

The heart of
student living



Preliminary Results 2007

Year ended
31 December 2007



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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- **Strong progress against strategy**
 - Completion of USAF and strong fund performance
 - Deepened pipeline in London and high quality University markets
 - Redemption of UFO completed and good progress on asset management and financing plans
 - Business model transition to be substantially complete in 2008
- **Resilient NAV performance**
 - 7.3% increase in adjusted, fully diluted NAV per share for the year (before UFO costs)
 - 1.0% fall in adjusted, fully diluted NAV per share since 30 June 2007 (before UFO costs)
- **Robust valuation outlook persists**
 - Attractive rental growth story well understood
 - London and high quality location direct let assets strongest
 - Marginally weaker locations or University agreements slightly less resilient



HEADLINE RESULTS

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	Dec 07	Jun 07	Dec 06
Net Asset Value			
Basic NAV per share (IFRS)	364p	417p	391p
Adjusted NAV per share	413p	463p	428p
Adjusted NAV per share (fully diluted)	410p	460p	425p
Adjusted NAV per share (fd) pre-UFO	456p	460p	425p
Earnings			
Investment segment revenue	£69.9m		£93.8m
Reported (loss)/profit before tax	£(67.1m)		£58.6m
Adjusted (loss)/profit before tax and one-off items	£(2.8m)		£(2.4m)
Portfolio			
Portfolio value (including share of JVs)	£1.25bn	£1.31bn	£1.09bn
Completed and managed beds at end of period	37,522	34,652	33,944
Adjusted gearing (net debt as % of adjusted NAV)	106%	110%	78%

MARKET UPDATE

Student Market

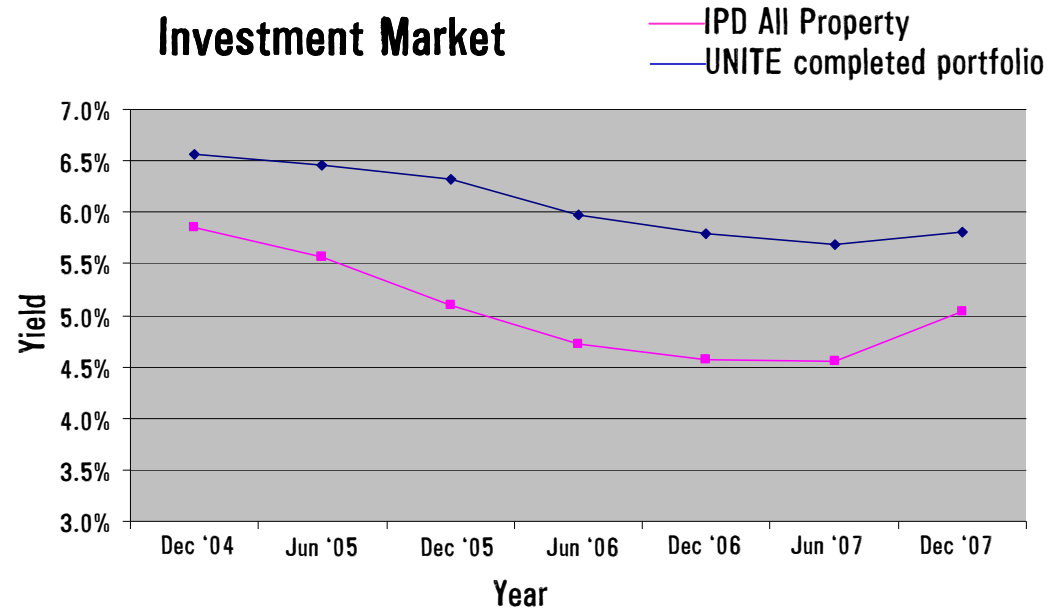
Demand Update

- Applications up 6.7% for 2008/09 academic year
- Drivers of growth continue to be:
 - Demographics
 - Government policy
 - International students

Competition and Supply

- Government review of Private Rented Sector announced
- BRE report on Housing Act impact due late 2008
- Universities upgrading /replacing existing stock – financially constrained not net suppliers
- Competition remains regional/local

Investment Market



- Yields show resilience but now greater variation within sector
- Rental growth prospects well understood
- Steady flow of transactional evidence
- USAF investors remain positive

DELIVERING OUR STRATEGY - USAF

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- Strong fund performance in 2007
 - 13% total equity return
 - £3.8m performance and management fees
 - Over £155m equity capital released for UNITE
- Targeting further capital raise during 2008
 - £150m remaining investment capacity to be invested Q4 2008
 - Minimum £125m new equity to be raised (equates to £350m investment capacity)
- USAF investors positive
 - In top 3 of IPD benchmark
 - Rental growth prospects appreciated
 - Further equity will open up opportunities for fund in London and other high quality markets



DELIVERING OUR STRATEGY –

Shift to London, high quality markets and development

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UNITE share of gross assets	30 June 06		31 Dec 07		
	£m	%	£m	%	
London	157	12%	380	30%	↑ 18%
Major provincial	727	55%	460	37%	↓ 18%
Other Provincial	395	30%	331	26%	↓ 4%
Varsity Cities	35	3%	82	7%	↑ 4%
Total	1,314		1,253		
Development	156	12%	390	31%	
Investment	1,158	88%	863	69%	
	1,314		1,253		
<i>Gearing (net debt/equity)</i>		<i>145%</i>		<i>106%</i>	

DELIVERING OUR STRATEGY – Deepening pipeline with focus on quality

- Significant acquisition activity in year
 - 2,901 beds secured for future delivery
 - Have reduced development exposure in provincial cities in H2 2008

- Focus on London and high quality markets
 - Strongest and most resilient demand
 - Largest proportion of international students
 - Significant undersupply of purpose-built beds

- Delivering valuable planning consents
 - 16 achieved in year
 - Further 2 achieved since year end

	Year to Dec 07		<i>6m to Jun 07</i>	
	Beds	Est Value	<i>Beds</i>	<i>Est Value</i>
		£m		£m
London	1,344	306	<i>760</i>	<i>188</i>
Provincial	728	42	<i>1,608</i>	<i>94</i>
Varsity Cities	829	76	<i>775</i>	<i>72</i>
Total	2,901	424	<i>3,143</i>	<i>354</i>

	Beds	Est Value £m
London	1,982	344
Rest of UK	2,410	166
Total	4,392	510

THE DEVELOPMENT PORTFOLIO

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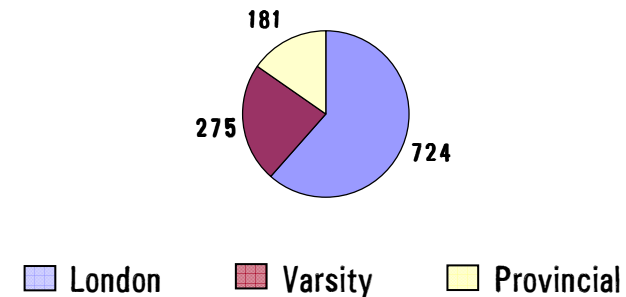
Secured Future Developments

	Beds	Completed Value £m	Average Stabilised Yield
2008 - UNITE	3,178	234	5.67%
2008 - JV	729	184	5.10%
	<u>3,907</u>	<u>418</u>	<u>5.42%</u>
2009 - UNITE	3,931	440	5.40%
2010+	<u>2,326</u>	<u>299</u>	<u>5.41%</u>
	<u><u>10,164</u></u>	<u><u>1,157</u></u>	<u><u>5.41%</u></u>

Built-out adjusted NAV

	£m	Fd pps
NAV to recognise: wholly owned	111.4	90.4
NAV to recognise: JVs	26.3	21.4
JV partner share	(18.4)	(14.9)
	119.3	<u>96.8</u>
Built-out adjusted NAV		<u>507</u>

SECURED PIPELINE BY VALUE £M, 2008+



OPERATING UPDATE – Increasing Competitive Advantage

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- Sales performance for 08/09 academic year extremely strong
 - 62% of rooms reserved as at 29 February 2008 (28 Feb 07: 56%)

- Strong performance attributable to enhanced operational capability
 - On-line system launch
 - International customer acquisition strategy
 - Improved Sales and Marketing focus

- Base Limited acquisition completed and on track

- Livocity pilot successful
 - Target 500 operational beds by 2010
 - Will not detract from focus on core business

Reservations	Beds	% reserved 08/09	% reserved 07/08
Minority interests			
USAF	17,767	55%	51%
UCC	2,410	68%	72%
USV	1,383	28%	6%
	21,560	55%	48%
Wholly owned			
Stabilising	9,638	57%	55%
Other	5,982	81%	60%
	15,620	66%	58%
Leased	3,015	94%	94%
Total	40,195	62%	56%

NET ASSET VALUE GROWTH

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<u>NAV Per Share</u>	2007 Exc UFO pps	2007 reported pps	2006 pps	<u>NAV Growth</u>	H107 £m	H207 £m	Total £m	Total pps
NAV per share (IFRS)	364	364	391	Investment portfolio				
NAV on development properties held in current assets	32	32	2	- Rental growth	10	2	12	8
Provision for deferred tax	11	11	36	- Yield movement	11	(21)	(10)	(7)
MTM of interest rate hedges	6	6	(1)	Development surpluses	24	26	50	40
Impact of UFO redemption	46			Adjusted loss before one-off items	1	(4)	(3)	(2)
Adjusted NAV per share	<u>459</u>	<u>413</u>	<u>428</u>	Bond redemption costs	-	(57)	(57)	(46)
Fully diluted	<u>456</u>	<u>410</u>	<u>425</u>	Swap costs, dividends, and asset sales	(1)	(8)	(9)	(8)
NNNAV per share		387	386	Total Adjusted NAV Growth	<u>45</u>	<u>(62)</u>	<u>(17)</u>	<u>(15)</u>
Gearing (on adjusted NAV)		106%	78%					
See through gearing		136%	111%					

USAF / JOINT VENTURE PERFORMANCE

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	USAF	UCC	USV
GAV £m	835	344	63
Borrowings/other net assets	(389)	(219)	(47)
NAV £m	446	125	16
Gearing ¹	87%	173%	287%
Total returns	13%	34%	12%
UNITE stake	20%	30%	51%
Fees £m			
- management	2.3	1.8	-
- performance	1.5	-	1.5
Total	3.8	1.8	1.5

Note 1: USV NAV includes £8m shareholder loans

USAF

- Successful second closing in 2007
- No redemptions until December 2009 – restricted thereafter
- Further capital raise in 2008 – minimum £125m

UCC

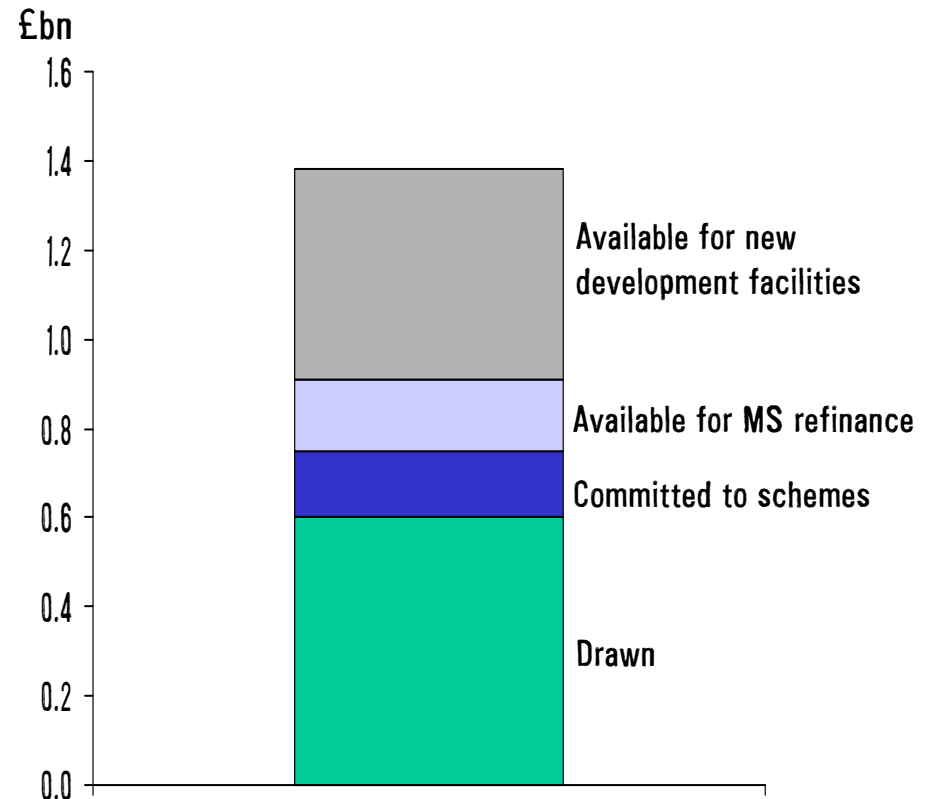
- Exceptional returns driven by
 - London exposure
 - Development returns
 - Gearing level

USV

- Leeds site sold, Sheffield sale planned for H2 2008

FINANCING - OVERVIEW

- Tightening debt markets
- Good progress increasing financing capacity - £863m new facilities since 1 October (£515m additional capacity)
- Significant debt capacity £1.4bn - £787m undrawn
- UFO redemption successfully completed
- Unexpired term 4 years (excludes Morgan Stanley)
- 89% of debt fixed for average term of 5 years
- No near term refinancing requirement in co-investment vehicles
- Average cost of debt
 - UNITE wholly owned 6.7%
 - UCC 5.7%
 - USV 6.0%
 - USAF 5.4%



FINANCING –

Redemption of UNITE Finance One Bond

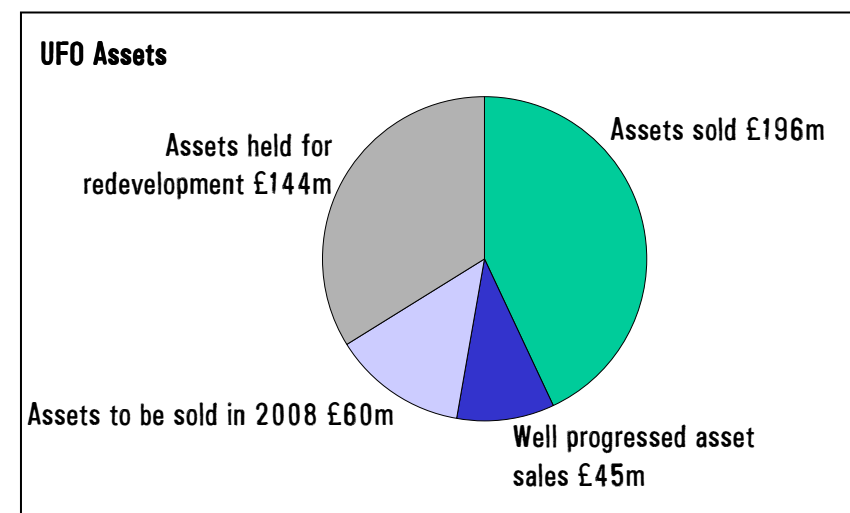
STRATEGY

- Restrictive financing structure preventing proactive asset management strategies
- Rebase of capital through external sale/transfer to USAF that can be redeployed
- Increased return on capital – 2 year payback on post tax transaction costs

PROGRESS

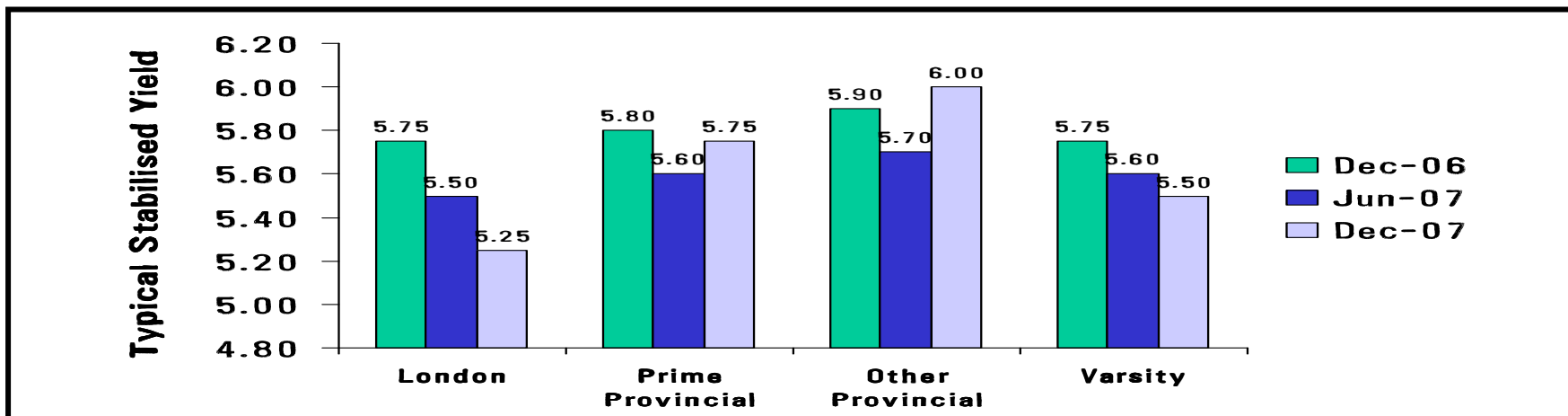
- Redemption costs in line with interims disclosure
- Good progress with asset management initiatives
- £315m bridge facility provided by Morgan Stanley – now £164m (expires Oct 2008)
- Spare capacity in existing UNITE facilities to repay bridge

Financial impact		
	£m	pps
Mark to market adjustments	46.6	38
Early redemption costs	3.3	2
Write-off of arrangement costs	7.5	6
Pre-tax charge	<u>57.4</u>	<u>46</u>
Post tax charge	<u>41.0</u>	<u>33</u>



THE INVESTMENT PORTFOLIO

	Stake	Gross	 UNITE share of investment assets (£m).....			
		Beds	Stabilising	Stabilised	GAV	Debt	NAV
Wholly owned		13,154	268	330	598	(409)	189
Leased		3,015	-	-	-	-	-
USAF share	20%	17,767	-	167	167	(78)	89
UCC share	30%	2,203	-	67	67	(44)	23
USV Share	50%	1,383	32	-	32	(24)	8
		37,522	300	564	864	(555)	309
<i>31 December 2006</i>		<i>33,944</i>	<i>277</i>	<i>680</i>	<i>957</i>	<i>(587)</i>	<i>370</i>



- Stabilising yields are on average 30% lower than stabilised yields

PORTFOLIO PERFORMANCE

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2007	Wholly owned and leased	Co-investment vehicles	2007 Total	2006 Total
UNITE share £m				
Rental income	62.8	19.5	82.3	97.9
Direct expenses	(20.5)	(5.1)	(25.6)	(28.1)
Operating lease rentals	(7.1)	-	(7.1)	(6.9)
Net rental 2007	<u>35.2</u>	<u>14.4</u>	<u>49.6</u>	
<i>Net rental 2006</i>	<i>58.4</i>	<i>4.5</i>	<i>-</i>	62.9
JV fees			6.9	1.0
Overheads			(11.6)	(9.7)
Interest			(37.4)	(46.2)
Portfolio profit			<u>7.5</u>	<u>8.0</u>

	08/09	07/08	06/07
Total beds in operation	40,195	37,522	33,944
Occupancy (% of available rooms)	n/a	92%	91%
Reservations for forthcoming year	62%	56%	-
LFL rental growth	n/a	6.2%	5.8%

ADJUSTED PROFIT

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	2007 £m	2006 £m
Portfolio Profit	7.5	8.0
Corporate Costs (including pre contract costs)	(9.7)	(9.2)
Tax and share of JV costs	(1.4)	(1.1)
Adjusted profit/(loss) before one-off items	(3.6)	(2.3)
Costs associated with UFO redemption/USAF set up	(57.4)	(9.2)
Interest rate swap gain/(losses)	(1.9)	2.6
Adjusted profit:	(62.9)	(8.9)
Revaluation of investment portfolio	2.4	70.5
(Losses)/Gains on disposal	(3.9)	(5.4)
Deferred tax and ineffective hedge charge	26.9	15.3
(Loss)/Profit for the year	(37.5)	71.5

SUMMARY AND OUTLOOK

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- **Developer-manager business model**
 - Strong progress in 2007
 - Expect to substantially complete in 2008

- **Robust valuation outlook for student accommodation**
 - London direct let strongest
 - University agreements slightly less resilient
 - Reflected in UNITE's strategy

- **Good pipeline visibility in strongest markets**
 - 63% of secured pipelines in London

- **Solid financial platform for growth**
 - Substantial debt capacity
 - Confident of further USAF capital raising in 2008

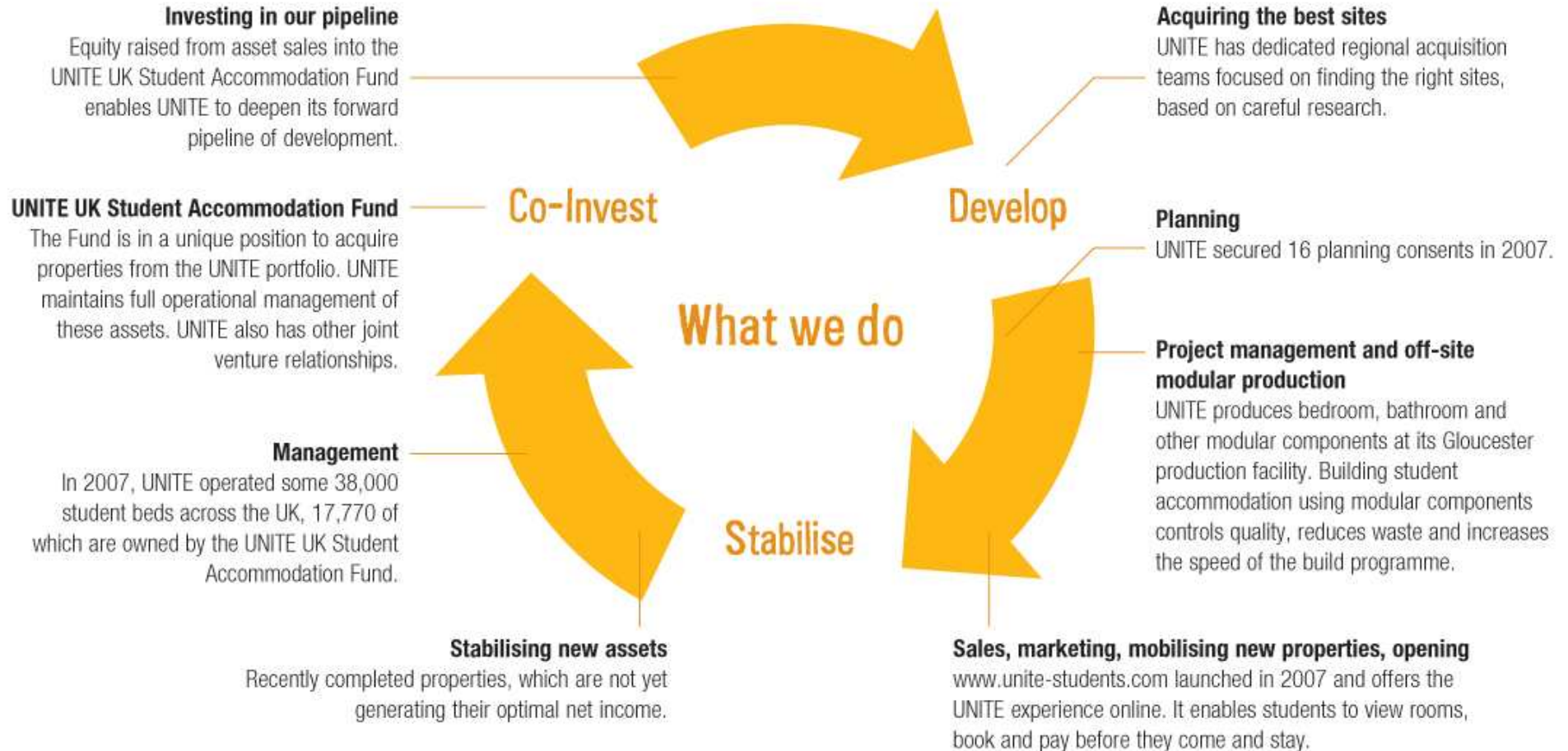


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A large graphic logo for "Pioneers of Student Living". It features a light blue, hand-drawn style arch at the top and bottom. The text "PIONEERS OF STUDENT LIVING" is written in white, uppercase, sans-serif font, stacked across three dark blue rectangular banners that are slightly offset from each other.

**PIONEERS OF
STUDENT
LIVING**

WHAT WE DO



A DIFFERENT STUDENT EXPERIENCE

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Accommodation

- prime city centre locations
- 1-6 bed flats
- mainly en-suite bedrooms
- apartments, halls & villages

Management

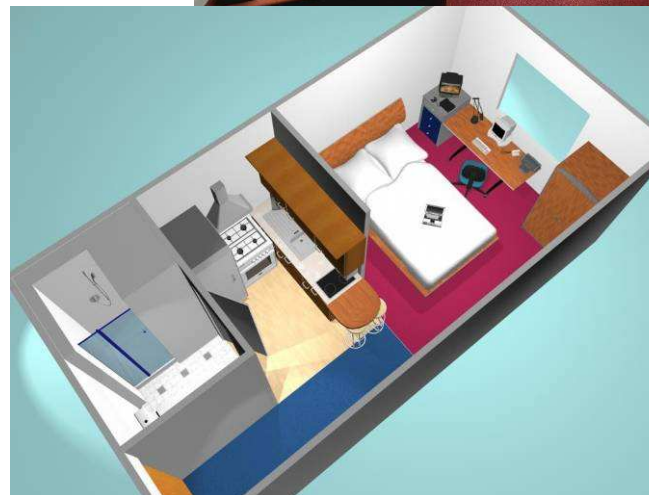
- marketing, sales and lettings
- facilities management
- multiple stakeholders
- account management
- operating platform
- systems
- student hospitality
- research

Brand & offering

- rental growth

Other services

- broadband
- leisure facilities
- insurance



OUR TOP 10 MARKETS

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2008 Rank	2007 Rank	City	Completed Beds (08/09)	Completed Beds (07/08)	FT Student Numbers (05/06)	Projected Market Share	3Yr Growth in FT Student Numbers
1	4	London	3,931	3,039	218,405	2%	14%
2	1	Sheffield	3,734	3,734	40,390	9%	6%
3	2	Liverpool	3,371	3,453	37,080	9%	8%
4	3	Bristol	2,975	3,357	33,865	9%	10%
5	5	Leeds	2,608	2,213	47,535	5%	6%
6	6	Manchester	1,867	2,208	56,785	3%	9%
7	16	Birmingham	1,832	1,084	26,477	7%	8%
8	11	Aberdeen	1,821	1,301	18,590	10%	3%
9	7	Leicester	1,685	1,685	26,477	6%	8%
10	9	Glasgow	1,675	1,582	18,590	4%	3%
			25,350	23,656	540,122	5%	



COMPLETED PROPERTIES 2007

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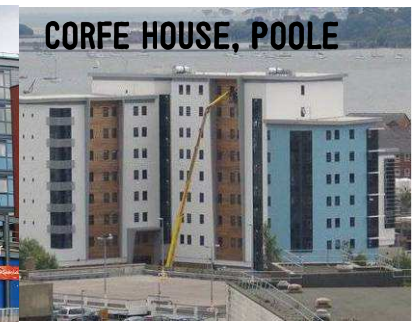
CHARLES MORTON COURT, LONDON



CALLICE COURT, COVENTRY



FORGE II, SHEFFIELD



CORFE HOUSE, POOLE



THE ANVIL, SHEFFIELD



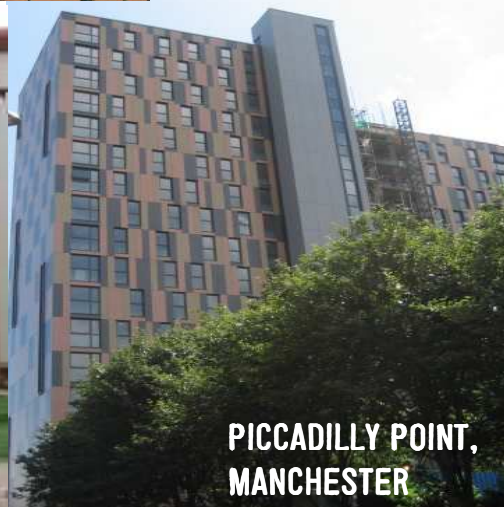
PHOENIX COURT, BRISTOL



PANMURE COURT, EDINBURGH



WILLIAM MORRIS HALLS, LOUGHBOROUGH



PICCADILLY POINT, MANCHESTER



RAGLAN COURT, COVENTRY

MODULAR CONSTRUCTION

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- 70% modular completions in 2007 (2006: 63%)
- Delivery time, cost and quality control
- 180,000 sq ft production area
- Produces modular bedrooms, kitchens and ancillary components
- New technology allows building elevations up to 10 storeys



Riverside Point - Completed September 2006



Somerset Court - Completed September 2006

USAF AND UCC - KEY TERMS

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	USAF	UCC
History:	Multi investor fund formed Dec '06	JV with GIC formed March '05
Strategy:	<ul style="list-style-type: none"> ▪ UK direct let student accommodation ▪ Exclusivity over UNITE pipeline 	<ul style="list-style-type: none"> ▪ London & Edinburgh focus ▪ Build a £350m+ portfolio ▪ Development led
Capitalisation:	<ul style="list-style-type: none"> ▪ Target £1bn ▪ Max 60% LTV 	<ul style="list-style-type: none"> ▪ Target £350m+ GAV ▪ 70% LTV
Format:	Open ended, infinite life	Closed ended, 8 year fund
UNITE stake:	20% at year end	30%
UNITE role:	Co-investing property & asset manager	Co investing property, asset, and development manager
Fees:	AM fee: 60bps of GAV*	AM fee : 50 bps GAV
Promote:	25% over 9% total return payable in Units	20% over 15% total return payable at exit

* Subordinated to a 5% return in first three years



LEASE TYPES

Leases

- Conventional structures
 - 15+ years
 - annual uplifts fixed/RPI-linked
- Lower yields reflecting lower risk income stream
 - no credit for summer occupancy
 - generally lower income levels
 - varying management obligations

Direct Let

- Full benefit of market demographics
 - strong rental growth
 - high occupancy
 - better year round utilisation
- Higher yielding reflecting potential occupancy risk
- Full management provision
 - economies of scale

Nominations Agreements

- Off balance sheet lease for University
 - hybrid solution
- Similar features to leases
 - 15+ years
 - annual uplifts fixed/RPI linked
- More participation in revenue upside
- Full management provision
 - economies of scale

KEY BANKS



	Available facilities £m	Facility Type
Wholly-owned assets		
Anglo Irish Bank	300	Development and investment revolving facility
HSH Nordbank	273	Development and investment revolving facilities
Royal Bank of Scotland ¹	256	Development and investment revolving facilities
Fortis	192	Development and investment revolving facilities
Morgan Stanley	163	Investment facility
Nationwide	66	Investment revolving facilities
Others	132	Development and investment facilities
	<u>1,382</u>	
Co-investment vehicles		
HSH Nordbank UCC	300	Development and investment revolving facility
Lloyds TSB USAF	115	Investment facility
CMBS USAF	280	Investment facility
Lehmans/Ixis USV	48	Investment facility
	<u>743</u>	

Note 1: includes acting as an agent on £156m of debt facility

	31 Dec 2007	31 Dec 2006
	£m	£m
Net assets	450	481
Valuation gains not recognised on properties held at cost	39	2
Fair value of fixed rate debt	-	(10)
Deferred tax	(11)	3
NNAssets	<u>478</u>	<u>476</u>
NNNAV per share	387p	386p