



Empiric Student Property plc

2023 Annual Results
14 March 2024

Duncan Garrood

Chief Executive Officer



Agenda

01 Introduction

02 Financial results & ESG update

03 Business update

04 Q&A



Transformation Delivered

Revenue

99% Occupancy for AY 22/23 & 23/24

LfL rental growth of 5.2% for AY22/23
& **10.5% for AY 23/24**

Revenue growth **above** most peers

Customer service

Our highest ever NPS up 4 points
to +30.5, double the sector average

Secured >50% of eligible rebookers,
an all-time high

Platinum operator certification,
the highest possible

Portfolio optimisation

Total disposals exceed £100m,
4% **above book value** in aggregate

Over £30m under offer

Refurbished 556 rooms

Growth

Acquisition of an excellent
development opportunity in Bristol

Further acquisition opportunities
in key strategic cities

Postgrad by Hello Student JV on track

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Margin and valuation

Core sites Gross margin 70%

EPRA NTA per share 120.7p, up 4.6%

EPRA LTV 30.6%

Property valuation £1.1bn,
up 6% (+3% net of capex) LfL

Dividend

3.5p paid and declared, **up 27%**

Total Accounting Return **7.6%**,
amongst the highest in the sector

Donald Grant

Chief Financial
& Sustainability Officer



Financial Headlines | 2023

Income Statement

Revenue

+10%



Gross Margin

+2% pts



Administrative Expenses

+4%



Finance Costs

+16%



EPRA EPS

+17%



Dividend

+27%



Financial Headlines | 2023

Balance Sheet

EPRA NTA Per Share +5%



Portfolio Valuation +3% LfL



Liquidity -14%



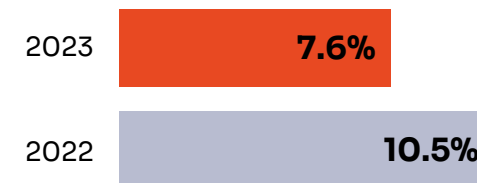
Borrowings -8%



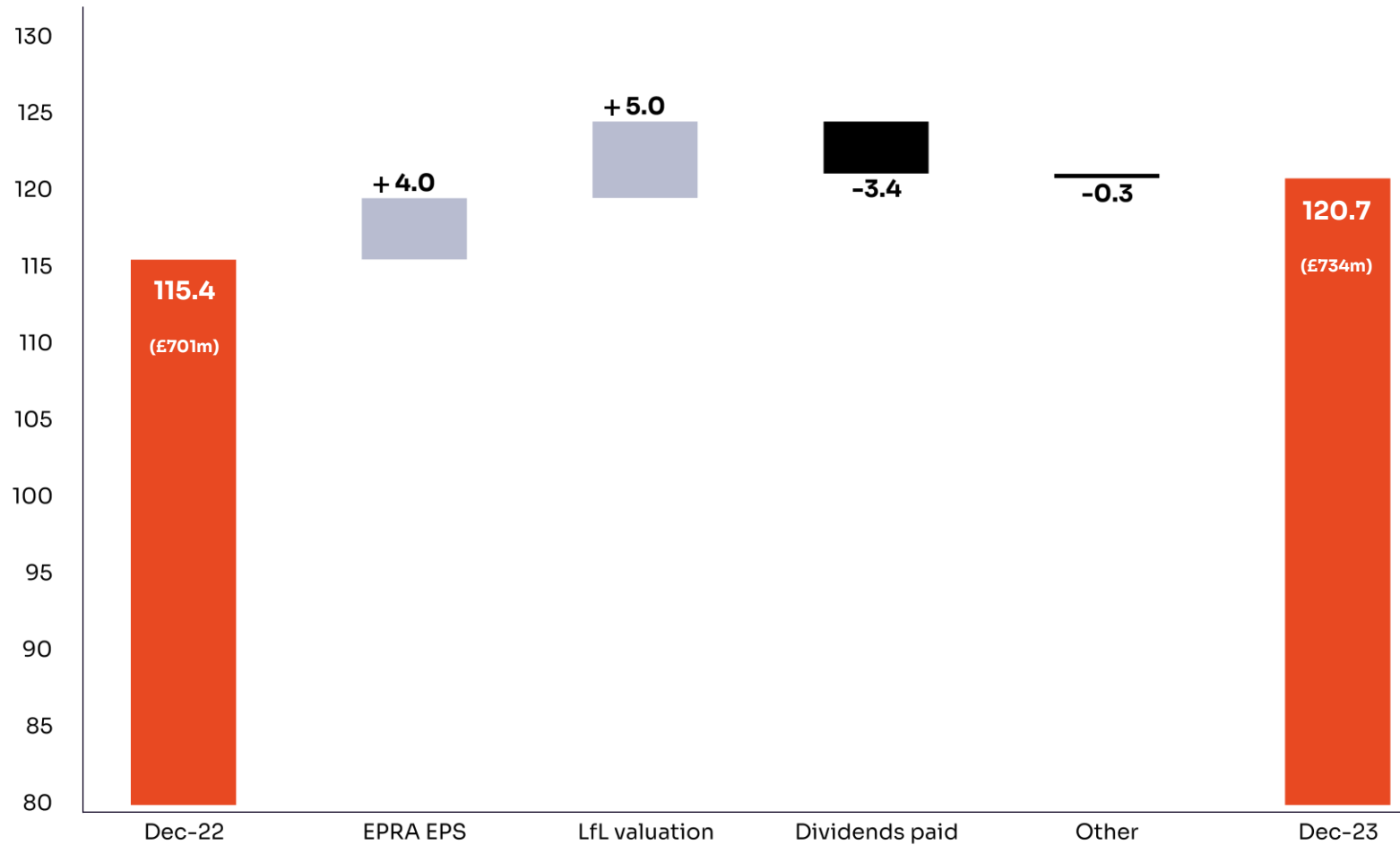
EPRA LTV -2.1% pts



Total Accounting Return



Evolution of EPRA NTA (p)



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Operational Portfolio

Net initial yield

5.5%

(FY 22: 5.2%)

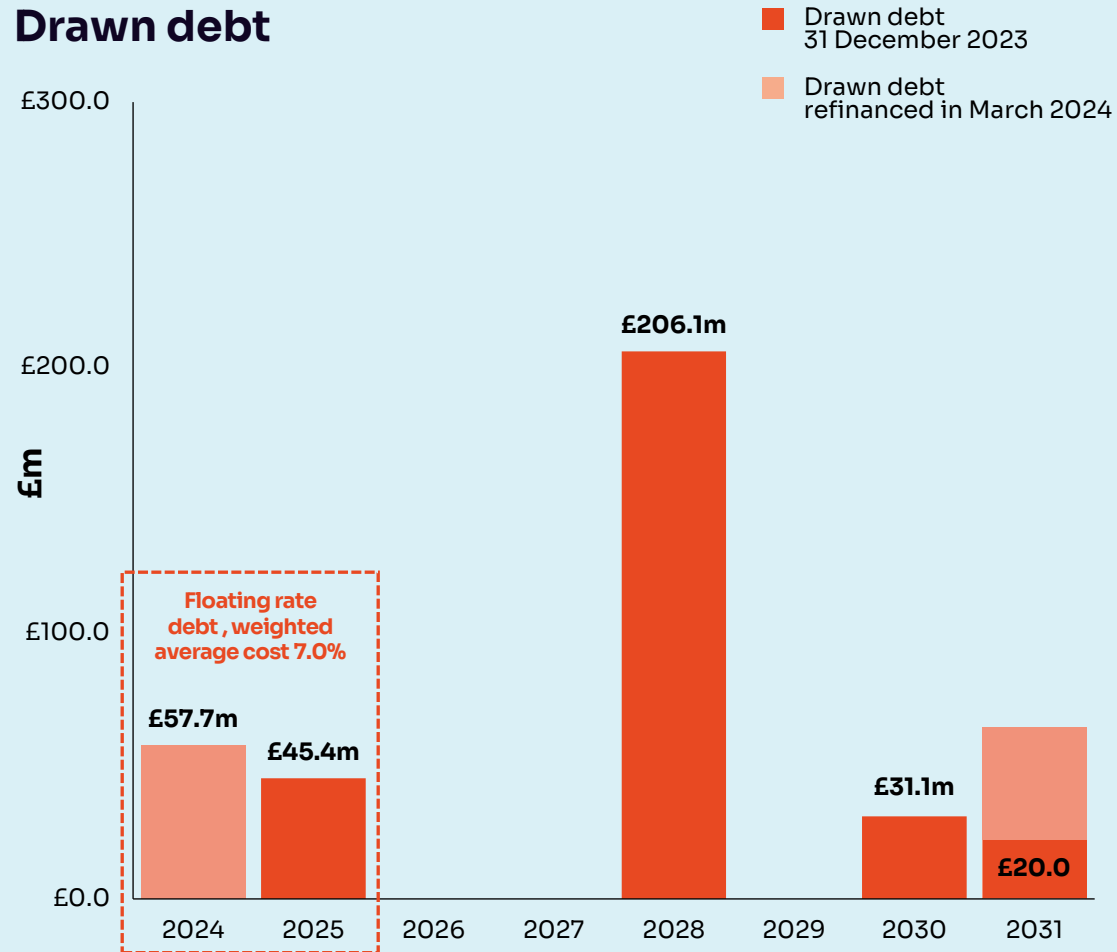
Reversionary yield

5.7%

(Implies c.3% growth in NOI)

Debt & Liquidity

Drawn debt



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31 December 2023

Average ICR covenant

2.0x

Debt with interest rate protection
2.1x. Floating rate debt 1.8x

Weighted average cost of debt

4.3%

(2022: 4.0%)

Weighted average term

3.9 years

(2022: 4.8 years)

Debt with interest rate protection

88%

(2022: 89%)¹

EPRA LTV

30.6%

(2022: 32.7%)

Cash and undrawn facilities

£82.5m

(2022: £95.8m)

Proforma adjusted to reflect refinancing

Average ICR covenant

1.9x

Weighted average cost of debt

4.6%

Weighted average term

5.7 years

Debt with interest rate protection

100%

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>(>650 rooms completed, in line with target IRR of 9% - 11%)</p>	<p>£46 million on fire safety work on our buildings.</p> <p>Increased by £9m</p> <p>(69% 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	£21.4 million	£17.2 million	£1.7 million
Forecast 2024 spend	£13.5 million	£14.2 million	£6.0 million

ESG Strategy

2023 Achievements and 2024 Priorities

Becoming a sustainable business	Excelling in health and safety	Enhancing mental health and wellbeing	Providing opportunities for all
2023 Achievements			
<ul style="list-style-type: none"> • 51% of portfolio EPC B or better, a year earlier than originally targeted • Refurbishment programme delivers improved energy efficiency per bed • Over 225 smart panel heaters installed and operational 	<ul style="list-style-type: none"> • Implemented incident management system (SafetyNet) • Audited 2/3rds of our sites against blueprint health & safety standard • Conducted human and organisational performance workshops to embed positive safety culture 	<ul style="list-style-type: none"> • Platinum certified operator and improved Net Promoter Score • Appointment of dedicated wellbeing resource 	<ul style="list-style-type: none"> • Supporting local & national charities • Over 50% of non-entry level vacancies filled by internal candidates • Developed our future leaders
2024 Priorities			
<ul style="list-style-type: none"> • 40% of the portfolio to be onsite fossil fuel free • >5% reduction in energy consumption per bed • Install over 3,000 in-room heating controls 	<ul style="list-style-type: none"> • Implement crisis management guidelines at individual sites • Implement lone-worker support system • Audit 100% of sites annually from 2024 	<ul style="list-style-type: none"> • Achieve NPS >30 • Mental health first aiders in place at all sites • Summer & Winter sustainability awareness campaigns to drive behavioural change 	<ul style="list-style-type: none"> • Commitment to provide >300 days of community or charitable support • Launch apprenticeship scheme • Provide external training and certification for our maintenance operatives
Targeting net zero in our properties by 2033			

Financial Outlook | 2024

Revenue occupancy | AY 24/25

Effectively full (>97%)

LfL growth >6%

Costs

70% Gross margin

c.£15m Administrative costs

Energy costs fixed until September

Finance costs

4.6%

Weighted average cost currently anticipated post refinancing

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Operational beds | AY 24/25

c.7,900

Incl. c.200 beds returning post refurbishment

Capital expenditure

£34m

To be invested in Refurbishment, Fire safety & Green initiatives during 2024

Dividend – 2024 minimum expectation

3.5p

Progressive and paid quarterly

Duncan Garrood

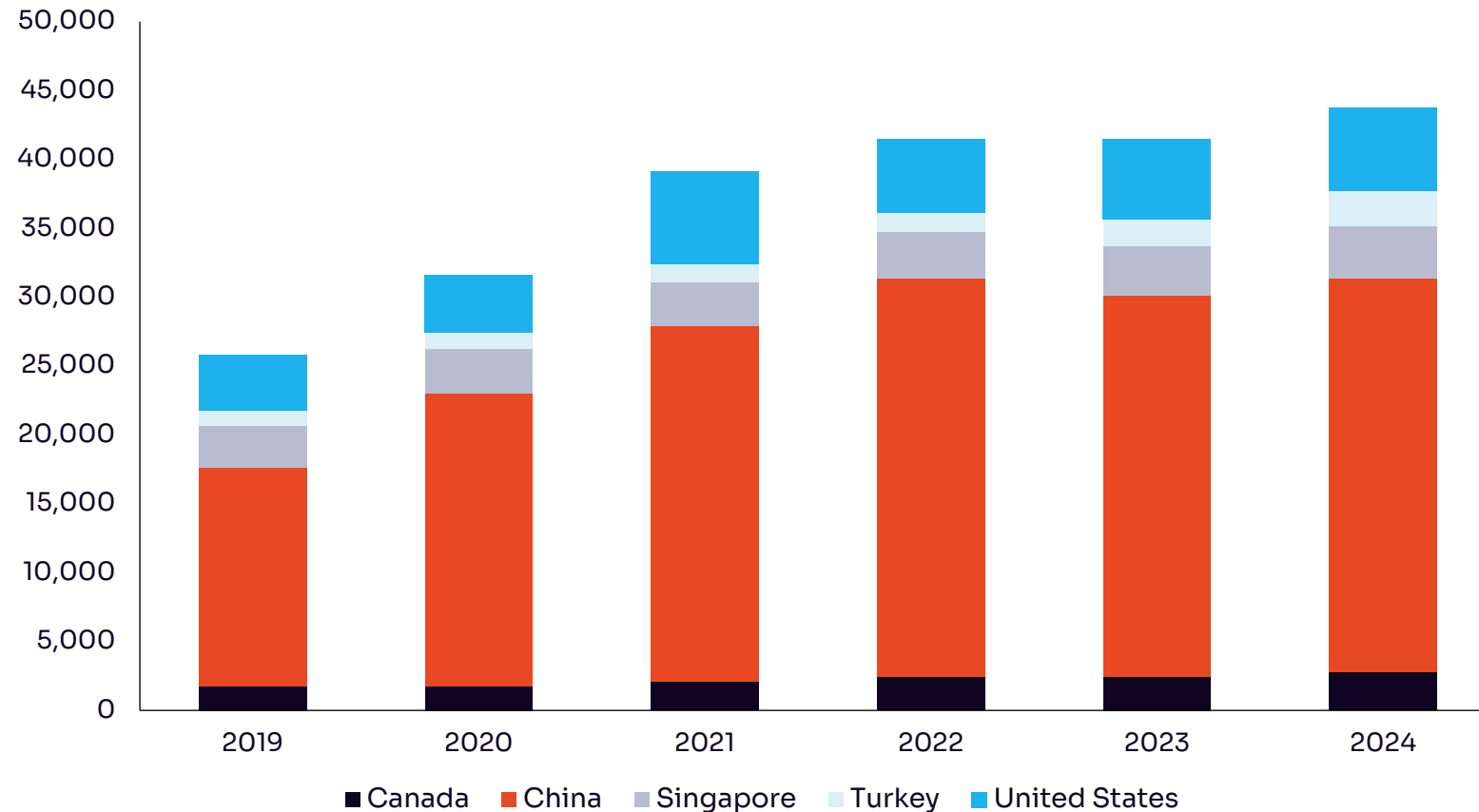
Chief Executive Officer

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UK Student Market Remains Strong

Top 5 International UCAS Undergraduate Applications 2019 – 2024



AY 24/25 vs AY 23/24

Total Undergraduate Applications

↓ **0.3%**
to 595,000

Applications from UK

↓ **0.5%**
to 479,000

Applications from Non-EU Internationals

↑ **1.5%**
to 96,000

Applications from China

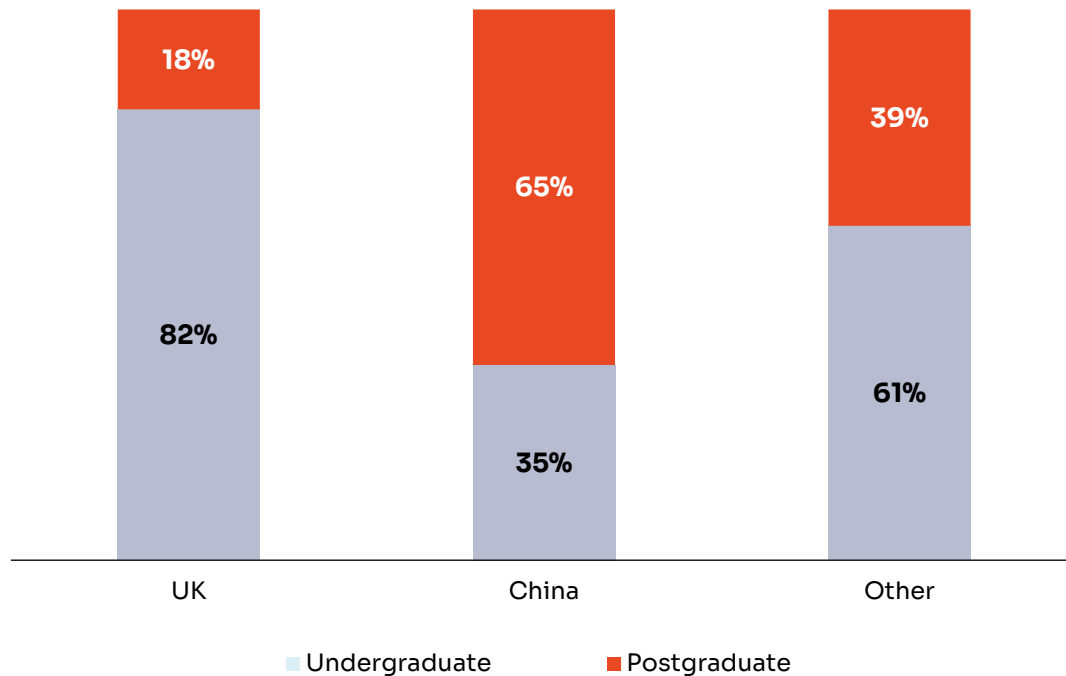
↑ **3.3%**
to 28,500

Sources: UCAS 24/25 January Application data

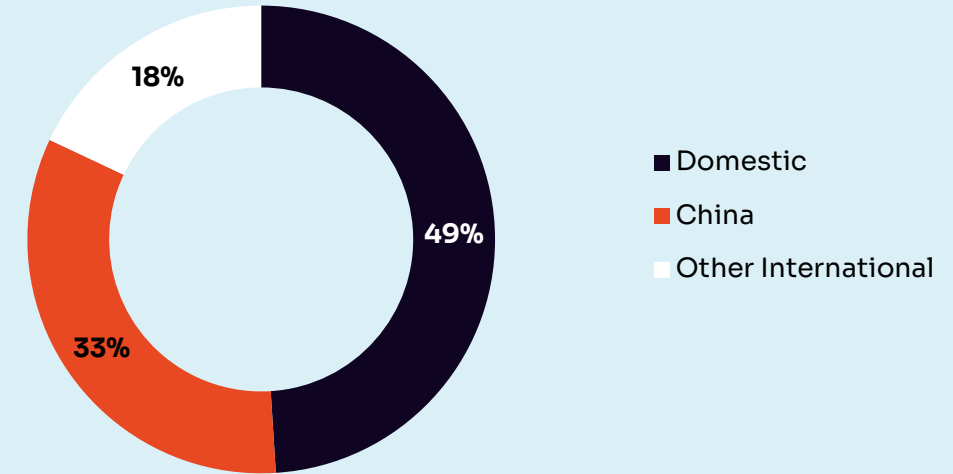
Our Mix of Students

Participation of domestic students post Covid remains consistent at 49%. Of Chinese students that live with us, 65% are Postgrads.

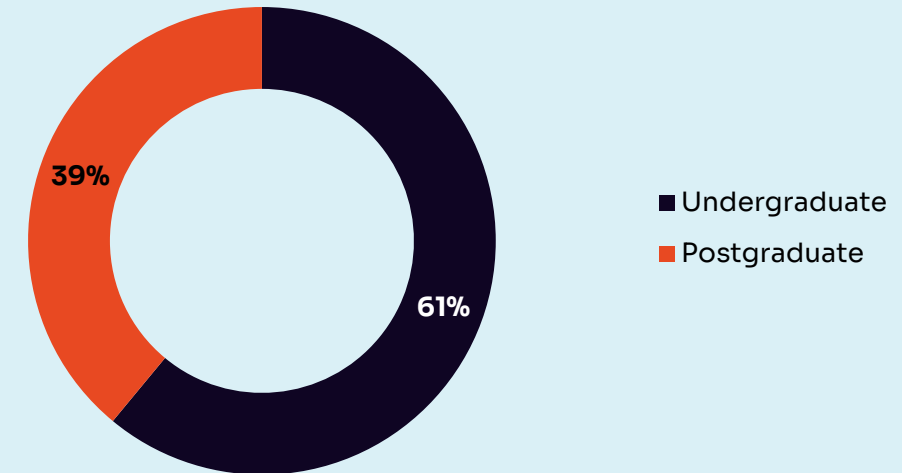
AY 23/24 Study level split by nationality



Total Customer Base AY 23/24



Course Split AY 23/24



Commercial Growth – Our Key Strategies

**Solid
infrastructure
and innovation**

**Consistent and
comprehensive
processes**



Provide great clustered buildings



Create memorable customer experiences



Leverage strong brands



Develop people and drive performance



Deliver ESG

Provide Great Buildings – Our Property Portfolio

A On-brand Hello Student

Drive Performance

Dec 23

74% by value

Mar 21

56% by value



St Mark's, Leeds

B Off-brand Hello Student

Convert to On Brand

8% by value

16% by value



Summit House, Cardiff

C Postgrad (actual & potential)

Convert & Drive Performance

14% by value

18% by value



Talbot Studios, Nottingham

D Non-Core

Sell

4% by value

10% by value



Grove Street Studios, Liverpool

Capital Recycling

Disposal (Non-Core)

4% by value
(Dec-23)

£30m+ Under offer



Postgrad BY HELLO STUDENT

14% by value
(Dec-23)

£200m JV discussions



Operational Acquisitions Extending Existing Clusters

10%+ IRR Unlevered returns

£20m+
Under Offer

Asset Transformations and Refurbishments Program

9-11% IRR Unlevered returns

£13.5m
Planned
FY24

Developments and Planning Enhancements

12%+ IRR Unlevered returns

250+ bed
Potential

Capital Recycling – Creating Great Buildings

Upgrades in FY23 556 Rooms

St Marks, Leeds

49 rooms + Amenity (Cluster: 323 Beds)

Summit House, Cardiff

87 rooms + Amenity (Cluster: 519 Beds)

Brook Studios, Birmingham

85 rooms (Cluster: 367 Beds)

Talbot Studios, Nottingham

52 rooms (Cluster: 337 Beds)

Other Refurbs

283 rooms

350 room upgrades
planned in 2024

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St Marks, Leeds Case Study – 49 Rooms

Converted Car Park

New amenity including gym, private dining and study space in former car park

NPS +46

Improvement in NPS, with significant increase in sense of community

£65pw Rental Uplift

Achieved over un-refurbished rooms in the building

12-week Program

Undertaken in the summer for AY23/24

9-11% IRR

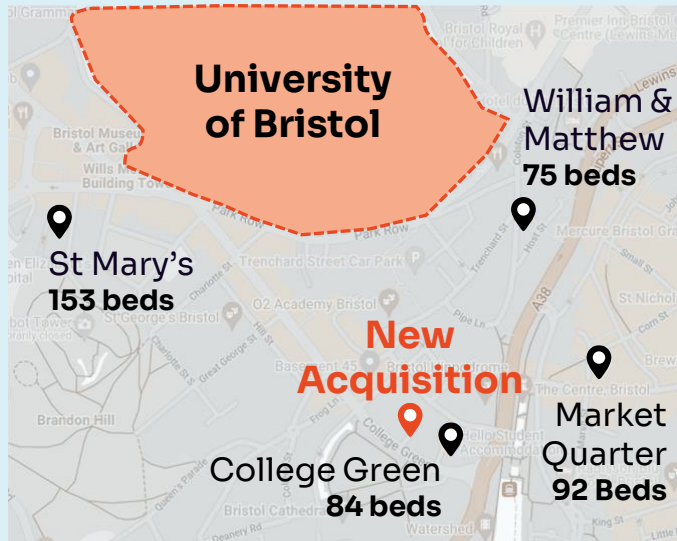
On track to delivering required return

Capital Recycling – Unlocking Potential

Bristol Acquisition

Office conversion adjacent to College Green

Potential for +50 PBSA beds



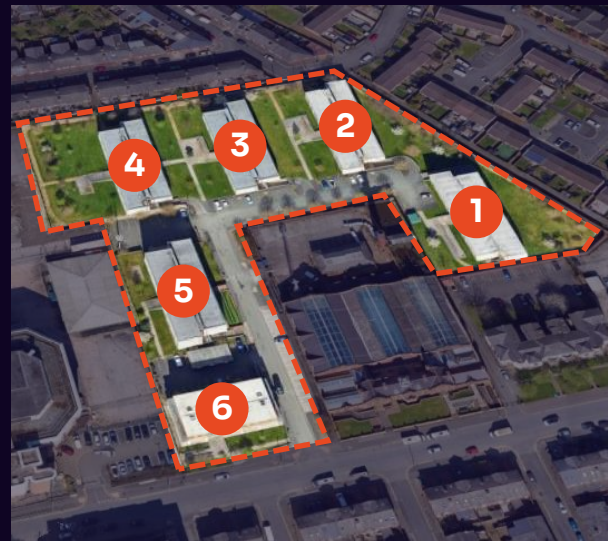
Victoria Point, Manchester

Planning application H1 2024

200+ bed potential extension

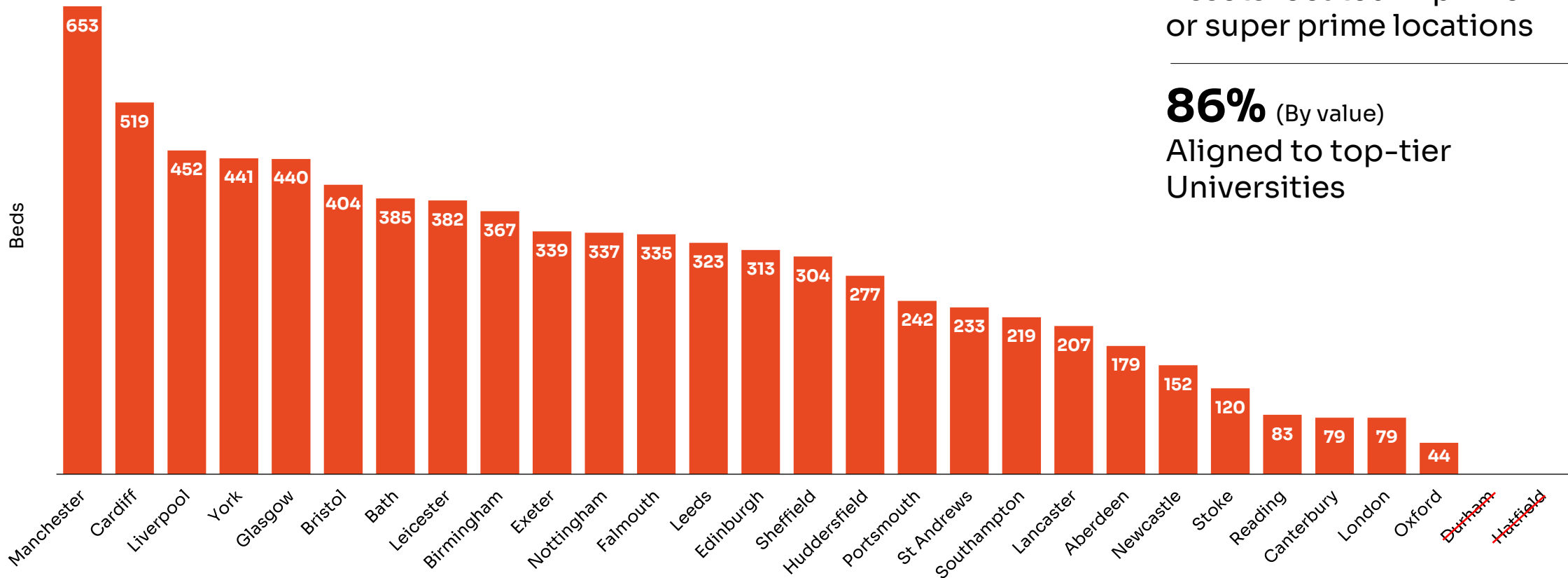
Largest existing asset currently comprises 566 beds across 6 blocks

Masterplan includes full refurbishment of existing asset



Provide Great Buildings

Current Operational Beds (c.7,900)

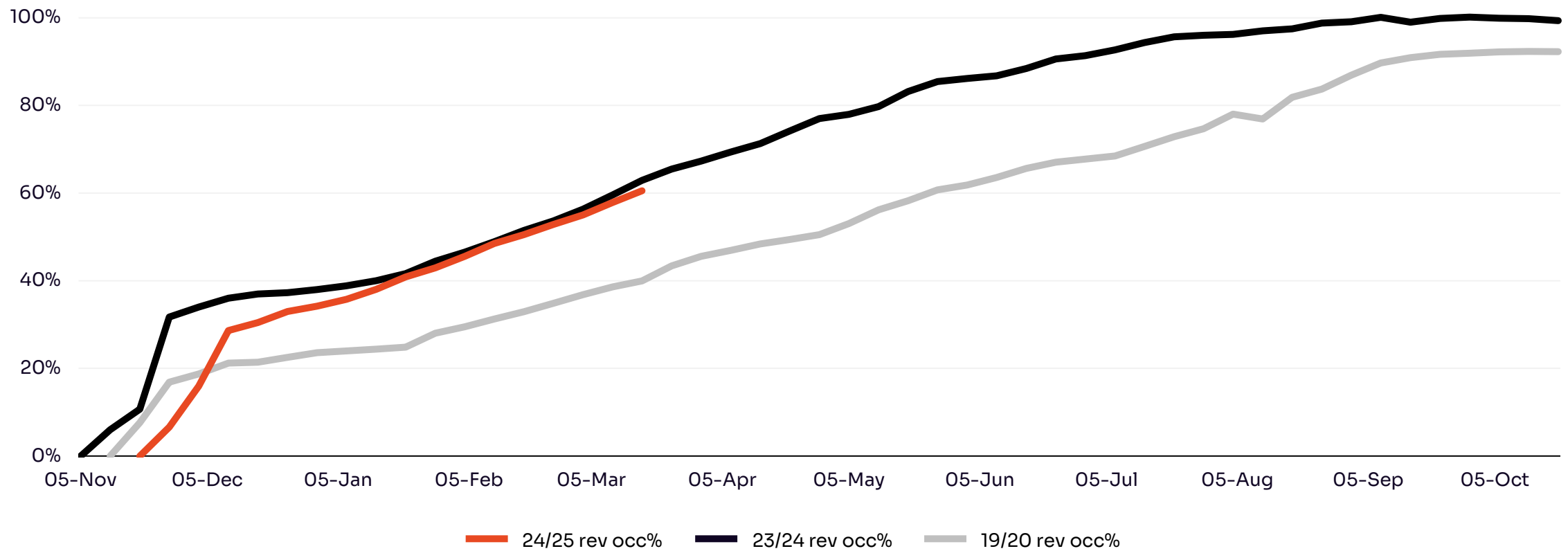


95% (By value)
Assets located in prime
or super prime locations

86% (By value)
Aligned to top-tier
Universities

Revenue Occupancy

Bookings To Date AY 24/25

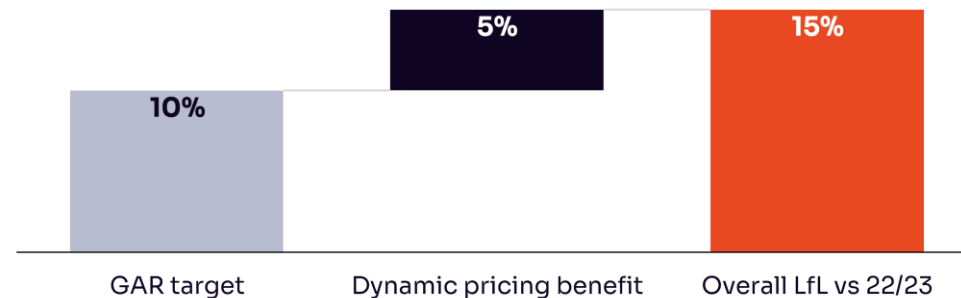


Dynamic pricing providing additional revenue in high demand cities

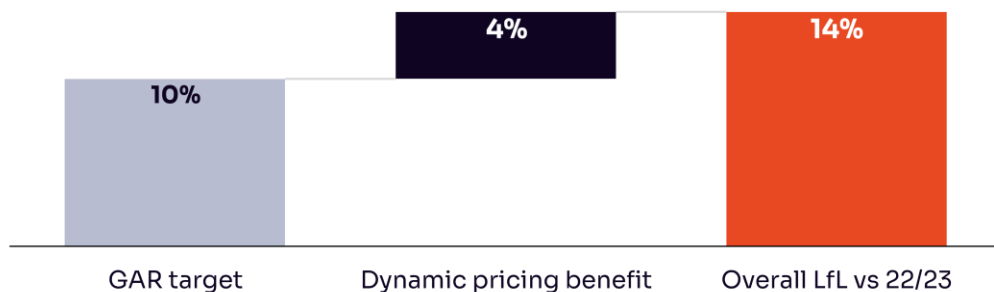
Foss Studios (York)



Percy's Lane (York)



Samuel Tuke (York)



Dynamic pricing operating at building and room type gives us the **opportunity to adapt at a granular level to meet demand and maximise revenue potential.**

Make Memorable Customer Experiences



Hello Student rated a Platinum Certified Operator by Global Student Living

Hello Student NPS of **+30.5**, more than double the score for all private halls at **+13**

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Comprehensive overhaul of check-in, introducing a market leading check-in app and summer turnaround programme

Customer App – making interaction between our teams and customers easier and more convenient with nearly all students using the App

New events programme and better communication has resulted in a higher than benchmarked performance on students agreeing there is a strong sense of community, which Customers rated as a priority



Develop People and Drive Performance

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

Coaching

Internal promotions at **51%**

Variable compensation schemes **fully aligned** to strategic KPI's

Leadership development programmes implemented at all levels



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 at **85%**

Retention at a record **85%**

Good progress towards fundraising target for charity partner **Stop.Breathe.Think**



Delivering Attractive Sustainable Shareholder Returns

Effectively full again for AY 23/24

LfL rental **growth above inflation**

Cluster Management and Postgrad proving there are **attractive growth opportunities**

Drive EBITDA growth through JV formation and leverage operating platform

Actively managing the portfolio to grow the quality and quantity of beds

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

Minimum 3.5p dividend

Appendix

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Income Statement | 2023

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Revenue	80.5	73.0
Property Expenses	(25.2)	(24.0)
Gross Profit	55.3	49.0
Gross Margin %	68.7%	67.1%
Administrative expenses	(14.0)	(13.4)
Changes in Fair Value of Investment Property	30.1	45.6
Loss on fair valuation of derivatives	(0.2)	-
(Loss) / gain on Disposal of Investment Property	(0.6)	1.5
	70.6	82.7
Net Finance Expense	(17.2)	(15.0)
Net Profit	53.4	67.7
Dividends paid/declared (pence)	3.5	2.75
EPRA earnings per share (pence)	4.0	3.4

Financial Position | 2023

	31 December 2023 £m	31 December 2022 £m
Investment property	1,075.7	1,065.7
Assets classified as held for sale	22.4	13.7
Cash on hand	40.5	55.8
Trade and other receivables	6.5	7.0
Intangible & right of use assets	4.3	3.2
Property, plant and equipment	0.8	1.1
Derivative financial instruments	0.1	-
Total Assets	1,150.3	1,146.5
Borrowings	356.7	386.5
Deferred income	34.9	33.1
Trade and other payables	23.4	24.8
Lease Liability	1.1	1.3
Total Liabilities	416.1	445.7
Net Assets	734.2	700.8
EPRA NTA per share (pence)	120.7	115.4

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Dated: March 2024