

Empiric Student Property plc

("Empiric" or the "Company" or, together with its subsidiaries, the "Group")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Transformation plan delivering sector leading operating metrics & attractive returns

Empiric Student Property plc (ticker: ESP), the owner and operator of premium, studio-led student accommodation aligned to top-tier universities, is pleased to report its preliminary results for the year ended 31 December 2023.

Duncan Garrood, Chief Executive Officer of Empiric Student Property plc, said:

"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 re-bookings and greater demand for our rooms. This momentum has continued into the new sales year, and positions us well for growth".

Financial highlights

	31 December 2022	31 December 2023	Change
Income statement			
EPRA earnings (£m)	20.6	24.1	+17.0%
EPRA earnings per share (p)	3.4	4.0	+17.6%
Gross margin (%)	67.1	68.7	+1.6% pts
Dividend per share (p)	2.75	3.5	+27.3%
Balance sheet			
Total accounting return (%)	10.5	7.6	-2.9% pts
EPRA NTA per share (p)	115.4	120.7	+4.6%
Portfolio valuation (£m)	1,078.9	1,097.9	+3.0% LfL
Cash and undrawn committed facilities (£m)	95.8 ¹	82.5	-13.9%
EPRA LTV (%)	32.7	30.6	-2.1% pts

¹ Including £20.0 million secured post 31 December 2022

Earnings growth delivers 27% increase in full year dividend

- Revenue increased 10.3% to £80.5m (2022: £73.0m)
- EPRA EPS increased 17.6% to 4.0p (2022: 3.4p)
- Portfolio valuation of £1,097.9m up 3.0% like for like (net of capex)
- Net initial yield of 5.5% (2022: 5.2%)
- EPRA NTA per share increased 4.6% to 120.7p (2022: 115.4p)
- Total dividend paid and payable for the year of 3.5p, ahead of initial target
- Total accounting return of 7.6% (2022: 10.5%)

Operational performance underpinned by best ever rebooker campaign

- Like for like rental growth of 10.5% for academic year 2023/24, supported by dynamic pricing
- 99% revenue occupancy achieved for academic year 2023/24
- 99% revenue occupancy for financial year 2023 (2022: 90%)
- Clustering strategy continuing to drive improved operating margins, which increased to 68.7% (2023: 67.1%)

Actively managing the property portfolio

Successfully managing the property portfolio

- Non-core disposal programme materially completed with £43.4m generated from the sale of six properties in line with book value and over £30.0m under offer
- Acquisition completed post year end of former office block in central Bristol for £5.6m anticipated to add a further 50+ beds to this key cluster city for academic year 2025/26
- 556 newly refurbished rooms and associated amenity space delivered for academic year 2023/24, with a further 350 refurbished rooms planned for academic year 2024/25
- Successful launch of second exclusive Postgrad site in Nottingham and continued progress on a potential joint venture as a means to accelerate the roll out of this product and the release of equity for growth

Robust balance sheet

- EPRA loan to value at 30.6% (2022: 32.7%), comfortably within long-term target of 35%
- Weighted average cost of debt 4.3% (2022: 4.0%), 88% with interest rate protection
- Cash and undrawn committed facilities of £82.5m
- Weighted average debt maturity to be extended from 3.9 years to 5.7 years following refinancing

Delivering outstanding customer service

- Hello Student awarded Platinum Operator certification at Global Student Living Awards 2023
- Continued improvement in Net Promoter Score from +27 to +30.5, which compares favourably against purpose built student accommodation average of +13 and +8 for university halls

Responsible business

- Implementation of net zero strategy commenced with four carbon neutral properties completing in early 2024 and ambitious plans in place for the year ahead
- Further £6.9m invested in fire safety works in 2023, with 69% of the portfolio EWS1 certified
- Over 50% of portfolio now rated EPC B or better, a level achieved a year earlier than targeted

Momentum continues for academic year 2024/25 sales cycle

- Strong bookings launch, with revenue occupancy in excess of 60% currently secured,
- Like for like rental growth in excess of 6% anticipated
- Targeting revenue occupancy >97%

Results presentation at 09.00 (GMT) today

To access the live webcast, please register here:

<https://stream.brrmedia.co.uk/broadcast/65956576b012a6d30b47471d>

FOR FURTHER INFORMATION ON THE COMPANY, PLEASE CONTACT:

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Further information on Empiric can be found on the Company's website at www.empiric.co.uk.

Notes:

Empiric Student Property plc is a leading provider and operator of modern, predominantly direct-let, premium student accommodation serving key UK universities. Investing in both operating and development assets, Empiric is a fully integrated operational student property business focused on premium studio-led accommodation managed through its Hello Student operating platform that is attractive to affluent growing

accommodation managed through its Hello Student operating platform, that is attractive to affluent growing student segments.

The Company, an internally managed real estate investment trust ("REIT") incorporated in England and Wales, listed on the premium listing segment of the Official List of the Financial Conduct Authority, was admitted to trading on the main market for listed securities of the London Stock Exchange in June 2014. The Company is classified as a commercial company listed under chapter 6 of the UK Listing rules and as such is not an alternative investment fund ("AIF") for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD") and is not required to provide investors with a Key Information Document ("KID") in accordance with the Packaged Retail and Insurance-based Investment Products ("PRIIPs") regulations.

Disclaimer

This release includes statements that are forward looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Empiric Student Property plc to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any information contained in this release on the price at which shares or other securities in Empiric Student Property plc have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

Chief Executive Officer's Review

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

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 postgraduate 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 postgraduate 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.

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

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 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 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 Postgrad 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 postgraduate 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 available to embedded mental health first aid training across all our sites. We take the welfare of our

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 the area acknowledged when we were certified as a Platinum Operator by Global Student Living in June 2023.

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 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.

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 postgraduate 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

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

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 Postgrad 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.

Strategic segmentation	Segment A	Segment B	Segment C	Segment D	Total Market value	NIY %
	£m	£m	£m	£m	£m	
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	
<i>31 December 2022 (%)</i>	<i>67.8</i>	<i>11.8</i>	<i>13.3</i>	<i>7.1</i>	<i>100.0</i>	

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 postgraduate 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 ten tier

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.

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.

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

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.

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%

Property LTV	29.1%	31.1%
EPRA LTV	30.6%	32.7%

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	

¹Net 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 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

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)	The underlying value of the company assuming it buys and sells assets	9	120.7	115.4
Net disposal value (NDV)	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)	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	Financial review	3.0%	2.4%

Group and both balance sheet dates, net of capital expenditure and excluding development properties

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 cost ratios		
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

	2023 £m	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

	2023	2022
Estimated rental value of vacant space (£m)	0.7	2.6
Estimated rental value of whole portfolio (£m)	86.2	83.6
EPRA vacancy rate (%)	0.8%	3.1%

Statement of Directors' responsibilities

The statement of Directors' responsibilities has been prepared in relation to the Group's Annual Report 2023. Certain parts of the Annual Report are not included in this announcement.

We confirm to the best of our knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Group.

Signed on behalf of the Board on 13 March 2024 by:

DONALD GRANT

Director

Consolidated Statement of Comprehensive Income

		Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
	Note		
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

At 31 December 2023	At 31 December 2022
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	Note	£m	£m
		31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Investment property - Operational Assets	Note	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
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		31 December 2023	31 December 2022
Total net assets		506.6	508.7
Capital and reserves	Note	£m	£m
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

	Called up share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total equity £m
Year ended 31 December 2023					
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

	Called up Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total equity £m
Year ended 31 December 2023					
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

Profit before income tax	55.7	57.7
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)
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.

The financial information contained within this release does not constitute the Group's statutory accounts for the year ended 31 December 2023 or the year ended 31 December 2022 but is derived from those accounts. The Group's statutory accounts for the year ended 31 December 2022 have been delivered to the Registrar of Companies. The Group's statutory accounts for the year ended 31 December 2023 will be delivered to the Registrar of Companies in due course. The Auditor has reported on both the December 2023 and December 2022 accounts; the reports were unqualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and did not contain any statement under Section 498 of the Companies Act 2006.

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.

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 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

2.3 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:

(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:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) 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

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.

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.

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.

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 2022	Year ended 31 December 2022

	2023	2022
	£m	£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	Year ended 31 December 2022
	£m	£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	Year ended 31 December 2022
	£m	£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

¹Audit 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	Year ended 31 December 2022
	£m	£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	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
	£m	£m	£m	£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	Year ended 31 December 2022
	£m	£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.

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	Year ended 31 December 2022
	£m	£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:

	Calculation of basic EPS £m	Calculation of diluted EPS £m	Calculation of EPRA basic EPS £m	Calculation of EPRA diluted EPS £m
Year to 31 December 2023				
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	-	-	(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

	Calculation of basic EPS £m	Calculation of diluted EPS £m	Calculation of EPRA basic EPS £m	Calculation of EPRA diluted EPS £m
Year to 31 December 2022				
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

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		
	NRV	NTA	NDV

Year ended 31 December 2023	IFRS £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
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.

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:

	Total £m	Quoted prices inputs markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Date of valuation 31 December 2023				
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

		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Date of valuation 31 December 2022	Total £m	£m	£m	£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%).

(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. CBREs 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.

	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
As at 31 December 2023					
(Decrease)/increase in the fair value of investment property	(4.9)	(45.1)	45.0	55.5	(50.5)
	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
As at 31 December 2022					
(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

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	31 December 2022	31 December 2023	31 December 2022
	£m	£m	£m	£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	31 December 2022
	£m	£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)

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 income statement. 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	31 December 2022	31 December 2023	31 December 2022
	£m	£m	£m	£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.

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	31 December 2022
	£m	£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

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	31 December 2022
	£m	£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	31 December 2023	31 December 2022	31 December 2022
	Number	£m	Number	£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	31 December 2022
	£m	£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.

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 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. 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.

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.

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

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 of 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.

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

The following table sets out the contractual obligations (representing undiscounted contractual cash flows) of financial liabilities:

	Group					Total £m
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £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					Total £m
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £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					Total £m
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £m	
At 31 December 2023						
Bank borrowings and interest	-	-	-	-	-	-
Trade and other payables	-	3.4	-	-	-	3.4
	-	3.4	-	-	-	3.4

	Company					Total £m
	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Greater than 5 years £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.

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 year 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
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
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
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

Company	Status	Ownership	Principal activity
Empiric (Leicester Shoe & Boot Factory) Limited	Dormant*	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 Hahneemann 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
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
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
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	Status	Ownership	Principal activity
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	31 December 2022
	£m	£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	31 December 2022
	£m	£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%

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	31 December 2022
	£m	£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	31 December 2022	31 December 2021	31 December 2020	31 December 2019
	£m	£m	£m	£m	£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*	1 098.1	1 079.4	995.9	1 005.1	1 029.1

Portfolio valuation	1,000.1	1,075.4	555.5	1,000.1	1,025.1
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%			

* 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.

Company Information and Corporate Advisers

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e info@empiric.co.uk

More information on

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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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