

A young man with dark hair and glasses, wearing a white t-shirt, is looking upwards with a contemplative expression. He is standing in front of a large, ancient stone castle tower with many windows. The scene is brightly lit, suggesting a sunny day. The background is a mix of the stone wall and a clear sky.

ESP

Home from Home

Empiric Student Property plc
Annual Report & Accounts 2023



ESP

Our purpose

To help students make the most of their university life by creating and managing some of the highest quality and most thoughtfully designed accommodation, which is secure, modern and homely.

Underpinned by our **values** and **culture**



Values

The Customer comes first

Our customer experience is of paramount importance to the development of our strategic priorities.

We take ownership

We are reliable, respectful, and responsive. We do what we say we will do.



Culture

Our people are key to delivering a high-quality, personalised service to our customers. We work tirelessly to create a team who are diverse & inclusive, agile, proactive, thoughtful, and responsive.



Highlights

During what has been another record year for the Company, we have delivered strong rental growth and filled our rooms earlier than ever before. Customer satisfaction improved further and continues to be amongst the highest in the sector with our Hello Student brand awarded Platinum Operator certification by the industry-recognised Global Student Living. Combined with ongoing undersupply of high quality, well located student accommodation in prime cities, this dynamic continues to drive increased rebookings and greater demand for our rooms. This momentum has continued into the new sales year, and positions us well for growth.

Financial

IFRS Earnings
Per Share (basic)

8.8p

2022 | 11.2p
Change | -21%

Gross Margin¹

69%

2022 | 67%
Change | +2% pts

Dividend per Share

3.5p

2022 | 2.75p
Change | +27%

EPRA Earnings
Per Share¹

4.0p

2022 | 3.4p
Change | +18%

Total Return¹

7.6%

2022 | 10.5%
Change | -2.9% pts

IFRS NAV

£734.2m

2022 | £700.8m
Change | +4.8%

EPRA NTA
Per Share¹

120.7p

2022 | 115.4p
Change | +4.6%

Property Valuation

£1.1bn

2022 | £1.1bn
Change | +3.0% (LfL)

EPRA Loan
to Value¹

30.6%

2022 | 32.7%
Change | -2.1% pts

Strategic Report

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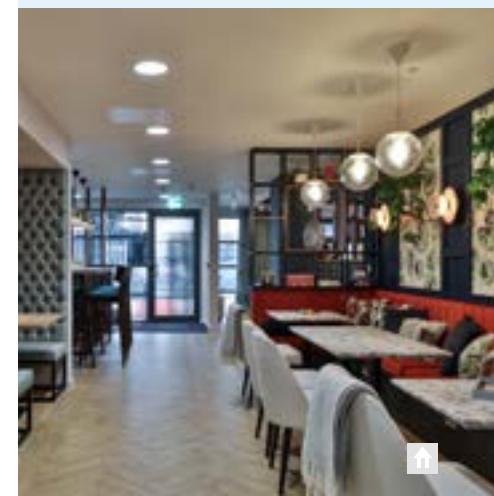
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¹ An alternative performance measure. See page 42 for further details.



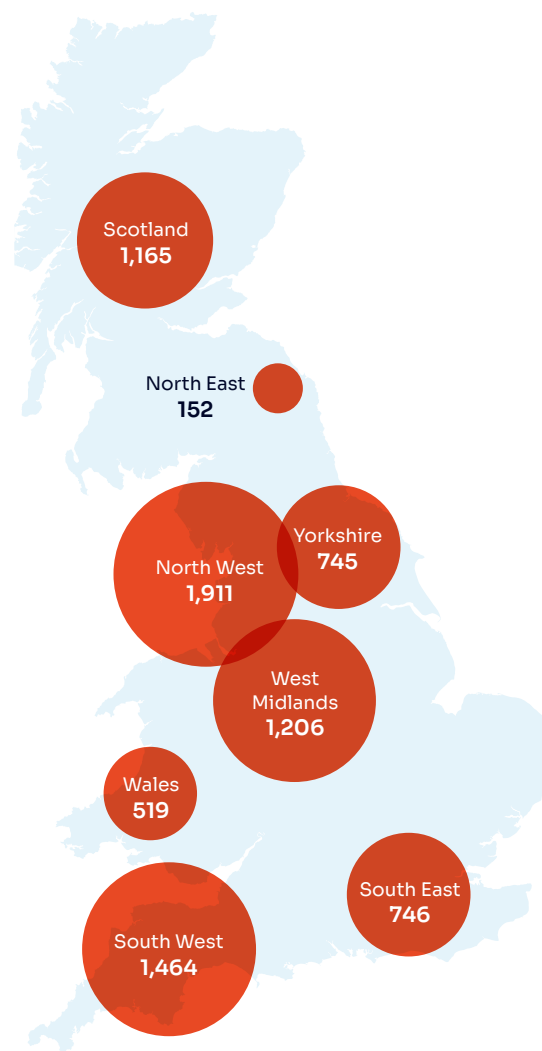
At a Glance

Home from Home

Empiric offers students some of the highest quality and most thoughtfully designed accommodation which is secure, modern and homely, and enables them to thrive, learn and succeed.

Our studio-led properties and customer first philosophy provides some of the best experiences available to students. Our boutique proposition allows our people to get to know our students and provide a more personalised, responsive service, such that we can better support students during their higher-education journey. Our properties are typically unique and smaller than most, often incorporating a sense of individual character and heritage. This helps foster a sense of community, encouraging our students to stay with us for longer, creating their **Home from Home**.

Where we operate



Beds by region as at 31 December 2023



Scale is representative of beds by region

The Empiric portfolio is well aligned to the high-growth locations with

95%

by value classified as either London, Super Prime Regional or Prime Regional

As at 31 December 2023:

Operational Assets

79

31 December 2022 | 85

Cities and Towns

27

31 December 2022 | 28

Beds

7,908

31 December 2022 | 8,533



Investment proposition

Differentiated Business Model within the Popular PBSA Property Sector



We target investment in prime regional cities which attract students from the growing pool of affluent international, postgraduate and returning undergraduates, whose premium accommodation requirements are relatively under-served by the PBSA market. This segmented supply and demand imbalance drives both occupancy and rental growth, creating relatively high-yielding investments providing attractive total returns.

Responsible and Industry- Leading Operating Brand



Hello Student, our operating brand, has become one of the most effective, responsible and recognisable in the sector. In the 2023 Global Student Living Index, Hello Student was awarded Platinum Operator Certification, with an NPS score of +30.5, well exceeding the average for University and Private Halls (+13), and a further improvement on 2022 when we scored +27. We pride ourselves on high quality customer service and amenities.

Sustainable Long-Term Business Model



There has been consistently strong growth in student numbers over the past decade, with strong growth set to continue for the foreseeable future.

Delivering attractive sustainable shareholder returns



We target a gross margin of over 70% and annualised total returns of 7%-9%.

Socially and Environmentally Responsible



We are a company who is socially and environmentally responsible. We have set an ambitious net zero target of no later than 2033 and have allocated significant capital to invest in decarbonisation initiatives aimed at reducing energy consumption and managing future EPC risk.

Progressive Culture Embedded by Core Values and Purpose



Our culture and values are embedded in our business and in our team.

Financial snapshot

As at 31 December 2023

Portfolio valuation

£1.1bn

2023	£1.1bn
2022	£1.1bn

EPRA NTA¹

120.7p

2023	120.7p
2022	115.4p

EPRA EPS¹

4.0p

2023	4.0p
2022	3.4p

Total Return¹

7.6%

2023	7.6%
2022	10.5%

Dividend per share

3.5p

2023	3.5p
2022	2.75p

EPRA LTV¹

30.6%

2023	30.6%
2022	32.7%

¹ An alternative performance measure. See page 42 for further details.



Our market

The UK PBSA sector has continued to demonstrate it's attractiveness to global investors

Prime regional PBSA reported the highest total return of

8.6%

in 2023

In 2023, the UK PBSA sector continued to demonstrate its attractiveness to investors globally as an inflation hedge driven by strong rental growth, fuelled by an undersupply of high-quality operational accommodation, long-term strengthening demand and historically low levels of new supply.

PBSA continues to outperform other sectors despite rising interest rates and high inflation, with unprecedented rental growth achieved for 2023/24 and strong prospects for 2024/25 forecasted. This rental growth has held capital values stable with best-in-class assets in prime locations increasing in value.

The CBRE Purpose-Built Student Accommodation Index 2023 reports that in the year to September 2023, the index delivered total returns of 7.7 per cent, outperforming 'All Commercial Property' which according to CBRE's UK Monthly Index, reported -11 per cent total returns in the same period¹.

The PBSA Index reports capital growth of 2.4 per cent in the year to September 2023, softer than the previous year, with net income growing by 9.8 per cent. During the same period, the net initial yield across all assets softened by 35 basis points to 4.9 per cent¹. Across the quality segments, Prime Regional assets reported the highest capital value growth, increasing by 2.8 per cent and the highest total return at 8.6 per cent. London assets saw the highest income growth, rising by 16.3 per cent, but this was offset by softening yields, delivering a 6.8 per cent total return. The Empiric portfolio is well aligned to the best performing locations with 93 per cent by value classified as Prime Regional in the December 2023 portfolio valuation and 2 per cent in London.

Investor demand remains strong for locationally driven best in class 'clean and green' properties with strong rental growth prospects. However, non-prime assets are seeing reduced demand from investors unless they offer value add opportunities that serve growing higher tariff universities. After a record setting year for transaction volumes in 2022 that involved large portfolio deals with £7.1bn of PBSA traded, increased uncertainty, greater operational scrutiny and 'higher for longer' interest rates stifled transaction volumes in 2023, resulting in £2.8bn of transactions completing¹.



“PBSA continues to outperform other sectors despite rising interest rates and high inflation, with unprecedented rental growth achieved for 2023/24 and strong prospects for 2024/25 forecasted.”

Will Atkinson | Chief Investment Officer



Occupational Demand

The UK Higher Education sector as a whole remains strong with over 2.2 million full-time students⁷, driven by recent increases in the proportion of undergraduate applicants accepted, the compelling international appeal of UK institutions and the growth of postgraduate study. Strong demand for university places continues to translate into an increased requirement for high-quality PBSA bedspaces at a level that the construction supply is unable to match. Significant rental pricing increases are expected for the academic year 2024/25, building on double-digit rental growth achieved in many locations for the academic year 2023/24⁴. Emerging data indicates undergraduate student numbers are reducing to pre-COVID levels, but this is highly nuanced across the sector with continued polarization and growth of the higher tariff universities.

The latest UCAS Undergraduate 2023 admission data reports that a total of 752,025 students applied to UK higher education institutions in 2023, a slight fall of 1 per cent, with acceptances also falling by 2 per cent, reaching their lowest level since 2014³. Undergraduate applications from UK domiciled students fell by 2 per cent, with acceptances falling by 1 per cent to 482,895. This can be attributed to a second consecutive annual decrease in the UK 18-year-old entry rate, which fell to 35.6 per cent following a peak of 37.9 per cent in 2021. However, current levels are still historically very high, as student participation returns to pre-COVID trends⁵. Undergraduate applications from EU domiciled students fell by 4 per cent, with acceptances falling by 7 per cent to 10,570. Undergraduate applications from non-EU domiciled students continued sustained growth, rising by 2 per cent, however, acceptances fell by 2 per cent³. The fall in acceptances can primarily be attributed to a 1 per cent decrease in Chinese admissions compared to the 2022 peak. Despite this decline, China remains the dominant domicile of international students. In contrast, Indian applicants have increased by 7 per cent, indicating a shifting demographic in the international student make-up³.

2023 Undergraduate UCAS acceptances

2023	482,895	61,005	10,570
2022	489,360	62,455	11,365
2021	492,005	54,285	15,770

Key
■ UK acceptances ■ Non-EU acceptances ■ EU acceptances

The flight to quality in the sector is more evident than ever, with higher tariff institutions experiencing a year-on-year increase in undergraduate acceptances, whilst medium and lower tariff institutions have seen fewer acceptances. Higher tariff acceptances make up 33 per cent of total acceptances compared with 28 per cent in 2014 and lower tariff institutions make up 34 per cent in 2023 compared with 41 per cent in 2014⁴. The total number of undergraduates accepted to UK higher education institutions has increased from 512,370 in 2014 to 554,470 in 2023.

Aside from undergraduate admissions, the take up of postgraduate study continues to grow considerably. A transformation in postgraduate study – aided by the student loan system, visa changes, a desire for additional qualifications and universities looking to generate increased revenue means 538,375 students, representing over one quarter of students, now study at this level full-time⁷. The latest dataset from HESA, for the 2021-22 academic year, reports that full-time postgraduate student numbers have grown over 54 per cent since the 2017/18 academic year⁷.

538,000

Postgraduate students, now represent over one quarter of the total student population.



Our market | continued

PBSA Supply

The PBSA sector continues to suffer from a severe undersupply of high-quality bedspaces, but this is highly contrasting across locations. Cushman and Wakefield reports that 718,805 PBSA beds were operational for the 2023/24 academic cycle in the UK, with 12,195 new beds delivered for the academic year. Of the total beds in the market, 41 per cent were direct let and 37 per cent were university owned. The net increase in beds compared to 2022/23 was only 8,760, as older university accommodation and first-generation privately-owned assets were removed from operation for refurbishment⁴. This amount reflects the lowest delivery of PBSA beds in a decade and highlights the planning and viability challenges facing developers, with inflated construction costs and costly financing hurdles⁴. Cushman and Wakefield reports that only 16 markets can now feasibly sustain the necessary rent levels to support a viable PBSA development without further rent increases⁴.

8,760

2023 increase in PBSA beds, the lowest delivery of beds in a decade.

Furthermore, the supply of new PBSA has been limited by the need for owners to modernize existing stock and recent legislative shifts to improve health and safety standards, including the Building Safety Act and Fire Safety Act⁴. In the private rented market, non-institutional landlords face increased challenges with strengthening regulations on Houses in Multiple Occupation (HMO), higher borrowing costs and reducing political support. This is expected to reduce supply and place further upward rental pressure on PBSA. Research by CBRE estimates that 400,000 private rented homes have been sold in recent years, contributing to a shortage of HMOs which form a key accommodation option for students, particularly domestic domiciled returners⁵. Despite deliveries remaining at a historic low, a national development pipeline of 131,211 PBSA beds remains, 57 per cent of which (74,000 beds) have planning approval, with 22,000 beds expected to be delivered for 2024/25⁴. This potential supply is not uniformly distributed across the UK and is often not aligned to addressing the well published shortfalls. However, given the unfavourable market conditions for development, it also seems unlikely that all of these beds will materialize in the market.

Investor Activity

In 2022, the investment in UK PBSA achieved a record £7.1bn even with the wider market investment activity dampening in the second half of the year, following the £3.3bn acquisition of the Student Roost portfolio. Selective investment activity continued in 2023, with transaction volumes falling to £2.8bn, the lowest level since 2018. In 2022, 57,508 beds were transacted regionally and 5,013 beds were transacted in London, but this fell in 2023 to 19,649 regional beds and 3,595 London beds⁶. This reduction reflected other property sectors as investors reacted to the challenges of inflation and rising interest rates.

After a slow Q1, Q2 saw an increase in volume as pricing confidence and debt availability began to return, with several portfolios transacting.

In May 2023 DIF Capital Partners purchased the 4,500 bed, eight asset Ottoway Portfolio from Arlington Advisors for £300m and in Q3, Savills IM purchased a 1,292-bed portfolio from Vita for £295m, reflecting 5.35 per cent⁶. Later in the year, Cain and Menora purchased 1,481 beds from Fusion for £350m and Harbert purchased the regional 1,300 bed 'Project Skyfall' portfolio from Starwood and Round Hill for £150m. iQ purchased the 458-bed Havannah House in Glasgow for £60m, reflecting 5.50 per cent and later in the year two assets from Downing, The Mont in Edinburgh reflecting 5.50 per cent and Vega in Vauxhall reflecting 4.75 per cent. Forward funding deals were struck, as KKR agreed to forward-fund Watkin Jones' 819-bed scheme in Bedminster, Bristol for £100m and M&G committed to fund McLaren's 319-bed scheme in Nottingham for £52m, reflecting 5.25 per cent⁶.



Transaction volumes fell to

£2.8bn

in 2023, the lowest level since 2018, reflecting the challenges faced by rising interest rates and inflationary concerns.



Market Yields – Best in Class, Direct Let

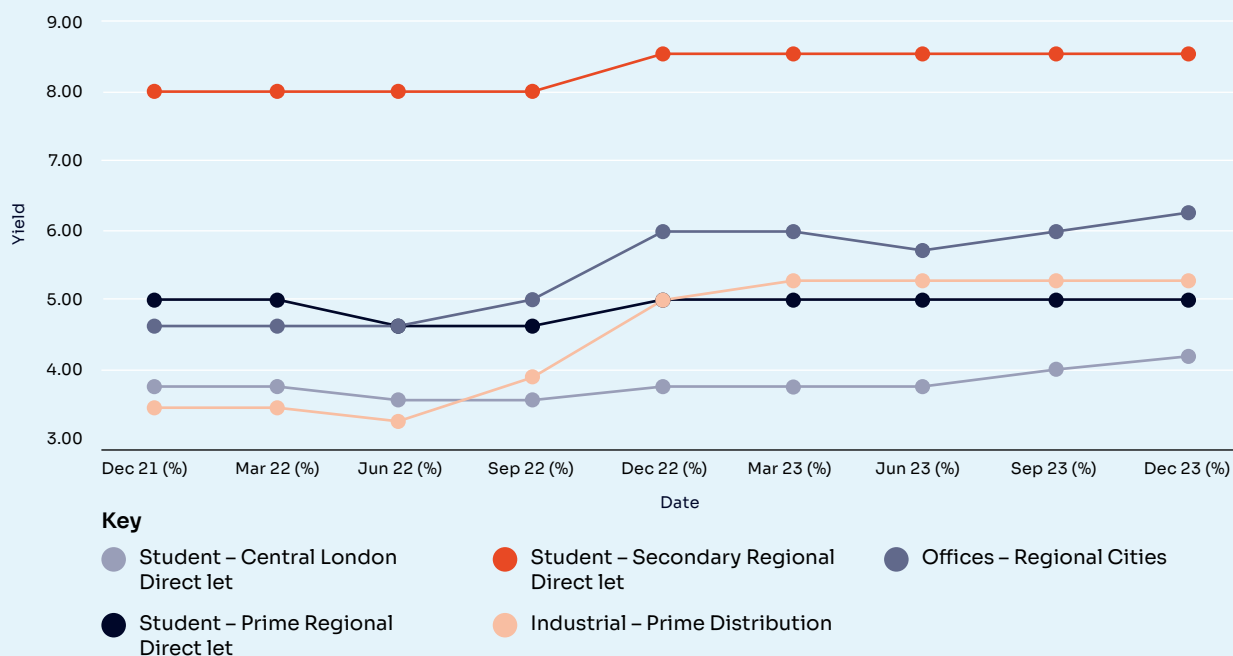
In 2023, CBRE's benchmark Direct Let PBSA investment yields have held stable in both Prime Regional (5.00 per cent) and Secondary Regional (8.50 per cent) locations, with Central London softening 50 basis points to 4.25 per cent. Comparatively, Prime Distribution industrial yields softened 25 basis points to 5.25 per cent and Regional Cities offices softened 25 basis points to 6.25 per cent in the same period². Between June 2022 and December 2023, other sector yields have softened much more significantly than PBSA. In the period, Central London and Secondary PBSA yields have softened 75 basis points and 50 basis points respectively with Regional Cities offices and Prime Distribution softening 150 basis points and 200 basis points respectively. All UK property sectors have been impacted by higher interest rates, which rose from 5.00 per cent in December 2022 to 5.25 per cent in December 2023⁹. Daily SONIA rates also increased from 3.43 per cent in December 2022 to 5.19 per cent in December 2023⁹. Gilt levels fell slightly after peaking during the year, with five-year gilts falling from 3.66 per cent in December 2022 to 3.46 per cent in December 2023¹⁰.

The decline in PBSA investment volumes reflects the wider macroeconomic trends of 2023 which contrast with the robust occupational student market, where demand for student accommodation remains strong, occupancy rates are high, and many markets are affected by lagging development pipelines. The average rental growth for direct let beds in the UK is poised to set another impressive year, having reached 10 per cent for the academic year 2023/24. It is these factors that support PBSA's status as a top-performing UK real estate sector, attract new investor capital and underpin investors' long-term confidence in the sector⁴.

5.0%

Prime regional investment yield,
stable during 2023.

CBRE Benchmark Investment Yields



Sources:

- 1 UK Purpose-Built Student Accommodation Index 2023 | CBRE UK
- 2 CBRE Investment Yield Sheet Dec 2023.
- 3 UCAS Undergraduate end of cycle data resources 2023 | Undergraduate | UCAS
- 4 UK Student Accommodation Report | United Kingdom | Cushman & Wakefield (cushmanwakefield.com)
- 5 UK Real Estate Market Outlook 2024 | CBRE UK–CBRE Insight Tool.
- 6 Knight Frank Transaction Schedule November 2023.
- 7 Who's studying in HE? | HESA
- 8 Bank Rate history and data | Bank of England Database
- 9 SONIA interest rate benchmark | Bank of England
- 10 UK5Y-GB: 3.714% +0.017 (0.00%) (cnbc.com)



Business Model

Our business model combines a high-quality, characterful portfolio of **Purpose-Built Student Accommodation** with an efficient in-house operational platform, designed to grow and create long-term sustainable returns for our Stakeholders.



Key strengths

Portfolio

We have an attractive, characterful portfolio that offers high-quality, well located accommodation for our customers.

Our people

Our people are key to our customers' journey. Our passionate and committed colleagues allow us to deliver hassle-free student accommodation with a sense of community and belonging that supports mental health and wellbeing.

Specialist knowledge

We have a knowledge to acquire, develop and operate high-quality, sustainable student accommodation.

Brand

Hello Student® is a leading, Platinum certified, brand providing clear identity in the PBSA market.

Data analytics

We drive improvements in customer experience and performance through data analytics. We seek to understand behavioural characteristics using both geographic and demographic segmentation.

Financing

We have an appropriately leveraged balance sheet with strong liquidity allowing the business to be proactive and capitalise on opportunities as they arise



How we add value

Our culture

Our customers and our people are our key focus. We aim to deliver stand-out customer service, which in turn drives occupancy and financial returns through working together.



Outcome

Customers

Our customers benefit from having a great home to live in during their studies, at all-in rent that represents best value.

NPS in the Global Student Living Index

+30.5

Higher than PBSA private hall average +13

Shareholders

Shareholders benefit from Total Returns which are underpinned by income and continued rental growth.

Total accounting return

7.6%

Our people

Our people have the opportunity to develop their careers in an exciting and growing sector.

Colleague Engagement Score

85%

Suppliers

Fostering long-term relationships with high performance, service-oriented suppliers and service providers who align with our values.

Communities

The communities in which we operate benefit from increased employment, reduced pressure on local housing stock, and from the improvements we fund to social infrastructure in the surrounding area.



Locations/specifications

We are selective about where we invest, with a focus on the towns and cities that are home to the most successful universities and where student numbers are rising faster than average. We select sites based on their compatibility with the types of accommodation we provide and their proximity to universities and amenities.

Our buildings have on average around 100 beds, which helps to foster a more homely, collegiate feeling to living. However, through our clustering strategy we are able to yield the economies of scale which are generated from larger buildings.

Operate

Our assets are marketed through our Hello Student® platform, a clear and identifiable brand. Encouraging our people to live our values helps ensure that customers have the best experience possible, driving improved occupancy and returns. We have a student Wellbeing Manager and welfare programme in place to ensure that we provide the 24/7 support that our customers can expect when they stay with us.

Acquire/develop

We acquire standing assets when an opportunity arises which complements our portfolio and core strategy.

We consider developing assets when we can acquire them at a greater yield on cost than acquiring standing assets. Forward-funded projects are typically less complex than direct developments and have a lower risk profile, as the planning and construction and risk lies with the third-party developer. These projects also have lower staffing requirements and benefit from a forward-funding coupon charged to the developer. However, we have a strong and proven track record in direct development too.

Recycle

We invest in our portfolio for the long term, however we continually review the portfolio to ensure capital is effectively allocated. Where an opportunity exists to create improved returns for shareholders we are unemotive about recycling capital to create greater value.



Our strategy

Delivering against our strategic objectives



1. Customers

Strategic objective

Our customers are at the heart of what we do. We want our customers to have a great experience and stay with us year after year and to recommend us to their friends. We aim to achieve customer satisfaction by creating vibrant communities in our homes and by giving our customers a sense of safety, wellbeing and belonging in an environment of high-quality communal areas and facilities.

We aim to deliver a friendly personalised service and be there when our customers need us.

Progress in the year

- Our net promoter score was +30.5, compared to PBSA private hall average +13.
- 60% of customer queries now resolved within 72 hours.
- Continued the roll out of our Post Grad exclusive product with the opening of a second scheme in Nottingham.
- Awarded Platinum Operator Certification from GSLI.

Associated KPIs



Key aims for 2024

- Continue to improve our NPS score.
- Improve customer safety satisfaction scores as measured by Global Student Living Index.
- Mental Health First Aiders in place at all our sites.

Associated risks



2. Brand

Strategic objective

We want to raise awareness of the Hello Student® brand among students, to support our premium accommodation and service offering. We want to be known as a responsible provider.

Progress in the year

- 12 further sites fully re-branded.
- Embedded brand experience proposition to align customer experience across all sites.
- Further improved NPS scores.
- Implemented customer happiness index.

Associated KPIs



Key aims for 2024

- New website to enhance digital brand experience.

Associated risks



KPI Links

- A.** Rebooker Rate
- B.** Net Promoter Score
- C.** Revenue Occupancy
- D.** Safety – Number of Accidents
- E.** Colleague Engagement
- F.** Energy consumed per bed
- G.** EPC risk mitigation
- H.** Gross Margin
- I.** EPRA earnings per share
- J.** Dividend Cover
- K.** EPRA Net Tangible Assets per share
- L.** Total Return

Risks Links

External Risks

- E1.** Revenue Risk
- E2.** Property Market Risk
- E3.** Climate Change Risk
- E4.** Financing Risk
- E5.** Inflation Risk

Internal Risks

- I1.** Health and Safety Risk
- I2.** Information technology Risk
- I3.** People Risk
- I4.** Safe and Sustainable Buildings Risk



3. Our People and Operations

Strategic objective

We are committed to making Empiric “a great place to work” and destination of choice for candidates wanting to work in the student accommodation sector; through this we will be able to deliver a high standard of customer service.

We will continually enhance our in-house functions and performance coach our colleagues to help them provide the best and most efficient customer service experience.

Progress in the year

- Employee turnover reduced to <15%.
- 51% of eligible vacancies filled by internal promotions.
- Health and safety compliance 95%.
- 21% of responding employees identify as being from an ethnic minority.

Associated KPIs

A B C D E

Key aims for 2024

- Achieve health & safety compliance score above 95%.
- Launch apprenticeship scheme.
- Provide training and accreditation to maintenance operatives to enable them to become certified for electrical repairs.
- Set company diversity target.

Associated risks

E1 E3 E4 I1 I2 I3 I4

4. Building

Strategic objective

We will maximise the value from the asset portfolio by actively managing the portfolio to recycle capital and to improve returns and sustainability. This is achieved by maintaining a portfolio of well located investments with attractive yields and rental growth opportunities.

Progress in the year

- Core disposal programme materially completed with over £43m generated from sales in 2023.
- Completed the refurbishment of 254 rooms.
- Completed the roll-out of our second post-grad site in Nottingham.

Associated KPIs

A B C D F G H

Key aims for 2024

- Refurbish a further 250+ rooms for launch of new academic year.
- Exceed EPC B or better target covering more than 55% of the portfolio.
- Target 75% EWS 1 compliance.
- Detailed planning consent for an additional 250+ rooms at Victoria Point, Manchester.

Associated risks

E1 E2 E3 E5 I1 I2 I4

5. Shareholders

Strategic objective

We want to provide our shareholders with attractive sustainable returns. This is achieved through improving the profitability, performance and scale of our portfolio.

Progress in the year

- Fully covered dividend of 3.5p, +27% on 2022.
- Delivered total accounting return of 7.6% for the year.
- Expanded investor relations programme.

Associated KPIs

A B C D F G H I J K L

Key aims for 2024

- Leverage operational platform for growth in beds under management.
- Shareholder advisory vote on two year ESG plan.
- Remove short-term refinancing risk.

Associated risks

E1 E2 E3 E4 E5 I1 I2 I3 I4

KPI Links

- A. Rebooker Rate
- B. Net Promoter Score
- C. Revenue Occupancy
- D. Safety – Number of Accidents
- E. Colleague Engagement
- F. Energy consumed per bed
- G. EPC risk mitigation
- H. Gross Margin
- I. EPRA earnings per share
- J. Dividend Cover
- K. EPRA Net Tangible Assets per share
- L. Total Return

Risks Links

External Risks

- E1. Revenue Risk
- E2. Property Market Risk
- E3. Climate Change Risk
- E4. Financing Risk
- E5. Inflation Risk

Internal Risks

- I1. Health and Safety Risk
- I2. Information technology Risk
- I3. People Risk
- I4. Safe and Sustainable Buildings Risk



Chairman's statement

We remain encouraged by the outlook for our business and the wider sector

The macro-economic climate remained challenging throughout 2023 with high inflation and interest rates, governmental policy changes, and ongoing geo-political uncertainty. Despite these headwinds we remain encouraged by the outlook for our business and the wider sector.



“2024 marks ten years since the Company’s IPO and I’m pleased to say that the business hasn’t been in better shape. The transformation of operational capabilities is complete and delivering for all stakeholders. We remain encouraged by the outlook for the sector and the opportunities for the business and its future.”

Mark Pain | Non-Executive Chairman



Continued undersupply of high quality student accommodation, particularly in key Russell Group aligned university towns and cities has helped drive occupancy. We achieved 99 per cent occupancy for the second academic year in a row. Our premium quality accommodation and customer service proposition continues to appeal to both the international and domestic student market, with further improvement in our Net Promoter Score and attainment of GSLI's prestigious platinum operator certification.

Income growth underpins valuation performance

Our direct-let model coupled with dynamic pricing capabilities has delivered rental growth for the academic year 2023/24 of 10.5 per cent like for like. Strong rental performance has entirely offset a 30 basis point yield softening across our property portfolio in 2023, delivering portfolio valuation growth of three per cent like for like. We are encouraged by the resilience of the purpose-built student accommodation sector when viewed in contrast to other real estate investment sectors.

Governance

The Board has met regularly throughout the year by way of formal meetings, informal calls and during an annual strategy away day. The Board delegates certain responsibilities to its Committees which also meet throughout the year. Details of the Board, its operations and the reports from its various Committees can be found on pages 79 to 109.

Building a sustainable business

At the core of our proposition is a commitment to create a sustainable business with a social and economic legacy for all stakeholders.

In August 2022 we published the Group's Net Zero strategy and established our target to achieve net zero as a business by 2033. We have created interim targets for the forthcoming two year period to 2026. This plan will be subject to an advisory shareholder vote at the forthcoming Annual General Meeting. It is our intention to bring future plans and associated targets back to shareholders every two years.

The Board has significantly accelerated investment in green initiatives, having allocated up to £12.0 million towards making our buildings more energy efficient, less carbon emitting and to further manage future EPC risk across the portfolio. As part of this initiative, we are on track to advance decarbonisation at 16 sites during 2024, with four newly decarbonised properties scheduled to be completed in early 2024. We are proud to have achieved our 2025 EPC target over a year early with 51 per cent of the portfolio now rated EPC B or better.

The Group continues to champion wellbeing initiatives for our customers and employees. Hello Student hosts a calendar of social events throughout the year. Students have 24/7 access to our welfare programme and during the year the Company appointed a full time Welfare Manager, further demonstrating our commitment to this important and greatly valued aspect of our business. Our workforce is stable and engaged, with improved levels of retention and employee engagement.



99%

occupancy level for the second academic year in a row

Students have access to our welfare programme

24/7



Chairman's statement | continued

Health and Safety

Health and Safety is a critical area of attention for the Board. We continue to enhance our monitoring and investment in prevention and mitigation to ensure all our buildings are as safe and secure as possible. Key priorities in 2023 included greater focus on external audit, training and contractor management.

Board appointments and succession

The Board has benefited from an experienced and stable leadership team during 2023, with both Donald Grant and Clair Preston-Beer having joined the Board in 2022. Both have settled in well bringing a wealth of experience that has been complementary to Board dynamic and strategic outlook.

Lisa Hibberd joined in February 2024 and will replace Apex Secretaries LLP as Company Secretary to the Board from 31 March 2024. Lisa has over 15 years' experience as Company Secretary in the listed real estate sector.

The Board evaluation concluded that the Board and its Committees have continued to operate effectively throughout the year. Please see page 82 for further details.

Dividends

Alongside our 2022 full year results announced in March 2023, the Company set a dividend target for the financial year of 3.25 pence per share. With stronger than expected growth in like for like rents achieved and occupancy having exceeded target, sufficient confidence existed to increase the full year target to 3.5 pence per share. In November 2023, the Board confirmed this target and today's announcement of the final payment in respect of the 2023 financial year marks the achievement of this target. The full year payment represents a 27 per cent increase in dividends paid, year on year.

The Board intends to continue to make quarterly payments to shareholders throughout 2024. It is the Board's intention that dividends remain fully covered by recurring earnings, and are progressive in nature. Given the strong occupancy and like for like rental growth achieved for the 2023/24 academic year, and ongoing expectations in respect of the forthcoming academic year, tempered by inflationary pressures, particularly in respect to energy costs, the Board will target a minimum dividend of 3.5 pence per share for the financial year to 31 December 2024.

Annual General Meeting

The Annual General Meeting held on 24 May 2023 was well attended by shareholders and we were pleased to announce that all resolutions were passed.

The Company's 2024 Annual General Meeting will be held on 22 May 2024. We will host a physical meeting which provides an opportunity for shareholders to meet with members of the Board. Further details about the time and location of the meeting are provided in the Annual General Meeting Notice which is published separately and available on the Company's website.

Looking ahead

The attractiveness of the UK's top quality universities continues to appeal both internationally and domestically, with demand and supply imbalance expected to continue for the foreseeable future.

We've experienced an encouraging start to the sales launch of academic year 2024/25 and are optimistic of achieving occupancy rates above 97 per cent again, our measure of effectively full.

“Health and Safety is a critical area of attention for the Board. We continue to enhance our monitoring and investment in prevention and mitigation to ensure all our buildings are as safe and secure as possible.”

The Board will target a minimum dividend payment of 3.5 pence per share

3.5p



With the repositioning of the portfolio now materially complete, the Board's attention will continue to focus on routes to growth. The success of the Group's Post Grad pilots, in Edinburgh and now also in Nottingham, continues to demonstrate the potential of this market. Since year end, we have been pleased to complete on the acquisition of a former office block, excellently located near an existing operational site in Bristol, a city that has performed extremely well in recent years. Four further opportunities remain under offer in Top Tier university cities, which are complementary to our core strategy, offer long term earnings accretion and are in locations where we have an existing operational presence.

Finally, on behalf of the Board, I would like to thank our employees and all stakeholders who have supported the Company during the year. With your continued support, we look to 2024 with continued optimism.

Mark Pain | Non-Executive Chairman
13 March 2024



“The attractiveness of the UK’s top quality universities continues to appeal both internationally and domestically, with demand and supply imbalance expected to continue for the foreseeable future.”



Chief Executive Officer's Review

Well poised for growth

Fuelled by the acute undersupply of well located, high quality student accommodation in key university towns and cities across the UK, we successfully filled our rooms quickly and through our dynamic pricing capability we achieved upper quartile rental growth performance.



“Building on 2022, the business has again delivered a year of record achievements, culminating in a very strong financial and operational performance.”

Duncan Garrood | Chief Executive Officer



2023 saw our best ever rebooker campaign, with 22 per cent of rooms sold to students who were already staying with us; a tangible validation of customer satisfaction and the value inherent in our service proposition. Overall, we achieved occupancy above 99 per cent for academic year 2023/24 and this momentum has continued into the start of the sales programme for the forthcoming academic year.

Outstanding like for like rental growth of 10.5 per cent was secured, surpassing expectations multiple times during the sales cycle. This is testament to our strategy of selling rooms on a direct-let basis and our now well embedded dynamic pricing system. Underpinned by strong rental growth, our portfolio valuation grew a further three per cent like for like. The balance sheet is in good shape with a prudent level of gearing, comfortably in line with our long-term target, and refinancing risk has been well managed.

We've been pleased to grow our shareholder distributions by 27 per cent year on year, and deliver a total accounting return of 7.6 per cent.

Strong market fundamentals continue

Demand and supply imbalance continues unabated. Participation rates in the UK's higher education sector remains historically high with over 2.2 million full-time students. China remains the dominant domicile of

international students, but shifting demographic trends demonstrate the attractiveness of a relatively affordable UK higher education to a growing number of students from other international markets, particularly India. The UK remains a very attractive high quality, and affordable higher education destination of choice.

A clear flight to quality is continuing, with higher tariff, typically Russell Group, universities experiencing year on year growth in acceptances to the detriment of medium and lower tariff universities. This validates our strategy of focusing our portfolio on these cities, which deliver growth and encourage investment.

The take up of post-graduate studies has grown considerably, aided by the student loan system, visa changes and the desire for further qualifications, while meeting the need of UK universities to generate additional revenue. One quarter of all students now study at post-graduate level full time.

The year saw a net increase in Purpose Built Student Accommodation ("PBSA") beds of only 8,760, the lowest in a decade. This highlights the challenges faced, including planning, construction costs and increased interest rates. Legislative changes have driven more than 400,000 private rental properties from the market, contributing to a decline in HMOs, our main competitive

market. This has driven more students, particularly domestic students, towards PBSA operators like ourselves.

Driving occupancy and rental growth

The investment in our operational capabilities, completed over the past couple of years, continues to deliver results.

Internalising our capabilities has allowed us to put our customers first and deliver a high quality experience, which has been paramount in the development of our strategic priorities and improved rent performance. Our key performance indicator in this regard is the Global Student Living Index's Net Promoter Score. This year our operating brand, Hello Student, successfully achieved a further improvement to +30.5 (2022: +27), significantly outperforming the benchmark All Private Halls score which scored +13. In addition, Global Student Living awarded Hello Student the accolade of platinum operator, only awarded to a very small number of PBSA operators, a certification standard we are extremely proud to have achieved and a reflection of our commitment to a personal, high quality, customer service proposition. We strive to help our customers make the most of their university experience by making their lives as simple and fulfilling as possible.



Outstanding like for like rental growth of

10.5%



Chief Executive Officer's Review | continued

Great customer service drives demand for our rooms. 22 per cent of our rooms for academic year 2023/24 were sold to students who were already staying with us, helping create a sense of community and allowing us to eliminate costs associated with customer acquisition and associated costs of turnaround for a quarter of our rooms. This is a great achievement considering at least a third of students complete their higher education journey each year.

The strategic shift in the portfolio away from secondary locations in favour of clustering premium quality properties in prime, undersupplied cities within close proximity to top-tier universities, positioned the portfolio well to capitalise on our dynamic pricing capability, maximising revenue relative to underlying demand.

As academic year 2023/24 began, we had sold over 99 per cent of our rooms achieving like for like rental growth of 10.5 per cent, materially ahead of our base pricing uplift of seven per cent.

We continue to attract a greater proportion of UK students than in pre-Covid years. For academic year 2023/24, UK students represent 49 per cent of all bookings, the balance comprising 32 per cent Chinese and 19 per cent other international. Notwithstanding the UK governments rhetoric in respect to restricting visa applications for international students, and in particular their dependants, this demographic has changed little over the past three years underlining our focus on top-tier universities and the studio-led nature of our accommodation.

We will continue to target those international markets where we are underweight relative to the opportunity available.

Active property management

In early 2021 we set out a plan to dispose of a modest portfolio of non-core assets. At the time those assets identified for disposal represented approximately 10 per cent of the portfolio, a little over £100.0 million by value. In addition, 16 per cent of the portfolio was earmarked for extensive refurbishment to bring the standard of

accommodation in line with what is considered to offer an on-brand customer experience.

By the end of 2023, we had disposed of properties valued at £101.2 million, of which six properties valued at £43.4 million were sold during 2023, with over £30.0 million remaining under offer. In aggregate, disposals completed to date were achieved at a four per cent premium to their respective book value at the point of sale. With this programme now materially concluded, we expect to see a more normalised churn in the portfolio going forward.

Proceeds from the disposal programme have largely been deployed into our core portfolio, either to fund the refurbishment programme, acquisitions, our ongoing programme of fire safety works or toward debt prepayment pending substitution.

In 2021 we outlined a five year refurbishment plan with an estimated cost of £36.0 million. At 31 December 2023, those properties earmarked for extensive refurbishment had reduced to eight per cent of the portfolio by value, with £21.4 million invested to date. The annual refurbishment programme is ongoing, targeting the delivery of between 250 and 350 beds annually. The refurbishment cycle for 2023 was completed to plan, delivering 254 fully refurbished beds and associated amenity areas across six core locations in advance of the new academic year, with a further 220 rooms receiving a light refurbishment. In addition, our second Post Grad exclusive site at Talbot Studios in Nottingham was completed and welcomed students from September 2023.

One of our larger properties, Brunswick Apartments, Southampton has been closed for the duration of the 2023/24 academic year for refurbishment. This 173 bed property will reopen to students from September 2024 following a full room and amenity refurbishment, alongside fire safety, energy efficiency and Net Zero related works.

A variety of acquisition opportunities were at various stages of negotiation, including under offer at 31 December 2023. These acquisitions are complementary to our core strategy, in locations where we have an

existing operational presence and will be accretive to earnings. In February 2024 we were pleased to complete on the acquisition of a former office building in Bristol, which is located firmly in the centre of our existing cluster within the city. This building will be reconfigured to provide high quality student accommodation which we expect to deliver for academic year 2025/26.

Acquisition properties valued at over £20.0 million remain under offer in Top Tier university cities.

Having spent considerable time in 2023 performing due diligence on the post-graduate market across our key cities and identifying an appropriately aligned seed portfolio, conversations with a small selected number of interested parties commenced in late 2023. The objective of these conversations was to establish the depth of appetite to form a joint venture as a means to accelerate the roll out of this product and in turn grow our business. These conversations continue, including visits to sites and management meetings, as we now progress toward identifying the party with whom we may enter a period of exclusive negotiation and due diligence. We will continue to keep investors informed of progress.

Supporting our customers and delivering consistent service

Every area of our business is encouraged, and motivated, to provide a customer first philosophy. We remain acutely aware that with rising rents our customers expect an increasingly high quality experience and value.

Our Student app has continued to provide a platform for greater and more timely customer engagement and a means to improve our service offer. We are able to respond to customer service requests in a more timely and structured manner. Students have the ability to monitor our progress toward resolution of issues raised, receive site related information, be notified when parcels are available for collection, when social events are arranged or to facilitate networking. In addition, this year during the annual turnaround of customers, the app was key to facilitating the check in process, removing considerable administrative time and improving overall customer experience. Pleasingly, we have been nominated for the award of Best Check-in Experience in 2024.

The most substantive evidence of customer service and the benchmark we use within our business is the Global Student Living Index's Net Promoter Score. We are proud to report that our NPS score has improved again this year, from +27 to +30.5. To put this in context, the latest NPS score for all private purpose built student accommodation was +13, whilst the score for university halls was +8. Of our customers, 85 per cent rate us good or very good, which benchmarks very well against some of the highest performing UK service providers.

The wellbeing of our customers is of paramount importance to us. Hosting young adults during what for most is a highly challenging time of their life, is a responsibility we have to both customers and their parents alike. To further support our service provision in this important area, we have appointed a Wellbeing Manager who brings expertise as an accredited Mental Health First Aid Instructor and Sexual Violence Liaison Officer and will be pivotal to embedding mental health first aid training across all our sites. We take the welfare of our team and customers extremely seriously.

We were proud to see our efforts in this area acknowledged when we were certified as a Platinum Operator by Global Student Living in June 2023.



“The most substantive evidence of customer service and the benchmark we use within our business is the Global Student Living Index's Net Promoter Score. We are proud to report that our NPS score has improved again this year, from +27 to +30.5.”



Chief Executive Officer's Review | continued

Developing our people

At the heart of our business are the people that design, support and deliver great customer experience and buildings. By rewarding, training and developing our people we ensure our brand remains at the leading edge of customer service and experience.

There is good rationale for focussing on employee development, retention and engagement. During the year we increased our retention rate to 85 per cent, which is extremely high in the service industry, whilst internal promotions accounted for over 50 per cent of all non-entry level vacancies.

We are proud members of the Real Living Wage Foundation, meaning our lowest paid employees are paid above the minimum wage and received salary increases mitigating inflation. During a time of increased pressures on cost-of-living we were pleased to be in a position to support our employees, with average compensation increases of 4.4 per cent in 2024.

Having invested in our people, their wellbeing and various engagement initiatives, we are pleased to report that our colleague engagement score was 85 per cent, which continues to compare favourably to the national average.

Safety

We are responsible for ensuring that everyone who is living, working in or visiting our buildings is kept safe. We ensure that our buildings comply with not only all relevant regulations but also with best practice within the industry.

There has been considerable focus on fire safety again this year. Having allocated £46.0 million toward a five year programme of fire safety initiatives, we have continued to progress works on a risk based basis. In 2023 we invested a further £6.9 million towards attainment of the latest EWS1 certification standard, bringing total investment to date in this area to £24.5 million, an investment which is fully reflected within property valuations. By 31 December 2023, 69 per cent of the portfolio had achieved EWS1 certification and we remain on track to meet the objectives outlined in the five year plan.

Our buildings continue to be inspected on a regular basis to ensure that we identify and eliminate hazards. To assess the buildings, we have engaged with specialist consultants to undertake thorough assessments of general safety, hazards, prevention of fire risks and water systems.

In response to concerns surrounding the use of Reinforced Autoclaved Aerated Concrete ("RAAC"), we commissioned external surveyors and structural engineers to assist with a portfolio wide review based on construction type and building age. Onsite inspections did not identify this material at any of our medium or high risk properties.

Becoming a sustainable business

Following the 2022 publication of our full Net Zero strategy, the year has seen a number of building blocks put in place to facilitate the implementation of this plan.

The Board agreed an initial capital allocation of £12.0 million towards green initiatives, focused primarily on decarbonisation, EPC risk management and driving behavioural change. The Company tendered and appointed energy advisers during 2023 as well as appointing an energy Project Manager, who brings extensive prior experience implementing decarbonisation initiatives at operational sites. In early 2024, four further decarbonised sites were delivered with a further four in progress. Good progress has been made in the management of EPC risk, with 51 per cent of our sites now rated EPC B or better, a target achieved over a year earlier than was envisaged in our Net Zero strategic plan, showing our focus on delivery.

The business remains committed to achieving Net Zero by 2033. As part of this journey, our plan, including interim targets for the next two years, will be subject to an advisory shareholder vote at the forthcoming Annual General Meeting.

Further details are set out in the ESG report on page 46.

Strategy and outlook

As we move forward into 2024, the outlook for our business and the wider sector looks very strong. Having already secured over 60 per cent revenue occupancy for the 2024/25 academic year, we are confident of achieving another successful year from an occupancy perspective. As inflation tempers, so would we expect rental growth, however we believe like for like rental growth in excess of six per cent can be achieved this year.

Our strategic focus now shifts to driving operational efficiencies through growth. Acquiring or developing new sites in top-tier cities that are close to well-located existing sites will enable us to exploit our clustering strategy and realise further the benefits of scale. In addition, we continue to explore opportunities to accelerate the roll out of our post-graduate product.

In line with the continuous focus on improving customer experience, we expect to invest in a new end to end ERP system and associated customer facing website upgrade in 2024. This will improve the booking experience further and make it easier for customers to secure a room with us. Further, we'll continue to invest in our people to ensure stability and engagement is retained and more time will be spent on talent mapping to underpin our future. Finally, we will continue the roll out of our brand across key locations, which helps drive down the cost of customer acquisition and improved operational margins.

Having increased the dividend target in the final quarter of 2023 to 3.5 pence per share, and today declaring a dividend in line with that plan, the Board remains confident in targeting a minimum dividend of 3.5 pence per share for the 2024 financial year.

Duncan Garrood | Chief Executive Officer
13 March 2024





“Our strategic focus now shifts to driving operational efficiencies through growth.”



Strategy in Action

Customer wellbeing

Customer experience, mental health and wellbeing are of the utmost importance to us as a business both commercially and as a duty of care for the continued safety of our customers.

Survey data from Global Student Living informed us that there remained areas we could continue to improve upon.

As a result, a programme of work was built to address the feedback received and once implemented it delivered significant improvements in our customer survey scores, culminating in our Hello Student brand being awarded Platinum Operator certification.



We recognise from regular third-party customer surveys that a student's accommodation, both in terms of the quality and design of the building as well as the service they experience can have a marked impact on mental health and wellbeing. In survey data collected in 2022, 68 per cent of our respondents said they felt that their accommodation team cared about their wellbeing, with 64 per cent saying that the accommodation as a whole had a positive effect on their wellbeing. Interestingly, only 37 per cent said that there was a strong sense of community inherent within their accommodation, with 46 per cent saying they struggled with stress and anxiety, 26 per cent with loneliness.

As a result, in 2023, we designed a programme of events for students to engage in, aimed at bringing students together more often and building that sense of community. This started with asking current students if they'd be prepared to help us welcome new students on check-in day in the Summer. For most new students, this can be a daunting experience and the friendly face of a like-minded individual prepared to 'show them the ropes', helped ease the transition into their new home. All customers, new and current, both fed back that it was a rewarding and fun experience. We also began a programme to improve further our amenity space, with the provision of more flexible space to facilitate

socialising or study in a communal environment. Finally, to reinforce our commitment to wellbeing, we appointed a dedicated Wellbeing Manager who has been tasked with 'training in' mental health first-aiders at all our sites.

Following the roll out of these initiatives, in 2023 we saw a marked improvement in scores received with 74 per cent saying that their accommodation team care about their wellbeing and 76 per cent now saying their accommodation has a positive impact on their wellbeing, comfortably above the industry benchmark for All Private Halls of 63 per cent.

The feeling of a sense of community has seen an incredible improvement from 37 per cent to 63 per cent. The number of residents who have struggled with stress or anxiety has reduced from 46 per cent to 40 per cent and loneliness from 26 per cent to 22 per cent. There is still more work to be done here, but this was a very pleasing improvement, and clear validation that our efforts are delivering results.

The Platinum Operator certification from Global Student Living is the highest status achievable, for which we are all very proud. We received a Net Promotor Score (NPS) of +32 in early 2023 and +30.5 in the late 2023 survey, surpassing our target of +30 for the year.

“The property is really safe, very clean and the staff are so lovely and helpful. The regular events mean you get to meet a lot of new people.”

Supriya | St Andrews



“The feeling of a sense of community has seen an incredible improvement from 37 per cent to 63 per cent.”



Our strategy

Monitoring our performance

Our key performance indicators are central to our business and allow us to monitor our performance against commitments made to our stakeholders.

Linked to strategic priorities and management incentives, these are designed to align with shareholder returns and drive accountability.



Non-Financial KPIs

A. Rebooker Rate (%)

Performance

22%



Purpose

The rebooker rate demonstrates our ability to retain customers within the Hello Student® brand, which is an indicator of the quality of service we provide.

How we measure

Percentage of students staying with us in the previous year who chose to stay with us this year in either the same room or another room in the same site or city.

Associated KPIs



B. Net Promoter Score

Performance

+30.5



Purpose

Allow us to benchmark against our peers.

How we measure

Calculated by the Global Student Living Index from responses received from students staying with us and submitting answers to a standardized questionnaire.

Associated KPIs



C. Revenue Occupancy (%)

Performance

99%



Purpose

The rebooker rate demonstrates our ability to retain occupancy and is a key driver of our revenue demonstrating the quality and location of our assets, the strength of our sales process and our ability to set appropriate rents.

How we measure

Calculated as a percentage of gross annualized revenue we have secured for a given academic year.

Associated KPIs



D. Safety – Number of Accidents

Performance

1



Purpose

This is a key reporting metric to the Health & Safety Executive as well as a measure of our health and safety strategy and procedures.

How we measure

The number of reportable incidents throughout the Group each year.

Associated KPIs





E. Colleague Engagement (%)

Performance

85%



Purpose

Colleague engagement scores provide an insight into the happiness of our people across a range of topics regarding their working environment.

How we measure

Satisfaction rated based on a standardised questionnaire sent to all employees.

Associated KPIs



F. Energy consumed per bed (kWh)

Performance

4,481kWh



Purpose

A key metric to monitor the progress towards achieving 2,000 kWh per bed by 2033.

How we measure

Total building energy intensity divided by the number of operational beds on a like for like basis

Associated KPIs



G. EPC risk mitigation (EPC B or better) (%)

Performance

51%



Purpose

A key metric to allow us to monitor progress towards improving average EPC ratings and delivery of this aspect of our net zero strategy.

How we measure

Percentage of properties by value which have been certified EPC B or better.

Associated KPIs



Strategic Links

1. Customers
2. Brand
3. People and Operations
4. Buildings
5. Shareholders

Definitions

For definitions see page 152.

“My accommodation is very clean, the location is great for town and class. The staff are so friendly, helpful and welcoming with amazing events throughout the year which are well thought out.”

Emma | St. Andrews



Our strategy | continued

“Living with Hello Student is easy, taking all the normal worries out of renting. High speed Internet, wonderful staff on hand if any problems. It couldn't be a better place to focus on your studies and develop.”

Alfie | Falmouth



Financial KPIs

H. Gross Margin (%)

Performance

68.7%



Purpose

The gross margin reflects our ability to drive occupancy and to control our operating costs.

How we measure

Gross profit expressed as a percentage of rental income.

Associated KPIs



I. EPRA earnings per share (p)

Performance

4.0p



Purpose

A consistent measure of recurring earnings which provides comparability and a measure upon which dividend payments are based and assessed.

How we measure

Industry standard earnings metric, calculated in line with EPRA best practice recommendations.

Associated KPIs



J. Dividend Cover (%)

Performance

114%



Purpose

Illustrates our ability to pay dividends from recurring, current year, earnings.

How we measure

EPRA earnings per share expressed as a percentage of dividends paid and declared in respect to the financial year.

Associated KPIs



K. EPRA NTA per share (p)

Performance

120.7p



Purpose

Movement in EPRA Net Tangible Assets per share provides a measure of the Company's value attributable to each and every share on issue.

How we measure

Industry standard calculation of net tangible assets as set out in the EPRA Best Practice Recommendations divided by the diluted number of shares on issue.

Associated KPIs



L. Total Return (%)

Performance

7.6%



Purpose

Change reflects the aggregate value created or lost during the year, through both change in retained capital value and value returned to shareholders in the form of dividends.

How we measure

Percentage change in EPRA Net Tangible Assets per share across the financial year plus dividends paid and declared during the financial year.

Associated KPIs

5

Strategic Links

1. Customers
2. Brand
3. People and Operations
4. Buildings
5. Shareholders

Definitions

For definitions see pages 42 and 152.



Operating Review

Overview

Current market conditions are the strongest we've experienced in recent years. New supply of high quality, well located accommodation, particularly in prime cities, is limited and has been unable to keep pace with increased student participation. Demand has been exacerbated recently by the decline in HMO provision, which when coupled with the ongoing pressure on the cost of living, makes our all-inclusive fixed price model increasingly attractive.

The lettings cycle for academic year 2023/24 tracked eight to ten weeks ahead of prior year during the first half of 2023, with our rooms filling quicker than we've ever experienced. Unprecedented demand, coupled with our direct-let model, enabled us to capture rental growth inflation during the entire letting period. Like for like growth of 10.5 per cent was achieved, surpassing expectations on multiple occasions during the sales cycle.

A strong rebooker programme contributed significantly to the speed at which we filled our rooms and provided the platform to benefit from dynamic pricing. At the start of the year we targeted 20 per cent for academic year 2023/24. In total, 22 per cent of our rooms were sold to students already living with us, with some of our strongest locations achieving rates in excess of 30 per cent.

Portfolio overview

A summary of the Group's portfolio is set out below, segmented in line with our valuer's view of quality. Almost 95 per cent of the portfolio is now aligned to Prime or Super Prime locations.

Since 31 December 2022, the portfolio has grown in value by three per cent, like for like. This is as a result of the continued income growth achieved for the 2023/24 academic year, offset by a weakening of yields, primarily in secondary locations and an increased cost of fire safety works. Overall, the portfolio's net initial yield has increased by 30 basis points to 5.5 per cent. This yield movement reflects reduced investment market activity, which is mainly due to an increased cost of capital, together with the valuer taking a more cautious approach to future income growth until it is sufficiently secured.

With a reversionary yield of 5.7 per cent, confidence exists that as the letting cycle advances for the new 2024/25 academic year, this risk premium should be removed.

Reflected within the like for like growth of three per cent, is a £9.0 million adjustment made during the first half of the financial year to reflect the increased cost of fire safety works. This followed an extensive tendering exercise for our larger properties where works are required to be carried out on their external wall systems ("EWS"). The increase was primarily due to high demand for specialist contractors, the rising cost of scaffolding and revisions required following further intrusive investigations. In arriving at the portfolio's market value, the valuer has applied a pound for pound deduction for the forecasted cost of these works. Like many other real estate investors, we have started compensation claims against a number of lead contractors. Given the conversion and refurbishment nature of a large number of our properties, the likelihood of success is more uncertain and no deduction has been assumed against the costs of remediation.

Valuers quality segmentation

	Properties	Operational beds	Market value £m	Market value %
Super prime regional	25	2,473	500.5	45.6
Prime regional	45	4,331	520.5	47.4
London	1	79	19.7	1.8
	71	6,883	1,040.7	94.8
Secondary	9	1,025	57.2	5.2
Total	80	7,908	1,097.9	100.0

Strategic segmentation

	Segment A £m	Segment B £m	Segment C £m	Segment D £m	Total market value £m	NIY %
Operational portfolio	794.2	84.7	154.3	45.9	1,079.1	5.5
Commercial portfolio	9.7	1.4	1.4	3.3	15.8	7.7
Development portfolio	-	-	-	3.0	3.0	
Total	803.9	86.1	155.7	52.2	1,097.9	
31 December 2023 (%)	73.2	7.8	14.2	4.8	100.0	
31 December 2022 (%)	67.8	11.8	13.3	7.1	100.0	

A portfolio segmentation review was carried out in early 2021 with each property assigned a strategic segment reflecting the Group's investment style, as follows:

Segment A: Properties that are appropriately configured and on-brand and aligned to top-tier universities.

Segment B: Properties that fundamentally meet our key criteria but require extensive refurbishment to become on-brand. If extensive refurbishment is not expected to deliver our IRR return hurdle of 9-11 per cent, then the property is earmarked for sale.

Segment C: Well-located properties clustered around a Segment A property which are configured in a manner that lend themselves better to a conversion to our new brand Post Grad by Hello Student, this is typically based on room mix, size and amenity.

Segment D: These properties are typically not of a size or configuration that lend themselves to become a core Segment A or Segment C scheme, are typically located in a single asset city whereby the benefits of clustering can not easily be realised and/or are not aligned to a top-tier university. These are therefore considered non-core, and earmarked for disposal.

We have seen activity in the investment market return following a period of disruption in the final quarter of 2022, allowing us to progress our non-core disposal programme at pace, particularly in the first half of the year.

We successfully concluded the disposal of six properties during the year, generating £43.4 million, with pricing marginally above their respective book values, in aggregate. The sales cumulatively represent 620 operational beds and have reduced by one the cities in which the Company has an operational presence.

At 31 December 2023, further properties valued at over £30.0 million remain under offer, which once complete will conclude the non-core sales programme which began in March 2021 and has generated gross proceeds of £101.2 million to date.

As we recycle capital from secondary locations or cities where we do not have sufficient scale, we aim to drive operational performance and improved returns through clustering. Progress made over the last 12 months has enabled us to improve our Gross Margin a further two percentage points this year from 67 per cent in the year to 31 December 2022 to 69 per cent.

Refurbishment and development

Our annual refurbishment programme continues to target the delivery of between 250 and 350 beds annually, with the investment into the refurbished rooms typically delivering IRRs of between 9-11 per cent.

This year's annual cycle delivered 231 fully refurbished rooms and associated amenity areas across four core locations ready for the start of the 2023/24 academic year in September, with a further 325 rooms receiving a light refurbishment. Ongoing rolling refurbishments continued into the fourth quarter of 2023 at our sites in Leeds, Cardiff and Birmingham.

In September 2023, we delivered our second post-graduate exclusive site at Talbot Studios in Nottingham. This follows the success of our pilot scheme which opened in Edinburgh in November 2022.

As previously announced, we took the decision to close one of our larger properties, Brunswick Apartments, Southampton for the duration of the 2023/24 academic year. Works began in September 2023 on this 173 bed property, which will reopen to students from September 2024 following a full room refurbishment and the addition of a new amenity provision, alongside fire safety, energy efficiency and Net Zero works. The property is selling well for academic year 2024/25 with aggregate pricing currently ahead of expectations.

Capital expenditure programme

Progress against our five year programme of refurbishment, fire safety works and green initiatives is set out below. The revised plan reflects the increased cost of EWS works as announced in the first half of 2023. In respect to our programme of fire safety works, all properties have been surveyed and 69 per cent of the portfolio has been certified.

	Refurbishment £m	Fire safety works £m	Green initiatives £m
Five year plan (2021 – 2025)	36.1	37.0	12.0
Revision to cost forecast for EWS works	–	9.0	–
Revised plan	36.1	46.0	12.0
Invested to date	21.4	24.5	1.7
Forecast 2024 investment	13.5	14.2	6.0

In addition to the above, ongoing capital life cycling works continue to require around £4.0 million per annum.

Commercial portfolio

We have continued to actively manage the 35-unit commercial estate that generally sits below our operational portfolio, with a number of value-creating

projects completed. Notable deals include finalising an agreement for lease with an Asian supermarket operator on a ten year term in Bristol. This deal will also facilitate the development of new gym amenity space to the rear of the unit. A five year lease renewal was secured with a national bakery chain in Liverpool, at passing rent.

Several asset management initiatives are planned for 2024 to drive value and enhance the student offering onsite. In late 2023 a 12-month lease renewal in Bristol was agreed to ensure an existing tenant could continue trading before taking occupation of a neighbouring commercial space within the estate. Upon achieving vacant possession of this larger unit, we have terms agreed with a Korean restaurant to take a 15-year lease which will facilitate the addition of a new student reception and study zone.

We will continue to seek to regear all qualifying leases where the tenant covenant is strong, namely with our national convenience store tenants.

Acquisitions and developments

A number of attractive acquisition opportunities remain under offer at 31 December 2023 in top tier university cities which are complementary to our core strategy and will be accretive to earnings.

Subsequent to the year end, we were pleased to complete on one of these opportunities, a former office block in Bristol. The extremely well located property sits firmly in the centre of our existing cluster within the city. This building will be reconfigured to provide over 50 high quality new PBSA beds which we expect to deliver for academic year 2025/26.

With the non-core disposal programme now materially completed, we expect to see further selective growth through acquisitions during the first half of 2024.

In early 2024 we plan to submit a planning application in respect to our Victoria Point, Manchester site. The city continues to suffer an acute under supply of PBSA beds and has consistently performed well for us from an occupancy and rental growth perspective. The masterplan, if approved, provides for a full refurbishment of the existing asset together with an over 200 bed extension.



Strategy in Action

Investing in our people

Having internalised all operations during the past three years and as a service business, we strive to develop and retain talent as a means of delivering great customer service.

As a business employing 348 people, we have many highly talented individuals working for us that we aim to identify, train and reward.



Employee engagement

85%

Employee retention

85%

Eligible roles filled by internal candidates

51%



We employ Maintenance Operatives (“MOs”) at our Hello Student sites. These individuals are on hand to resolve routine issues arising from time to time in student rooms or around the wider property amenity. Across the MO team within our business, there is a wide variety of skills, competency and knowledge.

Numerous tasks continue to be undertaken by third party contractors when a repair is outside the remit of the MOs knowledge, training or skill set, yet we realise that there is a desire and genuine enthusiasm amongst many MOs to enhance their knowledge to be able to do more or do it better. This is very much in the Company’s interest too, insofar as a more highly trained MO would likely increase the likelihood of same day repair and reduce the cost of reactive third party repairs.

An investment in developing our people and enhancing the MOs knowledge was therefore perfectly aligned to our strategy of providing great customer service.

We created a preferred skills matrix for MOs. This matrix detailed the role profile for future recruitment, whilst providing a benchmark to assess the skills of our current MOs and identify areas for development.

To date, ten MOs have attended a formal ‘Electrical Fundamentals’ course at the Company’s expense. This has enabled them to carry out basic electrical works, safe isolations, re-energising circuits and equipment, fault finding and equipment replacement. A further group of MOs have expressed a desire to complete the course, which is planned in early 2024.

We have also identified MOs who are happy to teach others, for example in carpentry. We have therefore matched MOs with others who have the skills desired, so that they can become more proficient, learn a new skill or just pick up a few more ‘tips of the trade’. A forum has been established whereby MOs can ask questions, seek help or share ideas and knowledge.

We are proud of our employee engagement score and employee retention rate. Initiatives such as this help foster mutual reward.

“Investing in the development of our people and enhancing their knowledge is perfectly aligned to our strategy of providing great customer service.”



Principal Risks and Viability

The Group seeks to minimise, control and monitor the impact of risks on profitability, reputation and strategic priorities, whilst maximising the opportunities they present in the context of longer-term viability.

The Board regularly assesses the risk appetite of the Group, with the Audit and Risk Committee formally reviewing the effectiveness of our risk management process and internal control systems.

We recognise that a number of risks are faced which could impact on the achievement of our strategy. While it is not possible to identify or anticipate every risk, we have established a robust risk management process to identify, manage and mitigate risk. The Group's process for identifying and managing risk is set by the Board. The Board has delegated the oversight of risk to the Audit and Risk Committee.

Risks are identified by applying a dual approach, 'bottom up' at the operational level having established responsible risk owners throughout the business and layered with a 'top down' or corporate overlay as determined by the Board. Identified risks are assessed by rating each risk gross and net of mitigating controls. The Board considers emerging risks and uncertainties which may prevent the Group achieving its strategic objectives and tracks the evolution of existing and emerging risks throughout the year.

The Audit and Risk Committee reviews the plan bi-annually with the design, implementation and monitoring being the responsibility of management on a day-to-day basis. Risks, both principal and emerging, are considered in terms of their impact and likelihood across a property cycle from both a financial and reputational perspective.

Although not exhaustive, risks facing the Group are categorised into three categories being; external risks; internal risks and emerging risks.

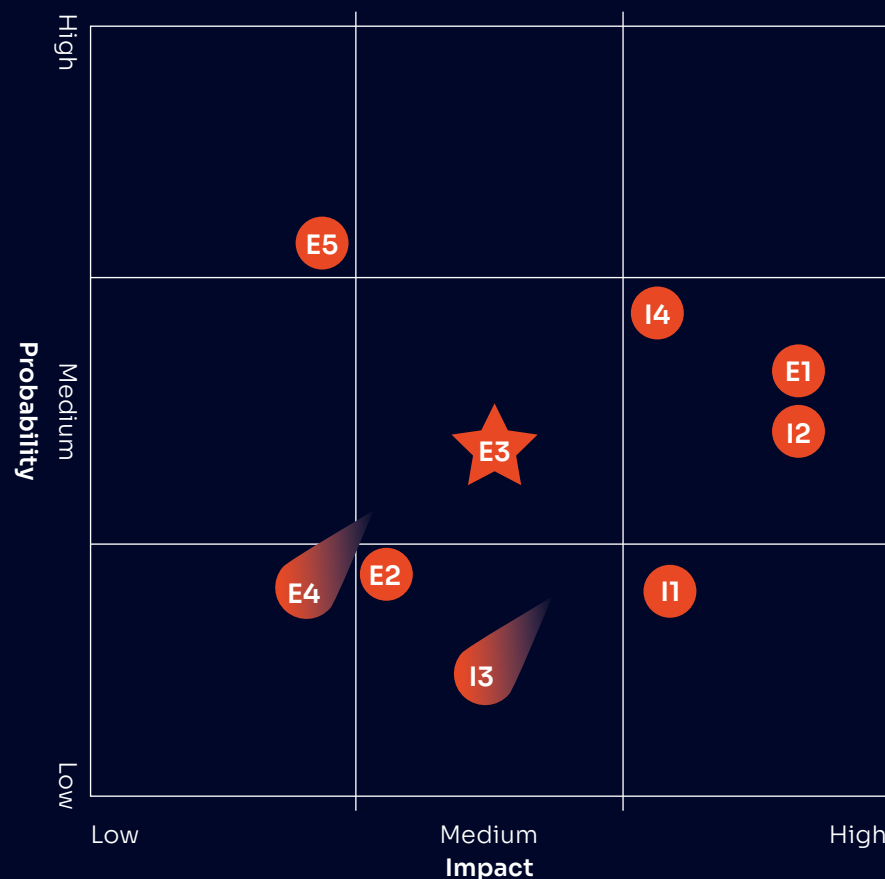
The Audit and Risk Committee considers emerging risks. These are new or unforeseen risks, of which the Committee is aware, however their potential impact is not fully known. The Committee reviews these biannually alongside the principal risks and uncertainties. The Audit and Risk Committee has detailed below the risks it believes are emerging and the potential impact it may have on our principal risks:

Changes to our risks profile

The Group's risk profile has remained relatively stable during the year. Continued rental growth, coupled with strong occupancy continues to reduce the likelihood of a material downturn in revenues and consequently, property valuations.

Far reaching climate change concerns have precipitated the upgrade of this emerging risk, to a principal risk concern.

Adapting risk management in a changing environment



External Risks

- E1 Revenue Risk
- E2 Property Market Risk
- E3 Climate Change Risk
- E4 Financing Risk
- E5 Inflation Risk
- ★ New Risk

Internal Risks

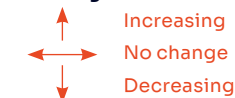
- I1 Health & Safety Risk
- I2 Information Technology Risk
- I3 People Risk
- I4 Safe and Sustainable Buildings Risk



Strategic Links

1. Customers
2. Brand
3. People and Operations
4. Buildings
5. Shareholder Outcomes

Strategic Links



External risks

	Risk and brief description	Potential impact	Mitigation in place	Trend
E1	Revenue Risk Owner: Chief Customer Officer There is a risk that the student demand for our product will decrease, e.g. inconsistent brand proposition, governmental intervention or affordability concerns. — Link to Strategy 3 5	– Loss of revenue – Erosion of asset values – Void costs or increasing level of bad debts – Potential breach of bank covenants	– Executive Committee and the Board closely monitor government policy, student numbers and other micro and macro-economic factors. – Monitoring restrictions and ensuring marketing is targeted to key international & domestic markets. – We ensure our assets are well located serving established leading universities with a higher proportion of Post Grad occupiers. – Standard Operating Procedures and expanded M&E programme. – Substantial domestic student demand and management of demographics.	↔ Stable overall due to favourable supply demand imbalance in UK PBSA and continued record occupancy levels achieved, however concerns in respect to change in government policy have heightened.
E2	Property Market Risk Owner: Chief Investment Officer Increasing yields across the property sector impacting valuations. — Link to Strategy 4 5	– Erosion of asset values – Potential breach in bank covenants – Lower Total Return for shareholders	– Our assets are in prime locations, diversifying risk. CBRE classifies over 90% of the portfolio as prime or better. – We maintain prudent levels of gearing, with an LTV limit of 40% and a long-term target of 35%. – The higher education sector comprises both domestic and international students, which helps to underpin the student accommodation market. – Of the UK property sub-sectors, direct-let PBSA is currently expected to be one of the most resilient sectors.	↔ Stable due to expectation that interest rates have peaked.
E3	Climate Change Risk Owner: Chief Financial & Sustainability Officer Climate change has the potential to impact every business in the world. For our business, it could impact planning legislation restricting supply of PBSA, create physical risks such as flooding and increase government legislation and regulation, for example. — Link to Strategy 1 2 3 4 5	– Financial and reputational risk associated with inappropriate action – Cost of transition	– Net zero commitment and plans established. – Behavioural training to be carried out with tenants during 2024. – Specialist advisers appointed internally and externally to ensure plans are implemented in line with Net Zero pathway.	↑ Risk moved from emerging to principal risk.



Principal Risks and Viability | continued

External risks | continued

	Risk and brief description	Potential impact	Mitigation in place	Trend
E4	Financing Risk Owner: Chief Financial & Sustainability Officer The availability of debt or equity on acceptable terms. — Link to Strategy 1 2 3 4 5	– Limiting future growth potential – Price-taker in fire sale scenario – Reduced shareholder returns	– Refinancing terms have been credit approved and concluded in early 2024 providing interest rate security. – Average maturity of debt of 3.9 years with £82.5 million in cash and undrawn committed facilities as at 31 December 2023. – We maintain prudent levels of gearing, with an LTV limit of 40% and a long-term target of 35%. – Strong relationships with key lending institutions.	 Reduced following removal of near-term risk.
E5	Inflation Risk Owner: Chief Financial & Sustainability Officer Inflationary pressure on staffing, operational costs, utilities and development/refurbishment costs. — Link to Strategy 1 2 3 4 5	– Reduced profitability and dividend capacity – Inability to deliver desired return on investments	– Utility costs hedged to September 2024 with selected hedging secured beyond 2025. – Reassessment of capital expenditure and acquisition plans. – Resilient revenue stream. – Albeit slowly, inflation is beginning to ease.	 Stable. Inflationary pressures have eased.

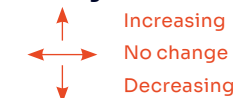
Internal risks

	Risk and brief description	Potential impact	Mitigation in place	Trend
I1	Health & Safety Risk Owner: Chief Executive Officer The occurrence of a major health and safety incident including terrorism, fire or infectious outbreak. — Link to Strategy 1 2 3 4 5	– Injury and impact on customers, contractors, staff and visitors – Compensation costs incurred – Reputational impact – Loss of life in a worst-case scenario	– Health and safety metrics are reported to executive committee monthly. – Policies, procedures and training for all staff. – Ultimate Board responsibility involving regular Board reporting from the Executive with Head of Health and Safety. – Live compliance dashboard which is monitored daily. – Regular review of fire safety regulations to ensure our buildings remain compliant with standards, going above and beyond requirements.	 Stable due to minimal change in the health and safety environment.

Strategic Links

1. Customers
2. Brand
3. People and Operations
4. Buildings
5. Shareholder Outcomes

Strategic Links



Internal risks | continued

	Risk and brief description	Potential impact	Mitigation in place	Trend
12	Information Technology Risk Owner: Chief Financial & Sustainability Officer The Group suffering from a cyber security breach, loss or mismanagement of personal customer data or wider IT failure — Link to Strategy 1 2 3	– Reputational damage – Deteriorated customer experience – Higher costs and reduced profitability – Financial impact due to potentially significant fines under GDPR legislation	– A business continuity plan is in place to enable Group operations to continue in the event of a failure or breach. – The IT network is centralised across the Group with an in-house IT team. – Security training programme for all staff. – Data monitoring system to protect our platforms across the IT estate and strong Data Protection Office in place. – Regular penetration testing.	 Stable. No significant change in risk profile during the year.
13	People Risk Owner: Chief Operating Officer Loss of front-line staff and the knock-on impact on customer service. Inability to retain key employees or attract specialists. — Link to Strategy 1 2 3 5	– Impact on customer service due to low rates of retention – Loss of key business knowledge – Inability to complete refurbishment programme	– We are a Real Living Wage Employer ensuring that we attract and retain talent where possible. – Employee engagement at 85%. – Ongoing training and development programme designed to upskill staff regularly and progress forward with their career within the business. – Succession planning and early supply chain engagement. – Exit interviews are used to identify any areas for improvement within the business.	 Reduced following improvement in retention rates and development of key employee succession plans.
14	Safe and Sustainable Buildings Risk Owner: Chief Executive Officer How our buildings will withstand increased legislation around fire safety as well as increasing minimum energy performance standards. — Link to Strategy 1 2 3 4 5	– High compliance costs – Reputational impact – Potential challenges around insuring our buildings – Compensation claims – Decreased liquidity of our buildings	– Significant capital expenditure plan allocated to ensure our buildings comply with future fire safety legislation. – Regular review of fire safety regulations and checks to ensure our buildings, at a minimum, remain compliant with standards. – Continuous assessment of our buildings and allocating significant resource on to future green initiatives.	 Stable. A greater focus on fire safety and potential upcoming legislation remains high.



Principal Risks and Viability | continued

Emerging risks

Emerging risk	Impact on principal risk probabilities	Mitigating factors
Geopolitical Crisis A geopolitical dispute between China, or any other sovereign state who generates a significant amount of student revenue, and the UK could result in foreign governments placing embargoes on their students coming to study in the UK.	– Revenue Risk – Property Market Risk – Financing Risk	– Broad marketing campaigns targeted to both the domestic and international market with a particular focus on underweight international locations.
Restrictions in international students Immigration restrictions imposed by the UK Government could substantially reduce revenue from international students.	– Revenue Risk	– Substantial domestic demand. – Marketing focus on expanding domestic reach and diversifying away from reliance on international markets.
Re-emergence of a Pandemic New variants and a decrease in vaccine effectiveness could result in a resurgence in COVID-19 or similar pandemic related restrictions.	– Revenue Risk – Financing Risk – Health & Safety Risk	– Strong demand and high occupancy. – Crisis management training. – Full remote working capabilities.

Viability

Assessment period

The Directors have considered a three year time horizon in assessing longer term viability. A three year period to 31 December 2026 has been selected for the following principal reasons:

- the Board reviews budgets and plans that extend to three years; and
- the Group's revenue is annual in nature, with typical lease terms of 51 weeks. At any given balance sheet date there is revenue visibility of approximately 20 months, with an extension to 36 months not unreasonable given a number of the Group's customers choose to stay during their higher education journey, which is usually three years.

In concluding on the appropriateness of a three year viability term, the Directors were mindful of any significant events that may reasonably be expected to fall immediately after 31 December 2026.

At 31 December 2023 the Group had four debt facilities totaling £103.1 million falling due during the viability period. Of this amount, £57.7 million, representing three separate facilities, were due to expire in 2024 with £45.4 million due to mature in November 2025. On 7 March 2024, the Group signed a new seven year facility agreement (the "New Facility") and drew an initial £44.4 million. The proceeds from this initial utilisation together with a cash payment of £13.7 million refinanced all 2024 expiries. The New Facility makes provision for a non-binding commitment to draw down a further £80.5 million which is expected to occur in May 2024, the proceeds from which will refinance the November 2025 maturity. In the highly unlikely event the Group is unable to draw the New Facility's non-binding commitment, alternative refinancing arrangements will be made to address the November 2025 expiry closer to the time. The New Facility will be fully hedged, mitigating exposure to interest rate volatility. Once concluded, there will be no further debt maturities until April 2028.

Assumptions

The Group's three year business plan incorporated the below key assumptions:

- occupancy remaining stable, given the current strong demand for student accommodation;
- revenue growth of at least four per cent annually;
- utilities costs at fully hedged rates until September 2024, with projected market rates applied to residual exposure thereafter;
- average cost inflation at 2.8 per cent throughout the forecast period;
- valuations remain stable;
- no acquisitions or disposals are completed;
- the likelihood of the New Facility concluding as planned, refinancing all expiring debt facilities during the period; and
- a £20.0 million facility expiring in February 2026 will be refinanced at equivalent terms.

The Group's three year business plan was stress tested using both specific and cumulative "downside" assumptions to model a general deterioration in market conditions and operational performance, including flexing key base case assumptions as set out above.

In particular, key assumptions underlying the downside scenario were as follows:

- Occupancy falls in academic year 2024/25 to 95 per cent, then to 90 per cent for the 2025/26 and 2026/27 academic years
- Revenue growth reduced to as low as two per cent in academic year 2026/27
- Exposure to utilities cost volatility increased to 1.5 times projected market rates
- Inflation increased to five per cent, significantly above the Bank of England target rate of two per cent;
- Floating interest rates rise a further one per cent in early 2024, prior to refinancing transactions concluding
- Property valuations suffer shock decline of ten per cent
- Certain of the Group's non-committed and non-regulatory capex programs are curtailed or paused

during the forecast period

- Credit markets preclude the refinancing of a £20.0 million facility expiring in February 2026;
- Temporary suspension of dividends.

All base case assumptions were stressed individually to the point of triggering the first facility interest cover or loan to value covenant breach, and to the point of triggering a covenant breach on all facilities.

Please see Note 28 to the financial statements for further information on the Group's covenants.

Mitigants

The Directors considered what mitigants to the downside scenarios were available. These include, but are not limited to, pausing all uncommitted capital expenditure and utilising cash generated in a fire sale scenario from those assets earmarked for disposal.

Conclusion

As a result of the work performed and the mitigants available, in the unlikely event that the stress tests performed prove to be insufficient, the Directors are of the view that the Group's strategy will provide a sound platform upon which to continue its business.

The Directors therefore conclude that there is a reasonable expectation that the Group can continue in operation and is capable of meeting its debts and obligations as they fall due during a period of not less than three years from the balance sheet date.



Financial Review

2023 was a strong year for the Group across key financial metrics.

7.6%

Total accounting return



“The operational business and its key metrics continue to be in great shape and have translated into a strong set of results, exceeding expectations.”

Donald Grant | Chief Financial & Sustainability Officer



Financial review

2023 was a strong year for the Group across key financial metrics. Revenue surpassed £80.0 million, supported in part by a 10.5 per cent like for like rent increase for the 2023/24 academic year, with the estate effectively full for the second academic year running. Gross margin increased to 69 per cent and administrative costs have been held within guidance levels at £14.0 million, continuing to improve as a proportion of revenue.

The balance sheet is in sound shape with EPRA LTV falling to 30.6 per cent and refinancing risk managed through to 2028.

Dividends paid and declared during the year, coupled with a growth in EPRA Net Tangible Asset value of 5.3 pence per share, delivered a total accounting return of 7.6 per cent.

Revenues increased by £7.5 million or 10.3 per cent. Combined occupancy for 2023 was 99 per cent and the year benefited from blended like for like rental growth of 7.0 per cent. Disposal of non-core assets reduced revenue by £2.2 million.

Sound progress was made toward achieving a gross margin of 70 per cent, with a two percentage point improvement in gross margin to 69 per cent. Non-core assets did continue to adversely impact gross margin during the year, but as demonstrated above, excluding these assets, a 70 per cent gross margin was achieved.

Although cost inflation pressure has continued, utility costs remained fixed throughout 2023, mitigating volatility on a key operational cost line. Utility costs remain fully fixed until September 2024, following which we currently have price certainty across 50 per cent of assumed consumption from October 2024 until March 2026, a level we will seek to extend and increase as opportunities arise.

Administrative expenses increased by £0.6 million or 4.5 per cent, broadly in line with CPI for the year, comfortably covered by strong rental growth.

Finance costs increased as anticipated, with floating rates closing the year some 170 basis points higher than at 31 December 2022. Of the Group's drawn debt, 12 per cent remains exposed to interest rate volatility.

Rental growth underpinned a portfolio valuation uplift of £30.1 million, a significant contributor to the IFRS profit for the year of £53.4 million.

Income statement	Core portfolio £m	Non-core (bucket D) £m	2023 £m	2022 £m
Revenue	74.7	5.8	80.5	73.0
Property expenses	(22.1)	(3.1)	(25.2)	(24.0)
Gross profit	52.6	2.7	55.3	49.0
Gross margin	70%	47%	69%	67%
Administrative expenses			(14.0)	(13.4)
Operating profit			41.3	35.6
Revaluation			30.1	45.6
(Losses)/gains on disposals			(0.6)	1.5
Derivative mark to market loss			(0.2)	–
Net finance costs			(17.2)	(15.0)
IFRS Profit			53.4	67.7
EBITDA			42.1	36.3
Weighted average ordinary shares (m)			603.4	603.3
IFRS EPS (pence)			8.8	11.2
EPRA EPS (pence)			4.0	3.4

Balance sheet	2023 £m	2022 £m
Property (market value)	1,097.9	1,078.9
Bank borrowings drawn	(360.3)	(391.2)
Cash on hand	40.5	55.8
Net debt	(319.8)	(335.4)
Other net liabilities	(43.9)	(42.7)
Net assets	734.2	700.8
Diluted number of shares	608.0	607.2
EPRA NTA per share (pence)	120.7	115.4
Property LTV	29.1%	31.1%
EPRA LTV	30.6%	32.7%



Financial Review | continued

Strong rental growth underpinned a £30.1 million portfolio revaluation gain for the year. This was attributed to strong rental growth in key Russell Group aligned university cities, most notably Manchester, York, Newcastle, Bristol and Edinburgh, all of which experienced at or near double digit valuation growth. Net asset value increased by 5.3 pence per share or 4.6 per cent, primarily due to the valuation movement, with the residual attributed to earnings, net of dividends paid.

Evolution of net asset value		£m
31 December 2022		700.8
EPRA earnings		24.1
Like for like revaluation		30.8
Dividends paid		(20.7)
Other		(0.8)
31 December 2023		734.2

Portfolio valuation	2023 £m	2022 £m	Gain ¹ £m	Change %
Like for like property portfolio	1,097.9	1,035.3	30.6	3.0
Disposals	–	43.6	(0.5)	
Portfolio valuation	1,097.9	1,078.9	30.1	

¹ Net of capital expenditure and headlease amortisation

On a like for like basis, excluding disposals and capital expenditure, the portfolio increased in value by £30.6 million. The net initial yield moved outward from 5.2 per cent to 5.5 per cent with the valuer applying a more prudent approach in 2023 and not applying core yields to future income until it is sufficiently secured. The reversionary yield has moved out to 5.7 per cent, demonstrating the valuation growth potential inherent in the portfolio. Notwithstanding this, the outward yield shift was offset by the significant rental growth achieved.

In the 2024 Spring budget, the UK Government announced the abolition of Multiple Dwellings Relief (“MDR”) by repealing Schedule 6B of the Finance Act 2023. The removal of MDR will increase purchaser cost assumptions applied to valuations of the Group’s English property portfolio. Full purchaser cost assumptions are already in place in respect of a number of the Group’s property valuations and this change does not currently apply to Scottish or Welsh properties. On the assumption that in time it will, the estimated impact of this change is a £35 million reduction in the portfolio’s aggregate valuation as at 31 December 2023.

The disposal programme was materially completed during the year. In total, £43.4 million was generated from assets disposed of during 2023. After disposal costs, a net loss on disposals of £0.6 million was realised.

Capital expenditure during the year amounted to £32.5 million, primarily related to refurbishment works and the ongoing programme to enhance fire safety.

Debt

Drawn borrowings decreased by £30.9 million during the year, primarily following the application of disposal proceeds, pending substitution. At the balance sheet date the weighted average cost of debt was 4.3 per cent and the weighted term to maturity was 3.9 years.

The first of a two tranche £124.9 million refinancing completed post year end. This first tranche refinanced all near term, primarily floating rate debt maturities. The second tranche is anticipated to complete in the second quarter of 2024 extending the 2025 expiry to 2031. Once completed, the Group will be 100 per cent protected against interest rate volatility, with an anticipated weighted cost of debt of 4.6 per cent and a weighted term to maturity of 5.7 years. Refinancing risk will then be mitigated until 2028.

Property loan to value was 29.1 per cent, down from 31.1 per cent at the prior year end, reflecting the valuation performance and the application of surplus cash in prepayment of flexible debt facilities. EPRA LTV, which includes net payables, also decreased two per cent to 30.7 per cent and will be the Group’s primary LTV measure going forward.

Net debt to EBITDA was 7.6, down from 9.2 at 31 December 2022, with cash and available committed facilities of £82.5 million.

All loan covenants were fully compliant during the year.

Cashflow	2023 £m	2022 £m
Operating cash flow	43.7	43.6
Capital expenditure	(34.0)	(49.1)
Property disposals	42.6	39.7
Finance income	0.2	–
Net cash flows from investing activities	8.8	(9.4)
Dividends paid	(20.2)	(16.7)
Net borrowings (repaid)/drawn	(31.0)	14.6
Finance costs	(16.6)	(13.4)
Financing cash flows	(67.8)	(15.5)
Net cash flow	(15.3)	18.7

The disposal programme of non-core assets continued into 2023, generating proceeds net of disposal costs of £42.6 million. These were largely reinvested into the core-portfolio refurbishment and fire safety programme, with the balance applied toward prepayment of flexible debt facilities.



Cash paid toward funding dividend payments excludes £0.5 million of withholding tax which was paid to HM Revenue & Customs in January 2024.

Cash outflows related to the settlement of finance costs have increased in line with interest rates applicable to the Group's residual floating rate debt facilities.

Going concern

The Board places particular focus on the appropriateness of adopting the going concern assumption when preparing the Group's consolidated financial statements.

In light of the Group's liquidity position, its modest level of gearing and capital commitments of £1.7 million, the Directors have concluded that, in reasonably possible adverse scenarios, there remains adequate resources and mitigants available to continue to operate until at least 31 December 2025, being a period of not less than 12 months from the date of approval of these financial statements. The Directors therefore concluded that it remains appropriate to adopt the going concern basis of preparation when compiling the Annual Report and Accounts for the year ended 31 December 2023.

Attention is drawn to Note 1.4 to the financial statements and to the Company's statement in respect to viability for further details surrounding the conclusion reached.

Dividends

A final interim dividend of 0.9375 pence per share has been declared for the final quarter of 2023, bringing total dividends paid and payable in respect of 2023 to 3.5 pence. This represents an 87.5 per cent pay-out on EPRA EPS. The dividend will be paid as a Property Income Distribution on 19 April 2024 to shareholders on the register at 5 April 2024.

Donald Grant | Chief Financial & Sustainability Officer
13 March 2024

3.5p

Total dividends paid and payable in respect of 2023



EPRA and other alternative performance measures

Our performance in line with industry standard measures

EPRA disclosures

The following is a summary of the EPRA performance measures included in the Group's results. As defined by the EPRA Best Practice Recommendations, these are a set of standard disclosures for the property industry designed to drive consistency in reporting.

EPRA measure	Definition of measure	Note/ reference	2023	2022
Earnings (£m)	The companies underlying earnings from operational activities	8	24.1	20.6
Net tangible assets (NTA) (£m)	The underlying value of the company assuming it buys and sells assets	9	120.7	115.4
Net disposal value (NDV) (£m)	The value of the company assuming assets are sold, and the liabilities are settled, not held to maturity	9	122.5	117.9
Net reinstatement value (NRV) (£m)	The value of the assets on a long-term basis, assets and liabilities are not expected to crystallise under normal circumstances	9	126.8	121.8
Net initial yield	Rental income less operating costs divided by the market value of the property, increased with purchasers costs	Below	5.0%	5.2%
Cost ratio (incl. direct vacancy costs)	Administrative & operating costs including costs of direct vacancy divided by gross rental income.	Below	49%	51%
Cost ratio (excl. direct vacancy costs)	Administrative & operating costs excluding costs of direct vacancy divided by gross rental income	Below	48%	47%
Like for like rental income (in respect of academic year)	Compares the growth in rental income that has been in operation and not under development, throughout both the current and comparative year	Financial review	10.5%	5.2%
Like for like capital	Compares the growth in capital values of the Group's portfolio which was controlled by the Group and both balance sheet dates, net of capital expenditure and excluding development properties	Financial review	3.0%	2.4%
Loan to value	Ratio of net debt, including net payables, to the sum of the net assets, including net receivables, of the Group, expressed as a percentage	Below	30.6%	32.7%
Vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	Below	0.8%	3.1%



Other alternative performance measures

An alternative performance measure (“APM”) is a financial measure of historical or future financial performance, financial position or cash flows of an entity which is not a financial measure defined or specified in International Financial Reporting Standards (“IFRS”).

APM’s are presented to provide useful information to readers and have been, or are still, consistent with industry standards. The table below sets out the additional non-EPRA derived APM’s included within the Annual Report and Accounts.

Measure	Definition of measure	Note/ reference	2023	2022
Total return	Growth in EPRA NTA plus dividends paid as a percentage of opening EPRA NTA	31	7.6%	10.5%
Net debt (£m)	Borrowings less cash and cash equivalents	31	319.8	335.4
Property loan to value	Net debt divided by property market value	31	29.1%	31.1%
Dividend cover	EPRA earnings relative to dividends declared for the year	31	114%	124%
Dividend pay-out ratio	Dividends declared relative to EPRA earnings	31	88%	81%

	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
EPRA Net Initial Yield (“NIY”) and topped-up NIY		
Investment property	1,097.9	1,078.9
Less: development property	(3.0)	(3.3)
Completed property portfolio	1,094.9	1,075.6
Allowance for purchases cost	37.1	38.5
Grossed up completed property portfolio valuation	1,132.0	1,114.1
Annualised cash passing rental income	81.7	81.6
Property outgoings	(25.2)	(24.0)
Annualised net rents	56.5	57.6
Add: notional rent expiration of rent-free periods or other lease incentives	0.1	0.1
Topped-up net annualised rent	56.6	57.7
EPRA NIY	5.0%	5.2%
EPRA topped-up NIY	5.0%	5.2%



EPRA and other alternative performance measures | continued

EPRA cost ratios	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Operating expense line per IFRS income statement	25.2	24.0
Administration costs	14.0	13.4
Ground rent costs	-	-
EPRA costs (including direct vacancy costs)	39.2	37.4
Direct vacancy costs	(0.4)	(3.2)
EPRA costs (excluding direct vacancy costs)	38.8	34.2
Gross rental income less ground rents – per IFRS	80.5	73.0
Less: service fee and service charge costs components of gross rental	-	-
Gross rental income	80.5	73.0
EPRA cost ratio (including direct vacancy costs)	49%	51%
EPRA cost ratio (excluding direct vacancy costs)	48%	47%
EPRA loan to value (“LTV”)		
Bank borrowings drawn	360.3	391.2
Net payables	16.8	17.8
Less cash held at the year end	(40.5)	(55.8)
Net borrowings	336.6	353.2
Investment property at fair value	1,072.5	1,061.9
Property held for sale	22.4	13.7
Property under development	3.0	3.3
Intangible assets	3.1	1.9
Property value	1,101.0	1,080.8
EPRA LTV	30.6%	32.7%



EPRA capital expenditure analysis	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Acquisitions	-	19.3
Development	0.3	-
Investment properties		
Incremental lettable space	-	15.2
No incremental lettable space	32.2	15.2
Total capex	32.5	49.7
Conversion from accrual to cash basis	(0.1)	(2.5)
Total capex on cash basis	32.4	47.2
EPRA vacancy rate		
Estimated rental value of vacant space	0.7	2.6
Estimated rental value of whole portfolio	86.2	83.6
EPRA vacancy rate (%)	0.8%	3.1%



ESG Report

Our commitment to Stakeholders

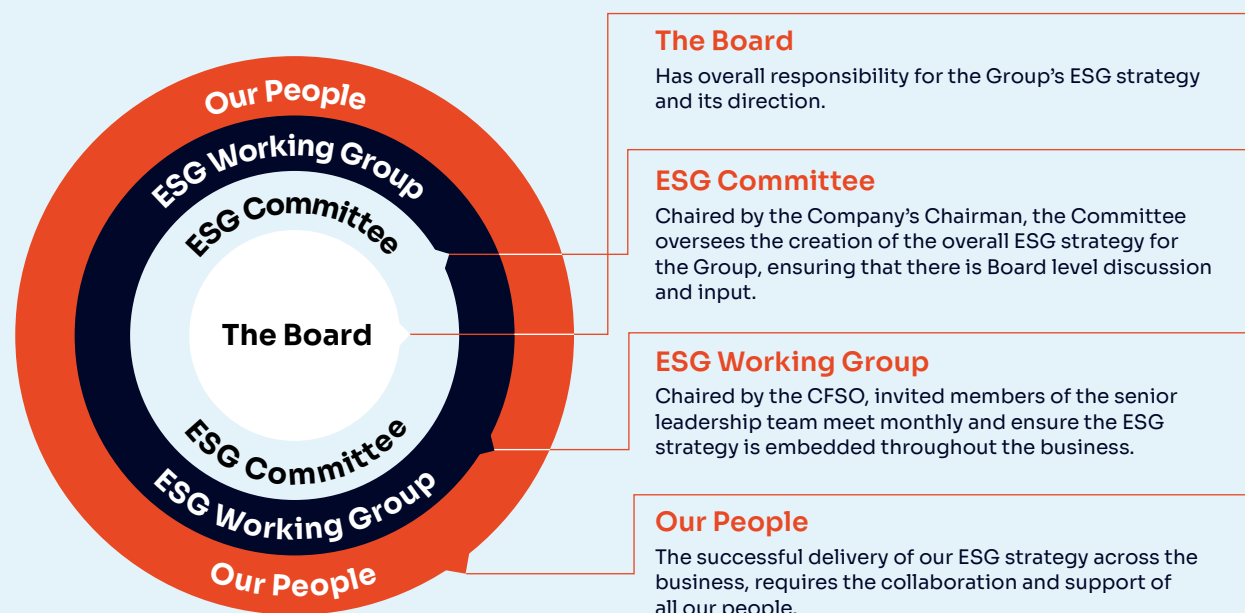
We are committed to creating and operating a socially responsible and sustainable business which is fit for the future and has a positive impact for all our stakeholders.

We believe that to achieve this commitment, **ESG must be fully embedded** within all our activities.



ESG management Framework

We have developed a robust, transparent management framework which is outlined below.



In 2022 we published our Net Zero Strategy, which outlines our target of net zero for scopes 1 and 2 by 2033 and for scope 3 by 2050.

Our activities will be guided by setting ambitious and challenging goals aligned to our strategy and operations for the future. The publication of an annual ESG Report reflects our commitment to ESG, setting and reviewing our annual progress and longer-term targets.

Materiality

Working with third-party ESG Consultants, we have collated all our ESG data from around our business. Subsequently, we completed a materiality assessment matrix, to determine the topics that were material to the business and to our stakeholders. This materiality assessment is outlined within our standalone 2023 ESG Report.

This assessment highlighted that 'Health and Safety', 'Mental Health and Wellbeing', 'Energy Management' and 'Product Design and Lifecycle Management' were amongst the most material topics for our business.

As we operate within the Real Estate Industry, we utilised the Sustainability Accounting Standards Board (SASB) framework and guidance in relation to materiality. The SASB helps companies identify, measure, and manage the sustainability related risks and opportunities that most directly affect cash flows, access to finance and cost of capital. Providing this comparable and standardised framework also allows information to be clearly communicated to our stakeholders, in particular our investors. This framework highlighted that 'Energy Efficiency and Consumption' and 'Sustainable Properties' were the key areas of importance for our business.

As we develop and enhance our ESG reporting annually, we will take guidance and direction from the International Sustainability Standards Board's (ISSB) financial materiality guidance to meet our investor audience.

"Hello Student properties are the best. They are affordable, well located and have friendly staff who look out for me."

Leen | Aberdeen



ESG Report | continued

Key 2023 highlights

Governance

- A crisis management course was undertaken focusing on senior operational employees and the Executive Committee.

Environmental

- Further upgrades to LED lighting and PIR sensors within the refurbishment programme occurred in this financial year. For example, all external lighting at Foss Studios and the York sites has been upgraded to LED. Also, in room and communal surveys were completed across 14 additional buildings in 2023.
- Over 225 smart panel heaters were installed and were operational in 2023.
- Building Management Systems (BMS) audits completed across the portfolio, to assess the energy consumption for each building.
- EPC B or better target of 50 per cent achieved over a year earlier than originally planned.

Social

- All team members had access to a range of physical, mental and financial wellbeing support, via our Employee Assistance Programme. Employees have access to our wellbeing hub on the Reward Gateway.
- In 2023, 51 per cent of eligible roles were filled through internal progression.
- After completing our year-end colleague engagement questionnaire for 2023, an engagement score of 85 per cent was achieved.

Please see page 71 for future targets and commitments.

Energy Efficiency and Consumption

We are resolute in our desire to decarbonise our operations. We aim to be Net Zero across operations, developments, property portfolio, and energy consumption by 2033 (Scopes 1 and 2). A more extensive objective is set to attain net-zero emissions across all scopes, including Scope 3, by 2050 or earlier. To meet this target, we have devised several initiatives. For example, to continue to source 100 per cent of our electricity from renewable sources. We aim to have over 55 per cent of the portfolio awarded an EPC rating of B or better by the end of 2024. This will be achieved by improvements to assets to align with improved EPC scores as required during upgrades and refurbishments.

This will also be reinforced through the assessment of EPC ratings on all new acquisitions and developments. Also, we aim to validate our net-zero target with the Science Based Targets initiative (SBTi) within the next two years.

We have allocated internal resources through a Net-Zero strategy and engagement program, to meet these targets. Further information can be found in our standalone 2023 ESG Report.



Sustainable Properties

We completed a comprehensive review and remedial work on solar PV (photovoltaic) systems at thirteen buildings in 2023, ensuring they operate at optimal capacity. Plans include implementing centralised real-time monitoring for solar PV systems at all thirteen sites alongside assessing the feasibility of installing them at additional buildings. This will be completed in 2024 as part of the metering and BMS improvement works.

To improve heating efficiency, EcoSync 'smart' Radiator Valve Actuators (TRVs) have been installed at our St Mary's, Bristol site in 2023, resulting in a significant 29.1 per cent reduction in energy use at the site. The system collects data every five minutes, allowing for continuous improvement. Surveys and cost estimates have been conducted for an additional eight sites and will be completed in Q1 2024. Efforts to optimise boiler operation and reduce energy costs have been completed at six sites during 2023, via the Sabien M2G Boiler optimisation controls, which uses intelligent software and hardware to improve a boiler's efficiency by reducing energy wastage. In 2024, additional sites will be incorporated and targets will be set.

In 2023, waste management practices focused on recycling, with initiatives like recycling of mattresses. Water stewardship efforts involved implementing low-usage water taps and setting specific targets for each site. Transportation is environmentally conscious, with a fleet of electric vans across eight city locations.

Biodiversity initiatives included creating meadows, installing beehives, and incorporating green roofs at various sites. The living green walls at St Mary's contributes to our environmental impact, and bird and bat boxes support local wildlife. In 2024, we aim to continue our focus on preserving green spaces and actively improving environmental practices where appropriate.

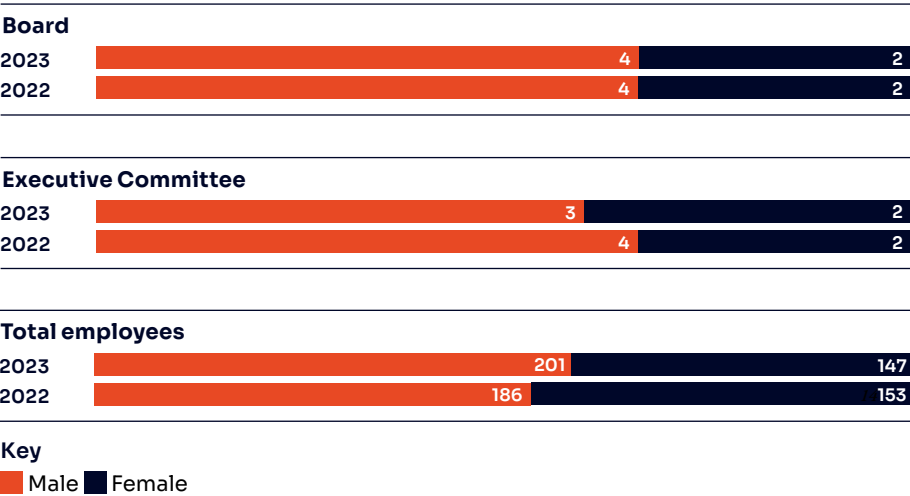
Diversity

The Board believes that being inclusive improves opportunities for our students, employees and people living in the communities. This creates long-term value to our business and society. The Board and all Committees consider diversity for every appointment. The female representation of the Board during 2023 was 33 per cent, with females representing two out of six Board members. As diversity remains an important topic for our business, and within the Real Estate sector, the Board annually reviews diversity across the entire workforce, at senior management and Board level.

Our employees are committed to promoting an inclusive, positive and collaborative culture with zero tolerance applied to any form of discrimination, as defined in the Equality Act 2010.

Our workforce and customers are diverse so we need to ensure that our workplace remains inclusive so our people and our customers can thrive. We are an equal opportunity employer and will always aim to extend diversity as vacancies arise.

Gender diversity



ESG Report | continued

Our people

Our people are vital to the successful delivery of our business plan. Their attitude, talent and commitment, creates a culture that supports creativity and integrity. We have a responsibility to provide our people with a safe place to work and to care for their wellbeing to enable them to prosper and succeed in their professional lives. The values and culture of our organisation is embedded within our teams.

The total number of employees at the end of 2023 was approximately 348, corresponding to 269 full time employees and 79 part time employees; five people were hired on a third-party contract throughout the year.

Depending on the role, we provide part time and temporary working opportunities where possible.

Employee Turnover and new hires

We aim to ensure our employees are proud and happy to work with us. The average percentage of voluntary employee turnover across the Group in 2023 was fifteen per cent in 2023 from 21 per cent in 2022.

Permanent new hires in 2023.

Age	2023	2022
Under 30	43	38
Between 30-50	42	53
Over 50	17	15
Total	102	106

Employee Engagement

Our regular cadence of communications includes a formal employee representative group we call the ‘One Team Collective’ (OTC); an anonymous ‘Talk To Us’ online suggestion box; a Q&A with the executives who made themselves available to all employees regularly; quarterly internal service surveys and annual engagement surveys. These collectively provide opportunities to frequently share information and views with the Executive Committee.

Investing in future talent

In 2022, we launched a leadership development programme to support internal promotion opportunities. In 2024, we aim to develop this further and complete a bespoke leadership development programme for future leaders within the business.

We have a Reward Policy across the business to ensure we are paying and rewarding all team members in a fair and transparent way based on a clearly communicated rationale. We review pay for all team members on an annual basis effective 1 January. The purpose of this policy is to set a fair and equal approach across the business.

“Employee engagement is a catalyst for the business’s success. Our two-way communication keeps employees informed, invested and engaged. It is important we understand our employees’ concerns and our bi-annual employee engagement questionnaire allows us to keep our finger on the pulse, identify trends and take action if needed.”

Group People Partner



Modern slavery

Protecting human rights and preventing modern slavery is important to us. We are fundamentally opposed to slavery and committed to understanding the risk of it and ensuring it does not occur anywhere within our business or supply chain.

Our most significant risk area in relation to slavery and human trafficking is within our supply chain, particularly in connection with the sourcing by suppliers of construction material, certain goods and the provision of manual labour in property development and management services.

Most of our direct suppliers are based in the UK, some of these suppliers source certain materials from around the world.

As part of our broader initiative to identify and mitigate risk in our supply chain, we have updated our consideration of factors such as:

- reviewing our current contractors and suppliers, particularly in relation to supply chain, with a view to developing preferred supplier list arrangements based on robust selection;
- centralising more contracts as a core part of our supplier management strategy;
- strengthening our compliance review processes within procurement practices;
- developing strong relationships with UK-based suppliers and contractors that align to our business code of conduct expectations; and
- ensuring systems are in place to encourage the reporting of concerns and the protection of whistle blowers in our supply chain.

We continue to believe there is a low risk of slavery and human trafficking in our colleague base. We regularly review this risk assessment and monitor our activity as part of our broader approach to ensuring we are a responsible and sustainable business.

For our full statement please refer to www.hellostudent.co.uk

Diversity, Equality and Inclusion Policy

We are fully committed to creating a working environment that makes people proud, engaged and values the contribution of all team members. Therefore, we have developed our Diversity, Equality and Inclusion Policy. All team members are required to confirm acceptance and understanding as a mandatory element of their introduction. We aim to give all team members access to training and development opportunities to support their understanding of the importance of this policy. The People Team are responsible for managing this policy.



Ethical Business

We are committed to carrying out business fairly, honestly and openly. Our anti-bribery policy mandates a zero-tolerance approach. All our people must read and confirm their understanding both during their induction and on an annual basis. We require employees to take regular compliance training and to certify each year that they have complied with Company policies.

Our people are important to our business maintaining the highest standards of honesty, openness and accountability. Our whistleblowing policy explains how our people can report a whistleblowing concern and reassures them that any such disclosure is made in full confidence. The Board monitors and reviews the policy on at least an annual basis to ensure it complies with UK legislation. There were no incidents of whistleblowing during the financial year.

ESG Report | continued

Our stakeholders and how we engage with them

Stakeholder	Why We Engage	How We Engage	Topics	Outcome
Customers	The needs of our customers drive our brand and service offer. They provide vital feedback on how we can improve and better fulfil their needs. We have a responsibility to provide a secure and homely living environment and to care for their wellbeing. This is central to the Board's strategic decision-making and any associated operational change.	– On a day-to-day basis within our buildings. – Through biannual customer surveys. – Through our social media presence. – Through building relationships with universities in the towns and cities which we operate in.	– Safety in their homes – Customer service – Value for money – Building configuration – Wellbeing	– Developed our Hello Student app to facilitate the check-in process – Global Student Living awarded our operational brand, Hello Student, Platinum Operator certification and our site at Bath Street, Glasgow Best Learning Environment for 2023.
Employees	Our people are vital to the successful delivery of our business plan. We have a responsibility to provide our people with a safe place to work and to care for their wellbeing to enable them to prosper and succeed in their professional lives. The values and culture of our organisation is embedded within our teams.	– On a day-to-day basis we use Workplace as an internal communication tool. – Quarterly townhalls are held where our people can raise questions and provide feedback. – Through the One Team Collective	– Safety at work – Pay and reward – Fair and equal treatment – Business updates	– Real Living Wage Employer with a focus of improving the compensation arrangements for our lowest paid employees. – Improved employee retention rate to 85 per cent.
Communities	The communities in which we operate help us fulfil our purpose of enhancing the university experience of our customers. We aim to understand each unique local community in which we drive decision making of how best we can make a difference.	– Through on-site communication with members of the public and local communities. – We have membership with the British Property Federation where we can interact with communities and government on a wider basis. – Interaction through the property licensing disclosures we have to undertake.	– Local job creation – Provision of appropriate housing stock – Supporting local charities	– Supported Switch 180 and the British Heart Foundation nationally. – Programme of charitable and community work across all sites.

Stakeholder	Why We Engage	How We Engage	Topics	Outcome
Shareholders	Our shareholders are key stakeholders in our business. The Board has a responsibility and desire to communicate key matters relating to the Group openly and honestly to our shareholders. The Group also has a wider responsibility to shareholders to enhance the value of the business and fulfil its purpose ethically.	– Face-to-face meetings with investors typically following annual and interim results. – The publication of our annual report which presents a comprehensive update of the Company. – At our Annual General Meeting. – When significant change is proposed, for example, material transactions or changes to the remuneration structure.	– Financial results and business performance – Dividend payments – ESG – Remuneration policy	– Numerous meetings with current and prospective shareholders held throughout the year. – Property tours conducted in Bristol, Edinburgh and Liverpool. – Attendance at industry conferences. – Consultation on Post-Graduate growth strategy. – Introduced shareholder vote on future ESG strategy.
Environment	Our environment is fundamental to our future. We have a duty to operate our business in an energy efficient way, giving specific regard to the impact of our operations on the environment and utilising methods throughout our properties that mitigate the risk of environmental damage.	– Biannually we provide a detailed ESG update within our annual and interim reports.	– Reduction in greenhouse gas emissions – Becoming a sustainable business	– Published stand-alone ESG report. – Improving our energy efficiency per bed with a 1.3 per cent reduction despite higher occupancy. – Managing EPC risk with over 50 per cent of the portfolio now EPC B or better. – New energy hedging contract signed with electricity sourced 100 per cent from renewable sources.
Lenders	Our lending partners are key to our financing strategy. They support the delivery of our day-to-day business plan through the extension of financing arrangements to facilitate developments, capital expenditure or acquisitions.	– Open and regular dialogue with relationship managers. Proactive engagement in respect of sale and acquisition pipelines and early dialogue on refinancing requirements. – Ongoing covenant reporting	– Refinancing and hedging needs – Update on asset management initiatives and related impact.	– Prudent management of maturing debt with refinancing of 2024 and 2025 expiries in hand. – Quarterly covenant compliance reporting and regular engagement throughout the year. – Site visits.
Agents and Consultants	These stakeholders act on the Company's behalf, therefore it is fundamental that we ensure they understand our business requirements and meet the high standards of conduct that we expect of ourselves.	– Regular meetings and day to day communication.	– Disposals, acquisitions and leasing – Summer turnaround – External audit tender – Review of ERP provision and appointment	– Disposal programme continued with six properties disposed during 2023 – Annual refurbishment activity. – Reappointment of BDO LLP as external auditor to the Group.



ESG Report | continued

Health and Safety

The Board defines our Health and Safety Policy, which outlines the organisational structures responsible for its implementation. Our Head of Health, Safety and Fire and our Security and Business Continuity Manager take responsibility for the Health and Safety Management Systems within the company.

Our Safety Blueprint provides an overview of the strategic elements of health and safety and how we strive to create a positive and proactive approach to the management of this important area. We are committed to conducting all our activities in a safe and secure manner, which is underpinned by our health and safety management standards and our commitment to learn and continually improve. The Safety Blueprint details the governance structure we have to drive accountability, how we communicate with our teams and encourage them to be proactive in the management of health and safety risks. The Board is responsible for reviewing the Health and Safety Blueprint and the annual Health and Safety Plan for all areas of the business. They ensure that the Health and Safety Management System is proportionate, implemented and reviewed annually. They receive a monthly board report to help monitor the company's safety performance.

We promote a culture of continuous improvement, to prevent any major incidents. Our aim is to have zero significant accidents. A robust reporting system ensures that all accidents and near misses are captured, monitored and appropriately reported.

Safety and professionalism are of utmost importance across all our sites. We extend this commitment to our onsite subcontractors, mandating their participation in the evaluation process for SafeContractor accreditation. This ensures they meet essential criteria and adhere to industry-specific regulations, to ensure a secure and dependable partnership.

The implementation of SafetyNet, a custom low-code incident reporting system, revolutionised our approach to health and safety. Launched in late 2022, SafetyNet includes functionalities like Fire Risk Assessment, Audits, Compliance Checklists, Dashboards, and Contractor Management. Phase 2, incorporating the Fire Risk Assessments and Compliance checklists, was completed in January 2023. Safe practices are of the utmost importance across all our sites.

Since its launch, SafetyNet has significantly increased reported incidents, leading to thorough investigations and risk reduction measures. The transition to digital compliances streamlined checklist completion, facilitating timely reporting and enhanced compliance monitoring. The reported incidents cover Security, Wellbeing, and Fire, providing a comprehensive view of overall risk. Plans for "SafetyNet 2.0" are underway to further improve user experience and reporting in early 2024. A training program accompanying the launch resulted in a substantial increase in reported near misses, facilitated by the streamlined reporting process. Work is currently underway to precisely distinguish between near misses and incidents within the system, and the corresponding figures will be disclosed in 2024. This aligns with the Health and Safety Bird's Triangle theory, emphasising the importance of proactive safety measures in averting potential accidents. This helped to inform strategic decisions, to mitigate risks and enhance overall safety.

Mental Health and Wellbeing

The wellbeing and mental health of our customers and employees is a top priority for the Board. We are continuously reviewing and improving processes across the company to look after our employees and improve colleagues' wellbeing. The addition of a Wellbeing Manager to the team in 2023 represents a pivotal step forward in bolstering our commitment to employee well-being. This newly appointed role is specifically designed to contribute towards a positive and supportive work environment, ensuring the holistic well-being of the workforce. The Wellbeing Manager will play a crucial role in implementing and enhancing programmes that promote physical, mental, and emotional health among employees. This demonstrates our commitment to creating a workplace that prioritises the overall wellbeing of our team members.

Employee Wellbeing

In respect to our people, we have established several forums, to offer colleagues a variety of ways to share their views with the executive committee. For example, a formal employee representative group (One Team Collective' (OTC)); an anonymous 'Talk To Us' online suggestion box; and internal service surveys or annual engagement surveys. We conducted two surveys in 2023 (Q1 and Q4). In 2022, we completed a series of roadshows with the Executive Team who made themselves available to all employees at three separate venues around the UK. Whilst this did not occur in 2023, we intend to relaunch this every other year, and the next roadshow is planned for 2024.



The One Team Collective (OTC), now in its second year of running, is a workforce advisory panel consisting of 11 employee representatives from across the Group. Its focus is to support meaningful dialogue on topics raised by our employees. The OTC met eight times in 2023 and is supported by Alice Avis, the Company's Senior Independent Director who attended three meetings and maintains regular dialogue with the Collective's Chair throughout the year.

Wellbeing Standard

Currently we have a 'Wellbeing Standard', which works to monitor and assess hazards and risks that could impact the wellbeing of team members. We will work to identify all workplace stressors and conduct risk assessments, to eliminate or control the risks from stress. The risk assessment will include the six key management standards; demands, controls, support, relationships, role, and change. The risk assessment process will include consultation with the One Team Collective on issues relating to the prevention of work-related stress. Access is then provided to confidential counselling for team members affected by stress, caused either by work or external factors. Managers and supervisors are provided with training in good management practices and given access to resources, to help implement the company's agreed stress management strategy.

Customer's Wellbeing

Customer experience, mental health and wellbeing are of utmost importance to us as a business, both commercially and as a duty of care for the continued safety of our customers. External data completed by students via the Global Student Living Index and general feedback via the site teams helped us to identify areas for improvement. A programme of work was built and implemented, based on the above sources and resulted in improvements in our customer survey scores. This led to a Platinum Operator certification in 2023 from the Global Student Living Index.

We understood from regular third-party customer surveys that a student's accommodation, in terms of the quality, design of the building and the service they experience can have a marked impact on their mental health and wellbeing. In 2022, 68 per cent of respondents stated that they felt that their accommodation team cared about their wellbeing and 64 per cent said that the accommodation had a positive effect on their wellbeing.

In 2023, in response to the customer feedback, we have designed a programme of events for students to help foster a sense of community. This involved current students welcoming new students on check in day. During refurbishments, we have improved amenity space to better provision space for residents to be able to socialise or study in a more communal environment. This has been delivered at our Pennine House and St Marks Court, Leeds sites in 2023, and is planned for Brunswick, Southampton and Victoria Point, Manchester in 2024.

Following the roll out of these initiatives, in 2023 we have seen an increase to 74 per cent of respondents stating that their accommodation team care about their wellbeing and 76 per cent believe that their accommodation has a positive impact on their wellbeing. The Global Student Living Index states that the industry benchmark for wellbeing in Private Halls is 63 per cent.

The score for a sense of community has seen an incredible improvement from 37 per cent to 63 per cent over the last year.

Whilst the number of residents who have struggled with stress or anxiety has reduced from 46 per cent to 40 per cent; and loneliness from 26 per cent to 22 per cent there is still work to be done to reduce this further. These results, contributed to our Platinum Operator certification from Global Student Living, which is the highest certification status that can be achieved.

We recognise that further work can be done to improve the customer experience we offer and the impact on our resident's health and wellbeing. The recruitment of a Wellbeing Manager and the training of Mental Health First Aiders at all our sites is expected to improve and reinforce further our commitment to student wellbeing.



Task Force on Climate-related Financial Disclosures (“TCFD”)

Executive Statement

We have set an ambitious absolute net-zero target for scopes 1 and 2 of no later than 2033 and have allocated significant capital to invest in decarbonisation initiatives to reduce energy consumption and manage future EPC risk. EPC ratings are crucial, ensuring regulatory compliance, environmental responsibility and associated cost savings. High ratings enhance marketability, attract eco-conscious stakeholders, and may qualify businesses for incentives, grants, and tax benefits.

Our Sustainability Journey

We acknowledge that climate risks threaten future value and will influence our investment strategy. It is our responsibility to transition our properties to achieve absolute net-zero. We are guided by the standard definition of absolute net-zero targets as emission reductions of at least 90 per cent across all scopes before 2050 and only a very small number of residual emissions (up to ten per cent) can be neutralised with carbon offsets. We recognise that our stakeholders expect us to demonstrate sound environmental stewardship in our business operations and our properties.

As a socially and environmentally responsible company, we have established an ambitious net-zero target, aiming to achieve this for scopes 1 and 2 no later than 2033. We've outlined key performance indicators to monitor our progress toward fulfilling this commitment.

To expedite our efforts, we have increased our investment in green initiatives, dedicating up to £12 million to advance our environmental pathway for the period from 2023 to 2025. The goal is to enhance the energy efficiency of our buildings, reduce carbon emissions, and proactively address potential future EPC risks across our portfolio. We outline a wider target of becoming net-zero in all emissions, including scope 3, by 2050, working towards a global decarbonised economy. We hope to achieve this before 2050, but we acknowledge the issues with accurate scope 3 emissions data not yet being fully available.

The table below sets out the progress made in 2023 against the targets set at the start of the year.

Key Performance Indicator	Progress
Improve EPC ratings. Interim targets were linked to EPC B or better: 50% by 2025, 75% by 2028, 100% by 2030	KPI progress: – Percentage of properties with B or better EPC ratings increased to 51% (2022: 40%), a target achieved a year earlier than envisaged in our Net Zero Strategy.
Energy consumed per bed (kWh)	A key metric to monitor the progress towards achieving 2,000 kWh per bed by 2033. Despite higher occupancy in financial year 2023 (99%) compared to financial year 2022 (90%), energy consumption per bed fell by 1.3% to 4,481 kWh.



About the TCFD

The Group supports the Taskforce on Climate-related Financial Disclosures (TCFD) and believes it provides a strong foundation to develop our climate strategy. We understand that climate change presents potential risks to the property portfolio, business continuity and capital expenditure. There is a need for comparability in reporting across sectors, as businesses collectively tackle climate change. In 2023, we have continued to follow the recommendations of the TCFD framework, assessing and improving our understanding of the how climate-related risks and opportunities impact our business. Additionally, we are pleased to publish our first standalone TCFD report, available on our website.

Complying with the TCFD

LR 9.8.6R requires mandated companies to include a Task Force on Climate-related Financial Disclosures (TCFD) statement in their annual report. As a company on the premium listing segment of the Official List of the Financial Conduct Authority (FCA), we have complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures (11 of the 11 recommendations).

Annual Target	Progress
Continue the rollout of smart panel heaters	Target progress: - Over 225 units installed in 2023. - Over 175 panels as part of the Brunswick, Southampton refurbishment which is underway and set to open for the start of academic year 2024/25. - EcoSink (Intelligent valve for wet radiator): pilot successful at St Marks.
Two further fossil fuel free properties ¹	Target partly achieved. Works in place with full delivery of four sites in early 2024: Brunswick, Southampton set to be net-zero for the start of the 2024/25 academic year.
Sub-metering over 1,000 rooms to provide more data for Education Programme	Target subject to further technical solutions research in 2024: - Several options will be reviewed. For example, the Atamate solution (a system to reduce energy and optimise building performance) that is installed at South Bridge, Edinburgh, along with Hark and Florawise, which both offer different options. - Sub-metering will be considered alongside EcoSink and Smart Panel rollout.
Further upgrades to LED Lighting and PIR Sensors within the refurbishment programme	Target on track: - Successful LED upgrades in Victoria Point and Foss Studios sites. - Energy surveys completed across 14 buildings; upgrades will take place in 2024.
Greener Solutions Installation	Partial attainment: Full decarbonisation surveys have been undertaken on 12 sites during 2023. These will form the main capex programme for 2024. Air source heat pump (ASHP) and PV installations are planned for installation at 16 sites in 2024.
Audit Building Energy Controls to optimise their energy use	Target achieved: - Successful Building Management System (BMS) audits across the portfolio. - CBRE completed building-by-building review showing the existing status and consumption that will allow a range of interventions (ASHP, PVs etc) to be modelled before 2033. - A review in early 2024 will confirm that the optimal efficiency targets are being achieved.

¹ The removal of gas in favour of 100% renewable electric, installing solar and air source heat pumps.



ESG Report | continued

Governance

Overview

The Group is committed to good governance and management of climate-related risks and opportunities in a responsible and transparent manner. We believe that we need the collaboration of all our people to successfully deliver on our ESG strategy. The ESG strategy is aligned with our overall business strategy and reinforced by the company's Board of Directors and management team. The Group has a well-developed ESG Management Framework (see page 47) that has embedded the management of climate change issues within our business.

Board-level Oversight

As set out on page 47, the Board has responsibility for the oversight of climate-related risks and opportunities. The Board monitors and oversees progress against climate-related goals and targets, through delegation to the ESG committee. All Board members are members of the ESG committee, which met three times during the year (March, August and December). The Board considers climate change when reviewing business strategy and when setting annual budgets. The remuneration policy was updated in 2023, creating a clear linkage to ESG performance indicators. All objectives remain subject to the discretion of the Remuneration Committee.

The Chief Financial and Sustainability Officer conducts day-to-day responsibilities of climate-related projects and ensures that climate-related risks and opportunities are identified, and the potential impacts are accurately and formally reported to the ESG Committee and the Board.

To support the Board in fulfilling their duties, in August 2023 our ESG advisers, Inspired PLC, facilitated a workshop, covering climate change, net zero and climate-scenario analysis. All Board members were in attendance. The Group conducted climate-scenario modelling, to assess risks and opportunities related to climate change, which were then consolidated into a climate-risk register. In the December 2023 ESG committee meeting, the register underwent review. Subsequently, the Board approved the inclusion of significant climate-related risks into the Group's comprehensive risk register. Climate-related investment thresholds, linked to investment decision making, will be considered further in the next reporting cycle.

Management-level Oversight

The Board ensures the dissemination of strategic priorities to senior management who are responsible for implementing the ESG strategy, inclusive of climate-related matters within the business. The Board entrusts the ESG Committee and in respect of risk management, the Audit and Risk Committee, with overseeing the ESG strategy and monitoring progress toward goals and targets related to climate issues. Both committees report directly to the Board. The ESG Committee reviews climate change as a standing agenda item in its meetings and incorporates the climate change lens into reviewing business strategy. The ESG Committee considers reports from the ESG working group.

All ESG Committee meetings in 2023 were attended by external consultants from Inspired PLC, to provide additional support in assessing and addressing climate-related issues. Consultants regularly provided updates to the Board on the progress of climate modelling and its results once the process was completed.

Strategy

We recognise that climate change is a complex issue and acknowledge our responsibility to minimise our impact on the planet. In 2022, we identified climate change as an emerging risk, however following further discussions in ESG Committee meetings, its status was updated to a principal risk in 2023.

We have conducted a climate scenario analysis, to gain meaningful insight into climate-related risks and opportunities to our business over the short, medium and long-term.

We utilised the TCFD framework to develop our understanding and management of climate-related risks and opportunities relevant to our business, incorporating these into the strategic and financial planning process for the business.

Climate Scenario Analysis

Climate scenario analysis uses possible global warming pathways, to visualise potential future scenarios. This allows a better understanding of the potential risks and opportunities that can impact our operations directly or indirectly. For example, through new legislation, changing market conditions, or acute weather events like storms and wildfires.



Our future vulnerability to the impact of climate change was assessed and scored, according to the likelihood of the event and potential damage to the business. This is our second year producing a TCFD report and first year of climate-scenario modelling, so no comparisons have yet been made to the previous period. This will be conducted in our 2024 disclosure. The impact of each scenario on the entity's business model and strategy and the resilience of our business model and strategy will be considered in greater depth in 2024, as we further develop our understanding of climate-related financial risks and opportunities.

The scenarios were built using established international frameworks, including The International Energy Agency's World Energy Models (WEM), the Shared Socioeconomic Pathways (SSPs): Climate Natural Catastrophe Damage Model, CORDEX regional climate forecasts, and Integrated Assessment Models (IAM). The Group has considered the climate-related impacts under three scenarios:

- Proactive Scenario (Below 2°C by 2100).
- Reactive Scenario (2–3°C by 2100).
- Inactive Scenario (Above 3°C by 2100).

We have used three-time horizons to provide analysis with a suitable level of granularity and coverage. Looking beyond the usual business timelines, to include a long-term view up to and beyond 2052, providing insight into emerging future risks. The following list outlines the time horizons used to identify when a risk or opportunity could have the most significant impact on the business. These timeframes were chosen to align with the UK's target to be Net-Zero by 2050.

- ✓ Short (2023–2027): greatest changes would be in the proactive scenario over this period.
- ✓ Medium (2028–2037): physical impacts would start to be experienced and in the proactive/active scenarios, when policies will tighten.
- ✓ Long (2038–2052): greatest physical impacts would be experienced in this period in the inactive scenario.

Our Climate-related Risks

The Group has assessed the impact of climate-related risks as required by the TCFD framework. We identified fourteen risks and three opportunities that may have a potential impact on the business, based on 27 locations at the highest revenue site per city in 2023. The risks identified to be material are shown on page 63. The climate-related risks associated with the climate scenario analysis were reviewed by the ESG Committee and presented to the Board of Directors for the final sign-off in December 2023.

Our longer-term timeline extends up to seven years and aligns closely with the short-term (0 to 5 years) climate modelling timeline. Currently, only those risks that are deemed material in the short term will be transferred to the Group's risk register. Climate-related risks assessed as significant in the medium and long term will be

subject to annual monitoring but are not currently integrated into the Group's risk register. During 2024, we plan to expand the analysis to all the sites in our portfolio and include key suppliers in the climate scenario analysis, to further expand our understanding of indirect climate-related risks through the supply chain. The steps we have taken to identify and manage each climate-related issue have been based on our existing risk management framework, to ensure a consistent and efficient assessment and categorisation. Each climate-related issue is classified using our rating system. Our process ranks risks initially by their likelihood, then according to its impact on the Group, to determine an inherent risk score by multiplying likelihood and impact. Subsequently, we rank each issue against the effectiveness of mitigating controls in place, to determine the overall net risk score. Risks with an inherent risk score of higher than nine are deemed as material.

Risk Rating Criteria.

Likelihood Factor	Rating	Impact Factor	Rating	Control Effectiveness	Rating
Unlikely / Rare	1	Negligible / Insignificant	1	Very Effective	5
Possible / Seldom	2	Low / Marginal	2	Fairly Effective	4
Probable / Occasional	3	Medium / Serious	3	Partially Effective	3
Very Likely / Moderate	4	Significant / Critical	4	Hardly Effective	2
Almost Certain / Very Frequent	5	High / Catastrophic	5	Marginally Effective	1

Net inherent risks factor

- Negligible (Dark green) – Inherent risk is equal to or lower than 2.
- Low (Light green) – Inherent risk is between 3 and 5.
- Medium (Yellow) – Inherent risk is between 6 and 8.
- Significant (Amber) – Inherent risk is between 9 and 15 and qualifies as material.
- High (Red) – Inherent risk above 15 qualifies as significant.

Transition Risks

Transition risks arise from indirect impacts of climate change, including changes in government policy, technology, and market conditions. Climate-related transition risks specifically refer to risks associated with the transition to a low-carbon economy.

There are several climate-related transition risks listed in on page 60, which were identified as having a significant and high gross risk potential at our sites. We are responding to these risks and will continue to develop our controls over the next two years.



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Risk rating

● Significant

● High

Climate-related transition risks and mitigations

Climate Risk Category	Climate-Related Risk	Description of Climate-related Risk	Timeline and risk rating	Scenario	Mitigating Controls in Place
Policy & Legal	Increase in regulation due to climate change, enhanced emissions reporting obligations	As the UK aims to be net-zero by 2050, enhanced regulations will likely be introduced over time, encouraging businesses to reduce energy usage and emissions. The Group is impacted by increased UK Government regulation, including UK ESOS, SECR and TCFD regulation, as of 2022. The costs and resources required to comply with upcoming regulations will likely increase.	Short to medium term (2023-2037) Gross risk - ●	<2°C 2-3°C	The Group considers both existing and emerging legislation when assessing climate-related risks. We have dedicated internal resources and have commenced collaboration with a third-party ESG consultant, to ensure we remain compliant with current and emerging regulations. These costs on the business will be relatively low, due to the relevant proportion of our revenue. It costs us between £60,000 and £150,000 per year to remain compliant with current climate reporting requirements, which we anticipate increasing within the short-medium term.
	Mandates on and regulation of existing products and services	Mandates/regulations such as the Building Safety Act and Building Safety Regulator, may become more difficult to adhere to/meet, if the capacity of operations is hindered by climate change-related events (supply chain issues). Sector-specific decarbonisation strategies (Heat and Buildings Strategy and Future Homes Standard) mean that our business must meet targets and recommendations outlined by the frameworks (for example, EPC grading by 2030). Environment Act (2021) aims to improve air and water quality, protect wildlife, increase recycling and reduce plastic waste. The Act is part of a new legal framework for environmental protection, as the UK is no longer under EU laws, post-Brexit.	Short to medium term (2023-2037) Gross risk - ●	<2°C 2-3°C	We have identified several risks associated with compliance with regulatory mandates, so mitigation measures can be established. For example, H&S, External Wall System (EWS), Electrical Safety Rules.



Risk rating

● Significant

● High

Climate Risk Category	Climate-Related Risk	Description of Climate-related Risk	Timeline and risk rating	Scenario	Mitigating Controls in Place
Market	Increased cost of energy and raw materials	Over the past few years, the escalation of worldwide events, such as the Covid-19 pandemic and global geopolitical issues, have caused widespread supply chain disruptions. We have identified risks associated with changes in energy prices and utilities. Unpredictable climate change impacts could significantly affect supply chains. Reliance on an undiversified supply chain can significantly damage business operations and profitability.	Short to medium term (2023-2037) Gross risk - ●	<2°C 2-3°C	To mitigate against the rising cost of energy, we utilise price fixing, that is a part of our energy procurement. We will aim to substitute our materials for lower-emission alternatives. In 2023, initiatives included LED lighting surveys at two sites and converting external lighting at our Victoria Point, Manchester site to LED lighting. All recent refurbishments have been upgraded to LED lighting. Additional initiatives that progressed during 2023 and will advance further in 2024, will include a feasibility study for the implementation of solar panels at 13 sites, a full portfolio survey to identify the buildings that will benefit from PV. Also, 14 sites will undergo decarbonisation surveys, which will contribute to the planned design to remove all gas boilers. We have created action plans for our 16 least energy-efficient properties, including disposals and works undertaken.
	Changing consumer preferences	The Group may be at risk of loss of revenue, reduced profitability and reduced growth if it is unable to keep pace with changing consumer preferences. With sustainability growing in importance, customers may change their market sentiment towards other Purpose-Built Student Accommodation (PBSAs) operators as more sustainable alternatives.	Short to medium term (2023-2037) Gross risk - ●	<2°C 2-3°C	Our commitments to the planet are detailed in the sustainability section of our website and our standalone 2023 ESG report. The report covers examples of our current and future decarbonisation initiatives. We demonstrate resilience and adaptability to the changing demands of customers by differentiating within the PBSA market with a highly efficient, low embodied carbon product and efforts to attract climate-conscious customers.



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Risk rating

● Significant

● High

Climate-related transition risks and mitigations

Climate Risk Category	Climate-Related Risk	Description of Climate-related Risk	Timeline and risk rating	Scenario	Mitigating Controls in Place
Reputation	Increased stakeholder concern	As the world transitions to a decarbonised economy, stakeholders are likely to have increased focus on environmental impacts. Failing to properly communicate the manner of the Group's efforts to reduce environmental impact is likely to negatively impact investor sentiment/ratings, potentially limiting access to capital. With increased transparency comes increased scrutiny. Therefore, there is a reputational risk of not meeting publicly communicated targets.	Short to medium term (2023-2037) Gross risk - 	<2°C 2-3°C	We have allocated internal resources through a Net-Zero strategy and Engagement programme. Also, we have engaged a third-party specialist, to ensure compliance with current and emerging regulations. We have an aptitude for engaging with climate change as outlined in the business' ambitious climate-related goals/targets for 2033 and 2050. This communication reassures stakeholders that we are proactive in this area. We intend to continue to publish an annual stand-alone ESG Report, to communicate efforts to stakeholders, including customers.
Technology	Substitute existing products to lower emissions alternatives	As we are not a manufacturing entity, alternatives can only be used in association with the provided services. The cost to ensure our facilities are sustainable and efficient is likely to increase as further investment into resources and modern technologies may be required.	Short to medium term (2023-2037) Gross risk - 	<2°C 2-3°C	We have been proactive with efforts to incorporate sustainability at the core of our operations. For example, our Net-Zero strategy and emission reduction targets with specific KPIs. As we are on the journey to reduce our carbon emissions, we can position ourselves as being prepared for changing customer demands.

Physical Risks

Physical risks can be categorised as either chronic or acute. One-off events, for example, storms or floods, are considered acute. Ongoing changes, such as higher annual mean temperatures or rising sea levels, are classified as chronic risks.

There are five potential physical risks of differing magnitudes, which may impact our sites. For example, flooding, rising mean temperatures, water stress, coastal flooding and wildfires. These physical risks were assessed using the same scoring methodology as transitional risks. In this report we have listed only the risks that scored 9 and above on our inherent risk scoring methodology and were classified as material. Non-material risks and their assessment can be found in our standalone TCFD report.

We are witnessing rising mean temperatures and are monitoring the potential implications for our operations, but this is currently deemed a low impact. In the short term, the other risks are not considered likely, based on the results of climate scenario modelling and review by the Board and ESG Committee. We will continue to monitor these risks, to ensure we implement mitigating actions, as required.

Climate-related physical risks and mitigations

Climate Risk Category	Climate-Related Risk	Description of Climate-related Risk	Timeline	Scenario	Mitigating Controls in Place
Acute	Heatwaves/ Extreme heat	All 27 sites will experience heatwaves in the short-long term, under the Reactive and Inactive scenarios. Periods of extreme heat/heatwaves may impact students and staff, causing a decrease in productivity. This may impact site operations and maintenance activities. To maintain optimal temperatures for students and technology, there may be an increased demand for cooling through air-conditioning units, leading to an increase in energy costs, Scope 1 & 2 emissions and power outages. Students may decide to accommodate in areas where there is adequate air-conditioning rather than in older buildings that have not been retrofitted. Certain construction materials and their properties may change under extreme heat conditions.	Short to long term (2023-2052) Gross risk - ●	<2°C 2-3°C	We will target the establishment of questionnaires for employees and students, to understand the level of comfort, the impact experienced and improvement suggestions. Our summer occupancy rate is relatively low, acting as a mitigant against heat waves impacts on students using the accommodation during the highest risk periods.

Climate-related opportunities

We are keen to embrace the opportunities presented by the transition to a low-carbon economy. These opportunities are highest in below 2°C scenario through investing in lower emissions technology, helping to decarbonise our operations whilst reducing costs. Being proactive and transparent with our environmental efforts and future goals is strengthening our market position with stakeholders, providing a competitive advantage to our business.

Climate-related opportunities and response

Climate Opportunity Category	Climate Related Opportunity	Impact description	Timeline	Scenario	Opportunity response strategy
Technology and changing customer behaviour towards products and services	Decarbonising the overall footprint of our services. Consumer shift towards sustainable designs and solutions presents a significant market opportunity.	The transition to sustainable design and innovative engineering solutions can aid lower emissions from our sites, to provide us with a competitive advantage. We recognise that customer preferences have not fully aligned yet and lower emissions are not currently the main reason for selecting our sites. We believe in time that customer preferences are likely to shift, with greater importance placed on sustainability metrics, alongside other aspects (cost, location and quality of the service).	Short to medium term (2023-2037)	<2°C 2-3°C	Our operations have proven to be flexible and adaptable to meet and exceed expectations of a sustainable PBSA provider. Our ambition is to differentiate within the PBSA market with a highly efficient, low embodied carbon product and attract climate-conscious customers. A growing number of customers will be looking to use our services, as we decarbonise our operations through new energy-efficient buildings and retrofitting obsolete buildings. We anticipate that the upfront cost of sustainable products will outweigh the potential increase in revenue associated with the demand for sustainable services.
Energy resources	Use of lower-emission sources of energy	The implementation of energy-efficient technology across operations, to meet our carbon reduction targets will additionally manifest in monetary savings in addition to a positive environmental impact. Energy efficient technology will decrease our energy consumption and the energy costs for our business. The payback associated with lower-emission sources of energy will mitigate the upfront cost of technology investment. Possible solar PV installation on our sites could further reduce emissions and decrease utility bills. This would reduce our reliance on the National grid and help mitigate potential carbon tax. Moreover, energy efficient assets pose higher commercial value resulting in higher portfolio valuation.	Short to medium term (2023-2037)	<2°C 2-3°C	We are committed to decarbonising operational emissions, aiming to be Net-Zero across our operations, developments, property portfolio and energy consumption by 2033. We have set a wider target of being net-zero in all our emissions (Scope 3) by 2050 or before.
Reputation	Becoming the market leader in the sustainable design and construction industry	As customers and supply chain partners set their own values/expectations for potential partners, we take a strong position as a sustainability proactive and reliable entity for future partnerships.	Short to medium term (2023-2037)	<2°C 2-3°C	Transparency in communicating environmental values and strategy regarding climate change and Net-Zero creates a strong market-leading reputation. Our expertise in deep refurbishment and repurposing existing building stock continues to create high-quality PBSA operations with a low environmental impact and associated embodied carbon via the reuse of existing buildings.



Actions post mitigation controls

The risk level, likelihood, and impact of each individual climate-related risk was reviewed again following the implementation of mitigation controls. This review identified six climate-related risks with a net risk still within the range of significant or higher. These risks were deemed material, but with mitigation measures it has helped to control these risks.

Actions post mitigation controls

Climate Risk Category	Climate-Related Risk	Description of Climate-related Risk
Transitional – Policy & Legal	Mandates on and regulation of existing products and services	Existing and upcoming mandates/regulations have become permanent elements of the legal landscape. It is highly probable that requirements for compliance will expand. Our efforts to mitigate this risk will decrease the impact, but costs associated with compliance and the need to monitor the landscape will remain.
Physical – Acute and Chronic	Heatwaves/ Extreme heat	The likelihood of heatwaves cannot be mitigated by our efforts alone, as it is part of the global collective action. Given the lower occupancy during the summer months, it is possible to consider selecting the necessary percentage of beds that will be suitable for such extreme weather. For example, we could analyse which area of the property is exposed to the least volume of solar radiation, incorporating lower-level rooms that benefit from shade provided by external objects (for example, neighbouring buildings, large trees) and install removable canopies and water diffusers for the relevant period to create cooler leisure areas. Following this assessment, we could place students who plan to remain in occupancy during the summer months, in rooms more suitable for such events.
Physical – Chronic	Flooding	The likelihood of flooding cannot be mitigated by our efforts alone, this is also part of the global collective action. Year-on-year review with meticulous site selection in low flood risk areas, understanding of supply chain routes and potential impact on operations can lower the risk significantly.
	Water stress	The likelihood of water stress cannot be mitigated by our efforts alone, as it is part of the regional preparation of the water system and local water authorities' readiness for the events. Improved water management and reduced consumption will lower the risk. However, unless the option of water storage for the needs of specific sites can be established, such risk cannot be fully mitigated. In the next two years, we will consider researching the feasibility of this process for the sites at risk.
	Sea level rise	The likelihood of sea level rise cannot be mitigated by our efforts alone, this is part of a global collective action. To further mitigate the risk, it is possible to collaborate with local authorities to further understand coastal defences and flood prevention construction plans relevant to our sites. This information can be further used to manage the property portfolio. As this risk is determined longer term, there is no material impact anticipated in the immediate future and it will be monitored on an annual basis through scenario analysis.
	Wildfires	The likelihood of wildfires cannot be mitigated by our efforts alone, as it is part of the global collective action and readiness of local authorities and fire services for such events. Continuing the programme of removal of flammable materials at our sites, this risk can be further mitigated.



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Risk Management

As for any business, timely risk management is essential to our success. The process for identifying and recording risks has been established and is embedded within the business. We acknowledge the presence of various risks that could affect the realization of our strategy. While it may be challenging to foresee every risk, we have implemented a strong risk management process to identify, manage and mitigate potential risks. The Board establishes the Group's approach to identifying and managing risks, and the oversight of risk is delegated by the Board to the Audit and Risk Committee. Please see page 32 for a description of the risk management process in place across the business.

Climate related risks were summarised for review during the board-level workshop conducted in August 2023 following climate-scenario modelling. These were compiled into an internal climate-risk register that mimics the structure of Group's risk register with the appropriately modified risk timeframes. The climate risk register was then reviewed by the ESG Committee and submitted to the Board in December 2023, for final review and sign off. Identified material risks were further processed by the Audit and Risk

Committee for combining the results into the Group's risk register with allocation of risk owners.

All climate-related risks were scored on their likelihood and impact with the inherent risk factor quantified. Subsequently, mitigation controls and future actions were established. Risks with a higher scoring after the introduction of mitigation controls were then re-assessed, to determine the mitigation measures available to further reduce net risk. Climate-related risks that scored significant or high according to the scoring methodology in Table 4, which also had post mitigation controls, which were associated with a long-term (2038-2052) time horizon and >3°C warming scenario in the physical risks categories, were not incorporated into the Group's overall Risk Register, due to the assessed time horizon. However, those risks will be reassessed annually, and the established mitigation measures considered in a timely manner.

Metrics & Targets

At the end of each financial year, the Board reviews progress against annual targets and key performance indicators and agrees targets for the forthcoming year. In December 2023, the Board reviewed the progress against the 2023 targets. They reviewed and approved the new targets for 2024 and 2025 as set out on page 71.

We strive to reduce greenhouse gas (GHG) emissions across all sites, where possible. We are committed to on-going annual reporting on environmental performance. We calculate and report on Scope 1 and 2 GHG emissions, to provide full transparency to stakeholders. This process is aided by the support of a third-party consultant. As this is our first year following the TCFD guidelines, we have not calculated our Scope 3 emissions, but a data collection process to calculate Scope 3 emissions will commence in 2024. We plan to report against all three scopes in our 2024 ESG and Annual Reports.

We are committed to decarbonising operational emissions, aiming to achieve Net-Zero across our operations, developments, property portfolio and energy consumption by 2033 (Scopes 1 and 2). We have set a broader target of being absolute net-zero in all our emissions (including Scope 3) by 2050 or sooner with 2019 defined as our baseline year. The targets differ between scopes due to the difficulties in compiling and calculating Scope 3 data. We are working to continuously improve our Scope 3 data

collection process and aim to refine our Scope 3 target in the next two years. To achieve this target, several initiatives have been initiated. For example, 100 per cent of electricity is obtained from 100 per cent renewable sources and >55% of the portfolio is targeted to be rated EPC B or better by the end of 2024.

We intend to validate our net-zero target with the Science Based Targets initiative (SBTi) within the next two years.

Scope 1 and 2 Emissions

Following TCFD guidelines, we have aligned our carbon-emission-reduction strategy with the 1.5°C scenario outlined in the Paris Agreement. We have set out our 2023 Scope 1 and 2 emissions on page 68. No formal assurance is currently provided.

In accordance with SECR requirements, the information below summarises our energy usage, associated emissions, energy efficiency actions, and energy performance. It contains information on Greenhouse Gas (GHG) emissions required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations"). We have chosen to report this information in line with EPRA (European Public Real Estate Association) sustainability best practice methodology which is based on the Global Reporting Initiative (GRI) Standards.



Carbon emissions are categorised as follows:

- Scope 1: Consumption and emissions related to direct combustion of natural gas, fuels utilised for transportation operations, such as company vehicle fleets and refrigerant gases.
- Scope 2: Consumption and emissions from indirect emissions, relating to the consumption of purchased electricity in daily business operations.

Headlines

- 0.2% decrease in like for like electricity consumption in 2023.
- 21% decrease in like for like water consumption in 2023.
- 13% increase in like for like waste obtained in 2023, this is a result of more accurate data leading to fewer estimations used compared to 2022.

Organisational Details

This report has been prepared for Empiric Student Property plc with a head office located at Hop Yard Studios, 1st Floor, 72 Borough High Street, London, SE1 1XF. The report includes all of the Empiric portfolio located in the UK.

Empiric has no overseas consumption and associated emissions.

Organisational Boundary

The operational control approach is used to consolidate the company's organisational boundary. The Company owns 100% of the property assets it operates and has therefore reported on that basis. Like for like indicators include all properties which have been in the portfolio since 1st January 2022.

Absolute indicators include like for like properties and those which were acquired, sold or included in the development pipeline at any time since that date.

Reporting Period

The EPRA report is required annually and requires data for two years to enable comparison. The reporting period for this document is 1 January 2022 to 31 December 2023, comprising the period from the commencement of operations to the year end.

Methodology

We have used the EPRA Best Practices Recommendations on Sustainability Reporting (3rd Edition), which is based on the GRI reporting standards (2016 edition), to prepare this disclosure. The UK Government Conversion Factors for Company Reporting have been applied to convert energy data into greenhouse gas emissions. Whole building data has been reported and any missing data has been estimated using either direct comparison, pro rata calculation or based on an average consumption value per bed.

In order to express the GHG emissions in relation to a quantifiable factor associated with the Company's activities, the intensity ratio of tCO₂e per operating bed has been chosen, calculated using absolute data.

Exclusions / Materiality

Scope 1 fugitive emissions from stationary air conditioning/refrigeration plant are estimated to account for less than five per cent of the Group's emissions and as such have been deemed to be immaterial.

Energy Efficiency Actions

In the period covered by the report we have:

- Retrofitted networked controlled panel heaters with occupancy detection across three sites.
- Installed Smart thermostatic valves on multiple sites to reduce energy consumption via heating.
- Upgraded/ replaced boiler plant with more efficient equivalents at two sites.
- Undertook remedial works on the installed solar panels across multiple sites.

Waste Disposal

The data available from private waste collections significantly increased in 2023 rising to 24 sites compared to two previously. This allowed for a more accurate representation of the waste intensity which increased by 13 per cent (from 0.24 to 0.28 tonnes/bed/year in like for like properties). The average waste obtained per bed was used to calculate the waste obtained in properties which relied on council waste disposal and the relevant council recycling rates were used to account for the proportions of landfill, recycling and energy recovery waste. For like for like properties there was an increase of nine per cent in recycled waste, a 32 per cent increase in waste to landfill and a 52 per cent decrease of waste processed in an energy recovery facility (ERF). This is due to the increased private contracts which often offer higher rates of recycling compared to the responsible local council.

Energy

Energy consumption saw an overall decrease of one per cent in 2023 (from 4,558 to 4,570 kWh/bed/year in like for like properties). This was a result of a 0.2 per cent decrease in electricity consumption, a three per cent decrease in energy consumption from fuels and no change in energy consumption from district heating. With the purchase of green contracts, it was assumed that for Scope 2 electricity consumption 100 per cent of the energy was from renewable sources.

GHG Emissions

GHG emissions saw an overall increase of three per cent in 2023 (from 3,520 to 3,761 tCO₂e/bed/year in like for like properties). This is due to a seven per cent increase in GHG emissions from electricity usage.

Water

Water usage decreased by 21 per cent in 2023 (from 43 to 35 m³/bed/year in like for like properties).



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Impact Area	Sustainability Performance Measures (Environment)		Boundaries	Units	Total Portfolio				
	EPRA Code	Indicator			Absolute Performance		Like-for-Like Performance		
					2022	2023	2022	2023	% change
Energy	Elec - Abs, Elec - LfL	Electricity	Total landlord obtained energy consumption from electricity (Scope 2)	kWh	20,511,433	19,453,387	17,634,330	17,596,291	0%
			Proportion of energy consumption from renewable sources	%	100%	100%	100%	100%	0%
			Proportion of data estimated	%					
			Coverage (% by bed)	%	100%	100%	100%	100%	N/A
	DH&C - Abs, DH&C - LfL	District heating and cooling	Total landlord obtained energy consumption from district heating and cooling (Scope 2)	kWh	646,690	634,650	646,690	634,650	
			Proportion of energy consumption from renewable sources	%	51%	51%	51%	51%	
			Proportion of data estimated	%	0%	0%	0%	0%	
			Coverage (% by bed)	%	100%	100%	100%	100%	
	Fuels - Abs, Fuels - LfL	Fuels	Total landlord obtained energy consumption from fuels (Scope 1)	kWh	18,588,701	17,860,825	15,309,627	14,912,196	
			Scope 1 transport data	kWh	0	0	0	0	
			Proportion of energy consumption from renewable sources	%	0%	0%	0%	0%	
			Proportion of data estimated (%)	%					
			Coverage (% by bed)	%	100%	100%	100%	100%	
	Energy - Int	Energy Intensity	Total landlord obtained energy	kWh/bed/year	4,319	4,166	4,540	4,481	
	No. of applicable properties		Energy and associated GHG disclosure coverage	–	88	87	82	71	
GHG emissions	GHG - Dir - Abs	Direct	Scope 1 emissions from landlord obtained consumption of fuels	tCO ₂ e	3,393	3,267	2,795	2,728	-2%
	GHG - Ind - Abs	Location	Scope 2 emissions (location based) from landlord obtained consumption of electricity		3,998	4,060	3,441	3,675	6%
	GHG - Int	GHG emissions intensity	GHG emissions intensity from Scope 1 and 2 (location-based) emissions	tCO ₂ e/bed/year	0.80	0.80	0.84	0.87	3%
	Fugitive Emissions		Emissions from leaks of GHG, for example from refrigeration and air-conditioning units (Scope 1)	tCO ₂ e	N/A	N/A	N/A	N/A	N/A
Water	Water-Abs, Water - LfL	Water	Total landlord obtained water from municipal water supplies	m3	382,679	294,017	318,615	252,418	
			Proportion of data estimated	%	16%	17%	13%	14%	
			Coverage (% by bed)	%	100%	100%	100%	100%	
	Water-Int		Landlord obtained water intensity	m3/bed/year	42	32	43	34	
Waste	Waste-Abs, Waste - LfL	Waste	Total weight of waste to landfill	Tonnes	1,256	1,623	982	1,294	0
			Total weight of recycling waste	Tonnes	742	822	586	637	0
			Total weight of waste to energy recovery facility (ERF)	Tonnes	240	121	232	111	0
	Waste - Int		Total waste obtained	Tonnes/bed/year	0.25	0.28	0.24	0.28	0



Impact Area	Performance based on Asset Type									
	Head office					Student Accommodation				
	2022 (Abs)	2023 (Abs)	2022 (LfL)	2023 (LfL)	% change	2022 (Abs)	2023 (Abs)	2022 (LfL)	2023 (LfL)	% change
Energy	99,825	99,825	99,825	99,825	0%	20,411,608	19,353,562	17,534,505	17,496,466	0%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%
	100%	100%	100%	100%	0%	0.15%	0.02%	0.17%	0.02%	-90%
	N/A	N/A	N/A	N/A	N/A	100%	100%	100%	100%	0%
						646,690	634,650	646,690	634,650	-2%
						51%	51%	51%	51%	0%
						0%	0%	0%	0%	0%
						100%	100%	100%	100%	0%
						18,588,701	17,860,825	15,309,627	14,912,196	-3%
						0	0	0	0	0%
						0%	0%	0%	0%	0%
						0.33%	0.00%	0.00%	0.00%	
						100%	100%	100%	100%	0%
	N/A	N/A	N/A	N/A	N/A	4,319	4,166	4,538	4,481	-1%
	1	1	1	1	0%	87	86	81	70	-14%
GHG emissions	0	0	0	0	0%	3,393	3,267	2,795	2,728	-2%
	19.304	20.671	19.304	20.671	7%	3,979	4,039	3,422	3,654	7%
	N/A	N/A	N/A	N/A	N/A	0.80	0.80	0.84	0.87	3%
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water						382,679	294,017	318,615	252,418	-21%
						16%	17%	13%	14%	3%
						100%	100%	100%	100%	0%
						42	32	43	34	-21%
Waste	0	0	0	0	0	1,256	1,623	982	1,294	32%
	0	0	0	0	0	742	822	586	637	9%
	0	0	0	0	0	240	121	232	111	-52%
	0	0	0	0	0	0.25	0.28	0.24	0.28	13%

Footnotes/Assumptions

1. The proportion of the district heating energy that comes from renewable (biogenic) sources was 50.97% in 2021. The same fuel mix is assumed for 2022 and 2023 also.
2. Gas supplied to Empiric's estate is exclusively derived from fossil fuels.
3. 100% of the water withdrawn is assumed to be from municipal water supplies.
4. Head office energy consumption is estimated based on the EPC (<https://find-energy-certificate.service.gov.uk/energy-certificate/6507-6339-2002-1525-1506>) and assumed to be similar for both reporting years.
5. Waste data was only available for a proportion of Empiric's portfolio. This data has been extrapolated and supplemented with waste collection data from local councils where our portfolio is located.
6. The majority of council waste collection data was available for 2021/22 period at the time of compiling the report. Where it wasn't available the most recent figure was used in the calculations for 2023.
7. It is assumed that bins do not reach capacity before collection. Based on the information from the private waste collection invoices an average waste level is therefore assumed.
8. We have solar panels installed at various sites but there is currently no available data on the operation and generation from these sites.
9. Due to the purchase of green contracts, electricity consumption across the portfolio is stated to have no GHG emissions.





Additional environmental metrics

Biodiversity

We aim to improve biodiversity on sites, wherever possible. Our site at St Marys, Bristol has a living wall, which is watered using a water efficient system. One of our sites at Falmouth site has a green roof, which has been inhabited by nesting birds.

All green spaces are maintained. However, moving forward, we aim to improve the quality of these sites, for example, by creating meadows, beehives and allotment areas for students where space configuration allows.

Energy saving

As we advance on our journey to become net-zero, we will aim to substitute our materials to lower emission alternatives, where possible. Our Foss Studios Building will be all electric in 2024, with a large part of the energy generation targeted to be renewable energy generated on-site.

During this financial year, the smart panel heaters programme has saved 94 tonnes of carbon compared to an onsite gas boiler. Other energy saving initiatives during the financial year are outlined on page 48.

Waste management and plastics

We are using local and council led waste collection services at most of our sites. However, certain sites use a private collection service, which provide more accurate, site specific, waste data.

We encourage recycling at all our properties and provide recycling facilities with associated education and signage. We have a program for mattress recycling. As a matter of course, after 3-4 years of use, mattresses are reconditioned and recycled. We currently do not have any targets set related to waste, we intend to publish targets related to waste in the 2024 TCFD Report.

Water Management

We currently have several water initiatives. Our largest site in York has an independent water collection system. We are also addressing potential water stress risks by optimising water usage via low flow taps and water management systems.

We acknowledge the need to explicitly state our commitment to measuring water consumption. In the next two years, we aspire to enhance our comprehension of water consumption at each of our sites and establish a suitable baseline. Subsequently, our focus will shift towards implementing strategies to reduce water usage and associated costs. This will be complemented by the formulation of water reduction targets, accompanied by key performance indicators to track our progress and ensure the effectiveness of our conservation efforts. We currently do not have any targets set related to water, we intend to publish targets related to water in the 2024 TCFD Report.

Future ESG commitments (subject to advisory shareholder vote)

2024	Description
Governance	
Climate Risk Management	- Monitor and review climate-related risks and mitigation controls - Conduct a climate scenario analysis on our supply chain and supply routes - Climate-scenario modelling year-on-year comparisons - Financial modelling to understand impact of identified risks and opportunities
Conflict Management	- Launch bespoke conflict management training to employees with a focus on risk mitigation. Identify sources of conflict and address them proactively, reducing the risk of escalated disputes and legal issues - Rollout lone worker devices
External Benchmarking	Consider and conclude on an appropriate external benchmarking study for the Company to participate in from 2025 onwards
Environmental	
Net Zero Operations	- Over 40% of the portfolio by floor area to be fossil fuel free - Lower like for like energy consumption to below 4,250 kWh per bed - Complete the conversion of a further 12 buildings to net-zero operations - Commission decarbonisation studies on all remaining properties
Greener Solutions Installation	Record all onsite energy creation (PVs) across the portfolio
Emissions data collection and SBTi targets	- Improve Scope 3 emissions data collection - Refine the emissions target, aligning to SBTi within the next two years
Green capex	- Install air source heat pumps (ASHPs) and PVs at >10 sites - Roll out >3,000 in-room heating controls (Smart Panels, Smart TRVs or meters) - Full LED and PIR upgrades on >20 buildings that include plug and play fitting to help with future maintenance costs - Set climate related investment thresholds
Data gathering	Use data to inform planned summer and winter education programs to support energy efficiency behavioural change
Building Energy Management System (BEMS)	- Conduct BEMS surveys and upgrades at >30 sites - Execute comprehensive Building Management System (BMS) upgrades across the portfolio, allowing for remote monitoring, data collection and control - Record all onsite energy creation (PVs) across the portfolio
EPC Ratings	>55% of portfolio to be rated EPC B or better

2024	Description
Social	
Health and Safety	- Establish Legal Register - Deliver Wellbeing Management System and Framework, including lone working - Deliver Incident Management Guides to ensure consistent management and escalation of site-based incidents - Complete dynamic risk assessments of all sites, specific to local area - Create a Security Self-Assessment tool which will require teams to objectively review the security in our properties and identify opportunities for improvements to physical and personal security
Opportunities for all	- Launch apprenticeship scheme - Complete bespoke leadership development programme for future leaders - Define diversity focus areas and targets - Provide training and accreditation to maintenance operatives
Enhance mental health and wellbeing	- Achieve a net promoter score of +33 - Achieve employee engagement scores within the top 25th percentile of externally benchmarked comparator group - Mental Health First Aid training for all sites
Operations	- Improve customer response times targeting resolution within 72 hours on 70% of cases raised via the Student App - Invest over 300 days in community or charitable support initiatives
Engagement	Launch behaviour programme to engage employees and customers and measure impact on energy use across a sample of sites
2025	Description
Net Zero Operations	- Net Zero and Renewable Energy Guarantees of Origin (REGO)-approved energy targets - Develop full pathway to net zero following residual decarbonisation studies completed in 2024 - Lower like for like energy consumption to below 3,900 kWh per bed 50% of assets to be fossil fuel free
Carbon Development	- Develop a baseline whole life carbon intensity - Measure whole life carbon to facilitate the setting an embodied carbon or whole life carbon targets in 2025
Climate risk management	- Conduct a climate scenario analysis on our supply chain and supply routes with a focus on financial modelling - Climate-scenario modelling year-on-year comparison
EPC Ratings	>65% of portfolio rated EPC B or better
Health and Safety	Install defibrillators at our largest sites
Operations	Implement in-room recycling initiatives
Supply Chain	Conduct key supplier survey to collect data about ESG engagement and performance within the supply chain



Section 172(1) Statement

The Board openly accepts its obligation to operate as a good corporate citizen and recognises that broader stakeholder recognition is integral to the long-term success of the Company. For the year under review, the Board has had due regard for the following:

Section 172 requirements	Disclosures
The likely consequences of any decision in the long term	The Board provides oversight over the Company's performance and gives guidance as to the long-term strategy of the Company. The day-to-day management and decision-making is delegated by the Board to the Executive Committee which provides regular updates to the Board. This allows the Board to monitor the performance of the Company and ensure that the Company is progressing in line with the long-term strategy. The KPIs reported on page 20 are the key metrics which the Board reviews, which are supplemented by further detailed reporting. Also see details surrounding stakeholder engagement on page 52 and Board activities and principal decisions taken as set out on page 73.
The interests of the Company's employees	Our people are crucial to the Company's success; they provide our customers with exceptional service to ensure they feel at home. The Board recognises how vital our people are and as such all decisions taken by the Board consider the interests of the Company's employees. The Board has designated Alice Avis (Senior Independent non-executive Director) to liaise with the One Team Collective as a representative body of our workforce. This allows a direct conduit between the Board and our people. This gives the Board insight into the views and concerns of our people and allows them to ensure their decisions are aligned with the interests of the Company's employees. Also see the Company's activities surrounding mental health & wellbeing on page 54.
The need to foster the Company's business relationships with suppliers, customers and others	The Company has a few key suppliers and the Board is involved in reviewing and approving any key contracts which the Company enters into. As such the Board provides oversight and challenge to key suppliers. Day-to-day relationships with Company suppliers are delegated to the Senior Leadership Team to ensure a close relationship is fostered. Without customers the Company could not exist, and as such the Board takes great interest in fostering relationships with these customers. The Board reviews the results of the biannual customer survey, as well as receiving and reviewing other ad hoc reports on our customers' preferences and wishes. As part of the CEO's Board reporting, our customers sit as a standing agenda item. The Board believes that fostering a close relationship and a deep understanding of our customers is key to the Company's success. Also see details surrounding stakeholder engagement on page 52.
The impact of the Company's operations on the community and the environment	The community and environment in which the Company operates in is a key priority for the Board. The Board takes the impact of the Group's operations on the community and environment into account in each decision. The decisions which the Board take can have widespread ramifications. Reviewing this impact is not a perfunctory exercise but one which the Board believes is a key responsibility, which includes robust challenge of all decisions.
The desirability of the Company maintaining a reputation for high standards of business conduct	The Board recognises the importance of maintaining a reputation for high standards of business conduct. The Board always seeks to make the best decision for the Company which, while taking into account the needs of all of our stakeholders, also reflects morally on our obligations as a Company. The Board encourages this principle throughout the business and directs the Company's ethos through the Company purpose and values. The Board also encourages the Company to go above and beyond in certain areas. One particular example is mental health welfare where the Board pushed for greater support for both our people and our customers.
The need to act fairly between members of the Company	The Board believes transparency and accountability of the business is paramount to encourage shareholder confidence. The Board listens to and reviews the views across our shareholder base. The need to act fairly between all of our shareholders underpins the Board's decisions and the Board receives regular feedback from shareholders after our annual and interim results release. The Board also receives feedback from research analysts throughout the year. This helps to identify key shareholder trends which the Board takes note of. The capital structure of the Company as a REIT, limiting individual shareholdings to a maximum of 10% of issued share capital, helps to ensure there are no dominant shareholders and that all shareholders are treated equally.

Principal decisions

June 2023: Appointment of PwC to assist the Board to accelerate the roll out of the Post-Graduate strategy in key cities

Decision taken

Following a period of market due diligence and financial modelling the Board appointed PwC to assist with the exploration of opportunities to accelerate the roll out of the Post-Graduate strategy in key cities, following a ringfencing of a prospective seed portfolio of suitable properties which may form the basis of a future joint venture.

Long-term success considerations

Following the transformation of the Group's operational capabilities, the Board's strategic focus has been on routes to growth as a means of leveraging the operational platform.

The Post-Graduate strategy is compelling with a UK market of over 800,000 students, and growing. The Group's ability to accelerate the roll out of its exclusive Post-Graduate product is capital constrained and therefore realising the value inherent in its roll out is challenged. Introducing a joint venture partner as a means to execute this strategy, realise associated rental and valuation growth, whilst releasing capital for reinvestment elsewhere in the business is a means to leverage our operational capabilities for the benefit of stakeholders.

Stakeholder impact considerations

Shareholders: Accretive earning proposition alongside improving EBITDA margins with potential for valuation growth and reinvestment of equity released into Undergraduate opportunities;

Customers: Accelerated roll-out of a product designed specifically to meet the needs of Post-Graduates, who represent approximately 40 per cent of our customer base; and

Employees: Growth in beds under management and improving the Company's performance metrics provides employees with greater opportunities in respect of both experience and reward.

Outcome

Encouraging feedback has been received from shareholders and employees, with initial conversations with interested parties having been well received.

August 2023: Approval to refinance and consolidate maturing debt facilities

Decision taken

With three debt facilities maturing during 2024 and 2025, the decision was taken to refinance all three in early 2024 to consolidate facilities and push refinancing risk out to 2028.

Long-term success considerations

The Group's short dated debt maturities were held at floating rates, which during a period of increased interest rate volatility were causing undue concern given their relative size in comparison to the Group's overall debt profile. With interest rates relatively stable in comparison to the prior year, the decision was taken to refinance all short dated expiries into a facility which would then be hedged to provide improved interest rate protection and remove near term refinancing risk.

Stakeholder impact considerations

Shareholders: Reduces potential volatility from future earnings and dividend expectations and provides greater comfort on longer term viability and risk management;

Lenders: Prudent management of refinancing risk and maintenance of prudent covenant compliance;

Agents/suppliers: Longer term liquidity profile secured, providing improved comfort on the Group's financial strength and stability; and

Employees: Consolidating lenders reduces administrative burden allowing for more time to be invested with the remaining lender group.

Outcome

The decision was well communicated and received by lenders. Improved balance sheet with interest rate security achieved with only a marginal increase anticipated in financing costs.

The Strategic Report was approved by the Board on 13 March 2024 and is signed on its behalf by:

Donald Grant | Director



Board of Directors

Committees

- N** Nomination
- A** Audit and Risk
- R** Remuneration
- E** ESG
- ☐ Chair



	Mark Pain	Duncan Garrood	Donald Grant
	Non-executive Chairman	Chief Executive Officer	Chief Financial and Sustainability Officer
Appointed	1 September 2018	28 September 2020	12 September 2022
Independent	Yes	No	No
Committee Memberships	N E R	E	E
Relevant Skills and Experience	- Chartered accountant - Strong financial, customer and shareholder focus - Extensive experience of executive and non-executive roles in the real estate, financial services and consumer/leisure sectors	- Strong operational, sales and marketing skills - Extensive experience of executive roles in the consumer/leisure sectors - Significant expertise in the consumer/leisure sectors	- Chartered accountant - Over 20 years' experience in the listed real estate and financial services sectors, covering finance, tax, regulatory compliance, HR, IT and company secretarial
Principal External Appointments	- Chairman – AXA UK - Senior Independent Director – Close Brothers Group plc	- None	- None
Significant Previous External Experience	- Group Finance Director – Abbey National PLC - Group Finance Director – Barratt Developments PLC - Non-executive Directorships – Ladbroke Coral Group PLC, Aviva Insurance Limited, Spirit Pub Group PLC, Johnston Press PLC, Northern Rock, LSL Property Services and Punch Taverns PLC - Vice Chairman and Senior Independent Director – Yorkshire Building Society	- CEO – Ten Entertainment Group Plc - CEO – Bills Restaurants - CEO – Punch Taverns plc - President – M.H. Alshaya - Commercial Director – BAA plc	- Chief Financial Officer – RDI REIT P.L.C - Group Financial Controller – Capital & Counties Properties PLC - Head of Finance – Liberty International PLC - Head of Financial & Regulatory Control (EMEA) – BCG Partners / Cantor Fitzgerald





Alice Avis MBE

Senior Independent non-executive Director

1 March 2019

Yes

R **N** **E** **A** (designated Director for the workforce)

- Extensive experience in marketing, e-commerce, strategy and operations in the consumer goods/retail sectors
- Executive and non-executive expertise in FTSE 100/UK and international entrepreneurial organisations

- Non-executive Director – BGF (the Business Growth Fund)
- Non-executive Director – The Edrington Group Limited
- Non-executive Director – iPulse Limited

- Executive chairman – Lumene Oy
- CEO – Sanctuary Spa Group
- Marketing and E-Commerce Director – Marks and Spencer PLC
- Global brand Director, Johnnie Walker – Diageo PLC



Martin Ratchford

Non-executive Director

1 October 2021

Yes

A **R** **N** **E**

- Chartered accountant
- Over 20 years' experience in executive and leadership roles in the UK/international listed real estate, funds and student accommodation sectors
- Expertise in structured real estate debt and equity financing and systems and control environments

- Chief Finance Officer at Frasers Property UK Limited, a Frasers Property group company

- Finance Director, Real Estate and Funds – Thomas Cook plc
- Head of Europe, Finance – British Land PLC
- Finance Director – The Unite Group PLC



Clair Preston-Beer

Non-executive Director

1 July 2022

Yes

A **R** **N** **E**

- Significant expertise in large hospitality/retail businesses
- Extensive experience in international franchising/business transformation

- Managing Director – Local Pubs – Greene King

- Managing Director – Costa Coffee, Middle East & Asia
- Chief Operating Officer – Costa Coffee, UK
- Franchise Director – Costa Coffee, UK



Chairman's Introduction to Corporate Governance



“We structure our Board, its Committees and its operations in a manner which ensures we deliver our strategy in a responsible manner for the benefit of all our stakeholders.”

Mark Pain | Non-executive Chairman

Our Approach to Corporate Governance

As Chairman I am responsible for leading the Board and ensuring that we maintain the highest standards of corporate governance whilst promoting long-term sustainable success. We have a clear framework in place for the way in which the Board operates to ensure we deliver our strategy responsibly and the way we operate our business reflects the Company's values and culture in an ethical and transparent manner for the benefit of all our stakeholders.

Our approach to corporate governance is based upon the principles and provisions of the 2018 UK Corporate Governance Code (the “Code”) published by the Financial Reporting Council (“FRC”). The following Corporate Governance Report sets out how the Company has applied and complied with the Code during 2023.

We are committed to ensuring we adhere to the highest standards of corporate governance. We continue to monitor developments to allow us to respond appropriately where required.

The Board

The Board's role is to promote the long-term success of the Company, generating value for shareholders and contributing to its key wider stakeholder groups. The Board leads and provides direction for the executive Directors, by setting our Company strategy and objectives and overseeing the implementation of key operational policies throughout the business. The executive Directors are responsible for managing our daily business activities and operations.

The Board delegates appropriate matters to its Committees and reviews their terms of reference at least every other year. The last review of the terms of reference took place in December 2022. Copies of these are available from the Company Secretary or can be found on the Company's website www.empiric.co.uk

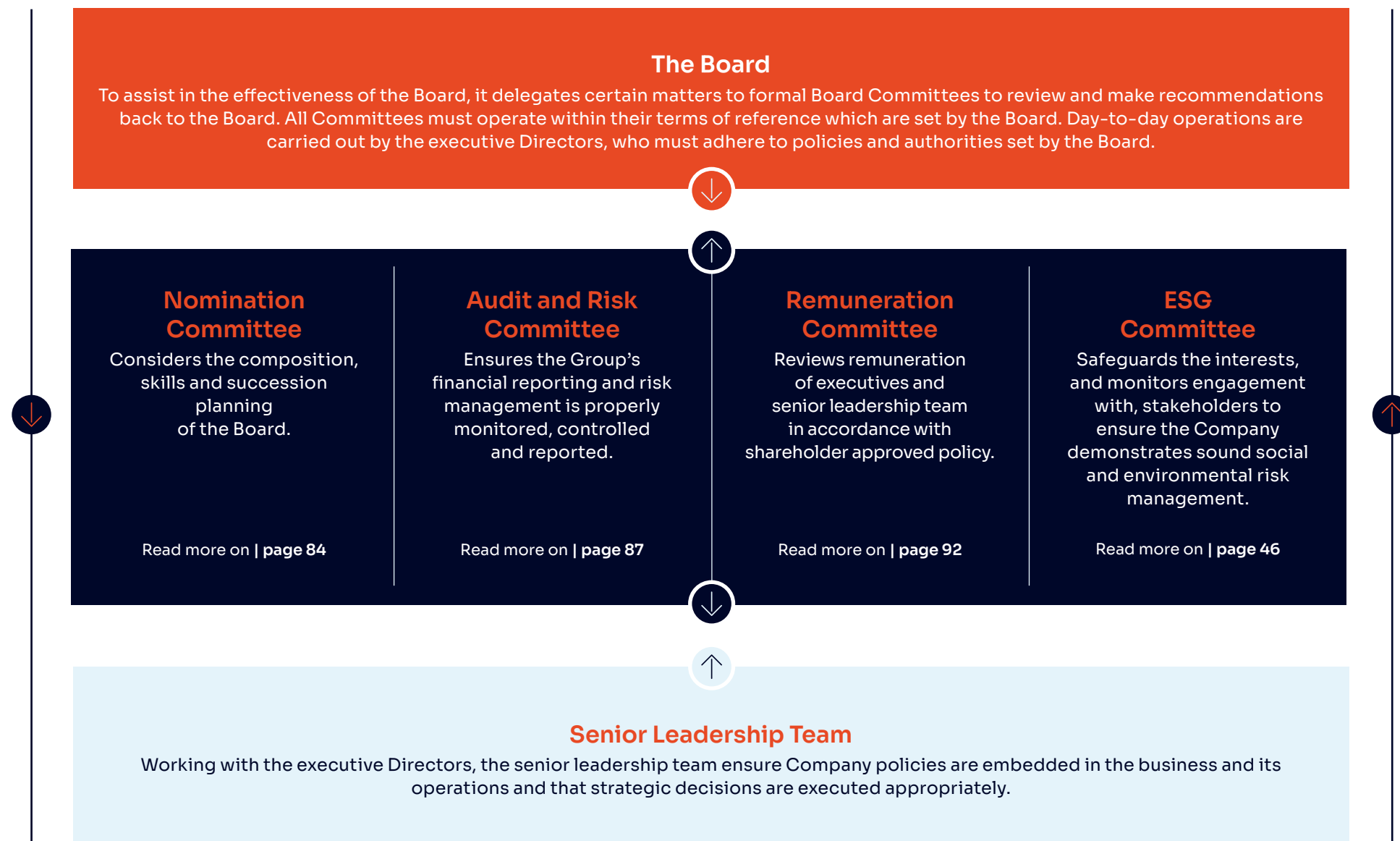
Purpose and culture

The Board believes that having a clear purpose which is underpinned by its values-based culture is the key to creating a business with strong governance. The Company's purpose is set out on the inside front cover and is aligned with the Company's strategic objectives (as set out on page 10) and the interests of the Company's key stakeholder groups.

The Board regularly assesses how well its purpose and values have been embedded in the Company's culture. Regular enquiry and feedback is received from members of the senior leadership team, the Chair of the One Team Collective, review of business performance and ad-hoc engagement with our people.

The boardroom culture is good natured and constructive. The Chairman and the Chief Executive Officer set a tone of openness and thoroughness, which is upheld by the Board with Directors holding themselves to high standards of integrity. The Board continues to be agile, which enables opportunities to be addressed at short notice.

Governance Structure



Chairman's Introduction to Corporate Governance | continued

Board composition

The Board consists of two executive Directors and four non-executive Directors, including the Chairman.

There were no changes in Board membership during the year. The activities of the Nomination Committee are set out in its report on page 84.

Biographical information of each Directors is set out on page 74.

The Directors bring a wealth of property, operational, financial, governance and marketing knowledge and skills to our business. Together with a depth of experience, the Directors scrutinise the businesses strategy and performance.

Each Board member's length of service is reviewed annually in line with the Code. The tenure of each Director is set out in the table on page 85.

There is a clear division of responsibilities between the Chairman and Chief Executive Officer. Their roles are clearly set out and agreed by the Board. The primary responsibilities of the Directors are as follows:

Board position	Primary Responsibilities
Chairman	– Leading the Board and ensuring its effectiveness; – Reviewing the Company's general progress and long-term development; and – Ensuring the Company is meeting its responsibilities to all stakeholders.
Chief Executive Officer	– Leading and developing the Company's profitable operation and development; – Overseeing all activities of the business and leading the sales, marketing and operations functions; – Ensuring the objectives are in line with operational activities; and – Creating shareholder value over the long term.
Chief Financial and Sustainability Officer	– Overseeing sustainability across the business; – Leading the finance and IT functions; – Producing timely and accurate financial information and analysis; – Raising and managing debt; – Ensuring tax and regulatory compliance; and – Maintaining financial control.

Board position	Primary Responsibilities
Senior Independent non-executive Director	– Acting as a sounding board for the Chairman and intermediary for other Directors when required; – Leading the evaluation of the Chairman on behalf of the other Directors; and – Being available to shareholders to raise their concerns if they cannot be resolved through other channels.
Non-executive Directors	– Providing constructive challenge; – Overseeing the Senior Leadership Team's progress on implementing strategy and meeting objectives; and – Monitoring the reporting of performance.

Board meetings

The Board holds regular formal, scheduled meetings with additional meetings scheduled as business needs require. The agenda for each meeting is typically agreed by the Chairman, with assistance from the executive Directors. The agenda, along with the Board papers, are sent in advance allowing sufficient time for the Directors to digest and consider, thereby enabling effective decision making within meetings. Any decisions and actions arising from the meetings are implemented by the executive Directors and monitored by the Company Secretary.

During the year, there were nine Board meetings held, which comprised four quarterly Board meetings, four Board update calls and a strategy day. The table below shows the Directors' attendance at those Board meetings. The figures in brackets show the number of meetings each Director was eligible to attend.

At least once a year, the non-executives hold informal meetings without the executives present.

	Meetings
Mark Pain	9 (9)
Duncan Garrood	9 (9)
Donald Grant	9 (9)
Alice Avis	9 (9)
Martin Ratchford	9 (9)
Clair Preston-Beer	9 (9)

Director independence

The Board reviews the independence of the Chairman and non-executive Directors on an annual basis. For the financial year ending 31 December 2023, all of the non-executive Directors, including the Chairman, are considered to be independent for the purposes of the Code.

Advice for Directors

The Directors have access to independent advice at the Company's expense, if they judge it necessary to discharge their responsibilities. All Directors have access to the advice and services of Apex Secretaries LLP, who act as Company Secretary.

Appointment of Directors

The executive Directors have contracts with the Company which include a six-month notice period and include restrictive covenants. The non-executive Directors have letters of appointment, which can be terminated in accordance with the Articles of Association and do not specify a notice period. The terms and conditions of appointment for the non-executive Directors are available for inspection at the Company's registered office and at each Annual General Meeting.

Directors who may be appointed to the Board during the year are required to be elected by shareholders at the next Annual General Meeting. All other Directors are subject to annual re-election at each Annual General Meeting.

All appointments to the Board are subject to a formal, rigorous and transparent process.

Board induction and training

All Directors receive a thorough formal induction upon appointment. This includes meeting members of the Board and Senior Leadership Team, and meetings with key advisers.

The Chairman reviews and discusses each Director's individual training and development needs. The Board as a whole also receives briefings and training on relevant topics. The Company benefits from the non-executive Directors' membership of other boards. This provides experience that can be applied to our business. In addition, the Board receives regular publications on key topics from our advisers and other professional services firms.

Time commitment of Directors and external appointments

Directors are required to devote sufficient time to fulfil their responsibilities to the Group, to prepare for meetings, and to regularly refresh and update their skills and knowledge. Each Director's other significant commitments are disclosed to the Board at the time of their appointment and they are required to notify the Board of any subsequent changes. Each Director is also required to seek permission from the Chairman of the Board prior to accepting any other directorships of publicly quoted companies.

The Chairman has reviewed the availability of the Directors and is satisfied that each Director is able to, and in practice does, devote the necessary amount of time to the Group's business.

The Senior Independent Director has reviewed the availability of the Chairman and considers that he is able to, and in practice does, devote the necessary amount of time to the Group's business.

Board succession

Board succession is considered by the Nominations Committee. See page 84 for further detail.

Board operations

The Board meets a minimum of once per quarter, normally aligned to the Company's financial calendar. These meetings operate under a formal quarterly schedule of matters reserved for the Board to ensure that the Company's strategy, objectives, risks, operations, controls and policies are all addressed or reviewed throughout the year. The matters reserved schedule specifies that Board decision making must give due regard for all stakeholders.

To ensure conflicts are avoided, Directors are asked to disclose their interests before each meeting,

Board and Committee papers are ordinarily provided by management seven days in advance of meetings to allow Directors sufficient time to prepare and request additional information, if required. Management and advisers may be invited to attend meetings to provide further information or guidance on specific matters. Meetings are minuted, with discussion and challenge recorded to demonstrate due consideration has been given by the Board of each matter discussed.

Update calls are often scheduled between Board meetings to keep Directors abreast of operational matters to prevent Directors becoming overloaded with information. Additional Board meetings may be called on short notice, as business needs require.

Quarterly Board agenda items

The formal agenda for regular Board meetings includes, amongst other matters:

- health and safety update;
- CEO report;
- macro and sectorial update;
- a review of the performance of the property portfolio;
- an assessment of our progress with new investment opportunities (the detailed proposals are prepared by the executive Directors and reviewed and approved by the Board, as appropriate);
- consideration of strategy and strategic opportunities;
- review of financial performance, financial and liquidity forecasts and debt management;
- sales and marketing activities, including pricing strategy;
- an update on investor relations and shareholder analysis;
- a report on shareholder feedback and engagement;
- reports of the Committees;
- updates on regulatory, compliance or governance matters advised by the Company Secretary or other advisers; and
- a report on public relations and press commentary.

These agenda items are also included within a comprehensive set of Board papers circulated ahead of each Board meeting.



Chairman's Introduction to Corporate Governance | continued

Board activities, keys decisions and stakeholder impact

Strategic topic	Area of focus	Key decisions taken and key stakeholders impact
Customer	Ensure the continued safety, well-being and satisfaction of our customers; 2023 Global Student Living results and customer feedback.	Decision taken Refurbishment programme, related timing and impact on customers; Appointment of dedicated Wellbeing Manager and Chief Operating Officer; External audit of Health & Safety practices. Stakeholder impact considerations Customers: Communication plan and tenancy length. Consideration of feedback received, overall satisfaction and available support; Lenders: The impact on covenants and income security offered; Shareholders: The speed of implementation and potential impact on revenues and distributions; Employees: Redeployment of our people to ensure they remain motivated and engaged.
People	Engagement survey and retention rate; Pay and reward in the context of inflation related cost of living pressures; Wellbeing.	Decisions taken 2024 compensation review and pension enhancement; Approved operational strategy and budget; Appointment of Wellbeing Manager. Stakeholder impact considerations Employees: Cost of living pressures; maintaining proportionality with Director pay; mental health & wellbeing support; appropriate training provision; Customers: Quality and continuity of service; Shareholders: Impact on returns and distributions.
Strategy	Validation of Post-Graduate strategy including related due diligence and financial modelling; Non-core disposal program, including consideration of offers received; Acquisitions and refurbishments.	Decisions taken Appointment of PwC to assist the Board to explore opportunities to accelerate the roll-out of the Post-Graduate strategy in key cities. Ringfencing seed portfolio of suitable properties which would form the basis of a future joint venture; Continued disposal of non-core assets; Acquisition of former office building in Bristol; Approval of refurbishment programme. Stakeholder impact considerations Shareholders: Growth and total return enhancement, coupled with a compelling equity story; Customers: Communication and continuity of service provision; Community: Developmental impacts; engagement with local residents; Employees: TUPE transfer considerations, communication and engagement.

Strategic topic	Area of focus	Key decisions taken and key stakeholders impact
Capital allocation	Refinancing and capital allocation to ensure ongoing liquidity and covenant headroom Investor engagement	Decisions taken Consolidation of debt facilities and refinancing short term expiries; Interest rate and energy hedging; Dividend payments and related guidance; Stakeholder impact considerations Lenders: Maintaining prudent covenant compliance and management of refinancing risk; Shareholders: Appropriate risk management and gearing; open communication, clear guidance and expectation management; Agents/consultants: Long-term liquidity planning providing for prompt and fair payment terms.
Marketing and sales	Review of pricing approach for launch of academic year 2024/25. In-depth review of customer feedback.	Decision taken Pricing strategy approved with the aim of achieving balance between inflationary pressure and affordability, informed by lessons learnt from previous years data and customer feedback; Continued roll-out of Hello Student branding. Stakeholder impact considerations Customers: Affordability; cost of living pressures; engagement; Shareholders: Impact on sustainable returns and related earnings and distribution guidance.
ESG	Implementation of net zero strategy, target setting and stakeholder buy-in. Capital allocation to green initiatives Wellbeing of our customers and our people.	Decision taken Interim targets agreed and two year plan to be subject to advisory shareholder vote at AGM; Commitment to enhance capital allocation to green initiatives to accelerate implementation; Appointment of experienced Wellbeing Manager. Stakeholder impact considerations Environment: Becoming a sustainable business and contributing to the communities in which we operate; Shareholders: Impact on returns and delivery against commitments made; Customers/employees: Impact of implementation plans and wellbeing.



Chairman's Introduction to Corporate Governance | continued

Strategy

In June, the Board held its annual strategy day. The day was structured to provide the executive Directors and the non-executive Directors in particular, with an opportunity to focus on the development and execution of, and provide challenge to, the Company's corporate strategy.

The executive Directors and members of the senior leadership team and other external specialists delivered a number of presentations. The focus this year was structured toward providing in-depth analysis and diligence on the UK's post-graduate market, including those universities that had the strongest fundamentals for post-graduates and what their priorities are when selecting accommodation. The meetings were carefully structured to achieve a balance between presentation, debate and discussion.

Engagement with stakeholders

The executive Directors and the Board as a whole make themselves available at various points during the year to ensure an understanding of the views of the Company's key stakeholders to ensure these are taken into account in strategic discussion and decision-making.

The Board's approach to corporate governance is also determined by, and takes account of, the interests of various other stakeholders, not least of all our customers, our people and the communities in which we operate.

Further details of stakeholder engagement can be found on page 52.

Board evaluation and performance

The annual Board evaluation provides an opportunity to consider ways of identifying efficiencies, strengths and areas of further development to enable the Board to continuously improve its own performance and the performance of the Group.

Having completed an externally facilitated evaluation in 2022, the 2023 Board evaluation was completed internally by the Chairman and the Company Secretary. The evaluation assessed the effectiveness of the Board in the delivery of the 2023 Board objectives.

The key topics covered in the evaluation included:

- strategic plan and culture;
- customer service;
- workforce engagement;
- ESG and value creation;
- Board dynamics and the functioning of the Board;
- quality of debate and challenge; and
- the delivery of a number of important themes from previous reviews, including changes in the operating environment.

The Board effectiveness review concluded that the Board and committees continued to operate effectively throughout 2023. Following the review, further enhancements were proposed for 2024 which are set out in the table below.

Key findings	2024 action plan
Increased focus on delivering ESG strategy with further development, and validation of ESG key performance indicators.	Net zero strategy to be revalidated for the period 2024-2025 and be subject to an advisory vote at the 2024 annual general meeting.
Review succession plans to cover Board succession and talent management of the executive team.	Plans to be further developed for all Board members . Talent mapping to be completed for Board and executives
Further time to be allocated to discussing the Group's organisational culture.	Time to be specifically allocated to the topic on the annual Board runway.

Update on actions arising from the 2022 Board evaluation

The table below outlines the improvement areas identified following the externally facilitated Board evaluation in 2022, together with the progress made on these during 2023.

Key findings	2024 action plan
Linking the strategy and plan with more explicit milestones and KPIs that can be tracked more frequently.	Strategic KPIs dashboard incorporating corporate, financial and ESG targets presented and discussed at each Board meeting.
Establishing clear measurable ESG plans and milestones.	Tender process for lead ESG advisor completed. Recruitment and onboarding of an Energy Project Manager. Implementation plan established for 2023 and 2024 with aligned budget.
Further enhancing external reporting and investor relations.	Significant improvement in the quality and timeliness of external reports. Active investor relation programme during 2023, with numerous meetings and site tours and conference representation including the regular results focussed roadshows, which were well attended.

The performance of the individual Directors was reviewed by the Chairman, whilst the Chairman's performance was appraised by the Senior Independent Director during a series of informal meetings held with Board members. The meetings considered the Chairman's clarity of communication, leadership, relationship with the executive Directors and his ability to devote sufficient time and commitment to the Company. The Board believes the Chairman commits sufficient time to the role and that his leadership style and tone promotes effective decision making and constructive debate within the Board. Good progress was again noted to have been made against areas of opportunity for improvement. The review concluded that the Board is highly supportive of the Chairman and believe he is performing the role effectively.

Compliance Statements

The Directors confirm that to the best of our knowledge:

- the Group is well placed to manage its financing and other business risks. The Board is therefore of the opinion that it is appropriate to adopt the going concern basis of accounting in preparing the Annual Report and Accounts (see page 126 for more information);
- the Strategic Report, which the Board has approved, includes a review of the performance of the Group together with a description of the principal risks and the uncertainties it faces;
- taking into account the Group's current position and the impact of the principal risks documented in the Strategic Report, the Directors have a reasonable expectation that the Company will remain viable and continue to operate and meet its liabilities as they fall due, over the period to 31 December 2026. Further details are set out in the Viability Statement on page 37, and in the Principal Risks and Uncertainties section on page 32;
- the Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks, and the procedures for managing or mitigating them, are set out on pages 32 to 36:
 - the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; and
 - during the financial year the Company has complied with the provisions of the UK Corporate Governance Code 2018.

Audit, risk and internal control

The Board is responsible for maintaining the Company's systems of internal controls and risk management, in order to safeguard the Company's assets. These processes are designed to identify, manage and mitigate both the key principal risks and emerging risks inherent to the business. The system is also designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. Please refer to page 32 for more information on our principal risks and uncertainties.

The Board regularly monitors the Company's risk management and internal control systems which have been in place for the year under review and up to the date of approval of the Annual Report and Accounts, including receiving reports from the external auditor. The Board also conducts a formal risk assessment (for both principal and emerging risks) on a biannual basis.

During the year, the Board appointed Grant Thornton as its Internal Auditor. Internal controls include the systems of operational and compliance controls maintained by our finance team. Regular reports from both the internal Auditor and management are provided and reviewed by the Boards Audit and Risk Committee and reported on to the Board. Further details can be found in their report on pages 87 to 91.

Going concern

The financial position of the Company and Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 38 to 41. Detailed forecasts have been prepared and the Directors have considered the future cash requirements of the Group and concluded that they have sufficient capacity to meet all commitments as they fall due.

As such, the Directors believe that the Company and Group are well placed to manage their financing and other business risks. The Board is, therefore, of the opinion that the going concern basis of accounting adopted in the preparation of the Annual Report and Accounts is appropriate for the period to 31 December 2025.

Mark Pain | Non-executive Chairman

13 March 2024



Nomination Committee Report



“The Company has benefited from an experienced and stable leadership team this year and has delivered an excellent set of results.”

Mark Pain | Nomination Committee Chairman

Committee membership and meetings

	Meetings
Mark Pain	2 (2)
Alice Avis	2 (2)
Martin Ratchford	2 (2)
Clair Preston-Beer	2 (2)

Committee composition and operations

Led by the Chairman, the Board is collectively responsible for the long-term success of the Company. It is therefore appropriate that the Nominations Committee, which is responsible for the composition of the Board, is led by the Company’s Chairman, Mark Pain. He is assisted by three independent Directors, all of whom have significant experience as directors of listed companies.

The Committee met twice during the year and was attended by all relevant Committee members and the Company Secretary. The Committee’s primary objective is to lead the process for appointments and ensure plans are in place for the orderly succession of both the Board and the Group’s Senior Leadership Team.

The main topics discussed during the year were the appointment of the Chief Operating Officer, the promotion of the Sales & Marketing Director and Property Director, succession planning for the Board, the Executive and the Senior Leadership Team and a review of the size, structure and capability of the Company’s Board.

Appointment of Chief Operating Officer

Although not a Board position, the Committee oversaw the appointment and induction of the Chief Operating Officer, Joanne Pollard, who joined the Company in October 2023. Joanne brings over ten years of operational experience in student housing and the wider living sector. Upon appointment, a comprehensive induction to the business was provided by the executives which was followed by an inspection of all operational sites. Joanne’s appointment is pivotal to the Company’s growth aspirations and we are delighted to have her join the business.

Promotion of Sales & Marketing Director and Property Director

Following the appointment of the Chief Operating Officer, and to further support the executives with the execution of the Company’s growth strategy, two further promotions were approved with effect from 1 January 2024.

The Sales & Marketing Director, Gemma Le Marquer, becomes the Company’s Chief Customer Officer and Will Atkinson, Property Director, becomes Chief Investment Officer. Both roles remain below Board level.

Succession planning

The Committee is responsible for reviewing the succession plans for the Board. The succession plans for the executive Directors are prepared on both a short and long-term basis, whilst the non-executive Directors' succession planning mirrors the breadth of skills and experience the current Board holds.

With a strong, gender diverse, Senior Leadership Team currently in place there is pool of internal candidates who could, in time, present succession opportunities for both executive Directors. A bespoke leadership development program will be introduced during 2024 for those employees one compensation band below the executive. It is envisaged therefore that as vacancies arise, consideration will be given to both external and internal candidates.

The Committee will continue to review the Board's succession plans throughout 2024.

Tenure

	Tenure	To step down by
Independent non-executive Directors		
Mark Pain	5 years	September 2027
Alice Avis	4 years	March 2028
Martin Ratchford	2 years	October 2030
Clair Preston-Beer	1 year	July 2031
Executive Directors		
Duncan Garrood	3 years	n/a
Donald Grant	1 year	n/a

Independence and re-election

All Directors are subject to annual re-election at the Annual General Meeting, and the Board will recommend reappointment as part of the Notice of Meeting.

Prior to recommending the reappointment of any Director to the Board, the Committee assesses their continued independence, the time commitment required, any over boarding concerns and whether their reappointment would be in the best interests of the Group. The Board is satisfied that each of the four non-executive Directors remain independent in both character and judgement and that they comply with the independence criteria of the Code.

Biographies for each Director can be found on pages 74 to 75.

Diversity and Inclusion

The Committee recognises the benefits of diversity in its broadest sense, including gender, ethnicity, age and educational and professional background.

We will continue to target diversity throughout the Company and will comply with all emerging best practice in this area.

In accordance with LR 9.8.6R the Company can confirm that as at 31 December 2023:

1. the Company has two women on the Board, equating to 33.3% representation;
2. Alice Avis holds the position of Senior Independent Director, and is also the employee's representative on the Board; and
3. no Board Directors are from an ethnic background.

It is the responsibility of the Nominations Committee to review the composition of the Board, and the appointment of Directors and senior management. The Company is aware that it has not met the targets for Board diversity for (1) and (3) above, however the Nominations Committee will endeavour to meet these targets as vacancies arise and, while this is not expected in the near term due to length of the current Board member's individual tenures, we will ensure that if and when vacancies do arise a diverse list of candidates is considered. The composition of the current Board continues to work well, both in terms of the nature of experience and size, but this matter will continue to be reviewed by the Nominations Committee and will be reported on annually.

The tables on page 86 show representation on the Board and within Executive Management as at 31 December 2023. No changes have occurred since the date on which this Annual Report was approved.



Nomination Committee Report | continued

Gender representation

	Number of Board members	Percentage of the Board	Number of Senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management	Numbers across the Group
Men	4	66.6	3	3	60	201
Women	2	33.3	1	2	40	147
Other	–	–	–	–	–	–
Not specific	–	–	–	–	–	–

As discussed above, Joanne Pollard was appointed during the financial year as Chief Operating Officer. In line with Company policy, a diverse list of possible candidates was reviewed, with a range of ethnicity, age and gender and the best candidate chosen. Joanne's appointment has strengthened the expertise of the management team and improved the gender diversity within that group. Below the Board, 29 per cent of the senior leadership team are female, with females representing 42 per cent of all employees. More information about gender diversity in the Group as a whole can be found on page 49.

Gender representation on the Board Committees

The level of gender diversity is exceeded on all the Board Committees, except on the ESG Committee, which is attended by all Directors.

	Nominations Committee	Audit and Risk Committee	Remuneration Committee	ESG Committee
Men	2 (Chair)	1 (Chair)	2	4 (Chair)
Women	2	2	2 (Chair)	2

The Chairs are chosen according to appropriate qualification or experience. The Chairman chairs the Nominations and the ESG Committee, to ensure the long term success of the Company. Martin Ratchford as a chartered accountant, chairs the Audit and Risk Committee, and Alice Avis, having the requisite experience, chairs the Remuneration Committee.

Ethnicity representation

	Number of Board members	Percentage of the Board	Number of Senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management	Numbers across the Group
White British or other White	6	100	4	5	100	165
Mixed/multiple ethnic groups	–	–	–	–	–	12
Asian	–	–	–	–	–	25
Black/Africa/Caribbean/Black British	–	–	–	–	–	7
Other	–	–	–	–	–	–
Not specified	–	–	–	–	–	139

A summary of the Company's Diversity Policy can be found on page 49 and has been applied throughout the year. Information on gender and ethnicity is collected from each employee by the People team during the onboarding period, on an optional basis.

There is no representation of ethnic minorities on the Board or Senior Management, but across the Group, 21 per cent of responding employees identified as being from an ethnic minority. All employees are based in the UK.

The Company has invested in additional support and career pathways to increase diversity in the workforce by launching an accredited Institute of Leadership and Management (ILM) qualification with the first cohort comprising 56 per cent female leaders from across the organisation. The programme will complete in 2024. A further internal development programme is due to be launched in 2024.

We value the benefits of diversity and intend to maintain an appropriately diverse Board and Senior Leadership Team and we will continue to actively seek diversity amongst candidates where vacancies arise. Diversity is, and will remain, core to our decision making whilst seeking to appoint the very best candidate for each role.

Mark Pain | Nomination Committee Chairman

13 March 2024

Audit and Risk Committee Report



“In line with best practice the Committee has completed a comprehensive tender process for the external Auditor, with a focus on audit quality, value and cultural alignment. Pleasingly, the quality and integrity of financial management and reporting continues to improve.”

Martin Ratchford | Audit and Risk Committee Chairman

Committee membership and meetings

	Meetings
Mark Pain	3 (3)
Alice Avis	3 (3)
Clair Preston-Beer	3 (3)

Audit and Risk Committee Chair's overview

The Committee has continued its role of governance and oversight of the Group's financial reporting, risk management, internal controls, assurance processes and external audit. This is conducted on behalf of the Board, as set out in the Committee's terms of reference, serving to protect the interests of shareholders. Following the Company's promotion to the FTSE 250 in 2023, the Committee revisited the Financial Reporting Council's Minimum Standard for Audit Committees and the External Audit and was satisfied that its activities and operations throughout the year complied.

The Committee undertook a formal tender process for the external audit, following the best practice guidelines set out by the Financial Reporting Council. The process followed is laid out in detail below. This resulted in BDO LLP being reappointed and the lead audit partner rotated. The Committee unanimously agreed BDO LLP demonstrated robust industry experience and quality audit team with the strongest cultural alignment to the business.

Building on work done to date, the Committee has been active in ensuring all appropriate steps have been taken to further enhance the internal control environment, with the support of Grant Thornton LLP, who have been reviewing controls on a scheduled basis.

I hope that readers of the accounts find the information set out below useful.

Committee composition and operations

The Committee comprises three independent non-executive Directors. The Board continues to be satisfied that Martin Ratchford has the recent and relevant financial experience required to chair the Committee.

The Committee met three times during the year, in March, August and December. Meetings were attended by all relevant members and were aligned to the Company's financial reporting and risk management cycles. All meetings were attended by the Company's Chairman, the CEO, the CFO, the Financial Controller and the Company Secretary. In March and August the external auditor and valuer were invited to attend to present their respective reports and valuations to the Committee. The Committee holds private meetings with the external and internal auditor without management being present, in order to ensure open and direct feedback is possible.

The Internal Auditor also attended to present reports and findings from their work throughout the year and in December, following the conclusion of the Group's risk management review, they also presented their internal audit plan for the forthcoming year for the Committee's consideration and approval.

The Committee operates within the terms of reference approved by the Board annually. These can be found on the Company's website www.empiric.co.uk. and set out the role of the Committee in accordance with the Corporate Governance Code. Following its annual review, the Company's policy for the provision of non-audit services continues to align with the Financial Reporting Council's Revised Ethical Standards published in December 2019.



Audit and Risk Committee Report | continued

Responsibilities of the Committee

The Committee has delegated responsibility from the Board and is primarily responsible for discharging governance responsibilities in respect of audit, risk and the internal control environment and to report to the Board as appropriate. Specifically the Committee:

- reviews the work of both the external and internal auditor and the Group's independent valuer;
- monitors the integrity of the Company's annual and interim financial statements and any formal announcements or correspondence in respect of the Company's financial information;
- considers significant financial reporting issues, judgements and estimates exercised by management in the preparation of financial information;
- advises the Board on various statements made in the Annual Report, including those on viability, going concern, risk and controls and whether, when read as a whole, the Annual Report can be considered fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, its business model and strategy;
- considers and approves the remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of, and the policy for non-audit services provided by, the external auditor;
- oversees audit tenders and confirms appointment;
- considers and approves audit plans;
- reviews the risk management framework and ensures that risks are carefully identified and assessed, and that systems of risk management and internal control are in place and effective; and
- reviews whistleblowing arrangements and any matters arising.

The Board delegates these duties to the Committee so they can receive suitably focussed attention, however the Committee acts on behalf of the full Board, and the matters reviewed and managed by the committee remain the responsibility of the directors as a whole.

Activities and matters discussed during 2023

During the year the following matters were considered and discussed:

- reports from the Company's valuer, CBRE;
- reports from the Company's external auditor, BDO LLP, regarding the 2022 full year results, the 2023 interim results and the 2023 year end audit plan;
- reports from the Company's internal auditor, Grant Thornton LLP, including the 2024 internal audit plan;
- tender and appointment of the external auditor;
- reports from the Financial Controller;
- risk management process and related disclosures;
- financial stress testing and covenant compliance;
- viability and going concerns assessment and related disclosures;
- 2022 report and accounts;
- 2023 interim statement;
- effectiveness of internal controls;
- independence and effectiveness of the external and internal auditor;
- significant areas of estimation and judgement;
- accounting for the cost of cladding remediation and fire safety;
- REIT compliance;
- consideration of parental guarantee to facilitate audit exemption of certain subsidiary entities;
- review of business continuity and crisis management plans;
- review of whistleblowing, cyber security and anti-bribery policies and procedures;
- review of Company's policy in respect of non-audit fees;
- review of the related parties register; and
- review of terms of reference.

Tender process for the external Auditor

BDO LLP have been the Group's external auditors since listing in 2014. With Thomas Edward Goodworth, the Group's current external audit partner, scheduled to step down at the conclusion of the audit process for the year ended 31 December 2023, the Committee concluded in 2022 that a competitive tender process should be carried out during 2023.

A tender process was conducted in line with best practice guidelines provided by the Financial Reporting Council. A shortlist of three approved firms was selected to participate in the tender process, with representation from both within and outside the 'Big Four', each of which demonstrated the requisite depth of expertise of the operational real estate sector. Each firm invited accepted the Company's invitation to tender and was asked to submit a comprehensive proposal in line with a predetermined brief.

The Committee initially met with all three firms informally to provide an opportunity for the candidate firms to ask questions of the Committee members prior to submission of their respective tender documents.

Following submission of each firm's proposal, a second formal meeting and presentation to the Committee was scheduled. The process was designed to test each firm's qualification, expertise and resources, effectiveness, independence and objectivity. The Committee members independently completed a scorecard and subsequently undertook a discussion of the merits of each firm.

After due consideration, the Committee expressed a preference that BDO LLP be reappointed as the Group's external Auditor from 1 January 2024. It was considered that BDO LLP demonstrated robust industry experience and a quality audit team with the strongest cultural alignment to the business.

In line with best practice, the Committee recommended two candidate firms to the Board for further consideration, following which the reappointment of BDO LLP was confirmed. Thomas Edward Goodworth will therefore be replaced as lead partner by Richard Levy of BDO LLP following conclusion of the audit for the year ended 31 December 2023.

The Committee has therefore recommended a resolution for BDO LLP's reappointment be proposed to shareholders at the forthcoming Annual General Meeting.

External Auditor and non-audit services

The effectiveness of the external audit is assessed by the Committee partly through audit risk identification reports at the start of the audit cycle. Significant risks are identified, tracked, and the Committee ensures there is sufficient focus and challenge, especially to material areas with the greatest level of judgement.

The Committee considered BDO LLP's compensation, performance independence and effectiveness during the year. The Committee met with key members of the audit team, including the lead audit engagement partner. BDO LLP has formally confirmed its independence, as part of the annual reporting process. The Committee and management regularly liaise with the lead audit partner to discuss any issues arising from the audit on a timely basis to ensure cost effectiveness. And I also meet with the external lead audit partner several times throughout the year outside the formal Committee.

The Group's policy in regard to non-audit services is reviewed by the Committee annually and is aligned to the Financial Reporting Council's ethical guidance which stipulates acceptable services which are sufficiently related to the audit and caps total fees for such services to be limited to no more than 70 per cent of the average audit fees paid in the last three financial years.

During the year, BDO LLP did not provide any non-audit services, other than activities required for regulatory reasons, being the review of the Company's Interim Statement.

The following fees were paid to the external auditor during the year and are included within administrative expenses in the Group's Statement of Comprehensive Income.

£m	Year ended 31 December 2023	Year ended 31 December 2022
Audit and related fees ¹	0.5	0.5
Non-audit fees ²	0.1	-
Total	0.6	0.5

¹ Audit and related fees for the year ended 31 December 2023 includes £0.1 million arising in respect of the audit for the year ended 31 December 2022

² Non-audit fees of £53,500 relate to the review of the Company's interim statement (2022: £49,275)

KPMG LLP continues to support the Group with the provision of tax compliance and advisory services.

Independence and effectiveness of the external Auditor

The Committee has reviewed the independence and effectiveness of the external auditor. In doing so, consideration was given to the following:

- assurances from BDO LLP as to the quality of the audit and the ongoing independence of the auditor, which were in line with the Financial Reporting Council's ethical standards;
- publications provided to management throughout the year on emerging issues and financial reporting updates;
- quality of written reports submitted to the Committee which were clear and concise with presentations at meetings being considered as balanced, clear and understandable;

- safeguards that limit the amount of non-audit services provided by BDO LLP aimed at protecting their independence;
- consultation with management that demonstrated the auditor's competency and experience necessary to perform effectively in their role; and
- audit queries were raised and dealt with in a proactive and timely manner and there was sufficient challenge with regard to areas of judgment, estimate, internal controls and areas of heightened risk.

After due consideration the Committee concluded that the external auditor had maintained independence and remained effective. The Committee therefore recommended BDO LLP's reappointment to the Board.

Internal control environment

The Group is making good progress in enhancing the control environment in which it operates. The Committee continues to review the effectiveness of the internal control environment throughout the year. Reports prepared by the internal Auditor, the Financial Controller and CFSO were reviewed and challenged. I met the lead partner at Grant Thornton LLP without management to ensure open and transparent feedback is possible.

The Committee was satisfied that no significant weaknesses were identified and concluded that the internal auditor and the control environment were effective and that the internal control environment was appropriate for a Company of our size and complexity.

Grant Thornton LLPs internal audit plan was devised to provide external assurance on the control environment pertinent to key risk areas, including the operational effectiveness of critical mitigating controls.

Audit and Risk Committee Report | continued

External Valuers and valuation of investment property

The valuation of investment property remains one of the most significant judgments in the Group's financial statements. The valuations are scrutinised by both the Committee and the external Auditor. The external Auditors' specialist valuation adviser considers the appropriateness of the procedures undertaken and whether the valuations can be considered to fall within an acceptable range. In each case, no issues were raised.

The Committee monitored the objectivity and independence of CBRE during the year. The valuers have confirmed that they are appropriately qualified to carry out the valuations and that fees received are not a material part of their overall fee income. The Committee remains satisfied that the valuers are objective and independent and again, I meet the key personnel from CBRE outside the formal Committee process to challenge valuation assumptions and ensure independence was assessed fairly.

Going concern and viability

The appropriateness of preparing the Group's financial statements on a going concern basis remains a significant area of judgement. The Committee reviews and considers whether management's assessment of the Group's long-term viability appropriately reflects the prospects of the Group and covers an appropriate period of time.

Specifically, the Committee considered whether the assessment reflected the Group's low risk appetite, its principal risks, strategy and the current operating environment. The Committee then reviewed the assumptions and sensitivities applied in stress testing the Company's base case plan and whether these represented severe but plausible downside scenarios.

In conclusion, the Committee concurred with management's assessment and recommended the adoption of the going concern basis of preparation and the viability statement to the Board. The viability statement, together with details on the assessment undertaken and stress tests applied, are set out on page 37.

Changes in accounting policies and standards

The Committee is responsible for reviewing any proposed changes in accounting policies and the implementation of new accounting standards.

After due consideration, no changes were proposed to the Group's accounting policies which have been consistently applied throughout the year to 31 December 2023. Following discussions with management and the external auditor, no new accounting standards or annual updates were expected to have a material impact on the consolidated financial statements for the year ended 31 December 2023.

Risk management

A process for identifying and recording risks has been established and is embedded within the business. A Group risk register is compiled from the reports of the various divisions and corporate functions. Prior to its submission to the Committee, review meetings are held with departmental heads, and the identified risks and associated ratings are challenged where appropriate. Guidelines ensure a commonality of approach with thresholds set from a financial, reputational and timeframe perspective. Risks were assessed based on a 'gross' and 'net' exposure basis, with 'net' exposure arrived at after considering the impact of mitigating actions or controls which are currently in place.

Results are analysed to identify the Group's principal risks which are then compared to the previous review and proposed disclosures to highlight any significant changes or emerging risks. Further potential mitigation strategies are then considered for all principal risks.

The most notable changes this year were:

- far reaching climate change concerns precipitated an upgrade of this emerging risk to a principal risk concern of the business;
- concerns regarding utility costs which are widely expected to remain higher for longer;
- risk of governmental policy change resulting from the forthcoming general election; and
- risk of disruption resulting from a cyber incident.

Full disclosure of the Group's principal risks are set out on pages 32 to 36.

Whistleblowing

The Committee is responsible for reviewing the arrangements by which staff can raise concerns, in confidence, about any possible improprieties relating to financial reporting or other matters. During the year we have reviewed the Whistleblowing Policy and ensured it has been widely published throughout the Group. The policy encourages disclosure to an executive Director of the Company, but where that is not considered appropriate, to the Company's Chairman or external auditor.

The Committee has concluded that the Group has suitable arrangements for proportionately and independently investigating such matters and for appropriate follow-up action.

Conclusions in Respect of the Company's Annual Report

The production and audit of the Annual Report is a comprehensive process, requiring input from several different contributors and with a high level of input from the Chief Executive Officer and Chief Financial and Sustainability Officer. There are early opportunities for the Board to review and comment on the Annual Report. To reach a conclusion on whether the Annual Report taken as a whole is fair, balanced and understandable, as required by the Code, the Board has requested that the Committee advises on whether it considers that the Annual Report fulfils these requirements.

In forming a conclusion, the Committee considered information provided throughout the year, together with the following:

- the controls in place for the production of the Annual Report, including the verification processes to confirm its factual content;
- the detailed reviews undertaken at various stages of the production process by the executive Directors, Company Secretary, legal adviser, brokers, auditor and the Committee, which are intended to ensure consistency and overall balance;
- a cross check between Board Minutes and the Annual Report is undertaken to ensure that reporting is balanced; and
- whether information is presented in a clear and concise manner to facilitate users access and understanding of relevant information.

As a result of this work, the Committee has concluded and reported to the Board that the Annual Report for the year ended 31 December 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model, strategy and principal risks. The Board's conclusions in this respect are set out in the Directors' Responsibilities Statement on page 112.

Should any stakeholders wish to contact me, I can be reached via the 'Get in touch' link on the Investors page of the Company's website and would be happy to address any questions shareholders may have in respect to the Committee's activities.

Martin Ratchford | Audit and Risk Committee Chairman
13 March 2024



Remuneration Committee Report



“We design our remuneration arrangements to provide alignment with the Company’s purpose and strategy to ensure rewards across our team are fair and performance-based.”

Alice Avis MBE | Remuneration Committee Chairman

Committee membership and meetings

	Meetings
Alice Avis	5 (5)
Mark Pain	5 (5)
Martin Ratchford	5 (5)
Clair Preston-Beer	5 (5)

Statement from the Chairman of the Remuneration Committee

Committee composition and operations

The Committee is comprised of three non-executive Directors and the Company’s non-executive Chairman. The three non-executive Directors are also members of the Audit and Risk and ESG Committees, which ensures they have a wide appreciation of the work, achievements or improvements required of the executive Directors, which aids in establishing their objectives and determining their performance in line with the Remuneration Policy.

The Committee is responsible for reviewing and making recommendations to the Board regarding the Remuneration Policy and for reviewing compliance with Policy. The Committee met five times during the year, with meetings attended by all relevant members, including the Company Secretary. Deloitte are retained to provide advice to the Committee, where required.

Key activities during 2023

- Alignment of the Company’s strategy and executive objectives with shareholders’ interests
- Reward Decisions
- Employee engagement
- Remuneration and benefits of wider workforce, including consideration of on-going inflationary pressure
- Gender pay report
- CEO pay ratio, internal proportionality and LTIP vesting

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors’ Remuneration Report for the year ended 31 December 2023.

The report is divided into three parts:

- The Annual Statement which summarises the remuneration outcomes in 2023, the key decisions taken and how the Remuneration Policy (‘Policy’) will be applied in the current financial year;
- A summary of the Remuneration Policy which was approved by shareholders at the Annual General Meeting on 24 May 2023.; and
- The Annual Report on Remuneration which sets out full details of all remuneration matters.

We greatly value engagement with our shareholders and the constructive feedback we receive on remuneration issues. In 2023, following consultation with major shareholders, the new Remuneration Policy was submitted for shareholder approval and we were pleased to receive 91.9% of votes in favour.

I look forward to your continued support at the forthcoming Annual General Meeting, and will be available to address any questions you might have in respect to the Committee’s activities.

Alice Avis MBE | Remuneration Committee Chairman



Annual Statement

2023 performance and reward

As set out in the statements from the Chairman and CEO, the Company has again delivered strong financial and operational results, with revenue occupancy at 99 per cent and like-for-like rental growth of 10.5 per cent for the academic year 2023/24. For the financial year to 31 December 2023, alongside improving LTV the Company has delivered a total accounting return of 7.6 per cent, driven by a 27 per cent increase in dividends paid or declared and portfolio valuation growth of three per cent like-for-like. Against the backdrop of challenging macroeconomic headwinds, this is a strong achievement.

In November 2023, with increasing confidence in the Company's earnings outlook, the Board confirmed its intention to increase its dividend target for the 2023 financial year from 3.25 pence per share to 3.5 pence per share, and today has declared its final quarterly dividend in line with this target.

The Company aims to provide students with a 'Home from Home'. Our customer-first philosophy, coupled with a boutique, personalised experience in a safe and welcoming environment enables them to make the most of their time at university. During the year the Company has succeeded in achieving further improvement in overall customer satisfaction scores. This is reflected in the results from the latest annual GLSI survey which shows our Net Promoter Score improved from +27 to +30.5, significantly outperforming the benchmark All Private Halls score which received +13. During the year, GLSI awarded our operational brand, Hello Student, Platinum Operator certification, the highest certification possible. This is in no small part, testament to the engagement of our people who deliver great customer service and to whom I'd like to extend the Board's sincere appreciation.

This strong corporate performance together with significant progress against personal strategic objectives, namely, adaption of strategy, improvement in culture, engagement and customer service, implementation of our ESG strategy, expansion of our investor relations programme and significant progress in debt management has resulted in a formulaic outcome for Duncan Garrood

and Donald Grant's annual bonus of 65.8 per cent of the 2023 annual maximum. The Committee considered whether the level of bonus pay out was appropriate, reflected performance and was aligned to shareholder interests. The Committee concluded that the formulaic outcome appropriately aligned to performance and strategic progress, whilst balancing the importance of retaining and motivating the team and that it therefore represented a fair recognition of performance.

The three-year performance period for the LTIP awards granted to Duncan Garrood on 10 November 2020 and 22 April 2021 ended during 2023. These awards were subject to two equally weighted performance conditions, relative Total Shareholder Return and Total Return (being growth in NAV per share plus dividend paid).

Taking both performance measures collectively, vesting of 50 per cent was achieved in respect of the 10 November 2020 award date, with 75.2 per cent achieved in respect of the 22 April 2021 award date. In line with the Remuneration Policy, vested awards remain subject to a further two-year holding period before they become exercisable. The Committee believes that the LTIP continues to promote the right behaviours to support the Company's strategy, performance and values. These are the first LTIP awards to vest since 2017 and reflect the excellent progress delivered by Duncan Garrood and his team over the past three years.

Full details of the 2023 reward outcomes are set out on pages 99 to 106.

Workplace Engagement and Remuneration

Our employees play a critical role in delivering the outstanding service experience which is central to our brand proposition. To ensure that we continue to attract and retain talent, the Company strives to reward its employees with a compensation package that ensures we remain competitive. We are proud members of the Real Living Wage Foundation.

During 2023, the Committee reviewed pay and benefits across the wider workforce, with particular consideration given to the impact of the rate of inflation and the impact of the Real Living Wage increase of ten per cent. The

annual pay review, which was effective from 1 January 2024, resulted in an average salary increase of 4.4 per cent, with our lowest paid employees receiving increases in line with the Real Living Wage, which for 2023 was above the rate of inflation.

During the year, we have offered employees the option to move their pension contributions to a salary exchange scheme, offered healthcare benefits to all employees and awarded all employees with a £50 'thank you' gift voucher prior to Christmas.

The Company launched a Sharesave scheme in July 2021, allowing employees the opportunity to buy into the success of the Company. Of eligible employees, 24 per cent now participate in the scheme.

Having reviewed employee compensation arrangements, the Committee is satisfied that employee pay and conditions remain fair and proportionate.

The One Team Collective ("OTC") is the Group workforce advisory panel consisting of 11 representatives from across the Group. Its focus is to support and facilitate two-way communication and feedback between the workforce and senior leaders on topics raised by employees. As the Company's Senior Independent Director and Remuneration Committee Chair, I was appointed to lead workforce engagement on behalf of the Board. In 2023 I met with the OTC three times to discuss key topics distilled from their meetings. Relevant issues and insights from these sessions were then shared with the Board to inform discussion. Additionally I have shared with the OTC the structure, role and remit of the Remuneration Committee and how our remuneration practices help support the delivery of strategy, inviting questions and discussion from the OTC.

We undertake a colleague engagement survey twice a year. The latest survey shows a strong result with an engagement score of 85 per cent, a one per cent increase on 2022. Those responding stated they would recommend the Group as "a great place to work" and its properties, "a great place to stay".



Remuneration Committee Report continued

We continually review our offering to employees based on feedback and market insights. Strong employee engagement and investment in training and development coupled with improvements made to pay and benefits across the workforce have helped to increase our employee retention rate by seven per cent to 85 per cent in the year to 31 December 2023.

Gender Pay

The Group believes that creating a diverse and gender balanced workforce enhances the customer experience and improves the experience employees have at work. We provide learning and development opportunities for all team members and champion internal progression for all.

We are required to report upon the gender pay gap within our subsidiary, Hello Student Management Limited. Analysis based on data to 5 April 2023 demonstrates that the mean gender pay gap is -0.8 per cent (with females paid more than males) and the mean gender bonus gap is -19.2 per cent (females paid higher bonuses than males).

This represents an improvement on the prior year which is attributed to an increase in female representation in the upper middle quartile by 0.9 per cent and upper quartile by 4.2 per cent.

We are pleased with the progress made to date but remain committed to improving our position and aim to attract a diverse selection pool for vacancies and ensure we recruit the most suitable candidate for a role regardless of gender. The Committee is satisfied that equivalent roles attract equivalent remuneration, regardless of gender.

Full details with a supporting narrative are published on our Hello Student website, www.hellostudent.co.uk, and are prepared in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations Act 2017.

CEO Pay Ratio and Internal Proportionality

Under the requirements introduced by The Companies (Miscellaneous Reporting) Regulations 2018 we have calculated the CEO to employee pay ratio for the Group.

Using the methodology, the CEO pay ratio when compared against the median employee is 55:1 with full details set out on page 107. The Remuneration

Committee believes in reward packages that are externally competitive and internally proportionate, meaning the CEO is the employee with the highest proportion of variable pay as he has the highest level of responsibility. The ratio is higher than previous years because it unusually includes the value of two vested LTIP awards that were granted to Duncan Garrood in November 2020 and April 2021. Although these awards were granted in separate financial years, the reporting regulations require them to both be recognised in the 2023 single figure as their respective performance periods both ended in 2023.

Excluding the value of vesting LTIP awards, which are subject to a further two-year holding period before they become exercisable, the pay ratio remains below 2019 pre-Pandemic median, 25th and 75th percentiles, demonstrating our continued investment in the pay and reward of our workforce.

2024 Reward Decisions

The Committee conducted a thorough review of the CEO and CFSO's base salary. As part of this review, the Committee, taking advice from Deloitte, our independent Remuneration Consultant, considered the Company's performance, the average annual salary increase of employees (4.4 per cent), as well as shareholder expectations. As a result, both were awarded a salary increase of three per cent with effect from 1 January 2024.

The executive bonus plan arrangements for 2024 will follow the same structure as in 2023, with a maximum annual opportunity restricted to 110 per cent of salary. There are three equally weighted financial measures, which when combined account for two thirds of the maximum opportunity. These financial measures, as in 2023, are based on revenue, EBITDA and dividend. One third of the maximum opportunity is linked to specific individual objectives based on strategic key performance indicators and will continue to include ESG related objectives.

Both executive Directors will receive LTIP awards in 2024, as was the case in 2023, over shares worth 150 per cent of salary. As in 2023, the vesting of the LTIP award will be subject to two performance measures, relative Total Shareholder Return and Total Return, each representing

50 per cent of the award for the performance period 1 January 2024 to 31 December 2026.

Strategic and Shareholder Alignment

In setting executive remuneration in 2024, the Committee has continued to seek alignment with the Company's strategic priorities and shareholder interests. In particular:

- annual bonus performance measures continue to be focused on objectives critical to delivering the improvement in corporate performance, optimising revenue, EBITDA and dividends, together with individual specific strategic objectives;
- executives are aligned with the principle of shareholder value creation through participation in the long-term incentive plan that rewards growth in Net Asset Value plus dividends and relative shareholder returns;
- the executive Directors are required to build up and retain significant holdings in the Company's shares equivalent to 200 per cent of salary which directly align them with other shareholders; and
- the Remuneration Committee is acutely aware of the need to align executive remuneration, and that of the rest of the workforce, with shareholder returns while fully recognising that remuneration should motivate and reward continued performance, hard work and commitment.

Full details of how the Remuneration Policy will be applied during 2024, as well as how Directors were paid in 2023, are set out on pages 98 to 103.

There will be an advisory shareholder vote on this section of the Remuneration Report at our 2024 Annual General Meeting. In addition to the advisory vote to approve the Remuneration Report, shareholders will be asked at the meeting to approve the 2024 LTIP. This plan replaces the 2014 LTIP which has reached the end of its ten-year life. Key terms of the 2024 LTIP, which are fundamentally unchanged from the 2014 LTIP, are set out in the Notice of Annual General Meeting.

Alice Avis MBE | Remuneration Committee Chairman
13 March 2024



Summary of the Remuneration Policy

There is no shareholder vote on the Remuneration Policy at the 2024 Annual General Meeting, but for shareholders' reference, a summary of the policy containing the Policy Tables for the executive Directors, the Chairman and non-executive Directors has been included below. The full Policy can be found on pages 87 to 94 of the Annual Report & Accounts 2022, which is available on our website at www.empiric.co.uk.

It is currently envisaged that the Policy will next be presented to Shareholders for approval at the 2026 Annual General Meeting.

Remuneration Policy Table for executive Directors

Fixed pay

Component	Purpose and link to strategy	Operation	Maximum	Performance framework
Base salary	Core element of remuneration set at a level to attract and retain Executive Directors of the required calibre to deliver the Company's investment objectives successfully.	Fixed cash paid monthly, generally reviewed annually. The review takes into consideration a number of factors, including but not limited to: – the individual Director's role, experience and performance; – business performance; – relevant data on remuneration levels paid for comparable roles; and – pay and conditions elsewhere in the Company.	To avoid setting the expectations of Executive Directors and other employees, there is no overall maximum salary for Executive Directors under the Remuneration Policy. Any increase in salaries will be determined by the Remuneration Committee, taking into account the factors stated in this table and the following principles: – Salary increases for Executive Directors will typically not exceed the average salary increase (in percentage of salary terms) for other permanent employees. – Increases may be made above this in certain circumstances, such as: – progression within the role; – increase in scope and responsibility of the role; – increase in experience where an individual has been recruited on a lower salary initially; and – increase in size and complexity of the Company.	None
Benefits	To provide market-competitive benefits.	Benefits are role specific and take into account local market practice. Benefits currently include (but are not limited to) reimbursed travel expenses, medical insurance, disability and life insurance and a car allowance.	There is no overall maximum level, but benefits are set at an appropriate level for the specific nature of the role and depend on the annual cost of providing individual benefits.	None



Remuneration Committee Report continued

Component	Purpose and link to strategy	Operation	Maximum	Performance framework
Pension	To provide market-competitive retirement benefits.	The Company either contributes to the Directors' personal pension arrangements or direct to their pension plans. Alternatively, Directors may receive a cash allowance in lieu of pension.	All Director's pension provision capped in line with provision available to the majority of the workforce, currently 7.5% of salary.	None
Variable Remuneration				
Annual and deferred annual bonus	To link reward to the achievement of key business objectives for the year. To provide additional alignment with shareholders' interests through the operation of bonus deferral.	The Executive Directors are participants in the annual bonus plan which is reviewed annually to ensure bonus opportunity, performance measures and targets and objectives are appropriate and support the business strategy. The Committee will determine the level of bonus to be awarded, taking into account the extent to which the targets have been met and overall business and personal performance. Up to 60% of an Executive Director's annual bonus will usually be paid in cash following the release of the audited results of the business. At least 40% of any bonus is usually deferred into an award over Company shares issued as a nil-cost option pursuant to the terms of the LTIP, which will usually be deferred for three years. Dividend equivalents will be paid usually in additional shares when the deferred shares are released.	The maximum annual bonus opportunity is 150% of base salary per annum. Each year the Remuneration Committee will determine the maximum annual bonus opportunity for each individual Executive Director within this limit.	The bonus is based on performance assessed over one year using appropriate financial, strategic, ESG and personal performance measures. The selected measures for the next financial year will be set out in the Remuneration section of the Annual Report for that year.

Component	Purpose and link to strategy	Operation	Maximum	Performance framework
LTIP	To link reward for the Executive Directors to the achievement of long-term performance objectives of the Company which are aligned to the strategic goals and to retain executives.	Awards under the LTIP will usually be made in the form of a contingent award of shares or grant of nil-cost options or nominal value options. Vesting of the award is dependent on the achievement of performance targets, typically measured over a three-year period. Vested awards will be subject to an additional two-year holding period. Dividend equivalents will be paid usually in additional shares when the LTIP awards are released.	The maximum LTIP award that may be made is up to 150% of base salary per annum as provided for in plan rules, but for the avoidance of doubt this excludes any nil-cost options issued pursuant to an award under the annual bonus scheme.	Vesting of LTIP awards is dependent on the achievement of performance measures determined by the Committee ahead of each award. These details will be disclosed in the Annual Report on Remuneration section of the Remuneration Report. Performance will usually be measured over a three-year performance period. For achieving a “threshold” level of performance against a performance measure, no more than 25% of the award will vest. Vesting then increases on a sliding scale to 100% for achieving a stretching maximum performance target.
Employee Share Option Plan – Executive Directors will only be granted share options under the ESOP in exceptional circumstances.	To reward employees for the delivery of long-term shareholder value.	The ESOP permits the grant of share options with an exercise price of not less than the market value of a share (as determined by the Committee) at the time of grant. Options will usually be exercisable between three and ten years following the grant.	Share options may be granted under an HMRC approved Company Share Option Plan to the extent possible.	If ESOP awards were, in exceptional circumstances, granted to an Executive Director, they would be subject to an appropriate performance condition as determined by the Committee
All-employee share plans	To reward employees for the delivery of long-term shareholder value.	Executive Directors may participate on the same basis as other employees.	Participants may contribute up to the relevant limits set out in the plan.	

Remuneration Policy Table for the Chairman and non-executive Directors

Purpose and link to strategy	Operation	Opportunity
To attract and retain non-executive Directors of the required calibre by offering market-competitive fees.	The Chairman of the Board receives an all-inclusive fee. Non-executive Directors receive a basic Board fee. Additional fees may be payable for additional Board responsibilities such as acting as the Senior Independent Director, chairmanship or membership of a Board Committee. The Committee reviews the fees paid to the Chairman and the Board reviews the fees paid to the Non-executive Directors periodically. Additional fees may be paid to non-executive Directors on a per diem basis to reflect increased time commitment in certain limited circumstances. Expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid directly by the Company, as appropriate, including any tax and social security contributions due on the expenses. Non-executive Directors may be provided with benefits to enable them to undertake their duties.	Fees are set at an appropriate level that is market competitive and reflective of the responsibilities and time commitment associated with specific roles. The total aggregate fees payable to the Chairman and non-executive Directors will not exceed the £400,000 limit stated in the Company's Articles of Association.



Remuneration Committee Report continued

Annual Report on Remuneration

The Annual Report on Remuneration will be subject to an advisory shareholder vote at the 2024 Annual General Meeting.

Implementation of the Remuneration Policy in 2024

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy during 2024.

Base salary

The executives' salaries were increased by 3.0 per cent with effect from 1 January 2024. This was arrived at following advice from Deloitte, our Remuneration Consultants and a comprehensive review with consideration given to the Company's performance and the average annual salary increase awarded to the workforce (4.4 per cent).

Their prior year salaries alongside current salaries, are set out below. For information, an annual salary increase of 4.0 per cent was awarded to both executive Directors in 2023.

Executive Director	Prior salary	Current salary
Duncan Garrood	£426,400 fixed 1 January 2023	£439,192 with effect from 1 January 2024
Donald Grant	£301,600 fixed 1 January 2023	£310,648 with effect from 1 January 2024

Pension and benefits

Executive Directors will be provided with a standard benefits package including pension provision of 7.5 per cent of salary, medical insurance, life insurance, and car allowance of £15,000 for the CEO and £9,662 for the CFO.

Annual and deferred annual bonus

The maximum pay out under the annual bonus scheme is unchanged at 110 per cent of salary, with at least 40 per cent of any bonus satisfied by the issue of nil-cost options, which will be deferred for three years.

The annual bonus will be determined by three equally weighted financial performance measures, accounting for two thirds of the bonus opportunity. In 2024 these continue to be linked to revenue, EBITDA and dividend payment. The balance, being one third of the bonus opportunity, is linked to the achievement of specific individual objectives derived from strategic key performance indicators, including ESG-related objectives. Notwithstanding the formulaic outcome against these measures, the Committee will continue to consider carefully overall business performance at the year-end and determine whether the exercise of discretion is warranted.

The targets and out turn against these measures will be disclosed in the Remuneration Report for the year ending 31 December 2024. Any bonus pay out will be subject to the Committee confirming that, in its assessment, the financial out turns which determined the bonus were achieved within an acceptable risk profile. Clawback may be applied to a cash or deferred bonus up to three years from the date of determination of the award.

LTIP

Duncan Garrood and Donald Grant will receive LTIP awards for 2024 equivalent to 150 per cent of salary, with the number of shares usually determined by the average share price in the 12 months preceding the date of grant, or in exceptional circumstances such other share price deemed appropriate by the Committee. As in 2023, the vesting of the LTIP award is subject to two performance measures each representing 50 per cent of the award.

Firstly, Total Accounting Return ("TAR") relative to threshold and maximum targets for the period 1 January 2024 to 31 December 2026, with TAR being the combined growth in net asset value and dividends paid during the period. 25 per cent of the award will vest for meeting a threshold TAR target of 6 per cent per annum, increasing to 100 per cent vesting for meeting a maximum target of 10 per cent per annum, with straight line vesting between threshold and maximum performance.

Secondly, Total Shareholder Return ("TSR") relative to the FTSE All Share Real Estate Companies peer group, with 25 per cent of the award for median performance and 100 per cent for achieving performance within the 75th percentile, with straight line vesting between threshold and maximum performance, for the period 1 January 2024 to 31 December 2026.

Any LTIP vesting will again be subject to the Committee confirming that, in its assessment, the vesting out turn was achieved within an acceptable risk profile. The Committee will continue to have discretion to override formulaic outcomes.

Malus and clawback will also be applied to LTIP awards up to five years from the date of grant, which is in line with the UK Corporate Governance Code. Vested awards will be subject to an additional two-year holding period.

Non-executive Director remuneration

The fee structure for the remuneration of non-executive Directors from 1 January 2024 is outlined in the table below. This fee structure had, until this year, remained unchanged since 1 July 2016.

Non-executive Director fees are determined by the Board, except for the fee for the Chairman of the Board, which is determined by the Remuneration Committee.



	Annual fee (£)	
	(to apply from 1 April 2023)	(to apply from 1 April 2024)
Base fee	£40,000	£41,200 (+3.0%)
Audit Committee Chairman	£48,000	£49,440 (+3.0%)
Remuneration Committee Chairman	£48,000	£49,440 (+3.0%)
Senior Independent Director	£49,000	£50,470 (+3.0%)
Senior Independent Director & Committee Chair	£52,500	£54,075 (+3.0%)
Chairman of the Board	£115,000	£135,000 (+17.4%)

During the year, the Remuneration Committee undertook a review of the fee paid to the Company Chairman. The current fee has not been increased since 2016 and, as a result, is now one of the lowest in the FTSE All-Share. The Committee's view is that this is not consistent with its development into a FTSE 250 company or the enhanced level of time commitment associated with the Chairman's role as the Company has grown in recent years. In order to address this issue, the Committee intends to position the fee at a more market competitive level. This will be a phased process with an initial increase in fee to £135,000 from 1 April 2024.

Other non-executive Directors have received a three per cent increase, in line with the executive Directors. This increase will also apply from 1 April 2024.

Remuneration outcome in 2023

Single total figure of remuneration (audited)

The following table sets out the total remuneration for executive Directors and non-executive Directors for the year ended 31 December 2023 alongside the equivalent data for the previous year.

	Year ended 31 December 2023							
	Salary and fees (£)	Benefits (£)	Pension (£)	Total Fixed (£)	Annual bonus (£)	Long-term incentives (£)	Total Variable (£)	Total (£)
Executive Directors								
Duncan Garrood	426,400	18,138	31,980	476,518	308,628	728,773	1,037,401	1,513,919
Donald Grant	301,600	13,490	22,620	337,710	218,298	–	218,298	556,008
Non-Executive Directors								
Mark Pain	115,000	–	–	115,000	–	–	–	115,000
Alice Avis	52,500	–	–	52,500	–	–	–	52,500
Martin Ratchford	48,000	–	–	48,000	–	–	–	48,000
Clair Preston-Beer	40,000	–	–	40,000	–	–	–	40,000



Remuneration Committee Report continued

	Year ended 31 December 2022							
	Salary and fees (£)	Benefits (£)	Pension (£)	Total Fixed (£)	Annual bonus (£)	Long-term incentives (£)	Total Variable (£)	Total (£)
Executive Directors								
Duncan Garrood	410,000	17,887	30,750	458,637	277,816	–	277,816	736,453
Donald Grant ¹	88,859	3,874	6,692	99,425	–	–	–	99,425
Lynne Fennah ²	270,088	11,751	40,513	322,352	–	–	–	322,352
Non-Executive Directors								
Mark Pain	115,000	–	–	115,000	–	–	–	115,000
Stuart Beevor ³	20,000	–	–	20,000	–	–	–	20,000
Alice Avis ⁴	51,136	–	–	51,136	–	–	–	51,136
Martin Ratchford	48,000	–	–	48,000	–	–	–	48,000
Clair Preston-Beer ⁵	20,000	–	–	20,000	–	–	–	20,000

1 Donald Grant joined the Company and the Board on 12 September 2022 as CFSO designate, in anticipation of Lynne Fennah's retirement.

2 Lynne Fennah retired from the Board on 31 October 2022. Her remuneration is reported in the above table to the date she ceased to be a Director of the Company.

3 Stuart Beevor retired from the Board on 23 May 2022 and his fees were paid until 31 May 2022.

4 Alice Avis, the Company's Senior Independent Director, was appointed Chair of the Remuneration Committee on 1 April 2022, with her fee adjusted to reflect the increased responsibility upon Stuart Beevor's retirement on 23 May 2022.

5 Clair Preston-Beer joined the Board as non-executive Director on 1 July 2022

Notes to the single figure table

Salary and fees: This represents the cash paid or receivable in respect of the relevant financial year.

Benefits: This represents the taxable value of all benefits paid or receivable in respect of the relevant financial year. Executive Directors receive a standard benefits package including medical insurance, life insurance and car allowance.

Annual bonus: Total bonus payable for the relevant financial year, whether payable in cash or as a deferred share award.

Long-term incentives: This relates to the value of long-term awards where the applicable three-year performance period ends in the year under review. The Committee determined that the performance conditions for the awards granted in both November 2020 (the 2020 LTIP award granted shortly after Duncan Garrood's appointment) and April 2021 (the standard 2021 LTIP grant) had been met in part. The November 2020 awards have been valued at 92.0 pence per share (share price at date of vesting) and £48,400 of the value relates to share price appreciation during the vesting period. The April 2021 awards have been valued at 90.5 pence (average share price for the fourth quarter of 2023) and £93,367 of the value relates to share price appreciation during the vesting period.

Pension: Duncan Garrood and Donald Grant have received a Company contribution worth 7.5 per cent of base salary. In 2022, Lynne Fennah received a contribution of 15 per cent of base salary. All executive Directors elected to receive a cash allowance in lieu of pension.

Additional disclosures in respect of the single figure table (audited)

2023 annual bonus

Duncan Garrood and Donald Grant participated in the 2023 annual bonus scheme with a maximum annual bonus opportunity restricted to 110 per cent of salary, based on the performance targets set out below.

The maximum potential annual bonus that could be paid to the executive Directors in respect of the year ended 31 December 2023 was determined by three equally weighted financial measures, which when combined account for two thirds of the maximum opportunity. These financial measures are based on revenue, EBITDA and dividend. One third of the maximum opportunity is linked to specific individual objectives based on strategic key performance indicators, including ESG related objectives.



Achievement against financial performance targets for both Duncan Garrood and Donald Grant are set out below:

Financial performance measure	Proportion of bonus determined by measure	Threshold Performance 0% payable	Maximum performance 100% payable	Actual performance	% of maximum bonus payable
Absolute revenue ¹	22.2%	£77.2m	£81.6m	£80.5m	16.7%
EBITDA ¹	22.2%	£40.5m	£42.7m	£42.1m	16.2%
Dividends paid, declared and fully covered	22.2%	3.25 pence	4.0 pence	3.5 pence	7.4%
Total out turn on financial performance measures	66.6%				40.3%

¹ Following the planned sale of six properties during the year as discussed on page 29, the original budget was reforecast with the contribution of the disposed assets removed from their point of sale for the remainder of the year. In line with standard practice for mid-year acquisitions and disposals, the Remuneration Committee formulaically adjusted the original revenue and EBITDA targets to ensure they remained consistent with the principles of the budget and that the ownership of the assets reflected in actual performance.

Achievement against individual performance objectives are set out below:

Duncan Garrood

Objective	Out turn	Outcome
The adaptation of the corporate strategy for new market conditions, including: a) Adapt the three-year plan to deliver Total Accounting Returns to target; b) Like-for-like rental growth above 6 per cent; c) Deliver an accelerated implementation of green capex investments with IRR above 8 per cent; d) Dispose of at least £50.0m of segment D properties by year.	Successfully progressed implementation of corporate strategy with like-for-like rental growth of 7.0 per cent for the 2023 financial year and 10.5 per cent for the academic year 2023/24. Delivered one-year total accounting return of 7.6 per cent. Green capex of £1.1 million invested delivering returns in line with target. Asset disposals of non-core properties below target at £43.4 million.	✓✓
Develop workplace engagement and culture to deliver improved customer service, internal talent development and health & safety compliance, in particular: a) Employee survey to deliver an employee engagement score of 85 per cent or above; b) Health & safety compliance at 95 per cent or above. All Fire safety exposures identified and resolved; c) Internal promotions to rise to 45 per cent; d) Reduction in total voluntary turnover to 20 per cent.	Maintained outstanding workplace engagement at 85 per cent and health & safety compliance at 95 per cent. Of all eligible vacancies in 2023, 51 per cent were filled by means of internal promotion. Excellent progress made on reducing voluntary turnover to 15 per cent.	✓✓✓
Develop and deliver tangible customer service improvements, including: a) Year-end NPS +30 or more measured by GSLI; b) Resolve 75% of service requests from the customer app within 72 hours; c) Develop and deliver a safety culture shift programme, whereby customers safety satisfaction scores increase, as measure on GSLI.	Great progress made on improving the customer service focus with Net Promoter Score rising again to +30.5 and achieving Platinum Operator status from GSLI. Over 17,000 maintenance requests were resolved during 2023, 59.6 per cent of which within 72 hours. In the 2023 GSLI survey, 86 per cent of customers rated their safety satisfaction either Good or Very Good, a two per cent increase on the prior year.	✓✓



Remuneration Committee Report continued

Donald Grant

Objective	Out turn	Outcome
The adaptation of strategy for new market conditions, including: a) Develop the three-year plan to deliver Total Accounting Returns to target; b) Implement cost reduction plan to ensure overheads not to exceed 17.5 per cent of revenue; c) Remove 2024 & 2025 refinancing risks; d) Develop and implement utility risk mitigation plan prior to the expiry of energy hedging contracts.	Successfully progressed implementation of corporate strategy with like-for-like rental growth of 7.0 per cent for the 2023 financial year and 10.5 per cent for the academic year 2023/24. Delivered one-year total accounting return of 7.6 per cent. Administrative overheads were £14.0m, a relatively modest 4.5 per cent increase on the prior year, representing 17.4 per cent of revenue. 2024 refinancing risk removed with terms agreed and agreements in solicitor's hands to refinance 2025 expiry. Strategy agreed and energy price risk significantly mitigated with hedging in place to cover 50 per cent of assumed consumption in 2025 and 2026.	✓✓✓
Execute Net Zero implementation plan and enhance stakeholder engagement and communication, through: a) Develop the implementation of the Net Zero strategic plan to include. reporting metrics, with annual targets and measurable actions identified for both 2023 & 2024; b) Deliver at least two further carbon natural properties; c) Manage EPC risk; d) Improve stakeholder engagement through expansion of IR programme; e) Manage guidance and consensus.	Two year Net Zero implementation plan established and agreed, with implementation in progress. Four carbon neutral properties to be delivered in early 2024, outside target for 2023. Significant improvement in EPC ratings with 51 per cent now rated EPC B or better, a level achieved a year earlier than targeted. Significant increase in investor relations activity during the year, including numerous site tours with investors and other key stakeholders. Clear guidance provided and consensus tracking comfortably within target.	✓✓
Develop finance and IT to become best-in-class functions, by: a) Improved structure, capabilities and engagement of the respective teams to be measured by an improved internal service score of +20 per cent; b) Well-developed, IT strategic plan with cost & benefit analysis; c) Improved risk management process and embed within the business.	Structure and capability of respective functions greatly improved with engagement also improving, albeit slower than planned. Internal service score target missed. IT leadership embedded with strategic plan formulated and Board approved. Risk management process established with formal review performed biannually.	✓✓

Key:

- ✓ Some progress
- ✓✓ Good progress
- ✓✓✓ Excellent progress

The tables below summarise the annual bonus awards made in respect of the 2023 financial year. Although Policy maximum is set at 150 per cent, the Committee had committed to an annual maximum in respect of 2023 of 110 per cent.

Duncan Garrood	Proportion of bonus determined by measure	% of maximum bonus payable
Total out turn on financial performance measures	66.6%	40.3%
Individual specific objectives ¹	33.4%	25.5%
Total before application of Committee discretion		65.8%
Total after application of Committee discretion		65.8%

Donald Grant	Proportion of bonus determined by measure	% of maximum bonus payable
Total out turn on financial performance measures	66.6%	40.3%
Individual specific objectives ¹	33.4%	25.5%
Total before application of Committee discretion		65.8%
Total after application of Committee discretion		65.8%

¹ Individual objectives were subject to a dividend related unlock. This element of the annual bonus would not unlock unless a minimum 3.25 pence per share fully covered dividend had been paid or declared to shareholders in respect to the financial year. This unlock was achieved.

	Bonus award percentage of 2023 maximum	Bonus paid in cash	Bonus awarded in deferred shares ¹	Total bonus
Duncan Garrood	65.8%	£185,177	£123,451	£308,628
Donald Grant	65.8%	£130,979	£87,319	£218,298

¹ To be settled in shares following a three year vesting period from date of grant.

LTIP Vesting

During 2023, the performance period for two LTIP award dates ended. The Committee determined that the performance conditions for awards granted on 10 November 2020 and 22 April 2021 had been partially met, as illustrated below.

10 November 2020 award

	Weighting	0% vesting	25% vesting	100% vesting	Performance achieved	Vesting level (% of maximum)
TSR relative to FTSE All-Share Real Estate peer group						
3 years to 30 September 2023	50%	Below median	Median	Upper quartile	Above upper quartile	100%
Total Return (CAGR)						
3 years to 30 June 2023	50%	Less than 6%	6%	10%	5.27%	0%
Overall vesting						50.0%

22 April 2021 award

	Weighting	0% vesting	25% vesting	100% vesting	Performance achieved	Vesting level (% of maximum)
TSR relative to FTSE All-Share Real Estate peer group						
3 years to 31 December 2023	50%	Below median	Median	Upper quartile	Above upper quartile	100%
Total Return (CAGR)						
3 years to 31 December 2023	50%	Less than 6%	6%	10%	7.36%	50.5%
Overall vesting						75.2%



Remuneration Committee Report continued

In line with the Remuneration Policy, vested awards remain subject to a further two year holding period before they become exercisable, however the value of the vesting awards are included within the single figure remuneration table for the year ended 31 December 2023.

Scheme interests awarded during the financial year (audited)

Long-term incentive plan awards

Long-term incentive plan awards are granted over the Company's shares with the number of shares under award determined by reference to a percentage of base salary. Vesting of the awards is conditional upon satisfaction of performance conditions and is usually also conditional upon continued employment until the awards vest on the third anniversary of grant. Vesting is subject to an additional two-year holding period.

The following table provides details of the LTIP award granted to Duncan Garrood and Donald Grant on 14 April 2023.

	Type of award	Maximum number of shares	Face value £	Threshold vesting	End of performance period
Duncan Garrood	LTIP	722,233	639,600	25% of award	31 December 2025
Donald Grant	LTIP	510,848	452,400	25% of award	31 December 2025

Both executive Directors were entitled to an LTIP award over shares worth 150 per cent of their annual salary at the start of the year. The maximum number of shares awarded (and their face value in the above table) was calculated using a Company share price of 88.56 pence, representing the average of the daily closing prices of the Company's ordinary shares on the London Stock Exchange for the 12-month period ended 28 February 2023.

Vesting of these awards is subject to two performance measures each being 50 per cent of the award. Firstly, Total Accounting Return ("TAR") relative to threshold and maximum targets for the periods 1 January 2023 to 31 December 2025, with TAR being the combined net asset value growth and dividends paid. 25 per cent of the award will vest for meeting a threshold TAR target of 6 per cent per annum, increasing to 100 per cent vesting for meeting a maximum target of 10 per cent per annum. Secondly, Total Shareholder Return (TSR) relative to the FTSE All Share Real Estate Companies peer group, with 25 per cent of the award for median performance and 100 per cent for 75th percentile performance (with straight-line vesting between) for the period 1 January 2023 to 31 December 2025.

Payments to past directors (audited)

There were no payments to past Directors during 2023, other than those pursuant to the deferred shares element of the annual bonus awards made to Timothy Attlee, the Company's former CEO. Details of which were previously outlined in the 2020 Remuneration Report.

Payments for loss of office (audited)

Lynne Fennah retired from the Board on 31 October 2022 following her resignation which was effective 1 June 2022. Remuneration payments were determined by the Committee taking into account contractual entitlements, the rules of the Company's incentive plans and provisions of the Policy.

In accordance with her service contract, which provided for a 12-month notice period, Lynne continued to receive her salary, benefits and pension payments until the end of her notice period on 31 May 2023. Her pension contribution was reduced from 15 per cent to 7.5 per cent in line with the majority of the workforce, from 1 January 2023.

Under the Annual Bonus Plan rules, Lynne is not entitled to an annual bonus for the year ending December 2023.

The Committee exercised its discretion, in accordance with the Plan rules and the remuneration policy, to allow Lynne to receive her 15,877 deferred annual bonus shares due to vest on 24 March 2025 in addition to the 72,396 deferred shares which vested on 8 April 2023, to which she remains entitled and have not yet been exercised.

All unvested LTIP awards lapsed upon resignation.



Statement of Directors' shareholdings and share interests (audited)

The table below shows the Directors' share ownership as at 31 December 2023.

The standard shareholding guideline is that executive Directors are expected to build up and retain a shareholding worth at least 200 per cent of salary. Subject to the incentive plans delivering at least an on target level of award, the guideline is expected to be satisfied within a five-year period of their appointment to the Board. To date these shareholding requirements have not been met as both executive Directors have less than five years' service on the Board and are therefore currently in the build-up phase against this guideline.

Executive Directors are required to maintain their shareholding in accordance with this guideline for two years post-employment (unless the Committee considers a lower limit to be appropriate in a particular participant's circumstances).

	Dividends received during the year ended 31 December 2023	Beneficially owned shares at 31 December 2023 (number of shares)	% of salary ¹	Vested LTIP awards not yet exercisable ² (number of shares)	Outstanding LTIP awards subject to performance and employment conditions as at 31 December 2023 ³ (number of shares)	Outstanding annual bonus awards subject to employment conditions as at 31 December 2023 ⁴ (number of shares)
Mark Pain	£3,438	100,000	n/a	–	–	–
Duncan Garrood	£3,201	93,122	20.7%	801,875	1,424,047	145,567
Donald Grant	£311	33,177	10.4%	–	510,848	–
Alice Avis	£1,843	53,600	n/a	–	–	–
Martin Ratchford	–	–	n/a	–	–	–
Clair Preston-Beer	–	–	n/a	–	–	–
Lynne Fennah (former Director)	£5,067	147,418	n/a	–	–	88,273
Stuart Beevor (former Director)	£688	20,000	n/a	–	–	–

¹ Value-based on salary effective from 1 January 2023 and the closing share price on 29 December 2023 of 94.8 pence.

² Vested awards subject to two-year holding period. 200,000 shares will become exercisable from 10 November 2025 with a further 635,834 shares becoming exercisable from 22 April 2026.

³ These are outstanding LTIP awards subject to the performance conditions disclosed in this or previous Remuneration Reports.

⁴ These are outstanding deferred awards granted pursuant to the annual bonus plan.

Between 31 December 2023 and the date of this Report, there were no changes in the shareholdings outlined in the above table.

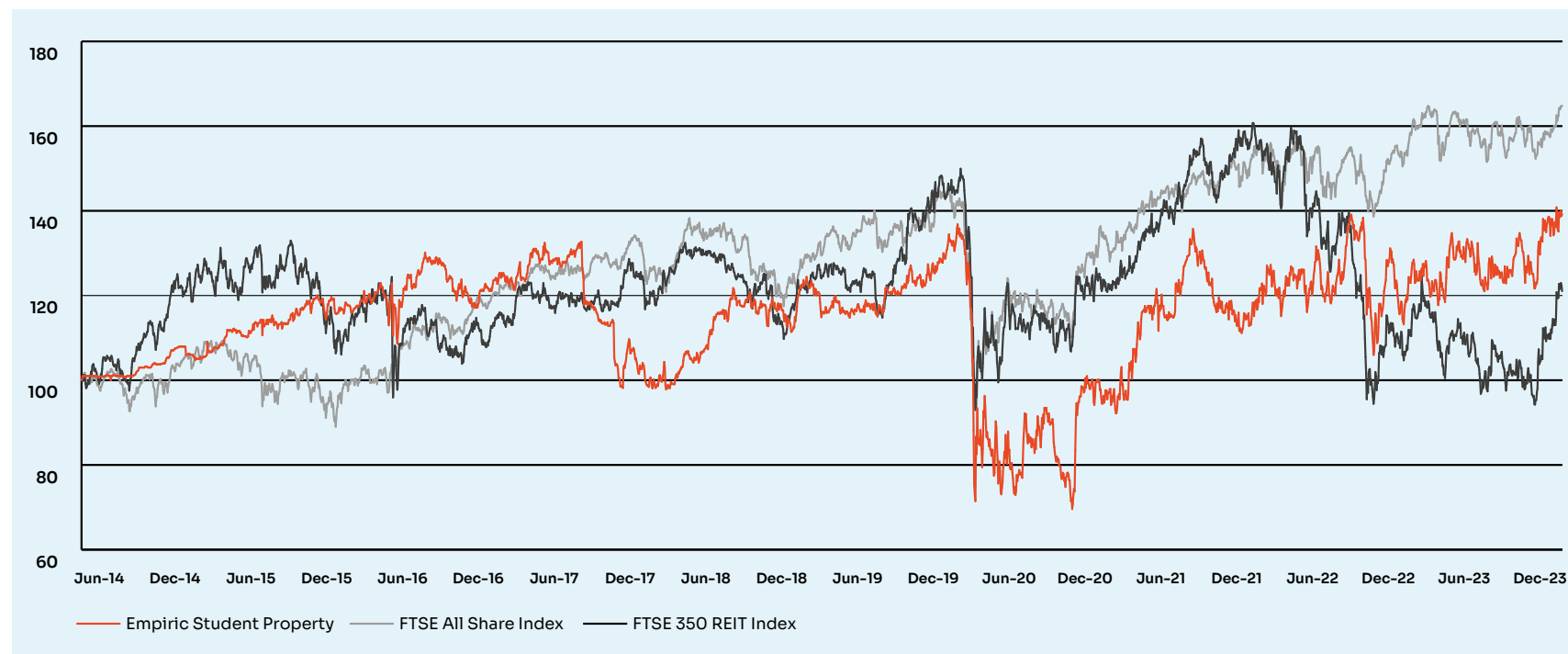


Remuneration Committee Report continued

Performance graph and CEO remuneration table

The chart below compares the TSR performance of the Company during the period since IPO to the FTSE All-Share Index and the FTSE All-Share REIT Index. These indices have been chosen because they are recognised equity market indices of which the Company is a member. The base point in the chart for the Company equates to the IPO price of 100 pence.

Company Total Shareholder Return performance relative to FTSE All-Share and FTSE All-Share REIT indices



Chief Executive Officer remuneration outcomes

The table below shows the total remuneration payable to the CEO for the financial periods since IPO, and variable pay out turns as a percentage of the maximum opportunity.

	12 months ended 30 June 2015	12 months ended 30 June 2016	6 months ended 31 December 2016	12 months ended 31 December 2017	12 months ended 31 December 2018 ¹	12 months ended 31 December 2019	12 months ended 31 December 2020 ²	12 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2023
CEO single figure of remuneration	£576,263	£748,160	£314,455	£731,442	£539,500	£670,557	£361,041	£491,829	£736,453	£1,513,919
Annual bonus pay out (% of maximum)	100%	100%	50%	0%	25.1%	42%	0%	10%	61.6%	65.8%
LTIP vesting	n/a	n/a	n/a	63.7%	0%	0%	0%	0%	0%	60.7% ³

¹ Includes Acting CEO for period 1 January 2018 to 31 October 2018.

² Combination of Tim Attlee as CEO from 1 January 2020 to 30 June 2020 and Duncan Garrood as CEO from 28 September 2020 to 31 December 2020.

³ The performance period of two LTIP awards ended during the financial year to 31 December 2023. The first, an award of 400,000 nil-cost options, awarded on 10 November 2020, shortly after Duncan Garrood's appointment, achieved 50 per cent vesting. The second, an award of 800,000 nil-cost options was the standard annual grant awarded on 22 April 2021 achieved 75.2 per cent vesting. Both vesting awards are subject to a further two-year holding period before they become exercisable, but as the performance period has ended, the value of the vesting awards are included with the single figure remuneration table for the year ended 31 December 2023. The figure shown here is the weighted average of the two vesting percentages.

CEO Pay Ratio

The UK Companies (Miscellaneous Reporting) Regulations 2018 introduced a requirement for certain UK listed companies to publish the ratio of CEO pay to its UK employees. The regulation uses the full year total pay and benefits for all employees and therefore the same methodology that is used to calculate the CEO's single figure of remuneration on page 99. The Committee assesses whether the year on year movement in the ratio is consistent with the Company's performance and employee reward decisions.

Year	Method	25th percentile pay	Median pay	75th percentile pay
2023	Option A	60:1	55:1	42:1
2022	Option A	32:1	30:1	23:1
2021	Option A	25:1	22:1	17:1
2020	Option A	14:1	17:1	18:1
2019	Option A	33:1	31:1	25:1

	Method	Lower quartile		Median quartile		Upper quartile	
		Total pay and benefits	Salary	Total pay and benefits	Salary	Total pay and benefits	Salary
2023	Option A	£25,391	£24,044	£27,463	£24,044	£35,774	£30,663

We have used Option A as we assess it to be the statistically preferred method for calculating the pay ratio.

Figures are calculated based on a reference date of 31 December 2023 (348 employees at this date).

Remuneration for non-executive Directors has not been included in the calculations.

The conversion for part-time colleagues to FTE equivalent uses a standard working week of 37.5 hours and 52 weeks a year.

The 2023 ratio is higher than previous years because it unusually includes the value of two vested LTIP awards that were granted to Duncan Garrod in November 2020 and April 2021. Although these awards were granted in separate financial years, the reporting regulations require them to both be recognised in the 2023 single figure as their respective performance periods both ended in 2023. Excluding the value of vesting LTIP awards, which are subject to a further two-year holding period before they become exercisable, the pay ratio remains below 2019 pre-Pandemic median, 25th and 75th percentiles, demonstrating our continued investment in the pay and reward of our workforce.

The Group adopts a reward framework which is based on a consistent framework which applies to all our employees. Remuneration should remain competitive compared to comparative roles and always equal to or more than the Real Living Wage. Our employees are paid using the same principles as the pay for our executive Directors. The median ratio is consistent with the Group's wider policies on pay, reward and progression policies.



Remuneration Committee Report continued

Percentage change in remuneration of the Directors

The table below shows the change in the various elements of Director remuneration relative to the change in average employee remuneration between 2022 and 2023 (plus between 2021 and 2022 as set out in the prior year's Remuneration Report). The table is presented for those Directors who held Board positions in both 2023 and 2022, therefore Donald Grant, Clair Preston-Beer, Lynne Fennah & Stuart Beevor are not included as they did not hold office throughout both the current and prior year.

Percentages disclosed below are calculated to show the change in the figures within the table entitled Single total figure of remuneration (audited), appearing on page 99. Average employee disclosure is based on the full Group because the number of employees employed by the parent company is considered too small to provide a meaningful comparison.

Year to 31 December 2023	Mark Pain change	Alice Avis change	Martin Ratchford change	Duncan Garrood change	Average employee change
Base salary / fee	+0%	+0%	+0%	+4.0%	+8.3%
Benefits	+0%	+0%	+0%	+1.4%	+5.7%
Annual bonus	+0%	+0%	+0%	+11.1%	+15.8%
Year to 31 December 2022	Mark Pain change	Alice Avis change ¹	Martin Ratchford change	Duncan Garrood change	Average employee change
Base salary / fee	+0%	+21.0%	+0%	+2.5%	+6.9%
Benefits	+0%	+0%	+0%	+0.3%	+18.2%
Annual bonus	+0%	+0%	+0%	+531%	+111.4%
Year to 31 December 2021	Mark Pain change	Alice Avis change ⁴	Martin Ratchford change ²	Duncan Garrood change ³	Average employee change
Base salary	+0%	+5.6%	+0%	+0%	+4.0%
Benefits	+0%	+0%	+0%	+0%	+0%
Annual bonus	+0%	+0%	+0%	+100%	-100%
Year to 31 December 2020	Mark Pain change	Alice Avis change	Martin Ratchford change	Duncan Garrood change	Average employee change
Base salary	+0%	+0%	+0%	+0%	+10.0%
Benefits	+0%	+0%	+0%	+0%	+0%
Annual bonus	+0%	+0%	+0%	+0%	+100%

1 Alice Avis assumed the Chair of the Remuneration Committee following Stuart Beevor's retirement and her fee was adjusted accordingly

2 Martin Ratchford joined the Board on 1 October 2021

3 Base salary change from the prior year is calculated with reference to an annualised prior year base salary as Duncan Garrood joined the Board part way through the prior year.

4 Alice Avis was appointed Senior Independent Director from 1 October 2021 with her fee adjusted accordingly from this date.



Relative importance of spend on pay

The table below sets out the total expenditure on pay for all of the Company's employees, compared to distributions to shareholders by way of dividend.

	Year ended 31 December 2023	Year ended 31 December 2022
Total staff costs (Note 6 to the financial statements)	£16.6m	£13.9m
Total dividends	£20.7m	£15.2m

Internal Advice

No individual was present when their own remuneration was being discussed. The Company Secretary acted as secretary to the Committee. The executives, Chief Operating Officer and Head of People joined certain meetings to discuss relevant matters, as required.

External Advice

Deloitte LLP was appointed by the Company in 2015 to provide advice on executive remuneration matters. Although there is no requirement for mandatory rotation of remuneration advisers, the current engagement partner has been in post since 2019.

During the year, the Committee received independent and objective advice from Deloitte, principally on the drafting of the Remuneration Report, incentive design, market practice and the valuation of share awards inline with International Financial Reporting Standards. Deloitte was paid £17,340 in fees during the year ended 31 December 2023 for these services (charged on a time plus expense basis). Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte provided no other services to the Company during this period.

Compliance with the UK Corporate Governance Code

The Committee is mindful of the UK Corporate Governance Code and considers that it has appropriately addressed the principles of Provision 40 in the Code:

- Clarity: This Remuneration Report provides a straightforward and transparent disclosure of our executive remuneration arrangements.
- Simplicity and alignment to culture: Our variable remuneration arrangements are straightforward with individuals eligible for an annual bonus and, at more senior levels, LTIP awards. Performance measures used in these plans are aligned with key strategic objectives and their performance indicators and long-term sustainable value creation.
- Predictability: The Policy Tables on pages 95 to 97 contain maximum opportunity levels for executive Directors' bonus and LTIP awards and pension provision. The charts on page 92 of the Annual Report & Accounts 2022 provide an illustration of the potential total reward opportunity for the executive Directors.

- Proportionality: Our variable remuneration arrangements are designed to provide a fair and proportionate link between Group performance and reward. The Committee has overriding discretion that allows it to adjust formulaic annual bonus or LTIP outcomes so as to prevent disproportionate results. Additionally, we ensure there is a clear link between executive remuneration and the longer-term performance of the Group through a combination of bonus deferral into shares, five-year release periods for LTIP awards and stretching shareholding requirements that apply during and post employment.
- Risk: Before approving any bonus or LTIP pay out, the Committee confirms that they were achieved within an acceptable risk profile. Malus and clawback provisions also apply to both the annual bonus and LTIP awards.

Shareholder Voting

At the Annual General Meeting of the Company held on 24 May 2023, shareholder support was received for the proposed resolutions on remuneration, as summarised below:

	Votes for	Votes against	Votes withheld
Approval of the Directors' Remuneration Report	387,634,869 (88.7%)	49,363,221 (11.3%)	34,409
Approval of the Remuneration Policy	401,730,425 (91.9%)	35,262,666 (8.1%)	39,408

External Board Appointments

Executive Directors are only entitled to accept appointments outside the Company with the consent of the Board. Any fees received may be retained by the Director.

This report was approved by the Board on 13 March 2024.

On behalf of the Board

Alice Avis MBE | Remuneration Committee Chairman
13 March 2024



Directors' Report

Introduction

The Directors are pleased to present their Annual Report, including the Group and Company's audited financial statements, for the year ended 31 December 2023. The Strategic Report on pages 01 to 73 comprise the Management Report, for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

Statutory information incorporated by reference

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report and is incorporated into this report by reference, as indicated below:

- Description of the business model can be found on page 08.
- Future developments and outlook are contained within the CEO report on page 16.
- Important events which have taken place since the end of the financial year are set out on page 142.
- Details of financial instruments and financial risk management objectives and policies are detailed on page 143.
- Principal and emerging risks and uncertainties pertaining to the Group and the way in which it manages and controls these risks are outlined on page 32.
- The Group's viability statement is set out on page 37.
- Disclosures regarding the employment of disabled people, human rights, social matters, employee engagement and TCFD disclosures are contained within the ESG report on page 46.
- The diversity policy of the Group and related targets are set out on page 49 and the diversity and inclusion statement can be found on page 49.
- How the Board fosters business relationships with customers and suppliers is set out on page 52.
- Principal decisions taken during the year are set out on page 73.
- Details regarding the Group's anti-bribery policy can be found on page 51.
- Environmental and greenhouse gas reporting can be found on page 68.

Financial results and dividends

The financial results for the year can be found in the Group Statement of Comprehensive Income on page 120.

Details of dividends paid and declared for the year are set out on page 135. No dividends were waived during the year.

Directors

The names of the Directors of the Company who served during the year are set out on pages 74 to 75. The biographical details of the current Board are on page 74.

Directors' and Officers' liability insurance

The Company maintains Directors' and officers' liability insurance, at its expense, on behalf of the Directors.

Directors' interests in shares and dividends

The Directors' interests in ordinary shares and dividends are disclosed in the Annual Report on Remuneration on page 105.

Political donations

The Company made no political donations and incurred no political expenditure during the year.

Share capital

At 31 December 2023, the total number of ordinary shares in issue as per Note 19 to the financial statements was 603,437,683.

Restrictions on transfer of securities in the Company

There are no restrictions on the transfer of securities in the Company, except pursuant to:

- the Listing Rules of the Financial Conduct Authority (the "Listing Rules"), whereby certain individuals require approval to deal in the Company's shares; and
- the Company's Articles of Association, whereby the Board may decline to register a transfer of shares or otherwise impose a restriction on shares, to prevent the Company breaching any law or regulation.

The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities in the Company.

Securities carrying special rights

No person holds securities in the Company carrying special rights with regard to control of the Company.

Going concern

The Directors believe that the Company is well placed to manage its financing and other business risks. More detail on the basis of this conclusion is provided on page 126. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the Annual Report and Accounts for the year ended 31 December 2023 is appropriate.

Substantial shareholdings

As at 29 February 2024, the Company had been notified under the Disclosure Guidance and Transparency Rules ("DTR 5") of the following substantial holders who were directly or indirectly interested in three per cent or more of the issued share capital of the Company:

Shareholder	as at 29 February 2024	
	Number of ordinary shares	Percentage of ordinary shares
Investec Wealth & Investment	49,446,213	8.19%
Blackrock	43,884,908	7.27%
Premier Miton Investors	38,002,362	6.30%
CCLA Investment Management	33,883,158	5.62%
Janus Henderson Investors	27,514,113	4.56%
East Riding of Yorkshire	27,076,822	4.49%
Legal & General	19,528,273	3.24%



Amendment of articles

The Articles may be amended by a special resolution of the Company's shareholders.

Powers of the Directors

Subject to the Articles, the Companies Act 2006 and any directions given to the Company by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

Powers in relation to the Company issuing or purchasing its shares

At the Company's Annual General Meeting held on 24 May 2023, the Directors were granted a general authority to allot shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £2,011,173, as well as an additional authority to allot shares for the same amount on a rights issue only.

Of these ordinary shares, the Directors were granted authority to issue up to an aggregate nominal amount of £603,352 of equity securities on a non-pre-emptive basis and wholly for cash. All of these authorities will expire at the conclusion of the Company's 2024 Annual General Meeting.

At the 24 May 2023 Annual General Meeting, the Directors were granted authority to make one or more market purchases of ordinary shares in the Company, in accordance with sections 693 and 701 of the Companies Act 2006, up to an aggregate number of 60,335,188 ordinary shares, within certain price parameters. No ordinary shares have been purchased by the Company under this authority, which will expire at the conclusion of the Company's 2024 Annual General Meeting.

Appointment and replacement of Directors

Details of the process by which Directors can be appointed or replaced are included in the Corporate Governance Statement on page 76.

Independent Auditor

BDO LLP has expressed its willingness to continue as auditor for the financial year ending 31 December 2024 and a resolution relating to its reappointment will be tabled at the Annual General Meeting on 22 May 2024.

Disclosure of information to Auditor

The Directors who were members of the Board at the time of approving the Directors' Report have confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The 2024 Annual General Meeting will be held at 11:00 a.m. on 22 May 2024. The notice of meeting will be sent to shareholders in April 2024.

This report was approved by the Board on 13 March 2024.

Donald Grant | Director
13 March 2024



Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the Group and Company financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors 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.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm that to the best of their knowledge:

- the Group financial statements have been prepared in accordance with UK international accounting standards in conformity with the requirements of the Companies Act 2006 and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and the undertakings included in the consolidation as a whole;
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model, strategy and principal risks.

Signed on behalf of the Board by

Donald Grant | Director
13 March 2024



Independent auditor's report to the members of Empiric Student Property plc

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Empiric Student Property plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk committee, we were appointed by the Board of Directors on 4 August 2015 to audit the financial statements for the year ended 30 June 2015 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 10 years, covering the years ended 30 June 2015 to 31 December 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical

Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included;

- We assessed the appropriateness of the going concern period, being to 31 December 2025 in light of the nature of operations being linked to the academic year cycle and future loan maturities.
- We assessed the appropriateness of the Group's and Parent Company's cash flow forecasts in the context of the Group's and Parent Company's 31 December 2023 financial position and the expected student occupancies and compared the Directors' downside sensitivities against results achieved in the current and previous years along with letting levels currently obtained for the next student year.
- We evaluated the key assumptions in these forecasts and considered whether these appear reasonable, for example by comparing rental revenue to expected student occupancy, comparing the projected SONIA interest rates to forward curves, agreeing the utility cost hedge to the signed contract, and the ability to pause future capital expenditure if required. We also compared the overhead to previous years and considered the nature of spend and challenged the Directors as to what they considered discretionary.
- We obtained covenant calculations and forecast calculations to test for any potential future covenant breaches. We also considered the covenant compliance headroom for sensitivity to both future changes in property valuations and the Group's and Parent Company's future financial performance.
- Where facilities were refinanced during the year and post year end, we obtained supporting documentation in the form of a facility agreement to verify this. For the remaining facilities we considered the ability of the Group to refinance these with their recent track record of refinancing loans and availability of finance in the marketplace.
- We reviewed the disclosures relating to the going concern basis of preparation and considered whether these were consistent with the Directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.



Independent auditor's report to the members of Empiric Student Property plc | continued

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2022: 100%) of Group profit before tax		
	100% (2022: 100%) of Group revenue		
	100% (2022: 100%) of Group total assets		
Key audit matters		2023	2022
	Valuation of investment property (excluding properties under development)	Yes	Yes
	Going Concern	No	Yes
	The Going Concern assumption is no longer considered to be a key audit matter due to the Group's current and forecast occupancy and the refinancing of loan facilities post year end.		
Materiality	Group financial statements as a whole £11,500,000 (2022: £11,500,000) based on 1% (2022: 1%) of Group total assets		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates solely in the United Kingdom and through one segment, the investment property portfolio. None of the individual subsidiaries were considered to be significant components and as such the audit approach included undertaking audit work on the key risks of material misstatement identified for the Group across the segment. The Group audit team performed all the work necessary to issue the Group and Parent Company audit opinion.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Task Force on Climate-related Financial Disclosures ("TCFD") may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment and in management's judgements and estimates in relation to the Investment Property portfolio.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of Investment Property (excluding commercial properties and properties under development) Refer to Note 1.5 (Accounting Policies) and Note 11 (Investment Property). We addressed the risk of revenue recognition for student rental income	The valuation of investment property requires significant judgement and estimates by the Directors and the independent valuer (“the Valuer”) and was therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as capitalisation yields, future lease income, and future capital expenditure) could result in a material misstatement of the financial statements. There is also a risk that the Directors may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations. For these reasons we considered the valuation of investment property to be a key audit matter.	We met with the Group’s external valuer, who valued all the Group’s investment properties to understand the assumptions and methodologies used in valuing these properties, the market evidence supporting the valuation assumptions and the valuation movements in the year. We assessed the competency, independence, and objectivity of the external valuer, which included making enquiries regarding interests and relationships that may have created a threat to the valuer’s objectivity. We used our knowledge and experience, including the assistance of our internal RICS qualified valuers, to evaluate and challenge the valuation assumptions, methodologies and the inputs used. This included establishing our own range of expectations for the valuation of investment property based on externally available metrics and wider economic and commercial factors. We assessed the valuation for each of the investment properties against our own expectation and challenged the external valuer in respect of those properties where the valuations fell outside of our range of expectation through discussion and inspection of corroborating information to determine the appropriate valuation. We checked the data provided to the valuer by the Group was consistent with the data we had audited. This data included inputs such as rent for the current academic year (which we have assessed through evaluating the design and operating effectiveness of relevant controls which record and calculate straight line rent over the lease term and performing a reconciliation of total revenue for student rental income to underlying cash receipts), number of beds per property, projected capital expenditures, refurbishments and fire safety works. We reviewed the Directors assessment of the future capital expenditure including fire safety works. We corroborated a sample of costs to supporting documentation such as subcontractor agreements and price quotes. We also obtained a copy of the report detailing the expected works that management commissioned from an external expert. We assessed the competency, independence, and objectivity of the external expert, which included making enquiries regarding interests and relationships that may have created a threat to the expert’s objectivity. Key observations: Based on the procedures we performed, we considered the assumptions and methodologies used to value the Group’s investment portfolio to be appropriate.



Independent auditor's report to the members of Empiric Student Property plc | continued

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023 £	2022 £	2023 £	2022 £
Materiality	£11,500,000	£11,500,000	£10,350,000	£10,350,000
Basis for determining materiality	1% of Group Total Assets		2% of Total Assets, capped at 90% of Group materiality	
Rationale for the benchmark applied	We determined that Group Total Assets would be the most appropriate basis for determining overall materiality as we consider this to be one of its principal considerations for users of the financial statements in assessing the financial performance of the Group.		We determined that Parent Total Assets would be the most appropriate basis for determining materiality as we consider this to be one of its principal considerations for users of the financial statements in assessing the financial performance of the Parent. This is capped at 90% of Group materiality given the assessment of aggregation risk.	
Performance materiality	£8,025,000	£8,025,000	£4,465,720	£4,739,250
Basis for determining performance materiality	75% of materiality - in determining performance materiality we have considered the following factors: - Our risk assessment, including our assessment of the Group's and the Parent Company's overall control environment; and - Our past experience of the audit and the level of corrected and uncorrected misstatements identified in prior periods and Management's willingness to investigate and correct these.			

Specific materiality

We also determined that for certain classes of transactions and account balances a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 5% of European Public Real Estate Association ("EPRA") earnings being £1,200,000 (2022: £1,030,000). This materiality is applied to test those items which do or may impact the measurement of EPRA earnings. Disclosure matters and the cash flow statement are subject to Group financial statement materiality. We further applied a performance materiality level of 75% (2022: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £230,000 (2022: £230,000) and for amounts impacting EPRA earnings in excess of £60,000 (2022: £52,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.



Going concern and longer-term viability	- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 126; and - The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 37.
Other Code provisions	- Directors' statement on fair, balanced and understandable set out on page 91; - Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 90; - The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 89; and - The section describing the work of the audit committee set out on page 88.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: - 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; and - the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or - the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or - certain disclosures of Directors' remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.
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RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report to the members of Empiric Student Property plc | continued

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance (including the Audit and Risk Committee); and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be the applicable accounting framework, Companies Act 2006, the UK Listing Rules and the REIT tax regime requirements.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Fire Safety (England) Regulations 2022.

Our procedures in response to the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;
- Review of minutes of board and committee meetings throughout the period and enquiries of management and the Audit and Risk Committee as to their identification of any non-compliance with laws or regulations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations and performing our own checks of compliance with relevant requirements, including the Companies Act 2006, the UK Listing Rules and the REIT tax regime requirements;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, including the Audit Committee, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of board and committee meetings throughout the period and enquiries of management and the Audit and Risk Committee as to their identification of any actual or potential claims or fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we identified specific fraud risks with respect to the valuation of investment property, which has been included as a key audit matter and our audit response is set out in that section of our audit report. We also identified specific fraud risks with respect to revenue recognition (student rental income) and management override of controls.

Our procedures in respect of the above included:

- We addressed the risk of revenue recognition for student rental income through involving internal IT specialists who reviewed the design and operating effectiveness of relevant controls which automatically record and calculate straight line rent over the lease term. We also performed a reconciliation of total revenue for student rental income to underlying cash receipts. In addition, we tested a sample of manual journals processed during the year to supporting documentation and evaluating whether there was evidence of management override due to fraud; and
- We addressed the risk of management override of controls by testing a sample of journals processed during the year to supporting documentation and evaluating whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

THOMAS EDWARD GOODWORTH (SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
13 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Continuing operations			
Revenue	2	80.5	73.0
Property expenses	3	(25.2)	(24.0)
Gross profit		55.3	49.0
Administrative expenses	4	(14.0)	(13.4)
Change in fair value of investment property	11	30.1	45.6
Operating profit		71.4	81.2
Finance costs	5	(17.4)	(15.0)
Finance income	5	0.2	–
Derivative fair value movement		(0.2)	–
Net (loss)/gain on disposal of investment property		(0.6)	1.5
Profit before income tax		53.4	67.7
Corporation tax	7	–	–
Profit for the year and total comprehensive income		53.4	67.7
Earnings per share expressed in pence per share	8		
Basic		8.8	11.2
Diluted		8.8	11.1

Consolidated Statement of Financial Position

	Note	At 31 December 2023 £m	At 31 December 2022 £m
ASSETS			
Non-current assets			
Investment property – Operational Assets	11	1,072.7	1,062.4
Investment property – Development Assets	11	3.0	3.3
Property, plant and equipment	13	0.8	1.1
Intangible assets	12	3.1	1.9
Right of use asset		1.2	1.3
Total non-current assets		1,080.8	1,070.0
Current assets			
Trade and other receivables	14	6.5	7.0
Assets classified as held for sale	15	22.4	13.7
Cash and cash equivalents	16	40.5	55.8
Derivative fair value		0.1	–
Total current assets		69.5	76.5
Total assets		1,150.3	1,146.5
LIABILITIES			
Current liabilities			
Trade and other payables	17	23.4	24.8
Borrowings	18	56.5	–
Lease liability		0.1	0.1
Deferred income	17	34.9	33.1
Total current liabilities		114.9	58.0
Non-current liabilities			
Borrowings	18	300.2	386.5
Lease liability		1.0	1.2
Total non-current liabilities		301.2	387.7
Total liabilities		416.1	445.7
Total net assets		734.2	700.8

	Note	At 31 December 2023 £m	At 31 December 2022 £m
Equity			
Called up share capital	19	6.0	6.0
Share premium	20	0.3	0.3
Capital reduction reserve	21	424.1	444.7
Retained earnings		303.8	249.8
Total equity		734.2	700.8
Total equity and liabilities		1,150.3	1,146.5
Net Asset Value per share basic (pence)	9	121.7	116.1
Net Asset Value per share diluted (pence)	9	120.8	115.4
EPRA NTA per share (pence)	9	120.7	115.4

These financial statements were approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Donald Grant | Director



Company Statement of Financial Position

	Note	At 31 December 2023 £m	At 31 December 2022 £m
Fixed assets			
Investments in subsidiaries	30	222.6	222.6
Property, plant and equipment	13	0.7	1.0
Intangible assets	12	3.1	1.9
Right of use asset		1.2	1.3
Total fixed assets		227.6	226.8
Current assets			
Amounts due from Group undertakings	14	391.4	400.5
Trade and other receivables	14	0.7	0.3
Cash and cash equivalents	16	2.4	4.3
Total current assets		394.5	405.1
Current creditors			
Amounts due to Group undertakings	17	111.0	87.8
Trade and other payables	17	3.4	3.1
Lease Liability		0.1	0.1
Total current creditors		114.5	91.0
Total assets less current liabilities		507.6	540.9
Net current assets		280.0	314.1
Non-current creditors			
Lease liability		1.0	1.2
Total non-current creditors		1.0	1.2
Total net assets		506.6	539.7

	Note	At 31 December 2023 £m	At 31 December 2022 £m
Capital and reserves			
Called up share capital	19	6.0	6.0
Share premium	20	0.3	0.3
Capital reduction reserve	21	424.1	444.7
Retained earnings		76.2	88.7
Total capital and reserves		506.6	539.7

The Company made a loss for the year of £13.1 million (2022: profit of £45.9 million).

These financial statements were approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Donald Grant | Director



Consolidated Statement of Changes in Equity

Year ended 31 December 2023	Called up share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023	6.0	0.3	444.7	249.8	700.8
Profit for the year	–	–	–	53.4	53.4
Total comprehensive income for the year	–	–	–	53.4	53.4
Share-based payments	–	–	–	0.7	0.7
Reserves transfer	–	–	0.1	(0.1)	–
Dividends	–	–	(20.7)	–	(20.7)
Amounts recognised directly in equity	–	–	(20.6)	0.6	(20.0)
Balance at 31 December 2023	6.0	0.3	424.1	303.8	734.2

Balance at 1 January 2022	6.0	0.3	459.9	181.4	647.6
Profit for the year	–	–	–	67.7	67.7
Total comprehensive income for the year	–	–	–	67.7	67.7
Share-based payments	–	–	–	0.7	0.7
Dividends	–	–	(15.2)	–	(15.2)
Amounts recognised directly in equity	–	–	(15.2)	0.7	(14.5)
Balance at 31 December 2022	6.0	0.3	444.7	249.8	700.8



Company Statement of Changes in Equity

Year ended 31 December 2023	Called up Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023	6.0	0.3	444.7	88.7	539.7
Loss for the year	–	–	–	(13.1)	(13.1)
Total comprehensive income for the year	–	–	–	(13.1)	(13.1)
Share-based payments	–	–	–	0.7	0.7
Reserves transfer	–	–	0.1	(0.1)	–
Dividends	–	–	(20.7)	–	(20.7)
Amounts recognised directly in equity	–	–	(20.6)	0.6	(20.0)
Balance at 31 December 2023	6.0	0.3	424.1	76.2	506.6
Balance at 1 January 2022	6.0	0.3	459.9	42.1	508.3
Profit for the year	–	–	–	45.9	45.9
Total comprehensive income for the year	–	–	–	45.9	45.9
Share-based payments	–	–	–	0.7	0.7
Dividends	–	–	(15.2)	–	(15.2)
Amounts recognised directly in equity	–	–	(15.2)	0.7	(14.5)
Balance at 31 December 2022	6.0	0.3	444.7	88.7	539.7

Consolidated Statement of Cash Flows

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash flows from operating activities		
Profit before income tax	53.4	67.7
Share-based payments expense	0.9	0.7
Depreciation and amortisation	0.8	0.6
Finance costs	17.4	15.0
Finance income	(0.2)	–
Loss/(gain) on disposal of investment property	0.6	(1.5)
Change in fair value of investment property	(30.1)	(45.6)
Change in fair value of derivative	0.2	–
	43.0	36.9
(Increase)/decrease in trade and other receivables	0.3	0.2
(Decrease)/increase in trade and other payables	(2.0)	3.3
Increase in deferred rental income	2.4	3.2
	0.7	6.7
Net cash flows generated from operations	43.7	43.6
Cash flows from investing activities		
Purchases of tangible fixed assets	–	(1.0)
Purchases of intangible assets	(1.6)	(0.9)
Purchase and development of investment property	(32.4)	(47.2)
Proceeds on disposal of asset held for sale, net of selling costs	13.6	26.7
Proceeds on disposal of investment property, net of selling costs	29.0	13.0
Finance income	0.2	–
Net cash flows from/(used in) investing activities	8.8	(9.4)

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash flows from financing activities		
Dividends paid	(20.2)	(16.7)
Bank borrowings drawn	–	36.2
Bank borrowings repaid	(30.9)	(20.0)
Loan arrangement fee paid	(0.1)	(1.6)
Lease liability paid	(0.3)	(0.1)
Interest rate cap premium	(0.3)	–
Finance costs	(16.0)	(13.3)
Net cash flows used in financing activities	(67.8)	(15.5)
(Decrease)/increase in cash and cash equivalents	(15.3)	18.7
Cash and cash equivalents at beginning of year	55.8	37.1
Cash and cash equivalents at end of year	40.5	55.8



Notes to the Financial Statements

1. ACCOUNTING POLICIES

1.1 Period of Account

The consolidated financial statements of the Group are in respect of the reporting period from 1 January 2023 to 31 December 2023.

The consolidated financial statements comprise the results of Empiric Student Property plc (the “Company”) and its subsidiaries and were approved by the Board for issue on 13 March 2024. The Company is a public limited company incorporated and domiciled in England and Wales. The Company’s ordinary shares are admitted to the official list of the UK Listing Authority, a division of the Financial Conduct Authority, and traded on the London Stock Exchange. The registered address of the Company is disclosed in the Company information.

1.2 Basis of Preparation

The consolidated financial statements of the Group for the year to 31 December 2023 comprise the results of Empiric Student Property plc (the “Company”) and its subsidiaries (together, the “Group”). The Group and Parent Company financial statements have been prepared on a going concern basis. The Group financial statements have been prepared in accordance with UK adopted international accounting standards. The Parent Company financial statements have been prepared in accordance with FRS 101, Financial Reporting Standards Reduced Disclosure Framework.

The Group’s financial statements have been prepared on a historical cost basis, except for investment property and derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in Pounds Sterling which is also the Company and the Group’s functional currency.

The Company has applied the exemption allowed under section 408(1b) of the Companies Act 2006 and has therefore not presented its own Statement of Comprehensive Income in these financial statements. The Group profit for the year includes a loss after taxation of £13.1 million (2022: profit of £45.9 million) for the Company, which is reflected in the financial statements of the Company.

1.3 Disclosure Exemptions Adopted

In preparing the financial statements of the Parent Company, advantage has been taken of all disclosure exemptions conferred by FRS 101. The Parent Company financial statements do not include:

- certain comparative information as otherwise required by international accounting standards;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with other wholly owned members of the Group headed by Empiric Student Property plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Empiric Student Property plc. The Parent Company financial statements do not include certain disclosures in respect of:

- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

1.4 Going Concern

At 31 December 2023, the Group’s cash and undrawn committed facilities were £82.5 million and its capital commitments were £1.7 million.

Occupancy is a key driver of profitability and cash flows, and at 13 March 2024 occupancy, based on forward reservations for the upcoming 2024/25 academic year was 61 per cent compared to 65 per cent for the 2023/24 academic year at 16 March 2023.

As part of the Group’s going concern and viability modelling, certain scenarios are considered to model the impact on liquidity. All of the Group’s covenants are currently compliant and we envisage compliance can continue to be achieved in a reasonably severe downside scenario. The Group’s portfolio could currently withstand a 24 per cent decline in property valuations before a breach in any loan to value covenants are triggered. The Group’s average interest cover ratio across all facilities is 2.0 times, whereas gross profit is currently 3.2 times total finance costs, providing a good degree of comfort.



1. ACCOUNTING POLICIES continued

1.4 Going Concern continued

At 31 December 2023 the Group had four facilities totalling £103.1 million falling due during the going concern period. Of this amount, £57.7 million, representing three separate facilities, were due to expire in 2024 with £45.4 million due to mature in November 2025. On 7 March 2024, the Group signed a new seven year facility agreement (the “New Facility”) and drew an initial £44.4 million. The proceeds from this initial utilisation together with a cash payment of £13.7 million refinanced all 2024 expiries. The New Facility makes provision for a non-binding commitment to draw down a further £80.5 million which is expected to occur in May 2024, the proceeds from which will refinance the November 2025 maturity. In the highly unlikely event the Group is unable to draw the New Facility’s non-binding commitment, alternative refinancing arrangements will be made to address the November 2025 expiry closer to the time. The New Facility will be fully hedged, mitigating exposure to interest rate volatility. Once concluded, there will be no further debt maturities until April 2028.

The Group regularly models forward looking covenant tests across all its debt facilities. Any future concerns would be discussed with lenders in advance of a potential covenant breach, with facilities renegotiated insofar as factors are within the control of the Group. Facility agreements typically contain cure provisions providing for prepayment, cash deposits or security enhancement as may be required to mitigate a potential breach. The Group’s borrowings remain spread across a range of lenders and maturities, so as to minimise concentration of risk.

The Directors have considered the Group’s principal risks as set out on pages 32 to 36 and severe but plausible downside scenarios in assessing the Group’s and Company’s going concern for the period to 31 December 2025. The Directors have considered, in particular:

- a material reduction in revenue, both in terms of occupancy and growth rate;
- inflation running at 5 per cent, significantly above the Bank of England target rate of 2 per cent;
- utilities costs increase by 1.5 times current market expectation (where price fixing arrangements are not in place);
- the likelihood of the New Facility concluding as planned, refinancing all expiring debt facilities in 2024 and 2025;
- floating interest rates increase by 1.0 per cent over current forecasts, in early 2024, before refinancing transactions are completed;
- an immediate valuation shock of minus 10 per cent in property valuations;
- individually, the level at which banking covenants would come under pressure; and
- temporary suspension of dividends.

In addition, the Directors have considered potential mitigants to the downside scenario which include, but are not limited to, utilising existing liquidity reserves, further asset disposals, pledging as security ungeared properties and suspending non committed capital expenditure.

Having made enquiries, the Directors have reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period to 31 December 2025. In addition, having reassessed the Group and Company’s principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

1.5 Significant Accounting Estimates and Judgements

The preparation of the Group’s financial statements requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates

In the process of applying the Group’s accounting policies, management has made the following estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Fair Valuation of Investment Property

The market value of investment property is determined, by an independent external real estate valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm’s length transaction. Properties have been valued on an individual basis. The valuation experts use recognised valuation techniques and the principles of IFRS 13.

The valuations have been prepared in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the “Red Book”). Factors reflected include current market conditions, net underlying operational income, periodic rentals, lease lengths and location, as well as estimated costs to be incurred as part of the Group’s EWS programme. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 11.

For properties under development, the fair value is calculated by estimating the fair value of the completed property using the income capitalisation technique less estimated costs to completion and an appropriate developer’s margin.

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:



Notes to the Financial Statements | continued

1. ACCOUNTING POLICIES continued

1.5 Significant Accounting Estimates and Judgements continued

(b) Operating Lease Contracts – the Group as Lessor

The Group has investment properties which have various categories of leases in place with tenants. The judgements by lease type are detailed below:

- Student leases: As these leases all have a term of less than one year, the Group retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.
- Commercial leases: The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the lease terms, insurance requirements and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Summary of Material Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Subsidiaries are those investee entities where control is achieved when the Group 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.

Specifically, the Group controls an investee if, and only if, it has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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 and unrealised gains and losses resulting from intra-Group transactions are eliminated in full.

Financial Assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Fair Value Through Profit or Loss

These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income in the finance income or expense line. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised Cost

These assets are primarily from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net of impairment provisions, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for intercompany receivables are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses against gross interest income are recognised. For those where the credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the Statement of Comprehensive Income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Cash and cash equivalents includes cash held on deposit with banks.



1. ACCOUNTING POLICIES continued

1.5 Significant Accounting Estimates and Judgements continued

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair Value Through Profit or Loss

These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

Other Financial Liabilities

Other financial liabilities include the following items:

- Bank borrowings, which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Intangible Assets

Intangible assets are initially recognised at cost and then subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation has been charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over ten years.

Investment Property

Investment property comprises property that is held to generate rental income or for capital appreciation. This includes property under development rather than for sale in the ordinary course of business.

Investment property is measured initially at cost including transaction costs and is included in the financial statements on unconditional exchange. Transaction costs include transfer taxes, professional fees and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Once purchased, investment property is stated at fair value. Gains or losses arising from changes in fair value are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

A property ceases to be recognised as investment property and is transferred at its fair value to property held for sale when it meets the criteria of IFRS 5. Under IFRS 5 the asset must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such assets and its sale must be highly probable.

Investment property is derecognised when it has been disposed of, or permanently withdrawn from use, and no future economic benefit is expected from its disposal. The investment property is derecognised upon unconditional exchange. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in net gain/(loss) on disposal of investment property in the Consolidated Statement of Comprehensive Income in the period of retirement or disposal.

Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure which is directly attributable to the acquisition of the asset.

Depreciation has been charged to the Consolidated Statement of Comprehensive Income on the following basis:

- Fixtures and fittings: straight-line basis over seven years; and
- Computer equipment: straight-line basis over three years.

Rental Income

The Group is the lessor in respect of operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in gross rental income in the Consolidated Statement of Comprehensive Income due to its operating nature.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Consolidated Statement of Comprehensive Income when the right to receive them arises.

Where a student requests a rent refund and they meet the necessary criteria, including leaving the property, the Group recognise no further income in relation to that tenancy.

Segmental Information

The Directors are of the opinion that the Group is engaged in a single segment business, being the investment in student and commercial lettings, within the United Kingdom.



Notes to the Financial Statements | continued

1. ACCOUNTING POLICIES continued

1.5 Significant Accounting Estimates and Judgements continued

Share-based Payments

Where share options are awarded to employees or Directors, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. So long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

Share Capital

Ordinary shares are classified as equity. External costs directly attributable to the issuance of shares are recognised as a deduction from equity.

Taxation

As the Group is a UK REIT, profits arising in respect of the property rental business are not subject to UK corporation tax.

Taxation in respect of profits and losses outside of the property rental business comprise current and deferred taxes. Taxation is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised as a direct movement in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the total of the expected corporation tax payable in respect of any non-REIT taxable income for the year and any adjustment in respect of previous periods, based on tax rates applicable to the periods.

Deferred tax is calculated in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases, based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised in full except to the extent that they relate to the initial recognition of assets and liabilities not acquired in a business combination. Deferred tax assets are only recognised to the extent that it is considered probable that the Group will obtain a tax benefit when the underlying temporary differences unwind.

1.6 Impact of New Accounting Standards and Changes in Accounting Policies

At the date of authorisation of these financial statements, the following accounting standards had been issued which are not yet applicable to the Group:

- IAS 1 Classification of Liabilities as Current or Non-current
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The above standards or interpretations not yet effective are not expected to have a material impact on these consolidated financial statements of the Group.

2. REVENUE

	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Student rental income	79.0	71.4
Commercial rental income	1.5	1.6
Total revenue	80.5	73.0

3. PROPERTY EXPENSES

	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Direct site costs (income generating properties)	5.0	5.7
Technology services	0.7	0.6
Site office and utilities	14.3	12.2
Cleaning and service contracts	3.3	3.3
Repairs and maintenance	1.9	2.2
Total property expenses	25.2	24.0



4. ADMINISTRATIVE EXPENSES

	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Salaries and Directors' remuneration	8.8	7.4
Legal and professional fees	1.4	2.3
Other administrative costs	1.3	1.6
Depreciation and amortisation	0.8	0.6
IT expenses	1.0	0.8
	13.3	12.7
Auditor's fees		
Fees payable for the audit of the Group's annual results	0.3	0.4
Fees payable for the audit of the Group's interim results	0.1	–
Fees payable for the audit of the Group's subsidiaries	0.2	0.1
Total auditor's fees¹	0.6	0.5
Abortive acquisition costs	0.1	0.2
Total administrative expenses	14.0	13.4

¹ Audit and related fees for the year ended 31 December 2023 includes £0.1 million arising in respect of the audit for the year ended 31 December 2022.

5. NET FINANCE COSTS

	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Finance costs		
Interest expense on bank borrowings	16.2	14.0
Amortisation of loan transaction costs	1.2	1.0
	17.4	15.0
Finance income		
Interest received on bank deposits	0.2	–
Net finance costs	17.2	15.0

6. EMPLOYEES AND DIRECTORS

	Group		Company	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Wages and salaries	12.3	10.7	5.2	4.4
Pension costs	0.7	0.5	0.5	0.2
Cash bonus	1.3	0.9	0.9	0.5
Share-based payments	0.9	0.7	0.9	0.7
National insurance	1.4	1.1	0.6	0.6
	16.6	13.9	8.1	6.4
Less: Hello Student employee costs included within property expenses	(7.7)	(6.5)	–	–
Amounts included in administrative expenses	8.9	7.4	8.1	6.4
The average monthly number of employees:				
Management – Company	5	8	5	8
Administration – Company	60	52	60	52
Operations – Hello Student Management Limited	293	280	–	–
	358	340	65	60

	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Directors' remuneration		
Salaries and fees	1.0	1.1
Pension costs	0.1	0.1
Bonus	0.5	0.3
Share-based payments	0.6	0.6
	2.2	2.1

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



Notes to the Financial Statements | continued

7. CORPORATION TAX

The Group became a REIT on 1 July 2014 and as a result does not pay UK corporation tax on its profits and gains from its qualifying property rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal.

In order to achieve and retain REIT status, several conditions have to be met on entry to the regime and on an ongoing basis, including:

- at the start of each accounting period, the assets of the property rental business (plus any cash and certain readily realisable investments) must be at least 75% of the total value of the Group's assets;
- at least 75% of the Group's total profits must arise from the tax-exempt property rental business; and
- at least 90% of the tax exempt profit of the property rental business (excluding gains) of the accounting period must be distributed.

In addition, the full UK corporation tax exemption in respect of the profits of the property rental business will not be available if the profit financing cost ratio in respect of the property rental business is less than 1.25.

The Directors intend that the Group should continue as a REIT for the foreseeable future, with the result that deferred tax is not required to be recognised in respect of temporary differences relating to the property rental business.

	Group	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Current tax		
Income tax charge for the year	–	–
Adjustment in respect of prior year	–	–
Total current income tax charge in the income statement	–	–
Deferred tax		
Total deferred income tax charge in the income statement	–	–
Total current income tax charge in the income statement	–	–
The tax assessed for the year is lower than the standard rate of corporation tax in the year		
Profit for the year	53.4	67.7
Profit before tax multiplied by the rate of corporation tax in the UK of 23.5% (2022: 19%)	12.5	12.9
Exempt property rental profits in the year	(9.1)	(6.4)
Exempt property revaluations in the year	(7.1)	(8.7)
Effects of:		
Non-allowable expenses	0.1	0.2
Unutilised current year tax losses	3.6	2.0
Total current income tax charge in the income statement	–	–

No deferred tax asset has been recognised in respect of gross tax losses of £48.8 million (2022: £34.5 million), accelerated capital allowances of £3.8 million (2022: £2.7 million) and share based payments of £2.1 million (2022: £1.5 million) on the basis that the business is not expected to generate taxable profits in future periods against which these amounts can be applied. Therefore, a deferred tax asset of £13.1 million (2022: £9.7 million) has not been recognised in respect of such timing differences.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, therefore a hybrid rate of 23.5% has been used. By virtue of the Company's status as a UK REIT, this should not materially increase the Company's future current tax charge. The deferred tax at 31 December 2023 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.



8. EARNINGS PER SHARE

The number of shares used in the calculation of basic earnings per share is based on the time weighted average number of shares throughout the year.

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

EPRA EPS, reported on the basis recommended for real estate companies by EPRA, is a key measure of the Group's operating results, and used by the Board to assess the Group's dividend payments.

The calculation of each of the measures set out below:

Year to 31 December 2023	Calculation of basic EPS £m	Calculation of diluted EPS £m	Calculation of EPRA basic EPS £m	Calculation of EPRA diluted EPS £m
Earnings per IFRS statement of comprehensive income	53.4	53.4	53.4	53.4
Adjustments to remove:				
Loss on disposal of investment property	–	–	0.6	0.6
Changes in fair value of investment property (Note 11)	–	–	(30.1)	(30.1)
Loss on derivative financial instruments			0.2	0.2
Earnings	53.4	53.4	24.1	24.1
Weighted average number of shares (m)	603.4	603.4	603.4	603.4
Adjustment for employee share options (m)	–	4.6	–	4.6
Total number shares (m)	603.4	608.0	603.4	608.0
Earnings per share (pence)	8.8	8.8	4.0	4.0

Year to 31 December 2022	Calculation of basic EPS £m	Calculation of diluted EPS £m	Calculation of EPRA basic EPS £m	Calculation of EPRA diluted EPS £m
Earnings per IFRS statement of comprehensive income	67.7	67.7	67.7	67.7
Adjustments to remove:				
Gain on disposal of investment property	–	–	(1.5)	(1.5)
Changes in fair value of investment property (Note 11)	–	–	(45.6)	(45.6)
Earnings	67.7	67.7	20.6	20.6
Weighted average number of shares (m)	603.3	603.3	603.3	603.3
Adjustment for employee share options (m)	–	3.9	–	3.9
Total number shares (m)	603.3	607.2	603.3	607.2
Earnings per share (pence)	11.2	11.1	3.4	3.4



Notes to the Financial Statements | continued

9. NET ASSET VALUE PER SHARE

The principles of the three EPRA measures are set out below:

EPRA Net Reinstatement Value (“NRV”): Assumes that entities never sell assets and aims to represent the value required to reinstate entity assets.

EPRA Net Tangible Assets (“NTA”): Assumes that entities buy and sell assets, which crystallises unavoidable deferred tax.

EPRA Net Disposal Value (“NDV”): Represents the shareholders’ value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. As the Group is a REIT, no adjustment is made for deferred tax.

The Group considers EPRA NTA to be the most relevant measure and this is used as the Group’s primary NAV measure.

A reconciliation of the three EPRA NAV metrics from IFRS NAV is shown in the table below.

	NAV	EPRA NAV measures		
	IFRS £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
Year ended 31 December 2023				
Net assets per Statement of Financial Position	734.2	734.2	734.2	734.2
Adjustments:				
Fair value of fixed rate debt	–	–	–	10.5
Derivative fair value	–	(0.1)	(0.1)	–
Purchaser’s costs ¹	–	–	37.1	–
Net assets used in per share calculation	734.2	734.1	771.2	744.7
Number of shares in issue				
Issued share capital (m)	603.4	603.4	603.4	603.4
Issued share capital plus employee options (m)	608.0	608.0	608.0	608.0
Net Asset Value per share				
Basic Net Asset Value per share (pence)	121.7			
Diluted Net Asset Value per share (pence)	120.8	120.7	126.8	122.5

	NAV	EPRA NAV measures		
	IFRS £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
Year ended 31 December 2022				
Net assets per Statement of Financial Position	700.8	700.8	700.8	700.8
Adjustments:				
Fair value of fixed rate debt	–	–	–	15.3
Purchaser’s costs ¹	–	–	38.5	–
Net assets used in per share calculation	700.8	700.8	739.3	716.1
Number of shares in issue				
Issued share capital (m)	603.4	603.4	603.4	603.4
Issued share capital plus employee options (m)	607.2	607.2	607.2	607.2
Net Asset Value per share				
Basic Net Asset Value per share (pence)	116.1			
Diluted Net Asset Value per share (pence)	115.4	115.4	121.8	117.9

¹ EPRA NTA and EPRA NDV reflect IFRS values which are net of purchaser’s costs. Any purchaser’s costs deducted from the market value are added back when calculating EPRA NRV.



10. DIVIDENDS PAID

	Group and Company	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interim dividend of 0.625 pence per ordinary share in respect of the quarter ended 31 December 2021		3.8
Interim dividend of 0.625 pence per ordinary share in respect of the quarter ended 31 March 2022		3.8
Interim dividend of 0.625 pence per ordinary share in respect of the quarter ended 30 June 2022		3.8
Interim dividend of 0.625 pence per ordinary share in respect of the quarter ended 30 September 2022		3.8
Interim dividend of 0.875 pence per ordinary share in respect of the quarter ended 31 December 2022	5.3	
Interim dividend of 0.8125 pence per ordinary share in respect of the quarter ended 31 March 2023	4.9	
Interim dividend of 0.8125 pence per ordinary share in respect of the quarter ended 30 June 2023	4.9	
Interim dividend of 0.9375 pence per ordinary share in respect of the quarter ended 30 September 2023	5.6	
	20.7	15.2

As at 31 December 2023, £0.5 million relating to withholding tax on the dividend in respect of the quarter ended 30 September 2023 was recorded in trade payables (2022: £nil). On 13 March 2024 the Company declared a dividend of 0.9375 pence per share to be paid on 19 April 2024.

11. INVESTMENT PROPERTY

	Group				
	Investment property freehold £m	Investment property long leasehold £m	Total operational assets £m	Property under development £m	Total investment property £m
Year ended 31 December 2023					
As at 1 January 2023	920.4	142.0	1,062.4	3.3	1,065.7
Capital expenditure	29.7	2.8	32.5	–	32.5
Sale of investment property	(12.0)	(18.2)	(30.2)	–	(30.2)
Transfer to held for sale asset	(22.4)	–	(22.4)	–	(22.4)
Change in fair value during the year	24.3	6.1	30.4	(0.3)	30.1
As at 31 December 2023	940.0	132.7	1,072.7	3.0	1,075.7

	Group				
	Investment property freehold £m	Investment property long leasehold £m	Total operational assets £m	Property under development £m	Total investment property £m
Year ended 31 December 2022					
As at 1 January 2022	835.5	131.7	967.2	28.7	995.9
Capital expenditure	12.9	2.3	15.2	15.2	30.4
Property acquisitions	19.3	–	19.3	–	19.3
Reclassification	(8.6)	8.6	–	–	–
Transfer of completed developments	52.9	–	52.9	(52.9)	–
Sale of investment property	(11.8)	–	(11.8)	–	(11.8)
Transfer to held for sale asset	(13.7)	–	(13.7)	–	(13.7)
Change in fair value during the year	33.9	(0.6)	33.3	12.3	45.6
As at 31 December 2022	920.4	142.0	1,062.4	3.3	1,065.7

In accordance with IAS 40, the carrying value of investment property is their fair value as determined by independent external valuers. This valuation has been conducted by CBRE Limited, as external valuer, and has been prepared as at 31 December 2023, in accordance with the Appraisal & Valuation Standards of the RICS, on the basis of market value. Properties have been valued on an individual basis. This value has been incorporated into the financial statements.



Notes to the Financial Statements | continued

11. INVESTMENT PROPERTY continued

The valuation of all property assets uses market evidence and includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Those assumptions also reflect the high level of current interest rates and the high inflationary environment. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in Net Asset Value.

The table below reconciles between the fair value of the investment property per the Consolidated Statement of Financial Position and investment property per the independent valuation performed in respect of each year end.

	Group	
	As at 31 December 2023 £m	As at 31 December 2022 £m
Value per independent valuation report	1,097.9	1,078.9
Add: Head lease	0.2	0.5
Deduct: Assets classified as held for sale	(22.4)	(13.7)
Fair value per Consolidated Statement of Financial Position	1,075.7	1,065.7

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy for investment property:

Date of valuation 31 December 2023	Total £m	Quoted prices inputs markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Assets measured at fair value:				
Student property	1,082.1	–	–	1,082.1
Commercial property	15.8	–	–	15.8
As at 31 December 2023	1,097.9	–	–	1,097.9

Date of valuation 31 December 2022	Total £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Assets measured at fair value:				
Student property	1,046.5	–	–	1,046.5
Commercial property	19.2	–	–	19.2
As at 31 December 2022	1,065.7	–	–	1,065.7

There have been no transfers between Level 1 and Level 2 during the year, nor have there been any transfers between Level 2 and Level 3 during the year.

The valuations have been prepared on the basis of market value which is defined in the RICS Valuation Standards, as:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Market value as defined in the RICS Valuation Standards is the equivalent of fair value under IFRS.

The following descriptions and definitions relate to valuation techniques and key unobservable inputs made in determining fair values. The valuation techniques for student property uses a discounted cash flow with the following inputs:

(a) Unobservable input: Rental income

The rent at which space could be let in the market conditions prevailing at the date of valuation. Range £96 per week–£493 per week with a weighted average weekly rent of £219 (31 December 2022: £91–£461 per week, weighted average £184).

(b) Unobservable input: Rental growth

The estimated average increase in rent based on both market estimations and contractual arrangements. Assumed rental growth of 6.2% used in valuations (31 December 2022: growth of 5.2%).

(c) Unobservable input: Net initial yield

The net initial yield is defined as the initial net income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase.

Range: 4.5%–8.9%, with a weighted average of 5.5% (31 December 2022: 4.5%–8.7%, weighted average 5.2%).

11. INVESTMENT PROPERTY continued

(d) Unobservable input: Physical condition of the property

We have indicated we would spend £46.0 million on health and safety works over a five year period through to 2026. CBRE's assumption is that £33.0 million of this cost should now be reflected in the valuation at the year end in respect of work on external wall systems and fire stopping on buildings over 11 metres.

(e) Unobservable input: Planning consent

The development site at FISC, Canterbury is pending planning consent for phase 2. CBRE have determined the fair value as the sales price for a development in progress including a profit margin, discount and risk factors to complete the project.

(f) Sensitivities of measurement of significant unobservable inputs

The Group's portfolio valuation is subject to judgement and is inherently subjective by nature. As a result, the following sensitivity analysis has been prepared by the valuer. For the purposes of the sensitivity analysis, the Group considers its property portfolio to be one homogeneous group of properties.

As at 31 December 2023	15% increase in cost of EWS works £m	-3% change in rental income £m	+3% change in rental income £m	-0.25% change in yield £m	+0.25% change in yield £m
(Decrease)/increase in the fair value of investment property	(4.9)	(45.1)	45.0	55.5	(50.5)
As at 31 December 2022	15% increase in cost of EWS Works £m	-3% change in rental income £m	+3% change in rental income £m	-0.25% change in yield £m	+0.25% change in yield £m
(Decrease)/increase in the fair value of investment property	(3.4)	(43.3)	45.6	54.3	(47.2)

(g) The key assumptions for the commercial properties are net initial yield, current rent and rental growth. An unfavourable movement of 3% in passing rent and 0.25% in the net initial yield would decrease the investment property value by £95.6 million or a favourable movement would increase the investment property value by a total of £100.5 million (2022: £90.5 million and £99.9 million respectively).

12. INTANGIBLE ASSETS

	Group and Company
NAVision development £m	
Year ended 31 December 2023	
Costs	
As at 1 January 2023	3.0
Additions	1.6
As at 31 December 2023	4.6
Amortisation	
As at 1 January 2023	(1.1)
Charge for the year	(0.4)
As at 31 December 2023	(1.5)
Net book value	
As at 31 December 2023	3.1
	Group and Company
	NAVision development £m
Year ended 31 December 2022	
Costs	
As at 1 January 2022	2.2
Additions	0.8
As at 31 December 2022	3.0
Amortisation	
As at 1 January 2022	(0.9)
Charge for the year	(0.2)
As at 31 December 2022	(1.1)
Net book value	
As at 31 December 2022	1.9



Notes to the Financial Statements | continued

13. PROPERTY, PLANT AND EQUIPMENT

	Group			Company		
	Fixtures and fittings £m	Computer equipment £m	Total £m	Fixtures and fittings £m	Computer equipment £m	Total £m
Year ended 31 December 2023						
Costs						
As at 1 January 2023	1.7	0.6	2.3	1.7	0.3	2.0
Additions	0.1	–	0.1	–	–	–
As at 31 December 2023	1.8	0.6	2.4	1.7	0.3	2.0
Depreciation						
As at 1 January 2023	(0.8)	(0.4)	(1.2)	(0.8)	(0.2)	(1.0)
Charge for the year	(0.3)	(0.1)	(0.4)	(0.2)	(0.1)	(0.3)
As at 31 December 2023	(1.1)	(0.5)	(1.6)	(1.0)	(0.3)	(1.3)
Net book value						
As at 31 December 2023	0.7	0.1	0.8	0.7	–	0.7

	Group			Company		
	Fixtures and fittings £m	Computer equipment £m	Total £m	Fixtures and fittings £m	Computer equipment £m	Total £m
Year ended 31 December 2022						
Costs						
As at 1 January 2022	0.9	0.4	1.3	0.9	0.2	1.1
Additions	0.8	0.2	1.0	0.8	0.1	0.9
As at 31 December 2022	1.7	0.6	2.3	1.7	0.3	2.0
Depreciation						
As at 1 January 2022	(0.6)	(0.3)	(0.9)	(0.6)	(0.2)	(0.8)
Charge for the year	(0.2)	(0.1)	(0.3)	(0.2)	–	(0.2)
As at 31 December 2022	(0.8)	(0.4)	(1.2)	(0.8)	(0.2)	(1.0)
Net book value						
As at 31 December 2022	0.9	0.2	1.1	0.9	0.1	1.0

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	31 December 2022 £m
Trade receivables	1.4	1.4	–	–
Other receivables	1.6	2.2	0.3	0.1
Prepayments	3.3	3.2	0.4	0.1
VAT recoverable	0.2	0.2	–	0.1
	6.5	7.0	0.7	0.3
Amounts due from Group undertakings	–	–	391.4	400.5
	6.5	7.0	392.1	400.8

In the Company, amounts owed from Group undertakings are classified as due within one year due to their legal agreements with the debtor, however, could be recovered after more than one year should the debtors' circumstance not permit repayment on demand.

Trade receivables of £1.4 million at 31 December 2023 (2022: £1.4 million) is shown net of the provision for impairment of trade receivables of £2.1 million (2022: £1.9 million).

Movements on the Group provision for impairment of trade receivables were as follows:

	Group	
	31 December 2023 £m	31 December 2022 £m
At 1 January	(1.9)	(1.5)
Increase in provision for receivables impairment	(0.2)	(0.4)
At 31 December	(2.1)	(1.9)



14. TRADE AND OTHER RECEIVABLES continued

The provision for impairment of trade receivables is assessed at each reporting period. Where trade receivables have arisen in the year ended 31 December 2023, a provision for impairment is considered by applying the historic rate at which trade receivables have been deemed to be irrecoverable, and applying this to the revenue of that year. Where trade receivables have arisen in a prior year, a provision for impairment equal to the value of those trade receivables is recognised.

Provisions for impaired receivables have been included in property expenses in the statement of comprehensive income. Amounts charged to the impairment provision are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above and its cash and cash equivalents. The Group does not hold any collateral as security, though in some instances students provide guarantors.

Management believes that the concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being broad and independent of each other, and because they are residing in the Group's accommodation. As such we have regular communication with them.

At 31 December 2023, there were no material trade receivables overdue at the year end, and no aged analysis of trade receivables has been included. The carrying value of trade and other receivables classified at amortised cost approximates fair value. The Company performed a review of the expected credit loss on the amounts due from Group undertakings; there was no provision made during the year (2022: £nil). There are no security obligations related to these amounts due from Group undertakings.

15. HELD FOR SALE ASSETS

Management considers that three properties (2022: one property) meet the conditions relating to assets held for sale under IFRS 5: Non-current Assets Held for Sale. The combined fair value in these financial statements is £22.4 million (2022: £13.7 million). With the assets being actively marketed, management expects the sales to be completed in 2024.

All assets held for sale fall within 'Level 3' as defined by IFRS. There have been no transfers within the fair value hierarchy during the year.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	31 December 2022 £m
Cash and cash equivalents	40.5	55.8	2.4	4.3

17. TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	31 December 2022 £m
Trade payables	1.3	1.9	0.3	0.6
Other payables	4.2	5.4	0.2	0.3
Accruals	17.9	17.5	2.9	2.2
	23.4	24.8	3.4	3.1
Amounts owed to Group undertakings	–	–	111.0	87.8
	23.4	24.8	114.4	90.9

The Directors consider that the carrying value of trade and other payables approximates to their fair value.

Amounts owed to Group undertakings are interest free and repayable on demand.

At 31 December 2023, there was deferred rental income of £34.9 million (2022: £33.1 million) which was rental income that had been charged that relates to future periods.



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18. BANK BORROWINGS

A summary of the drawn and undrawn bank borrowings in the year is shown below:

	Group					
	Bank borrowings drawn 31 December 2023 £m	Bank borrowings undrawn 31 December 2023 £m	Total 31 December 2023 £m	Bank borrowings drawn 31 December 2022 £m	Bank borrowings undrawn 31 December 2022 £m	Total 31 December 2022 £m
At 1 January	391.2	20.0	411.2	375.0	67.5	442.5
Bank borrowings repaid	(30.9)	24.6	(6.3)	(20.0)	(11.3)	(31.3)
Part cancellation of revolving credit facility	–	(22.6)	(22.6)	–	–	–
Unsecured facility refinanced	–	20.0	20.0	–	–	–
Bank borrowings drawn in the year	–	–	–	36.2	(36.2)	–
At 31 December	360.3	42.0	402.3	391.2	20.0	411.2

At year end the Group had a total of £42.0 million in undrawn borrowings across two committed credit facilities (2022: one facility of £20 million). The weighted average term to maturity of the Group's debt as at the year end is 3.9 years (2022: 4.8 years). See Note 26 for details of a related refinancing post year end.

Bank borrowings are secured by charges over individual investment properties held by certain asset-holding subsidiaries. These assets have a fair value of £1,074.9 million at 31 December 2023 (2022: £1,042.9 million). In some cases, the lenders also hold charges over the shares of the subsidiaries and the intermediary holding companies of those subsidiaries.

Any associated fees in arranging the bank borrowings unamortised as at the year end are offset against amounts drawn on the facilities as shown in the table below:

	Group	
	31 December 2023 £m	31 December 2022 £m
Non-current		
Balance brought forward	391.2	330.0
Total bank borrowings in the year	–	36.2
Bank borrowings becoming non-current in the year	–	45.0
Less: Bank borrowings becoming current in the year	(57.7)	–
Less: Bank borrowings repaid during the year	(30.9)	(20.0)
Bank borrowings drawn: due in more than one year	302.6	391.2
Less: Unamortised costs	(2.4)	(4.7)
Bank borrowings due in more than one year	300.2	386.5

	Group	
	31 December 2023 £m	31 December 2022 £m
Current		
Balance brought forward	–	45.0
Total bank borrowings in the year	–	–
Less: Bank borrowings becoming non-current in the year	–	(45.0)
Bank borrowings becoming current in the year	57.7	–
Bank borrowings drawn: due in less than one year	57.7	–
Less: Unamortised costs	(1.2)	–
Bank borrowings due in less than one year	56.5	–

Maturity of Bank Borrowings

	Group	
	31 December 2023 £m	31 December 2022 £m
Repayable in less than one year	57.7	–
Repayable between one and two years	45.4	64.0
Repayable between two and five years	206.1	70.0
Repayable in over five years	51.1	257.2
Bank borrowings	360.3	391.2



18. BANK BORROWINGS continued

All of the Group's facilities have an interest charge payable quarterly. Two of the facilities have an interest charge that is based on a margin above SONIA whilst other facilities interest charges are fixed at 4.0%, 3.5%, 3.2%, 3.6% and 3.2%. The weighted average rate payable by the Group on its debt portfolio as at the year end was 4.3% (2022: 4.0%).

Fair value of fixed rate borrowings

The Group considers that all bank loans fall within 'Level 3' as defined by IFRS 13 'Fair value measurement'. The nominal value of floating rate borrowings is considered to be a reasonable approximation of fair value. However, the fair value of fixed rate borrowings at the reporting date has been calculated by discounting cash flows under the relevant agreements at indicative interest rates for similar debt instruments using indicative rates provided by lenders or advisers, which are considered unobservable.

	Group	
	31 December 2023 £m	31 December 2022 £m
Carrying value of fixed rate borrowings	270.9	277.2
Fair value adjustment	(10.5)	(15.3)
Fair value of fixed rate borrowings	260.4	261.9

The Group has bank loans with a total carrying value of £360.3 million, including the carrying value of fixed rate borrowings of £270.9 million. The fair value equivalent at the reporting date of the fixed rate debt was £260.4 million (2022: £261.9 million). The discount rate was arrived at after considering the weighted average cost of capital, an unlevered property discount rate, the market rate and the loan to value.

An increase in the discount rate by twenty basis points would result in a decrease of the fair value of the fixed rate borrowings by £1.0 million. A decrease in the discount rate by twenty basis points would result in an increase of the fair value of the fixed rate borrowings by £1.0 million.

19. SHARE CAPITAL

	Group and Company		Group and Company	
	31 December 2023 Number	31 December 2023 £m	31 December 2022 Number	31 December 2022 £m
Balance brought forward	603,351,880	6.0	603,203,052	6.0
Share options exercised (including dividend equivalence)	85,803	–	148,828	–
Balance carried forward	603,437,683	6.0	603,351,880	6.0

During the year there was an issue of 85,803 shares on 4 August 2023. These related to exercise of options under the deferred bonus scheme.

20. SHARE PREMIUM

The share premium relates to amounts subscribed for share capital in excess of nominal value:

	Group and Company	
	31 December 2023 £m	31 December 2022 £m
Balance brought forward	0.3	0.3
Balance carried forward	0.3	0.3

21. CAPITAL REDUCTION RESERVE

	Group and Company	
	31 December 2023 £m	31 December 2022 £m
Balance brought forward	444.7	459.9
Reserves transfer	0.1	–
Less interim dividends declared and paid per Note 10	(20.7)	(15.2)
Balance carried forward	424.1	444.7

The capital reduction reserve account is a distributable reserve.

Refer to Note 10 for details of the declaration of dividends to shareholders.



Notes to the Financial Statements | continued

22. LEASING AGREEMENTS

Future total minimum lease receivables under non-cancellable operating leases on investment properties are as follows:

	Group	
	31 December 2023 £m	31 December 2022 £m
Less than one year	20.1	56.2
Between one and two years	1.2	1.5
Between two and three years	1.1	1.4
Between three and four years	0.9	1.3
Between four and five years	0.7	1.1
More than five years	5.9	6.0
Total	29.9	67.5

The above relates to assured shorthold tenancies (ASTs) and commercial leases in place as at, and had commenced by, 31 December 2023. As at 31 December 2023, £34.9 million of the future minimum lease payments had been received as cash, but is not included in the above figures (31 December 2022: £31.1 million of lease payments received as cash included in the less than one year category).

23. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2023 (31 December 2022: £nil).

24. CAPITAL COMMITMENTS

The Group was contractually committed to expenditure of £1.7 million at 31 December 2023 (31 December 2022: £2.3 million) for the future development and enhancement of investment property.

25. RELATED PARTY DISCLOSURES

Key Management Personnel

Key management personnel are considered to comprise the Board of Directors. Please refer to Note 6 for details of the remuneration for the key management.

Share Capital

On 4 August 2023 85,803 shares were issued to a former Director of the Company under the Deferred Bonus Scheme.

Share-based Payments

On 14 April 2023, the Company granted nil-cost options over a total of 1,233,081 (Duncan Garrod 722,233 and Donald Grant 510,848) ordinary shares pursuant to the Empiric Student Property plc Long Term Incentive Plan for the 2023 financial year. Details of the Director share ownership and dividends received are included in the Directors' Remuneration Report. Details of the shares granted and exercised are outlined in Note 27.

26. SUBSEQUENT EVENTS

On 8 January 2024, 11 subsidiaries of the Group entered a solvent members voluntary liquidation in the ordinary course of business. Please refer to Note 30 for further details.

On 16 February 2024, the Group completed on the acquisition of 32-36 College House, Bristol for consideration of £5.6 million.

On 6 March 2024, the UK Government announced the abolition of Multiple Dwellings Relief ("MDR") by repealing Schedule 6B of the Finance Act 2023. The removal of MDR will increase purchaser cost assumptions applied to valuations of the Group's Investment and Held for Sale properties. Full purchaser cost assumptions are already in place in respect of a number of the Group's property valuations and this change does not currently apply to Scottish or Welsh properties. On the assumption that it will, the estimated impact of this change is a £35 million reduction in the aggregate valuation of Investment and Held for Sale properties at 31 December 2023.

On 6 March 2024, the Group repaid an expiring debt facility of £13.7 million and on 7 March 2024, the Group completed a refinancing of two further expiring debt facilities totalling £44.0 million. A new facility, currently drawn to £44.4 million, will expire in March 2031. Following the acquisition of an interest rate cap for £1.7 million, the refinancing is anticipated to increase the Group's weighted average cost of debt from 4.3 per cent to 4.6 per cent.

27. SHARE-BASED PAYMENTS

The Company operates two equity-settled share-based remuneration schemes for Executive Directors (deferred annual bonus and LTIP schemes) and certain members of the Senior Leadership Team ("SLT") who participate in the LTIP scheme. The details of the schemes are included in the Remuneration Committee Report. The Group also operates a Save As You Earn (SAYE) scheme for employees.



27. SHARE-BASED PAYMENTS continued

On 14 April 2023, the Company granted nil-cost options over a total of 1,233,081 (Duncan Garrood 722,233 and Donald Grant 510,848) ordinary shares pursuant to the Empiric Student Property plc Long Term Incentive Plan for the 2023 financial year.

During the year, the Company granted nil-cost options over a total of 343,885 ordinary shares to members of the SLT pursuant to the Empiric Student Property plc Long Term Incentive Plan for the 2023 financial year.

During the year, the Company granted options over a total of 183,742 ordinary shares in relation to the Save As You Earn scheme at an exercise price of £0.79. The earliest date on which the options will become exercisable is 1 July 2026.

During the year, the Company granted deferred bonus share awards of 125,483 to Duncan Garrood, Chief Executive Officer.

Of the nil-cost options, 88,273 are currently exercisable. The weighted average remaining contractual life of these options was 1.2 years (2022: 2.0 years).

During the year to 31 December 2023 the amount recognised relating to these option plans was £0.7 million (2022: £0.7 million).

The awards have the benefit of dividend equivalence. The Remuneration Committee will determine on or before vesting whether the dividend equivalent will be provided in the form of cash and/or shares.

	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018
Outstanding number brought forward	3,756,874	3,446,320	2,314,539	1,250,045	1,051,708	1,477,817
Granted during the period	1,886,191	2,430,279	1,725,577	1,064,494	604,134	439,022
Vested and exercised during the period	(80,116)	(127,492)	(35,779)	–	(129,253)	(139,325)
Lapsed during the period	(696,850)	(1,992,233)	(558,017)	–	(276,544)	(725,806)
Outstanding number carried forward	4,866,099	3,756,874	3,446,320	2,314,539	1,250,045	1,051,708

The fair value on date of grant for the nil-cost options under the LTIP Awards and Annual Bonus Awards were priced using the Monte Carlo pricing model.

The following information is relevant in the determination of the fair value of the options granted in the year, for those related to market based vesting conditions:

	Deferred bonus shares	LTIPs (market based conditions)	LTIPs (Total Return conditions)	SAYE Award
(a) Share price at grant date of	£0.94	£0.94	£0.94	£0.91
(b) Exercise price of	£nil	£nil	£nil	£0.79
(c) Vesting period	3 years	3 years	3 years	3 years
(d) Expected volatility of	N/A	27.5%	N/A	30.2%
(e) Risk-free rate of	N/A	3.5%	N/A	3.8%

The volatility assumption is based on a statistical analysis of daily share prices of comparator companies over the last three years.

The TSR performance conditions have been considered when assessing the fair value of the options.

28. FINANCIAL RISK MANAGEMENT

Financial Instruments

The Group's principal financial assets and liabilities are those which arise directly from its operations: trade and other receivables, trade and other payables; and cash and cash equivalents. Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are shown in the financial statements:

Reconciliation of liabilities to cash flows from financing activities

	31 December 2023 £m	31 December 2022 £m
Bank borrowings and leasehold liability at start of the year	387.8	372.0
Cash flows from financing activities		
Bank borrowings drawn	–	36.2
Bank borrowings repaid	(30.9)	(20.0)
Lease liability paid	(0.2)	(0.2)
Loan arrangement fees paid	(0.1)	(1.6)
Non-cash movements		
Amortisation of loan arrangement fees	1.2	1.0
Recognition of lease liabilities	–	0.4
Bank borrowings and leasehold liability at end of the year	357.8	387.8



28. FINANCIAL RISK MANAGEMENT continued

Risk Management

The Company and Group is exposed to market risk (including interest rate risk), credit risk and liquidity risk.

The Board of Directors oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Market Risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company and Group that are affected by market risk are principally the Company and Group bank balances.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company and Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company and Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions.

The Group has established a credit policy under which each new tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement.

The Group's review includes external rating, when available, and in some cases bank references.

The Group determines concentrations of credit risk by monthly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "B" are accepted.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in Note 14.

(i) Tenant Receivables

Tenant receivables, primarily tenant rentals, are presented in the Consolidated Statement of Financial Position net of allowances for doubtful receivables and are monitored on a case-by-case basis. Credit risk is primarily managed by requiring tenants to pay rentals in advance and performing tests around strength of covenant prior to acquisition.

(ii) Credit Risk Related to Financial Instruments and Cash Deposits

One of the principal credit risks of the Company and Group arises with the banks and financial institutions. The Board of Directors believes that the credit risk on short-term deposits and current account cash balances are limited because the counterparties are banks, which are committed lenders to the Company and Group, with high credit ratings assigned by international credit rating agencies.

Credit ratings (Moody's)	Long-term	Outlook
AIB Group	A3	Stable
Canada Life	Aa3	Stable
Mass Mutual	Aa3	Stable
Scottish Widows	A2	Stable
Lloyds Bank Plc	Aa3	Stable
NatWest	Aa3	Stable

(c) Liquidity Risk

Liquidity risk arises from the Company and Group management of working capital, and going forward, the finance charges and principal repayments on any borrowings, of which £56.5 million fall due in 2024. It is the risk that the Company and Group will encounter difficulty in meeting their financial obligations as they fall due as the majority of the Company and Group assets are property investments and are therefore not readily realisable. The Company and Group objective is to ensure they have sufficient available funds for their operations and to fund their capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management.

The monitoring of liquidity is also assisted by the quarterly review of covenants which are ordinarily imposed by lenders, such as loan to value and interest cover ratios. The loan to value ratio is typically expressed as the outstanding loan principal as a percentage of a lender approved valuation of the underlying properties secured under the facility. Interest cover ratio's reflect the quantum or finance costs (either historic or forecast) as a multiple of recurring earnings, normally a measure of gross profit. As part of the Group's viability modelling, certain scenarios are considered to model the impact on liquidity. All of the Group's covenants are currently compliant and we envisage compliance to continue to be achieved in a reasonably severe downside scenario. The Group's portfolio could currently withstand a 24 per cent decline in property valuations before a breach in loan to value covenants are triggered. The Group's average interest cover ratio across all facilities is 2.0 times, whereas gross profit is currently in excess of 3.0 times total finance costs, providing a good degree of comfort.



28. FINANCIAL RISK MANAGEMENT continued

Bank borrowings would be renegotiated in advance of any potential covenant breaches, insofar as factors are within the control of the Group. Facility agreements typically contain cure provisions providing for prepayment, cash deposits or security enhancement as maybe required to mitigate any potential breach. The Group's borrowings are spread across a range of lenders and maturities so as to minimise any potential concentration of risk.

The following table sets out the contractual obligations (representing undiscounted contractual cash flows) of financial liabilities:

	Group					
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £m	Total £m
At 31 December 2023						
Bank borrowings and interest	–	17.6	54.8	286.3	54.6	413.3
Trade and other payables	–	23.4	–	–	–	23.4
	–	41.0	54.8	286.3	54.6	436.7

	Group					
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £m	Total £m
At 31 December 2022						
Bank borrowings and interest	–	3.9	11.7	178.3	266.4	460.3
Trade and other payables	–	24.8	–	–	–	24.8
	–	28.7	11.7	178.3	266.4	485.1

	Company					
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £m	Total £m
At 31 December 2023						
Bank borrowings and interest	–	–	–	–	–	–
Trade and other payables	–	3.4	–	–	–	3.4
	–	3.4	–	–	–	3.4

	Company					
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £m	Total £m
At 31 December 2022						
Bank borrowings and interest	–	–	–	–	–	–
Trade and other payables	–	3.1	–	–	–	3.1
	–	3.1	–	–	–	3.1

29. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that it remains a going concern and continues to qualify for UK REIT status.

The Board of Directors monitors and reviews the Group's capital so as to promote the long-term success of the business, facilitate expansion and to maintain sustainable returns for shareholders.

Capital consists of ordinary shares, other capital reserves and retained earnings.



Notes to the Financial Statements | continued

30. INVESTMENTS IN SUBSIDIARIES

Those entities listed below are considered subsidiaries of the Company at 31 December 2023, with the shares issued being ordinary shares. All subsidiaries are registered at the following address: 1st Floor Hop Yard Studios, 72 Borough High Street, London, SE1 1XF.

In each case the country of incorporation is England and Wales.

	Company	
	31 December 2023 £m	31 December 2022 £m
As at 1 January	222.6	187.6
Additions in the year	–	41.4
Disposals	–	(6.4)
Balance at 31 December	222.6	222.6

During 2022, there were a number of subsidiaries which moved within the Group, due to reorganisations relating to debt structures; these were all non-cash movements whereby the parent company forgave intercompany debt owned by subsidiaries in return for the issue of further shares.

Company	Status	Ownership	Principal activity
Brunswick Contracting Limited	Active**	100%	Property Contracting
Empiric (Alwyn Court) Limited	Active**	100%	Property Investment
Empiric (Baptists Chapel) Limited	Active**	100%	Property Investment
Empiric (Bath Canalside) Limited	Active**	100%	Property Investment
Empiric (Bath James House) Limited	Active**	100%	Property Investment
Empiric (Bath JSW) Limited	Active**	100%	Property Investment
Empiric (Bath Oolite Road) Limited	Active**	100%	Property Investment
Empiric (Bath Piccadilly Place) Limited	Active**	100%	Property Investment
Empiric (Birmingham Emporium) Limited	Active**	100%	Property Investment
Empiric (Birmingham) Limited	Active**	100%	Property Investment
Empiric (Bristol St Mary's) Leasing Limited	Active**	100%	Property Leasing
Empiric (Bristol St Mary's) Limited	Active**	100%	Property Investment
Empiric (Bristol) Leasing Limited	Dormant*	100%	Property Leasing

Company	Status	Ownership	Principal activity
Empiric (Bristol) Limited	Active**	100%	Property Investment
Empiric (Buccleuch Street) Limited	Active**	100%	Property Investment
Empiric (Canterbury Franciscans) Limited	Active**	100%	Property Investment
Empiric (Canterbury Pavilion Court) Limited	Active**	100%	Property Investment
Empiric (Cardiff Wndsr House) Leasing Limited	Dormant	100%	Property Leasing
Empiric (Cardiff Wndsr House) Limited	Active**	100%	Property Investment
Empiric (Centro Court) Limited	Active	100%	Property Investment
Empiric (Claremont Newcastle) Limited	Active**	100%	Property Investment
Empiric (College Green) Limited	Active**	100%	Property Investment
Empiric (Developments) Limited	Active	100%	Development Management
Empiric (Durham St Margarets) Limited	Active**	100%	Property Investment
Empiric (Edge Apartments) Limited	Active**	100%	Property Investment
Empiric (Edinburgh KSR) Leasing Limited	Active**	100%	Property Leasing
Empiric (Edinburgh KSR) Limited	Active**	100%	Property Investment
Empiric (Edinburgh South Bridge) Limited	Active**	100%	Property Investment
Empiric (Exeter Bishop Blackall School) Limited	Active	100%	Property Investment
Empiric (Exeter Bonhay Road) Leasing Limited*	Dormant*	100%	Property Leasing
Empiric (Exeter Bonhay Road) Limited	Active**	100%	Property Investment
Empiric (Exeter City Service) Limited	Dormant	100%	Property Investment
Empiric (Exeter DCL) Limited	Active**	100%	Property Investment
Empiric (Exeter Isca Lofts) Limited	Active**	100%	Property Investment
Empiric (Exeter LL) Limited	Active**	100%	Property Investment
Empiric (Falmouth Maritime Studios) Limited	Active**	100%	Property Investment



30. INVESTMENTS IN SUBSIDIARIES continued

Company	Status	Ownership	Principal activity
Empiric (Falmouth Ocean Bowl) Leasing Limited	Active**	100%	Property Leasing
Empiric (Falmouth Ocean Bowl) Limited	Active**	100%	Property Investment
Empiric (Glasgow Ballet School) Limited	Active**	100%	Property Investment
Empiric (Glasgow Bath St) Limited	Active**	100%	Property Investment
Empiric (Bristol CH) Limited	Active	100%	Property Leasing
Empiric (Glasgow George Square) Limited	Dormant	100%	Property Investment
Empiric (Glasgow George St) Leasing Limited	Active**	100%	Property Leasing
Empiric (Glasgow George St) Limited	Active**	100%	Property Investment
Empiric (Glasgow) Leasing Limited	Active**	100%	Property Leasing
Empiric (Glasgow) Limited	Active**	100%	Property Investment
Empiric (Hatfield CP) Limited	Active	100%	Property Investment
Empiric (Huddersfield Oldgate House) Leasing Limited	Dormant*	100%	Property Leasing
Empiric (Huddersfield Oldgate House) Limited	Active**	100%	Property Investment
Empiric (Huddersfield Snow Island) Leasing Limited	Active	100%	Property Leasing
Empiric (Lancaster Penny Street 1) Limited	Active**	100%	Property Investment
Empiric (Lancaster Penny Street 2) Limited	Active**	100%	Property Investment
Empiric (Lancaster Penny Street 3) Limited	Active**	100%	Property Investment
Empiric (Leeds Algernon) Limited	Active**	100%	Property Investment
Empiric (Leeds Mary Morris) Limited	Dormant*	100%	Property Investment
Empiric (Leeds Pennine House) Limited	Active**	100%	Property Investment
Empiric (Leeds St Marks) Limited	Active**	100%	Property Investment

Company	Status	Ownership	Principal activity
Empiric (Leicester 134 New Walk) Limited	Active**	100%	Property Investment
Empiric (Leicester 136-138 New Walk) Limited	Active**	100%	Property Investment
Empiric (Leicester 140-142 New Walk) Limited	Active	100%	Property Investment
Empiric (Leicester 160 Upper New Walk) Limited	Active	100%	Property Investment
Empiric (Leicester Bede Park) Limited	Active	100%	Property Investment
Empiric (Leicester De Montfort Square) Limited	Active**	100%	Property Investment
Empiric (Leicester Hosiery Factory) Limited	Active	100%	Property Investment
Empiric (Leicester Peacock Lane) Limited	Active**	100%	Property Investment
Empiric (Leicester Shoe & Boot Factory) Limited	Active	100%	Property Investment
Empiric (Leicester West Walk) Limited	Dormant*	100%	Property Investment
Empiric (Liverpool Art School/Maple House) Limited	Active**	100%	Property Investment
Empiric (Liverpool Chatham Lodge) Limited	Dormant*	100%	Property Investment
Empiric (Liverpool Grove Street) Limited	Active	100%	Property Investment
Empiric (Liverpool Hahnmann Building) Limited	Active**	100%	Property Investment
Empiric (Liverpool Octagon/Hayward) Limited	Active**	100%	Property Investment
Empiric (London Camberwell) Limited	Active**	100%	Property Investment
Empiric (London Francis Gardner) Limited	Active**	100%	Property Investment
Empiric (London Road) Limited	Active**	100%	Property Investment
Empiric (Manchester Ladybarn) Limited	Active	100%	Property Investment



Notes to the Financial Statements | continued

30. INVESTMENTS IN SUBSIDIARIES continued

Company	Status	Ownership	Principal activity
Empiric (Manchester Victoria Point) Limited	Active**	100%	Property Investment
Empiric (Newcastle Metrovick) Limited	Active**	100%	Property Investment
Empiric (Northgate House) Limited	Active**	100%	Property Investment
Empiric (Nottingham 95 Talbot) Limited	Active**	100%	Property Investment
Empiric (Nottingham Frontage) Leasing Limited	Dormant*	100%	Property Leasing
Empiric (Nottingham Frontage) Limited	Active**	100%	Property Investment
Empiric (Oxford Stonemason) Limited	Active**	100%	Property Investment
Empiric (Picturehouse Apartments) Limited	Active**	100%	Property Investment
Empiric (Portobello House) Limited	Active**	100%	Property Investment
Empiric (Portsmouth Elm Grove Library) Limited	Active	100%	Property Investment
Empiric (Portsmouth Europa House) Leasing Limited	Active	100%	Property Leasing
Empiric (Portsmouth Europa House) Limited	Active	100%	Property Investment
Empiric (Portsmouth Kingsway House) Limited	Active	100%	Property Investment
Empiric (Portsmouth Registry) Limited	Active	100%	Property Investment
Empiric (Provincial House) Leasing Limited	Active**	100%	Property Leasing
Empiric (Provincial House) Limited	Active**	100%	Property Investment
Empiric (Reading Saxon Court) Leasing Limited	Active**	100%	Property Leasing
Empiric (Reading Saxon Court) Limited	Active**	100%	Property Investment
Empiric (Snow Island) Limited	Active**	100%	Property Investment
Empiric (Southampton Emily Davies) Limited	Active	100%	Property Investment
Empiric (Southampton) Leasing Limited	Active**	100%	Property Leasing

Company	Status	Ownership	Principal activity
Empiric (Southampton) Limited	Active**	100%	Property Investment
Empiric (St Andrews Ayton House) Leasing Limited	Active**	100%	Property Leasing
Empiric (St Andrews Ayton House) Limited	Active	100%	Property Investment
Empiric (St Peter Street) Limited	Active**	100%	Property Investment
Empiric Investments (Eight) Limited	Dormant	100%	Immediate Holding Company
Empiric (Stirling Forthside) Limited	Dormant*	100%	Property Investment
Empiric (Stoke Caledonia Mill) Limited	Active**	100%	Property Investment
Empiric (Summit House) Limited	Active	100%	Property Investment
Empiric (Talbot Studios) Limited	Active**	100%	Property Investment
Empiric (Trippet Lane) Limited	Active**	100%	Property Investment
Empiric (Twickenham Grosvenor Hall) Limited	Active**	100%	Property Investment
Empiric (York Foss Studios 1) Limited	Active**	100%	Property Investment
Empiric (York Lawrence Street) Limited	Active**	100%	Property Investment
Empiric (York Percy's Lane) Limited	Active**	100%	Property Investment
Empiric Acquisitions Limited	Active	100%	Property Investment
Empiric Investment Holdings (Two) Limited	Active	100%	Holding Company
Empiric Investment Holdings (Eight) Limited	Active	100%	Holding Company
Empiric Investment Holdings (Four) Limited	Active	100%	Holding Company
Empiric Investment Holdings (Five) Limited	Active	100%	Holding Company
Empiric Investment Holdings (Six) Limited	Active**	100%	Holding Company
Empiric Investment Holdings (Seven) Limited	Active**	100%	Holding Company



30. INVESTMENTS IN SUBSIDIARIES continued

Company	Status	Ownership	Principal activity
Empiric Investments (One) Limited	Dormant	100%	Immediate Holding Company
Empiric Investments (Two) Limited	Active	100%	Immediate Holding Company
Empiric Investments (Three) Limited	Active**	100%	Immediate Holding Company
Empiric Investments (Four) Limited	Active	100%	Immediate Holding Company
Empiric Investments (Five) Limited	Active	100%	Immediate Holding Company
Empiric Investments (Six) Limited	Active**	100%	Immediate Holding Company
Empiric Investments (Seven) Limited	Active**	100%	Immediate Holding Company
Hello Student Management Limited	Active	100%	Property Management
Empiric Student Property Trustees Limited	Dormant	100%	Trustee

* Company in liquidation since 8 January 2024.

** These companies are claiming an exemption from audit under sections 489A–479C of the Companies Act 2006.

31. ALTERNATIVE PERFORMANCE MEASURES

The below sets out our alternative performance measures.

Gross margin – Gross profit expressed as a percentage of rental income. A business KPI to monitor how efficiently we are running our buildings.

	Group	
	31 December 2023 £m	31 December 2022 £m
Gross Margin		
Revenue	80.5	73.0
Property Expenses	(25.2)	(24.0)
Gross profit	55.3	49.0
Gross Margin calculated as Gross profit/Revenue	68.7%	67.1%

Total accounting return – The growth of EPRA NTA per share plus dividends per share measured as a percentage. A key business indicator used to monitor the level of overall return the Group is generating.

	Group	
	31 December 2023 £m	31 December 2022 £m
Total accounting return		
EPRA NTA per share at start of year	115.4	106.7
EPRA NTA per share at end of year	120.7	115.4
EPRA NTA growth per share in period	5.3	8.7
Dividend per share paid in year	3.4	2.5
Dividends plus growth in EPRA NTA	8.7	11.2
Total accounting return calculated as Dividends plus EPRA NTA Growth in year per share/ NTA at start of year	7.6%	10.5%



Notes to the Financial Statements | continued

31. ALTERNATIVE PERFORMANCE MEASURES continued

Property Loan to value (“LTV”) – A measure of gearing. Until 2023, this was the Group’s key measure of gearing, to ensure the group remains in line with its long-term target of < 35 per cent.

	Group	
	31 December 2023 £m	31 December 2022 £m
Property Loan to value (“LTV”)		
Bank borrowings drawn	360.3	391.2
Less cash held at the year end	(40.5)	(55.8)
Net borrowings	319.8	335.4
Property valuation	1,097.9	1,078.9
Property LTV calculated as net borrowings / property valuation	29.1%	31.1%

Dividend cover – a measure of EPRA earnings relative to dividends declared for the year. This was 114 per cent for the year (2022: 124 per cent).

Dividend pay-out ratio – a measure of dividends relative to EPRA earnings. This was 88 per cent for the year (2022: 81 per cent).

Five Year Historical Record

	31 December 2023 £m	31 December 2022 £m	31 December 2021 £m	31 December 2020 £m	31 December 2019 £m
Revenue	80.5	73.0	56.0	59.4	70.9
Direct costs	(25.2)	(24.0)	(23.1)	(22.7)	(23.4)
Gross profit	55.3	49.0	32.9	36.7	47.5
Gross margin	68.7%	67.1%	58.8%	61.8%	67.0%
Administrative expenses	(14.0)	(13.4)	(10.6)	(9.8)	(9.2)
Operating profit	41.3	35.6	22.3	26.9	38.3
Property revaluation	30.1	45.6	17.6	(37.6)	29.2
Net finance costs	(17.2)	(15.0)	(12.4)	(13.3)	(12.7)
Derivative fair value movement	(0.2)	–	–	–	–
Gain/(loss) on disposals	(0.6)	1.5	1.7	–	–
Net profit/(loss)	53.4	67.7	29.2	(24.0)	54.8
EPRA EPS (pence)	4.0	3.4	1.7	2.3	4.2
Portfolio valuation ¹	1,098.1	1,079.4	995.9	1,005.1	1,029.1
Borrowings	(356.7)	(386.5)	(371.0)	(385.3)	(349.8)
Other net assets/(liabilities)	(7.2)	7.9	22.7	13.5	(14.5)
Net assets	734.2	700.8	647.6	633.3	664.8
EPRA NTA	734.1	700.8	647.6	633.3	664.8
EPRA NTA per share	120.7	115.4	106.8	104.6	110.0
Shares in issue	603,437,683	603,351,880	603,203,052	603,160,940	603,160,940
Weighted average cost of debt	4.3%	4.0%	3.0%	2.9%	3.2%
Weighted average debt maturity	3.9 years	4.8 years	4.9 years	5.9 years	6.6 years
Property LTV	29.1%	31.1%	33.1%	35.4%	32.9%
EPRA LTV	30.6%	32.7%			

¹ Includes properties classified as held for sale and under development.



Glossary

Alternative Performance Measures (“APM”) – Performance measures to supplement IFRS to provide users of the Annual Report with a better understanding of the underlying performance of the Group’s property portfolio.

Colleague Engagement – Calculated using the results of our biannual colleague engagement surveys.

Company – Empiric Student Property plc.

Dividend Cover – EPRA earnings divided by dividends declared for the year.

Dividend pay-out ratio – Dividends declared relative to EPRA earnings.

EPRA – European Public Real Estate Association.

EPRA basic EPS – EPRA Earnings divided by the weighted average number of ordinary shares outstanding during the period (refer to Note 8).

EPRA diluted EPS – EPRA Earnings divided by the weighted average number of shares during the period, taking into account all potentially issuable shares.

EPRA Earnings – the IFRS profit after taxation excluding investment and development property revaluations, gains/losses on investing property disposals and changes in the fair value of financial instruments.

EPRA Loan to Value – a measure of gearing, calculated as gross borrowings without deducting unamortised financing costs, less cash and adjusted for net receivables or payables and intangibles, divided by gross portfolio valuation.

EPRA Net Disposal Value (“NDV”) – Represents the shareholders’ value under a disposal scenario, The value of the company assuming assets are sold, and the liabilities are settled and not held to maturity.

EPRA Net Reinvestment Value (“NRV”) – The value of the assets on a long-term basis, assets and liabilities are not expected to crystallise under normal circumstances.

EPRA Net Tangible Assets (“NTA”) – Assumes the underlying value of the company assuming it buys and sells assets.

Gross margin – Gross profit expressed as a percentage of revenue.

Group – Empiric Student Property plc and its subsidiaries.

Hello Student – Our customer-facing brand and operating platform.

HMO – Houses in multiple occupation.

IFRS – International Financial Reporting Standards.

IFRS EPS – IFRS earnings divided by the weighted average number of ordinary shares outstanding during the period.

Like for like rental growth – Compares the growth in rental income for operational assets, throughout both the current and comparative year, and excludes acquisitions, disposals and developments.

Like for like valuation (gross) – Compares the growth in capital values of the Group’s standing portfolio from the prior year end to the current year end, excluding acquisitions and disposals.

Like for like valuation (net) – Compares the growth in capital values of the Group’s standing portfolio from the prior year end to the current year end, excluding acquisitions, disposals, capital expenditure and development properties.

Property loan to value or Property LTV – Borrowings net of cash, as a percentage of portfolio valuation.

Net Asset Value or NAV – Net Asset Value is the net assets in the Statement of Financial Position.

PBSA – Purpose Built Student Accommodation.

Postgrad – Postgraduate students who have successfully completed an undergraduate course and are undertaking further studies at a more advanced level.

RCF – Revolving credit facility.

REIT – Real estate investment trust.

Revenue Occupancy – Calculated as the percentage of our Gross Annualised Revenue we have achieved for an academic year.

RICS – Royal Institution of Chartered Surveyors.

SONIA – Sterling Over Night Index Average is the effective reference for overnight indexed swaps for unsecured transactions in the Sterling market. The SONIA itself is a risk-free rate.

Total accounting return – The growth in EPRA NTA over the period plus dividends paid for the period expressed as a percentage of opening EPRA NTA.

Weighted average cost of debt – Debt weighted by value multiplied by the interest rate.

Weighted average debt maturity – The weighted average term of our debt facilities at the balance sheet date.



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More information on

www.empiric.co.uk

Company Registration Number: 08886906
Incorporated in the UK
(Registered in England)

Empiric Student Property plc is a public company limited by shares

Registered Office

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Duncan Garrod (Chief Executive Officer)
Donald Grant (Chief Financial and Sustainability Officer)
Alice Avis (Non-Executive Director, Senior Independent Director)
Martin Ratchford (Non-Executive Director)
Clair Preston-Beer (Non-Executive Director)

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