



Delivering Sustainable Earnings Preliminary Results

Year ended 31 December 2017

DELIVERING ANOTHER SUCCESSFUL YEAR

▪ Enhanced sustainable earnings

- High-quality, repeatable income
- Strong cash conversion
 - o 26% increase in dividend
 - o Pay-out ratio increasing to 85% in 2018
- 14% total accounting return

▪ Focused strategy driving continued growth

- 85% of portfolio aligned to strongest Universities
- 60% nominations, 6 years duration
- Significant progress with University partnerships, 1,900-bed pipeline and ASV acquisition
- Secured development pipeline of 7,550 beds; 8.1% yield on cost
- Operating platform driving differentiation and efficiencies

▪ Supportive market dynamics

- Student demand robust
- Record reservations for 18/19 academic year
- Supports rental growth outlook of 3.0 - 3.5% p.a.

	31 Dec 2017	31 Dec 2016	Change
EPRA Earnings	£70.5m	£62.7m	+12%
EPRA EPS	30.3p	28.4p	+7%
Dividend per share	22.7p	18.0p	+26%
EPRA NAVps	720p	646p	+11%
Total accounting return	14%	15%	
Loan to value	31%	34%	
Reservations*	75%	73%	

* Reservations as at 20 February 2018 and 21 February 2017



- **Placing to raise gross proceeds of c.£170 million to drive growth through University partnership deals**
- **Proceeds to fund c.£270 million of University Partnership transactions and London re-entry**
 - Oxford – 887-bed scheme with c.£73 million of capex (planning in place, target opening in 2019)
 - London – c.1,000-bed scheme with c.£195 million of capex (subject to planning, target opening in 2021)
- **Overall returns expected to be accretive to NAV immediately and to EPS as properties are delivered**
 - EPS enhancing from 2020 and beyond (broadly neutral impact in 2018 and 2019)
- **Funding through new equity is preferred option**
 - Enables 100% ownership of University partnership opportunities
 - Optimises earnings growth
- **Separate secured development pipeline in place to 2020**
 - Comprises 7,550 beds for delivery over the next three years, generating 8.1% yield on cost
 - Active recycling of portfolio will continue funding existing development pipeline





PERFORMANCE HIGHLIGHTS

BUSINESS IN STRONG POSITION

UNITE
STUDENTS

■ Strong sales performance

- 99% occupancy for 2017/18 with 3.4% rental growth
- 75% reserved for 2018/19 (2017/18: 73%)
- Rental growth outlook 3.0 - 3.5%

■ High-quality portfolio in best locations

- 85% aligned to Universities seeing strongest demand
- Increasing to 90% with disposals and development

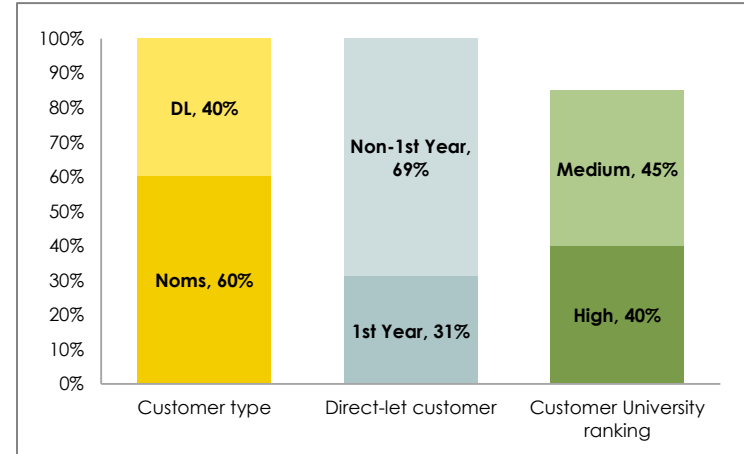
■ Market leading operating platform

- Customer service and University reputation
- Further improved margin and overhead efficiency
- Insight led systems and digital enhancements

■ Unparalleled University relationships

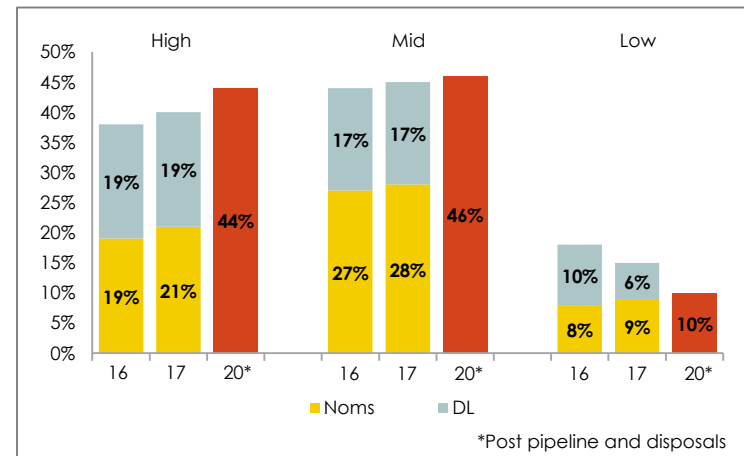
- 29,000 beds underpinned by nominations agreements
- 3 new University partnerships secured
- Multiple short / medium-term opportunities

Customer analysis



Source: Unite

Alignment by tariff group



Source: Unite, Times ranking

MARKET REMAINS SUPPORTIVE

■ UK Higher Education sector performing well

- Adapting to political change
- Consistently strong in global league tables

■ Overall student numbers at record levels

- 2017/18 intake 534,000 (700,000 applications)
 - Applications down 6%, intake only down 0.2%
- 2018/19 applications 1% down but core customer segments up

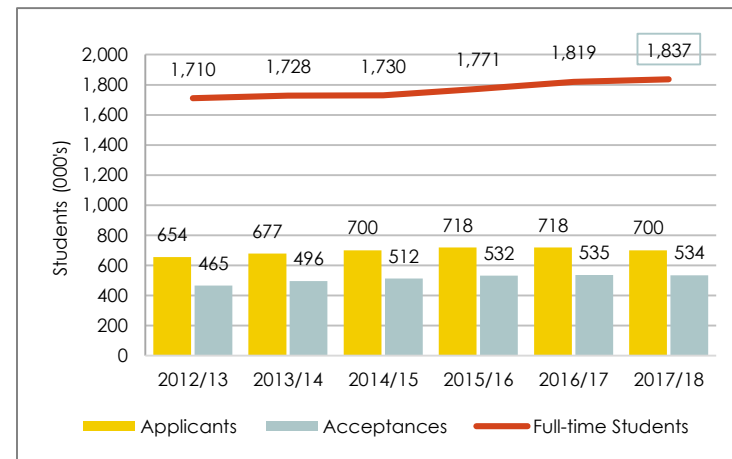
■ Medium-term outlook is positive

- Participation rates growing
- More 2nd and 3rd years in PBSA
- Demographic decline reverses rapidly from 2021
- Funding Review announced

■ New supply slowing

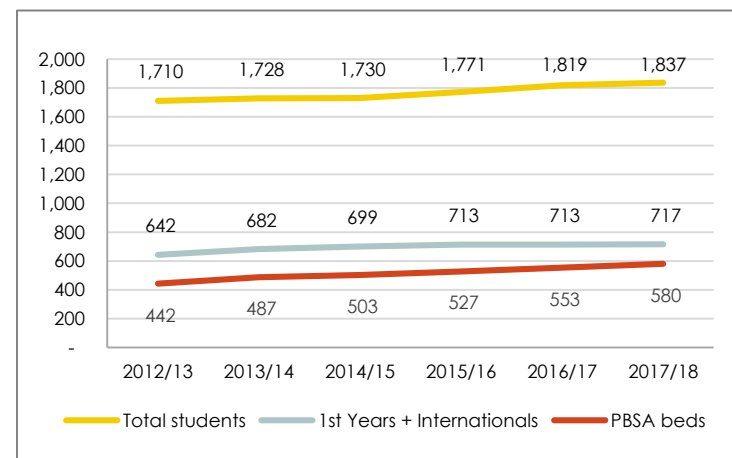
- Location, product and price is critical

Full-time student numbers



Source: UCAS, HESA, Unite estimates

Students and supply



Source: HESA, Unite

Real progress with new opportunities

- Growing appetite from Universities
- Relationships unlocking value
- High-quality institutions
- Long-term income streams
- Universities seeking alternatives to using their own capital

Improved quality of income

- 60% of 2017/18 beds guaranteed by nominations
- 5,000 additional beds over the last three years
- High level of repeat bookings
- Index-linked rental growth

Nominations agreements

Length	Beds	% beds	% income
Single year	9,038	31%	29%
2-10 years	12,017	41%	44%
11-20 years	3,783	13%	14%
20+ years	4,225	15%	13%
	29,063	100%	100%

Source: Unite

	Beds	GDV	TDC	Income
Aston	3,067	£227m	n/a	6%
Oxford Brookes	887	£91m	£73m	6.5%
London	1,000	£250m	£195m	6.25%

Source: Unite

Service enhancements

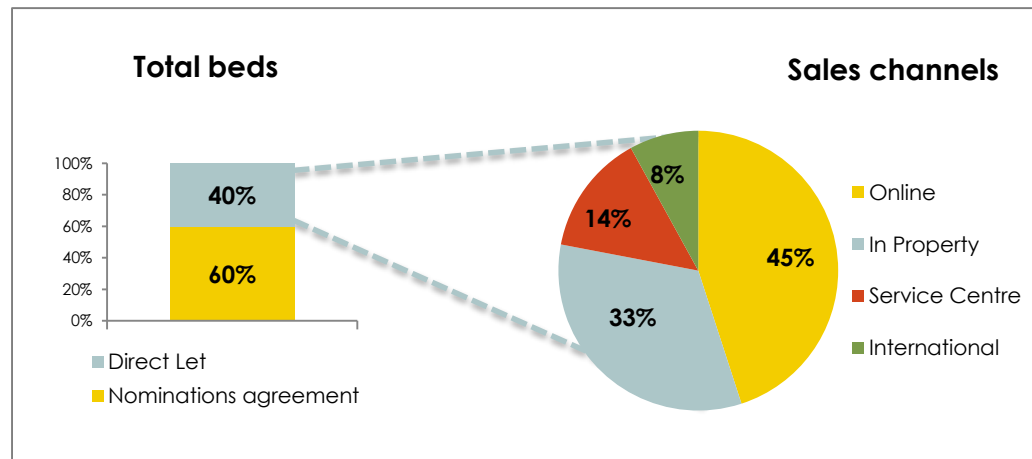
- Service style
- New digital services
- Student ambassadors

Sales channels and revenue management

- Dynamic pricing
- Range of sales channels
- Short-stay capability
- Enhancing asset utilisation

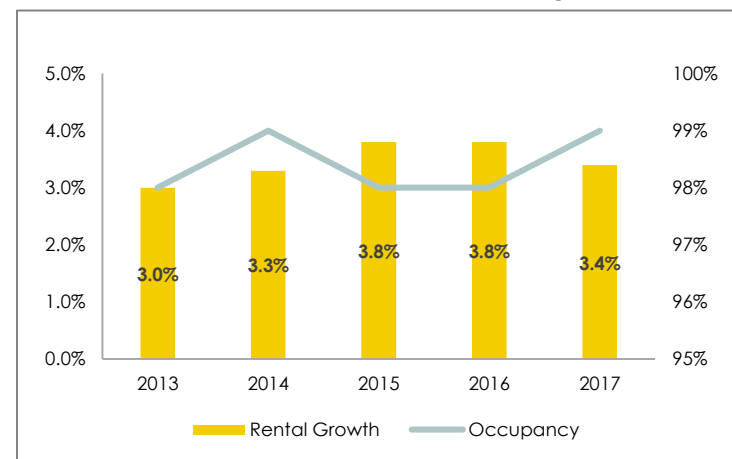
System driving efficiencies

- On track to hit 75% NOI margin and 25 - 30bps in 2018
- Reviewing further efficiency options



Source: Unite

Five-year occupancy and rental growth



Source: Unite

RELAX



FINANCIAL REVIEW

STRONG FINANCIAL PERFORMANCE

	31 Dec 2017	31 Dec 2016	% change
Income			
EPRA earnings	£70.5m	£62.7m	12% ↑
EPRA EPS	30.3p	28.4p	7% ↑
Dividend per share	22.7p	18.0p	26% ↑
Balance sheet			
EPRA NAVps	720p	646p	11% ↑
Loan to value	31%	34%	9% ↓
Cash flow			
Operations cash flow	£63.2m	£61.3m	3% ↑
Metrics			
Total accounting return	14%	15%	
EPRA EPS yield	4.7%	4.9%	



EARNINGS GROWTH MOMENTUM MAINTAINED

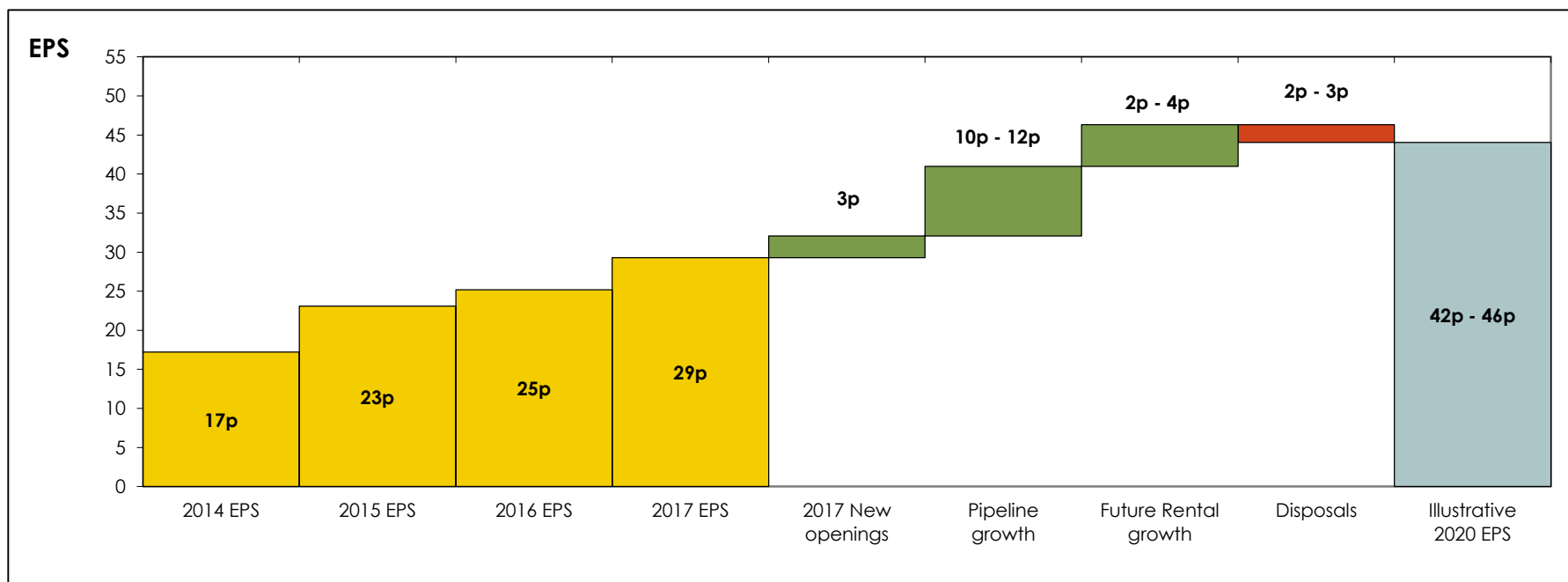
	31 Dec 2017 £m	31 Dec 2016 £m
Rental income	170.8	159.1
Property operating expenses	(44.3)	(42.8)
Net operating income (NOI)	126.5	116.3
<i>NOI margin</i>	<i>74.1%</i>	<i>73.1%</i>
Management fees	14.1	14.0
Operating expenses	(24.6)	(23.1)
Finance costs	(45.2)	(45.9)
USAF acquisition and net performance fees	4.3	6.9
Development and other costs	(4.6)	(5.5)
EPRA earnings	70.5	62.7
EPRA EPS	30.3p	28.4p



EARNINGS GROWTH (EXCLUDES UNIVERSITY PARTNERSHIP OPPORTUNITIES)

- Earnings growth prospects supported by:
 - High-quality development programme
 - Positive rental growth outlook and operating efficiencies

- Increased pay-out ratio based on quality income and expectations of growth



Assumptions:

- Development pipeline delivered in line with forecast
- Rental growth of 2-4% p.a.
- Efficiency targets delivered, then increase with inflation
- Future disposals of £75-125m
- 2015, 2016, 2017 EPS excludes performance fee

Note: Illustrative earnings progression demonstrating building blocks of growth (not profit forecast)



DISCIPLINED APPROACH TO LEVERAGE

■ Strong debt position

- Diversified sources and balanced maturity profile
- Limited refinancing requirements before 2020
- Cost of debt 3.9% when fully drawn

■ Assigned investment grade corporate rating

- BBB from S&P and Baa2 from Moody's
- Underpins new £500 million unsecured facility

■ LTV reduced to 31% (2016: 34%)

- Disposal activity
- Convertible bond

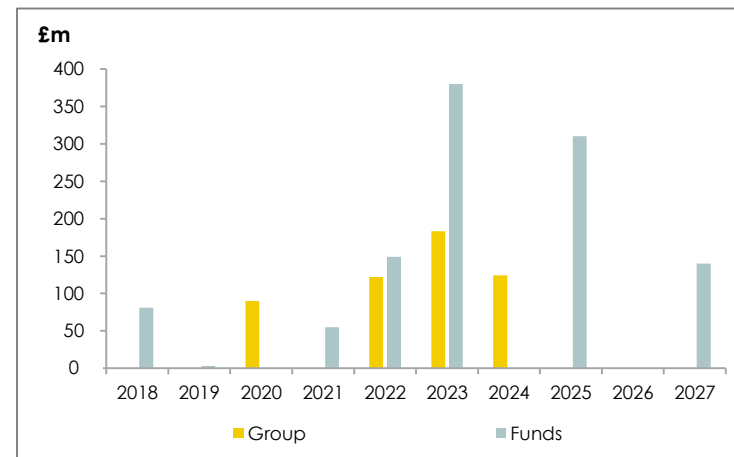
■ Leverage targets maintained at current levels

- Target LTV range of mid 30%
- Net debt:EBITDA less than 7.0x

Key debt statistics (Unite share)

	31 Dec 2017	31 Dec 2016
Net debt	£803m	£776m
LTV	31%	34%
Cost of debt	4.1%	4.2%
Average debt maturity (years)	5.3	4.9
Proportion investment debt fixed	80%	100%

Debt maturity profile



CO-INVESTMENT VEHICLES CONTINUING TO DELIVER

- **Strong performance across USAF and LSAV**
- **USAF acquisitions**
 - Acquired three further forward funds in Durham and Birmingham
 - Acquired two investment assets in Sheffield and Edinburgh
 - Over £50 million acquisition capacity
- **Asset management fee income**
 - Asset management fee up £14.1 million
 - Performance and acquisition fees of £4.3 million
- **Continuing support from co-investment partners**
 - £65 million of USAF units traded in 2017 at small premium to NAV
 - No redemptions received
- **LSAV development phase expired in December 2017**

Summary financials

	USAF £m	LSAV £m
GAV	2,233	1,159
Net debt	(588)	(394)
Other assets/liabilities	(33)	(24)
NAV	1,612	741
Unite share of NAV	399	371
Total return	11%	16%
Loan to value	26%	34%
Unite stake	25%	50%
Maturity	Infinite	2022/2027
Unite fees in period		
Asset/property management	10.1	4.0
Acquisition fees	0.4	0.5
Net performance fee	3.4	-
	10.9	4.5





PROPERTY REVIEW

DEEPENING INVESTOR DEMAND

▪ Transactional volume remains strong

- Over £4 billion traded in 2017
- Volume up 20% year on year

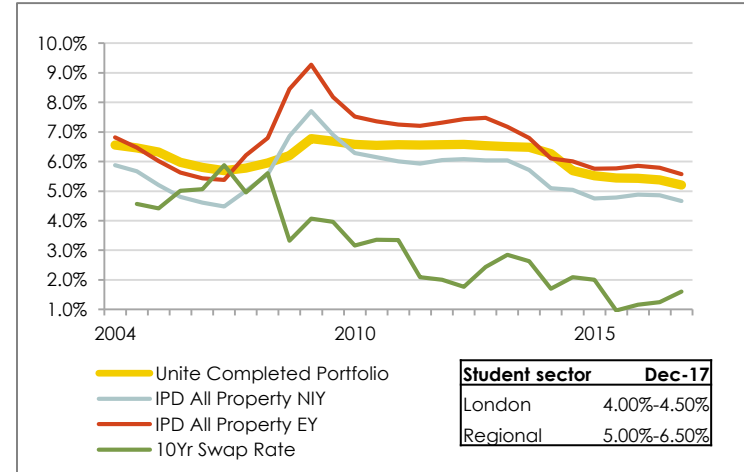
▪ Active and diverse investor base

- Good liquidity for all assets
- Transactions driving yield compression
- Premium of c.5% paid for portfolios

▪ Unite valuations: 15bps compression

- 5.2% average yield
- No portfolio premium
- Student yields remain 75 -100bps higher than Build-to-Rent sector

Valuation yields



Source: Unite, IPD

Illustrative student and Build-to-Rent yields

	PBSA NIY	BTR NIY
Central London	4.25%	3.25%
Major provincial	5.0%	4.25%
Provincial	5.5%	4.5%

Source: CBRE

PORTFOLIO DRIVING PERFORMANCE

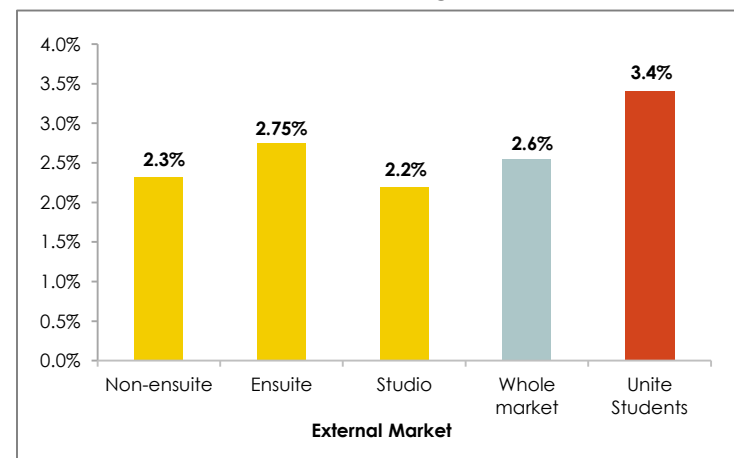
- **Actively improving portfolio quality through development and recycling**
- **Rental growth outperformance**
 - 3.4% growth compares to Knight Frank market growth 2.6%
- **Portfolio optimisation**
 - Asset management initiatives
 - Energy efficiency enhancements
- **Insight led approach to portfolio strategy**
 - University relationships
 - Customer insight
 - Deep local knowledge
- **Continuing to target growth in key cities**
 - Acquisitions, forward funds, development and University partnerships

Portfolio recycling

	Unite share £m	Gross £m
Disposals	181	472
ASV	114	227
USAF acquisitions and forward funds	36	145

Source: Unite

2017/18 rental growth



Source: Knight Frank Student Housing report

DEVELOPMENT PIPELINE

- Pipeline aligned to high and mid-ranked Universities
- 2,150 beds delivered in 2017 on budget, programme and quality
 - 67% nominations, fully let for 2017/18
 - Development yield targets delivered
- Deep pipeline 7,550 beds left to deliver to 2020
 - Seven new openings in 2018 all on track
- Good line of sight for future opportunities
 - Procurement route helping to control inflation
- Market and planning constraints slowing level of new supply

	Target delivery	Secured beds	Total completed value (£m)	Total development costs (£m)	Forecast yield on cost
Regional wholly owned					
Newgate Street, Newcastle	2018	575	40	37	8.0%
Brunel House, Bristol	2018	246	30	22	8.5%
Chaucer House, Portsmouth	2018	484	41	33	8.0%
St Vincent's, Sheffield	2018	598	49	38	8.2%
International House, Birmingham	2018	586	50	38	8.0%
Skelthorpe Street, Liverpool	2019	1,085	96	74	8.0%
Constitution Street, Aberdeen	2020	600	50	42	8.4%
Tower North, Leeds ¹	2020	1,019	107	83	8.0%
New Wakefield Street, Manchester	2020	603	76	56	8.2%
Old BRI, Bristol ¹	2020	751	98	79	8.4%
Total regional wholly owned		6,547	637	501	8.1%
USAF – forward funds					
Old Hospital, Durham	2018	363	37	32	6.1%
Houghall College, Durham	2018	222	20	16	6.1%
Battery Park, Birmingham	2019	418	43	37	6.6%
Total USAF		1,003	100	85	6.3%
Unite share of USAF		1,003	25	21	6.3%
Total pipeline (Unite share)		7,550	662	522	8.1%

¹ Subject to obtaining planning consent

■ Three new partnerships

- Aston University
- Oxford Brookes University
- Middlesex Street, London

	Target delivery	Secured beds	Total completed value (£m)	Total development costs (£m)	Forecast yield on cost
Cowley Barracks, Oxford	2019	887	91	73	6.5%
Middlesex Street, London ¹	2021	1,000	250	195	6.25%
Total pipeline		1,887	341	268	6.3%

¹ Subject to obtaining planning consent

■ Long-term income streams with quality Universities

- Targeting 10 - 25 years with RPI linked uplifts

■ London is an attractive opportunity

- University bed requirement
- Land market more favourable
- Planning requirements tightening
- Construction capacity freeing up

Off-campus development	On-campus development	Stock transfer
<ul style="list-style-type: none"> Unite sources land University inputs into design and planning Nominations agreement agreed up front Unite provides management 	<ul style="list-style-type: none"> As per off campus, but University sources land Capital release 	<ul style="list-style-type: none"> Unite acquires real estate Commitment to upgrade Likely to include nominations agreement Unite provides management Capital release
<ul style="list-style-type: none"> Development yield 6-7% Total return 9-10% 	<ul style="list-style-type: none"> Variety of structures ROE 10-12% 	<ul style="list-style-type: none"> Initial yield 4.5-5.5% Total return 8-10%
<ul style="list-style-type: none"> Exploring 4 pipeline opportunities 3,000 beds 	<ul style="list-style-type: none"> Exploring 3 deals 2,500-3,000 beds 	<ul style="list-style-type: none"> Exploring 1 deal 500 beds

OUTLOOK



WELL POSITIONED FOR FUTURE GROWTH

- **Visible earnings growth**

- Underpinned by increasing nominations agreements, development pipeline and improved margins

- **High quality portfolio**

- Aligned to the strongest universities where intake continues to grow

- **Significant progress and future opportunities with University partnerships**

- **Robust balance sheet**

- Disciplined approach to managing leverage with LTV target of 30 - 35% and new unsecured debt structure

- **Confidence and quality income**

- Underpins increased dividend pay-out ratio to 85%

Salisbury Court, Edinburgh

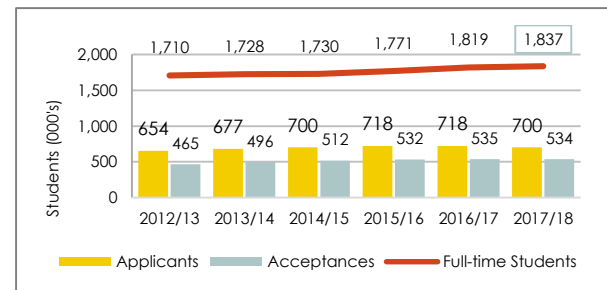




STUDENT NUMBERS REMAIN STRONG

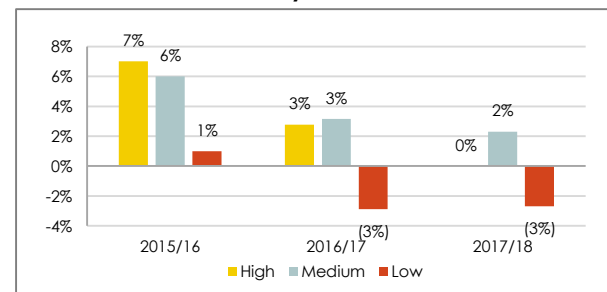
- Overall student numbers up c.20,000 in 2017/18
- 2017 student intake in line with 2016**
 - Participation rates increasing offsetting 4% reduction in applications
 - Application falls having limited impact on intake and Unite customer groups
- Applications and intake strongest at quality Universities**
- International student demand remains strong**
 - UK remains 2nd most popular destination
 - Limited exposure to EU students
- Introduction of Teaching Excellent Framework**
 - Expected to influence students choice

Full-time student numbers



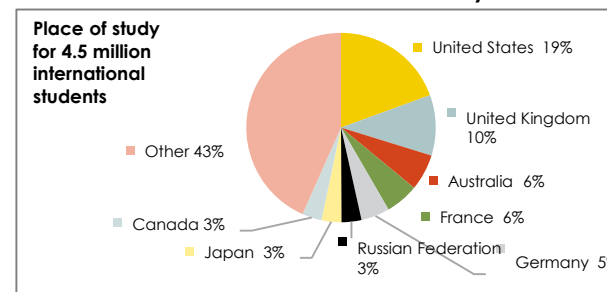
Source: UCAS, HESA, Unite estimates

University enrolments



Source: UCAS

International student mobility



Source: Education at a Glance 2016, OECD

MARKET REMAINS UNDERSUPPLIED

- **580,000 purpose-built beds for 717,000 1st year and international students**

- 300,000 University owned
- 280,000 corporately owned

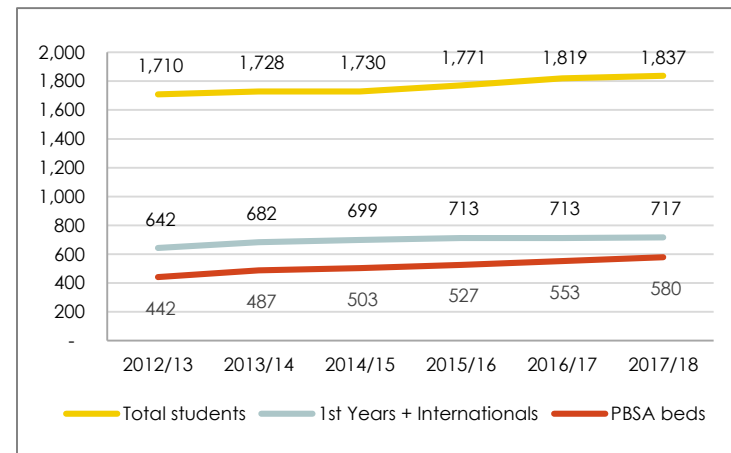
- **University stock remains flat**

- **Corporate supply**

- c.25,000 expected in 2018
- c.18,000 expected in 2019

- **Increasing proportion of 2nd and 3rd years choosing PBSA**

Students and supply



Source: HESA, Unite



- Unite remains the largest provider of student accommodation

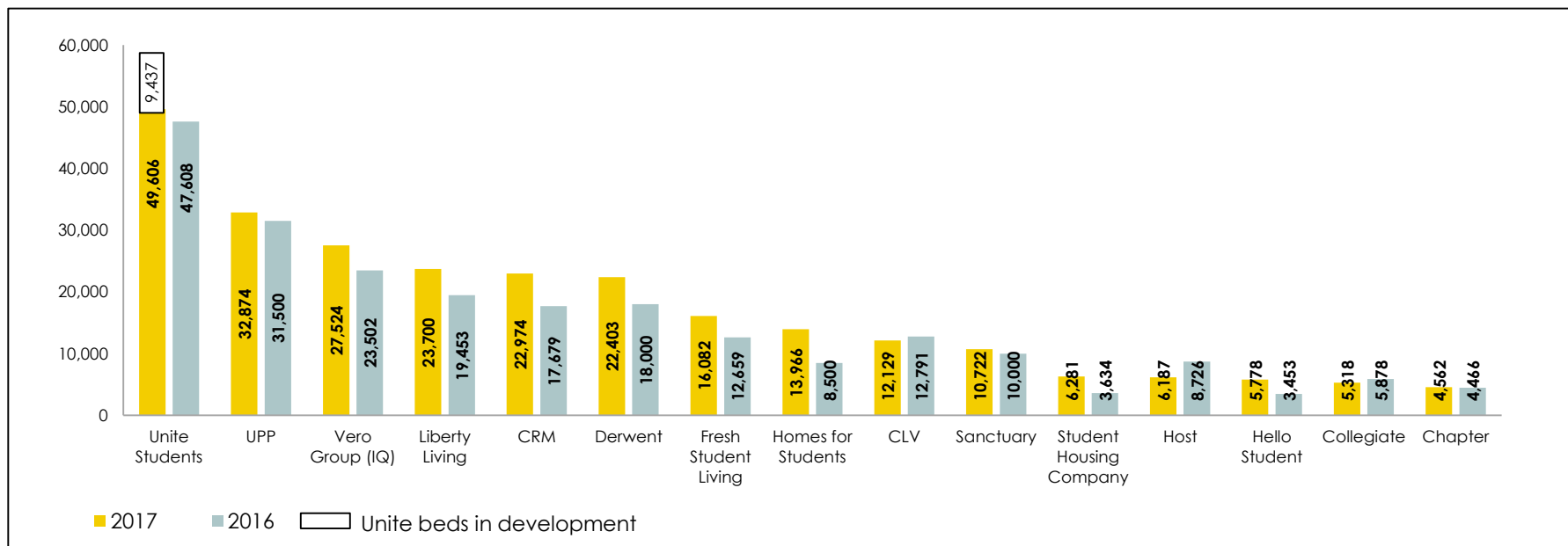


280k corporate beds in the UK (17/18)



43k

New beds expected over the next 2 years



Source: CBRE

PRODUCT AND SERVICE OFFERING

- **All-inclusive pricing**
 - All utilities and services
 - High-speed (70Mbps) Wi-Fi throughout our portfolio
 - 24/7 customer support centre
 - Free communal kitchen and bathroom cleaning
 - 'Living with Unite' app
 - Maintenance teams on hand
- **City-centre locations with range of price points**
 - Close to University campuses
 - Flat shares and studios
 - Range of products and price points
 - Good transport links
- **Direct-let and University contracts**
 - Strong relationships with Universities
 - Direct sales through website
 - Unique online mobile optimised booking system
 - China office fully operational



OUR TOP 10 MARKETS

2017 rank	City	Completed beds (17/18)	FT student numbers (15/16)	Market Share
1	London	9,541	293,620	3.2%
2	Birmingham	4,846	59,920	8.1%
3	Sheffield	4,168	51,080	8.2%
4	Bristol	3,479	43,050	8.1%
5	Leeds	3,458	53,885	6.4%
6	Liverpool	3,015	48,545	6.2%
7	Manchester	2,336	65,880	3.5%
8	Portsmouth	2,222	19,665	11.3%
9	Leicester	1,687	34,365	4.9%
10	Glasgow	1,633	57,890	2.8%
		36,385	727,900	4.9%
Proportion of Unite portfolio		73%		



SUMMARY EPRA BALANCE SHEET AND INCOME STATEMENT

	Wholly owned £m	USAF (Unite share) £m	LSAV (Unite share) £m	Unite Group Dec 2017 £m	Unite Group Dec 2016 £m
Balance sheet					
Rental properties	1,261	539	579	2,379	2,085
Properties under development	206	10	-	216	192
Total property portfolio/GAV	1,467	549	579	2,595	2,277
Net debt	(462)	(145)	(195)	(803)	(773)
Other assets/(liabilities)	(35)	(5)	(12)	(52)	53
EPRA net assets	970	399	371	1,740	1,557
LTV	31%	26%	34%	31%	34%
Income statement				2017	2016
Net operating income	71.3	26.7	28.5	126.5	116.3
Overheads less management fees	(2.9)	(3.2)	(4.4)	(10.5)	(9.1)
Finance costs	(29.8)	(5.7)	(9.7)	(45.2)	(45.9)
Development/other	0.9	(0.8)	(0.4)	(0.3)	1.4
EPRA earnings	39.5	17.0	14.0	70.5	62.7



		31 December 2017					Unite share
		USAF	LSAV	Wholly owned	Lease	Total	
London	Value (£m)	350	915	466	-	1,731	1,009
	Beds	1,886	5,406	1,989	260	9,541	42%
	Properties	7	13	6	1	27	
Major provincial	Value (£m)	1,517	244	566	-	2,327	1,062
	Beds	18,222	3,067	7,000	2,577	30,866	45%
	Properties	50	1	16	7	74	
Provincial	Value (£m)	324	-	229	-	553	308
	Beds	4,804	-	3,336	1,059	9,199	13%
	Properties	16	-	9	3	28	
Total	Value (£m)	2,191	1,159	1,261	-	4,611	2,379
	Beds	24,912	8,473	12,325	3,896	49,606	100%
	Properties	73	14	31	11	129	
Unite ownership share		24.6%	50%	100%	-		
	Value (£m)	539	579	1,261	-	2,379	



DEBT FACILITIES

On-balance sheet

	Facility £m	Drawn £m	Maturity
Legal + General	115	115	2022
Mass Mutual	124	124	2024
Others	7	7	2022
<u>Unsecured</u>			
Retail Bond	90	90	2020
HSBC/RBS	500	183	2023
Total	836	519	

Co-investment vehicles

	Facility £m	Drawn £m	Maturity
<u>USAF</u>			
Secured bond	690	690	2023-25
Wells Fargo	100	-	2021
	790	690	
<u>LSAV</u>			
HSBC	81	81	2018
RBS	3	3	2019
Wells Fargo	55	55	2022
L&G	149	149	2022
Teachers RE	140	140	2027
	428	428	

	2017 £m	2016 £m
IFRS net assets	1,729	1,452
Mark to market on fixed rate debt	(55)	(20)
Convertible bond	-	85
EPRA NNNAV	1,674	1,517
EPRA NNNAV per share	692pps	630pps



PARTNERSHIPS OPPORTUNITY: OXFORD

Strong market fundamentals

- Growth in student numbers
- Constrained supply
- Restrictive planning environment

Transaction

- 887 beds for completion in 2019
- £73m of capex (c.£82k per bed)
- Partnering with Oxford Brookes
- Planning secured
- 25-year agreement
 - 10-year 98% income guarantee
 - RPI +0.5% uplifts and 2-4% cap and collar
- Indicative yield on cost of 6.5%



Partnership with strong institution

- Building on existing relationship with Oxford Brookes
- Strong institution with over 150 years of history and c.18,000 students
- TEF Rating – Silver
- Mid-tariff University

Operational efficiency

- Increase operational scale within Oxford to 1,365 beds
- City operating efficiencies reduces cost per bed by 9%
- Potential for further partnership opportunities with Oxford Brookes University



PARTNERSHIPS OPPORTUNITY: LONDON

Strong market fundamentals

- Over 300,000 students
- Over 30 HE institutions with 4 Universities ranked in the top 50 in the world
- Constrained supply
- Restrictive planning environment

Zone 1 Location

- c.1,000 beds for completion in 2021
- £195m of capex (c.£195k per bed)
- Support from King's College London
- Targeting 10-year agreement
 - 98% income guarantee
 - RPI uplifts with cap and collar
- Indicative yield on cost of c.6.25%

Partnership with strong institution

- Building on existing relationship with King's College London
 - Unite's largest University partner
- Strong institution ranked 7th in UK and 23rd in the World
- TEF Rating – Silver
- High-tariff University

Operational efficiency

- Increase operational scale within London to c.10,541 beds
- City operating efficiencies reduces cost per bed by 4%



SECURED DEVELOPMENT AND PARTNERSHIPS PIPELINE

	Target delivery	Secured beds	Total completed value (£m)	Total development costs (£m)	Capex in 2017 (£m)	Capex remaining (£m)	Forecast NAV remaining (£m)	Forecast yield on cost
Regional wholly owned								
Newgate Street, Newcastle	2018	575	40	37	11	18	5	8.0%
Brunel House, Bristol	2018	246	30	22	3	8	2	8.5%
Chaucer House, Portsmouth	2018	484	41	33	15	11	3	8.0%
St Vincent's, Sheffield	2018	598	49	38	16	21	4	8.2%
International House, Birmingham	2018	586	50	38	23	14	5	8.0%
Skelhorne Street, Liverpool	2019	1,085	96	74	11	49	13	8.0%
Constitution Street, Aberdeen	2020	600	50	42	-	35	3	8.4%
Tower North, Leeds ¹	2020	1,019	107	83	1	82	24	8.0%
New Wakefield Street, Manchester	2020	603	76	56	12	44	11	8.2%
Old BRI, Bristol ¹	2020	751	98	79	2	61	20	8.4%
Total regional wholly owned		6,547	637	501	95	343	91	8.1%
Wholly owned University partnerships								
Cowley Barracks, Oxford	2019	887	91	73	1	72	18	6.5%
Middlesex Street, London ¹	2021	1,000	250	195	1	194	55	6.25%
Total wholly owned University partnerships		1,887	341	268	2	266	73	6.3%
USAF								
Old Hospital, Durham	2018	363	37	32	21	11	5	6.1%
Houghall College, Durham	2018	222	20	16	8	8	4	6.1%
Battery Park, Birmingham	2019	418	43	37	9	28	6	6.6%
Total USAF		1,003	100	85	39	46	15	6.3%
Unite share of USAF		1,003	25	21	10	11	4	6.3%
Total pipeline (Unite share)		9,437	1,002	789	106	620	167	7.4%

¹ Subject to obtaining planning consent