



Empiric Student Property plc

2024 Interim Results
15 August 2024

Duncan Garrood

Chief Executive Officer



Agenda

- Introduction

- Financial results

- Business update

- Q&A



Continued Strong Progress

Revenue

LfL rental growth of **10.5% for AY 23/24** with **6%+ for AY 24/25**

99% Occupancy for AY 23/24

92% Occupancy to date for AY 24/25

Revenue growth **above inflation**

Margin and valuation

H1 **Gross margin improved** 0.5% to 72%

Property valuation £1.1bn, **up 1.3% net LfL** (+3.8% when adjusted for the impact of MDR)

EPRA NTA per share 122.8p, **up 1.7%**

Portfolio optimisation

Total disposals £115m, **above book value in aggregate**, with a further two city exits achieved

Refurbished 173-bed Southampton hub site **reopening in September**, **securing strong rental growth**

Growth

Acquisition of two excellent opportunities in key top-tier cities

Planning application submitted for 200+ bed extension to Manchester hub site

Postgrad by Hello Student **JV in exclusive talks at pivotal point**

Customer service

Our highest ever NPS up 5 points to +37, double the sector average

ESP highest customer satisfaction rate achieved at 87%

Secured >50% of eligible re-bookers, **another all-time high**

Dividend

1.75p paid and declared, **up 7.7%** on H1 23

3.5p minimum dividend target for FY 24

Donald Grant

Chief Financial
& Sustainability Officer



Financial Headlines | H1 2024

Income Statement

Revenue +3%



Gross Margin +0.5% pts



Administrative Expenses +9%



Net Finance Costs +10%

Company adjusted n/c



* £9.0m after removal of non-recurring charges

EPRA EPS -4%

Company adjusted +3%

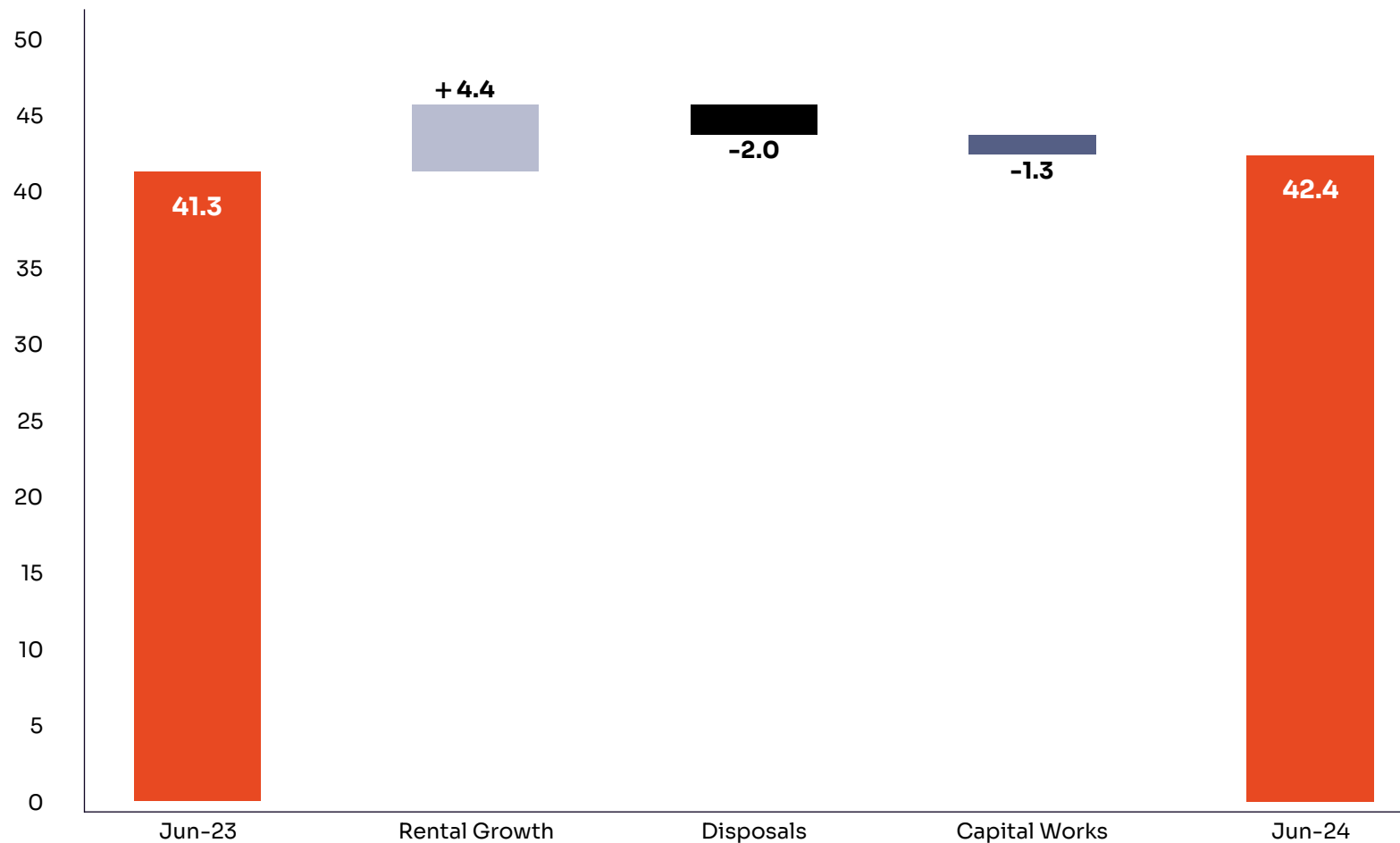


* 2.4p after removal of non-recurring charges

Dividend +8%



Evolution of Revenue (£m)



Revenue growth

10.5%

like for like

Capital works
expected to add

£1.0m+

incremental income (annualised)

Financial Headlines | H1 2024

Balance Sheet

EPRA NTA Per Share +1.7%



Portfolio Valuation +1.3% LfL



Liquidity



Borrowings +11.5%



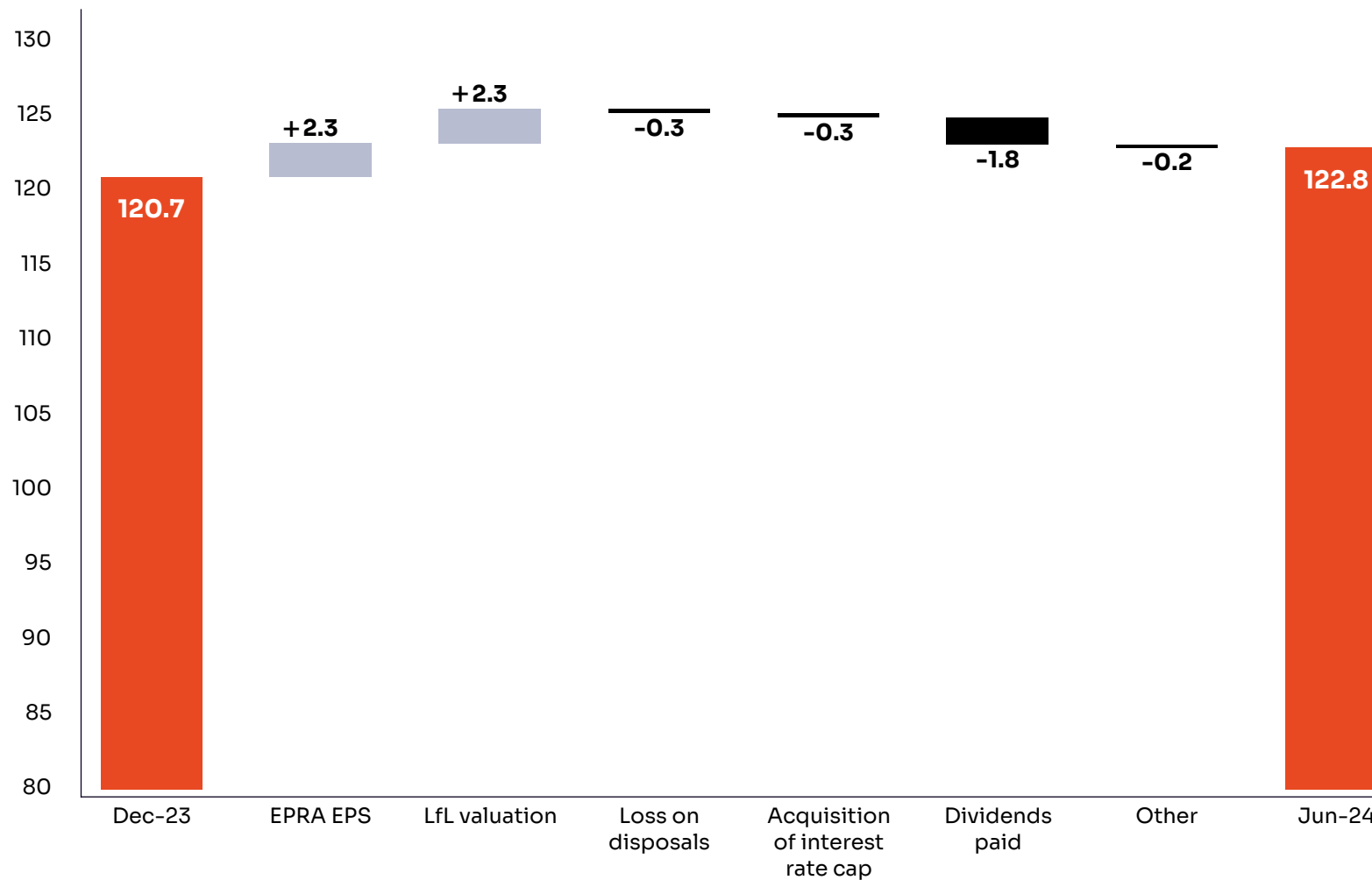
EPRA LTV +3.2% pts



Total Accounting Return



Evolution of EPRA NTA (p)



ESP

Operational Portfolio

Net initial yield

5.4%

(FY 23: 5.5%)

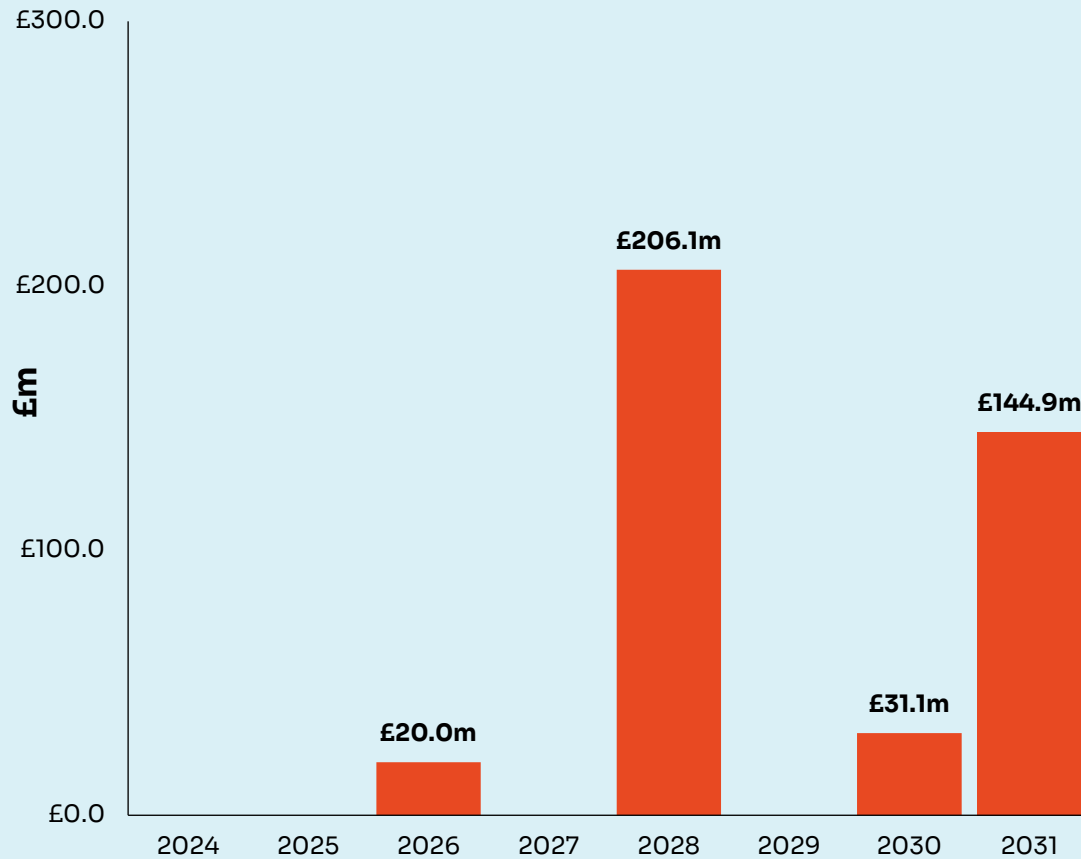
Reversionary yield

5.5%

(captured from September)

Debt & Liquidity

Drawn debt



ESP

30 June 2024

Average ICR covenant

1.9x

(FY 23: 2.0x)

Weighted average cost of debt

4.6%

(FY 23: 4.3%)

Weighted average term

5.1 years

(FY 23: 3.9 years)

Debt with interest rate protection

95%

(FY 23: 88%)

EPRA LTV

33.8%

(FY 23: 30.6%)

Cash and undrawn facilities

£44.7m

(FY 23: £82.5m)

Ungearred property value

£105.5m

Capital Expenditure

	Refurbishments	Fire safety work	Green initiatives
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>(70% of properties certified)</p> <p>(NAV neutral)</p>	<p>£12 million on green initiatives to reduce energy consumption and costs</p> <p>(reduce energy consumption and improve performance)</p>
Total invested since 2021	£29.4 million	£25.7 million	£3.7 million
Invested in H1 2024	£8.1 million	£8.5 million	£2.0 million
Forecast H2 2024	£2.7 million	£5.1 million	£2.5 million

Financial Outlook | 2024

Revenue occupancy | AY 24/25

Effectively full (>97%)

LfL growth >6%

Costs

70% Gross margin

c.£15m Administrative costs

Energy fix ends in September with £2m annualised increase anticipated

Finance costs

4.6%

Weighted average cost

ESP

Operational beds | AY 24/25

c.7,700

Incl. c.200 beds returning post refurbishment

Capital expenditure

£10m

Forecast investment in Refurbishment, Fire safety & Green initiatives in H2 2024

Dividend 2024

3.5p

Target reconfirmed, progressive, paid quarterly

Duncan Garrood

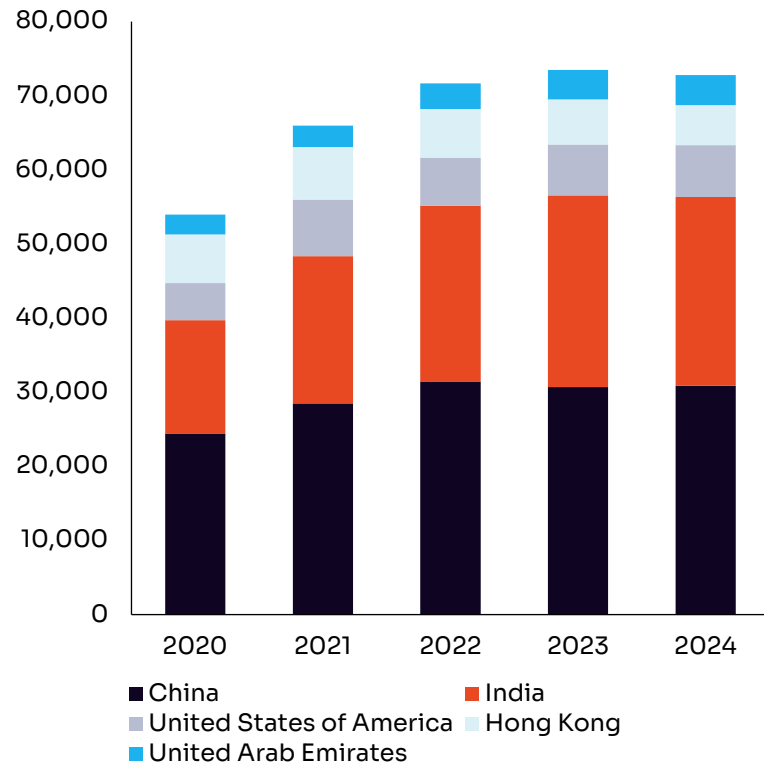
Chief Executive Officer

ESP

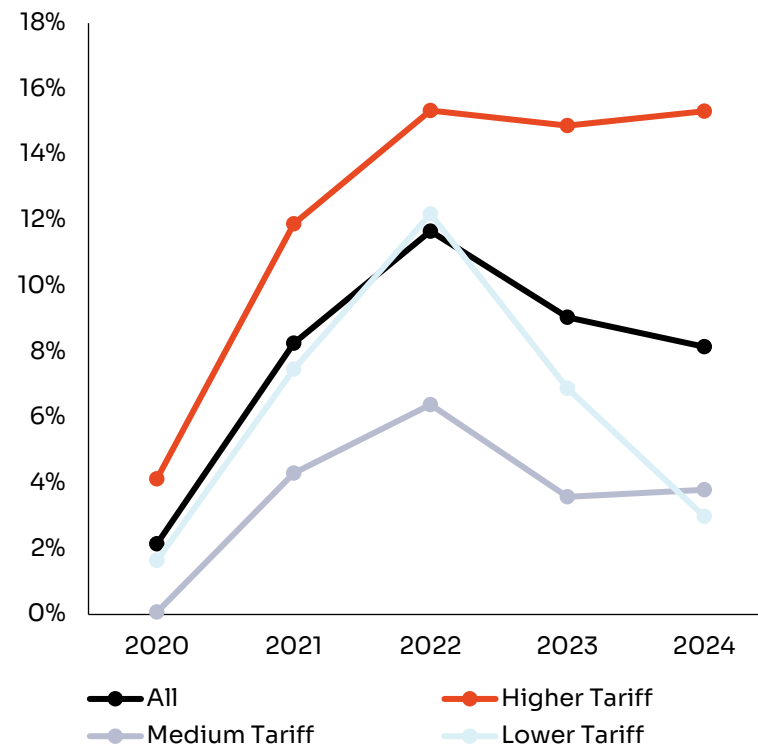


UK Student Market Remains strong for target customers

Top 5 International UCAS Undergraduate Applications 2020 – 2024



UCAS Application Growth by Tariff (%) Undergraduate Applications 2020 - 2024



AY 24/25 vs AY 23/24

Applicants from China (ex HK)

↑ **0.5%**
to 30,860

Applications from UK 18 Yr olds

↑ **0.6%**
to 321,410

Applications to Higher Tariff Universities

↑ **0.4%**
to 1,254,280

Overall Applicants down

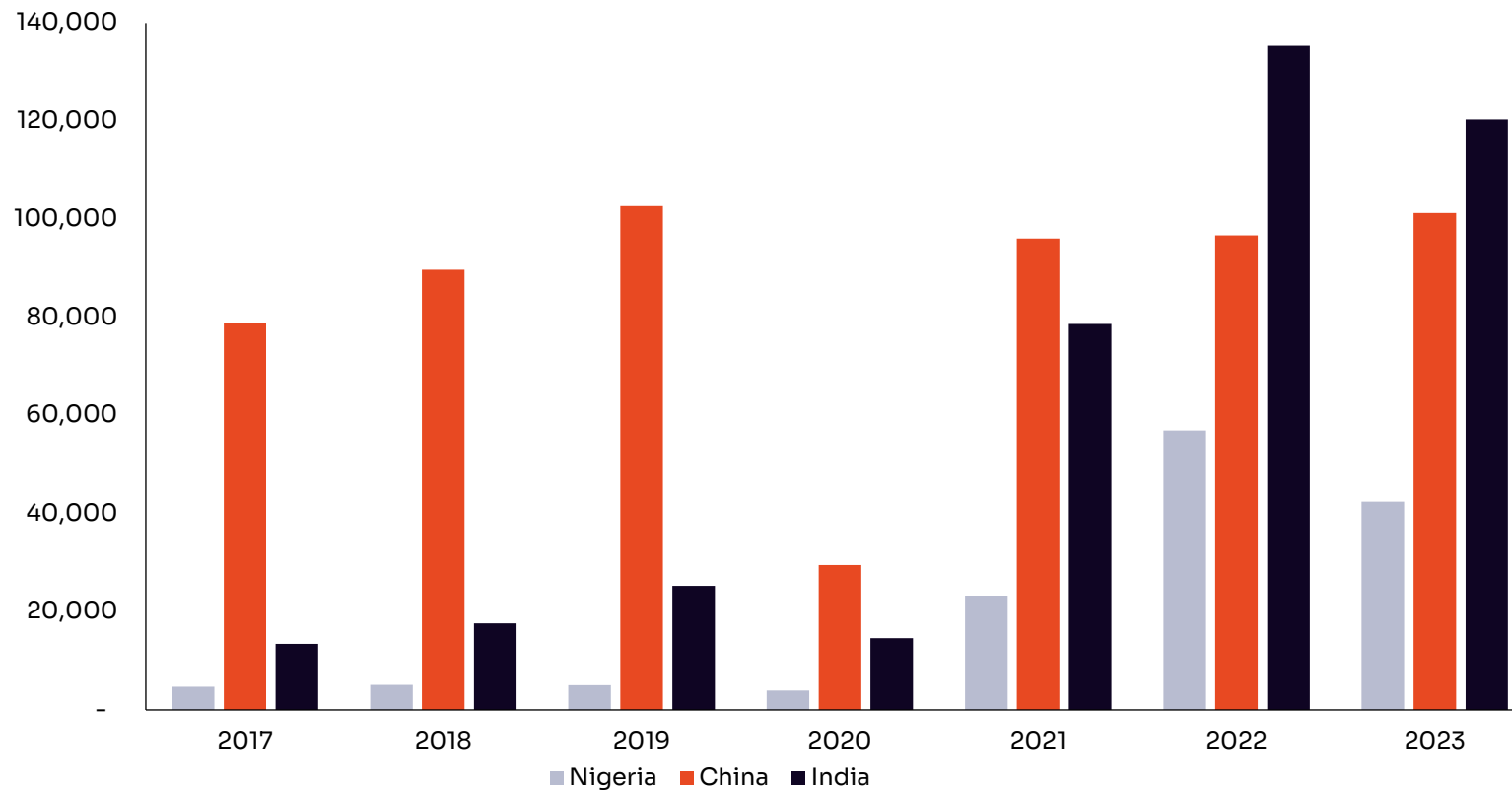
↓ **1.6%**
to 656,770

Source: UCAS 24/25 June application data

UK Student Visa Applications Remains strong for target market

Issued Sponsored Study Visas – All Applications (incl. Postgraduates)

Whilst **China** grows, **India** falls



Decline in total **International Student Visa** applications continued in Q1 2024

Main applicant numbers **remained robust** with majority of decline from dependent applications

Record numbers of Hello Student bookings from international markets for AY24/25

Commercial Growth – Our Key Strategies

**Solid
infrastructure
and innovation**

**Consistent and
comprehensive
processes**



Provide great clustered buildings



Create memorable customer experiences



Leverage strong brands



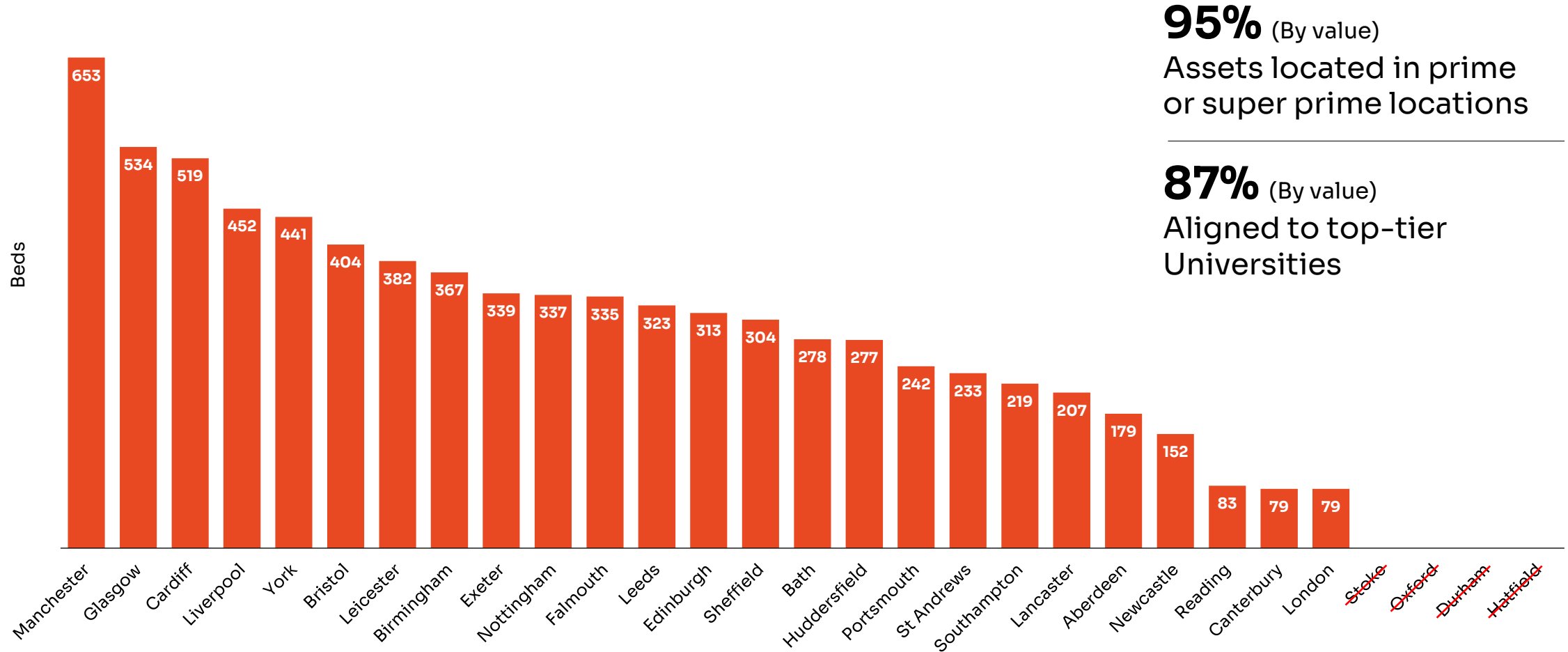
Develop people and drive performance



Deliver ESG

Provide Great Buildings

Current Operational Beds (c.7,750)



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

87% (By value)
Aligned to top-tier
Universities

Growing the Portfolio and Returns

Extending Existing Clusters With Operational Assets

10%+ IRR

Unlevered returns

300+ Operational Beds Under Offer



Asset Transformations and Refurbishments Program

9-11% IRR

Unlevered returns

500+ Beds Planned in 2025



Developments and Planning Enhancements

12%+ IRR

Unlevered returns

300+ beds Planning Submitted



Acquisitions – Growing a Prime Cluster

Claremont House, Glasgow

7.5%+ NIY AY24/25
10%+ IRR Forecast returns

94 Beds (54 Studios)
Roof Terrace, lounge, gym and cinema

Strong Cluster
10 mins walk of ESP existing properties

Refurbishment Upside
Ability to reposition and unlock further performance following full refurbishment

West End Location
Limited supply in micro location and builds on existing strong market share



Refurbishments – Creating Great Buildings

Brunswick House, Southampton

173 rooms + Extended Amenity

Rooms Upgraded

All rooms refurbished including layout reconfiguration and creating more studios

Increased Amenity

Converting a retail unit into a new gym, private dining, co-working and lounges

Decarbonised

ASHPs, solar panels and in room controls allowing removal of gas

>50% Rental Uplift

Increase from AY22/23 to AY24/25 achieved

9%+ IRR

Comfortably delivering required return

ESP



Refurbishment Program

800+ rooms completed

£29.5m invested to date

9-11% IRR Target

Unlevered returns

Remaining Program

10
assets

760
beds

8%
of Portfolio

AY25/26 Plan:

- 500+ Beds
- Reconfigure **shared apartments** into studios
- **Rolling** or **Summer** programs
- Complementing **Net Zero** pathway

Postgrad – Growing the Brand

Postgrad Summary

18 assets | **1,298** beds | **17%** of Portfolio

Offering

Buildings **solely** for Postgraduate students

Predominantly **studios**

Designed for sharing and **greater independence**

Embedded tech to facilitate remote management

Hub based service and amenities via buildings in the cluster

Well located close to Universities

ESP



JV Update

Exclusive discussions at pivotal point

Refurbish assets to Postgrad

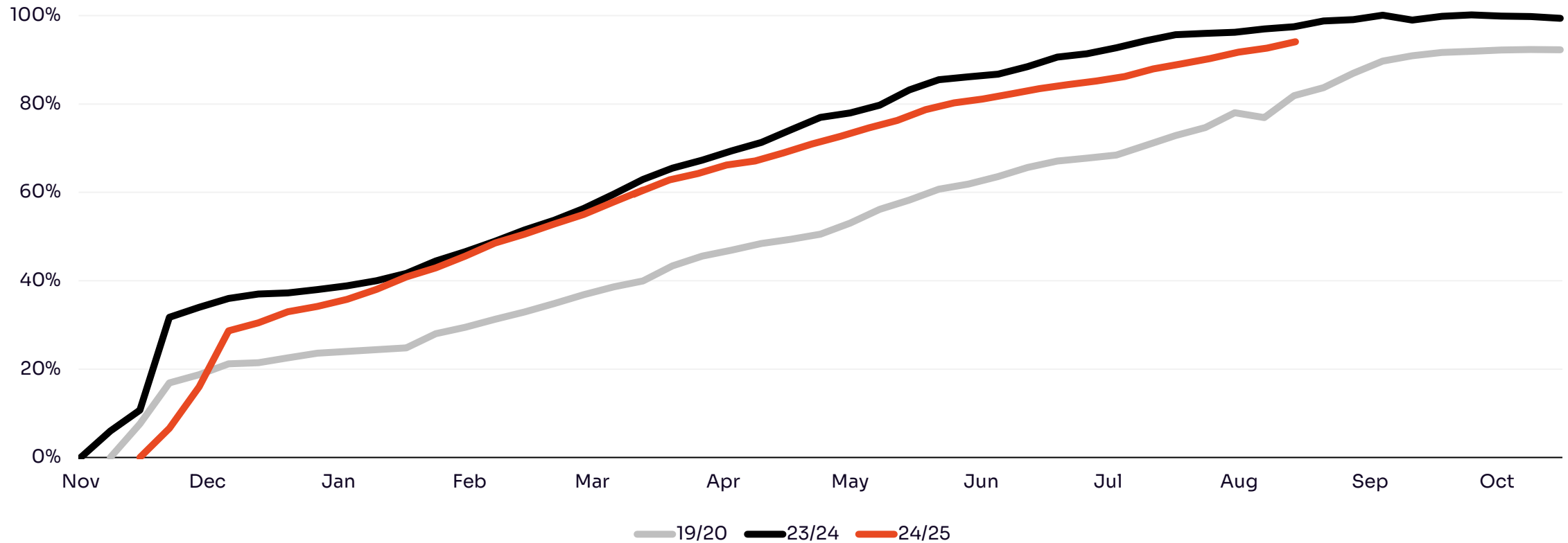
Expand the portfolio beyond initial assets

ESP and Hello Student to continue to manage JV properties

Utilising Hub and Spoke operating model

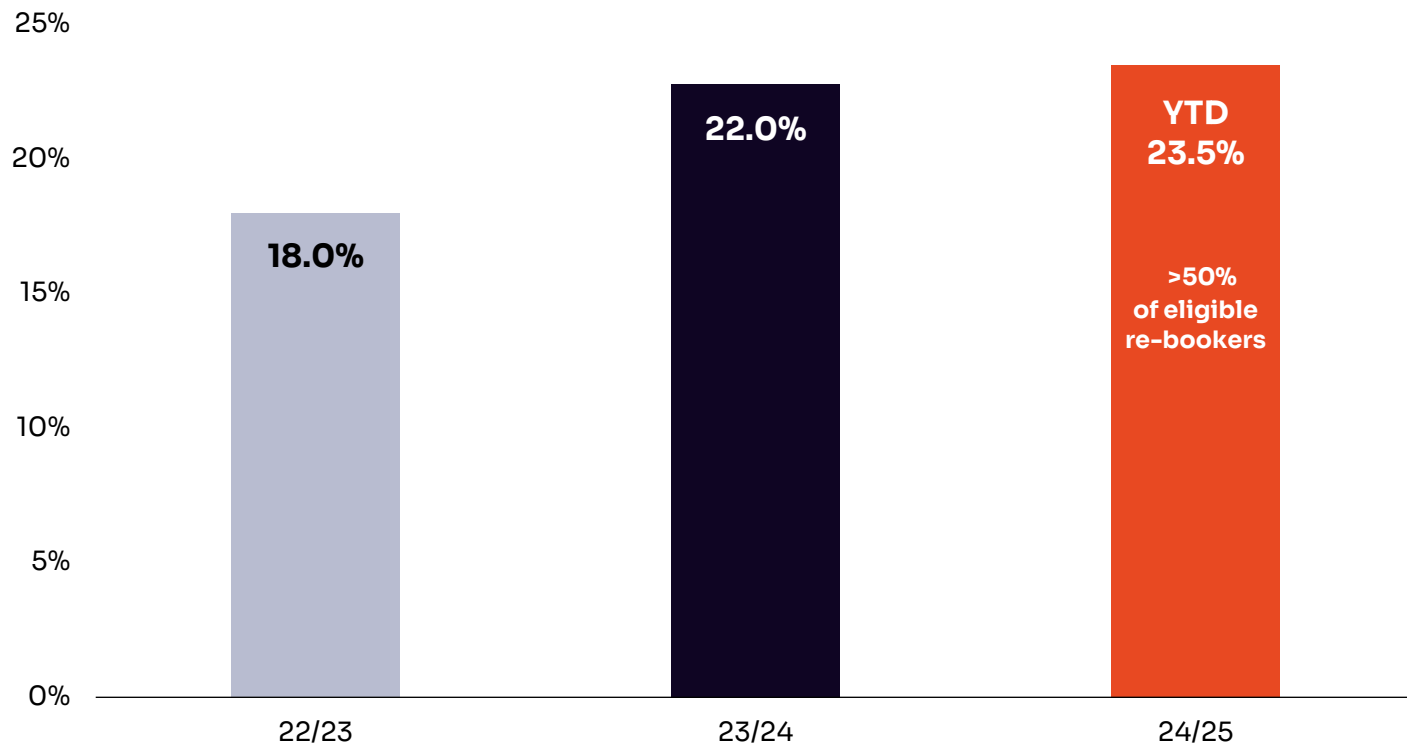
Revenue Occupancy

Bookings To Date AY 24/25



Service experience leading to happy repeat customers

% Re-bookers



Excellent customer experience has led to a **higher than ever re-booker rate**

Wellbeing impact of our accommodation on our customers has **increased from 71% 2023 to 79% in 2024**

Significantly higher customer satisfaction scores from minority groups than average across private halls

Best Ever Customer Experience Scores

+37

NPS



Hello Student NPS, **more than double** the score for all private halls at **+14**

87%

Customer Satisfaction Score



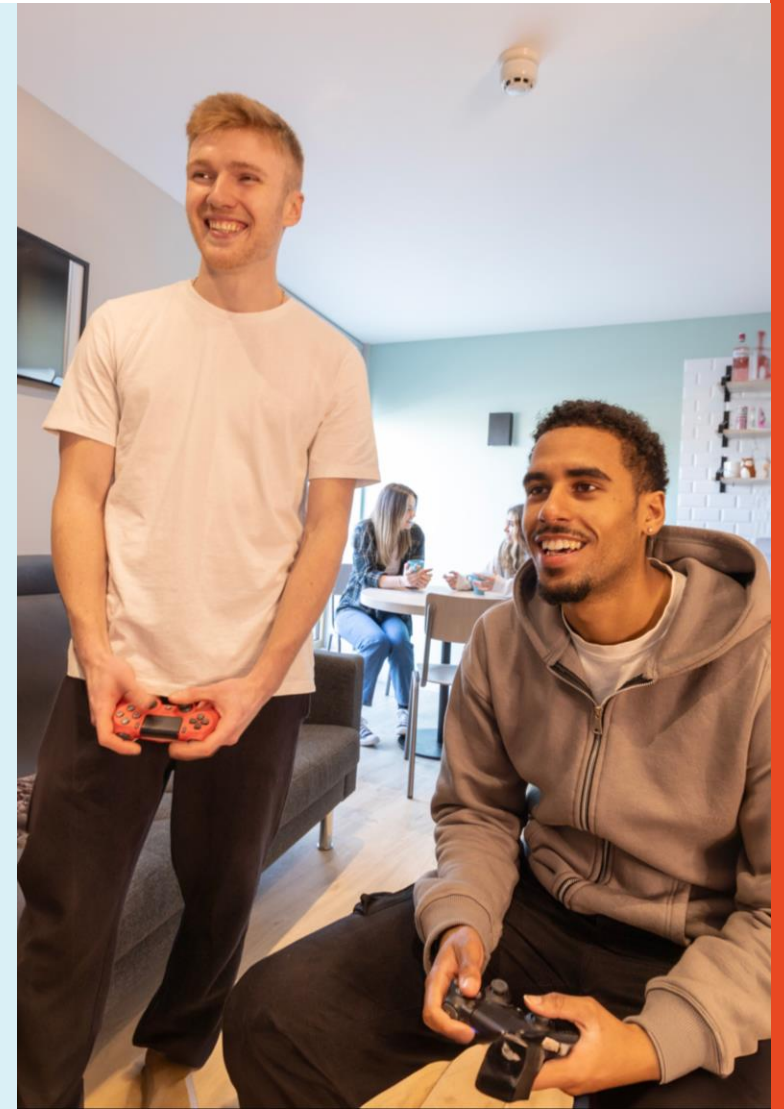
Customer Satisfaction Score (rating our accommodation as good or very good) **8% higher than the score for all private halls**

5

GSLI Finalist



Award finalists for GSLI 2024 Awards



Develop People and Drive Performance

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

Coaching

Internal promotions at **59%** over rolling 12 months

Variable compensation schemes **fully aligned** to strategic KPIs

Leadership development programmes implemented at all levels

Apprenticeship programme launched



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 **78%**

Retention at **82%**

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

>100 charity days by Team Members in H1 2024



Delivering Attractive Sustainable Returns

Revenue occupancy expectation
for AY 24/25 >97%

LfL rental growth +6%, above inflation

Portfolio management
opportunities continue to deliver
attractive returns

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

Good operating margins 70%+

Drive EBITDA growth through
growth and leverage operating
platform

Minimum 3.5p dividend

Appendix

ESP



Income Statement | H1 2024

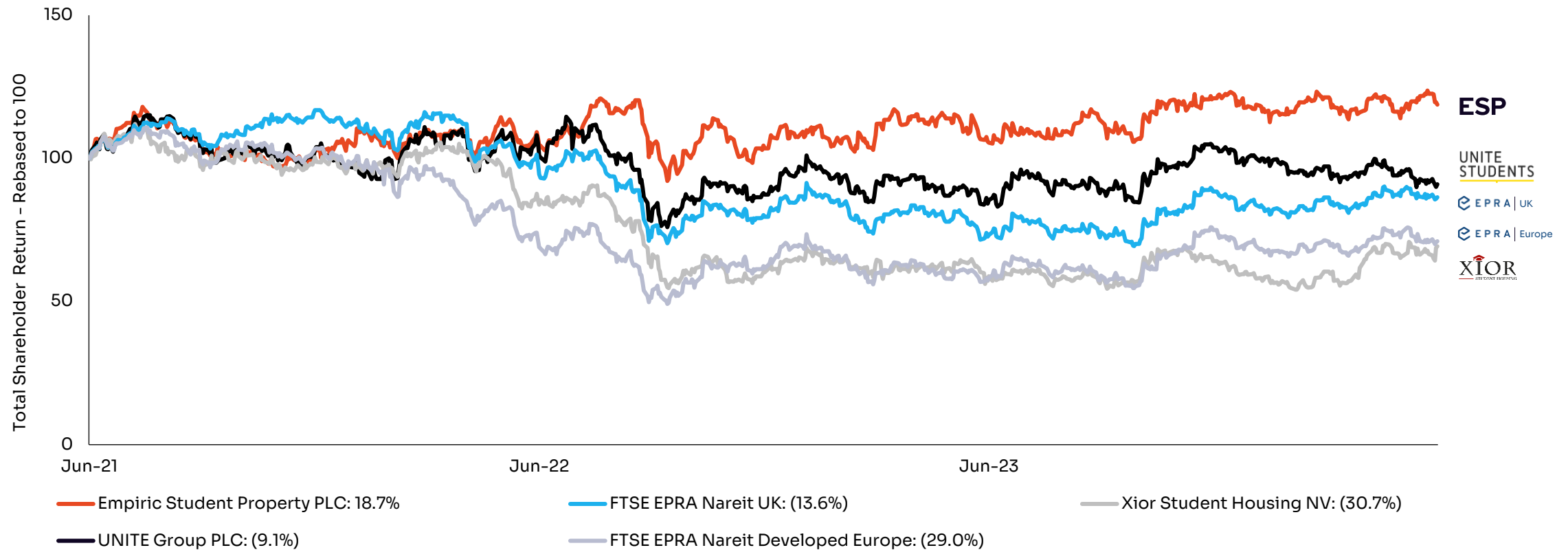
	Six months to 30 June 2024 £m	Six months to 30 June 2023 £m
Revenue	42.4	41.3
Property Expenses	(11.8)	(11.7)
Gross Profit	30.6	29.6
Gross Margin %	72.2%	71.7%
Administrative expenses	(7.1)	(6.5)
Changes in Fair Value of Investment Property	13.7	10.3
(Loss) / gain on fair valuation of derivatives	(0.6)	0.8
Loss on Disposal of Investment Property	(1.9)	(0.6)
	34.7	33.6
Net Finance Expense	(9.9)	(9.0)
Net Profit	24.8	24.6
Dividends paid/declared (pence)	1.75	1.625
EPRA earnings per share (pence)	2.3	2.3
Company adjusted earnings per share (pence)	2.4	2.3

Financial Position | H1 2024

	30 June 2024 £m	31 December 2023 £m
Investment property	1,119.1	1,075.7
Assets classified as held for sale	16.5	22.4
Cash on hand	44.7	40.5
Trade and other receivables	4.2	6.5
Intangible & right of use assets	5.4	4.3
Property, plant and equipment	1.0	0.8
Derivative financial instruments	1.2	0.1
Total Assets	1,192.1	1,150.3
Borrowings	397.7	356.7
Deferred income	12.3	34.9
Trade and other payables	32.7	23.4
Lease Liability	1.0	1.1
Total Liabilities	443.7	416.1
Net Assets	748.4	734.2
EPRA NTA per share (pence)	122.8	120.7

Listed Peers TSR Performance

European Student Housing



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