

Client: Gravis Capital Partners
Source: Alliance News
Date: 16 September 2016
Page: N/A
Reach: 2500
Value: 0

Buchanan

GCP Student Points To London Market Resilience As Revenue Surges

LONDON (Alliance News) - GCP Student Living PLC on Friday said its revenue almost doubled in its recently ended financial year as it continued to benefit from the supply and demand imbalance for modern student facilities in London.

The student accommodation investor reported revenue for GBP22.5 million for the year ended June 30, well ahead of the GBP11.5 million posted a year earlier, on the back of 4.5% year-on-year rental growth.

GCP student said the market valuation of its property portfolio was GBP424.8 million at June 30, GBP58.6 million or 16% ahead of the prior year, driven by acquisitions, rising rental rates and high levels of investment demand. However, increased finance expenses relating to the amortisation of C share issue costs and the return on C shares meant the company's pretax profit dipped to GBP28.3 million from GBP31.3 million.

Despite this, GCP Student said the UK student accommodation investment market remained strong, with around GBP5.70 billion transacted within the market as a whole over the course of the year.

Investment into the sector continued through the first half of 2016, with around GBP1.50 billion transacted prior to the UK's vote to leave the European Union in June, the company said. GCP Student noted that the long-term implications of the vote remain unknown, but said its current expectation was that Brexit will not have a material impact on the performance of its existing portfolio.

"The portfolio is focused on student accommodation assets in and around London which has the largest student population of any city in the UK and positions the company to benefit from supply and demand imbalances," GCP Student said.

On top of this, demand by overseas students for private sector student accommodation in and around London is "likely to remain resilient relative to the rest of the UK, "given the international perception of London as a cosmopolitan, multicultural, global centre of learning," the company added.

Around 96% of GCP Student's portfolio is located in and around London.

GCP Student said it will pay a dividend for the year of 5.66 pence per share, up from 5.60p per share a year earlier.

Shares in GCP Student were down 0.2% at 146.25p on Friday morning.

By Hannah Boland; hannahboland@alliancenews.com; @Hannaheboland

Copyright 2016 Alliance News Limited. All Rights Reserved.