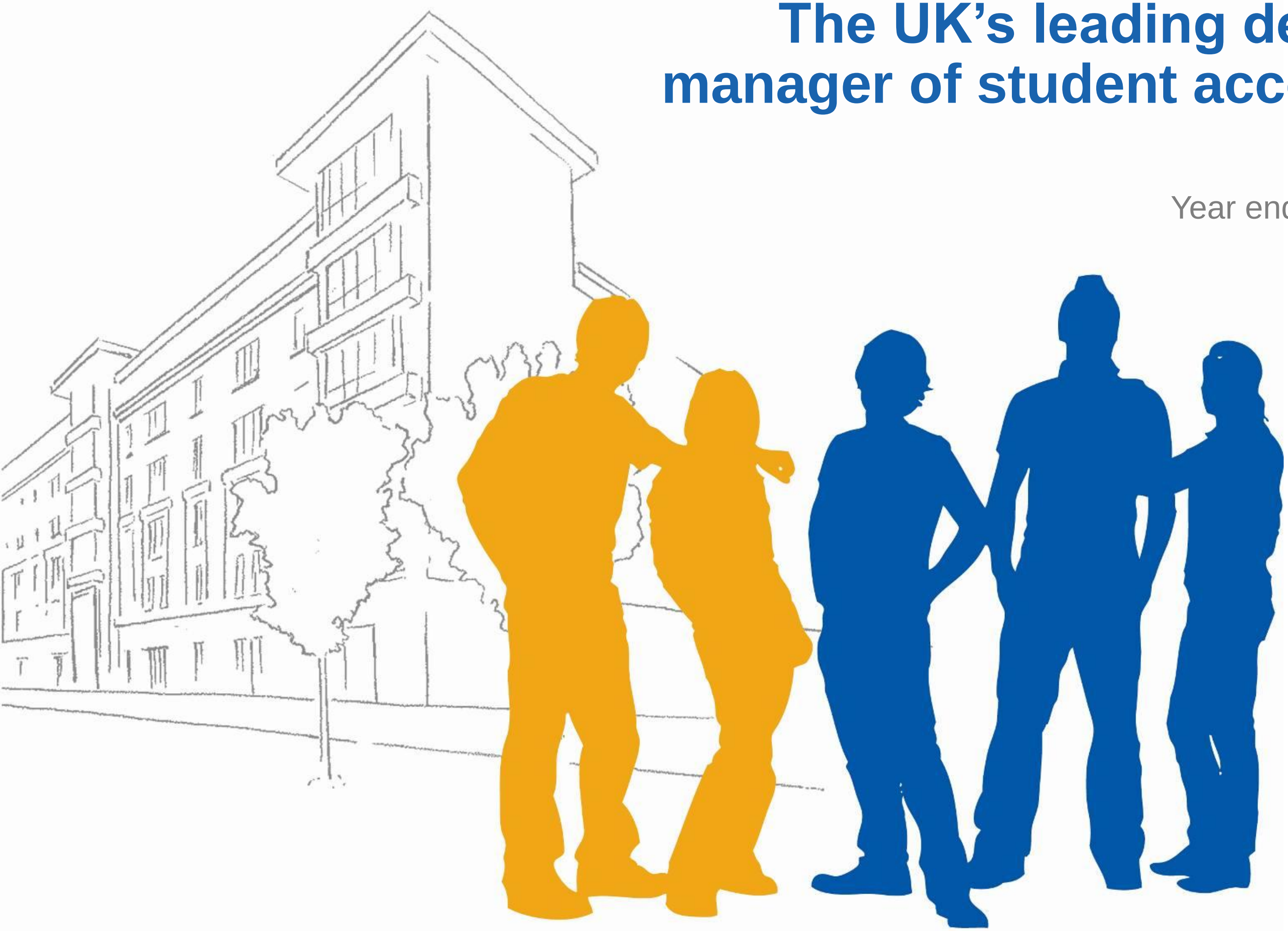
The heart of student living UNITE

The UK's leading developer and manager of student accommodation

Preliminary Results

Year ended 31 December 2010



Highlights

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- Adjusted NAV up 11% to 295pps
  - Stabilised portfolio values up 5%
  - £25m of development profit recognised
- Net Portfolio Contribution increased to £4.1m
  - Rental and occupancy growth
  - NOI margin constant
- Good development progress
  - Secured London pipeline up to 2,800 beds
  - All funding and planning in place for 2012 schemes
  - Accretive to future NAV and earnings
- Strong reservations position for 2011/12
  - 62% as at 28 February
  - Rental growth expected in line with 2010 (3.1%)
- Intend to reinstate dividend during 2011

	31 Dec 2010	31 Dec 2009
Adjusted NAV	**295p**	265p
NPC	**£4.1m**	£0.6m
Reservations	**62%**	59%
Secured beds:		
- 2011	**1,277**	-
- 2012-14	**2,793**	900
	4,070	900
Adjusted gearing	**71%**	92%

* Reservations as at 28 Feb

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Strategy and market

Market view

- Demand for purpose built accommodation will remain strong for foreseeable future
  - 160,000 more applicants than places 2010
  - Capital and planning constraints will limit new supply
  - Important to understand variations at city level
- UNITE customer base particularly resilient to funding changes
  - 46% of customers non-UK
  - UK customer base affluent
  - Only 5% of portfolio revenue in "at risk" category
- Immigration policy considered low risk
  - Focus on non-degree study
  - Government assurances to Universities
  - UNITE has 719 customers at private colleges, of which less than 400 considered in "at risk" category

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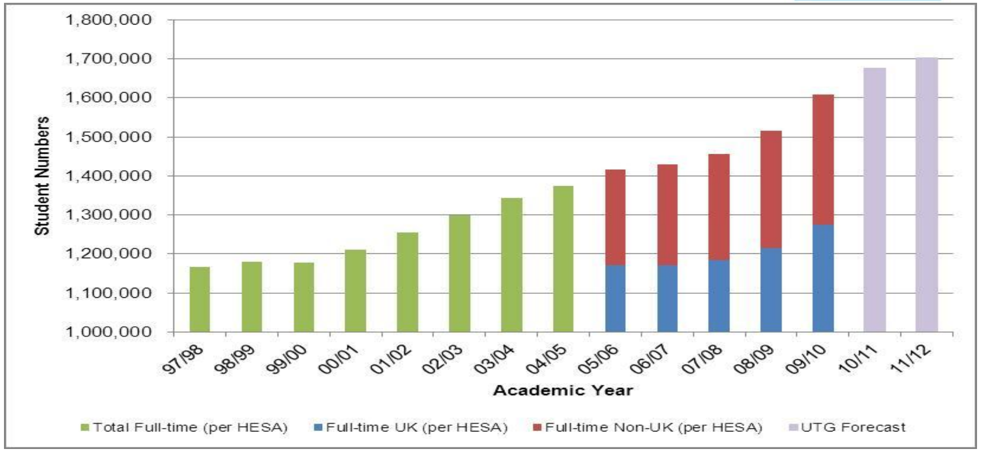
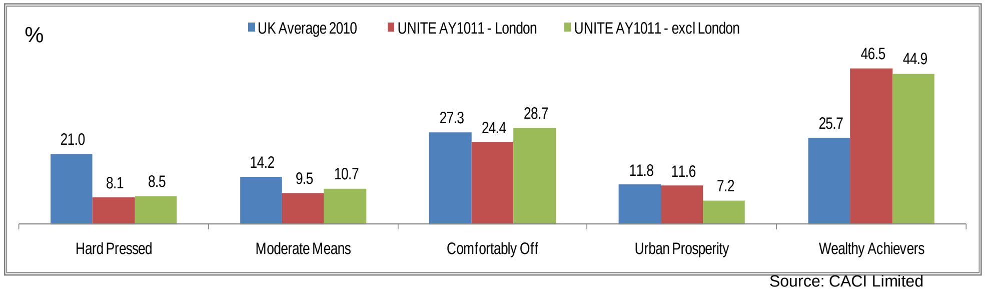
Full time student number growth

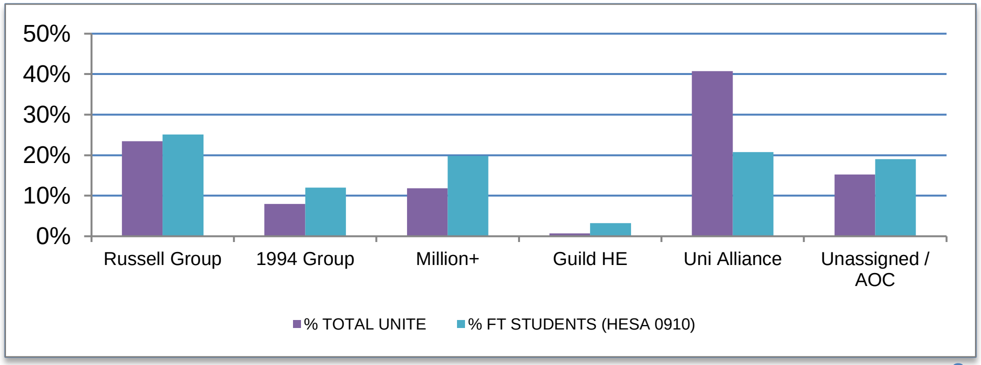


UNITE UK customer base % of total



Source: CACI Limited

UNITE customer base by university grouping



Strategy

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- Effectively aligned to market dynamics
  - Investment focused in strongest student locations, particularly London
  - Financial capacity and in-house expertise to undertake attractive developments
  - Half of London development pipeline positioned at value end of spectrum
- Intent to grow NPC and NAV sustainably over time
  - Portfolio well positioned for continued rental growth
  - Numerous accretive asset management opportunities over time
  - Selective development activity accretive to future NAV and earnings
- Will hold greater proportion of portfolio in future
  - Supports growth in NPC
  - Increases London weighting to c.50%
  - Congruent with USAF objectives
- Visibility of NPC growth supports reinstatement of dividend in 2011

Financial review

Financial highlights

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	2010	2009
Income Statement		
Net portfolio contribution	£4.1m	£0.6m
Adjusted profit /(loss)	£2.4m	(£28.7m)
Profit / (loss) before tax	£19.6m	(£34.9m)
Balance Sheet		
NAV (adjusted, fully diluted per share)	295pps	265pps
Adjusted net debt	£335m	£390m
Adjusted gearing	71%	92%
See-through gearing	115%	133%

NAV bridge

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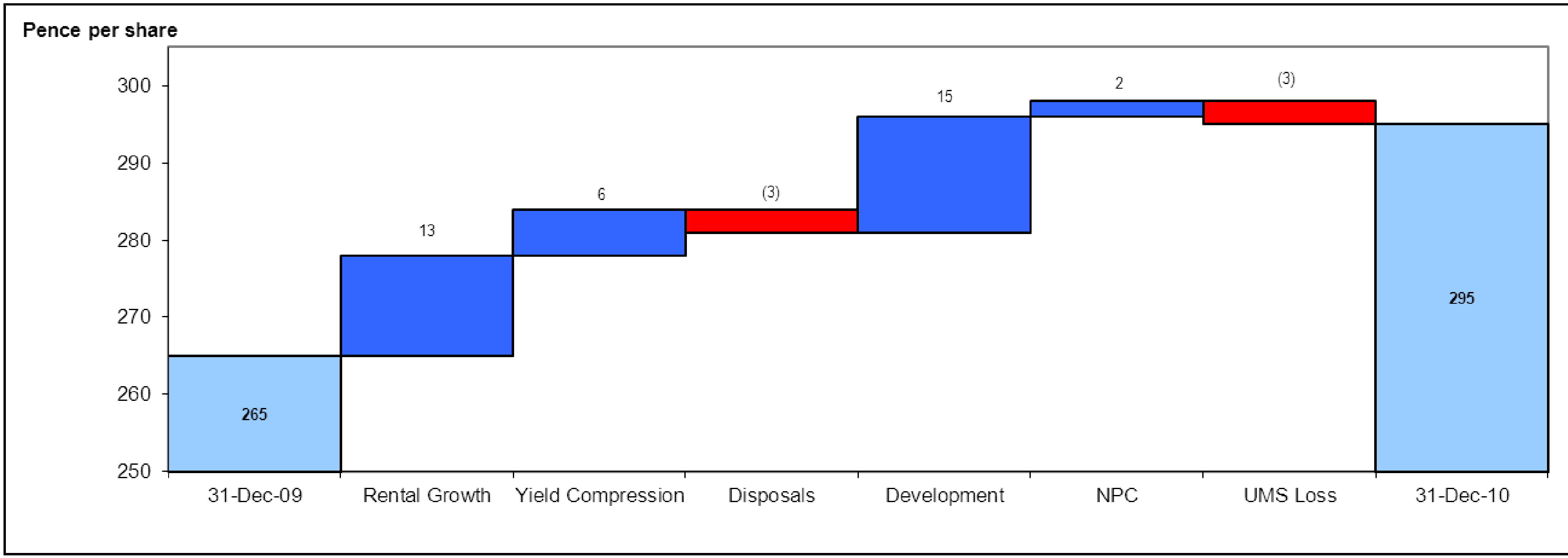

Constituents of NAV

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		31 December 2010			31 December 2009		
	Typical NOI yield	**Wholly owned £'m**	**Share of JVs £'m**	**Total £'m**	*Wholly owned £'m*	*Share of JVs £'m*	*Total £'m*
Investment portfolio							
London	6.25%	**162**	**172**	**334**	*245*	*113*	*358*
Major Provincial	6.5%	**204**	**179**	**383**	*259*	*155*	*414*
Provincial	6.75%	**127**	**40**	**167**	*121*	*36*	*157*
		493	**391**	**884**	*625*	*304*	*929*
Development		**138**	**-**	**138**	*39*	*31*	*70*
Property portfolio		**631**	**391**	**1,022**	*664*	*335*	*999*
Adjusted Net Debt		**335**	**212**	**547**	*390*	*171*	*561*
Adjusted LTV		**53%**	**54%**	**54%**	*59%*	*51%*	*56%*
Total managed beds		**8,267**	**31,472**	**39,739**	*10,150*	*28,112*	*38,262*

- 38% capital invested in London
  - Will increase to approximately 50% on completion of pipeline
- £154m of assets to be stabilised

Net Portfolio Contribution

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	2010 £'m	2009 £'m	% change
Total income	188.9	164.3	15%
UNITE share of rental income	89.0	81.9	9%
UNITE's share	*47%*	*50%*	
UNITE's share of operating costs	(26.9)	(24.7)	9%
UNITE's NOI	62.1	57.2	9%
NOI margin	*70%*	*70%*	
Fees from JVs	8.4	5.9	42%
Overhead	(19.6)	(19.5)	1%
Finance costs [1]	(46.8)	(43.0)	9%
Net portfolio contribution	**4.1**	**0.6**	

[1]Finance costs include net interest (£34.7m) and lease payments (£12.1m) on sale and leaseback assets

- Rental growth and additional beds driving top line growth
- Cost pressure from utilities offset by efficiencies in operating model
- Finance costs reflect higher level of investment debt and finance leases and higher cost of debt
- Growth in fee income with AUM up from £1.6bn to £1.9bn

Income Statement

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	2010 £'m	2009 £'m
Net Portfolio Contribution	**4.1**	**0.6**
Development pre-contract costs	(3.2)	(0.7)
Development trading profits/write-downs	6.9	(15.3)
UMS loss due to surplus capacity	(4.8)	(1.1)
Swap break costs	-	(9.6)
Restructuring costs	-	(3.0)
Other	(0.6)	0.4
Adjusted profit/(loss)	**2.4**	**(28.7)**
Valuation movement / loss on disposal	29.3	(20.2)
Mark-to-market movement	(7.9)	12.4
Deferred tax	(4.2)	1.6
IFRS reported profit / (loss)	**19.6**	**(34.9)**

Investment portfolio

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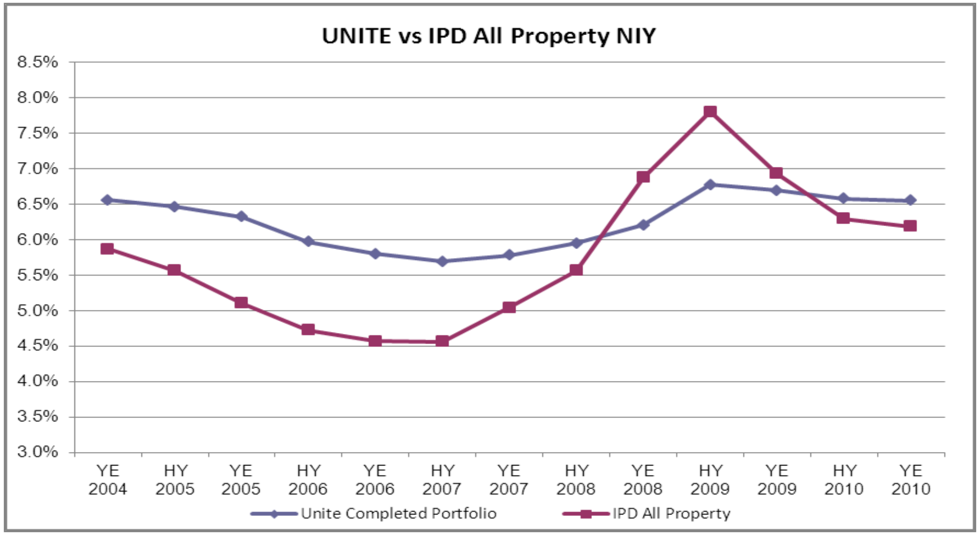
Valuation factors

- Yield compression of 13bps across portfolio
  - Portfolio average yield of 6.6%
  - Yield range widening
- Rental growth of 3.1%
- Value-add opportunities continuing to emerge
  - £6m capex in 2010 delivered £7m NAV uplift (UNITE share £3m)

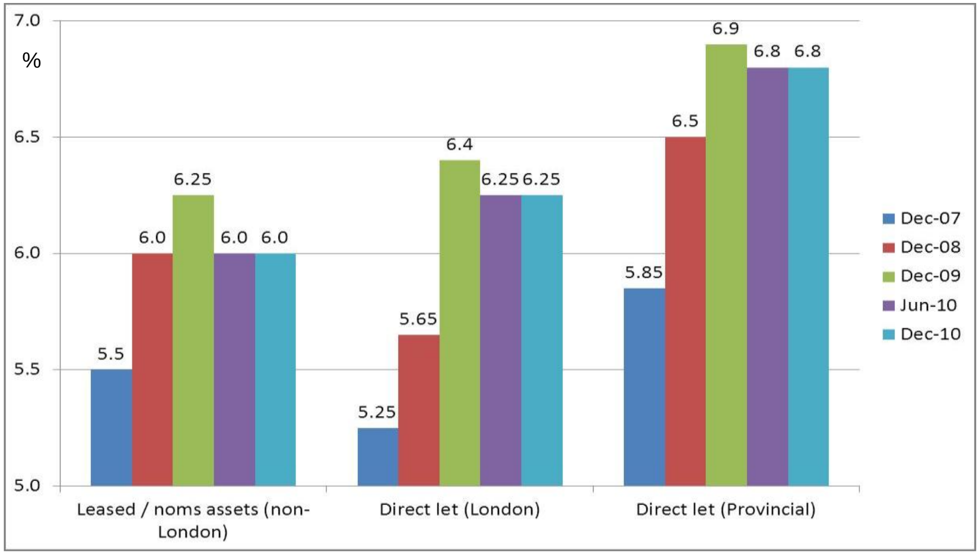
Market factors

- Investment transactions up to c. £385m (2009: £170m)
  - Non-UNITE c. £213m (2009: £40m)
- Investor appetite strongest for prime assets
  - London
  - University agreements
  - 50-75 basis points keener yields than provincial direct let

Relative yield performance



Typical stabilised yields



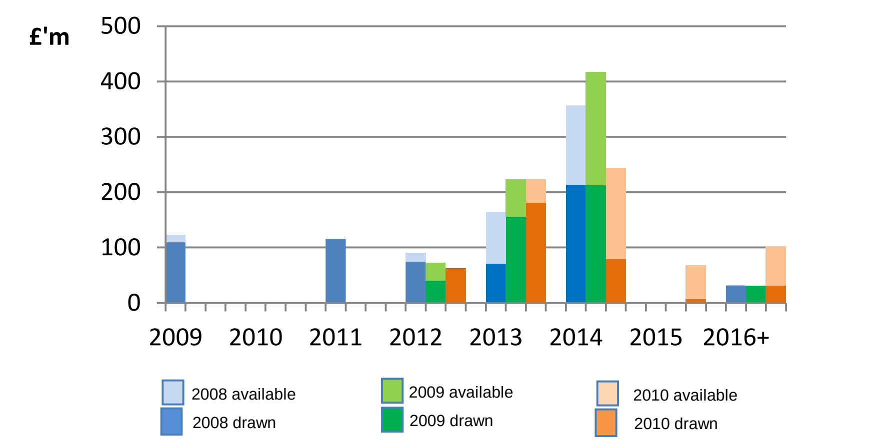
Capital structure

- Financing position remains robust
  - Net debt and gearing at sustainable levels
- Banks remain supportive of student accommodation
- Debt maturities extended
  - £65m of new development facilities
  - £120m of debt extended
  - 2013 and 2014 maturities reduced by 28% to £260m
- Covenant headroom continues to improve

Key debt statistics

	Dec 10	Dec 09
Net debt	£335m	£390m
Net gearing	71%	92%
See through gearing	115%	133%
Adjusted LTV	53%	59%
Average cost of debt		
-UNITE	6.8%	6.6%
-USAF	5.0%	5.4%
-UCC	5.5%	5.5%

Debt maturity profile



Built-out Balance Sheet

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- Balance sheet headroom to complete development plan
- Debt facilities in place to complete secured pipeline – £231m of undrawn capacity
- Completing development programme will keep gearing within target range
  - Secured pipeline 105%
  - Target pipeline (+1,200 beds) 117%
- Further development beyond 4,000 bed target will be funded by recycling capital through selective disposals

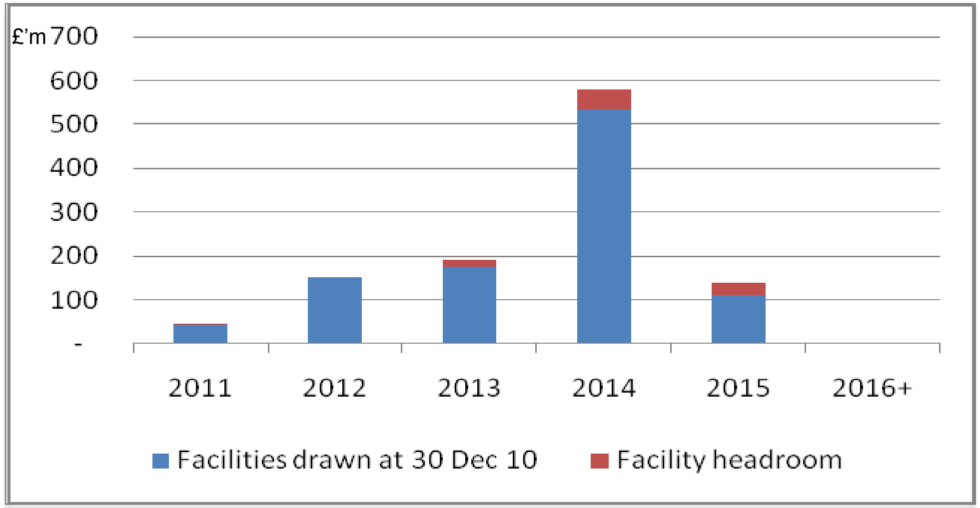
	31 Dec 2010	Development pipeline	Built out
	£'m	£'m	£'m
Property	631	303	934
Share of JV's NAV	172		172
Cash headroom	83	(39)	44
Borrowings	(418)	(195)	(613)
Net debt	**(335)**	**(234)**	**(569)**
Other	6	-	6
NAV	**474**	69	**543**
NAV per share	295p	43p	338p
Adjusted gearing	*71%*		*105%*

Co-investment vehicles

- USAF: established track record, size, diversification
  - Acquired £170m of property in 2010
  - Portfolio valued £1.25bn
  - £30m units traded at 2.1% premium
- Longer term strategies for JVs a priority for 2011
  - UCC, OCB and USV
- Plan to extend debt maturities on key facilities during 2011 and 2012

31 December 2010	USAF £'m	UCC £'m	USV £'m	OCB £'m
GAV (£'m)	1,231	379	63	180
Borrowing / others (£'m)	(595)	(252)	(44)	(102)
Adjusted NAV (£'m)	**636**	**127**	**19**	**78**
2010 total return	*11%*	*8%*	*19%*	*n/a*
LTV	*51%*	*67%*	*71%*	*57%*
UNITE stake	*16%*	*30%*	*51%*	*25%*
Management fees (£'m)	*5.3*	*2.8*	*-*	*0.4*

Debt maturity profile – co-investment vehicles



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Operational review

Development pipeline

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	Beds	Completed value	Total development cost	Capex in period	Capex remaining	NAV remaining	Stabilised yield on cost
		£'m	£'m	£'m	£'m	£'m	
2011	1,277	100	85	36	26	6	8.3%
2012	1,341	172	127	37	90	29	9.2%
2013-14	1,452	152	118	-	118	34	9.0%
Total	**4,070**	**424**	**330**	**73**	**234**	**69**	**9.0%**

- Secured London pipeline increased to 2,800 bed spaces
  - All required funding and planning consents in place for 2012 projects
- On track to grow secured pipeline further
  - Additional 1,200 beds in 2011 with existing capital, in line with plan
  - Plan to allocate further £100m to £150m in 2012 (c.1,500 beds), to be funded by selective disposals
- Increased transaction activity in London student development market
  - c. £280m of non-UNITE transactions (estimated completed value) in year (2009: £nil)
  - Focused on sites with existing/expected consents. No increase in forecast supply

UNITE Modular Solutions

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- £4.8 million loss due to surplus capacity
  - £4.6 million arose in first half
- Pipeline of third party opportunities enhanced
  - Two contracts secured
  - Healthy pipeline of other opportunities
  - Student accommodation, budget hotel and residential sectors
- Improved outlook for 2011
  - Forecast production up 50% to 1,800 modules
  - Production weighted to second half
  - EBITDA marginally positive for full year
- Ownership stake under review in short to medium term

Summary and outlook

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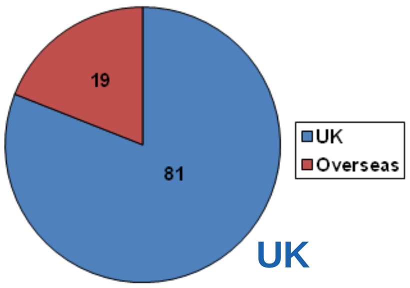
- Good progress against all strategic objectives
  - Growth in NAV and NPC
  - Development pipeline growing
  - Effective capital and liability management
- Business and strategy well positioned for future
  - Strong and diverse portfolio supports rental growth outlook
  - Attractive customer profile
  - Increasing ownership share of portfolio will drive NPC and London focus
  - Accretive development opportunities remain
- Intend to reinstate dividend during 2011

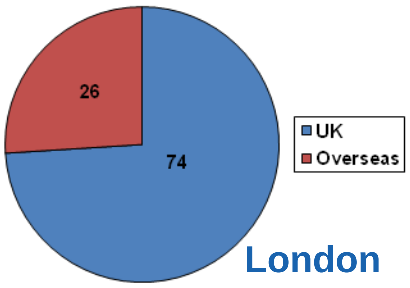
PIONEERS OF STUDENT LIVING

The London student market

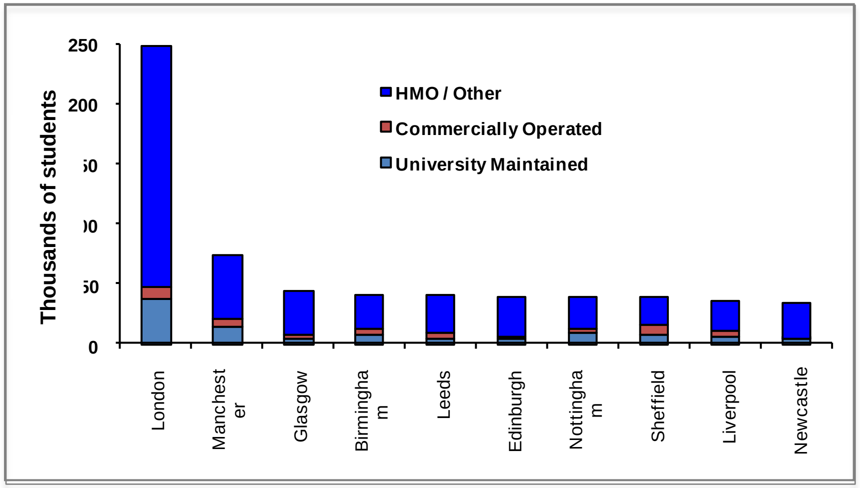
- London has three important characteristics that distinguish it from the wider UK market
  - A full time student population (266,000) that is larger than the next five largest student markets combined
  - An incredibly low supply ratio. London's Universities can only supply 36% of the bed spaces required 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. 70,000) with high accommodation requirements and expectations
- UNITE has built a substantial London student accommodation business in recent years.
  - For academic year 2010/11 UNITE will operate over 6,000 bed spaces in London

Proportion of International HESA – All Students





Top 10 UK Markets



Differentiating the student experience

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)

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

Our top 10 markets

2010 Rank	2009 Rank	City	Completed Beds (10/11)	Completed Beds (09/10)	FT Student Numbers (09/10)	Projected Market Share
1	**1**	**London**	**6,586**	**5,327**	**284,036**	**2.3%**
2	2	Sheffield	3,734	3,734	46,325	8.1%
3	3	Liverpool	3,372	3,372	40,720	8.3%
4	4	Leeds	3,137	3,137	52,371	6.0%
5	5	Bristol	2,857	3,036	38,561	7.4%
6	6	Manchester	2,595	2,595	79,406	3.3%
7	7	Birmingham	1,832	1,832	53,103	3.4%
8	8	Aberdeen	1,821	1,821	21,735	8.4%
9	9	Leicester	1,685	1,685	28,588	5.9%
10	10	Portsmouth	1,402	1,402	17,582	8.0%

See through balance sheet and income statement

	Wholly owned £'m	USAF £'m	UCC £'m	USV £'m	OCB £'m	**Total £'m**
Balance sheet						
Rental Properties	493	201	114	31	45	**884**
Properties under development	138	-	-	-	-	**138**
Net debt on completed properties	(335)	(94)	(74)	(20)	(24)	**(547)**
Other assets/(liabilities)	7	(3)	(2)	(2)	(1)	**(1)**
Adjusted net assets	**303**	**104**	**38**	**9**	**20**	**474**
Income statement						
Rental income	63.5	14.9	7.1	2.67	0.8	**89.0**
Costs	(20.3)	(4.1)	(1.4)	(0.9)	(0.2)	**(26.9)**
Net operating income	43.2	10.8	5.7	1.8	0.6	**62.1**
Management fees	8.9		(0.5)	-	-	**8.4**
Operating/corporate expenses	(19.2)	(0.1)	(0.2)	-	(0.1)	**(19.6)**
Finance costs	(36.5)	(4.5)	(4.1)	(1.2)	(0.5)	**(46.8)**
Net Portfolio contribution	(3.6)	6.2	0.9	0.6	-	**4.1**
Development segment & other	(1.7)	-	-	-	-	**(1.7)**
Adjusted profit	**(5.3)**	**6.2**	**0.9**	**0.6**	**-**	**2.4**

Debt facilities

On-balance sheet

	Facility Amount	Drawn	Maturity	LTV @ 31 Dec
Investment	£'m	£'m		
Bank of Ireland	100	100	2013	58%
Nationwide	100	17	2014	19%
HSH / Nordbank	66	43	2014	75%
BNPP/Fortis	29	29	2016	70%
Others	104	103	2012-22	75%
	399	292		
Development				
BNPP/Fortis	71	-	2016	
HSH / Nordbank	59	-	2014	
Barclays	67	7	2015	
RBS	70	29	2013	
Others	31	31	2012-18	
Total	298	67		
Investment & Development	697	359		

Co-investment vehicles

USAF	Facility	Drawn	Maturity	LTV
Lloyds	115	115	2012	51%
HSH / Abbey	106	106	2013	44%
CMBS	280	280	2014	52%
Santander	62	50	2015	50%
HSBC	75	62	2015	50%
	638	612		51%
UCC				
- HSH	100	84		
- BNP Paribas	100	84		
- OCB	67	57		
- Maybank	33	28		
Syndicated facility	300	253	2014	67%
OCB				
Barclays	33	32	2011	64%
RBS	35	30	2013	62%
HSH	50	40	2013	49%
	118	102		57%
USV				
Natixis	12	10	2011	76%
Lehmans CMBS	35	35	2012	70%
	47	45		71%

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:	▪ £1bn ▪ 50-60% LTV	▪ Target £350m+ GAV ▪ 70% LTV	▪ Target c. £200m GAV ▪ 60% LTV
Format:	Open ended, infinite life	Closed ended, 8 year fund	Closed ended, 5 year JV
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

	Dec 2010 £m	Dec 2009 £m
Net assets	387	366
Valuation gains not recognised on properties held at cost	37	18
Fair value of fixed rate debt	(6)	(6)
Deferred tax	-	-
NNNAssets	418	378
NNNAV per share	261pps	237pps