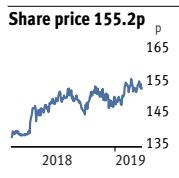


**Client:** Gravis Capital Partners Coverage  
**Source:** Investors Chronicle  
**Date:** 29/03/2019  
**Page:** 59  
**Reach:** 32839  
**Value:** 1271.52

REAL ESTATE INVESTMENT TRUSTS

## GCP Student Living expands



**GCP Student Living (DIGS)** operates in one of the few real estate sub-sectors that remains reasonably buoyant and virtually unaffected by Brexit.

In addition, yield compression is alive and well, with a valuation uplift in the six months to December 2018 comfortably in excess of the previous first half. Rental income was up 21 per cent at £20.9m, while continued demand meant that rents charged grew by 3.5 per cent. The bottom line was also boosted by a three-month contribution from Scape Bloomsbury, its second-largest asset, which opened in September 2018. This also had the effect of driving the amount of dividend covered by adjusted earnings up to 82 per cent, and this is expected to rise further with a full contribution from Bloomsbury.

Further developments will drive revenue higher still, with Circus Street Brighton expected to be ready for the 2019-20 academic year. And the following year should see completion of the forward-funded Scape Brighton site. This is within the catchment area of both Sussex and Brighton universities.

Around three-quarters of GCP's students come from outside the UK, with about 15 per cent from the European Union (EU). And numbers from inside and outside the EU have continued to grow, despite Brexit. The biggest representation is students from China.

**Most of GCP's assets are in and around London, where supply is substantially lower than demand. Barriers to entry are already high, and with the government targeting higher student numbers, the shares – up from our buy tip – remain a buy. JC**

**Buy**

**Ord Price:** 155.2p **Market Value:** £637m  
**Touch:** 154.8-155.2p **12-Month High:** 157p **Low:** 136p  
**Dividend Yield:** 3.9% **Development Properties:** nil  
**Discount To NAV:** 2% **Net Debt:** 33%  
**Investment Properties:** £839m

Half-year to 31 Dec	Net asset value (p)	Pre-tax profit (£m)	Earnings per share (p)	Dividend per share (p)*
2017	146	38.8	10.1	2.96
2018	158	48.9	12.3	3.06
% change	+8	+26	+21	+3

\*Dividends paid quarterly. Second quarterly dividend of 1.53p a share paid on 11 March  
Last IC view: Buy, 151.8p, 7 Sep 2018