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GCP Student Living Says Cap Removal Increased Supply-Demand Imbalance

LONDON (Alliance News) - GCP Student Living PLC, which invests in UK student housing and has real estate investment trust status, on Wednesday said the removal of a cap on the number of students England's universities can admit has increased the "imbalance" of supply and demand.

"There continues to be an undersupply of modern, purpose-built student residential accommodation in London and other key markets across the UK," Chairman Robert Peto said.

GCP cited figures from the UK's Universities and Colleges Admissions Service (UCAS), which showed that a record 532,300 people entered UK higher education in 2015, an underlying increase of 3.1% on 2014, and said its investment manager, Gravis Capital Partners LLP, does not expect to see "substantial volumes" of new accommodation in its core UK markets, namely London.

Peto said that the "defensive income qualities" of student accommodation should continue to attract the interest of investors, particularly amid a tough start to 2016 for global equities and concerns over the sustainability of dividends from companies publicly listed in the UK.

"The board remains focused on growing rental income to ensure that the company continues to deliver an attractive total return and grow its dividend over time," the chairman said.

GCP Student Living said its pretax profit rose to GBP17.0 million in the six months ended December 31, versus GBP11.9 million the corresponding half of 2014, as rental income rose to GBP9.0 million from GBP5.6 million and gains on properties rose to GBP21.7 million from GBP9.1 million.

The company increased its interim dividend per share to 2.82 pence from 2.80p.

Shares in GCP were down 0.4% to 135.28p on Wednesday morning.

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