Preliminary Results 2005

Year ended 31 December 2005

The heart of student living
UNITE

Urban Lifestyle ✔
In great locations

Friendly People ✔
On hand to help

Student Living ✔
With your friends

INVESTOR IN PEOPLE

Key themes

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- **11% adjusted NAV per share growth**
  - 17% before SDLT impact
  - strong investment portfolio performance
  - growing development pipeline
- **Improved portfolio performance**
  - operating profits from portfolio up 15% to £47m
  - like-for-like revenue growth of 7.2%
  - operating margin up to 63.2%
- **Increasing investment activity in sector**
  - strong shareholder support for £30m fundraising
  - UNITE transactions and broader activity
  - expecting good valuation evidence in 2006
- **Long term view of market remains positive**
  - short term disruption in domestic applications
  - overseas applications solid
  - Housing Act introduced

Headline results

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	2005	2004	Change
Net asset value			
Basic NAV per share (IFRS)	314p	289p	↑ 9%
Adjusted NAV per share	367p	335p	↑ 10%
Adjusted NAV per share (fully diluted)	363p	328p	↑ 11%
Earnings			
Profit before tax	£28.1m	£17.1m	↑ 64%
Adjusted profit/(loss) before tax	£3.4m	£(3.8)m	↑ £7.2m
Portfolio operating margin	63.2%	62.1%	↑ 1.1%
Portfolio			
Portfolio value (including share of JVs)	£1.18bn	£1.12bn	↑ 5%
Completed and managed beds at December	30,729	26,319	↑ 17%
Gearing (net debt as % of adjusted NAV)	162%	197%	↓ 35%

Operational update

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- **Hospitality Services**
  - beds under management up 17%
  - team restructured to increase customer-facing presence
  - systems investment commenced
- **Development**
  - margins maintained between 20% to 25%
  - 5,700 beds secured in year
  - 10 planning consents in year
  - planning and acquisition resource strengthened
- **Modular Construction**
  - record production of 3,150 in year
  - 53% of 2005 deliveries modular
  - delivery benefits proven
- **People**
  - Investor in People accreditation
  - Investment team established
  - Relocation of Bristol Head Office

Student market update

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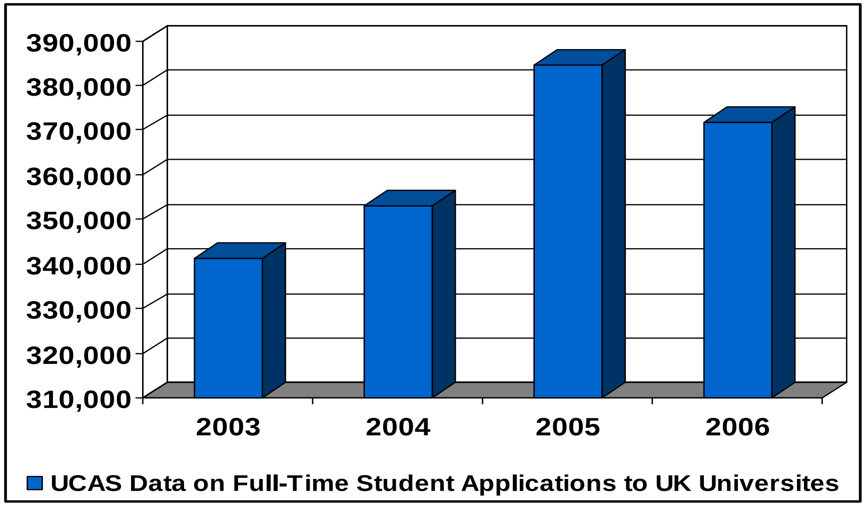
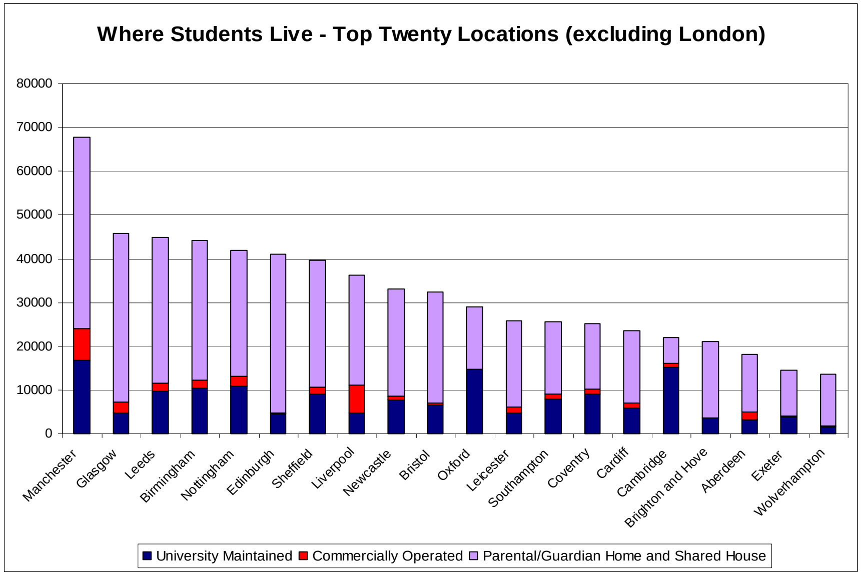
- **Long term demand**
  - Overall demand - 1.4 million full time students
  - 100,000 unsuccessful applicants in 2005/06
  - Exceptional increase in applications for 2005/06 partially reversing in 2006/07
  - Annualised growth of 2.6% over two years
  - HEFCE forecasts total student numbers to increase by c.200,000 by 2010
- **Supply across key markets**
  - Universities still meet less than a quarter of potential demand
  - 100,000 bed shortfall continues for first year students
  - Housing Act: April 2006. Expected to increase quality, but further reduce supply
- **UNITE approach**
  - Detailed understanding of local markets
  - Focus on cities with greatest demand/supply imbalance and/or growth potential





Source: HESA/King Sturge Research 2005

UNITE Top 10 Markets

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2006 Rank	2005 Rank	City	Expected Completed Beds 12/06	Completed Beds 2005	FT Student Numbers (04/05)	Projected Market Share 12/06	3 Yr Growth in FT Student Numbers
1	(3)	London	3,179	2,564	204,993	2%	12%
2	(4)	Sheffield	3,132	2,365	39,993	8%	7%
3	(1)	Bristol	3,082	3,082	32,677	9%	10%
4	(2)	Liverpool	2,832	2,832	36,072	8%	9%
5	(5)	Manchester	2,345	2,345	54,976	4%	12%
6	(10)	Leeds	2,215	1,251	47,556	5%	16%
7	(9)	Cardiff	1,612	1,278	27,628	6%	11%
8	(6)	Glasgow	1,582	1,366	46,573	3%	5%
9	(7)	Portsmouth	1,402	1,402	15,803	9%	24%
10	(8)	Aberdeen	1,301	1,301	18,435	7%	7%
			22,682	19,786	524,706	4%	

Note: Includes beds under management

Net asset value growth

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Key Indicators	Dec 05 pps	Dec 04 pps
NAV per share (IFRS)	314	289
Provision for deferred tax	38	46
MTM of interest rate hedges	15	-
Adjusted NAV per share	367	335
Fully diluted	**363**	**328**
NNNAV per share	302	276
Gearing (on adjusted NAV)	162%	197%
	£m	**£m**
Capex - UNITE	110	182
- JVs	78	14
	188	196

	£m	pps	% NAVPS fd
Investment portfolio			
– Rental growth	16.7	14.5	*4.4%*
– Yield compression	35.5	30.7	*9.4%*
– Specific write-downs	(6.0)	(5.2)	*-1.6%*
Development portfolio			
– Development surpluses	20.6	17.8	*5.4%*
	66.8	57.8	*17.6%*
Earnings/other	3.8	3.3	1.0%
Underlying growth	**70.6**	**61.1**	***18.6%***
Share issuance	30.1	(4.0)	*-1.2%*
	100.7	**57.1**	***17.4%***
Removal of SDLT relief			
– Investment portfolio	(20.3)	(16.3)	*-5.0%*
– Development portfolio	(7.2)	(5.8)	*-1.7%*
Adjusted fd NAV growth	**73.2**	**35.0**	***10.7%***

The investment portfolio

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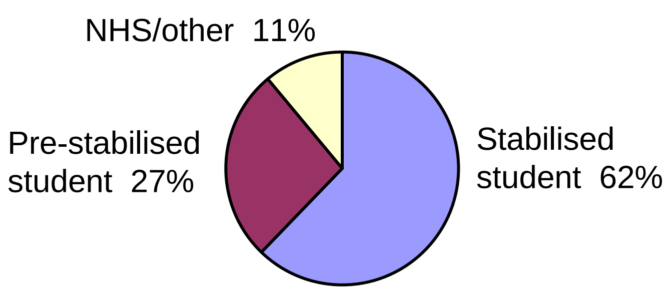
	Beds	£m
Completed properties		
- wholly owned	25,438	1,029
- JVs	2,276	136
JV partner share	(1,361)	(86)
UNITE share	26,353	1,079

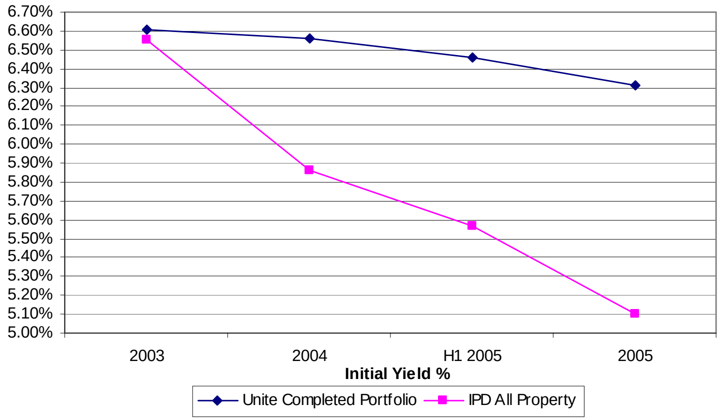
Average stabilised yield 6.32% (Dec 04: 6.56%)

Breakdown of Investment Portfolio:



Capital growth	£m	% total portfolio
Rental growth	16.7	1.8%
Yield compression	35.5	3.8%
Specific write downs	(6.0)	-0.7%
Removal of stamp duty exemption	(20.3)	-2.2%
	25.9	2.8%

UNITE yield vs UK Commercial Property



The development portfolio

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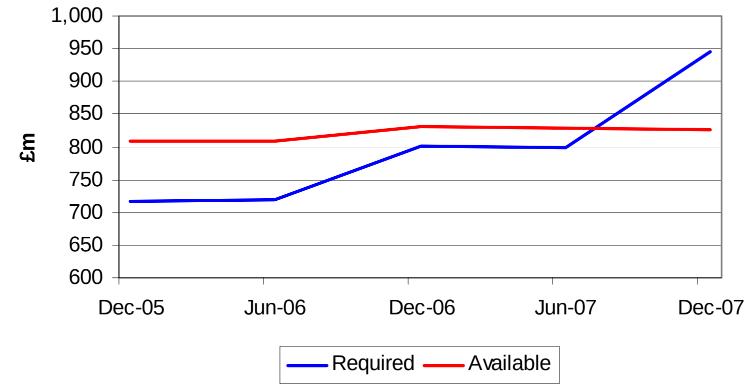
Secured future developments	Beds	Completed Value £m	Average stabilised yield
2006 – UNITE	2,468	107.5	6.75%
– JV	1,808	114.9	6.40%
	4,276	222.4	6.57%
2007 – UNITE	3,374	169.2	6.69%
– JV	658	72.4	6.28%
	4,032	241.6	6.57%
2008 +	2,173	162.8	6.48%
	10,481	626.8	6.55%

Built out NAV	£m	fd pps
NAV to recognise: wholly-owned	50.2	42.0
NAV to recognise JVs	40.3	26.1
JV partner share	(25.6)	(16.1)
	64.9	52.0
Built-out adjusted fd NAV (pps)		415.0
31 December 2004		365.9

Debt Headroom



Joint ventures

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Capital Cities Joint Venture

	Beds	Completed Value £m
Investment portfolio	1,114	86.9
Assets under development	844	70.7
Secured for transfer to JV	1,175	120.7
Future NAV to recognise		35.8

Summary balance sheet	£m
Portfolio value	113.7
Borrowings	(63.9)
Other assets/liabilities	(2.4)
Net assets	47.4
Gearing	135%
Profit for the period (after set up costs)	£nil
Management fees charged	£2.0m

Student Village Joint Venture

	Beds	Completed Value £m
The Forge, Sheffield - completed	1,162	48.9
The Plaza, Leeds – under development	964	44.3
Future NAV to recognise		4.5

Summary balance sheet	£m
Portfolio value	72.5
Borrowings	(48.0)
Other assets/liabilities	2.3
Net assets (inc. shareholder loans)	26.8
Gearing	179%
Profit for the period	£0.5m
Management fees charged	£0.8m

Debt finance

New facilities in 2005	Purpose	Principal	Term
Epic (UNITE) securitisation conduit	Investment	£250m	7 years
Medium term syndicated facility	Investment/ development	£225m revolving	4 years

Average cost of debt: 6.5%

UNITE Finance One Securitisation (2002)

- Small asset substitution planned for late 2006
  - assets earmarked for redevelopment/disposal
- Operating data
  - Occupancy lower in Liverpool assets
  - Impact offset by tenancy mix and rental growth in portfolio
- Mark-to-market £22m pre tax

Emerging investment activity

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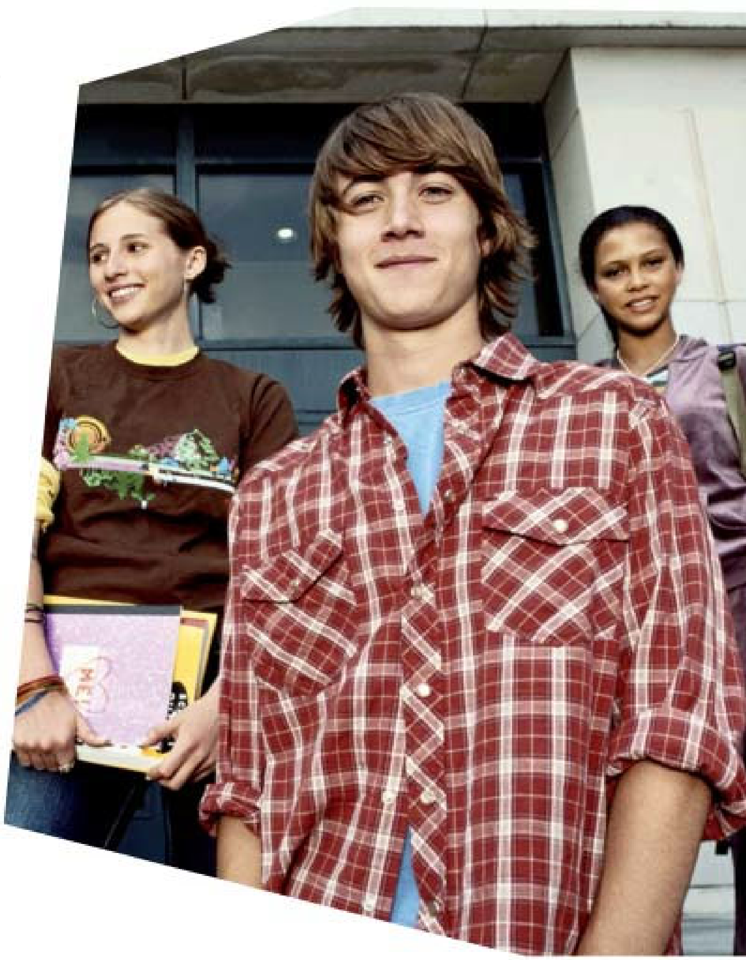
- **UNITE transactions in 2005**
  - second Lehmans joint venture (35 bps yield compression)
  - Capital Cities joint venture
  - sale and leaseback to Cordea Savills (55 bps yield compression)
  - competitive bidding on all transactions

- **Other funds intended**
  - c. £600 m of new funds announced targeting the student accommodation sector
  - capitalisation position unclear
  - lack of quality product in market
  - will underpin valuations

- **Interest likely to increase selling activity**
  - competitors more likely to sell
  - purchasers/investors will need management solution

- **Watching developments in REITs**

- **Review of options/opportunities for UNITE over next six months**



Portfolio performance

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2005 performance

	Dec 05 £m	Dec 04 £m
Gross rental income	81.1	66.8
Direct operating costs	(26.0)	(18.0)
Portfolio overhead	(8.0)	(7.8)
Portfolio operating profit	47.1	41.0
JV contribution	0.9	-
	48.0	41.0
Basic operating margin	*59.2%*	*61.2%*
*Portfolio operating margin**	*63.2%*	*62.1%*

*On whole portfolio under management

2005/06 Academic Year

	05/06	04/05
Total beds in operation	30,729	26,319
Occupancy	94.0%	94.8%
Like-for-like revenue growth		
– Stabilisation	3.1%	3.3%
– Core rental growth	4.1%	3.5%
	7.2%	6.8%

Earnings performance

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	2005 £m	2004 £m
Portfolio operating profit	48.0	41.0
Net interest charge	(42.7)	(37.0)
	5.3	4.0
Non rental profits	3.3	1.2
	8.6	5.2
Corporate and pre-contract costs	(7.2)	(6.5)
Other items	2.0	(2.5)
	3.4	(3.8)
Major IFRS items:		
Revaluation of investment portfolio/JVs	29.0	20.9
Ineffective hedge charge (2005 only)	(4.3)	-
Profit before tax per income statement	**28.1**	**17.1**
Tax credit/(expense)	4.2	0.2
Profit for period	**32.3**	**17.3**

UNITE Hospitality Services

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- UNITE brand and reputation
- 35,000 beds under management for 2006/07, 121 properties
- 1,000+ beds in 13 cities
- Managed improvement in operating margins
  - 2003: 60.5%
  - 2004: 62.1%
  - 2005: 63.2%
- Student hospitality concept
- Strong management team

Expertise

Core strengths
- marketing sales and lettings
- facilities management
- new building mobilisation
- student hospitality

Managing multiple stakeholders
- students
- parents
- Universities
- JV partners
- third party asset owners

Account management
- relationships with 52 Universities
- nominations and marketing agreements
- secondary benefits

Scaleability

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Operating platform

- local and regional operating model
- more people on site at customer interface
- capacity for new buildings

Systems

- underpinning local and regional management model
- investment in IT systems
- online student interaction

Student hospitality

- national consistency
- range of product, offering and price point
- small communities to student villages to premium studios
- wide customer choice

Growth

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Research

- market segmentation
- sector research
- customer research
- recommendation 80%+
- customer expectations 79%

Brand evolution

- research led
- differentiated student hospitality brand
- driving rental growth of 7.2%

Offering

- 51 week tenancies for postgraduates, overseas students, and customer convenience
- 4,095 customers booked for over 50 weeks
- future focus to improve mix

Case Study: Plymouth

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Students studying in Plymouth

- 20,270 students
- 11% growth over 4 years

Plymouth University

- Major investment to centralise campus in city centre: an extra 2,500 places
- Ambition to be in top 15 for research within 15 years
- 4.6 applications for every available place

UNITE portfolio

- First property opened 2001
- 1,101beds in 5 properties
- 68% direct let, 32% nominations

Strong operating performance

- 74% customer satisfaction, 93% recommendation
- 51% 50+ week tenancies
- Basic demand led pricing model

Summary and outlook

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- Continued demand and supply imbalance
- Delivering business performance
  - revenue growth
  - strong, visible roll-out programme
- Flexible capital base
- Investment activity demonstrating valuations
  - conservative yields
- Branded student hospitality experience
- Capability, capacity and opportunity for future growth

Appendices

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- Our property portfolio
- Portfolio operating margin
- NNNAV calc.

Our property portfolio

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	Beds	Properties	Completed value £m	Average stabilised yield
Completed Portfolio:				
2004 and prior	23,028	89	931	6.30%
2005 completions	2,410	6	98	6.49%
Joint venture properties	2,276	7	136	6.16%
	27,714	102	1,164	6.32%
Beds under management	3,015	8	-	-
Development portfolio:				
2006 - UNITE	2,468	5	107	6.75%
2006 - JV	1,808	6	115	6.40%
2007 - UNITE	3,374	8	169	6.69%
2007 – JV	658	5	72	6.28%
2008+	2,173	7	163	6.48%
	10,481	26	627	6.55%
Total	**41,210**	**141**	**1,791**	**6.39%**

Note: Includes 100% share of assets held in JVs

Portfolio operating margin

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	2005		2004	
	£m	£m	£m	£m
Rental income				
- wholly owned		81.1		66.8
- operated in joint ventures		5.1		-
		86.2		66.8
Property operating costs				
- wholly owned	(26.0)		(18.0)	
- operated in joint ventures	(0.9)		-	
Overheads attributable to property operations	(8.0)		(7.8)	
		(34.9)		(25.8)
		51.3		41.0
Rent on properties under management		3.2		0.5
Gross margin on portfolio under management		54.5		41.5
Gross margin percentage		63.2%		62.1%

NNNAV

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	2005 £m	2004 £m
Net assets	382.7	321.8
Fair value of swaps	-	(9.3)
Fair value of fixed rate debt	(22.1)	(10.9)
Deferred tax	6.6	6.1
NNNAssets	367.2	307.7
NNNAV per share	302p	276p