



Empiric Student Property plc

Recommended cash and share acquisition of
Empiric Student Property plc (“Empiric”) by
The Unite Group PLC (“Unite”)

August 2025

ESP

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Transaction Overview

Key Transaction Terms

- Under the terms of the Acquisition, for each Empiric Share held, the Scheme Shareholders will be entitled to receive 0.085 New Unite Shares and 32 pence in cash
- Terms have been updated since 4 June 2025 to reflect due diligence position, including increased market caution arising from the normalisation of the sales cycle for AY 2025 / 26, increased cash payment to shareholders and clarity that ESP shareholders will continue to receive dividends up to completion
- Based on Unite's closing share price of 855.5 pence as at 4 June 2025 and, in addition, the Empiric Q2, Q3 and Q4 dividends (totalling 2.8 pence per share)⁽¹⁾ which are expected to be declared and paid to Empiric Shareholders, the Acquisition values each Empiric Share at approximately 107.5 pence and Empiric's entire issued and to be issued share capital at approximately £723 million, representing:
 - a premium of approximately 10% to Empiric's closing share price of 97.3 pence as at 4 June 2025;
 - a premium of approximately 22% to Empiric's three-month volume-weighted average price of 88.3 pence as at 4 June 2025; and
 - a premium of approximately 16% to Empiric's October 2024 capital raise price of 93 pence.
- Excluding Empiric's Q2, Q3 and Q4 dividends, the offer represents an implied EPRA NTA discount of 3.7% based on each of Unite's and Empiric's EPRA NTAs per share as at 30 June 2025.
- In regard to dividends:
 - Empiric shareholders are entitled to 3.7p (in aggregate) per ordinary share in respect of 2025;
 - Empiric dividends will continue to be paid in the ordinary course until completion; and
 - Unite retains the right to make an adjustment to the cash consideration if Empiric shareholders also become entitled to Unite's final dividend for 2025.

Financial Effects of the Transaction to Empiric

- Material accretion to Empiric's earning per share and dividend per share equivalent to 36% and 30% respectively⁽²⁾
- Risk-adjusted £13.7m of cost synergies arising from the transaction
- Continued balance sheet strength, with Empiric's low leverage and the share consideration protecting leverage ratios
- Immediately following completion, Empiric shareholders will hold approximately 10% of Unite

Transaction Rationale

Overview

- In the context of the acquisition, the **Empiric Board has considered the medium and long-term prospects for Empiric**, and particularly the opportunities to increase the scale of the business materially **in an accretive way to generate long term, sustainable returns for Empiric Shareholders**. Empiric shareholders will become shareholders in **larger, more liquid, entity offering** the benefits of greater scale and combination benefits
- The **Board intends unanimously to recommend the acquisition, as it represents an earnings accretive combination** with the Company's larger and only listed peer, at time of increased market caution for both UK REITs and Purpose Built Student Accommodation
- The combination offers compelling strategic benefits whilst **reducing many of the associated uncertainties arising from the Company remaining independent**

Benefits of the Combination

- The compelling financial effects of the combination, include:
 - **Material accretion to Empiric's earning per share and dividend per share equivalent to 36% and 30% respectively⁽¹⁾**
 - **Greater liquidity and cost of capital benefits** through holding shares in a FTSE 100 constituent with an investment grade credit rating; and
 - **A platform for expansion** in the attractive returner and postgraduate segments, with Empiric shareholders gaining exposure to the London market in a meaningful way
 - **£13.7m risk adjusted cost synergies** arising from the transaction that Unite can provide as an established PBSA operator of scale
- The strategic merits of the combination, might reasonably **be expected to drive appreciation in the Unite Share price** above the level at which the Unite Shares currently trade (near a five-year low), **allowing Empiric Shareholders to capture longer term anticipated future value** in the student accommodation sector via exposure to the combined entity

Reasons for the Recommendation

Whilst the Empiric Board remains confident in its strategy, the recommendation is being given in the context of the current environment, there are:

- **Macroeconomic headwinds impacting the broader UK listed REIT market** which include inter alia:
 - **dislocation of share prices** from underlying financial fundamentals such as net asset value;
 - shareholders' desire for higher returns given the significant increase in risk free rates; and
 - **reduced access to capital** which have hindered Empiric's ability to grow materially and exploit the operational opportunities presented by economies of scale
- **Few near or medium-term catalysts to address systemic challenges including:**
 - **Benefits of internalisation and non-core disposal programme have now been captured** in existing margins
 - Outside of UTG opportunity, **the Company has not received any other acceptable proposals over the last five years** including during the extensive engagement with potential capital partners associated with the Company's proposed JV in 2024
 - **Increased market caution has recently affected the UK PBSA sector** as a whole
 - Whilst the Company successfully raised new equity in October 2024, its market capitalisation remains relatively small, some shareholders expressed limited appetite to support future fundraises at significant discounts to Empiric's prevailing net asset value which may **hinder Empiric's future ability to grow** and exploit the opportunities presented by economies of scale

Pro-Forma Portfolio And Customer Overview

Portfolio					Customer Overview				
Property		Empiric	Unite	Pro forma	Student type		Empiric	Unite	Pro forma
	Portfolio value (£m)	1,160	6,150 ⁽¹⁾	7,310		First year undergraduate	25%	56%	53%
	Number of assets ⁽²⁾	74	152	226		Returning undergraduate	34%	27%	28%
	Average age (years)	10	14	13		Postgraduate	41%	17%	19%
	Number of beds	7,717	67,729	75,446	Domicile	UK	31%	72%	68%
	Cluster / studio mix	33% / 67%	89% / 11%	84% / 16%		China	40%	16%	18%
	Net initial yield	5.7%	5.1% ⁽¹⁾	5.2%		Other	29%	12%	14%
	Sustainability	EPC % A-C rated	89.2%	99.7%	96.5%	Booking type	Direct-let	100%	43%
% of renewable electricity		100.0%	99.9%	99.9%	Nominations		-	57%	51%

Transaction Structure And Timetable

Structure and Timetable	<ul style="list-style-type: none">• Recommended offer to be effected by means of Court sanctioned Scheme of Arrangement (the “Scheme”)• Rule 2.7 announcement: 14 August 2025• Publication of Scheme Document: September 2025• Court Meeting and General Meeting: October 2025• Anticipated completion following CMA clearance: Early 2026
Conditions of the Acquisition	<ul style="list-style-type: none">• In order for the Scheme to become Effective, key conditions are:<ul style="list-style-type: none">○ Approval by a majority of Empiric Scheme Shareholders present and voting, representing at least 75% in value of Scheme Shares Voted;○ Confirmation that the CMA will not refer the Transaction to a Phase 2 CMA Review, with any required Phase 1 Remedies being on terms reasonably acceptable to Unite and Empiric; and○ the Court sanctions the Scheme.
Dividend	<ul style="list-style-type: none">• Empiric shareholders entitled to 3.7p (in aggregate) per ordinary share in respect of 2025• Empiric dividends will continue to be paid in the ordinary course until completion• Unite retains the right to make an adjustment to the cash consideration if Empiric shareholders also become entitled to Unite’s final dividend for 2025
Other Details	<ul style="list-style-type: none">• The 2.7 Announcement contains valuation reports in respect of both Empiric and Unite's property portfolios in accordance with Rule 29 of the Takeover Code• Upon the Scheme becoming Effective, it will be binding on all Empiric Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting

Interim Results – Six Months Ended 30 June 2025

Financial

- EPRA Earnings £14.3m, up 5.1% (H124: £13.6m)
- EPRA EPS 2.2p, down 4.3% (H124: 2.3p) following weaker gross margin and impact of capital raise
- Gross margin 68.5% (H124: 72.2%), reduction due to rebasing utilities contract, earlier marketing investment & higher level of bad debt (no-shows)
- Portfolio valuation up 0.8% LfL to £1.2bn
- EPRA NTA up 0.5% to 120.2p (FY24: 119.6p)
- EPRA LTV 30.0% (FY24: 27.2%)
- Weighted average cost of debt 4.5% (n/c)
- Cash and available facilities totalled £73.4 million
- Reconfirmed minimum dividend target of 3.7p for the 2025 financial year

Portfolio Management

- Capital raise deployment on schedule with two acquisitions completed
- Postgrad roll out ahead of plan with four conversions opening in AY2025/26
- Planning consents achieved for a) 310 bed extension at Victoria Point, Manchester; and b) 57 bed development at College House, Bristol
- Completion of planned non-core disposals with two assets sold and further city exit achieved (Canterbury)
- Total disposal programme generates >£155m at 0.4% discount to book

Academic Year 2025/26

- Pace of reservations normalised, with occupancy currently at 77% (H124: 92%)
- Re-bookers account for over 60% of eligible residents
- Like-for-like rental growth for the academic year 25/26 anticipated to exceed 4% (AY24/25: 7%)
- Occupancy rate remains ahead of wider market. With continued growth in applications, we anticipate occupancy rate of 97% or better by end of year.



