



GCP Student Living plc

Annual report and consolidated financial statements
for the year ended 30 June 2015

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GCP Student Living plc was the first real estate investment trust in the UK focused on student residential assets. The Company invests in modern, purpose-built, private student residential accommodation and teaching facilities located primarily in and around London.

Our primary objective is to provide shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with 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.



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www.gcpuk.com



At a glance

£11.5m

Revenue for the year

2014 – £9.1m

78%

Net operating margin

2014 – 82%

3.6%

Rental growth

2014 – 3.3%

26%

Total shareholder return for the year

2014 – 11.5%

5.60p

Dividends for the year

2014 – 5.47p*

125.51p

EPRA NAV per ordinary share

2014 – 102.64p

129.25p

Share price per ordinary share

2014 – 107.75p

£177.2m

Value of investments

2014 – £151.6m

22.6%

Loan-to-value

2014 – 26.7%

Highlights for the year

- The Company delivered a strong set of results generating total revenue for the year of £11.5 million.
- The Company successfully raised £120 million through a substantially oversubscribed open offer, placing and offer for subscription of C shares.
- Total shareholder returns for the year of 26%, considerably in excess of the Company's target return of 8-10%.
- 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.
- Dividends of 5.60 pence per share paid or declared in the period in line with target.
- EPS of 28.5 pence and EPRA EPS of 5.1 pence.
- EPRA NAV per ordinary share of 125.51 pence and EPRA NNNNAV per ordinary share of 125.31 pence at 30 June 2015.
- Broad student mix with students from 71 countries studying at 41 HEIs.
- High-quality portfolio of three modern, purpose-built properties with c.1,000 beds located in and around London with a 16.9% valuation uplift to £177.2 million over the year.
- Net debt-to-property value ratio at 30 June 2015 of 22.6%.
- Post year-end, the Company acquired Scape Surrey, The Pad 2 (located adjacent to RHUL) and Scape Shoreditch, increasing the number of modern, purpose-built student beds in the Group's portfolio from c.1,000 to c.1,800.

*Twelve month equivalent to 30 June 2014.

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 has paid or declared a total of 5.60 pence per ordinary share in the year, increasing the Company's dividend 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 16.9% over the year driven by a combination of yield compression and increasing rental rates.

Portfolio quality

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

At 30 June 2015, the Company's property portfolio comprised three high-specification, modern, purpose-built student residential accommodation buildings in and around London.

Key performance highlights

5.60p

Dividends paid/declared in the year

2.4%

Annualised dividend growth

16.9%

Capital appreciation

£177.2m

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.



116 beds

The Pad

71 Egham Hill, Egham TW20 0ER

→ Read more, pages 26 and 27



588 beds

Scape East

450 Mile End Road, London E1 4GG

→ Read more, pages 22 and 23




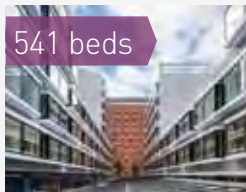

280 beds

Scape Greenwich

Bear Point, 2 East Parkside, Greenwich SE1 0FQ

→ Read more, pages 24 and 25

Post year-end acquisitions

<p>1</p> <p>Scape Surrey Guildford</p>  <p>141 beds</p>	<p>2</p> <p>Scape Shoreditch London</p>  <p>541 beds</p>	<p>3</p> <p>The Pad 2 Egham</p>  <p>104 beds</p>
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→ Read more, pages 28 and 29

£177.2m

Value of investments

2014 – £151.6m

Chairman's statement



Robert Peto
Chairman



The Company has paid dividends of 5.60 pence per share and delivered a total shareholder return of 26%, considerably in excess of its annualised target of 8-10%.

Introduction

On behalf of the Board, I am pleased to report a year of strong performance and growth. The Company has paid dividends of 5.60 pence per share in respect of the year and delivered a total shareholder return of 26%, considerably in excess of its annualised target of 8-10%.

The Company has seen progress against its key performance indicators as a result of strong trading performance and owning and operating all assets in the portfolio for a full twelve-month period.

In June 2015, the Company raised £120 million by way of an open offer, placing and offer for subscription of C shares. The issue was substantially oversubscribed and was scaled back accordingly, a clear reflection of the continued shareholder confidence in the Company's investment strategy. This was a pleasing endorsement of our success in delivering the Company's investment objectives and has enabled the Company to add three further assets to its investment portfolio.

Portfolio

The Company's property portfolio has operated at full occupancy for the 2014/15 academic year, generating £11.5 million of rental income in the year to 30 June 2015. The Company saw rental growth of 3.6% for 2014/15 and has seen a further 4.5% increase for the 2015/16 academic year.

The external market valuation of the Company's property portfolio was £177.2 million at 30 June 2015. This represents a valuation uplift of £30.7 million or 21% over the aggregate acquisition price (excluding acquisition costs). The valuation increase has been driven by a combination of rising rental rates and a reduction in yield across the portfolio reflecting tightening of yields in the wider student accommodation market.

In September 2015, post year-end, the proceeds of the C share issue were used to finance the acquisition of Scape Surrey, The Pad 2 (located adjacent to RHUL) and Scape Shoreditch, almost doubling the number of student beds in the Group's portfolio from c.1,000 to c.1,800 for the 2015/16 academic year.

Total net assets have increased from £112.9 million to £137.7 million, increasing EPRA NAV per ordinary share by 22.87 pence to 125.51 pence at 30 June 2015.

Financial results

High occupancy, strong rental growth and capital uplifts have contributed to generating operating profit before valuation gains of £9.0 million and total profit including valuation gains of £31.3 million for the financial year to 30 June 2015. The Company's basic EPS for the year was 28.5 pence and EPRA EPS was 5.1 pence. Total net assets have increased from £112.9 million to £137.7 million, increasing EPRA NAV per ordinary share by 22.87 pence to 125.51 pence at 30 June 2015.

Dividends

The Company paid dividends in respect of the financial year ended 30 June 2015 of 5.60 pence per ordinary share. The dividends were paid as 3.70 pence per ordinary share as a REIT property income distribution in respect of the Group's tax exempt property rental business and 1.90 pence per ordinary share as an ordinary UK dividend.

The Board

We are delighted to welcome Marlene Wood to the Board. Mrs Wood was appointed as a non-executive Director of the Company on 23 March 2015 and was appointed as Chair of the audit committee with effect from 21 July 2015. Mrs Wood, a chartered accountant, has a broad range of experience in both the private and public sectors and is currently a non-executive director of Scottish Funding Council, One Parent Families Scotland and Edinburgh Printmakers.



Chairman's statement continued

With student numbers at an all-time high, the ongoing supply and demand imbalance for purpose-built modern student residential accommodation in and around London is expected to continue.

Management

The Board also welcomes Nicholas Barker, who recently joined the Company's Investment Manager. Mr Barker was previously Head of Alternative Real Estate at Schroder Real Estate Investment Management Limited, where he worked for eight years. Mr Barker will work alongside Tom Ward assuming co-lead responsibility for the provision of investment advice to the Company.

Investment policy

In May 2015, the Company, by way of shareholder resolution, modified its investment objective and policy in order to permit investment in development and forward-funded projects which have received planning permission for student accommodation, where such investment is consistent with the objective of providing shareholders with regular, sustainable dividends.

Debt refinancing

Post year-end, the Company successfully secured additional finance to fund the acquisition of Scape Shoreditch and refinance its existing senior debt facility. The facility reduces any short-term refinancing risk whilst locking in low rates for the long term, thereby providing the Company with greater financial security in the forthcoming years.

Outlook

The student accommodation sector has seen unprecedented transaction volumes, with c.£4.6 billion of assets traded in the first six months of 2015. The expectation is for a similar trend to persist throughout 2015/16 as prime yields continue to tighten across the market, fuelled by a combination of historically low interest rates and an increasing number and range of investors seeking exposure to the sector.

With student numbers at an all-time high, the ongoing supply and demand imbalance for purpose-built, modern student residential accommodation in and around London is expected to continue for the 2015/16 academic year and future years. The removal of the student cap for 2015/16 on the number of places that can be offered to UK students has led to a record number of acceptances, a 3% rise on the prior academic year.

On the supply side, the Directors (as advised by the Investment Manager) do not expect to see substantial volumes of new accommodation arising in the Company's core markets in the near term, as planning reforms and inflated land values make it ever more difficult to bring on stream new developments and limit the entry of new operators into the market.

With the acquisition of three further high-quality student accommodation assets post year-end, providing increased diversification and excellent rental growth prospects, in addition to the refinancing of the Company's debt on more favourable terms, the outlook for the Company remains positive for the forthcoming academic year and years ahead.



Robert Peto

Chairman

30 September 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).
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. One quarter of the Investment Manager's fee is paid to the Asset Manager. The Investment Manager is also entitled to receive a fee of £22,500 for its services to the Company as the Company's AIFM.
Asset Managers	Scape Student Living Limited. Under the terms of the Scape East and Scape Greenwich Asset and Facilities Management Agreement, Scape is entitled to a fee which is calculated and paid quarterly in arrears and is 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 Asset Manager's fee is paid out of the Investment Manager's fee. The executive partners of the Investment Manager indirectly own a c.25% interest in Scape Student Living Limited. CRM Limited. Under the terms of the Asset and Facilities Management Agreement, CRM is entitled to a fee of 5% of the total rental income collected per annum attributable to those assets in the Group's portfolio for which it provides asset and facilities management services. The fee is calculated and paid quarterly in arrears.
Administrator	Capita Sinclair Henderson Limited.
Company Secretary	Capita Company Secretarial Services Limited.
Stockbroker	Cenkos Securities plc.
Depositary	Langham Hall UK Depositary LLP.
Investment strategy	The Company operates as a student accommodation REIT. It invests in modern, purpose-built, private student accommodation primarily in and around London.
Market capitalisation	At 30 June 2015: £268.4 million.
Gross asset value	At 30 June 2015: £283.4 million.
Net asset value	At 30 June 2015: £137.7 million.
Debt facility	At 30 June 2015: £40.0 million.
ISA, SSAS and SIPP status	The Company's ordinary shares and C 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 SSASs 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 10 and 11.
Website	www.gcpuk.com/gcp-student-living-plc

Strategic report

The strategic report has been prepared in accordance with section 414A of the Companies Act 2006 (the “Act”). Its purpose is to inform members of the Company and help them assess how the Directors have performed their legal duty under section 172 of the Act to promote the success of the Company and Group.



Strategic overview

The Company’s investment objective is to provide shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with RPI inflation-linked income characteristics.

[→ Read more, pages 10 and 11](#)



UK student accommodation market

Over the past three decades, the number of students engaged in higher education outside their home country has risen dramatically.

[→ Read more, pages 12 to 15](#)



Review of the financial year

The Company produced a strong set of results with £11.5 million of rental income generated in the year from the Company’s investment portfolio.

[→ Read more, pages 16 to 19](#)



Property portfolio

The property portfolio is made up of high-quality, modern, purpose-built student accommodation focusing on international students, postgraduates and domestic students alike.

[➔ Read more, pages 20 to 29](#)



Corporate, social and environmental responsibility

The Company's aim is to operate a fully sustainable business model with a low carbon footprint.

[➔ Read more, pages 30 and 31](#)



Risk management

The Board recognises that risk is inherent in the operation of the Company and that effective risk management is key to the success of the organisation.

[➔ Read more, pages 32 to 35](#)

Strategic overview

The Company's investment objective is to provide shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with RPI inflation-linked income characteristics.

26%

Total shareholder return for the year

2014 – 11.5%

5.60p

Dividends for the year

2014 – 5.47p*

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 mostly invest in modern, 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. The Company may also invest in development and forward-funded projects which are consistent with the objective of providing shareholders with regular, sustainable dividends and have received planning permission for student accommodation, subject to the Board being satisfied as to the reputation, track record and financial strength of the relevant developer and building contractor.

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 two and 30 years in duration). Where the Company invests in properties which contain commercial or retail space it may derive further income through leases of such space. Where the Company invests in development and forward-funded projects, development costs will typically be paid in stages through construction, with a final payment at completion.

*Twelve month equivalent to 30 June 2014.

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 invest directly or through holdings in special purpose vehicles and its assets may be held through limited partnerships, trusts or other vehicles with third party co-investors.

Borrowing and gearing policy

The Company may seek to 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 seek to 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 Group's 'property profits' and 'property finance costs'.

Use of derivatives

The Company may invest through derivatives for efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek 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 studios;
- 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 (i) invest more than 20% of its gross assets in undeveloped land; and (ii) commit more than 15% of its gross assets to forward-funded projects in respect of such undeveloped land, such commitment to be determined on the basis of the net construction funding requirements (and associated advisory costs) of such projects at the time of commitment up to their completion, in both cases as measured at the time of investment;
- the Company will not invest in completed assets which are not income generative at, or shortly following, 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 the principal company of a REIT for the purposes of Part 12 of the CTA (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 CTA. 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 were admitted to trading on the SFM and were listed on the Official List of the CISEA on 20 May 2013. The shares were delisted from the CISEA on 10 October 2014.

The Company's performance, along with the important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the financial period are set out on pages 16 to 35.

UK student accommodation market

Over the past three decades, the number of students engaged in higher education outside their home country has risen dramatically.



Overview

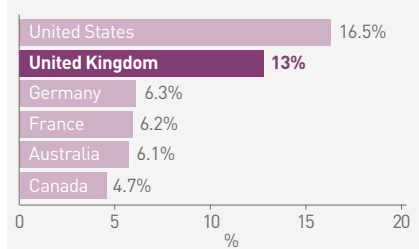
The higher education market is one of the UK's largest and most successful exports. Our universities have a long history of excellence and innovation, and a global reputation for quality. In the most recent study, the market contributed an estimated £17.5 billion to the UK economy, with the OECD concluding that Britain is the first country in Europe to have achieved a sustainable system for financing higher education.

Over the past three decades, the number of students engaged in higher education outside their home country has risen dramatically, reflecting the expansion of higher education systems worldwide and the globalisation of economies and societies. During the period 2000-12, the number of international students worldwide more than doubled, with c.4.5 million students engaged in higher education, an average annual growth rate of almost 7%.

In the 2013/14 academic year, there were c.435,000 international students studying at UK publicly-funded HEIs, making the UK the second most popular destination for international students behind the United States, with a 13% share of the market for international students.

The international education sector is likely to continue to grow, partly due to demographic change, with the total global population forecast to increase from c.6.9 billion in 2010 to over c.7.6 billion in 2020, and partly due to the increase in wealth and size of the middle classes in emerging economies. In the light of this, the Directors (as advised by the Investment Manager) expect that the rise in international student numbers will continue to increase in line with the OECD predictions on global student mobility, from c.4.5 million international students in 2012 to c.8 million international students by 2025.

HE students top destinations



Source: UNESCO

HEI acceptance rates

The 2014/15 academic cycle saw the highest ever intake of undergraduates entering UK higher education with c.512,000 accepting places at UK HEIs, this in spite of the continuing fall in the 18-year old population. However, there were an additional c.181,000 students who applied but were unable to find places, demonstrating over-demand.

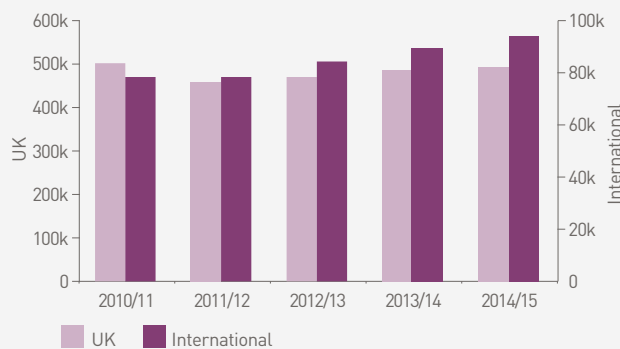
This trend has continued for the forthcoming 2015/16 academic year. On 24 September 2015 UCAS published the acceptances statistics for UK and international students for

the majority of HEI courses. The data showed an increase of 3% in acceptances compared to the 2014/15 academic year (at the equivalent point in the 2014/15 cycle).

The acceptance statistics continue to show for the fifth straight year that the primary driver of this growth is coming from international students where the acceptance rate has increased by 14% for EU and 3% for non-EU students compared to the prior year.

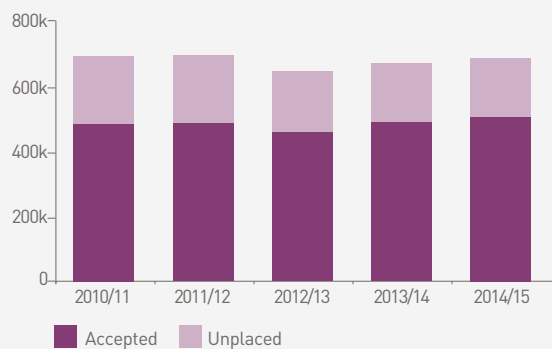
It is expected that the long-term impact of higher domestic tuition fees will increase the competitiveness of the best HEIs in the country, particularly the Russell Group, as domestic students become more selective over where they will study as they take on higher levels of debt. London has five of the 24 Russell Group Universities in the UK and two of the top ten universities in the world for the 2015/16 academic year.

Student application rate



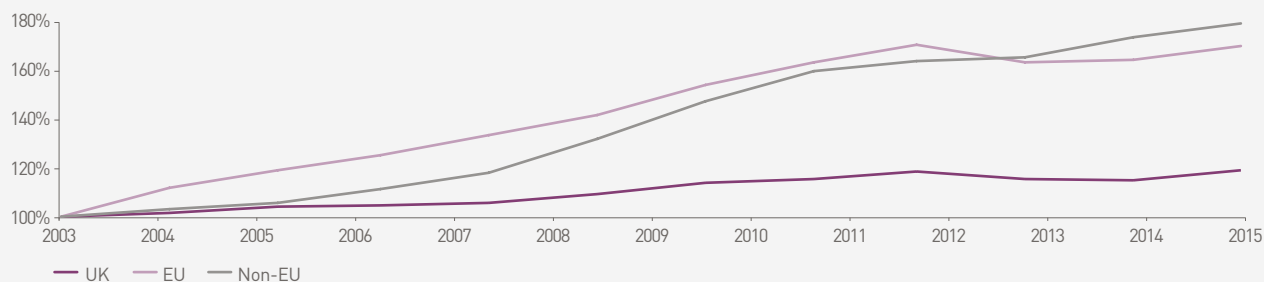
Source: UCAS

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

UK student accommodation market^{continued}

Student accommodation – the importance of design and quality

Purpose-built student accommodation has evolved as a product over the past 15 years. Over this period, and in particular, following the introduction of tuition fees, students have become consumers in their own right and are making their investment decisions for their higher education not just on course price, but also on a mix of quality of the academia and the quality and location of accommodation.

Increasingly, students are demanding high-quality living space with clever design, quality materials, social areas in the buildings which provide opportunities for social groups to form and bond centred around work spaces, play space with games, TV areas and communal kitchens. Likewise, they are demanding services that create wider social interaction such as talks, events, workshops and tie-ins with local businesses and educational establishments.

This is particularly the case for international students who tend to demand a higher standard of accommodation than domestic students and who have a requirement for greater social interaction.

Student accommodation – supply/demand imbalance

There is a fundamental supply/demand imbalance in the UK student accommodation sector which is responsible for the stability and the strong rental and capital returns produced in this financial year.

The UK has seen a rising tide of student numbers since the early 1990s, with the student population more than doubling over this period. Domestic student applications have increased year-on-year despite an ageing population and international student numbers continue to grow at a disproportionate rate, as evidenced by the increase in international student acceptance rates for the 2015/16 academic year.

There is a structural shortfall of purpose-built student accommodation in most of the UK. The supply of private student accommodation has failed to keep pace with the increasing demand owing to the following:

- the residential property market has recovered over the past few years, increasing land values as well as increasing the pressure on the private residential sector to house tenants other than students who are willing to pay higher rent levels;
- the private rented sector has become subject to greater local authority and government legislation for houses in multiple occupancy; and
- universities are not developing new accommodation as they are becoming more focused on their core competency of investing in education.



The London market

London has more world-class universities than any other city in the world. International students are attracted to London for a number of reasons, including the reputation of London's universities, the quality of education and London's status as a social and cultural centre.

The Company is focused on the London student accommodation market because this is where the supply/demand imbalance is at its greatest. London has a number of important demand dynamics that separate it from the wider UK student housing market:

- London has the largest number of students of any city in the UK, with over 400,000 students being educated at HEIs in the capital;
- London has the largest number of international students of any city in the world with c.107,000 students in 2013/14 from over 190 countries;

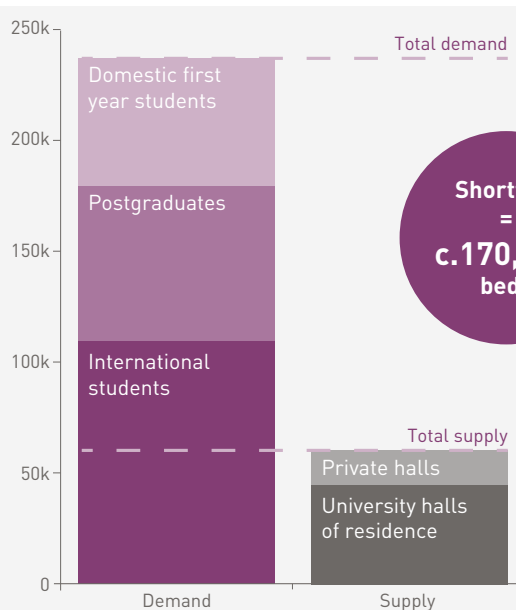
- London is home to some of the leading HEIs in the world which attract a significant number of international students;
- London is one of the most popular cities in the world to visit with an estimated 18.7 million international visitors in 2014; and
- London universities are only able to supply accommodation to c.30% of first year and international students.

On the supply side the main constraints are as follows:

- availability of well-located sites is at its lowest and land prices have experienced significant inflation driven by residential development; and
- the introduction of the community infrastructure levy in some boroughs has eliminated the commercial viability of many student schemes.

The acute supply/demand imbalance is more pronounced in London than in any other major UK city, as evidenced in the graph below. This graph highlights that in 2014, there were over 250,000 domestic first year undergraduates, international students and postgraduates studying in the capital with only 60,000 purpose-built student accommodation beds in halls of residence available in aggregate from both the university and private sectors, indicating a structural supply shortfall of c.170,000 beds. It is this shortfall that underpins the strong performance of the asset class in the capital.

Student accommodation supply and demand in London 2014



Source: Knight Frank LLP, Higher Education Statistics Agency

Review of the financial year

The Company produced a strong set of results with £11.5 million of rental income generated from the Company's investment portfolio.

Financial results

The Company produced a strong set of annual results with £11.5 million of rental income generated from the Company's investment portfolio. The Company is operating a net operating margin of 78% for the period to 30 June 2015. The Board anticipates that as additional properties are acquired over the course of 2015, further economies of scale in asset and facilities management will be achieved across the Company's portfolio.

Total administration expenses of £2.0 million comprise fund running costs, including the Investment Manager's fee and other service provider costs in the period. Total gains on investment properties through revaluation of the Company's investment portfolio stood at £25.7 million as at 30 June 2015, generating operating profit of £32.6 million. Finance costs of £1.3 million, comprising loan and swap interest associated with the Company's

financing arrangements, resulted in total profit before tax for the year of £31.3 million.

At 30 June 2015 the Company's basic and dilutive earnings per ordinary share were 28.5 pence per share respectively.

Financial performance

Income statement

	For the year ended 30 June 2015	
	Ordinary shares £'000	C shares £'000
Rental income	11,505	—
Operating expense	(2,529)	—
Gross profit (net operating income)	8,976	—
Net operating margin	78%	—
Administration expenses	(2,001)	(2,578)
Gains on investment properties	25,660	—
Operating profit	32,635	(2,578)
Finance costs	(1,336)	—
Profit/(loss) before tax for the year	31,299	(2,578)

Dividends

In order to maintain its REIT status, the Group is required to meet a minimum distribution test for each accounting period for which it is a REIT. This test requires the Company to distribute at least 90% of the income profits of the property rental business for each accounting period, as adjusted for tax purposes. In respect of the financial year ended 30 June 2015, the Company paid dividends of 5.60 pence per share.

The dividends were paid as 3.70 pence per ordinary share as a REIT property income distribution in respect of the Group's tax exempt property rental business and 1.90 pence per ordinary share as an ordinary UK dividend. The Company fulfilled all of its obligations under the UK REIT regime and is in full compliance with the REIT requirements at 30 June 2015.

C share issue

In June 2015 the Company raised £120 million by way of an open offer, placing and offer for subscription of C shares. The issue was substantially oversubscribed and was scaled back accordingly. Post year-end, the proceeds of the issue were used to finance the acquisition by the Company of Scape Surrey, The Pad 2 (located adjacent to Royal Holloway, University of London) and Scape Shoreditch for the 2015/16 academic year, increasing the number of modern studios and beds in the Group's portfolio to c.1,800.

Cash flow generation

The Company held cash and cash equivalents of £107.2 million at the end of the financial year. A total of £6.4 million of operating cash flows were generated in relation to the Company's student accommodation portfolio. Total capital raised in the year amounted to £120 million, which was used to fund the acquisition of three assets post year-end. The remaining cash flows relate to the cost of servicing the Company's debt facility in addition to payment of dividends, resulting in a net increase in cash and cash equivalents at the year end.

Debt financing

Post year-end, the Company successfully secured additional finance to fund the acquisition of Scape Shoreditch and refinance its existing senior debt facility in September 2015. The new facility is a £130 million fixed rate loan with a term of nine years financed by Pricoa Mortgage Capital at a rate of 3.07%. The facility reduces any short-term refinancing risk whilst locking in historically low rates for the long term, thereby providing the Company with greater financial security in the forthcoming years.

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 financial period and was in full compliance with all loan covenants at 30 June 2015.

Asset performance

The Company has experienced 3.6% year-on-year rental growth for the 2014/15 academic year and yield compression of c.70 bps across the portfolio. The valuation of the Company's property portfolio has increased by £30.7 million or 21% since the Company's IPO or its acquisition of assets.

The portfolio has been 100% occupied for the 2014/15 academic year, all on 51 week tenancies. As at the date of this report, Scape East, Scape Greenwich and The Pad had achieved full occupancy for the forthcoming 2015/16 academic year.

Review of the financial year continued

Net assets

Net assets attributable to equity holders at 30 June 2015 were £137.7 million, up from £112.9 million at 30 June 2014. The increase in net assets since the prior year-end is primarily driven by increases in the valuation of the Company's property portfolio.

At 30 June 2015, there were 109,910,428 ordinary shares and 120,000,000 C shares in issue, giving an EPRA NAV per ordinary share of 125.51 pence and an EPRA NAV of 97.85 pence per C share. The EPRA NAV per ordinary share excludes the fair value mark-to-market valuation of the Company's financial derivative instrument, which at 30 June 2015, was 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 swap rates, the EPRA NAV at 30 June 2015, adjusted to reflect the cost of fixed rate debt (EPRA NNNNAV), was 125.31 pence per ordinary share.

Financial performance	As at 30 June 2015	
	Ordinary shares £'000	C shares £'000
Net assets		
Assets		
Property	177,220	—
Receivables	2,796	16,195
Cash and cash equivalents	2,487	103,805
Total assets	182,503	120,000
Liabilities		
Financial liabilities at fair value	—	—
Payables	(2,763)	(2,578)
Deferred income	(2,442)	—
Senior loan	(39,569)	—
Total liabilities	(44,774)	(2,578)
Net assets	137,729	117,422
Number of shares	109,910,428	120,000,000
EPRA NAV per share	125.51p	97.85p
EPRA NNNNAV per share	125.31p	97.85p

Net asset value and share price performance

The Company's ordinary shares have traded at a premium to the latest published prevailing NAV since IPO, with an average premium over the financial year of 5%. The Company's share price hit an all-time high of 129.25 pence per ordinary share on 30 June 2015.

EPRA NAV has increased from 102.64 pence as at 30 June 2014 to 125.51 pence per ordinary share, a 22.3% increase year-on-year. Dividends of 5.60 pence per ordinary share were paid or declared to shareholders. At the Group level, the annualised total return to 30 June 2015 was 26%, which exceeds the annualised target return of 8-10%.

Historic share price and NAV performance is set out in the charts on the opposite page.

£137.7m

Total net assets

2014 – £112.9m

Company performance

Key performance indicators

26%

Total shareholder return for the year

2014 – 11.5%

28.5p

Basic earnings per ordinary share

2014 – 10.5p

5.60p

Dividends for the year

2014 – 5.47p*

125.51p

EPRA NAV per ordinary share

2014 – 102.64p

22.6%

Loan-to-value

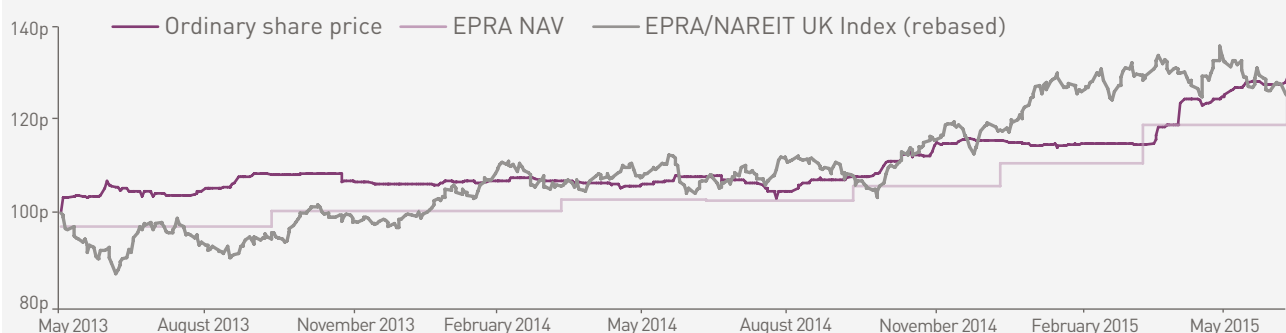
2014 – 26.7%

3.6%

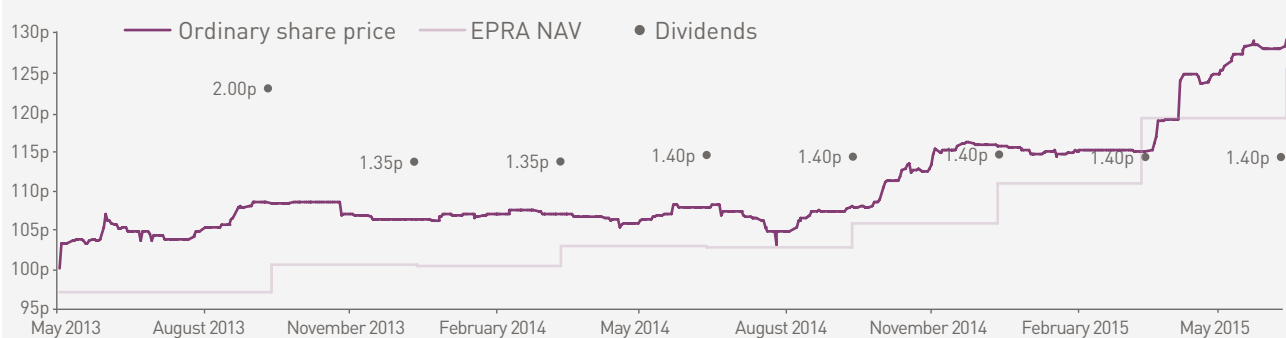
Rental growth

2014 – 3.3%

Share price performance



Share price performance/dividends



*Twelve month equivalent to 30 June 2014.

Property portfolio

The property portfolio is made up of high-quality, modern, purpose-built student accommodation focusing on international students, postgraduates and domestic students alike.

Quality, design and brand

The Company's property portfolio is made up of high-quality, modern, purpose-built student accommodation focusing on international students, postgraduates and domestic students alike. The living experience forms a mainstay of each student's university life and the Company has put the quality, design, experience and performance of its assets at the heart of its operational strategy. This is achieved through the Company's investment selection and its choice of Asset Managers.

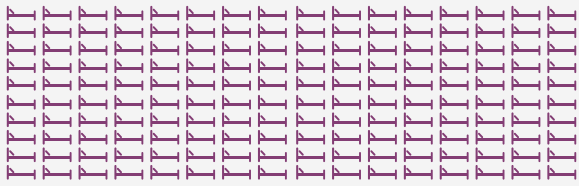
Scape is the Asset Manager for Scape East and Scape Greenwich. The vision of the Scape brand was to create a new kind of student accommodation; one that was affordable but with modern design. By enlisting the help

of leading interior designers and top architects, Scape continues to ensure that high standards of quality finishes and service are met. Years of hard work and listening to student feedback has resulted in some of the best student accommodation in London.

Alongside the striking design features, the properties also offer ample common space for students to socialise and study. High-speed internet and wi-fi are available throughout each location. Scape responds proactively to student feedback, which has resulted in the provision of extra facilities and amenities, such as additional private rooms for group study, recreational areas and a gym.

The Pad, located in Egham, provided the first private, purpose-built student accommodation in the local vicinity for RHUL's students. CRM is the Asset Manager for The Pad. The property provides high quality studios and en-suite accommodation to meet the needs of the growing international and postgraduate student population at RHUL. Approximately 90% of the residents of The Pad are international students, who are attracted by the large spacious rooms, high specification fixtures and fittings and sociable communal areas spread across the building and the leafy courtyard areas.

Number of beds



984

Occupancy 2014/15

June 2015



100%

Nationality



13%



19%



68%

Year of study

Undergraduate



77%

Postgraduate



23%

Number of higher education institutions



41

Number of nationalities



85

Top five nationalities

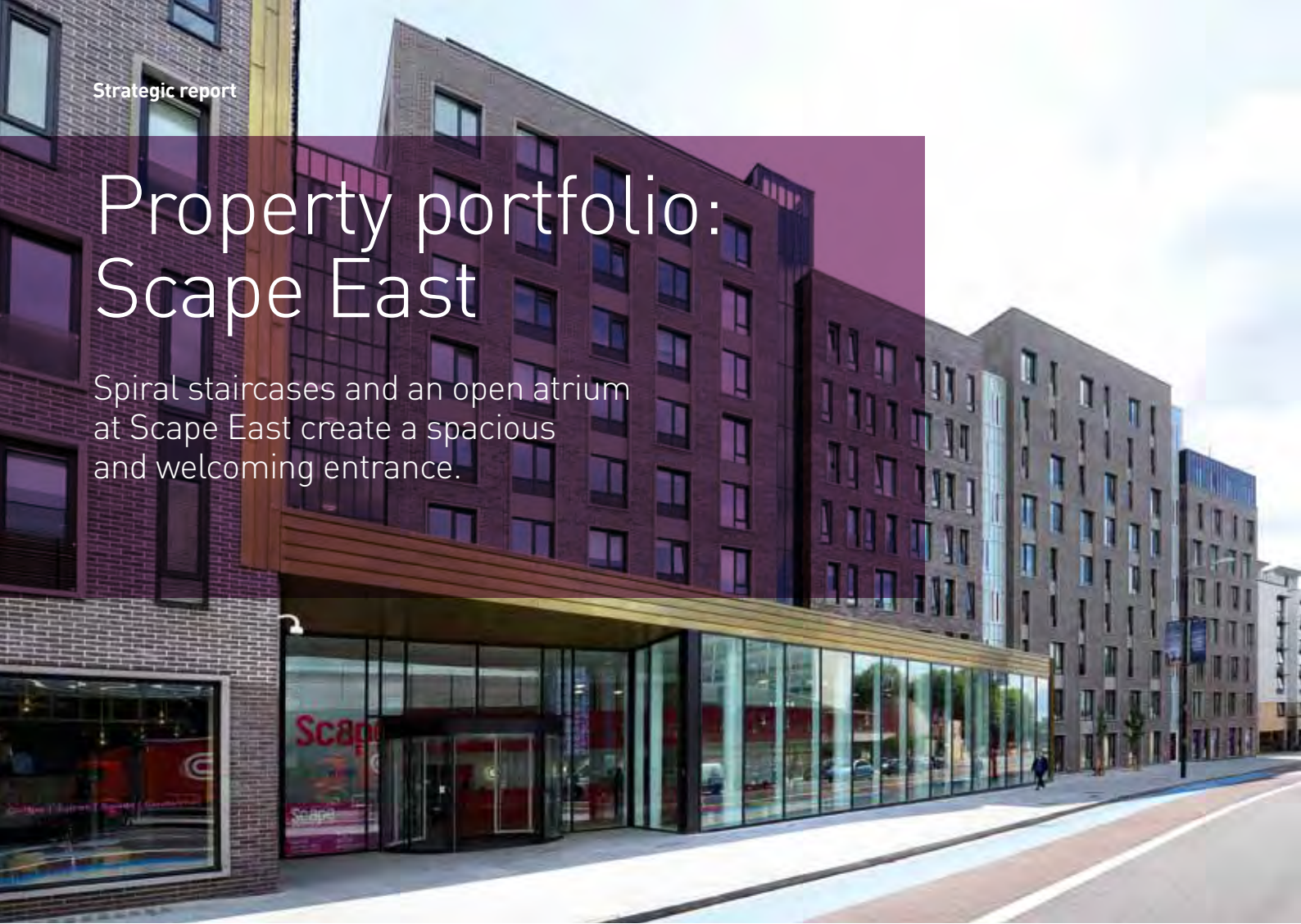
1. British
2. Chinese
3. Greek
4. Russian
5. Indian

Top five universities

1. QMUL
2. Ravensbourne
3. RHUL
4. University of Greenwich
5. University of London

Property portfolio: Scape East

Spiral staircases and an open atrium at Scape East create a spacious and welcoming entrance.



588

Number of beds

Scape East is a private student residence, completed in June 2012 under the Scape brand, which seeks to provide affordable and aspirational hotel-style student accommodation in private, purpose-built, high specification buildings.

Scape East is located in Mile End, directly opposite QMUL, which is a Russell Group HEI and one of London's leading universities with c.17,000 students. Approximately 75% of all Scape East's direct let students study at QMUL. The impressive building encompasses a double height entrance and floor-to-ceiling glazed reception.

Spiral staircases and an open atrium at Scape East create a spacious and welcoming entrance. Copper and bronze is a recurring theme, from the illuminated canopy on top of the building to the cladding surrounds. The green roof space attracts insects and birds and the ground water provides heat for the 25,000 sq ft of educational space and the communal areas.



Residents have access to a private courtyard garden, free gym, TV and games lounge, communal kitchen, study areas and two on-site restaurants. Most of the studios at Scape East are the exclusively designed "Scape Studio", which feature integrated storage and work space, fully-fitted kitchenette, breakfast bar and en-suite shower room. The concept of modern student accommodation came from the Scape partners who enlisted leading interior designer Ab Rogers and design studio Praline to bring their vision to life.

The result has yielded a superior alternative to traditional student housing, where striking design goes hand-in-hand with competitive prices and excellent London locations.

Additional rental income is generated through a 30-year FRI lease with annual RPI uplifts of teaching facilities. This has generated 6.5% of total revenues for Scape East for the 2014/15 academic year.

As at 30 June 2015, Scape East was occupied by students from 22 different HEIs and of 59 different nationalities, with c.83% of tenants coming from outside the UK.

Property portfolio: Scape Greenwich

Big picture windows create bright, natural light as they extend across the building.

280

Number of beds

Scape Greenwich is a private student residence which was completed in September 2013 on the Greenwich Peninsula. Designed by award-winning architects, AHMM, it comprises 280 studios and approximately 10,000 sq ft of communal facilities, kitchens, study areas and breakout rooms.

Scape Greenwich is situated in a prime London 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). Scape Greenwich is a stunning white concrete building with an expansive glazed reception and versatile communal dining, theatre and lounge.

Students also enjoy large shared balconies and linked atria study spaces. Big picture windows provide bright, natural light as they extend across the building. The bright white exterior is offset by the colourful hues that cover the corridors.

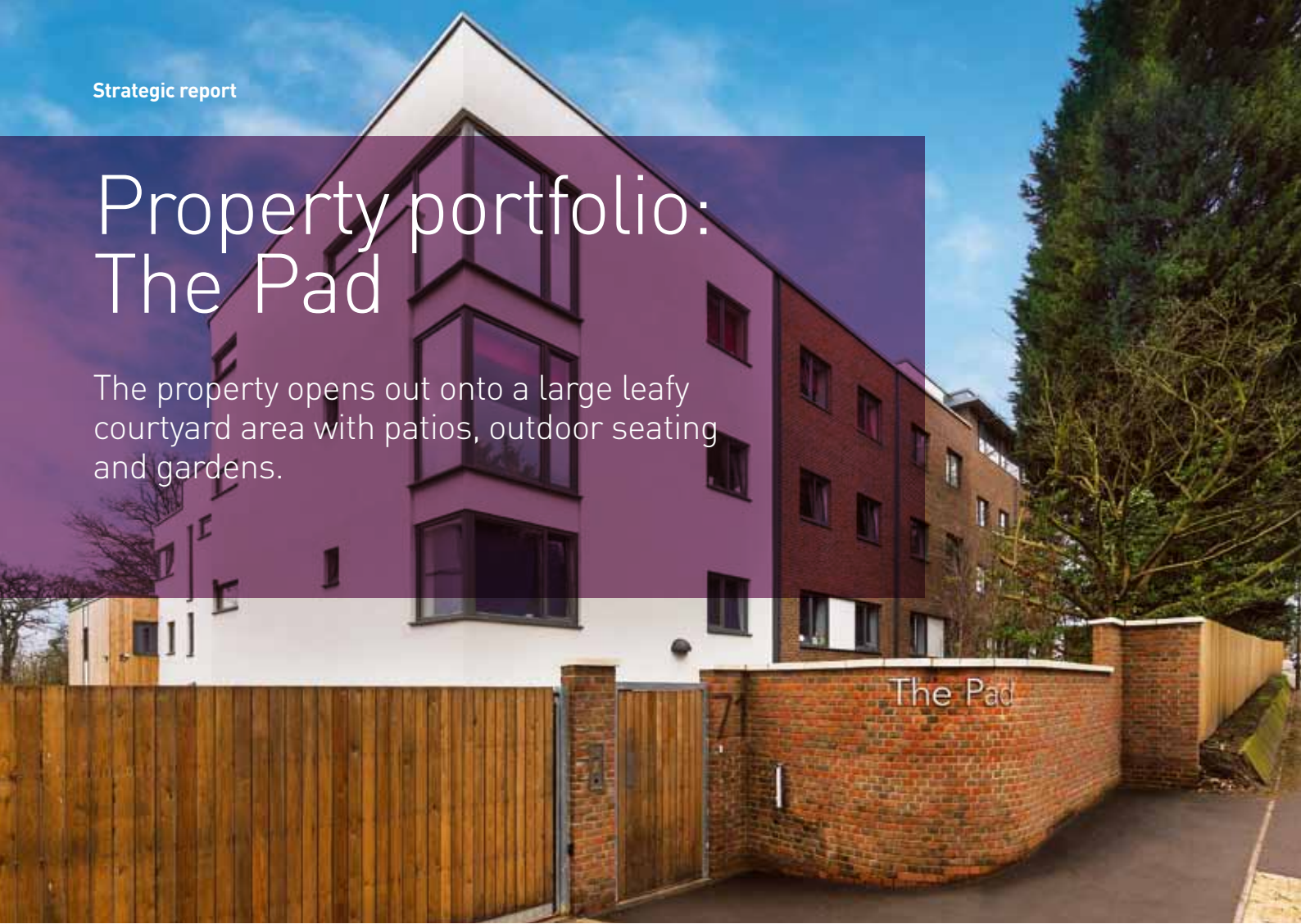


Scape Greenwich boasts a campus feel with shared study spaces, striking communal areas, designer student studio apartments and an ideal location in London. All student rooms come with a fully-equipped kitchenette, a comfortable double bed with built-in storage, en-suite shower room and large windows. Communal balconies on alternate floors afford stunning views of Canary Wharf, the City and local parks.

As at 30 June 2015, Scape Greenwich was occupied by students from 26 different HEIs and of 42 different nationalities, with c.35% tenants coming from outside the UK.

Property portfolio: The Pad

The property opens out onto a large leafy courtyard area with patios, outdoor seating and gardens.



116

Number of beds

The Pad is a private student residence which was completed in September 2013 under the CRM Students brand and is located adjacent to RHUL, in Egham.

RHUL is ranked in 5th place in the world (1st in the UK) in the Times Higher Education World University Rankings category of 'International Outlook'. This category looks at diversity on campus and to what degree academics collaborate with international colleagues on research projects, recognising it as a global university. It is home to more than 9,000 students from over 100 countries, with c.20% from outside the EU.

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. En-suites in the main building are typically 3-6 bedrooms, share a large fully-fitted kitchen and living areas and include fully-furnished study bedrooms with en-suite shower rooms.



The property opens out onto a large leafy courtyard area with patios, outdoor seating and gardens for students to breakout in the summer months.

The Pad is the only purpose-built private student accommodation within five miles of RHUL.

As at 30 June 2015, The Pad was occupied exclusively by students from RHUL, comprising of 26 different nationalities, with c.78% of tenants coming from outside the UK.

Property portfolio continued

Post year-end acquisitions

The Company acquired three modern, purpose-built student accommodation assets, doubling the size of its property portfolio. The acquisitions were financed by a combination of the proceeds of the C share issue and the additional funds drawn upon refinancing of the Company's debt facility.

Scape Surrey and The Pad 2 were both acquired by way of forward purchase agreements, enabling the Company to lock in a purchase price based on the yield at the time of signing the agreement. Since signing, yields have compressed which has translated into an attractive acquisition price for shareholders on both assets. Scape Shoreditch was acquired by way of a corporate acquisition and was negotiated with the vendor in an off-market transaction.

The Company continues to benefit from the Investment Manager's ability to identify and negotiate attractive off-market deals through its relationships with property developers, offering good value to shareholders.

Scape Surrey

Scape Surrey is located in Guildford within 100 metres of the south gate to The University of Surrey, close proximity to the University of Law and the Academy of Contemporary Music and five minutes to Guildford train station and town centre. The building comprises 141 bedrooms (c.40% en-suite bedrooms and c.60% studios) and c.2,000 sq ft of communal space including games room, private study area and cinema room.





Scape Shoreditch

Scape Shoreditch is located in a prime London location in Shoreditch, within a two minute walk of Old Street underground station. The property is within a 15 minute walk to The City University (c.18,000 students) and CASS Business School.

The building comprises 541 studio bedrooms and c.10,000 sq ft of communal areas including a gym, dance studio, study lounge, games room, cinema, communal kitchen, sun terrace and BBQ terrace. The building also includes c.49,000 sq ft of commercial facilities. An agreement for lease has been entered into for a 15-year fully repairing and insuring lease which it is expected will generate approximately 25% of total revenues for Scape Shoreditch after expiry of the tenant's incentives.

The Pad 2

The Pad 2 is located adjacent to RHUL, in Surrey. The building comprises 104 studios and associated communal areas, study spaces and lounge facilities. The building will be joined to The Pad phase 1 and will share a reception, common grounds and parking spaces.



Corporate, social and environmental responsibility

The Company's aim is to operate a fully sustainable business model with a low carbon footprint.

Sustainability

The Company's environmental sustainability measures include the use of highly-efficient combined heat and power systems, ground source heat pumps and intelligent interior heating and lighting to minimise GHG emissions. The Company's property portfolio incorporates green roof space, rainwater harvesting and sustainable waste management, including diverting waste from landfill to generate renewable electricity via the waste management process. In the year to 30 June 2015, the Asset Manager converted c.80% of property waste from Scape East and Scape Greenwich into renewable energy, with the remaining c.20% into national recycling schemes.

Environmental impact

The Company is committed to being both socially and environmentally responsible and recognises the impact the Company has on the environment. The Company has delegated the day-to-day asset and facilities management to the Asset Managers, who are responsible for the provision of energy supplies, including the procurement of renewable energy, managing the Company's waste schemes and raising general awareness of environmental impact and waste reduction amongst the Group's employees and residents.

Details of the Company's GHG emissions are given in the Directors' report on page 41.

Diversity and equality

The Company is committed to achieving a working environment which provides equality of opportunity and freedom from unlawful discrimination on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age or sexual orientation. The Company's policy aims to remove unfair and discriminatory practices and to encourage full contribution from its diverse community. The Company is committed to opposing actively all forms of discrimination and values diversity amongst its workforce.

Further information on the Company's diversity policy is included in the corporate governance statement.

The Company's property portfolio incorporates green roof space, rainwater harvesting and sustainable waste management.

Social and community

The Company is committed to being socially responsible and the Directors consider community involvement to be an important part of that responsibility. The Company is indirectly involved with a number of social and local community initiatives via the Asset Managers, such as local employment schemes and initiatives to give back to the local area via student bursaries, sponsorship and local events.

Human rights

The Company respects human rights and aims to provide assurance to internal and external stakeholders that it will carry out its affairs in accordance with the principles of the

Universal Declaration of Human Rights. No human rights concerns have arisen within the Company's operations or its supply chain during the year ended 30 June 2015.

Employees

Scape has overall responsibility for the supervision and provision of asset management services through oversight and management of the employees of GCP Operations, a subsidiary of the Company, and has responsibility for the procurement and supervision of the facilities management services in connection with Scape East, Scape Greenwich, (and Scape Surrey and Scape Shoreditch) on behalf of the Company.

Gender breakdown

The gender breakdown of the Group's Directors, senior management and employees as at 30 June 2015 is detailed below.

Gender breakdown

As at 30 June 2015

Directors



3

(2014: 3)



1

(2014: 0)

Senior management



2

(2014: 1)



2

(2014: 1)

Employees



33

(2014: 28)



14

(2014: 13)

Risk management

The Board recognises that risk is inherent in the operation of the Company and that effective risk management is key to the success of the organisation.

Role of the Board

The Directors have overall responsibility for risk management and internal control within the Group. The Directors recognise that risk is inherent in the operation of the Group and that effective risk management is key to the success of the organisation. The Directors have delegated responsibility for the assurance of the risk management process and the review of mitigating controls to the audit committee.

The Directors, when setting the risk management strategy, also determine the nature and extent of the significant risks and its risk appetite in implementing this strategy. A formal risk identification and assessment process has been in place since IPO, resulting in a risk framework document which summarises the key risks and their mitigants.

The Directors undertake a formal risk review with the assistance of the audit committee at least twice a year in order to assess the effectiveness of the Group's risk management and internal control systems. During the course of such review, the Directors have not identified, nor been advised of any failings or weaknesses which it has determined to be of a material nature. The principal risks and uncertainties the Group faces are set out on pages 33 to 35.

Principal risks and uncertainties

The principal financial risks, the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 27 to the financial statements.

The Directors have also identified the following additional risks and uncertainties:

Risk	How the risk is managed
Investment strategy	
<p>Investment objective</p> <p>There can be no guarantee that the investment objective of the Company will be achieved. The Company's investment objective is to provide shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with RPI inflation-linked income characteristics.</p>	<p>The Company has already acquired three assets which meet the investment strategy with a further three assets acquired post year-end. The Investment Manager and Asset Managers have significant experience in the sector which should provide the Company with access to assets to continue to meet its investment strategy going forward.</p>
Execution	
<p>Availability of suitable investments</p> <p>There can be no assurance that the Investment Manager will be successful in sourcing suitable investments or that the Company will make any further investments in property assets. The availability of such future investment opportunities will depend upon a number of factors including, but not limited to, the availability of suitable assets for acquisition within the Company's investment objective and policy, conditions in the UK student accommodation sector and the ability of the Company to access appropriate funding.</p>	<p>The Investment Manager has significant relationships and experience in the sector which provides the Group with access to an investment pipeline. The Company has a high-quality broad shareholder base and an accordion debt facility which minimises capital raising risk.</p>
<p>Due diligence</p> <p>Prior to entering into an agreement to acquire any property, the Investment Manager will perform due diligence, on behalf of the Company, on the proposed investment. To the extent that the Investment Manager underestimates or fails to identify risks and liabilities associated with the investment in question, the Company may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or may be unable to obtain necessary permits which may materially and adversely impact the net asset value and the earnings of the Company.</p>	<p>In addition to the due diligence carried out by the Investment Manager, third party technical, insurance and legal experts are engaged to advise on specific risks to an acquisition, whether it be structured via a property owning vehicle or a direct property acquisition.</p>
Portfolio	
<p>General property and investment market conditions</p> <p>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 Group and ultimately upon the net asset value and the ability of the Company to generate revenues.</p>	<p>The Investment Manager continuously monitors market conditions and provides the Board with quarterly updates on the student accommodation market and senior debt market to act as an early warning signal of any adverse market conditions ahead.</p>
<p>Property valuation</p> <p>The valuation of the Group'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 and limited transactional activity. Valuations of the Company's investments may not reflect actual sale prices, even where any such sales occur shortly after the relevant valuation date.</p>	<p>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 UK 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.</p>
<p>Development risk</p> <p>The Company may invest in development and forward-funded projects which have received planning permission for student accommodation. Development activities may involve a higher degree of risk than is associated with operating properties and may be subject to delays or disruptions which are outside of the Company's control.</p>	<p>The Company will engage third-party professional advisers to review and opine on development risk prior to commitment. All contracts entered into will be guaranteed maximum price contracts with a suitable contractor and significant equity buffer.</p>

Risk management continued

Risk	How the risk is managed
Portfolio continued	
<p>'Scape Student Living' brand</p> <p>The Group's success and results are, to some extent dependent on the strength and reputation of the 'Scape Student Living' brand. The 'Scape Student Living' brand is vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. Any damage to the 'Scape Student Living' brand could cause a decline in the demand for accommodation and/or the rental rates that can be achieved at the properties owned by the Group, the occurrence of which could have an adverse effect on the Group's revenue, performance, margins and asset values.</p>	<p>The Investment Manager and Asset Manager, Scape Student Living, provide the Board with quarterly reports which include any operational or performance related issues which could potentially have an impact on brand confidence or integrity. The analysis provides the Board with the tools to address any occurrence which could have an adverse effect on the Group's revenue, performance, margins and asset values.</p>
<p>Concentration risk</p> <p>Whilst it is the Board's intention for the Group to acquire additional property assets in the future, there can be no certainty that it will be able to do so. Substantially all of the Group's assets are currently located in and around London. As a result of this concentration, the Company may be adversely affected by events which damage or diminish London's attractiveness to students (especially overseas students) or London property values. Any circumstances which materially affect the returns generated by the Group's property portfolio may materially and adversely impact the net asset value and earnings of the Company.</p>	<p>The Company acquired a further three assets post year-end which provides an increased level of diversification across the portfolio. The Company is focused on the London market because this is where the largest supply/demand imbalance exists in the UK student accommodation market. The Investment Manager and the Asset Managers have significant experience in the sector and continuously monitor the market to act as an early warning signal of any adverse market conditions ahead.</p>
<p>Liquidity</p> <p>The Group invests in student residential accommodation and teaching facilities. Such investments are illiquid and may be difficult for the Company to sell and the price achieved on any such realisation may be at a discount to the prevailing valuation of the relevant investments, which may materially and adversely impact the net asset value and earnings of the Company.</p>	<p>Whilst the Company invests funds with the aim of both capital appreciation and investment income, it has no plan to sell or realise the capital appreciation (and so generate returns) from any increase in the value of its investment properties, except by way of increased rental income.</p>
<p>Rental income</p> <p>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 in property values may materially and adversely impact the net asset value and earnings of the Company as well as the ability to service interest on its debts in the longer term.</p>	<p>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.</p>
<p>Occupancy rates</p> <p>The ability of the Group to maintain attractive occupancy levels (or to maintain such levels on economically favourable terms) on its assets may be adversely affected by a number of factors, including a fall in the number of students, competing sites, any harm to the reputation of the Group amongst universities, students or other potential customers, or as a result of other local or national factors. A fall in occupancy levels may adversely affect the Group's revenue performance, margins and asset values.</p>	<p>The Investment Manager and Asset Managers provide the Board with quarterly reports on asset performance. The analysis provides both the Investment Manager and Board with the tools to adjust the Company's operational strategy in order to maximise shareholder value.</p>

Risk	How the risk is managed
Financial	
<p>Borrowings and interest rate hedging</p> <p>The Company's investment strategy may involve securing borrowing facilities to finance additions to the Company's portfolio. It is not certain that the Company will be able to secure such facilities. Lack of access to debt or the utilisation of debt on more expensive terms than anticipated may adversely affect the Company's investment returns. 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.</p>	<p>The Company's borrowing policy 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.</p>
<p>Taxation</p> <p>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 value of assets acquired. If the Company fails to remain a REIT for UK tax purposes, its profits and gains will be subject to UK corporation tax.</p>	<p>The Board has ultimate responsibility for ensuring adherence to the UK REIT regime 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.</p>
Other	
<p>Compliance with laws or regulations</p> <p>The Group 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 Group 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 its shares.</p>	<p>The Board has appointed Wragge Lawrence Graham & Co LLP as legal counsel, Capita Company Secretarial Services Limited as Company Secretary and Capita Sinclair Henderson Limited as Administrator to ensure compliance with all relevant laws and regulations.</p>
<p>Operational risk</p> <p>The risk of a change in value caused by inadequate or failed internal processes, people and systems, or from external events (including legal risk). Events may be manifested as direct financial losses or result in damage to reputation causing longer term financial consequences.</p>	<p>The Company has sufficient defined operational risk procedures and policies in place to manage and mitigate operational risk across the Group.</p>

The strategic report has been approved by the Board and signed on its behalf



Robert Peto

Chairman

30 September 2015

Board of Directors



Robert Peto
Chairman – 64

Mr Peto is part time chairman of DTZ Investment Management Ltd. In 1992, he founded the real estate investment management arm of DTZ (which now has over £4 billion of assets under management). Mr Peto chairs a number of investment committees for property funds, is a consultant to Insight Investments Limited in respect of its commercial real estate debt programme and is a non-executive director of Lend Lease Europe GP Limited (Retail Fund), Western Heritable Investment Company Limited, Standard Life Investments Property Income Trust Limited and the commercial subsidiary of the Royal Bath & West Society. He was Global President of RICS in 2010–2011, a member of the Bank of England Property Advisory Group from 2007 to 2011, chairman of DTZ UK from 1998 to 2008 and a member of the board of DTZ Holdings plc from 1998 to 2009.

Mr Peto was appointed as a Director of the Company on 9 April 2013.



Peter Dunscombe
Senior Independent Director – 66

Mr Dunscombe is a director of Murray International Trust plc and HgCapital Trust plc. He joined a London firm of stockbrokers in the early 1970s to carry out economic and company research. After five years, he joined Imperial Group in their in-house pension fund management team and later became joint managing director of Imperial Investments Limited. Mr Dunscombe joined BBC Pension Trust Limited where he was head of pension investments until 2011. He is a member of the investment committees of The Pensions Trust, Reed Elsevier Pension Fund, St James's Place plc and the Nuffield Foundation.

Mr Dunscombe was appointed as a Director of the Company on 9 April 2013.



Malcolm Naish
Chair of the management engagement committee – 62

Mr Naish was head of real estate at Scottish Widows Investment Partnership ("SWIP") until 2012 with responsibility for a portfolio of commercial property assets spanning the UK, Continental Europe and North America, and SWIP's real estate investment management business. He has over 40 years' experience of working in the real estate industry and qualified as a Chartered Surveyor in 1976. Immediately prior to joining SWIP in 2007, Mr Naish was director and head of DTZ Investment Management, where he also led new business development in the UK and international markets. He was a founding partner of Jones Lang Wootton Fund Management and UK Managing Director of LaSalle Investment Management. In 2002, he co-founded Fountain Capital Partners, a pan-European real estate investment manager and adviser. Mr Naish was also chairman of the Scottish Property Federation for 2010/11. He now holds a number of non-executive directorships and two roles in the charity sector.

Mr Naish was appointed as a Director of the Company on 9 April 2013.



Marlene Wood
Chair of the audit committee – 53

Mrs Wood is a chartered accountant with a broad range of experience in both private and public sectors. She is currently a non-executive board member and chair of the audit committee for the Scottish Funding Council for Further and Higher Education and also sits on their remuneration committee. She was chair of the audit committee for the University of the Highlands and Islands until 2014. Mrs Wood spent 20 years with the Miller Group, a major UK property business, predominantly as finance director for Miller Developments, the property development and investment arm, and latterly as group accounting and treasury director. Mrs Wood is currently non-executive director and treasurer for two charities: One Parent Families Scotland and Edinburgh Printmakers.

Mrs Wood was appointed as a Director of the Company on 23 March 2015.

All Directors are non-executive and independent of the Investment Manager.

The Investment Manager



Tom Ward
Partner – 37

Mr Ward has overall responsibility for the provision of investment advice to the Company and is chief operating officer of Scape Student Living. He qualified as a Chartered Accountant with Arthur Andersen LLP in 2002 and continued to work in practice with Deloitte LLP in its Corporate Finance division, focusing on asset-backed securitisation. Mr Ward joined DTZ Corporate Finance in 2004, where he spent five years in the Structured Finance team, focusing on developing, funding and structuring property transactions on student and residential accommodation. Mr Ward is one of the founding partners of the Investment Manager where he has overall responsibility for advising on the development, structuring and acquisition of student residential and educational assets.



Stephen Ellis
Partner – 56

Mr Ellis has overall supervision of the investment management function at the Investment Manager. He co-founded the Investment Manager after five years as a director at DTZ Corporate Finance, where he had responsibility for all UK infrastructure financing, in particular in the healthcare and education sectors. Mr Ellis graduated from Oxford University in 1980 and, after a short service commission with the British Army, he spent a 16 year career in investment banking, principally in tax-based finance, securitisation and debt origination.



Nick Barker
Director – 35

Mr Barker has co-lead responsibility for the provision of investment advice to the Company. He qualified as a Member of the Royal Institution of Chartered Surveyors in 2007 whilst working at Cushman & Wakefield Investors, having previously read BSc Investment & Finance in Property at the University of Reading. Prior to that, Mr Barker's early career also included working in property in Brazil for DTZ's local representative and subsequently Jones Lang LaSalle. Mr Barker joined Gravis in 2015 from Schroder Real Estate Investment Management Limited where he worked for eight years, being Head of Alternatives for the Real Estate business and a member of the fund management team for the Schroder UK Real Estate Fund.



Harry Daws
Analyst – 29

Mr Daws is responsible for new asset reviews, due diligence and financing for the Group. He graduated with a first class degree in Physics from Bristol University in 2008 and subsequently trained and qualified as an Associate of the Institute of Chartered Accountants with Deloitte LLP in London, where he spent three years within Corporate Audit. Mr Daws joined the Investment Manager as an analyst in 2012.



Chloe Marlow
Head of Operations and Risk – 34

Ms Marlow is responsible for monitoring and reporting the performance of the Group. She qualified as a Chartered Management Accountant with Lloyds Banking Group plc where she spent five years working in Real Estate Finance and Regulatory Compliance. Ms Marlow went on to join fund administrator Capita Sinclair Henderson Limited in 2011 where she was responsible for a portfolio of real estate and infrastructure funds. Ms Marlow joined the Investment Manager in 2013.

Directors' report

The Directors are pleased to present the annual report and the financial statements for the year ended 30 June 2015.

Corporate governance

The corporate governance statement on pages 44 to 49 forms part of the Directors' report.

Directors

The Directors in office during the year and at the date of this report and their biographical details are shown on page 36.

Mrs Wood was appointed as a Director on 23 March 2015 and will accordingly be standing for election at the forthcoming annual general meeting. In accordance with the policy adopted by the Company whereby all Directors stand for annual re-election, Messrs Peto, Dunscombe and Naish will be standing for re-election at the annual general meeting. Following formal performance evaluation, the Board has concluded that each of the Directors has made, and continues to make, a valuable and effective contribution to the Company and the Board strongly recommends that shareholders vote in favour of their election/re-election.

Details of the Directors' terms of appointment can be found in the corporate governance statement and the Directors' remuneration report.

Dividends

Dividends totalling 5.6 pence per ordinary share have been paid in respect of the year ended 30 June 2015 as follows:

- first interim dividend: 1.4 pence paid on 5 December 2014;
- second interim dividend: 1.4 pence paid on 5 March 2015;
- third interim dividend: 1.4 pence paid on 5 June 2015; and
- fourth interim dividend: 1.4 pence paid on 4 September 2015.

No final dividend is being recommended.

Share capital

At the general meeting held on 21 March 2013, the Company was granted authority to allot ordinary shares up to an aggregate nominal amount of £2,500,000 on a pre-emptive basis. Following the issue of new shares in May 2014 and as at the date of this report, the Company may allot ordinary shares up to an aggregate nominal amount of £2,101,895.73 under this authority. This authority will expire at the conclusion of, and renewal will be sought at, the annual general meeting to be held in 2016.

At the annual general meeting held on 24 October 2014, the Company was granted authority to issue ordinary shares up to an aggregate nominal value of £109,910 on a non pre-emptive basis, amounting to 10,991,000 shares. No shares have been issued under this authority.

At a general meeting held on 20 May 2015, the Company was granted the authority to allot C shares on a fully pre-emptive basis up to an aggregate nominal amount of £1,300,000, representing 130 million C shares. Pursuant to a prospectus dated 29 May 2015, the Company announced on 25 June 2015 that 120 million C shares with a nominal value of £1,200,000 would be issued at an issue price of 100 pence each, raising an aggregate of £120 million of gross proceeds for the Company, as follows:

- 30,295,466 C shares were issued on a fully pre-emptive basis to existing ordinary shareholders under an open offer, under which they were entitled to subscribe on the basis of one C share for every two ordinary shares held;
- 71,314,257 C shares were issued under a placing to institutional investors and professionally-advised private investors; and
- 18,390,277 C shares were issued under an offer for subscription to institutional and professionally-advised private investors.

The C shares were admitted to trading on the SFM on 30 June 2015.

At 30 June 2015 and as at the date of this report, the Company's issued share capital comprised 109,910,428 ordinary shares and 120,000,000 C shares. No shares were held in treasury during the year or at the year end.

At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held. The C shares carry no voting rights at general meetings. The total voting rights of the Company at 30 June 2015 were 109,910,428.

Substantial shareholdings

As at 30 June 2015, the Company had been informed of the following notifiable interests in the voting rights of the Company:

	Number of ordinary shares held	% of total voting rights
CCLA Investment Management Limited	16,082,337	14.63
Brewin Dolphin Limited	9,047,870	8.23
Old Mutual Plc	9,781,773	8.20
Bank of Montreal	5,841,991	6.40
Smith & Williamson Holdings Limited	4,717,411	4.29
J. M. Finn & Co. Limited	4,341,914	3.95

The Company was informed on 31 July 2015 that the interest of Old Mutual Plc had increased to 9,934,882 ordinary shares (9.04% of voting rights).

The Directors have not been informed of any other changes to the notifiable interests between 30 June 2015 and the date of this report.

Information about securities carrying voting rights

The following information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the Financial Conduct Authority's Disclosure and Transparency Rules:

- the Company's capital structure and voting rights and details of the substantial shareholders in the Company are set out on page 38 and above;
- an amendment to the Company's articles of association and the giving of powers to issue or buyback the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals to grant powers to the Board to issue and buy back shares are set out on pages 42 and 43; and
- there are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid.

Management arrangements

The Group's assets are managed by Gravis Capital Partners LLP under an agreement dated 12 April 2013, as amended and restated on 1 April 2014, 26 January 2015, 29 May 2015 and 25 September 2015. Pursuant to this agreement, the Investment Manager provides certain investment management services in relation to the Company's assets on a day-to-day basis, subject to the overall supervision and direction of the Board of Directors.

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 net asset value. The investment management agreement is for a term of six years from 25 September 2015, subject to termination on not less than twelve months' written notice given by the Company at any time, such notice to expire no earlier than 24 September 2021. The investment management agreement may also be terminated by the Investment Manager giving not less than twelve months' written notice to the Company at any time, such notice to expire no earlier than 31 October 2025, save in both cases that if the ordinary resolution to continue the Company's business as presently constituted, to be proposed at the fifth annual general meeting of the Company in 2018, is not passed, then the investment management agreement will be terminable upon 24 months' written notice by either party. The investment management agreement can be terminated at any time in the event of the insolvency of the Company or the Investment Manager.

The Investment Manager has been appointed as the Company's AIFM on the terms of and subject to the conditions to the amended and restated investment management agreement. The Investment Manager is paid an additional £22,500 per annum for acting as the Company's AIFM.

Directors' report continued

Continuing appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under continual review, and the management engagement committee, comprising all Directors, conducts an annual appraisal of the Investment Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. During the year, the Board reviewed the continuing appointment of the Investment Manager and agreed an extension to the investment management agreement on the terms detailed above. The Investment Manager has executed the investment strategy according to the Board's expectations and it is the opinion of the Directors that the continuing appointment of Gravis Capital Partners LLP is in the interests of shareholders as a whole.

Depositary agreement

Langham Hall UK Depositary LLP has been appointed as Depositary to the Company under an agreement dated 22 July 2014 between the Company, the Investment Manager and Langham Hall UK LLP (novated to Langham Hall UK Depositary LLP on 23 April 2015). The Depositary is responsible for: (i) ensuring the Company's cash flows are properly monitored; (ii) the safe keeping of custody assets and the non-custody assets of the Company entrusted to it (which it shall hold on trust for the Company); and (iii) the oversight and supervision of the Investment Manager and the Company.

Under the terms of the Depositary Agreement, the Depositary is entitled to a fee of £44,000 per annum, subject to annual RPI increase. The Depositary Agreement is terminable by either the Company and/or the Investment Manager or the Depositary giving to the other not less than six months' written notice.

The Company has given certain market standard indemnities in favour of the Depositary in respect of the Depositary's potential losses in carrying on its responsibilities under the Depositary Agreement.

Administration agreement

Capita Sinclair Henderson Limited has been appointed as Administrator to the Company. The Administrator provides the day-to-day administration of the Company and is responsible for the Company's general administrative functions, such as the calculation and publication of the net asset value and maintenance of the Company's accounting and statutory records.

Under the terms of the administration agreement, the Administrator is entitled to an administration fee of £66,000 per annum. The administration agreement is terminable upon six months' written notice.

Auditor

The Directors holding office at the date of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Ernst & Young LLP has expressed its willingness to continue in office as Auditor of the Company and resolutions for its re-appointment and to authorise the Board to determine its remuneration will be proposed at the forthcoming annual general meeting.

Financial risk management and going concern

Information about the Company's financial risk management objectives and policies is set out in note 27 of the financial statements.

In assessing the Company's ability to continue as a going concern, the Directors have considered the Company's investment objective (detailed on page 10), risk management policies (detailed on pages 32 to 35), capital management (see note 28 to the financial statements), its quarterly NAV and the nature of its portfolio and expenditure projections. The Directors believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. In addition, the Board has had regard to the Company's investment performance, the price at which the Company's shares trade relative to the NAV, and ongoing investor interest in the continuation of the Company (including feedback from meetings and conversations with shareholders by the Company's advisers).

Based on their assessment and considerations, the Directors have concluded that they should continue to prepare the financial statements of the Company on a going concern basis and the financial statements have been prepared accordingly.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. The information required under Listing Rule 9.8.4(7) in relation to allotments of shares is set out on page 38. The Directors confirm that no additional disclosures are required in relation to Listing Rule 9.8.4.

Global greenhouse gas emissions

This section contains information on GHG emissions required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations").

Reporting period

The reporting period is 1 July 2014 to 30 June 2015, comprising the financial year of the Company.

Methodology

The principal methodology used to calculate the emissions reflects the UK Government's Environmental Reporting Guidance (2013 version).

The Company has reported on all of the emission sources required under the Regulations. The Company does not have responsibility for any emission sources that are not included in the carbon emissions data table below.

Organisational boundary

An operational control approach was used to define the Company's organisational boundary and responsibility for GHG emissions. The Company owns 100% of the property assets it operates and has therefore reported on that basis. All material emission sources within this boundary have been reported upon, in line with the requirements of the Regulations.

Intensity ratio

In order to express the GHG emissions in relation to a quantifiable factor associated with the Company's activities, the intensity ratio per square foot has been chosen. It is considered that this intensity ratio will provide a uniform basis of comparing data between the Company's different properties and take into account the commercial areas within each of the properties. This will also allow comparison of the Company's performance over time, as well as with other companies in the Company's peer group.

Total GHG emissions data for the year ended 30 June 2015:

Carbon emissions data	2015	2014
Absolute energy use:		
Residential gas (kWh)	2,105,096	1,648,384
Residential oil (kWh)	—	156,411
Residential electricity (kWh)	2,577,271	2,044,158
Absolute CO₂e emissions (tonnes CO₂e)	1,580	1,256
Residential gas emissions (tonnes CO ₂ e) (Scope 1)	388	303
Residential oil emissions (tonnes CO ₂ e) (Scope 1)	—	42
Residential electricity emissions (tonnes CO ₂ e) (Scope 2)	1,191	911
Total residential emissions (tonnes CO₂e) (Scopes 1+2)	1,579	1,256
CO₂e emissions per sq ft	0.0054	0.0043
Residential gas and oil emissions (tonnes CO ₂ e/sq ft) (Scope 1)	0.0013	0.0012
Residential electricity emissions (tonnes CO ₂ e/sq ft) (Scope 2)	0.0041	0.0031
Total residential emissions (tonnes CO₂e/sq ft) (Scopes 1+2)	0.0054	0.0043

Directors' report continued

Annual general meeting

The notice convening the annual general meeting of the Company to be held on 3 December 2015 is set out on pages 89 to 93. Shareholders are being asked to vote on various items of business, being: the receipt and acceptance of the strategic report, Directors' report, Auditor's report and the financial statements for the year ended 30 June 2015; the receipt and approval of the Directors' remuneration report; the election/re-election of Directors; the re-appointment of Ernst & Young LLP as Auditor; the authorisation of the Directors to determine the remuneration of the Auditor; the authorisation of the Directors to allot ordinary shares and disapply statutory pre-emption rights for certain issues of shares; the authorisation of the Company to make market purchases of ordinary shares; and the holding of general meetings (other than annual general meetings) on not less than 14 clear days' notice.

Resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions.

Directors' remuneration

Shareholders have an annual advisory vote on the report on Directors' remuneration and a binding vote, to be held every three years, on the remuneration policy of the Directors. Shareholders are being requested to vote on the receipt and approval of the Directors' remuneration report as set out on pages 52 and 53.

Authority to allot ordinary shares

Resolution 9, an ordinary resolution, would give the Directors the authority to allot ordinary shares of the Company up to the lower of (i) an aggregate nominal amount equal to £229,910 (representing 22,991,000 ordinary shares and 10% of the total issued share capital at the date of this report) and (ii) 10% of the issued ordinary share capital of the Company immediately following the conversion of the C shares into ordinary shares ("conversion"), provided that the conversion has taken place before 23 November 2015. This authority replaces the authority given to the Directors at the Company's last annual general meeting and would be given for the period ending on 31 December 2016 or, if earlier, the date of the annual general meeting to be held in 2016. The Directors have no present intention of exercising such authority but it will give them flexibility should appropriate business opportunities arise.

Disapplication of pre-emption rights

Resolution 10, a special resolution, is being proposed to authorise the Directors to disapply the statutory pre-emption rights of existing shareholders in relation to issue of ordinary shares for cash or the sale of shares out of treasury up to the lower of (i) an aggregate nominal amount of £229,910 (representing 10% of the total issued share capital at the date of this report) and (ii) 10% of the issued ordinary share capital of the Company immediately following the conversion of the C shares into ordinary shares ("conversion"), provided that the conversion has taken place before 23 November 2015. This authority replaces the similar authority given at the last annual general meeting. This authority, if approved by shareholders, will expire at the earlier of the annual general meeting to be held in 2016, when a resolution for its renewal will be proposed, and 31 December 2016. Ordinary shares would only be issued at a price at or above the prevailing net asset value per share. The Directors will only issue new ordinary shares if they believe it would be in the best interests of the Company's shareholders.

Purchase of own shares

At the annual general meeting held on 24 October 2014, the Company was granted authority to purchase up to 14.99% of the Company's ordinary share capital in issue at that date, amounting to 16,475,573 shares. No shares have been bought back under this authority.

Resolution 11, a special resolution, will renew the Company's authority to make market purchases of up to 16,475,573 ordinary shares (being 14.99% of the issued ordinary share capital as at the date of this report), either for cancellation or placing into treasury at the determination of the Directors. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of ordinary shares would be made only out of the available cash resources of the Company. The maximum price which may be paid for an ordinary share must not be more than the higher of (i) 5% above the average of the mid market values of the ordinary shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for the ordinary shares. The minimum price which may be paid is 1 pence per ordinary share.

Whilst the Directors have no present intention of using this authority, the Directors would use this authority in order to address any significant imbalance between the supply and demand for the ordinary shares and to manage the discount to net asset value at which the ordinary shares trade. Ordinary shares will be repurchased only at prices below the net asset value per ordinary share, which should have the effect of increasing the net asset value per ordinary share for remaining shareholders. The Directors would consider holding as treasury shares any ordinary shares which the Company purchases pursuant to the authority proposed to be granted by resolution 11. In relation to any repurchased ordinary shares held in treasury, however, unless such ordinary shares are subsequently cancelled, earnings per ordinary share will only be increased on a temporary basis until such time as the ordinary shares are subsequently sold out of treasury. This authority, if approved by shareholders, will expire at the earlier of the annual general meeting to be held in 2016, when a resolution for its renewal will be proposed, and 31 December 2016.

Notice period for general meetings

In terms of the Companies Act 2006, the notice period for general meetings (other than an annual general meeting) is 21 clear days' notice unless the Company: (i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent annual general meeting; and (ii) offers the facility for all shareholders to vote by electronic means. The Company would like to preserve its ability to call general meetings (other than an annual general meeting) on less than 21 clear days' notice. The shorter notice period proposed by resolution 12 would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The approval will be effective until the date of the annual general meeting to be held in 2016, when it is intended that a similar resolution will be proposed.

Directors' recommendation

The Directors consider each resolution being proposed at the annual general meeting to be in the best interests of the Company and shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do in respect of their own beneficial shareholdings.

By order of the Board

Capita Company Secretarial Services Limited

Company Secretary
30 September 2015

Corporate governance statement

This corporate governance statement forms part of the Directors' report.

Introduction

The Board is accountable to shareholders for the governance of the Group's affairs and is committed to maintaining high standards of corporate governance and the principles of good governance as set out in the UK Code issued by the Financial Reporting Council in September 2012, a copy of which can be found at www.frc.org.uk.

The Company's shares are traded on the SFM. As a matter of best practice and good corporate governance, the Company voluntarily complies with certain of the listing rules of the UKLA. In addition, although the Company is not required to comply with the Model Code for Directors' dealings contained in the listing rules of the UKLA, the Board has adopted a voluntary share dealing code pursuant to which the Directors will comply with the UKLA Model Code.

Statement of compliance with the UK Code

Pursuant to the listing rules of the UKLA, the Company is required to provide shareholders with a statement on how the main and supporting principles set out in the UK Code have been applied and whether the Company has complied with the provisions of the UK Code. The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company as a REIT and the Group as a whole.

The Board has reviewed the principles and recommendations of the UK Code and considers that it has complied throughout the year, except as disclosed below:

- Directors are not appointed for a specified term as all Directors are non-executive and the Company's articles of association require that one-third of the Directors eligible to retire by rotation retire from office at each annual general meeting of the Company. In addition, the Company has adopted the policy of all Directors standing for re-election annually;
- in light of the responsibilities retained by the Board and its committees and the responsibilities delegated to the Company's third party service providers, including the Investment Manager, the Company has not appointed a chief executive officer;
- given the structure and size of the Board, the Board does not consider it necessary to appoint separate remuneration or nomination committees, and the roles and responsibilities normally reserved for these committees will be a matter for the full Board; and
- the Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board. However, the need for an internal audit function will be reviewed annually.

Board of Directors

Under the leadership of the Chairman, the Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk assessment and overall investment policy. The Directors have overall responsibility for review of investment activity and performance and the control and supervision of the Investment Manager and Scape, the Asset Manager, which is responsible for the day-to-day oversight of the Group's employees. The Directors retain overall responsibility for the control and supervision of the Group's employees.

The Board consists of four non-executive Directors. The Board seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial experience of investment trusts, the UK real estate sector and public company management.

During the year, the Directors reviewed the size and composition of the Board, and determined that an additional Director with accountancy experience should be appointed. The desired background and expertise to complement the skills already on the Board were discussed and agreed. A number of potential candidates were identified by the Directors, and the Board therefore did not consider it necessary to advertise or to employ the services of an external search agency in this process. Following interviews with a shortlist of candidates and the receipt of references, Mrs Wood was appointed as a non-executive Director of the Company on 23 March 2015.

The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year.

A procedure for the induction of new Directors has been established, including the provision of an induction pack containing relevant information about the Company, its processes and procedures. New appointees will have the opportunity of meeting with the Chairman and relevant persons at the Investment Manager and viewing the property assets of the Company.

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties. The Company has Directors' and Officers' liability insurance and professional indemnity insurance to cover legal defence costs. Under the Company's articles of association, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Apart from this, there are no third party indemnity provisions in place for the Directors.

Chairman and Senior Independent Director

The Chairman, Mr Peto, is deemed by his fellow independent Board members to be independent in character and judgement and free of any conflicts of interest. He considers himself to have sufficient time to spend on the affairs of the Group. He has no significant commitments other than those disclosed in his biography on page 36.

Following the appointment of a fourth Director to the Board, Peter Dunscombe was appointed by the Board as the Senior Independent Director of the Company. He will provide a channel for any shareholder concerns regarding the Chairman and will take the lead in the annual evaluation of the Chairman by the independent Directors.

Independence of the Directors

The independence of the Directors is reviewed as part of the annual evaluation process and each Director is considered to be independent in character and judgement and entirely independent of the Investment Manager. None of the Directors sits on the boards of any other companies managed by the Investment Manager.

Re-election and retirement of Directors

Under the Company's articles of association and in accordance with the UK Code, Directors are subject to election by shareholders at the first annual general meeting after their appointment. Thereafter, at each annual general meeting any Director who has not stood for re-election at either of the two preceding annual general meetings shall retire. In addition, one-third of the Directors eligible to retire by rotation shall retire from office at each annual general meeting.

Beyond these requirements, the Board has agreed a policy whereby all Directors will seek annual re-election at the Company's annual general meetings. This is in line with the recommendations of the UK Code for FTSE 350 companies, albeit the Company currently does not fall into this category.

Board operation

The Directors have adopted a formal schedule of matters specifically reserved for their approval. These reserved matters include the following:

- investment and business strategy of the Company;
- approval of annual and interim reports and financial statements and accounting policies, prospectuses, circulars and other shareholder communications;
- acquisitions and disposals of student residential accommodation and teaching facilities and/or subsidiaries;
- raising new capital and approval of major financing facilities;
- approval and recommendation of dividends;
- Board appointments and removals; and
- appointment and removal of the Investment Manager, Auditor and the Company's other service providers.

At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Secretary. The Secretary, the Administrator and the Investment Manager regularly provide the Board with financial information, including an annual expenses budget, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

The Board is responsible for adherence to the investment policy and strategic and operational decisions of the Company. The Company's main functions are delegated to a number of service providers, each engaged under separate legal contracts. The management of the Company's portfolio is delegated to Gravis Capital Partners LLP, the Investment Manager, which manages the assets in accordance with the Company's objectives and policies. At each Board meeting, a representative from the Investment Manager is in attendance to present verbal and written reports covering the Company's activity, portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. The Board and the Investment Manager operate in a fully supportive, co-operative and open environment.

Corporate governance statement continued

Meetings

The Directors meet at regular Board meetings, at least once every quarter, with additional meetings arranged as necessary. The number of scheduled Board, audit committee and management engagement committee meetings held during the year ended 30 June 2015 and the attendance of the individual Directors is shown below:

	Board meetings		Audit committee meetings		Management engagement committee meetings	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Robert Peto	6	6	4	4	2	2
Peter Dunscombe	6	6	4	4	2	2
Malcolm Naish	6	6	4	4	2	2
Marlene Wood (appointed 23 March 2015)	1	1	1	1	1	1

Seven additional Board meetings and one additional audit committee meeting were held by the Company during the year.

Performance evaluation

The Directors are aware that they need continually to monitor and improve performance and recognise this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

The Directors have therefore opted to undertake an internal performance evaluation by way of questionnaires specifically designed to assess the strengths and independence of the Board and the Chairman, individual Directors and the performance of its committees. The evaluation of the Chairman is carried out by the other Directors of the Company. The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. The results of the Board evaluation process were reviewed and discussed by the Board as a whole.

As a result of the evaluation, the Board considers that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company. This evaluation process will be carried out annually.

Committees

The Board has established two committees to assist its operations, the audit committee and the management engagement committee. Each committee's delegated responsibilities are clearly defined in formal terms of reference, which are available from the Company's registered office. Both committees comprise the full Board as all the Directors are independent and non-executive and it is considered that the size of the Board is conducive to including all Directors in the business and operations of the Company.

Audit committee

The audit committee comprises all the Directors of the Company and was chaired by Mr Dunscombe throughout the year under review. Following the year end, Mr Dunscombe relinquished his position as audit committee Chairman and was replaced by Mrs Wood with effect from 21 July 2015.

In January 2015, and as a result of the increased size and complexity of the Company, it was agreed that formal meetings of the committee should be held at least quarterly, with additional meetings held as required.

The Board believes it is appropriate for the Chairman of the Company to be a member of the audit committee as he provides a valuable contribution to the committee and his membership enhances the operation of the committee and its interaction with the Board. It is considered that there is a range of relevant financial expertise amongst the members of the committee.

The audit committee has direct access to the Company's Auditor, and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor attend meetings of the audit committee at least annually.

The audit committee report is set out on pages 50 and 51.

Management engagement committee

The management engagement committee comprises all the Directors and is chaired by Mr Naish. The committee meets at least once a year to review the performance and the continuing appointment of the Investment Manager and the other service providers of the Company. The committee also considers any variation to the terms of the investment management agreement and the service providers' agreements, and reports its findings to the Board.

Diversity

The Board regularly reviews its composition and effectiveness with the objective of ensuring that it has an appropriate balance of skills and experience required to meet the future opportunities and challenges facing the Company. The Directors are committed to enhancing the diversity, including gender, on the Board.

The Company is dedicated to achieving a working environment which provides equality of opportunity and freedom from unlawful discrimination on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age or sexual orientation. This policy aims to remove unfair and discriminatory practices within the Company and to encourage full contribution from its diverse community. The Company is committed to actively opposing all forms of discrimination.

The Company also aims to provide a service that does not discriminate against its clients and customers in the means by which they can access the services and goods supplied by the Company. The Company believes that all employees and clients are entitled to be treated with respect and dignity.

The objective of the Company's diversity policy is to prevent, reduce and stop all forms of unlawful discrimination in line with the Equality Act 2010. This is to ensure that recruitment, promotion, training, development, assessment, benefits, pay, terms and conditions of employment, redundancy and dismissals are determined on the basis of capability, qualifications, experience, skills and productivity.

The Company values diversity amongst its workforce. Its aim is that its workforce is truly representative of all sections of society and each employee feels respected and able to give their best.

Dialogue with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. A regular dialogue is maintained with the Company's institutional shareholders through the Broker and Investment Manager, who report to the Board on any such contact, covering the views of shareholders and any changes to the composition of the share register. Direct meetings between the Board and the Company's shareholders will be arranged where appropriate. All shareholders are encouraged to attend and vote at the annual general meeting, during which the Board and Investment Manager will be available to discuss issues affecting the Company.

Details of all the resolutions being proposed at this year's annual general meeting are set out in the notice on pages 89 to 93. Shareholders wishing to communicate directly with the Board should contact the Secretary at the registered office address.

Copies of the annual report are dispatched to shareholders by post. In addition to the announcement of the annual and half-yearly results of the Company to the market, copies of the annual report and half-yearly report are also available for downloading from the Company's website www.gcpuk.com/gcp-student-living-plc. This information is supplemented by publication of the quarterly net asset value and the dividends declared.

Corporate governance statement continued

Conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. The Director must request authorisation from the Board as soon as he/she becomes aware of the possibility of an interest that conflicts or might possibly conflict with the interests of the Company (a "situational conflict"). The Company's articles of association authorise the Board to approve such situations, where deemed appropriate.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include: whether the situational conflict could prevent the Director from properly performing his/her duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Board has adopted the policy of maintaining a gifts and hospitality register to record all gifts and hospitality in excess of £50 accepted by the Directors from the Company's service providers and other relevant third parties.

Company Secretary

The Board has direct access to the advice and services of the Secretary, Capita Company Secretarial Services Limited, which is responsible for ensuring that the Board and committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of the information and reports and that the statutory obligations of the Company are met.

Internal control review

The Board is responsible for the systems of internal controls relating to the Group and the reliability of the financial reporting process and for reviewing their effectiveness.

The Directors have reviewed and considered the guidance supplied by the Financial Reporting Council on internal controls and an ongoing process has been established for identifying, evaluating and managing the risks faced by the Group. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of the signing of this report. The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded. The risk management process and Group systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the report and financial statements.

Internal control assessment process

Regular risk assessments and reviews of internal controls are undertaken in the context of the Company's overall investment objective. The Board, through the audit committee, has identified risk management controls in four key areas: corporate strategy; published information and compliance with relevant laws and regulations; relationships with service providers; and investment and business activities. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk and associated controls of the Company; and
- the extent to which the third parties operate the relevant controls.

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed at least six monthly by the audit committee and at other times as necessary.

The Board reviews financial information produced by the Investment Manager and the Administrator on a regular basis at each Board meeting as part of the NAV and dividend approval process.

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the audit committee.

Audit committee report

I am pleased to present the audit committee report for the year ended 30 June 2015.

Role of the audit committee

The primary responsibilities of the audit committee are:

- to monitor the integrity of the financial statements of the Company and the Group, the financial reporting process and the accounting policies of the Company;
- to keep under review the effectiveness of the Company's and the Group's internal control environment and risk management systems;
- to make recommendations to the Board in relation to the re-appointment or removal of the external Auditor and to approve its remuneration and terms of engagement;
- to review the scope and effectiveness of the audit process undertaken by the Auditor; and
- to review and monitor the Auditor's independence and objectivity.

In view of the increased size and complexity of the Company and the Group, and for the purposes of good governance, the Board undertook a review of the role and responsibilities of the audit committee in January 2015. Accordingly, it was agreed a minimum of four formal meetings be held annually by the committee, with additional meetings held as required.

The remit of the committee was also increased to include the following additional responsibilities with the intention of monitoring key business risks:

- to review the quarterly management accounts and REIT compliance tests of the Company;
- to review the quarterly net asset value and dividend recommendations from the Investment Manager and recommend to the Board the level of distribution to shareholders by way of dividend, and the amounts payable as REIT property income distribution and ordinary UK dividend respectively;
- to review the quarterly and annual valuation of the Group's underlying property assets;
- to assess that the Company meets its loan covenants and will continue to do so; and
- to monitor the level of fees payable to the external auditor in respect of non-audit services.

Matters considered during the year

The committee met five times during the year under review and twice following the year end. The committee has:

- reviewed the Group's financial statements and made formal recommendations to the Board;
- reviewed the internal controls and risk management systems of the Company and its third party service providers;
- agreed the audit plan and fees with the Auditor, including the principal areas of focus;
- reviewed the non-audit services and fees of Ernst & Young LLP;
- reviewed the quarterly interim dividends and net asset values and made formal recommendations to the Board; and
- reviewed the Company's deposit takers and banking arrangements.

The committee has reviewed the Company's financial statements for the year ended 30 June 2015 and advised the Board accordingly.

During the year, the committee considered the following key issues in relation to the Group's financial statements:

a) Valuation of property assets

The committee considered the quarterly valuations of the Company's portfolio assets and the annual valuation as at 30 June 2015 and the market report provided by the Company's valuer. The relevant committee meeting was attended by the valuer to facilitate a full discussion of the valuations of the investment properties.

b) Internal controls

The Company does not have an internal audit function. The committee takes comfort from the fact that the investment management and administration of the Company are carried out by separate organisations and therefore provide checks and balances of the figures. During the year, the committee reviewed whether an internal audit function would be of value and concluded that this would provide little added comfort at considerable extra cost to the Company and agreed that the existing system of monitoring and reporting by third parties remains appropriate and sufficient.

The committee has reviewed and updated, where appropriate, the risk matrix. This is done on a six-monthly basis. The committee receives a report on internal control and compliance from the Investment Manager and the Company's other service providers and no significant matters of concern were identified.

c) Maintenance of REIT status

The committee monitored the compliance status of the Company and considered each of the requirements for the maintenance of REIT status at each of its meetings.

d) Property income distributions

During the year the committee was made aware of a misallocation between property income distribution and ordinary dividend for the period ended 30 June 2014. The committee instructed that a full review of the process of dividend allocation be carried out and investors have been informed of any resulting amendments to their dividend tax certificates. The committee has taken steps to ensure that dividend allocation is now an integral part of the dividend review process.

e) Going concern

The committee considered the Company's financial requirements for the next twelve months and concluded that it has adequate cash resources to meet its commitments and any outstanding loan covenants.

Audit fees and non-audit services

The audit committee reviewed the audit plan and fees presented by the Auditor and considered its report on the financial statements. Total audit fees for the year amounted to £83,000. This incorporates a fee of £26,000 for the audit of the annual report and consolidated financial statements for the year ended 30 June 2015 and £57,000 for the audits of the subsidiary companies' accounts for 2014 and 2015.

The committee reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. During the year under review, the Auditor provided reporting accountant services for the prospectus in respect of the Company's issue of C shares, for a fee of £60,000.

Ernst & Young LLP also provides tax compliance services to the Company. The fees for these services in the year under review amounted to £124,000. This included VAT compliance services, completion of the Company's corporation tax returns, advice on the misallocation of dividends in the prior year and general taxation advice.

Further information on the fees paid to the Auditor are set out in note 8 of the financial statements on page 69.

Independence and objectivity of the Auditor

The committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit services which the Auditor has provided. During the year under review, the Auditor provided non-audit services in relation to the review of Company's C share prospectus and tax services. The committee receives an annual assurance from the Auditor that its independence is not compromised by the practice of these services. It reviews the scope and nature of all proposed non-audit services before engagement.

The committee is satisfied that the Auditor's objectivity and independence is not impaired by the performance of these non-audit services. The committee is satisfied that in these respects, Ernst & Young LLP has fulfilled its obligations to the Company and its shareholders.

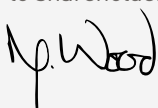
Ernst & Young LLP was appointed as Auditor to the Company in 2013. The committee will regularly consider the need to put the audit out to tender, the Auditor's fees and independence, along with matters raised during each audit.

Re-appointment of the Auditor

Following consideration of the performance of the Auditor, the service provided during the year and a review of their independence and objectivity, the committee has recommended to the Board the re-appointment of Ernst & Young LLP as Auditor to the Company.

Audit tender

In light of the proposals regarding the implementation of the EU Audit Directive and Regulation in the UK regarding the provision of audit and non-audit services to companies, it is expected that the Company will consider the future provision of audit and non-audit services during the next financial year. The Company will report on the outcome of this process to shareholders.



Marlene Wood

Audit committee Chair
30 September 2015

Remuneration report

The Board has prepared this report in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Financial Statements and Reports) Regulations 2008. An ordinary resolution for the approval of the Directors' remuneration report will be put to shareholders at the forthcoming annual general meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's report on pages 56 to 58.

Directors' remuneration report

Statement from the Chairman

I am pleased to present the Directors' remuneration report for the year ended 30 June 2015.

The Board comprises solely of non-executive Directors. Given the size of the Board, it is not considered appropriate for the Company to have a separate remuneration committee and the functions of this committee are carried out by the Board as a whole. The Board has agreed to review Directors' fees on an annual basis. Directors' fees were last increased on 1 July 2014.

During the year ended 30 June 2015, and as reported last year, the annual fees were set at the rate of £34,000 for the Chairman and £28,000 for the other Directors. An additional payment of £3,000 was made to the Chair of the audit committee.

Following a review of Directors' fees, it is anticipated that Directors' fees will be increased in respect of the year commencing 1 July 2016 as a result of the continued increase in the responsibilities and the time commitment that the Directors give to the Company's affairs, due to the growth of the Company via the acquisition of further assets and raising additional funds from the market. The fees payable to the Directors in respect of subsequent financial periods will be determined following an annual review.

There will be no significant change in the way the current, approved remuneration policy will be implemented in the course of the next financial year.

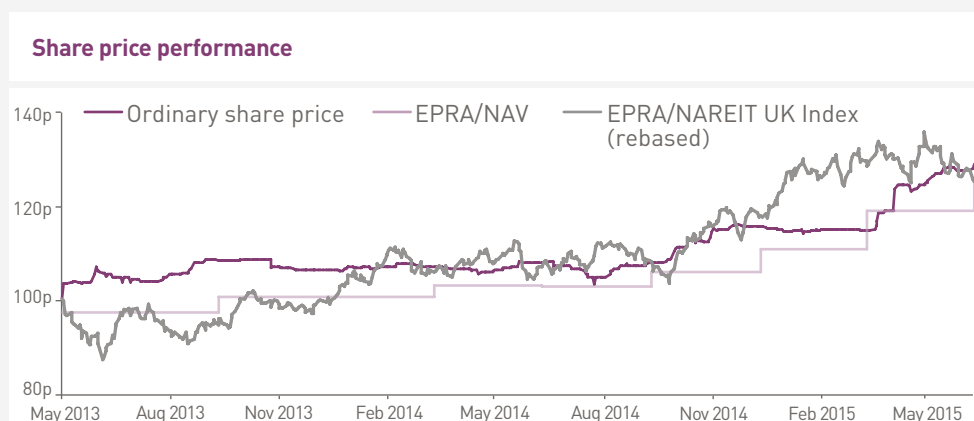
Voting at annual general meeting

The Directors' remuneration report for the period ended 30 June 2014 and the Directors' remuneration policy were approved by shareholders at the annual general meeting held on 24 October 2014. The votes cast by proxy were as follows:

	Directors' remuneration report		Directors' remuneration policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	50,192,120	99.3%	50,192,120	99.3%
Against	358,398	0.7%	358,398	0.7%
At Chairman's discretion	—	—	—	—
Total votes cast	50,550,518	100.0%	50,550,518	100.0%
Number of votes withheld	2,000,000		—	

Performance of the Company

The graph below compares the total return to ordinary shareholders compared to the total shareholder return of the EPRA/NAREIT UK Index. The Index was chosen for comparison purposes, as it was the benchmark used for investment performance measurement purposes during the year ended 30 June 2015.



Directors' remuneration for the year ended 30 June 2015 (audited)

The fees paid to the Directors during the year ended 30 June 2015 are set out in the table below:

	2015		2014	
	Fees £'000	Total £'000	Fees £'000	Total £'000
Robert Peto (Chairman)	34	34	28	28
Peter Dunscombe	31	31	20	20
Malcolm Naish	28	28	20	20
Marlene Wood*	8	8	—	—
	101	101	68	68

*Appointed as a Director on 23 March 2015.

Relative importance of spend on pay

The table below sets out, in respect of the year ended 30 June 2015:

- the remuneration paid to the Directors;
- the distributions made to shareholders by way of dividend; and
- the remuneration paid to the employees within the Group.

	2015 £'000	2014 £'000
Directors' remuneration	101	68
Dividends paid to shareholders	6,155	4,834**
Employees' wages	950	163

*Includes fourth interim dividend of £1,539,000 for the quarter ended 30 June 2015 which was paid on 4 September 2015.

**Includes fourth interim dividend of £1,539,000 for the quarter ended 30 June 2014 which was paid on 5 September 2014.

Directors' interests (audited)

As at 30 June 2015, the interests of the Directors and any connected persons in the shares of the Company are set out below:

	30 June 2015		30 June 2014 (or date of appointment, if later)	
	Ordinary shares	C shares	Ordinary shares	C shares
Robert Peto (Chairman)*	30,000	15,000	30,000	—
Peter Dunscombe*	37,500	18,750	37,500	—
Malcolm Naish	22,500	11,250	22,500	—
Marlene Wood	—	10,000	—	—

*The legal and beneficial interest in 50% of Mr Peto's shares and all of Mr Dunscombe's shares are held by the relevant Director's spouse.

There have been no changes to any of the above holdings between 30 June 2015 and the date of this report.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the period.

Remuneration report continued

Directors' remuneration policy

A resolution to approve this remuneration policy was proposed at the annual general meeting of the Company held on 24 October 2014. The resolution was passed, and the remuneration policy provisions set out below will apply until they are next put to shareholders for renewal of that approval. The Directors' remuneration policy will be put to shareholders' vote at least once every three years and in any year if there is to be a change in the Directors' remuneration policy.

The Company follows the recommendation of the UK Code that non-executive directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, and be determined with reference to comparable organisations and appointments.

The fees of the non-executive Directors are determined within the limits set out in the Company's articles of association, and the Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There are no performance conditions attaching to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors. Under the Directors' letters of appointment, there is no notice period and no compensation is payable to a Director on leaving office.

It is the Board's policy that Directors do not have service contracts, but Directors are provided with a letter of appointment as a non-executive Director. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment. The Directors are subject to retirement by rotation in accordance with the articles of association, however, the Company has adopted the policy of annual re-election of all of the Directors.

The Board has set three levels of fees: one for the Chairman, one for other Directors, and an additional fee that is paid to the Director who chairs the audit committee. Fees are reviewed annually in accordance with the above policy. The fee for any new Director appointed will be determined on the same basis.

The basic and additional fees payable to Directors in respect of the year ended 30 June 2015 and the proposed fees payable in respect of the year ending 30 June 2016 are set out in the table below.

	Expected annual fees for the year to 30 June 2016 £'000	Annual fees for the year to 30 June 2015 £'000
Chairman	34	34
Director	28	28
Additional fee for the Chair of the audit committee	3	3
Total remuneration paid to Directors	121	121
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' remuneration policy, as set out in the articles of association	200	200

The approval of shareholders would be required to increase the aggregate limit of £200,000, as set out in the Company's articles of association.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' remuneration policy and in the annual review of Directors' fees.

Approval

The Directors' remuneration report was approved by the Board on 30 September 2015 and signed on its behalf by:



Robert Peto

Chairman

Statement of Directors' responsibilities

In respect of the annual report and financial statements

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable UK law and IFRS as adopted by the EU.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations, and for ensuring that the annual report includes information required by the Disclosure and Transparency Rules of the UKLA. The Company is voluntarily complying with certain of the listing rules of the UKLA.

The financial statements are published on the Company's website, www.gcpuk.com/gcp-student-living-plc, which is maintained on behalf of the Company by the Investment Manager. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Under the investment management agreement, the Investment Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Visitors to the website need to be aware that legislation in the UK covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- this annual report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board



Robert Peto

Chairman

30 September 2015

Independent Auditor's report

To the members of GCP Student Living plc

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 June 2015 and of the Group's return for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Company's financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

What we have audited

We have audited the financial statements of GCP Student Living plc for the year ended 30 June 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statement of changes in equity, the consolidated and parent company statement of financial position, the consolidated and parent company statement of cash flows and the related consolidated and parent company notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the statement of Directors' responsibilities set out on page 55, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's or Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. The table also includes our responses to the risks:

Risk identified	Our response
The valuation of the investment properties is an area of significant judgement. Incorrect valuation of the properties held by the Group could have a significant impact on the net asset value of the Group and, therefore, the return generated for shareholders.	<ul style="list-style-type: none"> Performed a walkthrough of the property valuation process, assessing the controls in place over the provision of valuation data to the valuer and review of the valuations by Gravis Capital Partners LLP and the Directors. Reviewed the valuation report prepared by Knight Frank LLP, the independent valuer, and agreed the valuations to those recorded in the general ledger and financial statements. Assessed the independence and qualifications of Knight Frank LLP in accordance with International Standard on Auditing 620 'Using the Work of an Expert'. Engaged EY property valuation experts to review the inputs, assumptions and valuation methods used by Knight Frank LLP through review of the valuation reports and discussion with the valuer. We have concluded that the inputs, assumptions and methods used in establishing the valuations of the properties were appropriate. For all properties, tested factual inputs to the valuations (e.g., rental profiles, tenant details, occupancy) to supporting documentation.
Incomplete or inaccurate revenue recognition.	<ul style="list-style-type: none"> Agreed the rental income receivable for a sample of tenants to signed tenancy agreements. Agreed a sample of changes to rental or service charge income across the remaining properties to tenancy agreements. Agreed a sample of rental income receipts to supporting bank statements. We conducted analytical procedures including the projection of rental income for the entire year based on the existing master lease schedule and compared the results to the amounts recorded in the financial statements.

Our application of materiality

We determined planning materiality for the Group to be £1.4 million (2014: £1.1 million) which is 1% of total equity. This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Group and Company.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 50% of planning materiality, namely £0.7 million (2014: £0.6 million). Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level.

We agreed with the audit committee that we would report all audit differences in excess of £69,000 (2014: £56,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the qualitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

Independent Auditor's report continued

To the members of GCP Student Living plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 40 in relation to going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

Ashley Coups (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 September 2015

Consolidated income statement

For the year ended 30 June 2015

	Notes	30 June 2015 £'000	30 June 2014 £'000
Continuing operations			
Revenue	4	11,505	9,132
Property operating expenses	5	(2,529)	(1,664)
Gross profit		8,976	7,468
Administration expenses	5	(2,001)	(2,357)
Operating profit before gains on investment properties and financial liabilities		6,975	5,111
Fair value gains on investment properties	3	25,660	5,010
Operating profit		32,635	10,121
Finance income	9	43	6
Finance expenses	10	(1,379)	(2,418)
Profit before tax		31,299	7,709
Tax charge on residual income	11	(18)	—
Profit for the period		31,281	7,709
Earnings per share (basic and diluted) (pps)	14	28.46	10.50

Consolidated statement of comprehensive income

For the year ended 30 June 2015

	Notes	30 June 2015 £'000	30 June 2014 £'000
Profit for the period		31,281	7,709
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Net (losses)/gains on the valuation of cash flow hedges	20	(261)	47
Total comprehensive income for the period		31,020	7,756

The accompanying notes on pages 63 to 83 form an integral part of these financial statements.

Consolidated statement of financial position

As at 30 June 2015

	Notes	30 June 2015 £'000	30 June 2014 £'000
Assets			
Non-current assets			
Investment property	3	177,220	151,560
Retention account		308	956
		177,528	152,516
Current assets			
Cash and cash equivalents	16	106,292	3,629
Trade and other receivables	17	18,683	1,315
Derivative financial instruments	20	—	47
		124,975	4,991
Total assets		302,503	157,507
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	19	(39,569)	(39,456)
Derivative financial instruments	20	(214)	—
Retention account		(308)	(956)
		(40,091)	(40,412)
Current liabilities			
Trade and other payables	18	(4,819)	(2,212)
Deferred income	18	(2,442)	(2,028)
Financial liabilities at amortised cost	21	(117,422)	—
		(124,683)	(4,240)
Total liabilities		(164,774)	(44,652)
Net assets		137,729	112,855
Equity			
Share capital	22	1,099	1,099
Share premium	23	39,946	39,937
Hedging reserve	24	(214)	47
Retained earnings	24	96,898	71,772
Total equity		137,729	112,855
Number of shares in issue		109,910,428	109,910,428
EPRA NAV per share (pps)	25	125.51	102.64
EPRA NNNNAV per share (pps)	25	125.31	102.68

These financial statements were approved by the Board of Directors of GCP Student Living plc on 30 September 2015 and signed on its behalf by:


Robert Peto

Chairman

Company number: 08420243

The accompanying notes on pages 63 to 83 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2015

	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	—	—	—	31,281	31,281
Other comprehensive income that may be reclassified subsequently to profit and loss					
Net losses on the valuation of cash flow hedges	—	—	(261)	—	(261)
Total comprehensive income	—	—	(261)	31,281	31,020
Share issue costs*	—	9	—	—	9
Dividends paid in respect of the previous period	—	—	—	(1,539)	(1,539)
Dividends paid in respect of the current year	—	—	—	(4,616)	(4,616)
Balance at 30 June 2015	1,099	39,946	(214)	96,898	137,729

*This represents a change in the estimated share issue costs accrued at 30 June 2014.

Consolidated statement of changes in equity

For the period 26 February 2013 to 30 June 2014

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Profit for the period	—	—	—	7,709	7,709
Other comprehensive income that may be reclassified subsequently to profit and loss					
Net gains on the valuation of cash flow hedges	—	—	47	—	47
Total comprehensive income	—	—	47	7,709	7,756
Ordinary shares issued	1,099	111,001	—	—	112,100
Share issue costs	—	(3,706)	—	—	(3,706)
Share premium cancelled on 31 July 2013	—	(67,358)	—	67,358	—
Dividends in respect of the period	—	—	—	(3,295)	(3,295)
Balance at 30 June 2014	1,099	39,937	47	71,772	112,855

The accompanying notes on pages 63 to 83 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2015

	Notes	30 June 2015 £'000	30 June 2014 £'000
Cash flows from operating activities			
Operating profit		32,635	10,121
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties		(25,660)	(5,010)
Costs reclassified as capital		(85)	—
Corporation tax paid		(158)	—
Increase in other receivables and prepayments		(560)	(641)
Increase in other payables and accrued expenses		184	1,473
Net cash flow generated from operating activities		6,356	5,943
Cash flows from investing activities			
Acquisition of investment properties		—	(35,221)
Acquisition of subsidiaries, net of cash acquired		—	(51,817)
Net cash used in investing activities		—	(87,038)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		—	112,100
Share issue costs		(47)	(3,706)
Proceeds from the issue of C shares		103,805	—
C share issue costs		(76)	—
Loan proceeds received		—	14,866
Part repayment of initial loan		—	(32,645)
Finance income		10	6
Loan arrangement fees		—	(655)
Finance expenses		(1,240)	(2,066)
Dividends paid in the period		(6,145)	(3,176)
Net cash flow generated from financing activities		96,307	84,724
Net increase in cash and cash equivalents		102,663	3,629
Cash and cash equivalents at start of the period		3,629	—
Cash and cash equivalents at end of the period	16	106,292	3,629

The accompanying notes on pages 63 to 83 form an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2015

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 located at 51 New North Road, Exeter EX4 4EP. The Company's shares are traded on the SFM of the London Stock Exchange.

2. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the IASB as adopted by the European Union. The 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 audited financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

On 30 June 2015, GCP Student Living plc issued 120,000,000 C shares. The C shares are recognised in the financial statements as a liability stated at amortised cost which is equivalent to the net asset value of the C shares. Therefore the net assets and profits shown in these financial statements represent the assets and profits attributable to the ordinary shareholders. Further details of the accounting treatment of the C shares and the accounts of the C shares can be found on pages 64 and 67 and note 21 on pages 75 and 76.

These financial statements are for the year ended 30 June 2015. Comparative figures are for the previous accounting period, which is a longer period from 26 February 2013 to 30 June 2014.

The Group has chosen to adopt the EPRA best practice guidelines for calculating key metrics such as net asset value and earnings.

2.1 Changes to accounting standards and interpretations

The following accounting standards have been adopted for the first time in these financial statements:

IFRS 10 Consolidated Financial Statements
IFRS 12 Disclosures of Interests in Other Entities

There were no significant changes to the financial statements resulting from their adoption.

The following new standards and amendments to existing standards have been published and once approved by the EU, will be mandatory for the Group's accounting periods beginning after 1 July 2015 or later periods. The Group has decided not to adopt them early.

- IAS 1 Presentation of Financial Statements – amendments resulting from the disclosure initiative (effective for annual periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements – amendments reinstating the equity method as an accounting option for investments in subsidiaries (effective for annual periods beginning on or after 1 January 2016).
- IAS 28 Investments in Associates and Joint Ventures – amendments regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10 Consolidated Financial Statements – amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2016).
- IFRS 11 Joint Arrangements – amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016).
- IFRS 12 Disclosure of Interests in Other Entities – amendments regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016).
- Various Standards – amendments resulting from September 2014 Annual Improvements to IFRS (effective for annual periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 7 Financial Instruments: Disclosures – amendments regarding additional hedge accounting disclosures (applies when IFRS 9 is applied).

Notes to the consolidated financial statements *continued*

For the year ended 30 June 2015

2. Basis of preparation *continued*

2.1 Changes to accounting standards and interpretations *continued*

The Group does not expect the adoption of new accounting standards issued but not yet effective to have a significant impact on its financial statements.

2.2 Significant accounting judgements and estimates

The preparation of these 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.

C share liability

The Directors have considered whether the C shares liability should be valued in the financial statements at fair value or stated at amortised cost.

The C shares are traded on the SFM of the London Stock Exchange. The amortised cost value of the C share pool equates to the net asset value of the C shares, which the Directors consider is the most appropriate way to disclose the liability within the financial statements.

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.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. An investor controls an investee when the investor is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In preparing the financial statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. The subsidiaries all have the same year end as the Company. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

b) Business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as 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 at fair value of the proportionate share of the acquiree's identifiable net assets. Acquisition costs (except for costs of issue of debt or equity) are expensed in accordance with IFRS 3 Business Combinations.

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.

Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not re-measured and its subsequent settlement shall be accounted for within equity. If the contingent consideration is classified as a liability, subsequent changes to the fair value are recognised either in profit or loss or as a change to other comprehensive income.

c) Functional and presentation currency

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

d) 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 income statement in the period in which they arise under IAS 40 Investment Property.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (from 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.

e) Investment in subsidiary companies

All investments, whether in the form of debt or equity, are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value. In the Company's financial statements, investments in subsidiary companies which are 100% owned by the Company are valued at net asset value.

Changes in fair value of investments and gains on the sale of investments are recognised as they arise in the income statement.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less.

g) Rent and other receivables

Rent and other receivables are recognised at their original invoiced value. An impairment provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Notes to the consolidated financial statements *continued*

For the year ended 30 June 2015

2. Basis of preparation *continued*

2.3 Summary of significant accounting policies *continued*

h) Trade and other payables

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

i) 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.

ii) Interest income

Interest income is recognised on an effective interest rate basis and shown within the income statement as finance income.

iii) Deferred income

Deferred income is rental income received in advance during the accounting period. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

iv) Service charge income

Service charges are received to cover expenditure on hard and soft facilities management.

v) Operating segments

All of the Group's revenue and results are generated from student accommodation provision (including ancillary restaurant and teaching facilities) operating in the UK.

j) Tenant deposits

Tenant deposits received which create corresponding liabilities are initially recognised at fair value and subsequently measured at amortised cost. 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.

k) Taxes

Corporation tax is recognised in the 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.

l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost net of directly attributable transaction costs. All loans and borrowings are subsequently measured at amortised cost with interest charged to the income statement at the effective interest rate, and shown within finance costs. Transaction costs are spread over the term of borrowing.

m) Dividends to shareholders

Dividends due to the Company's shareholders are recognised when they become payable. For interim dividends this is when they are paid.

n) Derivatives and hedging

The Group 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 Group formally designates and documents the hedge relationship to which the Group 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 Group 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 hedging arrangements 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 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 other comprehensive income, while any ineffective portion is recognised immediately in profit or loss. Amounts taken to other comprehensive income 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 other comprehensive income 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 other comprehensive income remain in equity until the forecast transaction or firm commitment occurs.

o) C shares

C shares are convertible redeemable preference shares and under IAS 32 Financial Instruments: Presentation meet the definition of a financial liability. C shares are recognised on issue at fair value less directly attributable transaction costs. After initial recognition, C shares are subsequently measured at amortised cost using the effective interest method. Amortisation is credited/(charged) to finance income/(finance costs) in the income statement. Transaction costs are amortised to the earliest conversion period.

3. UK investment property

	30 June 2015 £'000	30 June 2014 £'000
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	25,660	5,010
Valuation at the end of the period	177,220	151,560

The purchase of the property during the prior period was financed by the payment of cash amounting to £35,221,000 and the novation of an existing loan of £57,779,000.

Notes to the consolidated financial statements *continued*

For the year ended 30 June 2015

4. Revenue

	30 June 2015 £'000	30 June 2014 £'000
Nomination rental income	2,963	2,360
Direct let rental income	7,777	6,107
Teaching space income	452	503
Retail space income	38	35
	11,230	9,005
Service charge income	124	127
Staff costs recharges	151	—
Total revenue	11,505	9,132

The Group employs the staff of the Asset Manager, Scape. Recharge income above represents payroll costs relating to staff time spent on the Group's pipeline properties which are already managed by Scape but are not yet owned by the Group.

5. Property operating and administration expenses

	30 June 2015 £'000	30 June 2014 £'000
Property operating expenses		
Property operating expense	719	901
Utilities	627	352
Insurance	116	39
Sales and marketing	5	118
Property maintenance	112	91
Staff costs	950	163
	2,529	1,664
Administration expenses	2,001	2,357
Total	4,530	4,021

Included within administration expenses are investment management fees, as disclosed in note 29 on page 82.

Directors' remuneration for the period is shown in note 6 and is included within administration expenses within the income statement.

6. Directors' remuneration

	30 June 2015 £'000	30 June 2014 £'000
Robert Peto	34	28
Malcolm Naish	28	20
Peter Dunscombe	31	20
Marlene Wood	8	—
Total	101	68

7. Staff costs

	30 June 2015 £'000	30 June 2014 £'000
Salaries	938	162
Other benefits	12	1
	950	163

With the exception of the Directors, whose remuneration is shown in the Directors' remuneration report, as at 30 June 2015 the Group employed 51 (2014: 43) members of staff, with an average of 39 (2014: 34) employees during the year.

Staff costs totalling £151,000 have been recharged to entities outside the Group. This amount is included within revenue in note 4.

The Group operates a defined contributions pension scheme for two of its employees. The costs for the year ended 30 June 2015 totalled £5,000 (2014: £1,000).

8. Auditor's remuneration

	30 June 2015 £'000	30 June 2014 £'000
Audit fee	83	26
Other services	184	138
Total	267	164

The Company reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. Audit fees comprise of the following items:

	30 June 2015 £'000	30 June 2014 £'000
Year end annual report and financial statements	26	20
Accounts for the period ended 30 September 2013	—	6
Subsidiary accounts for the year ended 30 June 2015	38	—
Subsidiary accounts for the period ended 30 June 2014	19	—
Total	83	26

The Auditor has provided tax advice, tax compliance services and non-audit services in relation to the IPO and subsequent fund raises. These fees are broken down as follows:

	30 June 2015 £'000	30 June 2014 £'000
Advice for the initial prospectus and subsequent fund raises	60	130
Tax advice	17	—
Tax compliance services for VAT	37	8
Tax compliance services for 2014 corporation tax returns	70	—
Total	184	138

Notes to the consolidated financial statements continued

For the year ended 30 June 2015

9. Finance income

	30 June 2015 £'000	30 June 2014 £'000
Income from cash and short-term deposits	10	6
Amortisation of financial liabilities	33	—
Total	43	6

10. Finance expenses

	30 June 2015 £'000	30 June 2014 £'000
Swap interest	177	578
Loan interest	1,038	1,080
Loan commitment fee	12	—
Bank charges and other interest	9	3
Loan arrangement fees amortised	113	111
C share issue costs amortised	30	—
Swap break fees	—	646
	1,379	2,418

11. Taxation

As a REIT, income and capital gains from the Group's UK property rental business are exempt from tax. Any residual income from non-property business is subject to corporation tax. Corporation tax charges have arisen as follows:

	30 June 2015 £'000	30 June 2014 £'000
Corporation tax on residual income for current year	11	—
Corporation tax on residual income for prior periods	7	—
Total	18	—

Reconciliation of tax charge to profit before tax:

	30 June 2015 £'000	30 June 2014 £'000
Profit before tax	31,299	7,709
Corporation tax at 20.75% (2014: 21.77%)	6,495	1,678
Change in value of investment properties	(5,324)	(1,091)
Tax exempt property rental business	(1,021)	(763)
Amounts not deductible for tax purposes	(107)	214
Capital allowances	(38)	(29)
Other	13	(9)
Total	18	—

12. Operating leases

The Group has entered into leases on its property portfolio. Leases are typically direct-let agreements with individual students or higher education institutions for the academic year or a shorter period. The Group also has a small number of commercial leases on teaching and retail spaces and a number of nomination agreements whereby blocks of beds are let out for a set number of years.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2015 are as follows:

	30 June 2015 £'000	30 June 2014 £'000
Within one year	7,323	7,536
Between one and five years	12,548	5,157
More than five years	22,647	10,411
Total	42,518	23,104

13. Dividends

	Pence per share	30 June 2015 £'000	Pence per share	30 June 2014 £'000
For the year ended 30 June 2015				
First interim dividend paid on 5 December 2014	1.40	1,538	2.00	1,403
Second interim dividend paid on 5 March 2015	1.40	1,539	1.35	946
Third interim dividend paid on 5 June 2015	1.40	1,539	1.35	946
Dividends paid during the period	4.20	4,616	4.70	3,295
Fourth interim dividend paid on 5 September 2015*	1.40	1,539	1.40	1,539
Total	5.60	6,155	6.10	4,834
Paid as				
Property income distributions	3.70	4,067	4.63**	3,507
Ordinary dividends	1.90	2,088	1.47**	1,327
Total	5.60	6,155	6.10	4,834

*The fourth interim dividend is paid after the year end and is not accrued in the financial statements.

**This analysis reflects the updated tax vouchers sent to shareholders on 20 August 2015.

As a REIT, the Company is required to pay PIDs equal to at least 90% of the property rental business profits of the Group. A final PID for the year ended 30 June 2015 will be made in the next financial year.

14. Earnings per share

Basic 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.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the consolidated financial statements continued

For the year ended 30 June 2015

14. Earnings per share continued

	30 June 2015 £'000	30 June 2014 £'000
Group earnings for basic EPS	31,281	7,709
Fair value gains on investment properties	(25,660)	(5,010)
Fair value movement on financial derivatives	—	(47)
Associated close out fees on financial derivatives	—	646
Group earnings for EPRA EPS	5,621	3,298
	Pence per share	Pence per share
Group EPS	28.46	10.50
Group EPRA EPS	5.11	4.49
Diluted Group EPS	28.46	10.50
Diluted Group EPRA EPS	5.11	4.49
	Number of shares	Number of shares
Weighted average number of shares in issue	109,910,428	73,425,688
Effects of dilution from C shares	2,567	—
Weighted average number of shares in issue adjusted for the effects of dilution	109,912,995	73,425,688

15. Business combinations

The financial statements comprise the financial statements of the Company and its subsidiaries, GCP Scape East Limited, GCP Operations Limited, Ternion (Danehurst) Limited, Leopard Guernsey Greenwich JV Limited and its subsidiary companies (LGGL Limited and LGGL 2 Limited), for the year ended 30 June 2015 (comparative period from 26 February 2013 to 30 June 2014).

The Company also owns two dormant subsidiaries: GCP RHUL Limited and GCP SG Limited which have not yet commenced activities.

All subsidiaries are domiciled in the UK except for Leopard Guernsey Greenwich JV Limited and its subsidiary companies, which are domiciled in Guernsey.

Company	Country of registration, incorporation and operation	Number and class of share held by the Group	Group holding	Capital and reserves at 30 June 2015 £'000	Profit after tax for the year ended 30 June 2015 £'000
GCP Scape East Limited	UK	51,508,283 ordinary shares	100%	76,448	20,039
Ternion (Danehurst) Limited	UK	1,046,728,191 ordinary shares	100%	15,003	2,315
Leopard Guernsey Greenwich JV Limited	Guernsey	101 ordinary shares	100%	(2,720)	(22)
LGGL Limited*	Guernsey	100 ordinary shares	100%	17,901	7,054
LGGL 2 Limited*	Guernsey	100 ordinary shares	100%	2,476	1,904
GCP Operations Limited	UK	2 ordinary shares	100%	16	15
GCP RHUL Limited	UK	2 ordinary shares	100%	—	—
GCP SG Limited	UK	2 ordinary shares	100%	—	—

*Indirect subsidiaries.

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. The Company has a 100% beneficial interest in the issued share capital of all subsidiaries.

GCP Scape East Limited was incorporated on 15 November 2013, with 2 shares issued to the Company at £1 per share. On 25 February 2015, GCP Scape East Limited issued a further 51,508,281 shares in return for cancelling its intercompany loan account with the Company.

On 2 December 2013, the Group obtained control of Ternion (Danehurst) Limited, by acquiring 100% of the issued share capital. On 25 February 2015, Ternion (Danehurst) Limited issued a further 1,046,715,691 shares in return for cancelling its intercompany loan account with the Company.

On 29 May 2014, the Group obtained control of Leopard Guernsey Greenwich JV Limited, by obtaining 100% of the issued share capital.

The principal activity of GCP Scape East Limited, Ternion (Danehurst) Limited and Leopard Guernsey Greenwich JV Limited is the provision of student accommodation in line with the Group's investment strategy. GCP Scape East Limited, Ternion (Danehurst) Limited and Leopard Guernsey Greenwich JV Limited were acquired in order to provide Group shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with RPI inflation-linked income characteristics.

GCP Operations Limited was incorporated on 26 March 2014 and holds the employment contracts of the employees engaged in facilities and asset management on behalf of the Group.

GCP RHUL Limited and GCP SG Limited were incorporated on 15 November 2013 and 20 February 2014 respectively. Neither company has traded during the year ended 30 June 2015.

16. Cash and cash equivalents

	30 June 2015 £'000	30 June 2014 £'000
Cash and cash equivalents	103,821	149
Subsidiary cash and cash equivalents	2,471	3,480
	106,292	3,629

17. Trade and other receivables

	30 June 2015 £'000	30 June 2014 £'000
Prepayments	84	219
Landscaping cost recovery	—	284
Rent receivable	1,599	434
Amounts receivable from issue of C shares	16,195	—
Other receivables	805	378
Total	18,683	1,315

Notes to the consolidated financial statements *continued*

For the year ended 30 June 2015

18. Other payables and accrued expenses

	30 June 2015 £'000	30 June 2014 £'000
Property operating expenses payable	672	802
Finance expense payable	237	241
Amounts due for C share issue costs	2,499	—
Other expenses payable	1,411	1,169
Trade and other payables	4,819	2,212
Deferred income	2,442	2,028
Total	6,665	4,240

19. Interest-bearing loans and borrowings

	30 June 2015 £'000	30 June 2014 £'000
Loans drawn down at the start of the year	40,000	—
Initial loan transferred on the acquisition of GCP Scape East Limited on 20 May 2013	—	57,779
Part repayment of initial loan	—	(32,645)
Further loan drawn down following acquisition of Ternion (Danehurst) Limited on 2 December 2013	—	13,500
Further loan drawn down following acquisition of Leopard Guernsey Greenwich JV Limited on 29 May 2014	—	1,366
Total loans drawn down	40,000	40,000
Loan arrangement fees	(655)	(655)
Loan arrangement fees amortised to date	224	111
	39,569	39,456

At 30 June 2015, the interest rate on the loans was 2.59% (2014: £25.1 million and £13.5 million was 3.027% with the interest rate on the loan of £1.4 million being 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 includes loan-to-value of and interest cover covenants 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 all loan covenants at 30 June 2015.

For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated under the gross and commitment methods, in accordance with AIFMD.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD as at 30 June 2015, figures are as follows:

Leverage exposure	Maximum limit	Actual exposure
Gross method	55%	22.6%
Commitment method	55%	22.6%

20. Financial derivatives and hedging

Consolidated only	Hedged amount £'000	Maturity	30 June 2015 Total £'000	30 June 2014 Total £'000
Interest rate swap at fair value:	20,000	02/05/2017		
Fair value at start of period			47	—
Change in valuation			(261)	47
Fair value of financial derivatives			(214)	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 1.440% 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 Group's secured loans.

The fair value of the interest rate swap at the end of the reporting period was a liability of £214,000 (2014: asset of £47,000).

The above financial derivatives are classified in Level 2 in the fair value hierarchy under IFRS 13.

21. C shares: financial liability

	30 June 2015 £'000	30 June 2014 £'000
Proceeds from the issue of C shares	120,000	—
Issue costs	(2,575)	—
Amortisation of issue costs	30	—
Amortisation of C share financial liability	(33)	—
Value at end of the year	117,422	—

On 25 June 2015, the Company announced the issue of 120,000,000 C shares, issued at £1 per share. C shares are convertible redeemable preference shares. The shares are listed on the SFM of the London Stock Exchange and dealing commenced on 30 June 2015.

The funds have been raised in order to finance a number of property acquisitions.

Under IAS 32 Financial Instruments Presentation, the C shares meet the definition of a financial liability rather than equity and are presented in the financial statements as a liability of the Company carried at amortised cost.

Whilst the C shares are in issue, the results, assets and liabilities attributable to the C shares are accounted for in a separate pool to the results, assets and liabilities of the ordinary shares. A share of fund level expenses for the period the C shares have been in issue has been allocated to the C shares based on the net assets of each share class pool.

The value of the C shares at 30 June 2015 is £117,422,000 representing 97.85 pence per share.

Results of the C share pool for the period to 30 June 2015 are below.

Holders of C shares are not entitled to receive notice of, attend, speak or vote at general meetings of the Company.

	30 June 2015 £'000	30 June 2014 £'000
Proceeds from the issue of C shares	120,000	—
Issue costs	(2,575)	—
Fund expenses allocated to the C shares	(3)	—
Total	117,422	—

Notes to the consolidated financial statements continued

For the year ended 30 June 2015

21. C shares: financial liability continued

The C share pool is represented by the following assets and liabilities contained within the statement of financial position:

	30 June 2015 £'000	30 June 2014 £'000
Share proceeds receivable	16,195	—
Cash and cash equivalents	103,784	—
Amounts payable for C share issue costs	(2,499)	—
Amounts payable to ordinary share pool	(58)	—
Total	117,422	—

22. Share capital

	30 June 2015 £'000	30 June 2014 £'000
Issued and fully paid:		
At the start of the period	1,099	—
Issued during period 109,910,427 ordinary shares of £0.01 each	—	1,099
Balance at the end of the period	1,099	1,099

The share capital comprises one class of ordinary shares. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

23. Share premium

	30 June 2015 £'000	30 June 2014 £'000
At the start of the period	39,937	—
Issued on admission to trading on the SFM and the CISEA on 20 May 2013	—	69,399
Share issue costs at 20 May 2013	—	(1,921)
Share premium cancelled on 31 July 2013	—	(67,358)
Issued on 28 May 2014	—	41,602
Share issue costs at 28 May 2014	9	(1,785)
Balance at the end of the period	39,946	39,937

The credit of £9,000 represents a change in the estimated share issue costs accrued at 30 June 2014.

24. Capital and reserves

Share capital

Share capital is the nominal amount of the Company's ordinary shares in issue.

Share premium

Share premium relates to amounts subscribed for share capital in excess of nominal value less associated issue costs of the subscriptions. On 31 July 2013, the Company by way of Special Resolution cancelled the then value of its share premium account, by an Order of the High Court of Justice, Chancery Division. As a result of this cancellation, £67.4 million was transferred from share premium to retained earnings in the financial period ended 30 June 2014.

Share premium comprises the following cumulative amounts:

	30 June 2015 £'000	30 June 2014 £'000
Issue of share capital	111,001	111,001
Share issue costs	(3,697)	(3,706)
Share premium cancelled	(67,358)	(67,358)
Share premium	39,946	39,937

Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Retained earnings

Retained earnings represent the profits of the Group and other distributable amounts less dividends paid to date. It should be noted that unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until the gains crystallise on the sale of the investment property.

Retained earnings comprise the following cumulative amounts:

	30 June 2015 £'000	30 June 2014 £'000
Share premium cancelled	67,358	67,358
Total unrealised gains on investment properties	30,670	5,010
Total revenue profits	8,320	2,699
Total dividends paid to date	(9,450)	(3,295)
Retained earnings	96,898	71,772

25. Net asset value per share

Basic NAV per share amounts are calculated by dividing net assets in the statement of financial position attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding during 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:

	30 June 2015	30 June 2014
Net assets attributable to ordinary shareholders (for calculation of EPRA NNNAV) (£'000)	137,729	112,855
Financial derivative (£'000)	214	(47)
Adjusted net assets for calculation of EPRA NAV (£'000)	137,943	112,808
Number of shares in issue	109,910,428	109,910,428
EPRA NNNAV (pence per share)	125.31	102.68
EPRA NAV (pence per share)	125.51	102.64

Notes to the consolidated financial statements continued

For the year ended 30 June 2015

26. 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.

The fair value of 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.

Interest bearing loans and borrowings and the liability due to the C share pool are disclosed at amortised cost.

C shares are actively traded on the SFM. At 30 June 2015, the share price was 105.25 pence per share, the fair value (Level 1 in the fair value hierarchy) of the C shares being £126,300,000 compared to the amortised cost value of £117,422,000. The amortised cost value of the C share pool equates to the net asset value of the C shares which the Directors consider is the most appropriate way to disclose the liability within the financial statements.

The fair values of the derivative interest rate swap contracts are estimated by discounting expected future cash flows using current market interest rates 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.

The following tables show an analysis of the fair values of financial instruments recognised in the statement of financial position by level of the fair value hierarchy*:

	30 June 2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets and liabilities measured at fair value				
Investment properties	—	—	177,220	177,220
Financial derivatives	—	(214)	—	(214)
	—	(214)	177,220	177,006
	30 June 2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets and liabilities measured at fair value				
Investment properties	—	—	151,560	151,560
Financial derivatives	—	47	—	47
	—	47	151,560	151,607

*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;
- tenancy period;
- sundry income;
- facilities management cost; and
- initial yield.

Significant increases/(decreases) in the ERV (per sq ft p.a.) and rental growth p.a. 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 sq ft p.a.) is accompanied by:

- a similar change in the rent growth p.a. 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.

Class	Fair value	Valuation technique	Key unobservable inputs	Range
Student property 30 June 2015	£177,220,000	Income capitalisation	ERV – 2014/15 Rental growth Tenancy period Sundry income Facilities management cost Initial yield	£180 – £340 per week 2.5% – 3.0% 51 weeks £100 per bed per annum £1,800 – £2,000 per bed per annum 5.12% – 5.75% blended (4.85% – 7.50%)
Student property 30 June 2014	£151,560,000	Income capitalisation	ERV – 2013/14 Rental growth Tenancy period Sundry income Facilities management cost Initial yield	£180 – £304 per week 2.5% – 3.0% 51 weeks £100 per bed per annum £1,800 – £1,950 per bed per annum 5.79% – 6.23% blended (5.34% – 7.50%)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £25,660,000 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 the liability to the C shareholders, is considered to be the same as their fair value.

Notes to the consolidated financial statements continued

For the year ended 30 June 2015

27. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, are the liability due to the C shareholders, 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 reviews and agrees 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 derivative 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. At 30 June 2015, the floating interest rate receivable on the swap was 0.5678% (2014: 0.5090%), whilst the swap interest payable is fixed at a rate of 1.440%. At 30 June 2015, 50% of the Company's floating rate borrowings were hedged.

With all other factors remaining constant, if interest rates were to increase by 1%, profit before tax would decrease by £200,000 p.a. due to the increase in finance costs.

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 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 following table analyses the Group's exposure to credit risk:

	30 June 2015 £'000	30 June 2014 £'000
Deposit account	308	956
Cash and cash equivalents	106,292	3,629
Financial derivatives	—	47
Trade and other receivables	18,683	1,315
	125,283	5,947

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2015	On demand £'000	Less than three months £'000	Three to twelve months £'000	One to two years £'000	Two to five years £'000	Total £'000
Loans	—	259	771	1,028	41,855	43,913
Trade and other payables	—	2,866	1,953	—	—	4,819
Retention account	—	—	—	308	—	308
Derivative financial instruments	—	44	131	146	—	321
	—	3,169	2,855	1,482	41,855	49,361

Period ended 30 June 2014	On demand £'000	Less than three months £'000	Three to twelve months £'000	One to two years £'000	Two to five years £'000	Total £'000
Loans	—	303	908	1,211	43,403	45,825
Trade and other payables	—	1,714	498	—	—	2,212
Retention account	—	—	—	956	—	956
	—	2,017	1,406	2,167	43,403	48,993

The disclosed amounts for financial derivatives in the above table are the net undiscounted cash flows.

28. Capital management

The Group's capital is represented by share capital, reserves, borrowings and the amounts due to the C shareholders.

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the period.

The Group 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 Group 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 Group's 'property profits' and 'property finance costs'. As at the year end, the Group was operating with a property loan-to-value of 22.6% (30 June 2014: 26.7%).

During the year, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

29. 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 30 June 2015 owns a 100% controlling stake in GCP Scape East Limited, Ternion (Danehurst) Limited, GCP Operations Limited, Leopard Guernsey Greenwich JV Limited, LGGL Limited, LGGL2 Limited, GCP RHUL Limited and GCP SG Limited respectively.

Directors

The Directors (all non-executive Directors) of the Company and subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the year totalled £101,000 (period from 26 February 2013 to 30 June 2014: £68,000) and at 30 June 2015, a balance of £11,000 (2014: £6,000) was outstanding. Further information is given in note 6.

Notes to the consolidated financial statements continued

For the year ended 30 June 2015

29. Related party transactions continued**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 by the Board 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 year, the Group incurred £1,286,000 (period from 26 February 2013 to 30 June 2014: £829,000) in respect of investment management fees and expenses which is included within administration expenses in the consolidated income statement and at 30 June 2015 £368,000 (2014: £215,000) was outstanding.

With effect from 22 July 2014, the Company's Investment Manager was authorised as an AIFM by the FCA under the AIFMD regulations. The Company has provided disclosures on its website, www.gcpuk.com/gcp-student-living-plc, incorporating the requirements of the AIFMD regulations.

All authorised AIFMs are required to comply with the AIFMD Remuneration Code. The FCA's General Guidance on the AIFM Remuneration Code has established that the first full performance year will not commence until 1 July 2015. Accordingly there is no data to disclose in respect of the remuneration of the AIFM for the year ended 30 June 2015.

The tables below disclose the transactions and balances between the Company and subsidiary entities:

Transactions	30 June 2015 £'000	30 June 2014 £'000
Recharges of fund level expenses to:		
GCP Scape East Limited	384	479
Ternion (Danehurst) Limited	39	66
Leopard Guernsey Greenwich JV Limited	192	22
GCP Operations Limited	17	—
Share capital issued in exchange for repayment of loans:		
GCP Scape East Limited	51,508	—
Ternion (Danehurst) Limited	10,467	—
Balances	30 June 2015 £'000	30 June 2014 £'000
Loan balances included within bookcost:		
GCP Scape East Limited	—	71,533
Ternion (Danehurst) Limited	—	10,748
LGGL Limited	962	962
LGGL2 Limited	637	637
Leopard Guernsey Greenwich JV Limited	29,846	29,846
Other intercompany balances due from/(to):		
GCP Scape East Limited	(721)	(17,355)
Ternion (Danehurst) Limited	(23)	294
LGGL2 Limited	304	67
Leopard Guernsey Greenwich JV Limited	(1,602)	1,554
GCP Operations Limited	11	7

30. Events after the reporting period

On 7 September 2015, the Company announced that it had completed the acquisition of Scape Surrey, a purpose-built, private student accommodation residence completed for the 2015/16 academic year with 141 beds and 2,000 sq ft of communal space, for a purchase price of c.£18.9 million. The acquisition of Scape Surrey was funded from the proceeds of the recent C share issue and was allocated to the asset portfolio financed by the C share equity capital.

On 25 September 2015, the Company announced that it had completed the acquisition of The Pad 2, located adjacent to Royal Holloway, University of London. The Pad 2 is a purpose-built, private student accommodation residence completed for the 2015/16 academic year with 104 studios and associated communal areas, study spaces and lounge facilities, for a purchase price of £16.1 million. The acquisition of The Pad 2 was funded from the proceeds of the recent C share issue, and was allocated to the asset portfolio financed by the C share equity capital.

On 25 September 2015, the Company announced that it had entered into significantly improved new financing arrangements with a new lender, Pricoa Mortgage Capital, which on completion of the acquisition of Scape Shoreditch replaced the Company's existing facility with Barclays Bank PLC. The Company secured a facility for up to £130 million of borrowings at a rate of 3.07% with Pricoa Mortgage Capital which is set to mature in September 2024. The Company drew down c.£130 million under the new facility to finance the acquisition of Scape Shoreditch and refinance the existing assets and Barclays facility.

On 30 September 2015, the Company announced that it had completed the acquisition of Scape Shoreditch, a purpose-built, private student accommodation residence completed for the 2015/16 academic year located in a prime London location in Shoreditch, for a purchase price of £166 million. The building comprises 541 studio bedrooms, c.10,000 sq ft of communal areas and c.49,000 sq ft of commercial facilities. The acquisition of Scape Shoreditch was funded from the proceeds of the recent C share issue and the new banking facility and was allocated to the asset portfolio financed by the C share equity capital.

31. Ultimate controlling party

It is the view of the Directors that there is no ultimate controlling party.

Company statement of financial position

As at 30 June 2015

	Notes	30 June 2015 £'000	30 June 2014 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	3	140,492	129,020
		140,492	129,020
Current assets			
Cash and cash equivalents	4	103,821	149
Trade and other receivables	5	16,216	3,484
		120,037	3,633
Total assets		260,529	132,653
Liabilities			
Current liabilities			
Trade and other payables	6	(5,378)	(19,798)
Financial liabilities at amortised cost		(117,422)	—
		(122,800)	(19,798)
Total liabilities		(122,800)	(19,798)
Net assets		137,729	112,855
Equity			
Share capital		1,099	1,099
Share premium		39,946	39,937
Retained earnings		96,684	71,819
Total equity		137,729	112,855
Number of shares in issue		109,910,428	109,910,428
NAV per share (pps)	7	125.31	102.68

These financial statements were approved by the Board of Directors of GCP Student Living plc on 30 September 2015 and signed on its behalf by:



Robert Peto

Chairman

Company number: 08420243

The accompanying notes on pages 87 and 88 form an integral part of these Company financial statements.

Company statement of changes in equity

For the year ended 30 June 2015

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2014	1,099	39,937	71,819	112,855
Profit for the period	—	—	31,020	31,020
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	31,020	31,020
Share issue costs	—	9	—	9
Dividends	—	—	(6,155)	(6,155)
Balance at 30 June 2015	1,099	39,946	96,684	137,729

Company statement of changes in equity

For the period 26 February 2013 to 30 June 2014

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Profit for the period	—	—	7,756	7,756
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	7,756	7,756
Ordinary shares issued	1,099	111,001	—	112,100
Share issue costs	—	(3,706)	—	(3,706)
Share premium cancelled on 31 July 2013	—	(67,358)	67,358	—
Dividends	—	—	(3,295)	(3,295)
Balance at 30 June 2014	1,099	39,937	71,819	112,855

The accompanying notes on pages 87 and 88 form an integral part of these Company financial statements.

Company statement of cash flows

For the year ended 30 June 2015

	30 June 2015 £'000	30 June 2014 £'000
Cash flows from operating activities		
Operating profit	31,023	8,504
Adjustments to reconcile profit for the period to net cash flows:		
Gains from change in fair value of investment properties	—	(1,040)
Gains from change in fair value of subsidiary companies	(32,642)	(5,042)
Costs reclassified as capital	(145)	—
Corporation tax paid	(7)	—
Recharges made to subsidiary companies	(631)	(566)
Decrease/(increase) in other receivables and prepayments	154	(159)
Increase in other payables and accrued expenses	420	287
Net cash flow generated from operating activities	(1,828)	1,984
Cash flows from investing activities		
Acquisition of investment properties	—	(35,221)
Acquisition of subsidiaries, net of cash acquired	349	(51,944)
Net cash used in investing activities	349	(87,165)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	—	112,100
Share issue costs	(47)	(3,571)
Proceeds from the issue of C shares	103,805	—
C share issue costs	(76)	—
Cash received from subsidiary companies	7,613	13,370
Part repayment of initial loan	—	(32,645)
Finance income	2	2
Finance expenses	(1)	(750)
Dividends paid in the period	(6,145)	(3,176)
Net cash flow generated from financing activities	105,151	85,330
Net increase in cash and cash equivalents	103,672	149
Cash and cash equivalents at start of the period	149	—
Cash and cash equivalents at end of the period	103,821	149

The accompanying notes on pages 87 and 88 form an integral part of these Company financial statements.

Notes to the Company financial statements

For the year ended 30 June 2015

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 located at 51 New North Road, Exeter EX4 4EP. The Company's shares trade on the SFM.

2. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the IASB as adopted by the European Union. The 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 audited financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

These financial statements are for the year ended 30 June 2015. Comparative figures are for the previous accounting period which is a longer period from 26 February 2013 to 30 June 2014.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own income statement or statement of comprehensive income.

The financial statements of the Company follow the accounting policies laid out on pages 64 to 67.

3. Investment in subsidiary companies

	30 June 2015 £'000	30 June 2014 £'000
At the beginning of the period	129,020	—
Value of assets transferred down to a subsidiary	—	71,534
Purchase of subsidiary companies	—	52,444
Reduction in purchase costs	(864)	—
Total acquisitions	(864)	123,978
Fair value gains on the revaluation of subsidiary companies	12,336	5,042
Total	140,492	129,020

The reduction in purchase costs represents a reduction in the purchase cost as agreed with the vendors and return of escrow balances.

4. Cash and cash equivalents

	30 June 2015 £'000	30 June 2014 £'000
Cash and cash equivalents	103,821	149
	103,821	149

Notes to the Company financial statements continued

For the year ended 30 June 2015

5. Trade and other receivables

	30 June 2015 £'000	30 June 2014 £'000
Prepayments and other receivables	10	159
Amounts receivable from the issue of C shares	16,195	—
Amounts receivable from subsidiary companies	11	3,325
Total	16,216	3,484

6. Other payables and accrued expenses

	30 June 2015 £'000	30 June 2014 £'000
Amounts due on C share issue costs	2,499	—
Amounts due to subsidiary companies	2,042	18,756
Other expenses payable	837	1,042
Total	5,378	19,798

7. NAV per share

Basic NAV per share amounts are calculated by dividing net assets in the statement of financial position attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding during 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:

	30 June 2015	30 June 2014
Net assets attributable to ordinary shareholders (£'000)	137,729	112,855
Number of shares in issue	109,910,428	109,910,428
NAV (pence per share)	125.31	102.68

Notice of annual general meeting

This document is important and requires your immediate attention

If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your ordinary shares in the capital of GCP Student Living plc (the "Company") and, as a result, no longer hold any ordinary shares in the Company, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the second ANNUAL GENERAL MEETING of GCP Student Living plc will be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU at 12.00 noon on Thursday, 3 December 2015 to consider and vote on the resolutions below:

Resolutions 1 to 9 (inclusive) will be proposed as ordinary resolutions and resolutions 10 to 12 (inclusive) will be proposed as special resolutions.

Ordinary business

1. To receive and, if thought fit, to accept the strategic report, Directors' report, Auditor's report and the financial statements for the year ended 30 June 2015.
2. To receive and approve the Directors' remuneration report for the year ended 30 June 2015.
3. To re-elect Robert Peto as a Director of the Company.
4. To re-elect Peter Dunscombe as a Director of the Company.
5. To re-elect Malcolm Naish as a Director of the Company.
6. To elect Marlene Wood as a Director of the Company.
7. To re-appoint Ernst & Young LLP as Auditor to the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company.
8. To authorise the Directors to determine the remuneration of the Auditor of the Company.

Special business

9. THAT the Directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1 pence each in the capital of the Company ("ordinary shares") up to the lower of (i) an aggregate nominal value of £229,910; and (ii) 10% of the issued ordinary share capital of the Company immediately following the conversion of the convertible redeemable preference shares of 1 pence each in the capital of the Company into ordinary shares ("conversion") provided that conversion has taken place before 23 November 2015, such authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the earlier of the conclusion of the annual general meeting of the Company to be held in 2016 and 31 December 2016, save that the Company may, at any time prior to the expiry of such power, make an offer to enter into an agreement which would or might require ordinary shares to be allotted or sold after the expiry of such power and the Directors may allot or sell ordinary shares in pursuance of such an offer or agreement as if such power had not expired.

Notice of annual general meeting continued

Special business continued

10. THAT, conditional upon the passing of resolution 9 above, the Directors be and they are hereby empowered, in accordance with sections 570 and 573 of the Act, to allot and to sell ordinary shares from treasury for cash, pursuant to the authority conferred on the Directors by resolution 9 above, as if section 561 of the Act did not apply to any such allotment or sale, such power to expire at the earlier of the conclusion of the annual general meeting of the Company to be held in 2016 and 31 December 2016 (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer to enter into an agreement which would or might require ordinary shares to be allotted or sold after the expiry of such power and the Directors may allot or sell ordinary shares in pursuance of such an offer or agreement as if such power had not expired.
11. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 16,475,573 (representing 14.99% of the ordinary shares in issue as at the date of this notice);
 - (b) the minimum price which may be paid for each ordinary share is 1 pence;
 - (c) the maximum price which may be paid for each ordinary share shall not be more than the higher of: (i) an amount equal to 105% of the average of the middle market quotations of ordinary shares taken for the five business days immediately preceding the day on which the contract of purchase is made; and (ii) the higher of the price of the last independent trade in the ordinary shares and the highest then current independent bid for the ordinary shares;
 - (d) this authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the earlier of the conclusion of the annual general meeting of the Company to be held in 2016 and 31 December 2016;
 - (e) the Company may make a contract of purchase for ordinary shares under this authority before this authority expires which will or may be executed wholly or partly after its expiration; and
 - (f) any ordinary shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in treasury and if held in treasury may be resold from treasury or cancelled at the discretion of the Directors.
12. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Capita Company Secretarial Services Limited

Company Secretary
30 September 2015

Registered office

51 New North Road
Exeter EX4 4EP

Notes

1. Only holders of ordinary shares are entitled to attend, speak and vote at the annual general meeting. A member entitled to attend, speak and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar at the address printed on the form of proxy not later than 12.00 noon on Tuesday, 1 December 2015. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.

To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope if possible.

Only those ordinary shareholders registered in the register of members of the Company as at 6.00 pm on Tuesday, 1 December 2015 shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00 pm on Tuesday, 1 December 2015 (the "specified time") shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, or if the Company gives notice of the adjourned meeting, at the time specified in that notice.

2. Shareholders who hold their shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically as required by section 333A of the Companies Act 2006.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment thereof by following the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com/CREST). The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID RA10) by the latest time for receipt of proxy appointments specified in note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

Notice of annual general meeting continued

Notes continued

2. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
3. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in note 1 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.
4. Shareholders (and any proxies or representatives they appoint) agree, by attending the meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.
5. As at 29 September 2015 (being the last business day prior to the publication of this notice), the Company's issued share capital amounted to 109,910,428 ordinary shares carrying one vote each and 120,000,000 non-voting C shares. Therefore the total voting rights of the Company as at the date of this notice of meeting were 109,910,428.
6. Any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders may also appoint one or more proxies in accordance with note 1.
7. Any question relevant to the business of the annual general meeting may be asked at the meeting by anyone permitted to speak at the meeting. Alternatively, you may submit your question in advance by letter addressed to the Secretary at the registered office of the Company.
8. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's report and the conduct of the audit) that are to be laid before the annual general meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
9. Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the annual general meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the annual general meeting. A resolution may properly be moved at the annual general meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the annual general meeting.

10. Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the annual general meeting any matter (other than a proposed resolution) which may properly be included in the business at the annual general meeting. A matter may properly be included in the business at the annual general meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the annual general meeting.
11. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his/ her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
12. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the annual general meeting and on the date of the annual general meeting at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU from 11.45 am until the conclusion of the meeting:
 - (a) letters of appointment of the Directors of the Company; and
 - (b) a copy of the articles of association of the Company.
13. The annual report incorporating this notice, the information required by section 311 of the Companies Act 2006 and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available on the Company's website at www.gcpuk.com/gcp-student-living-plc.

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
CRM	Corporate Residential Management Limited
C SHARES	Convertible redeemable preference shares of one pence each in the capital of the Company
CTA	Corporation Tax Act 2010
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 PER SHARE	EPRA net asset value – includes all property at market value but excludes the mark to market of interest rate swaps
EPRA NNAV PER SHARE	As EPRA NAV but includes interest rate swaps carried at market value
EPS	Earnings per share
ERV	Estimated rental value
FRI	Full repairing and insuring
GHG	Greenhouse gas
GROUP	GCP Student Living plc and its subsidiaries
HEI	Higher education institution
HMRC	HM Revenue & Customs
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPO	Initial public offering
ISA	Individual Savings Account
LOAN-TO-VALUE	Net debt expressed as a percentage of net assets excluding net debt
NAV	Net asset value
NON-PID	Non-property income distribution
PID	Property income distribution
PORTFOLIO TOTAL RETURN	Unleveraged weighted capital and income return of the investment portfolio weighted by net rental income

PPS	Pence per share
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	London Stock Exchange (Specialist Fund Market)
SIPP	Self-invested personal pension
SSAS	Small self-administered scheme
TOTAL SHAREHOLDER RETURN	Share price growth with dividend deemed to be reinvested on the dividend date
UCAS	Universities and Colleges Admissions Service
UKLA	United Kingdom Listing Authority
UK CODE	UK Code of Corporate Governance

Corporate information

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Peter Dunscombe
Malcolm Naish
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Corporate website

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