.

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

26. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of the Company's loans and borrowings is to finance the acquisition of the Company's property portfolio. The Company has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company are all fixed terms at fixed rates with the floating elements hedged on 50% of total borrowings. The Company's exposure to market risk is limited to the remaining 50% which is not hedged.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. To manage its interest rate risk, the Group enters into interest rate swaps to hedge the exposure to floating rate movements. At 30 June 2014, the floating interest rate receivable on the swap was 0.5090%, whilst the swap interest payable is fixed at a rate of 1.440%. At 30 June 2014, 50% of the Company's floating rate borrowings were hedged.

With all other factors remaining constant, if interest rates were to increase by 1%, profit before tax would decrease by £200,000 p.a. due to the increase in finance costs.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its leasing activities and its financing activities, including deposits with banks and financial institutions and derivatives.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

The following table analyses the Group's exposure to credit risk for the period ended 30 June 2014.

	Consolidated 30 June 2014 £'000	Company 30 June 2014 £'000
Deposit account	956	—
Cash and cash equivalents	3,629	149
Financial derivatives	47	—
Trade and other receivables	1,315	3,484
	5,947	3,633

The deposit account, cash and cash equivalents and the financial derivatives are held with Barclays Bank PLC which holds an A credit rating.

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Consolidated

Period ended 30 June 2014	On demand £'000	Less than three months £'000	Three to twelve months £'000	One to five years £'000	Over five years £'000	Total £'000
Loans	—	303	908	44,614	—	45,825
Deferred income	—	507	1,521	—	—	2,028
Trade and other payables	—	1,714	498	—	—	2,212
Retention account	—	—	—	956	—	956
	—	2,524	2,927	45,570	—	51,021

The disclosed amounts for financial derivatives in the above table are the net undiscounted cash flows.

Company

Period ended 30 June 2014	On demand £'000	Less than three months £'000	Three to twelve months £'000	One to five years £'000	Over five years £'000	Total £'000
Trade and other payables	—	1,042	—	—	18,756	19,798
	—	1,042	—	—	18,756	19,798

27. Capital management

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the period.

The Group may use gearing to enhance returns over the long term. The level of gearing will be governed by careful consideration of the cost of borrowing and the Group may use hedging or otherwise seek to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of gross assets, will not exceed 55% at the time of investment. It is the Directors' current intention to target gearing of less than 30% of gross assets in the long term and to comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'. As at the period end, the Group was operating with a property loan to value of 26.7%.

During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

Notes to the financial statements continued

For the period 26 February 2013 to 30 June 2014

28. Related party transactions

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Subsidiaries

GCP Student Living plc as at 30 June 2014 owns a 100% controlling stake in GCP Scape East Limited, Ternion Danehurst Limited, GCP Operations Limited and Leopard Guernsey Greenwich JV Limited respectively.

The table below discloses transactions and balances between the Company and subsidiary entities.

	Company 30 June 2014 Total £'000
Transactions during the period	
Assets and liabilities transferred to GCP Scape East Limited	71,533
Income from GCP Scape East Limited	479
Income from Ternion Danehurst Limited	66
Income from Leopard Guernsey Greenwich JV Limited	22
Balances outstanding at the end of the period	
Receivable from GCP Scape East Limited	479
Receivable from Ternion Danehurst Limited	1,617
Receivable from GCP Operations Limited	22
Receivable from Leopard Guernsey Greenwich JV Limited	1,607
Payable to GCP Scape East Limited	(17,833)
Payable to Ternion Danehurst Limited	(923)

Directors

The Directors of the Company and subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period from 26 February 2013 to 30 June 2014 totalled £68,000 and at 30 June 2014, a balance of £6,000 was outstanding. Further information is given in note 10.

Investment Manager

The Company is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Company has appointed the Investment Manager to provide investment management services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction of the Boards of Directors.

For its services to the Company, the Investment Manager receives an annual fee at the rate of 1.0% of the net asset value of the Company (or such lesser amount as may be demanded by the Investment Manager at its own absolute discretion). During the period from 26 February 2013 to 30 June 2014, the Group incurred £828,550 in respect of investment management fees and expenses of which £214,563 was outstanding at the period end.

29. Group contingent liabilities

As part of the sale and purchase agreement for Leopard Guernsey Greenwich JV Limited, an amount of contingent consideration has been agreed. An additional cash payment is payable to the previous owners of Leopard Guernsey Greenwich JV Limited of £301,000 provided the property achieves 97% occupancy by 8 September 2014, being the end of the 2013/14 academic year.

As at 30 June 2014, the key performance indicators of Leopard Guernsey Greenwich JV Limited show that it is not probable that the target will be achieved and therefore no liability for this item has been included in the financial statements.

30. Events after the reporting period

There were no material events after the reporting period that require disclosure in these financial statements.

31. Ultimate controlling party

It is the view of the Directors that there is no ultimate controlling party.

Shareholder information

Key dates

February	Half-yearly results announced
March	Payment of second interim dividend
June	Company's year end Payment of third interim dividend
September	Annual results announced Payment of fourth interim dividend
October	Annual general meeting
December	Company's half-year end Payment of first interim dividend

Frequency of NAV publication

The Company's NAV is released to the London Stock Exchange and CISEA on a quarterly basis and is published on the Company's website.

Sources of further information

Copies of the Company's annual and half-yearly reports, stock exchange announcements and further information on the Company can be obtained from the Company's corporate website.

Warning to shareholders

This report is intended solely for the information of the person to whom it is provided by the Company, the Investment Manager or the Administrator. This report is not intended as an offer or solicitation for the purchase of shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this report are not statements of fact and are subject to change, and neither the Company nor the Investment Manager is under any obligation to update such opinions. Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated, the sources for all information contained in this report are the Investment Manager and the Administrator. Information contained in this report is believed to be accurate at the date of publication, but none of the Company, the Investment Manager and the Administrator gives any representation or warranty as to the report's accuracy or completeness. This report does not contain and is not to be taken as containing any financial product advice or financial product recommendation. None of the Company, the Investment Manager and the Administrator accepts any liability whatsoever for any loss (whether direct or indirect) arising from any use of this report or its contents.

Notice of annual general meeting

This document is important and requires your immediate attention

If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your ordinary shares in the capital of GCP Student Living plc (the "Company") and, as a result, no longer hold any ordinary shares in the Company, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the first ANNUAL GENERAL MEETING of GCP Student Living plc will be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU at 12.00 noon on Friday, 24 October 2014 to consider and vote on the resolutions below:

Resolutions 1 to 10 (inclusive) will be proposed as ordinary resolutions and resolutions 11 to 13 (inclusive) will be proposed as special resolutions.

Ordinary business

1. To receive and, if thought fit, to accept the Strategic report, Directors' report, Auditor's report and the financial statements for the period ended 30 June 2014.
2. To receive and approve the Directors' remuneration report for the period ended 30 June 2014.
3. To receive and approve the Directors' remuneration policy.
4. To elect Mr Robert Peto as a Director of the Company.
5. To elect Mr Peter Dunscombe as a Director of the Company.
6. To elect Mr Malcolm Naish as a Director of the Company.
7. To re-appoint Ernst & Young LLP as Auditor to the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company.
8. To authorise the Directors to determine the remuneration of the Auditor of the Company.
9. To approve the Company's current dividend payment policy.

Special business

10. THAT the Directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1p each in the capital of the Company ("ordinary shares") up to an aggregate nominal value of £109,910 (equivalent to approximately 10% of the issued share capital of the Company as at 16 September 2014), such authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the earlier of the conclusion of the annual general meeting of the Company to be held in 2015 and 31 December 2015, save that the Company may, at any time prior to the expiry of such power, make an offer to enter into an agreement which would or might require to be allotted or sold after the expiry of such power and the Directors may allot or sell ordinary shares in pursuance of such an offer or agreement as if such power had not expired.
11. THAT, conditional upon the passing of resolution 10 above, the Directors be and they are hereby empowered, in accordance with Sections 570 and 573 of the Act, to allot and to sell ordinary shares from treasury for cash, pursuant to the authority conferred on the Directors by resolution 10 above, as if Section 561 of the Act did not apply to any such allotment or sale, such power to expire at the earlier of the conclusion of the annual general meeting of the Company to be held in 2015 and 31 December 2015 (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer to enter into an agreement which would or might require ordinary shares to be allotted or sold after the expiry of such power and the Directors may allot or sell ordinary shares in pursuance of such an offer or agreement as if such power had not expired.

Notice of annual general meeting continued

12. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 16,475,573 (representing 14.99% of the ordinary shares in issue as at 16 September 2014);
 - (b) the minimum price which may be paid for each ordinary share is 1 pence;
 - (c) the maximum price which may be paid for each ordinary share shall not be more than the higher of: (i) an amount equal to 105% of the average of the middle market quotations of ordinary shares taken for the five business days immediately preceding the day on which the contract of purchase is made; and (ii) the higher of the price of the last independent trade in the ordinary shares and the highest then current independent bid for the ordinary shares;
 - (d) this authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the earlier of the conclusion of the annual general meeting of the Company to be held in 2015 and 31 December 2015 and;
 - (e) the Company may make a contract of purchase for ordinary shares under this authority before this authority expires which will or may be executed wholly or partly after its expiration; and
 - (f) any ordinary shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in treasury and if held in treasury may be resold from treasury or cancelled at the discretion of the Directors.
13. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Capita Company Secretarial Services Limited

Company Secretary
16 September 2014

Registered office

51 New North Road
Exeter EX4 4EP

Notes

1. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar at the address printed on the form of proxy not later than 12.00 noon on Wednesday, 22 October 2014. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.

To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope if possible.

2. Only those shareholders registered in the register of members of the Company as at 6.00 pm on Wednesday, 22 October 2014 shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00 pm on Wednesday, 22 October 2014 (the "specified time") shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, or if the Company gives notice of the adjourned meeting, at the time specified in that notice.
3. Shareholders who hold their shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically as required by section 333A of the Companies Act 2006.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment thereof by following the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Notice of annual general meeting continued

Notes continued

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com/crest). The message, in order to be valid, must be transmitted so as to be received by the Company’s agent (ID RA10) by the latest time for receipt of proxy appointments specified in note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

4. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in note 1 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.
5. Shareholders (and any proxies or representatives they appoint) agree, by attending the meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company’s securities) made at the meeting.
6. As at 16 September 2014 (being the last business day prior to the publication of this notice), the Company’s issued share capital amounted to 109,910,428 ordinary shares carrying one vote each. Therefore the total voting rights of the Company as at the date of this notice of meeting were 109,910,428.
7. Any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders may also appoint one or more proxies in accordance with note 1.
8. Any question relevant to the business of the annual general meeting may be asked at the meeting by anyone permitted to speak at the meeting. Alternatively, you may submit your question in advance by letter addressed to the Secretary at the registered office of the Company.

9. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's report and the conduct of the audit) that are to be laid before the annual general meeting; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
10. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his/ her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
11. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the annual general meeting and on the date of the annual general meeting at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU from 11.45 am until the conclusion of the meeting:
 - a) letters of appointment of the Directors of the Company; and
 - b) a copy of the articles of association of the Company.
12. The annual report incorporating this notice, the information required by section 311 of the Companies Act 2006 and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available on the Company's website at www.gcpuk.com/gcp-student-living-plc.

Glossary of key terms

AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFMD	Alternative Investment Fund Managers' Directive
BARCLAYS	Barclays Bank PLC
CIL	Community Infrastructure Levy
CISEA	Channel Islands Securities Exchange Authority Limited
COMPANY	GCP Student Living plc
COST OF BORROWING	Cost of borrowing expressed as a percentage weighted according to period drawn down
CRM	Corporate Residential Management Limited – Asset Manager for The Pad
DEBT MATURITY	Weighted average period to expiry of Group borrowings
EPRA	European Public Real Estate Association
EPRA COST RATIO	Total operating costs as a percentage of gross rental income
EPRA EARNINGS PER SHARE	Recurring earnings from core operational activities excluding movements relating to revaluation of investment properties and interest rate swaps and the related tax effects, divided by the number of shares in issue
EPRA NAV PER SHARE	EPRA net asset value – includes all property at market value but excludes the mark to market of interest rate swaps
EPRA NNNAV PER SHARE	As EPRA NAV but includes both debt and interest rate swaps carried at market value
FRI	Full Repairing and Insuring
GHG	Green House Gas
GROUP	GCP Student Living plc
HEI	Higher Education Institution
HMRC	HM Revenue & Customs
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
Loan-to-value	Net debt expressed as a percentage of net assets excluding net debt
NOI MARGIN	Net operating margin expressed as a percentage and calculated as operating profit less property operating costs
PID	Property Income Distribution
PORTFOLIO TOTAL RETURN	Unleveraged weighted capital and income return of the investment portfolio weighted by net rental income
QMUL	Queen Mary University of London
REIT	Real Estate Investment Trust
RHUL	Royal Holloway University of London
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
SCAPE	Scape Student Living Limited – Asset Manager for Scape East and Scape Greenwich
SFM	Specialist Fund Market of the London Stock Exchange
SHAREHOLDER TOTAL RETURN	Share price growth with dividend deemed to be reinvested on the dividend date
UCAS	Universities and Colleges Admissions Service
UKLA	United Kingdom Listing Authority
UK CODE	UK Code of Corporate Governance

Corporate information

Directors

Robert Peto (Chairman)
Peter Dunscombe
Malcolm Naish

Investment Manager

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53-54 Grosvenor Street
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Tel: 020 7518 1490

Secretary and registered office

Capita Company Secretarial Services Limited
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Exeter EX4 4EP
Tel: 01392 477500

Administrator

Capita Sinclair Henderson Limited
(Trading as Capita Asset Services)
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51 New North Road
Exeter EX4 4EP

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Valuer

Knight Frank LLP
55 Baker Street
London W1U 8AN

Corporate website

www.gcruk.com/gcp-student-living-plc

Stockbrokers

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Tel: 020 7397 1921

Solicitor

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London SE1 2AU

Principal banker

Barclays Bank PLC
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London E14 5HP

Depository

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Registrar

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www.gcpuk.com/gcp-student-living-plc

GCP Student Living plc Annual report and financial statements 2014

