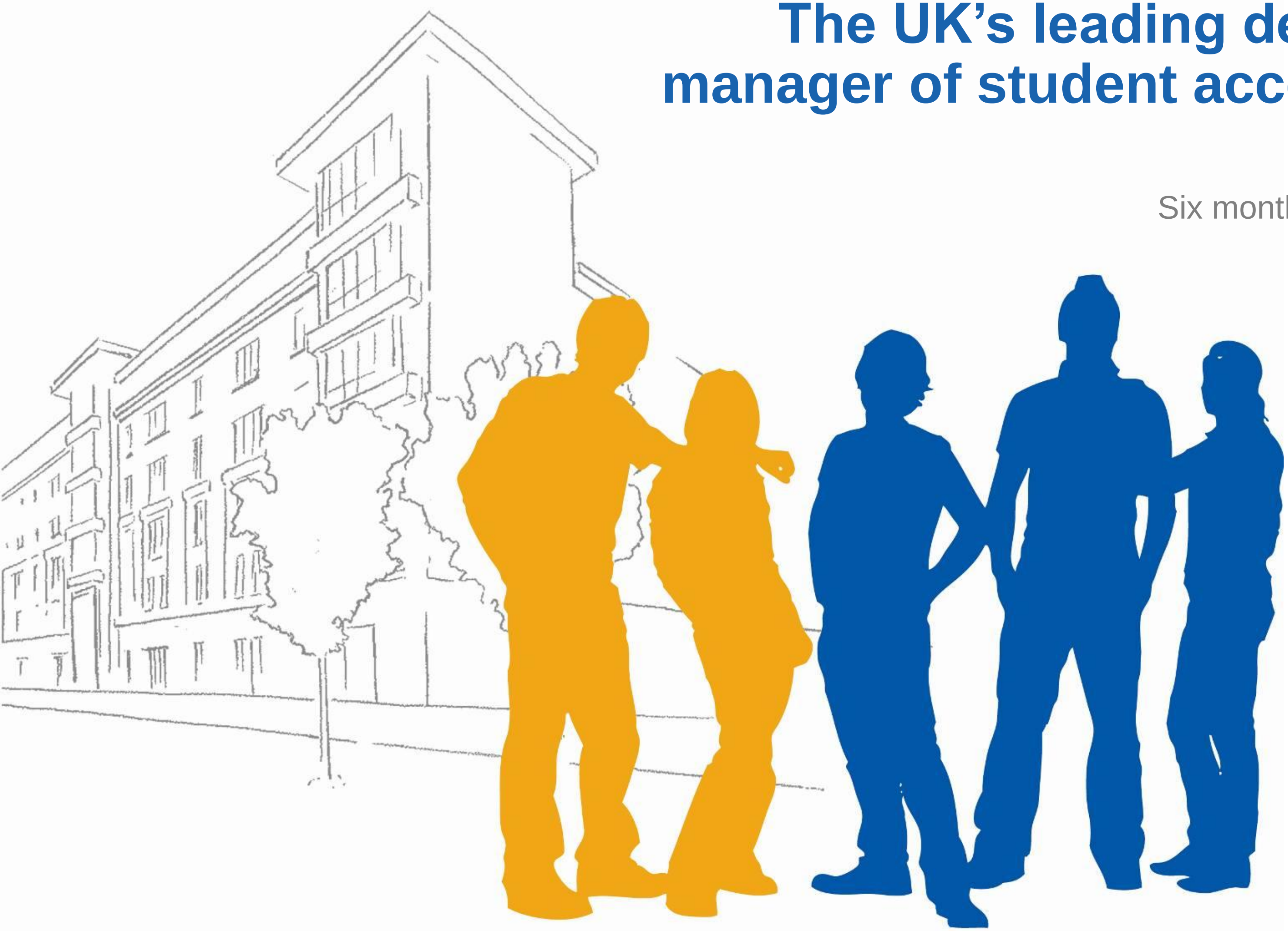
The heart of student living UNITE

The UK's leading developer and manager of student accommodation

Interim Results

Six months ended 30 June 2011



Highlights

- Adjusted NAV up 5% to 310pps
  - Stabilised portfolio values up 2.1%
  - £6m of development profit recognised
- Net Portfolio Contribution increased to £7.2m
  - Rental and occupancy growth
- Good development progress
  - All funding and planning in place for 2012 and 2013 schemes
  - Accretive to future NAV and earnings
- Strong reservations position for 2011/12
  - 89% as at 23 August
  - 3% - 4% rental growth expected for full year
- Dividend re-instated
  - Interim payment 0.5pps

	30 Jun 2011	30 Jun 2010	31 Dec 2010
Adjusted NAV	310p	286p	295p
NPC	£7.2m	£4.3m	£4.1m
Reservations*	89%	87%	n/a
Secured beds:			
- 2011	1,277	1,158	1,277
- 2012-14	3,283	2,300	2,793
	4,560	3,458	4,070
Adjusted gearing	78%	89%	71%

* Reservations as at 23 Aug

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Strategy and market

Market view

- Demand for purpose built accommodation will remain strong for foreseeable future
  - >200,000 more applicants than places 2011
  - Capital and planning constraints limiting new supply
  - Variations at city/university level
- UNITE customer base particularly resilient to funding changes
  - >46% of customers non-UK
  - UK customer base affluent
- International student numbers continue to rise
  - Immigration controls no real impact on degree-level study
  - Global trend for studying abroad increasing
  - UK market share increasing
  - UNITE brand has strong appeal

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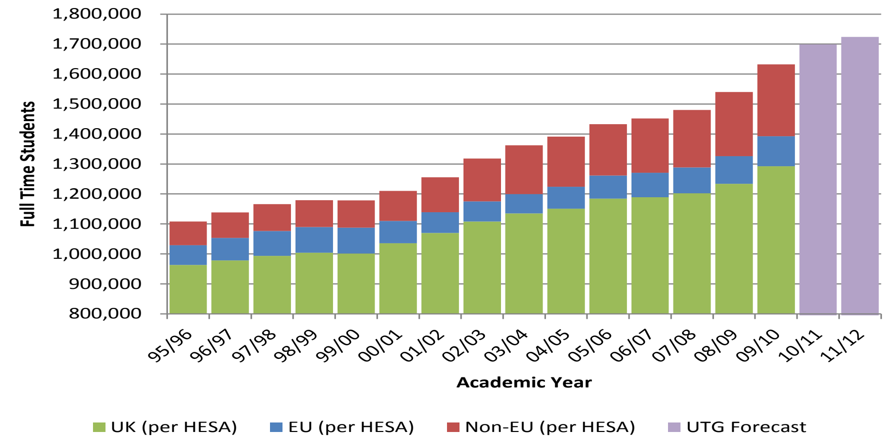
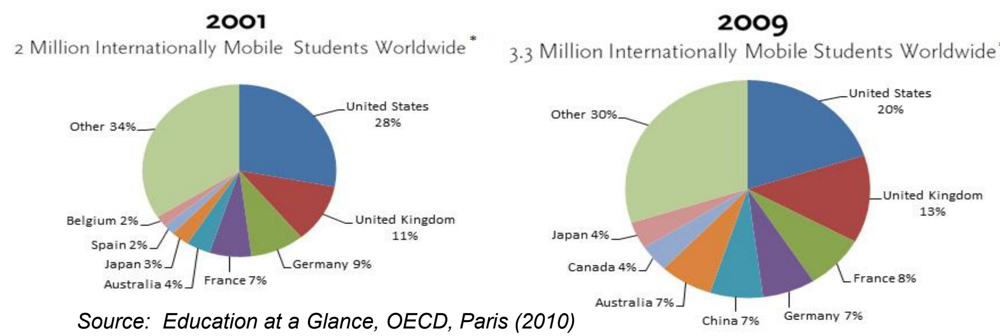
Full time student number growth

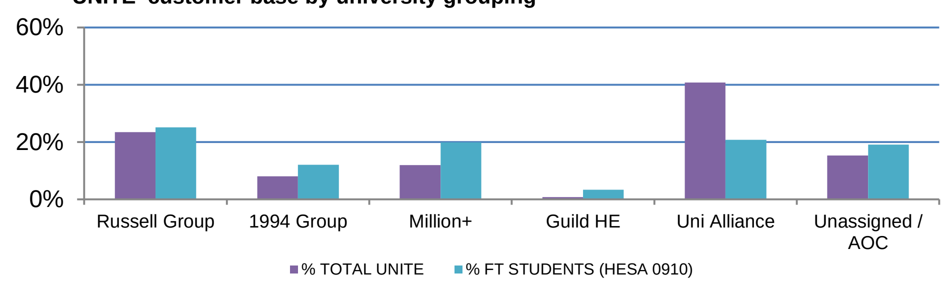


International student mobility



Source: Education at a Glance, OECD, Paris (2010)

UNITE customer base by university grouping



Strategy

Target low double-digit total returns, with modest risk

Development

- London focus – 4,000 beds 2012-14
- Mix of product, price point and location
- 9% yield on cost target
- Planning further £100m-£150m developments from 2012
    - Funded from disposals

Capital growth

- London focus
- Quality portfolio and universities
- Asset management
- Brand platform
- Rental growth 3-4%

Income growth

- Rental growth
- Operating efficiencies
- Completion of development pipeline
- Increasing ownership stake
- Reinstatement of dividend

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Financial review

Financial highlights

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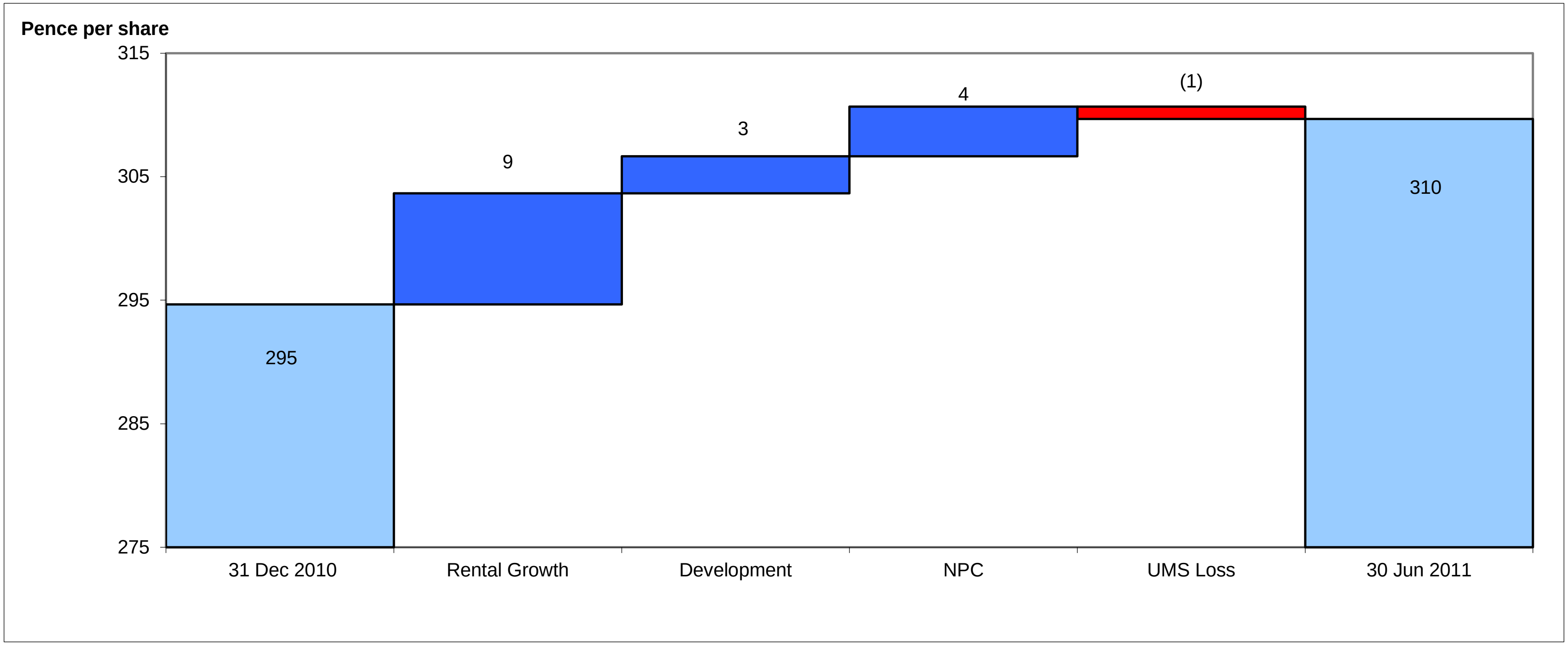
	6 months to Jun 2011	6 months to Jun 2010	12 months to Dec 2010
Income Statement			
Net portfolio contribution	£7.2m	£4.3m	£4.1m
Adjusted profit /(loss)	£4.6m	(£4.0m)	£2.4m
Profit / (loss) before tax	£15.3m	£9.8m	£19.6m
Balance Sheet			
NAV (adjusted, fully diluted per share)	310pps	286pps	295pps
Adjusted net debt	£391m	£409m	£335m
Adjusted gearing	78%	89%	71%
See-through gearing	120%	128%	115%

Adjusted NAV bridge



Net Portfolio Contribution

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	Jun 2011 £'m	Jun 2010 £'m	Dec 2010 £'m	% change
Total income	112.5	96.0	188.9	17%
UNITE share of rental income	48.8	46.2	89.0	6%
UNITE's share	*43%*	*48%*	*47%*	
UNITE's share of operating costs	(14.0)	(12.4)	(26.9)	13%
UNITE's NOI	34.8	33.8	62.1	3%
Fees from JVs	5.0	3.9	8.4	28%
Overhead	(10.7)	(9.6)	(19.6)	11%
Finance costs [1]	(21.9)	(23.8)	(46.8)	(8%)
NPC	**7.2**	**4.3**	**4.1**	**67%**

- Rental growth and additional beds driving top line growth
- Lower finance costs reflect USAF sales, lower cost of debt and use of cash to pay down debt
- Growth in fee income with assets under management of £1.9bn for full period
- Overhead less fees 120bps of GAV annualised
  - Target 80bps by 2014

[1]Finance costs include net interest of £15.7m and lease payments of £6.2m on sale and leaseback assets

Income Statement

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	Jun 2011 £'m	Jun 2010 £'m	Dec 2010 £'m
Net Portfolio Contribution	**7.2**	**4.3**	**4.1**
Development pre-contract costs	(1.5)	(1.2)	(3.2)
Development trading profits/write-downs	2.0	(2.9)	6.9
UMS loss due to surplus capacity	(2.3)	(4.6)	(4.8)
Other	(0.8)	0.4	(0.6)
Adjusted profit/(loss)	**4.6**	**(4.0)**	**2.4**
Valuation movement / loss on disposal	9.8	27.8	29.3
Mark-to-market movement	0.3	(11.8)	(7.9)
Deferred tax	0.6	(2.2)	(4.2)
IFRS reported profit / (loss)	**15.3**	**9.8**	**19.6**

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See-through Balance Sheet and Income Statement

	Wholly owned £'m	USAF £'m	Joint Ventures £'m	**Total £'m**
Balance sheet				
Rental Properties	519	204	191	**914**
Properties under development	203	-	-	**203**
Net debt	(391)	(92)	(119)	**(602)**
Other assets/(liabilities)	(9)	(3)	(3)	**(15)**
Adjusted net assets	**322**	**109**	**69**	**500**
Adjusted LTV	**54%**	**45%**	**62%**	**54%**
Income statement				
Net operating income	22.2	6.9	5.7	**34.8**
Overheads less management fees	(5.1)	(0.1)	(0.5)	**(5.7)**
Finance costs	(15.7)	(2.7)	(3.5)	**(21.9)**
Net Portfolio Contribution	**1.4**	**4.1**	**1.7**	**7.2**

Investment portfolio

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Valuation factors

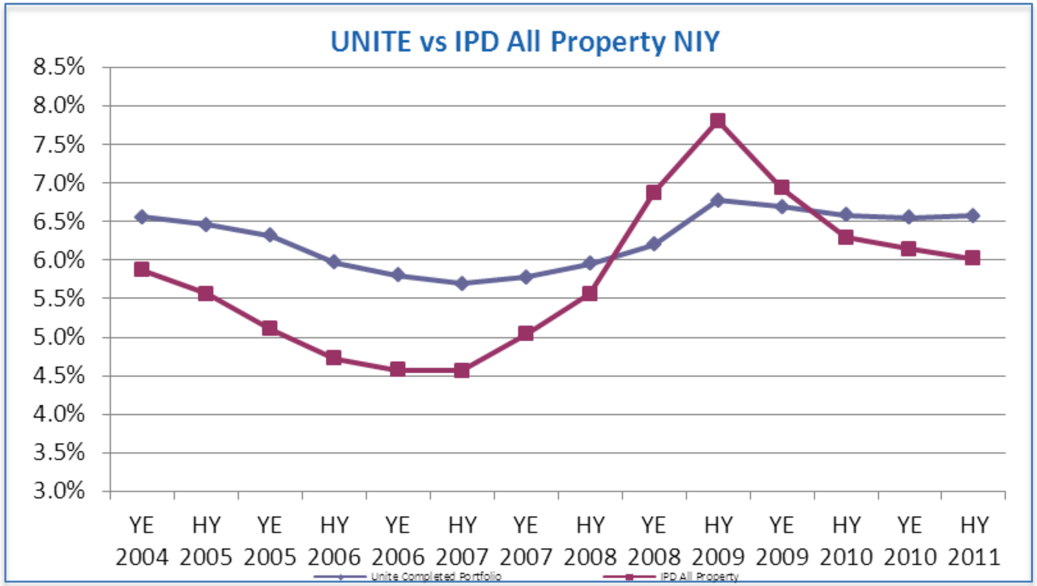
- Rental growth of 2.1% in H1 on stabilised portfolio (£730m)
- Average yields: 6.6%
  - Stable for last 18 months
- £154m of stabilising assets
  - Half to stabilise by December 2011

London focus

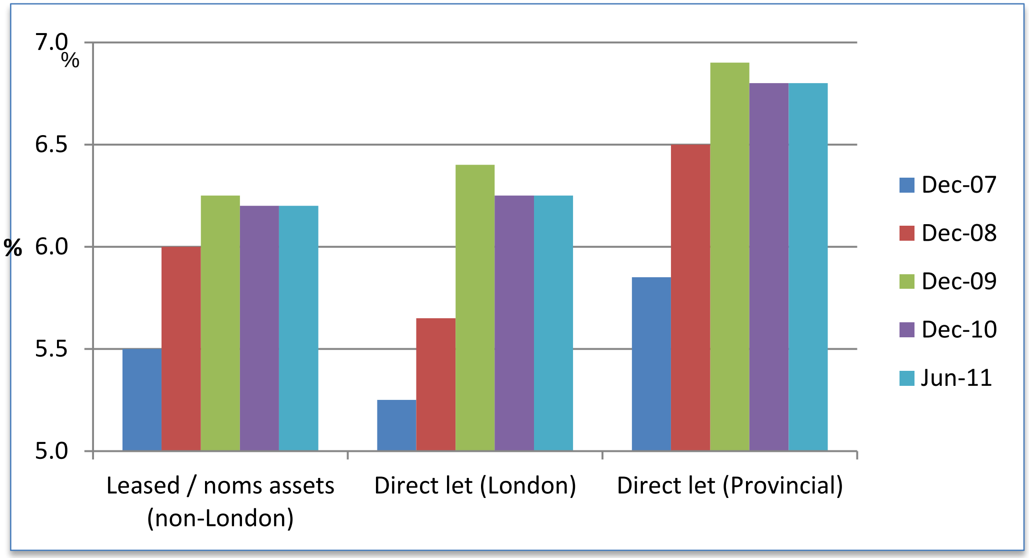
- 38% of capital invested in London
- Doubled since December 2007
- Will grow to c. 50% by December 2013

Market factors

- Investor appetite strongest for prime assets
  - London
  - University agreements
  - 50-75 basis points keener yields than provincial direct let
- Demand for investment assets strong
  - £360m of transactions in last 12 months up from £125m



Typical stabilised yields

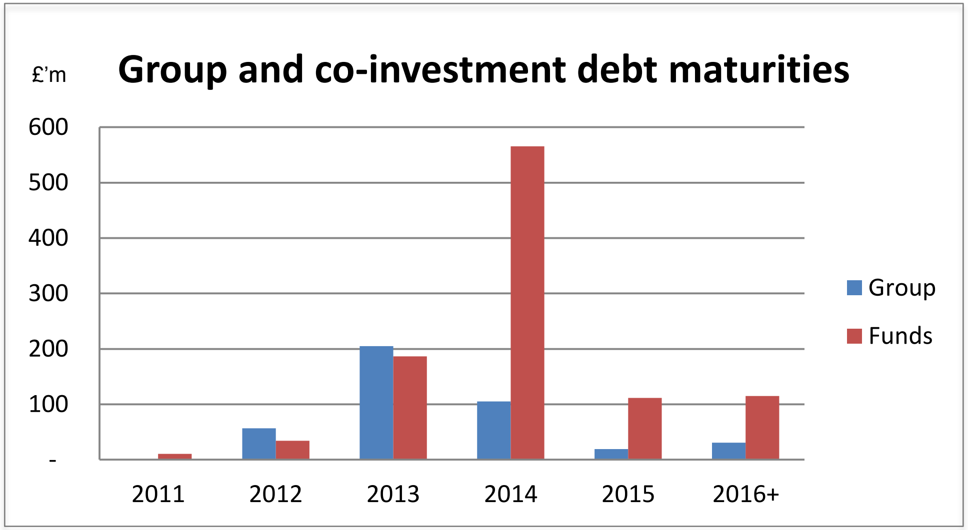


Capital structure

- Financing position remains robust
  - Reduced average cost of debt
  - Net debt and gearing at sustainable levels
- New bank facilities extending debt maturity
  - Group - £50m new development facility
  - Co-investment - £180m extensions/new investment facility
- Covenant headroom for 20% valuation declines

Key debt statistics

	Jun 11	Jun 10	Dec 10
Net debt	£391m	£409m	£335m
Net gearing	78%	89%	71%
See through gearing	120%	128%	115%
Adjusted LTV	54%	59%	53%
Average see through cost of debt	6.0%	5.5%	6.2%
Investment debt hedged	89%	71%	97%



Built-out Balance Sheet

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- Balance sheet headroom to complete development plan
- Significantly accretive to NAV and earnings
  - £62m NAV (39pps)
  - £15m NPC
- Debt facilities in place to complete secured pipeline – £200m of undrawn capacity
- Completing development programme will keep gearing within target range
  - Secured pipeline 104%
  - Target pipeline (+1,200 beds) 117%
- Further development beyond 4,000 bed target will be funded by recycling capital through selective disposals

	30 Jun 2011	Development pipeline	Built out
	£'m	£'m	£'m
Property	722	258	980
Share of JVs NAV	178	-	178
Cash headroom	74	(27)	47
Borrowings	(465)	(169)	(634)
Net debt	**(391)**	**(196)**	**(587)**
Other	(9)	-	(9)
NAV	**500**	**62**	**562**
NAV per share	310p	39p	349p
Adjusted gearing	*78%*		*104%*

Co-investment vehicles

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- USAF: established track record, size, diversification
  - Portfolio valued £1.25bn
  - £57m units traded at premium to NAV
- Agreeing longer term strategies for JVs remains a priority for 2011
  - Active dialogues with all JV partners
- Good progress extending debt maturities on key facilities during 2011

30 Jun 2011

	USAF £'m	UCC £'m	USV £'m	OCB £'m
GAV (£'m)	1,250	390	58	180
Borrowing / others (£'m)	(584)	(251)	(43)	(102)
Adjusted NAV (£'m)	**666**	**139**	**15**	**78**
Adjusted LTV	*45%*	*63%*	*71%*	*61%*
UNITE stake	*16%*	*30%*	*51%*	*25%*
Management fees (£'m)	*3.2*	*1.3*	-	*0.5*
Maturity	Infinite	2013	n/a	2014

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Operational review

Operations

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- Strong demand for 2011/12
  - 89% reservations vs 87% last year (2,000 additional rooms sold year to date)
  - 35% increase in contact centre volumes and web traffic year on year (August)
  - London particularly strong
- Range of service and efficiency improvements made in H1
  - Upgrades to systems and on-line booking platform
  - Enhanced maintenance operations
  - Further efficiencies planned for 2012
- Portfolio refurbishment programme continued
  - £3m capex in period (UNITE share)
  - Will deliver c. £2m of NAV upside (UNITE share)

Development pipeline

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	Secured beds	Total completed value	Total development cost	Capex in period	Capex remaining	NAV remaining	Stabilised yield on cost
London		£'m	£'m	£'m	£'m	£'m	
2011	149	20	19	6	1	-	7.2%
2012	1,341	172	127	32	57	21	9.3%
2013	563	73	58	-	58	15	8.7%
2014	902	79	60	-	60	19	9.1%
	2,955	**344**	**264**	**38**	**176**	**55**	**9.0%**
RoUK							
2011	1,128	80	66	18	1	3	8.4%
2012	477	35	27	8	19	4	8.9%
	1,605	**115**	**93**	**26**	**20**	**7**	**8.5%**
Total	**4,560**	**459**	**357**	**64**	**196**	**62**	**8.9%**

- All funding and planning consents in place for 2012 and 2013 projects
- Exclusive negotiations on further 1,200 beds in London
- Plans to allocate further £100m to £150m in 2012, funded by disposals
  - £22m disposals exchanged or under offer, £50m being marketed

UNITE Modular Solutions

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- £2.3 million loss in H1 due to surplus capacity
- Pipeline of third party opportunities enhanced
  - Four contracts secured (£21m value)
  - Healthy pipeline of other opportunities
  - Student accommodation, budget hotel and residential sectors
- Improved outlook for full year
  - Production weighted to second half
  - Forecast production of 2,000 modules for 2011
  - EBITDA neutral for full year
- Ownership stake under review in short to medium term

Summary and outlook

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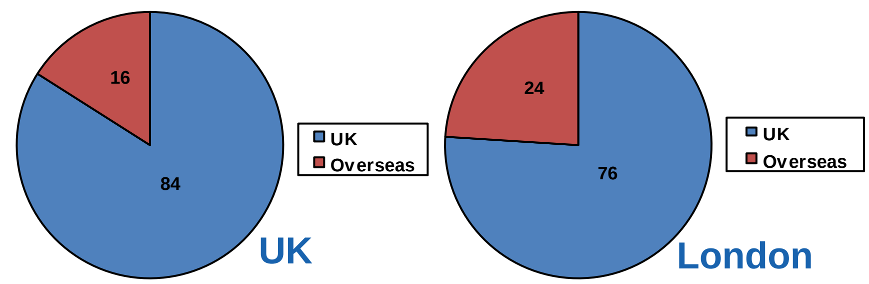
- Good progress against all strategic objectives
  - Growth in NAV and NPC
  - Development pipeline progressed
  - Effective capital management
- Outlook for remainder of 2011 is positive
- Re-instatement of dividend
- Business and strategy well positioned for future
  - London focus
  - University relationships
  - Established brand platform
  - Access to capital

PIONEERS OF STUDENT LIVING

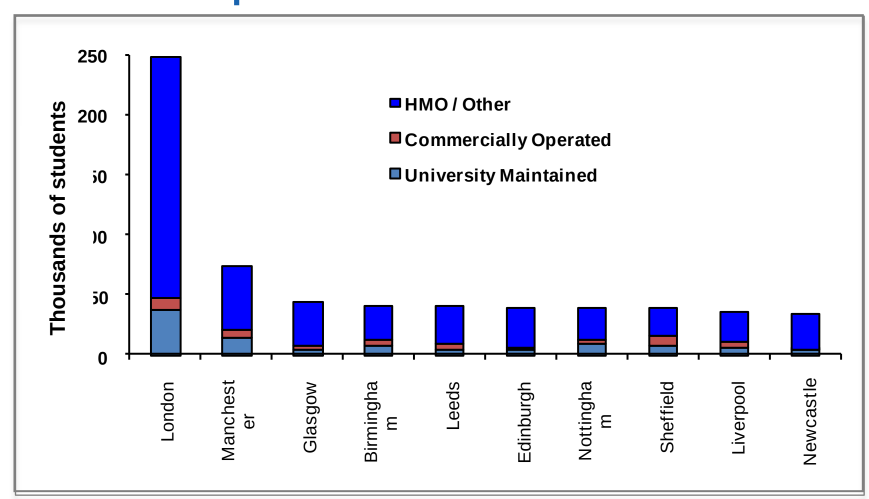
The London student market

- London has three important characteristics that distinguish it from the wider UK market
  - A full time student population (284,000) that is larger than the next five largest student markets combined
  - A very low supply ratio. London's universities can only supply 30% of the bed spaces required to meet their accommodation 'guarantee' (all first year and international students) compared to a national average of c. 65%
  - A large international student population (c. 100,000) with high accommodation requirements and expectations
- UNITE has built a substantial London student accommodation business in recent years.
  - For academic year 2011/12 UNITE will operate over 6,000 bed spaces in London

Proportion of International Students
HESA 09/10 – All Students



Top 10 UK Markets



Differentiating the student experience

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UNITE's accommodation and offer

- Prime student locations
- Online booking and payment
- Multi-lingual telephone booking line
- Flat shares for up to 8 people
- Single & double occupancy studios
- Group booking facility
- Dedicated management teams
- No hidden costs (rents inclusive of utilities, internet & insurance)
- Student welfare

Brand value

- Dedicated sales & marketing functions
- Strong relationships with 50+ universities
- Affinity partnerships with leading student brands
- Award winning research
- Strong on-line booking system

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Our top 10 markets

2011 Rank	2010 Rank	City	Completed Beds (11/12)	Completed Beds (10/11)	FT Student Numbers (09/10)	Projected Market Share
1	**1**	**London**	**6,729**	**6,586**	**283,531**	**2.4%**
2	2	Sheffield	3,731	3,731	46,325	8.1%
3	3	Liverpool	3,372	3,372	40,920	8.2%
4	4	Leeds	3,138	3,138	52,371	6.0%
5	5	Bristol	2,858	2,858	38,561	7.4%
6	6	Manchester	2,716	2,597	79,406	3.4%
7	8	Aberdeen	1,837	1,817	21,735	8.5%
8	7	Birmingham	1,832	1,832	53,148	3.4%
9	9	Leicester	1,685	1,685	28,588	5.9%
10	12	Glasgow	1,672	1,269	50,157	3.3%

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See-through Balance Sheet and Income Statement

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Balance sheet						
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Properties under development	203	-	-	-	-	**203**
Net debt	(391)	(92)	(74)	(20)	(25)	**(602)**
Other assets/(liabilities)	(9)	(3)	(1)	(1)	(1)	**(15)**
Adjusted net assets	**322**	**109**	**42**	**8**	**19**	**500**
Income statement						
Rental income	32.7	9.3	3.9	1.5	1.4	**48.8**
Costs	(10.5)	(2.4)	(0.5)	(0.4)	(0.2)	**(14.0)**
Net operating income	22.2	6.9	3.4	1.1	1.2	**34.8**
Management fees	5.4	-	(0.4)	-	-	**5.0**
Operating/corporate expenses	(10.5)	(0.1)	(0.1)	-	-	**(10.7)**
Finance costs	(15.7)	(2.7)	(2.0)	(0.6)	(0.9)	**(21.9)**
Net portfolio contribution	1.4	4.1	0.9	0.5	0.3	**7.2**
Development segment & other	(2.6)	-	-	-	-	**(2.6)**
Adjusted profit	**(1.2)**	**4.1**	**0.9**	**0.5**	**0.3**	**4.6**

Debt facilities

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On-balance sheet

	Facility Amount	Drawn	Maturity	LTV @ 30 Jun
Investment	£'m	£'m		
Bank of Ireland	100	100	2013	56%
Nationwide	100	39	2014	37%
HSH / Nordbank	77	77	2014	75%
BNPP/Fortis	29	29	2016	70%
Others	66	65	2012-22	75%
	372	310		
Development				
BNPP/Fortis	71	7	2016	
HSH / Nordbank	72	5	2014	
Barclays	67	12	2015	
RBS	71	57	2013	
Others	27	27	2012-18	
Total	308	108		
Investment & Development	680	418		

Co-investment vehicles

USAF	Facility £'m	Drawn £'m	Maturity	LTV
Lloyds*	115	115	2012	50%
HSH / Abbey	106	106	2013	48%
CMBS	280	280	2014	51%
Santander	63	50	2015	49%
HSBC	75	62	2015	50%
	639	613		50%
UCC				
- HSH	75	63		
- BNP Paribas	100	84		
- OCB	92	78		
- Maybank	33	28		
Syndicated facility	300	253	2014	65%
OCB				
Barclays*	33	27	2011	55%
RBS	35	31	2013	65%
HSH	50	50	2013	61%
	118	108		61%
USV				
Natixis	12	10	2011	82%
Lehmans CMBS	34	34	2012	75%
	46	44		77%

* Credit approved terms agreed to extend /replace

Co-investment vehicles – key terms

	USAF	UCC	OCB JV
History:	Multi investor fund formed Dec 06	JV with GIC formed March 05	JV with OCB formed August 09
Strategy:	▪ UK direct let student accommodation ▪ Exclusivity over UNITE pipeline	▪ London & Edinburgh focus ▪ Build a £350m+ portfolio ▪ Development led	▪ Build and operate 3 London assets
Capitalisation:	▪ £1.25bn ▪ 50-60% LTV	▪ Target £350m+ GAV ▪ 70% LTV	▪ Target c. £200m GAV ▪ 60% LTV
Format:	Open ended, infinite life	Closed ended, 8 year fund matures 2013	Closed ended, 5 year JV matures 2014
UNITE stake:	16.3%	30%	25%
UNITE role:	Co-investing property & asset manager	Co-investing property, asset, and development manager	Co-investing property, asset and development manager
Fees:	AM fee: 60bps of GAV	AM fee : 50 bps GAV	AM fee: 70bps GAV DM fee: 5% build cost
Promote:	25% over 9% total return payable annually in units	20% over 15% total return payable at exit	Capped at £2.5m payable at exit based on milestone achievements

NNNAV

	Jun 2011 £m	Jun 2010 £m	Dec 2010 £m
Net assets	404	372	387
Valuation gains not recognised on properties held at cost	48	30	37
Fair value of fixed rate debt	(5)	(8)	(6)
Deferred tax	-	-	-
NNNAssets	447	394	418
NNNAV per share	279pps	246pps	261pps