

DIRECTORS' DUTIES AND SECTION 172 STATEMENT

Our Section 172 Statement.

Meeting the needs and expectations of our stakeholders is fundamental to the delivery of our purpose, Home for Success. Acting in the long-term interests of all of our key stakeholders, including students, our people, Universities, the communities we operate in, our suppliers and our investors is central to the Board's decision-making process and helps shape the Group's strategy. Our Board also considers the impact of the Company's operations on the environment and the long-term risks posed by climate change.

The Board maintains oversight of the Company's performance, and reserves specific matters for approval, including significant new strategic initiatives and major decisions relating to capital raising and allocation.

The Board receives regular updates from the Executive team, as well as the wider senior management team including the Group People Director, the Director of Strategy and Investor Relations, the Group Energy & Environmental Manager, the Higher Education Director, Head of Fund Management and the Group Legal Director and Company Secretary. Through measurement against long-term objectives, the Board monitors that management is acting in accordance with its agreed strategy and the long-term interests of our key stakeholders.

The following sets out key examples of the Board's response and its decision making through 2020 when performing its duties under Section 172 of the Companies Act 2006:

Section 172	Overview	Relevant links
The long-term	<p>The Board is committed to acting in the long-term interests of all of our key stakeholders.</p> <p>The decisions made in response to Covid-19 were taken with consideration for the long-term success of the business, our reputation and our desire to show leadership within the student accommodation sector. The Company's long-term business strategy was also reviewed by the Board during the year.</p>	<p>Business model page 32</p> <p>Risk management report page 64</p> <p>Board Decision Making pages 102 and 103</p>
Our people	<p>Our people are central to our success as a business.</p> <p>The Board has kept up-to-date with the latest methods of employee engagement, particularly important given the challenges of Covid-19 and remote working. The Board receives regular updates through our designated workforce engagement Non-Executive Director, Elizabeth McMeikan, who attends Employee Panel Forum meetings.</p>	<p>Employee engagement page 94</p>
Business relationships with suppliers, our students and partners	<p>The Board understands the importance of fostering business relationships with students, University partners and suppliers.</p> <p>The Board considered the impact on students and Universities when making decisions to waive rent in response to the Covid-19 pandemic. Consideration was also given to the impact on our supply chain from delays to the delivery of property developments.</p>	<p>Covid-19 case study page 02</p>
Community and the environment	<p>The Board recognises the increasing importance of climate change and the impact our business has on the communities in which we operate. Community engagement is an important part of how we operate and design our buildings.</p> <p>A new Sustainability Strategy was reviewed and approved by the Board during the year, including new targets around our environmental impact and greater ambition around the social value we create in our communities.</p>	<p>Sustainability report page 46</p>
High standards of business conduct	<p>Delivering our Company purpose of providing a Home for Success can only be achieved through the highest standards of business conduct.</p> <p>Our values set our standards of conduct. These were refreshed following the Liberty Living acquisition to include a new value Creating Room for Everyone.</p>	<p>Our values page 90</p> <p>Governance report page 82</p>
Our Investors	<p>The Board recognises that acting fairly in the interests of all shareholders improves the Company's governance, increases investors' confidence and reduces our cost of capital.</p> <p>This year we have regularly engaged with our investors on our performance through the challenges of Covid-19 and also consulted with a significant number of shareholders prior to the June 2020 share placing.</p>	<p>Shareholder engagement pages 38 and 39</p>

Taking stakeholders views into account in Board decision making

The Covid-19 pandemic resulted in significant disruption to the Group's operational and development activities with implications for all of the Group's key stakeholders. The Board had regular video conference calls with the Executive team in addition to the scheduled Board meetings to help oversee and agree the Company's response to Covid-19. This helped to ensure timely and well-informed decision making in a period of rapidly changing circumstances. The Board considered the long term implications for the business, and the views of our wider stakeholders, when making the following key decisions:

- The Board took the decision to forgo rent for students who chose to return home for the remainder of the 2019/20 academic year and extend tenancies at no cost for students unable to return home at the end of their tenancies. The Board took this decision in light of its responsibility to do the right thing for students, while protecting the Group's brand and reputation with parents, Universities and Government. However, the Board also considered the significant financial cost of this move to investors, as well as the Company's ongoing ability to comply with covenants under its debt facilities. With all our properties open and operational throughout the first national lockdown, the Board supported the decision to collect rent under nomination agreements where the Group contracts directly with Universities.
- The Board took the decision to cancel the 2019 final dividend in March 2020 and later suspend the 2020 interim dividend to conserve cash in the business. Throughout the year, the Board regularly re-visited this decision, taking account of the Company's requirements to distribute dividends as part of its REIT status and its objective of delivering sustainable, growing dividends to shareholders.
- The Board continues to monitor progress on the planned works to remove HPL cladding on 19 affected properties. All our buildings have been independently confirmed as safe to occupy with special measures put in place at the affected buildings, including increased building patrols by staff, additional alarm measures and other property specific factors such as sprinklers, fire prevention and evacuation plans.
- Engagement with major shareholders also influenced the Board's decision to proceed with a £300 million equity issue in June 2020, to fund new opportunities to add to the Company's University partnership and development pipeline at enhanced returns.

The Board agreed to proceed at an issue price at a premium to prevailing NAV, ensuring no NAV dilution to existing shareholders, and providing new investment capacity to deliver earnings accretion as new development opportunities are delivered.

- In January 2021, following another national lockdown and with the Government advising students to remain at home, the Board recognised the difficulty students were facing. The Board agreed to support eligible students by providing a 50% rent discount for a total of ten weeks and offering a four week rent free extension to their tenancy agreement over the summer for students to enjoy their University city experience. This discount was extended for up to 10 weeks.

For more information on our Covid-19 response, see pages 2 and 3.

New Sustainability Strategy

The Board understands the growing importance of climate change and environmental, social and governance issues for all our stakeholders. With this in mind, development of a new and more ambitious Sustainability Strategy was a key objective for the Board during 2020:

- The new Sustainability Strategy was developed following a process of stakeholder engagement. The Board reviewed the proposed new Sustainability Strategy in September 2020 which helped validate the focus and level of ambition in this strategy. Subsequently, the Board approved the new strategy in November 2020 including commitments and a roadmap to net zero targets in operations and developments by 2030 and stronger commitments around diversity and inclusion in our workforce. The new Sustainability Strategy recognises the long-term impact of the Group's activities on our climate and society, while also addressing the most material issues facing our customers, employees, University partners and communities.
- The Board established a Sustainability Committee in early 2021 to provide formal oversight and challenge to the execution of the Group's Sustainability Strategy going forwards. Sustainability performance measures are being included in Executive remuneration for the first time in 2021.

For more information on our Sustainability Strategy, including the feedback obtained through our stakeholder engagement exercise, see pages 46 to 63 and for details on our climate change risk, see page 79.