

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside of the United Kingdom.

If you have sold or otherwise transferred all of your Shares, please pass this document (but not the accompanying personalised Form of Proxy) as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom you made the disposal for onward transmission to the purchaser or transferee.

This document does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, or otherwise dispose of, any security. This document does not constitute a prospectus or prospectus equivalent document.

EMPIRIC STUDENT PROPERTY PLC

(Incorporated in England and Wales with registered number 08886906 and registered as an investment company under Section 833 of the Companies Act)

NOTICE OF GENERAL MEETING

In connection with proposals to amend the investment policy of the Company, adopt a new Directors’ Remuneration Policy and adopt a new executive management long term incentive plan

This document should be read as a whole. Nevertheless, your attention is drawn to the letter from your Chairman which contains a recommendation from the Board of the Company that you vote in favour of the Resolutions to be proposed at the General Meeting.

Notice of the General Meeting to be held at the offices of Jefferies International Limited, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ on 21 December 2016 at 11.00 a.m. is set out at the end of this document.

Shareholders are requested to complete and return the Form of Proxy accompanying this document for use at the General Meeting. To be valid, Forms of Proxy must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE as soon as possible and in any event so as to arrive by no later than 11.00 a.m. on 19 December 2016.

The distribution of this document, together with accompanying documents, into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession such documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.

This document is not a prospectus and is not an offer to sell or a solicitation of any offer to buy any securities in the United States or in any other jurisdiction. The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and the Company has not been, and will not be, registered under the U.S. Investment Company Act of 1940, as amended.

TABLE OF CONTENTS

| | <i>Page</i> |
|---|-------------|
| EXPECTED TIMETABLE | 3 |
| LETTER FROM THE CHAIRMAN | 4 |
| PART 1 THE 2025 PLAN, FORWARD FUNDED PROJECTS AND PROPOSED CHANGE OF INVESTMENT POLICY | 9 |
| PART 2 THE VALUE DELIVERY PLAN | 15 |
| PART 3 SUMMARY OF THE PROPOSED NEW DIRECTORS' REMUNERATION POLICY | 17 |
| PART 4 RISK FACTORS | 18 |
| APPENDIX A THE REVISED INVESTMENT POLICY | 21 |
| APPENDIX B THE PROPOSED NEW DIRECTORS' REMUNERATION POLICY | 24 |
| APPENDIX C SUMMARY OF THE TERMS OF THE VALUE DELIVERY PLAN | 38 |
| DEFINITIONS | 43 |
| NOTICE OF GENERAL MEETING | 46 |

EXPECTED TIMETABLE

| | |
|--|--------------------------------|
| Date of this document | 5 December 2016 |
| Latest time and date for receipt of Forms of Proxy or transmission of CREST Proxy Instructions for the General Meeting | 11.00 a.m. on 19 December 2016 |
| General Meeting | 11.00 a.m. on 21 December 2016 |
| Results of the General Meeting announced | 21 December 2016 |

The times and dates set out in this document may, in certain circumstances, be adjusted by the Company, in which event an announcement will be made through a Regulatory Information Service. All references to times in this document are to London time unless otherwise stated.

LETTER FROM THE CHAIRMAN

EMPIRIC STUDENT PROPERTY PLC

(Incorporated in England and Wales with registered number 08886906 and registered as an investment company under Section 833 of the Companies Act)

Directors:

Brenda Dean (The Rt Hon Baroness Dean of Thornton-le-Fylde) (*Chairman*)
Paul Hadaway (*Chief Executive Officer*)
Timothy Attlee (*Chief Investment Officer*)
Michael Enright (*Chief Finance Officer*)
Stephen Alston (*Non-Executive Director*)
Jim Prower (*Non-Executive Director*)
Stuart Beevor (*Non-Executive Director*)

Registered Office:

6th Floor, Swan House
17-19 Stratford Place
London W1C 1BQ

5 December 2016

To Shareholders

Dear Sir or Madam

Notice of General Meeting

In connection with proposals to amend the investment policy of the Company, adopt a new Directors' Remuneration Policy and adopt a new executive management long term incentive plan

Introduction

Following a recent consultation with the Company's major Shareholders, the Company is seeking Shareholder approval at the General Meeting for certain changes to the Company's investment policy. These changes are intended to, (i) allow the Company to diversify selectively its property exposure across a broader spectrum of the student accommodation market (the Company's "**2025 Plan**") and (ii) remove forward funded projects from the scope of the Company's current development restriction. To complement the 2025 Plan, Shareholder approval will also be sought at the General Meeting for the introduction of a new executive management long-term incentive plan (the "**Value Delivery Plan**") and a new Directors' Remuneration Policy. Further details of all of these proposals (together the "**Proposals**") are set out in this document.

Proposed amendments to the investment policy – the 2025 Plan

The Company listed on the Official List on 30 June 2014 with a stated aim of providing Shareholders with regular, sustainable and growing long-term dividends together with the potential for capital appreciation over the medium to long term. The Company's business model to achieve this was to build up a portfolio of properties, through acquisition or development, to offer premium student accommodation.

The Company's stated target was for the portfolio to contain 10,000 beds within 5 years in 25 to 30 cities and towns across the UK. The Company is on-track to deliver this target well ahead of schedule. As at 2 December 2016, the Group had contracted on 8,503 beds, and the Board expects to reach the original target of 10,000 beds in the near term, all of which should be operational by September 2018. The Company's dividend target of 6.1p for the 12 months to 30 June 2017 is expected to be substantially, if not fully covered, by adjusted earnings with effect from January 2017¹.

¹ The Company's dividend target and total return target are both targets only and are not intended to be, and should not be taken as, a profit forecast or estimate. Actual returns cannot be predicted and may differ materially from these target figures. There can be no assurance that these targets will be met or that any dividend will be paid or NAV growth achieved.

The Company has been described as a “niche” player in the UK student accommodation market, targeting international and/or post graduate students from more affluent backgrounds with a premium accommodation offering. The Board still believes that this is a significant “niche” market which will continue to present the Company with significant growth opportunities. However, the Board also believes that there are other “niche” markets within the student accommodation sector which are currently underserved and should provide equally good prospects.

The proposed amendments to the investment policy will allow the Group to take fuller advantage of its established position in the UK student housing market by diversifying the Group’s exposure across a broader spectrum of the UK student accommodation market (the “**2025 Plan**”). The central themes of the 2025 Plan are as follows:

- evolving the Group from a single-niche investor and developer, to a multi-niche student property company focused on, (i) providing good quality 1st year accommodation managed by Hello Student® in partnership with universities, (ii) offering a variety of 2nd and 3rd year purpose built accommodation options for individual students and those wanting a group living environment, and (iii) continuing to expand the Group’s existing premium, studio led accommodation portfolio which is attractive to international and post graduate students;
- expanding this “fresher to PhD” accommodation and service offering to 36 cities and towns across the UK;
- continuing to build on the Hello Student® consumer brand;
- growing income through improved net operating margins, a lower total expense ratio and improved profitability with a lower cost base per city/town as a result of more beds in each location;
- diversifying income from different direct-let markets and between direct-let and university leased properties;
- continuing to grow a high yielding portfolio through forward funded development alongside acquisitions of standing assets;
- promoting a measured growth strategy; and
- enlarging the Shareholder base and consequently creating greater liquidity in the Company’s shares.

In delivering the 2025 Plan, the Company intends to provide Shareholders with a fully covered, progressive dividend as part of a modified overall total return target (NAV growth plus dividends) of 10 per cent. per annum² with conservative gearing and equity fundraising requirements.

The total return target of 10 per cent. per annum is based on modeled assumptions for delivery of the 2025 Plan and comprises approximately a targeted 5.5 per cent. annual dividend yield, a conservative rental growth assumption of 1.5 per cent. per annum and 3 per cent. per annum growth from development profits. The component parts of the total return target will vary as the size of the standing assets portfolio grows and the percentage of forward funded and development assets reduces. In this way, it is expected that as the contribution from development assets reduces, income from standing assets will grow.

Forward Funded Projects

The 2025 Plan assumes a greater proportion of forward funded assets compared to direct developments. Under the Company’s current investment policy, the Company may commit up to a maximum of 15 per cent. of its Net Asset Value (measured at the commencement of the project) to expenditure in relation to development or forward funded projects (including conversion of

² The Company’s dividend target and total return target are both targets only and are not intended to be, and should not be taken as, a profit forecast or estimate. Actual returns cannot be predicted and may differ materially from these target figures. There can be no assurance that these targets will be met or that any dividend will be paid or NAV growth achieved.

buildings to student accommodation). The change being proposed is to remove forward funded projects from the scope of this development restriction. As described in more detail in Part 1 of this document, forward funded projects typically are less complex than direct developments, have a lower risk profile, lower staffing requirements and benefit from a forward funding coupon charged to the developer.

Further details of the 2025 Plan, forward funded projects and the proposed amendments to the investment policy are set out in Part 1 and Appendix A of this document.

The Value Delivery Plan

The members of the Company's executive management team currently receive annual awards under the Company's existing LTIP. These awards vest subject to satisfaction of total shareholder return (Share price plus dividends) targets measured over a three year performance period.

This arrangement, with its specific total shareholder return targets, was appropriate for the immediate post-IPO period as it complemented the Company's specific post-IPO strategy of delivering 10,000 beds within a five year period. By contrast, the 2025 Plan is founded on the Company's strategy of delivering enhanced Shareholder value through the development of new diversified activities alongside the current core activities.

The Company's proposed new long-term incentive plan, the Value Delivery Plan, is designed to complement the Company's evolving strategy and the timeline of the 2025 Plan. In particular, it is designed to:

- provide a long term tie-in for Paul Hadaway (CEO) and Tim Attlee (CIO), the Company's highly regarded and proven executive management team;
- reward the executive management team for simultaneously growing the business whilst continuing to deliver high levels of return on investment; and
- enhance the alignment of interest between Shareholders and the management team.

The adoption of the Value Delivery Plan will also require the approval by Shareholders of a revised Directors' Remuneration Policy to accommodate the plan.

The key features of the Value Delivery Plan are as follows:

- an initial four year performance period (2017-2020) followed by a second four year performance period (2021-24);
- a threshold target of 8 per cent. per annum of Shareholder value (measured as growth in NAV plus compound dividends paid);
- a total reward pool of 10 per cent. of value generated above the threshold in each performance period;
- a cap so that the maximum value of the reward pool will be capped at 5 per cent. of Shareholder value generated over each four year performance period;
- for the 2017-20 performance period, the CEO and CIO would each receive 40 per cent. of the reward pool, with the remaining 20 per cent. held in reserve for other senior role(s) expected to be allocated in the future;
- at the end of each performance period, the value would be delivered in Shares that are subject to a minimum one year holding period, making a total period of five years; and
- the shareholding requirement will be extended to provide that Directors participating in the Value Delivery Plan will be required to retain Shares vesting under the Value Delivery Plan (net of Shares sold to meet tax liabilities on vested Shares) until they have built up a shareholding equivalent to 400 per cent. of base salary (this level was previously set at 200 per cent.).

Save as stated immediately above, there is no link between salary and the Value Delivery Plan. Any executive who participates in the Value Delivery Plan will not be granted further awards in the existing LTIP.

Although the Value Delivery Plan and current LTIP are not directly comparable, a number of different scenarios have been modelled to indicate possible levels of payout. Assuming a 10 per cent. per annum return from growth in NAV plus compound dividends paid, the Value Delivery Plan without new capital being raised and the existing LTIP provide a broadly similar reward over a four year period. However, assuming £150 million of new capital is raised each year, whilst maintaining the 10 per cent. per annum performance on the enlarged capital, an extra £1.3 million reward is generated over the four year period in the Value Delivery Plan (based on 40 per cent. of the available reward pool). The Board is satisfied that this provides an appropriate reward for performance and growth.

The Board recognises the Value Delivery Plan is not a standard LTIP multiple of salary scheme and has consulted extensively with the Company's largest Shareholders. In view of the constructive response received the Majority Directors believe the Value Delivery Plan is in the best interests of the Company and Shareholders as a whole and recommend it for approval at the General Meeting.

Further details of the Value Delivery Plan are set out in Part 2 and Appendix C of this document.

For the avoidance of doubt, Michael Enright, the Company's CFO, will continue to receive annual awards under the Company's existing LTIP.

A summary of the terms of the proposed new Directors' Remuneration Policy is set out in Part 3 of this document, with the full text of the proposed new Directors' Remuneration Policy (accommodating the Value Delivery Plan) set out in Appendix B of this document.

In the event that Resolution 1 (approval of the amendments to the investment policy) is not passed the Company's investment policy will remain unchanged.

In the event that either Resolution 2 (approval of the new Directors' Remuneration Policy) and/or Resolution 3 (approval of the terms of the Value Delivery Plan) is/are not passed at the General Meeting, the Value Delivery Plan will not be implemented at the present time. In this circumstance, all Executive Directors would continue to participate in the existing LTIP until such time as any alternative remuneration arrangements are approved by Shareholders.

Risk Factors

In considering the Resolutions to implement the Proposals, Shareholders should take into consideration the risk factors set out in Part 4 of this document.

The General Meeting

The notice convening the General Meeting to be held at 11.00 a.m. on 21 December 2016 at the offices of Jefferies International Limited, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ in connection with the Proposals is set out at the end of this document.

At the General Meeting, at which Shareholders may attend, speak and vote, the following Resolutions will be proposed:

- (1) that the proposed changes to the investment policy, as set out in Appendix A of this document be adopted;
- (2) that the Directors' Remuneration Policy set out in Appendix B of this document be adopted;
- (3) the Directors be authorised to adopt the Value Delivery Plan, a summary of the principal terms of which is set out in Part 2 and Appendix C of this document, and to do all such acts and things as may be necessary or expedient to give effect to the Value Delivery Plan.

In order to be passed, the Resolutions to be proposed at the General Meeting will each require the approval of Shareholders representing more than 50 per cent. of the votes cast at the General Meeting.

The Articles provide that at the General Meeting each Shareholder present in person or by proxy or who (being a corporation) is present by a representative shall on a show of hands have one vote and on a poll shall have one vote for each Share of which he is a holder.

The quorum for the General Meeting is two persons entitled to attend and to vote, each being a Shareholder or a proxy of a Shareholder or a duly authorised representative of a corporation which is a Shareholder. In the event that the General Meeting is adjourned and the above-mentioned quorum is not present at such adjourned General Meeting, the quorum shall be one.

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Submission of a Form of Proxy will enable your vote to be counted at the General Meeting, as the case may be, in the event of your absence. Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or deliver them by hand (during office hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received as soon as possible and in any event by no later than 11.00 a.m. on 19 December 2016.

If you hold your Shares in uncertificated form (that is, in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant ID 3RA50) by no later than 11.00 a.m. on 19 December 2016. CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the Form of Proxy and the Notice of General Meeting.

Shareholders are requested to complete and return a Form of Proxy or CREST Proxy Instruction (as applicable) whether or not they wish to attend the General Meeting. The return of a Form of Proxy or the submission of a CREST Proxy Instruction will not prevent Shareholders from attending the General Meeting or any adjournment thereof, and voting in person should they so wish.

Recommendation

The Board considers that Resolutions 1 and 2 (to amend the Company's investment policy and to adopt the new Directors' Remuneration Policy) are in the best interests of the Company and Shareholders as a whole and accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolutions 1 and 2 to be proposed at the General Meeting.

The Majority Directors consider that Resolution 3 (to adopt the Value Delivery Plan) is in the best interests of the Company and Shareholders as a whole. Paul Hadaway and Tim Attlee, as intended beneficiaries of the Value Delivery Plan, have not taken part in the recommendation of Resolution 3. Accordingly, the Majority Directors unanimously recommend that Shareholders vote in favour of Resolution 3 to be proposed at the General Meeting.

The Board intends to vote in favour of the Resolutions in respect of their holdings of Shares amounting to 3,110,820 Shares in aggregate (representing approximately 0.6 per cent. of the issued Share capital of the Company as at 2 December 2016).

Yours faithfully

The Rt Hon Baroness Dean of Thornton-le-Fylde
(Chairman)

PART 1

THE 2025 PLAN, FORWARD FUNDED PROJECTS AND PROPOSED CHANGE OF INVESTMENT POLICY

The 2025 Plan

The 2025 Plan, to be implemented through the proposed amendments to the current investment policy, constitutes an evolution of the Group's established position in the UK student housing market. With its current focus on premium student accommodation, principally targeting post graduate and international students, the Company has been referred to as a "niche" operator in the UK student accommodation sector. The Board continues to believe that this is a significant "niche" market which will continue to present the Company with significant growth and value generation opportunities. The core portfolio of premium student accommodation is intended to increase year on year in the Company's target locations (see "*Mapping of opportunities*" below) with the continued target of achieving 300 to 400 beds in each location for this strategy.

To complement the core portfolio, and following an extensive process of market research and analysis, the Board believes that there are a number of other "niche" markets within the student accommodation sector, that are currently underserved, and which will offer the Company compelling growth opportunities whilst at the same time selectively consolidating, broadening and diversifying the Company's exposure across a wider spectrum of the student accommodation market. Further details of these identified growth opportunities are provided below.

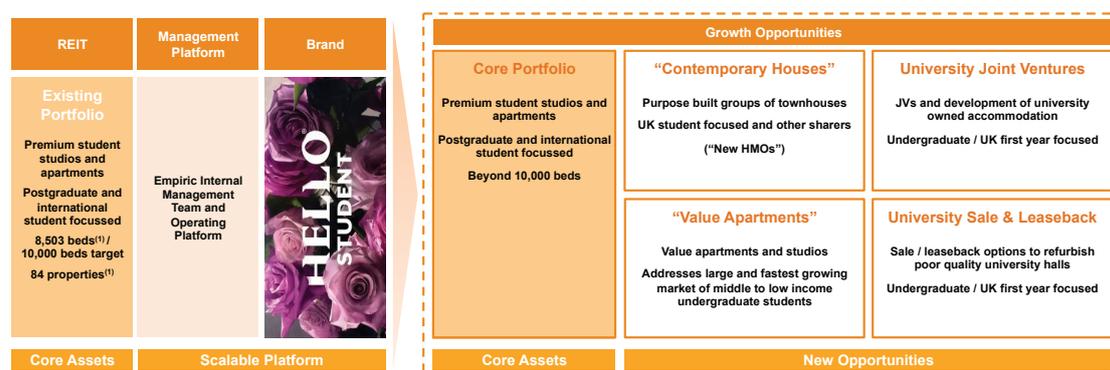
Ultimately, the Board believes that a fundamental supply/demand imbalance persists across the full spectrum of the fragmented UK student accommodation sector, particularly in relation to the availability of good quality purpose built student accommodation, and that the Company's established platform is ideally positioned to deliver products which are able to capitalise on the full life cycle of higher education from first-year undergraduates to postgraduates.

The central themes of the 2025 Plan are as follows:

- evolving the Group from a single-niche investor and developer, to a multi-niche student property company focused on, (i) providing good quality 1st year accommodation managed by Hello Student® in partnership with universities, (ii) offering a variety of 2nd and 3rd year purpose built accommodation options for individual students and those wanting a group living environment, and (iii) continuing to expand the Group's existing premium, studio led accommodation portfolio which is attractive to non-UK and post graduate students;
- expanding this "fresher to PhD" accommodation and service offering to 36 cities and towns across the UK;
- continuing to build on the Hello Student® consumer brand;
- growing income through improved net operating margins, a lower total expense ratio and improved profitability with a lower cost base per city/town as a result of more beds in each location;
- diversifying income from different direct-let markets and between direct-let and university leased properties;
- continuing to grow a high yielding portfolio through forward funded development alongside acquisitions of standing assets;
- promoting a measured growth strategy; and
- enlarging the Shareholder base and consequently creating greater liquidity in the Company's shares.

Growth opportunities

The growth opportunities identified by the Company, to complement the core portfolio, fall under the headings of “contemporary townhouses”, “value apartments”, “university joint ventures” and “university sale and leasebacks”. Further details of each of these are provided below.



(1) As at 2 December 2016

Contemporary Townhouses

The Company’s own proprietary research has shown that c.77 per cent. of students would like to rent communally with a group of friends, whilst c.31 per cent. of students are consciously looking for high quality accommodation. Due to the absence of suitable modern purpose built accommodation, such students primarily rely on, and compete in, the wider private rented residential sector creating considerable pressure on housing stock. This market is under pressure from councils seeking to reduce the shortage in the private rented sector to make way for increasing populations and deal with family housing shortages, as well as seeking to generate council tax revenue which is not usually paid by student occupants.

The Company believes that the confluence of these two factors creates a considerable under-served market of UK and international second and third year students (with parental or sponsored financial support) seeking well located modern townhouses with communal facilities at an all-inclusive price. This is the market, with currently few competitors, which the Company would seek to capitalise on through its “contemporary townhouses” concept.

A typical townhouse, forming part of a terrace block with communal facilities, would have a layout consisting of four to six en-suite bedrooms with a shared kitchen and living room. The Company would currently expect to target a weekly indicative rental level of approximately £145 to £170 generating a net rental yield comparable to the Group’s premium studio apartments.

A “contemporary townhouses” project would be a new build project of, in aggregate, 30,000 to 40,000 square feet, which would be undertaken either directly or via forward funding arrangements with selected regional developers.

Value Apartments

The fastest growing segment of UK university applicants represents those from average and lower income households (*Source: UCAS*). University places were up by 3.4 per cent. in the 2014/2015 academic year (*Source: UCAS*) despite fears that the introduction of tuition fees would discourage less wealthy students from applying. Despite this large and growing market, following the fresher year, there is very little availability of quality well located purpose built student accommodation at an affordable price point catering for second or third year students who are looking for group living. As noted above, such students are forced to rely on, and compete in, the wider private rented residential sector.

The Company therefore sees a significant opportunity, with little current competition, in the creation of compact, modern apartments with shared bathrooms, limited communal space and pay-as-you go facilities in attractive locations. The Company's own proprietary research has shown that c.45 per cent. of students are focused on finding affordable accommodation and the concept of purpose built "value apartments" would target a current indicative rental level starting at £99 per week, with further price points at £104 and £109 per week. The Company anticipates that with the compact format, this would also generate a net rental yield comparable to the Group's premium studio apartments with a typical build area per project of 30,000 to 40,000 square feet. In a similar way to the Company's core portfolio, these projects would consist of either conversions of existing buildings or new build projects which would be undertaken either directly or via forward funding arrangements with selected regional developers.

University Joint Ventures

Through its research, the Company has identified an opportunity to create joint ventures directly with universities to build accommodation targeting the large first year undergraduate sector. The Company envisages that under such a joint venture the Company would partner with a university which would contribute the land to the joint venture on a 35-50 year lease with the Company providing the funding and development expertise to develop the project. The Group, through Hello Student®, would operate the property following completion. The profile and build format of the scheme would be determined by the university and may consist of cluster flats, townhouses and/or studios. This type of project would allow the Company to benefit from a longer term, lower risk income stream, with the added security of nominations agreements or leases with the partnering university.

The Company's research has identified a number of universities for whom the joint venture approach may be a compelling proposition.

University Sale and Leasebacks

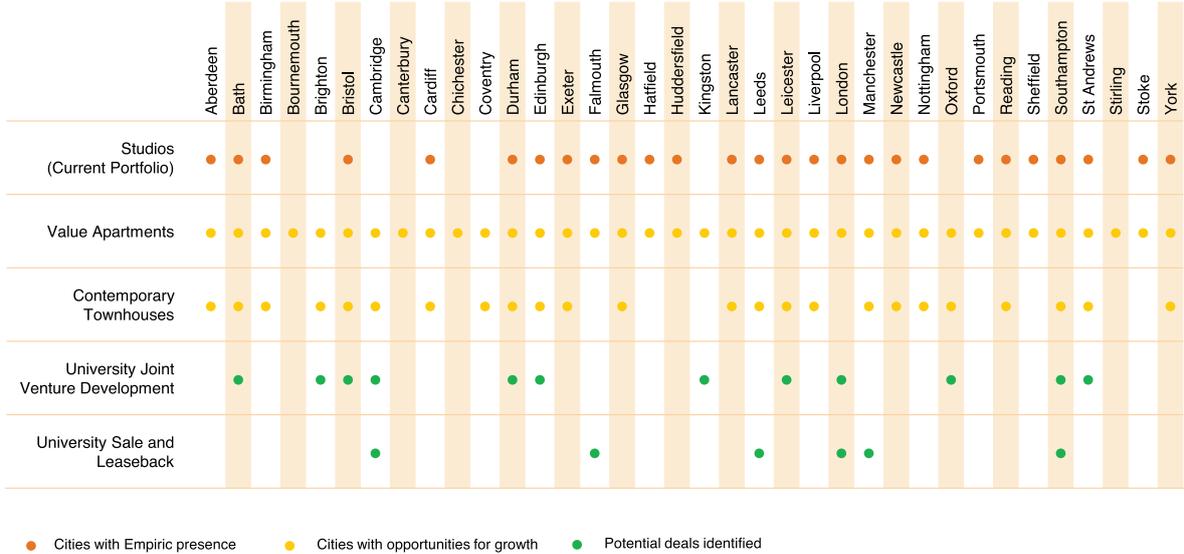
As of 2016, universities still own c.59 per cent. of the existing purpose built student accommodation in the UK (*Source: Unipol*). Universities, however, are focusing resources on investment in academic, research and sports facilities rather than accommodation. The Company believes that sale and leasebacks of existing aged university owned accommodation offer an attractive alternative structure for working in partnership with universities. Of the c.325,000 university owned beds in operation, c.250,000 have been classified as sub-standard (*source: Arcadis*) creating a significant opportunity to partner with universities on a long term basis in the upgrading, conversion and/or replacement of existing sites. The Company envisages that under a sale and leaseback transaction of this type, the Group would purchase the freehold or long leasehold title to an existing scheme, refurbish the stock to a more contemporary room/layout format and lease the property back to the university on a long term lease. In certain cases, the Company may undertake a complete redevelopment of a site where refurbishment is not considered efficient. In a similar way to joint ventures, Hello Student® would operate the property following completion.

The Company's research has also identified a number of universities for whom a sale and leaseback transaction may represent an attractive proposition.

Mapping of opportunities

Since launch, the Company has focused on 35 towns and cities selected on the basis of the universities with the most applicants per place. The 2025 Plan focuses on the same locations, plus Reading, where the Group invested earlier in 2016.

The table below summarises where the Company believes opportunities exist to take advantage of the proposed expanded investment policy.



Forward funded projects

Under the Company’s current investment policy, the Company may commit up to a maximum of 15 per cent. of its Net Asset Value (measured at the commencement of the project) to expenditure in relation to development or forward funded projects (including conversion of buildings to student accommodation). The change being proposed is to remove forward funded projects from the scope of this development restriction.

A forward funded project refers to an investment where the Group funds the construction of a project in stages having typically first acquired the land directly. The actual development work is separately undertaken by a third party developer which will have identified the site prior to the Group’s involvement, arranged all the planning approvals and organised and managed the various building contractors.

The required financing in respect of such projects is paid pursuant to an agreed schedule during the construction phase of the project, usually with a balancing payment (typically amounting to 15 to 20 per cent. of the total contract price) paid to the developer post practical completion when the Group takes possession of the completed asset, mitigating the risk of any cost overruns.

During the construction phase, forward funded projects typically attract a coupon (or interest payment) payable to the Group (currently in the region of 7 per cent. per annum) calculated by reference to the staged payments made, with the liability rolled up into the overall contract price and paid by the developer at the end of the contract.

The proposed amendment to the investment policy is in response to the way that the student accommodation market has evolved since the Company’s launch, coupled with the increasing number of forward funding opportunities the Company is shown.

Further, investing in forward funded projects has several key benefits over investing in existing operating assets, including:

- the ability to configure and design the property to meet the exact standards of the Group and the requirements of the market, matching its existing portfolio; and
- a greater yield on cost for the benefit of the Group and Shareholders.

Investing in forward funded projects also has several benefits over investing in direct developments, including:

- the responsibility and risk for completion of the forward funded project lies with the third party developer rather than the Group;
- the management input required from the Group's management team is significantly reduced; and
- the time taken to deliver a forward funded asset is typically much quicker as the third party developer has usually invested a significant amount of time in the development of the project prior to the Group's involvement.

Furthermore, the Group seeks to enter into forward letting arrangements for each forward funded project prior to practical completion of the asset in line with its strategy for each of its existing operating assets.

As such, the Company believes it is in the interests of Shareholders to have as much flexibility as possible to pursue and capitalise on such forward funded opportunities.

The Board considers that any risk arising from increased exposure to forward-funded assets is materially mitigated by the following:

- the Group typically acquires the land subject to an agreement with a third party developer who would be responsible for delivering the completed asset;
- the Group would only release funds in stages on the basis of architects' certificates, typically with a retention amounting to 15 to 20 per cent. of the total contract price which is only payable following completion;
- all of the professionals involved in constructing the asset carry professional indemnity insurance assessed at a suitable level for the project and any significant contractors/sub-contractors provide warranties to repair/replace as necessary and these typically apply for at least 10 years following practical completion;
- the developer will place a contract with a contractor who will have responsibility for constructing the building. The contractor will be of significant financial standing and agreed by the Group as suitable. The design and process of the build is planned and overseen by a team of highly experienced professionals including engineers, independent architects, quantity surveyors and monitoring building surveyors (appointed solely to report to the Group). At all times the building under construction is fully insured;
- in the event of the developer's insolvency, the Group will have the ability to step-in and arrange for completion of the building with no further liability to the original developer;
- a new investment restriction will be added to the investment policy that, with respect to forward funded projects, the maximum exposure to any single developer will be limited to 20 per cent. of the Company's Gross Asset Value (measured at the time of investment) in order to mitigate any concentration risk.

The Company intends to carefully manage its exposure to forward funded projects and notes that such projects typically reach practical completion within a 12 – 18 month build period after which the strategy would be to hold the operating asset for the longer term in line with the Company's investment policy.

Whilst forward funded projects offer one means of accessing new assets, the Company remains able to source successfully good quality operating investments in the market.

Proposed change of investment policy

The Company is proposing to amend the investment policy of the Company in order to implement the 2025 Plan and to remove forward funded projects from the Company's current development restriction. In accordance with the Listing Rules, all of the proposed changes to the investment policy have been approved by the UKLA and now require Shareholder approval to be implemented.

The full text of the proposed revised investment policy is set out in Appendix A of this document. A comparison showing the proposed changes to be made as against the current investment policy is available for inspection on the Company's website at www.empiric.co.uk/investor-information/company-documents.

PART 2

THE VALUE DELIVERY PLAN

Introduction

The Company's proposed new long-term incentive plan, the Value Delivery Plan, is designed to complement the Company's evolving strategy and the timeline of the 2025 Plan and reward the executive management team if they are able to simultaneously grow the business whilst continuing to deliver high levels of return on investment.

The Company's CEO, Paul Hadaway, and CIO, Tim Attlee are a highly regarded management team with a proven track record of successfully investing in and managing student accommodation in the UK. Under their expert tenure,

- in approaching two and a half years, the Company has, well ahead of schedule contracted on 8,503 beds as at 2 December 2016, against an IPO target to build up a portfolio of 10,000 beds within a five year period, and expects to have achieved 10,000 operational beds for the start of the 2018/19 academic year;
- they have developed the Hello Student® operating platform that will underpin the 2025 Plan and will form the basis of generating future value; and
- the Company has delivered, between IPO and the end of November 2016, annualised total shareholder returns of 8.77 per cent. compared to 3.22 per cent. for the FTSE All-Share REIT Index over the same period.

The Board believes that long-term retention of Paul Hadaway and Tim Attlee is integral to the future success of the Company. The Value Delivery Plan is designed to provide this long-term retention by offering the current and future members of the executive management team an attractive, entrepreneurial and genuinely long-term pay structure where they will share, along with Shareholders, in the enhanced long-term value creation resulting from successful delivery of the 2025 Plan.

The key features of the Value Delivery Plan

It is intended that two 'end-to-end' awards will be granted under the Value Delivery Plan covering the four-year performance periods 2017-20 and 2021-24 respectively. In total, the two performance periods will span the eight-year period over which the Company would intend to deliver the 2025 Plan objectives.

The Value Delivery Plan is integrally aligned to the 2025 Plan strategy of generating long-term value in the business and thereby delivering enhanced Shareholder value. In all cases, any value accruing under the VDP will be dependent upon the Remuneration Committee being satisfied that the related performance has been achieved in a manner that is consistent with the Board approved risk profile.

Unless Shareholder value (defined as NAV growth plus compound dividends) of at least 8 per cent per annum. (the "threshold" target) is delivered in a four-year performance period, no reward will accrue to Value Delivery Plan participants.

If value is delivered above this "threshold" target, then a reward pool will be generated equivalent to 10 per cent. of the excess value.

The maximum value of the reward pool will be capped at 5 per cent of Shareholder value generated over each four-year performance period.

There will also be a cap on any individual's participation in the Value Delivery Plan of 40 per cent. of the reward pool for each four-year performance period.

At the end of each four-year performance period, the value of the reward pool will be translated into Shares and required to be held for a minimum of a further year.

The shareholding requirement will be extended to provide that Directors participating in the Value Delivery Plan will be required to retain Shares vesting under the Value Delivery Plan (net of Shares sold to meet tax liabilities on vested Shares) until they have built up a shareholding equivalent to 400 per cent. of base salary (this level was previously set at 200 per cent.).

Release of any Shares issued under the Value Delivery Plan will therefore occur five years after the start of the relevant performance period, subject to the minimum 400 per cent. shareholding requirement.

Awards may be satisfied using newly issued Shares, Shares held in treasury or Shares purchased in the market. Awards may not be granted under the Value Delivery Plan after the tenth anniversary of its approval by Shareholders.

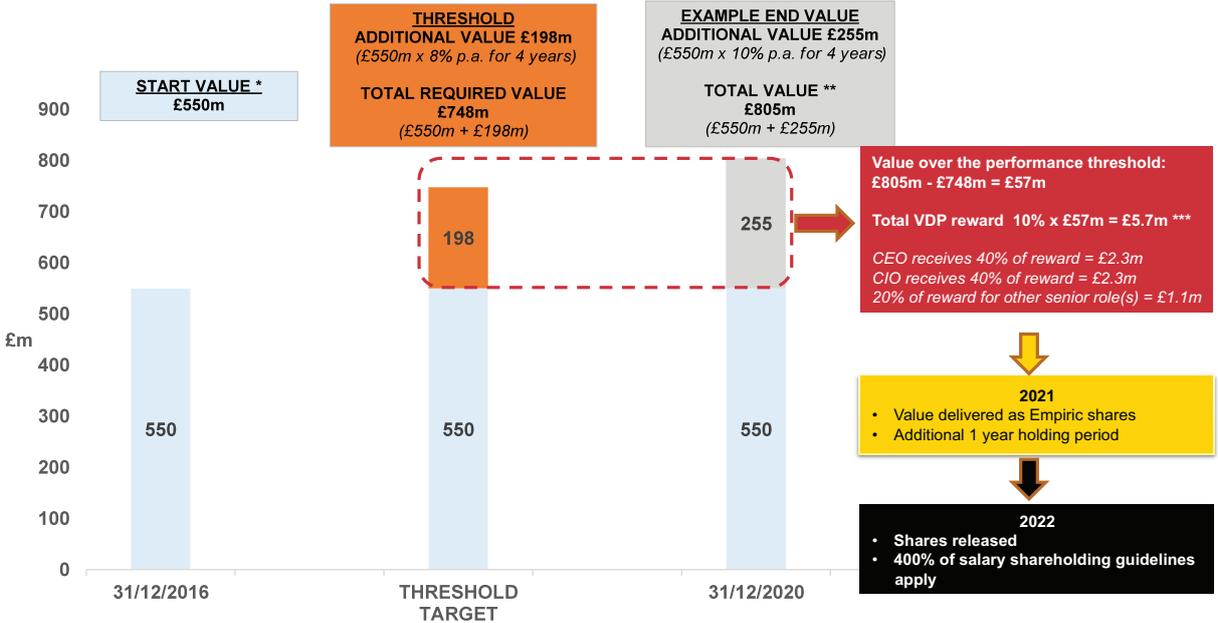
A detailed summary of the terms of the Value Delivery Plan is set out in Appendix C of this document.

Initial participation in the Value Delivery Plan and illustrative examples

To ensure that the Value Delivery Plan is focused on those individuals who will be critical to delivering the enhanced business value under the 2025 Plan, Paul Hadaway and Tim Attlee will be the only current Company employees to participate at the outset in the 2017-20 performance period. Each would be entitled to receive 40 per cent. of the value in any reward pool at the end of the 2017-20 performance period. The remaining 20 per cent. of any reward pool will be held in reserve for potential awards to other senior roles within the Company.

The Company’s existing, more conventional, LTIP would continue to operate for other senior employees (including Michael Enright, the Company’s CFO) but, for the avoidance of doubt, for the duration of the new Directors’ Remuneration Policy no further awards would be granted under the existing LTIP to participants in the Value Delivery Plan other than awards in respect of the deferred share element of the annual bonus scheme, which awards are technically issued under the terms of the LTIP.

The chart below shows an illustrative example of the operation of the Value Delivery Plan for the 2017-20 performance period based on certain illustrative assumptions.



All figures are illustrative only. Example assumes no capital raisings during the performance period.
 * Assumed NAV at 31/12/2016.
 ** Assumed NAV at 31/12/2020 plus dividends compounded in relation to four-year performance period.
 *** Value Delivery Plan reward pool of £5.7 million is below the maximum reward pool cap in this scenario of £12.75 million (5 per cent. x £255 million additional value) so cap does not apply.

PART 3

SUMMARY OF THE PROPOSED NEW DIRECTORS' REMUNERATION POLICY

The adoption of the Value Delivery Plan will also require the approval by Shareholders of a revised Directors' Remuneration Policy to accommodate the plan. A summary of the terms of the revised policy, which, subject to adoption, will apply with effect from 1 January 2017, and showing which elements of the policy remain unchanged and which are being varied or added is set out below.

The full text of the proposed new Directors' Remuneration Policy is set out in Appendix B of this document.

| | Key terms of Directors' Remuneration Policy to be approved at the General Meeting | Proposed implementation of policy in 2017 | | |
|-------------------------|--|--|--|---|
| | | CEO | CIO | CFO |
| Salary | <p>Unchanged from current policy</p> <ul style="list-style-type: none"> Generally reviewed annually Salary increases typically in line with permanent employees other than in specified circumstances including increase in scope and responsibility of the role and increase in size and complexity of the company | To be determined at January 2017 Remuneration Committee meeting (£360,000 currently) | To be determined at January 2017 Remuneration Committee meeting (£360,000 currently) | To be determined at January 2017 Remuneration Committee meeting (£270,000 currently) |
| Pension | <p>Unchanged from current policy</p> <p>Up to 15 per cent. of salary company contribution</p> | 15 per cent. of salary | | |
| Annual bonus | <p>Unchanged from current policy</p> <p>Up to 150 per cent. of salary with at least 40 per cent. deferred into shares usually for three years</p> | Up to 110 per cent. of salary with 40 per cent. of any bonus deferred into shares for three years. Subject to review in January 2017 | | |
| LTIP | <p>Unchanged from current policy</p> <p>Up to 150 per cent. of salary annual award</p> | Non-participant | Non-participant | Annual award worth 150 per cent. of salary subject to total shareholder return growth targets |
| Value Delivery Plan | <p>New addition to policy</p> <p>As summarised in this document</p> | Will participate as summarised in this document | Will participate as summarised in this document | Non-participant |
| Shareholding guidelines | <p>New addition to policy</p> <p>Executive Directors are required to build up a shareholding worth 200 per cent. of salary or 400 per cent. of salary if a participant in the Value Delivery Plan</p> | 400 per cent. of salary | 400 per cent. of salary | 200 per cent. of salary |
| Recruitment policy | <p>Revision to policy</p> <p>A new Director can receive a maximum variable pay potential of 150 per cent. of salary bonus and <i>either</i> 150 per cent. of salary LTIP <i>or</i> up to 40 per cent. of the reward pool for an on-going Value Delivery Plan award</p> | | | |

PART 4

RISK FACTORS

In considering the Proposals set out in this document, Shareholders should have regard to and carefully consider the risk factors described below in addition to the other information set out in this document. The following are those risk factors which the Board considers to be material as at the date of this document. If any of the adverse events described below actually occur, the Company's business, financial condition or results or prospects could be materially and adversely affected. Additional risks and uncertainties which were not known to the Board at the date of this document or that the Board considers at the date of this document to be immaterial may also materially and adversely affect the Company's business, financial condition or results or prospects.

Conditionality of the 2025 Plan

The implementation of the 2025 Plan is dependent upon the new investment policy being approved at the General Meeting. If the new investment policy is not approved, the 2025 Plan will not be implemented.

The Company may be unable to implement the 2025 Plan

The availability of potential investments which meet the Company's investment policy, as amended, will depend on the state of the economy and financial markets in the UK. The Company can offer no assurance that it will be able to identify and make further investments that are consistent with the 2025 Plan and its investment policy, as amended, or that it will be able to fully invest its available capital.

In recent years a number of UK and international property investors have become active in the UK student accommodation sector with new competitors emerging. Such competitors may have access to larger financial resources than the Group and/or be targeting lower investment returns. Competition generally in the student accommodation sector may lead to an oversupply of rooms through overdevelopment, to prices for existing properties or land for development being inflated through competing bids by potential purchasers or to the rents to be achieved from existing properties being adversely impacted by an oversupply of rooms. Accordingly, the existence of such competition may have a material adverse effect on the Group's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory cost. This could have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

The declaration, payment and amount of any future dividends by the Company are subject to the discretion of the Board and will depend upon, amongst other things, the Company successfully pursuing the 2025 Plan and its investment policy, as amended, and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance as to the level and/or payment of future dividends by the Company.

Dependence on the Executive Directors

The Group's ability to achieve its investment strategy is partially dependent on the performance of the Executive Directors in terms of the acquisition of investments for the Group, the carrying out of the Group's development projects, the management of the Group's properties and the determination of any financing arrangements. The performance of the Executive Directors cannot be guaranteed. Failure by the Executive Directors to acquire and manage assets effectively could materially adversely affect the Group's profitability, the Net Asset Value and the price of the Shares.

Consequently, if approved at the General Meeting, the future ability of the Group to pursue the new investment policy successfully may, among other things, depend on the ability of the Company to retain its existing Executive Directors and other staff and/or to recruit individuals of similar experience and calibre. Whilst the Company has and will endeavour to ensure that the Executive Directors are suitably incentivised, in particular, if adopted, via the Value Delivery Plan, the retention of Executive Directors cannot be guaranteed. Furthermore, in the event of a departure of an Executive Director, there is no guarantee that the Company would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Group. Events impacting but not entirely within the Company's control, such as its financial performance, it being acquired or making acquisitions or changes to its internal policies and structures could in turn affect its ability to retain any or all of the Executive Directors.

Past performance cannot be relied upon as an indicator of future performance

The past performance of the Group's properties, and of the Executive Directors, cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent on the Company successfully pursuing its investment policy, as amended. The success of the Company will depend, amongst other things, on the Executive Directors' ability to identify and acquire investments in accordance with the Company's new investment policy. There can be no assurance that they will be able to do so. An investor may not get back the amount originally invested. The Company can offer no assurance that investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns

The Company's modified overall total return target (NAV growth plus dividends) of 10 per cent. per annum is a target only and is based on estimates and assumptions regarding a number of variables including, without limitation, asset mix, value, holding periods, performance of the Company's investments, investment liquidity and interest rates, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment strategy and investment policy, as amended, in a manner that generates returns in line with the target. Furthermore, the targeted total return is based on the market conditions and the economic environment at the time of assessing the targeted return, and is therefore subject to change. In particular, the targeted return assumes no material changes occur in government regulations or other policies, or in law and taxation, and that the Company is not affected by natural disasters, terrorism, social unrest or civil disturbances. There is no guarantee that actual (or any) returns can be achieved at or near the total return target. Accordingly, the actual rate of return achieved may be materially lower than the total return target, or may result in a partial or total loss, which could have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

The Group is exposed to risks related to Brexit

The Group faces risks associated with the potential future effects of Brexit. Such future effects could result in higher tuition fees being payable by EU students which may deter them from choosing to study and live in the UK. It could also result in prolonged uncertainty regarding aspects of the UK economy and damage investors' confidence in the UK more generally. In addition, certain regulations applicable to the Group, such as the AIFM Directive and its EU passporting regime, may no longer be available to the Group which may affect the ability of the Company to market the Shares to EU resident investors and may increase compliance and operating costs.

The Brexit result has also increased the possibility of another referendum on Scottish independence from the UK, creating further uncertainty on Scotland's position within the UK. Should Scotland subsequently become independent, it is currently unclear what effect (if any) this may have on the Group and any assets it has or acquires which are located in Scotland. While the Group will continue monitoring and assessing the potential impacts on its business of Brexit, the situation remains uncertain.

In addition to the risks outlined in this Part 4, the Company will continue to be subject to the risks as outlined in the Company's registration document dated 1 March 2016 (a copy of which available for inspection on the Company's website at www.empiric.co.uk).

APPENDIX A

THE REVISED INVESTMENT POLICY

The Company intends to meet its investment objective through acquiring, owning, leasing, developing and managing student residential accommodation in the UK across multiple formats, let on direct tenancy agreements to tenants enrolled with Higher Education Institutions (“HEIs”) and on other longer term lease arrangements directly with HEIs or other entities, as appropriate for the type of accommodation format and location. The Company will invest in modern, student accommodation assets with a focus on quality (as appropriate for the price point), and situated in prime locations, generally in or around the city centre and/or the local HEIs in top university cities and towns. The Company is focused on investing in, and developing, residential accommodation in locations where the Executive Directors believe attractive opportunities exist for the Company to exploit demand for student residential accommodation

The Company anticipates that rental income will be generated predominantly from direct leases and/or licences to students (with the rent being inclusive of wifi/internet, all utilities, and access to on-site amenities). The Company may also derive rental income from agreements with students that are guaranteed by HEIs or where the rental income is paid directly by HEIs (including via leases or “hard” nominations agreements). The Company may also enter into “soft” nominations agreements with HEIs (being marketing arrangements with HEIs to place their students in private accommodation). In addition, the Company anticipates benefiting in some cases from ancillary commercial lease opportunities within student accommodation properties, including (but not limited to) retail outlets and mobile telephone transmission apparatus.

The Group may acquire assets through acquisitions of the freehold or leasehold title of underlying property or through the acquisition of the subsidiary companies or other investment vehicles through which such properties are owned. The Company may acquire operating leases which are generally anticipated not to be shorter than 35 years in duration. The Company may also opportunistically acquire portfolios of student accommodation properties. Following such a transaction, individual properties within such a portfolio, which do not meet the Group’s required standards or which cannot be cost effectively refurbished, may be sold.

The Company also intends to undertake limited development of new buildings or conversion of existing properties for student accommodation and related services which may be undertaken by the Company on its own or in conjunction with a suitable development partner. Save for any development assets that may be held by the Group in 50/50 joint venture companies during the development phase of such projects, the Group intends to have sole freehold or leasehold ownership of all investments, either directly or indirectly.

The Board intends to hold the Group’s investments on a long term basis. The Group, however, may dispose of investments outside of this time frame, should an appropriate opportunity arise where, in the Board’s opinion, the value that could be realised from such a disposal would represent a satisfactory return on the initial investment and/or otherwise enhance the value of the Group, taken as a whole. There is no limit on the number of investments which the Group may dispose of from the portfolio (subject always to maintaining compliance with the investment restrictions that form part of the investment policy).

INVESTMENT RESTRICTIONS

The Company will invest and manage its assets with the objective of spreading risk through the following investment restrictions:

- the Company will generate its rental income from a portfolio of not less than five separate buildings (such minimum to exclude development and forward funded projects, and to count two or more buildings in close proximity or on the same campus as a single building);
- the value of no single asset at the time of investment will represent more than 20 per cent. of the Gross Asset Value;
- at least 90 per cent. by value of the properties directly or indirectly owned by the Company shall be in the form of freehold or long leasehold properties (with over 100 years remaining at the time of acquisition) or the equivalent;
- the Company may commit up to a maximum of 15 per cent. of its Net Asset Value (measured at the commencement of the project) to expenditure in relation to development projects (including conversion of buildings to student accommodation). All development projects will be conducted in special purpose vehicles with no recourse to the other assets of the Group. This restriction will be calculated by reference to the equity requirement of all such projects in progress (i.e. up to practical completion) at the time of commitment, to include expenditure already made in such projects and the remaining budgeted expenditure (the "Development Limit"). For the purposes of the Development Limit, "equity requirement" shall mean the amount of equity or shareholder loans contributed and/or committed by the Company or any other Group entity to the relevant special purpose vehicle and shall exclude other sources of funds obtained by such special purpose vehicle;
- the calculation of the Development Limit shall exclude from the numerator the acquisition cost of the relevant undeveloped land or property in use, or to be used, for development projects, which shall be subject to a separate limit of 10 per cent. of Net Asset Value (measured at the time of investment);
- for the avoidance of doubt, the calculation of the Development Limit shall also exclude from the numerator all investment and expenditure on the renovation, restoration, fit-out, internal reconfiguration, maintenance and engineering works and general up-keep of any existing and new student accommodation investments by the Group;
- for the avoidance of doubt, the Development Limit restriction does not apply to forward funded projects, being those projects where the Group typically acquires the site directly (conditional on receiving planning permission), and funds the development of the project in stages, with the actual development work undertaken by a third party developer, who arranges the planning applications and organises and manages the various building contractors;
- with respect to forward funded projects, the maximum exposure to any single developer will be limited to 20 per cent. of the Gross Asset Value (measured at the time of investment);
- rent from ancillary commercial leases will be limited to 25 per cent. of total rent receipts of any single building and to 15 per cent. of the Group's total rent receipts;
- in each case where investment is via a joint venture arrangement, the relevant restriction will be calculated by reference to the Company's share of the relevant joint venture; and
- the Company will not invest in other closed-ended investment companies.

The Company will also seek to spread risk by seeking to achieve a diversified exposure to individual cities, towns and HEIs, though no quantitative limits are in place, due to the widely various demographics prevailing in different locations.

The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy and will not, at any time, conduct any trading activity which is significant in the context of the business of the Company as a whole.

The Directors currently intend, at all times, to conduct the affairs of the Group so as to enable it to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

In the event of a breach of the investment policy and investment restrictions set out above, the Directors, upon becoming aware of such breach, will consider whether the breach is material, and if it is, notification will be made through a Regulatory Information Service.

APPENDIX B

THE PROPOSED NEW DIRECTORS' REMUNERATION POLICY

The current Policy Report was approved by Shareholders at the 2015 AGM and can be found on the Company's website (www.empiric.co.uk). As outlined in Part 2 of this document, the Board is proposing a number of changes to the current Directors' Remuneration Policy in order to accommodate a proposed new long-term incentive plan (the Value Delivery Plan). Shareholder approval will be sought at the General Meeting for the new Directors' Remuneration Policy set out below and, separately, for the VDP. Subject to Shareholder approval, the new Directors' Remuneration Policy will take effect from the beginning of the Company's next financial year on 1 January 2017.

The key proposed changes in the new Directors' Remuneration Policy from the current policy are:

- a new executive management long-term incentive plan (the VDP) will be introduced;
- the recruitment policy will be amended to accommodate potential awards under the VDP to a newly recruited Executive Director; and
- a minimum shareholding guideline has been included in the Directors' Remuneration Policy for the first time.

The implementation of the new Remuneration Policy for Executive Directors in the 2017 financial year will be confirmed in the next Remuneration Report published in early 2017.

Policy Table for Executive Directors

| <i>Component</i> | <i>Purpose and link to strategy</i> | <i>Operation</i> | <i>Maximum</i> | <i>Performance framework</i> |
|------------------|--|---|--|------------------------------|
| Fixed Pay | | | | |
| 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. | Fixed cash paid monthly. Generally reviewed annually. The review takes into consideration a number of factors, including but not limited to: <ul style="list-style-type: none"> • The individual Director's role, experience and performance. • Business performance. • Relevant data on remuneration levels paid to comparable roles. | 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 Committee, taking into account the factors stated in this table and the following principles: | None |

| <i>Component</i> | <i>Purpose and link to strategy</i> | <i>Operation</i> | <i>Maximum</i> | <i>Performance framework</i> |
|------------------|---|---|---|------------------------------|
| | | <ul style="list-style-type: none"> • Pay and conditions elsewhere in the Company. | <ul style="list-style-type: none"> • Salary increases for Executive Directors will typically be in line with 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. | |
| 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. |

| <i>Component</i> | <i>Purpose and link to strategy</i> | <i>Operation</i> | <i>Maximum</i> | <i>Performance framework</i> |
|----------------------------------|---|---|--|--|
| Pension | To provide market competitive retirement benefits. | The Company either contributes to the Directors' personal pension arrangements or direct to their pension plans. Alternatively, Directors may receive a cash allowance in lieu of pension. | Executive Directors receive a contribution of up to 15% of basic salary to a pension plan and/or as a cash allowance in lieu of pension. | None |
| Variable remuneration | | | | |
| Annual and deferred annual bonus | To link reward to the achievement of key business objectives for the year. To provide additional alignment with shareholders' interests through the operation of bonus deferral. | 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. 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. Up to 60% of an Executive Director's annual bonus will be paid in cash following the release of the audited results of the business. | The maximum annual bonus opportunity is 150% of base salary per annum. Each year the Remuneration Committee will determine the maximum annual bonus opportunity for each individual Executive Director within this limit. | The bonus is based on performance assessed over one year using appropriate financial and strategic performance measures. The selected measures for the next financial year will be set out in the Annual Report on Remuneration section of the Remuneration Report. |

| <i>Component</i> | <i>Purpose and link to strategy</i> | <i>Operation</i> | <i>Maximum</i> | <i>Performance framework</i> |
|------------------|---|--|--|--|
| | | <p>At least 40% of any bonus is 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 in cash or additional shares when the deferred shares are released.</p> | | |
| LTIP | 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>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>Dividend equivalents will be paid in cash or additional shares when the LTIP awards are released.</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>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> |

| <i>Component</i> | <i>Purpose and link to strategy</i> | <i>Operation</i> | <i>Maximum</i> | <i>Performance framework</i> |
|---|---|---|---|---|
| | | | | Vesting then increases on a sliding scale to 100% for achieving a stretching maximum performance target. |
| Value Delivery Plan (VDP) 2017-20 award | To align the incentives of participants with the objectives of the 2025 Plan, the long-term performance of the business and to motivate and retain key members of staff | <p>At the end of the four-year performance period, a reward pool will be generated based on the amount of shareholder value generated over the period. For this purpose, shareholder value will be defined as NAV growth plus compounded dividends</p> <p>The value of the reward pool will be translated into Empiric shares and held for a further year before release to award holders (along with the value of any dividends accruing on those shares during the holding period).</p> <p>For the duration of this Policy, participants in the VDP will receive no further awards under the existing LTIP other than an award in respect of the deferred element of the annual bonus scheme.</p> | <p><u>Reward pool cap</u> The maximum value of the reward pool will be capped at 5% of shareholder value generated over the four-year performance period.</p> <p><u>Cap on individual participation</u> No individual will be able to receive more than 40% of the reward pool.</p> | <p>Unless shareholder value (defined as) of at least 8% p.a. (the “threshold” target) is delivered in a four-year performance period, there will be no reward pool.</p> <p>If value is delivered above that “threshold” target, then a reward pool will be generated equivalent to 10% of the excess value (subject to the overall reward pool cap).</p> <p><i>Any value accruing under the VDP will be dependent upon the Remuneration Committee being satisfied that the related performance has been achieved in a manner that is consistent with the Board approved risk profile.</i></p> |

| <i>Component</i> | <i>Purpose and link to strategy</i> | <i>Operation</i> | <i>Maximum</i> | <i>Performance framework</i> |
|--|--|--|---|---|
| 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. | None. |
| Shareholding guideline | To align interests of executives and shareholders | The standard guideline is that Executive Directors are expected to build up and retain a shareholding worth at least 200% of salary. Subject to the VDP's approval, Directors participating in the VDP will have an enhanced shareholding guideline of 400% of salary and will be required to retain shares vesting under the VDP (net of shares sold to meet tax liabilities on vested shares) until they are compliant with the guideline. | | |

Notes to the Directors' Remuneration Policy Table

Malus and Clawback

Malus and clawback may be applied by the Remuneration Committee to any variable remuneration awarded to an Executive Director under this Remuneration Policy. Potential circumstances in which the Remuneration 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 a LTIP or VDP award up to five years from the date of their award.

Legacy Awards

The Remuneration 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 2015 AGM (the date the Company's

first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the policy set out above 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 (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

The Remuneration Committee will operate the annual bonus, LTIP and VDP in accordance with the relevant plan rules.

Discretions

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

Annual Bonus

The Remuneration Committee may settle an award in shares; and the Remuneration Committee 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.

Deferred Annual Bonus/LTIP/VDP

The Remuneration 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; and in the event of 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, the Remuneration 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.

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 Remuneration 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 Remuneration 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 benefit from tax benefits would vest in accordance with those requirements.

Minor Changes

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

Performance Measures and Target Setting

The annual and deferred annual bonus is based on operating and financial performance measures which are aligned with the Company's annual strategic plan.

The LTIP and VDP 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 Remuneration Committee and take into account a number of reference points.

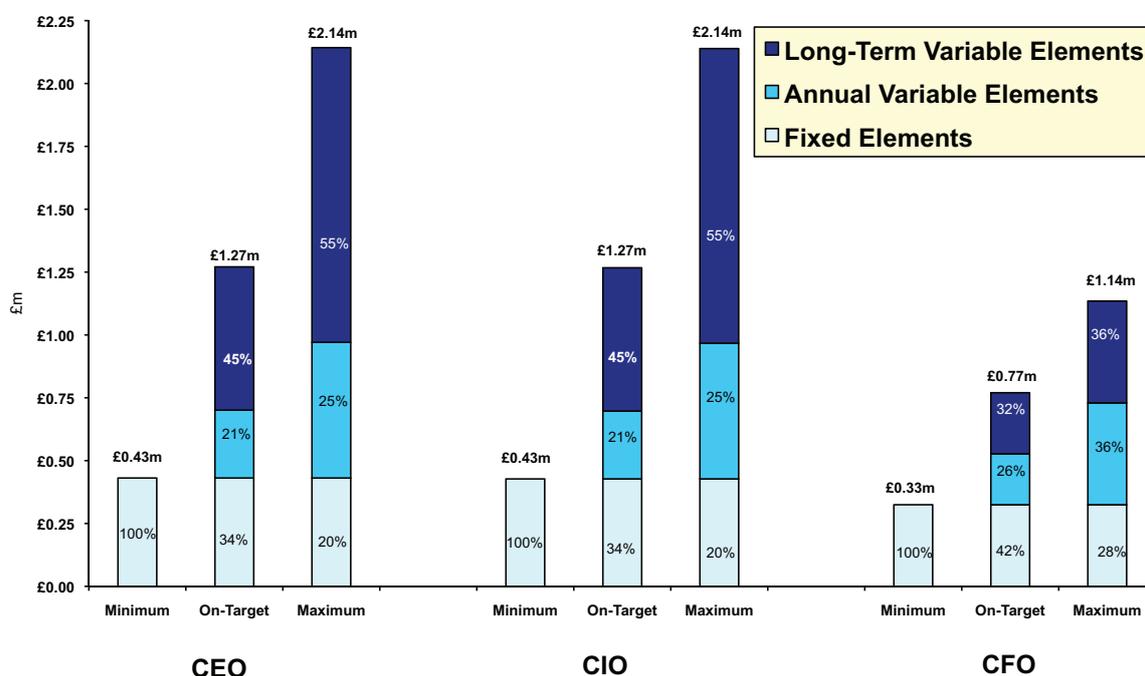
Remuneration arrangements throughout the Company

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 used. In particular we place emphasis throughout the business on reward being linked to performance and on encouraging share ownership.

| <i>Purpose and link to strategy</i> | <i>Operation</i> | <i>Opportunity</i> |
|--|---|--|
| 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 Remuneration 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 limit stated in the Company's Articles of Association.</p> |

Illustrations of applications of the Directors' Remuneration Policy

The charts below illustrate the application of the Directors' Remuneration Policy set out in the policy table for the current Executive Directors and the potential split between the different elements of remuneration under three different performance scenarios: "Minimum", "On-target" and "Maximum".



| Component | | "Minimum" | "On-target" | "Maximum" |
|---------------------------|--|--|----------------------------|-----------------------------|
| Fixed remuneration | Base salary | Annual base salary with effect from 1 July 2016 | | |
| | Pension | 15% of base salary | | |
| | Benefits | Annualised taxable value of annual benefits in the period ended 30 June 2016 | | |
| Annual and deferred bonus | Maximum Policy opportunity | 150% of salary for CEO, CIO and CFO | | |
| | Assumed payout | Zero | 50% of maximum opportunity | 100% of maximum opportunity |
| VDP ¹ | Maximum Policy opportunity | Up to 40% of the VDP reward pool for each of the CEO and CIO | | |
| | Assumed level of shareholder value over performance period | <8% p.a. | 10% p.a. | 12% p.a. |
| LTIP ² | Maximum Policy opportunity | 150% of salary for CFO | | |
| | Assumed payout | Zero | 60% of award | 100% of award |

1 The VDP is a one-off award to be granted in 2017 with a four-year performance period. The values shown in the chart are the payouts that would be delivered for achieving the specified levels of shareholder value over the performance period (based on an assumed NAV at the start of the performance period of £550m and assuming no capital raising during the performance period) divided by four to produce an annualised figure.

2 LTIP awards have been shown at face value with no share price growth, dividends or discount rate assumptions.

Approach to recruitment remuneration

In determining remuneration arrangements for new appointments to the Board (including internal promotions), the Remuneration Committee applies the following principles:

- 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 should be in the best interests of the Company and our Shareholders, without paying more than is necessary.
- Typically, the new appointment will have (or be transitioned onto) the same package structure as the other Executive Directors, in line with the Policy Table presented above.
- The maximum variable pay opportunity in respect of recruitment (excluding buy-outs) comprises a maximum annual bonus of 150% of annual salary and either a maximum LTIP award of 150% of base salary or a maximum 40% of the reward pool for an on-going VDP award, as stated in the policy table above. The Remuneration 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 within the organisation, 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 Remuneration Committee may consider it appropriate to offer additional remuneration arrangements in order to secure the appointment. In particular, the Remuneration 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 replacement buy-out awards should be no more than the commercial value of awards which have been forfeited. The form of any award would be determined at the time and the Remuneration Committee may make buy-out awards under LR 9.4.2 of the Listing Rules.
- The Remuneration Committee may provide costs and support if the recruitment requires relocation of the individual.
- The Remuneration Committee retains discretion to make appropriate remuneration decisions outside the standard Directors' Remuneration Policy to meet the individual circumstances of recruitment when:
 - An interim appointment is made to fill an Executive Director role on a short-term basis; and
 - Exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis.

Recruitment of Chairman and Non-Executive Directors

On the appointment of a new Chairman or Non-Executive Director, the fee will normally be consistent with the Directors' Remuneration Policy set out above. 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.

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 Remuneration Policy Report.

| <i>Provision</i> | <i>Policy</i> |
|------------------|---|
| Notice period | Executive Directors – 12 months' notice by either the Company or the Executive Director. Non-Executive Directors – no notice period by either the Company or the Non-Executive Director. |
| Termination pay | Executive Directors – None Non-Executive Directors – None |
| Expiry date | Executive Directors – None |

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.

Policy on Payment for Loss of Office

Where an Executive Director leaves employment, the Remuneration Committee's approach to determining any payment for loss of office will normally be based on the following principles:

- The Remuneration Committee's objective is to find an outcome which is in the best interests of both the Company and its Shareholders while taking into account the specific circumstances of cessation of employment.
- The Remuneration Committee must satisfy any contractual obligations agreed with the Executive Director. This is dependent on the contractual obligations not being in contradiction with the Directors' Remuneration Policy set out in this Report.
- Any termination payment would be subject to negotiation although 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 advice fees in connection with his 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 below:

| <i>Plan</i> | <i>Automatic Good Leaver categories</i> | <i>Treatment for Good Leavers</i> | <i>Treatment for all other reasons for leaving</i> |
|-----------------------|---|---|--|
| 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 Remuneration Committee has the discretion to vary this. The Remuneration 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 Remuneration 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 Remuneration Committee's discretion, awards may vest early in either part or in full. | All other leavers will forfeit their entitlement to receive any further vesting of Deferred Annual Bonus awards. |
| LTIP | 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. | In the event of death, or special circumstances at the Remuneration Committee's discretion, awards may vest upon cessation based on the Remuneration Committee's determination of the extent to which any relevant performance conditions are satisfied at that date. | Awards lapse. |

| <i>Plan</i> | <i>Automatic Good Leaver categories</i> | <i>Treatment for Good Leavers</i> | <i>Treatment for all other reasons for leaving</i> |
|-------------|--|--|--|
| | | <p>Otherwise, a Good Leaver's awards will vest on the normal vesting date subject to satisfaction of any relevant performance conditions measured over the full performance period.</p> <p>A Good Leaver's awards will normally vest on a time-apportioned basis although the Remuneration Committee has the discretion, acting fairly and reasonable, to disapply time apportionment.</p> | |
| VDP | <p><u>Cessation during the performance period</u> 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.</p> <p><u>Cessation during the holding period</u> All reasons except summary dismissal</p> | <p><u>Cessation during the performance period</u> In the event of death, or special circumstances at the Remuneration Committee's discretion, the value of a Good Leaver's entitlement under the VDP may be calculated and released upon cessation.</p> <p>Otherwise, a Good Leaver's entitlement under the VDP will be calculated and released at the end of the full performance period or at the end of the holding period at the Remuneration Committee's discretion.</p> | Entitlements under the VDP will lapse. |

| <i>Plan</i> | <i>Automatic Good Leaver categories</i> | <i>Treatment for Good Leavers</i> | <i>Treatment for all other reasons for leaving</i> |
|-------------|---|---|--|
| | | <p>A Good Leaver's entitlement under the VDP will normally be subject to a time-apportioned adjustment although the Remuneration Committee has the discretion, acting fairly and reasonable, to disapply time apportionment.</p> <p><u>Cessation during the holding period</u></p> <p>Unvested awards will be released at the end of the holding period or upon cessation at the Remuneration Committee's discretion.</p> | |

Consideration of Employment Conditions Elsewhere in the Group

The Remuneration Committee does not formally consult with employees as part of its process when determining Executive Director pay. The Remuneration Committee is kept informed of general decisions made in relation to 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 reasonable within the business. As outlined in the policy table, pay and conditions in the Company are one of the considerations take into account when the Remuneration Committee is determining salary levels for the Executive Directors.

Consideration of Shareholders' Views

The Remuneration Committee takes an active interest in Shareholders' views and regards these as one of the considerations when shaping the structure of the Directors' remuneration arrangements. Leading shareholders were consulted on the introduction of this Policy and the VDP.

APPENDIX C

SUMMARY OF THE TERMS OF THE VALUE DELIVERY PLAN

The Board currently intends to operate the Value Delivery Plan twice, such that two awards (“Awards”) will be granted in respect of each four-year end to end “performance period”; the first running from 1 January 2017 to 31 December 2020 and the second from 1 January 2021 to 31 December 2024. Each Award may only be granted during a grant period.

To the extent that the Awards granted in respect of each of these performance periods vest, they will normally be delivered to participants following the end of a further one year holding period, so after 31 December 2021 and 31 December 2025 respectively.

The proposed terms of the Value Delivery Plan are summarised below.

Operation

The Value Delivery Plan will be administered by the Board of directors of the Company or by any duly authorised committee of it, and decisions in relation to participation in the Value Delivery Plan by Executive Directors will always be taken by the Company’s remuneration committee. Any employee of the Group is eligible to participate at the Board’s discretion.

Grant period

Awards can only be granted in the six weeks following the day on which:

- the Value Delivery Plan is approved by Shareholders;
- the announcement by the Company of its results for any period;
- any day on which a restriction on the grant of Awards is lifted; or
- any day on which the Board determines that exceptional circumstances exist which justify the grant of Awards.

If the Company is restricted from granting Awards during these periods, it may grant Awards in the period of 42 days from when those restrictions are lifted.

Form of Awards

Awards may be granted by the Board as conditional Awards of, or nil-cost options over, Shares.

Awards are not transferable except on death and will not form part of pensionable earnings.

Size of Awards

The number of Shares comprised in each Award will not be determined at the grant date. Instead, each participant will be granted an Award that will vest over such number of Shares that are equal in value to the participant’s upfront allocation (“**Percentage Allocation**”) of the reward pool (“**Reward Pool**”) at the end of the performance period.

Individual limit

No Percentage Allocation may exceed 40 per cent. of the Reward Pool.

Limits on the use of newly issued Shares to satisfy awards under the Value Delivery Plan

In any ten year period, the number of Shares which may be issued under the Value Delivery Plan and any other employee share plan adopted by the Company may not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time.

In addition, in any ten year period, the number of Shares which may be issued under the Value Delivery Plan and any other discretionary employee share plan adopted by the Company may not exceed 5 per cent. of the issued ordinary share capital of the Company from time to time.

Treasury shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

Performance conditions

The size of the Reward Pool (and therefore the number of Shares that “vest” in respect of each Award) will depend on whether or not “Shareholder value” has been created over the performance period.

Test shareholder value

At the end of the performance period, the Board will calculate Shareholder value, i.e. the growth in Net Asset Value plus compound dividends, for the period.

Determine the Reward Pool

In order for there to be any value in the Reward Pool, Shareholder value must exceed the “performance threshold” set by the Board, which will be 8 per cent. per annum, such that if Shareholder value is equal to, or less than, the performance threshold, the Reward Pool will be zero and Awards will lapse.

However, where the performance threshold is exceeded, a Reward Pool is generated equal to 10 per cent. of such “excess Shareholder value”, capped at 5 per cent. of total Shareholder value delivered over the period.

Capital investment

Where the Company raises capital during the performance period, Shareholder value will be calculated in respect of each “investment tranche” for the remainder of the performance period, such that 10 per cent. of any excess Shareholder value for each investment tranche will form part of the Reward Pool at the end of the performance period.

Amendment of performance conditions

The performance conditions may be amended or substituted if one or more events occur which cause the Board to consider that amended or substituted performance conditions would be more appropriate and would not be materially less difficult to satisfy.

Holding period

Awards will be subject to a further one year “holding period”, following the end of the performance period, after which time Awards will be “released”.

Vesting, release and exercise of Awards

Vesting

Following the determination of the Reward Pool (as set out above), each participant’s Percentage Allocation will be applied to the Reward Pool, and the number of vested Shares comprised in each Award will be determined by reference to the average closing share price for the 20 dealing days immediately following the end of the performance period.

Release

As soon as practicable after the end of the holding period, vested shares comprised in an Award will be released (and participants will become unconditionally entitled to receive the underlying Shares).

Exercise

Nil-cost options will then normally be exercisable until the tenth anniversary of the grant date. At any time before the point at which an Award has been released, or a nil-cost option has been exercised, the Board may decide to pay a participant a cash amount equal to the value of the Shares they would have otherwise received.

Dividend equivalent payments

The Board may decide that participants will receive an amount (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the vested Shares on such terms as the Board may determine during the holding period (or such other period as the Board may determine, not exceeding the period beginning on the first day of the holding period and ending on the date on which the Award is exercised, if structured as a nil-cost option). This amount may assume the reinvestment of dividends and exclude or include special dividends.

Cessation of employment

During the performance period

Awards will usually lapse on the individual's cessation of office or employment with the Group except where cessation is as a result of the individual's death, ill health, injury or disability, redundancy or where the participant's employer is no longer a member of the Group, or for any other reason that the Board determines, except where a participant is summarily dismissed ("**Good Leavers**").

Unvested Awards held by Good Leavers will usually continue until the normal release date, unless the Board determines that the Award will vest and be released as soon as reasonably practicable following the date of cessation or death (as applicable). As well as assessing the performance conditions, the Board will take into account, unless it determines otherwise, the proportion of the period of time that has elapsed to the date of cessation or death (as applicable).

If a participant dies, his personal representatives will normally have 12 months from the participant's death to exercise any vested and released nil-cost options. For other Good Leavers, nil-cost options will normally be exercisable for six months.

During the holding period

If a participant ceases to be an officer or employee of the Group during a holding period for any reason (save for summary dismissal), his award will normally be released at the end of the holding period, unless the Board determines that it should be released as soon as reasonably practicable following his cessation of office or employment. However, if a participant is summarily dismissed during a holding period, his award will lapse immediately.

Nil-cost options will normally be exercisable for six months after release.

After the end of the holding period (options only)

If a participant ceases to be an officer or employee of the Group whilst holding a vested nil-cost option which is not (or is no longer) subject to a holding period, he will normally have six months from his cessation of office or employment to exercise that nil-cost option, unless he is summarily dismissed, in which case his nil-cost option will lapse immediately.

Reduction of Awards and clawback

If, in the opinion of the Board, there is:

- a restatement of the Company's audited results;
- censure by a regulatory authority;
- any other circumstances where the Board considers the reputation of the Company has been materially damaged;
- poor performance or material misconduct on the part of the participant; or
- any other reason that the Board determines appropriate

at any time prior to the fifth anniversary of the grant date, the Board may:

- (i) reduce Awards (to zero if appropriate) or impose additional conditions on the Awards; and/or
- (ii) require that the participant has to either return some or all of the Shares acquired under his award or make a cash payment to the Company in respect of the Shares delivered).

Corporate events

In the event of a change of control of the Company, unless the Board determines otherwise, Awards will vest (if applicable) and be released early.

The extent to which any unvested Awards vest will be determined by the Board, taking into account the extent to which the performance conditions have been satisfied at that time, which by default, will also effectively time pro-rate the Award. Depending upon the circumstances of the corporate event, the Board may also take into account any other relevant data, and vary the value of an Award, if the Board determines that such circumstances warrant any variation.

Alternatively, the Board may permit Awards to be exchanged for equivalent Awards. If the change of control is an internal reorganisation of the Group or, if the Board so decides, participants may be required to exchange their Awards.

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares, the Board will determine whether and to what extent Awards will be released.

Adjustment of Awards

The Board may adjust the number of Shares comprised in an Award if, during the holding period, there is a variation of the Company's share capital or any demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares.

Amendments

The Board may amend the Plan at any time, provided that prior approval of the Shareholders will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares comprised in an award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the Plan, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made by the Board without shareholder approval.

Satisfying Awards and termination of Value Delivery Plan

Awards may be satisfied using newly issued Shares, Shares held in treasury or Shares purchased in the market. Awards may not be granted under the Value Delivery Plan after the tenth anniversary of its approval by Shareholders.

The summary does not form part of the rules of the Value Delivery Plan and should not be taken as affecting the interpretation of its detailed terms and conditions. The Directors reserve the right up to the time of the General Meeting to make such amendments and additions to the rules of the Value Delivery Plan as may be necessary or appropriate, provided that such amendments do not conflict in any material respect with this summary.

DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

| | |
|---|---|
| 2025 Plan | the proposed expansion of the Company's investment strategy to be implemented through the amendment of the Company's investment policy as described in Part 1 of this document |
| Articles | the articles of association of the Company |
| Board | the board of directors of the Company |
| CREST | the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form |
| CREST Manual | the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms |
| CREST Proxy Instructions | allowing holders of Shares in uncertificated form (that is, in CREST) to appoint a proxy by completing and transmitting a CREST Proxy Instruction |
| Companies Act | the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force |
| Company | Empiric Student Property Plc |
| Directors | the directors of the Company |
| Directors' Remuneration Policy | the directors' remuneration policy adopted in compliance with S.421(2A) and S.439A of the Companies Act from time to time |
| Disclosure and Transparency Rules | the disclosure and transparency rules made by the Financial Conduct Authority under Part VI of FSMA |
| Euroclear | Euroclear UK & Ireland Limited, being the operator of CREST |
| Executive Directors | together Paul Hadaway, Timothy Attlee and Michael Enright |
| Financial Conduct Authority or FCA | the UK Financial Conduct Authority |
| Form of Proxy | the personalised form of proxy provided with this document for use by Shareholders in connection with the General Meeting |
| FSMA | the Financial Services and Markets Act 2000 (as amended) |
| General Meeting | the general meeting of the Company to consider the Proposals, convened for 11.00 a.m. on 21 December 2016 or any adjournment thereof, notice of which is set out on pages 46 to 48 of this document |

| | |
|---------------------------------------|--|
| Gross Asset Value | the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time-to-time |
| Group | the Company and the other companies in its group for the purposes of Section 606 of the Corporate Taxes Act 2010 |
| Listing Rules | the listing rules made by the UKLA under section 74 of FSMA |
| London Stock Exchange | London Stock Exchange plc |
| LTIP | the Empiric Student Property Plc 2014 Long Term Incentive Plan |
| Majority Directors | together Brenda Dean (The Rt Hon Baroness Dean of Thornton-le-Fylde), Michael Enright, Jim Prower, Stephen Alston and Stuart Beevor |
| Net Asset Value or NAV | the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time |
| Net Asset Value per Share | at any time the Net Asset Value attributed to the Shares divided by the number of Shares in issue (other than Shares held in treasury) at the date of calculation |
| Notice of General Meeting | the notice of the General Meeting as set out on pages 46 to 48 of this document |
| Official List | the Official List maintained by the UKLA |
| Proposals | the approval of existing Shareholders: <ul style="list-style-type: none"> (i) to adopt the proposed changes to the investment policy, as set out in Appendix A of this document; and (ii) that (a) the Directors' Remuneration Policy set out in Appendix B of this document be adopted, and (b) the Directors be authorised to adopt the Value Delivery Plan, a summary of the principal terms of which is set out in Part 2 and Appendix C of this document, and to do all such acts and things as may be necessary or expedient to give effect to the Value Delivery Plan |
| Regulatory Information Service | a regulatory information service approved by the Financial Conduct Authority and on the list of Regulatory Information Services maintained by the same |
| Resolutions | together, resolutions 1, 2 and 3 as set out in the Notice of General Meeting and " Resolution " shall be construed accordingly |
| Shareholder | a holder of Shares and Shareholders shall be construed accordingly |
| Shares | ordinary shares of £0.01 each in the capital of the Company |
| UK or United Kingdom | the United Kingdom of Great Britain and Northern Ireland |

| | |
|----------------------------|--|
| UKLA | the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of admissions to the Official List |
| United States | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and any other area subject to its jurisdiction |
| Value Delivery Plan | the proposed new long term incentive plan for the Company's executive management team the proposed terms of which are summarised in Part 2 and Appendix C of this document |

NOTICE OF GENERAL MEETING

EMPIRIC STUDENT PROPERTY PLC

(Incorporated in England and Wales with registered number 08886906 and registered as an investment company under Section 833 of the Companies Act)

Notice is hereby given that a General Meeting of Empiric Student Property Plc (the “**Company**”) will be held at the offices of Jefferies International Limited, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ on 21 December 2016 at 11.00 a.m. to consider and, if thought fit, approve the following Resolutions, which will each be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **THAT**, the Company adopt the proposed changes to the investment policy, as set out in Appendix A of the circular to Shareholders dated 5 December 2016, of which this notice forms part (the “**Circular**”).
2. **THAT**, the Directors’ Remuneration Policy set out in Appendix B of the Circular be adopted.
3. **THAT**, the Directors be authorised to adopt the Value Delivery Plan (the “**Plan**”), a copy of the draft rules of which has been produced to the meeting and initialed by the Chairman for the purposes of identification only and a summary of the principal terms of which is set out in Part 2 and Appendix C of the Circular and to do all such acts and things as may be necessary or expedient to give effect to the Plan.

5 December 2016

BY ORDER OF THE BOARD

FIM Capital Limited

Secretary

Registered Office:

6th Floor, Swan House

17-19 Stratford Place

London

W1C 1BQ

Notes:

These notes should be read in conjunction with the notes on the Form of Proxy.

- (i) A member entitled to attend and vote at the General Meeting convened by the above Notice of General Meeting is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the General Meeting, each proxy must be appointed to exercise the rights attached to a different Share or Shares held by the member.
- (ii) To appoint a proxy you may use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or delivered by hand during office hours only to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE to be received as soon as possible and in any event by not later than 11.00 a.m. on 19 December 2016. Alternatively, you can vote or appoint a proxy electronically by visiting www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy. The latest time for the submission of proxy votes electronically is 11.00 a.m. on 19 December 2016.
- (iii) Completion of the Form of Proxy will not prevent you from attending and voting in person.
- (iv) Any person receiving a copy of this Notice of General Meeting as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a “**Nominated Person**”) should note that the provisions in Notes (i) to (iii) above concerning the appointment of a proxy or proxies to attend the General Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the

General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the General Meeting.

- (v) Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (vi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 6.00 p.m. 48 hours (excluding non-business days) prior to the time fixed for the General Meeting shall be entitled to attend and vote at the General Meeting in respect of the number of Shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is 6.00 p.m. 48 hours (excluding non-business days) prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
- (ix) If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the General Meeting excluding non-working days. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (x) Any corporation which is a member may appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same Shares. It is, therefore, no longer necessary to nominate a designated corporate representative. Representatives should bring to the General Meeting evidence of their appointment, including any authority under which it is signed.
- (xi) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xii) Any question relevant to the business of the General Meeting may be asked at the General Meeting by anyone permitted to speak at the General Meeting. A holder of Shares may alternatively submit a question in advance by a letter addressed to the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a Shareholder asks relating to the business being dealt with at the General Meeting, unless (i) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

- (xiii) Further information regarding the General Meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the General Meeting can be accessed at www.empiric.co.uk.
- (xiv) As at 2 December 2016 (being the last Business Day prior to the printing of this Notice of General Meeting) the Company's issued capital consisted of 501,279,071 Shares carrying one vote each. Therefore, the total voting rights in the Company as at 2 December 2016 are 501,279,071.
- (xv) You may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

