



CAPITAL MARKETS DAY
Coventry

27 April 2016

11:00	Welcome	Mark Allan & Richard Smith
11:15	PRISM <ul style="list-style-type: none">▪ The system▪ The benefits▪ Competitive advantage▪ Demonstration	Richard Smith & Joe Lister
12:15	Lunch	
13:00	Unite in Coventry	Richard Simpson
13:15	Development update	Richard Simpson
13:30	Q&A	Richard Smith, Joe Lister & Richard Simpson
13:45	Coventry tour	Simon Jones & Nick Hayes
15:00	Close	





WELCOME

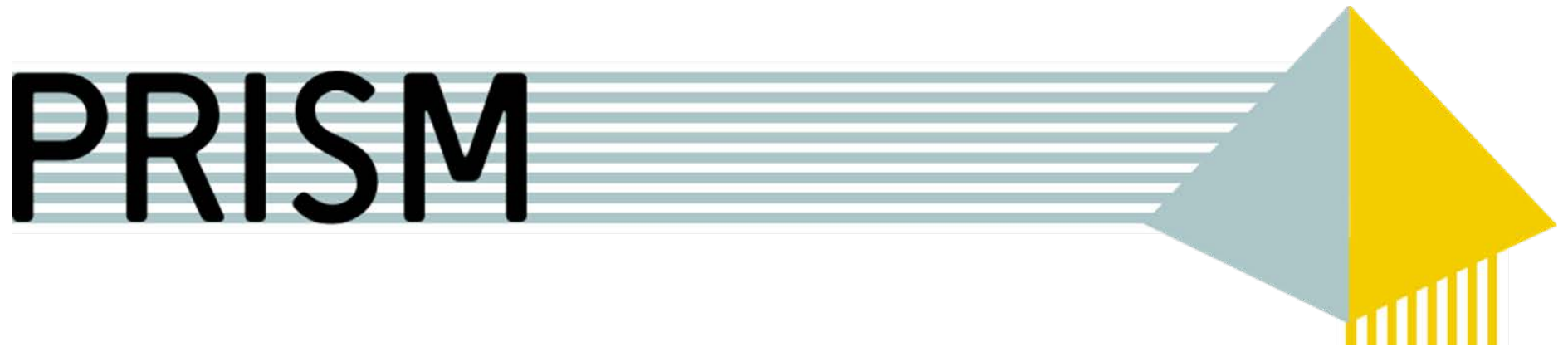
Mark Allan & Richard Smith

CONSISTENT STRATEGY LEAVES US WELL POSITIONED

- Leveraging our trusted brand, high-quality portfolio and strong capital structure to create long-term sustainable value
- Targeting low double-digit, balanced total returns through the cycle

Most trusted brand	Highest quality portfolio	Strongest capital structure
<ul style="list-style-type: none">▪ Brand promise of Home for Success▪ Long-standing relationships with over 50 strong UK Universities▪ Significant investment in technology to drive brand awareness and operational scalability▪ Excellent reputation with international students – tailored product and service▪ 55% of rooms let through universities, 45% direct let	<ul style="list-style-type: none">▪ Targeting 40/60 London / strong regions portfolio split (currently 45/55)▪ Up to 20% of balance sheet in highly accretive development activity<ul style="list-style-type: none">- c.£125m development capex p.a.- 8.0 - 9.0% yield on cost	<ul style="list-style-type: none">▪ 35% LTV – target to remain in low to mid-30%^s▪ Net debt:EBITDA target 6 - 7x▪ Maintaining diversity of debt sources (>70% non-bank) and long maturities (WALM 5 years)▪ Two co-investment structures (USAF and LSAV) enhance equity returns▪ Dividend payout at 65% of EPRA earnings – increasing to 75% on REIT conversion





PRISM

Richard Smith & Joe Lister

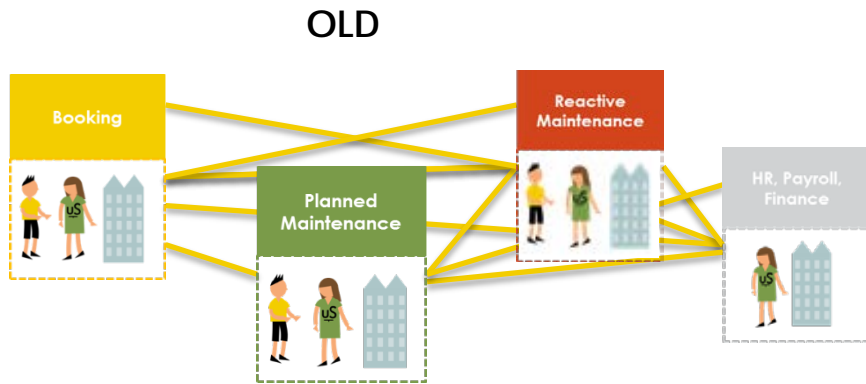
▪ Home for Success launched in 2014

- New, clear and compelling purpose
- Enhancing customer service
- Success being evidenced in stakeholder satisfaction measures
- Strengthening University relationships
- Driving efficiency

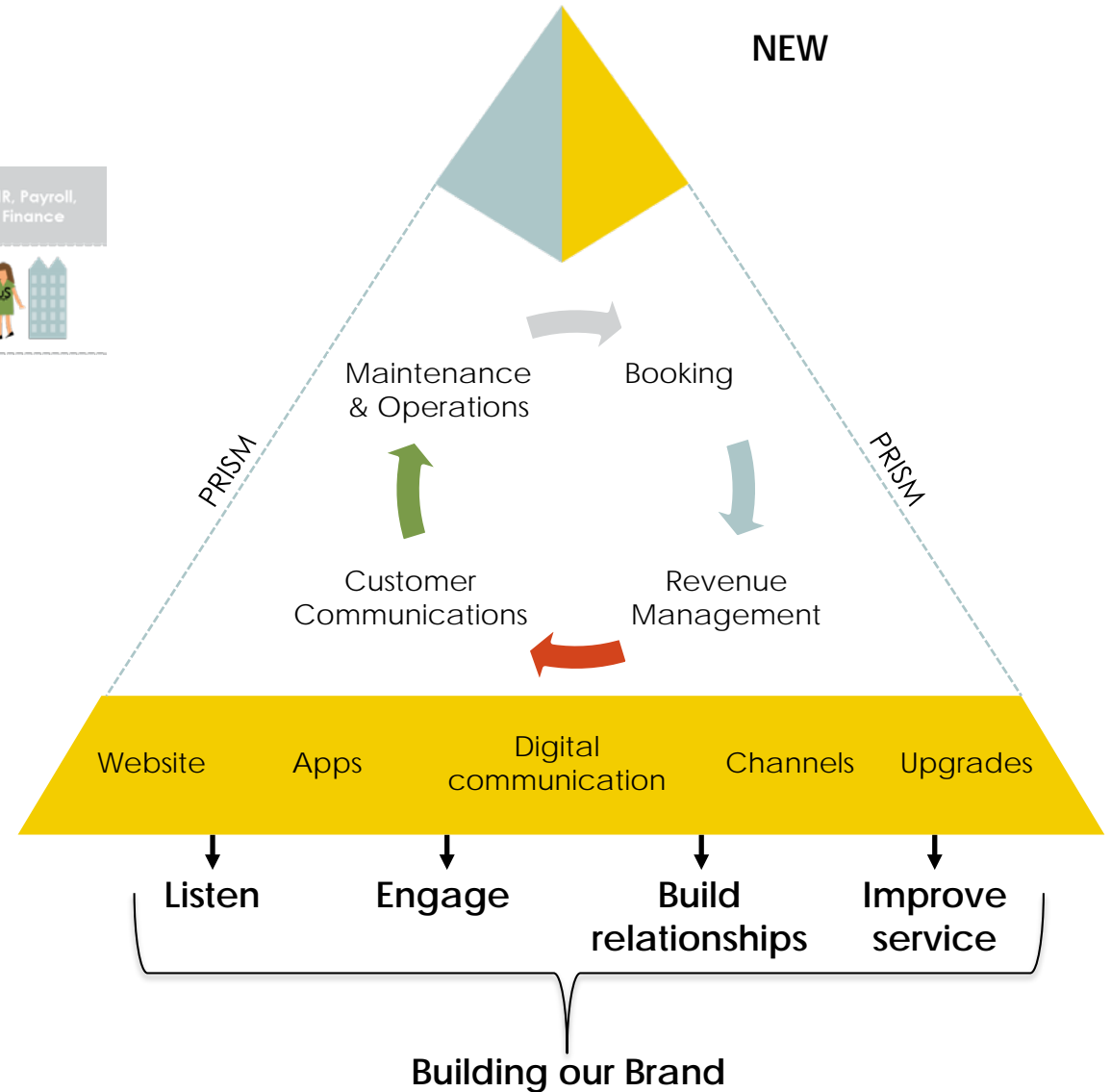
Physical	Digital / PRISM	Service	People
LEDs ✓	Booking system ✓	7-day service model ✓	Brilliant place to work ✓
Common rooms and study rooms ✓	Revenue management ✓	Free communal kitchen and bathroom cleaning ✓	Tailored career paths ✓
Personalisation of space ✓	Maintenance and operations ✓	Student support ✓	Flexible benefits (inc. Living Wage) ✓
Clear identity ✓	Customer communications ✓	Life, spirit and fun ✓	Great communicators ✓



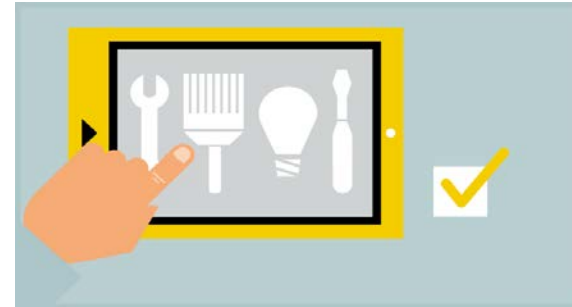
OUR TECHNOLOGY PLATFORM



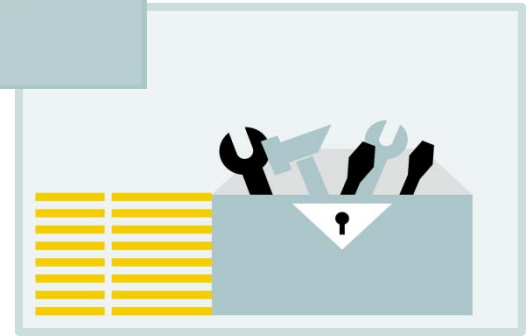
- **Technology**
 - Cost of ownership
 - Repetition and duplication
- **Service provision impacted**
 - Multiple views of the customer
- **Lack of efficiency**



Booking System

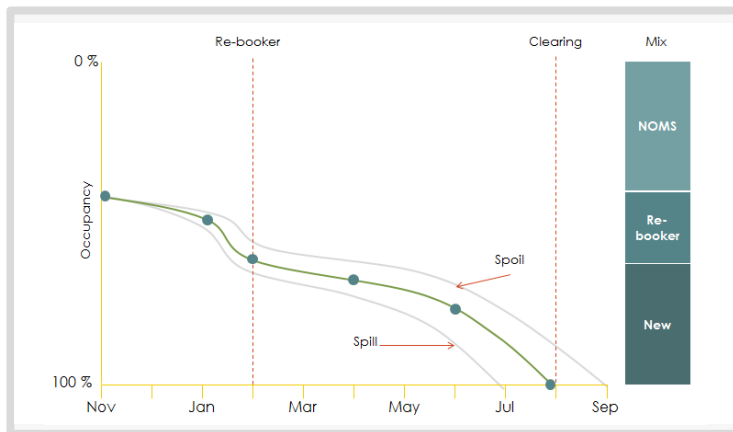


Maintenance & Operations

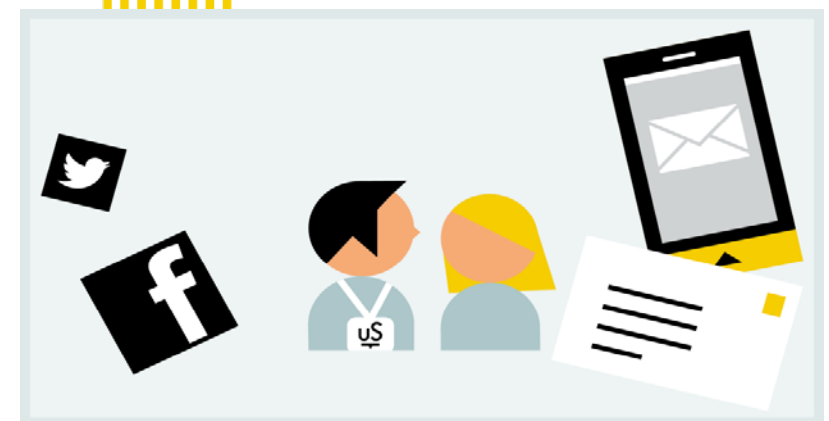


PRISM

Revenue Management

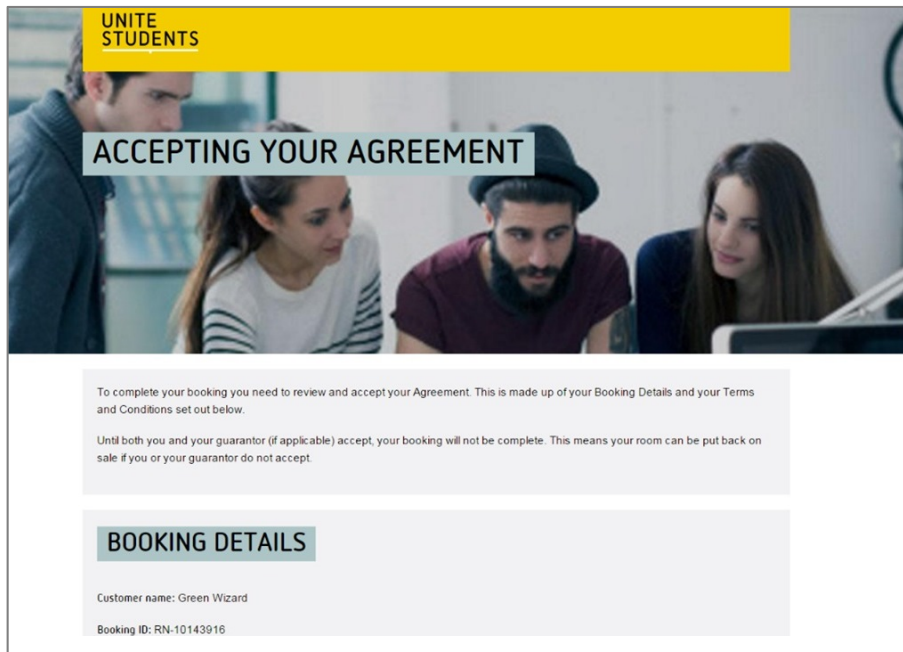


Customer Communications & CRM



▪ New features

- Online tenancies
- Self-service online
- Online room viewing
- Nominations rooms allocation and white labelling potential
- Full mobile capability

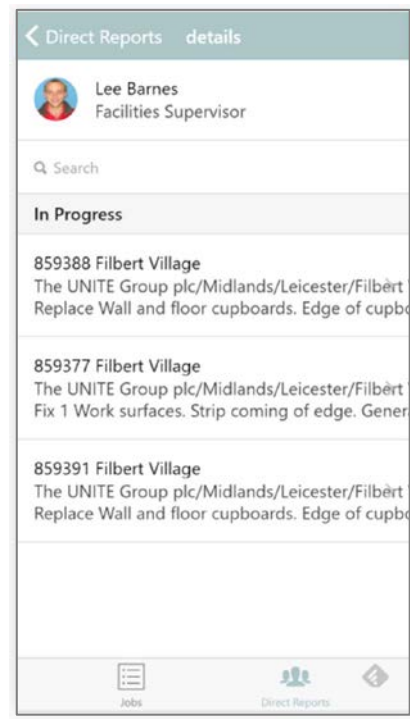


▪ Benefits

- Saves at least 20 minutes processing time per tenancy
- Reduction in physical viewings which take 33 minutes each
- Saves 1 million sheets of paper previously used for tenancies
- 24,000 phone calls saved by no longer having to chase paper tenancies being returned
- Customer friendly process with immediate booking confirmation
- Enhances University interaction with Unite

▪ New features

- Supports our strategic shift from reactive to preventative maintenance
- Appropriately skilled maintenance teams
- Fully integrated with PRISM
- Mobile working for maintenance teams
- Paperless room inspections and photographic evidence
- Link to maintenance and lifecycle plans
- Audit tool



▪ Benefits

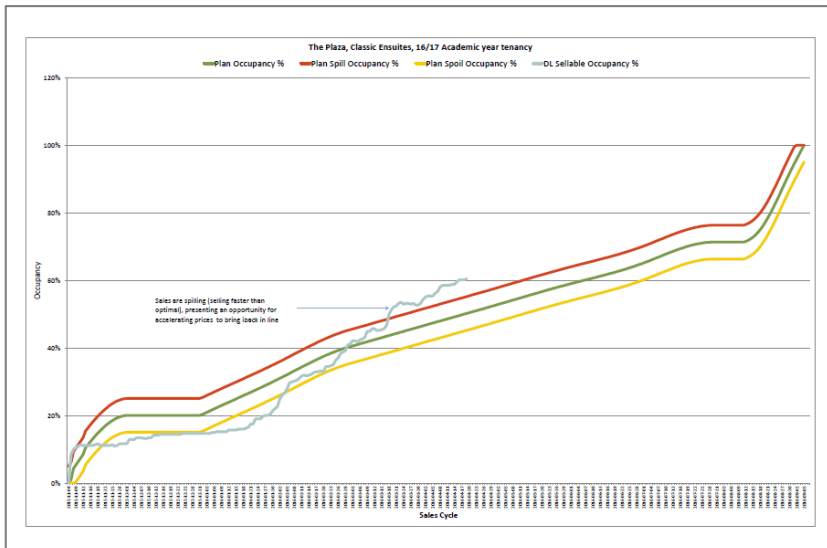
- Automated feedback from 125,000 room inspections
- Reduced reactive call-outs by 7%
- Reduced outsourcing costs by £0.6 million p.a.
- Detailed asset condition reporting
- Improvements to safety
- First fix at c.75%

▪ New features

- Automated demand led pricing mechanism
- Set optimal sale trajectories
- Auto flagging if sales rate increases
- Data driven formula allows informed decisions
- Identify market conditions as they happen
- Encourages quicker conversion

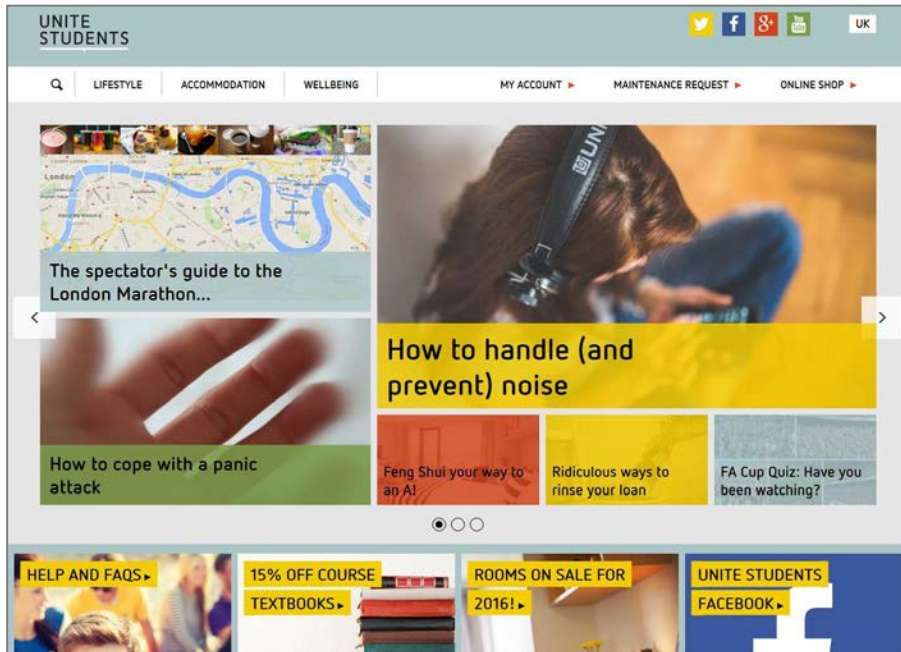
▪ Benefits

- Drives rental growth towards upper end of target
- Tracks the impact of marketing campaigns
- Ability to build multi-year pricing models at a building and city level



■ New features

- Webchat, already 12% of all contacts
- Living with uS app on IOS and Android
- Unite Students Hub
- Bespoke system generated communications



■ Benefits

- Webchat valued highly by international students
- Contact centre advisors can handle 3 webchats at once, as opposed to 1 phone call
- 34% of maintenance issues now reported through the Living with uS app
- 21,400 visits to the Unite Students Hub this academic year, providing key information and student support

PRISM drives significant improvement in service levels and differentiates Unite Students from other operators

University relationships

- Enhanced student experience aligned to University priorities
- Embeds our operational platform in Universities
- Significant reduction in processing time
- Supports student retention and wellbeing
- Enhanced reputation and trust
- Provision of accurate SLAs in areas such as maintenance and safety

Student experience

- Easier booking, increased transparency
- Reduced maintenance SLAs to 24 hours maximum, 7 days a week
- Integrated communications and support at key times in the year
- Service through their communication channel of choice

PRISM



- **£40 million invested into the estate and operating platform over the last 2 years (UTG share £20 million)**
 - Physical – LEDs and common space
 - Digital – PRISM and Wi-Fi
 - Service – 7-day model, kitchen and bathroom cleans
 - People – Living Wage
- **On track for 3-year pay back**

Margin improvements

2013: 71.4%
2015: 72.5%
Target: 75%

Identified further savings:

	<u>£m</u>
Revenue growth	1.5
Booking system	1.0
Maintenance	1.0
LED savings	1.5
Reinvestment into service	<u>(1.5)</u>
	3.5

Overhead efficiency

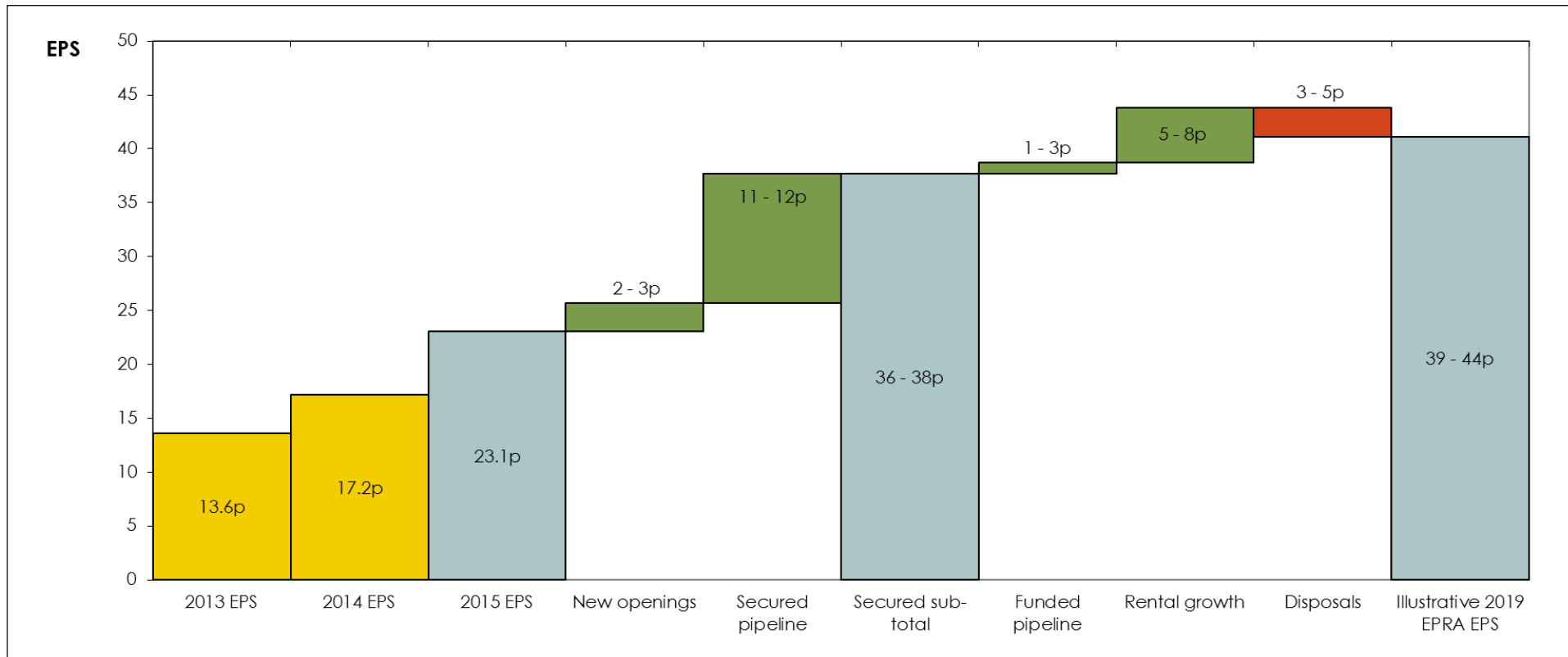
2013: 61bps
2015: 48bps
Target: 25 - 30bps

Identified further savings:

	<u>£m</u>
Increased fees	1.5
Efficiency savings	2.5
Additional depreciation	<u>(1.0)</u>
	3.0



- Earnings growth prospects supported by high-quality development programme, positive rental growth outlook, brand and operating platform



Assumptions:

- Development pipeline delivered in line with forecast
- Rental growth of 2-4% p.a.
- Disposals of £150-225m assumed over the period
- Conversion of convertible will dilute earnings by c.1p (not shown above)
- Overheads increase with inflation

Note: Illustrative earnings progression demonstrating building blocks of growth (not profit forecast)



- Efficiency of management and customer service becoming increasingly important
- Consolidators and newer operators still establishing platforms
- Investment into brand and operating platform is a differentiator in the sector

Owner	Country	Operator/brand	Beds (approx.)		Internal management	Development capability	Comments
			Operational	Development			
Unite	UK	Unite Students	46,000	7,000	✓	✓	Includes USAF and LSAV
PGGM/Ginkgo Tree	NL / China	UPP	30,000	2,000	✓	✓	PFI, leaseholds structures
Vero	US	Greystar/Prodigy/iQ	23,500	-	✓	✗	Goldmans/iQ merger
CPPIB	Canada	Liberty Living	20,000	-	✓	✗	Includes Student Castle properties
Sanctuary	UK	Sanctuary/Cosmopolitan	13,000	-	✓	✓	Housing Association
Campus Living	Aus	Campus Living	9,000	-	✓	✓	
Temasek	Singapore	Mansion	8,000	-	✓	✗	Formerly Mansion
Empiric plc	UK	CRM	3,500	-	✗	✗	Developing Hello platform
GCP plc	UK	Scape	1,800	-	✓	✗	
Variety	Variety	Derwent	18,000	-	✓	✗	Third-party operator
Variety	Variety	CRM	13,000	-	✓	✗	Third-party operator
Variety	Variety	Watkin Jones Fresh	8,000	10,000	✓	✓	Third-party operator and developer
Others	Variety	Variety	28,200	26,000			
			222,000	45,000			

Source: CBRE, Unite



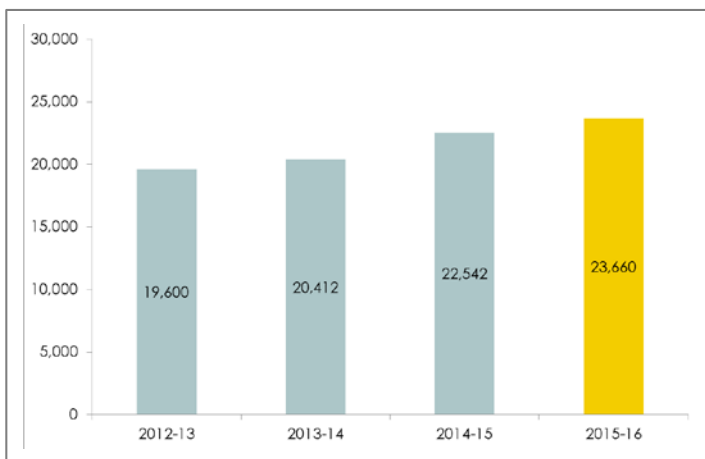
UNITE IN COVENTRY

Richard Simpson

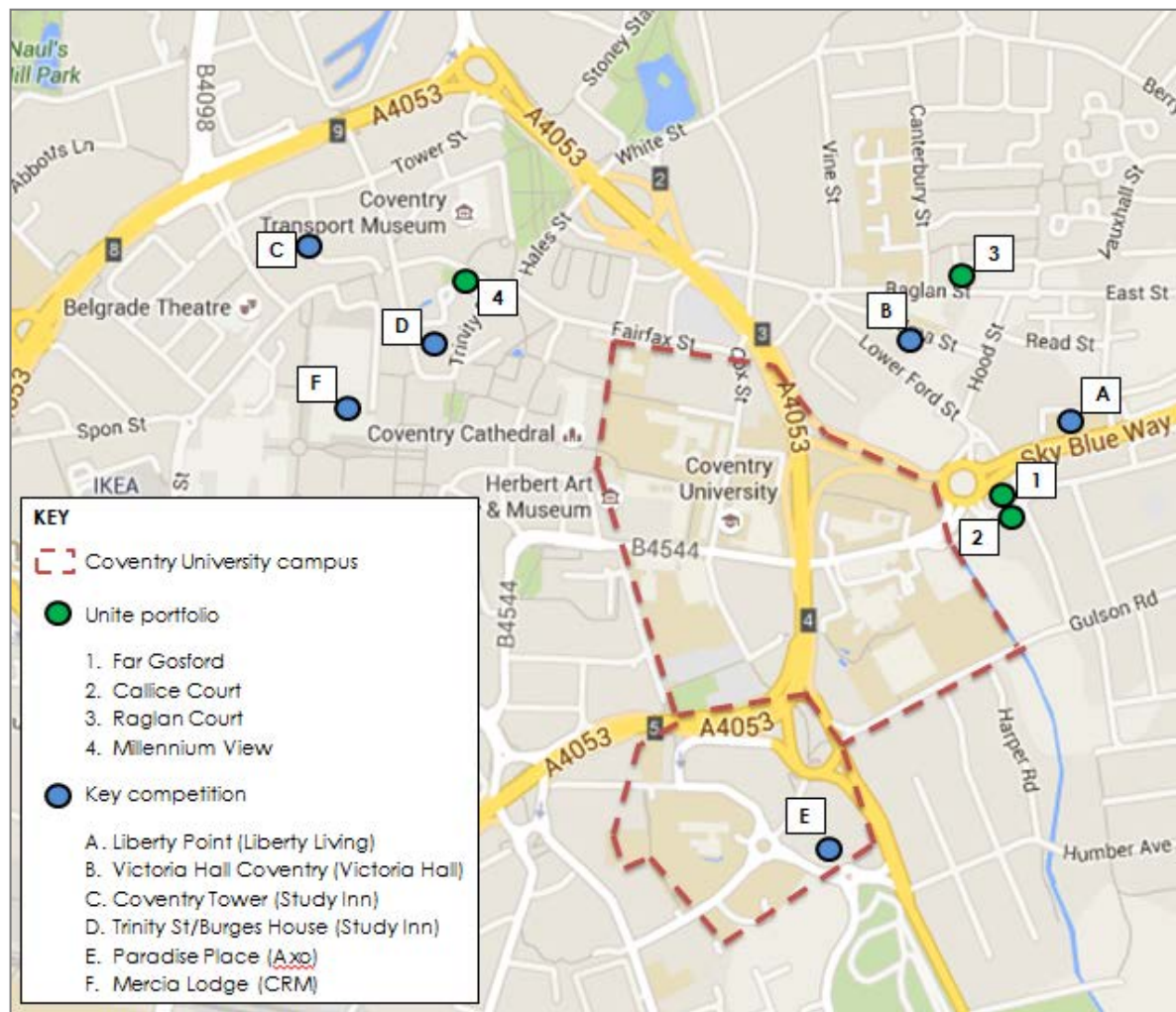
Coventry University

- Growing student population
- Improving Times ranking – now a top 50 University
- Growth outlook maintained – University plans to grow by a further 5,000 students

Number of full-time students



Source: HESA, Unite estimates



- **Unite beds**
 - Operational:
 - Callice Court and Raglan Court – 948 beds
 - Development:
 - Far Gosford and Millennium View – 677 beds
- **Best located portfolio in the city**
- **Strong relationship with Coventry University**
 - 1,151 (93%) beds under nominations agreement in 16/17
- **Low supply ratio**
 - Currently 29% PBSA: Students seeking accommodation
 - Increases to mid-30% with pipeline in 17/18
- **Unite portfolio well placed against further new supply**
 - First mover advantage / better locations
 - University relationships
 - Cluster focused portfolio

Supply pipeline data

Competitors	15/16	16/17	17/18
Unite Students	948	1,234	1,625
Coventry University	1,557	1,557	1,557
Study Inn	1,014	1,014	1,014
Liberty Living	817	817	817
Victoria Hall	405	405	405
Axo Student Living	252	252	252
Other	-	155	155
CRM	150	150	150
Apollo House	134	134	134
Uni City Lodge	60	60	60
Total	5,337	5,778	6,169



Far Gosford



Millennium View





PROPERTY AND DEVELOPMENT UPDATE

Richard Simpson

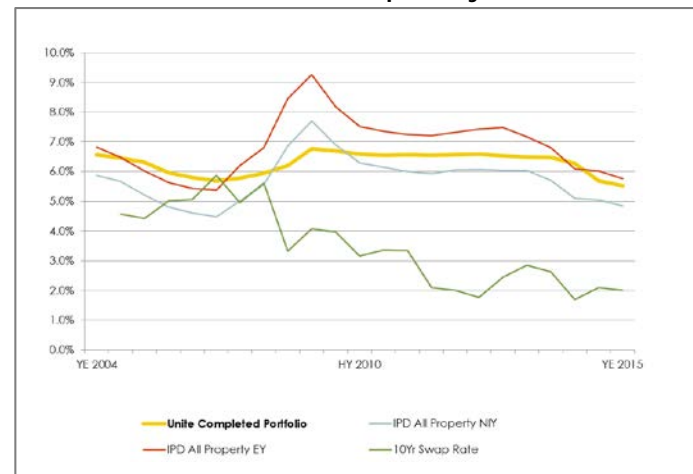
Recent transactions

- New institutional buyers for portfolios at yields 25 - 50bps below Unite valuations
- Avenue Capital portfolio sold to Brookfield at c.5.25% NOI yield
 - Good quality regional portfolio
- Mansion portfolio sold to Temasek at c.5.5% NOI yield
 - Secondary regional / London portfolio
- Transaction activity returning to a more normalised rate

Valuations

- USAF quarterly valuation at 5.65% yield – 8bps compression
- LSAV quarterly valuation at 4.97% yield – 5bps compression
- Stamp duty changes reflected in quarterly valuations – minimal impact due to Multiple Dwelling Relief

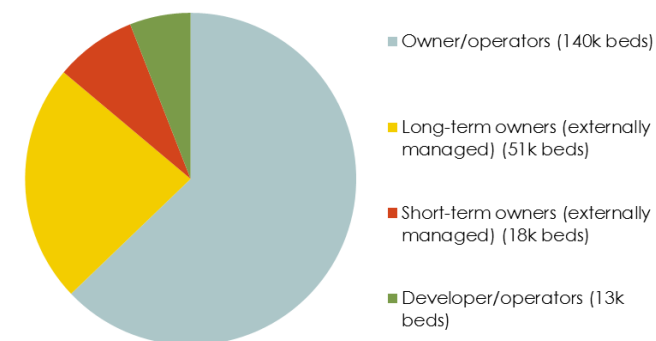
Yield and swap analysis



Source: IPD, Unite

Competitive environment

Total: 222k beds, c.£20 billion



Source: Unite estimates

▪ Good progress with secured pipeline

- Pipeline increased from 5,600 beds to over 7,000
- Planning secured in Coventry
- Planning progressing well in Bristol
- New site secured in Liverpool

▪ Gaining momentum on 2019 pipeline

- Three further sites under offer for 18/19 delivery in line with target returns on a subject to planning basis
- 2019 pipeline funded from disposals
- Build cost inflation moderating

	Target delivery	Secured beds	Total completed value (£m)	Total Development costs (£m)	Forecast yield on cost
Regional wholly owned					
Causewayend, Aberdeen	2016	399	38	24	9.8%
Greetham Street, Portsmouth	2016	836	60	42	9.3%
Far Gosford, Coventry	2016	286	25	18	9.4%
Tara House, Liverpool	2017	776	61	46	9.3%
St Leonards, Edinburgh	2017	581	58	41	9.5%
Constitution Street, Aberdeen	2017	600	58	43	9.3%
Millennium View, Coventry	2017	391	35	24	8.7%
Newgate Street, Newcastle	2018	569	48	36	8.5%
Old BRI, Bristol	2018	604	84	62	8.4%
Brunel House, Bristol	2018	228	26	19	8.5%
Skelthorne, Liverpool	2019	1,043	90	70	8.0%
Total regional wholly owned		6,313	583	425	8.9%
LSAV					
Stapleton House, London	2016	862	144	86	8.8%
Olympic Way, London	2016	699	79	49	9.0%
Total LSAV		1,561	223	135	8.9%
Unite share of LSAV		781	112	67	8.9%
Total pipeline (Unite share)		7,094	695	492	8.9%





TheHub

Students' Union:
Square One

Student Services:
Health and Wellbeing
Spirituality and Faith
Careers and Employability

thefutureworks

Food Court

Institute of Applied
Entrepreneurship

COVENTRY TOUR

Simon Jones & Nick Hayes