

Interim Results Presentation

For six months ended 30 June 2005

The heart of
student living

UNITE



Caring ✓

Working together ✓

Taking the lead ✓



INVESTOR IN PEOPLE

Key themes

- **3.7% adjusted NAV per share growth**
 - rental growth
 - yield compression
 - development activity
 - 11.0% before stamp duty impact
- **Solid earnings performance**
 - operating profits from portfolio up 20% to £25.8m
 - anticipated like-for-like revenue growth of 7.2%
 - further margin improvements
- **Asset class established**
 - strong investor demand for UNITE product
 - yield conservative relative to broader Real Estate
- **Market fundamentals remain strong**
 - 8.2% increase in F/T undergraduate applications
 - overseas applications up 7.8%
 - Demand continues to outstrip supply



Discovery Heights, Plymouth

Headline results

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	H1 05	H1 04	
Net asset value			
Basic NAV per share (IFRS)	287p	277p	↑ 3.6%
Adjusted NAV per share	346p	322p	↑ 7.5%
Adjusted NAV per share (fully diluted)	340p	313p	↑ 8.6%
Earnings			
Profit for the period (IFRS)	£10.3m	£8.9m	↑ 15.7%
Portfolio operating profit	£25.8m	£21.5m	↑ 20.0%
Operating margin	65.6%	65.3%	↑ 0.3%
Portfolio			
Portfolio value	£1.12bn	£1.05bn	↑ 6.7%
Completed and managed beds at September	30,996	26,319	↑ 17.8%
Gearing (on adjusted NAV)	194%	197%	↓ 3.0%

Operational update

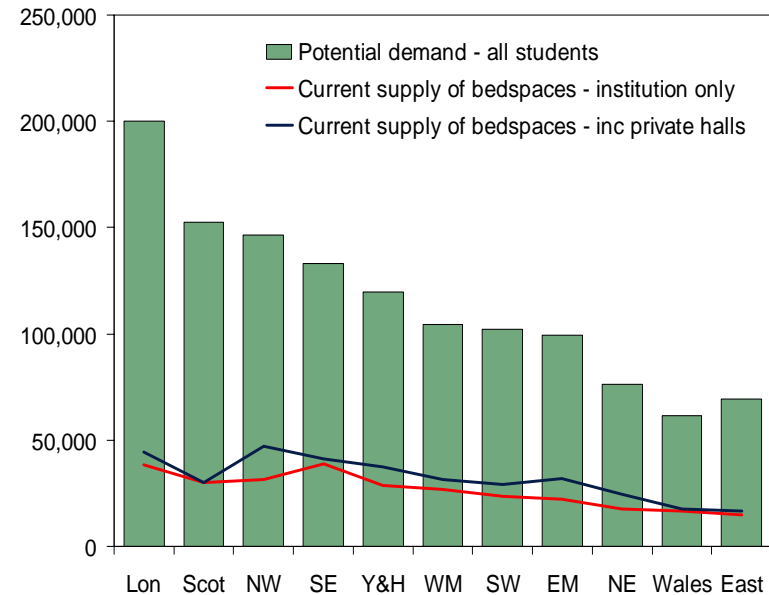
- **Hospitality Services**
 - optimising local delivery platform
 - solid reservations performance (92.5% at Sept 05)
 - customer recommendation at 88%
- **Development**
 - city strategies for each target town
 - planning consents
 - principal construction partners
 - enhanced customer experience community spaces – 3 student villages
- **Manufacturing**
 - record six month output
 - improved delivery performance
- **People**
 - Customer First
 - Investors in People accredited
 - one of Britain's top employers*



Student market update

- **Continuing upward trend in student numbers**
 - Overall demand - 1.4 million full time students
 - Applications to full time UK Higher education courses up 8.2% (UCAS)
 - 16% of all full time HE students are overseas (HESA)
 - Total student numbers (including overseas) forecast to increase by 9.6% over four years (HEFCE)
 - Growth most significant amongst female students
- **Supply of student accommodation**
 - 300,000 owned and managed by UK universities less than a quarter of potential demand
 - 100,000 bed shortfall for 1st year students
 - 600,000 2nd/3rd years in poor quality private landlord (HMO) sector
 - Housing Act: 2006

Potential demand



*Source: Savills 2005



Net asset value growth

Key Indicators	Jun 05 pps	Jun 04 pps	Dec 04 pps
NAV per share (IFRS)	287	277	289
Provision for deferred tax	42	45	46
MTM of interest rate hedges	17	-	-
Adjusted NAV per share	<u>346</u>	<u>322</u>	<u>335</u>
Fully diluted	340	313	328
Gearing (on adjusted NAV)	194%	197%	197%
	£m	£m	£m
Capex - UNITE	68	96	183
- JVs	<u>29</u>	<u>9</u>	<u>18</u>
	<u><u>97</u></u>	<u><u>105</u></u>	<u><u>201</u></u>

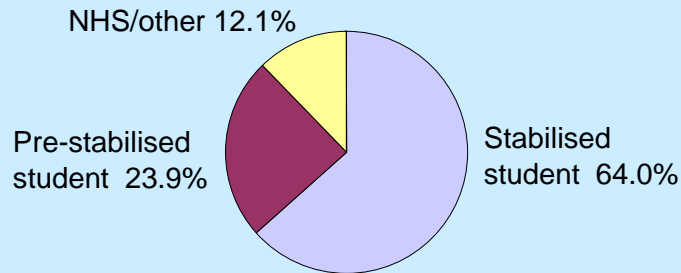
	£m	pps	% NAVPS fd
<u>Investment portfolio</u>			
- Rental growth	16.8	14.6	4.5%
- Yield compression	14.5	12.6	3.8%
<u>Development portfolio</u>			
- Development profits	8.0	6.9	2.1%
- Yield compression	0.7	0.6	0.2%
	<u>40.0</u>	<u>34.7</u>	<u>10.6%</u>
Retained earnings	(0.4)	(0.3)	(0.1)%
Share issuance	0.5	1.7	0.5%
	<u>39.6</u>	<u>36.1</u>	<u>11.0%</u>
Underlying growth			
Removal of stamp duty exemption			
- Investment portfolio	(20.3)	(17.6)	(5.4)%
- Development portfolio	(7.2)	(6.3)	(1.9)%
	<u>12.6</u>	<u>12.2</u>	<u>3.7%</u>
Adjusted fd NAV growth	<u><u>12.6</u></u>	<u><u>12.2</u></u>	<u><u>3.7%</u></u>

The investment portfolio

	Beds	£m
Completed properties		
- wholly owned	24,350	952
- JVs	723	50
	<hr/>	<hr/>
	25,073	1,002
JV partner share	(506)	(35)
	<hr/>	<hr/>
UNITE share	24,567	967
	<hr/>	<hr/>

Average stabilised yield 6.46% (Dec 04: 6.56%)

Breakdown of Investment Portfolio:



Capital growth	£m	% total portfolio
Rental growth	16.8	1.8%
Yield compression	14.5	1.5%
Removal of stamp duty exemption	<hr/>	<hr/>
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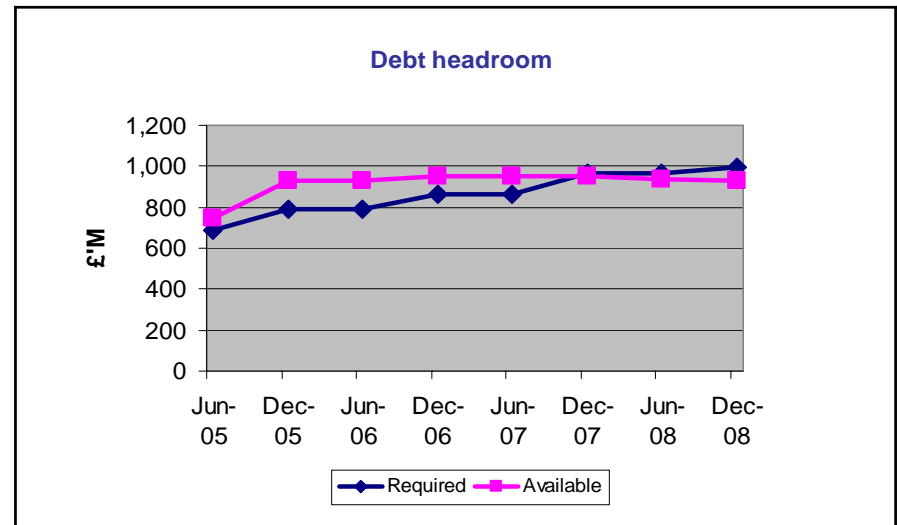
UNITE yield vs UK Commercial Property



The development portfolio

Secured future developments	Beds	Completed Value £m	Average Stabilised Yield
	2005 - UNITE - JV	3,124 1,553	116 77
2006 - UNITE - JV	2,823 1,427	135 75	6.90% 6.89%
2007+	3,755	182	6.96%
	<u>12,682</u>	<u>585</u>	<u>6.87%</u>

Built out NAV	£m	pps
NAV to recognise: wholly-owned	45	40.3
NAV to recognise JVs	18	16.1
JV partner share	(11)	(9.9)
	<u>52</u>	<u>46.5</u>
Built-out adjusted NAV (pps)		<u>392.5</u>
<i>31 December 2004</i>		<i>380.0</i>



Capital Cities Joint Venture

- Initial transaction closed March 2005
 - 1,114 beds sold to JV : £78.4m
 - 5.9% initial yield
 - 6.3% stabilised yield
 - £350m business plan
- Accounting impact
 - £0.3m profit on disposal
 - £0.5m set up costs expensed
 - equity accounted
- Progress in line with plan
 - 4 projects secured on behalf of JV
 - 751 bed spaces

Student Village Joint Venture

- The Forge, Sheffield Student Village
 - 1,162 beds opened on time for 2005/06 academic year
 - Strong lettings performance
 - Transaction closed April 2004 at 7.25% stabilised yield
- The Plaza, Leeds
 - 968 beds to be opened for 2006/07 academic year
 - 15 storey building, city centre location
 - Transaction closed August 2005 at 6.9% stabilised yield

Portfolio performance

Half year performance

	H1 05 £m	H1 04 £m
Gross rental income	41.8	32.9
Direct operating costs	(12.0)	(7.6)
Portfolio overhead	<u>(4.0)</u>	<u>(3.8)</u>
Portfolio operating profit	25.8	21.5
JV contribution	(0.1)	-
Net interest cost	(21.2)	(17.2)
Portfolio profit	<u>4.5</u>	<u>4.3</u>
<i>Operating margin*</i>	65.6%	65.3%

*On whole portfolio under management

2005/06 Academic Year

	05/06	04/05
Total beds in operation	30,996	26,319
Reservations at 13 Sept	<u>92.5%</u>	<u>92.2%</u>
Like-for-like revenue growth		
– Stabilisation	3.1%	3.3%
– Core rental growth	4.1%	3.5%
	<u>7.2%</u>	<u>6.8%</u>

Earnings performance

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	H1 05 £m	H1 04 £m	FY 04 £m
Portfolio profit (inc share of JVs)	4.5	4.3	4.0
Non rental profits	1.4	-	1.2
	<u>5.9</u>	<u>4.3</u>	<u>5.2</u>
Corporate costs	(2.6)	(2.4)	(4.1)
Pre contract development costs	(1.6)	(1.3)	(2.4)
Core profit before tax	1.7	0.6	(1.3)
Other items	(0.2)	(0.4)	(2.5)
Major IFRS items:			
Revaluation of investment portfolio/JVs	11.0	9.9	20.9
Ineffective hedge charge (2005 only)	(2.8)	-	-
Profit before tax per income statement	9.7	10.1	17.1
Tax credit/(expense)	0.6	(1.2)	0.2
Profit for period	<u>10.3</u>	<u>8.9</u>	<u>17.3</u>

UNITE Development

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- Over 26,000 beds of total portfolio designed and developed by UNITE
- Credit committee approval process for all new developments
- Strong ongoing development margins (20-25% profit on cost)
- Strong depth of future development pipeline
- 100th Planning consent achieved 3rd March 2005
- 105 planning consents achieved from 30 different authorities
- Substantial development lead-time benefit from modular construction
- Significant benefits from construction partnering relationships

Mary Brancker House, London



Completed properties

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Joseph Stones House,
Leeds



Piccadilly Court, London



Blenheim Court, Bristol



The Forge, Sheffield



St Peters II, Nottingham



Purbeck House, Bournemouth

Case Study: The Heights Birmingham

- 908 beds delivered in two phases:
 - Phase I (2004) 561 beds
 - Phase II (2005) 347 beds
- Complex acquisition process
- Planning 5 and 8 months respectively
- Development periods 13 and 9 months respectively
- Completed valuation £42.2m (yield 6.75%)
- Reservations for 2005/06 academic year: 94%



Unlocking markets: Birmingham

Demand

University of Birmingham	21,752
Aston University	6,220
University of Central England	13,740
Other Higher Education institutions	4,054
TOTAL	45,766

Supply

Live with parents (UK average 16.9%)	10,052	(22%)
In University accommodation (UK average 25.5%)	10,907	(24%)
Currently in HMO	24,807	(54%)

Professional Landlords supply

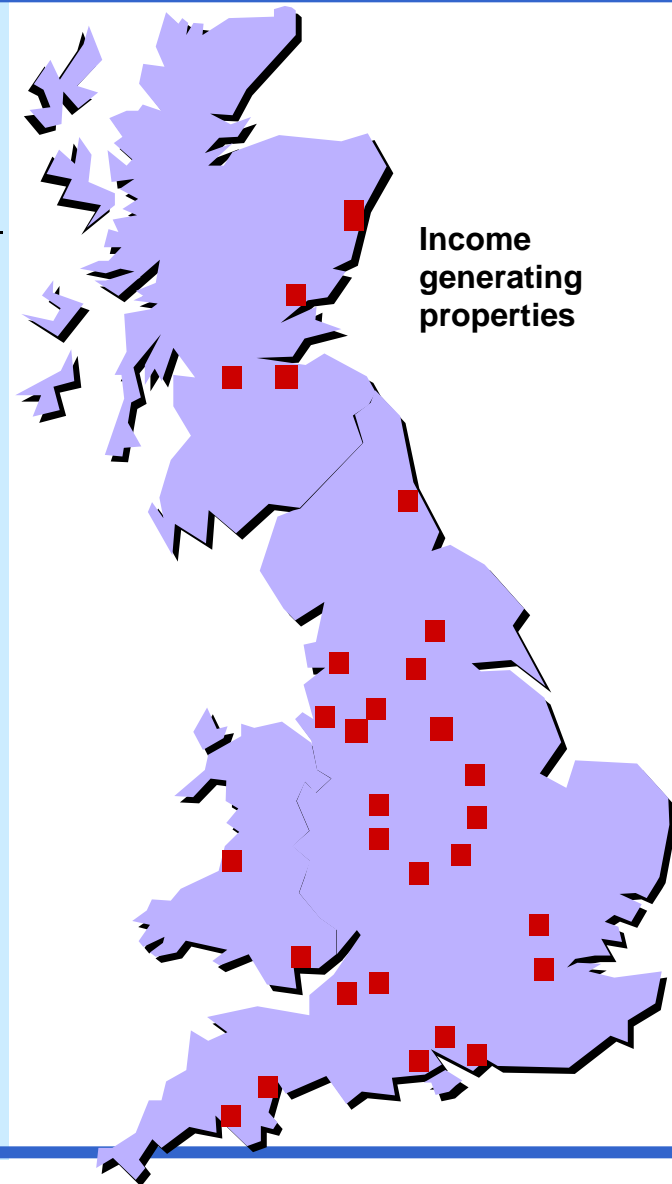
	UNITE	OTHERS	
In development	1,138	1,200	
Existing	1,097	656	
Professional landlords total			4,091
3 year average growth rate			27%
UNITE's market share (forecast Dec. 2006)			3%

UNITE Top 10 Markets

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2006 Rank	2005 Rank	City	Expected Completed Beds 12/06	Expected Completed Beds 12/05	FT Student Numbers (03/04)	Projected Market Share 12/06	3 Yr Growth in FT Student Numbers
1	(4)	Sheffield	3,132	2,365	39,734	8%	12%
2	(3)	London	3,084	2,564	196,727	2%	17%
3	(1)	Bristol	3,082	3,082	32,344	10%	11%
4	(2)	Liverpool	2,832	2,832	36,360	8%	14%
5	(5)	Manchester	2,345	2,345	54,296	4%	14%
6	(10)	Leeds	2,215	1,251	47,066	5%	24%
7	(6)	Glasgow	1,777	1,561	45,800	4%	7%
8	(9)	Cardiff	1,612	1,278	26,842	6%	13%
9	(12)	Birmingham	1,538	1,097	45,766	3%	27%
10	(7)	Portsmouth	1,402	1,402	15,008	9%	22%
			23,019	19,777	539,943	4%	
Other target markets (23 cities)			9,686	8,678	496,070	2%	15%



Note: Includes beds under management and full share of beds in JV's

Summary and outlook

- Strong business performance
 - rental growth
 - yield compression
 - development activity
- Continued imbalance of supply and demand
- Strong occupancy
- Asset class established – conservative yields

- Unlocking future development growth
- Building upon recognised brand



Appendices

- Our property portfolio

Our property portfolio

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	Beds	Properties	Completed value £m	Average stabilised yield
Completed Portfolio:				
2003 and prior	19,705	79	757	6.43%
2004 completions	4,645	13	195	6.63%
Joint venture properties	723	4	50	6.31%
	25,073	96	1,002	6.46%
Beds under management	1,246	4	-	-
Development portfolio:				
2005 - UNITE	3,124	7	116	6.63%
- Joint ventures	1,553	3	77	6.95%
2006 - UNITE	2,823	8	135	6.90%
- Joint ventures	1,427	3	75	6.89%
2007+	3,755	8	182	6.96%
	12,682	29	585	6.87%
Total	39,001	129	1,587	6.61%

Note: Includes 100% share of assets held in JVs