



## GCP Student Living plc

Annual report and consolidated financial statements  
for the year ended 30 June 2016

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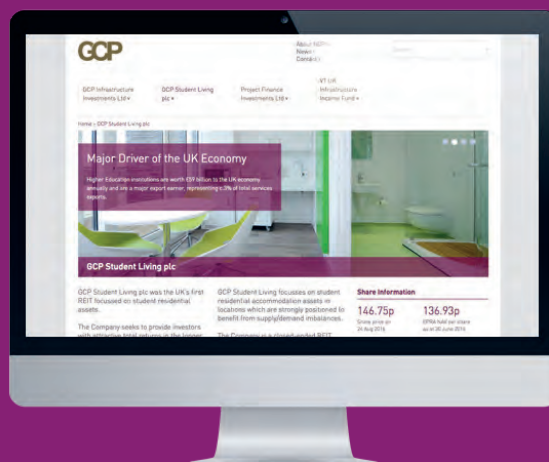
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**GCP Student Living plc was the first real estate investment trust in the UK focused on student residential assets. The Company invests in modern, private student residential accommodation and teaching facilities located primarily in and around London.**

**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.

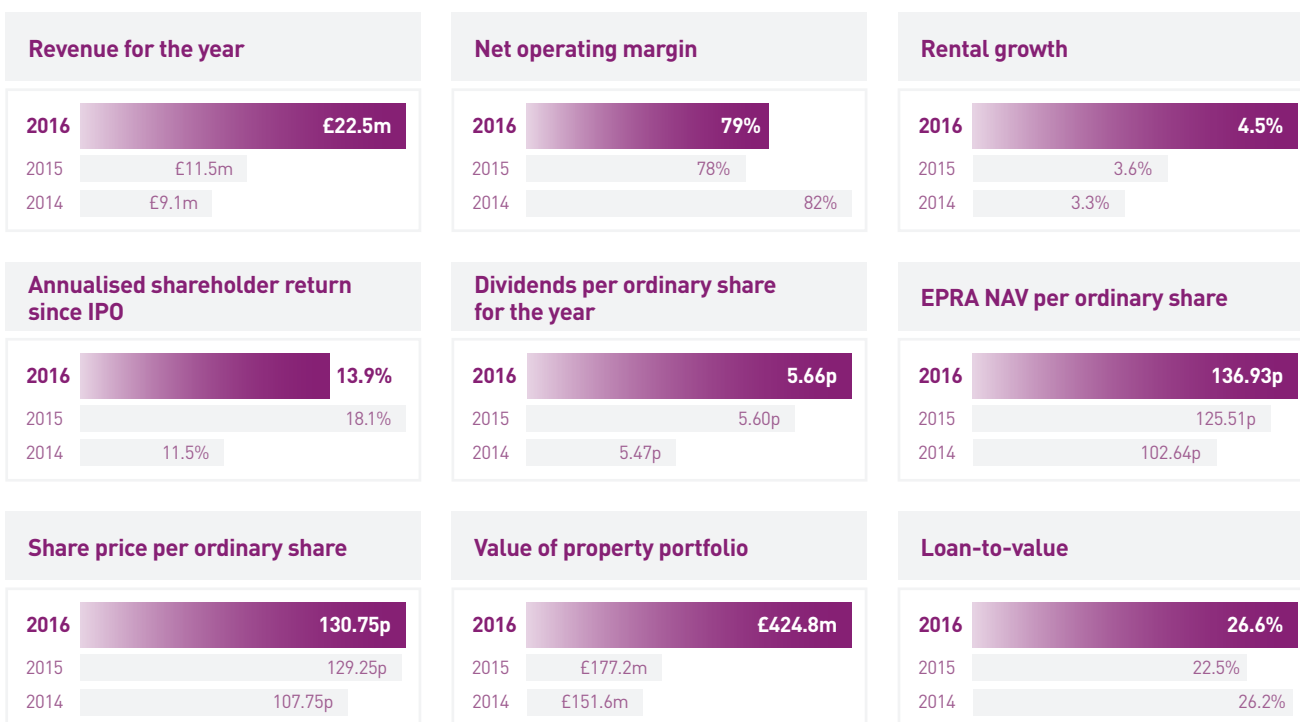
The Company is a closed-ended investment company incorporated in England and Wales, and its shares trade on the SFS of the Main Market of the London Stock Exchange.



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# At a glance



## Highlights for the year

- The Company delivered a strong set of results generating total revenue for the year of £22.5 million.
- The Company successfully raised £79 million through two oversubscribed placings of ordinary shares.
- Annualised shareholder returns since IPO of 13.9%, 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 4.5% for the 2015/16 academic year.
- Dividends of 5.66 pence per ordinary share paid/declared in the period in line with target.
- EPRA NAV (cum income) per ordinary share of 136.93 pence and EPRA NAV (ex-income) per ordinary share of 135.50 pence at 30 June 2016.
- Broad student mix with students from 106 countries studying at 72 HEIs.
- High-quality portfolio of six modern high-specification properties with c.2,000 beds located primarily in and around London with a valuation of £424.8 million at the year end.
- Loan-to-value at 30 June 2016 of 26.6%.
- During the year, the Company acquired four properties and entered into a forward purchase agreement and a forward funding agreement, in respect of two further properties.

# 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/declared a total of 5.66 pence per ordinary share as dividends 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 7.1% over the year driven by a combination of uplifts in valuation on acquisition, increasing rental rates and yield compression.

## Portfolio quality

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

At 30 June 2016, the Company's property portfolio comprised six modern, high-specification student residential accommodation buildings, of which 96% of the value is located in and around London.

## Key performance highlights

5.66p

Dividends paid/declared in the year

1.1%

Annualised dividend growth

7.1%

Capital appreciation

£424.8m

Value of property portfolio

100%

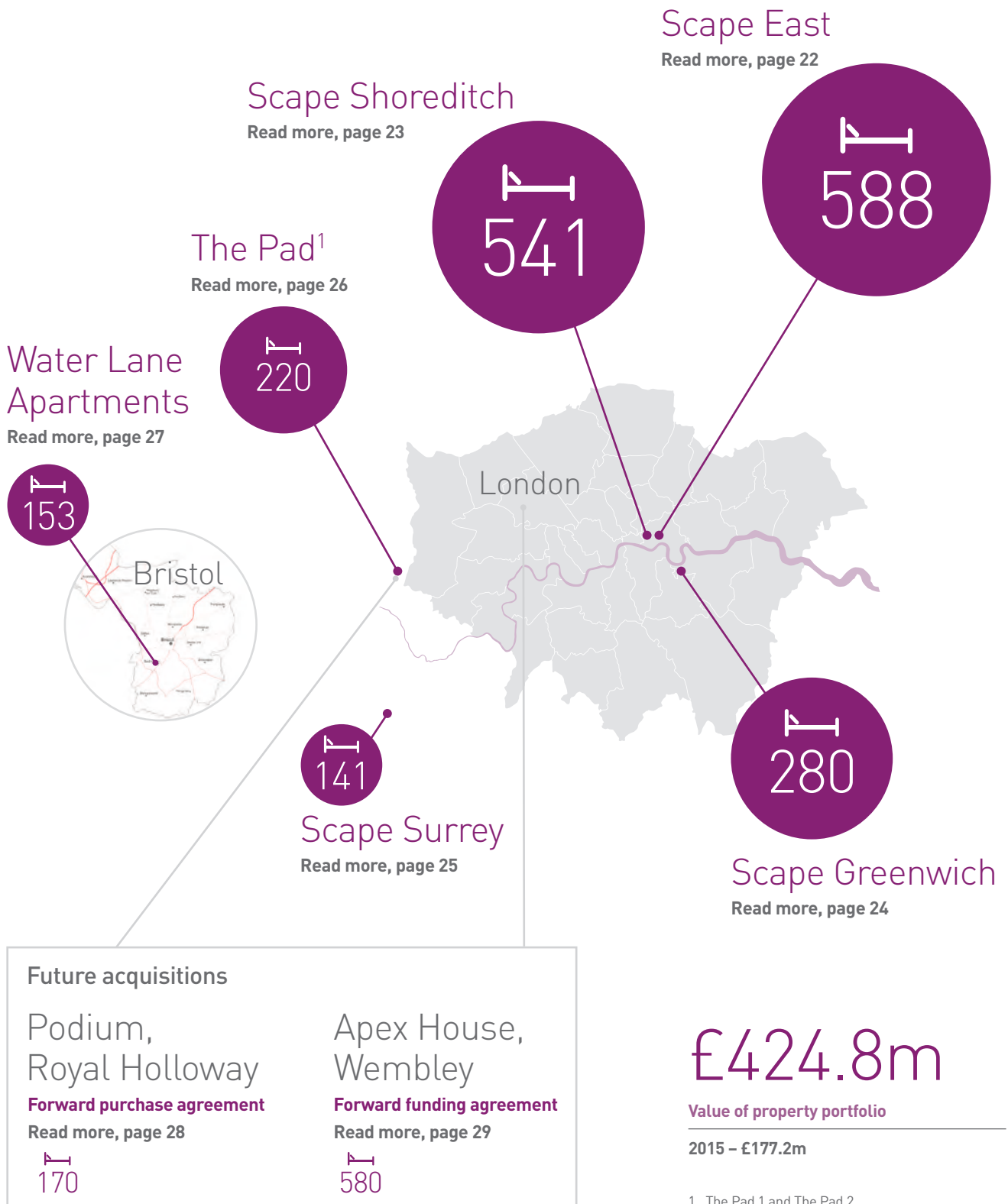
Occupancy for 2015/16 academic year

4.5%

Rental growth

# Portfolio at a glance

The Company's portfolio comprises high-quality, modern student accommodation buildings, of which 96% of the value is located in and around London.



# Chairman's statement



**Robert Peto**  
Chairman



The Company has paid dividends of 5.66 pence per ordinary share in respect of the year and in total has delivered an annualised shareholder return since IPO of 13.9%, in excess of its annualised target of 8-10%.

## Introduction

On behalf of the Board, I am pleased to report a year of continued growth, with the acquisition of four further high-quality properties in addition to entering into a forward purchase agreement and a forward funding agreement in respect of two further properties.

The Company has paid dividends of 5.66 pence per ordinary share in respect of the year and in total has delivered an annualised shareholder return since IPO of 13.9%, in excess of its annualised target of 8-10%.

## Portfolio

The Company has successfully grown its property portfolio to c.2,000 studios and beds through the addition of c.1,000 studios and beds over the year. Through positioning the portfolio in those areas which the Investment Manager believes are well positioned to benefit from significant demand/supply imbalances, it is pleasing to note strong year-on-year rental growth from the portfolio of 4.5%.

The Company's core focus on student residential accommodation assets located in and around London, where 96% of the value of the property portfolio is located, coupled with conservative levels of borrowings, provides shareholders with a property portfolio with defensive income characteristics which should offer greater resilience to the market volatility following the 'Brexit' vote, particularly relative to wider UK commercial property.

The external market valuation of the Company's property portfolio was £424.8 million at 30 June 2016. This represents a valuation uplift of £58.9 million or 16.1% over the aggregate acquisition price (excluding acquisition costs). The valuation increase has been driven by a combination of uplift in valuation at acquisition, rising rental rates and the high levels of investment demand for student accommodation driving upward pressure on asset prices impacting yields across the sector.

Full occupancy, strong rental growth and valuation uplifts have all contributed to a strong set of results for the year. The Company's property portfolio generated £22.5 million of rental income over the year.

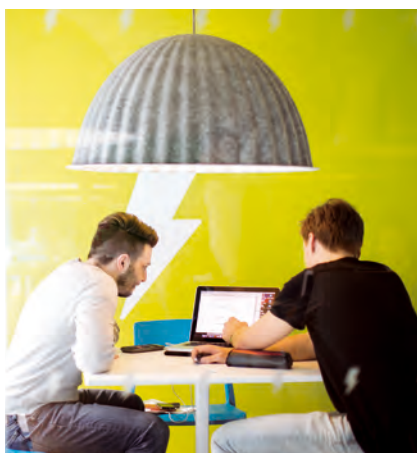
### Acquisitions

During the year, the Company acquired four high-specification, student accommodation assets – Scape Shoreditch, Scape Surrey, The Pad 2 development at RHUL and Water Lane Apartments in Bristol. In addition, the Board was pleased to have secured a rare opportunity to acquire a large scale, forward-funded development at Apex House, Wembley, which will enable the Company to acquire an asset, which is expected to be operational for the 2017/18 academic year, at an attractive valuation relative

to acquiring existing operating assets. Once complete, it is expected that Apex House will add a further c.580 modern studios and beds to the Company's portfolio. Finally, the Company also entered into a conditional forward purchase agreement which will allow it to acquire Podium, which is in the same locality as The Pad at RHUL and which is expected to provide a further c.170 studios and beds once completed for the 2017/18 academic year.

### Financial results

Full occupancy, strong rental growth and valuation uplifts have all contributed to a strong set of results for the year. The Company's property portfolio generated £22.5 million of rental income over the year. The EPRA NAV per ordinary share increased by 9%, from 125.51 pence to 136.93 pence as at 30 June 2016. Total operating profit (including valuation gains) was £39.3 million (£12.2 million excluding valuation gains).



# Chairman's statement continued

## Dividends

The Company paid dividends in respect of the financial year ended 30 June 2016 of 5.66 pence per ordinary share. The dividends were paid as 5.31 pence per ordinary share as a REIT property income distribution in respect of the Group's tax exempt property rental business and 0.35 pence per ordinary share as an ordinary UK dividend.

## The Board

Mrs Wood was appointed as Chair of the audit committee with effect from 21 July 2015. Mr Dunscombe was appointed as Senior Independent Director with effect from 15 September 2015 and Chair of the newly formed remuneration committee with effect from 28 July 2016.

Following the implementation of the Market Abuse Regulation ("MAR"), which came into effect on 3 July 2016, the Board agreed to form a disclosure committee to ensure the identification and disclosure of inside information and the Company's ongoing compliance with MAR. Further details regarding the committee are provided in the corporate governance statement on page 43.

## Management

The Board welcomes Mr Di Miceli, who recently joined the Company's Investment Manager as a dedicated Head of Investment Companies, further strengthening the management team at the Company's Investment Manager, Gravis Capital Partners LLP.

## Financing

The Board was pleased with the level of ongoing support shown by both new and existing investors in the Company through two oversubscribed capital raisings during the period, raising gross proceeds of c.£79 million. We thank you for your ongoing support for the Company.

As detailed in the review of the financial year, during the period, the Company successfully refinanced its senior debt facility through a £130 million fixed rate loan with Pricoa Mortgage Capital, at a rate of 3.07%. In order to facilitate the drawdown of the facility, the Group was restructured. The Board believes that the new borrowing facility provides fixed, long dated, financing at an attractive pricing level which will reduce the long-term weighted cost of capital for the Group and should help to enhance shareholder value over the long term.

The Company remains conservatively positioned as regards its borrowing levels, with a loan-to-value of 26.6% as at 30 June 2016.

## Migration

As a sign of the Company's continued growth, on 14 September 2016, the Company announced it had satisfied the requirements for migration to a premium listing on the Official List of the UK Listing Authority and accordingly, it is expected that, with effect from 16 September 2016, its ordinary shares will be admitted to the Official List and trading transferred from the SFS to the Premium Segment of the Main Market of the London Stock Exchange. The Board believes this will result in a broader investor base over the longer term and better position the Company to meet the liquidity requirements of a wider audience of investors. Migration will also help the Company meet the requirements of the FTSE Group for inclusion in the relevant FTSE indices in due course.

## Outlook

The UK student accommodation investment market experienced a record year in 2015. Approximately £5.7 billion was transacted over the course of the year, which constituted over one-quarter of the total privately-owned UK purpose-built student accommodation stock. These assets were traded to a broad range of investors, many of which the Directors believe are expected to hold their assets long term.

Investment into the sector continued through the first half of 2016, with c.£1.5 billion transacted prior to the UK referendum to leave the EU on 23 June 2016.

Whilst the long-term implications of the result of the UK referendum remain unknown, it is the Investment Manager's current expectation that 'Brexit' will not have a material impact on the performance of its existing portfolio. The portfolio is focused on student accommodation assets in and around London which has the largest student population of any city in the UK and positions the Company to benefit from supply and demand imbalances. Accordingly, the Investment Manager remains confident that investor interest in the Company's student accommodation portfolio will continue due to its defensive income qualities as well as the prospect for continued rental growth.

The number of new schemes due for development in London over the next three years is at an historic low, with the implications of 'Brexit' unlikely to be helpful for any further development projects in the short term. Planning approvals, and the new development tax on student accommodation, continue to make it difficult to bring on-stream new developments in and around London.

In this context, the Board is encouraged by the Company's ability to secure the opportunity to acquire Apex House, a forward-funded development asset in London, and the Podium asset adjacent to RHUL. The Company's right of first offer arrangements with Scape is anticipated to provide further attractive pipeline assets in future. The Investment Manager continues to conduct due diligence on a number of assets, which including Apex House and Podium, offer an attractive pipeline of c.1,800 studios and beds in locations which the Investment Manager believes will benefit from attractive and sustainable rental growth underpinned by supportive supply/demand characteristics.

Demand by overseas students for private sector student accommodation in and around London is likely to remain resilient relative to the rest of the UK, given the international perception of London as a cosmopolitan, multicultural, global centre of learning. Depreciation in the value of the Pound Sterling may further enhance the relative attractions of a UK-based degree for overseas students.

The Group's portfolio remains well positioned to provide shareholders with regular, sustainable, long-term dividends through the defensive qualities of the rental income generated by its assets.

The Directors and Investment Manager have sought to position the portfolio, and gearing levels, in a conservative manner to offer shareholders some protection against volatile markets. To this effect, the Company decided not to proceed with the acquisition of a 530-bed asset located in a city centre location in close proximity to a globally recognised UK university, outside of London, in respect of which it had been in advanced negotiations and which would have required additional borrowings to acquire. The Company remains modestly geared at a loan-to-value of 26.6%.



**Robert Peto**

Chairman

15 September 2016

# 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 the 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 £22.5 million of rental income, representing year-on-year rental growth of 4.5%.

[→ Read more, pages 16 to 19](#)



## Property portfolio

The property portfolio is made up of high-quality, modern 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 37](#)

# 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.

## 13.9%

Annualised shareholder return since IPO

2015 – 18.1%

## 5.66p

Dividends per ordinary share for the year

2015 – 5.60p

### 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, 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 bullet payment at completion.

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. Details of the Company's borrowings are given in note 19.

#### **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 restrictions:

- the Company will derive its rental income from a portfolio of not less than 500 studios;
- the value of any newly acquired single property will be limited to 25% of gross assets, calculated as at the time of investment;
- the Company mostly invests in modern, purpose built, private student residential accommodation and teaching facilities located primarily in and around London. Accordingly, no less than 75% of the Group's property portfolio will comprise assets which are located in and around London, calculated as at the time of investment;
- 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 Act. 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 trade on the SFS.

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 in the Chairman's statement on pages 4 to 7 and on the following pages.

# 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

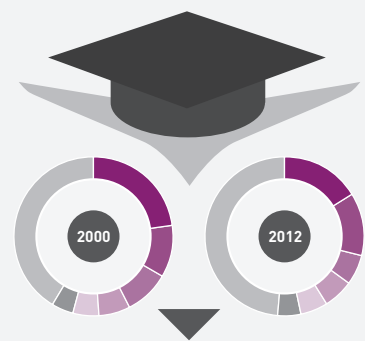
The UK has some of the highest ranking universities in the world, with three in the top 10 and seven in the top 50 in 2015/16<sup>1</sup>. The UK higher education sector is a c.£60 billion contributor to the UK's economy.

Students have become increasingly globally mobile with, according to the OECD, over 4.5 million students studying abroad in 2014, up from 2 million in 2000. This figure is forecast to reach 8 million by 2025. China, India, the Republic of Korea, Germany and Saudi Arabia are the top five countries with students going abroad, with c.500,000 Chinese students going abroad in 2014, an increase of 11% over 2013.

The world's population is increasingly becoming more educated. Many of the world's largest established economies now have nearly half of their 25 to 34 year-olds with tertiary education. A stark contrast to that of the population of 55 to 64 year-olds, where the proportion is much lower<sup>2</sup>.

The student body has also changed over the period, becoming younger and with a higher proportion of full-time students, as the decline in the number of part-time and mature students has continued. Full-time students now make up 74% of the student body, up from 62% at the start of the decade, and under-25s now make up three-quarters of all undergraduates and a third of postgraduates<sup>3</sup>.

## HE students' top destinations



	2000	2012
US	22.8%	16.4%
UK	10.7%	12.6%
Germany	9.0%	6.3%
France	6.6%	6.0%
Australia	5.1%	5.5%
Canada	4.5%	4.9%
Other countries	41.3%	48.4%

Top destination countries for internationally mobile students, 2000 and 2012 compared.

1. Times Higher Education World University Rankings 2015/16.  
 2. OECD Education at a Glance 2014. A1-3.  
 3. HESA student record.

4. OECD Education at a Glance 2014. A1-3.  
 5. Savills: Spotlight, World Student Housing 2015/16.

As well as changes in the age of students and their mode of study, the student body has become more cosmopolitan over the decade. In 2004/05, 4% of students came from the EU and 9% from outside the EU. By 2014/15, the numbers had increased to 5% and 14% respectively<sup>4</sup>.

The US is the most popular market for international students, with the UK in second place, though significantly stronger on a per capita basis. One of the UK's advantages is its average cost of living and tuition, which is generally lower than in both the US and Australia<sup>5</sup>.

#### Investment market

2015 saw record levels of investment activity in the UK student accommodation market with over

£5.7 billion traded. The year was marked by a number of large portfolios being traded, which combined, totalled over £3.4 billion in six portfolios. The portfolios were acquired by a number of new entrants to the market including sovereign wealth funds, US multi-family specialist investors, institutional funds and some opportunity and private equity funds.

In addition to the portfolios, a number of individual asset transactions took place with purchasers including UK institutional investors, international investors and listed companies. Three individual assets in London each traded for in excess of £100 million.

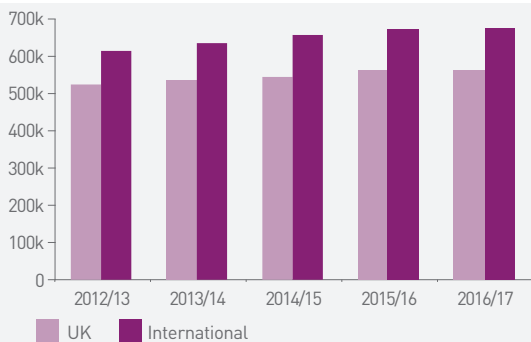
2016 has continued in a similar vein with c.£2 billion traded to date and a further c.£1.5 billion forecast to trade by the end of the year.

#### HEI acceptance rates

The 2015/16 academic cycle broke last year's record, with the intake of undergraduates entering UK higher education totalling c.532,000.

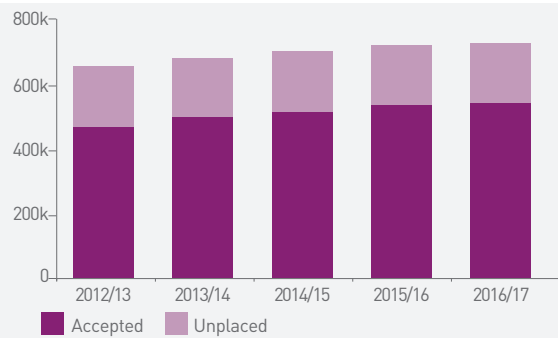
On 2 September 2016, UCAS published daily clearing analysis with students placed at that date which showed UK students were up 1%, EU students were up 8% and non-EU students were down 1% giving an overall increase of 1% across the student population for the 2016/17 academic year.

#### Student application rate



Source: UCAS

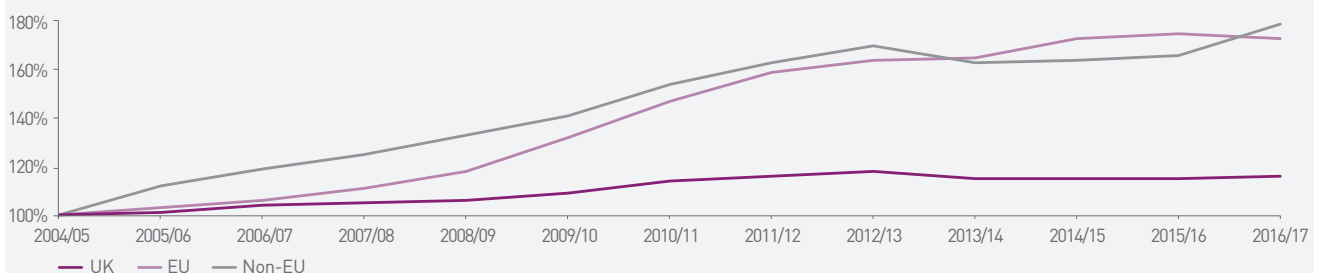
#### Student acceptance rates



Source: UCAS

Note: 2016/17 figures based on reported UCAS clearing analysis at 2 September 2016

#### Growth in full time student numbers



Source: Higher Education Statistics Agency. Note: 2016/17 full time figures based on reported UCAS clearing analysis at 2 September 2016.

# UK student accommodation market<sub>continued</sub>

## 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 based 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, TV areas, communal kitchens and social areas in the buildings which provide opportunities for social groups to form and bond centred around work spaces and play spaces. 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 despite an ageing population and international student numbers continue to grow at a disproportionate rate, as evidenced by the increase in international student application rates for the 2016/17 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 primarily 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.109,000 students in 2014/15 from over 190 countries;

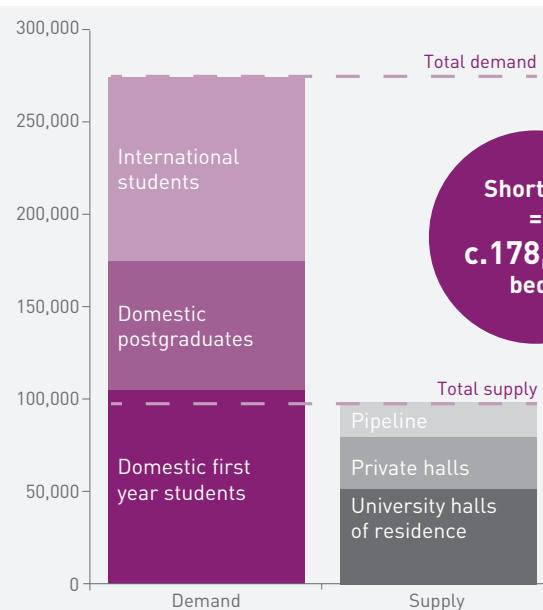
- London is home to some of the leading HEIs in the world which attract a significant number of international students;
- London is one of the most popular cities in the world to visit with an estimated 18.6 million international visitors in 2015; and
- London universities are only able to supply accommodation 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 2015, there were over 250,000 domestic first year undergraduates, international students and postgraduates studying in the capital with only c.70,000 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.178,000 beds. It is this shortfall that underpins the strong performance of the asset class in the capital.

Student accommodation supply and demand in London 2015



Source: Knight Frank LLP, Higher Education Statistics Agency

# Review of the financial year

The Company produced a strong set of results with £22.5 million of rental income, representing year-on-year rental growth of 4.5%.



## Financial results

The Company achieved average rental growth of 4.5% across the portfolio for the 2015/16 academic year, producing a strong set of results, with total rental income for the year ended 30 June 2016 of £22.5 million generated from the Company's enlarged property portfolio following the acquisition of Scape Shoreditch, Scape Surrey, The Pad 2 and Water Lane Apartments.

Total gains on investment properties through revaluation of the Company's investment portfolio were £27.2 million as at 30 June 2016, positively impacting operating profit and generating EPS of 15.5 pence. The adjusted EPS for the period was 5.30 pence (excluding one-off finance costs relating to the C share issue in 2015 and fair value gains on investment properties).

Total administration expenses of £5.7 million comprise fund running costs, including the Investment Manager's fee, Asset and Facilities Managers' fees and other service provider costs in the period.

Ongoing finance charges of £3.4 million in the period comprise loan and swap interest associated with the Company's financing arrangements.

<b>Financial performance</b>	<b>For the year ended</b>	<b>For the year ended</b>
<b>Income statement</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>£'000</b>	<b>£'000</b>
Rental income	22,482	11,505
Operating expense	(4,600)	(2,529)
<b>Gross profit (net operating income)</b>	<b>17,882</b>	<b>8,976</b>
Net operating margin	79%	78%
Administration expenses	(5,712)	(2,001)
Gains on investment properties	27,156	25,660
<b>Operating profit</b>	<b>39,326</b>	<b>32,635</b>
Finance income	75	43
Finance costs – ongoing	(3,441)	(1,379)
Finance costs – other	(7,635)	—
<b>Profit before tax for the year</b>	<b>28,325</b>	<b>31,299</b>

Exceptional finance costs of £7.6 million relate to the C share issue together with costs associated with the cancellation and refinance of loan facilities. In accordance with IFRS, the C shares were accounted for as debt instruments. The costs of the C share issue and property valuation gains for the period the C shares were in issue are amortised through finance costs. The amortisation charge is fully offset by a corresponding increase in equity upon conversion, which has positively impacted the net assets of the Company.

The Company generated total profit before tax for the period of £28.3 million.

#### Dividends

In order to maintain its REIT status, the Company 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 2016, the Company paid dividends of 5.66 pence per ordinary share.

The dividends were paid as 5.31 pence per ordinary share as a REIT property income distribution in respect of the Group's tax exempt property rental business and 0.35 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 2016 and as at the date of this report.

#### Dividend cover

The Company seeks to maintain a high level of dividend cover. Dividends of £10.6 million (5.66 pence per ordinary share) were paid during the year. The dividends were 94% covered by adjusted EPS of 5.30 pence per share, which is adjusted to exclude exceptional items principally those arising in connection with the oversubscribed issue of C shares during the period, which include charges arising due to the accounting treatment of C shares as debt instruments and the issue costs, which were met by subscribers for the C shares rather than the Company.

#### Capital raises

The Company completed two oversubscribed equity capital raises during the period, raising gross proceeds of £19 million in February 2016 and £60 million in May 2016.

#### Cash flow generation

The Company held cash and cash equivalents of £66.3 million at the end of the financial year. A total of £4.2 million of operating cash flows were generated in relation to the Company's student accommodation portfolio. Total equity capital raised in the year amounted to £79 million, which was used in part to fund the acquisition of Water Lane Apartments. The remaining cash outflows 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.

# £358.5m

#### Total net assets

2015 – £137.7m

# Review of the financial year continued

## Debt financing

During the period, the Company successfully secured a £130 million debt facility with Pricoa Mortgage Capital, which replaced its previous facility with Barclays Bank. The Pricoa facility, matures in September 2024 and was issued at a fixed rate of 3.07%. In order to facilitate the drawdown of the facility, the Group was restructured. Further information is given in note 15. The Company remains conservatively positioned as regards to its borrowing levels, with a loan-to-value of 26.6% as at 30 June 2016.

## Asset performance

The Company experienced 4.5% year-on-year rental growth for the 2015/16 academic year and marginal yield compression. The valuation of the Company's property portfolio has increased by £58.9 million or 16.1% since the Company's IPO or its acquisition of assets.

The portfolio was fully occupied for the 2015/16 academic year, on 51-week tenancies.

## Net assets

Net assets attributable to equity holders at 30 June 2016 were £358.5 million, up from £137.7 million at 30 June 2015. The increase in net assets since the prior year end is primarily driven by the acquisition of four further properties.

At 30 June 2016, there were 261,795,015 ordinary shares in issue, giving an EPRA NAV (cum-income) per ordinary share of 136.93 pence.

<b>Financial performance</b>	<b>For the year ended</b>	<b>For the year ended</b>
<b>Net assets</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>		
Property	424,787	177,220
Receivables	7,682	18,991
Cash and cash equivalents	66,337	106,292
<b>Total assets</b>	<b>498,806</b>	<b>302,503</b>
<b>Liabilities</b>		
Payables	(6,929)	(5,341)
Deferred income	(5,235)	(2,442)
Senior loan	(128,174)	(39,569)
Financial liabilities at amortised cost	—	(117,422)
<b>Total liabilities</b>	<b>(140,338)</b>	<b>(164,774)</b>
<b>Net assets</b>	<b>358,468</b>	<b>137,729</b>
<b>Number of shares</b>	<b>261,795,015</b>	<b>109,910,428</b>
<b>EPRA NAV per share</b>	<b>136.93p</b>	<b>125.51p</b>
<b>EPRA NNNAV per share</b>	<b>136.93p</b>	<b>125.31p</b>

## NAV and share price performance

The Company's ordinary shares have traded at an average premium of 5.7% since IPO, with an average premium over the financial year of 4.6%. The Company's share price hit an all-time high of 141.00 pence per ordinary share on 2 November 2015. The Company's ordinary shares have persistently traded at a premium to their NAV since IPO in 2013. However, as a consequence of the significant market volatility arising in the immediate aftermath of the 'Brexit'

vote on 23 June 2016, the Company's ordinary shares briefly traded at a discount to their NAV. As at 30 June 2016 the Company's ordinary shares traded at a 3.6% discount to NAV.

The secondary market rating of the Company's ordinary shares in the period since the year end has recovered and as at 14 September 2016, this being the latest practicable date prior to the publication the Company's accounts, its ordinary shares traded at a premium of 8.1% to the prevailing NAV.

EPRA NAV (cum income) has increased from 125.51 pence as at 30 June 2015 to 136.93 pence per ordinary share as at 30 June 2016, a 9% increase year-on-year. Dividends of 5.66 pence per ordinary share were paid/declared to shareholders. At the Group level, the annualised total return since IPO was 13.9%, which exceeds the annualised target return of 8-10%.

# Company performance

## Key performance indicators

13.9%

Annualised shareholder return since IPO

2015 – 18.1%

15.5p

Basic earnings per ordinary share

2015 – 28.5p

5.66p

Dividends per ordinary share for the year

2015 – 5.60p

136.93p

EPRA NAV per ordinary share

2015 – 125.51p

26.6%

Loan-to-value

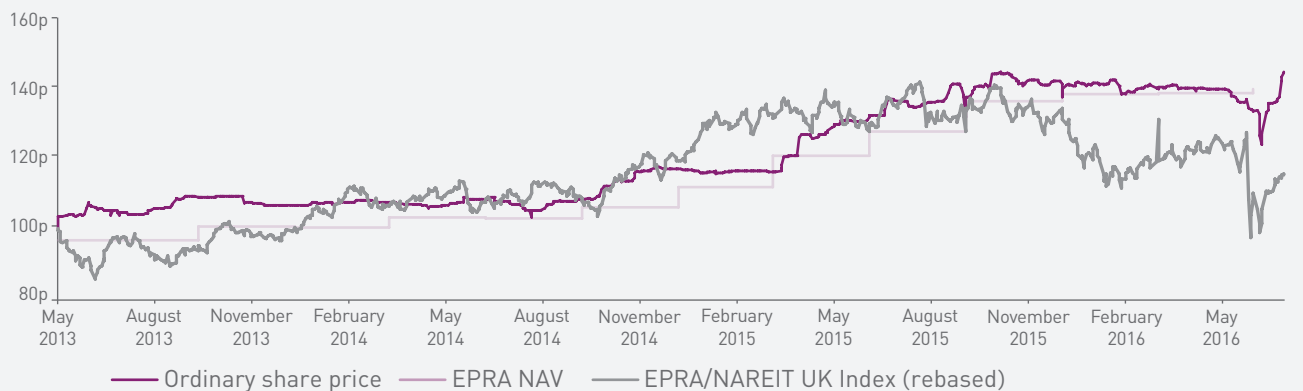
2015 – 22.5%

4.5%

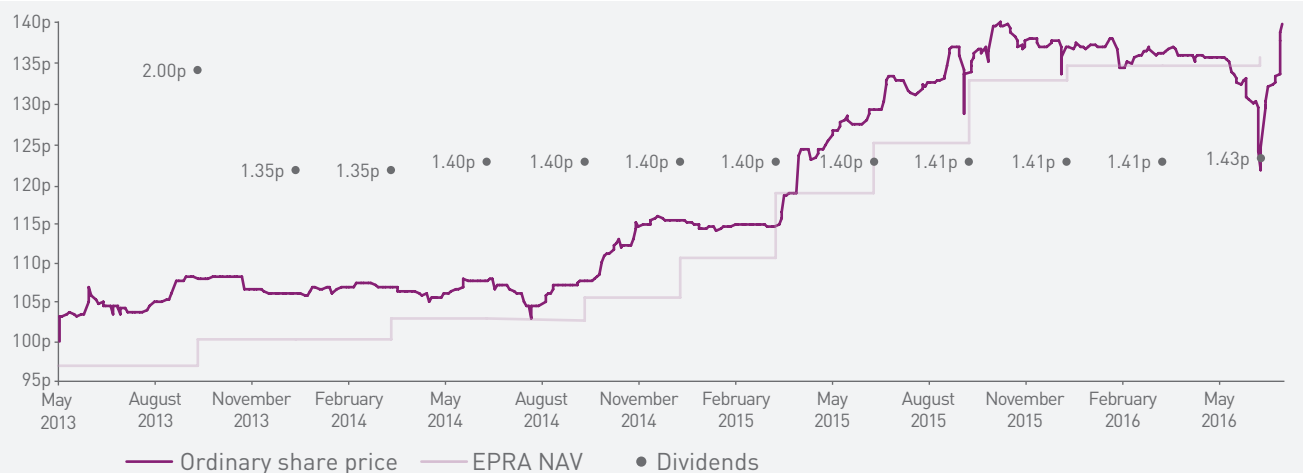
Rental growth

2015 – 3.6%

## Share price performance



## Share price performance/dividends



# Property portfolio

The property portfolio is made up of high-quality, modern 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 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 and Facilities Managers.

Scape is the Asset and Facilities Manager for Scape East, Scape Greenwich, Scape Surrey and Scape Shoreditch. 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

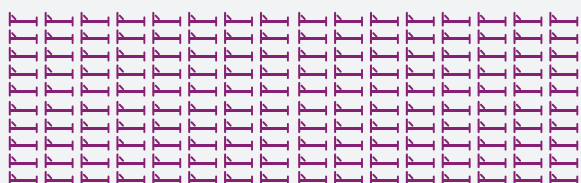
continues to ensure that high standards of quality finishes and service are met. Years of hard work and listening to student feedback has resulted in some of the best student accommodation in London.

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.

During the year under review, CRM was the Asset and Facilities Manager for The Pad. Scape will replace CRM as Asset and Facilities Manager with effect from 1 September 2016.

Collegiate is the Asset and Facilities Manager for Water Lane Apartments. Collegiate's management philosophy is based on enhancing the university experience for their residents. Collegiate specialises in managing high-specification, design led schemes with a focus on superior service quality. Collegiate's team has experience in managing a range of diverse student accommodation assets, in over 20 cities, and across over 30 student blocks, serving some 30,000 student tenants.

## Number of beds



1,923

## Occupancy 2015/16



100%

## Level of study

## Undergraduate



69%

## Postgraduate



31%

## Nationality



56%



27%



17%

## Number of higher education institutions



72

## Number of nationalities



106

## Top five HEIs

1. QMUL
2. Ravensbourne
3. City, University of London
4. University of Surrey
5. UWE

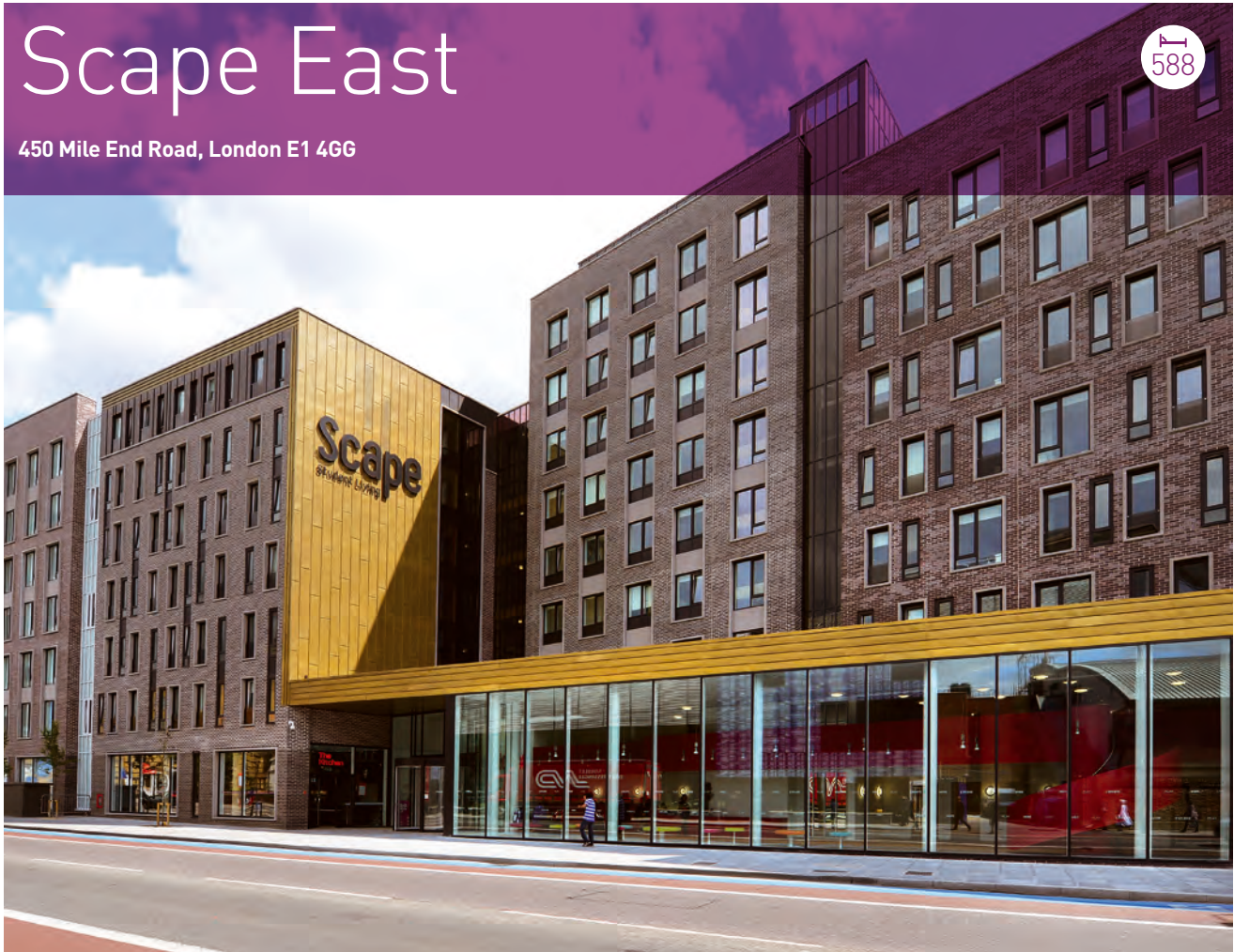
## Top five nationalities

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

# Scape East

450 Mile End Road, London E1 4GG

588



Scape East is a private student residence located in Mile End, London. It was completed in June 2012 under the Scape brand.

Scape East is located directly opposite QMUL, which is a Russell Group HEI and one of London's leading universities with c.17,000 students. Approximately 87% 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. Residents have access to a private courtyard garden, free gym, TV and games lounge, communal kitchen, study areas and two on-site restaurants.

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 2015/16 academic year.

As at 30 June 2016, Scape East was occupied by students from 25 different HEIs and of 67 different nationalities, with c.89% of tenants coming from outside the UK.

# Scape Shoreditch

45 Brunswick Place, London N1 6DX

541



Scape Shoreditch is located in a prime London location in Shoreditch. The property was acquired by the Company in September 2015.

The property is within a 15-minute walk of 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 barbecue terrace. The building also includes c.49,000 sq ft of commercial facilities

let to WeWork on a 15-year fully repairing and insuring lease. The lease generates approximately 25% of total revenues for Scape Shoreditch after expiry of the tenant's incentives.

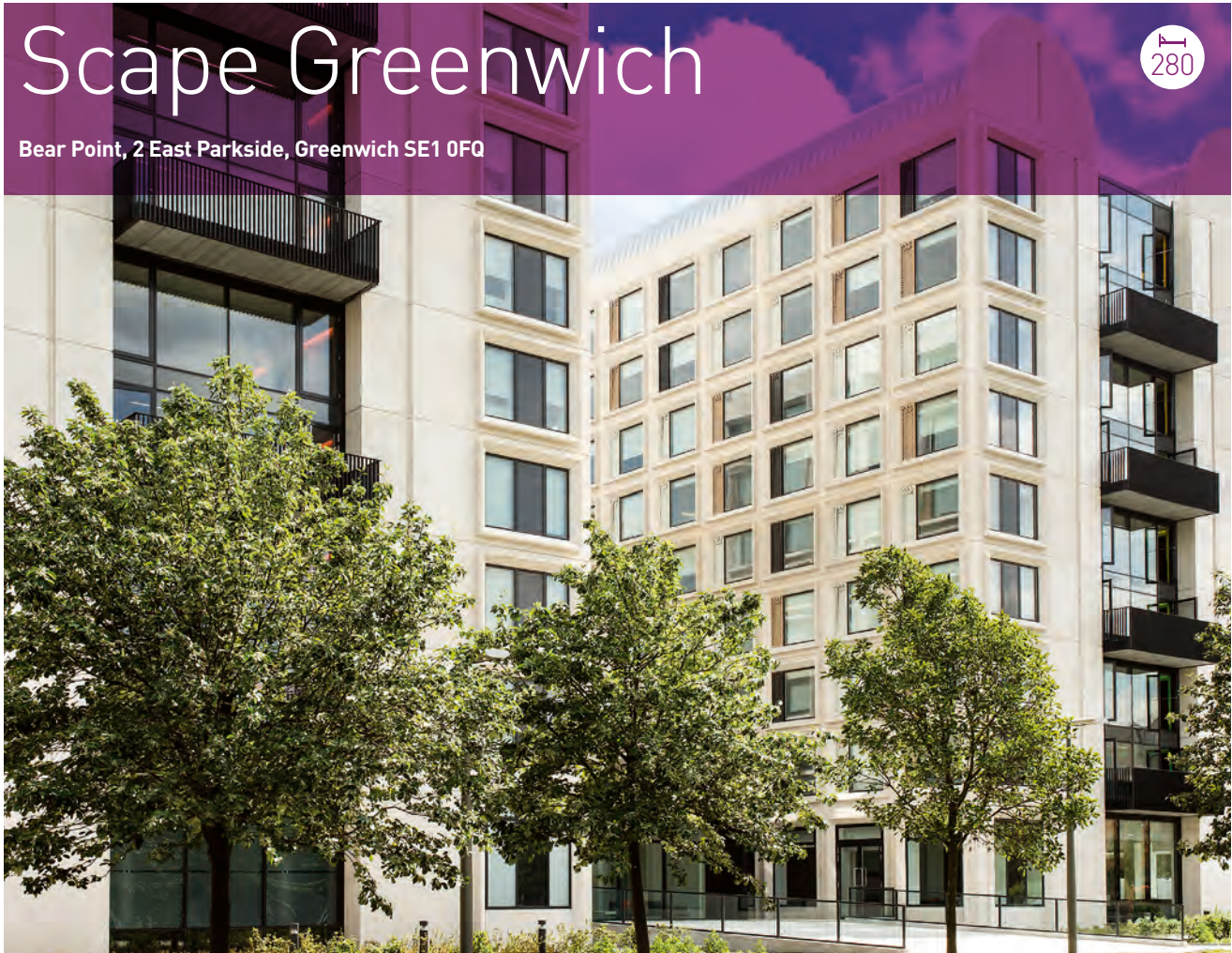
At 30 June 2016, Scape Shoreditch was occupied by students from 45 HEIs and of 59 different nationalities, with c.94% of tenants coming from outside the UK.



# Scape Greenwich

280

Bear Point, 2 East Parkside, Greenwich SE1 0FQ



Scape Greenwich is a private student residence located on the Greenwich Peninsula, London, which was acquired by the Company in May 2014.

The property 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).

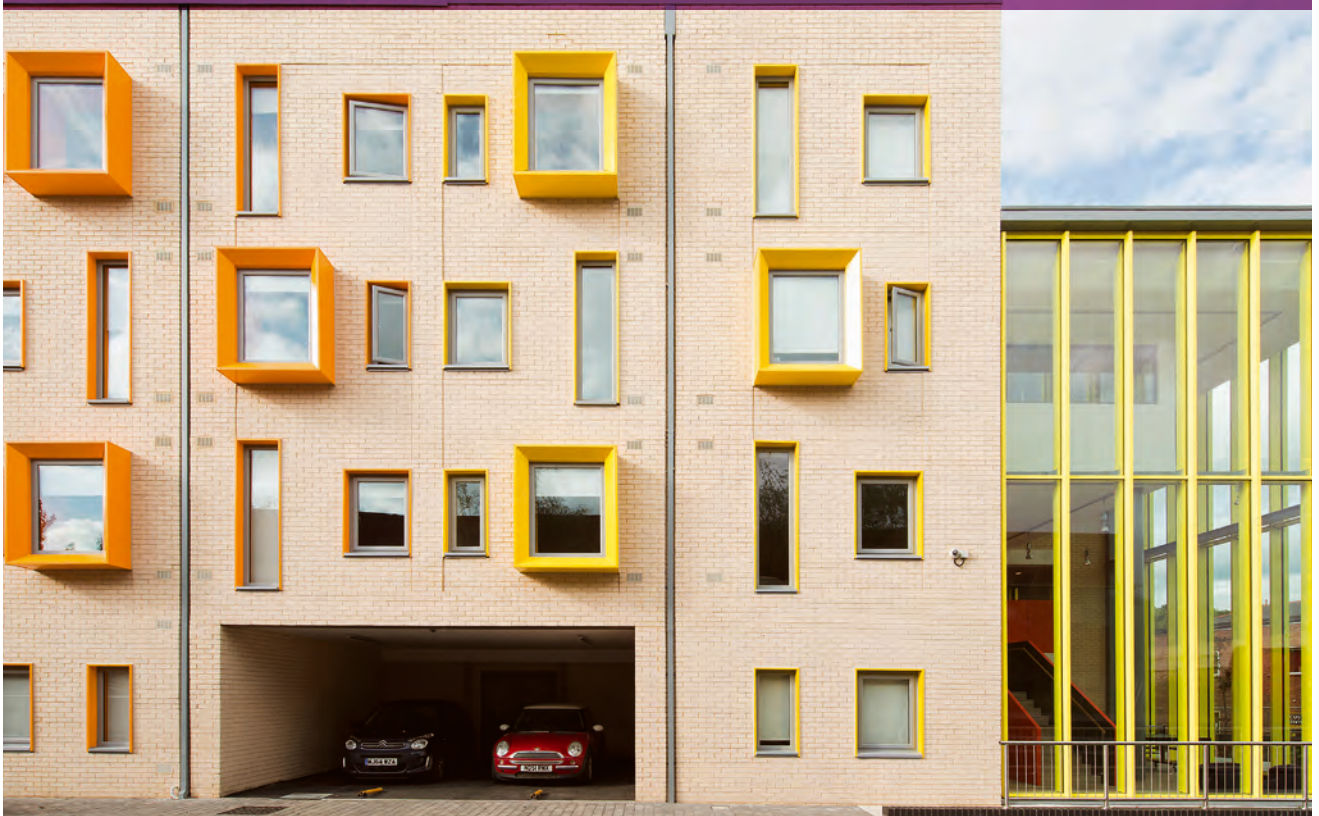
Designed by award-winning architects, AHMM, Scape Greenwich comprises 280 studios and approximately 10,000 sq ft of communal facilities, kitchens, study areas and breakout rooms.

As at 30 June 2016, Scape Greenwich was occupied by students from 20 different HEIs and of 53 different nationalities, with c.43% of tenants coming from outside the UK.

# Scape Surrey

141

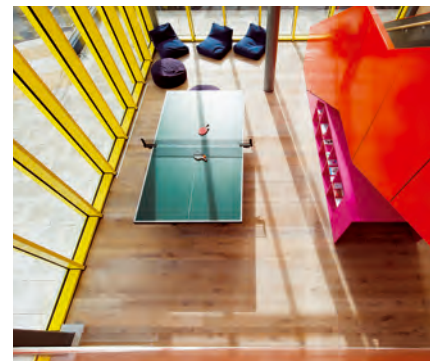
1 Kernel Court, Walnut Tree Close, Guildford GU1 4BJ



Scape Surrey is a private student residence located in Guildford, which was acquired by the Company in September 2015.

Scape Surrey is located in Guildford within 100 metres of the south gate to The University of Surrey (ranked 4th in the UK) and in 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 a games room, private study area and a cinema room.

At 30 June 2016, Scape Surrey was occupied by students from 5 HEIs and of 32 different nationalities, with c.54% of tenants coming from outside the UK.





# The Pad

71 Egham Hill, Egham TW20 0ER

220



The Pad is a private student residence which was acquired by the Company in two phases, December 2013 and September 2015 and is located adjacent to RHUL, in Egham.



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

The building contains modern, purpose-built student accommodation blocks. The Pad offers 220 rooms comprising of 119 studios and 101 en-suite rooms. The studios comprise fully-furnished rooms with kitchenette and appliances provided and en-suite shower room. Blocks in the main building are typically three to six bedrooms, share a large fully-fitted kitchen and living area 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 break out in the summer months.

As at 30 June 2016, The Pad was occupied exclusively by students from RHUL, comprising 35 different nationalities, with c.78% of tenants coming from outside the UK.

# Water Lane Apartments

153

Temple Street, Bristol BS1 6WG



Water Lane Apartments is a private student residence located in Bristol, which was acquired by the Company in February 2016.

The University of the West of England, which has over 27,000 students, lies to the North of Bristol approximately six miles from the property. The University of Bristol, which has over 22,000 students, is approximately one mile away from the property.

The property comprises 153 studio beds, which were fully occupied on 51-week lettings for the 2015/16 academic year, and associated communal areas including a gym, common and study rooms, and a cinema.

The site is located in central Bristol between Bristol Temple Meads train station and the city centre. The property is located on Water Lane, and has the ruins of The Temple or Holy Cross Church adjoining the property.

As at 30 June 2016, Water Lane Apartments was occupied by students of 34 nationalities, with c.54% of tenants coming from outside the UK.



# Property portfolio continued

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.

### Acquisitions in the year

The Company acquired four modern student accommodation assets, doubling the size of its property portfolio. The acquisitions were financed by a combination of the proceeds from share issuance and the new Pricoa 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 agreements. Prior to purchase, yields compressed which 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.

Water Lane Apartments was acquired by way of a property purchase and was sourced and negotiated with the vendor in an off-market transaction.

### Future acquisitions

The Company has exchanged contracts, subject to planning, to secure the acquisition of Apex House, a forward-funded development asset located in Wembley, London.

The Company has also entered into a conditional forward purchase agreement to acquire Podium, a high specification, purpose-built, private student accommodation residence adjacent to RHUL.



Future acquisition  
Podium, Royal Holloway



### Forward purchase agreement

The property is expected to be completed for the 2017/18 academic year providing approximately 170 beds in four buildings, and is in the same locality as The Pad, which comprises two buildings with c.220 beds currently owned by the Group. The Company entered into the agreement to lock in a purchase price based on the yield at the time of signing, providing visibility over future acquisition cost.



## Future acquisition Apex House, Wembley

### Forward funding agreement

Apex House will provide high-specification, purpose-built private student accommodation with c.580 modern studios and beds with communal areas. The property is located adjacent to Wembley Stadium and within short walking distance from Wembley Park Station with travel times of eight minutes to Marylebone, 20 minutes to Bond Street and 25 minutes to King's Cross. The majority of London's universities are accessible within 30 minutes.

Apex House will be constructed and designed to specifications set by the Group and Scape, who will oversee the development and be appointed as the Asset and Facilities Manager upon completion. The property is expected to be operational for the 2017/18 academic year.





# 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 2016, Scape converted c.88% of property waste from Scape East, Scape Greenwich, Scape Surrey and Scape Shoreditch into renewable energy, with an additional 10% into national recycling schemes.

## Environmental impact

The Company is committed to being both socially and environmentally responsible and recognises the impact it has on the environment. The Company has delegated the day-to-day asset and facilities management to the Asset and Facilities 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 56.

## 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 actively opposing 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 on pages 43 and 44.

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 and Facilities Managers, such as local employment schemes and initiatives to give back to the local area through 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 2016.

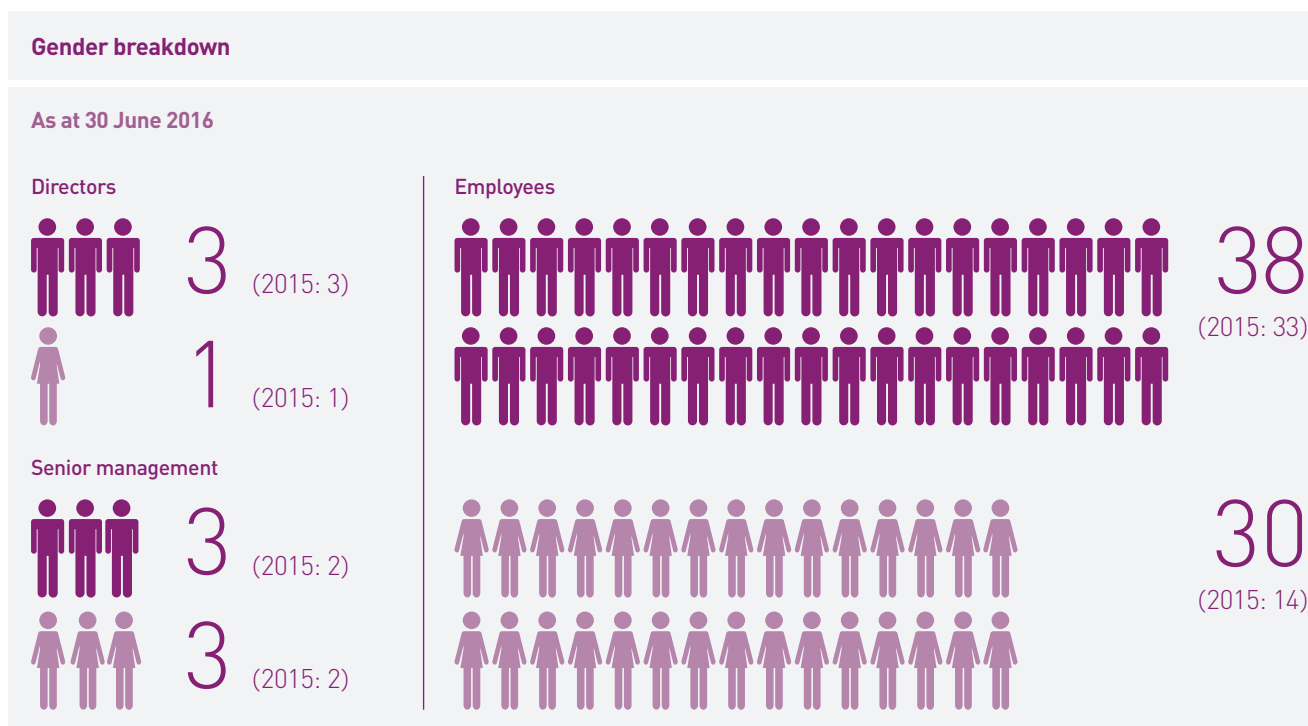
The Company is not within the scope of the Modern Slavery Act 2015 because it has not exceeded the turnover threshold and therefore no further disclosure is required.

### Employees

Scape has overall responsibility for the supervision and provision of asset management services through oversight and management of the employees of GCP Operations Limited, a subsidiary of the Company, and has responsibility for the procurement and supervision of the facilities management services on behalf of the Company in connection with Scape East, Scape Greenwich, Scape Surrey and Scape Shoreditch, and with effect from 1 September 2016, The Pad.

### Gender breakdown

The gender breakdown of the Group's Directors, senior management and employees as at 30 June 2016 is detailed below.



# 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 which the Group faces are set out on pages 35 to 37.

### 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 risk management, internal control and related finance and business reporting 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.

There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

### 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 the following key areas:

- investment objective and portfolio;
- investment strategy;
- operational risks (particularly in relation to preparation of financial information);
- compliance with laws and regulations; and
- reliance on third party service providers and financial risks.

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 every six months 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.

# Risk management continued

## Going concern

In assessing the ability of the Company and the Group 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 37), 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.

## Viability statement

The Directors have considered each of the Company's principal risks and uncertainties detailed on pages 35 to 37, in particular the risk and impact of a downturn in the UK commercial property market or the international student market which could materially affect the valuation and cash flows of the Company's investments, impacting the viability of the Company. The Directors also considered the Company's policy for monitoring, managing and mitigating its exposure to these risks.

This assessment involved an evaluation of the potential impact on the Company of these risks occurring. Where appropriate, the Company's financial model was subject to a sensitivity analysis involving flexing a number of key assumptions in the underlying financial forecasts in order to analyse the effect on the Company's net cash flows and other key financial ratios including loan covenants.

The Directors have assessed the prospects of the Company over a longer period than the twelve months required by the going concern provision. The Board has conducted this review for a period covering the next five years as the Company does not have a fixed life, it assumes long term hold periods for the assets in its portfolio and analyses its financial model over a five-year horizon.

The Company's assets derive revenues considered to be dependable due to the inherent supply demand imbalances of the market in which the Company operates. Additionally the Company's low leverage comprises a fixed rate facility which matures beyond the five year horizon. Therefore the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment.

## Principal financial risks

The principal financial risks, the Company's policies for managing these risks and the policy and practice in 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
<b>Investment strategy</b>	
<p><b>Investment objective</b></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 acquired six assets which meet the investment strategy. The Investment Manager and Asset and Facilities 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>
<b>Execution</b>	
<p><b>Availability of suitable investments</b></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 provide 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><b>Due diligence</b></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 NAV 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>
<b>Portfolio</b>	
<p><b>General property and investment market conditions</b></p> <p>The Company's performance depends on property values in the UK to a significant extent. 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><b>Property valuation</b></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><b>Development risk</b></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
<b>Portfolio continued</b>	
<p><b>Scape Student Living brand</b></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 and Facilities Manager, Scape, 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><b>Concentration risk</b></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 NAV and earnings of the Company.</p>	<p>The Company acquired four assets during the year, 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 and Facilities 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><b>Liquidity</b></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 NAV 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 immediate plans 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. Accordingly the Board considered that this risk is mitigated to a suitably low level.</p>
<p><b>Rental income</b></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 NAV 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. The Investment Manager monitors the performance of the Asset and Facilities Managers to ensure that all rental income is collected and that operating costs are within the parameters of the approved budgets. The Investment Manager provides the Board with performance reports on a quarterly basis.</p>
<p><b>Occupancy rates</b></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 and Facilities 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
<b>Financial</b>	
<p><b>Borrowings and interest rate hedging</b></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><b>Taxation</b></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>
<b>Other</b>	
<p><b>Compliance with laws and regulations</b></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 Gowling WLG (UK) 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><b>Reliance on third party service providers</b></p> <p>The Group relies upon the performance of third party service providers to perform its executive functions that are integral to the Group's operations and financial performance. Failure by any service provider to carry out its obligations in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Group at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Group's performance and returns to shareholders. The termination of the Group's relationship with any third party service provider or any delay in appointing a replacement for such service provider could disrupt the business of the Group materially and could have a material adverse effect on the Group's performance and returns to shareholders. The misconduct or misrepresentations by employees of the Group, the Investment Manager, the Asset and Facilities Managers or other third party service providers could cause significant losses to the Group.</p>	<p>The performance of the Group's service providers is closely monitored by the management engagement committee of the Company, which conducts review meetings with each of the Group's principal third party service providers on an annual basis. The committee meets at least once a year to make formal recommendations to the Board about the performance and continuing appointment of these service providers; it also considers any variation to the terms of service providers' agreements, and reports its findings to the Board. The audit committee reviews the internal controls reports and other compliance and regulatory reports of its service providers on an annual basis. The performance of the employees within the Group is monitored by Scape and considered by the Board of GCP Operations Limited which meets at least twice a year.</p>
<p><b>Operational risk</b></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

15 September 2016

# Board of Directors



**Robert Peto**  
Chairman

Mr Peto is non-executive chairman of Standard Life Investments Property Income Trust Limited and non-executive chairman of DTZ Investment Management Limited ("DTZI"), the regulated arm of DTZ Investors which he founded in 1992. DTZI 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 Investment 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 Company Limited and the commercial subsidiary of the Royal Bath & West Society. He was Global President of RICS in 2010/11, 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.



**Marlene Wood**  
Chair of the audit committee

Mrs Wood is a chartered accountant with a broad range of experience in both private and public sectors. She is currently a non-executive director 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 and was appointed as chair of the audit committee on 23 March 2015.



**Peter Dunscombe**  
Senior Independent Director and chair of the remuneration committee

Mr Dunscombe is a non-executive 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

Mr Naish is a non-executive director of Ground Rents Income Fund plc and Target Healthcare REIT Limited. He 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 roles in the charity sector.

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

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

# The Investment Manager



**Tom Ward**  
Partner

Mr Ward has overall responsibility for the provision of investment advice to the Company and is chief operating officer of Scape. 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.



**Nick Barker**  
Director

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.



**Dion Di Miceli**  
Head of Investment Companies

Mr Di Miceli has responsibility for liaising with the client Boards, investors and advisers and leading product development alongside the fund managers. A Member of the Chartered Institute for Securities & Investment since 2005, Mr Di Miceli qualified as a Chartered Accountant with Arthur Andersen LLP in 2002 and subsequently spent four years in the Investment Funds practice at Ernst & Young LLP. He joined the Investment Companies Team at Cenkos Securities plc in 2007 where, as a senior corporate adviser, he worked with investment company boards and their managers advising on and structuring a broad range of transactions covering IPOs, secondary issuance, mergers and corporate reconstructions. Mr Di Miceli joined the Investment Manager in February 2016.



**Chloe Marlow**  
Head of Operations and Risk

Ms Marlow is responsible for reporting and monitoring of the ongoing performance of the Group. Before joining GCP in 2013, she worked in a broad range of financial services roles over ten years. Ms Marlow began her career at Lloyds Banking Group where she qualified as a Chartered Management Accountant. After holding a number of finance roles at the bank, she went on to work for a large IFA before joining fund administrator Capita Sinclair Henderson Limited in 2011, where she was responsible for a portfolio of alternative real estate and infrastructure funds.



**Harry Daws**  
Analyst

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.

## 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.

The Company has previously reported against the UK Code issued by the FRC, the UK's independent regulator for corporate reporting and governance responsible for the UK Code. During the year under review, the Company became a member of the AIC, the trade body for closed-ended investment companies and has also chosen to review its standards of governance against the principles and recommendations of the AIC Code.

The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts, and is endorsed by the FRC. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide fully meet their obligations under the UK Code and the related disclosure requirements contained in the listing rules of the UKLA. The Company's shares are traded on the SFS. As a matter of

best practice and good corporate governance, the Company voluntarily complies with certain of the listing rules.

A copy of the AIC Code and the AIC Guide can be found at [www.theaic.co.uk](http://www.theaic.co.uk). A copy of the UK Code can be obtained at [www.frc.org.uk](http://www.frc.org.uk).

### Statement of compliance with the AIC 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 AIC Code have been applied and whether the Company has complied with the provisions of the AIC 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 UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the AIC Code, the Board considers these provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board has reviewed the principles and recommendations of the AIC Code by reference to the AIC Guide, and considers that it has complied throughout the year, except as disclosed below:

- Directors are not appointed for a specific term as all Directors are non-executive and the Company has adopted a policy of all Directors standing for annual re-election. The Board has determined that no further policy on tenure is required; and
- given the structure and size of the Board, the Board does not consider it necessary to appoint a separate nomination committee. The roles and responsibilities normally reserved for this committee are a matter for the full Board.

### 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 and Facilities 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.

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 Group.

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 38.

Mr Dunscombe is the Senior Independent Director of the Company. He provides a channel for any shareholder concerns regarding the Chairman and takes 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 sit 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 AIC 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 AIC 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 include the following:

- investment and business strategy of the Company;
- approval of annual and half-yearly 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.

## Corporate governance statement continued

### Board operation continued

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.

### Meetings

The Directors meet at regular Board meetings, at least six times a year and at least once a 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 2016 and the attendance of the individual Directors is shown below.

The first meeting of the remuneration committee was held following the year end and all members attended.

### 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, led by the Senior Independent Director.

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 is carried out annually.

The Directors intend to engage an external provider to conduct the Board evaluation process for the year ending 30 June 2017.

	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	6	6	1	1
Peter Dunscombe	6	6	6	6	1	1
Malcolm Naish	6	6	6	6	1	1
Marlene Wood	6	6	6	6	1	1

Fourteen additional Board meetings and two additional audit committee meetings were held by the Company during the year. These meetings were in respect of share issuances, property acquisitions and regulatory matters.



## Committees

The Board has established four committees to assist its operations: the audit committee, the management engagement committee, the remuneration committee and the disclosure committee. Each committee's delegated responsibilities are clearly defined in formal terms of reference, which are available on the Company's website.

### Audit committee

Since 21 July 2015, the audit committee has been chaired by Mrs Wood, following Mr Dunscombe's relinquishment of this position.

The committee meets at least six times a year and at least once a quarter and its responsibilities are detailed in the audit committee report on page 45.

During the year under review, the audit committee comprised all the Directors of the Company. However, following the year end, and in the interests of good governance, it was agreed that, going forward, the Chairman of the Company would cease to be a member of the committee. 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 45 to 47.

### Management engagement committee

The committee meets at least once a year to review the performance and the continuing appointment of all service providers of the Company including the Investment Manager. The committee also considers any variation to the terms of all service providers' agreements and reports its findings to the Board.

### Remuneration committee

Post year end, the Board agreed that it would be beneficial for a remuneration committee to be established to deal with matters of Directors' remuneration. In particular, the committee, in conjunction with the Board, will agree the framework for the Directors' remuneration, review the ongoing appropriateness and relevance of the remuneration policy and consider the need to appoint external remuneration consultants. The first meeting of the committee was held in July 2016 and, in future, the committee will meet at least once a year.

### Disclosure committee

In accordance with MAR, the Board agreed to form a disclosure committee, comprising all Directors and chaired by Mr Peto, to ensure the identification and disclosure of inside information and the Company's ongoing compliance with MAR. No meetings of the committee were held during the year.

### 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 Group 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 Group and to encourage full contribution from its diverse community. The Group is committed to actively opposing all forms of discrimination.

## Corporate governance statement continued

### Diversity continued

The Group 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 Group. The Group believes that all employees and clients are entitled to be treated with respect and dignity.

The objective of the Group'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 Group 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 are 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.

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 to download from the Company's website [www.gcpuk.com/gcp-student-living-plc](http://www.gcpuk.com/gcp-student-living-plc). This information is supplemented by publication of the quarterly NAV and the dividends declared.

### Annual general meeting

The annual general meeting of the Company will be held on Thursday, 27 October 2016 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU.

A separate notice convening the annual general meeting has been distributed to shareholders, which includes an explanation of the items of business to be considered at the meeting. This notice can also be found on the Company's website.

### 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 their 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 and assessment process

Details of the Company's internal control review and the assessment process are outlined in the strategic report on page 33.

# Audit committee report



**Marlene Wood**  
Chair of the audit committee



I am pleased to present the audit committee report for the year ended 30 June 2016.

## 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 and the Group;
- keep under review the effectiveness of the Company's and the Group's internal control environment and risk management systems;
- oversee the selection procedure for the appointment of external Auditor via a tender process;
- review the scope and effectiveness of the audit process undertaken by the Auditor;
- 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;
- review and monitor the Auditor's independence and objectivity;
- review the quarterly management accounts and REIT compliance tests of the Company and the Group;
- 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;
- review the quarterly and annual valuation of the Group's underlying property assets;
- assess that the Company and Group meets its loan covenants and will continue to do so; and
- approve any non-audit services to be provided by the external Auditor and monitor the level of fees payable in that respect.

## Audit committee report continued

### Matters considered during the year

The committee met eight times during the year under review and twice following the year end. Details of the composition of the committee and how its performance evaluation has been conducted are detailed in the corporate governance statement on pages 42 and 43.

During the year, the committee has:

- conducted a review of the internal controls and risk management systems of the Company and its third party service providers;
- reviewed the quarterly and annual valuations of the underlying property assets of the Company;
- reviewed the quarterly interim dividends and net asset values and made formal recommendations to the Board;
- reviewed the Group's deposit takers and banking arrangements;
- conducted a tender for selection of the external auditor and the tax adviser of the Company and the Group and made formal recommendations to the Board;
- 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, as the Auditor of the Group, and Deloitte LLP, as the tax advisers to the Group;
- received and discussed with the Auditor their report on the results of the audit; and
- reviewed the Company's financial statements for the year ended 30 June 2016 and advised the Board accordingly.

The committee considered the following key issues in relation to the Group's financial statements. A more detailed explanation of the consideration of the issues set out below, and the steps taken to manage them, are set out in the risk table on pages 35 to 37.

### Valuation of property assets

The committee considered the quarterly valuations of the Company's portfolio assets and the annual valuation as at 30 June 2016 and the market report provided by the Company's valuer, Knight Frank LLP. The valuer attended the relevant committee meeting to enable a full discussion of the valuations of the Company's investment properties.

### 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. It was agreed that the existing system of monitoring and reporting by third parties remained appropriate and adequate for this year but the committee will actively reconsider the possible requirement for an internal audit function on an annual basis.

The committee reviewed and, where appropriate, updated the risk matrix during the year under review. 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.

### 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 its meetings.

### Going concern and long-term viability of the Company

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. Consequently, the financial statements have been prepared on a going concern basis.

The committee also considered the changes to the AIC Code, with regard to including a longer-term viability statement within the Annual Report and Financial Statements for the year ending 30 June 2016, covering a five-year period, together with additional disclosures around principal risks and uncertainties. The Company's viability statement can be found on page 34.

### Tender of audit and non-audit services

As noted in last year's annual report, in preparation for the implementation of the EU Audit Directive and Regulation in the UK regarding the provision of audit and non-audit services to companies, the committee conducted a tender process in January 2016 for both the statutory audit of the Company and its subsidiaries and the provision of tax compliance and advisory services to the Group.

### Statutory Auditor

In making a recommendation to the Board for the provision of audit services, the committee considered the following key factors:

- experience of investment trusts, real estate and in particular, alternative property;
- listed company and REIT experience;
- experience of the engagement team personnel and fit with the Directors and Investment Manager;

- audit process with particular focus on managing the inter-relationship between external advisers;
- proactivity to recognise early warning signs and advise the Board accordingly; and
- fee level.

Following due consideration, the Board agreed to retain Ernst & Young LLP as external Auditor to the Company.

#### Tax compliance and advisory services

In making a recommendation to the Board for the provision of tax services, the committee considered the following key factors:

- depth of REIT experience, including REIT compliance and PID/non-PID management;
- depth of VAT experience, including VAT compliance and structuring;
- strength in depth of team;
- alternative property experience, particularly in respect of student accommodation;
- listed company experience;
- externally managed fund experience;
- experience of the engagement team personnel and fit with the Directors and Investment Manager;
- proactivity to recognise early warning signs and advise the Board accordingly; and
- fee level.

The Board had previously resolved that the provision of audit and non-audit services to the Company and the Group should be provided by separate firms in order to ensure greater independence, transparency and eliminate any potential conflict of interest.

In light of the recommendation to retain Ernst & Young LLP as external Auditor, the committee recommended that the Company appoint Deloitte LLP to replace the Auditor in the provision of tax advisory and compliance services. Following due consideration, the Board agreed to appoint Deloitte LLP to provide such services to the Company, with effect from 24 February 2016.

#### 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 £95,000. This incorporates a fee of £26,000 for the audit of the annual report and consolidated financial statements for the year ended 30 June 2016 and £69,000 for the audits of the accounts of the Company's subsidiaries for 2016.

The committee reviews the scope and nature of all proposed non audit services before engagement, to seek to ensure that the independence and objectivity of the Auditor are safeguarded. During the year under review, the Auditor carried out due diligence on the acquisition of Scape Shoreditch and the aborted acquisition of another property, for fees of £35,000 and £53,000 respectively.

The Auditor provided additional tax advisory and compliance services to the Company until 24 February 2016. The fees for these services in the year under review amounted to £112,000.

Further information on the fees paid to the Auditor are set out in note 8 to the financial statements on page 72.

#### 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 committee receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit 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 services 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.



**Marlene Wood**

Chair of the audit committee  
15 September 2016

## Remuneration report



**Peter Dunscombe**  
Chair of the  
remuneration committee



I am pleased to present the Directors' remuneration report for the year ended 30 June 2016

This report has been prepared in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. 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 58 to 63.

### **Directors' remuneration report**

#### **Statement from the Chairman of the remuneration committee**

As set out in the corporate governance statement on page 43, following the year end, the Board established a remuneration committee comprising all Directors. The committee will assist the Board in developing a fair and transparent framework for setting the levels of Directors' remuneration while having regard to the Company's financial position and performance, remuneration in other companies of comparable scale and complexity and market statistics generally.

The committee will review the ongoing appropriateness and relevance of the Directors' remuneration policy.

The Board has agreed to review Directors' fees on an annual basis. During the year ended 30 June 2016, 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.

Directors' fees were last increased on 1 July 2014. Since that date, the Company's asset base has grown substantially, with the value of its portfolio increasing from £151.6 million as at 30 June 2014 to £424.8 million as at 30 June 2016. During this period, the number of properties in the portfolio has increased from three to six operational assets, in addition to future conditional commitments in respect of two additional properties.

The committee has reviewed the current levels of fees paid to the Directors, taking into account the substantial increase in their responsibilities and time commitment during the year and comparable market rates. Following this review, the Board has agreed that, with effect from 1 July 2016, the levels of annual remuneration be increased to £45,000 for the Chairman and £37,000 for a non-executive Director.

An additional payment of £5,000 will be made to the chair of the audit committee. The Board has not consulted directly with employees on the Directors' remuneration policy, but takes into account the pay and employment conditions of its employees when considering any changes to the levels of Directors' remuneration.

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

#### Voting at annual general meeting

The Directors' remuneration report for the year ended 30 June 2015 and the Directors' remuneration policy were

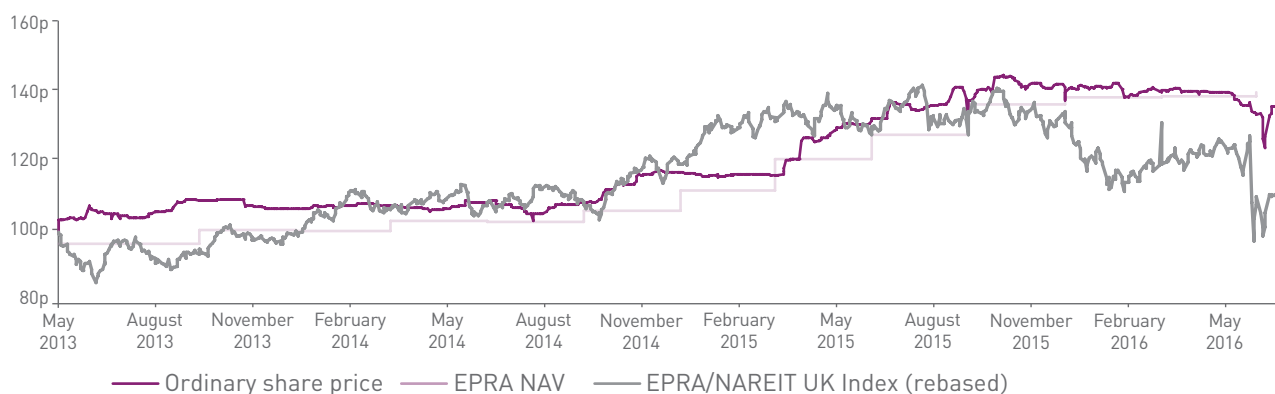
approved by shareholders at the annual general meeting held on 3 December 2015 and 24 October 2014 respectively. The votes cast by proxy were as follows:

	Directors' remuneration report		Directors' remuneration policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	90,021,554	99.9%	52,192,120	99.3%
Against	—	—	358,398	0.7%
At Chairman's discretion	87,827	0.1%	—	—
Total votes cast	90,109,381	100.0%	52,550,518	100.0%
Number of votes withheld	—	—	—	—

#### 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 2016.

#### Share price performance



#### Directors' remuneration for the year ended 30 June 2016 (audited)

The remuneration paid to the Directors during the year ended 30 June 2016 are set out in the table below:

	Fees		Expenses		Total	
	Year to 30 June 2016 £	Year to 30 June 2015 £	Year to 30 June 2016 £	Year to 30 June 2015 £	Year to 30 June 2016 £	Year to 30 June 2015 £
Robert Peto (Chairman)	34,000	34,000	236	—	34,236	34,000
Peter Dunscombe	28,000	31,000	—	—	28,000	31,000
Malcolm Naish	28,000	28,000	87	—	28,087	28,000
Marlene Wood	31,000	8,000 <sup>1</sup>	2,190	—	33,190	8,000 <sup>1</sup>
	121,000	101,000	2,513	—	123,513	101,000

1. Appointed as a Director on 23 March 2015.

## Remuneration report continued

### Relative importance of spend on pay

The table below sets out, in respect of the year ended 30 June 2016:

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

	2016 £'000	2015 £'000
Directors' remuneration	121	101 <sup>1</sup>
Dividends paid to shareholders	11,234 <sup>2</sup>	6,155 <sup>3</sup>
Employees' wages	1,718	950

1. Marlene Wood was appointed as a Director on 23 March 2015.

2. Includes fourth interim dividend of £3,744,000 for the quarter ended 30 June 2016 which was paid on 5 September 2016.

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

### Directors' interests (audited)

As at 30 June 2016, the interests of the Directors and any connected persons in the shares of the Company are set out below:

	30 June 2016		30 June 2015 (or date of appointment, if later)	
	Ordinary shares	C shares	Ordinary shares	C shares
Robert Peto (Chairman) <sup>4</sup>	41,714	—	30,000	15,000
Peter Dunscombe	52,144	—	37,500	18,750
Malcolm Naish	31,286	—	22,500	11,250
Marlene Wood	7,810	—	—	10,000

4. The legal and beneficial interest in 50% of Mr Peto's shares is held by his spouse.

There have been no changes to any of the above holdings between 30 June 2016 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.

### Directors' remuneration policy

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. 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 Company follows the recommendation of the UK Code and the AIC 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 2016 and the proposed fees payable in respect of the year ending 30 June 2017 are set out in the table below.

	Expected annual fees for the year to 30 June 2017 £'000	Annual fees for the year to 30 June 2016 £'000
Chairman	45	34
Director	37	28
Additional fee for the Chair of the audit committee	5	3
Total remuneration paid to Directors	161	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 15 September 2016 and signed on its behalf by:



**Peter Dunscombe**

Chairman of the remuneration committee

15 September 2016

## Directors' report

The Directors are pleased to present the annual report and the financial statements for the year ended 30 June 2016.

### Corporate governance

The corporate governance statement on pages 40 to 44 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 38.

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

### 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 in accordance with statutory pre-emption rights. 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 the annual general meeting to be held on 27 October 2016.

Pursuant to the admission to trading of 120 million C shares with a nominal value of £1,200,000 at an issue price of 100 pence per share on 30 June 2015, the Company announced on 27 October 2015 that the C shares would be converted into ordinary shares at a rate of 0.781044 ordinary shares for every C share, resulting in 93,725,280 new ordinary shares. The remaining 26,274,720 C shares were redeemed by the Company on the same date and cancelled. Accordingly, 93,725,280 new ordinary shares were admitted to trading on the SFS from 28 October 2015.

At the annual general meeting held on 3 December 2015, the Company was granted authority to issue ordinary shares up to an aggregate nominal value of £229,910 on a non-pre-emptive basis, amounting to 22,991,000 shares. Pursuant to an announcement on 3 February 2016 regarding its intention to raise additional capital by way of a placing of new ordinary shares (the "February Placing"), the Company announced on 10 February 2016 that the Board had resolved to accept gross proceeds under the February Placing of £19,000,001 through the issuance of 14,074,075 ordinary shares at a price of 135 pence per ordinary share, with an aggregate nominal value of £140,740.75. These shares were issued under the placing to institutional investors and professionally-advised investors and admitted to trading on the SFS on 12 February 2016. Following the February Placing, and as at the date of this report, the Company may allot ordinary shares up to an aggregate nominal value of £89,169.25 under this authority. This authority will expire at the conclusion of, and renewal will be sought at, the annual general meeting to be held on 27 October 2016, to issue ordinary shares up to an aggregate nominal value of £261,795 on a non-pre-emptive basis, amounting to 26,179,500 shares.

At a general meeting held on 27 April 2016, the Company was granted the authority to allot and to disapply pre-emption rights in respect of a placing programme of up to 65 million ordinary shares (the "Placing Programme"). Pursuant to the publication of a prospectus in respect of the Placing Programme on 29 April 2016, the Company announced on 20 May 2016 that it had accepted applications in respect of a placing of 44,085,232 ordinary shares at a price of 136.10 pence per share,

with an aggregate nominal value of £440,852.32 raising gross proceeds of £60 million for the Company (the "May Placing"). These shares were issued under the placing to institutional investors and professionally-advised private investors and admitted to trading on the SFS on 24 May 2016. Following the May Placing, and as at the date of this report, the Company may allot up to a further 20,914,768 ordinary shares under this authority. This authority will expire on 6 May 2017.

At the annual general meeting held on 3 December 2015, 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 ordinary shares. No ordinary shares have been bought back under this authority. This authority will expire at the conclusion of, and renewal will be sought at, the annual general meeting to be held on 27 October 2016.

Shares bought back by the Company may be held in treasury, from where they could be re-issued at or above the prevailing NAV quickly and cost effectively. This provides the Company with additional flexibility in the management of its capital base. No shares were held in treasury during the year or at the year end.

At 30 June 2016 and as at the date of this report, the Company's issued share capital comprised 261,795,015 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 ordinary share held. The total voting rights of the Company at 30 June 2016, and as at the date of this report, is 261,795,015.

## Dividends

Dividends totalling 5.66 pence per ordinary share have been paid in respect of the year ended 30 June 2016 as follows:

	2016 pence	2015 pence
First interim dividend	1.41	1.40
Second interim dividend	1.41	1.40
Third interim dividend	1.41	1.40
Fourth interim dividend	1.43	1.40

No final dividend is being recommended.

## Substantial shareholdings

As at 30 June 2016, 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
Bank of Montreal	25,429,101	9.71
CCLA Investment Management Limited	21,430,788	8.19
Old Mutual Plc	15,244,727	5.82
Investec Wealth & Investment Limited	12,050,466	4.60

The Directors have not been informed of any other changes to the notifiable interests between 30 June 2016 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 Guidance 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 52 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 in the notice of annual general meeting; and
- there are no restrictions concerning the transfer of securities in the Company as on voting rights; 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.

## Directors' report continued

### 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 NAV. 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.

### 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.

### Asset and facilities management agreements

During the year under review, the Company had three Asset and Facilities Managers.

#### Scape Student Living Limited

Under the terms of its asset and facilities management agreements, 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. Scape'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. In addition to this, Mr Nigel Taeë owns approximately 25% of Scape. Mr Taeë holds a substantial minority partnership interest in Investment Manager, of which he is a non-executive partner, and in which capacity he is excluded from any involvement in investment management activities relating to the Company. Mr Taeë is chairman of Scape.

#### Corporate Residential Management Limited

Under the terms of its asset and facilities management agreement, during the year under review, CRM received a fee of 5% of the total rental income collected per annum attributable to The Pad. The fee is calculated and paid quarterly in arrears. Following the year end, Scape replaced CRM as Asset and Facilities Manager with effect from 1 September 2016.

#### Collegiate Accommodation Consulting Limited

Under the terms of its asset and facilities management agreement, Collegiate is entitled to a fee of 5.5% of the total rental income collected per annum attributable to Water Lane Apartments, Bristol. The fee is calculated and paid monthly in arrears.

### Administration agreements

#### Capita Sinclair Henderson Limited

Capita Sinclair Henderson Limited has been appointed as the administrator to the Company and its onshore subsidiaries. It provides the day-to-day administration services for these entities. It is also responsible for the Company's general administrative functions, such as the calculation and publication of the NAV and maintenance of the Company's accounting and statutory records.

Under the terms of its administration agreement, Capita Sinclair Henderson Limited is entitled to an administration fee of £79,500 per annum (exclusive of VAT). The administration agreement is terminable upon six months' written notice.

#### Belasko Administration Limited

Belasko Administration Limited has been appointed as administrator to the Company's offshore subsidiaries and provides the day-to-day administration for these entities.

Under the terms of its administration agreements, Belasko Administration Limited is entitled to an administration fee of £95,600 per annum (exclusive of VAT). The administration agreements are terminable upon three months' written notice.

### Secretarial agreement

Capita Company Secretarial Services Limited has been appointed by the Company to provide company secretarial functions required by the Companies Act 2006. The Secretary is entitled to a company secretarial fee of £60,000 per annum in respect of the Company, £1,750 per annum in respect of each onshore subsidiary and an additional fee of £2,000 per annum payable in respect of GCP Operations Limited, subject to an annual RPI increase. The secretarial agreement is terminable upon six months' written notice.

### Depositary agreement

Langham Hall UK Depositary LLP has been appointed as Depositary to the Company. 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.

### 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

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

### 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 52. The Directors confirm that no additional disclosures are required in relation to Listing Rule 9.8.4.

## Directors' report continued

### 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 2015 to 30 June 2016, 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 2016:

Carbon emissions data	2016	2015
Absolute energy use:		
Residential gas (kWh)	3,939,897	2,105,096
Residential oil (kWh)	—	—
Residential electricity (kWh)	3,089,383	2,577,271
<b>Absolute CO<sub>2</sub>e emissions (tonnes CO<sub>2</sub>e)</b>	<b>1,998</b>	<b>1,580</b>
Residential gas emissions (tonnes CO <sub>2</sub> e) (Scope 1)	725	388
Residential oil emissions (tonnes CO <sub>2</sub> e) (Scope 1)	—	—
Residential electricity emissions (tonnes CO <sub>2</sub> e) (Scope 2)	1,273	1,191
<b>Total residential emissions (tonnes CO<sub>2</sub>e) (Scopes 1+2)</b>	<b>1,998</b>	<b>1,579</b>
<b>CO<sub>2</sub>e emissions per sq ft</b>	<b>0.0034</b>	<b>0.0054</b>
Residential gas and oil emissions (tonnes CO <sub>2</sub> e/sq ft) (Scope 1)	0.0012	0.0013
Residential electricity emissions (tonnes CO <sub>2</sub> e/sq ft) (Scope 2)	0.0022	0.0041
<b>Total residential emissions (tonnes CO<sub>2</sub>e/sq ft) (Scopes 1+2)</b>	<b>0.0034</b>	<b>0.0054</b>

### Capita Company Secretarial Services Limited

Company Secretary

15 September 2016

# 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 Guidance 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](http://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 EU, 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 position and performance, business model and strategy.

On behalf of the Board



**Robert Peto**

Chairman

15 September 2016

# Independent Auditor's report

To the members of GCP Student Living plc

## Opinion on financial statements

In our opinion the financial statements:

- GCP Student Living plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the Group's and of the parent company's affairs as at 30 June 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions 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.

## What we have audited

We have audited the financial statements of the Company for the year ended 30 June 2016 which comprises:

Group	Parent company
Consolidated statement of total comprehensive income for the year ended 30 June 2016	Company statement of financial position
Consolidated statement of financial position as at 30 June 2016	Company statement of changes in equity
Consolidated statement of changes in equity as at 30 June 2016	Company statement of cash flows
Consolidated statement of cash flows for the year ended 30 June 2016	Related notes 1 to 8
Related notes 1 to 31 to the financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

## Overview of our audit approach

Risks of material misstatement	<ul style="list-style-type: none"> <li>• Fair value of property portfolio</li> <li>• Inaccurate recognition of rental income</li> </ul>
Audit scope	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of GCP Student Living plc and its subsidiary undertakings in accordance with applicable law and International Standards on Auditing (UK &amp; Ireland)</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall materiality of £3.58 million (2015: £1.4 million) represents 1% of net assets (2015: 1%)</li> </ul>

### Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk
<p><b>Fair value of property portfolio</b></p> <p>The Group has an investment property portfolio of £425 million (2015: £177 million). The valuation of these investments is subjective and includes the use of judgements and estimates. Accordingly, there is a risk of incorrect valuation of the property portfolio in the financial statements.</p>	<p><b>We performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>performed a walkthrough of the property valuation process, assessing the appropriateness of the design of the controls in place over the provision of valuation data to the valuer and review of the valuations by Knight Frank LLP;</li> <li>assessed the independence and qualifications of Knight Frank LLP in accordance with International Standard on Auditing 500 'Audit evidence';</li> <li>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 direct discussion with Knight Frank LLP. We have concluded that the inputs and assumptions used in establishing the valuations of the properties were within a reasonable range and the methodology is appropriate;</li> <li>for all properties, tested factual inputs to the valuations (e.g. rental profiles, tenant details, occupancy) to supporting documentation;</li> <li>re-performed the calculations and confirmed the arithmetical accuracy of the valuation report prepared by Knight Frank LLP; and</li> <li>tested the clerical accuracy and extraction of the independent valuations to accounting records and financial statements.</li> </ul>

### What we reported to the audit committee

We confirmed to the audit committee that we were satisfied with the independence and qualifications of Knight Frank LLP.

We confirmed that the Ernst & Young LLP property valuation experts had performed a review of the inputs, assumptions and valuations used by Knight Frank LLP through a review of the valuation reports and discussions with the valuer and concluded that the inputs, assumptions and methods used in establishing the valuations of the properties were reasonable.

We agreed all factual inputs to the valuations, re-performed the calculations performed by Knight Frank LLP and confirmed the arithmetical accuracy of the valuation report prepared by Knight Frank LLP.

We confirmed that we had agreed the clerical accuracy and extraction of the independent valuations to accounting records and financial statements.

# Independent Auditor's report continued

To the members of GCP Student Living plc

Inaccurate recognition of rental income	We performed the following procedures:
<p>The Group earned income from investment properties of £22.5 million (2015: £11.5 million). There is a risk of inaccurate recognition of rental income.</p>	<ul style="list-style-type: none"> <li>• performed a walkthrough of the revenue recognition process assessing the appropriateness of the design of the controls in place over income recognition;</li> <li>• performed substantive analytical review procedures over rental income comparing our expectation of income to actual revenue recognised during the year;</li> <li>• confirmed the managing agents' revenue records to revenue recognised within the financial statements;</li> <li>• performed a review of a sample of the direct let and nomination HEI agreements to ensure all relevant items have been captured in the accounting records and financial statements; and</li> <li>• reviewed the accounting treatment for lease incentives for compliance with IFRS and agreed the revenue recognised during the year to supporting lease agreements.</li> </ul>

### What we reported to the audit committee

We confirmed to the audit committee that we performed substantive analytical review procedures over rental income comparing our expectation of income to actual revenue recognised during the year noting no differences in excess of our performance materiality.

We confirmed that we had performed a review of the administrators reconciliations of managing agents' revenue records to revenue recognised within the financial statements noting no exceptions in excess of our performance tolerance thresholds.

We confirmed that we agreed a sample of direct let and nomination agreements to ensure all relevant items had been captured in the accounting records and financial statements noting no exceptions in the work performed.

We confirmed we were in agreement with the accounting treatment for lease incentives.

### The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines our audit scope for the Company. Taken together, this enables us to form an opinion on the financial statements. We take into account size, risk profile, changes in the business environment, the organisation of the Company and effectiveness of company-wide controls, and other factors such as recent Service Organisation Control ("SOC") reporting when assessing the level of work to be performed.

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.58 million (2015: £1.4 million), which is 1% of net assets (2015: 1%). We have derived our materiality calculation based on a proportion of net assets as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

### Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, our assessment of the Company's overall control environment, our judgement was that performance materiality should be set at 50% of our planning materiality, namely £1.79 million (2015: £0.7 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.

### Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the audit committee that we would report to them all uncorrected audit differences in excess of £179,000 (2015: £69,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

### 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 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 financial 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.

### Respective responsibilities of Directors and Auditor

As explained more fully in the statement of Directors' responsibilities set out on page 57, 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.

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.

# Independent Auditor's report continued

To the members of GCP Student Living plc

## 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

ISAs (UK and Ireland)

We are required to report to you if, in our opinion, financial and non-financial information in the annual financial 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 report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual financial report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.

We have no exceptions to report.

## Companies Act 2006 reporting

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns;
- 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.

We have no exceptions to report.

## Listing Rules review requirements

We are required to review:

- the Directors' statement in relation to going concern and longer-term viability are set out on page 34; and
- the part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have no exceptions to report.

### Statement on the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the annual financial report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual financial report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and

- the Directors' explanation in the annual financial report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

#### Ashley Coups (Senior Statutory Auditor)

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

15 September 2016

# Consolidated statement of total comprehensive income

For the year ended 30 June 2016

Continuing operations	Notes	30 June 2016 £'000	30 June 2015 £'000
Revenue	4	22,482	11,505
Property operating expenses	5	(4,600)	(2,529)
<b>Gross profit</b>		<b>17,882</b>	8,976
Administration expenses	5	(5,712)	(2,001)
<b>Operating profit before gains on investment properties</b>		<b>12,170</b>	6,975
Fair value gains on investment properties	3	27,156	25,660
<b>Operating profit</b>		<b>39,326</b>	32,635
Finance income	9	75	43
Finance expenses – ongoing	10	(3,441)	(1,379)
Finance expenses – other	10	(7,635)	—
<b>Profit before tax</b>		<b>28,325</b>	31,299
Tax credit/(charge) for the year	11	3	(18)
<b>Profit for the year</b>		<b>28,328</b>	31,281
<b>Other comprehensive income to be reclassified to profit and loss in subsequent years</b>			
Net gains/(losses) on the valuation of cash flow hedges	20	214	(261)
<b>Total comprehensive income for the year</b>		<b>28,542</b>	31,020
Earnings per share (basic and diluted) (pps)	14	15.48	28.46

The accompanying notes on pages 68 to 91 form an integral part of these financial statements.

# Consolidated statement of financial position

As at 30 June 2016

	Notes	30 June 2016 £'000	30 June 2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	3	424,787	177,220
Retention account		815	308
		<b>425,602</b>	177,528
<b>Current assets</b>			
Cash and cash equivalents	16	66,337	106,292
Trade and other receivables	17	6,867	18,683
		<b>73,204</b>	124,975
<b>Total assets</b>		<b>498,806</b>	302,503
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	19	(128,174)	(39,569)
Derivative financial instruments	20	—	(214)
Retention account		(815)	(308)
		<b>(128,989)</b>	(40,091)
<b>Current liabilities</b>			
Trade and other payables	18	(6,114)	(4,819)
Deferred income	18	(5,235)	(2,442)
Financial liabilities at amortised cost	21	—	(117,422)
		<b>(11,349)</b>	(124,683)
<b>Total liabilities</b>		<b>(140,338)</b>	(164,774)
<b>Net assets</b>		<b>358,468</b>	137,729
<b>Equity</b>			
Share capital	22	2,618	1,099
Share premium	23	239,653	39,946
Hedging reserve		—	(214)
Special reserve	24	58,371	65,223
Retained earnings	24	57,826	31,675
<b>Total equity</b>		<b>358,468</b>	137,729
Number of shares in issue		261,795,015	109,910,428
EPRA NNNAV per share (pps)	25	136.93	125.31
EPRA NAV per share (pps)	25	136.93	125.51

These financial statements were approved by the Board of Directors of GCP Student Living plc on 15 September 2016 and signed on its behalf by:



**Robert Peto**

Chairman

Company number: 08420243

The accompanying notes on pages 68 to 91 form an integral part of these financial statements.

## Consolidated statement of changes in equity

For the year ended 30 June 2016

	Notes	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Special reserve £'000	Total £'000
Balance at 1 July 2015		1,099	39,946	(214)	31,675	65,223	137,729
Profit for the year		—	—	—	28,328	—	28,328
<b>Other comprehensive income that may be reclassified subsequently to profit and loss</b>							
Fair value movement on financial derivative		—	—	214	—	—	214
<b>Total comprehensive income</b>		—	—	214	28,328	—	28,542
Ordinary shares issued		1,519	201,251	—	—	—	202,770
Share issue costs		—	(1,544)	—	—	—	(1,544)
Dividends paid in respect of the previous year	13	—	—	—	(1,005)	(534)	(1,539)
Dividends paid in respect of the current year	13	—	—	—	(1,172)	(6,318)	(7,490)
<b>Balance at 30 June 2016</b>		<b>2,618</b>	<b>239,653</b>	<b>—</b>	<b>57,826</b>	<b>58,371</b>	<b>358,468</b>

## Consolidated statement of changes in equity

For the year ended 30 June 2015

	Notes	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Special reserve £'000	Total £'000
Balance at 1 July 2014		1,099	39,937	47	5,010	66,762	112,855
Profit for the year		—	—	—	31,281	—	31,281
<b>Other comprehensive income that may be reclassified subsequently to profit and loss</b>							
Net gains on the valuation of cash flow hedges		—	—	(261)	—	—	(261)
<b>Total comprehensive income</b>		—	—	(261)	31,281	—	31,020
Share issue costs <sup>1</sup>		—	9	—	—	—	9
Dividends paid in respect of the previous period	13	—	—	—	—	(1,539)	(1,539)
Dividends paid in respect of the current year	13	—	—	—	(4,616)	—	(4,616)
<b>Balance at 30 June 2015</b>		<b>1,099</b>	<b>39,946</b>	<b>(214)</b>	<b>31,675</b>	<b>65,223</b>	<b>137,729</b>

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

The accompanying notes on pages 68 to 91 form an integral part of these financial statements.

# Consolidated statement of cash flows

For the year ended 30 June 2016

	Notes	30 June 2016 £'000	30 June 2015 £'000
<b>Cash flows from operating activities</b>			
Operating profit		39,326	32,635
Adjustments to reconcile profit for the year to net cash flows:			
Gains from change in fair value of investment properties		(27,156)	(25,660)
Costs reclassified as capital		—	(85)
Corporation tax refunds		12	(158)
Increase in other receivables and prepayments		(3,120)	(560)
(Increase)/decrease in other payables and accrued expenses		(4,891)	184
<b>Net cash flow generated from operating activities</b>		<b>4,171</b>	<b>6,356</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment properties		(54,469)	—
Acquisition of subsidiaries, net of cash acquired		(156,092)	—
<b>Net cash used in investing activities</b>		<b>(210,561)</b>	<b>—</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary share capital		79,000	—
Share issue costs		(1,538)	(47)
Proceeds from issue of C shares		16,195	103,805
C share issue costs		(2,490)	(76)
Bank loan drawn down		130,000	—
Repayment of bank loan		(40,000)	—
Finance income		75	10
Finance expenses		(5,942)	(1,240)
Dividends paid in the year		(8,865)	(6,145)
<b>Net cash flow generated from financing activities</b>		<b>166,435</b>	<b>96,307</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(39,955)</b>	<b>102,663</b>
Cash and cash equivalents at start of the year		106,292	3,629
<b>Cash and cash equivalents at end of the year</b>	16	<b>66,337</b>	<b>106,292</b>

The accompanying notes on pages 68 to 91 form an integral part of these financial statements.

# Notes to the consolidated financial statements

For the year ended 30 June 2016

## 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 SFS of the Main Market 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 Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

On 30 June 2015, the Company issued 120,000,000 C shares which were converted to ordinary shares on 28 October 2015. Whilst in issue, 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 on the accounting treatment of the C shares and the financial information attributable to the C shares can be found on page 69 and note 21 on pages 82 and 83.

These financial statements are for the year ended 30 June 2016. Comparative figures are for the previous accounting period, the year ended 30 June 2015.

The Group has chosen to adopt the EPRA best practice guidelines for calculating key metrics such as net asset value and earnings, which are presented alongside the IFRS measures.

### 2.1 Changes to accounting standards and interpretations

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 2016 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).
- 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).
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).

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 share liability should be valued in the financial statements at fair value or stated at amortised cost.

The C shares were traded on the SFM (now the SFS). 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 ability of the Company and the Group 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 stated in the notes to the financial statements.

#### a) Basis of consolidation

As a real estate entity the Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. 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 these 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) Functional and presentation currency

The overall objective of the Group is to generate returns in Pound Sterling and the Group's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound 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.

#### c) 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.

Notes to the consolidated financial statements *continued*

For the year ended 30 June 2016

**3. UK investment property**

	30 June 2016 £'000	30 June 2015 £'000
At the start of the year	177,220	151,560
Acquisitions arising from business combinations	166,100	—
Acquisition of property	54,311	—
Fair value gains on revaluation of investment property	27,156	25,660
<b>Valuation at the end of the year</b>	<b>424,787</b>	<b>177,220</b>

During the year, the Group purchased Scape Shoreditch by way of the corporate acquisition of the company Old Street Acquisitions Limited and its subsidiary companies. Details of the corporate acquisition of Old Street Acquisitions Limited are shown in note 15.

The Group purchased three other properties, Scape Surrey, The Pad 2 and Water Lane Apartments. Scape Surrey and The Pad 2 were purchased directly by previously dormant subsidiary companies, GCP SG Limited and GCP RHUL Limited. Water Lane Apartments was purchased by a wholly owned subsidiary, GCP WL Limited which was incorporated in the year.

During the year the Group entered into forward purchase and forward funding arrangements in respect of two properties. Details of these commitments can be found on pages 28 and 29 of the financial statements.

**Accounting policy**

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.

**4. Revenue**

	30 June 2016 £'000	30 June 2015 £'000
Nomination rental income	3,688	2,963
Direct let rental income	16,623	7,823
Discounts	(426)	(46)
Total student income	19,885	10,740
Teaching space income	471	452
Retail space income	1,747	38
	<b>22,103</b>	<b>11,230</b>
Service charge income	264	124
Staff costs recharge income	115	151
<b>Total</b>	<b>22,482</b>	<b>11,505</b>

The Group employs the staff of the Asset and Facilities Manager, Scape. Staff costs recharge income above represents payroll costs relating to staff time spent on the Group's pipeline properties which were already managed by Scape which had not yet been acquired by the Group.

#### Accounting policy

Rental income including direct lets to students, leases to universities and commercial tenants 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.

Service charges are recognised on an accruals basis and are received to cover expenditure on hard and soft facilities management.

## 5. Property operating and administration expenses

	30 June 2016 £'000	30 June 2015 £'000
<b>Property operating expenses</b>		
Property operating expense	1,583	854
Utilities	856	627
Insurance	144	116
Sales and marketing	249	5
Property maintenance	38	112
Staff costs	1,718	950
Ground rent	234	—
Ancillary income	(222)	(135)
	<b>4,600</b>	2,529
Investment management fees	3,026	1,286
Directors' remuneration	121	101
Other administration expenses	2,565	614
<b>Administration expenses</b>	<b>5,712</b>	2,001
<b>Total</b>	<b>10,312</b>	4,530

Included within administration expenses are investment management fees, as disclosed in note 29 on page 89 and Directors' remuneration as disclosed in note 6.

Ancillary income includes income received through such activities as laundry, cleaning and vending machines. Ancillary income is offset against amounts invoiced to the Company by Scape.

#### Accounting policy

All property operating expenses and administration expenses are charged to the income statement and are accounted for on an accruals basis.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2016

## 6. Directors' remuneration

	30 June 2016 £'000	30 June 2015 £'000
Robert Peto	34	34
Peter Dunscombe	28	31
Malcolm Naish	28	28
Marlene Wood	31	8
<b>Total</b>	<b>121</b>	<b>101</b>

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006 is set out in the Directors' remuneration report.

## 7. Staff costs

	30 June 2016 £'000	30 June 2015 £'000
Salaries	1,702	938
Other benefits	17	12
<b>Total</b>	<b>1,719</b>	<b>950</b>

With the exception of the Directors, whose remuneration is shown in the Directors' remuneration report, as at 30 June 2016 the Group employed 74 (2015: 51) members of staff, with an average of 72 (2015: 39) employees during the year.

Staff costs totalling £115,000 (2015: £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 one (2015: two) of its employees. The costs for the year ended 30 June 2016 totalled £4,000 (2015: £5,000).

## 8. Auditor's remuneration

	30 June 2016 £'000	30 June 2015 £'000
Audit fee	95	83
Other services	255	184
<b>Total</b>	<b>350</b>	<b>267</b>

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 are comprised of the following items:

	30 June 2016 £'000	30 June 2015 £'000
Year end annual report and financial statements	26	26
Subsidiary accounts for the year ended 30 June 2016	69	—
Subsidiary accounts for the year ended 30 June 2015	—	38
Subsidiary accounts for the period ended 30 June 2014	—	19
<b>Total</b>	<b>95</b>	<b>83</b>

The Auditor has provided tax advice, tax compliance services and non-audit services. These fees are broken down as follows:

	30 June 2016 £'000	30 June 2015 £'000
Reporting accountant services	35	60
Tax advice	18	17
Tax compliance services for VAT	30	37
Tax compliance services for corporation tax returns	119	70
Tax advice in respect of aborted property purchases	53	—
<b>Total</b>	<b>255</b>	<b>184</b>

Accordingly tax fees totalling £106,000 will be non-recurring. The Directors made the decision to change tax advisers in March 2016 from Ernst & Young LLP, who are the Group's Auditor, to Deloitte LLP. Further information is given in the audit committee report on pages 45 to 47.

## 9. Finance income

	30 June 2016 £'000	30 June 2015 £'000
Income from cash and short-term deposits	75	10
Amortisation of financial liabilities	—	33
<b>Total</b>	<b>75</b>	<b>43</b>

### Accounting policy

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

## 10. Finance expenses

	30 June 2016 £'000	30 June 2015 £'000
Ongoing charges		
Swap interest	10	177
Loan interest	3,239	1,038
Loan commitment fee	15	12
Bank charges and other interest	6	9
Amortisation of loan arrangement fees	171	113
Amortisation of C share issue costs	—	30
<b>Total</b>	<b>3,441</b>	<b>1,379</b>

	30 June 2016 £'000	30 June 2015 £'000
Other charges		
Amortisation of loan arrangement fees	431	—
Swap break fees	255	—
Loan cancellation fees	610	—
Amortisation of C share issue costs	2,536	—
Return on C shares	3,803	—
<b>Total</b>	<b>7,635</b>	<b>—</b>

# Notes to the consolidated financial statements continued

For the year ended 30 June 2016

## 10. Finance expenses continued

Other finance charges have arisen from two items:

1. during the year, the Group entered into significantly improved new financing arrangements. The total costs of repaying and breaking the original bank borrowings and interest rate swap was £1,296,000.
2. finance costs of £6,339,000 arising in the year from the accounting treatment of the C shares as debt, this represents:
  - i. issue costs of £2,536,000 which on an equity raise would be treated as a reduction to equity rather than a finance cost; and
  - ii. the C shares issued last year represented contracts for conversion into a variable number of ordinary shares and therefore the C shares were classified as liabilities under IFRS. The classification resulted in the issue costs and the return on the C shares being presented as finance costs in the statement of comprehensive income of the Group. The return on the C shares represented an increase in the assets attributable to the C shares over and above the funds raised from their issue.

### Accounting policy

Any finance costs that are separately identifiable and directly attributable to a liability which takes a period of time to complete are amortised as part of the cost of the liability. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings.

After initial recognition, C shares are subsequently measured at amortised costs using the effective interest method. Amortisation is credited or charged to finance income or finance costs in the income statement. Transaction costs are amortised to the earliest conversion period.

## 11. Taxation

Corporation tax has arisen as follows:

	30 June 2016 £'000	30 June 2015 £'000
Corporation tax on residual income for current year	—	11
Corporation tax on residual income for prior periods	(3)	7
<b>Total</b>	<b>(3)</b>	<b>18</b>

Reconciliation of tax charge to profit before tax:

	30 June 2016 £'000	30 June 2015 £'000
Profit before tax	28,325	31,299
Corporation tax at 20.00% (2015: 20.75%)	5,665	6,495
Change in value of investment properties	(5,431)	(5,324)
Tax exempt property rental business	(2,107)	(1,021)
Amounts not deductible for tax purposes	1,367	(107)
Capital allowances	(318)	(38)
Excess management expenses	824	—
Other	(3)	13
<b>Total</b>	<b>(3)</b>	<b>18</b>

### Accounting policy

Corporation tax is recognised in the income statement except where 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.

## 12. Operating leases

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 2016 are as follows:

	30 June 2016 £'000	30 June 2015 £'000
Within one year	26,912	7,323
Between one and five years	21,491	12,548
More than five years	41,647	22,647
<b>Total</b>	<b>90,050</b>	<b>42,518</b>

## 13. Dividends

	Pence per share	30 June 2016 £'000	Pence per share	30 June 2015 £'000
For the year ended 30 June 2016				
First interim dividend paid on 4 December 2015	1.41	1,549	1.40	1,538
Second interim dividend paid on 4 March 2016	1.41	2,871	1.40	1,539
Third interim dividend paid on 6 June 2016	1.41	3,070	1.40	1,539
Dividends paid during the year	4.23	7,490	4.20	4,616
Fourth interim dividend paid on 5 September 2016 <sup>1</sup>	1.43	3,744	1.40	1,539
<b>Total</b>	<b>5.66</b>	<b>11,234</b>	<b>5.60</b>	<b>6,155</b>
<b>Paid as</b>				
Property income distributions	5.31	10,849	3.70	4,067
Ordinary dividends	0.35	385	1.90	2,088
<b>Total</b>	<b>5.66</b>	<b>11,234</b>	<b>5.60</b>	<b>6,155</b>

1. The fourth interim dividend is paid after the year end and is not accrued as a provision in the financial statements.

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 2016 was paid on 5 September 2016.

### Accounting policy

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

Notes to the consolidated financial statements *continued*

For the year ended 30 June 2016

**14. Earnings per share**

Basic EPS amounts are calculated by dividing profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the year. 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 2016 £'000	30 June 2015 £'000
<b>Group earnings for EPS</b>	<b>28,328</b>	31,281
Fair value gains on investment properties	<b>(27,156)</b>	(25,660)
<b>Group earnings for EPRA EPS</b>	<b>1,172</b>	5,621
Group specific adjustments:		
Finance costs – other per note 10	<b>7,635</b>	—
Other exceptional items	<b>884</b>	171
<b>Group specific adjusted earnings</b>	<b>9,691</b>	5,792
	30 June 2016 Pence per share	30 June 2015 Pence per share
Basic Group EPS	<b>15.48</b>	28.46
Basic Group EPRA EPS	<b>0.64</b>	5.11
Diluted Group EPS	<b>15.48</b>	28.46
Diluted Group EPRA EPS	<b>0.64</b>	5.11
Group specific adjusted EPS	<b>5.30</b>	5.27
	30 June 2016 Number of shares	30 June 2015 Number of shares
Weighted average number of shares in issue	<b>183,007,508</b>	109,910,428
Effects of dilution from C shares	—	2,567
Weighted average number of shares in issue adjusted for the effects of dilution	<b>183,007,508</b>	109,912,995

A third EPS calculation has been made to show EPRA earnings excluding the exceptional one-off finance costs arising in the year. The costs have arisen from two items:

1. costs of repaying and breaking the original bank borrowings and interest rate swap totalling £1,296,000; and
2. finance costs of £6,339,000 arising from the accounting treatment of the C shares. For further details please refer to note 10.

## 15. Business combinations and Group structure

The fair value of the identifiable assets and liabilities of Old Street Acquisitions Limited upon acquisition at 30 September 2015 were:

	Initial valuation £'000	Fair value of further assets identified £'000	Identifiable assets at fair value £'000
Investment properties	166,100	—	166,100
Trade receivables	1,394	(130)	1,264
Cash and cash equivalents	1,753	764	2,517
Trade payables	(8,602)	102	(8,500)
Deferred rental income	(1,539)	(724)	(2,263)
Retention liability	(507)	—	(507)
Corporation tax provision	(2)	—	(2)
	158,597	12	158,609
Analysis of cash flows on acquisition			
Cash consideration			79,186
Repayment of borrowings			79,423
Fair value of consideration paid			158,609
Cash and cash equivalents acquired			(2,517)
<b>Net cash outflow from acquisition</b>			<b>156,092</b>

Old Street Acquisitions Limited contributed £3,214,000 to revenue and £12,209,000 to the Group's profit in the period between the date of the acquisition and the statement of financial position date. Accordingly, had the acquisition taken place at the beginning of the period, revenue contributed would have been £3,529,000 and the contribution to the Group's profit would have been £12,385,000.

### Subsidiaries

The financial statements comprise the financial statements of the Company and its subsidiaries, GCP Topco Limited, GCP Holdco Limited, GCP Scape East Limited, GCP Brunswick Limited (formerly Ternion (Danehurst) Limited), GCP Operations Limited, Leopard Guernsey Greenwich JV Limited, Leopard Guernsey Greenwich Limited and Leopard Guernsey Greenwich 2 Limited, Old Street Acquisitions Limited, Leopard Guernsey Old Street Limited and Leopard Guernsey Old Street 2 Limited, GCP RHUL Limited, GCP SG Limited and GCP WL Limited for the year ended 30 June 2016, and the comparative year for the year ended 30 June 2015.

The Company also owns three dormant subsidiaries: GCP Brunswick 2 Limited, GCP Apex Limited and GCP RHUL 2 Limited which have not yet commenced activities.

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.

On 27 August 2015 GCP Topco Limited and GCP Holdco Limited were incorporated and were wholly owned by GCP Student Living plc. These companies were dormant until 30 September 2015. GCP Holdco Limited on 30 September 2015 purchased 100% of the share capital of the following companies from GCP Student Living plc: GCP Scape East Limited, GCP Brunswick Limited, Leopard Guernsey Greenwich JV Limited, GCP SG Limited, and GCP RHUL Limited.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2016

**15. Business combinations and Group structure** continued**Subsidiaries** continued

On 30 September 2015, GCP Topco Limited acquired GCP Holdco Limited from GCP Student Living plc.

On 30 September 2015, the Group obtained control of Old Street Acquisitions Limited by obtaining 100% of the issued share capital. The principal activity of this company and its subsidiaries is the provision of student accommodation in line with the Group's investment strategy.

GCP SG Limited, incorporated 20 February 2014, was dormant until 7 September 2015 when it purchased Scape Surrey. The principal activity of this company is the provision of student accommodation in line with the Group's investment strategy.

GCP RHUL Limited, incorporated 15 November 2013, was dormant until 21 September 2015 when it purchased The Pad 2. The principal activity of this Company is the provision of student accommodation in line with the Group's investment strategy.

GCP WL Limited, incorporated 3 February 2016, was dormant until 15 February 2016 when it purchased Water Lane Apartments. The principal activity of the company is the provision of student accommodation in line with the Group's investment strategy.

On 17 May 2016 Ternion (Danehurst) Limited changed its name to GCP Brunswick Limited.

Company	Country of registration, incorporation and operation	Number and class of share held by the Group	Group holding	Capital and reserves at 30 June 2016 £'000	Profit after tax for the year ended 30 June 2016 £'000
GCP Apex Limited	UK	2 ordinary shares	100%	—	—
GCP Brunswick Limited <sup>1</sup>	UK	1,046,728,191 ordinary shares	100%	15,229	225
GCP Brunswick 2 Limited <sup>1</sup>	UK	2 ordinary shares	100%	—	—
GCP Holdco Limited <sup>1</sup>	UK	5 ordinary shares	100%	286,775	36,013
GCP Operations Limited	UK	2 ordinary shares	100%	69	53
GCP RHUL Limited <sup>1</sup>	UK	4 ordinary shares	100%	20,730	4,405
GCP RHUL 2 Limited	UK	2 ordinary shares	100%	—	—
GCP Scape East Limited <sup>1</sup>	UK	51,508,283 ordinary shares	100%	89,527	15,751
GCP SG Limited <sup>1</sup>	UK	4 ordinary shares	100%	23,307	4,261
GCP Topco Limited	UK	4 ordinary shares	100%	286,761	35,999
GCP WL Limited	UK	3 ordinary shares	100%	18,744	(114)
Leopard Guernsey Greenwich Limited <sup>1</sup>	Guernsey	102 ordinary shares	100%	24,028	4,200
Leopard Guernsey Greenwich 2 Limited <sup>1</sup>	Guernsey	102 ordinary shares	100%	215	91
Leopard Guernsey Greenwich JV Limited <sup>1</sup>	Guernsey	103 ordinary shares	100%	(2,399)	(26)
Leopard Guernsey Old Street Limited <sup>1</sup>	Guernsey	100 ordinary shares	100%	87,504	5,521
Leopard Guernsey Old Street 2 Limited <sup>1</sup>	Guernsey	100 ordinary shares	100%	5,915	5,716
Old Street Acquisitions Limited <sup>1</sup>	Guernsey	450 A ordinary shares 550 B ordinary shares	100%	(3,482)	(588)

1. Indirect subsidiaries.

**Accounting policy**

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 in the income statement.

**16. Cash and cash equivalents**

	30 June 2016 £'000	30 June 2015 £'000
Cash and cash equivalents	57,565	103,821
Subsidiary cash and cash equivalents	8,772	2,471
<b>Total</b>	<b>66,337</b>	<b>106,292</b>

**Accounting policy**

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

**17. Trade and other receivables**

	30 June 2016 £'000	30 June 2015 £'000
Prepayments	254	84
Rent receivable	581	1,599
Amounts held on deposit	2,000	—
Amounts receivable from issue of C shares	—	16,195
Other receivables	4,032	805
<b>Total</b>	<b>6,867</b>	<b>18,683</b>

The amounts held on deposit is in relation to GCP Apex Limited and is a deposit for the purchase of land in respect of the Apex House forward funding project. A further £18 million is due upon completion.

**Accounting policy**

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 2016

**18. Other payables and accrued expenses**

	30 June 2016 £'000	30 June 2015 £'000
Property operating expenses payable	3,359	672
Finance expense payable	425	237
C share issue costs payable	—	2,499
Other expenses payable	2,330	1,411
Trade and other payables	6,114	4,819
Deferred income	5,235	2,442
<b>Total</b>	<b>11,349</b>	<b>7,261</b>

**Accounting policy**

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

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.

**19. Interest-bearing loans and borrowings**

	30 June 2016		30 June 2015 £'000
	New facility £'000	Previous facility £'000	
Loans drawn down at the start of the year	—	40,000	40,000
Repayment of initial loan	—	(40,000)	—
Loan drawn down	130,000	—	—
<b>Total loans drawn down</b>	<b>130,000</b>	<b>—</b>	<b>40,000</b>
Loan arrangement fees	(1,997)	(655)	(655)
Prior year amortisation	—	224	
Amortised in the year	171	431	224
Unamortised loan arrangement fees	(1,826)	—	(431)
Loan balance less unamortised loan arrangement fees	<b>128,174</b>	<b>—</b>	<b>39,569</b>

At 30 June 2016, the interest rate on the loans was 3.07% (2015: 2.59%).

During the year, the Group's £40 million loan with Barclays was repaid and the Company entered into new financing arrangements with a new lender, Pricoa Mortgage Capital. The Group has secured a facility for up to £130 million of borrowings at a fixed rate of 3.07% which is set to mature in September 2024. On 30 September 2015, the Group drew down £130 million under the new facility to finance the acquisition of Scape Shoreditch and refinance the existing assets and Barclays facility.

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 2016.

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 2016, figures are as follows:

Leverage exposure	Maximum limit	Actual exposure
Gross method	155%	118.5%
Commitment method	155%	137.5%

#### Accounting policy

Loans and borrowings are initially recognised at the proceeds received net of directly attributable transaction costs. 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 loan.

## 20. Financial derivatives and hedging

	Hedged amount £'000	Maturity	30 June 2016 Total £'000	30 June 2015 Total £'000
Interest rate swap at fair value:	20,000	02/05/2017		
Fair value at start of year			(214)	47
Change in valuation			—	(261)
Termination of swap contract			214	—
<b>Fair value of financial derivatives</b>			<b>—</b>	<b>(214)</b>

#### Cash flow hedges

On 30 September 2015 the Group terminated its interest rate swap contract. Break costs of £214,000 were incurred and have been expensed within finance costs in the consolidated statement of comprehensive income.

The Group's interest rate swap was used to hedge the exposure to the variable interest rate payments on the variable rate element of the Company's secured loans, which is no longer required.

Derivatives are classified in Level 2 in the fair value hierarchy under IFRS 13.

#### Accounting policy

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 recognised as an asset when the fair value is positive and as a liability when the fair value is negative.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2016

**21. C shares: financial liability**

	30 June 2016 £'000	30 June 2015 £'000
Value at start of year	117,422	—
Proceeds from issue of C shares	—	120,000
C share issue costs	9	(2,575)
Amortisation of C share issue costs	2,536	30
Return on C share liability	3,803	(33)
Extinguishment of C share liability upon conversion to ordinary shares	(123,770)	—
<b>Value at end of the year</b>	<b>—</b>	<b>117,422</b>

On 25 June 2015, the Company announced the issue of 120,000,000 C shares, issued at £1 per share. The C shares are convertible redeemable preference shares. The shares (when in issue) were listed on the SFM (now the SFS) and dealing commenced on 30 June 2015. After the conversion of the C shares to ordinary shares, the shares were delisted on 28 October 2015.

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

Whilst the C shares were in issue, the results, assets and liabilities attributable to the C shares were 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 had been in issue was allocated to the C shares based on the net assets of each share class pool.

On 28 October 2015 the C shares were converted to ordinary shares on the basis of a conversion ratio of 0.781044 C shares for every ordinary share which gave a conversion rate of 781 ordinary shares for every 1,000 C shares held.

The tables below give a summary of the results of the C share pool up to the date of conversion and the value of the C share pool assets on the date of conversion.

<b>For the period from issue to conversion</b>	<b>£'000</b>
Proceeds from issue of C shares	120,000
C share issue costs	(2,566)
Net rental income	87
Administration expenses	(946)
Fair value gains on investment properties	7,879
Finance income	64
Finance expenses	(735)
Tax charge on residual income	(13)
<b>Value of C shares on conversion</b>	<b>123,770</b>

Represented by the following assets and liabilities	£'000
Investment property	209,430
Trade and other receivables	3,800
Cash and cash equivalents	14,342
Deferred income	(4,161)
Trade and other payables	(10,516)
Retention liabilities	(507)
Interest-bearing loans and borrowings	(88,618)
<b>Value of C shares on conversion</b>	<b>123,770</b>

#### Accounting policy

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 or charged to finance income or finance costs in the income statement. Transaction costs are amortised to the earliest conversion period.

## 22. Share capital

	30 June 2016 £'000	30 June 2015 £'000
Issued and fully paid:		
At the start of the year	1,099	1,099
Shares issued on conversion of C shares 93,725,280 ordinary shares of £0.01 each	937	—
Shares issued on 15 February 2016 14,074,075 ordinary shares of £0.01 each	141	—
Shares issued on 24 May 2016 44,085,232 ordinary shares of £0.01 each	441	—
<b>Balance at the end of the year</b>	<b>2,618</b>	<b>1,099</b>

On 28 October 2015, 93,725,280 ordinary shares were issued for the conversion of the C shares for a consideration of £123,770,000 representing the value of the C share asset pool, the balance of C shares were redeemed.

On 15 February 2016 and 24 May 2016, 14,074,075 and 44,085,232 ordinary shares were issued respectively.

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 2016 £'000	30 June 2015 £'000
At the start of the year	39,946	39,937
Shares issued on conversion of C shares	122,833	—
Shares issued on 15 February 2016	18,859	—
Shares issued on 24 May 2016	59,559	—
Share issue costs	(1,544)	9
<b>Balance at the end of the year</b>	<b>239,653</b>	<b>39,946</b>

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

# Notes to the consolidated financial statements continued

For the year ended 30 June 2016

## 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 2016 £'000	30 June 2015 £'000
Issue of share capital	312,252	111,001
Share issue costs	(5,241)	(3,697)
Share premium cancelled	(67,358)	(67,358)
<b>Share premium</b>	<b>239,653</b>	<b>39,946</b>

### Hedging reserve

The hedging 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 less dividends paid from revenue profits to date. It should be noted that unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until any gains crystallise on the sale of the investment property.

Retained earnings comprise the following cumulative amounts:

	30 June 2016 £'000	30 June 2015 £'000
Total unrealised gains on investment properties	57,826	30,670
Total revenue profits	9,492	8,320
Dividends paid from revenue profits	(9,492)	(7,315)
<b>Retained earnings</b>	<b>57,826</b>	<b>31,675</b>

### Special reserve

The special reserve represents the cancelled share premium less dividends paid from these reserves.

The special reserve comprises the following cumulative amounts:

	30 June 2016 £'000	30 June 2015 £'000
Cancelled share premium	67,358	67,358
Dividends paid from reserves	(8,987)	(2,135)
<b>Special reserve</b>	<b>58,371</b>	<b>65,223</b>

## 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 year. 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 2016	30 June 2015
Net assets attributable to ordinary shareholders (for calculation of EPRA NNNAV) (£'000)	<b>358,468</b>	137,729
Financial derivative (£'000)	—	214
<b>Adjusted net assets for calculation of EPRA NAV (£'000)</b>	<b>358,468</b>	137,943
<b>Number of shares in issue</b>	<b>261,795,015</b>	109,910,428
EPRA NNNAV (pence per share)	<b>136.93</b>	125.31
EPRA NAV (pence per share)	<b>136.93</b>	125.51

## 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 are disclosed at amortised cost. The carrying value of the loans and borrowings approximate to their fair value due to the contractual terms and conditions of the loan.

During their existence the C shares actively traded on the SFM (now the SFS). At 30 June 2015, their share price was 105.25 pence per share, giving a fair value (Level 1 in the fair value hierarchy) of the C shares of £126,300,000 compared to the amortised cost value of £117,422,000. As at 30 June 2015 the amortised cost value of the C share pool equated to the NAV of the C shares which the Directors considered 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.

Quarterly valuations of investment property are 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, who appraise these quarterly.

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.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2016

## 26. Fair value continued

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<sup>1</sup>:

Assets and liabilities measured at fair value	30 June 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties	—	—	424,787	424,787
<b>Total</b>	<b>—</b>	<b>—</b>	<b>424,787</b>	<b>424,787</b>

Assets and liabilities measured at fair value	30 June 2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties	—	—	177,220	177,220
Financial derivatives	—	(214)	—	(214)
Financial liability	—	—	(117,422)	(117,422)
<b>Total</b>	<b>—</b>	<b>(214)</b>	<b>59,798</b>	<b>59,584</b>

1. 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
<b>Student property 30 June 2016</b>	<b>£424,787,000</b>	<b>Income capitalisation</b>	<b>ERV – 2015/16 Rental growth Tenancy period Sundry income Facilities management cost Initial yield</b>	<b>£164.50 – £430 per week 2.5% – 3.0% 51 weeks £50 – £100 per bed per annum £1,950 – £2,150 per bed per annum 4.75% – 5.75% blended (4.75% – 7.50%)</b>
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%)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £27,156,000 (2015: £25,660,000) and are presented in the consolidated statement of comprehensive income 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 in the prior period, is considered to be the same as their fair value.

## 27. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, are liabilities 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 future values of investments in property and related investments will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £424,787,000 and to manage this risk, the Group diversifies its portfolio across a number of assets. For more information on this please refer to the risk management section of the report.

Market risk is also the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The derivative financial instruments that were held by the Company in the prior period, were all fixed terms at fixed rates with the floating elements hedged on 50% of total borrowings. The Company's exposure to market risk was limited to the remaining 50% which was 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 is minimal as it has taken out a fixed rate bank loan.

### 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.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2016

**27. Financial risk management objectives and policies** continued**Credit risk** continued

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

	30 June 2016 £'000	30 June 2015 £'000
Deposit account	815	308
Cash and cash equivalents	66,337	106,292
Trade and other receivables	6,867	18,683
<b>Total</b>	<b>74,019</b>	<b>125,283</b>

The deposit account, cash and cash equivalents are held with Barclays 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 2016	Less than three months £'000	Three to twelve months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	1,006	2,985	3,941	11,984	145,975	165,891
Trade and other payables	774	5,340	—	—	—	6,114
Retention account	—	—	815	—	—	815
<b>Total</b>	<b>1,780</b>	<b>8,325</b>	<b>4,756</b>	<b>11,984</b>	<b>145,975</b>	<b>172,820</b>

Year ended 30 June 2015	Less than three months £'000	Three to twelve months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	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
<b>Total</b>	<b>3,169</b>	<b>2,855</b>	<b>1,482</b>	<b>41,855</b>	<b>—</b>	<b>49,361</b>

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 and borrowings.

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 26.6% (30 June 2015: 22.5%).

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 agreement.

## 29. Related party transactions

### 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 £121,000 and at 30 June 2016, a balance of £13,000 (2015: £11,000) was outstanding. Further information is given in note 6.

### 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 NAV of the Company (or such lesser amount as may be demanded by the Investment Manager at its own absolute discretion).

The Investment Manager has committed additional resource in providing its client funds, including the Company, a more comprehensive service which strengthens the level of transaction and marketing support for the Company, in a cost efficient manner. The Investment Manager receives a fee of 0.30% of the aggregate gross proceeds from any issue of new shares in consideration for the provision of marketing and investor introduction services. The Investment Manager has appointed Highland Capital Partners Limited to assist it with the provision of such services and pays all fees due to Highland Capital Partners Limited out of the fees it receives from the Company.

During the year, the Group incurred £3,354,000 (2015: £1,286,000) in respect of investment management fees, marketing fees and transaction management and documentation services, £3,029,000 which is included within administration expenses in the consolidated income statement and £325,000 included within the share issue costs relating to shares issued during the year. As at 30 June 2016 £897,000 (2015: £368,000) 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](http://www.gcpuk.com/gcp-student-living-plc), incorporating the requirements of the AIFMD regulations.

### Subsidiaries

GCP Student Living plc as at 30 June 2016 owns a 100% controlling stake in GCP Topco Limited, GCP Holdco Limited, GCP Scape East Limited, GCP Brunswick Limited and GCP Brunswick 2 Limited, GCP Operations Limited, Leopard Guernsey Greenwich JV Limited, Leopard Guernsey Greenwich Limited and Leopard Guernsey Greenwich 2 Limited, Old Street Acquisitions Limited, Leopard Guernsey Old Street Limited and Leopard Guernsey Old Street 2 Limited, GCP RHUL Limited and GCP RHUL 2 Limited, GCP WL Limited, GCP Apex Limited and GCP SG Limited respectively.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2016

**29. Related party transactions** continued**Subsidiaries** continued

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

Transactions	30 June 2016 £'000	30 June 2015 £'000
<b>Recharges of fund level expenses to:</b>		
GCP Scape East Limited	285	384
GCP Brunswick Limited	20	39
Leopard Guernsey Greenwich JV Limited	138	192
GCP SG Limited	51	—
GCP RHUL Limited	74	—
Old Street Acquisitions Limited	340	—
GCP WL Limited	21	
GCP Topco Limited	5	
GCP Holdco Limited	5	
GCP Operations Limited	17	17
<b>Share capital issued in exchange for repayment of loans:</b>		
GCP Scape East Limited	—	51,508
GCP Brunswick Limited	—	10,467
<hr/>		
Balances	30 June 2016 £'000	30 June 2015 £'000
<b>Loan balances included within book cost:</b>		
Leopard Guernsey Greenwich Limited	—	962
Leopard Guernsey Greenwich 2 Limited	—	637
Leopard Guernsey Greenwich JV Limited	—	29,846
<b>Other intercompany balances due from/(to):</b>		
GCP Topco Limited	4,182	—
GCP Scape East Limited	—	(721)
GCP Brunswick Limited	—	(23)
Leopard Guernsey Greenwich 2 Limited	—	304
Leopard Guernsey Greenwich JV Limited	—	(1,602)
GCP Operations Limited	41	11
GCP WL Limited	468	—

The loans for Leopard Guernsey Greenwich Limited, Leopard Guernsey Greenwich 2 Limited and Leopard Guernsey Greenwich JV Limited were capitalised in the year.

On 30 September 2015, on a share-for-share basis, GCP Holdco Limited acquired the following subsidiaries from GCP Student Living plc. GCP Topco Limited then acquired GCP Holdco Limited from GCP Student Living plc.

Company	£'000
GCP Scape East Limited	76,448
GCP Brunswick Limited	15,003
Leopard Guernsey Greenwich JV Limited	47,324
GCP SG Limited	19,047
GCP RHUL Limited	16,288
Total purchased from GCP Student Living:	174,110
<b>Purchased directly from third party:</b>	
Old Street Acquisitions Limited	76,652
<b>Total</b>	<b>250,762</b>

### 30. Events after the reporting period

On 14 September 2016, the Company announced that applications have been made to the UK Listing Authority and London Stock Exchange for listing on the Official List and a transfer to trading from the Specialist Fund Segment to the Premium Segment of the Main Market of the London Stock Exchange in respect of 261,795,015 ordinary shares. The admission is expected to occur with effect from 8.00am on 16 September 2016.

### 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 2016

	Notes	30 June 2016 £'000	30 June 2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary companies	3	305,574	140,492
		<b>305,574</b>	140,492
<b>Current assets</b>			
Cash and cash equivalents	4	57,565	103,821
Trade and other receivables	5	2,040	16,216
<b>Total assets</b>		<b>365,179</b>	260,529
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	(6,711)	(5,378)
Financial liabilities at amortised cost		—	(117,422)
<b>Total liabilities</b>		<b>(6,711)</b>	(122,800)
<b>Net assets</b>		<b>358,468</b>	137,729
<b>Equity</b>			
Share capital		2,618	1,099
Share premium		239,652	39,946
Retained earnings		116,198	96,684
<b>Total equity</b>		<b>358,468</b>	137,729
Number of shares in issue		261,795,015	109,910,428
NAV per share (pps)	7	136.93	125.31

These financial statements were approved by the Board of Directors of GCP Student Living plc on 15 September 2016 and signed on its behalf by:



**Robert Peto**

Chairman

Company number: 08420243

The accompanying notes on pages 95 to 98 form an integral part of these Company financial statements.

## Company statement of changes in equity

For the year ended 30 June 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2015	1,099	39,946	96,684	137,729
Profit for the year	—	—	28,543	28,543
<b>Other comprehensive income</b>	—	—	—	—
<b>Total comprehensive income</b>	—	—	28,543	28,543
Ordinary shares issued	1,519	201,251	—	202,770
Share issue costs	—	(1,545)	—	(1,545)
Dividends	—	—	(9,029)	(9,029)
<b>Balance at 30 June 2016</b>	<b>2,618</b>	<b>239,652</b>	<b>116,198</b>	<b>358,468</b>

## 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 year	—	—	31,020	31,020
<b>Other comprehensive income</b>	—	—	—	—
<b>Total comprehensive income</b>	—	—	31,020	31,020
Share issue costs	—	9	—	9
Dividends	—	—	(6,155)	(6,155)
<b>Balance at 30 June 2015</b>	<b>1,099</b>	<b>39,946</b>	<b>96,684</b>	<b>137,729</b>

The accompanying notes on pages 95 to 98 form an integral part of these Company financial statements.

# Company statement of cash flows

For the year ended 30 June 2016

	30 June 2016 £'000	30 June 2015 £'000
<b>Cash flows from operating activities</b>		
Operating profit	34,811	31,023
Adjustments to reconcile profit for the year to net cash flows:		
Gains from change in fair value of subsidiary companies	(34,237)	(32,642)
Dividends received from subsidiary companies	(2,671)	—
Costs reclassified as capital	—	(145)
Corporation tax paid	—	(7)
Recharges made to subsidiary companies	(955)	(631)
(Increase)/decrease in other receivables and prepayments	(2,035)	154
Increase in other payables and accrued expenses	1,018	420
<b>Net cash flow used in operating activities</b>	<b>(4,069)</b>	<b>(1,828)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(130,492)	349
<b>Net cash (used in)/generated from investing activities</b>	<b>(130,492)</b>	<b>349</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary share capital	79,000	—
Share issue costs	(1,538)	(47)
Proceeds from the issue of C shares	16,195	103,805
C share issue costs	(2,490)	(76)
Cash received from subsidiary companies	5,933	7,613
Finance income	71	2
Finance expenses	(1)	(1)
Dividends paid in the year	(8,865)	(6,145)
<b>Net cash flow generated from financing activities</b>	<b>88,305</b>	<b>105,151</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(46,256)</b>	<b>103,672</b>
Cash and cash equivalents at start of the year	103,821	149
<b>Cash and cash equivalents at end of the year</b>	<b>57,565</b>	<b>103,821</b>

The accompanying notes on pages 95 to 98 form an integral part of these Company financial statements.

# Notes to the Company financial statements

For the year ended 30 June 2016

## 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 SFS.

## 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 Pound 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 2016. Comparative figures are for the previous accounting period, the year ended 30 June 2015.

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 98.

## 3. Investment in subsidiary companies

	30 June 2016 £'000	30 June 2015 £'000
At the beginning of the year	140,492	129,020
Investment in subsidiary companies	130,845	—
Reduction in purchase costs	—	(864)
Total acquisitions	130,845	(864)
Fair value gains on the revaluation of subsidiary companies	34,237	12,336
<b>Total</b>	<b>305,574</b>	<b>140,492</b>

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

## Notes to the Company financial statements continued

For the year ended 30 June 2016

## Investments in and transfers of subsidiary companies

	30 June 2016 £'000	30 June 2015 £'000
<b>Investments in subsidiary companies</b>		
GCP SG Limited	19,047	—
GCP RHUL Limited	16,288	—
GCP Holdco Limited	76,652	—
GCP WL Limited	18,858	—
	<b>130,845</b>	<b>—</b>
<b>Cash items included in cashflow</b>		
GCP Holdco Limited	76,446	—
GCP SG Limited	18,888	—
GCP RHUL Limited	16,300	—
GCP WL Limited	18,858	—
<b>Total</b>	<b>130,492</b>	<b>—</b>

The difference between the acquisition of the subsidiaries are in respect of non-cash items being movements in intercompany loan balances.

On 30 September 2015, on a share-for-share exchange, GCP Holdco Limited acquired 100% of the share capital of the companies below for £174 million. An investment of £77 million was made in GCP Holdco Limited. GCP Student Living plc acquired 100% of the shares in GCP Topco Limited in exchange for 100% share capital of GCP Holdco Limited at a value of £251 million.

Company	£'000
GCP Scape East Limited	76,448
GCP Brunswick Limited	15,003
Leopard Guernsey Greenwich JV Limited	47,324
GCP SG Limited	19,047
GCP RHUL Limited	16,288
<b>Total purchased from GCP Student Living plc</b>	<b>174,110</b>

**Accounting policy**

Investments in subsidiary companies which are all 100% owned by the Company are valued at NAV, which is equivalent to fair value.

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

#### 4. Cash and cash equivalents

	30 June 2016 £'000	30 June 2015 £'000
Cash and cash equivalents	57,565	103,821
<b>Total</b>	<b>57,565</b>	<b>103,821</b>

##### Accounting policy

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

#### 5. Trade and other receivables

	30 June 2016 £'000	30 June 2015 £'000
Prepayments and other receivables	40	10
Amounts held on deposit	2,000	—
Amounts receivable from issue of C shares	—	16,195
Amounts receivable from subsidiary companies	—	11
<b>Total</b>	<b>2,040</b>	<b>16,216</b>

#### 6. Other payables and accrued expenses

	30 June 2016 £'000	30 June 2015 £'000
C share issue costs payable	—	2,499
Amounts due to subsidiary companies	4,691	2,042
Other expenses payable	2,020	837
<b>Total</b>	<b>6,711</b>	<b>5,378</b>

#### 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 year. 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 2016	30 June 2015
Net assets attributable to ordinary shareholders (£'000)	358,468	137,729
Number of shares in issue	261,795,015	109,910,428
NAV (pence per share)	136.93	125.31

# Notes to the Company financial statements continued

For the year ended 30 June 2016

## 8. 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, interest loans and borrowings, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Interest-bearing loans and borrowings are disclosed at amortised cost.

Quarterly valuations of subsidiaries are based on NAV. The NAV of the subsidiaries are based on fair values of the assets held by the subsidiary. However the valuations are the ultimate responsibility of the Directors, who appraise these quarterly.

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<sup>1</sup>:

Assets and liabilities measured at fair value	30 June 2016			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Investment in subsidiaries	—	—	305,574	305,574
<b>Total</b>	—	—	<b>305,574</b>	<b>305,574</b>

Assets and liabilities measured at fair value	30 June 2015			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Investment in subsidiaries	—	—	140,492	140,492
<b>Total</b>	—	—	<b>140,492</b>	<b>140,492</b>

1. 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.

## 9. Events after the reporting period

On 14 September 2016, the Company announced that applications have been made to the UK Listing Authority and London Stock Exchange for listing on the Official List and a transfer to trading from the Specialist Fund Segment to the Premium Segment of the Main Market of the London Stock Exchange in respect of 261,795,015 ordinary shares. The admission is expected to occur with effect from 8.00am on 16 September 2016.

# Shareholder information

## Key dates

March	Half-yearly results announced Payment of second interim dividend
June	Company's year end Payment of third interim dividend
September	Annual results announced Payment of fourth interim dividend
October	Annual general meeting
December	Company's half-year end Payment of first interim dividend

## Frequency of NAV publication

The Company's NAV is released to the London Stock Exchange on a quarterly basis and is published on the Company's website.

## Sources of further information

Copies of the Company's annual and half-yearly reports, stock exchange announcements and further information on the Company can be obtained from the Company's corporate website: [www.gcpuk.com/gcp-student-living-plc](http://www.gcpuk.com/gcp-student-living-plc)

## Warning to shareholders

This report is intended solely for the information of the person to whom it is provided by the Company, the Investment Manager or the Administrator. This report is not intended as an offer or solicitation for the purchase of shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this report are not statements of fact and are subject to change, and neither the Company nor the Investment Manager is under any obligation to update such opinions.

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## Glossary of key terms

AIC	Association of Investment Companies	GROUP	GCP Student Living plc and its subsidiaries
AIC Code	AIC Code of Corporate Governance	HEI	Higher education institution
AIC Guide	AIC Corporate Governance Guide for Investment Companies	HMRC	HM Revenue & Customs
AIFM	Alternative Investment Fund Manager	IASB	International Accounting Standards Board
AIFMD	Alternative Investment Fund Managers' Directive	IFRS	International Financial Reporting Standards
BARCLAYS	Barclays Bank PLC	IPO	Initial public offering
COLLEGIATE	Collegiate AC Limited – Asset and Facilities Manager for Water Lane Apartments, Bristol	LOAN-TO-VALUE	Net debt expressed as a percentage of net assets excluding property value
COMPANY	GCP Student Living plc	NAV	Net asset value
COST OF BORROWING	Cost of borrowing expressed as a percentage weighted according to period drawn down	NON-PID	Non-property income distribution
CRM	Corporate Residential Management Limited – Asset and Facilities Manager for The Pad until 31 August 2016	OECD	Organisation for Economic Co-operation and Development
C SHARES	Convertible redeemable preference shares of one pence each in the capital of the Company	PID	Property income distribution
CTA	Corporation Tax Act 2010	PPS	Pence per share
EPRA	European Public Real Estate Association	QMUL	Queen Mary University of London
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	REIT	Real estate investment trust
EPRA NAV PER SHARE	EPRA NAV – includes all property at market value but excludes the market value of interest rate swaps	RHUL	Royal Holloway, University of London
EPRA NNAV PER SHARE	As EPRA NAV but includes interest rate swaps carried at market value	RICS	Royal Institution of Chartered Surveyors
EPS	Earnings per share	RPI	Retail price index
ERV	Estimated rental value	SCAPE	Scape Student Living Limited – Asset and Facilities Manager for Scape Shoreditch, Scape East, Scape Greenwich, Scape Surrey and The Pad (with effect from 1 September 2016)
EU	European Union	SFS	Specialist Fund Segment of the Main Market of the London Stock Exchange (formerly SFM or Specialist Fund Market)
FRI	Full repairing and insuring	TOTAL SHAREHOLDER RETURN	Share price growth with dividend deemed to be reinvested on the dividend date
GHG	Greenhouse gas	UCAS	Universities and Colleges Admissions Service
		UKLA	United Kingdom Listing Authority
		UK CODE	UK Code of Corporate Governance

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# Corporate information

## Directors

Robert Peto (Chairman)  
Peter Dunscombe  
Malcolm Naish  
Marlene Wood

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## Administrator

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