GCP

GCP Student Living plc

Half-yearly report and consolidated financial statements for the period ended 31 December 2014

Contents

About us

GCP Student Living plc 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.

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 its shares trade on the SFM.

Visit us online
www.gcpuk.com

At a glance

£11.9m
Profit for the half year
HY 2013 – £3.7m

2.80p
Interim dividends for the half year
HY 2013 – 2.73p*

110.77p
EPRA NAV per ordinary share
HY 2013 –100.29p

£160.7m
Value of investments
HY 2013 – £107.5m

10%
Total shareholder return for the half year
HY 2013 – 4.8%

3.6%
Rental growth
HY 2013 – 3.3%

Highlights for the period

- The Company delivered a strong set of results generating a total profit for the period of £11.9 million.
- The Company's properties continue to benefit from the supply/demand imbalance for high-quality, modern student facilities in London, with all properties fully occupied and rental growth of 3.6% for the 2014/15 academic year.
- Total shareholder returns for the period of 10%, including NAV per share growth of 7.8% to 110.77 pence.
- Annualised dividend growth of 2.6%, with interim dividends of 2.80 pence per share.
- EPS of 10.86 pence and EPRA EPS of 2.59 pence.
- EPRA NAV per ordinary share of 110.77 pence and EPRA NNNAV per ordinary share of 110.52 pence at 31 December 2014.
- High-quality portfolio of three modern, purpose-built properties with 984 beds located in and around London with a 6% valuation uplift to £160.7 million over the period.
- Net debt-to-property value ratio at 31 December 2014 of 24.6%.
- Strong pipeline of investments for the 2015/16 academic year including commitments to acquire Scape Surrey and The Pad 2, located adjacent to RHUL, with advanced negotiations underway for the acquisition of a third newly built property in a prime London location.

*Six month equivalent to 31 December 2013.

Investment objectives

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

Dividend income

To provide shareholders with regular, sustainable, long-term dividends, with RPI inflation-linked characteristics.

The Company paid/declared a total of 2.80 pence per ordinary share in the period, increasing the Company's dividend in excess of RPI on an annualised basis.

Capital appreciation

To provide modest capital appreciation over the long term.

The valuation of the Company's property portfolio has increased by 6% over the period driven by a combination of yield compression and increasing rental rates.

Portfolio quality

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

The Company's property portfolio comprises three high-specification, modern, purpose-built student residential accommodation buildings in and around London.

Key performance highlights

2.80p

Dividends paid/declared in the period

2.6%

Annualised dividend growth

6%

Capital appreciation

£160.7m

External valuation of investments

100%

Occupancy for 2014/15 academic year

41

Number of HEIs

Portfolio at a glance

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

The Pad

71 Egham Hill, Egham TW20 0ER

Scape East

450 Mile End Road, London E1 4GG

Scape Greenwich

Bear Point, 2 East Parkside, Greenwich SE1 0FQ

£160.7m

External valuation of investments

Chairman's statement

Robert Peto
Chairman

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The values of the Company's property assets have performed ahead of expectations with a 6% uplift in the period.

Introduction

On behalf of the Board, I am pleased to report a period of continued profitability and earnings growth, with the Company reporting a total profit of £11.9 million and EPS for the six month period to 31 December 2014 of 10.86 pence. The Company's property portfolio is operating at full occupancy, generating £5.6 million in rental income, up from £4.6 million reported at the prior half-year end, reflecting rental growth and the larger property portfolio following the acquisition of The Pad and Scape Greenwich in December 2013 and May 2014 respectively.

The Company delivered a dividend yield of 5.5% in its first year and seeks to grow the dividend in line with RPI in terms of pence per share. The Company increased its dividend for the period by 2.6% on an annualised basis paying/declaring a dividend of 1.40 pence per share for each of the two financial quarters. The Company has delivered a total return of 10% for the six month period to 31 December 2014.

Property portfolio

The Company's property portfolio is fully occupied for the 2014/15 academic year, with 3.6% average gross rental uplift year-on-year. The values of the Company's property assets have performed ahead of expectations with a 6% uplift in the period, driven by a combination of yield compression and increasing rental rates. The external valuation of the Company's property portfolio was £160.7 million as at 31 December 2014, up from £151.6 million at 30 June 2014.

Financial results

The Company generated net operating income of £4.3 million, operating profit of £12.6 million and total profit after finance costs of £11.9 million in the six months to 31 December 2014. The Company's basic EPS for the period was 10.86 pence and EPRA EPS was 2.59 pence. EPRA NAV per ordinary share has increased by 8.13 pence, with reference to the EPRA NAV at 30 June 2014, to 110.77 pence, driven by high occupancy, year-on-year rental growth and portfolio valuation uplifts.

The Company has continued to perform strongly since IPO against an encouraging backdrop for the student residential accommodation market.

Dividends

The Company has declared a total dividend of 2.80 pence per ordinary share in respect of the half year ended 31 December 2014. The first interim dividend of 1.40 pence per share was paid on 5 December 2014. On 28 January 2015, the Company declared a second interim dividend of 1.40 pence per share for the quarter ended 31 December 2014. The second interim dividend will be paid on 5 March 2015, as 1.12 pence per ordinary share as a PID in respect of the Group's tax exempt property rental business and 0.28 pence per ordinary share as a non-PID.

AIFMD

The Company is classed as an externally managed AIF under the AIFMD. The Investment Manager acts as the Company's AIFM and Langham Hall LLP provides depositary services to the Company.

Delisting from the CISEA

As announced to the market on 10 September 2014, following consultation with the Company's legal and financial advisers, the Board decided that it was 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 delisting from the CISEA took effect on 10 October 2014. The Company's ordinary shares continue to trade on the SFM.

Possible equity raise

The Company has continued to perform strongly since IPO against an encouraging backdrop for the student residential accommodation market, particularly in the Company's core market in and around London where the supply/demand imbalance for student residential accommodation is particularly acute.

Looking forward, the Company has committed to acquire Scape Surrey (formerly Scape Guildford) and The Pad 2, located adjacent to RHUL, and is in advanced negotiations for the acquisition of a c.550 bed new build asset in a prime London location. These three developments, with an aggregate of c.800 beds, are close to completion for the start of the 2015/16 academic year.

Accordingly, the Board is considering an equity raise in June 2015 to fund the acquisitions of these assets. It is currently envisaged that the Company will seek to raise between approximately £80 million to £100 million of equity. Following the acquisition of these three assets the Company will have a portfolio of properties located in and around London with an aggregate of c.1,800 beds.

It is currently envisaged that any such capital raise would be structured by way of an issue of convertible preference shares ("C Shares"). Any issue of C Shares would be structured so as to not be dilutive to existing shareholders' NAV, with any costs directly attributable to such issuance being borne by subscribers to the C Share issue. The Company is taking legal, tax and financial advice and will make a further announcement in due course.

Outlook

The structural supply and demand imbalance for student residential accommodation, notably in London which is the Company's primary market, remains acute. Housing supply by HEIs remains flat in the capital, while the private residential rented sector is facing more onerous regulations and rising demand from non-students.

Whilst London continues to have the largest student population of any city in the UK (and the largest number of international students of any city in the world), there remains a shortage of purpose-built modern accommodation. This shortfall underpins the strong performance of the asset class in London, as evidenced in part by the 6% valuation uplift seen by shareholders in the period to 31 December 2014.

Chairman's statement continued

> The outlook for the market in which the Company operates is highly encouraging.

Looking forward, whilst student numbers are expected to continue to rise in London, supply is expected to remain constrained, with planning reforms and rising land values making it ever more difficult to bring new developments on-stream. The relative attraction of the asset class has seen a broad range of global investors seeking direct exposure to the market, including pension funds, private equity buyers and established and new student residential accommodation operators.

The outlook for the market in which the Company operates is highly encouraging. The Board nonetheless remains aware of the risks inherent in a market where valuations are being driven up on existing student residential developments which may be suitable for the Company's portfolio.

Against this background, the Board believes that the Company's existing investment policy may in future constrain its ability to source and secure investment in suitable opportunities offering an attractive total return profile for shareholders in the longer term and may limit the Company's ability to grow its asset base, which in its own right will broaden the shareholder base and enhance market liquidity for all shareholders.

Accordingly, the Board is considering whether it would be appropriate for the Company to consider a modification to the current investment policy to permit investment in development and forward-funded projects where such projects are income-generative, thereby securing operational new-build properties in which the Company is currently unable to invest under its existing investment policy. This would enable the Company to benefit from the availability of additional attractive projects in and around London.

Any modification to the Company's investment policy will only be made with the approval of shareholders at a general meeting of the Company. The Board will obtain legal and financial advice ahead of putting any such proposals to shareholders which, if deemed suitable, would be presented to shareholders for their approval at the AGM later this year.

Robert Peto
Chairman

25 February 2015

Company key facts

Company information	GCP Student living plc is a closed-ended investment company incorporated in England and Wales on 26 February 2013 as a public company limited by shares under the Companies Act 2006 (registered number 8420243). The principal legislation under which the Company operates is the Companies Act 2006. The Company's shares trade on the SFM.
Investment Manager and AIFM	Gravis Capital Partners LLP is the Investment Manager and AIFM to the Company. The Investment Manager was incorporated in England and Wales on 14 October 2007 under the Limited Liability Partnership Act 2000 (registered number OC332060) and is authorised and regulated by the Financial Conduct Authority (registration number 487393).
Administrator	Capita Sinclair Henderson Limited is a company incorporated in the UK on 18 September 1986 with registered number 2056193.
Company Secretary	Capita Company Secretarial Services Limited is a company incorporated in the UK on 7 December 2004 with registered number 5306796.
Stockbroker	Cenkos Securities plc.
Depositary	Langham Hall LLP.
Investment strategy	The Company operates as a student accommodation REIT. It invests in modern, mostly purpose-built student accommodation primarily in and around London.
Market capitalisation	At 31 December 2014: £127.1 million.
Net assets	At 31 December 2014: £121.5 million.
Annual management fee	The Company has entered into an investment management agreement with Gravis Capital Partners LLP. 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 NAV. Under the terms of the Scape East and Scape Greenwich Asset and Facilities Management Agreements, Scape is entitled to a fee which is calculated and paid quarterly in arrears and is equal to one-quarter of the Investment Manager's management fee attributable to those assets in the Group's portfolio for which it provides asset and facilities management services. The Investment Manager is also entitled to receive a fee of £22,500 for its services to the Company as the Company's AIFM.
ISA, SSAS and SIPP status	The Company's ordinary shares are eligible for inclusion in ISAs (subject to applicable subscription limits) provided that they have been acquired by purchase in the market, and they are permissible assets for SSAS and SIPPs.
AIFMD status	The Company is classed as an externally managed AIF under the AIFMD.
Investment policy	The Company's investment policy is detailed on pages 8 and 9.
Website	www.gcpuk.com/gcp-student-living-plc

Investment Manager's report

The market has continued its strong performance in the period with over £2 billion of investment activity in the past twelve months.

2.80p

Dividends in the period

6%

Capital appreciation

Investment objective

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.

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 units;
- 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'.

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 Group 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 Companies Act 2006. 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 are traded on the SFM.

The Investment Manager

The Company receives investment advice and management services from the Investment Manager, Gravis Capital Partners LLP. The Investment Manager was incorporated in England and Wales on 14 October 2007 under the Limited Liability Partnership Act 2000 (registered number OC332060) and is authorised and regulated by the Financial Conduct Authority (firm reference number 487393). The Investment Manager has day-to-day responsibility for the control and supervision of the asset and facilities managers of the Company's portfolio assets.

Gravis Capital Partners LLP was formed with a view to developing a specialist infrastructure advisory boutique. This business model was amended to focus specifically on fund management, principally on income-generating defensive sectors central to the UK's social and community infrastructure. The Investment Manager has advised on student accommodation and educational assets since its formation and its senior management team have combined experience of over 30 years in the sector. In the last ten years, the partners of the Investment Manager have advised on the financing, development, acquisition and management of student accommodation and educational property assets with a value in excess of £500 million.

Financial results

The Company delivered a strong set of half-yearly results with profit for the period of £11.9 million and EPS of 10.86 pence, following higher than anticipated valuation gains on the Company's property portfolio as a result of yield compression and increasing rental rates. EPRA EPS was 2.59 pence, reflecting income per share of the Group's property rental business and excludes non-recurring items such as valuation uplifts and movements in the fair value of derivatives.

The property portfolio generated rental income of £5.6 million for the period, with 3.6% average rental uplift year-on-year. The Company incurred property operating expenses of £1.2 million, increasing principally due to the impact of prior period acquisitions and additional one-off operating expenses associated with the prior period.

Administration expenses of £0.8 million include the Investment Manager's fee and other service providers' costs incurred in the period. Administration expenses have increased due to the acquisition of the Company's subsidiaries and their associated administrative costs. Total gains on investment properties in the period amounted to £9.1 million, generating operating profit for the Company of £12.6 million.

Finance costs fell to £0.7 million as a result of the Company's significantly improved financing arrangements with its lender, Barclays, and the replacement of the previous interest rate swap with a new swap with a notional value of £20.0 million, which 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 at 31 December 2014 of 24.6% (30 June 2014: 26.0%).

At 31 December 2014, there were no dilutive equity instruments in issue and, therefore, the Company's basic and diluted EPS was 10.86 pence per share.

Dividends

The Company delivered a dividend yield of 5.5% in its first year and seeks to grow the annual dividend line with RPI. The Company has paid/declared interim dividends of 2.80 pence per share for the period to 31 December 2014, increasing the dividend for the period by 2.6% on an annualised basis. The first interim dividend was paid in full as a PID in respect of the Group's tax exempt property rental business. The second interim dividend, which will be paid on 5 March 2015, consists of a PID payment of 1.12 pence per ordinary share and a non-PID payment of 0.28 pence per ordinary share.

Financial performance

Income statement

	1 July 2014 to 31 December 2014 £'000	Period from 26 February 2013 to 31 December 2013 £'000
Rental income	**5,578**	4,569
Operating expense	**(1,236)**	(590)
Net operating income	**4,342**	3,979
NOI margin	**78%**	87%
Administration expenses	**(813)**	(717)
Gains on investment properties	**9,090**	1,275
Operating profit	**12,619**	4,537
Finance costs	**(685)**	(888)
Profit for the period	**11,934**	3,649
EPS (pps)	**10.86p**	5.20p

Banking covenants

The Company's 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 period under review and was in full compliance with all loan covenants at 31 December 2014.

Cash flow generation

The Company generated £3.3 million of cash flows from operating activities in relation to its student accommodation portfolio. The Company paid finance costs of £0.6 million and dividends to shareholders of £3.0 million, resulting in a net decrease of £0.3 million in cash and cash equivalents at the period end.

Net assets

Net assets attributable to equity holders at 31 December 2014 were £121.5 million (30 June 2014: £112.9 million). Property valuation gains, together with retained profits, contributed to a 7.9% growth in EPRA NAV, an increase of 8.13 pence on the 30 June 2014 NAV.

At 31 December 2014, there were 109,910,428 shares in issue, giving an EPRA NAV per ordinary share of 110.77 pence (30 June 2014: 102.68 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 NNNAV at 31 December 2014 is 110.52 pence per ordinary share (30 June 2014: 102.64 pence per ordinary share).

Financial performance

Net assets

Assets	**31 December 2014 £'000**	30 June 2014 £'000
Property	**160,650**	151,560
Receivables	**1,691**	1,362
Cash and cash equivalents	**4,207**	4,585
Total assets	**166,548**	157,507
Liabilities		
Payables	**(3,044)**	(3,168)
Deferred income	**(2,523)**	(2,028)
Senior loan	**(39,513)**	(39,456)
Total liabilities	**(45,080)**	(44,652)
Net assets	**121,468**	112,855
Number of shares	**109,910,428**	109,910,428
EPRA NAV per share (pps)	**110.77p**	102.68p
EPRA NNNAV per share (pps)	**110.52p**	102.64p

Investment Manager's report continued

Share price performance

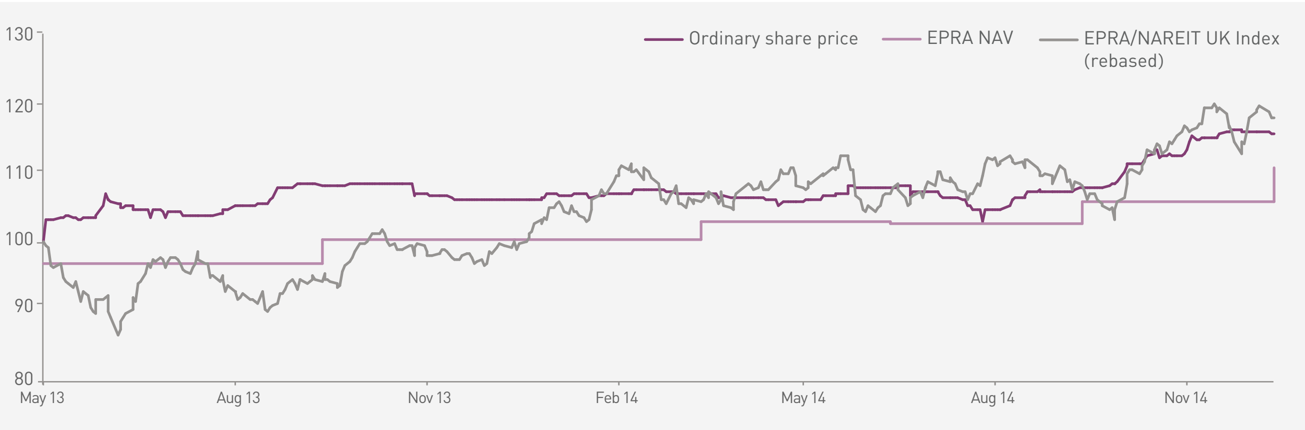
The Company's shares have continued to trade at a premium to EPRA NAV with an average premium over the period of 5.4%. The Company's share price hit an all-time high of 116.13 pence per share on 11 December 2014.

The 52-week low of 103 pence coincided with the Company going ex-dividend on its fourth interim dividend for the year ended 30 June 2014, as would be expected.

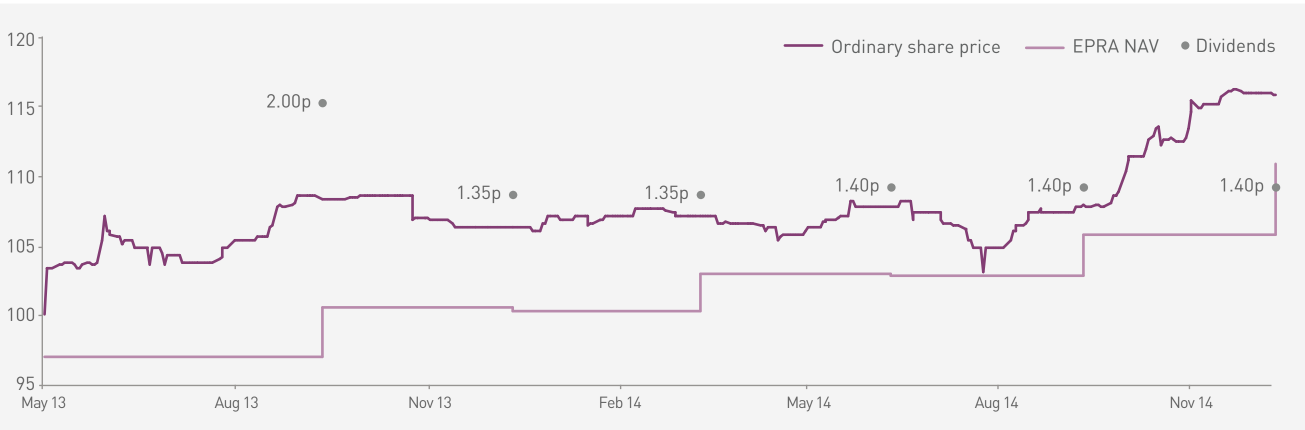
The Company produced 20% total return during the period on an annualised basis, considerably in excess of its target.

This was driven by the stated dividend declarations and payments alongside above forecast share price performance as set out in the charts below.

Share price performance (pence)



Share price performance/dividends (pence)



Investment portfolio

The Company's property portfolio consists of three residential student accommodation properties, Scape East, Scape Greenwich and The Pad. The Company acquired its seed asset, Scape East, in May 2013. The Company built on its initial acquisition by acquiring The Pad in December 2013. The Company's most recent acquisition, Scape Greenwich, was acquired in May 2014.

Scape East

450 Mile End Road, London E1 4GG

Scape East is located directly opposite QMUL in Mile End, East London. It houses 588 self-contained, high-specification studios, as well as c.20,000 square feet of teaching facilities let on a 30-year lease. The property has two onsite restaurants, common areas with a games room, TV room and quiet study areas. In addition to this, students have their own communal kitchen, cinema room and private gym all located within the building.

Location:
London

Number of rooms:
588

Scape Greenwich

Bear Point, 2 East Parkside, Greenwich SE1 0FQ

Scape Greenwich is located on the Greenwich peninsula in London, a prime 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.

Location:
London

Number of rooms:
280

The Pad

71 Egham Hill, Egham TW20 0ER

The Pad is located adjacent to the entrance to the RHUL campus. 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.

Location:
Egham

Number of rooms:
116

Investment Manager's report continued

Asset performance

In September 2014, Scape East commenced its third academic year of operation, with Scape Greenwich and The Pad now into their respective second academic years. The properties are all fully occupied for the 2014/15 academic year, all on 51-week tenancies.

The Company's property portfolio has continued to perform strongly, with a valuation of £160.7 million driving property revaluation gains of £9.1 million since 30 June 2014. The valuation uplift can be attributed to 3.6% year-on-year rental growth and yield compression of c.20 bps across the Company's portfolio.

The student mix for Scape East, Scape Greenwich and The Pad has remained fairly static compared to the 2013/14 cycle, with international students up 4% and EU and UK students both down 2%, reflecting the asset and facilities managers' continued drive to attract international student residents.

The population of international student residents has increased 2% year-on-year to 87%, with the majority coming from non-EU countries. Approximately 77% of the student population are undergraduates, with the remainder studying at postgraduate level.

There are 41 HEIs represented across the student resident population for the 2014/15 academic year. QMUL continues to supply the majority of the students at Scape East, accounting for over 75% of the total direct let population, which is broadly consistent with 2013/14 levels.

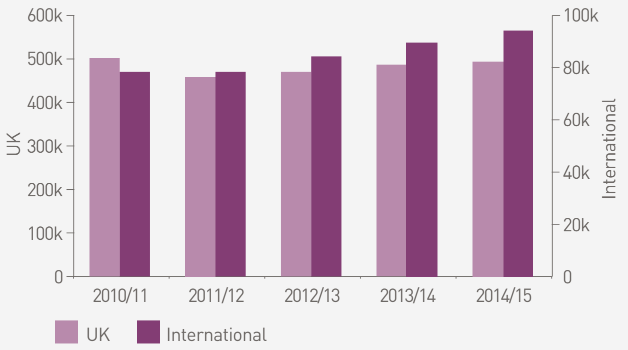
Market summary

Higher education continues to be a mainstay of the UK's economic growth and one of the country's leading service exports. The UK has the second largest market share of international students after the US, with 13% of all international students studying outside of their country of origin. Students' decisions to study in the UK are primarily driven by the combination of English language education, comparatively cheaper course costs and the high quality of education on offer, with ten universities in the top 100 universities in the world.

The 2014/15 academic year was the strongest on record in the UK, with 512,400 applicants placed in higher education through UCAS, the first time the service has placed over half a million people. The year-on-year increase was a total of 16,800 more students placed in 2014 than in 2013, an increase of 3.4%.

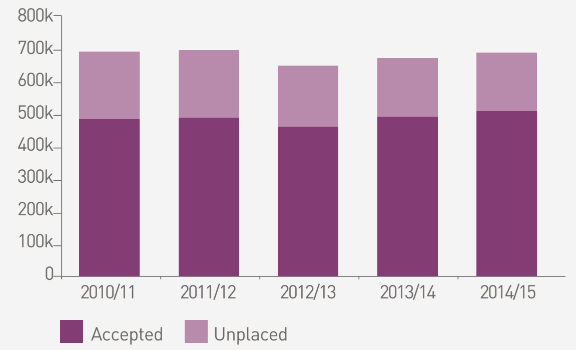
Students have begun the process of applying for the 2015/16 academic year. This is the first year that the UK government has removed the cap on the number of places that can be offered by an HEI to UK students. The first set of application data for the January 2015 deadline produced by UCAS showed a 2% year-on-year increase, with the strongest growth coming from international students, where applications were more than 5% up on the previous year. London saw the largest increase in demand, with 44% of 18-year olds now applying.

Student application rate



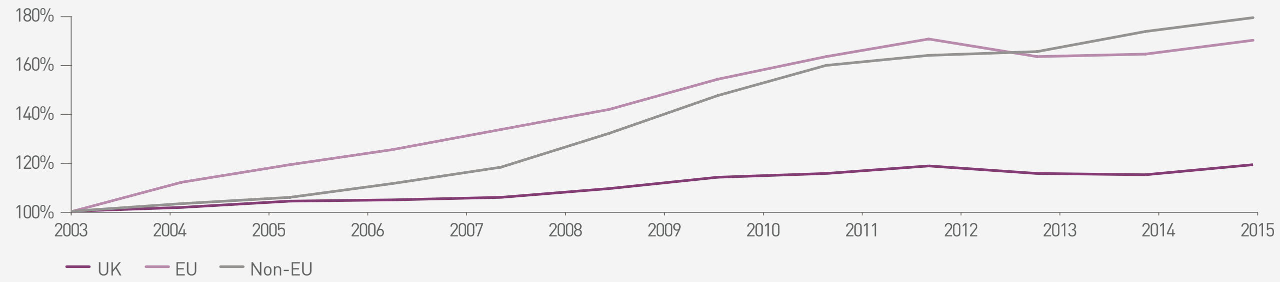
Source: UCAS

Student acceptance rate



Source: UCAS

% growth in full time student numbers



Note: 2014/15 full time figures based on reported UCAS application rate increase of 3.4%. Source: Higher Education Statistics Agency

Investment Manager's report continued

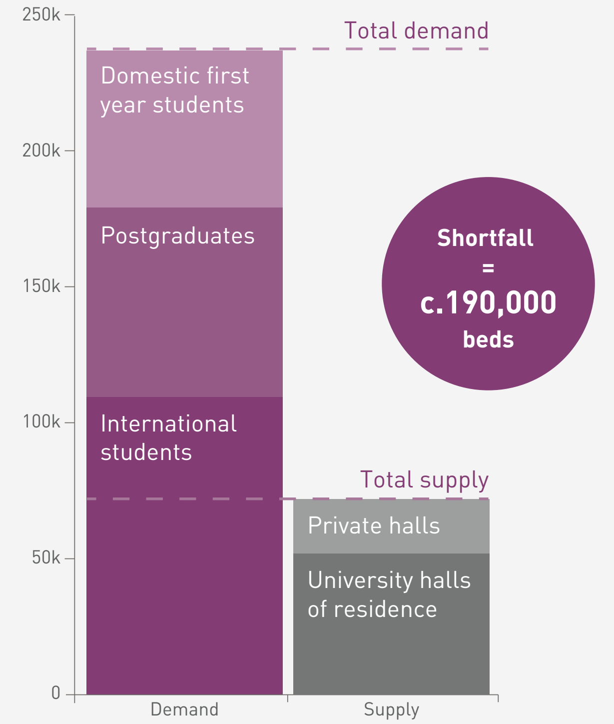
Student accommodation

The market has continued its strong performance in the period with over £2 billion of investment activity in the past twelve months. What was once a niche alternative property asset class is now very much a mainstream investment opportunity with a broad spectrum of institutional and private investors in the sector.

There continues to be a shortfall of supply and an excess of demand for purpose-built student accommodation in the majority of UK cities. The combination of this market disequilibrium and an increasing number of investors has had the effect of reducing yields in the sector over the period, much in line with the wider property market.

The supply/demand imbalance continues to be at its most acute in London, where there remains a c.190,000 bed shortfall. The Investment Manager is of the opinion that this shortfall will continue to persist over the coming years due to the restrictive planning regime and strong alternate use values of land, primarily driven by the residential sector. The pipeline for London over the following two years is well below the forecast increase in student numbers and is therefore likely to lead to further rental increases.

Student accommodation supply and demand in London 2014



Source: Knight Frank LLP, Higher Education Statistics Agency

Interim management report and Directors' responsibility statement

Interim management report

The important events that have occurred during the period under review, the key factors influencing the consolidated financial statements and the principal factors that could impact the remaining six months of the financial year are set out in the Chairman's statement and the Investment Manager's report on pages 4 to 16.

The Directors consider that the principal risks facing the Company are substantially unchanged since the date of the annual report for the period ended 30 June 2014 and continue to be as set out in that report.

Risks faced by the Group include, but are not limited to, investment and strategy, general property and investment market conditions, property valuation, portfolio performance, dividends, borrowings, taxation, compliance with laws and regulations, market risk, interest rate risk, credit risk and liquidity risk.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- the half-yearly report and consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the IASB;
- the half-yearly report and consolidated financial statements give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the half-yearly report and consolidated financial statements include a fair review of the information required by:
  - (a) 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

The half-yearly report and consolidated financial statements were approved by the Board of Directors on 25 February 2015 and the above responsibility statement was signed on its behalf by Robert Peto, Chairman.

Consolidated income statement

For the six months ended 31 December 2014

Continuing operations	Notes	**1 July 2014 to 31 December 2014 £'000**	26 February 2013 to 31 December 2013 £'000
Revenue		**5,578**	4,569
Property operating expenses		**(1,236)**	(590)
Gross profit		**4,342**	3,979
Administration expenses		**(813)**	(717)
Operating profit before gains on investment properties		**3,529**	3,262
Fair value gains on investment properties		**9,090**	1,275
Operating profit		**12,619**	4,537
Finance income		**5**	3
Finance expenses		**(690)**	(891)
Profit before tax		**11,934**	3,649
Tax charge on residual income		**—**	—
Profit for the period		**11,934**	3,649
EPS (basic and diluted) (pps)	6	**10.86**	5.20

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the six months ended 31 December 2014

	1 July 2014 to 31 December 2014 £'000	26 February 2013 to 31 December 2013 £'000
Profit for the period	**11,934**	3,649
Other comprehensive income to be reclassified to profit and loss in subsequent periods		
Net gains on cash flow hedges	**(331)**	(868)
Total comprehensive income for the period	**11,603**	2,781

The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December 2014

Assets	Notes	31 December 2014 £'000	30 June 2014 £'000
Non-current assets			
Investment property	3	**160,650**	151,560
Retention account		**957**	956
		161,607	152,516
Current assets			
Cash and cash equivalents		**3,250**	3,629
Trade and other receivables		**1,691**	1,315
Derivative financial instruments		**—**	47
		4,941	4,991
Total assets		**166,548**	157,507
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	8	**(39,513)**	(39,456)
Derivative financial instruments		**(284)**	—
Retention account		**(957)**	(956)
		(40,754)	(40,412)
Current liabilities			
Trade and other payables		**(1,803)**	(2,212)
Deferred income		**(2,523)**	(2,028)
		(4,326)	(4,240)
Total liabilities		**(45,080)**	(44,652)
Net assets		**121,468**	112,855
Equity			
Share capital		**1,099**	1,099
Share premium		**40,025**	39,937
Hedging reserve		**(284)**	47
Retained earnings		**80,628**	71,772
Total equity		**121,468**	112,855
Number of shares in issue		**109,910,428**	109,910,428
EPRA NNNAV per share (pps)	7	**110.52**	102.68
EPRA NAV per share (pps)	7	**110.77**	102.64

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

For the six months ended 31 December 2014

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2014	**1,099**	**39,937**	**47**	**71,772**	**112,855**
Profit for the period	—	—	—	11,934	11,934
Other comprehensive income that may be reclassified subsequently to profit and loss					
Net gains on cash flow hedges	—	—	(331)	—	(331)
Total comprehensive income	**1,099**	**39,937**	**(284)**	**83,706**	**124,458**
Share issue cost adjustments	—	88	—	—	88
Dividends	—	—	—	(3,078)	(3,078)
Balance at 31 December 2014	**1,099**	**40,025**	**(284)**	**80,628**	**121,468**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

For the period 26 February 2013 to 31 December 2013

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Profit for the period	—	—	—	3,649	3,649
Other comprehensive income that may be reclassified subsequently to profit and loss					
Net gains on cash flow hedges	—	—	(868)	—	(868)
Total comprehensive income	**—**	**—**	**(868)**	**3,649**	**2,781**
Ordinary shares issued	701	69,399	—	—	70,100
Share issue costs	—	(2,041)	—	—	(2,041)
Share premium cancelled on 31 July 2013	—	(67,358)	—	67,358	—
Dividends	—	—	—	(1,402)	(1,402)
Balance at 31 December 2013	**701**	**—**	**(868)**	**69,605**	**69,438**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows

For the six months ended 31 December 2014

	1 July 2014 to 31 December 2014 £'000	26 February 2013 to 31 December 2013 £'000
Cash flows from operating activities		
Operating profit	**12,618**	4,538
Adjustments to reconcile profit for the period to net cash flows:		
Gain from change in fair value of investment properties	**(9,090)**	(1,490)
Decrease/(increase) in other receivables and prepayments	**184**	(718)
(Decrease)/increase in other payables and accrued expenses	**(376)**	2,362
Net cash flow generated from operating activities	**3,336**	4,692
Cash flows from investing activities		
Acquisition of investment properties	**—**	(35,221)
Acquisition of subsidiaries, net of cash acquired	**—**	(13,030)
Net cash used in investing activities	**—**	(48,251)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	**—**	70,100
Share issue costs	**(47)**	(2,041)
Received from subsidiary companies	**—**	13,500
Part repayment of initial loan	**—**	(32,645)
Finance income	**6**	—
Finance expenses	**(638)**	(600)
Dividends paid in the period	**(3,036)**	(1,215)
Net cash flow (used in)/generated from financing activities	**(3,715)**	47,099
Net (decrease)/increase in cash and cash equivalents	**(379)**	3,540
Cash and cash equivalents at start of the period	**3,629**	—
Cash and cash equivalents at end of the period	**3,250**	3,540

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

For the half year ended 31 December 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 Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company's shares trade on the SFM.

2. Basis of preparation

These consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all financial information required for full annual financial statements and have been prepared using the accounting policies adopted in the audited financial statements for the period ended 30 June 2014. Those financial statements were prepared in accordance with IFRS issued by the IASB as adopted by the European Union.

These consolidated 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.

The consolidated interim financial information includes the financial statements of the Company and its wholly-owned subsidiaries for the six months ended 31 December 2014.

2.1 Significant accounting policies

With the exception of newly adopted standards, accounting policies are consistent with those of the annual report for the period ended 30 June 2014. Since that date, the following standards have been adopted:

- 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); and
- IFRS 12 Disclosure of Interests in Other Entities – amendments for investment entities (effective for annual periods beginning on or after 1 January 2014).

2.2 Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment in and provision of student accommodation in the UK.

2.3 Significant accounting judgements and estimates

The preparation of these audited 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 consolidated 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 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.

3. UK investment property

	31 December 2014 £'000	30 June 2014 £'000
Valuation at the start of the period	**151,560**	—
Acquisitions arising from business combinations	**—**	53,550
Acquisition of property	**—**	93,000
Fair value gains on revaluation of investment property	**9,090**	5,010
Valuation at the end of the period	**160,650**	151,560

4. 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 1 July 2014 to 31 December 2014 (period: 26 February 2013 to 30 June 2014: nil).

5. Dividends

	Pence per share	**31 December 2014 £'000**	Pence per share	31 December 2013 £'000
First interim dividend paid	**1.40**	**1,539**	2.00*	1,403
Second interim dividend declared	**1.40**	**1,539**	1.35	946
Total	**2.80**	**3,078**	3.35	2,349

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 2013 first interim dividend paid included the period since admission of the Company's shares to trading on the SFM on 20 May 2013.

Notes to the consolidated financial statements continued

For the half year ended 31 December 2014

6. Earnings per share

Basic (and diluted) 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 EPS are identical.

	31 December 2014	31 December 2013
EPS	**10.86p**	5.20p
Profit	**£11,934,000**	£3,649,000
Weighted average number of shares	**109,910,428**	70,100,001
EPRA EPS	**2.59p**	3.39p
Profit	**£2,844,000**	£2,374,000
Weighted average number of shares	**109,910,428**	70,100,001

The EPRA EPS may be calculated as:

	31 December 2014 £'000	31 December 2013 £'000
Group earnings for basic EPS	**11,934**	3,649
Fair value gains on investment properties	**(9,090)**	(1,275)
Fair value movement on financial derivatives	**—**	—
Group earnings for EPRA EPS	**2,844**	2,374

7. Net asset value per share

Basic NAV per share amounts are calculated by dividing net assets attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of 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:

	31 December 2014 £'000	31 December 2013 £'000
Net assets attributable to ordinary shareholders (for calculation of EPRA NNNAV)	**121,468**	112,855
Financial derivative	**284**	(47)
Adjusted net assets for calculation of EPRA NAV	**121,752**	112,808
Number of shares in issue	**109,910,428**	109,910,428
EPRA NNNAV (pps)	**110.52**	102.68
EPRA NAV (pps)	**110.77**	102.64

8. Interest bearing loans and borrowings

	31 December 2014 £'000	31 December 2013 £'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)
Further loan drawn down following acquisition of Ternion (Danehurst) Limited on 2 December 2013	**13,500**	13,500
Further loan drawn down following acquisition of Leopard Guernsey Greenwich JV Limited on 29 May 2014	**1,366**	1,366
Total loans drawn down	**40,000**	40,000
Loan arrangement fees	**(655)**	(655)
Loan arrangement fees amortised to date	**168**	111
	39,513	39,456

During the period, 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 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 31 December 2014, the interest rate on the loans of £25.1 million and £13.5 million was 2.558% (30 June 2014: 3.027%), with the interest rate on the loan of £1.4 million being 2.558% (30 June 2014: 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 covenant includes loan-to-value and interest cover ratios 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 the debt facility covenant at 31 December 2014.

9. Financial derivatives and hedging

	Hedged amount £'000	Pay fixed rate	Receive 3M LIBOR	Maturity	Valuation £'000
Interest rate swap at fair value at 31 December 2014	20,000	1.441%	0.5578%	02/05/2017	(284)
Interest rate swap at fair value at 30 June 2014	20,000	1.441%	0.4994%	02/05/2017	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 1.441% 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 a liability of £284,000 (30 June 2014: asset of £47,000).

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

Notes to the consolidated financial statements continued

For the half year ended 31 December 2014

10. 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 rate 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 NAV.

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

	31 December 2014			
Assets and liabilities measured at fair value	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investment properties	**—**	**—**	**160,650**	**160,650**
Financial derivatives	**—**	**(284)**	**—**	**(284)**
Total	**—**	**(284)**	**160,650**	**160,366**

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

Reconciliation of movements in Level 3 hierarchy:

Investment properties	**31 December 2014 £'000**	30 June 2014 £'000
Valuation at the start of the period	**151,560**	—
Acquisitions arising from business combinations	**—**	53,550
Acquisition of property	**—**	93,000
Fair value gains on revaluation of investment property	**9,090**	5,010
Valuation at the end of the period	**160,650**	151,560

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 per annum) and rental growth per annum 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 per annum) is accompanied by:

- a similar change in the rent growth per annum 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.

Notes to the consolidated financial statements continued

For the half year ended 31 December 2014

10. Fair value continued

Class	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Student property	£160,650	Income capitalisation	Market rent – 2014/15	£180-£340 per week
			Rental growth	2.5%-3%
			Tenancy period	51 weeks
			Sundry income	£100 per bed per annum
			Facilities management cost	£1,800-£1,950 per bed per annum
			Initial yield	5.76%-6% blended (5.25%-7.5%)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £9,090,000 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.

11. 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.

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 deposit account, cash and cash equivalents and the financial derivatives are held with Barclays 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.

12. 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.

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 1 July 2014 to 31 December 2014 totalled £47,000 (period 26 February 2013 to 31 December 2013: £38,000) and the balance outstanding at 31 December 2014 was £12,000 (2013: £7,000).

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 Board of Directors.

For its services to the Company, the Investment Manager receives an annual fee at the rate of 1% of the NAV of the Company (or such lesser amount as may be demanded by the Investment Manager at its own absolute discretion). During the period from 1 July 2014 to 31 December 2014, the Group incurred £603,000 (period 26 February 2013 to 31 December 2013: £437,000) in respect of investment management fees and expenses and the balance outstanding at 31 December 2014 was £307,000 (2013: £175,000).

13. Financial information

The financial information contained within this half-yearly report does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the periods ended 31 December 2014 and 31 December 2013 have not been audited or reviewed by the Company's Auditor. The latest published audited financial statements for the period ended 30 June 2014 have been delivered to the Registrar of Companies; the report of the independent Auditor thereon was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The financial information for the period ended 30 June 2014 is an extract from those financial statements.

Glossary of key terms

AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFMD	Alternative Investment Fund Managers' Directive
BARCLAYS	Barclays Bank PLC
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
EPRA	European Public Real Estate Association
EPRA EPS	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	EPRA net asset value – includes all property at market value but excludes the mark to market of interest rate swaps
EPRA NNNAV	As EPRA NAV but includes both debt and interest rate swaps carried at market value
EPS	Earnings per share
ERV	Estimated Rental Value
GROUP	GCP Student Living plc and its wholly-owned subsidiaries
HEI	Higher Education Institution
HMRC	HM Revenue & Customs
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
NAV	Net asset value
NOI MARGIN	Net operating margin expressed as a percentage and calculated as operating profit less property operating costs
NON-PID	Ordinary UK dividend
PID	Property income distribution
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
TOTAL SHAREHOLDER RETURN	Share price growth with dividend deemed to be reinvested on the dividend date
UCAS	Universities and Colleges Admissions Service

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www.capitaassetservices.com

Frequency of NAV publication
The Company's NAV is released to the London Stock Exchange 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, investor reports and further information on the Company can be obtained from the Company's website.

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

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