GCP Student Living plc

Half Yearly Report and Unaudited Condensed Consolidated Financial Statements

For the period 26 February 2013 to 31 December 2013

GCP STUDENT LIVING PLC

HALF YEARLY REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 26 FEBRUARY 2013 TO 31 DECEMBER 2013

GCP Student Living plc, (the "Group" or the "Company"), the only student accommodation real estate investment trust ("REIT") in the UK, today announces its half year results for the financial period since incorporation on 26 February 2013 to 31 December 2013.

Financial Highlights

- Successful initial public offering ("IPO") of the Company raised £70.1 million through the placing and offer for subscription of ordinary shares.
- Shares of the Company admitted to the Specialist Fund Market of the London Stock Exchange ("SFM") and the Channel Islands Stock Exchange ("CISX") on 20 May 2013.
- Dividend payments in line with target. A distribution of 2.00 pence per share was paid for the period from IPO on 20 May 2013 to 30 September 2013, and a second interim distribution of 1.35 pence per share was declared on 29 January 2014 for the three months to 31 December 2013.
- Third party valuation of investments as at 31 December 2013 of £107.5 million.
- Increase in economic net asset value* ("economic NAV") per share from 97.00 pence on listing to 100.29 pence as at 31 December 2013, representing a 3.40% increase on opening economic NAV.

Operational Highlights

- Year-on-year rental growth of the seed asset of 3.30%.
- Full occupancy of the portfolio for the 2013/14 academic year.
- Second property acquisition of The Pad, Royal Holloway University of London (£13 million) made in December 2013 ahead of target.
- Forward Purchase Agreement for Phase 2 of The Pad signed in December 2013 for the acquisition of 100 studio bedrooms targeted for Q4 2015.

Robert Peto, Chairman, commented:

"The IPO of the Company was an outstanding success with new investors subscribing for more shares than were available. The Company has performed strongly since launch, with full occupancy having been achieved for both properties along with year-on-year rental growth above 3%. Going forward, the Company is well positioned to achieve its growth and earnings targets due to an ongoing supply/demand imbalance of high quality purpose built accommodation in its core markets."

For more information:

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* Economic NAV excludes the fair value mark-to-market valuation of the Company's financial derivative instrument used to manage adverse effects of interest rate movements on the Company's debt facility.

CHAIRMAN'S INTERIM STATEMENT

Overview

The initial public offering was oversubscribed in May 2013, with £70.1 million raised. The total funds raised were used to acquire the seed asset, Scape East, a recently completed, high specification student accommodation scheme located directly opposite Queen Mary University of London. The property houses 588 studio bedrooms and c.30,000 sq ft of teaching facilities, retail space and communal facilities.

In September 2013, Scape East commenced its second academic year with full occupancy for the 2013/14 academic year. The average rental period for each contract was 51 weeks with year-on-year rental growth of 3.3%, leading to an increase in asset valuation of c.1.5%. The Company built on its initial acquisition by acquiring a newly built 116 bed scheme, The Pad, adjacent to Royal Holloway University of London, in December 2013. The property is fully occupied for 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 100 studio bedrooms targeted for Q4 2015.

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 2014/15 academic year at December 2013 were at the same level as the same period last year. However, the number of non-EU student applications has risen by 5%, indicating an increase in potential demand for the Company's stock of accommodation.

Financial Results

- On an International Financial Reporting Standards ("IFRS") basis, operating profit for the Group's first financial period from 26 February 2013 to 31 December 2013 of £4.5 million with total comprehensive income of £2.8 million.
- Earnings per share (basic and diluted) on an IFRS basis of 5.20 pence per share.
- Gains on investment properties of £1.3 million due to revaluation of Scape East as at 31 December 2013, primarily due to an increase in rents during the period.
- Dividends in respect of the financial period ending 31 December 2013 of £2.3 million, including a second interim dividend due to be paid to shareholders on 5 March 2014.

The tables below summarise the Group's performance for the period from 26 February 2013 to 31 December 2013:

Income Statement	**31 December 2013 £'000**
Rental income	4,611
Operating expense	(590)
Administration expenses	(759)
Gains on investment properties	1,275
Operating profit	4,537
Finance costs	(888)
Fair value movement on financial derivatives	(868)
Total comprehensive income	**2,781**
Dividend for the period (including second interim dividend not yet paid)	2,346

CHAIRMAN'S INTERIM STATEMENT *(continued)*
Financial Results *(continued)*

- On an IFRS basis, the Group holds investment property with a valuation of £107.5 million and cash and cash equivalents of £4.0 million.
- Since IPO the economic NAV of the Group has increased from 97.00 pence per share to 100.29 pence, representing a 3.40% increase on opening economic NAV.

The table below summarises the Group’s net asset value as at 31 December 2013:

Net asset value	**31 December 2013 £’000**
Assets	
Property	107,520
Receivables	718
Cash and cash equivalents	3,969
Total assets	**112,207**
Liabilities	
Payables	(2,229)
Deferred income	(1,906)
Senior loan	(38,634)
Total liabilities	**(42,769)**
Net assets	**69,438**
Number of shares	**70,100,001**
Economic NAV per share	**100.29p**

Dividends
The Company paid a first interim dividend for the period since incorporation on 26 February 2013 to 30 September 2013 of 2.00 pence per share. A second interim dividend for the 3 months ended 31 December 2013 of 1.35 pence was declared on 29 January 2014. Both dividends were property income distributions (“PIDs”) in respect of the Group's tax exempt property rental business.

Property Portfolio
The valuation of the property portfolio as at 31 December 2013 was £107.5 million as compared with a valuation of £93.0 million on IPO. The £14.5 million valuation increase is made up of the £13 million acquisition of The Pad in addition to a £1.5 million increase in the value of Scape East over the period.

The valuation of the portfolio increased by 1.6% over the 7 month 10 day period from the IPO on 20 May 2013 to 31 December 2013, driven by increasing rental rates, yields remained stable at an average 6.39%.

CHAIRMAN'S INTERIM STATEMENT *(continued)*
Property Portfolio *(continued)*

Property Portfolio Summary at 31 December 2013:

	Beds	Commercial area (sq ft)	Net yield	Value (£ million)
Scape East	588	22,208	6.41%	94.5
The Pad	116	0	6.25%	13.0
Total under management	704	22,208	6.39%	107.5

Financing and Hedging
At 31 December 2013, total bank borrowings were £38.6 million, producing a debt to property value of 35.9%. The Company has an interest rate swap with a notional value of £25.1 million at a rate of 2.745%, bringing the weighted average cost of debt to 4.461% at 31 December 2013.

Both the senior debt facility and the interest rate swap mature in July 2015. The Company continues to have significant headroom on its loan-to-value and interest cover covenants.

Outlook
The Company has performed strongly since IPO and is well positioned to achieve its target income and return profiles with strong occupancy and rental growth forecasted.

The demand/supply 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 Company has access to a pipeline of future Scape developments in addition to a forward purchase agreement over a further 100 beds at The Pad. The Investment Manager continues to review and source additional opportunities within the investment policy and expects the number of assets under management to increase over the course of the next 12 months.

Robert Peto
Chairman
12 February 2014

INVESTMENT OBJECTIVE

The Company's investment 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.

INVESTMENT POLICY

The Company meets its investment objective through owning, leasing and licensing student residential accommodation and teaching facilities to a diversified portfolio of direct let tenants and Higher Education Institutions ("HEIs"). The Company invests 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 predominantly derives 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 two and 30 years in duration).

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

The Company can 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.

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'.

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.

Investment restrictions

The Company invests and manages its assets with the 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;

INVESTMENT POLICY *(continued)*

Investment restrictions *(continued)*

- 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.

The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as 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.

The Company was incorporated on 26 February 2013. The ordinary shares were admitted to trading on the SFM and the CISX on 20 May 2013.

The important events that have occurred during the period under review, the key factors influencing the consolidated financial statements and the principal risks and uncertainties for the remaining six months of the financial period are set out in the above Chairman's Interim Statement and below.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks and the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 13 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 will focus 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 two assets which meet the investment strategy. The Investment Manager and Asset Manager have significant experience in the sector which should provide the Company with access to assets 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 state of 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 independent third-party 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 United Kingdom 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.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

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

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 on 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 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 such facilities will be able to be secured. Lack of access to debt or the utilisation of debt on more expensive terms than anticipated may adversely affect the Company's investment returns.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Borrowings *(continued)*

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 prospectus 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 price at which UK land can be 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 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 the 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 CISX and listed on the Official List of the CISX. The Company must comply with the listing rules of the CISX, the London Stock Exchange Admission and Disclosure Standards and the Disclosure and Transparency Rules. Any failure in future to comply with any future changes to such rules and regulations may result in the shares being suspended from listing on the CISX and/or trading on the SFM.

The Alternative Investment Fund Managers' Directive is now in force and it is likely that there will be an increase, potentially a material increase, in the Company's governance, administration and custodian expenses as a result of its implementation.

The Board has appointed Lawrence Graham as legal counsel, and Capita as Company Secretary and Administrator to ensure compliance with all laws and regulations.

DIRECTORS' STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Directors confirm that to the best of their knowledge:

- the Half Yearly Report and Unaudited Condensed set of Consolidated Financial Statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board, except for the requirement to include prior period comparatives as this is the Company's first financial period since incorporation.

- the Half Yearly Report and Unaudited Condensed Consolidated Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company; and

- the Half Yearly Report and Unaudited Condensed Consolidated Financial Statements includes 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 ten months of the financial year and their impact on the Unaudited Condensed set of 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 ten 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 that could do so.

The Half Yearly Report and Unaudited Condensed Consolidated Financial Statements were approved by the Board of Directors on 12 February 2014 and the above responsibility statement was signed on its behalf by Robert Peto, Chairman, on the same date.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the period 26 February to 31 December 2013

	Note	31 December 2013 £'000 Unaudited
Continuing operations		
Revenue		4,569
Property operating expenses		(590)
Gross profit		**3,979**
Other operating income		42
Administration expenses		(759)
Operating profit before gains on investment properties		**3,262**
Fair value gains on investment properties	3	1,275
Operating profit		**4,537**
Finance income		3
Finance costs		(891)
Profit before tax		3,649
Tax charge	4	-
Profit for the period		**3,649**
Earnings per share (basic and diluted) (pps)		**5.20**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period 26 February to 31 December 2013

		31 December 2013 £'000 Unaudited
Profit for the period		**3,649**
Other comprehensive income		
Fair value movement in financial derivatives	9	(868)
Total comprehensive income for the period		**2,781**

The accompanying notes on pages 16 to 25 form an integral part of these Unaudited Condensed Consolidated Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Note	31 December 2013 £'000 Unaudited
Assets		
Non-current assets		
Investment property	3	107,520
Deposit account		429
		107,949
Current assets		
Cash and cash equivalents		3,540
Trade and other receivables		718
		4,258
Total assets		**112,207**
Liabilities		
Non-current liabilities		
Interest bearing loans and borrowings	8	(38,634)
Deposit account		(429)
		(39,063)
Current liabilities		
Trade and other payables		(932)
Deferred income	2	(1,906)
Derivative financial instruments	9	(868)
		(3,706)
Total liabilities		(42,769)
Net assets		**69,438**
Equity		
Share capital	10	701
Hedging reserve	9	(868)
Retained earnings		69,605
Total equity		**69,438**
Number of shares in issue		70,100,001
NAV per share including CPR* (pps)		99.06
Economic NAV per share (pps)		100.29

* Current period revenue

The accompanying notes on pages 16 to 25 form an integral part of these Unaudited Condensed Consolidated Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period 26 February 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					
Fair value movement on financial derivative	-	-	(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 on pages 16 to 25 form an integral part of these Unaudited Condensed Consolidated Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period 26 February to 31 December 2013

	31 December 2013 £'000 Unaudited
Cash flows from operating activities	
Operating profit	4,538
Adjustments to reconcile profit for the period to net cash flows:	
Gain from change in fair value of investment properties	(1,490)
Increase in other receivables and prepayments	(718)
Increase in other payables and accrued expenses	2,362
Net cash flow generated from operating activities	**4,692**
Cash flows from investing activities	
Payments on investment properties	(35,221)
Acquisition of subsidiary	(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	(2,041)
Loan received for acquisition of subsidiary	13,500
Part repayment of initial loan	(32,645)
Net financing costs	(600)
Dividends paid in the period	(1,215)
Net cash flow generated from financing activities	**47,099**
Increase in cash and cash equivalents	**3,540**
Cash and cash equivalents at start of period	-
Cash and cash equivalents at end of the period	**3,540**

The accompanying notes on pages 16 to 25 form an integral part of these Unaudited Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013

1. General information

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

The financial information contained in the Half Yearly Report and Unaudited Condensed Consolidated Financial Statements does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The financial statements for the period 26 February 2013 to 31 December 2013 have not been audited or reviewed by the Company's Auditor. As this is the Company's first accounting period, annual statutory financial statements have not yet been filed with the Registrar of Companies. 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 Unaudited Condensed Consolidated Financial Statements are prepared in accordance with IFRS and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and IAS 34 'Interim Financial Reporting' issued by the IASB, except for the requirement to include prior period comparatives as this is the Company's first financial period since incorporation.

The Unaudited Condensed Consolidated Financial Statements have been prepared under the historical cost convention, except for investment property and derivative financial instruments that have been measured at fair value. The Unaudited Condensed Consolidated Financial Statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

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 significantly impact the financial statements.

> IAS 27 Separate Financial Statements (as amended in 2011) – previously IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2013).
>
> IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) – previously IAS 28 Investments in Associates (effective for annual periods beginning on or after 1 July 2013).
>
> 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 (effective for annual periods beginning on or after 1 January 2014).
>
> IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014).
>
> IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

2.2 Significant accounting judgements and estimates

The preparation of these Unaudited Condensed Consolidated 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.

Valuation of property

The valuations of the Company's investment property will be at fair value as determined by the independent valuer on the basis of market value in accordance with the internationally accepted Royal Institution of Chartered Surveyors ("RICS") RICS Valuation – Professional Standards (incorporating the International Valuation Standards).

Going concern

The Directors have made an assessment of the Company'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 Unaudited Condensed Consolidated 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 Unaudited Condensed Consolidated Financial Statements are set out below.

a) 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 or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are capitalised and added to the cost of acquisition in the Unaudited Condensed Consolidated Statement of Financial Position.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

b) Functional and presentation currency

The overall objective of the Company is to generate returns in Sterling and the Company'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 presentation currency.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

c) 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 Unaudited Condensed Consolidated Income Statement in the period in which they arise.

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.

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 in the previous full period financial statements.

d) Cash and cash equivalents

Cash and cash equivalents in the Unaudited Condensed Consolidated Statement of Financial Position comprise cash at bank and short-term deposits with an original maturity of three months or less.

e) 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 Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

f) Trade and other other payables

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

g) 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 capital account of the Unaudited Condensed Consolidated Statement of Comprehensive Income when they arise).

ii) Interest income

Interest income is recognised as it is received and shown within the Unaudited Condensed Consolidated Income Statement as finance income.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

g) Revenue recognition *(continued)*

iii) Deferred income

Deferred income is rental income received in advance during the accounting period. The income is deferred and treated as a prepayment and is unwound to revenue on a straight line basis over the lease term. Any residual balance is shown in the Unaudited Condensed Consolidated Income Statement and shown as finance costs.

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 Facilities Manager and reimbursed to the Company via the Company's nominations agreement. Residual balances are shown in the Unaudited Condensed Consolidated Income Statement as miscellaneous income.

v) Operating segments

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

h) 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.

i) Taxes

Corporation tax is recognised in the Unaudited Condensed Consolidated 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.

j) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost including directly attributable transaction costs. All loans and borrowings are subsequently measured at amortised cost with interest borne charged to the Unaudited Condensed Consolidated Income Statement and shown within finance costs.

k) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

l) Derivatives and hedging

The Company 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 Company formally designates and documents the hedge relationship to which the Company 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 Company 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 cash flow 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 equity, while any ineffective portion is recognised immediately in profit or loss. Amounts taken to equity 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 equity 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 equity remain in equity until the forecast transaction or firm commitment occurs.

3. UK investment property

	31 December 2013 £'000
At incorporation	-
Purchases in period	106,245
Fair value gains on revaluation of property	1,275
Total	**107,520**

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 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 31 December 2013.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

5. Dividends	**Pence per share**	**31 December 2013 £'000**
For the year ending 30 June 2014		
First interim dividend paid on 5 December 2013	**2.00**	1,402
Total		**1,402**

As a REIT, the Company is required to pay Property Income Distributions ("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 £1.4 million cash dividend paid for the period from 26 February 2013 to 30 September 2013 was attributable to PIDs.

6. Earnings per share

Basic (and diluted) earnings per share 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.

	Profit £'000	**Weighted average number of shares**	**31 December 2013 Pence per share**
Earnings per share (basic and diluted)	**3,649**	**70,100,001**	**5.2**

Weighted average number of shares	**Shares in issue**	**Days**	**Weighted**
Issued on admission to trading on the SFM on 20 May 2013	70,100,001	226	70,100,001

7. Business combinations

The Unaudited Condensed Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries, GCP Scape East Limited and Ternion Danehurst Limited, for the period from 26 February 2013 to 31 December 2013.

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 31 December 2013, the Company owns 100% of all issued share capital of both subsidiaries.

On 2 December 2013, the Group obtained control of Ternion Danehurst Limited, by acquiring 100% of its issued share capital. The principal activity of Ternion Danehurst is the provision of student accommodation in line with the Group's investment strategy. Ternion Danehurst Limited was 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

The fair value of identifiable assets and liabilities of Ternion Danehurst Limited upon acquisition at 2 December 2013 were:

	31 December 2013 £'000
Financial assets	
Investment property	13,030
Financial liabilities	
Deferred rental income	(650)
Retention account	(82)
Corporation tax provision	(125)
	(857)
Total identifiable net assets at fair value	12,173
Purchase consideration transferred	12,173
Analysis of cash flows on acquisition:	
Cash consideration	12,173
Less: cash and cash equivalents acquired	-
	12,173

Ternion Danehurst Limited contributed £103,000 to revenue and £87,000 to the Group's profit for the period between the date of acquisition and the Statement of Financial Position date.

Acquisition-related costs capitalised in relation to the purchase of Ternion Danehurst amounted to £215,000.

8. Interest bearing loans and borrowings

During the period from 26 February 2013 to 31 December 2013, a loan was drawn down under the Group's existing debt facility to the sum of £38.6 million. The initial loan of £25.1 million was transferred to the Company following the acquisition of Scape East on 20 May 2013 with a further £13.5 million drawn down on 2 December 2013. The facility is due to be fully repaid on 22 July 2015.

9. Financial derivatives

	Hedged amount £'000	Pay fixed rate	Receive 3M LIBOR	Maturity	31 December 2013 Total £'000
Interest rate swap at fair value	25,133	2.745%	0.51719%	22/07/2015	(868)
Fair value movement on financial derivatives					**(868)**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

10. Share capital

	31 December 2013 £'000
Issued and fully paid:	
70,100,001 ordinary shares of £0.01 each	**701**

The share capital comprises one class of ordinary share. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

11. Share premium

	31 December 2013 £'000
Issued on admission to trading on the SFM and the CISX on 20 May 2013	69,399
Share issue costs	(2,041)
Share premium cancelled on 31 July 2013	(67,358)
Balance at 31 December 2013	**-**

12. Fair value

The fair values of the financial assets and liabilities are included as an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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 and yield curve over the remaining term of the instrument.

Valuation of investment property is performed by Knight Frank LLP, an accredited independent valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued.

The valuation of the Company's investment property at fair value is determined by the independent valuer on the basis of market value in accordance with the internationally accepted Royal Institution of Chartered Surveyors (RICS) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

12. Fair value *(continued)*

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*:

	31 December 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value	**£'000**	**£'000**	**£'000**	**£'000**
Investment properties	-	-	107,520	107,520
	-	**-**	**107,520**	**107,520**

	31 December 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value	**£'000**	**£'000**	**£'000**	**£'000**
Financial derivatives	-	(868)	-	(868)
	-	**(868)**	**-**	**(868)**

* 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

Level 3 — use of a model with inputs that are not based on observable market data

13. 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 interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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 31 December 2013, 65.1% of the Company's floating rate borrowings are hedged.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 DECEMBER 2013 *(continued)*

13. Financial risk management objectives and policies *(continued)*

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.

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.

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 65.1% of total borrowings. The Company's exposure to market risk is limited to the remaining 34.9% which is not hedged.

14. 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 31 December 2013 owns a 100% controlling stake in GCP Scape East Limited and Ternion Danehurst Limited respectively.

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 31 December 2013 totalled £38,000.

Investment Manager

The Company and the subsidiaries are party to an Investment Management Agreement with the Investment Manager, pursuant to which the Company and the subsidiaries have appointed the Investment Manager to provide advisory 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 31 December 2013, the Group expensed incurred £439,000 in respect of investment management fees and expenses.

COMPANY INFORMATION

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Peter Dunscombe
Malcolm Naish

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Sources of further information
Copies of the Company's half yearly report, stock exchange announcements and further information on the Company can be obtained from the Company's corporate website, as detailed above.

Key dates

February	Half yearly results
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	Payment of first interim dividend

Frequency of Net Asset Value ("NAV") publication
The Company's NAV is released to the London Stock Exchange and Channel Islands Stock Exchange on a quarterly basis and is published on the Company's website as detailed above.

Neither the contents of GCP Student Living plc's website nor the contents of any website accessible from hyperlinks on the website (or any website) is incorporated into, or forms part of this announcement.