



Home from Home

ESP

Empiric Student Property plc
Annual Report & Accounts 2022



Our purpose

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

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

Values

The Customer comes first

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

We take ownership

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

Culture

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

Highlights

Increasing demand for higher education has translated into strengthening demand for high quality PBSA bedspaces and significant rental pricing increases for the 2023/24 academic year, with double-digit rental growth in the best locations.

Financial

EPRA Earnings
Per Share¹

3.4p

2021 | 1.7p
Change | +113%

Gross Margin (%)¹

67.1%

2021 | 58.8%
Change | +8.3% pts

Dividend per Share

2.75p

2021 | 2.5p
Change | +10%

Net initial yield¹

5.2%

2021 | 5.3%
Change | -0.1% pts

Total Return (%)¹

10.5%

2021 | 4.6%
Change | +5.9%

EPRA NTA
Per Share (p)¹

115.4p

2021 | 106.7p
Change | 8.2%

Property Valuation

£1.1bn

2021 | £1.0bn
Change | +2.4% (LfL)

Property Loan
to Value (%)¹

31.1%

2021 | 33.1%
Change | -2.0% pts

Significant earnings growth underpins strong financial performance

- Revenue increased 30% to £73.0m (2021: £56.0m)
- EPRA EPS increased 113% to 3.4p (2021: 1.6p)
- Portfolio valuation £1,078.9 million up 7.3% like-for-like (2.4% net of capex), demonstrating sector's resilience
- Net initial yield of 5.2% (2021: 5.3%)
- EPRA NTA per share increased 8.2% to 115.4p (2021: 106.7p)
- Total dividend paid and payable for the year of 2.75p, ahead of commitment
- Total accounting return of 10.5% (2021: 4.6%)

Operational performance driven by record revenue occupancy

- Like-for-like rental growth of 5.2% for academic year 2022/23, supported by dynamic pricing
- 99% revenue occupancy achieved for academic year 2022/23, a record for the business
- 90% revenue occupancy for financial year 2022 (2021: 71%)
- Operational transformation completed, with all activities directly managed and controlled
- Clustering strategy driving improved operating margins

Actively managing the property portfolio

- Non-core disposal programme generates £53.1m from the sale of seven properties in line with book value with proceeds redeployed into the core portfolio investment programme
- Completed the sale of a further property post year end, generating £2.6m
- Acquisition of Market Quarter Studios in Bristol for £19.0m adding 92 beds to our Bristol cluster

Progressing developments and refurbishments

- Developed or refurbished 263 beds for the 2022/23 academic year, including a state-of-the-art development at St Mary's in Bristol

- Successful launch of Post-Grad accommodation pilot in Edinburgh, providing a platform for further growth
- Over 250 refurbished beds expected to be delivered for the 2023/24 academic year

Robust balance sheet

- Property loan to value at 31.1%, in line with long-term target of 35%
- Weighted average cost of debt 4.0% (2021: 3.0%), 89% with interest rate protection
- Cash and undrawn committed facilities of £95.8m

Delivering consistent customer service

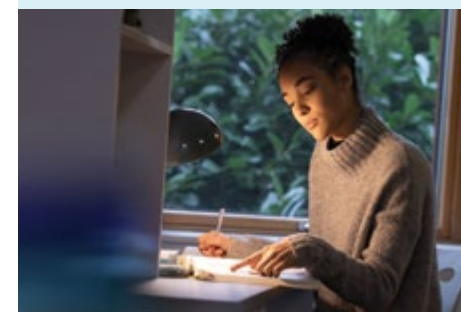
- Completed roll out of our student app across all locations to improve service offer and customer engagement
- Hello Student awarded Best Student Well-being (UK and Ireland) at Global Student Living Awards 2022
- Continued improvement in Global Student Living Index Net Promoter Score from 22 to 27, which compares favourably against purpose built student accommodation average of 14 and 9 for university halls

Responsible business

- Net Zero strategy launched, targeting net zero by 2033 with £10.0 million earmarked for investment in green initiatives over the next two years
- Further £7.0m invested in fire safety works in 2022, with £14.5m ring-fenced for investment in 2023

Positive outlook for academic year 2023/24 supported by resilience of the PBSA sector

- Strong bookings launch, with revenue occupancy of 65% currently secured, ten weeks ahead of prior year
- Like-for-like rental growth in excess of 6% now anticipated
- Targeting revenue occupancy >97%



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1. An alternative performance measure. See page 39 for further details.



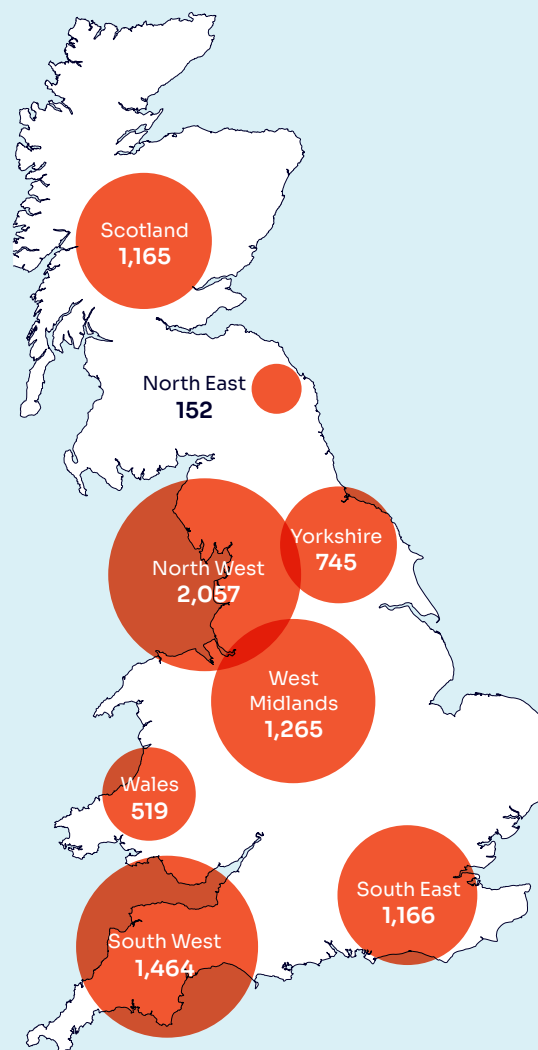
At a Glance

Home from Home

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

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

Where we operate



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

95%

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

As at 31 December 2022:

Revenue Generating Assets

85

31 December 2021 | 87

Cities and Towns

28

31 December 2021 | 29

Assets Held

86

31 December 2021 | 91

Beds

8,533

31 December 2021 | 9,170

Beds by region as at 31 December 2022



Scale is representative of beds by region



Investment proposition

Differentiated Business Model within the Popular PBSA Property Sector

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

Responsible and Industry-Leading Operating Brand

Hello Student®, our operating brand, has become one of the most effective, responsible and recognisable in the sector. In the 2022 Global Student Living Index, Hello Student® outperformed all benchmarks for student satisfaction, exceeding the average for university and private halls. We achieved a positive NPS score of 27; a higher score compared to the NPS benchmarks for private halls of 14. We pride ourselves on high quality customer service and amenities.

Sustainable Long-Term Business Model

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

Delivering attractive sustainable shareholder returns

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

Socially and Environmentally Responsible

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

Progressive Culture Embedded by Core Values and Purpose

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



Financial snapshot As at 31 December 2022

Portfolio valuation

£1.1bn



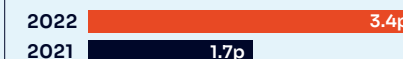
EPRA NTA¹

115.4p



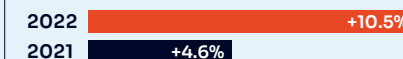
EPRA EPS¹

3.4p



Total Return¹

+10.5%



Dividend per share

2.75p



Property LTV¹

31%



¹ An alternative performance measure. See page 39 for further details.



Our market

UK PBSA continues to demonstrate underlying resilience

Capital value growth
outperformance of

9.1%
on 2021

“After the events of recent years, few could have predicted that 2022 would be as politically and economically eventful as it has turned out to be.”

Will Atkinson | Property Director

Despite unforeseen market turmoil in the second half of 2022, the PBSA sector experienced a record setting year, with the highest investment volumes to date. CBRE report that £6.7b of PBSA assets traded in 2022 across 70 deals as investors sought to diversify into residential markets. In the year to September 2022, CBRE report that PBSA delivered higher total returns and higher capital growth than the ‘All Commercial Property’ index. CBRE’s PBSA Index 2022 reports total returns of 16.7 per cent, with results based on 48,800 beds across 175 assets. This compares to returns of 7.7 per cent reported in 2021. Capital value growth (11.3 per cent) was strong in the year, an outperformance of 9.1 per cent on 2021, driven by wider market yield compression following the acquisition of the Student Roost portfolio.

Later in the year, economic uncertainty and rising debt costs saw yield softening across all UK real estate sectors. However, as mainstream commercial yields experienced considerable outward yield shifts, PBSA was less impacted. In the fourth quarter, prime industrial yields softened 100 bps to 5.0 per cent and Regional Offices softened 100 bps to 6.0 per cent. While PBSA yields also softened in the fourth quarter, the sub-sector was able to show unprecedented rental growth prospects for academic year 2023/24 that other sectors could not. This growth has held capital values relatively flat across the sector with the best in class assets still increasing in value. The sector continues to be a resilient counter-cyclical market with a sustained undersupply of high quality beds caused by significant increase in demand and low new supply. Student demand continues to strengthen, fuelled by burgeoning non-EU international student numbers wanting to study in the UK. Higher Education remains one of the UK’s most significant exports, with international students contributing £25.9b to the economy each year and 89 UK universities placing in the 2023 QS World Rankings, second only to the US.



Growing demand for accommodation

Increased demand for higher education has translated into strengthening demand for high-quality PBSA bedspaces and significant rental pricing increases for the 2023/24 academic year, with double-digit rental growth seen in the best locations. In UCAS's latest End of Cycle Report, statistics for the 2022 admissions cycle were published. In 2022, 761,740 students applied to higher education institutions in the UK, 15,415 (+2.1 per cent) higher than 2021. The strongest growth, being applications from non-EU domiciled students, rose 13.5 per cent to 125,820 following a 12.8 per cent increase in 2021. Notably, Indian student numbers have been boosted by the country's flourishing internationally mobile population and the UK's 'Post-Study Work Visa' policy. From just 0.9 per cent of the full-time student population in academic year 2015/16, Indian students grew to 3.5 per cent of students in academic year 2020/21. Together, Chinese and Indian students now account for one in four non-EU internationals studying in the UK. This follows the UK's original International Education Strategy which targeted international students to fund UK universities. In a contradictory vein to this strategy, the UK government considered restricting international student numbers particularly at low ranked universities as a short-sighted mechanism to control migration, but no further action has been taken following considerable feedback from Universities.

Applications from UK domiciled students rose in 2022, explained by the continuing demographic surge in 18-year-olds in the UK and perceptions of a weakening job market and resulting employment prospects. This trend is set to continue, with the number of 18-year-olds set to increase by over 160,000 in the next decade. Offsetting the growth, applications from EU domiciled students fell for the second year by 24 per cent to 24,015 after falling 39 per cent in 2021. EU students now account for only 2.8 per cent of the UK student demand pool.

As often seen in economically uncertain times, postgraduate numbers have grown significantly. HESA's latest dataset reports that an extra 69,800 full-time postgraduates are studying at UK universities for the 2021/22 academic year, growth of 10 per cent on academic year 2020/21. Comparatively, in the same period undergraduate numbers rose 1 per cent. This growth is also a continuation of trends seen since the introduction of the Postgraduate Master's Loan system in academic year 2016/17 and the ongoing efforts from universities to improve research capabilities.

70,000

Growth in Postgraduates AY 2021/22
+10%

Student Demographics

Domicile	Applicants				Acceptances			
	2021	2022	Change	% Change	2021	2022	Change	% Change
UK	604,010	611,900	7,890	1.3%	492,005	489,360	-2,645	-0.5%
EU	31,475	24,015	-7,460	-23.7%	15,770	11,365	-4,405	-27.9%
Non-EU	110,835	125,820	14,985	13.5%	54,285	62,455	8,170	15.1%
Total	746,120	761,740	15,415	2.1%	562,060	563,180	1,120	0.2%

Source: UCAS End of Cycle Report 2022

University expansion drive collides with UK student housing shortage

China Presses Students to Head Back to Overseas Universities

The great recruitment crisis: planning for rapid student number growth

Research shows 75% of PBSA already taken by students at top universities

Student housing is the bubble that won't burst

5. Recession-resistant assets
Some asset classes may be immune – or more immune than others – to all of this. Our prediction is that student accommodation,...

Durham University students queue overnight to secure accommodation



Our market | continued

Constrained Development Pipeline

Despite evolving Government Policy, any proposed reduction in international student numbers would not address the fundamental shortage of PBSA. There continues to be a deteriorating undersupply of high-quality accommodation in the sector for several reasons, although this is highly nuanced and location specific. Escalating build costs, wider inflationary pressures, skills shortages and financing costs all represent challenges for developers. Furthermore, non-professional landlords have been hit by tougher HMO (Houses in Multiple Occupation) regulations, stamp duty changes and reforms to strengthen renters' rights. Amid an environment of ongoing uncertainty academic year 2021/22 saw the delivery of just 24,612 new beds. This was only 677 higher than academic year 2020/21 and almost 25 per cent lower than the 5-year average before the pandemic. This compares to the 90,745 extra full-time students that enrolled for the 2021/22 academic year and require accommodation.

Despite a slowdown in supply of new PBSA beds, proposed development beyond academic year 2022/23 remains substantial at 95,000 beds with 69,500 granted planning permission. 24,000 beds have entered the planning system in the last 12 months, but just five markets represent half of all beds in the

pipeline with the largest two (London and Nottingham) making up nearly a third. Academic year 2023/24 may see an acceleration in new beds being delivered to the market again, with 29,000 planned to open across 45 markets. This number does not reflect the increase in properties that are being closed every year to undertake refurbishment and EWS works which further reduces the demand. However, forecasts suggest that an additional 358,000 Higher Education places could be needed by 2035 if demographic and participation trends continue. At the current rate, with the annual delivery of beds significantly under the number required to deal with this demand and falling, undersupply in the market is projected to worsen.

91,000
extra full time students enrolled
in AY 2021/22

Investor Activity and Transactions

The demand for high-quality PBSA stock remains at unprecedented levels. In 2022, PBSA was one of the only real estate sectors to see a positive increase in total investment volumes, with a record £6.7b of assets traded. Over half of this volume was accounted for by GIC and Greystar's £3.3b acquisition of Student Roost, completing in December following CMA approval after the deal was agreed in the summer. The year began with pent-up demand to deploy capital, culminated in January 2022 being the highest January for transaction volumes on record by over £250m. Despite economic headwinds in the second half of 2022, UK PBSA saw £397m of assets trade across 13 transactions in the third quarter. The launch of strong rental pricing for academic year 2023/24 underpinned investor confidence in the fourth quarter, with City Developments Limited investing £216m in PBSA for 5 regional assets. However, economic uncertainty caused £1.5bn of potential deals to be paused or aborted in the fourth quarter.

A key trend in 2022 was the appearance of new entrants such as Clearbell, Heitman, Ares and Apollo. In May 2022, Watkin Jones sold three forward funding projects to relative PBSA newcomers EQT Exeter. Interest from UK institutional funds such as abrdn, Aviva and M&G continued, several of which are seeking to invest into the direct let side of the sector. In 2022,

single asset sales for 2022 amounted to £1.73b, the highest since 2017. In contrast the forward funding market has seen less activity. Eight of the deals that traded in the third quarter of 2022 were for income producing assets and accounted for 89 per cent of total investment.

Initially 2023 is likely to bring another period of 'pricing discovery'. However, the lack of quality supply and viability challenges, combined with underlying occupational demand should provide investors with continued confidence as to resilience of the sector and as a hedge to broader inflationary pressures.

£6.7bn
2022 investment volumes



Market Yields – Best in Class, Direct Let

Despite the strong fundamentals of the sector, PBSA yields experienced softening in November 2022. After yield sharpening in the first half of 2022, a marked increase in debt costs resulted in a softening of yields in the fourth quarter, with yields trending weaker into 2023. CBRE report that between December 2021 and December 2022, Best-In-Class Direct Let Central London and Super Prime Regional yields softened by 10 bps. Prime Regional yields remained stable despite movement throughout the year and Secondary Regional yields softened by 50 bps in the period, further polarized from the stronger markets. By comparison, mainstream commercial yields were impacted more significantly, increasing by between 25 and 50 bps in both October and November. The Empiric portfolio is well aligned to the best performing locations with 94 per cent by value classified as either London, Super Prime Regional or Prime Regional in the December 2022 portfolio valuation.

Despite yield softening and operating costs remaining subject to inflationary pressures, near double digit rental growth for the 2023/24 academic year reinforced investor appetite for high-quality PBSA stock in London and key regional markets. PBSA continues to represent a good opportunity for investors to balance their portfolios, with strong demand feeding through to high occupancy levels with resilient and growing income streams.

94%

by value classified as either Central London, Super Prime Regional, Prime Regional, Secondary Regional



	December 2022		December 2021	
	Current	Trend	Current	Trend
Central London	3.75%	Weaker	3.65%	Stronger
Super Prime Regional	4.75%	Weaker	4.65%	Stronger
Prime Regional	5.00%	Weaker	5.00%	Stronger
Secondary Regional	8.50%	Weaker	8.00%	Stable

Source: CBRE Student Sector Investment Yields, December 2022.



Business Model

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



Key strengths

Portfolio

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

Our people

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

Specialist knowledge

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

Brand

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

Data analytics

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

Financing

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

How we add value

Our culture

Our people and customers are our key focus and we are here to deliver excellent seamless service and financial returns through working together.



Locations/specifications

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

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

Operate

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

Develop/acquire

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

We also acquire standing assets when a specific opportunity arises which complements our portfolio.

Recycle

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

Outcome

Customers

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

NPS in the Global Student Living Index

+27

Higher than PBSA private hall average +14

Shareholders

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

Total accounting return

10.5%

Our people

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

Colleague Engagement Score

84%

Suppliers

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

Communities

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



Our Strategy

Delivering against our strategic objectives.



1. Customers

Strategic objective

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

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

Progress in the year

- Our net promoter score was +27, compared to PBSA private hall average +14.
- Launched our Hello Student app to improve engagement and service.
- Launched our first bespoke post-grad product.
- Winner of 2022 Best Student Wellbeing award (UK & Ireland).

Associated KPIs

A B C D F

Key aims for 2023

- Continue to increase our NPS score.
- Target resolution of service requests within 72 hours.
- Improve customer safety satisfaction scores as measured by Global Student Living Index.

Associated risks

E1 E3
I3 I4

2. Brand

Strategic objective

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

Progress in the year

- Rebranded Hello Student strengthening our proposition to drive conversion and retention.
- Launched our Hello Student app.
- Improved further our NPS score.
- Launched our first bespoke post-grad product, extending the brand's reach.

Associated KPIs

A B C D G H

Key aims for 2023

- Develop brand experience proposition to define what a customer can expect to experience from Hello Student.

Associated risks

E1
I1 I2 I3 I4

KPI Links

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

Risks Links

External Risks

- E1. Revenue Risk
- E2. Property Market Risk
- E3. Financing risk
- E4. Inflation risk

Internal Risks

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



3. Our People and Operations

Strategic objective

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

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

Progress in the year

- Best companies survey, One Star Accreditation Award.
- Launched leadership development programme.
- Real Living Wage employer.
- Significant reduction in employee turnover.

Associated KPIs

A B C D E

Key aims for 2023

- Continue to improve employee engagement scores.
- Focus on growing internal promotions.
- Achieve health & safety compliance score above 95%.

Associated risks

E1 E3
I1 I2 I3 I4

4. Building

Strategic objective

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

Progress in the year

- Continue non-core asset disposal programme with over £50 million generated from sales in 2022.
- Completed acquisition and development in Bristol, doubling our available beds in this undersupplied city, improving gross margins.

Associated KPIs

A B C D F G H

Key aims for 2023

- Materially complete non-core disposal programme.
- Refurbish over 250 rooms for launch of new academic year.
- Improve overall EPC ratings and energy intensity of our properties.

Associated risks

E1 E2 E4
I1 I2 I4

5. Shareholders

Strategic objective

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

Progress in the year

- Restarted quarterly dividend payments on a fully covered basis.
- Delivered a total accounting return of 10.5% for the year.
- Launched Net Zero strategy.
- Consulted with largest shareholders regularly throughout the year.

Associated KPIs

A B C D F G H I J K L

Key aims for 2023

- Deliver progressive dividend, targeting a minimum payment of 3.25p (+18% on 2022).
- Execute strategy, by clustering buildings and delivering on our priorities.
- Leverage operational platform for growth.

Associated risks

E1 E2 E3 E4
I1 I2 I3 I4

KPI Links

- A. Rebooker Rate
- B. Net Promoter Score
- C. Revenue Occupancy
- D. Safety – Number of Accidents
- E. Colleague Engagement
- F. Energy consumed per bed
- G. EPC risk mitigation
- H. Gross Margin
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Risks Links

External Risks

- E1. Revenue Risk
- E2. Property Market Risk
- E3. Financing risk
- E4. Inflation risk

Internal Risks

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



Chairman's statement

We have transformed the capability of the business to deliver a best in class operational platform, positioning it well for long-term growth. Our direct-let strategy has contributed to a strong recovery post pandemic and we remain extremely encouraged by the outlook for the business and the wider sector in which we operate.

“The macro-economic climate coupled with political uncertainty provided some challenging trading conditions in 2022. As the year ended, a sense of stability has returned and we remain encouraged by the outlook for our business and the wider sector.”

Mark Pain | Non-Executive Chairman

Positioning for Long-Term Growth



The strong recovery in occupancy post pandemic has continued a pace, with record occupancy achieved for the academic year 2022/23, and the continued demand for premium quality accommodation with high levels of customer service clearly outstripping supply. Our dynamic pricing model has delivered tangible benefits, allowing us capitalise on our direct-let model and deliver strong like-for-like rental growth.

Despite the market volatility, we have continued to optimise the portfolio to drive improved returns, with a total accounting return of 10.5 per cent recorded across the year. The broadened appeal of our proposition allows us to proactively change student mix when required and the launch of our bespoke Post-Grad product, “Post-Grad by Hello Student”, has been a resounding success.

Valuation demonstrates resilience

Fair value gains on the Group’s property portfolio have been recorded during the year, most notably in the first half. We are encouraged by the relative resilience of the purpose built student accommodation sub-sector, which has supported valuation gains during the second half of the year, a period when other real estate sub-sectors have experienced significant outward shift in investment yields leading to falling valuations. In challenging conditions, the Group has made reasonable progress in its non-core disposal programme, which once completed, will further improve the overall quality and performance of the portfolio.

Governance

The Board has met regularly throughout the year by way of formal meetings, informal calls and during an annual strategy away day. The Board delegates certain responsibilities to its Committees which also meet throughout the year. Details of Board operations and the reports from its various Committees can be found on pages 73-104.

Building a sustainable business

As can be seen within our ESG report, at the core of our proposition is a commitment to create a sustainable business with a social and economic legacy for all stakeholders.

In August 2022 we published the Group’s Net Zero strategy. We target to achieve net zero as a business by 2033 and have set out seven key performance indicators that will enable us to track our progress against this commitment. We have accelerated our investment in green initiatives, having allocated up to £5 million in 2023 toward advancing our environmental pathway with the aim of making our buildings more energy efficient, less carbon emitting and to further manage future EPC risk across the portfolio.

The Group continues to champion well-being initiatives for our customers and employees. Hello Student hosts a calendar of social events throughout the year and students also have 24/7 access to our welfare programme. Separately, employees are able to access resources aimed at promoting health, personal finance, mindset and nutrition.

The business has selected Switch 180 as its corporate charity in 2023. Switch 180 is a national youth charity targeting children up to young adults of 21 years. The charity aims to help turn around young people’s lives by delivering services focusing on physical and mental health. We’re excited to be starting our relationship with Switch 180 and there will be opportunities for our teams and our customers to get involved and raise money for this worthy cause.

Health and Safety

Health and Safety is a critical area of attention for the Board. We continue to enhance our monitoring and invest in prevention and mitigation to ensure our buildings are as safe and secure as possible. We continue to focus, in particular, on ensuring that our approach to fire safety takes full cognisance of current and emerging best practice. We have recruited an experienced Health and Safety manager who reports directly to the CEO and oversees all aspects of fire risk assessment and management.



Students have access to our welfare programme

24/7



Chairman's statement | continued

Board appointments and succession

In early 2022, Stuart Beevor informed the Board of his intention to retire as a Non-Executive Director and Chair of the Remuneration Committee and not seek re-election at the Annual General Meeting in May 2022. Stuart had served on the Board for over six years, providing valuable insights and strong leadership of the Remuneration Committee. It is without question that the Board benefitted significantly from his expertise, commitment and wise counsel over the years. Stuart left the business in May with our sincere thanks and very best wishes for the future.

In April, Alice Avis, the Company's Senior Independent Director, kindly agreed to assume the Chair of the Remuneration Committee, having served as a member of that Committee since joining the Board in 2019.

On 1 July 2022, Clair Preston-Beer was appointed as an independent Non-Executive Director of the Company. Clair brings a wealth of experience in leading high performance retail and hospitality businesses. Clair is currently managing Director of Greene King Pubs. Previously, Clair spent 16 years working for the Whitbread PLC group in a range of senior leadership roles both in the UK and internationally. It has been a pleasure to welcome Clair to the Board.

In May 2022, Lynne Fennah advised the Board of her intention to stand down as the Company's Chief Financial and Sustainability Officer in order to pursue other interests. Following the conclusion of a market wide search across a number of related sectors and a selection process applied to a diverse short list, the Board announced in August 2022 that Donald Grant would join the Board in September 2022 as Chief Financial and Sustainability Officer Designate. Donald is an experienced CFO having held Board and executive level responsibilities across a breadth of senior finance roles, primarily within listed real estate companies and major financial services firms.

Following an orderly handover, Lynne stepped down from the Board in October 2022. Lynne leaves with the Board's best wishes and thanks for the significant contribution she made to the business during her five years in post.

The Board evaluation concluded that the Board and its Committees continued to operate effectively throughout the year. Please see page 76 for further details.

Dividends

In October 2021, the Board was pleased to announce its decision to recommence dividend payments which had been suspended during the COVID-19 pandemic. Quarterly dividends have since been paid to shareholders. The final payment in respect of the financial year ending 31 December 2022 will be made to shareholders on 14 April 2023. In total, dividends of 2.75 pence per share have been paid or declared for the year, ahead of target.

The Board intends to continue to make quarterly payments to shareholders throughout 2023. It is the Board's intention that dividends remain fully covered by recurring earnings, and are progressive in nature. Given the strong occupancy and like-for-like rental growth experienced for the 2022/23 academic year and subject to normal trading conditions, the Board will target a minimum dividend payment of 3.25 pence per share for the financial year to 31 December 2023.

Annual General Meeting

The Annual General Meeting held on 23 May 2022 was well attended by shareholders and we were pleased to announce that all resolutions were passed.

The Company's 2023 Annual General Meeting will be held on 24 May 2023. We are pleased to be able to resume physical meetings which provide an opportunity for shareholders to meet with members of the Board. Further details about the time and location of the meeting are provided in the Annual General Meeting Notice which is published separately and available on the Company's website.

Looking ahead

The attractiveness of the UK's top quality universities continues to drive growth in student numbers both domestically and internationally.

In October 2022, we announced record occupancy for the 2022/23 academic year, and having since experienced a strong start to the launch of academic year 2023/24, we are optimistic of achieving occupancy rates above 97 per cent again, our measure of effectively full. Although inflationary pressures are expected to continue through 2023, the strong demand underpin coupled with energy costs having been fixed until the end of academic year 2023/24, places the business in a robust position to continue to grow earnings and deliver progressive dividends to our shareholders.

Despite recent volatility in financial markets and the consequential impact on investment markets, the repositioning of the portfolio and the disposal of non-core assets, remains on track. 2022 saw the Group's clustering strategy developed further in Bristol with the acquisition of Market Quarter and the opening of St Mary's. The success of the Group's Post-Grad pilot at Southbridge, Edinburgh, in late 2022 has demonstrated the depth and potential of this market, and an opportunity for future value creation.

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

Mark Pain | Non-Executive Chairman
16 March 2023



“The attractiveness of the UK’s top quality universities continues to drive growth in student numbers both domestically and internationally.”



Chief Executive Officer's Review

2022 has been another year of razor-sharp focus on our strategic priorities, with significant progress made across all key metrics. The steps we have taken over the last five years to transform the operations of the business, improve our brand and focus on clusters of high quality accommodation are delivering tangible results, evidenced by the record revenue occupancy, significant growth in earnings and improved operating margin that the business achieved in the year.

“We have delivered a strong performance in 2022, with key metrics above pre-pandemic levels. The year saw us achieve a record level of occupancy at 99 per cent for academic year 2022/23, alongside strong like-for-like rental growth of 5.2 per cent.”

Duncan Garrood | Chief Executive Officer

Delivering tangible results



We recorded good growth in the portfolio valuation, up 2.4 per cent on a like-for-like basis, particularly in the first half of the year following the removal of a COVID related adjustment of £6.2 million and a combination of yield compression and rental growth. The 31 December 2022 valuations have remained materially in line with the half year, with strong rental growth offsetting marginal outward yield shift in the second half of the year. The balance sheet remains strong with property loan-to-value modest at 31.1 per cent, comfortably in line with our long-term target of 35 per cent. Including dividends paid during the year of 2.5 pence, we have delivered a total accounting return of 10.5 per cent for the year.

Operationally the business has had an active year. We have now completed the transformation of our operating platform, with all operations now internally managed, creating value through greater control, transparency, data management and agility. We continued to strengthen the Hello Student brand, launching our student app; embedded our new revenue management and dynamic pricing platform; and made significant steps towards becoming a more sustainable business. We also welcomed a number of new people into our leadership team during the year.

Driving performance through data analytics

The transformation of our operational capabilities has provided us access to richer and more timely information. We are able to react to trends and changing demands at pace and target our customer mix with much greater flexibility.

For academic year 2022/23, as a result of targeted marketing during the period of the pandemic, half of our customers were from the UK, an increase of one third from pre-pandemic levels. Although our Chinese customer base remains strong, this now represents just under 30 per cent of our students. We continue to target markets where we are underweight relative to the opportunity available, for example Indian students, where we have recently experienced strong growth.

Our revenue pricing model coupled with our direct-let model, allows us to maximise revenue relative to demand dynamics on a city by city basis but also down to site specific room types. Not only did we achieve record occupancy for the academic year 2022/23, but overall like-for-like rental growth of 5.2 per cent was comfortably ahead of base uplift pricing of 1.9 per cent.

We have used historical booking and amendment data to review and simplify our room categorisation, more than halving the categories, making the customer choice very much simpler to navigate.

Actively managing the property portfolio

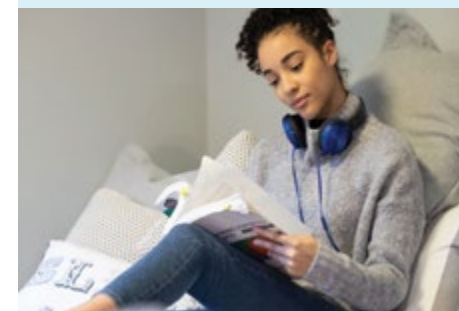
In early 2021 we set out a plan to dispose of a modest portfolio of non-core assets. At the time those assets identified for disposal represented approximately 10 per cent of the portfolio, a little over £100 million by value.

Properties included in the disposal programme were typically either not of a size or configuration which could easily be converted to our brand standard, outside the catchment area of a top quality university or a single standing building in a city where the opportunity to implement our clustering strategy is challenged.

By 31 December 2022, we had disposed of or contracted to dispose of assets generating £71.3 million, of which £53.1 million was generated from the disposal of seven properties during 2022. Despite recent market disruption, we successfully disposed of two properties above book value in the final quarter of 2022, demonstrating the continued attractiveness and resilience of the purpose built student accommodation sector. More recently, discussions have advanced and a further £50 million remains under offer or in advanced discussions.

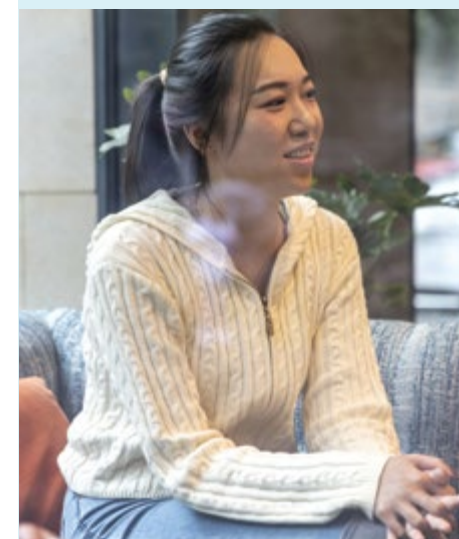
Proceeds from disposals have, to date, largely been deployed into our core portfolio investment programme. Opportunities are evaluated before proceeds are redeployed, including debt prepayment or reinvestment in new developments or acquisitions to grow our core Hello Student portfolio.

In February we announced our first acquisition since 2018, the 92 bed Market Quarter Studios scheme in Bristol which we acquired for £19.0 million. This acquisition, together with the opening of St Mary's, Bristol has more than doubled the number of beds we provide in the city to 404 beds, with four well located, high quality sites within a ten minute walk of each other and the University campus. This provides a great example of our clustering strategy in action, where we have been able to maintain our boutique proposition whilst improving our margin in the city from 69 per cent to 76 per cent.



Like-for-Like rental growth of

5.2%



Chief Executive Officer's Review | continued

Progressing developments and refurbishments

In September, in time for the start of the 2022/23 academic year, we opened St Mary's, Bristol. This former Victorian hospital has been thoughtfully converted into a 153 bed scheme a stone's throw from the University of Bristol. The property provides first class accommodation together with a suite of student well-being initiatives and strong sustainability credentials, with a BREEAM Excellent accreditation expected. The property has delivered an IRR in excess of 20 per cent.

In November, our first bespoke Post-Grad project was completed at Southbridge, Edinburgh. An extensive refurbishment of the property delivered this 59 bed scheme adjacent to the University of Edinburgh. Largely pre-let upon completion, we welcomed our first Post-Grad customers in late November.

Following extensive customer research our Post-Grad product aims to address the specific requirements of the more mature Post-Grad student, providing amenity-lite accommodation with fully self-contained apartments, which are typically 20 per cent larger on average than our undergraduate apartments and command a rental premium of 20 per cent to our undergraduate offer in the City. We believe there is a significant opportunity for a tailor made proposition for post-graduates under our new brand "Post-Grad by Hello Student", since this segment makes up nearly 25 per cent of all UK University students.

Strong market fundamentals continue

Student applications continued to grow into the 2022/23 academic year, and UCAS and HESA data illustrates that demand for UK higher education remains robust with both undergraduate and post-graduate applications forecast to continue growing.

For academic year 2022/23, undergraduate applications from UK domestic students grew 1.3 per cent, while applications from non-EU students grew 13.5 per cent. UCAS predict overall undergraduate applications will increase by nearly 30 per cent over the next five years. The number of post-graduates has climbed to 820,000 for academic year 2022/23, an increase of 10.4 per cent from 2021/22, the highest annual increase experienced in the past five years.

The agency StuRents predicts the UK could have a shortfall of 450,000 student beds by 2025, exacerbated by a potential contraction in the HMO market which would drive more students towards the PBSA sector. Customer demand for purpose built student accommodation has never been so strong.

Supporting our customers and delivering consistent service

Core to our values is a customer-first philosophy. Every area of our business is encouraged, and motivated, to live these values. We are aware with rising rents that our customers expect an increasingly high quality experience and value for their money. Their experience is therefore paramount to the development of our strategic priorities.

Prior to the start of the 2022/23 academic year, we launched our new student app. The app has provided a platform for greater and more timely customer engagement and a means to further improve our service offer. Amongst other functions, the app provides students the ability to report issues and monitor progress toward resolution, receive site related information in a timely manner, be notified when parcels are available for collection and arrange social events. The app has been a resounding success with great feedback received. We currently have over 7,000 active users and numbers continue to grow.

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 ("NPS"). We are proud to report that our NPS score improved again this year, from 22 to 27. To put this in context, the latest NPS score for all private purpose built student accommodation was 14, whilst the score for university halls was 9.

Behind the data, the most important factors for students when selecting accommodation were proximity to their place of study, feeling safe and secure and the size, condition and quality of their accommodation. These are all aspects at the very heart of our studio based brand proposition. The mental health and well-being of our customers remains a priority. Of our customers responding to the survey, 71 per cent said our accommodation had a positive impact on their well-being, with 73 per cent responding to say they felt our accommodation teams cared about their well-being. This is an extremely encouraging result following the investment we have made in training our people to identify potential issues and assist students to source the professional support they may require, particularly at times of stress such as during examinations.

Developing our people

At the heart of any service business is the people that design, support and deliver great customer experience. It remains a priority to invest in and motivate talent. Through rewarding, training and developing our people we ensure our brand remains at the leading edge of customer service and experience.

At a time when hiring talent is very competitive, there is particularly strong rationale for focussing on employee retention and development. During the year we improved our retention rate to almost 80 per cent, whilst internal promotions accounted for nearly 40 per cent of all non-entry level vacancies. We invested in a number of our 'rising stars' this year, with 25 of our middle managers having been sponsored to complete an accredited leadership programme.

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 in line with inflation. During a time of increased cost-of-living pressures we were pleased to support our employees, with average compensation increases exceeding eight per cent. Employer pension contributions were also standardised this year, with all eligible employees now entitled to receive 7.5 per cent.



Having invested in a programme of well-being and engagement initiatives, we're pleased to report that our colleague engagement score of 84 per cent continues to compare favourably to the national average of 70 per cent.

Portfolio safety

Safety will always remain of paramount importance to our business. We have a responsibility to ensure that everyone who is living, working in or visiting our buildings is kept safe. This is also a key consideration for our customers. We ensure that our buildings comply with all relevant regulations and also with industry best practice. A summary of progress and key achievements this year is set out below.

Fire safety

There was considerable focus on fire safety again this year. Having allocated £37 million toward fire safety initiatives in 2021, we continued to progress our five-year programme of works, prioritised according to risk. In 2022 we invested a further £7.0 million, primarily on internal fire stopping while ensuring the appropriate solutions were investigated and permission sought, allowing works to start in the first half of 2023 on the external works.

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

During the year we employed a new fire risk assessor, established a clear and comprehensive fire risk management system and conducted fire marshal training, fire drills and student fire safety awareness campaigns across our entire business and all its sites.

Health and Safety

Key achievements in 2022 included a full review of the health and safety policy and introduction of new blueprint standards that are more user friendly and manageable. We implemented a new contractor management standard and launched SafetyNet to help us manage accident, incident and fire risk assessments. With a dedicated Health, Safety & Fire Manager in place, we have a busy period ahead with a clear focus on training and audit.

Becoming a more sustainable business

In August we published our full Net Zero strategy and set out seven key performance indicators to allow us to track our progress towards our 2033 commitment. The journey is set out in three clear phases with the first focussed on engagement and training.

I'm pleased to report that the Board has allocated significant capital to green initiatives in 2023 and 2024 which should allow us to accelerate the programme and deliver tangible benefits to all stakeholders sooner. A detailed pathway to decarbonisation is being established this year with the aim of reducing energy consumption and managing future EPC risk. Further details are set out in the ESG report on page 44.

Strategy and outlook

We remain confident in the outlook for our business and the wider purpose built student accommodation sector. Our focus is on continuing to drive operational efficiencies through acquiring or developing new sites in cities that are close to well-located existing sites and top performing universities. Our clustering strategy is delivering benefits through scale, whilst enabling us to maintain the more boutique, personalised experience associated with the Hello Student proposition.

Having already secured 65 per cent revenue occupancy for the 2023/24 academic year, a level reached some ten weeks earlier than in the prior year, we are confident of achieving another successful year from an occupancy perspective. In October 2022 we issued guidance that we anticipated achieving like-for-like rental growth in excess of five per cent for academic year 2023/24, however our direct-let model and dynamic pricing capability provides management with confidence that like-for-like growth of at least six per cent can now be achieved.

Given this strong performance, the Board is increasingly confident in its progressive dividend strategy and will target a minimum dividend payment of 3.25 pence per share for the 2023 financial year, having paid and declared dividends totalling 2.75 pence per share for the 2022 financial year.

Although significant progress continues to be made, recent investment market turbulence has delayed our disposal programme aspirations and, it now looks increasingly likely that we will continue to hold a number of non-core assets beyond the original 18-month timeline set out in 2021. As demonstrated in the financial review on page 36, this will have an impact on gross margin into 2023, as non-core properties are typically less efficient and located in single asset cities where the benefits of clustering cannot be realised. Nevertheless, we expect the programme to be materially complete by the end of 2023.

The business is now well positioned for growth and we continue to recycle the proceeds of non-core asset sales into our pipeline of developments and refurbishments. We operate in a resilient sector, and we continue to see high levels of demand for our product for the 2023/24 academic year which underpins our confidence in the outlook for the business and our commitment to our customer-first philosophy.

Duncan Garrood | Chief Executive Officer
16 March 2023

Strategy in Action

Growing successful clusters

The cathedral city of Bristol has the 10th largest student population outside of London, with a high and increasing number of domestic and international students wanting to attend the fast-growing and sought after University of Bristol, a member of the Russell group, but also the University of the West of England, which is also located in the city.



With strong fundamentals and increasing demand for well located, high quality student accommodation, together with persisting supply constraints, the city has experienced robust rental growth that is expected to continue.

Prior to 2022, we had two properties in the City, providing 159 beds within walking distance of the main University of Bristol campus.

In early 2022 we acquired Market Quarter Studios, a 92 bed scheme in a prime location on Baldwin Street, a short walk from our two existing sites. The property is a new high-quality purpose-built construction behind a retained façade, with strong ESG and wellbeing credentials.

In September 2022, in time for the start of the current academic year, we opened a fourth scheme in the city, a 153 bed former Victorian hospital located in the Bristol suburb of Clifton. The scheme, which has been lovingly developed into high quality studio-led student accommodation, with high quality amenities including private dining, is both a short walk from our existing sites and a stones throw from the University of Bristol campus.



Market Quarter Studios, Bristol

These two new schemes have more than doubled the beds we offer in the city and have both, individually, generated IRRs in excess of 20 per cent.

Importantly, the four properties are just a short walk from each other allowing the existing management, and site teams to service these new properties to improve overall city operating margins. We can therefore maintain our smaller, boutique proposition, whilst accessing the benefits of scale. Having four sites within close proximity also provides optionality to cluster and upgrade amenity space, for example gyms, whilst repurposing subscale or underutilised amenity to private dining, break out rooms or additional student accommodation. Ultimately it allows amenity free assets to be added to the existing clusters, driving returns.

Following our expansion in the City, our gross margin has improved from 69 per cent to 76 per cent, a seven percentage point cent improvement, whilst improving the overall service level on offer for all our Bristol based customers. An important measure of student satisfaction is the rebooker rate. Our portfolio rebooker rate is expected to exceed 20 per cent for academic year 2023/24, but Bristol itself has materially exceeded this average, with a rebooker rate exceeding 30 per cent.

We have identified potential sites that meet this criteria in other Russell Group university cities across the UK, where we already have a presence. This would provide the opportunity to replicate the progress in Bristol across our standing portfolio.



St Mary's, Bristol



St Mary's, Bristol



Growing successful clusters



Key Performance Indicators

Monitoring our performance

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

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

“Really love living here, the rooms are great, the prices are great and the staff are great too.”

Jayne | Brunswick Apartments

Non-Financial KPIs

A Rebooker Rate (%) 19%

Performance



Purpose

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

How we measure

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

Strategic Link

1 2 3 4 5

B Net Promoter Score +27

Performance



Purpose

Allow us to benchmark against our peers.

How we measure

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

Strategic Link

1 2 3 4 5

C Revenue Occupancy (%) 99%

Performance



Purpose

Occupancy is a key driver of our revenue and demonstrates the quality and location of our assets, the strength of our sales process and our ability to set appropriate rents.

How we measure

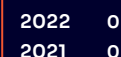
Calculated as a percentage of gross annualized revenue we have secured for a given academic year.

Strategic Link

1 2 3 4 5

D Safety – Number of Accidents 0

Performance



Purpose

The number of reportable accidents throughout the Group each year. This is a key reporting metric to the Health & Safety Executive as well as a measure of our health and safety strategy and procedures.

How we measure

The number of reportable incidents throughout the Group each year.

Strategic Link

1 2 3 4 5

E Colleague Engagement (%) 84%

Performance

2022	84%
2021	82%

Purpose

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

How we measure

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

Strategic Link

1 2 3 4 5

G EPC risk mitigation(EPC B or better) (%) 40%

Performance

Dec 2022	43
June 2022	36

This is a new key performance indicator reflecting the commitment to our principal ESG objectives.

Purpose

A Key Metric to allow us to monitor progress towards the intention to regulate that all buildings in England and Wales are EPC B or better by 2030.

How we measure

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

Strategic Link

1 2 3 4 5

F Energy consumed per bed (kWh) 4,538kWh

Performance

2022	4,538
2019 baseline	4,900

This is a new key performance indicator reflecting the commitment to our principal ESG objectives.

Purpose

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

How we measure

Total building energy intensity divided by number of operational beds.

Strategic Link

1 2 3 4 5

Strategic Links

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

Definitions

For definitions see pages 39 and 146.



“When I booked Windsor House, I booked a room, but I gained a family. Three years on, I still can’t rate the team or place highly enough.”

Tom | Windsor House



Key Performance Indicators | continued

Financial KPIs

H Gross Margin (%) 67.1%

Performance



Purpose

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

How we measure

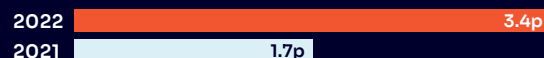
Gross profit expressed as a percentage of rental income.

Strategic Link

1 2 3 4 5

I EPRA earnings per share (p) 3.4p

Performance



Previously 'Adjusted Earnings per share'. Aligning with industry standards, our measure of recurring earnings is now EPRA based.

Purpose

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

How we measure

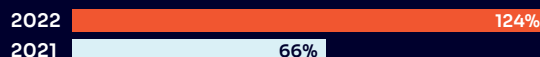
Industry standard earnings metric, calculated in line with EPRA best practice recommendations.

Strategic Link

1 2 3 4 5

J Dividend Cover (%) 124%

Performance



Purpose

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

How we measure

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

Strategic Link

1 2 3 4 5

K EPRA Net tangible Assets per share (p) 115.4p

Performance



Previously 'Net Asset Value per share'. Aligning with industry standards, our measure of NAV is now EPRA based.

Purpose

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

How we measure

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

Strategic Link

1 2 3 4 5

L Total Return (%) 10.5%

Performance



Purpose

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

How we measure

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

Strategic Link

1 2 3 4 5

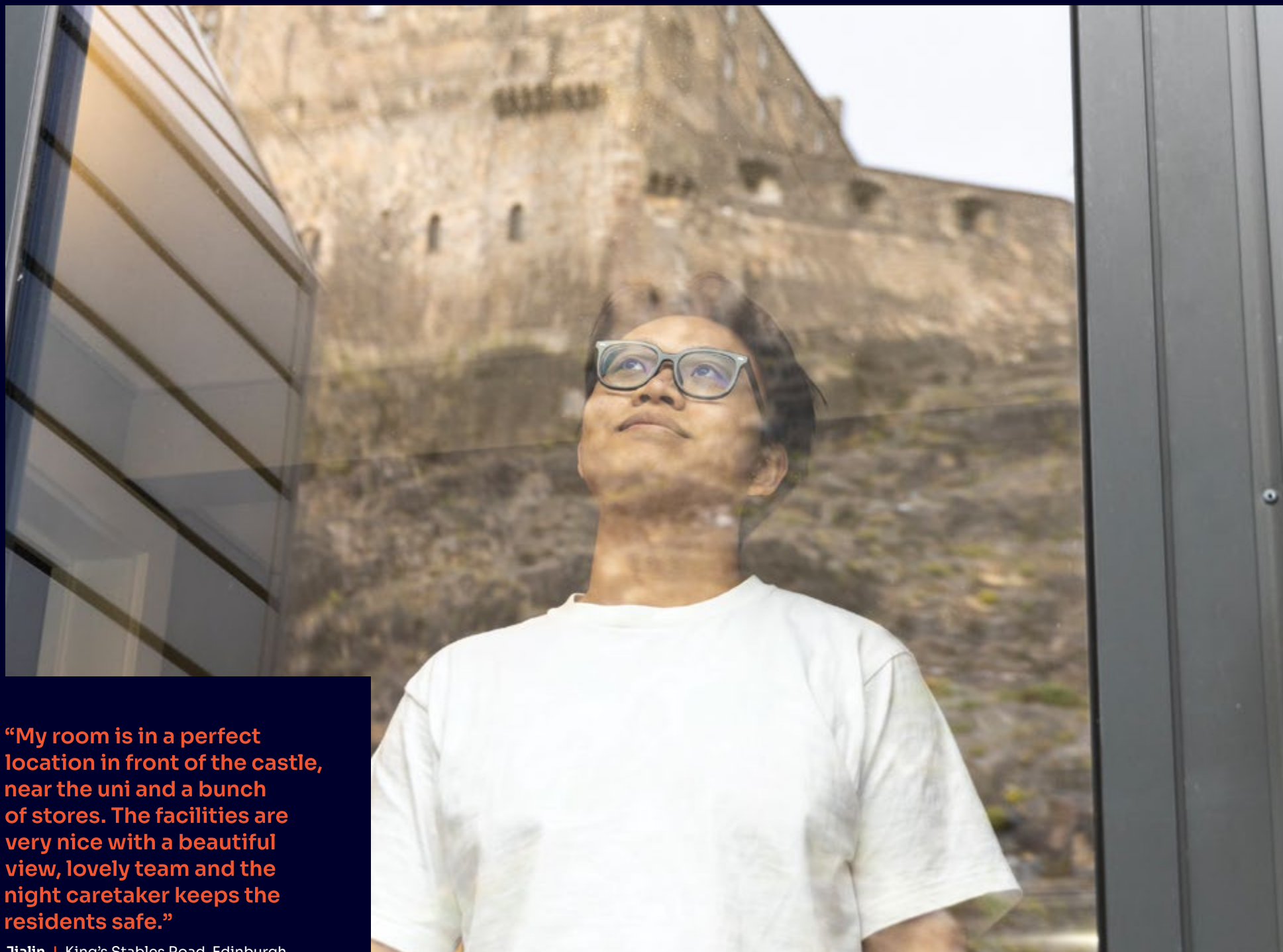
Strategic Links

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

Definitions

For definitions see pages 39 and 146.





“My room is in a perfect location in front of the castle, near the uni and a bunch of stores. The facilities are very nice with a beautiful view, lovely team and the night caretaker keeps the residents safe.”

Jialin | King's Stables Road, Edinburgh



Operating Review

“Our focus on clustering premium quality properties in prime, undersupplied cities within close proximity to top-tier universities continues to deliver strong results. Our brand proposition, studio-led focus and personalised service offer continues to excel comparators.”

Overview

We have continued to experience strong post-pandemic demand for our properties, with the academic year 2022/23 seeing record occupancy of 99 per cent. The Company's direct-let strategy, which allows us to capture rental growth and inflation in a more timely manner than a nomination led strategy, delivered like-for-like rental growth of 5.2 per cent.

The broadened appeal of our brand proposition is reflected in strong feedback from our customers, allowing Hello Student to surpass all key benchmarks. A high level of customer satisfaction resulted in a re-booker rate of 18.5 per cent for academic year 2022/23, with an expectation this will exceed 20 per cent for academic year 2023/24.

Demand has continued to grow from both domestic and international students, with university applications increasing 2.1 per cent in 2022. Domestic student numbers have been fuelled by a demographic increase in 18 year olds coupled with a perception of a weakening economy and employment market, whilst post-graduate numbers increased 10 per cent between 2021 and 2022. The growth in demand for the PBSA sector may be further exacerbated by a contraction in the HMO market.

Our marketing and sales strategy has continued to target domestic students as well as international markets where our brand is underweight, for example India and Nigeria which have seen some of the strongest growth in international student numbers. Demographically, for academic year 2022/23, 50 per cent of our students were UK nationals, 29 per cent Chinese with 21 per cent other international.

Dynamic pricing has enabled demand and data led pricing decisions to be made in a manner which considers price sensitivity not only in cities but also down to exact room types. For academic year 2022/23 our average inflationary increase was 2.1 per cent, but with 3.1 per cent additional benefit captured by dynamic pricing, we were able to deliver like-for-like revenue growth in excess of 5 per cent. Although affordability remains a key concern in pricing decisions, dynamic pricing has been particularly important during the high inflationary period recently experienced.

Portfolio overview

The 2022 financial year saw continued focus on repositioning the portfolio. Notwithstanding challenging investment market conditions, particularly in the second half of the year, we disposed of or contracted to dispose of seven properties for £53.1 million. A further non-core property was sold post year end generating £2.6 million.

Proceeds from disposal have largely been directed toward an extensive refurbishment and capital programme targeting fire safety compliance alongside the elimination

of Segment B and the conversion of Segment C properties, as outlined below.

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 well located, appropriately configured and on-brand

Segment B: Properties that fundamentally meet our key criteria but require extensive refurbishment to become on-brand

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

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

Strategic segmentation

	Segment A (£m)	Segment B (£m)	Segment C (£m)	Segment D (£m)	Total market value (£m)	NIY (%)
Operational portfolio	724.2	122.0	139.8	70.5	1,056.5	5.2
Commercial portfolio	7.4	5.6	3.7	2.5	19.2	7.8
Development portfolio	-	-	-	3.2	3.2	
Total	731.6	127.6	143.5	76.2	1,078.9	
%	67.8	11.8	13.3	7.1 ¹	100.0	

¹ Adjusting for sales exchanged pending completion or exchanged and completed post year end, Segment D now represents 5.6 per cent of the portfolio

Valuers quality segmentation

	Properties	Operational beds	Market value (£m)	Market value (%)
Super prime regional	26	2,590	478.2	44.3
Prime regional	48	4,651	512.0	47.5
London	2	151	29.0	2.7
	76	7,392	1,019.2	94.5
Secondary	10	1,141	59.7	5.5
Total	86	8,533	1,078.9	100.0



Adjusting for acquisitions, disposals and properties undergoing development, the like-for-like portfolio increased in value by 2.4 per cent during 2022. This is almost entirely attributable to underlying income growth assumptions which average 6 per cent. The completion of our two main developments, St Mary's, Bristol, and Southbridge, Edinburgh collectively delivered £18.4 million in valuation gain, net of capital expenditure.

Capital expenditure programme

Our programme of refurbishment, fire safety works and green initiatives continues at pace. We have allocated £8.0 million from our original refurbishment plan in favour of an acceleration of green initiatives targeting a reduction in energy consumption and managing future EPC risk. Given recent volatility in energy costs, our targeted return hurdle of 9% to 11% IRR remains appropriate.

In respect to our programme of fire safety works, all properties have now been surveyed with 61 per cent of the portfolio is now certified.

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

	Refurbishment (£m)	Fire safety works (£m)	Green initiatives (£m)
Five year Plan (2021 – 2025)	44.1	37.0	4.0
Reallocation	(8.0)	-	8.0
Revised plan	36.1	37.0	12.0
Invested to date	4.7	10.3	0.5
Forecast 2023 investment	6.0	14.5	5.0

Commercial portfolio

We have continued to actively manage the 42-unit commercial estate that generally sits below our operational portfolio, with a number of value creating projects completed. Notable deals include a five year lease with a café operator on a long-term vacant unit in Cardiff. A five-year lease renewal was secured in Bristol and two further five year renewals were completed in Lancaster.

A number of asset management initiatives are planned for 2023 to drive value and enhance the student offering. We have agreed terms with a convenience store operator to take a lease, subject to planning, on a parade of shops in Manchester. Planning has also been submitted for the conversion of another vacant unit in Newcastle for further student accommodation, adding bedspaces and improving student amenities. In Bristol, terms have been agreed for the part letting of one vacant unit where we have an opportunity to also create a new gym amenity in the remaining space, leaving only one vacant unit in the portfolio where there are advanced discussions ongoing.

Acquisitions and developments

In February 2022 we acquired the 92 bed Market Quarter scheme in Bristol. The property was pre-let on acquisition and has been extremely well received by our customers. The property was fully occupied for the academic year 2022/23 and is in high demand from re-bookers for the recently launched 2023/24 academic year. Since acquisition, the property has delivered an IRR in excess of 20 per cent.

Also in Bristol, our 153 bed St Mary's development opened to students at the start of the 2022/23 academic year. The property, a former Victorian hospital, has been lovingly developed in to best-in-class student accommodation which is well located only a few minutes' walk from the University of Bristol. The development has delivered an IRR in excess of 20 per cent.

Together with the acquisition of Market Quarter, the Group more than doubled its bed offer in Bristol during 2022, allowing the benefits of clustering to be realised. Gross margin has improved from 69 per cent to 76 per cent, a seven percentage point increase, whilst enabling a better quality service offer for our Bristol based customers.

In late November 2022, our first post-graduate scheme at Southbridge, Edinburgh opened to students. The 59 bed property was developed to pilot a unique offer aimed exclusively at post-graduates, delivering a bespoke product aimed at a growing segment of the market. The property has delivered an yield on cost of 6.0 per cent and IRR above 12 per cent.

Refurbishment pipeline

Looking ahead to 2023, we have allocated £6.0 million from our five year refurbishment programme toward major refurbishment activity encompassing over 250 beds. Most significant of which is at our St. Mark's, Leeds property, Brook Studios in Birmingham and Summit House in Cardiff. Two of these schemes are currently within Segment B and are expected to be moved to our on-brand Segment A.

Works are typically completed over the summer, following a short selling or via rolling refurbishment programme throughout the year, with no more than 25-30 beds impacted at any one time.

For academic year 2023/24 we have taken the decision to close our 173 bed Brunswick House scheme in Southampton. This is to facilitate an extensive refurbishment of the scheme alongside fire safety works. As above, Brunswick House is currently a Segment B property, which we expect will reopen to students as a Segment A property for the start of academic year 2024/25.

We continue to target an IRR of 9-11 per cent on all refurbishment works.

Global Student Living Index

Our Hello Student brand delivered an improved net promoter score of +27 in the 2022 Global Student Living Index survey. This score, up from +22 at December 2021, compares very favourably with University Halls which scored +9 and Private Halls of +14.

Proximity to place of study, feeling safe and secure and the condition and quality of accommodation remain the most important factors for students selecting their accommodation. Overall a stronger retention intent has been received, with a significant increase in students saying they plan to stay in their accommodation.

Over 70 per cent of students responding said that their accommodation had a positive impact on their well-being and that our people care about their well-being. In 2022 Hello Student were proud winners of the Global Student Living Index's award for student well-being.



Strategy in Action

Strengthening our brand proposition

The expansion of the portfolio's reach and evolution of the business's strategy precipitated a need to re-validate our brand proposition.

Our brand needed to evolve as part of our strategic journey of becoming a high quality, personalised, customer centric proposition and continue to be relevant to our customers and the changing dynamics within our marketplace.



We needed to build a brand that stood out in a largely unbranded sector and that connected meaningfully with our target audience; being students looking for something extra from their accommodation offer. Importantly, the brand needed to resonate throughout a student's journey and beyond.

We wanted to not only attract customers to our premium offering but to excel at delivering a great customer experience and retain our customers throughout their student life, winning their loyalty and their testimony.

We therefore wanted to understand what our customers valued about us, what they thought of us and how they saw us differ to our competitors. Each stage of the brand evolution needed to be firmly rooted in understanding students needs and views and validating the proposition to ensure we got it right for our target audience.

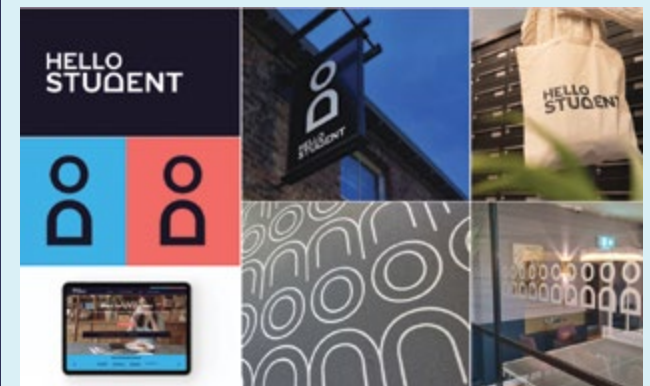
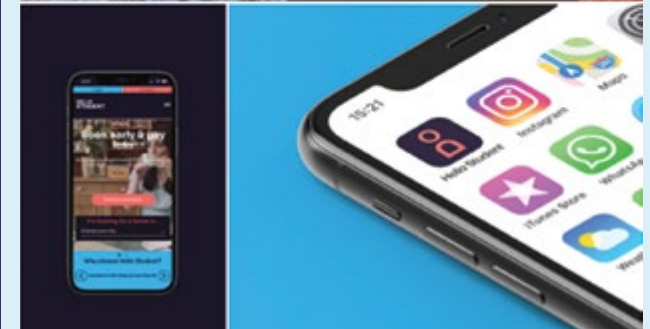
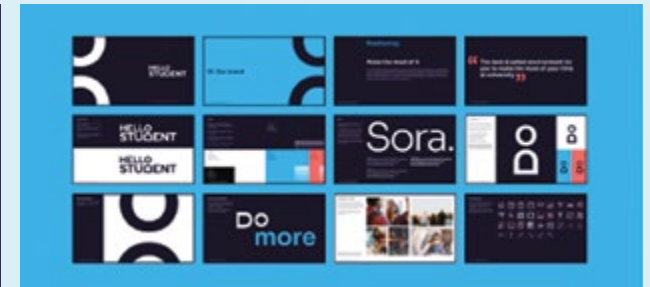
Whilst safety and security remained of prime importance when selecting an accommodation provider, students also wanted an experience that could broaden their horizons and to feel part of a community. They desired a homely place to live but they also wanted their accommodation to facilitate meeting new people, socialising, support, independence and fun. They expressed a genuine interest in being associated with brands and organisations who reflect their strong views on the environment, sustainability and diversity.

This initial discovery phase was distilled down into a redefined brand strategy: 'Hello Student is both your home from home and basecamp for your next adventure'.

The new logo is our unique representation of putting students at the centre of the experience. The subtle shift of the letter D in the word student, becomes a person, a student, at the very heart of our brand.

The end result is a brand that our students really like, and our site teams love it too. They say they feel proud of the brand, and to be part of the Hello Student proposition delivering brilliant living spaces and excellent customer experience. A great outcome all round.

HELLO STUDENT



Principal Risks and Viability

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

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

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

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

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

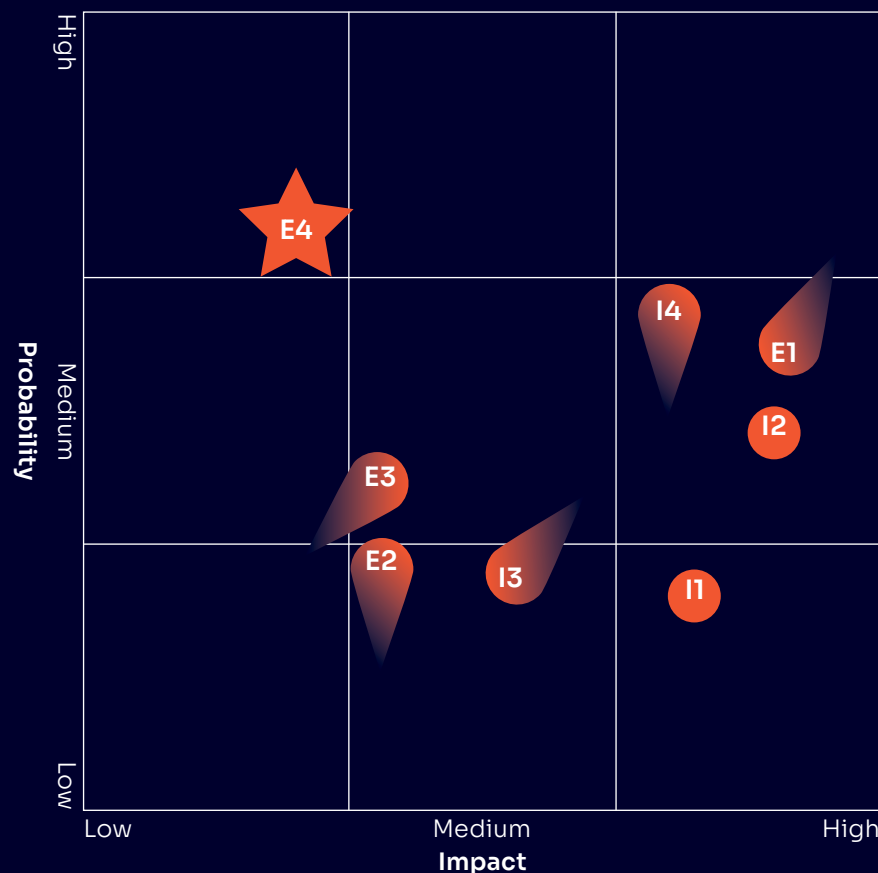
Although not exhaustive, risks facing the Group are categorised into three categories being; external risks; internal risks and emerging risks.

Changes to our risks profile

The nature of the Group's risks profile has changed considerably due to the subsidence of uncertainty related to the Pandemic and the strong post Pandemic recovery experienced to date which has greatly reduced the likelihood of a material downturn in revenues and consequently property valuations, but also the risk of continued distance learning or a weakened international student market. Competition risk has subsided as have, for now, concerns surrounding University funding and its consequential concerns.

Given the strong post-pandemic demand experienced and certain international authorities no longer recognising distance learning, the risk of on-line learning has significantly subsided.

Adapting risk management in a changing environment



External Risks

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

Internal Risks

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




Strategic Links

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

Strategic Links

- ▲ Increasing
 <> No change
 ▼ Decreasing

External risks

	Risk and brief description	Potential impact	Mitigation in place	Trend
E1	Revenue Risk There is a risk that the student demand for our product will decrease, e.g. inconsistent brand proposition. — Link to Strategy 3 5	<ul style="list-style-type: none"> – Loss of revenue – Erosion of asset values – Void costs or increasing level of bad debts – Potential breach in bank covenants 	<ul style="list-style-type: none"> – Executive Committee and the Board closely monitor government policy, student numbers and other micro and macro-economic factors. – Monitoring restrictions and ensuring marketing is targeted to key international & domestic markets. – We ensure our assets are well located, serving established leading universities with a higher proportion of Post-grad occupiers. – Standard Operating Procedures and expanded M&E programme. 	 Reducing due to favourable supply demand imbalance in UK PBSA and record occupancy level achieved
E2	Property Market Risk Increasing yields across the property sector impacting valuations or our non-core asset disposal programme. — Link to Strategy 4 5	<ul style="list-style-type: none"> – Erosion of asset values – Potential breach in bank covenants – Lower Total Return for shareholders 	<ul style="list-style-type: none"> – Our assets are in prime locations, diversifying risk. CBRE classifies over 90% of the portfolio as prime or better. – We maintain prudent levels of gearing, with an LTV limit of 40% and a long-term target of 35%. – The higher education sector comprises both domestic and international students, which helps to underpin the student accommodation market. – Of the UK property sub-sectors, direct-let PBSA is currently expected to be one of the most resilient sectors. 	 Increase due to outward interest rate and yield shift
E3	Financing Risk (Previously Funding Risk) The availability of debt or equity on acceptable terms. — Link to Strategy 1 2 3 4 5	<ul style="list-style-type: none"> – Limiting future growth potential – Price-taker in fire sale scenario – Reduced shareholder returns 	<ul style="list-style-type: none"> – Average maturity of debt of 4.8 years with £20.0 million undrawn as at 31 December 2022. – We maintain prudent levels of gearing, with an LTV limit of 40% and a long-term target of 35%. – Strong relationships with key lending institutions. 	 Increased given increasing interest rates and continuing share price discount to net asset value
E4	Inflation Risk Inflationary pressure on staffing, operational costs, utilities and development/refurbishment costs. — Link to Strategy 1 2 3 4 5	<ul style="list-style-type: none"> – Reduced profitability and dividend capacity – Inability to deliver desired return on investments 	<ul style="list-style-type: none"> – Hedging of utilities costs to September 2024. – Reassessment of capital expenditure and acquisition plans. – Resilient revenue stream. 	New in 2022



Principal Risks and Viability | continued





Internal risks

Strategic Links

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

Strategic Links

- ↗ Increasing
- ↔ No change
- ↘ Decreasing

	Risk and brief description	Potential impact	Mitigation in place	Trend
I1	Health & Safety Risk The occurrence of a major health and safety incident including terrorism, fire or infectious outbreak. — Link to Strategy 1 2 3 4 5	<ul style="list-style-type: none"> – Injury and impact on customers, contractors, staff and visitors – Compensation costs incurred – Reputational impact – Loss of life in a worst-case scenario 	<ul style="list-style-type: none"> – Health and safety metrics are reported monthly. – Policies, procedures and training for all staff. – Ultimate Board responsibility involving regular Board reporting from the Executive with Head of Health and Safety. – Live compliance dashboard which is monitored daily. – Regular review of fire safety regulations to ensure our buildings remain compliant with standards, going above and beyond requirements. 	 Stable due to minimal change in the health and safety environment.
I2	Information Technology Risk (Previously: Cyber Security Risk) The Group suffering from a cyber security breach, loss or mismanagement of personal customer data or wider IT failure. — Link to Strategy 1 2 3	<ul style="list-style-type: none"> – Reputational damage – Deteriorated customer experience – Higher costs and reduced profitability – Financial impact due to potential fines under GDPR legislation 	<ul style="list-style-type: none"> – Developed a business continuity plan to enable Group operations to continue in the event of a failure or breach. – Centralised our IT network across the Group and recruited an in-house IT team. – Deployed an updated training programme for all staff. – Implemented a data monitoring system to protect our platforms across the IT estate. 	 Stable. No significant change in risk profile during the year
I3	People Risk High turnover in front-line staff and the knock-on impact on customer service. Inability to retain key employees or attract specialists. — Link to Strategy 1 2 3 5	<ul style="list-style-type: none"> – Impact on customer service due to low rates of retention – Loss of key business knowledge – Inability to complete refurbishment programme 	<ul style="list-style-type: none"> – We are a Living Wage Employer ensuring that we attract and retain talent where possible. – Use of internal communications to increase employee engagement. – Ongoing training and development programme designed to upskill staff regularly and progress forward with their career within the business. – Succession planning and early supply chain engagement. – Exit interviews are used to identify any areas for improvement within the business. 	 Reduced following improvement in retention rates and development of key employee succession plans
I4	Safe and Sustainable Buildings Risk How our buildings will withstand increased legislation around fire safety as well as increasing minimum energy performance standards. — Link to Strategy 1 2 3 4 5	<ul style="list-style-type: none"> – High compliance costs – Reputational impact – Potential challenges around insuring our buildings – Compensation claims – Decreased liquidity of our buildings 	<ul style="list-style-type: none"> – Significant capital expenditure plan allocated to ensure our buildings comply with future fire safety legislation. – Regular review of fire safety regulations and checks to ensure our buildings, at a minimum, remain compliant with standards. – Continuous assessment of our buildings and allocating significant resource on green initiatives over the next two years. 	 Increase due to greater focus on fire safety and potential upcoming legislation.



Emerging risks

	Impact on principal risk probabilities	Mitigating factors
Geopolitical Crisis A geopolitical dispute between China and the UK could result in foreign governments placing embargoes on their students coming to study in the UK.	<ul style="list-style-type: none"> – Revenue Risk – Property Market Risk – Financing Risk 	<ul style="list-style-type: none"> – Broad marketing campaigns targeted to both the domestic and international market with a particular focus on underweight international locations.
Climate Change Climate change has the potential to impact every business in the world. For our business, it could impact planning legislation restricting supply of PBSA, cause flooding and increase government legislation for example.	<ul style="list-style-type: none"> – Revenue Risk – Property Market Risk – Financing Risk – Health and Safety Risk – Safe and Sustainable Buildings Risk 	<ul style="list-style-type: none"> – ESG has become a key focus for the Group. Our progress will be monitored by our ESG Committee; read more on pages 44-67. – We have announced our commitment to be a net zero business by 2033.
Restriction in international students (New in 2022) Immigration restrictions imposed by the UK government could substantially reduce revenue from international students, currently comprising approximately 50% of Group revenues.	<ul style="list-style-type: none"> – Revenue Risk 	<ul style="list-style-type: none"> – Substantial domestic demand. – Marketing focus on expanding domestic reach and diversifying away from reliance on international markets.
Utility cost inflation (New in 2022) Utility costs have substantially increased following supply constraints, heightened considerably by the war in Ukraine restricting supply and increasing volatility in pricing.	<ul style="list-style-type: none"> – Cost inflation 	<ul style="list-style-type: none"> – Utilities hedging in place through to September 2024. – Program of ESG initiatives aimed at a material reduction in consumption.
Re-emergence of the Pandemic New variants and a decrease in vaccine effectiveness could result in a resurgence in COVID-19 or similar pandemic related restrictions.	<ul style="list-style-type: none"> – Revenue Risk – Financing Risk – Health & Safety Risk 	<ul style="list-style-type: none"> – Strong demand and high occupancy level. – Crisis management training. – Full remote working capabilities.



Viability

Assessment period

The Directors considered whether to adopt a five or a three year time horizon in assessing longer term viability. Notwithstanding that a five year period had been selected in the prior year, following reassessment, the Directors concluded a three year viability period to 31 December 2025 was the most appropriate term for the Company given the following principal reasons:

- the Board reviews budgets and plans that extend to three years
- the Group's capital expenditure programme runs to 2025
- the Group's revenue is annual in nature, with typical lease terms of 51 weeks. At any given balance sheet date there is revenue visibility of approximately 20 months, with an extension to 36 months not unreasonable given a number of the Group's customers choose to stay during their higher education journey, which is usually three years

In concluding on the appropriateness of a three year viability term, the Directors were mindful of any significant events that may reasonably be expected to fall immediately after 31 December 2025.

Assumptions

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

- occupancy remaining stable, given the current and anticipated strong demand for student accommodation;
- revenue growth of at least 5 per cent annually;
- utilities costs at hedged rates until September 2024, with projected market rates thereafter;
- cost inflation falling back to 2 per cent in 2025;
- Valuations remain stable;
- no acquisitions or disposals are completed; and
- credit markets remain open and available to the Group to allow it to refinance existing debt facilities as they mature, at forecast swap rates and increased margins.

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

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

- occupancy reduced to 97 per cent in academic year 23/24, then to 90 per cent for the 2024/25 and 2025/26 academic years;
- revenue growth reduces to as low as 2 per cent in academic year 2025/26;
- utilities costs increase to 1.5 times projected market rates;
- inflation remains above 8 per cent throughout the forecast period;
- interest rates rise a further 1.5 per cent on current forecast rates;
- property valuations suffer a material decline; and
- certain of the Group's non-committed and non-regulatory capex programmes are paused during 2024 and early 2025

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

Two specific scenarios were then tested given current macroeconomic and geopolitical risks:

- the emergence of a pandemic; and
- an escalation in the Ukrainian conflict, coupled with an deterioration in Chinese relations.

Assumptions were flexed to reflect a likely impact on all key assumptions. These scenarios were also modelled to the point of the first interest cover or loan to value covenant breach, and to the point of triggering a covenant breach on all facilities.

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

Mitigants

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

Conclusion

As a result of the work performed and the mitigants available, in the unlikely event that the stress tests performed prove to be insufficient, the Directors are of the view that the Group's strategy will provide a sound platform upon which to continue its business. At 31 December 2022 the group had £75.8 million of cash and available facility headroom. Post year end, an additional £20.0 million of facility headroom was secured.

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



Financial Review

I'm delighted to present my first financial review as successor to Lynne Fennah, who left the business in October 2022. I would like to thank her for a thorough handover, but also for her sound stewardship of the business during her tenure. The business achieved record revenue occupancy for academic year 2022/23, with 99 per cent now achieved following January letting activity.

“Capitalising on strong postpandemic demand, our brand and service proposition, coupled with the implementation of our demand-led pricing model delivered like-for-like growth in revenues of 5.2 per cent, and revenue for the financial year to 31 December 2022 of £73 million.”

Donald Grant | Chief Financial & Sustainability Officer

Record revenue occupancy



Financial Review | continued

This is a great result given the continued effects of the pandemic on academic year 2021/22, which impacted eight months of the 2022 financial year. Gross margin improved to 67%, in line with guidance.

Rising interest rates and cost inflation created challenges, however, having fixed utility costs through to September 2024, we are able to mitigate this pressure on a significant cost line in our income statement.

One third of our debt structure was exposed to rising interest rates, which exposed the income statement to some volatility, particularly in the final quarter of the year.

Finance costs totalled £15.0 million, roughly 15 per cent higher than we had originally anticipated. Although the Group's weighted average cost of debt has significantly increased, long-term rates have softened providing an opportunity to secure further interest rate protection post year end.

IFRS profit for the year was £67.7 million, including a £45.6 million valuation uplift, whilst EPRA earnings, our measure of recurring earnings, were £20.6 million, representing 3.4 pence per share.

Total accounting return, including both dividends paid in the year of 2.5 pence per share plus growth in EPRA Net Tangible Asset value being 8.7 pence, was 10.5 per cent.

Revenue has increased 2.7 per cent like-for-like for the financial year of 2022. Revenue occupancy for the current 2022/23 academic year is strong at 99 per cent, resulting in 90.5 per cent occupancy across the financial year.

The Group seeks to achieve a gross margin of greater than 70 per cent. For 2022 we achieved 67 per cent, in line with guidance and largely due to the poorer margins achieved on our non-core portfolio, as set out below. Pleasingly, gross margin on our core portfolio achieved 70 per cent in 2022. The delay in our disposal programme does, however, mean achieving greater than 70 per cent across the Group in 2023 will be challenging, as non-core assets are typically located in single asset cities where the benefits of clustering cannot be realized.

Administrative expenses were £13.4 million, representing 18.4 per cent of revenue. This has increased from £10.6 million in 2021. The Group has undergone a transformation of its operating capabilities, to position itself for growth and has invested in its people and processes in order to deliver this. However, most administrative cost lines are also exposed to inflationary pressures, which contributed to the increase. We expect the cost base as a percentage of revenue to decrease as the business targets growth.

Income statement	Core portfolio £m	Non-core (bucket D) £m	2022 £m	2021 £m
Revenue	66.3	6.7	73.0	56.0
Property expenses	(20.1)	(3.9)	(24.0)	(23.1)
Gross profit	46.2	2.8	49.0	32.9
Gross margin	70%	42%	67%	59%
Administrative expenses			(13.4)	(10.6)
Operating profit			35.6	22.3
Revaluation			45.6	17.6
Gains on disposals			1.5	1.7
Net finance costs			(15.0)	(12.4)
IFRS Profit			67.7	29.2
Weighted average ordinary shares (m)			603.3	603.2
IFRS EPS (pence)			11.2	4.8
EPRA EPS (pence)			3.4	1.6

Balance sheet	2022 £m	2021 £m
Property (market value)	1,078.9	1,021.3
Cash on hand	55.8	37.1
Bank borrowings drawn	(391.2)	(375.0)
Other net liabilities	(42.7)	(35.8)
Net assets	700.8	647.6
Diluted number of shares	607.2	606.6
EPRA NTA per share (pence)	115.4	106.7
Property LTV	31.1%	33.1%
EPRA LTV	32.7%	34.3%

Strong valuation gains were recorded on development properties, most notably St Mary's, Bristol and Southbridge, Edinburgh, both of which have now completed and are operational for academic year 2022/23. The Group's net asset value increased 8.2 per cent in 2022 primarily due to an increase in the value of our properties of £45.6 million and retained current year EPRA earnings (net of dividend paid) as set out below.

Evolution of net asset value		£m
31 December 2021		647.6
EPRA earnings		20.6
Like-for-like revaluation		22.9
Non-like-for-like revaluation		22.7
Dividends		(15.2)
Other		2.2
31 December 2022		700.8

Portfolio valuation	2022 £m	2021 £m	Gain/(loss) ¹ £m	Change %
Like-for-like property portfolio	990.5	952.8	22.9	2.4
Acquisitions	25.9	-	6.4	24.7
Disposals	-	39.8	(2.1)	(5.3)
Developments	62.5	28.7	18.4	29.5
Portfolio valuation	1,078.9	1,021.3	45.6	

¹ net of capital expenditure and head lease amortisation

In 2022, the like-for-like ("Lfl") portfolio increased by £22.9 million or 2.4 per cent with non-Lfl properties (most notably development properties) increasing £22.7 million. The portfolio net initial yield was 5.2 per cent, stable since June with a 10 basis point contraction on December 2021. The reversionary yield stands at 5.5 per cent. This was a strong valuation performance in a challenging year when many other sectors experienced considerable outward yield shift, particularly in the second half of 2022, demonstrating the sub-sector's resilience and strong demand led income underpin.

Market Quarter Studios, a strategically aligned high quality asset in Bristol, was acquired during the year for £19.3 million. Since acquisition its valuation has increased by £6.4 million (25.2 per cent, net of capex).

Six assets were disposed during the year. Disposal proceeds were £39.7 million, resulting in a profit of £1.5 million, after costs. Contracts were exchanged for a further property disposal, Emily Davies, Southampton, was exchanged pre year end with completion targeted for April 2023.

Capital expenditure for the year on both the Lfl and development portfolio was £30.4 million.



Group's Net Asset
Value increased

8.2%
in 2022



Financial Review | continued

Debt

Bank borrowings drawn at 31 December 2022 was £391.2 million, of which 71 per cent is at a fixed rate. Fixed rate debt carries a weighted average term to maturity of 5.7 years and a weighted average cost of 3.4 per cent. Floating rate debt of £114.0 million carries a weighted average cost of debt of 5.4 per cent and weighted average term to maturity of 2.5 years. Since year end, with the stabilisation of longer term interest rates, we have extended interest rate protection to cover 89 per cent of drawn debt by putting in place an interest rate cap on an additional £67.4 million of floating rate debt.

The overall weighted average cost of debt at 31 December 2022 was 4.0 per cent and average term to maturity was 4.8 years.

Property loan to value was 31.1 per cent at the year end, below our longer term target of 35 per cent, primarily due to valuation gains. Cash reserves at 31 December 2022 totalled £55.8 million, earmarked for working capital, dividend payments and capital expenditure. Undrawn committed facilities were £20.0 million at the balance sheet date, increasing to £40.0 million post year end following the refinancing of an unsecured facility which was repaid in late 2022. The Group has no further refinancing risk in 2023, with £64.0 million maturing in 2024. See note 1.4 for further information.

All loan covenants were fully compliant during the year.

Cash flow	2022 £m	2021 £m
Operating cash flow	43.6	42.4
Property acquisitions and capital expenditure	(49.1)	(16.6)
Property disposals	39.7	17.9
Net cash flows from investing activities	(9.4)	1.3
Dividends paid	(16.7)	(13.6)
Net borrowings drawn/(repaid)	14.6	(15.1)
Finance costs	(13.4)	(11.8)
Financing cash flows	(15.5)	(40.5)
Net cash flow	18.7	3.2

Strategic capital recycling continued with proceeds from the disposal of non-core assets directed into acquisitions aimed at advancing our clustering strategy in key cities, or into our core portfolio development, refurbishment and remediation programme.

Cash paid in relation to dividends includes the payment of 2022 dividends and resulting withholding tax, but also the withholding tax settled in early 2022 arising on the 2021 dividend paid to shareholders in the final quarter of that year.

In respect of financing cashflows, £25.0 million was drawn from our revolving credit facility, largely to fund acquisitions and £11.2 million of development financing in relation to works at St Mary's, Bristol. £20.0 million was repaid in December 2022 towards settling a facility due to mature in March 2023, on which no early termination fees were due.

Finance costs paid have increased in line with further borrowings and increasing interest rates charged on the Group's floating rate debt.

Going concern

The Board continues to place 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, the Directors have concluded that, in reasonably possible adverse scenarios, adequate resources and mitigants remain available to continue to operate for the period to 31 December 2024. 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 2022.

Attention is drawn to note 1.4 of the financial statements and to the Company's statement in respect of viability as set out on page 34, for further details surrounding the conclusion reached.

Dividends

A final interim dividend of 0.875 pence per share has been declared for the final quarter of 2022, bringing total dividends paid and payable in respect of 2022 to 2.75 pence. This represents an 81 per cent pay out on EPRA earnings per share. The dividend will be paid as a Property Income Distribution on 14 April 2023 to shareholders on the register at 31 March 2023.

Donald Grant | Chief Financial & Sustainability Officer

16 March 2023



Analysing our performance in line with industry standard measures

EPRA disclosures

The following is a summary of the EPRA performance measure 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 and other alternative performance measures | continued

EPRA Measure	Definition of measure	Note/ reference	2022	2021
Earnings (£m)	The companies underlying earnings from operational activities	8	20.6	9.9
Net tangible assets (NTA)	The underlying value of the company assuming it buys and sells assets	9	115.4	106.7
Net disposal value (NDV)	The value of the company assuming assets are sold, and the liabilities are settled, not held to maturity.	9	117.9	104.4
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	121.8	112.4
Net initial yield	Rental income less operating costs divided by the market value of the property, increased with purchasers costs.	Opposite	5.2%	5.3%
Cost ratio (incl. direct vacancy costs)	Administrative & operating costs including costs of direct vacancy divided by gross rental income.	Opposite	51%	60%
Cost ratio (excl. direct vacancy costs)	Administrative & operating costs excluding costs of direct vacancy divided by gross rental income.	Opposite	47%	46%
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	5.2%	2.6%
Like-for-like capital	Compares the growth in capital values of the Group's portfolio which was controlled by the Group and both balance sheet dates, net of capital expenditure and excluding development properties	Financial review	2.4%	3.0%
Loan to value¹	Ratio of net debt, including net payables, to the sum of the net assets, including net receivables, of the Group, expressed as a percentage	Opposite	32.7%	34.3%

¹ EPRA LTV is a new measure introduced by EPRA in the current period. The EPRA measure differs from the Property LTV presented in Note 31 as it includes net payables and receivables. EPRA LTV was not presented in the financial statements at 31 December 2021 as the measure had not yet been introduced. EPRA LTV would have been presented as 34.3% at 31 December 2021.

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	2022	2021
Total Return	Growth in EPRA NTA plus dividends paid as a percentage of opening EPRA NTA	31	10.5%	4.6%
Net debt (£m)	Borrowings less cash and cash equivalents	31	335.4	337.9
Property loan to value	Net debt divided by property market value	31	31.1%	33.1%
Dividend cover	EPRA earnings relative to dividends declared for the year	31	124%	64%
Dividend pay-out ratio	Dividends declared relative to EPRA earnings	31	81%	156%



	Group	
	Year Ended 31 December 2022 £m	Year Ended 31 December 2021 £m
EPRA Net Initial Yield and topped-up NIY		
Investment Property	1,078.9	1,021.3
Less: development	(3.3)	(28.7)
Completed property portfolio	1,075.6	992.6
Allowance for purchases cost	38.5	34.2
Grossed up completed property portfolio valuation	1,114.1	1,026.8
Annualised cash passing rental income	81.6	77.5
Property outgoings	(24.0)	(23.1)
Annualised net rents	57.6	54.4
Add: notional rent expiration of rent-free periods or other lease incentives	0.1	0.2
Topped-up net annualised rent	57.7	54.6
EPRA NIY	5.2%	5.3%
EPRA “topped-up” NIY	5.2%	5.3%
EPRA Cost ratios		
Operating expense line per IFRS income statement	24.0	23.1
Administration costs	13.4	10.6
Ground rent costs	-	-
EPRA Costs (including direct vacancy costs)	37.4	33.7
Direct vacancy costs	(3.2)	(8.1)
EPRA Costs (excluding direct vacancy costs)	34.2	25.6
Gross Rental Income less ground rents – per IFRS	73.0	56.0
Less: service fee and service charge costs components of Gross Rental	-	-
Gross Rental Income	73.0	56.0
EPRA Cost Ratio (including direct vacancy costs)	51%	60%
EPRA Cost Ratio (excluding direct vacancy costs)	47%	46%
EPRA Loan to Value (“LTV”)		
Bank borrowings drawn	391.2	375.0
Net payables	17.8	12.2
Less cash held at the year end	(55.8)	(37.1)
Net borrowings	353.2	350.1
Investment property at fair value	1,061.9	966.7
Property held for sale	13.7	25.9
Property under development	3.3	28.7
Property value	1,078.9	1,021.3
EPRA LTV	32.7%	34.3%



Strategy in action

Postgrad BY HELLO STUDENT

The number of post-graduate students at UK universities reached 820,000 in the 2022/23 academic year, the highest annual increase (+10.4% versus 2021/22) in the past five years.

Data from UCAS and HESA points to continued growth in these numbers over the coming years. Student accommodation agency StuRents predicts a shortfall in overall student accommodation supply of c.450,000 beds by 2025.



With 40 per cent of our existing customers currently post-graduates, our team have real insight into the shifting priorities of the more discerning post-graduate customer. This high percentage shows the quality and studio makeup of our existing stock.

We conducted an in depth study with post-graduate students offering to help us identify evolving priorities and needs. The study revealed that these customers felt much more self-assured than when they were undergraduates and have a greater awareness of who they are, what they wish to achieve. They are much more focused on their studies and achieving good grades to propel them into the workplace. They spend significantly less time socializing and have largely developed their social groups. They have an increased workload, less leisure time and increased pressure to manage their time and finances. In short, they feel much more independent and grown up.

They still value the reassurance of a brand, the ability to make advanced bookings and the certainty of an all-in, fixed cost rent package, and enjoy living with likeminded people. However, the difference in stage of life was profound with a clear preference for living with other post-graduates in a quieter, more mature environment.

To address these needs, we then considered their top priorities for accommodation needs. These were:

- proximity to place of study;
- near a supermarket;
- ease of access to city centre;
- a larger room, allowing dual occupancy;
- an ensuite bathroom and in-room laundry facilities;
- a double bed;
- a smaller community of likeminded people;
- space for private entertaining with little desire for large amenity; but
- with services, amenities (e.g. gym) and support at hand to make life as worry free as possible

Our proposition was therefore to provide apartments specifically designed for the needs of post-graduates in a building exclusively for post-graduates.

In November 2022, we launched our first post-graduate product at Southbridge in Edinburgh. The 59 bed studio scheme provides accommodation exclusively for post-graduates primarily based at Edinburgh University, which is consistently ranked one of the world's top 50 universities. The property offers rooms which are typically 20 per cent larger on average than comparable undergraduate studios in the city, with amenity-lite, high-quality self-catering facilities for independent living.

This post-graduate proposition leverages well with our clustering strategy, whereby access to amenity space, services and support are all available from our undergraduate sites nearby.

In 2021, following a portfolio segmentation review, 14 properties currently valued at over £140 million were identified as being of a size and configuration suitable for conversion to a post-graduate product.

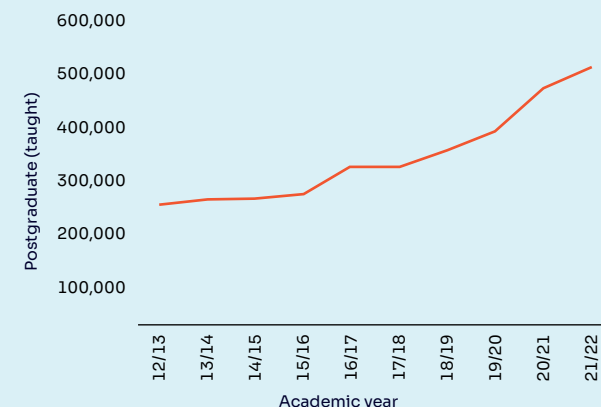
This first pilot property was sold within days of initial marketing. The property attracted a rental premium per square foot of approximately 20 per cent, without the need to build out costly amenity space within the building. This has significantly reduced the operating costs and improved the gross margin by almost five per cent, compared to our under-graduate properties within the city.

The scheme has achieved an IRR in excess of our 10-12 per cent target.

Post-graduates currently comprise almost 25 per cent of all UK university students. The speed of growth and the depth of this market present a significant opportunity for the business. Furthermore, it provides an opportunity to exploit an extension of our relationship with existing customers, to journey with them for longer.

First year higher education student enrolments (by level of study)

(Source: HESA)



40%

of our existing customers are post-graduates



ESG Report

Sustainability & social responsibility





“I love my apartment which is bright and modern. The decoration is just to my taste, and I love the fact that I have the most amazing amenities inside the building. My friends who visit are jealous and can’t believe how wonderful this place is!”

Muxi, 29 | St Mary’s resident

St Mary’s, Bristol

As part of our commitment to retain heritage assets and repurpose buildings within our portfolio, the redevelopment of St Mary’s Hospital in Bristol was completed in August 2022.

The careful restoration of the building that provides accommodation for 153 students was developed to be more energy efficient and to motivate a sustainable mindset. It is part of our wider strategy of converting existing buildings, with positive impact on the environment and local community, rather than building new.

The complex’s £28.5 million development includes a bookend structure on the southern gable of the former hospital building, a row of contemporary townhouses and a pavilion in the former car park. All of which provide further accommodation.

The scheme has delivered strong environmental contributions with a BREEAM Excellent rating expected and an EPC rating of B. The low carbon buildings also contribute to improvements to air quality and biodiversity through the delivery of a series of living walls which have attracted wildlife, forming a green link between the gardens on Byron Place and the neighbouring Brandon Hill Nature Park.

The living wall is a patented modular hydroponic system, launched in 2008 and was chosen for its sustainable innovation. Good water management is a key driver of the hydroponic panel design, with the lowest water use of any known comparable living wall system. The average use is projected at 1 litre per m2 per day.

Solar panels have been added to all available roof space – with the exception of the pitched tiled roof of the old hospital. These panels are also linked back to the

national grid. Smart panel heaters with occupancy and environmental sensors installed allowing control and understanding of energy consumption per room.

Double-glazing has been installed, low-voltage light sensors and low water taps to improve energy efficiency and reduce the wasteful use of water. Recycling facilities have also been placed in each flat.

St Mary’s welcomed students for the start of the 2022/23 academic year and within four weeks it became one of the most demanded sites in our portfolio.

Our onsite team have made sure the students have settled in and continue to monitor their wellbeing, many of whom are living away from home for the first time. This includes organising events for the students to help build meaningful relationships and form a sense of community.



ESG Report | continued

The Board has allocated significant capital to green initiatives in 2023 and 2024 which should allow us to accelerate our net zero programme during the next two years and deliver tangible benefits to all stakeholders.

ESG Management Framework



The Board

Has overall responsibility for the Group's ESG strategy and its direction.

ESG Committee

Chaired by the Company's Chairman, the Committee oversees the creation of the overall ESG strategy for the Group, ensuring that there is Board level discussion and input.

ESG Working Group

Chaired by the CFSO, invited members of the senior leadership team meet monthly and ensures the ESG strategy is embedded throughout the business.

Our People

The successful delivery of our ESG strategy across the business, requires the collaboration and support of all our people.

Our journey and our commitment to Stakeholders

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

In August 2022 we published our full Net Zero strategy, targeting net zero in our operations, developments, property portfolio and energy consumption by 2033. We set out seven key performance indicators (KPIs) which will allow us to track our progress towards this 2033 commitment. The journey was set out in three clear phases with the first focussed on engagement and training. We also set out a wider target of becoming net zero in all emissions, including scope 3, by 2050 working towards a global decarbonised economy. We hope to achieve this before 2050, but we acknowledge the issues with accurate scope 3 emissions data not being fully available yet.

As in prior years, we have structured our report around the four commitments outlined below. This allows us to discuss the progress that has been made against the targets we set ourselves for 2022 and set out our key priorities for the year ahead:

- 1. Become a sustainable business and achieve net zero**
- 2. Excel in the provision of health and safety**
- 3. Enhance mental health & wellbeing**
- 4. Provide opportunities for all**

We commit to improving our contribution to the environment, our social obligations to our employees, suppliers, customers and the communities in which we operate. Our activities will be guided by setting ambitious and challenging goals that will guide the development of our strategy and operations for the future.





“We are committed to creating and operating a socially responsible and sustainable business which has a positive impact for all our stakeholders.”



Become a sustainable business and achieve net zero

We recognise that climate risks are a threat to future value and will impact our investment strategy. We have a responsibility to transition our properties to net zero. We understand our stakeholders expect us to provide sound environmental stewardship of our business and our properties.

Progress in 2022

1. Target: Publish Net Zero report on our website

In August 2022 we published our Net Zero report. This was the culmination of a project launched in 2021 where we worked with our advisers, CBRE, to define an overarching net zero strategy for the business. This strategy was designed to help us to define a pathway and Key Performance Indicators to sit alongside it to provide a structure for monitoring, accountability and good governance.

The Boards commitment stems from a recognition that climate transition presents an opportunity to increase future value, but inactivity is unquestionably a threat to value in the medium-to long-term.

We consider our portfolio and strategy to be uniquely positioned. Our diverse portfolio consists of a number of properties with a sense of heritage, often carrying a listed status. Our strategic legacy of repurposing assets to extend their life rather than completely redeveloping the site, delivers high quality student accommodation at a lower environmental impact associated with embodied carbon, through the reuse of existing buildings. This therefore aligns well with the net zero agenda.

We have targeted 2033 to allow us to integrate more stringent decarbonisation activities within our standard rolling maintenance programmes, which allows us to make meaningful progress at a pragmatic cost. This timeline also allows us to deliver net zero alongside improved quality, whilst continuing to control and manage costs for our stakeholders.

In order to measure progress, our baseline was set as 2019, being the last 'normal' consumption year prior to the Pandemic. We then developed a decarbonisation plan which was based on the UK Green Building Council's 'Advancing Net Zero Framework'. Although we acknowledge that the Science Based Technology Initiative (STBi) is important in formulating a standardised approach, we believe we must first complete our detailed plan and after which we will consider Science Based Technology accreditation. We then completed an asset level risk review based on the Carbon Risk in Real Estate

Monitor, using hotels as the most appropriate proxy asset class. From here we established a governance framework and our high-level roadmap to net zero.

2. Target: Disclose EPC position and set out steps to improve

Alongside our interim results in August, we published our portfolio EPC ratings summarised by rating. In England and Wales, the government intends to legislate that all buildings must be rated EPC B or better by 2030. We were encouraged to report that 36 per cent of the portfolio was rated as EPC B or better, and this has risen to 40 per cent at the end of 2022. We know there is more work to be done in this area.

Managing our future EPC risk is integral to our rolling refurbishment plan, which has allowed us to set targets to improve our EPC B or better score to 50 per cent by 2025, 75 per cent by 2028 and we believe we can achieve 100 per cent by 2030, in line with current governmental targets.

3. Target: Continue roadmap of planned energy efficiency initiatives

We have made good progress across the year. Although the energy intensity per bed has increased 8 per cent from 4,172 kwh per bed to 4,538 kwh per bed, this does need to be considered in the context of the significantly increased occupancy levels achieved in 2022.

Initiatives progressed during the year included the following; a solar panel review for 13 sites; where replacement boilers were required, several gas boilers were replaced with electric; with our energy consultants, we created action plans for our least energy efficient properties; we installed full Atamate energy monitoring in a newly developed site; we reviewed Building Management Systems in 45 sites and; in partnership with Sheffield Council, our three properties in the City are part of the low carbon district energy which provides central heating as a byproduct to incineration. During the year this initiative saved 94 tonnes of carbon compared to an onsite gas boiler.

A further initiative completed this year was the installation of Smart Panel Heaters, which is discussed in the case study opposite.



Key priorities for 2023

The focus for 2023 will fall in the following areas:

- Continue the roll out of smart panel heaters and use data to support student engagement
- As part of our refurbishment programme, deliver two further carbon neutral properties
- Sub-meter over 1,000 rooms to provide more data to inform our education programme and support energy efficiency behavioural change.
- Further upgrades to LED lighting and PIR sensors within the refurbishment programme
- Improve the score of EPC E rated properties
- Install greener solutions including PV and insulation improvements as part of our capital programme
- Carry out an audit of individual building energy controls to optimise energy use

Panel heaters

One of the main environmental impacts of our business comes from energy use by our student tenants.

In a number of our properties we run electric panel heaters that are manually controlled with high temperature set-points. This has caused the continuous heating of unoccupied spaces that can lead to inefficient energy use and increased costs.

In 2018, we signed up to the Student Energy Project, in coordination with Amber Energy, which encourages students to reduce energy use. One of the initiatives focussed on turning down heating and switching off lights, when not required. A student ambassador was identified in each building, who was responsible for educating fellow students.

In 2022, we took this a step further by installing SmarterDM panel heaters at two buildings at our Victoria Point, Manchester site. Smart panel heaters have helped us achieve energy savings of 30 per cent in occupied areas, resulting in an annual cost saving of around £13,500 and reduced environmental impact, whilst allowing our students to retain control of their apartments with minimal disruption.



Excel in the provision of Health and Safety

Having allocated £37 million towards our programme of fire works, we have continued to make great progress throughout 2022 with all properties now surveyed and 61% of the portfolio now certified.

Progress in 2022

1. Target: Secure an inhouse Health and Safety Expert to increase resource and knowledge within the business and facilitate cultural change

During 2022 we secured a Head of Health, Safety & Fire together with a Security & Business Continuity Manager. They have brought a wealth of knowledge into the business and have made a significant contribution to these two important areas. We launched SafetyNet in late 2022 following an extensive training programme to encourage our teams to report incidents across our business. SafetyNet provides for efficient reporting and tracking of incidents and since its introduction in December we have seen a substantial increase in Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDORs), with 201 incidents reported across the year, allowing us to capture information in a more timely manner which allows the business to identify and respond appropriately to areas of risk.

We are however pleased to report that there were no RIDDORs which were reportable to the Health and Safety Executive during the year.

2. Target: Define and establish key performance indicators for external reporting

We have established KPIs which are set out on page 22. These include the number of reportable incidents, our Colleague engagement score and a metric which captures student feedback, the Global Student Living Index's Net Promoter Score. In addition, Health & Safety Compliance is an objective linked to certain variable compensation arrangements via personal performance objectives.

3. Target: Continue to progress fire safety initiatives

We have made significant investment in this area during 2022. With the appointment of our Head of Health, Safety & Fire, we have implemented SafetyNet which has been designed and built as a bespoke product for our business, to manage both accident incidents and fire risk assessments. It will provide an audit trail of action management and track accountability on a real time basis. We have secured Hydrock as the Group's Fire Risk Assessor and advisor, and the Tyne and Wear fire service as a primary authority scheme.

Our fire safety management system, incorporating blueprints and standards, aligns with our health and safety model and incorporates a fire safety RASCI which has been developed for our business.

As detailed in the case study opposite, extensive fire marshal training and fire asset training has been developed and rolled out across all our sites with a safety campaign delivered to our on-site teams and our students.



Key priorities for 2023

The year ahead will see a focus on training and testing, with key deliverables as follows:

- Carry out health & safety inspection and audit on all our sites as part of portfolio audit
- Conduct first aid and conflict management training for all staff
- Begin risk-based site security assessments
- Crisis management training and testing for all properties
- Fire marshal training for all staff
- Implement Safe Contractor accreditation for all suppliers

Fire safety campaign

We carried out a two-week Fire Safety Campaign across our properties this year to engage and educate our employees and students.

Whilst we do all we can to physically reduce the risk of fire, it is important that we also try to influence student behaviour by promoting safety messages and guidance.

The first week focussed on fire marshal training which was provided to every single member of the team in September. During the second week, each site conducted a fire alarm evacuation and set up hotspots in reception areas to drive awareness on how to safely manage the evacuation of students.

In Liverpool, the local fire authority attended our site to talk to our team. They also spoke to students about the risks of fires.

Following the campaign, feedback from the team has shown how they feel more confident dealing with fire education and drills.

We are looking into how we measure fire safety incidents during the next year to see how we can further analyse fire alarm activations, drills and incidents.



Enhance mental health & wellbeing

The mental Health and the wellbeing of our customers remains a key priority. Of our customers responding to this year's Global Student Living index survey, 71 per cent said our accommodation had a positive impact on their wellbeing, with 73 per cent responding to say they felt our accommodation teams cared about their wellbeing. We are proud to report that in 2022 we won the award for Best Student Wellbeing (UK & Ireland).

Progress in 2022

1. Target: Improve our Best Companies score as well as our student satisfaction score

Our Best Companies engagement score response in 2022 increased from 'One To Watch' status, which was achieved in 2021, to a one star accreditation, a 13 point overall increase rate increase for the year. Pleasingly, the response rate also improved from 64 per cent in 2021 to 72 per cent in 2022. A fantastic achievement.

We are also proud to report that the student satisfaction benchmark we use within our business, the Global Student Living Index's Net Promoter Score ("NPS"), has improved again in 2022, from +22 to +27. To put this in context, the latest NPS score for all private halls was +14, whilst the score for university halls was +9.

Behind the data, the most important factors when selecting accommodation was proximity to place of study, feeling safe and secure and the size, condition and quality of the accommodation. These are all aspects at the very heart of our brand proposition. Mental Health and the wellbeing of our customers remains a key priority. Of our customers responding to the Global Student Living index survey, 71 per cent said our accommodation had a positive impact on their wellbeing, with 73 per cent responding to say they felt our accommodation teams cared about their wellbeing. This is an extremely encouraging result following our investment in training our people to identify potential issues and assist students to source the professional support they may require, particularly at times of stress, such as during examinations.

2. Target: Define and develop approach to the wellbeing of our stakeholders

In respect to our people, we have established a number of forums to offer colleagues a variety of ways to share their views with the executive committee: a formal employee representative group we call the 'One Team Collective' (OTC); an anonymous 'Talk To Us' online suggestion box; a Q&A with the executives who made themselves available to all employees at three separate venues around the UK during November; or quarterly internal service surveys or annual engagement surveys.

The OTC, launched in 2022, is a workforce advisory panel consisting of 12 employee representatives from across the Group. Its focus is to support meaningful dialogue on topics raised by our employees. It met eight times in 2022 and is supported by Alice Avis, the Company's Senior Independent Director who attended one meeting in person and maintains regular dialogue with the Collective's Chair throughout the year.

In respect to our customers, mental health and wellbeing continues to be an area of significant focus. Almost half of our students say they struggle with anxiety or stress, with a third responding to say they experience loneliness. Students enjoy opportunities for social interaction with other students. We therefore aim to ensure that our buildings are configured and our people are trained to provide the very best support possible.

In response to this we have delivered a three-stage plan to ensure our residents have access to events, fitness and the support they need. The first is ensuring our on-site team are trained on what to look out for and how to deal with mental health issues and ensure wherever possible we intervene early as signs appear. Our staff are therefore MHFA trained and we have welfare visits to sites scheduled at points in the year when students typically struggle the most. Secondly, we provide support through the Health Assured app which is available to all our students and provides 24/7 access to support, specialists and where necessary, referrals. We also work hand in hand with Universities on specific cases to ensure together we provide the most vulnerable with support at 'home' and within their place of study. Lastly, we aim to support their wellbeing in the community, with a structured programme of events designed to allow students to socialise and form friendships, which is supported by our newly launched Hello Student app. The app, launched in 2022, provides our students with the ability to communicate with other students in their building and with our onsite teams. With our 7,000 downloads, we have over 75 per cent of our students actively using this app.

Key priorities for 2023

In 2023 we will aim to achieve the following:

- Strive to improve our Net Promoter Score further, with a target of +30 (2022: +27)
- Achieve an employee engagement score of 80 per cent or better
- All employees to have access to wellbeing support
- Mental Health First Aiders' in place at each site
- Provide outstanding customer service to our students with same day response to queries raised and 95 per cent of queries to be resolved within 72 hours

Wellbeing

As part of our commitment to enhancing both the mental and physical health of our employees, we have created a separate wellbeing hub on our benefits platform, Reward Gateway.

Under the headings of **Move, Money, Mind** and **Munch**, resources are provided around health, personal finance, mindset and nutrition giving a holistic approach to all round wellbeing. The redesign of the platform also means that resources available to employees are utilised in sites to share with students, further contributing to a positive customer experience.

Particular attention was paid to the mind element of the platform that included audio resources aimed at helping people improve productivity while working and improving sleep.

The relaunch in April, supported by a detailed communications plan resulted in a 250 per cent increase in visits to the site in that month alone. Since April, we have seen over 1,300 visits to the site from 50 per cent of all employees.

It has also received positive feedback from employees across the business with posts on our internal communications platform, Workplace.

The success of the programme saw us shortlisted in the top five for best relaunch with recognition given through the accolade of the rarely given 'Highly Commended' by an independent panel of HR and industry professionals at the Reward Gateway awards in November 2022.



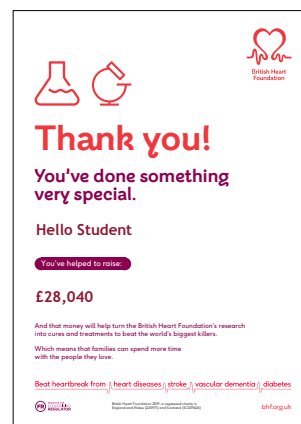
Provide opportunities for all

We believe in creating a diverse and gender balanced workforce which reflects the customers and communities we serve.

Progress in 2022

1. Target: Continue to support local communities

In 2022 our teams supported a number of local community groups. As part of our annual summer turnaround, it is typical for a number of students to leave items of furniture in their apartments that they no longer want. With their consent, numerous items were donated to the British Heart Foundation nationally, which in total raised over £28,000 for this worthy cause.



Likewise, in Birmingham, the replacement of hundreds of duvets resulted in donations to a local dog charity, providing warmth and comfort to our four-legged friends. In Aberdeen, our teams helped with collections for local food banks and at Falmouth, the team completed a litter collection at a local beach, helping to ensure the surrounding natural beauty is maintained.

We've selected and announced our first corporate charity partnership with Switch 180. A national youth charity for children up to young adults of 21 years. Their aim is to help turn young lives around by delivering services focusing on physical and mental health support. The charity will provide numerous opportunities for our people and students to get involved directly with their time, skills and expertise, but also help raise money for this great cause - one that is very much aligned to and supports our customers.

2. Target: Undertake a review of wider diversity issues and targets

During the year we considered how as a business we should respond better to diversity issues both in respect to our employees and our customers. In respect to our students, we believe more can be done to ensure our buildings are fit for purpose for students with disabilities.

We will aim to develop accessible website and communication provision. We have a number of international students who enjoying staying with us, but we would like to do more to understand and adjust our service to meet the needs of different cultures, be that in respect to settling in and orientation but also within our events program which is a great opportunity to celebrate diversity, for example at Chinese New Year.

We believe in creating a diverse and gender balanced workforce which reflects the customers and communities we serve. Although there is always room for improvement, we do have a reasonably gender and ethnically diverse workforce. That said, our gender pay gap deteriorated in 2022 which has been attributed to a decline in female representation in senior roles. The Company is satisfied that equivalent roles attract equivalent pay, regardless of gender, but wish to improve female representation in senior positions and have therefore made this a target for 2023. In support of this, we have launched a leadership development programme to support internal promotion opportunities, see case study opposite where females are well represented, accounting for 56 per cent of attendees.

Gender pay gap	Mean	Median
Group gender pay gap	5.6%	7.6%
Group gender bonus gap	25.4%	0.8%
Proportion of females receiving a bonus		63.5%
Proportion of males receiving a bonus		62.0%

We are committed to providing training and support that ensures our employees have the tools to succeed and deliver their best in the workplace. In 2022 we have delivered over 300 days in training to our employees.



Key priorities for 2023

Our targets during 2023 are as follows:

- Each city to nominate a local cause to champion
- 50 per cent of non-entry level positions filled through internal promotion
- Launch apprenticeship scheme
- Improve diversity within the senior leadership team
- Improve the accessibility of our buildings for students with disabilities where required

Leadership

As part of our programme to provide opportunities for all stakeholders, we have initially focussed on the internal development of our employees.

We partnered with Impellus and invited 25 of our employees, who were identified as having high potential to be future leaders within organisation, to undergo The Institute of Learning and Management certification.

Those invited completed the six-month Leadership Skills Development course in December 2022, with each completing three specialist modules.

During the programme, each participant could choose two additional modules that included communication skills, change and innovation, time efficiency, coaching skills, and managing and appraising performance. The modules required online learning followed by a written 3,000 word assignment to demonstrate an applied understanding.

The group were selected following their formal reviews. The aim was to develop their skills to become more rounded leaders and help service the business' future needs.



Gender diversity

Gender diversity

Board

2022	4	2
2021	4	2

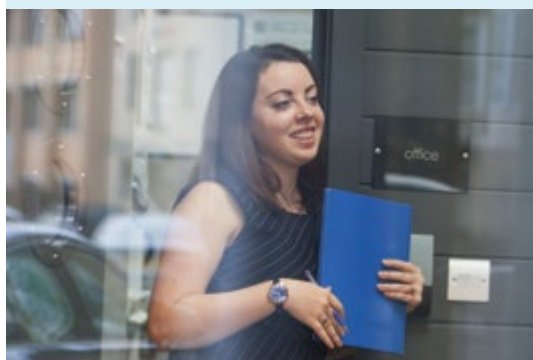
Executive Committee

2022	4	2
2021	4	2

Total employees

2022	186	153
2021	155	140

Male Female



Equality, diversity and inclusion

Our employees are committed to promoting an inclusive, positive and collaborative culture. We treat everyone equally irrespective of age, gender, sexual orientation, race, colour, nationality, ethnic origin, religion, religious or other philosophical belief, disability, gender identity, marital or civil partner status, or pregnancy or maternity.

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

Modern slavery

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

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

While nearly all our direct suppliers are based in the UK, some of these suppliers' source certain materials from around the world.

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

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

- ensuring systems are in place to encourage the reporting of concerns and the protection of whistle blowers in our supply chain.

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

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

Ethical Business

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

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





“Our employees are committed to promoting an inclusive, positive and collaborative culture.”



Our stakeholders and how we engage with them

Stakeholder	Why We Engage	How We Engage	Topics	Outcome
Customers	The needs of our customers drive our brand and service offer. They provide vital feedback on how we can improve and better fulfil their needs. We have a responsibility to provide a secure and homely living environment and to care for their wellbeing. This is central to the Board's strategic decision-making and any associated operational change.	<ul style="list-style-type: none"> – On a day-to-day basis within our buildings. – Through biannual customer surveys. – Through our social media presence. – Through building relationships with universities in the towns and cities which we operate in. 	<ul style="list-style-type: none"> – Safety in their homes – Customer service – Value for money – Building configuration – Wellbeing 	<ul style="list-style-type: none"> – Launched our Hello Student app (see page 18) – Launched our first Post-grad product at Southbridge, Edinburgh (see page 42) – Fire safety campaign delivered across all sites (see page 51) – Winner of the 2022 Best Student Wellbeing award (UK & Ireland)
Employees	Our people are vital to the successful delivery of our business plan. We have a responsibility to provide our people with a safe place to work and to care for their wellbeing to enable them to prosper and succeed in their professional lives. The values and culture of our organisation is embedded within our teams.	<ul style="list-style-type: none"> – On a day-to-day basis we use Workplace as an internal communication tool. – Quarterly townhalls are held where our people can raise questions and provide feedback. – Through the One Team Collective. 	<ul style="list-style-type: none"> – Safety at work – Pay and reward – Fair and equal treatment – Business updates 	<ul style="list-style-type: none"> – One Star accreditation by the Best Companies survey (see page 52). – Real Living Wage Employer with a focus of improving the compensation arrangements for our lowest paid employees (see page 86). – Launch of our internal leadership development programme (see page 55).
Communities	The communities in which we operate help us fulfil our purpose of enhancing the university experience of our customers. We aim to understand each unique local community in which we drive decision making of how best we can make a difference.	<ul style="list-style-type: none"> – Through on-site communication with members of the public and local communities. – We have membership with the British Property Federation where we can interact with communities and government on a wider basis. – Interaction through the property licensing disclosures we have to undertake. 	<ul style="list-style-type: none"> – Local job creation – Provision of appropriate housing stock – Supporting local charities 	<ul style="list-style-type: none"> – Supported the British Heart Foundation nationally (see page 54). – Individual sites making positive contributions to their local surroundings or assisting local charities. – Launched our first corporate charity partnership with Switch 180 (see page 54).
Shareholders	<p>Our shareholders are key stakeholders in our business. The Board has a responsibility and desire to communicate key matters relating to the Group openly and honestly to our shareholders.</p> <p>The Group also has a wider responsibility to shareholders to enhance the value of the business and fulfil its purpose ethically.</p>	<ul style="list-style-type: none"> – Face-to-face meetings with investors typically following annual and interim results. – The publication of our annual report which presents a comprehensive update of the Company. – At our Annual General Meeting. – When significant change is proposed, for example, material transactions or changes to the remuneration structure. 	<ul style="list-style-type: none"> – Financial results and business performance – Dividend payments – ESG – Remuneration policy 	<ul style="list-style-type: none"> – Numerous meetings with current and prospective shareholders held throughout the year. – Remuneration Committee Chair consulted with largest Shareholders on the proposed amendments to the remuneration policy (see page 87). – Launched our net zero strategy (see page 46).



Stakeholder	Why We Engage	How We Engage	Topics	Outcome
Environment	Our environment is fundamental to our future. We have a duty to operate our business in an energy efficient way, giving specific regard to the impact of our operations on the environment and utilising methods throughout our properties that mitigate the risk of environmental damage.	Biannually we provide a detailed ESG update within our annual and interim reports.	<ul style="list-style-type: none"> – Reduction greenhouse emissions – Becoming a sustainable business 	<ul style="list-style-type: none"> – Published our net zero strategy (see page 46). – Improving our energy efficiency per bed (see page 23). – Managing our EPC risk (see page 23). – Improving building certification through developments (see page 45).
Lenders	Our lending partners are key to our financing strategy. They support the delivery of our day-to-day business plan through the extension of financing arrangements to facilitate developments, capital expenditure or acquisitions.	<ul style="list-style-type: none"> – Open and regular dialogue with relationship managers. Proactive engagement in respect of sale and acquisition pipelines and early dialogue on refinancing requirements. – Ongoing covenant reporting. 	<ul style="list-style-type: none"> – Development financing for St Mary's, Bristol – Refinancing needs 	<ul style="list-style-type: none"> – Following the completion of St Mary's, Bristol the development facility has been converted to an investment facility. – Hedging requirement – Refinancing of First Commercial Bank facility. – Discussions advanced regarding 2024 debt maturities – Quarterly covenant compliance reporting
Agents and Consultants	These stakeholders act on the Company's behalf, therefore it is fundamental that we ensure they understand our business requirements and meet the high standards of conduct that we expect of ourselves.	<ul style="list-style-type: none"> – Regular meetings and day to day communication. 	<ul style="list-style-type: none"> – Disposals, acquisitions and leasing – Summer turnaround – Internal audit tender 	<ul style="list-style-type: none"> – Acquisition of Market Quarter, Bristol. – Disposal programme raised £53.5 million in 2022. – Development of St Mary's, Bristol and Southbridge, Edinburgh completed

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

We are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures.

With the exception of Part A of Metrics and targets and Part (C) of strategy recommendations, we believe this disclosure addresses all of the recommended disclosures of the TCFD framework.

Area	Disclosure
Governance (A) Describe the Board’s oversight of climate-related risks and opportunities.	(A) The Board is ultimately responsible for risk management including the consideration of climate-related risks, though this responsibility is delegated to the Audit and Risk Committee. See page 30 for our risk management framework. Separately, the Board has established an ESG Committee, which meets three times a year and is chaired by the Company’s Chairman, Mark Pain. This Committee oversees ESG activities on the Board’s behalf and provides the Board regular updates on relevant matters. For more information on governance structure please see page 70. The Board considers ESG related issues when setting its annual strategy and budget. ESG targets also appear in Executive Directors performance objectives, which are linked to remuneration. The Board’s strategy is distilled into key performance indicators, with implementation by management monitored by the ESG Committee and reported on to the Board.
(B) Describe management’s role in assessing and managing climate-related risks and opportunities.	(B) As set out on page 46, the Board has ultimate responsibility for the ESG strategy and delegates oversight of this important area to a formal committee of the Board, the ESG Committee. The ESG Committee considers detailed reports from the ESG working group and monitors strategic implementation and progress against KPIs. The ESG working group is chaired by the Chief Financial & Sustainability Officer who is a member of both the ESG Committee and Board. This ensures the dissemination of strategic priorities to senior management who are responsible for implementing the ESG strategy within the business. The ESG working group includes senior managers from across the business with representation from Property investment, Operations, HR, Asset Quality and Sales teams. The group meets monthly and is advised by Maitland and CBRE and reports to the ESG Committee.
Strategy (A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	(A) Given the nature of the Group’s business, risks and opportunities are typically considered over the following time horizons: <ul style="list-style-type: none"> – Short term; 0-3 years; – Medium term; 3-10 years; – Long term: >10 years Risks are assessed in terms of both financial and reputational impact. Risk managers from within the business are provided with guidelines to ensure consistency of approach in assessing risks; and at what level of financial impact or reputational damage a risk may be considered to be significant versus insignificant. Risks in the short to medium term surround future EPC requirements for lettable properties implemented via the MEES regulations and enhancement in GHG emissions reporting. Changing market trends, presents a future risk to the business, with customers and investors seeking properties with greater sustainability credentials, potentially quicker than we may be able to provide. In the longer term, climate change concern and more extreme weather conditions presents a significant risk. An acceleration in our ESG programme may present opportunities to improve returns for stakeholders, through more energy efficient properties lowering both cost and emissions while attracting and retaining customers through improved sustainability credentials. In 2021 we undertook a materiality assessment to identify material topics to aid in the development of our ESG strategy. In 2022 we published our Net Zero Strategy, which can be found on our website, and sets out a roadmap of how we will deliver net zero by 2033. It is based on the core assumption that climate risks are sufficient to materially impact the value of assets and therefore its strategy.



Area	Disclosure
Strategy (B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	<p>(B) Climate related risks may impact planning legislation, cause flooding and damage or increase compliance risk through the implementation of legislation all of which may materially impact the value of our properties, it's revenue and costs and therefore the ability to implement our strategic priorities.</p> <p>In 2022 we published our Net Zero Strategy, which can be found on our website, and sets out a roadmap of how we will deliver net zero by 2033.</p> <p>The Board ensures that climate risks and ESG factors are included as key metrics throughout the business, for example as we undertake portfolio reviews in determining where we wish to either divest or invest further capital in green energy efficiency initiatives. We consider climate-related risks and energy efficiency on all acquisitions.</p> <p>We continue to allocate resources to refurbishment, behavioural change and energy efficiency improvements as part of our annual budgeting process, with a significant allocation of resources planned for both 2023 and 2024 aimed, primarily at decarbonisation initiatives. All refurbishment projects now target achieving an enhancement to EPC ratings. The Group's procurement strategy provides for environmental and ethical standards to be adhered to within our supply chain. A number of ESG targets are included within the calculation of variable remuneration.</p>
(C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>(C) We cannot yet provide detailed analysis in this area, however we are undertaking a comprehensive assessment and expect to be able to make appropriate disclosures in next year's report.</p>
Risk management (A) Describe the organisation's processes for identifying and assessing climate-related risks. (B) Describe the organisation's processes for managing climate-related risks.	<p>(A) Climate related risks are identified and assessed using the same methodology as all business risks and are captured and reported as part of the Group's principal risks. The Group considers both existing and emerging (e.g. MEES legislation) when assessing climate related risks. These are reviewed by the executives and reported on to the Audit and Risk Committee on a biannual basis. The Board recognises that climate change is an increasingly important priority and a key emerging risk.</p> <p>Risks are assessed in terms of both financial and reputational impact. Risk managers from within the business are provided with guidelines to ensure consistency of approach in assessing risks; and at what level of financial impact or reputational damage a risk maybe considered to be significant versus insignificant. Although not exhaustive, risks facing the Group are then categorised into three categories being; external risks; internal risks and emerging risks.</p> <p>The process for assessing risk is detailed on page 30.</p> <p>(B) Climate related risks are managed by the ESG working group which is chaired by the Chief Financial & Sustainability Officer and includes senior representatives from each functional division of the business and is advised by Maitland and CBRE. This Group is responsible for the identification and management of risk. A risk register is maintained and regularly updated which sets out discusses the risk and any controls or mitigants either in place or contemplated. Utilising the work of the ESG working group, climate related risks are then combined with all other risk registers and reported on to the Boards Audit and Risk Committee bi-annually.</p>



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

Area	Disclosure
(C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	(C) The Board has overall responsibility for risk management, for determining the Group’s risk appetite and reviewing principal risks and uncertainties regularly, together with the actions taken to mitigate them. Management of climate related risks is integrated into the business through a programme of staff engagement and training.
Metrics and targets	
(A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	(A) We do not yet fully comply with this. As we develop our ESG strategy further, we will publish further metrics in this area and announce targets for these in next year’s report which will follow a study utilising TCFD’s recommendation of scenario analysis.
(B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions, and the related risks.	(B) We disclose Scope 1 and 2 greenhouse gas (“GHG”) emissions on page 64. We have more work to do on our Paris-aligned 2050 scope 3 target and we aim to progress this when more data is available to provide an accurate picture.
(C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	(C) In our Net Zero Strategy report, which is available on our website and contains our roadmap to 2033, we have set out wider target of being net zero in all our emissions (adding scope 3) by 2050. We also have two key climate related key performance indicators within the business which monitor. <ul style="list-style-type: none"> a) our progress towards compliance with future MEES regulation (percentage of the portfolio rated EPC B or better) where we intend to achieve 50 per cent by 2025, 75 per cent by 2028 and full compliance by 2030; and b) energy intensity per bed where we target a reduction to 1,500 kwh per bed by 2040, with an interim target of 2,000 kwh per bed by 2033. Both assessed from our base year of 2019.

Energy Usage Data

This section contains information on Greenhouse Gas (GHG) emissions required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ("the Regulations"). For the third time, we have chosen to report this information in line with EPRA (European Public Real Estate Association) sustainability best practice methodology which is based on the Global Reporting Initiative (GRI) Standards.

In the context of significantly increased occupancy in 2022 compared to 2021 (increase of 27 per cent), the key headlines for the year are as follows:

- 4 per cent increase in like-for-like GHG emissions;
- 10 per cent increase in like-for-like electricity consumption;
- 2022 operational bed data now inclusive of all sites under both like-for-like and absolute; and
- The large increase in water consumption is largely due to catch up readings.

The reporting period is 1 January 2021 to 31 December 2022, comprising the period from the commencement of operations to the year end. Data for two years is shown to enable comparison.

Organisational Details

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

Organisational Boundary

The operational control approach is used to consolidate the Company's organisational boundary. The Company owns 100 per cent of the property assets it operates and has therefore reported on that basis. Like-for-like indicators include all properties which have been in the portfolio since 1 January 2021, but not those which were acquired, sold or included in the development pipeline at any time since that date.

Reporting Period

The EPRA report is required annually and requires data for two years to enable comparison. The reporting period for this document is 01 January 2021 to 31 December 2022, comprising the period from the commencement of operations to the year end.

Methodology

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

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

Exclusions / materiality

Scope 1 fugitive emissions from stationary air conditioning/refrigeration plant are estimated to account for less than 5% of the group's emissions and as such have been deemed to be immaterial.

Empiric have transitioned to an electric van fleet from Q4 2021. These are charged on Empiric's estate and as such the transport consumption from owned fleet is included in the electricity consumption for the group (scope 2).

Energy Efficiency Actions

In the period covered by the report the Group has:

- Retrofitted networked controlled panel heaters with occupancy detection across three sites.
- Upgraded/ replaced boiler plant with more efficient equivalents at 2 sites.
- Commenced Building Management System (BMS) reviews/ optimisation works across the estate.



EPRA Sustainability Performance Measures and GHG emissions

Sustainability Performance Measures (Environment)				Total Portfolio					
Impact Area	EPRA Code	Indicator	Boundaries	Units	Absolute Performance		Like-for-Like Performance		% change
					2021	2022	2021	2022	
Energy	Elec - Abs, Elec - LfL	Electricity	Total landlord obtained energy consumption from electricity (Scope 2)	kWh	18,998,543	20,467,595	17,441,227	19,126,247	10%
			Proportion of energy consumption from renewable sources	%					
			Proportion of data estimated	%					100%
			Coverage (% by bed)	%	100%	100%	100%	100%	N/A
	DH&C - Abs, DH&C - LfL	District heating and cooling	Total landlord obtained energy consumption from district heating and cooling (Scope 2)	kWh	649,767	602,384	649,767	602,384	
			Proportion of energy consumption from renewable sources	%	51%	51%	51%	51%	
			Proportion of data estimated	%	1%	25%	1%	25%	
			Coverage (% by bed)	%	100%	100%	100%	100%	
	Fuels - Abs, Fuels - LfL	Fuels	Total landlord obtained energy consumption from fuels (Scope 1)	kWh	17,011,313	18,884,069	15,328,277	16,609,127	
			Scope 1 transport data	kWh	0	0	0	0	
			Proportion of energy consumption from renewable sources	%					
			Proportion of data estimated (%)	%					
			Coverage (% by bed)	%	100%	100%	100%	100%	
	Energy - Int	Energy Intensity	Total landlord obtained energy	kWh/bed/year	4,240	4,390	4,172	4,538	8%
	No. of applicable properties		Energy and associated GHG disclosure coverage	–	86	88	82	82	
GHG emissions	GHG - Dir - Abs	Direct	Scope 1 emissions from landlord obtained consumption of fuels	tCO ₂ e	3,116	3,447	2,808	3,032	7%
	GHG - Ind - Abs	Location	Scope 2 emissions (location based) from landlord obtained consumption of electricity		4,075	3,996	3,744	3,737	0%
	GHG - Int	GHG emissions intensity	GHG emissions intensity from Scope 1 and 2 (location-based) emissions	tCO ₂ e/bed/year	0.83	0.82	0.82	0.84	3%
	Fugitive Emissions		Emissions from leaks of GHG, for example from refrigeration and air-conditioning units (Scope 1)	tCO ₂ e	N/A	N/A	N/A	N/A	
Water	Water-Abs, Water - LfL	Water	Total landlord obtained water from municipal water supplies	m³	227,032	343,415	216,209	340,908	
			Proportion of data estimated	%					
			Coverage (% by bed)	%					
	Water-Int		Landlord obtained water intensity	m³/bed/year					
Waste	Waste-Abs, Waste - LfL	Waste	Total weight of waste to landfill	Tonnes		1,256		930	
			Total weight of recycling waste	Tonnes		742		533	
			Total weight of waste to energy recovery facility (ERF)	Tonnes		240		240	
	Waste - Int		Total waste obtained	Tonnes/bed/year		0.24		0.21	



Impact Area	Performance based on Asset Type									
	Head office					Student Accommodation				
	2021 (Abs)	2022 (Abs)	2021 (Lfl)	2022 (Lfl)	% change	2021 (Abs)	2022 (Abs)	2021 (Lfl)	2022 (Lfl)	% change
Energy	99,825	99,825	99,825	99,825	0%	18,898,718	20,367,770	17,341,402	19,026,422	10%
						100%	100%	100%	100%	0%
	100%	100%	100%	100%	0%	2.04%	0.10%	2.17%	0.09%	-96%
	N/A	N/A	N/A	N/A	N/A	100%	100%	100%	100%	0%
						649,767	602,384	649,767	602,384	-7%
						51%	51%	51%	51%	0%
						1%	25%	1%	25%	3685%
						100%	100%	100%	100%	0%
						17,011,313	18,884,069	15,328,277	16,609,127	8%
						0	0	0	0	0%
						0%	0%	0%	0%	0%
						0.00%	0.24%	0.00%	0.28%	
						100%	100%	100%	100%	0%
	N/A	N/A	N/A	N/A	N/A	4,240	4,390	4,172	4,538	9%
	1	1	1	1	0%	85	87	81	81	0%
GHG emissions	0	0	0	0	0%	3,116	3,447	2,808	3,032	8%
	21.196	19.304	21.196	19.304	-10%	4,054	3,977	3,723	3,717	<1%
	N/A	N/A	N/A	N/A	N/A	0.83	0.82	0.82	0.84	3%
						N/A	N/A	N/A	N/A	N/A
Water						227,032	343,415	216,209	340,908	58%
						12%	14%	12%	12%	2%
						100%	100%	100%	100%	0%
						26	38	27	43	58%
Waste							1,256		930	
							742		533	
							240		240	
							0.24		0.21	

Footnotes/Assumptions

1. The proportion of the district heating energy that comes from renewable (biogenic) sources was 50.97% in 2021. The figures for 2022 will not be available until March 2022 so, the same fuel mix is assumed for 2022 also.
2. Gas supplied to Empiric's estate is exclusively derived from fossil fuels.
3. 100% of the water withdrawn is assumed to be from municipal water supplies.
4. Head office energy consumption is estimated based on the EPC and assumed to be similar for both reporting years.
5. Waste data was only available for Buccleuch Street and King's Stables Road sites. This data has been extrapolated and supplemented with waste collection data from local councils that Empiric's portfolio is located in.
6. Council waste collection data was only available for 2020/21 at the time of compiling the report. As such, it has been assumed the data is also valid for 2022.
7. It is assumed that bins do not reach capacity before collection. Based on the information from Buccleuch Street and King's Stables Road sites and average waste level is assumed.
8. Owned fleet consumption data from 2021 was not available at the time of compiling the report.



Section 172(1) Statement

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

Section 172 requirements	Disclosures
The likely consequences of any decision in the long term	<p>The Board provides oversight over the Company's performance and gives guidance as to the long-term strategy of the Company. The day-to-day management and decision-making is delegated by the Board to the Executive Committee which provides regular updates to the Board. This allows the Board to monitor the performance of the Company and ensure that the Company is progressing in line with the long-term strategy. The KPIs reported on page 22 are the key metrics which the Board reviews, which are supplemented by further detailed reporting.</p> <p>Also see details surrounding stakeholder engagement on page 58 and Board activities and principal decisions taken as set out on page 67.</p>
The interests of the Company's employees	<p>Our people are crucial to the Company's success; they provide our customers with exceptional service to ensure they feel at home. The Board recognises how vital our people are and as such all decisions taken by the Board consider the interests of the Company's employees.</p> <p>The Board has designated Alice Avis (Senior Independent Non-Executive Director) to liaise with the One Team Collective. This allows a direct conduit between the Board and our people. This gives the Board insight into the views and concerns of our people and allows them to ensure their decisions are aligned with the interests of the Company's employees.</p> <p>Also see Providing opportunities for all on page 54 and the company's activities surrounding enhancement of mental health & well-being on page 52.</p>
The need to foster the Company's business relationships with suppliers, customers and others	<p>The Company has a few key suppliers and the Board is involved in reviewing and approving any key contracts which the Company enters into. As such the Board provides oversight and challenge to key suppliers. Day-to-day relationships with Company suppliers are delegated to the Senior Leadership Team to ensure a close relationship is fostered.</p> <p>Without customers the Company could not exist, and as such the Board takes great interest in fostering relationships with these customers. The Board reviews the results of the biannual customer survey, as well as receiving and reviewing other ad hoc reports on our customers' preferences and wishes. As part of the CEO's Board reporting, our customers sit as a standing agenda item. The Board believes that fostering a close relationship and a deep understanding of our customers is key to the Company's success.</p> <p>Also see details surrounding stakeholder engagement on page 58.</p>
The impact of the Company's operations on the community and the environment	<p>The community and environment in which the Company operates in is a key priority for the Board. The Board takes the impact of the Group's operations on the community and environment into account in each decision. The decisions which the Board take can have widespread ramifications. Reviewing this impact is not a perfunctory exercise but one which the Board believes is a key responsibility, which includes robust challenge of all decisions.</p>
The desirability of the Company maintaining a reputation for high standards of business conduct	<p>The Board recognises the importance of maintaining a reputation for high standards of business conduct. The Board always seeks to make the best decision for the Company which while taking into account the needs of all of our stakeholders also reflects morally on our obligations as a Company.</p> <p>The Board encourages this principle throughout the business and directs the Company's ethos through the Company purpose and values.</p> <p>The Board also encourages the Company to go above and beyond in certain areas and one particular example is mental health welfare, where the Board pushed for greater support for both our people and our customers.</p>
The need to act fairly between members of the Company	<p>The Board believes transparency and accountability of the business is paramount to encourage shareholder confidence. The Board listens to and reviews the views across our shareholder base.</p> <p>The need to act fairly between all of our shareholders underpins the Board's decisions' and the Board receives regular feedback from shareholders after our annual and interim results release. The Board also receives feedback from research analysts throughout the year. This helps to identify key shareholder trends which the Board takes note of. The capital structure of the Company as a REIT, limiting individual shareholdings to a maximum of 10% of issued share capital, helps to ensure there are no dominant shareholders and that all shareholders are treated equally.</p>



Principal decisions

February 2022: Acquisition of Market Quarter, Bristol Decision taken

An opportunity arose to acquire a 92 bed freehold purpose built property in a prime location in Bristol. The Company held two existing operational assets in the city and was in the process of developing a third. Bristol is a city with strong student demographics and an undersupply of student accommodation.

Long-term success considerations

A key pillar of the Company's strategy is to grow successful clusters of properties in close proximity to the best universities, usually members of the Russell Group. The acquisition of Market Quarter presented the perfect opportunity to cluster the property with existing sites to leverage operational efficiencies and improve the gross trading margin in the city, whilst enhancing the amenity offer for all the Company's Bristol based students.

Stakeholder impact considerations

Customers: The provision of quality student accommodation in an undersupplied location was considered, whilst improving the overall service offer available to existing students through greater scale;

Shareholders: Strategic alignment and enhancement of shareholder return was considered; and

Employees: The ability of our existing teams to provide the service level expected across an increasing number of rooms and properties and what appropriate support could be made available to them.

Outcome

Bristol is currently the Company's top performing city, both in terms of value creation in 2022, but also from a staff engagement perspective. Excellent feedback has been received from stakeholders that have visited the property. The Company's gross margin was improved by seven percentage points across the city in 2022.

October 2022: Closure of Brunswick house Decision taken

Following a detailed analysis of the fire safety programme and refurbishment requirements for the Group's property at Brunswick House in Southampton, the decision was taken to close the property for the entirety of academic year 2023/24 and not offer the property for sale at the forthcoming sales launch for academic year 2023/24.

Long-term success considerations

In arriving at their decision, the Board considered the impact on stakeholders of a more staggered works programme extending over multiple years. It was concluded that the strategy could be balanced in such a way as to accelerate the programme and run the fire safety works concurrently with the refurbishment programme, ultimately delivering the properties potential considerably earlier and improve longer term customer satisfaction.

Stakeholder impact considerations

Customers: The Board considered the communication plan and the provision of accommodation at other sites in the city as well as the longer term impact on customers of a more staggered programme of works;

Lenders: The impact on covenants and income security offered to lenders was considered and early engagement was discussed;

Shareholders: Alignment with corporate strategy was considered together with return hurdles that could be expected from an accelerated programme; and

Employees: Redeployment of our people to ensure they could be retained during the period of closure.

Outcome

The decision was well communicated with minimal impact on students and employees whilst providing a more manageable project for our development team. Overall, the decision was well handled and received by all stakeholders.

The Strategic Report was approved by the Board on 16 March 2023 and is signed on its behalf by:

Donald Grant | Director



Board of Directors

Committees

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



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





Alice Avis MBE

Senior Independent Non-Executive Director

1 March 2019

Yes

R N E A

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

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

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



Martin Ratchford

Non-Executive Director

1 October 2021

Yes

A R N E

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

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

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



Clair Preston-Beer

Non-Executive Director

1 July 2022

Yes

A R N E

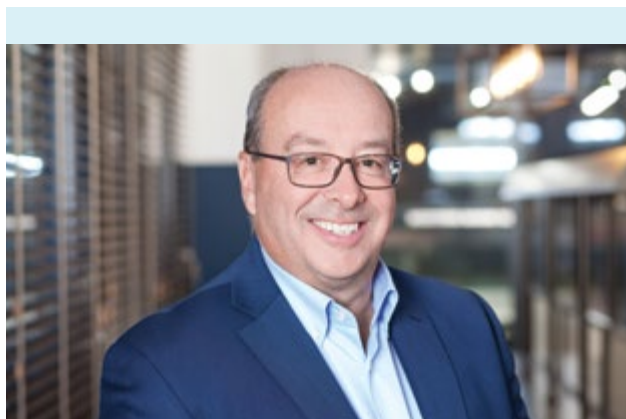
- Significant expertise in large hospitality/retail businesses
- Extensive experience in international franchising/business transformation

- Managing Director – Local Pubs – Greene King

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



Chairman's Introduction to Corporate Governance



Mark Pain | Non-Executive Chairman

“We are committed to upholding the Corporate Governance Code. We structure our Board, its Committees and its operations in a manner which is Code compliant and works for the benefit of all stakeholders.”

Our Approach to Corporate Governance

As Chairman I am responsible for leading the Board and ensuring that it maintains the highest standards of corporate governance whilst promoting long-term sustainable success. We have a clear framework in place for the way in which the Board operates to ensure we are working for the benefit of all our stakeholders, in a legal, ethical and transparent manner.

Our approach to corporate governance is based upon the principles and provisions of the UK Corporate Governance Code (the “Code”) published by the Financial Reporting Council (“FRC”). The following Corporate Governance Report sets out how the Company has applied and complied with the Code during the 2022 financial year.

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

The Board

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

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

Purpose and culture

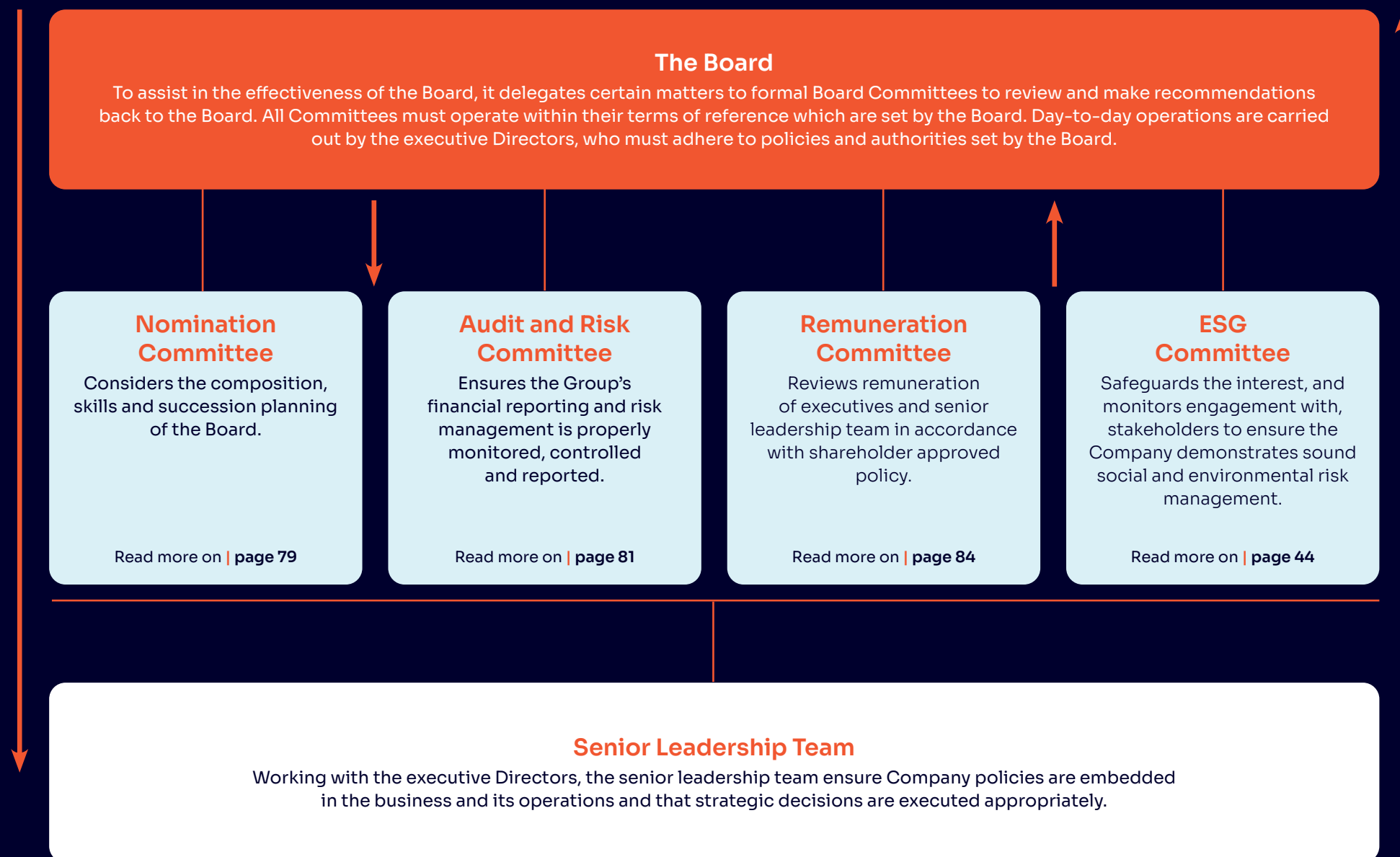
The Board believes that having a clear purpose which is underpinned by its values-based culture is the key to creating a business with strong governance. The Company’s purpose as set out on the inside front cover and is aligned with the Company’s strategic objectives (as set out on page 10) and the interests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

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

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



Governance Structure



Chairman's Introduction to Corporate Governance | continued

Board composition

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

Changes in Board membership during the year are discussed in the Nominations Committee report on page 79.

Biographical information of each Directors is set out on page 68.

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

Each Board member's length of service is reviewed annually in line with the Code. The tenure of each Director is set out in the table on page 80.

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

Board position	Primary Responsibilities
Chairman	<ul style="list-style-type: none"> Leading the Board and ensuring its effectiveness; Reviewing the Company's general progress and long-term development; and Ensuring the Company is meeting its responsibilities to all stakeholders.
Chief executive officer	<ul style="list-style-type: none"> Leading and developing the Company's profitable operation and development; Overseeing all activities of the business and leading the sales, marketing and operations functions; Ensuring the objectives are in line with operational activities; and Creating shareholder value over the long term.
Chief financial and sustainability officer	<ul style="list-style-type: none"> Overseeing sustainability across the business; Leading the finance and IT functions; Producing timely and accurate financial information and analysis; Raising and managing debt; Ensuring tax and regulatory compliance; and Maintaining financial control.

Board position	Primary Responsibilities
Senior independent non-executive Director	<ul style="list-style-type: none"> Acting as a sounding board for the Chairman and intermediary for other Directors when required; Leading the evaluation of the Chairman on behalf of the other Directors; and Being available to shareholders to raise their concerns if they cannot be resolved through other channels.
Non-executive Directors	<ul style="list-style-type: none"> Providing constructive challenge; Overseeing the Senior Leadership Team's progress on implementing strategy and meeting objectives; and Monitoring the reporting of performance.

Board meetings

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

During the year, there were six Board meetings held. The table below shows the Directors' attendance at Board meetings in 2022. The figures in brackets show the number of meetings each Director was eligible to attend.

	Meetings
Mark Pain	6 (6)
Duncan Garrood	6 (6)
Donald Grant (appointed 12 September 2022)	2 (2)
Alice Avis	6 (6)
Martin Ratchford	6 (6)
Clair Preston-Beer (appointed 1 July 2022)	3 (3)
Lynne Fennah (retired 31 October 2022)	5 (5)
Stuart Beevor (retired 23 May 2022)	2 (2)



Director independence

The Board reviews the independence of the Chairman and non-executive Directors on an annual basis. For the financial year ending 31 December 2022, all of the non-executive Directors, including the Chairman, are considered to be independent for the purposes of the Code.

Advice for Directors

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

Appointment of Directors

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

Directors who are appointed to the Board are required to be elected by shareholders at the next Annual General Meeting. Donald Grant and Clair Preston-Beer will be proposed for election to the Board for the first time at the Annual General Meeting on 24 May 2023. All other Directors are subject to annual re-election at each Annual General Meeting.

All appointments to the Board are subject to a formal, rigorous and transparent process. Further details on the two appointments during 2022 can be found in the Nominations Committee report on page 79.

Board induction and training

Donald Grant and Clair Preston-Beer received a thorough formal induction upon appointment. This included meeting members of the Board and Senior Leadership Team, and meetings with key advisers.

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

Time commitment of non-executive Directors and external appointments

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

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

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

Board succession

Board succession is considered by the Nominations Committee. See page 79 for further detail.

Board operations

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

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

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

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

Quarterly Board agenda items

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

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

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



Chairman's Introduction to Corporate Governance | continued

Board activities, keys decisions and stakeholder impact

Strategic topic	Area of focus	Principal decisions taken and key stakeholders impact
Customer	<p>Ensure the continued safety and satisfaction of our customers;</p> <p>2022 Global Student Living results</p>	<p>Decision taken</p> <p>Closure of Brunswick House, Southampton for academic year 2023/24 to facilitate timely EWS works.</p> <p>Stakeholder impact considerations</p> <p>Customers: Communication plan and provision of accommodation in other sites in the city;</p> <p>Lenders: The impact on covenants and income security offered;</p> <p>Shareholders: The speed of implementation and potential impact on revenues and distributions;</p> <p>Employees: Redeployment of our people to ensure they are retained during the period of closure.</p>
People	<p>Achieving One Star accreditation in Best Companies Survey</p> <p>2022 engagement survey</p> <p>Inflation and cost of living pressures</p>	<p>Decisions taken</p> <p>2023 compensation review;</p> <p>Approved operational strategy.</p> <p>Stakeholder impact considerations</p> <p>Employees: Cost of living pressures; mental health & wellbeing support; appropriate training provision;</p> <p>Shareholders: Impact on returns generated.</p>
Strategy	<p>Non-core disposal program, including consideration of offers received</p> <p>Acquisitions and developments</p> <p>Options for growth</p>	<p>Decisions taken</p> <p>Continued disposal of non-core assets;</p> <p>Development of post-graduate product;</p> <p>Acquisition of Market Quarter, Bristol.</p> <p>Stakeholder impact considerations</p> <p>Customers: communication and continuity of service provision;</p> <p>Community: developmental impacts; engagement with local residents;</p> <p>Shareholders: strategy alignment and enhancement of returns;</p> <p>Employees: TUPE transfer considerations, communication and engagement.</p>



Strategic topic	Area of focus	Principal decisions taken and key stakeholders impact
Capital allocation	<p>Refinancing and capital allocation to ensure liquidity and covenant headroom</p> <p>Investor engagement</p>	<p>Decisions taken</p> <p>Refinancing debt;</p> <p>Interest rate and energy hedging;</p> <p>Dividend payments and guidance;</p> <p>Appointment of corporate broker.</p> <p>Stakeholder impact considerations</p> <p>Lenders: maintaining prudent covenant compliance;</p> <p>Shareholders: Appropriate risk and gearing; open communication and expectation management;</p> <p>Agents/consultants: long term liquidity planning providing for prompt and fair payment terms.</p>
Marketing and sales	<p>Review of pricing approach for launch of academic year 2023/24</p>	<p>Decision taken</p> <p>Pricing strategy approved with the aim of achieving balance between inflationary pressure and affordability</p> <p>Hello Student re-branding</p> <p>Stakeholder impact considerations</p> <p>Customers: affordability; cost of living pressures; engagement;</p> <p>Shareholders: impact on returns and distribution guidance.</p>
ESG	<p>Development of net zero strategy</p> <p>Capital allocation to green initiatives</p>	<p>Decision taken</p> <p>Publication of the Group's net zero strategy</p> <p>Commitment to enhance capital allocation to green initiatives</p> <p>Stakeholder impact considerations</p> <p>Environment: becoming a sustainable business and contributing the communities in which we operate;</p> <p>Shareholders: Impact on returns and delivery against commitments made;</p> <p>Customers: Delivery against expectations.</p>



Chairman's Introduction to Corporate Governance | continued

Strategy

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

The executive Directors, members of the senior leadership team and other external specialists delivered a number of presentations, providing in-depth analysis on a number of areas. The meetings were carefully structured to achieve a balance between presentation, debate and discussion.

Engagement with stakeholders

The Board understands the views of the Company's key stakeholders and takes account of their interests in discussions and in its decision-making.

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

Further details of stakeholder engagement can be found on page 58.

Board evaluation and performance

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

In 2022 the Board evaluation was facilitated by Gould Consulting, an independent external service provider with no connection to the Group or any of its Director's. The Chairman of the Board, with the support of the Nomination and Governance Committees, led the Board in considering and responding to the annual review of the Board's effectiveness, which included a review of its Committees.

The key topics covered in the evaluation included:

- Strategy and culture;
- Stakeholder engagement;
- Chairing of the Board;
- Board dynamics and the functioning of the Board;
- Quality of debate and Challenge;
- Board Support and Board and Committee interactions; and
- ESG

The results of the evaluation were reviewed by the Chairman and reported to the Board at its December 2022 meeting. Concerns raised were discussed and appropriate actions agreed.

The Board effectiveness review concluded that the Board and Committees continued to operate effectively throughout 2022. Nevertheless, several suggested enhancements are proposed for 2023, which are set out in the table below.

Key findings	2023 action plan
Linking the strategy and plan with more explicit milestones and KPIs that can be tracked more frequently.	Strategic KPIs set and agreed for 2023 which will be reported on and monitored by the Board throughout the year.
Establishing clear measurable ESG plans and milestones.	Net Zero strategy to be decoupled to establish measurable annual targets for the pathway to net zero in 2033.
Further enhancing external reporting and investor relations.	Sharper focus on the quality of information, including stakeholder engagement to consider feedback on areas of improvement. A revitalised investor relations programme to be established and reported on regularly to the Board.



Update on actions arising from the 2021 Board evaluation

In November 2021, the Chairman conducted an internal evaluation of the effectiveness of the Board and its Committees. The table below outlines the improvement areas identified in this evaluation, and the progress made on these during 2022.

Key findings	Actions taken
Ensuring that the organisation's vision, values and culture are embedded in all levels of the organisation.	<p>Much clearer articulation of vision, values and culture completed at annual strategy away day.</p> <p>Increased visibility of Executive leadership team.</p> <p>Targeting increased engagement scores and reduced voluntary turnover.</p>
Developing the strategic plan further to optimise shareholder returns.	<p>Re visited strategic plan at annual strategy away day.</p> <p>Clear articulation of shareholder requirements.</p> <p>Focused plan to transform property portfolio and increase presence in post-graduate market.</p>
Ensuring that the optimisation of the Hello Student operating platform is driving improvements in digital customer service.	<p>Customer service App delivered.</p> <p>Service standards clearly articulated and managed through the line.</p> <p>Targeted continually improving NPS scores.</p>
Continued focus on delivering the ESG Strategy with further development of ESG KPIs to enable the Board to assess progress.	<p>Clear commitment to ESG plan.</p> <p>Net Zero plan published.</p> <p>Clarification and commitment to measuring and monitoring long term targets, with annual targets established within personal performance objectives.</p>

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

Compliance Statements

The Directors confirm that to the best of our knowledge:

- The Group is well placed to manage its financing and other business risks. The Board is therefore of the opinion that it is appropriate to adopt the going concern basis of accounting in preparing the Annual Report and Accounts (see page 121 for more information);
- The Strategic Report, which the Board has approved, includes a review of the performance of the Group together with a description of the principal risks and the uncertainties it faces;
- Taking into account the Group's current position and the impact of the principal risks documented in the Strategic Report, the Directors have a reasonable expectation that the Company will remain viable and continue to operate and meet its liabilities as they fall due, over the period to 31 December 2025. Further details are set out in the Viability Statement on page 34, and in the Principal Risks and Uncertainties section on page 30;
- The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks, and the procedures for managing or mitigating them, are set out on pages 30 to 33; and
- The Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.



Chairman's Introduction to Corporate Governance | continued

Audit, risk and internal control

The Board is responsible for maintaining the Company's systems of internal controls and risk management, in order to safeguard the Company's assets. These processes are designed to identify, manage and mitigate both the key principal risks and emerging risks inherent to the business. The system is also designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. Please refer to pages 30 to 33 for more information on our principal risks and uncertainties.

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

During the year, the Board appointed Grant Thornton as its Internal Auditor. Internal controls include the systems of operational and compliance controls maintained by our finance team. Regular reports are provided by management and reviewed by the Board's Audit and Risk Committee and reported on to the Board. Further details can be found in their report on pages 81 to 83.

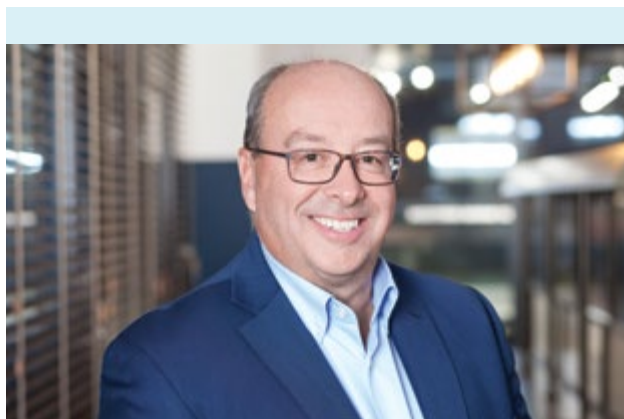
Going concern

The financial position of the Company and Group, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 35 to 38. Detailed forecasts have been prepared and the Directors have considered the future cash requirements of the Group and concluded that they have sufficient capacity to meet all commitments as they fall due.

As such, the Directors believe that the Company and Group are well placed to manage their financing and other business risks. The Board is, therefore, of the opinion that the going concern basis of accounting adopted in the preparation of the annual report and accounts is appropriate for the period to 31 December 2024.

Mark Pain | Non-Executive Chairman
16 March 2023

Nomination Committee Report



Mark Pain | Nomination Committee Chairman

“In what has been an active year, the Committee oversaw both the retirement of the Chief Financial and Sustainability Officer and Non-Executive Chair of the Remuneration Committee.”

Committee membership and meetings

	Meetings
Mark Pain (Chair)	5 (5)
Stuart Beevor (retired 23 May 2022)	1 (1)
Alice Avis	5 (5)
Martin Ratchford	5 (5)
Clair Preston-Beer (appointed 1 July 2022)	3 (3)

Committee composition and operations

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

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

The main topics discussed during the year were the retirement of both the Chief Financial and Sustainability Officer and Non-Executive Chair of the Remuneration Committee, and the appointment of their respective successors. Succession planning for the Executive and Senior Leadership Team remained high of the Committees agenda alongside the size, structure and composition of the Company's Board.

Appointment and induction of the Chief Financial and Sustainability Officer

The Committee oversaw the departure of Lynne Fennah, the Company's Chief Financial and Sustainability Officer of five years, who tendered her resignation in May 2022 to pursue other interests.

A detailed role specification was prepared and reviewed by members of the Committee. Odgers Berndtson, a leading external search firm, were appointed to lead the search process. Odgers Berndtson has no connection with the Group, other than providing this type of service.

Having conducted a market-wide search across a number of related industry sectors, long lists were generated, and reviewed by the Chief Executive Officer, the People & Performance Director and the Chairman. A short list of candidates was then taken through for formal assessment which included interviews with a number of Board members. Selected candidates were then taken through for psychometric testing and independent referencing.

On 4 August 2022, the Board announced the unanimously agreed appointment of Donald Grant as Chief Financial and Sustainability Officer, replacing Lynne Fennah.

Upon appointment Donald was given induction sessions by the Chief Executive Officer, the Sales and Marketing Director and the Property Director. These sessions covered background information of the Group, including its evolution, key risks, funding structure, strategy, culture and share register composition. The Company Secretary provided a schedule of matters reserved for the Board and the Company's Corporate Calendar. Donald has met with most of the Company's key advisers and toured a number of properties.

Succession planning

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

During the year, Stuart Beevor informed the Board of his intention to stand down as a Non-Executive Director and Chair of the Remuneration Committee. Redgrave Partners were appointed to lead the search process in finding his replacement. Having conducted a market-wide search across a range of industry sectors, and candidates from diverse backgrounds, a long list was generated, and reviewed by the Board. A short list of candidates were then taken through a formal assessment process which included interviews with Board members. On 1 July 2022, Clair Preston-Beer was appointed as a Non-Executive Director of the Company, bringing a wealth of operational skills and experience to the Board.

As a result of Stuart's departure, on 1 April 2022, Alice Avis took the Chair of the Remuneration Committee. Alice meets the Code Requirements for such a position having served on the Group's Remuneration Committee since her appointment in 2019.



Nomination Committee Report | continued

With a strong, gender diverse, Senior Leadership Team currently in place there is pool of internal candidates who could, in time, present succession opportunities for both Executive Directors. Therefore as vacancies arise consideration will be given to both external and internal candidates. The Committee will continue to review the Boards succession plan throughout 2023.

Tenure

	Tenure	To step down by
Independent Non-Executive Directors		
Mark Pain	4 years	September 2028
Alice Avis	3 years	March 2029
Martin Ratchford	1 year	October 2031
Clair Preston-Beer	< 1 year	July 2032
Executive Directors		
Duncan Garrood	2 years	n/a
Donald Grant	< 1 year	n/a

Independence and re-election

Donald Grant, the Chief Financial and Sustainability Officer, and Clair Preston-Beer, who were both appointed by the Board during the year, will be subject to election by shareholders for the first time at the AGM on 24 May 2023. All Directors are subject to annual re-election at the AGM, and the Board will recommend reappointment as part of the AGM notice.

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

Biographies for each Director can be found on pages 68 to 69.

Diversity

Whilst much of the focus of analysis and guidance in relation to diversity and ethnicity is centred on companies which sit within the FTSE 350, of which the Company is not a part, the Committee recognises the benefits of diversity in its broadest sense, including gender, ethnicity, age and educational and professional background.

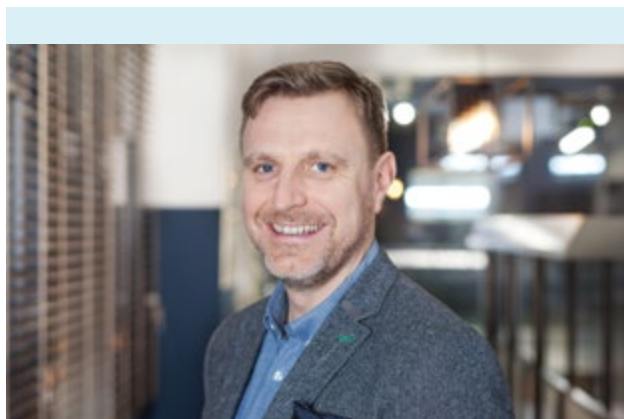
In respect of gender diversity, 33 per cent of the Board are female, in line with the voluntary target set by the Hampton-Alexander Review, with one of the senior Board positions, the Senior Independent Director, held by a female. Below the Board, 33 per cent of the senior leadership team are female, with females representing 45 per cent of all employees. More information about gender diversity in the Group as a whole can be found on page 56.

In terms of ethnic diversity, the Company is diverse with 32 per cent of the Group's responding employees identifying as being from an ethnic minority. The Company has invested in additional support and career pathways to increase diversity in the workforce. During the process to replace Stuart Beevor as a Non-Executive Director, the Board considered a long list of candidates which were appropriately gender and ethnicity balanced.

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

Mark Pain | Nomination Committee Chairman
16 March 2023

Audit and Risk Committee Report



Martin Ratchford | Audit and Risk Committee Chairman

“In line with the Committee’s continued focus on overseeing the quality and integrity of financial management, we concluded the tender process and appointment of Grant Thornton LLP as internal Auditor, and commenced planning for the forthcoming tender of the external Auditor in 2023.”

Committee membership and meetings

	Meetings
Martin Ratchford	3 (3)
Stuart Beevor (retired 23 May 2022)	1 (1)
Alice Avis	3 (3)
Clair Preston-Beer (appointed 1 July 2022)	2 (2)

Committee composition and operations

The Committee comprises three independent Non-Executive Directors. The Board is satisfied that Martin Ratchford has recent and relevant financial experience to chair the Committee.

The Committee met three times during the year in February, August and December. Meetings were attended by all relevant members and were aligned to the Company’s financial reporting and risk management cycles. All meetings were attended by the Company’s Chairman, the CEO, the CFSO, the Financial Controller and the Company Secretary. In February and August the external auditor and valuer are invited to attend to present their respective reports and valuations to the Committee. In December, the Committee also met the prospective Internal Audit firm as part of the tender process and the external auditor who presented their audit plan for the forthcoming year end.

The Committee operates within the terms of reference approved by the Board annually. These can be found on the Company’s website www.empiric.co.uk and set out the role of the Committee in accordance with the Corporate Governance Code. The Company’s policy for the provision of non-audit services aligns with the Financial Reporting Council’s Revised Ethical Standard’s published in December 2019.

Responsibilities of the Committee

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

- reviews the work of the external auditor and valuers and the significant financial judgements made by management;
- monitors the integrity of the Company’s annual and interim financial statements and any formal announcements or correspondence in respect of the Company’s financial information;
- considers significant financial reporting issues, judgements and estimates exercised in the preparation of financial information;

- advises the Board on various statements made in the Annual Report, including those on viability, going concern, risk and controls and whether, when read as a whole, the Annual Report can be considered fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, its business model and strategy;
- considers and approves the remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of, and the policy for non-audit services provided by, the external auditor;
- considers the ongoing need for an internal audit function, oversees tenders and confirms appointment and annual internal audit plans;
- reviews the risk management framework and ensures that risks are carefully identified and assessed, and that systems of risk management and internal control are in place and effective; and
- reviews whistleblowing arrangements and any matters arising.

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

Activities and matters discussed

During the year the following matters were considered and discussed:

- Reports from the Company’s valuer, CBRE;
- Reports from the Company’s external auditor, BDO LLP, regarding the 2021 full year results, the 2022 interim results and the 2022 audit plan;
- Reports from the Financial Controller
- Risk management process and related disclosures;
- Financial stress testing and covenant compliance
- Viability and going concerns assessment and related disclosures
- 2021 report and accounts
- 2022 interim statements
- Effectiveness of internal controls
- Independence and effectiveness of the external auditor
- Significant areas of estimation and judgement



Audit and Risk Committee Report | continued

- Accounting for the cost of cladding remediation and fire safety
- REIT compliance
- Review of business continuity and crisis management plans
- Review of whistleblowing, cyber security and anti-bribery policies and procedures
- Review of Company's policy in respect of non-audit fees
- Tender and appointment of the internal auditor
- Guidance from and correspondence with the Financial Reporting Council

External Auditor and non-audit services

BDO LLP has been the Company's auditor since 2014 following an audit tender in 2013. During the year we reviewed BDO's appointment as the Group's external auditor. Following this review, the Committee decided to retain BDO and have therefore recommended a resolution for BDO's reappointment to be proposed to shareholders at the AGM. As 2023 will be the tenth year BDO LLP would have been in post, the external audit contract will be placed out to tender during 2023 in respect of the 2024 audit.

The Committee considered BDO's compensation, performance independence and effectiveness during the year. The Committee met with key members of the audit team, including the lead audit engagement partner. BDO LLP has formally confirmed its independence, as part of the annual reporting process. The Committee regularly liaises with the lead audit partner to discuss any issues arising from the audit, as well as cost-effectiveness.

We subject the Group's policy in regard to non-audit services to an annual review. During the year, BDO LLP did not provide any non-audit services other than those activities required for regulatory reasons, being the review of the Company's Interim Report.

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

£m	Year ended 31 December 2022	Year ended 31 December 2021
Audit and related fees	0.5	0.4
Non-audit fees	–	–
Total	0.5	0.4

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

Independence and effectiveness of the external Auditor

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

- assurances from BDO LLP as to the quality of the audit and the ongoing independence of the auditor, which were in line with the Financial Reporting Council's ethical standards;
- publications provided to management throughout the year on emerging issues and financial reporting updates;
- quality of written reports submitted to the Committee which were clear and concise with presentations at meetings being considered as balanced, clear and understandable;
- safeguards that limit the amount of non-audit services provided by BDO LLP aimed at protecting their independence;
- consultation with management that demonstrated the auditors competency and experience necessary to perform effectively in their role; and
- audit queries were raised and dealt with in a proactive and timely manner and there was sufficient challenge with regard to areas of judgment, estimate, internal controls and areas of heightened risk.

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

Appointment of internal Auditor and internal controls

The Committee had concluded in 2021 that the Group would develop an internal audit function. It was considered that an outsourced internal auditor would provide the most cost effective approach due to the range of specialist skills likely to be required across a multi-faceted operational business. A tender process was conducted with a shortlist of appropriate firms. Each firm submitted a comprehensive proposal in line with a predetermined brief, which was reviewed and discussed with the Committee. After due consideration, and with the committee having met the key people, Grant Thornton LLP was appointed as the Group's internal Auditor.

The Committee has continued to review the effectiveness of the internal control environment throughout the year. Reports prepared by the Financial Controller and CFSSO on internal controls were reviewed and challenged. The Committee was satisfied that no significant weaknesses were identified and concluded that the control environment was effective and robust for a Company of our size and complexity. Following the appointment of the internal Auditor, an internal plan is to be devised which will provide external assurance on internal controls going forward. The plan will address key risk areas, including the verification of critical mitigating controls.

External Valuers and valuation of investment property

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

The Committee monitored the objectivity and independence of CBRE during the year. The valuers have confirmed that they are appropriately qualified to carry out the valuations and that fees received are not a material part of their overall fee income. The Committee remains satisfied that the valuers are objective and independent.

Going concern and viability

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

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

In conclusion, the Committee concurred with management's assessment and recommended the adoption of the going concern basis of preparation and the viability statement to the Board. The viability statement, together with details on the assessment undertaken and stress tests applied, are set out on page 34.

Changes in accounting policies and standards

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

After due consideration, no changes were proposed to the Group's accounting policies which have been consistently applied throughout the year to 31 December 2022. Following discussions with management and the external auditor, no new accounting standards or annual updates were expected to have a material impact on the consolidated financial statements for the year ended 31 December 2022.

Risk management

A process for identifying and recording risks has been established and is embedding within the business. A Group risk register is compiled from the reports of the various divisions and corporate functions. Prior to its submission to the Committee, review meetings are held with departmental heads, and the identified risks and associated ratings are challenged where appropriate.

Guidelines ensure a commonality of approach with thresholds set from both a financial and reputational perspective. Risks were assessed based on a 'gross' and 'net' exposure basis, with 'net' exposure arrived at after considering the impact of mitigating actions or controls which are currently in place.

Results are analysed to identify the Group's principal risks which are then compared to the previous review and proposed disclosures to highlight any significant changes or emerging risks. The most notable changes this year were:

- the impact of rising and volatile interest rates;
- significant inflationary pressures on operational, administrative and development/refurbishment costs;
- risks to valuations from rising yields;
- geopolitical factors which may impact the number of international students; and
- re-emergence of COVID-19 or similar pandemic.

Full disclosure of the Group's principal risks are set out on pages 30 to 33.

Whistleblowing

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

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

Conclusions in Respect of the Company's Annual Report

The production and audit of the Annual Report is a comprehensive process, requiring input from several different contributors and with a high level of input from the Chief Executive Officer and Chief Finance &

Sustainability Officer. There are early opportunities for the board to review and comment on the annual report. To reach a conclusion on whether the Annual Report taken as a whole is fair, balanced and understandable, as required by the Code, the Board has requested that the Committee advises on whether it considers that the Annual Report fulfils these requirements.

In outlining our advice, we considered information presented to the Committee throughout the year, together with the following:

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

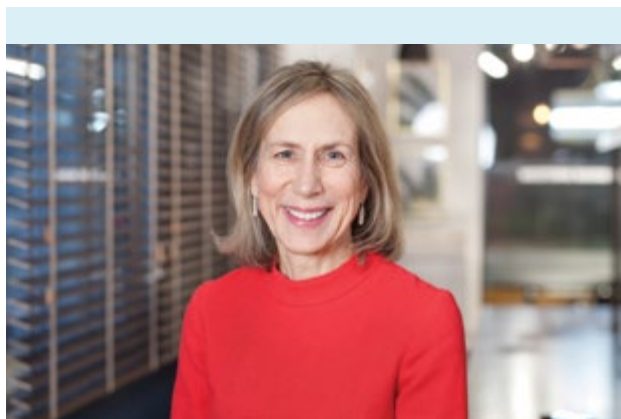
As a result of this work, the Committee has concluded and reported to the Board that the Annual Report for the year ended 31 December 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model, strategy and principal risks. The Board's conclusions in this respect are set out in the Directors' Responsibilities Statement on page 107.

Should any stakeholders wish to contact me, I can be reached via the 'Contact' link on the Company's website. I also expect to be attending the forthcoming Annual General Meeting in May 2023 and would be happy to address any questions shareholders may have in respect to the Committee's activities.

Martin Ratchford | Audit and Risk Committee Chairman
16 March 2023



Remuneration Committee Report



Alice Avis | Remuneration Committee Chairman

“The Committee has continued to drive alignment of compensation arrangements, both across the Company and with Shareholder interests. Sharper focus has been given to employee engagement and employee pay during a year of high inflation and increased cost of living.”

Committee membership and meetings

	Meetings
Stuart Beevor (retired 23 May 2022)	2 (2)
Alice Avis (appointed Chair 1 April 2022)	5 (5)
Mark Pain	5 (5)
Martin Ratchford	5 (5)
Clair Preston-Beer (appointed 1 July 2022)	3 (3)

Statement from the Chairman of the Remuneration Committee

Committee composition and operations

In anticipation of Stuart Beevor's retirement in May 2022, Alice Avis was appointed as Committee Chair on 1 April 2022. We thank Stuart for his effective chairing of the Committee over the past six years and for his insights and valued contributions.

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

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

Key activities during 2022

- Alignment of the Company's strategy and shareholders' interests
- CFSO succession
- New Remuneration Policy
- Employee engagement
- Remuneration and benefits of wider workforce, including consideration of impact of cost-of-living crisis
- Gender pay report
- CEO pay ratio and internal proportionality

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2022.

The report is divided into three parts:

- The Annual Statement which summarises the remuneration outcomes in 2022, the key decisions taken and how the Remuneration Policy ('Policy') will be applied in the current financial year;
- The New Remuneration Policy which is submitted for approval by shareholders at the Annual General Meeting on 24 May 2023; and
- The Annual Report on Remuneration which sets out full details of remuneration paid in 2022 and our intended implementation of our new Policy in 2023.

We greatly value engagement with our shareholders and look forward to your continued support at the forthcoming Annual General Meeting.

Alice Avis MBE | Remuneration Committee Chairman



Annual Statement

2022 performance and reward

As you have read in the statements from the Chairman and CEO, the Company has delivered strong financial and operational results, with revenue occupancy of 99 per cent achieved and like for like rental growth of 5.2 per cent for academic year 2022/23, driven by the success of our dynamic pricing capability and the continued strong demand underpin. Despite challenging market conditions, the operational improvements made alongside continued optimisation of the portfolio's quality has delivered a total accounting return of 10.5 per cent.

Continued good progress has been made on our non-core disposal programme with £57.8 million generated from the disposal of seven properties during 2022. Recent investment market turbulence has delayed the disposal programme's initial aspirations and it now looks increasingly likely we will continue to hold a number of non-core assets beyond the original 18 month timeline set out in 2021. Nevertheless, we expect the programme to be materially complete by the end of 2023. Despite market disruption, the Group successfully disposed of two properties above book value in the final quarter of 2022, while a further £50 million remains under offer or in an advanced stage of negotiation.

Given this strong performance, the Board is increasingly confident in its progressive dividend strategy and will target a minimum dividend payment of 3.25 pence per share for the 2023 financial year having paid and declared dividends totalling 2.75 pence per share for the 2022 financial year.

Hello Student aims to provide students with a 'Home from Home'. Our customer first philosophy, coupled with a boutique, personalised experience in a safe and welcoming environment enables them to make the most of their time at university.

Our people are central to this. It is through their hard work & commitment that the Company has been able to deliver great service and high levels of customer satisfaction. This is reflected in the results from the latest annual GLSI survey which shows our NPS has improved again from +22 to +27. I would like to thank all our people for their continuing efforts which are very much appreciated by the Board.

Achieving record revenue occupancy for academic year 2022/23 together with significant progress against personal strategic objectives, namely, the successful implementation of the Company's strategy, the improvement in culture and engagement and the development of a customer service focus, has resulted in a formulaic outcome for Duncan Garrood's annual bonus of 61.6 per cent of the 2022 annual maximum. The Committee considered whether the level of bonus pay out was appropriate, reflected performance and was aligned to shareholder interests. The Committee concluded that the formulaic outcome was justified and represented a fair recognition of performance.

The vesting of the LTIP awards granted to Lynne Fennah on 8 April 2020 were subject to a single performance condition of Total Return (being growth in NAV per share plus dividends paid) assessed over the three year performance period ending 31 December 2022. 25% of the award would vest for meeting a threshold Total Return target of 8 per cent per annum increasing to 100 per cent vesting for meeting a maximum target of 12 per cent per annum. Actual performance was below the threshold level for the award so no LTIP shares vested.

Full details of the 2022 reward outcomes are set out on pages 96 to 100.

CFSO Succession

As announced on 23 May 2022, Lynne Fennah, our former Chief Financial and Sustainability Officer, decided to step down from her role to pursue other interests. Following a thorough recruitment process, Donald Grant was appointed as an executive Director on 12 September 2022 and after an orderly transition, succeeded Lynne on her departure.

Lynne Fennah's service contract provided for a 12 month notice period. As part of the orderly transition, notice commenced on 1 June 2022 and Lynne remained on the Board as a Director of the company until 31 October 2022. Details of her termination payments are outlined on page 100. Under the Annual Bonus Plan rules, Lynne is not entitled to an annual bonus for the year ending 31 December 2022. The Committee exercised its discretion, in accordance with the Plan rules and the remuneration policy, to allow Lynne to receive her deferred annual bonus shares due to vest on 24 March 2025 in addition to those which are due to vest on 8 April 2023 to which she remains entitled, given the vesting date is within her notice period. All unvested LTIP awards will lapse.

The 2022 salary for the new CFSO, Donald Grant, was 10.5 per cent lower than Lynne's whilst the Annual Bonus and LTIP opportunity remain the same. His pension contribution, being 7.5 per cent of salary, is in line with the wider workforce. Given the timing of his appointment, Donald did not participate in either the Annual Bonus or LTIP in 2022.

Gender Pay

The Group believes in creating a diverse and gender balanced workforce which reflects the customers and communities we serve. We provide training and support that ensures our employees have the tools to succeed and deliver their best in the workplace. We are required to report upon the gender pay gap within our subsidiary, Hello Student Management Limited. Analysis based on data to 5 April 2022 demonstrates that the mean gender pay gap is 7.2 per cent (with males paid more than females) and the mean gender bonus gap is 10.5 per cent (males paid higher bonuses than females). This represents a deterioration on the prior year which is attributable to the decline in female representation in senior roles since the prior year, with female representation at 48 per cent, down from 57 per cent in the prior year. Primarily, the deterioration follows the resignation of our female Operations Director. The Committee is satisfied that equivalent roles attract equivalent pay, regardless of gender.



Remuneration Committee Report | continued

We are committed to providing fair and competitive pay and benefits as well as continuously improving the experience of all employees in respect of equality, diversity and inclusion. In 2022, as part of our plans to address the gap, we launched a leadership development programme to support internal promotion opportunities. Females were well represented, accounting for 56 per cent of attendees.

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

Workplace Engagement and Remuneration

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

During 2022, the Committee reviewed pay and benefits across the wider workforce, with particular consideration given to the impact of the cost-of-living crisis. The annual pay review, effective 1 January 2023, resulted in an average salary increase of 8.3 per cent, with our lowest paid employees receiving increases in line with inflation. In addition, we have increased pension contributions for all eligible employees to 7.5 per cent, offered an enhanced benefits and recognition platform and given all employees a £250 bonus in November to provide some assistance with inflationary pressures around the festive period. Our Sharesave scheme was launched in July 2021 to allow our employees the opportunity to buy into the success of the Company, with 28 per cent of those eligible having participated. Having reviewed employee compensation arrangements, the Committee is satisfied that employee pay and conditions remain fair and proportionate.

The One Team Collective (formerly the Colleague Forum) is a workforce advisory panel consisting of 12 employee representatives from across the Group. Its focus is to support meaningful dialogue on topics raised by our employees. It met eight times in 2022 and is supported by myself, the Company's Senior Independent Director. I attended one meeting in person and maintain regular dialogue with the Collective's Chair throughout the year.

Our colleague engagement survey was undertaken in June 2022 via Best Companies with the engagement index score increasing from 'One to Watch' to a 'One Star' Accreditation. The most recent engagement survey, conducted via Reward Gateway, demonstrated that 84 per cent of those responding would recommend the Group as a place to work or its properties as a place to stay.

The amendments made to employee pay, benefits and engagement have greatly helped improve our employee retention rate, which rose by 14 per cent to over 78 per cent in the year to 31 December 2022.

CEO Pay Ratio and Internal Proportionality

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

Using the methodology, the CEO pay ratio when compared against the median employee is 30:1 with full details set out on page 102. The Remuneration Committee believes in reward packages that are externally competitive and internally proportionate, meaning the CEO is the employee with the highest proportion of variable pay as he has the highest level of responsibility.

We are pleased to report that as the pay ratio normalises post-Pandemic, the median, 25th and 75th percentiles are all lower than their 2019 equivalent, demonstrating our continued investment in pay and reward for our workforce.

2023 Reward Decisions

The Committee conducted a thorough review of the CEO and CFO's base salary. As part of this review, the Committee, taking advice from Deloitte, our independent Remuneration Consultant, considered the company's performance, the average annual salary increase for employees (8.3 per cent), the executive's current pay relative to a group of relevant external companies as well as shareholder expectations. As a result, both were awarded a salary increase of four per cent with effect from 1 January 2023.

Donald Grant joined the Company and the Board in September 2022 as CFO. Upon appointment his salary was 10.5 per cent lower than the outgoing CFO, Lynne Fennah, and remains 6.9 per cent lower following adjustment on 1 January 2023. He has received no 2022 bonus award and his salary increase remains sufficiently below the employee average and in line with his service agreement, which provided for review on 1 January 2023.

The executive bonus plan arrangements for 2023 will follow the same structure as in 2022, with a maximum annual opportunity set at 110 per cent of salary. There are three equally weighted financial measures, which when combined account for two thirds of the maximum opportunity. These financial measures are based on revenue, EBITDA & dividend. One third of the maximum opportunity is linked to specific individual objectives based on strategic key performance indicators and include ESG related objectives.

Both executive Directors will receive LTIP awards in 2023, as was the case in 2022, over shares worth 150 per cent of salary. The vesting of the LTIP award is subject to two performance measures each representing 50 per cent of the award for the performance period 1 January 2023 to 31 December 2025. Firstly, Total Accounting Return ("TAR") relative to threshold and maximum targets, with TAR being the growth in net asset value plus dividends paid. 25 per cent of the award will vest for meeting a threshold TAR target of 6 per cent per annum increasing to 100 per cent vesting for meeting a maximum target of 10 per cent per annum. Secondly, Total Shareholder Return ("TSR") relative to the FTSE All Share Real Estate Companies peer group, with 25 per cent of the award vesting for



median performance and 100 per cent for 75th percentile performance (with straight line vesting between threshold and maximum performance on both measures).

New Remuneration Policy

At the 2023 Annual General Meeting, there will be a binding shareholder vote on our new Remuneration Policy which is required under the standard three-year approval cycle. No substantial changes are included in the new Policy which is set out on pages 87 to 92.

Strategic and Shareholder Alignment

In setting executive remuneration in 2023, the Committee has continued to seek alignment with the Company's strategic priorities and shareholder interests. In particular:

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

Full details of how the Remuneration Policy will be applied during 2023, as well as how Directors were paid in 2022, are set out on pages 95 to 99. There will be an advisory shareholder vote on this section of the Remuneration Report at our 2023 Annual General Meeting.

Alice Avis MBE | Remuneration Committee Chairman
16 March 2023

New Remuneration Policy

The current Directors' Remuneration Policy was approved by shareholders in 2020 and expires at the 2023 Annual General Meeting.

During 2022, the Remuneration Committee undertook a thorough review of the Policy to ensure that it continued to support delivery of the business strategy and remained compliant with all key remuneration requirements of the UK Corporate Governance Code and emerging practice. The Committee considered input from management, while ensuring that conflicts of interest were suitably mitigated, and our independent advisors.

Following that review, the Committee concluded that no substantial changes were required to the Policy at this time although certain minor amendments were proposed, primarily in order to provide greater clarity in specific areas, as set out below.

1. **Pension provision** – The new Policy will clarify that the level of pension provision for all executive Directors is capped in line with the prevailing pension contribution applicable to the majority of the workforce (currently 7.5 per cent of salary).
2. **Annual bonus and LTIP structure** – In line with Investment Association guidance and standard market practice, the new Policy will contain scope for the Committee to amend the calculation of performance targets for events not foreseen at the time original targets were set (for example following material acquisitions, disposals or investments) to ensure they remain a fair reflection of performance. It will also contain flexibility for the Committee to use its discretion to amend the formulaic outturn, upwards or downwards, if it does not consider that the formulaic outcome is a fair and accurate reflection of performance or that the award was achieved within an acceptable risk profile. It will also be made more explicit in the new Policy that ESG related performance measures are able to be used within the annual bonus.

3. **Shareholding guidelines** – Consistent with market practice, the Committee's scope to exempt shares, acquired by an executive Director in a personal capacity, from the post-employment guidelines is clarified.
4. **Recruitment policy** – Consistent with market practice, the new Policy will contain flexibility for the reimbursement of specific costs which are approved by the Committee and incurred by an individual in relation to their appointment (for example legal costs).

The Committee consulted with the company's top 20 shareholders on these proposed changes during November 2022 and received broad support for the new Policy. I would like to thank all those who took the time to provide valued comments on these proposals.

The proposed New Directors' Remuneration Policy for the period 2023-2026 is set out on pages 87 to 92. The Committee recommends it to shareholders for approval at the Annual General Meeting on 24 May 2023.



Remuneration Committee Report | continued

Remuneration Policy Report for executive Directors

Fixed pay

Component	Purpose and link to strategy	Operation	Maximum	Performance framework
Base salary	Core element of remuneration set at a level to attract and retain Executive Directors of the required calibre to deliver the Company's investment objectives successfully.	<p>Fixed cash paid monthly generally reviewed annually. The review takes into consideration a number of factors, including but not limited to:</p> <ul style="list-style-type: none"> the individual Director's role, experience and performance; business performance; relevant data on remuneration levels paid for comparable roles; and pay and conditions elsewhere in the Company. 	<p>To avoid setting the expectations of Executive Directors and other employees, there is no overall maximum salary for Executive Directors under the Remuneration Policy. Any increase in salaries will be determined by the Remuneration Committee, taking into account the factors stated in this table and the following principles:</p> <ul style="list-style-type: none"> Salary increases for Executive Directors will typically not exceed the average salary increase (in percentage of salary terms) for other permanent employees; Increases may be made above this in certain circumstances, such as: <ul style="list-style-type: none"> progression within the role; increase in scope and responsibility of the role; increase in experience where an individual has been recruited on a lower salary initially; and increase in size and complexity of the Company. 	None.
Benefits	To provide market-competitive benefits.	<p>Benefits are role specific and take into account local market practice.</p> <p>Benefits currently include (but are not limited to) reimbursed travel expenses, medical insurance, disability and life insurance and a car allowance.</p>	There is no overall maximum level, but benefits are set at an appropriate level for the specific nature of the role and depend on the annual cost of providing individual benefits.	None.
Pension	To provide market-competitive retirement benefits.	<p>The Company either contributes to the Directors' personal pension arrangements or direct to their pension plans.</p> <p>Alternatively, Directors may receive a cash allowance in lieu of pension.</p>	All Director's pension provision capped in line with provision available to the majority of the workforce, currently 7.5% of salary.	None.

Component	Purpose and link to strategy	Operation	Maximum	Performance framework
Variable Remuneration				
Annual and deferred annual bonus	<p>To link reward to the achievement of key business objectives for the year.</p> <p>To provide additional alignment with shareholders' interests through the operation of bonus deferral.</p>	<p>The Executive Directors are participants in the annual bonus plan which is reviewed annually to ensure bonus opportunity, performance measures and targets and objectives are appropriate and support the business strategy.</p> <p>The Committee will determine the level of bonus to be awarded, taking into account the extent to which the targets have been met and overall business and personal performance.</p> <p>Up to 60% of an Executive Director's annual bonus will usually be paid in cash following the release of the audited results of the business.</p> <p>At least 40% of any bonus is usually deferred into an award over Company shares issued as a nil-cost option pursuant to the terms of the LTIP, which will usually be deferred for three years.</p> <p>Dividend equivalents will be paid usually in additional shares when the deferred shares are released.</p>	<p>The maximum annual bonus opportunity is 150% of base salary per annum.</p> <p>Each year the Remuneration Committee will determine the maximum annual bonus opportunity for each individual Executive Director within this limit.</p>	<p>The bonus is based on performance assessed over one year using appropriate financial, strategic, ESG and personal performance measures.</p> <p>The selected measures for the next financial year will be set out in the Remuneration section of the Annual Report for that year.</p>
LTIP	<p>To link reward for the Executive Directors to the achievement of long-term performance objectives of the Company which are aligned to the strategic goals and to retain executives.</p>	<p>Awards under the LTIP will usually be made in the form of a contingent award of shares or grant of nil-cost options or nominal value options.</p> <p>Vesting of the award is dependent on the achievement of performance targets, typically measured over a three-year period.</p> <p>Vested awards will be subject to an additional two-year holding period.</p> <p>Dividend equivalents will be paid usually in additional shares when the LTIP awards are released.</p>	<p>The maximum LTIP award that may be made is up to 150% of base salary per annum as provided for in plan rules, but for the avoidance of doubt this excludes any nil -cost options issued pursuant to an award under the annual bonus scheme.</p>	<p>Vesting of LTIP awards is dependent on the achievement of performance measures determined by the Committee ahead of each award. These details will be disclosed in the Annual Report on Remuneration section of the Remuneration Report.</p> <p>Performance will usually be measured over a three-year performance period. For achieving a "threshold" level of performance against a performance measure, no more than 25% of the award will vest.</p> <p>Vesting then increases on a sliding scale to 100% for achieving a stretching maximum performance target.</p>



Remuneration Committee Report | continued

Component	Purpose and link to strategy	Operation	Maximum	Performance framework
Employee Share Option Plan – Executive Directors will only be granted share options under the ESOP in exceptional circumstances.	To reward employees for the delivery of long-term shareholder value.	The ESOP permits the grant of share options with an exercise price of not less than the market value of a share (as determined by the Committee) at the time of grant. Options will usually be exercisable between three and ten years following the grant.	Share options may be granted under an HMRC approved Company Share Option Plan to the extent possible.	If ESOP awards were, in exceptional circumstances, granted to an Executive Director, they would be subject to an appropriate performance condition as determined by the Committee.
All-employee share plans	To reward employees for the delivery of long-term shareholder value.	Executive Directors may participate on the same basis as other employees	Participants may contribute up to the relevant limits set out in the plan	

Remuneration Policy Report for the Chairman and non-executive Directors

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

Notes to the Directors' Remuneration Policy Table

1. Malus and clawback

Malus and clawback may be applied by the Committee to any variable remuneration awarded to an executive Director under this Remuneration Policy. Potential circumstances in which the Committee could choose to apply malus and clawback are following a restatement of results, censure by a regulatory authority, any other circumstances where the Board considers that the reputation of the Company has been materially damaged or any other reason (including poor performance or misconduct on the part of the participant) that the Board considers appropriate. Clawback may be applied to a cash bonus up to three years from the determination of the bonus. Malus and clawback may be applied to a deferred annual bonus up to three years from the date of their award and to an LTIP award up to five years from the date of their award.

2. Shareholding guidelines

To align executive Directors interests with those of the Company's Shareholders, executive Directors are required to build a shareholding of twice their annual salary and hold this position for a further two years post-employment (unless the Committee considers a lower limit to be appropriate in a particular participant's circumstances). At its discretion, the Committee may exempt shares acquired in an executive Director's personal capacity from the post-employment guideline.

3. Legacy awards

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed: (i) before the Policy report set out on pages 88 to 90 came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed between participants at the time the award is granted. The Committee will operate the annual bonus and LTIP in accordance with the relevant plan rules.

4. Discretion

The Committee retains overriding discretion as to the operation and administration of these plans as follows:

Annual bonus: The Committee may settle an award in shares and may amend the performance targets applying to an award in exceptional circumstances if the new performance targets are considered fair and reasonable and are neither materially more nor materially less challenging than the original performance targets. The Committee may also amend the calculation of performance targets for events not foreseen at the time targets are set to ensure they remain a fair reflection of performance. Likewise, they may amend the formulaic outturn upwards or downwards if it does not consider that the formulaic outcome is a fair and accurate reflection of performance or that the award was not achieved within an acceptable risk profile.

Deferred annual bonus/LTIP: The Committee may amend the performance conditions applying to an award in exceptional circumstances if the new performance conditions are considered fair and reasonable and are neither materially more nor materially less challenging than the original performance conditions. The Committee may also amend the calculation of performance targets for events not foreseen at the time targets are set to ensure they remain a fair reflection of performance. Likewise, they may amend the formulaic outturn upwards or downwards if it does not consider that the formulaic outcome is a fair and accurate reflection of performance or that the award was not achieved within an acceptable risk profile. Specific examples include a variation of share capital, demerger, special dividend, distribution or any other corporate event which may affect the current or future value of an award, in which case the Committee may adjust the number of shares or the option price. Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

5. Takeover or other corporate event

Incentive awards will generally vest early on a takeover, merger or other corporate event to the extent that any performance condition is then satisfied. When an LTIP award vests in these circumstances, the number of shares in respect of which it vests will, unless the Committee decides otherwise, be reduced to reflect the fact that it is vesting early. Alternatively, participants may be allowed or required to exchange their awards over shares in the acquiring company. The Committee has the discretion to take other action as appropriate if other events occur which may have an effect on awards. In the event that all-employee plans are operated, they would be expected to vest on a takeover or other corporate event and those which have to meet requirements to utilise tax benefits would vest in accordance with those requirements.

6. Minor changes

The Remuneration Committee may make minor amendments to the Directors' Remuneration Policy set out on pages 88 to 90 (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for such amendment.

7. Performance measures and target setting

The annual bonus is based on operating, financial, ESG and personal performance measures which are aligned with the Company's annual strategic plan. The LTIP awards are based on measures chosen to motivate and reward Directors for the successful achievement of long-term sustainable performance and to ensure maximum alignment with shareholders. Targets for all incentive plans are set by the Committee and take into account a number of reference points.

8. Remuneration arrangements throughout the Company

There are differences in the components of total remuneration packages for the executive Directors and other employees generally. This reflects differences in market practice taking into account roles and seniority. The remuneration policies for executive Directors and other senior executives are generally consistent in terms of structure and the approach to rewarding performance. In particular, we place significant emphasis throughout the business on performance based rewards.

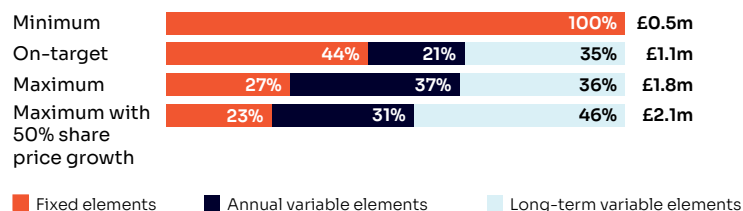


Remuneration Committee Report | continued

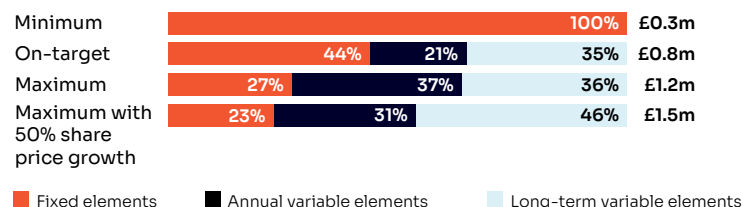
Directors' remuneration policy implementation illustration

The charts below are presented to illustrate the application of the Directors' Remuneration Policy set out in the policy report for the executive Directors for 2023, illustrating the split between the different elements of remuneration under three different performance scenarios, being "Minimum", "On-target" and "Maximum".

CEO



CSFO



For illustrative purposes, the on-target and maximum for the annual variable elements are assumed to be 55 per cent and 150 per cent of salary, respectively. Although the policy maximum is 150 per cent, in 2023 the Committee has set the maximum annual variable at 110 per cent of salary.

In respect of the long-term variable elements, on-target and maximum are assumed to be 90 per cent and 150 per cent of salary respectively. For illustrative purposes above, no share price growth, dividend accruals or discount rate assumptions have been applied.

Fixed elements include annual salary effective 1 January 2023, pension contributions of 7.5 per cent of salary and annualised taxable benefits effective from 1 January 2023, which include private medical insurance and car allowances.

Recruitment and new appointments

In determining remuneration arrangements for new appointments to the Board (including internal promotions), the Committee considers all relevant factors, including the calibre and experience of the individual, the market from which they are recruited and existing arrangements for other executive Directors, with a view that any arrangements are in the best interests of the Company and our shareholders. Typically, new appointments will have (or be transitioned onto) the compensation structure currently in place for other executive Directors and in line with the Policy report presented on pages 88 to 90. The maximum variable pay opportunity in respect of recruitment (excluding buy-outs) comprises a maximum annual bonus of 150 per cent of annual salary and a maximum LTIP award of 150 per cent of annual salary as stated in the Policy report on pages 88 to 90. The Committee retains the flexibility to determine that for the first year after appointment any annual incentive award within this maximum will be subject to such terms as it may determine. Where an executive Director is appointed from internal promotion, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an executive Director is appointed following the Company's acquisition of, or merger with, another company or business, legacy terms and conditions would be honoured. Upon appointment, the Committee may consider it appropriate to offer additional remuneration arrangements in order to secure the appointment. In particular, the Committee may consider it appropriate to "buy out" terms or remuneration arrangements forfeited on leaving a previous employer. The overriding principle would be that the value of any buy-out awards should be no more than the commercial value of awards which would have been forfeited. The form of any award would be determined at the time and the Committee may make buy-out awards under LR 9.4.2 of the Listing Rules. The Committee may provide costs and support if the recruitment requires relocation of the individual. Likewise, the Committee may approve the reimbursement of specific costs incurred by an individual in relation to their appointment.

Recruitment of Chairman and non-executive Directors

On the appointment of a new Chairman or non-executive Director, fees paid will normally be consistent with the Policy report set out on pages 88 to 90. Where specific cash or share arrangements are delivered to the Chairman or non-executives, these will not include share options or any other performance related elements. However, if the Chairman or a non-executive Director takes on an executive function on a short-term basis, they would be eligible to receive any of the standard elements of an executive Directors compensation structure.

Service contracts

Key terms of the current executive Directors' service agreements and non-executive Directors' letters of appointment are summarised in the table below. It is envisaged that any future appointments would have equivalent contractual arrangements unless otherwise stated in this Policy report.

Provision	Policy
Notice period	Executive Directors must give or be given a notice period of six months. In respect of non-executive Directors, no notice period is required by either the individual or the Company.
Termination pay	No termination pay provisions exist for either executive or non-executive Directors.
Expiry date	Executive Director contracts have no expiry date, while non-executive Directors are ordinarily required to step down from the Board within ten years of their appointment.

Each Director will retire and put themselves forward for re-election at the first Annual General Meeting of the Company following their appointment, and thereafter in line with the Articles and the UK Corporate Governance Code.

Payment for loss of office

Where an executive Director leaves employment, the Committee's approach to determining any payment for loss of office will normally be based on the overarching objective of arriving at an outcome which is in the best interests of the Company and its shareholders, while taking into account the specific circumstances of cessation of employment. While the Committee must ensure all contractual obligations are satisfied, termination payment would not be expected in normal circumstances to exceed salary, pension and benefits in relation to the individual's outstanding notice period. The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional fees in connection with cessation of office or employment.

The treatment of outstanding incentive awards will be governed by the relevant plan rules as set out in the table overleaf.



Remuneration Committee Report | continued

Plan	Good leaver categories	Treatment for good leavers	Treatment for all other reasons
Annual bonus	Death, ill-health, injury or disability, redundancy, transfer of employing company or business to which an individual's employment relates out of the Group, transfer of undertaking, any other reason, except summary dismissal, as the Remuneration Committee determines.	The participant will normally retain their entitlement to the bonus to the extent that the performance targets have been met. Bonuses will normally be subject to time prorating to reflect the period in employment, although the Committee has the discretion to vary this and/or pay the bonus entirely in cash. The Committee may determine that the bonus payment is calculated and made, at their discretion, at cessation instead of at the end of the performance period.	All other leavers will forfeit their entitlement to an annual bonus payment.
Deferred annual bonus	Death, ill-health, injury or disability, redundancy, transfer of employing company or business to which an individual's employment relates out of the Group, transfer of undertaking, any other reason, except summary dismissal, as the Committee determines.	The participant will normally retain their entitlement to receive their deferred annual bonus, which will vest on the normal vesting date. In the event of death or special circumstances, at the Committee's discretion, awards may vest early either in part or in full.	All other leavers will forfeit their entitlement to receive any further vesting of deferred annual bonus awards.
LTIP	<p>Cessation during the performance period due to death, ill-health, injury or disability, redundancy, transfer of employing company or business to which an individual's employment relates out of the Group, transfer of undertaking, any other reason, except summary dismissal, as the Committee determines.</p> <p>Cessation during the holding period for all reasons except summary dismissal.</p>	<p>Cessation during the vesting period</p> <p>In the event of death, or special circumstances at the Committee's discretion, awards may be released upon cessation based on the Committee's determination of the extent to which any relevant performance conditions are satisfied at that date. Otherwise, a Good Leaver's awards will be released at the end of the holding period (unless the Committee exercises its discretion to release the award at the end of the performance period) subject to satisfaction of any relevant performance conditions measured over the full performance period. A Good Leaver's awards will normally vest on a time-apportioned basis although the Committee has the discretion, acting fairly and reasonably, to disapply time apportionment.</p> <p>Cessation during the holding period</p> <p>Outstanding awards will be released at the end of the holding period or upon cessation at the Remuneration Committee's discretion.</p>	Awards lapse.

Consideration of employment conditions elsewhere in the Group

The Committee reviews general levels of employee pay and related issues and is conscious of the importance of ensuring that its pay decisions for executive Directors are regarded as fair and proportionate within the business. As outlined in the Policy report, pay and conditions in the Company are two of the considerations taken into account when the Committee is determining salary levels for the executive Directors. The Committee does not formally consult with employees as part of its process when determining executive Director pay.

Consideration of Shareholders' views

The Remuneration Committee actively consults with major shareholders and takes into account views expressed when shaping the structure of the Directors' remuneration arrangements.



Annual Report on Remuneration

The Annual Report on Remuneration will be subject to an advisory shareholder vote at the 2023 Annual General Meeting.

Implementation of the Remuneration Policy in 2023

This section provides an overview of how the Committee is proposing to implement the Remuneration Policy during 2023.

Base salary

As discussed in the Remuneration Committee Chairman's statement, the executives' salaries have increased by 4 per cent with effect from 1 January 2023. This was arrived at following advice from Deloitte, our Remuneration Consultants and a comprehensive review with consideration given to the Company's performance and the average annual salary increase awarded to the workforce (8.3 per cent). The prior and current salaries are set out below. For information, the CEO received an annual salary increase of 2.5 per cent in 2022.

Executive Director	Prior salary	Current salary
Duncan Garrood	£410,000 fixed 1 January 2022	£426,400 with effect from 1 January 2023
Donald Grant	£290,000 fixed 12 September 2022	£301,600 with effect from 1 January 2023

Pension and benefits

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

Annual and deferred annual bonus

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

The annual bonus will be determined by three equally weighted financial performance measures, accounting for two thirds of the bonus opportunity. In 2023 these have been linked to revenue, EBITDA and dividend payment. The balance, being one third of the bonus opportunity, is linked to the achievement of specific individual objectives derived from strategic key performance indicators, including ESG related objectives. Following due consideration, the Committee considers these objectives are appropriate in 2023 as the Company continues to capitalise on the post pandemic recovery whilst managing its controllable cost base as tightly as possible, therefore driving improving shareholder returns. Notwithstanding the formulaic outcome against these measures, the Committee will continue to consider carefully overall business performance at the year-end and determine whether the exercise of discretion is warranted.

The targets and outturn against these measures will be disclosed in the Remuneration Report for the year ending 31 December 2023. Any bonus pay out will be subject to the

Committee confirming that, in its assessment, the financial outturns which determined the bonus were achieved within an acceptable risk profile. Clawback may be applied to a cash or deferred bonus up to three years from the date of determination of the award.

LTIP

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

Firstly, Total Accounting Return ("TAR") relative to threshold and maximum targets for the period 1 January 2023 to 31 December 2025, with TAR being the combined growth in net asset value and dividends paid during the period. 25 per cent of the award will vest for meeting a threshold TAR target of 6 per cent per annum, increasing to 100 per cent vesting for meeting a maximum target of 10 per cent per annum, with straight line vesting between threshold and maximum performance.

Secondly, Total Shareholder Return ("TSR") relative to the FTSE All Share Real Estate Companies peer group, with 25 per cent of the award for median performance and 100 per cent for achieving performance within the 75th percentile, with straight line vesting between threshold and maximum performance, for the period 1 January 2023 to 31 December 2025.

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

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

Non-executive Director remuneration

The fee structure for the remuneration of non-executive Directors from 1 January 2023 is outlined in the table below. This fee structure has remained unchanged since 1 July 2016.

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

	Annual fees (£)
Base fee	£40,000
Audit & Risk Committee Chairman	£48,000
Remuneration Committee Chairman	£48,000
Senior Independent Director	£49,000 (£52,500 if role is held by an individual who is also a Committee Chairman)
Chairman of the Board	£115,000



Remuneration Committee Report | continued

Remuneration outcome in 2022

Single total figure of remuneration (audited)

The following table sets out the total remuneration for executive Directors and non-executive Directors for the year ended 31 December 2022 alongside the equivalent data for the previous year.

	Year ended 31 December 2022							
	Salary and fees (£)	Benefits (£)	Pension (£)	Total Fixed (£)	Annual bonus (£)	Long-term incentives (£)	Total Variable (£)	Total (£)
Executive Directors								
Duncan Garrood	410,000	17,887	30,750	458,637	277,816	—	277,816	736,453
Donald Grant ¹	88,859	3,874	6,692	99,425	—	—	—	99,425
Lynne Fennah ²	270,088	11,751	40,513	322,352	—	—	—	322,352
Non-Executive Directors								
Mark Pain	115,000	—	—	115,000	—	—	—	115,000
Stuart Beevor ³	20,000	—	—	20,000	—	—	—	20,000
Alice Avis ⁴	51,136	—	—	51,136	—	—	—	51,136
Martin Ratchford	48,000	—	—	48,000	—	—	—	48,000
Clair Preston-Beer ⁵	20,000	—	—	20,000	—	—	—	20,000
	Year ended 31 December 2021							
	Salary and fees (£)	Benefits (£)	Pension (£)	Total Fixed (£)	Annual bonus (£)	Long-term incentives (£)	Total Variable (£)	Total (£)
Executive Directors								
Duncan Garrood	400,000	17,829	30,000	447,829	44,000	—	44,000	491,829
Lynne Fennah ²	316,200	14,073	47,430	377,703	34,782	—	34,782	412,485
Non-Executive Directors								
Mark Pain	115,000	—	—	115,000	—	—	—	115,000
Jim Prower ⁶	39,375	—	—	39,375	—	—	—	39,375
Stuart Beevor	48,000	—	—	48,000	—	—	—	48,000
Alice Avis ⁷	42,250	—	—	42,250	—	—	—	42,250
Martin Ratchford ⁸	12,000	—	—	12,000	—	—	—	12,000

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

² Lynne Fennah retired from the Board on 31 October 2022. Her remuneration is reported in the above table to the date she ceased to be a Director of the Company. Details in relation to her termination payments are on page 100. During the year, Lynne received 92,018 deferred shares at a value of £89,902. These relate to vested awards made pursuant to the deferred shares element of the Company's annual bonus award for the years ending 31 December 2017 and 31 December 2018.

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

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

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

⁶ Jim Prower retired from the Board on 30 September 2021

⁷ Following Jim Prower's retirement, Alice Avis was appointed Senior Independent Director on 1 October 2021 and her fee was adjusted to reflect the increased responsibility

⁸ Martin Ratchford joined the Board on 1 October 2021 as Audit & Risk Committee Chair



Notes to the single figure table

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

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

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

Long-term incentives: This relates to the value of long-term awards where the applicable three year performance period ends in the year under review. The Committee determined that the performance condition for the awards granted in April 2019 and April 2020 had not been met and accordingly neither year's awards vested.

Pension: Duncan Garrood and Donald Grant received a Company contribution worth 7.5 per cent of base salary: Lynne Fennah received a contribution of 15 per cent of base salary during the year, reducing to 7.5 per cent from 1 January 2023. All executive Directors elected to receive a cash allowance in lieu of pension.

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

2022 annual bonus

Duncan Garrood and Lynne Fennah participated in the 2022 annual bonus scheme with a maximum annual bonus opportunity of 110 per cent of salary based on the performance targets set out below.

The maximum potential annual bonus that could be paid to the executive Directors in respect of the year ended 31 December 2022 was determined by a combination of three performance measures, each equally weighted and based on the level of revenue occupancy achieved, dividends paid to shareholders and performance against specific individual objectives.

In line with Policy, Lynne Fennah forfeited her right to an annual bonus upon resignation in May 2022.

Performance targets and their outcome for Duncan Garrood are set out below:

Performance measure	Proportion of bonus determined by measure	Threshold Performance 0% payable	Maximum performance 100% payable	Actual performance	% of maximum bonus payable
Revenue occupancy	33.33%	<85%	>90%	90.5%	33.3%
Dividends paid (and fully covered)	33.33%	2.5 pence	5.0 pence	2.75 pence	3.3%
Individual specific objectives ¹					
Duncan Garrood	33.34%	See page 98		75%	25.0%
Total before application of Committee discretion					61.6%
Total after application of Committee discretion					61.6%

¹ Individual objectives were subject to a dividend related unlock. Subject to actual performance against individual objectives, this element of the annual bonus would not unlock unless a minimum 2.5 pence per share fully covered dividend had been paid or declared to be paid to shareholders in respect to the financial year. This unlock was achieved.



Remuneration Committee Report | continued

Achievement against individual objectives:

Duncan Garrood

Objective	Outturn	Outcome
<p>The appropriate implementation of the corporate strategy, including:</p> <ul style="list-style-type: none"> a) Like-for-like rental growth above budget; b) Asset Disposals of greater than £30 million; c) Implement new Hello Student proposition and identity. 	<p>Successfully progressed implementation of corporate strategy with like for like rental growth above budget, achieving 2.7 per cent for the 2022 financial year and 5.2 per cent for the academic year 2022/23. Asset disposals of non-core properties of £53.5m and the implementation of a strong Hello Student brand identity, the development of a new sub-brand, Postgrad by Hello Student and the evolution of the ESP brand identity.</p>	✓✓✓
<p>Develop workplace engagement and culture, improve retention & internal talent development and health & safety compliance, including:</p> <ul style="list-style-type: none"> a) Best Companies index score improvement, increase 5 points; b) Health & safety compliance at or above 95 per cent; c) Reduction in management voluntary turnover from 36 per cent to 30 per cent; d) Colleague engagement above 82 per cent. 	<p>Good progress has been made on strengthening workplace engagement and culture, as evidenced by achieving One Star accreditation in the Best Companies Index, and through increasing colleague engagement to 84 per cent in the annual survey.</p> <p>In addition good progress was also made on reducing management voluntary turnover to below 30 per cent and on strengthening our health & safety culture with Health & Safety compliance rising to 95 per cent.</p>	✓✓
<p>Develop and start delivering a strong customer service focus which will differentiate Hello Student's proposition, including:</p> <ul style="list-style-type: none"> a) An increase in Net Promoter Score to 23 or more on GLSI survey; b) Deliver a customer service app for all sites by the third quarter; c) Develop a service and training programme with implementation starting by year end. 	<p>Good progress made on improving the customer service focus with Net Promoter Score rising to 27 and achieving the best score amongst PBSA providers. Developed and implemented a customer service app across all sites for the start of academic year 2022/23 with over 6,500 customers registered and active users.</p> <p>The service and training programme was developed but was not implemented by year end due to strategy reprioritisation agreed by the Board.</p>	✓✓

Key:

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

The table below sets out the annual bonus award made in respect of the 2022 financial year. Although Policy maximum is set at 150 per cent, the Committee had committed to an annual maximum in respect of 2022 of 110 per cent.

	Bonus award percentage of 2022 maximum	Bonus paid in cash	Bonus awarded in deferred shares ¹	Total bonus
Duncan Garrood	61.6%	£166,690	£111,126	£277,816

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

LTIP vesting

The vesting of the LTIP award granted to Lynne Fennah on 8 April 2020 was subject to a single performance condition of Total Return (being net asset value growth and dividends paid) relative to threshold and maximum targets for the performance period 1 January 2020 to 31 December 2022. 25 per cent of the award would vest for meeting a threshold Total Return target of 8 per cent per annum, increasing to 100 per cent vesting for meeting a maximum target of 12 per cent per annum. Actual performance for the performance period was below the threshold level for the award, so no LTIP shares shall vest.

All subsequent LTIP awards granted to Lynne Fennah were subject to performance periods which extend beyond her notice period and have therefore lapsed.

Scheme interests awarded during the financial period (audited)

Long-term incentive plan awards

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

The following table provides details of the LTIP award granted to Duncan Garrood on 24 March 2022

	Type of award	Maximum number of shares	Face value £	Threshold vesting	End of performance period
Duncan Garrood	LTIP	701,814	615,000	25%	31 December 2024

Duncan Garrood was entitled to an LTIP award over shares worth 150 per cent of his annual salary at the start of the year. The number of shares in the award (and the face value in the above table) was calculated using a Company share price of 87.6 pence, representing the average of the daily closing prices of the Company's ordinary Shares on the London Stock Exchange for the 12-month period ended 28 February 2022.

Vesting of these awards is subject to two performance measures each being 50 per cent of the award. Firstly, Total Accounting Return ("TAR") relative to threshold and maximum targets for the periods 1 January 2022 to 31 December 2024, with TAR being the combined net asset value growth and dividends paid. 25 per cent of the award will vest for meeting a threshold TAR target of 6 per cent per annum, increasing to 100 per cent vesting for meeting a maximum target of 10 per cent per annum. Secondly, Total Shareholder Return (TSR) relative to the FTSE All Share Real Estate Companies peer group, with 25 per cent of the award for median performance and 100 per cent for 75th percentile performance (with straight line vesting between) for the period 1 January 2022 to 31 December 2024.



Remuneration Committee Report | continued

Payments to past directors (audited)

There were no payments to past Directors during 2022, other than those pursuant to the deferred shares element of the annual bonus awards made to Timothy Attlee, the Company's former CEO. Details of which were previously outlined in the 2020 Remuneration Report.

Payments for loss of office (audited)

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

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

Under the Annual Bonus Plan rules, Lynne is not entitled to an annual bonus for the year ending December 2022.

The Committee exercised its discretion, in accordance with the Plan rules and the remuneration policy, to allow Lynne to receive her 15,877 deferred annual bonus shares due to vest on 24 March 2025 in addition to the 72,396 deferred shares which are due to vest on 8 April 2023 to which she remains entitled, given the vesting date is within her notice period.

All unvested LTIP awards have lapsed.

Statement of Directors' shareholdings and share interests (audited)

The table below shows the Directors' share ownership as at 31 December 2022.

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

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

	Dividends received during the year ended 31 December 2022	Beneficially owned shares at 31 December 2022 (number of shares)	% of salary ¹	Outstanding LTIP awards subject to performance and employment conditions at 31 December 2022 ² (number of shares)	Outstanding annual bonus awards subject to employment conditions at 31 December 2022 ³ (number of shares)
Mark Pain	£2,500	100,000	n/a	—	—
Duncan Garrood	£2,328	93,122	19.1%	1,901,814	20,084
Donald Grant	—	—	0%	—	—
Alice Avis	—	—	n/a	—	—
Martin Ratchford	—	—	n/a	—	—
Clair Preston-Beer	—	—	n/a	—	—
Lynne Fennah (former Director)	£2,535	147,418	n/a	—	88,273
Stuart Beevor (former Director)	£500	20,000	n/a	—	—

¹ Value-based on salary effective from 1 January 2022 and the closing share price on 30 December 2022 of 84.2 pence.

² These are outstanding LTIP awards subject to the performance conditions disclosed in this or previous Remuneration Reports.

³ These are outstanding deferred awards granted pursuant to the annual bonus plan.

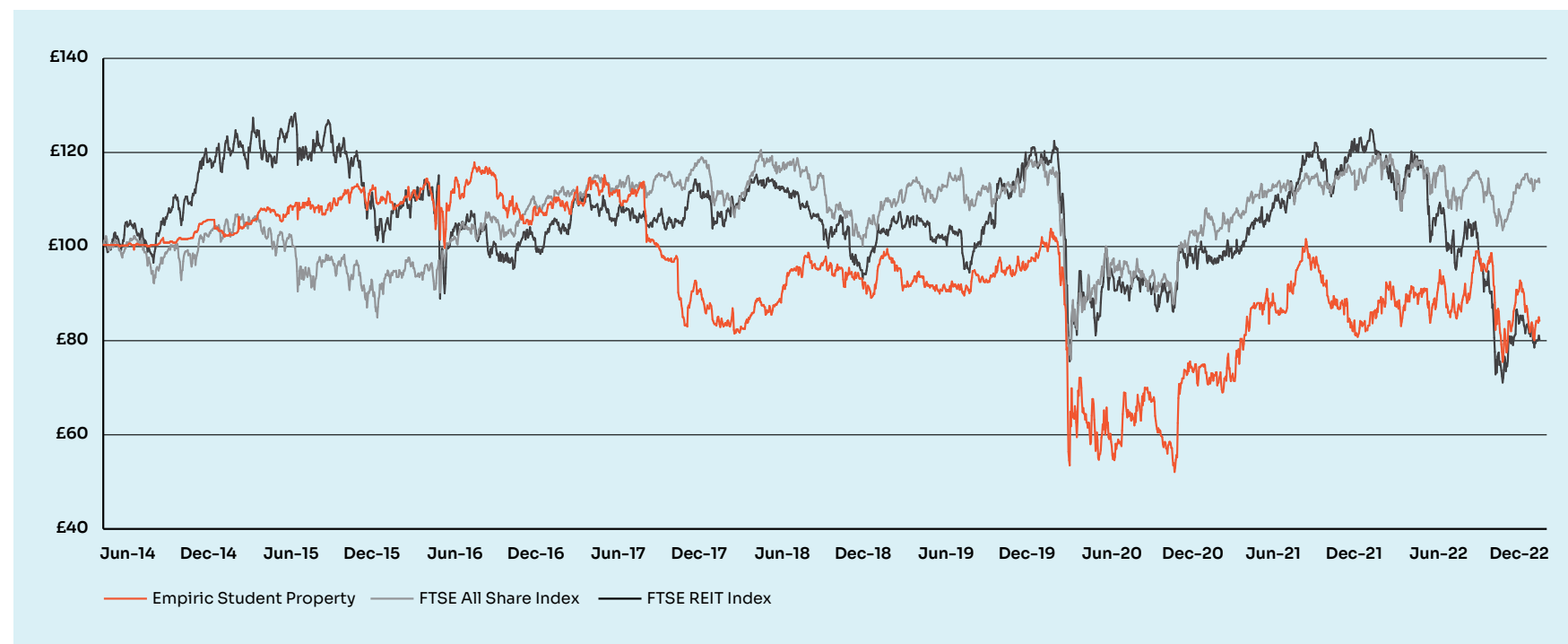
Between 31 December 2022 and the date of this Report, there were no changes in the shareholdings outlined in the above table.



Performance graph and CEO remuneration table

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

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



Remuneration Committee Report | continued

Chief Executive Officer remuneration outcomes

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

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

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

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

CEO Pay Ratio

The UK Companies (Miscellaneous Reporting) Regulations 2018 introduces a requirement for certain UK listed companies to publish the ratio of CEO pay to its UK employees. The regulation uses the full year total pay and benefits for all employees and therefore the same methodology that is used to calculate the CEO's single figure of remuneration on page 96. The Committee assesses whether the year on year movement in the ratio is consistent with the Company's performance and employee reward decisions.

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

¹ CEO pay ratio has been updated for 2021 and 2020 to be consistent with the calculation methodology applied in 2022

Year	Method	Lower quartile	Salary	Median quartile	Salary	Upper quartile	Salary
2022	Option A	Total pay and benefits	£21,971	Total pay and benefits	£24,375	Total pay and benefits	£27,500
		£22,798		£24,375		£31,670	

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

Figures are calculated based on a reference date of 31 December 2022 (339 employees at this date).

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

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

The summary above illustrates that as the pay ratio normalises post-Pandemic, the median, 25th and 75th percentiles are all lower than their 2019 equivalent, demonstrating our continued investment in the pay and reward for our workforce.

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



Percentage change in remuneration of the Directors

The table below shows the change in the various elements of Director remuneration relative to the change in average employee remuneration between 2021 and 2022 (plus between 2020 and 2021 as set out in last year's Remuneration Report). The table is presented for those Directors who held Board positions in both 2022 and 2021, therefore Clair Preston-Beer and Donald Grant do not appear as both joined the Board during the year.

Percentages disclosed below are calculated to show the change in the figures within the table entitled Single total figure of remuneration (audited), appearing on page 96.

Year to 31 December 2022	Mark Pain change	Alice Avis Change ¹	Martin Ratchford change	Duncan Garrood change	Lynne Fennah change ²	Stuart Beevor change ²	Average employee change
Base salary / fee	+0%	+21.0%	+0%	+2.5%	-14.6%	-58.3%	+6.9%
Benefits	+0%	+0%	+0%	+0.3%	-15.0%	+0%	+18.2%
Annual bonus	+0%	+0%	+0%	+531%	-100%	+0%	+111.4%

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

² Lynne Fennah and Stuart Beevor retired from the Board during 2022

Year to 31 December 2021	Mark Pain change	Alice Avis Change ³	Martin Ratchford Change ⁴	Duncan Garrood Change ⁵	Lynne Fennah Change ⁶	Stuart Beevor change	Average employee change
Base salary	+0%	+5.6%	+0%	+0%	+0%	+0%	+4.0%
Benefits	+0%	+0%	+0%	+0%	+0%	+0%	+0%
Annual bonus	+0%	+0%	+0%	+100%	+100%	+0%	-100%

³ Change in base salary has been restated.

⁴ Martin Ratchford joined the Board on 1 October 2021

⁵ Base salary change from the prior year is calculated with reference to an annualised prior year base salary as Duncan Garrood joined the Board part way through the prior year.

⁶ Figures presented for base salary disregard the impact of Lynne Fennah's 'acting-up' allowance in granted in 2020 of £20,000 as this was time limited and not representative of her on-going base salary.

Year to 31 December 2020	Mark Pain change	Alice Avis Change ⁷	Martin Ratchford Change	Duncan Garrood Change	Lynne Fennah Change ⁸	Stuart Beevor change	Average employee change
Base salary	+0%	+0%	+0%	+0%	+2.0%	+0%	+10.0%
Benefits	+0%	+0%	+0%	+0%	+2.2%	+0%	+0%
Annual bonus	+0%	+0%	+0%	+0%	-100%	+0%	+100%

⁷ Base salary change from the prior year is calculated with reference to an annualised prior year base salary as Alice Avis joined the Board part was through the prior year.

⁸ Figures presented for base salary disregard the impact of Lynne Fennah's 'acting-up' allowance of £20,000 granted in the year as this was time limited and not representative of her on-going base salary. Change in benefits has been restated.



Remuneration Committee Report | continued

Relative importance of spend on pay

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

	Year ended 31 December 2022	Year ended 31 December 2021
Total staff costs (note 6 to the financial statements)	£13.9m	£10.4m
Total dividends	£15.2m	£15.1m

Internal Advice

No individual was present when their own remuneration was being discussed. The Company Secretary acted as secretary to the Committee. The executives and the People & Performance Director joined certain meetings to discuss relevant matters, as required.

External Advice

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

During the year, the Committee received independent and objective advice from Deloitte, principally on the drafting of the Remuneration Report, the New Remuneration Policy, incentive design and market practice. Deloitte was paid £25,060 in fees during the year ended 31 December 2022 for these services (charged on a time plus expense basis). Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte provided no other services to the Company during this period.

Compliance with the UK Corporate Governance Code

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

- **Clarity:** This Remuneration Report provides a straightforward and transparent disclosure of our executive remuneration arrangements.
- **Simplicity and alignment to culture:** Our variable remuneration arrangements are straightforward with individuals eligible for an annual bonus and, at more senior levels, LTIP awards. Performance measures used in these plans are aligned with key strategic objectives and their performance indicators and long-term sustainable value creation.
- **Predictability:** The Policy report on pages 87 to 90 contains maximum opportunity levels for executive Directors' bonus and LTIP awards and pension provision. The charts on page 92 provide an illustration of the potential total reward opportunity for the executive Directors.

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

Shareholder Voting

Shareholder support was received for our resolutions on remuneration as summarised below:

	Votes for	Votes against	Votes withheld
Approval of the Directors' Remuneration Report (May 2022 Annual General Meeting)	367,664,246 (98.1%)	7,293,186 (1.9%)	28,379,559
Approval of the Remuneration Policy (May 2020 Annual General Meeting)	349,871,083 (97.7%)	8,367,331 (2.3%)	134,527

External Board Appointments

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

This report was approved by the Board on 16 March 2023.

On behalf of the Board

Alice Avis MBE | Remuneration Committee Chairman
16 March 2023



Directors' Report

Introduction

The Directors are pleased to present their Annual Report, including the Group and Company's audited financial statements, for the year ended 31 December 2022. The Strategic Report on pages 1 to 67 comprise the Management Report, for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

Statutory information incorporated by reference

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

- Description of the business model can be found on page 8
- Future developments and outlook are contained within the CEO report on page 16
- Important events which have taken place since the end of the financial year are set out on page 137
- Details of financial instruments and financial risk management objectives and policies are detailed on page 138
- Principal and emerging risks and uncertainties pertaining to the Group and the way in which it manages and controls these risks are outlined on page 30
- The Group's viability statement is set out on page 34
- Disclosures regarding the employment of disabled people, human rights, social matters and employee engagement are contained within the ESG report on page 44
- How the Board fosters business relationships with customers and suppliers is set out on page 58
- Principal decisions taken during the year are set out on page 67
- The diversity policy of the Group and related targets are set out on page 56
- Details regarding the Group's anti-bribery policy can be found on page 56
- Environmental and greenhouse gas reporting can be found on page 64

Financial results and dividends

The financial results for the year can be found in the Group Statement of Comprehensive Income on page 115.

Details of dividends paid and declared for the year are set out on page 130.

Directors

The names of the Directors of the Company who served during the year are set out on page 96. The biographical details of the current Board are on page 68.

Directors' and Officers' liability insurance

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

Directors' interests in shares and dividends

The Directors' interests in ordinary shares and dividends are disclosed in the Annual Report on Remuneration on page 100.

Political donations

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

Share capital

At 31 December 2022, the total number of ordinary shares in issue was 603,351,880.

Restrictions on transfer of securities in the Company

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

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

The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities in the Company.

Securities carrying special rights

No person holds securities in the Company carrying special rights with regard to control of the Company.

Going concern

The Directors believe that the Company is well placed to manage its financing and other business risks. More detail on the basis of this conclusion is provided on page 121. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the Annual Report and Accounts for the year ended 31 December 2022 is appropriate.



Directors' Report | continued

Substantial shareholdings

As at 31 December 2022, the Company had been notified under the Disclosure Guidance and Transparency Rules ("DTR 5") of the following substantial holders who were directly or indirectly interested in three per cent or more of the issued share capital of the Company:

Shareholder	as at 31 December 2022	
	Number of ordinary shares	Percentage of ordinary shares
Investec Wealth & Investment	54,061,805	8.96%
CCLA Investment Management	41,743,362	6.92%
Premier Miton Investors	31,310,045	5.19%
BlackRock	29,938,757	4.96%
East Riding of Yorkshire	28,293,515	4.69%
Janus Henderson Investors	22,148,940	3.67%

Amendment of articles

The Articles may be amended by a special resolution of the Company's shareholders.

Powers of the Directors

Subject to the Articles, the Companies Act 2006 and any directions given to the Company by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

Powers in relation to the Company issuing or purchasing its shares

At the Company's Annual General Meeting held on 23 May 2022, the Directors were granted general authority to allot shares in the Company in accordance with section 551 of the Companies Act 2006 up to an aggregate nominal amount of £2,010,676. Of these ordinary shares, the Directors were granted authority to issue up to an aggregate nominal amount of £301,601 of equity securities non-pre-emptively and wholly for cash. In addition, the Directors were granted a further authority to issue up to an aggregate nominal amount of £301,601 of equity securities non-pre-emptively where such allotment or sale is used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights. These authorities expire at the conclusion of the Company's 2023 Annual General Meeting.

At the 23 May 2022 Annual General Meeting, the Directors were granted authority to make one or more market purchases of ordinary shares in the Company, in accordance with sections 693 and 701 of the Companies Act 2006, up to an aggregate number of 60,320,307 ordinary shares, within certain price parameters. No ordinary shares have been purchased by the Company under this authority, which will expire at the conclusion of the Company's 2023 Annual General Meeting.

Appointment and replacement of Directors

Details of the process by which Directors can be appointed or replaced are included in the Corporate Governance Statement on page 70.

Independent Auditor

BDO LLP has expressed its willingness to continue as auditor for the financial year ending 31 December 2023 and a resolution relating to its reappointment will be tabled at the Annual General Meeting on 24 May 2023.

Disclosure of information to Auditor

The Directors who were members of the Board at the time of approving the Directors' Report have confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The 2023 Annual General Meeting will be held at 11:00 a.m. on 24 May 2023. The notice of meeting will be sent to shareholders in April 2023.

This report was approved by the Board on 16 March 2023.

Donald Grant | Director

16 March 2023



Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the Group and Company financial statements;
- prepare the Group and Company financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm that to the best of their knowledge:

- the Group financial statements have been prepared in accordance with UK international accounting standards in conformity with the requirements of the Companies Act 2006 and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and the undertakings included in the consolidation as a whole;
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model, strategy and principal risks.

Signed on behalf of the Board by

Donald Grant | Director

16 March 2023



Independent auditor's report to the members of Empiric Student Property plc

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Empiric Student Property plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 4 August 2015 to audit the financial statements for the year ending 30 June 2015 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is nine years, covering the years ending 30 June 2015 to 31 December 2022. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard

as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We considered the ability of the Group and the Parent Company to continue as a going concern to be a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and our response to the key audit matter is set out in the key audit matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2021: 100%) of Group profit before tax		
	100% (2021: 100%) of Group revenue		
Key audit matters	100% (2021: 100%) of Group total assets		
		2022	2021
	Valuation of investment property (excluding properties under development)	Yes	Yes
Materiality	Going concern	Yes	Yes
	Group financial statements as a whole	£11,500,000 (2021: £10,700,000) based on 1% (2021: 1%) of Group total assets	



AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates solely in the United Kingdom and through one segment, the investment property portfolio. None of the individual subsidiaries were considered to be significant components and as such the audit approach included undertaking audit work on the key risks of material misstatement identified for the Group across the segment. The Group audit team performed all the work necessary to issue the Group and Parent Company audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the members of Empiric Student Property plc | continued

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Valuation of investment Property (excluding properties under development)</p> <p>Refer to Note 1.5 (Accounting Policies) and Note 11 (Investment Property).</p>	<p>The valuation of investment property requires significant judgement and estimates by the Directors and the independent valuer ("the Valuer") and was therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation.</p> <p>Any input inaccuracies or unreasonable bases used in the valuation judgements (such as capitalisation yields, future lease income, and future capital expenditure) could result in a material misstatement of the financial statements.</p> <p>There is also a risk that the Directors may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets to meet market expectations.</p> <p>For these reasons we considered the valuation of investment property to be a key audit matter.</p>	<p>We met with the Group's external valuer, who valued all the Group's investment properties to understand the assumptions and methodologies used in valuing these properties, the market evidence supporting the valuation assumptions and the valuation movements in the year.</p> <p>We assessed the competency, independence, and objectivity of the external valuer, which included making enquiries regarding interests and relationships that may have created a threat to the valuer's objectivity.</p> <p>We used our knowledge and experience, including the assistance of our internal RICS qualified valuers, to evaluate and challenge the valuation assumptions, methodologies and the inputs used. This included establishing our own range of expectations for the valuation of investment property based on externally available metrics and wider economic and commercial factors. We assessed the valuation for each of the investment properties against our own expectation and challenged the external valuer in respect of those properties where the valuations fell outside of our range of expectation through discussion and inspection of corroborating information to determine the appropriate valuation.</p> <p>We checked the data provided to the valuer by the Group was consistent with the data we had audited. This data included inputs such as rent for the current academic year (which we have agreed on a sample basis to executed lease agreements as part of our audit work), number of beds per property, projected capital expenditures and refurbishments, and fire safety works.</p> <p>We reviewed the Directors assessment of the future capital expenditure including fire safety works. We corroborated a sample of costs to supporting documentation such as subcontractor agreements and price quotes. We also obtained a copy of the report detailing the expected works that management commissioned from an external expert. We assessed the competency, independence, and objectivity of the external expert, which included making enquiries regarding interests and relationships that may have created a threat to the expert's objectivity.</p> <p>Key observations:</p> <p>Based on the procedures we performed, we considered the assumptions and methodologies used to value the Group's investment portfolio to be appropriate.</p>



Key audit matter	How the scope of our audit addressed the key audit matter
<p>Going Concern Refer to Note 1.4 (Accounting Policies)</p>	<p>We considered the ability of the Group and the Parent Company to continue as a going concern to be a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy specifically because of the risks set out below.</p> <p>There is a risk that any potential breaches in future covenant compliance may result in the bank loans being called due.</p> <p>Additionally, the Group has a number of facilities that fall due for repayment in the period to 31 December 2024 as disclosed in note 1.4. There is a risk that bank loans due for repayment in the going concern period may not be able to be repaid or refinanced.</p> <p>We assessed the appropriateness of the going concern period being to 31 December 2024 in light of the nature of operations being linked to the academic year cycle and future loan maturities.</p> <p>We assessed the appropriateness of the Group's cash flow forecasts in the context of the Group's 31 December 2022 financial position and the expected student occupancies and compared the Directors' downside sensitivities against results achieved in the current and previous years along with letting levels obtained for the next student year.</p> <p>We evaluated the key assumptions in these forecasts and considered whether these appear reasonable, for example by comparing rental revenue to expected student occupancy, comparing the projected SONIA interest rates to forward curves, agreeing the utility cost hedge to the signed contract, and the ability to pause future capital expenditure if required. We also compared the overhead to previous years and considered the nature of spend and challenged the Directors as to what they considered discretionary.</p> <p>We obtained covenant calculations and forecast calculations to test for any potential future covenant breaches. We also considered the covenant compliance headroom for sensitivity to both future changes in property valuations and the Group's future financial performance.</p> <p>Where facilities were refinanced post year end, we obtained supporting documentation in the form of a facility agreement to verify this. For the remaining facilities we considered the ability of the Group to refinance these with their recent track record of refinancing loans and availability of finance in the marketplace.</p> <p>We reviewed the disclosures relating to the going concern basis of preparation and considered whether these were consistent with the Directors' going concern assessment.</p> <p>Key observations: These are set out in the conclusions related to going concern section of our audit report.</p>



Independent auditor's report to the members of Empiric Student Property plc | continued

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	£11,500,000	£10,700,000	£10,350,000	£9,630,000
Basis for determining materiality	1% of Group total assets.		90% of Group materiality.	
Rationale for the benchmark applied	We determined that Group total assets would be the most appropriate basis for determining overall materiality as we consider this to be one of the principal considerations for users of the financial statements in assessing the financial performance of the Group.		Capped at 90% of Group materiality given the assessment of aggregation risk.	
Performance materiality	£8,625,000	£8,025,000	£7,760,000	£7,220,000
Basis for determining performance materiality	75% of materiality - in determining performance materiality we have considered the following factors: <ul style="list-style-type: none"> Our risk assessment, including our assessment of the Group's overall control environment; and Our past experience of the audit and the level of corrected and uncorrected misstatements identified in prior periods and Management's willingness to investigate and correct these. 			

Specific materiality

We also determined that for other classes of transactions and account balances not related to investment properties, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 5% of European Public Real Estate Association ("EPRA") earnings being £1,030,000 (2021: 5% of three-year average EPRA earnings being £810,000). This materiality is applied to test those items which do or may impact the measurement EPRA earnings. Disclosure matters and the cash flow statement are subject to Group financial statement materiality. We further applied a performance materiality level of 75% (2021: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £230,000 (2021: £214,000) and for amounts impacting EPRA earnings in excess of £52,000 (2021: £48,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.



Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 105; and The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 34.
Other Code provisions	<ul style="list-style-type: none"> Directors' statement on fair, balanced and understandable set out on page 107; Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 30; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 78; and The section describing the work of the Audit and Risk committee set out on page 81.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
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Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report to the members of Empiric Student Property plc | continued

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates. We considered the significant laws and regulations to be the applicable accounting framework, Companies Act 2006, the UK Listing Rules and the REIT tax regime requirements.

We also assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified specific fraud risks with respect to the valuation of investment property, which has been included as a key audit matter and our audit response is set out in that section of our audit report. We also identified specific fraud risks with respect to revenue recognition (student rental income) and management override of controls.

Our procedures in response to the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;
- Review of minutes of board and committee meetings throughout the period and enquiries of management and the Audit and Risk Committee as to their identification of any non-compliance with laws or regulations, or any actual or potential claims or fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations and performing our own checks of compliance with relevant requirements, including the Companies Act 2006, the UK Listing Rules and the REIT tax regime requirements;
- We addressed the risk of revenue recognition for student rental income through setting expectations of revenue to be recognised for a sample of lease agreements, compared it to the actual amounts recognised and investigated variances. We also performed a reconciliation of total revenue for student rental income to underlying cash receipts; and
- We addressed the risk of management override of controls by testing a sample of journals processed during the year to supporting documentation and evaluating whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

THOMAS EDWARD GOODWORTH (SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
16 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Group Statement of Comprehensive Income

	Note	Year ended 31 December 2022 £ m	Year ended 31 December 2021 £ m
Continuing operations			
Revenue	2	73.0	56.0
Property expenses	3	(24.0)	(23.1)
Gross profit		49.0	32.9
Administrative expenses	4	(13.4)	(10.6)
Change in fair value of investment property	11	45.6	17.6
Operating profit		81.2	39.9
Finance cost	5	(15.0)	(12.4)
Net gain on disposal of investment property		1.5	1.7
Profit/(loss) before income tax		67.7	29.2
Corporation tax	7	-	-
Profit for the year and total comprehensive income		67.7	29.2
Earnings per share expressed in pence per share	8		
Basic		11.2	4.8
Diluted		11.1	4.8



Group Statement of Financial Position

	Note	At 31 December 2022 £ m	At 31 December 2021 £ m
ASSETS			
Non-current assets			
Investment property – Operational Assets	11	1,062.4	967.2
Investment property – Development Assets	11	3.3	28.7
Property, plant and equipment	13	1.1	0.4
Intangible assets	12	1.9	1.3
Right of use asset		1.3	1.0
Total non-current assets		1,070.0	998.6
Current assets			
Trade and other receivables	14	7.0	7.8
Assets classified as held for sale	15	13.7	25.9
Cash and cash equivalents	16	55.8	37.1
Total current assets		76.5	70.8
Total assets		1,146.5	1,069.4
LIABILITIES			
Current liabilities			
Trade and other payables	17	24.8	20.0
Borrowings	18	–	44.7
Lease liability		0.1	0.1
Deferred income	17	33.1	29.9
Total current liabilities		58.0	94.7
Non-current liabilities			
Borrowings	18	386.5	326.2
Lease liability		1.2	0.9
Total non-current liabilities		387.7	327.1
Total liabilities		445.7	421.8
Total net assets		700.8	647.6

	Note	At 31 December 2022 £ m	At 31 December 2021 £ m
Equity			
Called up share capital	19	6.0	6.0
Share premium	20	0.3	0.3
Capital reduction reserve	21	444.7	459.9
Retained earnings		249.8	181.4
Total equity		700.8	647.6
Total equity and liabilities		1,146.5	1,069.4
Net Asset Value per share basic (pence)	9	116.1	107.4
Net Asset Value per share diluted (pence)	9	115.4	106.7
EPRA NTA per share (pence)	9	115.4	106.7

These financial statements were approved by the Board of Directors on 16 March 2023 and signed on its behalf by:

DONALD GRANT
Director

Company Statement of Financial Position

	Note	At 31 December 2022 £ m	At 31 December 2021 £ m
ASSETS			
Fixed assets			
Investments in subsidiaries	30	222.6	187.6
Property, plant and equipment	13	1.0	0.3
Intangible assets	12	1.9	1.3
Right of use asset		1.3	1.0
Total fixed assets		226.8	190.2
Current assets			
Amounts due from Group undertakings	14	400.5	369.0
Trade and other receivables	14	0.3	0.3
Cash and cash equivalents	16	4.3	2.0
Total current assets		405.1	371.3
Total assets		631.9	561.5
CREDITORS			
Current creditors			
Amounts due to Group undertakings	17	87.8	27.2
Trade and other payables	17	3.1	5.1
Lease Liability		0.1	0.1
Total non-current creditors		91.0	32.4
Non-current creditors			
Borrowings	18	–	19.9
Lease liability		1.2	0.9
Total non-current creditors		1.2	20.8
Total creditors		92.2	53.2
Total net assets		539.7	508.3

	Note	At 31 December 2022 £ m	At 31 December 2021 £ m
Capital and reserves			
Called up share capital	19	6.0	6.0
Share premium	20	0.3	0.3
Capital reduction reserve	21	444.7	459.9
Retained earnings		88.7	42.1
Total capital and reserves		539.7	508.3

The Company made a profit for the year of £45.9 million (2021: £8.7 million loss).

These financial statements were approved by the Board of Directors on 16 March 2023 and signed on its behalf by:

DONALD GRANT
Director



Group Statement of Changes in Equity

Year ended 31 December 2022	Called up share capital £ m	Share premium £ m	Capital reduction reserve £ m	Retained earnings £ m	Total equity £ m
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
Balance at 1 January 2021	6.0	0.3	475.0	152.0	633.3
Profit for the year	–	–	–	29.2	29.2
Total comprehensive income for the year	–	–	–	29.2	29.2
Share-based payments	–	–	–	0.2	0.2
Dividends	–	–	(15.1)	–	(15.1)
Amounts recognised directly in equity	–	–	(15.1)	0.2	(14.9)
Balance at 31 December 2021	6.0	0.3	459.9	181.4	647.6

Company Statement of Changes in Equity

Year ended 31 December 2022	Called up share capital £ m	Share premium £ m	Capital reduction reserve £ m	Retained earnings £ m	Total equity £ m
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
Balance at 1 January 2021	6.0	0.3	475.0	50.6	531.9
Loss for the year	–	–	–	(8.7)	(8.7)
Total comprehensive income for the year	–	–	–	(8.7)	(8.7)
Share-based payments	–	–	–	0.2	0.2
Dividends	–	–	(15.1)	–	(15.1)
Amounts recognised directly in equity	–	–	(15.1)	0.2	(14.9)
Balance at 31 December 2021	6.0	0.3	459.9	42.1	508.3



Group Statement of Cash Flows

	Year ended 31 December 2022 £ m	Year ended 31 December 2021 £ m
Cash flows from operating activities		
Profit before income tax	67.7	29.2
Share-based payments expense	0.7	0.2
Depreciation and amortisation	0.6	0.5
Finance costs	15.0	12.4
Gain on disposal of investment property	(1.5)	(1.7)
Change in fair value of investment property	(45.6)	(17.6)
	36.9	23.0
Decrease in trade and other receivables	0.2	6.7
Increase in trade and other payables	3.3	3.5
Increase in deferred rental income	3.2	9.2
	6.7	19.4
Net cash flows generated from operations	43.6	42.4
Cash flows from investing activities		
Purchases of tangible fixed assets	(1.0)	(0.4)
Purchases of intangible assets	(0.9)	(0.5)
Purchase and development of investment property	(47.2)	(15.7)
Proceeds on disposal of asset held for sale, net of selling costs	26.7	–
Proceeds on disposal of investment property, net of selling costs	13.0	17.9
Net cash flows from investing activities	(9.4)	1.3
Cash flows from financing activities		
Dividends paid	(16.7)	(13.6)
Bank borrowings drawn	36.2	–
Bank borrowings repaid	(20.0)	(15.0)
Loan arrangement fee paid	(1.6)	(0.1)
Lease liability paid	(0.1)	–
Finance cost	(13.3)	(11.8)
Net cash flows from financing activities	(15.5)	(40.5)
Increase in cash and cash equivalents	18.7	3.2
Cash and cash equivalents at beginning of year	37.1	33.9
Cash and cash equivalents at end of year	55.8	37.1



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 2022 to 31 December 2022.

The consolidated financial statements of the Group for the year ended 31 December 2022 comprise the results of Empiric Student Property plc (the “Company”) and its subsidiaries and were approved by the Board for issue on 16 March 2023. 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 2022 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 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 profit after taxation of £45.9 million (2021: loss of £8.7 million) for the Company, which is reflected in the financial statements of the Company.

1.3 Disclosure Exemptions Adopted

In preparing the financial statements of the Parent Company, advantage has been taken of all disclosure exemptions conferred by FRS 101. The Parent Company financial statements do not include:

- certain comparative information as otherwise required by international accounting standards;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with other wholly owned members of the Group headed by Empiric Student Property plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Empiric Student Property plc. The Parent Company financial statements do not include certain disclosures in respect of:

- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

1.4 Going Concern

At 31 December 2022, the Group’s cash and undrawn committed facilities were £75.8 million and its capital commitments were £2.3 million. Subsequent to the year end, a further £20.0 million committed facility was secured.

Occupancy is a key driver of profitability and cash flows, and at 16 March 2023 occupancy, based on forward reservations for the upcoming 2023/24 academic year was 65 per cent, compared to 36 per cent for the 2022/23 academic year at 2 March 2022.

At the year end three facilities fell due for repayment during the going concern period:

- £20.0 million with Canada Life due to expire in March 2024
- £32.8 million with AIB due to expire in October 2024
- £11.2 million with NatWest due to expire in December 2024.

It is intended that these will be refinanced at maturity and good relationships are maintained with all lenders, discussions have been initiated and lender appetite for the sector remains strong.

In February 2023 an interest rate cap was put in place on the £70.0 million drawn Lloyds facility, capping SONIA at 5 per cent. At time of signing these financial statements the Group had £44.0 million of floating rate debt.

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 to continue to be achieved in a reasonably severe downside scenario. The Group’s portfolio could currently withstand a 25 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. Interest cover ratios in place across the Group’s debt facilities could currently withstand a 2.5 per cent increase in interest rates before a breach would occur.



Notes to the Financial Statements | continued

1. ACCOUNTING POLICIES continued

Bank borrowings would be renegotiated in advance of any potential covenant breaches, insofar as factors are within the control of the Group. Facility agreements typically contain cure provisions providing for prepayment, cash deposits or security enhancement as maybe required to mitigate any potential breach. The Group's borrowings are spread across a range of lenders and maturities so as to minimise any potential concentration of risk.

The Directors have considered the Group's principal risks as set out on pages 30 to 33 and severe but plausible downside scenarios in assessing the Group's and Company's going concern for the period to 31 December 2024. The Directors have considered, in particular:

- a material reduction in revenue, both in terms of occupancy and growth rate;
- inflation remains high, at eight per cent;
- utilities costs increase by 1.5 times current market expectation;
- interest rates increase by 1.5 per cent over current forecasts, impacting the Group's floating rate debt;
- an immediate valuation shock of minus 15 per cent in property valuations; and
- rates at which the expiring debt facilities totalling £64.0 million in the period, could be refinanced. These were assumed to be refinanced at floating rates applicable at the point of expiry and subject to an interest rate uplift of 1.5 per cent.

In addition, the Directors 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 2024. In addition, having reassessed the Group and Company's principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

1.5 Significant Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates

In the process of applying the Group's accounting policies, management has made the following estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Fair Valuation of Investment Property

The market value of investment property is determined, by an independent external real estate valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The valuation experts use recognised valuation techniques and the principles of IFRS 13.

The valuations have been prepared in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the “Red Book”). Factors reflected include current market conditions, net underlying operational income, periodic rentals, lease lengths and location. 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 Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. 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.



1. ACCOUNTING POLICIES continued

1.5 Significant Accounting Estimates and Judgements continued

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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-Group balances, transactions and unrealised gains and losses resulting from intra-Group transactions are eliminated in full.

Financial Assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Fair Value Through Profit or Loss

These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income in the finance income or expense line. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised Cost

These assets are primarily from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, 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.



Notes to the Financial Statements | continued

1. ACCOUNTING POLICIES continued

Other Financial Liabilities

Other financial liabilities include the following items:

- Bank borrowings 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 the fair values 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.

The criteria for a sale being highly probable per IFRS 5 are as follows:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active programme to locate a buyer has been initiated;
- the sale is highly probable (within twelve months of classification as held for sale unless circumstances are beyond the control of the Group); the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

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 the Consolidated Statement of Comprehensive Income in the period of retirement or disposal.

Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure which is directly attributable to the acquisition of the asset. Depreciation has been charged to the Consolidated Statement of Comprehensive Income on the following basis:

- Fixtures and fittings: 15% per annum; 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.



1. ACCOUNTING POLICIES continued

1.5 Significant Accounting Estimates and Judgements continued

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
- IAS 8 Definition of Accounting Estimates
- IAS 1 IFRS Practice Statement 2 – Disclosure of Accounting policies
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 7/9 Application and Comparative Information
- 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 £'m	Year ended 31 December 2021 £'m
Student rental income	71.4	56.0
Student rental refunds*	–	(1.8)
Commercial rental income	1.6	1.5
Other income	–	0.3
Total revenue	73.0	56.0

* These were Covid-19 related concessions in the prior year. No such concessions were offered in 2022.

3. PROPERTY EXPENSES

	Group	
	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
Direct site costs (income generating properties)	5.7	7.0
Technology services	0.6	0.7
Site office and utilities	12.2	10.4
Cleaning and service contracts	3.3	3.0
Repairs and maintenance	2.2	2.0
Total property expenses	24.0	23.1



Notes to the Financial Statements | continued

4. ADMINISTRATIVE EXPENSES

	Group	
	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
Salaries and Directors' remuneration	7.4	5.3
Legal and professional fees	2.3	2.3
Other administrative costs	1.6	1.5
Depreciation and amortisation	0.6	0.5
IT expenses	0.8	0.5
	12.7	10.1
Auditor's fees		
Fees payable for the audit of the Group's annual accounts	0.4	0.3
Fees payable for the review of the Group's interim accounts	–	–
Fees payable for the audit of the Group's subsidiaries	0.1	0.1
Total auditor's fees	0.5	0.4
Abortive acquisition costs	0.2	0.1
Total administrative expenses	13.4	10.6

5. NET FINANCE COST

	Group	
	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
Finance costs		
Interest expense on bank borrowings	14.0	11.6
Amortisation of loan transaction costs	1.0	0.8
Net finance cost	15.0	12.4

6. EMPLOYEES AND DIRECTORS

	Company		Group	
	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
Wages and salaries	4.4	3.5	10.7	8.8
Pension costs	0.2	0.1	0.5	0.4
Cash bonus	0.5	–	0.9	0.1
Share-based payments	0.7	0.2	0.7	0.2
National insurance	0.6	0.5	1.1	0.9
	6.4	4.3	13.9	10.4
Less: Hello Student® employee costs included within property expenses	–	–	(6.5)	(5.1)
Amounts included in administrative expenses	6.4	4.3	7.4	5.3
The average monthly number of employees:				
Management – Company	8	8	8	8
Administration – Company	52	49	52	49
Operations – Hello Student Management Limited	–	–	280	238
	60	57	340	295

	Group	
	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
Directors' remuneration		
Salaries and fees	1.1	1.0
Pension costs	0.1	0.1
Cash bonus	0.3	0.1
Share-based payments	0.6	0.2
	2.1	1.4

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 2022 £'m	Year ended 31 December 2021 £'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	67.7	29.2
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (2021: 19%)	12.9	5.5
Exempt property rental profits in the year	(6.4)	(4.1)
Exempt property revaluations in the year	(8.7)	(3.3)
Effects of:		
Non-allowable expenses	0.2	0.1
Capital allowances	–	(1.1)
Gain on disposal not taxable	–	0.3
Unutilised current year tax losses	2.0	2.6
Total current income tax charge in the income statement	–	–

No deferred tax asset has been recognised in respect of gross tax losses of £34.5 million (2021: £20.6 million), accelerated capital allowances of £2.7 million (2021: £2.5 million) and share based payments of £1.5 million (of which £901k relates to the profit and loss account and £619k relates to equity) (2021: £0.6 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 £9.7 million (2021: £5.2 million) has not been recognised in respect of such timing differences.

The current tax rate used for the year is 19% based on rates already enacted in previous periods. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. 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 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.



Notes to the Financial Statements | continued

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 earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share 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 2022				
Earnings per IFRS statement of comprehensive income	67.7	67.7	67.7	67.7
Adjustments to remove:				
Changes in fair value of investment properties (Note 11)	–	–	(45.6)	(45.6)
Gain on disposal of investment property	–	–	(1.5)	(1.5)
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

	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 2021				
Earnings per IFRS statement of comprehensive income	29.2	29.2	29.2	29.2
Adjustments to remove:				
Gain/loss on disposal of investment property	–	–	(1.7)	(1.7)
Changes in fair value of investment properties (Note 11)	–	–	(17.6)	(17.6)
Earnings	29.2	29.2	9.9	9.9
Weighted average number of shares (m)	603.2	603.2	603.2	603.2
Adjustment for employee share options (m)	–	0.3	–	0.3
Total number shares (m)	603.2	603.5	603.2	603.5
Earnings per share (pence)	4.8	4.8	1.6	1.6

9. NET ASSET VALUE PER SHARE

The principles of the three EPRA measures are set out below:

EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to reinstate entity assets.

EPRA Net Tangible Assets: Assumes that entities buy and sell assets, which crystallises unavoidable deferred tax.

EPRA Net Disposal Value: 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 primary NAV measure.

A reconciliation of the three EPRA NAV metrics from IFRS NAV is shown in the table below.

	NAV	EPRA NAV measures		
	IFRS £ m	EPRA NTA £ m	EPRA NRV £ m	EPRA NDV £ m
Year ended 31 December 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

	NAV	EPRA NAV measures		
	IFRS £ m	EPRA NTA £ m	EPRA NRV £ m	EPRA NDV £ m
Year ended 31 December 2021				
Net assets per Statement of Financial Position	647.6	647.6	647.6	647.6
Adjustments				
Fair value of fixed rate debt	–	–	–	(14.3)
Purchaser's costs ¹	–	–	34.2	–
Net assets used in per share calculation	647.6	647.6	681.8	633.3
Number of shares in issue				
Issued share capital (m)	603.2	603.2	603.2	603.2
Issued share capital plus employee options (m)	606.6	606.6	606.6	606.6
Net Asset Value per share				
Basic Net Asset Value per share (pence)	107.4			
Diluted Net Asset Value per share (pence)	106.7	106.7	112.4	104.4

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.



Notes to the Financial Statements | continued

10. DIVIDENDS PAID

	Group and Company	
	Year ended 31 December 2022 £ m	Year ended 31 December 2021 £ m
Interim dividend of 2.50 pence per ordinary share in respect of the quarter ended 30 September 2021	–	15.1
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	–
	15.2	15.1

As at 31 December 2022 there was no accrual relating to withholding tax on the 2022 dividend (2021: £1.5 million). On 16 March 2023 the Company declared a dividend of 0.875 pence per share to be paid on 14 April 2023.

11. INVESTMENT PROPERTY

Year ended 31 December 2022	Group				
	Investment properties freehold £ m	Investment properties long leasehold £ m	Total operational assets £ m	Properties under development £ m	Total investment property £ m
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

Year ended 31 December 2021	Group				
	Investment properties freehold £ m	Investment properties long leasehold £ m	Total operational assets £ m	Properties under development £ m	Total investment property £ m
As at 1 January 2021	849.2	132.1	981.3	23.8	1,005.1
Capital expenditure	6.2	1.8	8.0	7.4	15.4
Sale of investment property	(16.3)	–	(16.3)	–	(16.3)
Transfer to held for sale asset	(25.9)	–	(25.9)	–	(25.9)
Change in fair value during the year	22.3	(2.2)	20.1	(2.5)	17.6
As at 31 December 2021	835.5	131.7	967.2	28.7	995.9

During the year £15.2 million (31 December 2021: £8.0 million) of additions related to capital expenditure were recognised in the carrying value of the operational portfolio.

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 2022, 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. 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.



11. INVESTMENT PROPERTY continued

The table below reconciles between the fair value of the investment property per the Consolidated Group Statement of Financial Position and investment property per the independent valuation performed in respect of each year end.

	Group	
	As at 31 December 2022 £ m	As at 31 December 2021 £ m
Value per independent valuation report	1,078.9	1,021.3
Add: Head lease	0.5	0.5
Deduct: Assets held for sale	(13.7)	(25.9)
Fair value per Group Statement of Financial Position	1,065.7	995.9

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy for investment property:

Date of valuation 31 December 2022	Total £ m	Quoted prices inputs markets (Level 1) £ m	Significant observable inputs (Level 2) £ m	Significant unobservable inputs (Level 3) £ m
Assets measured at fair value:				
Student properties	1,046.5	–	–	1,046.5
Commercial properties	19.2	–	–	19.2
As at 31 December 2022	1,065.7	–	–	1,065.7

Date of valuation 31 December 2021	Total £ m	Quoted prices in active markets (Level 1) £ m	Significant observable inputs (Level 2) £ m	Significant unobservable inputs (Level 3) £ m
Assets measured at fair value:				
Student properties	976.9	–	–	976.9
Commercial properties	19.0	–	–	19.0
As at 31 December 2021	995.9	–	–	995.9

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 properties uses a discounted cash flow with the following inputs:

- Unobservable input: Rental income**
The rent at which space could be let in the market conditions prevailing at the date of valuation. Range £91 per week–£461 per week with a weighted average weekly rent of £184 (31 December 2021: £85–£387 per week, weighted average £179).
- Unobservable input: Rental growth**
The estimated average increase in rent based on both market estimations and contractual arrangements. Assumed rental growth of 5.22% used in valuations (31 December 2021: decline of 1.56%).
- 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: 4.50%–8.65%, with a weighted average of 5.2% (31 December 2021: 4.25%–8.15%, weighted average 5.3%).
- Unobservable input: Physical condition of the property**
At the interim we indicated we would spend £37 million on health and safety works over the next five years. CBREs assumption is that £24.4 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.
- 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.
- 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.



Notes to the Financial Statements | continued

11. INVESTMENT PROPERTY continued

As at 31 December 2022	15% increase in cost of EWS works £ m	-3% change in rental income £ m	+3% change in rental income £ m	-0.25% change in yield £ m	+0.25% change in yield £ m
(Decrease)/ increase in the fair value of the investment properties	(3.4)	(43.3)	45.6	54.3	(47.2)
As at 31 December 2021	15% increase in cost of EWS Works £ m	-3% change in rental income £ m	+3% change in rental income £ m	-0.25% change in yield £ m	+0.25% change in yield £ m
(Decrease)/ increase in the fair value of the investment properties	(2.4)	(41.5)	40.7	48.5	(44.9)

- (g) The key assumptions for the commercial properties are net initial yield, current rent and rental growth. A movement of 3% in passing rent and 0.25% in the net initial yield will not have a material impact on the financial statements.

12. INTANGIBLE ASSETS

Year ended 31 December 2022	Group		Company		
	Hello Student® website development £'m	NAVision development £'m	Total £'m	NAVision development £'m	Total £'m
Costs					
As at 1 January 2022	0.9	2.2	3.1	2.2	2.2
Additions	–	0.8	0.8	0.8	0.8
As at 31 December 2022	0.9	3.0	3.9	3.0	3.0
Amortisation					
As at 1 January 2022	0.9	0.9	1.8	0.9	0.9
Charge for the year	–	0.2	0.2	0.2	0.2
As at 31 December 2022	0.9	1.1	2.0	1.1	1.1
Net book value					
As at 31 December 2022	–	1.9	1.9	1.9	1.9

Year ended 31 December 2021	Group		Company		
	Hello Student® website development £ m	NAVision development £ m	Total £ m	NAVision development £ m	Total £ m
Costs					
As at 1 January 2021	0.9	1.6	2.5	1.6	1.6
Additions	–	0.6	0.6	0.6	0.6
As at 31 December 2021	0.9	2.2	3.1	2.2	2.2
Amortisation					
As at 1 January 2021	0.8	0.7	1.5	0.7	0.7
Charge for the year	0.1	0.2	0.3	0.2	0.2
As at 31 December 2021	0.9	0.9	1.8	0.9	0.9
Net book value					
As at 31 December 2021	–	1.3	1.3	1.3	1.3

13. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2022	Group			Company		
	Fixtures and fittings £'m	Computer equipment £'m	Total £'m	Fixtures and fittings £'m	Computer equipment £'m	Total £'m
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

13. PROPERTY, PLANT AND EQUIPMENT continued

Year ended 31 December 2021	Group			Company		
	Fixtures and fittings £'m	Computer equipment £'m	Total £'m	Fixtures and fittings £'m	Computer equipment £'m	Total £'m
Costs						
As at 1 January 2021	0.5	0.3	0.8	0.5	0.2	0.7
Additions	0.4	0.1	0.5	0.4	–	0.4
As at 31 December 2021	0.9	0.4	1.3	0.9	0.2	1.1
Depreciation						
As at 1 January 2021	0.5	0.2	0.7	0.5	0.2	0.7
Charge for the year	0.1	0.1	0.2	0.1	–	0.1
As at 31 December 2021	0.6	0.3	0.9	0.6	0.2	0.8
Net book value						
As at 31 December 2021	0.3	0.1	0.4	0.3	–	0.3

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 December 2022 £ m	31 December 2021 £ m	31 December 2022 £ m	31 December 2021 £ m
Trade receivables	1.4	2.5	–	–
Other receivables	2.2	1.8	0.1	0.1
Prepayments	3.2	2.9	0.1	0.2
VAT recoverable	0.2	0.6	0.1	–
	7.0	7.8	0.3	0.3
Amounts due from Group undertakings	–	–	400.5	369.0
	7.0	7.8	400.8	369.3

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.

Movements on the Group provision for impairment of trade receivables were as follows:

	Group	
	31 December 2022 £ m	31 December 2021 £ m
At 1 January	(1.5)	(1.4)
Increase in provision for receivables impairment	(0.4)	(0.1)
At 31 December	(1.9)	(1.5)

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 large, unrelated and living with us. As such we have regular communication with them.

At 31 December 2022, 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 (2021: £nil). There are no security obligations related to these amounts due from Group undertakings.

15. HELD FOR SALE ASSETS

Management considers that one property (2021: five properties) meets the conditions relating to assets held for sale under IFRS 5: Non-current Assets Held for Sale. Contracts were exchanged for the sale of the Emily Davies property in Southampton for £13.9 million in December 2022. Completion is expected within the first half of 2023, subject to satisfactory completion of works relating to fire doors. The fair value of this property in these financial statements is £13.7 million (2021: £25.9 million).

All Non-current Assets Held for Sale fall within 'Level 3' as defined by IFRS. There has been no transfers within the fair value hierarchy during the year.



Notes to the Financial Statements | continued

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2022 £ m	31 December 2021 £ m	31 December 2022 £ m	31 December 2021 £ m
Cash and cash equivalents	55.8	37.1	4.3	2.0

17. TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2022 £ m	31 December 2021 £ m	31 December 2022 £ m	31 December 2021 £ m
Trade payables	1.9	5.1	0.6	3.3
Other payables	5.4	2.1	0.3	0.2
Accruals	17.5	12.8	2.2	1.6
	24.8	20.0	3.1	5.1
Amounts owed to Group undertakings	–	–	87.8	27.2
	24.8	20.0	90.9	32.3

At 31 December 2022, there was deferred rental income of £33.1 million (2021: £29.9 million) which was rental income that had been charged that relates to future periods.

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.

18. BANK BORROWINGS

A summary of the drawn and undrawn bank borrowings in the year is shown below:

	Group					
	Bank borrowings drawn 31 December 2022 £ m	Bank borrowings undrawn 31 December 2022 £ m	Total 31 December 2022 £ m	Bank borrowings drawn 31 December 2021 £ m	Bank borrowings undrawn 31 December 2021 £ m	Total 31 December 2021 £ m
At 1 January	375.0	67.5	442.5	390.0	52.5	442.5
Bank borrowings drawn in the year	36.2	(36.2)	–	–	–	–
Bank borrowings repaid or cancelled during the year	(20.0)	(11.3)	(31.3)	(15.0)	15.0	–
At 31 December	391.2	20.0	411.2	375.0	67.5	442.5

There is an undrawn RCF debt facility available of £20 million at 31 December 2022 (2021: £45 million). The weighted average term to maturity of the Group's debt as at the year end is 4.8 years (2021: 4.9 years). The Company repaid a separate facility of £20 million prior to the year end (31 December 2021 balance: £19.9 million). 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 £1,042.9 million at 31 December 2022 (2021: £977.1 million). In some cases, the lenders also hold charges over the shares of the subsidiaries and the intermediary holding companies of those subsidiaries.



18. BANK BORROWINGS continued

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 2022 £ m	31 December 2021 £ m
Non-current		
Balance brought forward	330.0	390.0
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	–	(45.0)
Less: Bank borrowings repaid during the year	(20.0)	(15.0)
Bank borrowings drawn: due in more than one year	391.2	330.0
Less: Unamortised costs	(4.7)	(3.8)
Bank borrowings due in more than one year	386.5	326.2

	Group	
	31 December 2022 £ m	31 December 2021 £ 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	–	45.0
Bank borrowings drawn: due in less than one year	–	45.0
Less: Unamortised costs	–	(0.3)
Bank borrowings due in less than one year	–	44.7

Maturity of Bank Borrowings

	Group	
	31 December 2022 £ m	31 December 2021 £ m
Repayable in less than one year	–	45.0
Repayable between one and two years	64.0	20.0
Repayable between two and five years	70.0	52.8
Repayable in over five years	257.2	257.2
Bank borrowings	391.2	375.0

Each of the Group's facilities has an interest charge which is payable quarterly. Three 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 4.0% (2021: 3.0%).

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 2022 £ m	31 December 2021 £ m
Carrying value of fixed rate borrowings	277.2	277.2
Fair value adjustment	(15.3)	14.3
Fair value of fixed rate borrowings	261.9	291.5

The Group has bank loans with a total carrying value of £391.2 million, including the carrying value of fixed rate borrowings of £277.2 million. The fair value equivalent at the reporting date of the fixed rate debt was £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 £1.3 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 £1.3 million.



Notes to the Financial Statements | continued

19. SHARE CAPITAL

	Group and Company		Group and Company	
	31 December 2022 Number	31 December 2022 £ m	31 December 2021 Number	31 December 2021 £ m
Balance brought forward	603,203,052	6.0	603,160,940	6.0
Share options exercised (including dividend equivalence)	148,828	–	42,112	–
Balance carried forward	603,351,880	6.0	603,203,052	6.0

During the year there were two issues of 56,810 and 92,018 shares on 10 July and 17 August 2022 respectively. These related to exercise of options under the deferred bonus scheme and save as you earn share plans.

20. SHARE PREMIUM

The share premium relates to amounts subscribed for share capital in excess of nominal value:

	Group and Company	
	31 December 2022 £ m	31 December 2021 £ m
Balance brought forward	0.3	0.3
Balance carried forward	0.3	0.3

21. CAPITAL REDUCTION RESERVE

	Group and Company	
	31 December 2022 £ m	31 December 2021 £ m
Balance brought forward	459.9	475.0
Less interim dividends declared and paid per Note 10	(15.2)	(15.1)
Balance carried forward	444.7	459.9

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 2022 £ m	31 December 2021 £ m
Less than one year	56.2	42.9
Between one and two years	1.5	1.4
Between two and three years	1.4	1.4
Between three and four years	1.3	1.3
Between four and five years	1.1	1.3
More than five years	6.0	7.8
Total	67.5	56.1

The above relates to assured shorthold tenancies (AST's) and commercial leases in place as at 31 December 2022. The impact of student leases for the forthcoming academic year signed by 31 December 2022 have not been included as the certainty of income does not arise until the tenant takes occupation of the accommodation. As at 31 December 2022, £31.1 million (31 December 2021: £32.0 million) of the future minimum lease receivables have been received as cash.

23. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2022 (31 December 2021: £nil).

24. CAPITAL COMMITMENTS

The Group was contractually committed to expenditure of £2.3 million at 31 December 2022 (31 December 2021: £8.6 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 10 July 2022 56,810 shares were issued to a former Director and certain employees under the Save As You Earn scheme.

On 17 August 2022 92,018 shares were issued to Lynne Fennah, a Director, upon her exercise of options under the Deferred Bonus Scheme.



25. RELATED PARTY DISCLOSURES continued

Share-based Payments

On 24 March 2022, the Company granted nil-cost options over a total of 1,292,559 (Duncan Garrood 721,898 and Lynne Fennah 570,661) ordinary shares pursuant to the Empiric Long Term Incentive Plan for the 2021 financial year. Following Lynne Fennah's resignation, 554,784 of her awards lapsed and the 15,877 awards relating to the deferred bonus element remained.

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 31 January 2023, contracts were exchange for the sale of Bede Park (Leicester) for £2.6 million. Completion occurred on 14 February 2023.

The renewal of a £20.0 million flexible unsecured loan facility with First Commercial Bank completed on 3 February 2023.

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 24 March 2022, the Company granted nil-cost options over a total of 1,292,559 (Duncan Garrood 721,898 and Lynne Fennah 570,661) ordinary shares pursuant to the Empiric Long Term Incentive Plan for the 2021 financial year. Following Lynne Fennah's resignation, 554,784 of her awards lapsed and the 15,877 awards relating to the deferred bonus element remained.

During the year, the Company granted nil-cost options over a total of 599,281 ordinary shares to members of the Senior Leadership Team ("SLT") pursuant to the Empiric Long Term Incentive Plan for the 2021 financial year. Following resignation of two of the SLT members, 188,292 of these options also lapsed during the year.

During the year, the Company granted options over a total of 213,655 ordinary shares in relation to the Save As You Earn scheme at an exercise price of £0.75. The earliest date on which the options will become exercisable is 1 July 2025.

Of the nil-cost options, 168,389 are currently exercisable. The weighted average remaining contractual life of these options was 2.0 years (2021: 1.7 years).

During the year to 31 December 2022 the amount recognised relating to the options was £0.7 million (2021: £0.2 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.

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
Outstanding number brought forward	3,446,320	2,314,539	1,250,045	1,051,708	1,477,817	3,913,420
Granted during the period	2,430,279	1,725,577	1,064,494	604,134	439,022	207,198
Vested and exercised during the period	(127,492)	(35,779)	–	(129,253)	(139,325)	(691,237)
Lapsed during the period	(1,992,233)	(558,017)	–	(276,544)	(725,806)	(1,951,564)
Outstanding number carried forward	3,756,874	3,446,320	2,314,539	1,250,045	1,051,708	1,477,817

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.



Notes to the Financial Statements | continued

27. SHARE-BASED PAYMENTS continued

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	£0.88	£0.88	£0.88	£0.85
(b) Exercise price of	£nil	£nil	£nil	£0.75
(c) Vesting period	3 years	3 years	3 years	3 years
(d) Expected volatility of	N/A	30.0%	N/A	28.5%
(e) Expected dividend yield of	N/A	3.5%	2.8%	4.4%
(f) Risk-free rate of	N/A	1.4%	1.4%	1.6%

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 2022 £ m	31 December 2021 £ m
Bank borrowings and leasehold liability at start of the year	372.0	385.3
Cash flows from financing activities		
Bank borrowings drawn	36.2	–
Bank borrowings repaid	(20.0)	(15.0)
Lease liability paid	(0.2)	–
Loan arrangement fees paid	(1.6)	(0.2)
Non-cash movements		
Amortisation of loan arrangement fees	1.0	0.8
Recognition of lease liabilities	0.4	1.1
Bank borrowings and leasehold liability at end of the year	387.8	372.0

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 Group 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.



28. FINANCIAL RISK MANAGEMENT continued

(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	A2	Stable
Scottish Widows	A2	Stable
Lloyds Bank Plc	A1	Stable
Natwest	A3	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 currently there are none. It is the risk that the Company and Group will encounter difficulty in meeting their financial obligations as they fall due as the majority of the Company and Group assets are property investments and are therefore not readily realisable. The Company and Group objective is to ensure they have sufficient available funds for their operations and to fund their capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management.

The monitoring of liquidity is also assisted by the quarterly review of covenants which are ordinarily imposed by lenders, such as loan to value and interest cover ratios. The loan to value ratio is typically expressed as the outstanding loan principal as a percentage of a lender approved valuation of the underlying properties secured under the facility. Interest cover ratio's reflect the quantum or finance costs (either historic or forecast) as a multiple of recurring earnings, normally a measure of gross profit. As part of the Group's viability modelling, certain scenarios are considered to model the impact on liquidity. All of the groups 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 25 per 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 financial liabilities:

	Group					
	On demand £ m	Less than 3 months £ m	3 to 12 months £ m	1 to 5 years £ m	> 5 years £ m	Total £ m
At 31 December 2022						
Bank borrowings and interest	–	3.9	11.7	178.3	266.4	460.3
Trade and other payables	–	24.8	–	–	–	24.8
	–	28.7	11.7	178.3	266.4	485.1

	Group					
	On demand £ m	Less than 3 months £ m	3 to 12 months £ m	1 to 5 years £ m	> 5 years £ m	Total £ m
At 31 December 2021						
Bank borrowings and interest	–	3.2	54.4	194.2	189.1	440.9
Trade and other payables	–	20.0	–	–	–	20.0
	–	23.2	54.4	194.2	189.1	460.9

	Company					
	On demand £ m	Less than 3 months £ m	3 to 12 months £ m	1 to 5 years £ m	> 5 years £ m	Total £ m
At 31 December 2022						
Bank borrowings and interest	–	–	–	–	–	–
Trade and other payables	–	3.1	–	–	–	3.1
	–	3.1	–	–	–	3.1



Notes to the Financial Statements | continued

28. FINANCIAL RISK MANAGEMENT continued

	Company					Total £ m
	On demand £ m	Less than 3 months £ m	3 to 12 months £ m	1 to 5 years £ m	> 5 years £ m	
At 31 December 2021						
Bank borrowings and interest	–	0.1	0.4	20.1	–	20.6
Trade and other payables	–	5.0	–	–	–	5.0
	–	5.1	0.4	20.1	–	25.6

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 2022, 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 2022 £'m	31 December 2021 £'m
As at 1 January	187.6	187.6
Additions in the year	41.4	–
Disposals	(6.4)	–
Balance at 31 December	222.6	187.6

During the current and prior 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



30. INVESTMENTS IN SUBSIDIARIES continued

Company	Status	Ownership	Principal activity
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 (Glasgow George Square) Leasing Limited	Dormant	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

Company	Status	Ownership	Principal activity
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



Notes to the Financial Statements | continued

30. INVESTMENTS IN SUBSIDIARIES continued

Company	Status	Ownership	Principal activity
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	Active	100%	Property Investment
Empiric (Liverpool Grove Street) Limited	Active	100%	Property Investment
Empiric (Liverpool Hahnemann 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

Company	Status	Ownership	Principal activity
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 (Stirling Forthside) Leasing Limited	Dormant	100%	Property Leasing
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



30. INVESTMENTS IN SUBSIDIARIES continued

Company	Status	Ownership	Principal activity
Empiric (York Lawrence Street) Limited	Active	100%	Property Investment
Empiric (York Percy's Lane) Limited	Active	100%	Property Investment
Empiric Acquisitions Limited	Active	100%	Immediate Holding Company
Empiric Investment Holdings (Two) Limited	Active	100%	Holding Company
Empiric Investment Holdings (Three) 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

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 2022 £ m	31 December 2021 £ m
Gross Margin		
Revenue	73.0	56.0
Property Expenses	(24.0)	(23.1)
Gross profit	49.0	32.9
Gross Margin calculated as Gross profit/Revenue	67.1%	58.8%

Total Return ("TR") – 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 2022 ¹ £ m	31 December 2021 £ m
Total Return		
EPRA NTA per share at start of year	106.7	105.0
EPRA NTA per share at end of year	115.4	107.4
NTA growth per share in period	8.7	2.4
Dividend per share	2.5	2.5
Dividends plus growth in NTA	11.2	4.9
Total return calculated as Dividends plus EPRA NTA Growth in year per share/ NTA at start of year	10.5%	4.6%

¹ EPRA NTA per share calculated on a fully dilutive basis, in line with EPRA guidance.



Notes to the Financial Statements | continued

31. ALTERNATIVE PERFORMANCE MEASURES continued

Property Loan-to-value (“LTV”) – A measure of gearing. A business KPI monitored to ensure the group remains in line with our long-term target of < 35 per cent.

	Group	
	31 December 2022 £ m	31 December 2021 £ m
Property Loan to value (“LTV”)		
Bank borrowings drawn	391.2	375.0
Less cash held at the year end	(55.8)	(37.1)
Net borrowings	335.4	337.9
Property valuation	1,078.9	1,021.3
Property LTV calculated as net borrowings / property valuation	31.1%	33.1%

Dividend cover – a measure of EPRA earnings relative to dividends declared for the year. This was 124 per cent for the year (2021: 64 per cent).

Dividend pay out ratio – a measure of dividends relative to EPRA earnings. This was 81 per cent for the year (2021: 156 per cent).



Five Year Historical Record

	31 December 2022 £ m	31 December 2021 £ m	31 December 2020 £ m	31 December 2019 £ m	31 December 2018 £ m
Revenue	73.0	56.0	59.4	70.9	64.2
Direct costs	(24.0)	(23.1)	(22.7)	(23.4)	(24.5)
Gross profit	49.0	32.9	36.7	47.5	39.7
Gross margin	67.1%	58.8%	61.8%	67.0%	61.8%
Administrative expenses	(13.4)	(10.6)	(9.8)	(9.2)	(9.1)
Operating profit	35.6	22.3	26.9	38.3	30.6
Property revaluation	45.6	17.6	(37.6)	29.2	22.4
Finance costs	(15.0)	(12.4)	(13.3)	(12.7)	(12.7)
Gain or loss on disposals	1.5	1.7	–	–	–
Net profit	67.7	29.2	(24.0)	54.8	40.3
EPRA EPS (pence)	3.41	1.65	2.26	4.22	2.97
Portfolio valuation	1,065.7	995.9	1,005.1	1,029.1	971.0
Borrowings	(386.5)	(371.0)	(385.3)	(349.8)	(324.3)
Other net assets/liabilities	21.6	22.7	13.5	(14.5)	(6.8)
Net assets	700.8	647.6	633.3	664.8	639.9
EPRA NTA	700.8	647.6	633.3	664.8	639.9
EPRA NTA per share	115.4	106.8	104.6	110.0	106.0
Share in issue	603,351,880	603,203,052	603,160,940	603,160,940	602,887,740
Weighted average cost of debt	4.0%	3.0%	2.9%	3.2%	3.3%
Weighted average debt maturity	4.7 years	4.9 years	5.9 years	6.6 years	7.6 years
Property LTV	31.1%	33.1%	35.4%	32.9%	30.6%



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 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 EPS – EPRA Earnings divided by the weighted average number of ordinary shares.

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 – Homes of multiple occupants.

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 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.

Post-Grad – Post-graduate students who have successfully completed an undergraduate course and are undertaking further studies at a more advanced level.

RCF – Revolving credit facility.

REIT – Real estate investment trust.

Revenue Occupancy – Calculated as the percentage of our Gross Annualised Revenue we have achieved for an academic year.

RICS – Royal Institution of Chartered Surveyors.

SONIA – Sterling Over Night Index Average is the effective reference for overnight indexed swaps for unsecured transactions in the Sterling market. The SONIA itself is a risk-free rate.

Total Accounting Return – The growth in EPRA NTA over the period plus dividends paid for the period expressed as a percentage of opening EPRA NTA.

Weighted average cost of debt – Debt weighted by value multiplied by the interest rate.

Weighted average debt maturity – The weighted average term of our debt facilities at the balance sheet date.



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(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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Tax adviser

KPMG
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Printed by a carbon balanced, FSC®-recognised printer, certified to ISO 14001 environmental management system using 100% renewable energy. This product has been made of material from well-managed, FSC®-certified forests and other controlled sources. Both paper and production are measured and carbon balanced, based on a third party, audited, calculation.

100% of the inks used are HP Indigo ElectroInk which complies with RoHS legislation and meets the chemical requirements of the Nordic Ecolabel (Nordic Swan) for printing companies, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy.

The printer contributes to the World Land Trust's 'Conservation Coast' project in Guatemala. This scheme supports many landowners and local communities to register and obtain their own land and thereby protect thousands of acres of threatened coastal forest. The local organisation FUNDAECO works with over 3000 families to help transform local livelihoods through job creation and ecotourism.

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ESP

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