

The heart of
student living

UNITE

WELCOME TO THE HEART
OF STUDENT LIVING

UNITE
IN LONDON



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AGENDA: 13 DECEMBER 2007

2.00 pm: Welcome and Coffee, UNITE Shop

2.30 pm: Woburn Place

2.45 pm: Visit to Somerset Court

3.30 pm: Tour of Devonshire St.

4.15 pm: Birkbeck College, Presentations:

- Strategy and market overview – Mark Allan, Chief Executive
- UNITE in London – Matthew McAdden, Managing Director, London
- Financing – Tony Harris, Chief Financial Officer

5.15 pm: Q&A @ Night&Day Bar, Imperial Hotel, Russell Square



MARK ALLAN, CHIEF EXECUTIVE

INTRODUCTION TO UNITE

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- THE UK'S LARGEST PROVIDER OF STUDENT ACCOMMODATION
- 38,000 BEDS FOR 2007/08 ACADEMIC YEAR ACROSS 135 PROPERTIES THROUGHOUT THE UK
- PORTFOLIO UNDER DEVELOPMENT & MANAGEMENT WORTH C. £2.0 BILLION ON COMPLETION
- 1,000+ EMPLOYEES
- CUSTOMER EXPERIENCE IS CENTRAL TO UNITE'S STRATEGY



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UK MARKET OVERVIEW

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Student Market

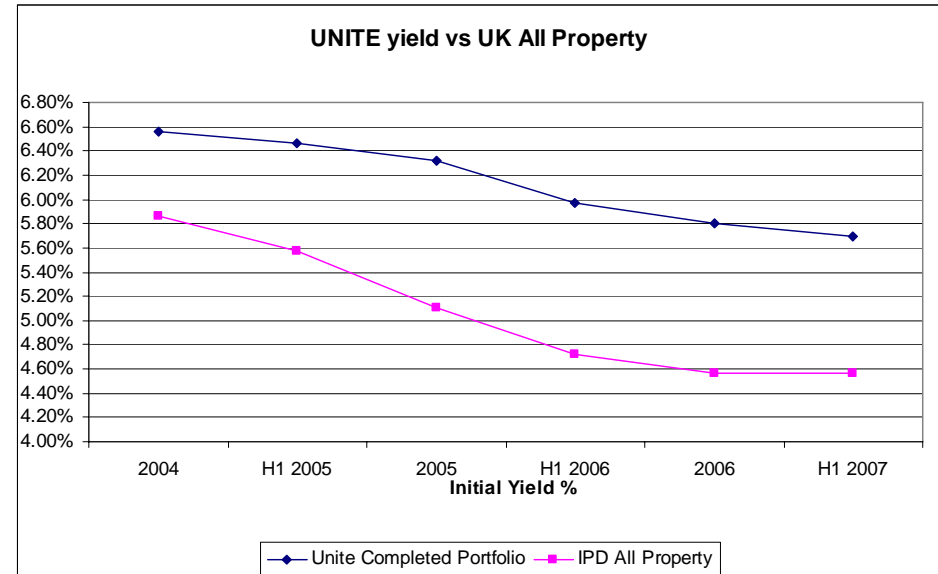
Demand Update

- Applications up 5.8% for 2007/08 academic year
- Demographics continue favourable trend
- Government target maintained at 50% of all 18-30 year olds entering Higher Education (current 43%)
- International students currently 14% of total

Competition and Supply

- General shortage of quality supply
- Universities upgrading or replacing existing stock – not net suppliers
- Private landlords constrained by housing shortage and Housing Act
- Competition remains regional/local

Investment Market



- Increasing investment in the sector
 - £600m+ investment deals in last 12 months
 - Increase in funds targeting sector
- Shortage of quality investment product
- Quasi-residential characteristics
- Yields remain well above property sector average
- Student rents resilient to economic cycles

OUR STRATEGY FOR GROWTH – MARCH '07 REMINDER

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- Over the next five years we aim to double the size of our UK Student Business
 - Double net rent and optimise return to UNITE
 - Development activity increased in London and smaller, high value markets
 - Net rental growth through city centric focus supported by national brand and scale
 - Complementary acquisitions
- Maximise our unique combination of skills to deliver sustainable growth
 - Acquisition, development and planning expertise
 - Market leading modular building technology
 - Customer focused professional management
- Supported by sustainable financing model
- Pilot of new accommodation proposition targeting graduates and young career professionals



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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	4,039	2,951	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%
			25,607	23,568	540,122	5%	



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MATTHEW MCADDEN
MANAGING DIRECTOR, LONDON STUDENT HOSPITALITY
BUSINESS

KEY THEMES

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- Why London – a unique student market
- Development strategy: widest balance of London locations
- Choice of product offering
- Range of price points



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LONDON – A UNIQUE STUDENT MARKET

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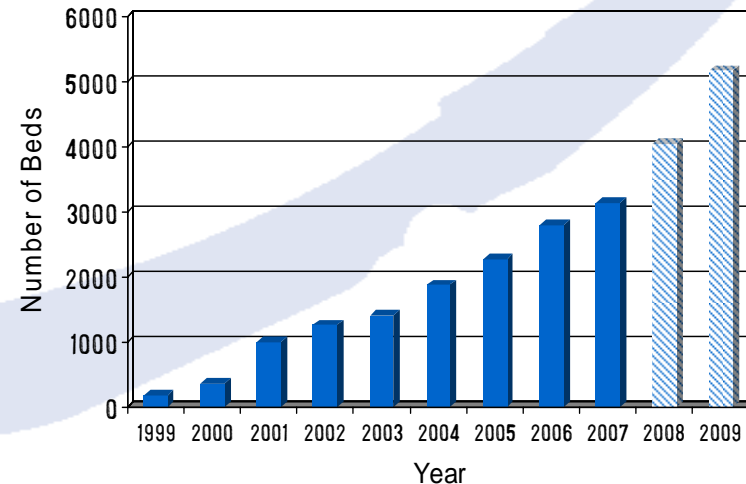
STRONG & GROWING DEMAND

- The UK's largest student market
- 40 Universities, 241,000 full-time students
- 8 Business Schools in Holborn area
- 25% of all overseas students study in London (82,000)
- Demand forecast to continue – up to 125,000 extra students in London by 2020*

SHORTAGE OF SUPPLY

- Purpose built student accommodation can accommodate just 47% of first year & overseas students
- London Universities are not net suppliers of accommodation
- Traditional private rented sector regulatory burdens

UNITE GROWTH IN LONDON



* Source: HEPI 9

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PRINCIPAL COMPETITOR ACTIVITY

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		Existing schemes		Pipeline schemes		
Company	Financing	Property locations	Number of beds	Property locations	Number of beds	Approximate year of completion
Opal	Private	Greenwich	865 beds	Hackney	514 beds	2008
Nido	Blackstone Real Estate	Kings cross	856 beds	E1	1,200	2010
Studios	Private	St John St, EC1M Sebastian St, EC1V	(Both properties comprise 219 single studios and 9 twin rooms)		None	
Hive	Private	0 operational		N1 E2	226 beds 203 beds	2009 2009
IQ	Quintain & Wellcome Trust Joint Venture	0 operational		Wembley Greenwich	c. 500 beds c. 500 beds	
Sanctuary Housing Association	Registered Social Landlord	N1 WC1X SE1 E3 N16 E1 E1	510 beds 259 beds 259 beds 54 beds 213 beds 244 beds 365 beds		None	
Total		11	3,862	6	c. 3,143	

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DEDICATED LONDON TEAM

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- Specialist teams for acquisition, planning, development, sales, marketing and operations

Delivering:

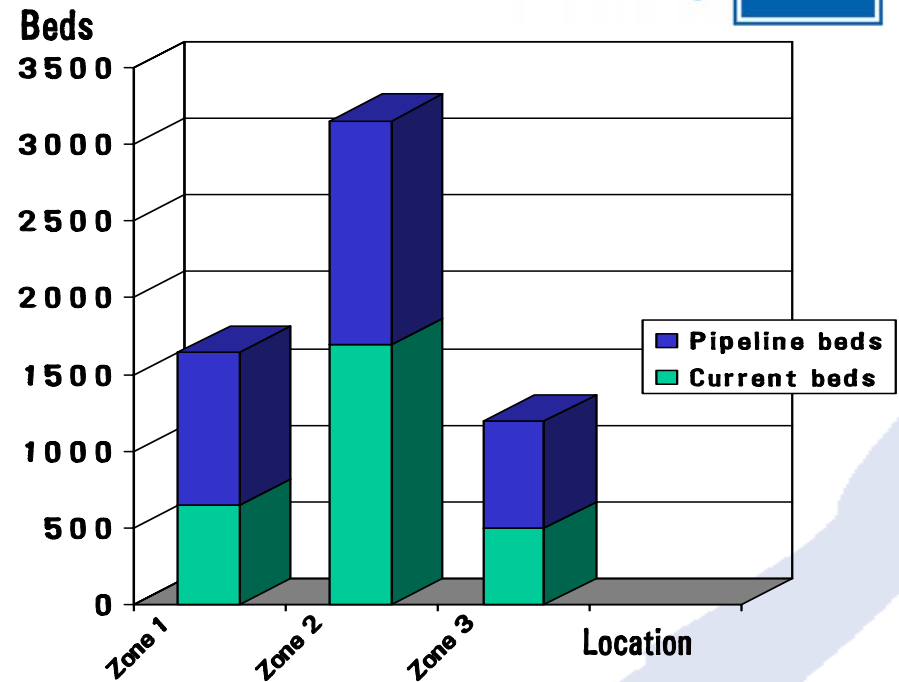
- 6,000 new beds by 2012
- Of which over 3,000 already secured (est. value: c. £500m)
- Including 760 new bed spaces secured in H1 2007 (est. value: £187m)
- 5 new planning permissions in H1 2007

DEVELOPMENT STRATEGY

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- Distinct strategies for Central London, North, East and South London
- Split into three zones
- Target profit on cost 20%



ZONE 1

- Typically Tube zone 1
- Growth targets £300-£350m total development expenditure
- Investment yields c. 5%

ZONE 2

- Typically Tube zone 2
- Growth target £300m-£350m total development expenditure
- Investment yields c. 5.5%

ZONE 3

- Typically Tube zone 3+
- Growth target £100m-£125m
- Investment yields c. 5.5%

CHOICE OF PRODUCT OFFERING

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ON-SITE HOSPITALITY MODEL

- On-site maintenance teams
- 24 hour site cover
- On-site hospitality team
- Social / event calendars

FACILITIES AND SERVICES

- Wide choice of options – 1-6 bed flats and studio apartments
- All rooms are en-suite
- Inclusive internet access available in every room
- Fully equipped kitchens
- Common rooms – pool tables, plasma TVs, vending
- CCTV plus swipe card entry
- Laundry Facilities



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CUSTOMER ACQUISITION STRATEGY

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- Retail presence on Southampton Row, central student area
- First interactive student accommodation online booking system: www.unite-students.com
 - Website supports our ability to capture overseas market
- Targeted marketing campaign planned for 2008 including online, press, posters, PR and promotional activity
- Show flats available at all new properties



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UNIVERSITY RELATIONSHIPS

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CASE STUDY – WOBURN PLACE, WC2

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- Located in the heart of London, right on the doorstep of UCL and Russell Square tube - well located for LSE, Kings, SOAS, Covent Garden, Soho and the West End
- 458 rooms, 5 room types from twin rooms to one bed flats
- £190 - £425 per week
- Acquired by the UNITE Capital Cities JV

Communal facilities include:

- CCTV, swipe card entry
- Concierge/24 hr security
- Lounge area with sky TV
- Study rooms including plasma TVs
- Broadband in every room
- Cleaner every 2 weeks

Opening January 2009



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CASE STUDY – HALE VILLAGE, N17

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Opening Autumn 2009

- Tottenham Hale regeneration zone
- UNITE Zone 3 location
- Mixed use modular scheme
- 687 direct let beds, range of flat sizes
- 50m from tube station: Quick access to student zones including Mid-Town, Holloway, Pimlico and City Fringe
- 20,000 square ft retail
- Budget student village incorporating:
 - laundry
 - TV Room
 - café area
 - study area
 - games room
 - secure outside leisure space
 - car parking spaces
 - off-street courtyard



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CASE STUDY – RAHERE COURT, E1

Within a central location in the East End of London, Rahere Court is located directly opposite Queen Mary's Campus. The property is a short walk from good tube links, including the stations of, Mile End and Stepney Green and a 24 hour bus service.

- Rahere Court is located in the London borough of Tower Hamlets, one of five designated as hosts of the 2012 Olympics
- 52% of the population are under 30 years (highest in UK)
- 18,000 students live in Tower Hamlets



Total Number of Beds:	186
Types of Room:	149 Standard 27 Studios 10 Large Studios
Rent (£/per week):	From £155-£260
Date Completed	Sept-2007
Lease Type	Direct Let



SUMMARY

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- **Customers**
 - Branded customer service
 - Great value for money
- **People**
 - Strong development skills
 - Experts in the student market
- **Shareholders**
 - Resilient business model
 - Consistently strong development margins
- **Stakeholders**
 - Unparalleled institutional relationships

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- London Exposure
- Funding Growth in London
- Business Model Metrics
- Sale of Assets

LONDON EXPOSURE

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	December 2005	December 2007	(Projected) December 2009
Portfolio Value	£m	£m	£m
■ London	188	271	730
■ RoUK	976	1,433	1,720
■ Total	<u>1,164</u>	<u>1,704</u>	<u>2,450</u>
■ London	16%	16%	30%
Portfolio Beds			
■ London	2,564	2,951	5,200
■ RoUK	28,165	34,483	37,200
■ Total	<u>30,729</u>	<u>37,434</u>	<u>42,400</u>
Excludes Livocity	8%	8%	12%

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FUNDING GROWTH IN LONDON

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To Date - UNITE Capital Cities JV (UCC)

- JV with GIC from March '05
- London & Edinburgh focus
- Assets fully allocated
- Built out value c. £400m
- Development & Investment

Future - UNITE UK Student Accommodation Fund (USAF)

- Multi investor fund from Dec '06
- UK direct let assets
- Target £1bn will be reached in 2008, and further capital raising planned to extend capacity for future pipeline including London
- Investment assets only. Development, including future London schemes on UNITE balance sheet

- UNITE 30% stake
- 70% LTV
- AM fee 50bps of GAV
- Promote of 20% over 15% total return payable on exit (03/13)

- UNITE 20% stake
- Target 55% LTV (current 46%)
- AM fee 60bps of GAV
- Promote of 25% over 9% total return payable annually in Units

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BUSINESS MODEL

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DEVELOPMENT

STABILISING

INVESTMENT

London: £750m from 07-11
c. 6,000 beds
20% Profit on Cost

Rest of UK: £750m from 07-11
c. 12,000 beds
16 - 19% Profit on Loss

12 months or less
(Initial yields close to equivalent
yield)

12 - 36 months
(Initial yields of c. 25% less
than equivalent yield)

Currently held in UCC JV. Some older
assets on UNITE balance sheet

Properties sold to USAF on
stabilisation

SALE OF PROPERTIES

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- We announced today the sale of £220m of properties to USAF at a small profit before costs, compared to June 2007 valuations.
- The portfolio comprised 4,426 beds located in prime locations in Manchester, Liverpool, Sheffield, Bristol, Plymouth and Aberdeen.
- In addition we announced the sale to Morley of four leased properties in Bath comprising 419 beds. The price achieved was approximately 7% below 30 June valuations.
- The proceeds net of UNITE's co-investment stake in USAF, and repayment of debt, are £46m which will be reinvested in development activities over time.
- The acquisition by the Fund will be 52% debt financed, bringing gearing to 47%.
- UNITE's co-investment stake in the fund will reduce to 20%.

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APPENDIX



UNITE IN LONDON – CURRENT

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Property	Post code	Total No. of Beds	Total No. of Beds (flats)	Total No. of Beds (studios)	Agreement Type	Borough	Tube zone
East Central House	EC1V	246	246	0	Direct Let	Islington	Zone 1
Somerset Court	NW1	168	148	20	Direct Let	Camden	Zone 2
Beaumont Court	NW1	232	232	0	Noms	Camden	Zone 2
Sherrin House	E1	256	256	0	Direct Let	Tower Hamlets	Zone 2
Rahere Court	E1	186	149	37	Direct Let	Tower Hamlets	Zone 2
Piccadilly Court	N7	209	209	0	Lease	Islington	Zone 2
Mary Brancker House	NW5	182	182	0	Noms	Camden	Zone 2
Charles Morton Court	N5	92	80	12	Direct Let/Noms	Haringey	Zone 2
Ewen Henderson Court	SE14	260	260	0	Lease	Lewisham	Zone 2
Julian Markham House	SE17	232	232	0	Lease	Southwark	Zone 2
Bernard Myers	SE5	123	123	0	Noms	Southwark	Zone 2
Orient House	SW6	158	147	11	Lease	Fulham	Zone 2
Donald Hunter House	E7	284	284	0	Noms	Newham	Zone 3
Poland House	E15	96	96	0	Direct Let	Newham	Zone 3
Station Court	N15	227	227	0	Direct Let/Noms	Haringey	Zone 3
	Totals	2,951	2,871	80			

UNITE IN LONDON – PIPELINE

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Property	Post code	Open	Total No. of Beds	Total No. of Beds (flats)	Total No. of Beds (studios)	Agreement Type	Borough	Tube zone
Kirby St	EC1	2008	128	0	128	Direct Let	Camden	Zone 1
Canto Court	EC1	2008	164	0	164	Direct Let	Islington	Zone 1
Woburn Place	WC2	2008	458	0	458	Direct Let	Westminster	Zone 1
Lavington St	SE11	2010	266	90	176	Direct Let	Southwark	Zone 1
Bartholomew Rd	NW5	2009	51	3	48	Direct Let	Camden	Zone 2
301 Holloway Road	N7	2009	299	217	82	Direct Let	Islington	Zone 2
556 Holloway Road	N7	2009	136	111	25	Direct Let	Islington	Zone 2
Newington Court	N5	2009	87	35	52	Direct Let	Islington	Zone 2
John Bell House - replacement	E1	2008	132	112	20	Direct Let	Tower Hamlets	Zone 2
Cambridge Heath Road	E2	2009	306	249	57	Direct Let	Tower Hamlets	Zone 2
Pacific Court	E1	2008	142	115	27	Direct Let	Tower Hamlets	Zone 2
Greenheath	E2	2009	253	224	29	Direct Let	Tower Hamlets	Zone 2
Bernard Myers Phase II	SE5	2008	64	61	3	Noms	Southwark	Zone 2
Alscot Road	SE1	2011	82	64	18	Direct Let	Southwark	Zone 2
Hale Village	N17	2010	687	647	40	Direct Let	Haringey	Zone 3
	Totals		3,255	1,928	1,327			



UNITE IN LONDON: KEY MILESTONES

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- 1999: First beds opened in Stratford, London
- 2002: Full control of Peabody UNITE joint venture which comprised 1,553 beds
- 2002: 4 new sites secured – Total Development Cost - £55m
- 2003: 2 new sites secured – TDC = £23m
- 2004: 2 new sites secured - TDC = £28m
- 2005: Joint venture with GIC RE
- 2005: 6 new sites secured - TDC = £97m
- 2006: 6 new sites secured - TDC = £143m; 2006
- 2006: UNITE London shop opened
- 2007: 5 new sites secured to September – TDC £160m
- 2007: dedicated London Student Hospitality team formed

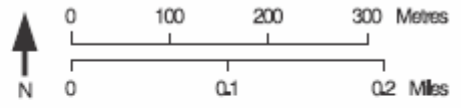
In total produced 2,951 operational student beds with 3,255 further beds secured

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- Birkbeck buildings
 - Stations (main line/underground)
 - Stations (underground)
 - Major landmarks & other buildings of interest
- | | | |
|--------------------------------------|---|--|
| 1 Main Building, Malet Street | 7 28b Torrington Square | 12 39-47 Gordon Square |
| 2 Clore Management Centre | 8 32 Torrington Square | 13 59 Gordon Square (nursery in basement) |
| 3 Senate House North Block | 9 South Wing UCL (access via Gower Street) | 14 7 Bedford Square |
| 4 25-26 Russell Square | 10 Gordon House & InGold Labs | 15 14 Bloomsbury Square |
| 5 30 Russell Square | 11 32 Tavistock Square | |
| 6 10-16 Gower Street | | |



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TELL SOMEONE
A STORY ABOUT
UNITE...

THE REAL
STUDENT
EXPERIENCE

...how we smash
student stereotypes

Caring ✓

PART OF THE
COMMUNITY

...we're raising the standard
of student accommodation

REGENERATING
CITIES

...how we bring life back
to neglected city streets



Working together ✓

IMPROVING
THE COUNTRY'S
HOUSING

...how we can help put
student accommodation
on everyone's agenda

OUR LEGACY
SO FAR...

...how we're making UNITE
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Taking the lead ✓