ESP

Interim Report

30 June 2019

Contents

Financial Headlines

Six months to 30 June 2019

Revenue

£35.7m *+14%*

(2018: £31.3m)

Basic earnings per share

4.78p *+33%*

(2018: 3.60p)

Gross margin

68.5% *+10%*

(2018: 62.3%)

Adjusted earnings per share

2.36p *+57%*

(2018: 1.50p)

Administration expenses

£5.0m *(3%)*

(2018: £4.9m)

Dividends declared per share

2.50p

(2018: 2.50p)

Profit before tax

£28.8m *+33%*

(2018: £21.7m)

Dividend cover

94% *+57%*

(2018: 60%)

As at 30 June 2019

Property valuation

£1,000.7m *+3%*

(As at 31 December 2018: £970.6m)

EPRA Net Asset Value per share

108.5p *+2%*

(As at 31 December 2018: 106.2p)

Net debt

£344.9m *+6%*

(As at 31 December 2018: £324.3m)

Loan to value (“LTV”)

32% *+3%*

(As at 31 December 2018: 31%)

Highlights

Strong Revenue Growth Driving Bottom Line Performance

- Revenue grown by 14% to £35.7 million (H1 2018: £31.3 million).
- Gross margin increased to 68.5% (H1 2018: 62.3%), on track for our full-year target of greater than 67%.
- Profit before tax for the period rose 33% to £28.8 million (H1 2018: £21.7 million).
- Basic earnings per share of 4.78 pence (H1 2018: 3.60 pence) and adjusted earnings per share increased 57% to 2.36 pence (H1 2018: 1.50 pence).
- Dividends of 2.50 pence per share were 94% covered by adjusted earnings (H1 2018: 60%). We are on track for our target of approximately 85% cover for 2019 given the typical seasonality of trading.

Transforming Operational Performance

- Facilities management for the remaining 57 operating assets brought in-house at the end of March 2019. Significant progress made with in-sourcing programme with revenue management on track for 2021.
- Reduction in the average cost per bed by 11% compared to the first half of 2018.
- Senior leadership team now in place and performing well.
- Administration costs of £5.0 million (H1 2018: £4.9 million), in line with our full-year target of around £10 million.

Income and Rental Growth Accelerating

- Rapid and successful action taken to enhance sales capabilities and attract short-term lets resulted in occupancy of 97% for the 2018/19 academic year as at 30 June 2019.
- Bookings of 85% for the 2019/20 at 19 August and progressing well.
- Achieved a rebooker rate at this stage of 22% for the 2019/20 academic year.
- 8% of beds are under nomination agreements with universities for the 2019/20 academic year.

High Quality Portfolio of Well-Located Assets

- Property portfolio valued at £1,001 million at 30 June 2019 (31 December 2018: £971 million), representing a like-for-like increase of 3.1%.
- EPRA Net Asset Value per share up 2% to 108.5 pence (31 December 2018: 106.2 pence).
- 95 assets with 9,401 beds contracted as at 30 June 2019 (31 December 2018: 9,397 beds).
- 91 operating or revenue-generating assets with 8,714 beds at the period end, with an average valuation yield of 5.58%.
- Development pipeline of 687 beds to be delivered over the next three academic years. In addition, 240 beds will come out of operation this September in Southampton, Emily Davies and be redeveloped.

Robust Financial Position

- Total return up by 29% to 4.5% for the period (H1 2018: 3.5%).
- Net debt of £345 million at 30 June 2019 (31 December 2018: £324 million), resulting in a loan-to-value ratio of 32% (31 December 2018: 31%), below our long-term target of 35% and maximum of 40%.
- Of our total debt of £350 million, £222 million (63%) is at fixed interest rates, £92 million (27%) is at floating rates, and £36 million (10%) is subject to interest rate caps or swaps. The aggregate cost of debt is 3.22%, with a weighted average term to maturity of 7.1 years. We complied fully with our covenants during the period.

Post Period End

On 19 August 2019, the Board declared a dividend of 1.25 pence per ordinary share in respect of the quarter ended 30 June 2019, which is to be paid on 20 September 2019 to ordinary shareholders on the register on 6 September 2019. The Company is on track to deliver its full-year target dividend of 5.0 pence.

Tim Attlee, Chief Executive Officer of Empiric Student Property plc, commented:

"We have made good progress over the last six months and have delivered the most significant part of our operational transformation, from being a real estate owner to a fully integrated operational business with customer service at its heart. We continue to develop a dynamic and well-targeted digital marketing platform, and bookings for the 2019/20 academic year are progressing well. We are continuing to improve our financial and operational performance, which remains in line with market guidance, and we are confident in the outlook for our business."

Management Report

This was a positive six months for Empiric. The considerable work since the start of 2018 to transform the business is being increasingly reflected in our financial performance and customer satisfaction, where 79% of students surveyed said they would recommend our accommodation to others. During the first half, we delivered strong growth in revenue (up 14%) and a further increase in gross margin to 68.5%, contributing to dividend cover of 94%. We are confident of meeting our financial and operational targets for the year. At the same time, we are continuing to strengthen the business through further operational improvements and by investing in our people.

Our Market

The UK higher education sector continues to both grow and polarise. There is strong demand for education at top tier universities, but the bottom tier are struggling to attract more students. This means selectivity of location is key when student accommodation providers are considering their growth plans.

There were two notable developments in government policy during the period, both of which are positive for Empiric. In March 2019, the Departments for Education and International Trade published a plan to increase the number of international students studying in the UK by more than 30%. The UK currently hosts around 460,000 international higher education students and the education sector generates approximately £20 billion per year through education exports and transactional activity. The government strategy sets out an ambition to grow the total number of international students to 600,000 and generate £35 billion by 2030 – a rise of 75%.

In May 2019, the Report of the Augur Review of higher education suggested a reduction in tuition fees from the current £9,250 a year to £7,500, balanced by extending repayment periods from 30 to 40 years. It also called for the return of maintenance grants for poorer students. The proposals, if adopted, should help to bolster the number of applicants and the reduction in revenue for universities could incentivise them to further increase their student numbers. However, until it becomes clear if the Government will adopt the proposals, it is difficult to understand the full impact.

Operational Review

The level of revenue we generate is the main determinant of our gross margin. We therefore worked hard to maximise our revenue for the 2018/19 academic year by attracting short-term lets. Our new Customer Relations Team, which began work in January 2019, was highly successful in supporting this effort, with occupancy of 97% for the 2018/19 academic year at 30 June 2019.

We have also undertaken several initiatives to help drive occupancy and revenue for future academic years, drawing on enhancements we have made to our management information and analytics. This gives us greater insight into our markets, which helps to prevent shortfalls in occupancy but also allows us to earn more revenue from assets that would otherwise fill too quickly.

We are also generating enhanced insights from our digital marketing platform. This gives us greater understanding of the best channels for acquiring and retaining web traffic, the quality of the proposition we present online to potential customers and our ability to convert website visitors to signed leases. These insights have enabled us to control our pay-per-click spend and adjust our advertising and media focus, resulting in a marked increase in conversion rates.

During the period, we carried out a customer survey to understand what our customers want from their accommodation and how we rate against each of their criteria. This showed that overall our students are satisfied with our service, with most criteria scoring above 3.5 out of 5. The survey has also helped us to update the proposition on our website to highlight the areas of greatest interest to customers, again leading to improvements in converting bookings to lettings.

The work described above has contributed to bookings of 85% for the 2019/20 academic year as at 19 August, broadly in line with last year, and we remain on track to achieve our revenue forecast.

During the period, we brought facilities management ("FM") for the remaining 57 operating properties in-house, having brought the first 27 in-house ahead of the 2018/19 academic year. This saves us the outsourced providers' profit margin and VAT, which we are unable to reclaim. It also means that for the first time we have complete control of our properties and have granular data on the condition of each asset. This will allow us to manage property lifecycles effectively, to prevent failures while minimising spend and giving us a closer relationship with our students. In addition, we now have full control of procurement and can secure better rates by offering national contracts to potential suppliers.

For example, our customer survey showed internet speed was one of the top three criteria for our customers. We have procured a national broadband contract which will double speeds up to 200 megabytes per second while reducing per unit costs.

This was an important six months in terms of our people. We strengthened the team at a senior level and now directly employ all the people who work in our business. At the period end, Empiric employed 328 people; for the first time we have a single team where we are working to instil a responsive dynamic culture focused on delivering higher standards of service more efficiently at a lower cost.

In May we completed the Senior Leadership Team with the recruitment of a Commercial Director. We have also streamlined the operational management structure, to make it more efficient.

We recognise that our people are key to delivering the *Homes, not Halls* brand experience for our customers. During the period we have further developed our people strategy, which aims to make Empiric a great place to work through a focus on organisational agility, having a performance and learning culture, delivering the best customer experience, and growth. This is underpinned by a set of People Principles, covering, for example, our approach to recruitment, our people policies and practices, pay and reward, adapting to changing expectations, learning and development, and engagement.

Information technology is an important focus area. We currently have two managed service providers for our IT systems, covering head office and our student properties. We recently completed a tender to move to a single service provider, with the new contract starting in November 2019. The development of our new revenue management system is also progressing well. This system will allow us to process bookings, rent demands and rent collection in-house. We plan to trial it in a single property in November 2019, for the 2020/21 academic year. There are also opportunities to continue to enhance automation and our use of data, and to ensure we employ consistent tools and processes to run all of our buildings.

Financial Performance

Revenue increased by 14% to £35.7 million (H1 2018: £31.3 million). The growth was primarily driven by improved occupancy, the contribution from new developments completed, rental growth and a full period of ownership of Emily Davies Hall, Southampton (acquired in February 2018).

Property expenses were lower at £11.2 million (H1 2018: £11.8 million) despite the increase in the number of operating assets, driven by a reduction of the average cost per bed by 11% compared to the first half of 2018, and we expect to see further benefits flow through the balance of 2019 and in 2020, which will be the first full year of having FM in-house. This performance resulted in a further improvement in gross margin to 68.5%, up from 62.3% for the first half of 2018 and 61.8% for 2018 as a whole.

We maintained our rigorous focus on controlling administrative expenses, which were broadly flat at £5.0 million (H1 2018: £4.9 million) and in line with our target of around £10 million for the year.

Operating profit under IFRS was £35.1 million (H1 2018: £28.2 million). This included an aggregate revaluation uplift of £15.7 million on our property portfolio at the period end (H1 2018: £13.6 million).

Net financing costs for the period were £6.3 million, net of interest earned and the fair value gain on interest rate swaps (H1 2018: £6.5 million).

Profit before tax was £28.8 million (H1 2018: £21.7 million), an increase of 33%. No corporation tax was charged in the period, as the Group fulfilled all of its obligations as a REIT.

Adjusted EPS, the most relevant measure when assessing dividend distributions, was 2.36 pence (H1 2018: 1.50 pence), resulting in dividend cover of 94% (H1 2018: 60%), an increase of 57%. Adjusted EPS is defined in Note 4.

Of the total dividend paid in the period, 0.68 pence per share was declared as property income dividends and 1.82 pence per share was declared as ordinary UK dividends (H1 2018: 1.04 pence and 1.46 pence respectively)

Dividends

The dividends paid or declared in relation to the period are shown in the table below:

Quarter to	Declared	Paid	Amount (p)
31 December 2018	20 February 2019	22 March 2019	1.25
31 March 2019	29 May 2019	28 June 2019	1.25
Total paid			**2.50**
30 June 2019	19 August 2019	20 September 2019	1.25
Total declared not paid			**1.25**

As at 30 June 2019, the Net Asset Value ("NAV") per share was 108.45 pence, prior to adjusting for the interim dividend of 1.25 pence per share (31 December 2018: 106.14 pence, prior to adjusting for the interim dividend of 1.25 pence per share).

At the period end, the Company had distributable reserves of over £500 million, offering substantial headroom for dividend payments. At the Annual General Meeting ("AGM") on 2 May 2019, shareholders approved a resolution to cancel the Company's share premium account, which stood at £467 million. The court order to confirm the cancellation was received on 4 June 2019, following which the share premium account was cancelled. Cancellation results in this capital being treated as distributable profit, giving us the flexibility to declare dividends, or make other distributions to shareholders, although we have no current intention to do so.

Financing

Our debt facilities were unchanged during the period. At the period end, we had committed debt facilities of £390 million, of which £350 million (31 December 2018: £330 million) had been drawn down. This resulted in an LTV of 32% (31 December 2018: 31%). The aggregate cost of debt is 3.22%, with a weighted average term to maturity of 7.1 years at 30 June 2019. We fully complied with our covenants during the period.

Of our total drawn down facilities, £222 million is at fixed interest rates and £92 million is at floating rates, with £36 million subject to interest rate caps or swaps.

In October 2019, we will draw down the remaining £55.5 million of the facility we entered into with Scottish Widows Limited in December 2018. This will be used to repay an expiring NatWest facility.

Transfer of Listing Category

At IPO, Empiric was categorised as a premium listed closed-ended investment fund, under the Listing Rules. This required us to follow an investment policy, operating within specific parameters. Given our evolution into an operating business, the Board concluded that we would be better served by being classified as a commercial company. Shareholders approved the transfer of listing category at the AGM and it became effective on 3 June 2019.

The Board believes that the transfer of its listing category to that of a commercial company more appropriately reflects the current management and operating structure, improves comparability with the majority of internally managed REITs on the London Stock Exchange, and affords cost and efficiency savings.

Portfolio

As at 30 June 2019, the Group owned, or was committed on, 95 assets representing 9,401 beds (31 December 2018: 9,397 beds). The portfolio included 91 revenue-generating properties at the period end, with 8,714 beds. We are currently exploring opportunities within our portfolio to develop or reposition a number of assets. This includes continually evaluating our portfolio and looking for opportunities to dispose of non-core assets when market conditions are favourable.

Developments and Redevelopment

At the period end, we had a pipeline of six development projects, as shown in the table below:

Site	Development Basis	Beds	Delivery Year
140/142 New Walk, Leicester	Forward funded	52	2019
King's Stables Road, Edinburgh	Forward funded	166	2019
Ocean View, Falmouth	Direct development	190	2019
		408	
Emily Davies, Southampton	Major refurbishment	232	2020
FISC, Canterbury	Major refurbishment/development	134	2021
St Mary's, Bristol	Direct development	153	2021
		519	

The Edinburgh development is now complete and the Falmouth project will complete in two phases in the 2019/20 academic year. The Leicester development will only open in January 2020, but our income is mitigated through a rental guarantee.

Valuation

Each property in the portfolio has been independently valued by CBRE, in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards January 2014 and the UK national supplement 2018 (the "Red Book"). At 30 June 2019, the portfolio was valued at £1,000.7 million, an increase of 3% during the period (31 December 2018: £970.6 million).

The valuation increase was driven by improvements in income, rental growth and capital expenditure. Additionally, investment yields in prime student accommodation markets contracted slightly during the first half of 2019, while secondary markets, which represent only a modest proportion of our portfolio, saw yields soften during the period.

Total Return ("TR")

TR is the growth in NAV per share plus dividends paid per share in the period, as a percentage of the opening NAV per share. The TR for the six months to 30 June 2019 was 4.53% (H1 2018: 3.52%).

Post Balance Sheet Events

On 19 August 2019, the Board declared a dividend of 1.25 pence per ordinary share in respect of the quarter ended 30 June 2019, which is to be paid on 20 September 2019 to ordinary shareholders on the register on 6 September 2019.

Board

- On 1 March 2019, Alice Avis MBE joined as a Non-Executive Director, bringing over 25 years of experience in advertising, branding, marketing, e-commerce and consultancy across the consumer goods and retail sectors.
- Stephen Alston resigned from his position as a Non-Executive Director with effect from 29 March 2019.

Looking Forward

We are on track to deliver our financial targets for 2019. As we have previously explained, student accommodation businesses are seasonal, with lower revenues and profit in the third quarter due to voids and turnaround costs between tenancy periods. The Group's fourth quarter is then the first of the next academic year, when we expect to achieve our highest margins. We therefore continue to expect a gross margin above 67%, administrative costs in the region of £10 million and dividend cover of around 85% for 2019.

Our operational transformation has come a long way and we are continuing to improve the performance of the business. Our focus remains:

- Delivering our financial targets
- Building an excellent and cost-efficient operational platform
- Providing exceptional customer service
- Creating value for shareholders

Together, these will enable us to consider appropriate routes by which we can grow the business.

Tim Attlee Chief Executive Officer	Lynne Fennah Chief Financial and Operating Officer

19 August 2019

Responsibility Statement of the Directors in Respect of the Interim Report and Accounts

The Directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the operating and financial review herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority, namely:

–an indication of important events that have occurred during the first six months of the financial period and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial period; and

–material related party transactions in the first six months.

A list of the current Directors is shown on page 27. Shareholder information is as disclosed on the Empiric Student Property plc website, www.empiric.co.uk.

For and behalf of the Board

Mark Pain
Chairman
19 August 2019

Key Performance Indicators (“KPIs”)

Financial KPIs

Gross Margin (%)

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

Performance

68.5%

H1 2018: 62.3%

Net Asset Value per Share (p)

Growth in the NAV per share reflects the quality of our assets and our ability to generate revenue from them.

Performance

108.45p

31 December 2018: 106.14p

Adjusted Earnings per Share (p)

Adjusted earnings per share is the earnings measure that best demonstrates our ability to reward shareholders through dividends.

Performance

2.36p

H1 2018: 1.50p

Total Return (%)

The total return shows the aggregate value we have created for shareholders, through both capital growth of NAV and dividends.

Performance

4.53%

H1 2018: 3.52%

Dividend Cover (%)

Dividend cover shows our ability to pay dividends out of current year adjusted earnings.

Performance

94%

H1 2018: 60%

Non-Financial KPIs

The Group will only report on non-financial KPIs annually.

Principal Risks and Uncertainties

The principal risks and uncertainties we face are described in detail on pages 29 to 33 of our Annual Report and Accounts for the year ended 31 December 2018. The Audit Committee, which assists the Board with its responsibilities for managing risk, considers that those principal risks and uncertainties were unchanged during the period.

Brexit

The Board continues to review the potential impact of Brexit on the Group's business. While we do not deem it to be a principal risk at this stage, we are monitoring developments. The reasoning behind this decision is described in detail on page 29 of our Annual Report and Accounts for the year ended 31 December 2018.

Principal Risks

The principal risks and uncertainties described in the Annual Report and Accounts are summarised below:

Strategic Risks

- Development of the UK higher education market generally, or any change in demand from international students
- Competition in the PBSA sector from UK and international property investors

Investment Risks

- General property and investment market conditions
- Dependence on both the rental income received from our properties and the appreciation in property values

Development Risk

- General development risks, including construction risks and changes in market conditions

Funding Risk

- Inability to raise equity or debt on acceptable terms

People Risk

- Reliance on performance of the Executive Directors and senior staff

Operational Risks

- Ability to respond and adapt to the changing planning and regulatory environment
- Health and safety
- Control of costs
- Changes to the Company's tax status or UK tax legislation
- Inability to maintain occupancy rates
- Cyber security

Independent Review Report to Empiric Student Property plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprise the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

The half-yearly financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of Our Report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants
London, United Kingdom
19 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Notes	Unaudited six months to 30 June 2019 £'000	Unaudited six months to 30 June 2018 £'000	Audited year to 31 December 2018 £'000
Continuing operations				
Revenue		35,735	31,289	64,156
Property expenses		(11,245)	(11,787)	(24,500)
Gross profit		**24,490**	**19,502**	**39,656**
Administrative expenses		(5,030)	(4,873)	(9,071)
Change in fair value of investment property	6	15,680	13,600	22,375
Operating profit		**35,140**	**28,229**	**52,960**
Finance cost		(6,408)	(6,573)	(12,788)
Finance income		94	46	104
Net finance cost	2	(6,314)	(6,527)	(12,684)
Profit before tax		**28,826**	**21,702**	**40,276**
Corporation tax	3	-	-	-
Profit for the period		**28,826**	**21,702**	**40,276**
Other comprehensive income				
Items that will be reclassified to profit and loss				
Fair value gain on cash flow hedge		104	239	402
Total comprehensive income for the period		**28,930**	**21,941**	**40,678**
Earnings per share expressed as pence per share				
Basic	4	4.78	3.60	6.68
Diluted	4	4.77	3.59	6.67

Unaudited Condensed Consolidated Statement of Financial Position

	Notes	Unaudited 30 June 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
Non-current assets				
Property, plant and equipment		338	420	366
Intangible assets		1,406	1,332	1,253
Investment property – operational assets	6	943,561	893,121	929,371
Investment property – development assets	6	57,619	52,510	41,670
		1,002,924	**947,383**	**972,660**
Current assets				
Trade and other receivables		10,288	13,294	13,747
Fixed term deposit		10,000	-	10,000
Cash and cash equivalents		22,509	26,326	23,473
		42,797	**39,620**	**47,220**
Total assets		**1,045,721**	**987,003**	**1,019,880**
Current liabilities				
Trade and other payables		35,950	25,311	28,535
Borrowings	7	65,386	30,389	55,260
Derivative financial liability		112	334	237
Deferred rental income		10,983	10,186	26,968
		112,431	**66,220**	**111,000**
Non-current liabilities				
Bank borrowings	7	279,484	284,390	268,990
Derivative financial liability		-	87	-
		279,484	**284,477**	**268,990**
Total liabilities		**391,915**	**350,697**	**379,990**
Total net assets		**653,806**	**636,306**	**639,890**
Called up share capital		6,029	6,029	6,029
Share premium		-	467,268	467,268
Capital reduction reserve		497,654	60,530	45,458
Retained earnings		150,099	102,722	121,215
Cash flow hedge reserve		24	(243)	(80)
Total equity/net assets		**653,806**	**636,306**	**639,890**
Total equity and liabilities		**1,045,721**	**987,003**	**1,019,880**
Net Asset Value per share basic (pence)	8	108.45	105.54	106.14
Net Asset Value per share diluted (pence)	8	108.17	105.25	105.96
EPRA Net Asset Value per share basic (pence)	8	108.46	105.61	106.18

Unaudited Condensed Consolidated Statement of Changes in Equity

Period from 1 January to 30 June 2019 (unaudited)

	Called up share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Cash flow hedge reserve £'000	Total equity £'000
Balance at 1 January 2019	**6,029**	**467,268**	**45,458**	**121,215**	**(80)**	**639,890**
Changes in equity						
Profit for the period	-	-	-	28,826	-	28,826
Fair value gain on cash flow hedge	-	-	-	-	104	104
Total comprehensive income for the period	**-**	**-**	**-**	**28,826**	**104**	**28,930**
Share-based payment	-	-	-	58	-	58
Reduction in share premium (Note 12)	-	(467,268)	467,268	-	-	-
Dividends	-	-	(15,072)	-	-	(15,072)
Total contributions and distribution recognised directly in equity	**-**	**(467,268)**	**452,196**	**58**	**-**	**(15,014)**
Balance at 30 June 2019	**6,029**	**-**	**497,654**	**150,099**	**24**	**653,806**

Period from 1 January to 30 June 2018 (unaudited)

	Called up share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Cash flow hedge reserve £'000	Total equity £'000
Balance at 1 January 2018	**6,029**	**467,268**	**75,602**	**80,841**	**(482)**	**629,258**
Changes in equity						
Profit for the period	-	-	-	21,702	-	21,702
Fair value gain on cash flow hedge	-	-	-	-	239	239
Total comprehensive income for the period	**-**	**-**	**-**	**21,702**	**239**	**21,941**
Share-based payment	-	-	-	179	-	179
Dividends	-	-	(15,072)	-	-	(15,072)
Total contributions and distribution recognised directly in equity	**-**	**-**	**(15,072)**	**179**	**-**	**(14,893)**
Balance at 30 June 2018	**6,029**	**467,268**	**60,530**	**102,722**	**(243)**	**636,306**

Year from 1 January to 31 December 2018 (audited)

	Called up share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Cash flow hedge reserve £'000	Total equity £'000
Balance at 1 January 2018	**6,029**	**467,268**	**75,602**	**80,841**	**(482)**	**629,258**
Changes in equity						
Profit for the period	-	-	-	40,276	-	40,276
Fair value gain on cash flow hedge	-	-	-	-	402	402
Total comprehensive income for the period	**-**	**-**	**-**	**40,276**	**402**	**40,678**
Share-based payment	-	-	-	98	-	98
Dividends	-	-	(30,144)	-	-	(30,144)
Total contributions and distribution recognised directly in equity	**-**	**-**	**(30,144)**	**98**	**-**	**(30,046)**
Balance at 31 December 2018	**6,029**	**467,268**	**45,458**	**121,215**	**(80)**	**639,890**

Unaudited Condensed Consolidated Statement of Cash Flows

	Unaudited six months to 30 June 2019 £'000	Unaudited six months to 30 June 2018 £'000	Audited year to 31 December 2018 £'000
Cash flows from operating activities			
Profit before income tax	28,826	21,702	40,276
Share-based payments	58	179	98
Depreciation charge	128	148	299
Finance income	(94)	(46)	(104)
Finance costs	6,408	6,573	12,788
Change in fair value of investment property	(15,680)	(13,600)	(22,375)
	19,646	14,956	31,230
Decrease in trade and other receivables	2,186	14,755	15,451
(Decrease)/increase in trade and other payables	(1,667)	(2,866)	791
(Decrease)/increase in deferred rental income	(15,985)	(12,099)	4,682
	(15,466)	(210)	20,924
Net cash flows generated from operations	**4,180**	**14,746**	**52,154**
Cash flows from investing activities			
Purchase of tangible fixed assets	(21)	-	(1)
Purchase of intangible assets	(235)	(2)	(267)
Purchase of investment property	(4,787)	(36,600)	(54,169)
Interest received	94	25	104
Fixed term deposit	-	-	(10,000)
Net cash flows from investing activities	**(4,949)**	**(36,577)**	**(64,333)**
Cash flows from financing activities			
Dividends paid	(14,645)	(14,928)	(30,144)
Bank borrowings	20,000	16,201	66,801
Repayments of bank borrowings	-	-	(40,630)
Loan arrangement fees paid	(4)	(628)	(2,058)
Finance costs	(5,546)	(5,209)	(11,038)
Net cash from financing activities	**(195)**	**(4,564)**	**(17,069)**
Decrease in cash and cash equivalents	**(964)**	**(26,395)**	**(29,248)**
Cash and cash equivalents at beginning of period	**23,473**	**52,721**	**52,721**
Cash and cash equivalents at end of period	**22,509**	**26,326**	**23,473**

Unaudited Condensed Notes to the Financial Statements

For the period 1 January 2019 to 30 June 2019

1. Accounting Policies

1.1 Trading Period

The condensed interim financial statements of the Group reporting period is from 1 January 2019 to 30 June 2019.

1.2 Going Concern

The Group has performed strongly since IPO, having raised in excess of £600 million from seven equity placements and £390 million of debt. The Group has deployed these funds across a portfolio of operating assets that have stable income streams and potential for capital appreciation. In addition, the Group has committed to a number of developments which will become operational in time for the 2019/20 academic year and beyond. As at 30 June 2019, the Group held £33 million of cash and fixed term deposits that had not been invested in property but is expected to be invested in line with these objectives.

The Group had undrawn debt facilities amounting to £40 million as at 30 June 2019. £55 million of the Group's short-term debt with NatWest will be repaid using the Scottish Widows facility already in place.

The Directors are therefore satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, for a period of not less than 12 months from the date of this report.

1.3 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34, Interim Financial Reporting, as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the Group's independent auditor, BDO LLP, in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 19 August 2019.

The condensed consolidated financial statements presented herein for the period to 30 June 2019 do not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group's Annual Report and Accounts for the year to 31 December 2018 have been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The Group's financial statements have been prepared on a historical cost basis, except for investment property and derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in Sterling, which is also the Group's functional currency.

The accounting policies adopted in this report are consistent with those applied in the Group's statutory accounts for the year ended 31 December 2018 and are expected to be consistently applied during the year ending 31 December 2019.

1.4 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated interim financial statements:

(a) Fair valuation of investment property

The market value of investment property is determined, by an independent real estate valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The valuation experts use recognised valuation techniques and the principles of IFRS 13.

The valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards January 2014 and the UK national supplement 2018 (the "Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths, and location. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 6.

For properties under development the fair value is calculated by estimating the fair value of the completed property using the income capitalisation technique less estimated costs to completion and an appropriate developer's margin.

(b) Operating lease contracts – the Group as lessor

The Group has acquired investment properties which are subject to commercial property leases with tenants. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

1.5 Impact of New Accounting Standards and Changes in Accounting Policies

IFRS 16: Leases became effective on 1 January 2019 and as a result this is the first period under this new standard.

The Group has applied IFRS 16 using the cumulative catch-up approach, without restatement of the comparative information. For leases the Group previously treated as operating leases, the Group elected to measure its right-of-use assets with a lease commencement date of the date of adoption of IFRS 16 (1 January 2019).

The Group has also made use of the allowance available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 14 will continue to be applied to those leases entered into or altered before 1 January 2019.

As expected and detailed in the Group's Annual Report and Accounts for the year to 31 December 2018, the Group's application of IFRS 16 did not cause a material impact on the classification, measurement and recognition of leases within the consolidated financial statements.

While the Group has chosen the modified retrospective transitional approach on adopting IFRS 16, no adjustment was required to be made on adoption.

1.6 Seasonality of Operations

The results of the Group's operating business are closely aligned to the levels of occupancy achieved by the property portfolio in each academic year. Empiric targets 51-week tenancies, with a one-week void period falling in September. This results in slightly lower revenue on the existing portfolio in the second half year combined with slightly higher costs from turning around the rooms for the new academic year.

The Group counteracts this through the development cycle as construction is timed to complete ready for the start of the academic year in September each year. These new properties becoming available increases revenue in the second half year.

1.7 Segmental Information

The Directors are of the opinion that the Group is engaged in a single segment business, being the investment in student and commercial lettings, within the United Kingdom.

Unaudited Condensed Notes to the Financial Statements

For the period 1 January 2019 to 30 June 2019

2. Net Finance Cost

	Unaudited six months to 30 June 2019 £'000	Unaudited six months to 30 June 2018 £'000	Audited year to 31 December 2018 £'000
Finance costs			
Fair value loss on interest rate cap	-	1	1
Interest expense on bank borrowings	5,792	5,514	11,037
Amortisation of loan transaction costs	616	1,058	1,750
	6,408	**6,573**	**12,788**
Finance income			
Fair value gain on interest rate cap	21	21	-
Fair value gain on interest rate swap	-	-	42
Interest received on bank deposits	73	25	62
	94	**46**	**104**
Net finance cost	**6,314**	**6,527**	**12,684**

3. Corporation Tax

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Taxation is recognised in the profit and loss within the Group Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it is also recognised as a direct movement in equity.

Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

4. Earnings Per Share

The number of ordinary shares is based on the time-weighted average number of shares throughout the period.

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

EPRA EPS, reported on the basis recommended for real estate companies by EPRA, is a key measure of the Group's operating results.

Adjusted earnings is a performance measure used by the Board to assess the Group's dividend payments. Licence fees, development rebates and rental guarantees are added to EPRA earnings on the basis noted below as the Board sees these cash flows as supportive of dividend payments.

- The adjustment for licence fee receivable is calculated by reference to the fraction of the total period of completed construction during the period, multiplied by the total licence fee receivable on a given forward funded asset.
- The development rebate is due from developers in relation to late completion on forward funded agreements as stipulated in development agreements.
- The discounts on acquisition are in respect of the vendor guaranteeing a rental shortfall for the first year of operation as stipulated in the sale and purchase agreement.

Reconciliations are set out below:

	Calculation of basic EPS £'000	Calculation of diluted EPS £'000	Calculation of EPRA basic EPS £'000	Calculation of EPRA diluted EPS £'000	Calculation of adjusted basic EPS £'000
Unaudited six months to 30 June 2019					
Earnings	28,826	28,826	28,826	28,826	28,826
Adjustment to include licence fee receivable on forward funded developments in the period	-	-	-	-	991
Adjustment to include discounts on acquisition due to rental guarantees in the period	-	-	-	-	140
Changes in fair value of investment property (Note 6)	-	-	(15,680)	(15,680)	(15,680)
Changes in fair value of interest rate derivatives (Note 2)	-	-	(21)	(21)	(21)
Earnings/adjusted earnings (£'000)	**28,826**	**28,826**	**13,125**	**13,125**	**14,256**
Weighted average number of shares ('000)	602,888	602,888	602,888	602,888	602,888
Adjustment for employee share options ('000)	-	1,549	-	1,549	-
Total number of shares ('000)	**602,888**	**604,437**	**602,888**	**604,437**	**602,888**
Per-share amount (pence)	**4.78**	**4.77**	**2.18**	**2.17**	**2.36**

Unaudited Condensed Notes to the Financial Statements

For the period 1 January 2019 to 30 June 2019

	Calculation of basic EPS £'000	Calculation of diluted EPS £'000	Calculation of EPRA basic EPS £'000	Calculation of EPRA diluted EPS £'000	Calculation of adjusted basic EPS £'000
Unaudited six months to 30 June 2018					
Earnings	21,702	21,702	21,702	21,702	21,702
Adjustment to include licence fee receivable on forward funded developments in the period	-	-	-	-	971
Adjustment to include development rebate receivable on forward funded developments in the period	-	-	-	-	5
Changes in fair value of investment property (Note 6)	-	-	(13,600)	(13,600)	(13,600)
Changes in fair value of interest rate derivatives (Note 2)	-	-	(20)	(20)	(20)
Earnings/adjusted earnings (£'000)	**21,702**	**21,702**	**8,082**	**8,082**	**9,058**
Weighted average number of shares ('000)	602,888	602,888	602,888	602,888	602,888
Adjustment for employee share options ('000)	-	1,657	-	1,657	-
Total number of shares ('000)	**602,888**	**604,545**	**602,888**	**604,545**	**602,888**
Per-share amount (pence)	**3.60**	**3.59**	**1.34**	**1.34**	**1.50**
Audited year to 31 December 2018					
Earnings	40,276	40,276	40,276	40,276	40,276
Adjustment to include licence fee receivable on forward funded developments in the period	-	-	-	-	1,406
Adjustment to include discounts on acquisition due to rental guarantees in the year	-	-	-	-	5
Changes in fair value of investment property (Note 6)	-	-	(22,375)	(22,375)	(22,375)
Changes in fair value of interest rate derivatives (Note 2)	-	-	1	1	1
Earnings/adjusted earnings	**40,276**	**40,276**	**17,902**	**17,902**	**19,313**
Weighted average number of shares ('000)	602,888	602,888	602,888	602,888	602,888
Adjustment for employee share options ('000)	-	984	-	984	-
Total number of shares ('000)	**602,888**	**603,872**	**602,888**	**603,872**	**602,888**
Per-share amount (pence)	**6.68**	**6.67**	**2.97**	**2.96**	**3.20**

5. Dividends Paid

	Unaudited six months to 30 June 2019 £'000	Unaudited six months to 30 June 2018 £'000	Audited year to 31 December 2018 £'000
Interim dividend of 1.25 pence per ordinary share in respect of the quarter ended 31 December 2017	-	7,536	7,536
Interim dividend of 1.25 pence per ordinary share in respect of the quarter ended 31 March 2018	-	7,536	7,536
Interim dividend of 1.25 pence per ordinary share in respect of the quarter ended 30 June 2018	-	-	7,536
Interim dividend of 1.25 pence per ordinary share in respect of the quarter ended 30 September 2018	-	-	7,536
Interim dividend of 1.25 pence per ordinary share in respect of the quarter ended 31 December 2018	7,536	-	-
Interim dividend of 1.25 pence per ordinary share in respect of the quarter ended 31 March 2019	7,536	-	-
	15,072	**15,072**	**30,144**

On 19 August 2019, the Board declared a dividend of 1.25 pence per ordinary share in respect of the quarter ended 30 June 2019, which is to be paid on 20 September 2019 to ordinary shareholders on the register on 6 September 2019.

6. Investment Property

	Investment properties freehold £'000	Investment properties long leasehold £'000	Total operational assets £'000	Properties under development £'000	Total £'000
As at 1 January 2019	796,640	132,732	929,372	41,670	971,042
Property additions	(970)*	21	(949)	15,407	14,458
Change in fair value during the period	11,201	3,937	15,138	542	15,680
As at 30 June 2019 (unaudited)	**806,871**	**136,690**	**943,561**	**57,619**	**1,001,180**
As at 1 January 2018	735,355	113,182	848,537	42,045	890,582
Property additions	12,041	5,343	17,384	24,065	41,449
Transfer of completed developments	17,108	-	17,108	(17,108)	-
Change in fair value during the period	6,176	3,916	10,092	3,508	13,600
As at 30 June 2018 (unaudited)	**770,680**	**122,441**	**893,121**	**52,510**	**945,631**

*The credit recognised in additions relates to a non-cash adjustment from the reversal of construction accruals previously recognised.

Unaudited Condensed Notes to the Financial Statements

For the period 1 January 2019 to 30 June 2019

	Investment properties freehold	Investment properties long leasehold	Total operational assets	Properties under development	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2018	735,355	113,182	848,537	42,045	890,582
Property additions	13,180	7,832	21,012	37,072	58,084
Transfer of completed developments	42,055	-	42,055	(42,055)	-
Change in fair value during the year	6,050	11,717	17,767	4,608	22,375
As at 31 December 2018 (audited)	**796,640**	**132,731**	**929,371**	**41,670**	**971,041**

In accordance with IAS 40, the carrying value of investment property is their fair value as determined by independent external valuers. This valuation has been conducted by CBRE Limited, as independent external valuers, and has been prepared as at 30 June 2019, in accordance with the Appraisal & Valuation Standards of the Royal Institution of Chartered Surveyors ("RICS"), on the basis of market value. This value has been incorporated into the financial statements.

The valuation of all property assets uses market evidence and also includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in Net Asset Value.

All investment property is categorised as Level 3. There have been no transfers between Level 1 and Level 2 during any of the periods, nor have there been any transfers between Level 2 and Level 3 during any of the periods.

The valuations have been prepared on the basis of Market Value ("MV"), which is defined in the RICS Valuation Standards as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion."

The table below reconciles the fair value of the investment property as per the Consolidated Group Statement of Financial Position and the market value of the investment property as per the independent valuation performed in respect of each period end.

	Unaudited six months to 30 June 2019	Unaudited six months to 30 June 2018	Audited year to 31 December 2018
	£'000	£'000	£'000
Value per independent valuation report	1,000,710	945,160	970,570
Plus: long leasehold liability	471	471	471
Fair value per Group Statement of Financial Position	**1,001,181**	**945,631**	**971,041**

The following descriptions and definitions relate to valuation techniques and key unobservable inputs made in determining fair values. The valuation techniques for student properties use a discounted cash flow with the following inputs:

a) Unobservable input: Rental values
The rent at which space could be let in the market conditions prevailing at the date of valuation. The rent ranges per week are as follows:

30 June 2019	30 June 2018	31 December 2018
£93 - £347 per week	£101 - £347 per week	£92 - £343 per week

b) Unobservable input: Rental growth
The estimated average annual increase in rent based on both market estimations and contractual arrangements. The assumed growths in valuations are as follows:

30 June 2019	30 June 2018	31 December 2018
2.57%	2.67%	2.63%

c) Unobservable input: Net yield
The net initial yield is defined as the initial gross income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase. The ranges in net initial yields are as follows:

30 June 2019	30 June 2018	31 December 2018
4.50% - 7.00%	4.50% - 6.25%	4.50% - 6.75%

d) Unobservable input: Physical condition of the property

e) Unobservable input: Planning consent
No planning enquiries undertaken for any of the development properties.

f) Sensitivities of measurement of significant unobservable inputs
As set out in the significant accounting estimates and judgements, the Group's portfolio valuation is open to judgements and is inherently subjective by nature.

As a result, the following sensitivity analysis for the student properties has been prepared by the valuer:

	-3% change in rental income £'000	+3% change in rental income £'000	-0.25% change in yield £'000	+0.25% change in yield £'000
(Decrease)/increase in the fair value of investment properties				
As at 30 June 2019	(41,290)	41,230	48,810	(44,590)
As at 30 June 2018	(38,950)	39,030	45,310	(41,440)
As at 31 December 2018	(40,320)	40,290	47,270	(43,210)

Unaudited Condensed Notes to the Financial Statements

For the period 1 January 2019 to 30 June 2019

7. Borrowings

The existing facilities are secured by charges over individual investment properties held by certain asset-holding subsidiaries. These assets have a fair value of £868 million at 30 June 2019. In some cases, the lenders also hold charges over the shares of the subsidiaries and the intermediary holding companies of those subsidiaries.

A summary of the drawn and undrawn bank borrowings in the period is shown below:

	Bank borrowings drawn 30 June 2019	Bank borrowings undrawn 30 June 2019	Total 30 June 2019
	£'000	£'000	£'000
At 1 January 2019 (audited)	**330,000**	**60,000**	**390,000**
Bank borrowings drawn in the period	20,000	(20,000)	-
At 30 June 2019 (unaudited)	**350,000**	**40,000**	**390,000**
At 1 January 2018 (audited)	**303,829**	**86,201**	**390,030**
Bank borrowings drawn in the period	16,201	(16,201)	-
At 30 June 2018 (unaudited)	**320,030**	**70,000**	**390,030**
At 1 January 2018 (audited)	**303,829**	**86,201**	**390,030**
Bank borrowings from new facilities in the year	30,600	-	30,600
Bank borrowings drawn in the year	36,201	(26,201)	10,000
Bank borrowings repaid in the year	(40,630)	-	(40,630)
At 31 December 2018 (audited)	**330,000**	**60,000**	**390,000**

Any associated fees in arranging the bank borrowings unamortised as at the period end are offset against amounts drawn on the facilities as shown in the table below:

Current borrowings	Unaudited 30 June 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
Balance brought forward	55,500	21,190	21,190
Bank borrowings becoming current in the period	10,000	-	55,500
Less: Bank borrowings repaid in the year	-	-	(30,630)
Bank borrowings drawn down in the year	-	9,440	9,440
Bank borrowings: due in less than one year	65,500	30,630	55,500
Less: Unamortised costs	(114)	(241)	(240)
Current liabilities: Bank borrowings	**65,386**	**30,389**	**55,260**

Non-current borrowings	Unaudited 30 June 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
Balance brought forward	274,500	282,639	282,639
Total bank borrowings in the period	20,000	6,761	66,801
Less: Bank borrowings becoming non-current during the period	-	-	21,190
Less: Bank borrowings becoming current during the period	(10,000)	-	(55,500)
Less: Bank borrowings repaid during the period	-	-	(40,630)
Bank borrowings: due in more than one year	284,500	289,400	274,500
Less: Unamortised costs	(5,016)	(5,010)	(5,510)
Non-current liabilities: Bank borrowings	**279,484**	**284,390**	**268,990**

Maturity of bank borrowings	Unaudited 30 June 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
Repayable within 1 year	65,500	30,630	55,500
Repayable between 1 and 2 years	32,800	65,500	42,800
Repayable between 2 and 5 years	30,000	32,800	10,000
Repayable in over 5 years	221,700	191,100	221,700
Non-current liabilities: Bank borrowings	**350,000**	**320,030**	**330,000**

Fair value of fixed rate debt	Fair value £'000	Book value £'000	Fair value less book value £'000
At 30 June 2019 – unaudited	243,317	217,626	25,691
At 30 June 2018 – audited	197,329	187,799	9,530
As at 31 December 2018	230,677	217,514	13,163

The fair value of the fixed rate debt has been valued by independent financial valuation expert, JCRA. The floating rate debt has been excluded as it is assumed the carrying value will be similar to the fair value.

The fair value of these contracts is determined by discounting the future cash flows estimated to be paid or received under these contracts using a valuation technique based on forward rates derived from short-term rates, futures, swap rates and implied option volatility.

Unaudited Condensed Notes to the Financial Statements

For the period 1 January 2019 to 30 June 2019

8. Net Asset Value ("NAV") Per Share

Basic NAV per share is calculated by dividing net assets in the Statement of Financial Position attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding at the end of the year.

Diluted NAV per share is calculated using the number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

EPRA NAV is calculated as net assets per the Consolidated Statement of Financial Position excluding fair value adjustments for debt-related derivatives.

EPRA NNNAV is the EPRA NAV adjusted to include the fair values of financial instruments and debt.

Net asset values have been calculated as follows:

	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
	£'000	£'000	£'000
Net assets per Statement of Financial Position	653,806	636,306	639,890
Adjustment to exclude the fair value loss of financial instruments	112	422	238
EPRA NAV	653,918	636,728	640,128
Adjustment to include fair value of debt	(25,691)	(9,530)	(13,163)
Adjustment to include the fair value loss of financial instruments	(112)	(422)	(238)
EPRA NNNAV	628,115	627,776	626,727

Ordinary shares	Number	Number	Number
Issued share capital	602,887,740	602,887,740	602,887,740
Issued share capital plus employee options	604,437,181	604,545,037	603,871,448

	Pence	Pence	Pence
NAV per share basic	108.45	105.54	106.14
NAV per share diluted	108.17	105.25	105.96
EPRA NAV per share basic	108.46	105.61	106.18
EPRA NAV per share diluted	108.19	105.32	106.00
EPRA NNNAV per share basic	104.18	103.96	103.95
EPRA NNNAV per share basic	103.92	103.68	103.78

9. Capital Commitments

As at 30 June 2019, the Group had total capital commitments of £25 million (31 December 2018: £38 million) relating to forward funded or direct developments.

10. Related Party Disclosures

Key Management Personnel
Key management personnel are considered to comprise the Board of Directors.

Share Capital
There were no share transactions by related parties during the period.

Share-Based Payments
On 25 April 2019, the Company granted Tim Attlee, Chief Executive Officer, nil-cost options over 43,818 ordinary shares in the Company ("Ordinary Shares") and Lynne Fennah, Chief Financial and Operating Officer, nil-cost options over 57,559 Ordinary Shares relating to the deferred shares element of the annual bonus award for the financial period to 31 December 2018 (the "Annual Bonus Award").

On the same date, the Company granted nil-cost options over a total of 502,757 ordinary shares to Lynne Fennah pursuant to the Empiric Long Term Incentive Plan (the “LTIP”) for the 2019 financial year.

Board Change
On 1 March 2019, the Board announced that Alice Avis MBE had been appointed as Non-Executive Director with effect from 1 March 2019. Alice joined the Remuneration Committee from this date.

Stephen Alston resigned from his position as a Non-Executive Director with effect from 29 March 2019.

11. Subsequent Events

On 19 August 2019, the Board declared a dividend of 1.25 pence per ordinary share in respect of the quarter ended 30 June 2019, which is to be paid on 20 September 2019 to ordinary shareholders on the register on 6 September 2019.

12. Share Premium Cancellation

At the Annual General Meeting (“AGM”) on 2 May 2019, shareholders approved a resolution to cancel the Company’s share premium account, which stood at £467 million. The court order to confirm the cancellation was received on 4 June 2019, following which the share premium account was cancelled. Cancellation results in this capital being treated as realised profit, giving us the flexibility to declare dividends or make other distributions to shareholders, although there is no current intention to do so.

Company Information and Corporate Advisers

Company Registration Number: 08886906
Incorporated in the UK (Registered in England)
Empiric Student Property plc is a public company limited by shares

Registered Office
6th Floor Swan House
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London W1C 1BQ

Directors and Advisers

Directors
Mark Pain (Chairman)
Tim Attlee (Chief Executive Officer)
Lynne Fennah (Chief Financial and Operating Officer)
Jim Prower (Non-Executive Director)
Stuart Beevor (Non-Executive Director)
Alice Avis (Non-Executive Director)

Financial Adviser
Jefferies International Ltd
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Legal Adviser to the Company
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4 More London Riverside
London SE1 2AU

Administrator and Company Secretary
FIM Capital Limited
7 Cavendish Square
London W1G 0PE

Registrar
Computershare Investor Services PLC
The Pavilions
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