

A photograph of two students, a young man and a young woman, standing outside a building entrance. The young man is on the left, wearing a light blue sweater and a large black backpack. The young woman is on the right, wearing a white hoodie and a black backpack. They are both looking towards the entrance. The building has large glass windows and doors. The image is overlaid with a dark blue gradient and a white text box.

Empiric Student Property plc

2023 Interim Results

for the six months to 30 June 2023

ESP

Duncan Garrood

Chief Executive Officer



Agenda

01 Introduction

02 Financial results

03 Business update

04 Q&A



Transformation has delivered

Revenue

Over 98% revenue occupancy booked YTD for AY 23/24

LfL rental growth in excess of 9% for AY 23/24



Customer service

Best ever NPS at +32, more than double the sector average

Eligible rebooker rate >50%, an all-time high

Platinum operator certification



Portfolio optimisation

£43.4m disposals YTD 2023, taking the overall disposal program above £100m

A further £25m+ under offer

On track this year to materially complete non-core disposals



Growth

Acquisition opportunities being explored in four key strategic cities

Exploring opportunities to accelerate the roll out of our Postgrad by Hello Student brand



Margin & valuation

Core sites Gross margin 73%

EPRA NTA per share, up 1.6%

Property LTV 30.3%

Property valuation £1.1bn, up 1.9% (+1% net of capex LfL)



Dividend

1.625p paid and declared, up 30%

Target minimum full year dividend of 3.25p, fully covered



Donald Grant

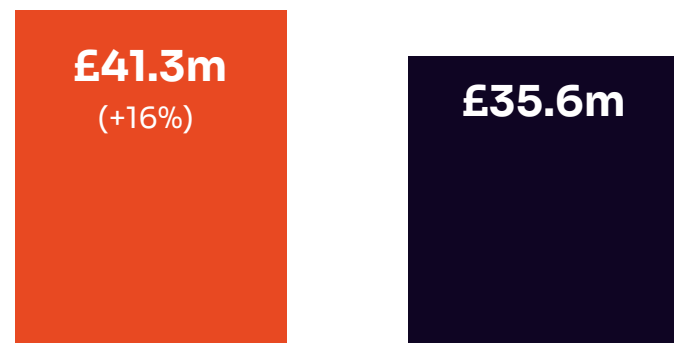
Chief Financial &
Sustainability Officer



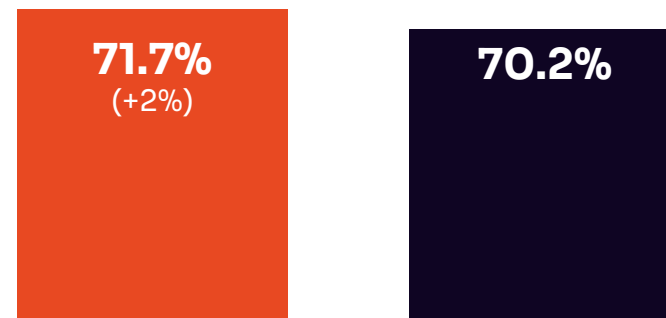
Financial Headlines | H1 2023

Income Statement

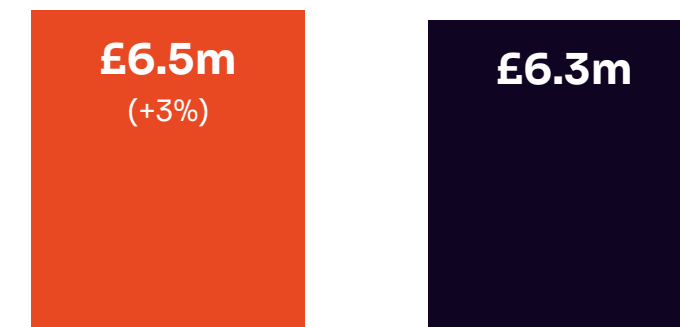
Revenue



Gross Margin



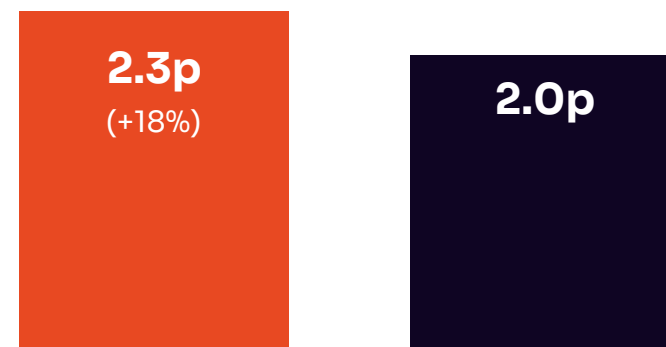
Administrative Expenses



Finance Costs



EPRA EPS



Dividend



ESP

■ H1 23 ■ H1 22

Financial Headlines | H1 2023

Balance Sheet

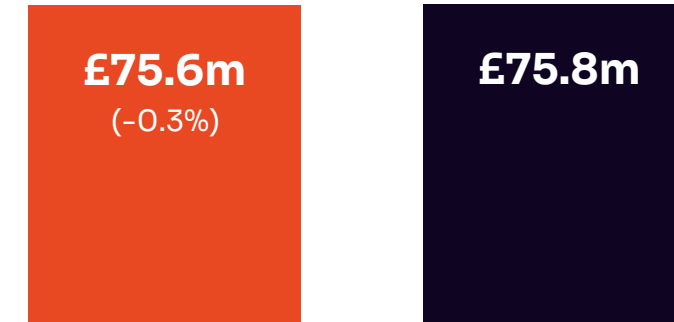
EPRA NTA per share



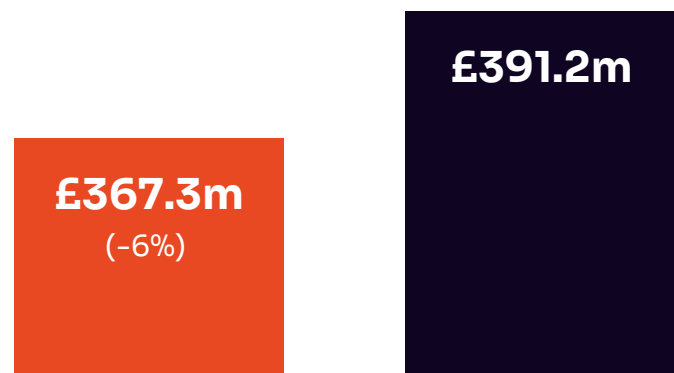
Portfolio Valuation



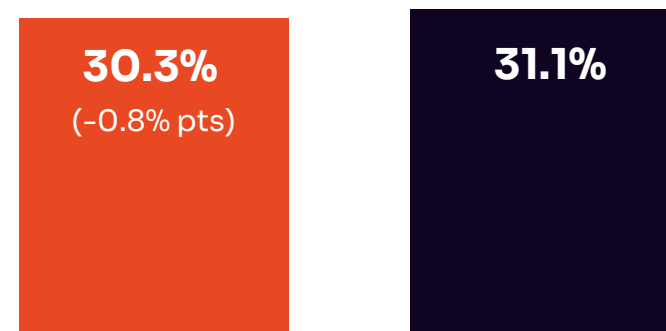
Liquidity



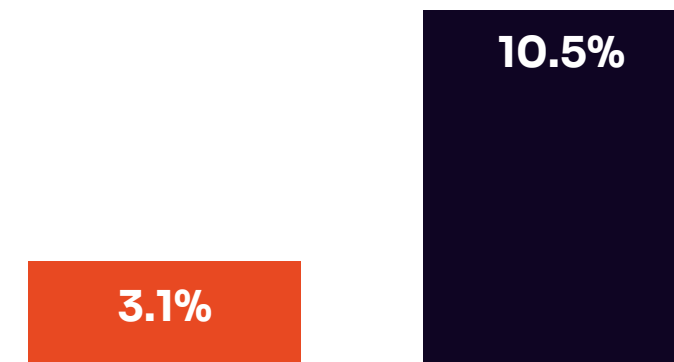
Borrowings



Property LTV



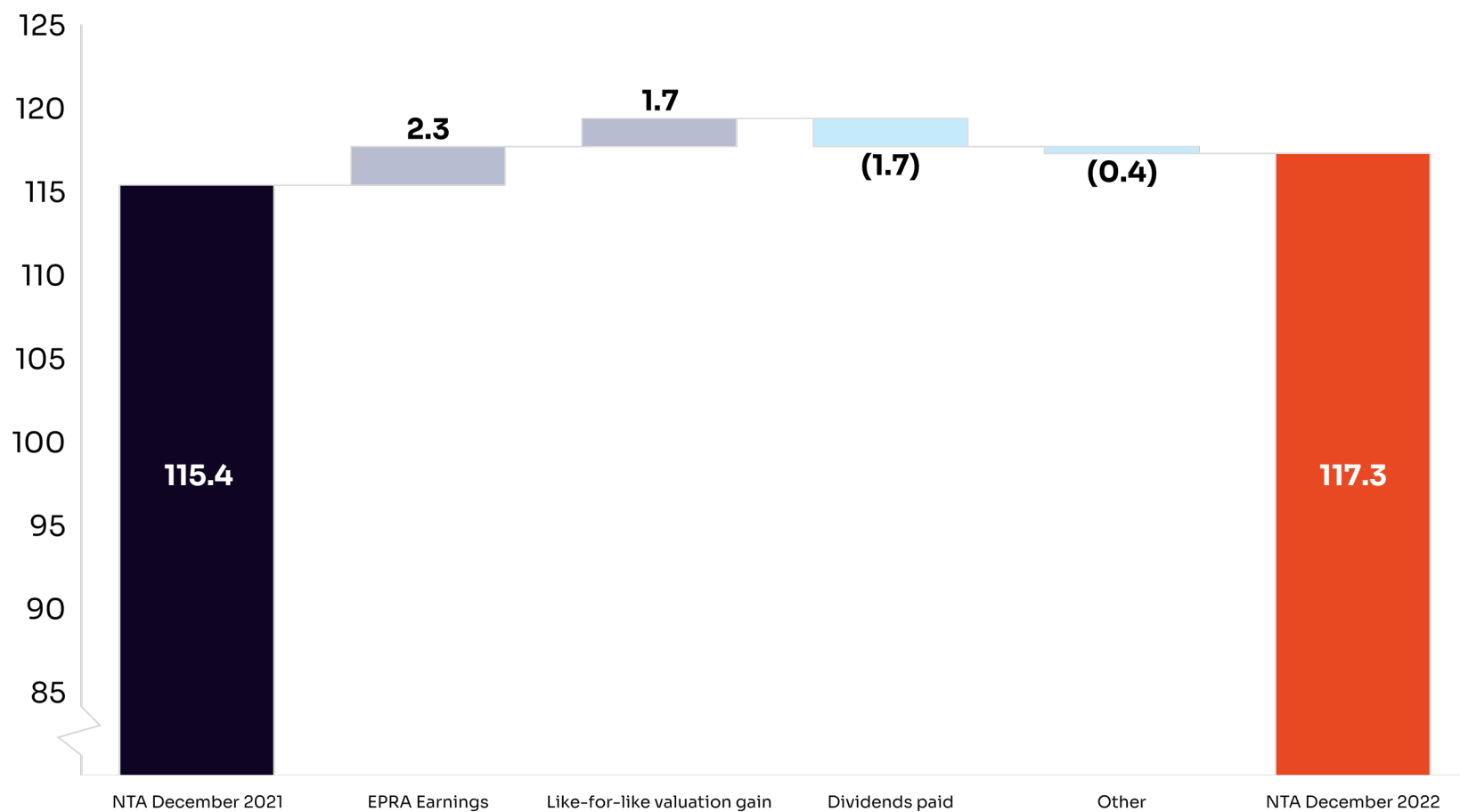
Total Accounting Return



ESP

■ H1 23 ■ FY 22

Evolution of EPRA NTA (p)



Operational Portfolio

Net Initial Yield

5.3%

(FY 22: 5.2%)

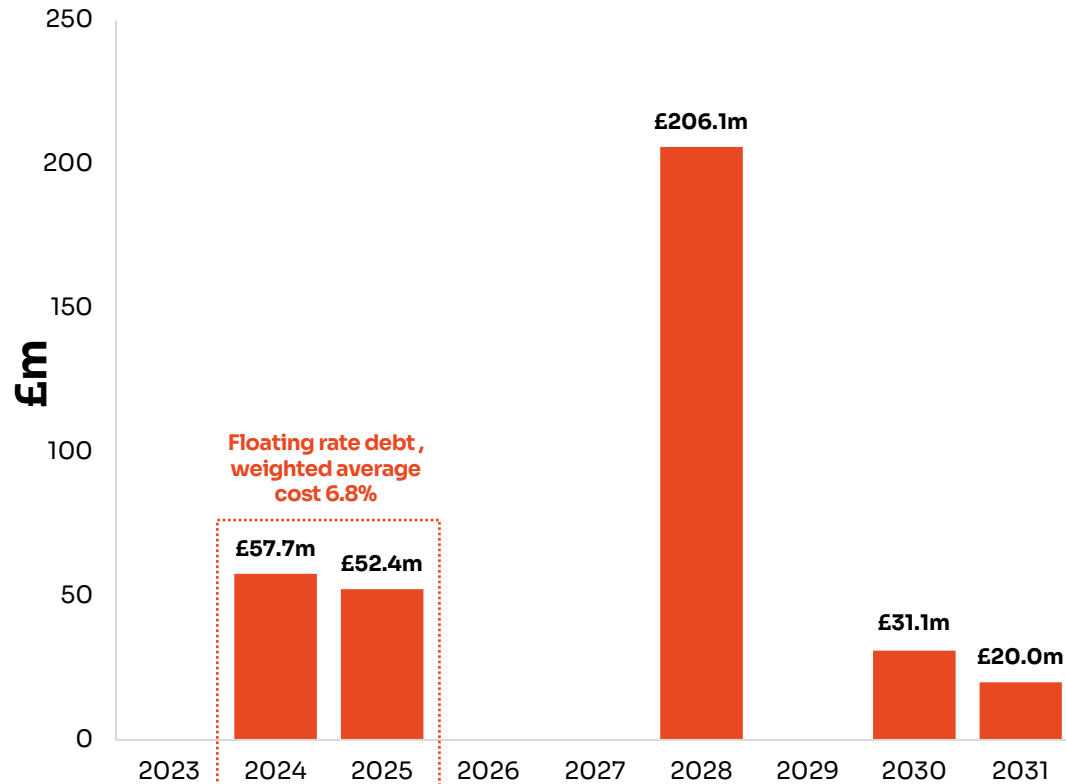
Reversionary yield

5.5%

(Implies c.4% growth in NOI)

Liquidity and Debt

Drawn debt



ESP

Average ICR covenant

2.0x

Debt with interest rate protection **2.1x**

Floating rate debt **1.8x**

Weighted average cost of debt

4.3%

(FY 22: 4.0%)

Cash and undrawn facilities

£75.6m

(FY 22: £75.8m)

Weighted average term

4.4 years

(FY 22: 4.8 years)

Property LTV reduced

30.3%

(FY 22: 31.1%)

Debt with interest rate protection

88%

(FY 22: 89% ⁽¹⁾)

(1) Includes hedging transacted post year end

Capital Expenditure

	Refurbishments	Fire safety work	Green Initiatives
Revised 5 Year Plan: 2021-2025	<p>£36 million on refurbishing buildings</p> <p>(target IRR of 9% - 11%)</p>	<p>£46 million on fire safety work on our buildings.</p> <p>Up £9m following increased programme cost</p> <p>(Over 60% of properties certified)</p>	<p>£12 million on green initiatives to reduce energy consumption and costs</p> <p>(expected to deliver 7% yield and improved EPC ratings)</p>
Invested since 2021	£8.4 million	£14.0 million	£0.8 million
Forecast spend for H2 2023	£9.5 million	£6.5 million	£2.8 million

Financial Outlook | 2023

Revenue occupancy | **AY 23/24**

Effectively full

LfL growth in excess of 9%

Costs

70% Gross margin (core business)

c.£14m Administrative costs

Energy costs fixed for AY23/24

Finance costs

Peak 4.4% (in Q1 2024)

To progress refinancing of 2024 & 2025 maturities

Operational beds | **AY 23/24**

c.7,700

With c.200 beds returning post refurbishment works for AY 24/25

Capital expenditure

£18.8m

Remaining to be invested in refurbishment, Fire safety & Green initiatives during H2 23

Dividend – FY23 minimum reconfirmed

3.25p (+18% from FY22)

Progressive and paid quarterly

Duncan Garrood

Chief Executive Officer



UK Student Market Remains Strong

AY 23/24 vs AY 22/23

Total Undergraduate Applications
(excluding teaching and nursing)

↘ **0.8%** to **609,000**

Applications from Non-EU
Internationals

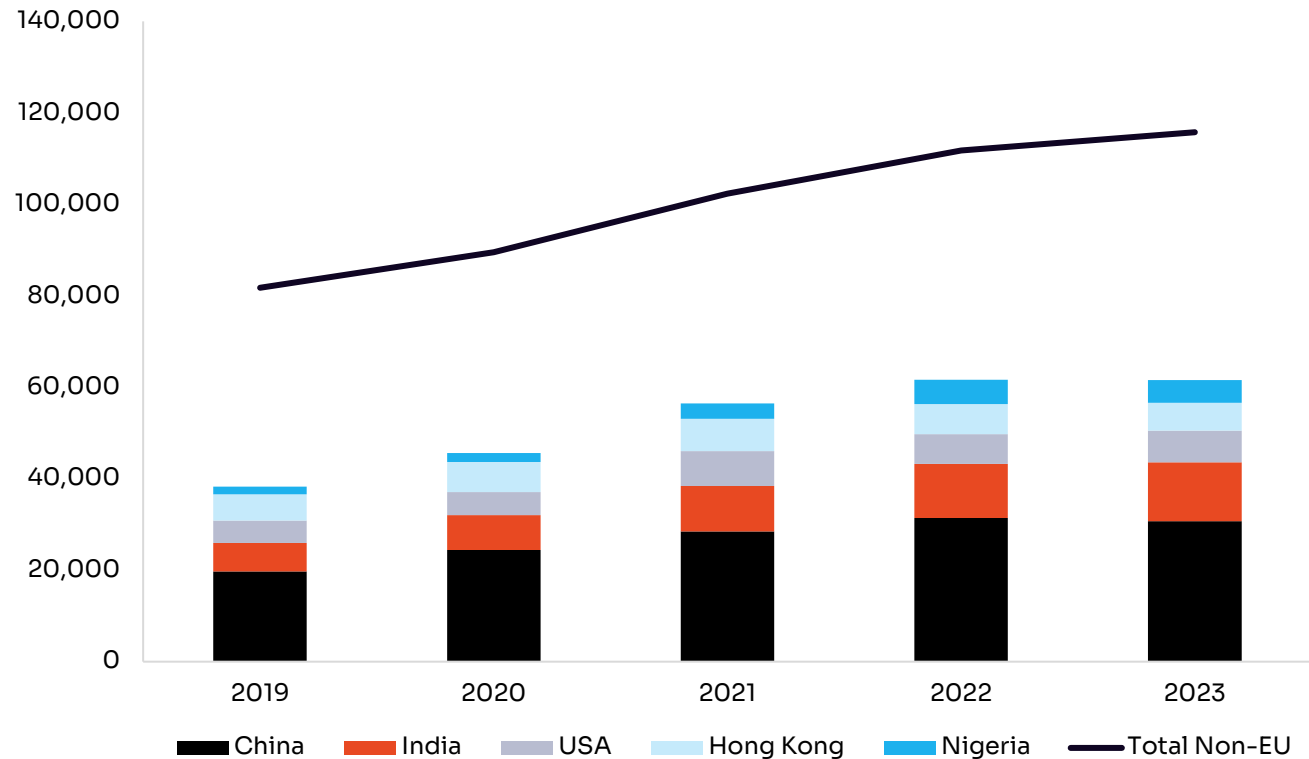
↗ **3.6%** to **116,000**

Postgraduate attendance (HESA)

↗ **10%** to **820,000**

Sources: UCAS 23/24 Application data & HESA 21/22 data

Top 5 International UCAS Applications 2019 – 2023



Our Mix Of Students

Participation of domestic students has increased from 30% to 49% since AY 19/20

Pre-Covid AY 19/20



■ Domestic ■ China ■ Other International

AY 23/24



■ Domestic ■ China ■ Other International

Commercial Growth - Our Key Strategies



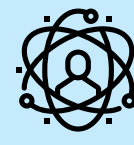
Provide
Great
Buildings



Create
Memorable
Customer
Experiences



Leverage
Strong
Brands



Develop
People & Drive
Performance



Deliver
ESG



Solid Infrastructure & Innovation

Consistent & Comprehensive Processes

Provide Great Buildings - Our Property Portfolio

Core

A On-brand Hello Student

Drive Performance

August 2023 **73% by value**

June 2022 **65% by value**



St Mary's, Bristol

B Off-brand Hello Student

Convert to On Brand

9% by value

14% by value



St Mark's, Leeds

C Postgrad (actual & potential)

Convert & Drive
Performance

14% by value

14% by value



South Bridge, Edinburgh

D Non-Core

Sell

4% by value

7% by value



Grove Street, Liverpool

Disposals

2023 YTD

£43.4m

Sold or Exchanged

6

Assets

620

Beds

Total disposals to date

£101.2m **£97.4m**

Sold or Exchanged Aggregate book value at point of sale

1,391

Beds

16

Assets

Under offer

£25m+

6+

Assets

300+

Beds



Emily Davis, Southampton



Curzon Point, Hatfield



Ladybarn House, Manchester

Growing Successful Clusters – Edinburgh

Clustered Buildings

Operational beds for AY21/22:

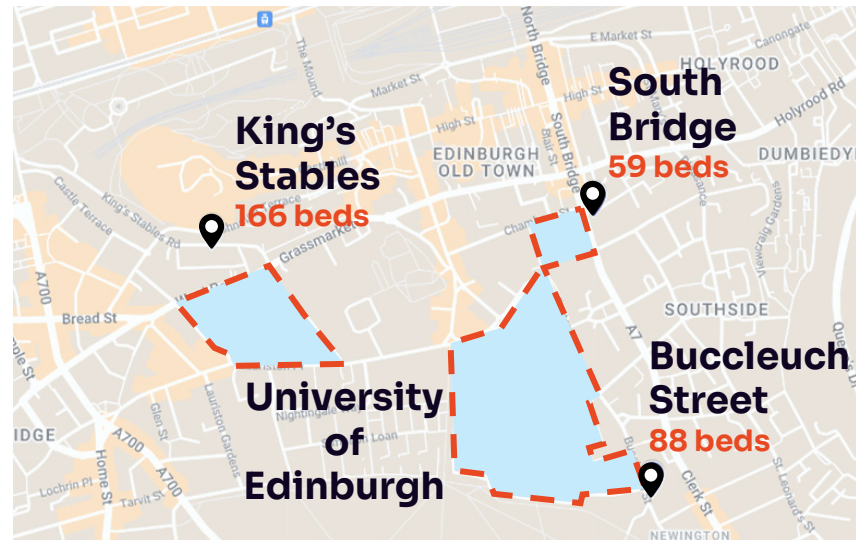
254 beds (2 sites)

AY22/23 – add **South Bridge**

313 beds (3 sites)



King's Stables Road



Cluster Benefits

By adding 59 beds into Edinburgh:

85% City target GM

South bridge improved overall City by 1%

+5% Southbridge GM

New clustered site achieved compared to previous ESP city average

Hub & Spoke model

Amenity light properties can be added within proximity of a fully amenitised site

Driving IRRs

Southbridge delivered an IRR >14%



South Bridge

ESP

Postgrad ^{BY HELLO} STUDENT

Postgrad Only Buildings

20% larger studios

Designed for greater independence

Embedded tech to facilitate remote management

Hub based service and amenities via buildings in the cluster

820k Postgrads in UK

29% of the UK Student Market

39% Growth in Enrolment since 2011

+60% International

HESA Data AY21/22

AY
22/23

AY
23/24



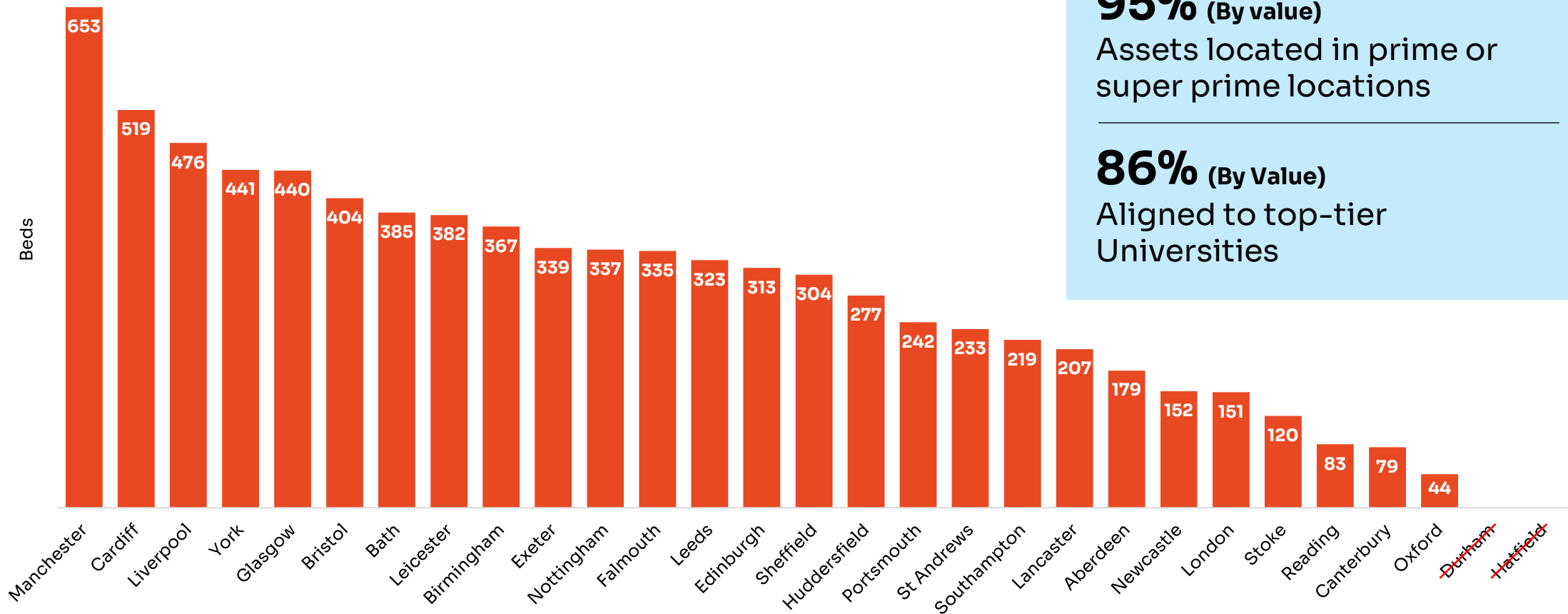
Opened in Edinburgh
South bridge Postgrad by Hello Student
Full occupancy for 22/23 and 23/24
100% of residents have rated their room as good or very good
20% rental premium vs average studio rent in Edinburgh



Opening in Nottingham Sept 23
Talbot Postgrad Studios by Hello Student
Full occupancy expected for 23/24

Exploring opportunities to accelerate roll out of £150m portfolio

Provide Great Buildings Current Operating Assets



95% (By value)

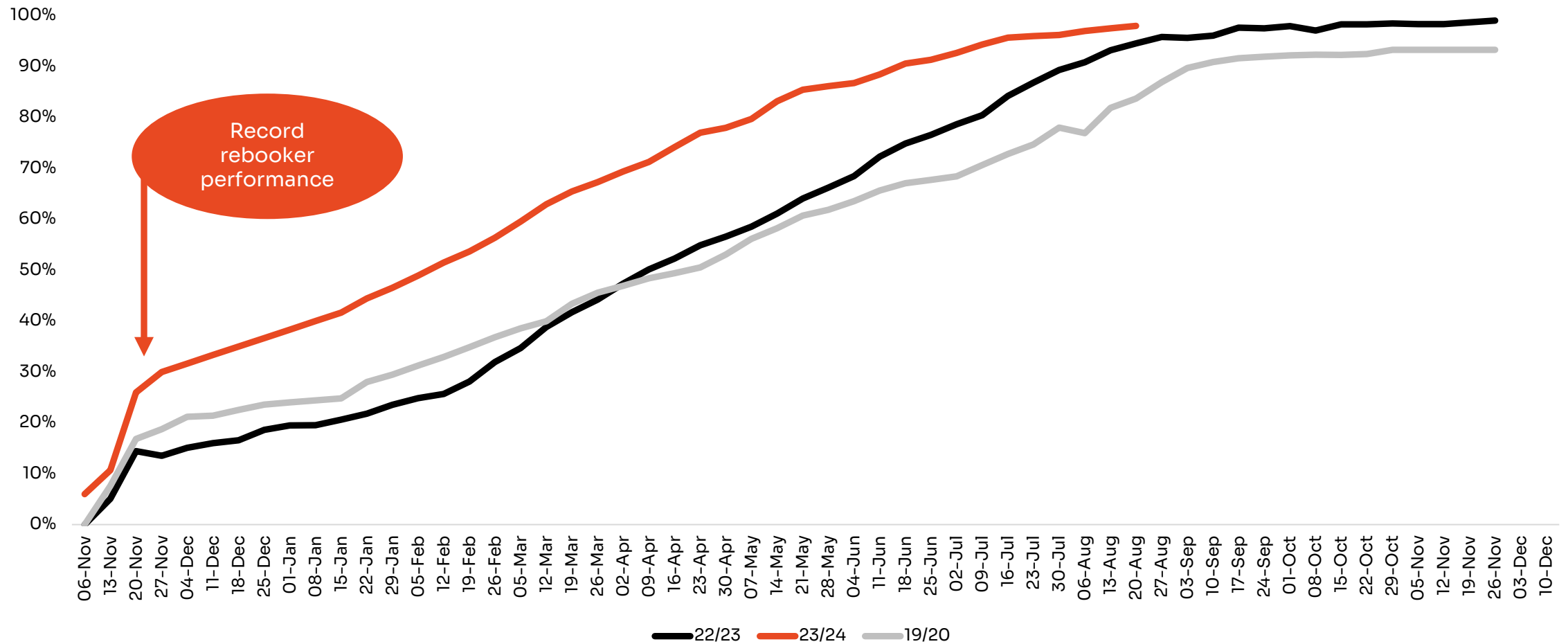
Assets located in prime or super prime locations

86% (By Value)

Aligned to top-tier Universities

Revenue Occupancy - Bookings To Date

AY 23/24



Make Memorable Customer Experiences

Hello Student rated a Platinum Certified Operator by Global Student Living

Hello Student NPS of **+32**, more than double the score for all private halls at **+12**



Comprehensive overhaul of the check-in and summer change over programme

Customer App – making interaction between our teams and customers easier and more convenient with 7k+ using the App

New events programme and better communications has resulted in a higher than benchmarked performance on students agreeing there is a strong sense of community

Develop People & Drive Performance

Continued focus on securing and supporting the best talent for future growth



Coaching

Internal promotions at a record **52%**

Variable compensation schemes fully aligned to strategic KPI's



Coordination

Continued investment in up-skilling our people to support mental health and wellbeing

Quarterly review and feedback of internal customer service provided between functions to focus on continuous improvements and improved Ways of Working



Communication

Engagement survey feedback and action planning in progress

ESG initiatives and engagement shared across multi channel communication to support engagement



Commitment

Team engagement remains above **80%**

Retention at a record **83%**

Good progress toward fundraising target for charity partner **Switch180** providing counselling sessions for young people

Delivering Attractive Sustainable Shareholder Returns

Effectively full **again for AY 23/24**

LfL rental growth in excess of 9%

Cluster Management and PostGrad launch proving there are attractive growth opportunities

Growth potentially through JV formation to drive EBITDA margin and leverage operating platform

Actively managing the portfolio to substantially complete the disposal programme this year

ESG roadmap enhances brand strength and reputation, with a net zero target by 2033

Minimum 3.25p dividend covered and progressive

APPENDIX



Income Statement | H1 2023

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m
Revenue	41.3	35.6
Property Expenses	(11.7)	(10.6)
Gross Profit	29.6	25.0
Gross Margin %	71.7%	70.2%
Administrative expenses	(6.5)	(6.3)
Changes in Fair Value of Investment Property	10.3	58.5
Gain on fair valuation of derivatives	0.8	-
Loss on Disposal of Investment Property	(0.6)	-
	32.8	77.2
Net Finance Expense	(9.0)	(6.9)
Net Profit	24.6	70.3
Dividends paid/declared (pence)	1.625	1.25
EPRA earnings per share (pence)	2.3	2.0

Financial Position | H1 2023

	30 June 2023 £m	31 December 2022 £m
Investment property	1,026.0	1,065.7
Assets classified as held for sale	38.3	13.7
Cash on hand	40.6	55.8
Trade and other receivables	2.6	7.0
Intangible & right of use assets	4.0	3.2
Property, plant and equipment	0.9	1.1
Derivative financial instruments	1.1	-
Total Assets	1,113.5	1,146.5
Borrowings	363.1	386.5
Deferred income	11.8	33.1
Trade and other payables	21.8	24.8
Lease Liability	1.2	1.3
Total Liabilities	397.9	445.7
Net Assets	715.6	700.8
EPRA Net Tangible Asset Value per share (pence)	117.3	115.4

ESG Strategy

2022 Achievements & 2023 Priorities

Becoming a sustainable business

Excelling in health and safety

Enhancing mental health and wellbeing

Providing opportunities for all

2022 Achievements:

- | | | | |
|---|--|--|---|
| <ul style="list-style-type: none"> – Published Net Zero strategy – Current EPC risk managed with 40% of portfolio EPC B or above – Refurbishment programme delivers improved energy efficiency per bed | <ul style="list-style-type: none"> – Secured in-house expertise – KPIs established and tracked – Implemented SafetyNet – Extensive training completed across all sites | <ul style="list-style-type: none"> – Winners of Best Student Wellbeing award (UK & Ireland) – Best Companies score improved to One Star accreditation – Improved further our net promoter score | <ul style="list-style-type: none"> – Supporting local & national charities and local communities – Developing our future leaders – Reviewed our response to diversity in both our employee and customer base |
|---|--|--|---|

2023 priorities:

- | | | | |
|---|--|---|--|
| <ul style="list-style-type: none"> – Significant investment planned, with focus on reducing energy consumption, decarbonisation and managing future EPC risk | <ul style="list-style-type: none"> – Focus for 2023 will be on fire marshal, health and safety and crisis management training and audit | <ul style="list-style-type: none"> – All employees to have access to wellbeing support – Mental first aiders in place at each site – Improving NPS score and employee engagement | <ul style="list-style-type: none"> – 50% of non-entry level vacancies to be filled internally – Each city to champion a local cause – Improve accessibility of our buildings for students with disabilities |
|---|--|---|--|

Targeting net zero in our properties by 2033

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Dated: August 2023