THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended (the "FSMA") if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your existing ordinary shares in The Unite Group plc (the "**Company**", and together with its subsidiary undertakings, "**Unite**"), please send this document, together with the accompanying form of proxy (the "**Form of Proxy**") as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents should not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holdings of ordinary shares in Unite you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document is a circular relating to the Acquisition which has been prepared in accordance with the Listing Rules and approved by the Financial Conduct Authority (the "**FCA**"). This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase or subscribe for, any securities.

The Unite Group plc

(*Incorporated and registered in England and Wales with registered number 03199160*)

Proposed Acquisition of Liberty Living

and

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 11 to 28 of Part I (*Letter from the Chairman*) of this document and which recommends you vote in favour of the resolution to be proposed at the General Meeting referred to below. Your attention is also drawn to the risk factors set out on pages 29 to 40 of Part II (*Risk Factors*).

Notice of the general meeting of Unite to be held at 10:30 a.m. on 23 July 2019 at the offices of Numis Securities Limited at the London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT (the "**General Meeting**") is set out at the end of this document (the "**Notice of General Meeting**"). A Form of Proxy for use at this General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon and the Notice of General Meeting so as to be received by Computershare Investor Services PLC (the "**Registrar**"), at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible but in any event must arrive not later than 10:30 a.m. on 19 July 2019.

If you have any questions about this document, the General Meeting or the completion and return of the Form of Proxy, please contact the Registrar between 8.30 a.m. and 5.30 p.m. (UK Time) Monday to Friday (excluding public holidays) on 0370 707 1376 (from the United Kingdom), or +44 121 415 0815 (from outside the United Kingdom, international rates apply). Please note that calls may be monitored or recorded and the Registrar cannot provide financial, legal or tax advice on the merits of the Acquisition.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**"), and which is authorised in the United Kingdom by the Prudential Regulation Authority (the "**PRA**") and regulated by the FCA and the PRA, is acting as joint financial adviser exclusively for the Company and no-one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in connection with the Acquisition or any other matter or arrangement referred to in this document.

Numis Securities Limited ("**Numis**"), which is authorised and regulated in the United Kingdom by the FCA and the PRA, is acting as joint financial adviser and sole sponsor exclusively for the Company and no-one else in connection with the Acquisition and will not regard any other persons as its client in relation to the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis, nor for providing advice in connection with the Acquisition or any other matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove or Numis by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of J.P. Morgan Cazenove and Numis, or any of their respective subsidiaries, branches or affiliates accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or for any other statement made or purported to be made by either of them, or on their behalf, in connection with Unite, the Acquisition or the Ordinary Shares. Each of J.P. Morgan Cazenove and Numis and their respective subsidiaries, branches and affiliates accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement or otherwise.

Persons into whose possession this document comes should inform themselves about, and observe, any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this document and the Acquisition. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction. The contents of this document should not be construed as legal, business or tax advice.

Notice to all Shareholders

Any reproduction or distribution of this Circular, in whole or in part, and any disclosure of its contents or use of any information contained in this Circular for any purpose other than considering the Resolution is prohibited.

No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. The Company does not take any responsibility for, and can provide no assurance as to the reliability of, other information that you may be given. The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of Unite or Liberty Living since the date of this Circular or that the information in this Circular is correct as at any time after its date.

The contents of this Circular should not be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice, respectively.

Notice to overseas shareholders

The release, publication or distribution of this document in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and should observe, any applicable requirements. Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such requirements by any person.

This Circular is not an offer of securities for sale in the United States and there will be no public offer of securities in the United States. The securities discussed in this Circular have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

This Circular is dated 4 July 2019.

CONTENTS

EXPECTED TIMETABLE OF EVENTS AND INDICATIVE STATISTICS

Timetable

All references to time in this document and in the expected timetable are to the time in London, United Kingdom, unless otherwise stated. Each of the times and dates in the table below are indicative only and may be subject to change.

Event	Time and Date
Announcement of the Acquisition	3 July 2019
Publication and posting of this Circular, the Notice of General Meeting and the Form of Proxy	4 July 2019
Date of admission of the Placing Shares	5 July 2019
Latest time and date for receipt of Forms of Proxy	10:30 a.m. on 19 July 2019
Voting record date	6.00 p.m. on 19 July 2019
General Meeting	**10:30 a.m. on 23 July 2019**
Expected date of publication of the Prospectus	by the end of Q3 2019
Expected date of Completion of the Acquisition	by the end of Q3 2019
Expected date of Admission of the Consideration Shares	8:00 a.m. on the date following Completion
Consideration Shares credited to CREST account of CPPIB Holdco	As soon as practicable after admission of the Consideration Shares

Indicative Statistics

Number of existing Ordinary Shares[(1)]	263,960,839
Number of Placing Shares[(2)]	26,353,664
Number of Ordinary Shares in issue immediately following completion of the Placing	290,314,503
Number of Consideration Shares[(3)]	72,582,286
Number of Ordinary Shares in issue immediately following completion of the Acquisition[(4)]	362,896,789
Consideration Shares as a percentage of the enlarged issued share capital of the Company immediately following completion of the Acquisition[(4),(5)]	20.0%
Placing Shares and Consideration Shares in aggregate as a percentage of the enlarged issued share capital of the Company immediately following completion of the Acquisition[(4),(5)]	27.3%

(1) Number of Ordinary Shares in issue as at 1 July 2019, being the latest practicable date prior to the publication of this Circular (the "**Latest Practicable Date**"). The Company does not hold any Ordinary Shares in treasury as at the date of this Circular.

(2) Number of Ordinary Shares issued pursuant to the placing announced by Unite on 3 July 2019 ("**Placing Shares**").

(3) Number of Ordinary Shares to be issued to CPPIB Holdco in part consideration for the Acquisition ("**Consideration Shares**").

(4) Assumes that no new Ordinary Shares are issued as a result of the exercise of any options between the Latest Practicable Date and completion of the Acquisition.

(5) Based on the number of Ordinary Shares in issue as at the Latest Practicable Date, the issue of 26,353,664 Placing Shares and the issue of 72,582,286 Consideration Shares as part consideration for the Acquisition.

PRESENTATION OF INFORMATION

1. Forward-looking statements

Certain statements contained in this document, which include, but are not limited to, statements in respect of the Acquisition, the expected timetable for completing the Acquisition, the benefits and synergies of the Acquisitions, and certain plans, targets and expectations relating to the future financial condition, performance, strategic initiatives, objectives and results of Unite and/or Liberty Living and/or the enlarged group following completion of the Acquisition (the "**Enlarged Group**"), constitute "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" and similar statements of a future or forward-looking nature. Forward-looking statements may be affected by a number of variables which are or may be beyond the control of Unite and/or Liberty Living and which could cause actual results of trends to differ materially, including, but not limited to, domestic and global economic business conditions; market-related risks such as fluctuations in interest rates; the policies and actions of governmental and regulatory authorities; the effect of competition, inflation and deflation; the effect of legislative, fiscal, tax and regulatory developments in the jurisdictions in which Unite and Liberty Living and their respective affiliates operate; the effect of volatility in the equity, capital and credit markets on profitability and ability to access capital and credit; a decline in credit ratings of Unite and/or Liberty Living; the effect of operational risks; an unexpected decline in turnover, rental income or the value of all or part of Unite's or Liberty Living's property portfolio; any limitations of internal financial reporting controls; and the loss of key personnel. Each forward-looking statement contained in this document speaks only as at the date of this document. Except as required by applicable law, including the Listing Rules, the Prospectus Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

By their nature, all forward-looking statements involve known and unknown risk and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. As a result, undue reliance should not be placed on forward-looking statements. As a result, the actual results of operation, financial condition, prospects, growth, synergies, strategies and dividend policy of Unite and Liberty Living and the Enlarged Group, and the development of the industry in which they operate, may differ materially from the plans, goals and expectations set forth in any forward-looking statements. In addition, even if the results of operation, financial condition, prospects, growth, synergies, strategies and dividend policy of Unite and Liberty Living and the Enlarged Group, and the development of the industry in which they operate, are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements are qualified by the risk factors described in Part II (*Risk Factors*) of this document.

Any forward-looking statement contained in this document based on past or current trends and/or activities of Unite and/or Liberty Living and should not be taken as a representation that such trends or activities will continue in the future.

The statements above relating to forward-looking statements should not be construed as a qualification of the statement as to the sufficiency of working capital set out in paragraph 9 of Part VII (*Additional Information*) of this document.

2. Market and industry data

Certain information in this document has been sourced from third parties. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

All information contained in this document which has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references to market data, industry statistics and forecasts and other information in this document consist of estimates based on data and reports compiled by industry professionals, organisations, analysts, publicly available information or the Company's own knowledge of its sales and markets.

Market data and statistics are inherently speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that: the markets may be defined differently; the underlying information may be gathered by different methods; and different assumptions may be applied in compiling the data. Accordingly, the market statistics included in this document should be viewed with caution and no representation or warranty is given by any person as to their accuracy.

3. Sources and presentation of financial information

3.1 *Sources and presentation of financial information relating to Unite*

Unless specified otherwise, financial information relating to Unite as at and for the years ended 31 December 2016, 2017 and 2018 has been extracted without adjustment from the published consolidated, audited financial statements relating to Unite as at and for the years ended 31 December 2016, 2017 and 2018.

Unite operates its business through certain subsidiary undertakings. It also has interests in co-investment vehicles which, as at the Latest Practicable Date, comprise a 25 per cent. interest in Unite UK Student Accommodation Fund ("**USAF**") and a 50 per cent. interest in London Student Accommodation Joint Venture ("**LSAV**"). Certain financial information for Unite is presented on a see-through basis, meaning Unite's proportionate interest in USAF and LSAV is included in the Unite information.

On 20 May 2019, Unite announced that USAF had raised £250 million of new equity from investors. Unite did not participate in USAF's equity raise and so Unite's stake in USAF will reduce from 25 per cent. as at the Latest Practicable Date to 23 per cent. when the equity is fully drawn prior to USAF's acquisition of Liberty Living's properties in Cardiff.

3.2 *Sources and presentation of financial information relating to Liberty Living*

The financial information relating to Liberty Living in this document relates either to:

- Liberty Living excluding: (i) all of Liberty Living's properties in Cardiff, which are to be acquired by USAF; and (ii) Liberty Living's international properties in Germany and Spain (the "**Target Liberty Living Group**"); or
- Liberty Living, including those properties in Cardiff which are to be acquired by USAF, but excluding Liberty Living's international properties in Germany and Spain (the "**Liberty Living portfolio**").

Property valuation information as at 31 May 2019 in this document relating to either the Target Liberty Living Group or the Liberty Living portfolio, or any part thereof, is based on market value as calculated by Knight Frank LLP for the purpose of preparing the valuation report set out in Part IV (*Valuation Report for the Liberty Living portfolio*) (the "**Valuation Report**").

3.2.1 The Target Liberty Living Group

Pursuant to the Acquisition, Unite will acquire the whole of the Target Liberty Living Group. Unless specified otherwise, financial information relating to the Target Liberty Living Group as at and for the years ended 31 August 2016, 2017 and 2018 has been extracted without adjustment from the consolidated financial information relating to the Target Liberty Living Group as at and for the years ended 31 August 2016, 2017 and 2018 and the notes thereto (together, the "**Target Liberty Living Group Financial Information**"), included in Section A of Part V (*Historical Financial Information of the Target Liberty Living Group*) of this document.

The Target Liberty Living Group Financial Information has been prepared in accordance with the basis of preparation set out in note 1 to the Target Liberty Living Group Financial Information. The accountant's report from Deloitte on the Target Liberty Living Group Financial Information is set out in Section B of Part V (*Historical Financial Information of the Target Liberty Living Group*).

The Target Liberty Living Group Financial Information has been prepared in a manner consistent with the accounting policies adopted by Unite in preparing its audited consolidated financial information for the year ended 31 December 2018.

Financial information relating to the Target Liberty Living Group as at 31 March 2019 has been extracted from unaudited management accounts of Liberty Living that have been prepared in accordance with the basis of preparation set out in note 1 to the Target Liberty Living Group Financial Information.

3.2.2 The Liberty Living portfolio

Following completion of the Acquisition, in addition to wholly owning the Target Liberty Living Group, Unite will gain a see-through interest in Liberty Living's Cardiff properties that are to be acquired by USAF, as a co-investment vehicle of Unite. As at the Latest Practicable Date, Unite's interest in USAF is 25 per cent. but this will reduce to 23 per cent. when the equity from USAF's equity raise in May 2019 is fully drawn. Unite's interest in the Cardiff properties will be included in its results on a see-through basis. The financial information relating to the Liberty Living portfolio therefore includes the contribution from Liberty Living's Cardiff properties to be acquired by USAF.

Unless specified otherwise, financial information relating to the Liberty Living portfolio has been prepared on the basis of, and extracted from, unaudited management accounts of Liberty Living that have been prepared in accordance with UK GAAP.

3.3 *Enlarged Group financial information*

Following Completion, Liberty Living and its subsidiary undertakings comprising the Target Liberty Living Group will be a subsidiary of Unite and the accounting policies applied to Liberty Living will be the same as those applied to Unite.

4. Pro forma financial information

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part VI (*Unaudited Pro Forma Financial Information of the Enlarged Group*) of this document.

The Pro Forma Financial Information is for illustrative purposes only. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of Unite, the Target Liberty Living Group or the Enlarged Group.

Future results of operations may differ materially from those presented in the Pro Forma Financial Information due to various factors.

5. Presentation of certain key performance indicators

This document contains certain key performance indicators for Unite, the Target Liberty Living Group and the Liberty Living portfolio that are supplementary measures that are not required by, or presented in accordance with, International Financial Reporting Standards as adopted by the European Union ("**IFRS**") or other generally accepted accounting principles. Certain key performance indicators are EPRA performance measures, which are a set of standard disclosures for the property industry, as defined by the European Public Real Estate Association ("**EPRA**") in its best practice recommendations, and are used to assist comparability of performance with other listed real estate companies in Europe.

The key performance indicators contained in this document are supplementary measures and should not be considered in isolation from, or as a substitute for, measures presented in accordance with IFRS or other generally accepted accounting principles. In addition, the relevant key performance indicators presented by Unite or the Target Liberty Living Group or for the Liberty Living portfolio may not be comparable to similarly titled measures presented by other businesses, as such businesses may define and calculate such measures differently. Accordingly, undue reliance should not be placed on the key performance indicators contained in this document.

5.1 ***Non-IFRS financial measures used by Unite***

Unite's financial information presents the results of Unite on both an IFRS and an adjusted basis. The adjusted financial information has been prepared in accordance with the EPRA best practice recommendations and is intended to give a better understanding of Unite's underlying performance. In particular, EPRA earnings are adjusted for valuation movements of property and derivative financial instruments and deferred tax.

The measures described below are not measures of performance under IFRS, should not be considered as alternatives to measures based on IFRS and may not be computed in the same manner as similarly titled measures presented by other companies. The Directors have included those measures because they use them to measure business performance and because IFRS does not reflect the impact of items that the Directors have determined are significant or those items adjusted in accordance with EPRA.

5.1.1 ***EPRA earnings***

Unite's EPRA earnings uses its IFRS reported profit as its starting point and eliminates certain items in accordance with the basis recommended for real estate companies by EPRA. EPRA earnings exclude the impact of property disposals, movements relating to changes in values of investments properties and interest rate swaps and related tax effects.

The following table sets out a reconciliation of EPRA earnings to retained profit for the periods indicated:

	Year ended 31 December		
£ millions	**2018**	**2017**	**2016**
EPRA earnings	88.4	70.5	62.7
Net valuation gains on investment property	105.8	103.1	77.2
Property disposals	(6.8)	0.6	0.3
Share of joint venture gains on investment property	58.1	65.0	58.8
Share of joint venture property disposals	(3.5)	0.5	—
Swap cancellation and loan break costs	(0.1)	(11.5)	(1.0)
Share of joint venture swap cancellation costs	—	(0.8)	—
Deferred tax relating to properties	(5.5)	(4.5)	27.6
Minority interest share of reconciling items[(1)]	(0.7)	(1.3)	(1.6)
Profit attributable to owners of the parent company	**235.7**	**221.6**	**224.0**

(1) The minority interest share, or non-controlling interest, arises as a result of the Company not owning 100% of the share capital of one of its subsidiaries, USAF (Feeder) Guernsey Limited.

5.1.2 ***EPRA earnings per share ("EPS")***

EPRA EPS is Unite's EPS based on EPRA earnings.

5.1.3 ***EPRA EPS yield***

EPRA EPS yield is EPRA EPS in a given year divided by EPRA NAV per share at the beginning of the year.

5.1.4 ***EPRA net asset value ("NAV")***

To determine EPRA NAV, Unite's net assets reported under IFRS are amended to exclude the mark-to-market valuation of swaps, deferred tax liabilities and to recognise all properties at market value.

The following table sets out a reconciliation of EPRA NAV to net asset value reported under IFRS for the periods indicated:

	Year ended 31 August		
£ million	**2018**	**2017**	**2016**
Net asset value reported under IFRS	2,073.0	1,729.0	1,451.6
Mark to market interest rate swaps	0.2	2.1	14.9
Realised swap gain	(2.3)	—	—
Deferred tax	14.5	9.3	5.4
EPRA NAV (pre-convertible)	**2,085.4**	**1,740.4**	**1,471.9**
Convertible bond	—	—	85.4
EPRA NAV	**2,085.4**	**1,740.4**	**1,557.3**

5.1.5 ***Net debt***

Unite's net debt represents total debt, net of cash and unamortised debt raising costs, excluding the mark-to-market of interest rate swaps. It is presented on a see-through basis, reflecting Unite's share of net debt in USAF and LSAV.

5.1.6 ***Loan to value ("LTV")***

The LTV ratio is the value of Unite's net debt (including Unite's see-through interest in USAF and LSAV's net debt) as a proportion of the carrying value of the total property portfolio of Unite (including Unite's see-through interest in USAF and LSAV's property values). Unite uses LTV as a key measure for monitoring leverage and various LTV measures (as defined in the relevant facility agreements) are used for monitoring and reporting on facility-specific debt covenants.

5.1.7 ***Total accounting return***

The total accounting return to shareholders is the ratio of growth in EPRA NAV per share plus dividends paid in a specified accounting period as a percentage of EPRA NAV per share at the beginning of the period. The Directors believe that total accounting return is a key indicator of Unite's financial performance.

5.1.8 ***EBIT margin***

Unite calculates EBIT margin as Unite net operating income plus management fees less all overheads and central costs (excluding exceptional items) as a percentage of total revenue.

5.2 ***Non-IFRS financial measures used in relation to Liberty Living***

The financial information for the Target Liberty Living Group and the Liberty Living portfolio is presented on both an IFRS and adjusted basis. The measures described below are not measures of performance under IFRS, should not be considered as alternatives to measures based on IFRS and may not be computed in the same manner as similarly titled measures presented by other companies.

5.2.1 ***EPRA earnings***

EPRA earnings of the Target Liberty Living Group is calculated using its IFRS reported profit as a starting point and eliminates certain items in accordance with the basis recommended for real estate companies by EPRA. EPRA earnings exclude the impact of property disposals, movements relating to changes in values of investments properties and interest rate swaps, minority interests and related tax effects.

A table showing the reconciliation of EPRA earnings to earnings reported under IFRS for the Target Liberty Living Group is set out in note 2.2(b) to the Target Liberty Living Group Financial Information.

5.2.2 ***EPRA NAV***

EPRA NAV of the Target Liberty Living Group or the Liberty Living portfolio, as applicable, is calculated to exclude the mark-to-market valuation of swaps, deferred tax liabilities and to recognise all properties at market value.

A table showing the reconciliation of EPRA NAV to net asset value reported under IFRS for the Target Liberty Living Group is set out in note 2.3(b) to the Target Liberty Living Group Financial Information. The reconciliation of EPRA NAV to NAV under IFRS for the Liberty Living portfolio is calculated on a consistent basis to the reconciliation for the Target Liberty Living Group.

5.2.3 ***Net operating income***

Net operating income of the Target Liberty Living Group or the Liberty Living portfolio, as applicable, is calculated as the rental income from rental properties less those operating costs directly related to the property, therefore excluding central overhead costs.

A table showing the reconciliation of net operating income to rental income reported under IFRS for the Target Liberty Living Group is set out in note 2.2(a) to the Target Liberty Living Group Financial Information. The reconciliation of net operating income to rental income under IFRS for the Liberty Living portfolio is calculated on a consistent basis to the reconciliation for the Target Liberty Living Group.

5.2.4 ***EBIT margin***

EBIT margin of the Target Liberty Living Group is calculated as net operating income plus management fees less all overheads and central costs (excluding exceptional items) as a percentage of total revenue.

5.2.5 ***LTV***

The LTV ratio is the value of the net debt on the Target Liberty Living Group balance sheet as a proportion of the carrying value of the total property portfolio of the Target Liberty Living Group.

5.2.6 ***EPRA net initial yield***

EPRA net initial yield of the Target Liberty Living Group is defined as net rental income divided by gross property valuation (including commercial elements). Gross property valuation is the property valuation net of purchasers' costs taking into account appropriate market practice for the student accommodation and commercial elements in each location. In particular, with respect to the student accommodation elements, purchasers' costs assumptions reflect the benefit of Stamp Duty Land Tax rate relief in respect of multiple dwellings (multiple dwellings relief) as applicable in each location and at the date of valuation.

6. No profit forecast or estimates

No statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or EPRA EPS for Unite or the Liberty Living portfolio or the Target Liberty Living Group or the Enlarged Group, as applicable, for the current or future financial years, would necessarily match or exceed the historical published earnings or EPRA EPS for Unite or Liberty Living, as applicable.

7. Nominations agreements

Unless specified otherwise, references to "**nominations agreements**" in this document comprise nominations agreements, residential leases and referral agreements entered into between a university or other education provider and Unite or Liberty Living. The types of nominations agreements include:

- nominations agreements, where a university reserves a set number of rooms from Unite or Liberty Living, as applicable, at pre-agreed rental levels for a defined period and, in some cases, provides a specified financial guarantee to compensate for rental income shortfall should any of the reserved rooms not be occupied;
- residential leases, where a university contracts directly with Unite or Liberty Living, as applicable, for a specific number of rooms for a defined period; and
- referral agreements, where a university contractually agrees with Unite or Liberty Living, as applicable, to refer students to reserved rooms.

8. Rounding

Certain data in this document, including financial, statistical and operational information, has been rounded. As a result of such rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data and percentages in tables may not add up to 100 per cent. In addition, certain percentages presented in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not confirm exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

9. Currency

The financial statements for Unite, Liberty Living and the Target Liberty Living Group have been prepared in pounds sterling. All references to “pound”, “pounds”, “pound sterling”, “sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom. All references to “US dollar”, “dollar”, “$”, “US$” and “cents” are to the lawful currency of the United States. All references to “Canadian dollar” and “C$” are to the lawful currency of Canada.

10. Incorporation by reference

Certain information in relation to Unite is incorporated by reference in this document, as set out in paragraph 13 of Part VII (*Additional Information*).

The contents of Unite’s and Liberty Living’s websites or any hyperlinks accessible from those websites do not form part of this document.

11. Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part VIII (*Definitions*) of this document.

Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Phil White, Chairman Richard Smith, Chief Executive Officer Joe Lister, Chief Financial Officer Elizabeth McMeikan, Senior Independent Director Sir Tim Wilson, Non-Executive Director Ross Paterson, Non-Executive Director Richard Akers, Non-Executive Director Ilaria del Beato, Non-Executive Director
Company Secretary	Christopher Szpojnarowicz
Registered office of the Company	South Quay Temple Back Bristol BS1 6FL
Financial adviser to the Company	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP
Financial adviser and sponsor to the Company	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Legal advisers to the Company	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Legal advisers to the financial advisers and sponsor to the Company	Simmons & Simmons LLP CityPoint One Ropemaker Street London EC2Y 9SS
Reporting Accountants	Deloitte LLP 1 New Street Square London EC4A 3HQ
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY

PART I

LETTER FROM THE CHAIRMAN

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4 July 2019

Proposed Acquisition of Liberty Living and

Notice of General Meeting

Dear Shareholder,

1. Introduction

On 3 July 2019, Unite announced that it has agreed to acquire Liberty Living Group Plc (together with its subsidiary undertakings, "**Liberty Living**") from Liberty Living Holdings Inc. ("**CPPIB Holdco**"), a wholly owned subsidiary of the Canada Pension Plan Investment Board ("**CPPIB**") (the "**Acquisition**"). The Liberty Living portfolio is a high quality portfolio of purpose built student accommodation ("**PBSA**") comprising 24,021 beds and was independently valued at £2.2 billion as at 31 May 2019. The Acquisition has been priced on a NAV-for-NAV basis (subject to certain adjustments) for a total consideration of approximately £1.4 billion.

CPPIB Holdco is the sole shareholder of Liberty Living and, in consideration for the Acquisition, CPPIB Holdco will receive new Ordinary Shares in Unite representing a 20 per cent. stake in the Enlarged Group and total cash consideration of approximately £0.8 billion upon Completion. The cash consideration in connection with the Acquisition will be financed from the net proceeds of the placing announced by Unite on 3 July 2019 (the "**Placing**"), the acquisition of Liberty Living's Cardiff properties by USAF for £253 million and Unite's existing debt facilities and cash resources. The LTV for the Enlarged Group immediately following Completion is expected to be approximately 40 per cent. with an LTV target of 35 per cent. following planned disposals.

Established in 2000, the Liberty Living group is a provider of PBSA in the UK. The Liberty Living portfolio is a geographically diverse portfolio of high quality, modern and well-maintained properties, which comprises 24,021 beds across 51 properties in 19 major university towns and cities across the UK. 82 per cent. of the Liberty Living portfolio is aligned to high and mid-ranked universities[1]. Liberty Living currently maintains relationships with 35 universities and other education providers and the average remaining length of Liberty Living's nominations agreements is six years. For the 2018/19 academic year, 51 per cent. of Liberty Living's beds are rented on the basis of nominations agreements and 49 per cent. are rented as direct lets. This compares to 60 per cent. of the beds in Unite's portfolio which are rented under nominations agreements and 40 per cent. rented as direct lets in the same period.

[1] Calculated as the number of beds aligned to high- and mid-ranked universities as a percentage of total beds aligned to universities ranked in the 2019 Times University Rankings.

The Acquisition represents a transformative opportunity to combine two complementary and high quality portfolios to drive meaningful earnings accretion and improve visibility of earnings. The Acquisition will reinforce Unite's position as a leading operator of PBSA in the UK, deliver significant benefits of scale as the Liberty Living portfolio is integrated onto Unite's best-in-class operating platform, sustain medium term rental growth prospects and strengthen Unite's university relationships. It is expected that the Acquisition will deliver annual cost synergies of approximately £15 million from the financial year ending 31 December 2021. The Directors believe that the Acquisition will enhance financial and income returns and will be materially earnings accretive from 2020 onwards.

Unite is to acquire Liberty Living excluding: (i) all of Liberty Living's properties in Cardiff, which are to be acquired by USAF; and (ii) Liberty Living's international properties in Bremen, Germany, and Valencia, Spain (the "**Target Liberty Living Group**"). Liberty Living's two international properties will not be acquired by Unite or USAF in connection with the Acquisition. The Target Liberty Living Group, which comprises 20,541 beds across 43 properties, was independently valued at £1.9 billion as at 31 May 2019. Liberty Living's Cardiff properties, which comprise 3,480 beds across eight properties, were independently valued at £253 million as at 31 May 2019. Unite's portfolio[2], which comprises 48,815 beds across 122 properties, was independently valued at £3.2 billion as at 31 March 2019 on a see-through basis.

The expected timetable of principal events for the Acquisition is set out on page 1 of this Circular. Subject to the satisfaction or waiver of certain conditions in the Sale and Purchase Agreement, completion of the Acquisition ("**Completion**") is expected to occur by the end of the third quarter of 2019.

Upon Completion, CPPIB Holdco will have the right to appoint one non-executive director to the board of directors of Unite (the "**Board**") in connection with its 20 per cent. shareholding in the Enlarged Group. CPPIB Holdco has nominated Thomas Jackson to join the Board as a non-executive director effective from Completion. The Directors believe that CPPIB, through CPPIB Holdco, will be a supportive, long-term shareholder of the Enlarged Group and welcome the skills and experience that Thomas Jackson will bring to the Board.

Due to its size, the Acquisition is classified as a Class 1 transaction for Unite under the Listing Rules and accordingly requires the approval of Shareholders. The Acquisition is conditional on, among other things, such approval being obtained. Accordingly, a General Meeting has been convened for 10:30 a.m. on 23 July 2019 at the offices of Numis Securities Limited at the London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom. The Notice of General Meeting is set out at the end of this document and an explanation of the Resolution to be proposed is set out in paragraph 12 of this Part I.

Completion of the Acquisition is also conditional upon: (i) the receipt of clearance from the Competition and Markets Authority (the "**CMA**") in respect of the Acquisition; and (ii) approval being given for admission of the Consideration Shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities ("**Admission**"). The terms of the Acquisition are described in more detail in Part III (*Summary of the Principal Terms of the Acquisition*). The Acquisition will not proceed if the conditions are not satisfied or waived (if applicable).

The purpose of this letter is to explain the background to, and reasons for, the Acquisition, and to explain why the Board considers it to be in the best interests of Unite and Unite Shareholders as a whole and unanimously recommends that Unite Shareholders vote in favour of the Resolution set out in the Notice of General Meeting.

2. Information on Unite and its strategy

2.1 *Background*

Unite is one of the UK's leading operators and developers of modern, purpose-built student accommodation in the UK. Since opening its first building in 1992, Unite has created the UK's largest portfolio of student accommodation as measured by bed numbers and gross asset value, operating 48,815 beds in 122 properties across 22 university towns and cities across the UK.

2 Represents Unite's wholly owned portfolio together with its see-through interest in USAF and LSAV and leased beds.

2.2 ***Strategy***

Unite's strategy is to build and operate a portfolio of student accommodation in the UK, designed specifically for students, in the right locations with services that Unite's students and university partners value. Unite's "Home for Success" purpose—to make the best home for all students—drives the business and its strategy. The main elements of this strategy are:

- **Quality portfolio:**
  - properties being located where students want to live, in buildings which are well maintained and regularly refurbished;
  - offering a range of room types at different price points, with 92 per cent. of beds in rooms configured in clusters with ensuite bedrooms and shared living spaces;
  - enhancing specification within the portfolio, using technology to improve customer service and drive efficiency savings;
  - recycling assets in the portfolio to maintain focus on quality and to maintain capital discipline to pursue further growth opportunities; and
  - selectively pursuing acquisition and development activity to enhance portfolio quality. Unite expects to maintain a development run-rate of approximately 2,000 beds per annum over the medium term.
- **Quality operating platform:**
  - harnessing Unite's ability to drive value through quality service delivery, as illustrated by average occupancy of 98 per cent. and rental growth of 3.5 per cent. per annum over the past five years;
  - delivering high levels of customer satisfaction, with increases in customer satisfaction rating achieved in 2017 and 2018;
  - realising opportunities for enhanced utilisation through more efficient check-in and summer turnaround;
  - targeting an improvement in EBIT margin to 74 per cent. by the end of 2021 (2018: 71 per cent.) (excluding the impact of the Acquisition) driven by tight cost control whilst growing the scale of the portfolio; and
  - investing in technology and digital capability to help increase the differentiation of Unite's offer to customers, improve students' experience and drive operating efficiencies.
- **Quality university partnerships:**
  - aligning the portfolio with high and mid-ranked universities, with 90 per cent. of the current portfolio located at such universities;
  - securing nominations agreements, with 60 per cent. of beds in the portfolio being secured under nominations agreements for the 2018/19 academic year with an average remaining length of six years;
  - focusing on delivering a product and service that is valued by universities; and
  - being a strategic partner for universities for their long-term accommodation strategy, with a pipeline of ten active discussions for future university partnerships.

Implementation of this strategy has strengthened Unite's position and resulted in a significant improvement in earnings quality. Unite expects that it can further enhance its position and continue to grow recurring earnings through this strategy.

2.3 ***Unite's portfolio***

Unite operates a high quality portfolio consisting of 48,815 beds in 122 properties. Unite has positioned itself with the strongest performing universities with 90 per cent. of the portfolio aligned to high and mid-ranked universities. Geographically, 41 per cent. of Unite's portfolio by value is located in London, with the remainder in university cities and towns in regional locations. 74 per cent. of Unite's portfolio is located in its top 10 cities. For the 2018/19 academic year, 60 per cent. of beds were let under nominations agreements (2017/18 academic year: 60 per cent.) with an average remaining length of six years, providing Unite with significant earnings visibility.

2.4 ***Operating platform***

Unite's best-in-class operating platform, PRISM, coupled with its experienced management team, gives it the capability to drive value from its portfolio through rental growth, further scale efficiencies, cost savings and increased utilisation. The investment that Unite has made into its PRISM operating platform provides significant capacity for continued portfolio growth and efficiency savings. PRISM has capacity to manage over 80,000 beds without needing significant further investment and enables Unite to deliver high quality customer service in an efficient manner. Delivering high service levels is key to ensuring Unite continues to enjoy strong relationships with universities and achieves high levels of student satisfaction.

2.5 ***Development pipeline and university partnerships***

Unite's development pipeline and its pipeline of university partnerships are key drivers of future growth and are fully aligned to high and mid-ranked universities. During 2018, Unite delivered seven new buildings and secured two additional development schemes and now the secured development pipeline for delivery over the period to 2022 comprises 6,532 beds with approximately 70 per cent. of 2019 openings secured under nominations agreements. Planning consents and build contracts are in place for all 2020 deliveries and plans for schemes to be delivered in 2021 and 2022 are being finalised.

The anticipated overall yield on cost of the secured development pipeline is 6.9 per cent. and prospective returns on new schemes remain attractive at around 7.0 per cent. in London and 8.0 per cent. in the regions. Unite continues to see attractive development opportunities both in London and in other strong university markets where there is further demand for high quality, purpose-build student accommodation with a scheme in London and three schemes outside of London under offer.

Unite also sources university partnerships alongside its more traditional development activity. In 2018, Unite secured two additional university partnership schemes, Middlesex Street in London and Cowley Barracks in Oxford. Unite has secured a pipeline of four partnership opportunities and is currently in active discussions with ten universities, exploring a range of different models including further off-campus developments, stock transfer and third-party management arrangements, and expects to add one or two new deals per year.

The following table sets out Unite's development pipeline and university partnerships as at the date of this document:

	Target delivery	Secured beds	Total completed value	Total development costs	Forecast yield on cost
			(£m)	(£m)	
Wholly owned					
Skelhorne Street, Liverpool	2019	1,085	95	74	8.0%
Tower North, Leeds	2020	928	104	81	8.0%
First Way, London	2020	678	122	102	6.0%
New Wakefield Street, Manchester	2020	603	81	56	8.2%
Total wholly owned		**3,294**	**402**	**313**	**7.6%**
University partnership					
Cowley Barracks, Oxford	2019	887	98	73	6.5%
Old BRI, Bristol(1)	2021	370	52	39	6.2%
Middlesex Street, London(2)	2021	913	247	181	6.1%
Temple Quay, Bristol(1)	2022	650	95	77	6.2%
Total University partnerships		**2,820**	**492**	**371**	**6.2%**
USAF—forward funds					
Battery Park, Birmingham	2019	418	43	38	6.3%
Total USAF		**418**	**43**	**38**	**6.3%**
Unite share of USAF		**418**	**11**	**10**	**6.3%**
Total pipeline (Unite share)		**6,532**	**906**	**694**	**6.9%**

(1) Subject to obtaining planning consent.

(2) Subject to GLA approval.

Unite's development pipeline, university partnerships and scalable operating platform provide good visibility of future rental growth and growth in recurring earnings. Prior to the Acquisition, Unite had an illustrative medium term target earnings per share of between 47 pence and 51 pence, primarily through delivery of its committed and uncommitted development pipeline over the medium term (some of which remains subject to obtaining planning consent), supported by the full year contribution of 2018 new openings of properties and future rental growth, and taking into account potential future disposals.

2.6 *UK Higher Education sector provides supportive market fundamentals*

The Board believes that the outlook for the student accommodation sector remains positive with structural factors continuing to drive demand in the cities where Unite operates. The UK Higher Education sector is recognised globally for the strength of its universities and the contribution it makes to research, innovation, talent development and the UK economy more broadly. The UK is the second most popular destination for international students and has 11 out of the world's top 100 universities and 58 of Europe's top 200 universities.

Total full-time student numbers in the 2017/18 academic year reached record levels at over 1.8 million. The number of applicants and the number of students accepted into courses in the 2018/19 academic year was 696,000 and 533,000 respectively (2017/18 academic year: 700,000 and 534,000). Despite a fall in applications of less than 1 per cent., universities were able to recruit from the significant excess of applications, resulting in the student intake remaining in line with the previous year and applicants still outstripping acceptances by 163,000. The small reduction in applications was driven principally by the demographic decline in the UK, with the number of applications from international students once again growing. The applications data for the 2019/20 academic year indicates an increase of 0.4 per cent. in overall applications as compared to 2018/19, with growing participation rates for UK 18-year olds and increased numbers of international students more than offsetting the impact of demographic decline for UK students. Student demand remains stronger at high and mid-ranked universities, which are the institutions with which Unite seeks to align its portfolio.

2.7 *Market position and outlook for UK PBSA sector*

Unite provides housing for all students seeking accommodation and competes with private landlords, university PBSA and corporate PBSA in the locations where it owns properties. Unite's main competitors in the UK corporate PBSA sector include UPP, iQ, CRM Students, Fresh Student Living, Homes for Students, Derwent Student and Liberty Living. Unite has a number of key strengths, including the following, which the Board believes translate into a competitive advantage:

- high quality product and service offering;
- in-house expertise and internally managed operating platform, PRISM, which is scalable and capable of delivering efficiencies;
- positioning with high and mid-tariff universities and a large proportion of beds secured under nominations agreements;
- long-standing relationships with leading UK universities;
- strong balance sheet; and
- strong growth prospects given the development and university partnerships pipeline.

The student accommodation sector has attracted significant levels of capital investment over the last four years with over £16 billion of investment activity. In addition, development activity has seen the supply of accommodation increase and the total number of purpose-built beds (including university-owned beds) grow to over 600,000, representing around one-third of the UK's total full time student population. At this level, there still remains a shortage of purpose-built accommodation compared to the approximately 785,000 full-time first year students in the 2017/18 academic year. This is before taking account of the increasing numbers of second and third-year students who are choosing this type of accommodation.

Unite's outlook suggests that the rate of new supply of corporate-owned PBSA will continue at a rate of around 20,000-25,000 beds in 2019, before starting to reduce with supply of corporate-owned PBSA in 2020 currently limited to a further 20,000 beds. Furthermore, Unite estimates that there are over 800,000 students living in private-rented housing, which represents a further opportunity to increase the penetration of corporate PBSA through the supply of additional beds to this part of the market.

The independent panel report following the Government's commencement of a review of post-18 education and funding was published on 30 May. The report contained a number of recommendations as to changes in the way the Higher Education sector is funded, including: a reduction in the maximum annual amount of tuition fees payable by UK students from £9,250 to £7,500; a reduction in the current salary threshold of £25,000 per annum for repayment of student loans to the level of median non-graduate earnings; the reintroduction of means-tested maintenance grants of up to £3,000 per annum; and an increase in the period before which student loans are written off after graduation from 30 years to 40 years. The report suggests the recommendations could apply to new students entering the Higher Education system in the 2021/22 academic year. However, current political uncertainty means that some or all of these recommendations may not be implemented by the next Government under its Higher Education policy.

3. **Reasons for the Acquisition**

The Acquisition represents a transformative opportunity for Unite to utilise its best-in-class operating platform (PRISM) to operate a larger, complementary portfolio. The Board believes that the Acquisition will deliver significant strategic and financial benefits to Unite, including:

- **Reinforce Unite's position as a leading operator in the UK PBSA sector:** Following the Acquisition, Unite will operate a portfolio comprising approximately 73,000 beds across 173 properties in 27 university towns and cities across the UK with a total portfolio value of approximately £5.2 billion[3]. The Acquisition is expected to provide cost-related benefits of scale through the operation of a significantly larger portfolio with increased opportunities to grow recurring earnings.

[3] Based on Unite property values as at 31 March 2019, (including Unite's see-through interest in USAF and LSAV) and Liberty Living property values as at 31 May 2019, (including Unite's see-through interest in Liberty Living's Cardiff properties being acquired by USAF).

- **High quality and complementary portfolio:** The Liberty Living portfolio includes attractive, geographically diverse properties, predominantly aligned to high and mid-ranked university institutions, which complement Unite's existing portfolio. The Acquisition will result in Unite operating a combined portfolio of high quality properties across various major university towns and cities.
- **Strengthen relationships with universities:** Liberty Living has strong relationships with a range of universities, with 51 per cent. of beds in the Liberty Living portfolio let under nominations agreements for the 2018/19 academic year. The Acquisition provides opportunities to deepen Unite's key university relationships and for further university partnerships. In addition, the Liberty Living portfolio contains a broad product range, including lower price points in certain towns and cities.
- **Sustainable rental growth:** The addition of the Liberty Living portfolio supports Unite's medium-term rental growth outlook of 3.0-3.5 per cent. per annum. This reflects the high quality nature of the Liberty Living portfolio, which has high occupancy levels, positive rental growth prospects and good income visibility through beds let under nomination agreements.
- **Significant cost synergies:** The Board believes that the Acquisition presents opportunities for the Enlarged Group to realise both operating and overhead cost synergies through the removal of duplicate costs and by leveraging existing city teams. Unite has a best-in-class operating platform in PRISM which can deliver significant efficiency savings as a result of increased scale. It is expected that annual cost synergies of approximately £15 million will be realised from the financial year ending 31 December 2021. These cost savings equate to a reduction of approximately 25 per cent. of Liberty Living's total current cost base (approximately 30 per cent. when taking into account planned disposals). The Board believes there are further opportunities to enhance earnings and the Enlarged Group's EBIT margin target of 74 per cent. through procurement savings and asset management initiatives. The Board expects that the realisation of the synergies will result in one-off implementation costs of approximately £6 million to be recognised in the twelve months post-Completion.
- **Accelerate earnings growth:** The Board believes the Acquisition will be materially accretive to earnings from the year ending 31 December 2020 onwards. As a result of anticipated EPRA EPS accretion, Unite is targeting to deliver an EPRA EPS yield of approximately 6 per cent. by 2021.The Acquisition supports Unite's aim of delivering low double-digit total accounting returns and Unite is planning to maintain its dividend payout ratio of 85 per cent. of EPRA EPS for the Enlarged Group.

4. **Financial effects of the Acquisition**

The Liberty Living portfolio is being acquired for a total consideration of £1.4 billion. As at 31 May 2019, the Liberty Living portfolio was independently valued at £2.2 billion. The Acquisition will result in Unite acquiring the Target Liberty Living Group, comprising 20,541 beds with a portfolio value of £1.9 billion (and EPRA NAV of £1.2 billion[4]) as at 31 May 2019, and USAF acquiring Liberty Living's Cardiff properties, comprising 3,480 beds with a portfolio value of £253 million as at 31 May 2019. As a result of the Acquisition, Unite will operate a portfolio of 72,836 beds with a total portfolio value of £5.2 billion.[5]

The Board remains confident in a rental growth outlook of 3.0-3.5 per cent. for 2019/20 and 2020/21 for the Enlarged Group, given the combined quality of the Unite and Liberty Living portfolios and their alignment with the UK's strongest universities. As a result of the Acquisition, the Board believes there is the potential to enhance Unite's EBIT margin target of 74 per cent..

The Board expects the Acquisition, taking into account the Placing and the Consideration Shares, to be materially accretive to earnings from the year ending 31 December 2020. As a result of the quality

[4] The Target Liberty Living Group NAV includes various intercompany balances as a result of Liberty Living's Cardiff and international properties which are not being acquired by Unite (the Cardiff properties are to be acquired by USAF). These intercompany balances as at 31 March 2019 represented net assets of approximately £124 million and will be cleared at Completion.

[5] Based on Unite property values as at 31 March 2019 (including Unite's see-through interest in USAF and LSAV) and Liberty Living property values as at 31 May 2019, (including Unite's see-through interest in Liberty Living's Cardiff properties via USAF).

and predictable nature of earnings and outlook for the Enlarged Group's business, Unite is planning to maintain is dividend payout ratio of 85% of EPRA EPS.

The Board expects the Acquisition will support Unite's targets of delivering low double-digit total accounting returns, with an increased weighting towards the income component, targeting an EPRA EPS yield of approximately 6 per cent. in 2021. It is expected that the Acquisition will be broadly neutral on an EPRA NAV per share basis.

Unite is focused on maintaining balance sheet strength. The Acquisition and the Placing will result in an LTV of approximately 40 per cent. for the Enlarged Group immediately after Completion (based on a balance sheet date as at 31 March 2019). The Board expects that LTV will reduce over time to a target of 35 per cent. through rental growth and planned disposals. The financing of the Acquisition ensures capacity to maintain a development run-rate of approximately 2,000 beds per annum.

The Acquisition is expected to reduce Unite's average cost of debt to 3.5 per cent.[6] As a result of the Acquisition, Moody's has affirmed Unite's and Liberty Living's Baa2 credit ratings and changed the outlook from stable to positive. Standard & Poor's has affirmed Unite's and Liberty Living's BBB credit ratings and changed the outlook from stable to positive.

5. **Summary information on Liberty Living**

5.1 ***Overview***

Established in 2000, the Liberty Living group is a leading owner and operator of privately owned PBSA in the UK. The Liberty Living portfolio is a geographically diverse portfolio of high quality, modern and well-maintained properties, which consists of 24,021 beds across 51 properties in 19 university towns and cities across the UK, with 82 per cent. of the portfolio aligned to high and mid-ranked universities[7]. Liberty Living currently maintains relationships with 35 universities and other education providers through 53 separate agreements. In respect of the Liberty Living portfolio, Liberty Living employed approximately 403 full-time and part-time employees as at 31 March 2019.

The locations of Liberty Living's properties, together with a long period of growth in demand for university places, increased demand for high quality accommodation and active marketing and targeting to domestic and international students, has driven high occupancy rates enabling the Liberty Living portfolio to maintain an average 99 per cent. occupancy rate over the three years ended 31 August 2018. For the 2019/20 academic year, the Liberty Living portfolio has reservations for 85 per cent. of beds as at 31 May 2019. The Liberty Living portfolio was valued at £2,195 million as at 31 May 2019, representing a 5.3 per cent. net initial yield.[8]

5.2 ***Ownership***

The Liberty Living group was established in August 2000 to invest in the student accommodation sector in the UK. In March 2015, CPPIB Holdco acquired the Liberty Living portfolio and operating platform for consideration of approximately £1.1 billion. CPPIB Holdco has subsequently grown the Liberty Living portfolio through a number of selective acquisitions.

Liberty Living Group Plc became the holding company of Liberty Living on 10 May 2018 and Liberty Living converted to a UK real estate investment trust ("**REIT**") on 11 May 2018.

CPPIB is a professional global investment management organisation. CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At 31 March, 2019, the Canada Pension Plan Fund had a value of C$392 billion.

5.3 ***Acquisitions and disposals***

Since its establishment, Liberty Living has grown through a combination of organic growth and selective acquisitions. Liberty Living has focused on the acquisition and refurbishment of existing properties rather than the construction and development of new properties.

[6] Based on Unite's cost of debt of 3.8 per cent. and Liberty Living's cost of debt of 2.9 per cent.

[7] Calculated as the number of beds aligned to high and mid-ranked universities as a percentage of total beds aligned to universities ranked in the 2019 Times University Rankings.

[8] Independent valuation by Knight Frank LLP.

In August 2015, Liberty Living acquired five properties with a total of 2,153 beds from Student Castle for a consideration of £330 million.

From 1 September 2015 to 31 March 2019, Liberty Living acquired individual properties or portfolios for £853 million in aggregate, comprising 9,439 beds across 22 properties, while also disposing of 1,591 beds across seven properties which were considered to be non-core with limited strategic fit.

In March 2017, Liberty Living acquired Union State, a portfolio of 13 operational student accommodation properties comprising 6,484 beds, and one office block in south London, from funds managed by Blackstone for total consideration of £465 million. The Union State portfolio included 5,534 beds across 11 properties located in the UK and a further 950 beds across two properties located in Bremen and Valencia.

Since 31 August 2018, Liberty Living has acquired two additional buildings in Leicester comprising an additional 121 beds and 200 beds respectively at an existing property.

The following table provides an overview of the evolution of the Liberty Living portfolio at the end of the financial years ended 31 August 2016, 2017 and 2018:

	Number of beds	Aggregate property valuation
		(£ million)
Financial year ended 31 August 2016	19,757	1,639
Financial year ended 31 August 2017	23,700	2,046
Financial year ended 31 August 2018	23,701	2,068

5.4 ***Portfolio***

The following table sets out where the properties in the Liberty Living portfolio are located, the number of properties and the number of beds in the Liberty Living portfolio as at 31 May 2019 and the rental income for the financial year ended 31 August 2018:

	Number of properties as at 31 May 2019	Number of beds as at 31 May 2019	Rental income for the year to 31 August 2018
			(£ million)
Aberdeen	4	599	3.3
Bedford	1	517	3.0
Birmingham	4	1,572	9.0
Bristol	1	263	2.4
Coventry	2	817	5.6
Edinburgh	1	532	3.5
Glasgow	2	646	3.7
Leeds	2	1,177	6.6
Leicester	2	1,564	7.1
Liverpool	4	2,369	11.7
London	5	1,506	20.0
Manchester	5	2,681	20.3
Medway	1	1,106	6.4
Newcastle	4	2,205	10.1
Nottingham	1	598	2.9
Sheffield	1	499	2.6
Southampton	2	1,233	8.2
Wolverhampton	1	657	1.4
Target Liberty Living Group total	**43**	**20,541**	**128.1**
Cardiff(1)	8	3,480	20.3
Liberty Living portfolio total(1)	**51**	**24,021**	**148.4**

(1) Liberty Living's Cardiff properties are to be acquired by USAF and managed by Unite, conditional on Completion.

The Liberty Living portfolio also includes a commercial building in Wyvil Court, London with development potential.

The Liberty Living portfolio is geographically diverse and no single city or town accounts for more than 14.5 per cent. of the total number of beds (as at 31 May 2019).

The Liberty Living portfolio predominantly consists of high quality and modern properties comprising mostly ensuite rooms offered at mid-market price points. Properties in the Liberty Living portfolio feature a range of room types, including: (i) ensuite bedrooms, which include bathroom amenities, but with separate access to communal kitchens and living rooms; (ii) studio bedrooms, which include kitchen and bathroom facilities; and (iii) bedrooms, which have access to communal bathroom, kitchen and living room facilities. Bedrooms are typically clustered in groups of four to six around a kitchen and living room in a cluster flat. As at 31 May 2019, 85 per cent. of rooms in the Liberty Living portfolio are cluster flat ensuite bedrooms, 10 per cent. are studio bedrooms and the remaining 5 per cent. are bedrooms with shared bathrooms.

The Liberty Living portfolio has achieved an average occupancy of 99 per cent. for the three years ended 31 August 2018.

The Liberty Living portfolio has a strong rate of re-bookings with 16 per cent. of beds for the 2018/19 academic year booked by students who have previously stayed in the Liberty Living portfolio. The beds in the Liberty Living portfolio are available at different price points to beds in the Unite portfolio, offering a broader and more affordable product.

A summer maintenance programme is carried out each year on all properties to ensure clean and well-maintained rooms for customers. In addition, the management team regularly reviews the estate and undertakes refurbishment works as required.

Out of the 51 properties in the Liberty Living portfolio as at 31 May 2019, 34 were fully freehold owned properties, 11 properties were held pursuant to long leases and the remaining 6 were owned through arrangements which contain elements of both freehold and long leasehold ownership.

5.5 *University relationships*

Liberty Living currently maintains relationships with 35 universities and other education providers through 53 separate agreements. 82 per cent. of the Liberty Living portfolio is aligned to high and mid-ranked universities[9]. For the 2018/19 academic year, 51 per cent. of the beds in the Liberty Living portfolio are let under nomination agreements and 49 per cent. are direct lets to students. Liberty Living has nomination agreements in place with, amongst others, Cardiff University, the University of Manchester (currently under renewal), the University of Birmingham and the University of Leeds.

The weighted average unexpired lease term of Liberty Living's nominations agreements is approximately 6 years. The following table provides an overview of the expiration dates (from the start of the 2018/19 academic year) of all Liberty Living's nominations agreements as a percentage of income from nominations agreements for the 2018/19 academic year:

Agreement length	**Beds**	**Income for the 2018/19 academic year**
		(£ million)
Single year	4,343	24.4
2–10 years	5,778	34.6
11–20 years	1,425	8.8
20+ years	727	6.4
Total	**12,273**	**74.1**

Certain of Liberty Living's multi-year nominations agreements (not residential leases or referral agreements) contain contractual rental uplifts that are either fixed or linked to inflation indices or open market comparable lettings (or a combination thereof), with maximum and minimum rental uplifts set through caps and/or collars.

[9] Calculated as the number of beds aligned to high-and-mid-ranked universities as a percentage of total beds aligned to universities ranked in the 2019 Times University Rankings.

5.6 *Summary operating and financial review*

As at 31 May 2019, the Liberty Living portfolio was independently valued at £2,195 million. On 31 March 2019, Liberty Living had a LTV ratio of 37 per cent. Liberty Living benefits from a diversified financing structure consisting of a £250 million term bank loan due November 2022, a £150 million revolving credit facility due November 2022, £300 million bonds due 2024 and £300 million bonds due 2029. For further information on the terms of Liberty Living's financing arrangements, see paragraph 8.2 of Part VII (*Additional Information*).

5.6.1 **Target Liberty Living Group**

Pursuant to the Acquisition, Unite will acquire the whole of the Target Liberty Living Group. For further information on the financial results of the Target Liberty Living Group, see Part V (*Historical Financial Information of the Target Liberty Living Group*).

The Target Liberty Living Group comprises 20,541 beds with a portfolio value of £1,942 million as at 31 May 2019. The following table sets out the number of beds, occupancy, rental and other income, net operating income, EPRA earnings and EBIT margin as key performance indicators of the Target Liberty Living Group for the periods indicated:

	Year to 31 August		
	2018	**2017**	**2016**
Number of beds	20,220	20,220	16,687
Occupancy (%)	98.2	98.1	99.8
Rental and other income (£ million)	130.9	116.3	102.3
Net operating income (£ million)	91.1	82.1	73.7
EBIT margin (%)	58.7%	61.9%	65.0%
EPRA earnings (£ million)	31.7	(74.9)	(18.4)

Rental and other income of the Target Liberty Living Group increased by 12.6 per cent. to £130.9 million for the year to 31 August 2018 from £116.3 million for the year to 31 August 2017, which in turn was an increase of 13.7 per cent. from £102.3 million for the year to 31 August 2016. The increases were due primarily to an increase in pricing, high occupancy levels and property acquisitions.

The rental and other income figures and net operating income figures included in the table above exclude the rent generated by Liberty Living's eight Cardiff assets. The 2018 figures also do not include income generated by two Leicester properties which were acquired subsequent to Liberty Living's 31 August 2018 financial year end.

The average occupancy rate of the Target Liberty Living Group increased to 98.2 per cent. from 98.1 per cent. for the year to 31 August 2017, which in turn was a decrease from 99.8 for the year to 31 August 2016. This high occupancy rate is expected to continue based on occupancy rate of 99.0 per cent. for the 2018/19 academic year. Approximately 85 per cent. of the portfolio for academic year 2019/20 had already been reserved as at 31 May 2019.

Net operating income of the Target Liberty Living Group increased by 11.0 per cent. to £91.1 million for the year to 31 August 2018 from £82.1 million for the year to 31 August 2017, which in turn was an increase of 11.4 per cent. from £73.7 million for the year to 31 August 2016. The positive growth dynamics were as a result of continued high occupancy, underlying rental growth and portfolio acquisitions increasing the size and scale of the Target Liberty Living Group over the period.

EPRA earnings were negative for the Target Liberty Living Group for the years ended 31 August 2016 and 2017 primarily as a result of the financing structure in place at the time which resulted in significant net interest costs. Liberty Living was refinanced in November 2017 with £600m of bonds due in 2024 and 2029.

The following table provides an overview of the property valuation, EPRA net initial yield, EPRA NAV and LTV in relation to the properties owned by the Target Liberty Living Group as at the dates indicated:

	As at 31 March	As at 31 August		
	2019	2018	2017	2016
Property valuation (£ million)	1,935	1,816	1,775	1,426
EPRA net initial yield (%)	5.3	5.4	5.6	5.7
EPRA NAV (£ million)	1,205[10]	1,069	(87)	17
LTV (%)	42	46	113	105

The Target Liberty Living Group had an aggregate property valuation of £1,935 million, £1,816 million, £1,775 million and £1,426 million as at 31 March 2019 and 31 August 2018, 2017 and 2016, respectively. The increase in property valuation was due primarily to property acquisitions. The Target Liberty Living Group has been independently valued by Knight Frank LLP.

The Target Liberty Living Group had a EPRA NAV of £1,205 million, £1,069 million, £(87) million and £17 million as at 31 March 2019 and 31 August 2018, 2017 and 2016, respectively. The increase in NAV as at 31 August 2018 as compared to 31 August 2017 was due primarily to a reduction in the debt on properties of the Target Liberty Living Group as a result of the refinancing of Liberty Living's debt in November 2017. The Target Liberty Living Group's LTV decreased to 46 per cent. as at 31 August 2018 from 113 per cent. as at 31 August 2017 and was 42 per cent. as at 31 March 2019.

The LTV for the Target Liberty Living Group is higher than for the Liberty Living portfolio as the Cardiff assets are not included within the LTV ratio but the overall level of indebtedness remains the same. The LTV ratios are high in 2016 and 2017 as a result of Liberty Living's previous financing structure.

5.6.2 **Liberty Living portfolio**

Following Completion, in addition to wholly owning the Target Liberty Living Group, Unite will gain a see-through interest in Liberty Living's Cardiff properties that are to be acquired by USAF. As at the Latest Practicable Date, Unite's interest in USAF is 25 per cent. but this will reduce to 23 per cent. when the equity from USAF's equity raise in May 2019 is fully drawn. Unite's interest in the Cardiff properties will be included in its EPRA adjusted results which are on a see-through basis. The financial information below relating to the Liberty Living portfolio therefore includes the contribution from Liberty Living's Cardiff properties to be acquired by USAF.

The Liberty Living portfolio comprises 24,021 beds and was independently valued at £2,195 million as at 31 May 2019, of which 3,480 beds with a value of £253 million correspond to Liberty Living's Cardiff properties. The Liberty Living portfolio consisted of 23,701 beds, 23,700 beds and 19,757 beds for the years to 31 August 2018, 2017 and 2016 respectively and delivered an average occupancy rate of 99 per cent. during the three years to 31 August 2018. Over the same period, the Liberty Living portfolio generated £148.4 million of rental and other income for the year to 31 August 2018, which was an increase of 12.2 per cent. from £132.3 million for the year to 31 August 2017, which in turn was an increase of 12.5 per cent. from £117.6 million for the year to 31 August 2016.

Liberty Living introduced a dynamic pricing model for the first time in the 2018/19 academic year which although led to a very high occupancy figure meant that the rental income was slightly behind expectations. The pricing model has been successfully updated for the 2019/20 sales cycle which is tracking in-line with expectations with positive rental growth expectations and high occupancy targeted for the end of the sales cycle. For the 2019/20 academic year the Liberty Living portfolio has reservations for 85 per cent. of the beds in its portfolio as at 31 May 2019 (compared to 91 per cent. as at 31 May 2018 for the 2018/19 academic year and 88 per cent. as at 31 May 2017 for the 2017/18 academic year).

The Liberty Living portfolio had an aggregate property valuation of £2,188 million, £2,068 million, £2,046 million and £1,639 million as at 31 March 2019 and 31 August 2018, 2017 and 2016, respectively. The EPRA NAV of the Liberty Living portfolio as at 31 March 2019 was £1,365 million.

10 The Target Liberty Living Group NAV includes various intercompany balances as a result of Liberty Living's Cardiff and international properties which are not being acquired by Unite (the Cardiff properties are to be acquired by USAF). These intercompany balances as at 31 March 2019 represented net assets of approximately £124 million and will be cleared at Completion.

6. Synergies, integration and disposals strategy

6.1 *Synergies*

The Board believes that the Acquisition presents the opportunity for significant cost synergies and that the Enlarged Group can expect to achieve aggregate annual cost synergies of approximately £15 million from the financial year ending 31 December 2021.

Based on the due diligence process undertaken in advance of the Acquisition, experience of integrating properties and portfolios and the benefits of scale that are expected to result from the Acquisition, Unite management has identified the following recurring cost synergies:

- *Central overhead cost synergies*: The Enlarged Group will benefit from a single corporate overhead structure and cost synergies are expected to be realised through the streamlining and removal of duplicate current central overhead costs following integration. Central overhead cost synergies are expected to account for approximately £13 million of the identified annual synergies.
- *Operating cost synergies*: The increase in the size of the Enlarged Group's portfolio is expected to provide scale benefits at a city and asset level, including leveraging existing city teams, thereby reducing the overall cost per bed of the Enlarged Group, as well as enabling a reduction in operating costs per bed for the Liberty Living portfolio. Operating cost synergies are expected to account for approximately £2 million of the identified annual synergies.

Approximately £4 million of the identified cost synergies are expected to be realised in the year ending 31 December 2020. No material cost synergies are expected to be realised in the financial year ending 31 December 2019 given that the Acquisition is not expected to complete until the end of the third quarter of 2019.

The expected aggregate annual cost synergies of approximately £15 million are equivalent to 12.3 per cent. of the pro forma total cost base of the Enlarged Group for the year ended 31 December 2018 of £122 million.

The Board expects that the realisation of approximately £15 million of cost synergies would result in one-off costs for implementation of approximately £6 million to be recognised in the twelve month period post-Completion.

The expected synergies identified above reflect both the beneficial elements and relevant costs and are contingent upon Completion, which Unite anticipates will occur by the end of the third quarter of 2019, and would not be achieved independently.

6.2 *Integration*

The Board expects the migration of properties in the Liberty Living portfolio onto Unite's operating platform to be completed by the end of the second quarter of 2020, with physical re-branding of the properties planned to be completed in time for the start of the 2020/21 academic year. The Board expects that back office functions of Liberty Living, including human resources and accounting functions, to be incorporated into the existing back office functions of Unite during the second half of 2020.

The integration of Unite and Liberty Living creates an opportunity for Unite to strengthen its product and service offering and to deliver additional operational enhancements through identifying best practices from Liberty Living's operations and harnessing its capabilities and skills. Unite will also roll-out its "Home for Success" customer proposition across the combined portfolio of the Enlarged Group, including providing access to the "My Unite" app and welfare services for students.

Unite's management has experience of integrating portfolios and properties into the business and Unite's PRISM operating platform is well-positioned to drive scale efficiencies and cost savings. As a result, the Board is confident that the integration of the Liberty Living portfolio can be achieved without significant disruption to the management and operations of the Enlarged Group.

6.3 *Disposals strategy*

Portfolio optimisation through disposals will remain an important part of Unite's strategy following the Acquisition as it enhances portfolio quality whilst providing financing capacity to deliver the development and university partnerships pipeline and pursue future investment opportunities. As such, Unite intends to dispose of approximately £150–200 million of assets per annum during the next three years, which is in line with historical levels. This disciplined approach to portfolio optimisation is also expected to underpin Unite's ability to sustain rental growth over a longer-time horizon.

7. Current trading, trends and prospects

See "*Forward-looking statements*" in the section of this Circular entitled "*Presentation of Information*".

Trading in 2019 is in-line with the Board's expectations. For the 2019/20 academic year, Unite has reservations for 88% of its portfolio (compared to 87% this time last year for the 2018/19 academic year). The level of reservations supports Unite's confidence in a rental growth outlook of 3.0-3.5% for the 2019/20 academic year and a positive medium-term outlook.

As at 31 March 2019 Unite's portfolio was independently valued at £3,060 million (on a see-through basis) (£2,968 million as at 31 December 2018 on a see-through basis). The increase was primarily the result of positive rental growth, a very small amount of yield compression for London assets and progress on development properties. As at 31 March 2019 Unite's EPRA NAV per share was 815 pence (31 December 2018: 790 pence).

Unite is on track to open three new development properties comprising 2,390 beds in 2019, with approximately 70% of these beds secured by nomination agreements. Unite secured resolution to grant planning permission for the 913-bed Middlesex Street development scheme on 19 June 2019 (subject to approval from the Greater London Authority).

Unite continues to identify new development and university partnership opportunities and currently has one London and three regional development sites under offer. Unite has a pipeline of around 10 active discussions for new university partnerships across a range of different models including off-campus developments, stock transfer and third-party management arrangements.

USAF successfully raised £250 million in new equity in May 2019, part of which was used to acquire three properties in Portsmouth and Leeds from Unite for £105 million (Unite share £81 million), representing a net initial yield of 5.5%. The fundraise means that USAF will retain additional investment capacity following the acquisition of Liberty Living's Cardiff properties.

The UK Higher Education sector continues to perform well. The initial applications data for the 2019/20 academic year is encouraging, with overall applications up by 0.4% with growing participation rates and increased numbers of international students more than offsetting the impact of the demographic decline that is expected to continue until 2021. The Augar Review of Post-18 Education and Funding was published in May and contained recommendations including a reduction in tuition fees to £7,500 per annum with lost fee income for Universities topped-up by the Government. The Board believes that the proposals are supportive of continued student demand but note that clarity is required from Government as to when and if these proposals are implemented.

8. Dividend policy

In respect of the year ended 31 December 2018, the Company's dividend per Ordinary Share was 29.0 pence (2017: 22.7 pence).

As a result of the quality and predictable nature of earnings and outlook for the Enlarged Group's business, Unite is planning to maintain its dividend payout at 85 per cent. of EPRA EPS.

9. Principal Terms of the Acquisition

9.1 *Acquisition perimeter*

The Acquisition encompasses the Target Liberty Living Group, which comprises all of Liberty Living excluding: (i) all of Liberty Living's properties in Cardiff, which are to be acquired by USAF, conditional on completion of the Acquisition; and (ii) Liberty Living's international properties in Germany and Spain.

9.2 *Sale and Purchase Agreement*

On 3 July 2019, Unite, CPPIB Holdco and CPP Investment Board Real Estate Holdings Inc. entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which

CPPIB Holdco has conditionally agreed to sell Liberty Living to Unite. The Acquisition has been priced on a NAV-for-NAV basis (subject to certain adjustments as at 31 March 2019).

The total consideration is to be satisfied at Completion by a payment in cash to CPPIB Holdco of approximately £800 million (including the amount payable by USAF in connection with the acquisition of Liberty Living's Cardiff properties) and the issue to CPPIB Holdco of approximately 72.6 million Consideration Shares (together representing total consideration of approximately £1.4 billion based on a Unite adjusted EPRA NAV per share of £8.27 as at 31 March 2019)[11], which will result in CPPIB Holdco receiving, upon Completion, a 20 per cent. shareholding in the Enlarged Group.

The consideration structure for the Acquisition has been calculated on a NAV-for-NAV basis as at 31 March 2019 with certain agreed adjustments applied to the EPRA NAVs of Unite and the Liberty Living portfolio. The adjustments relate to, in respect of the share exchange ratio, transaction-related goodwill, development pipeline credit, deferred tax liabilities, the mark-to-market valuation of debt and swaps, and, in respect of the cash component, the value of the aggregate costs incurred by Unite and CPPIB Holdco in relation to the Acquisition as compared to estimated costs and stamp duty savings and dividend distributions anticipated between the date of this document and Completion.

Completion of the Acquisition is conditional upon, amongst other things:

- the approval of the Acquisition (as a Class 1 transaction under the Listing Rules) by Shareholders passing the Resolution at the General Meeting;
- the receipt of clearance from the CMA in respect of the Acquisition; and
- approval being given for Admission of the Consideration Shares.

The Acquisition will not proceed, and the Sale and Purchase Agreement will be terminated, if the conditions have not been satisfied or waived on or before the date which is 18 months after the date of the Sale and Purchase Agreement. Additionally, CPPIB Holdco will have the right to terminate the Sale and Purchase Agreement if the approval of the Acquisition, by Shareholders passing the Resolution at the General Meeting, is not received within three months of the date of the Sale and Purchase Agreement. The Sale and Purchase Agreement may be terminated by Unite if it becomes aware that any of CPPIB Holdco's warranties was untrue or misleading where such breach would be likely to result in Unite being entitled to recover damages exceeding £140 million.

Pursuant to the terms of the Sale and Purchase Agreement, Unite has agreed to pay a break fee of £7.5 million to CPPIB Holdco if the Acquisition does not complete, except in circumstances where (i) the CMA prohibits the Acquisition, or (ii) Unite and CPPIB Holdco agree mutually agree not to proceed with Completion, which, in the case of (i) or (ii), would result in no break fee being payable, or (iii) Unite and CPPIB Holdco agree that it is likely that the CMA will prohibit the Acquisition or require remedies that would substantially alter the economics of the Acquisition, in which case a lower break fee of £5 million is payable to CPPIB Holdco.

The Company anticipates that Completion will occur by the end of the third quarter of 2019, subject to the receipt of CMA approval. Following Completion, Liberty Living will be a wholly-owned subsidiary of Unite.

The acquisition of Liberty Living's Cardiff properties by USAF is conditional on the conditions to the Acquisition having been satisfied.

Further details of the terms of the Sale and Purchase Agreement are set out in paragraph 1 of Part III (*Summary of the Principal Terms of the Acquisition*).

9.3 ***Relationship Agreement***

Unite and CPPIB Holdco have agreed the terms of a relationship agreement to be entered into upon Completion (the "**Relationship Agreement**") to govern CPPIB Holdco's holding of Ordinary Shares and the continuing relationship between the parties following Completion.

[11] After adjustments for development pipeline credit, deferred tax liabilities and mark-to-market of debt and swaps. CPPIB will be entitled, without adjustment to the consideration, to receive a cash dividend from Liberty Living reflecting the payment of Unite's final dividend in respect of the year ended 31 December 2018, interim dividend in respect of the period ended 30 June 2019 (once announced) and any other dividends declared by Unite with a record date prior to Completion. An adjustment will be made to the purchase price if Completion occurs prior to the record date for the 2019 interim dividend.

Pursuant to the terms of the Relationship Agreement, for so long as CPPIB Holdco holds Ordinary Shares representing at least 10 per cent. of Unite's issued share capital, CPPIB Holdco shall be entitled to appoint one non-executive director to the Board. CPPIB Holdco has nominated Thomas Jackson to join the Board as a non-executive director effective from Completion.

The Relationship Agreement contains lock-up provisions pursuant to which CPPIB Holdco undertakes for a period of 12 months from the date of Completion, subject to certain exceptions, that neither it, nor any of CPPIB Holdco's affiliates will dispose in any way, or agree to dispose in any way, of its interests in any Ordinary Shares.

Further details of the terms of the Relationship Agreement are set out in paragraph 2 of Part III (*Summary of the Principal Terms of the Acquisition*).

10. Financing of the Acquisition

The total consideration for the Acquisition will be financed through: (i) cash consideration of approximately £800 million (of which £253 million will be the consideration payable by USAF for its acquisition of Liberty Living's properties in Cardiff); and (ii) the issuance to CPPIB Holdco of the Consideration Shares representing 20 per cent. of the Enlarged Share Capital following Completion.

10.1 *Cash consideration*

Unite proposes to finance the cash consideration payable by Unite for the Target Liberty Living Group of approximately £550 million using approximately £240 million from the net proceeds of the Placing (after taking into account expenses related to the Placing and Acquisition) and Unite's existing debt facilities and cash resources for approximately £310 million. The cash consideration for the acquisition of Liberty Living's Cardiff properties by USAF will be £253 million. The proposed financing mix will maintain Unite's balance sheet strength and result in a LTV ratio of approximately 40 per cent. immediately following Completion.

Prior to launch of the Placing, the Company consulted with a significant number of its Shareholders to gauge their feedback as to the transaction and the terms of the Placing. Feedback from this consultation was supportive and as a result the Board chose to proceed with the Placing to part finance the Acquisition through an equity raise which ensured the Enlarged Group LTV ratio is limited to approximately 40 per cent. immediately following Completion. The Placing was structured as an accelerated bookbuild to minimise execution and market risk. The Board confirms that it applied the principles of pre-emption when allocating Placing Shares to those investors that participated in the Placing. The Placing Shares will be issued pursuant to the allotment and disapplication of pre-emption authorities that Shareholders granted to the Company at its annual general meeting on 9 May 2019. The Placing Shares will be entitled to the interim dividend for the six months ended 30 June 2019 that Unite expects to declare at the announcement of the Company's interim results that are scheduled for release on 23 July 2019.

The Company intends to apply approximately £240 million from the net proceeds of the Placing to fund part of the consideration of the Acquisition, together with the associated transaction and acquisition costs. The net proceeds of the Placing will be placed on deposit pending Completion. If Completion does not occur, the Acquisition would not proceed but Unite would be in receipt of the net proceeds of the Placing. In such circumstances, the Company intends to retain the net proceeds of the Placing for use in connection with its development and university partnership pipeline or for general commercial activities of Unite, or a combination thereof.

10.2 *Consideration Shares*

Subject to Completion, 72.6 million Consideration Shares will be issued in connection with the Acquisition. Under the terms of the Sale and Purchase Agreement, the Company will publish a prospectus in relation to the Admission of the Consideration Shares (the "**Prospectus**") which will be filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. The Company expects to publish the Prospectus following receipt of clearance from the CMA, expected to be by the end of Q3 2019.

Applications will be made to the FCA and to the London Stock Exchange for Admission of the Consideration Shares. It is currently expected that Admission of the Consideration Shares will become effective at 8.00 a.m. on the date of Completion.

The Consideration Shares will be issued and credited as fully paid up and will rank *pari passu* in all respects with the Ordinary Shares then in issue, including the right to receive dividends or distributions made, paid or declared after the date of issue of the Consideration Shares. The Consideration Shares will be issued in uncertificated form.

11. **Dilution**

Unite will issue the Placing Shares and proposes to issue the Consideration Shares in connection with the Acquisition. 26.4 million Placing Shares will be issued in connection with the Placing and, subject to Completion, 72.6 million Consideration Shares will be issued in connection with the Acquisition. This will result in Unite's issued share capital increasing by approximately 37.5 per cent. in aggregate.

Immediately following Completion, assuming that 72.6 million Consideration Shares are issued in connection with the Acquisition, existing Shareholders at the Latest Practicable Date will, together, own approximately 72.7 per cent. of the ordinary share capital of the Enlarged Group. Upon Completion, CPPIB Holdco will receive a 20 per cent. shareholding in the Enlarged Group.

12. **General Meeting and the Resolution**

Set out on page 118 of this Circular is the notice convening the General Meeting to be held at 10:30 a.m. on 23 July 2019 at the offices of Numis Securities Limited at the London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom. The purpose of the General Meeting is to seek Shareholders' approval for the Resolution. A summary of the Resolution is set out below. The full text of the Resolution is included in the Notice of General Meeting.

Due to its size, the Acquisition is classified as a Class 1 transaction for Unite under the Listing Rules and accordingly requires the approval of Shareholders. The Resolution will be proposed as an ordinary resolution requiring a simple majority of votes in favour. If the Resolution is not passed, the Acquisition will not complete.

The Resolution proposes that (i) the Acquisition be approved and the Directors be authorised to make any non-material amendments, variations, waivers or extensions to the terms of the Acquisition which they in their absolute discretion consider necessary, appropriate or desirable to implement the Acquisition and to take all steps and do all things which they consider necessary or desirable to implement the Acquisition, and (ii) the Directors be unconditionally authorised in accordance with section 551 of the Companies Act 2006 to allot the Consideration Shares (or relevant securities) in connection with the Acquisition up to a maximum aggregate nominal amount of £18,145,572. If granted, the authority to allot the Consideration Shares conferred by the Resolution will expire at the conclusion of Unite's annual general meeting in 2020.

Shareholders should be aware that it is possible that the Acquisition could fail to complete. This possibility is discussed further in paragraph 9.1 above, paragraph 1 of Part II (*Risk Factors*) and paragraph 1 of Part III (*Summary of the Principal Terms of the Acquisition*) of this Circular.

For further information in relation to the Resolution to be proposed at the General Meeting, see the Notice of General Meeting set out at the end of this Circular.

13. **Action to be taken**

A Form of Proxy for use at the General Meeting is enclosed with this Circular. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy, in accordance with the instructions printed thereon, as soon as possible and in any event so that it may be received by the Registrar not later than 10:30 a.m. on 19 July 2019. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

14. **Further information**

Your attention is drawn to the additional information set out in Part II to Part VII of this document, and in particular the risk factors set out in Part II (*Risk Factors*). You are advised to read the whole of this document and not merely rely on the key or summarised information in this letter.

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Unite website (www.unite-group.co.uk). It is expected that this will be on 23 July 2019.

15. **Financial advice**

The Board has received financial advice from J.P. Morgan Cazenove and Numis in relation to the Acquisition. In providing their respective financial advice to the Board, each of J.P. Morgan Cazenove and Numis has relied upon the Board's commercial assessment of the Acquisition.

16. **Recommendation**

The Board believes the Acquisition to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution, as the Directors intend to do in respect of their own beneficial holdings.

As at the Latest Practicable Date, the Directors beneficial holdings amount in aggregate to 755,256 Ordinary Shares, representing approximately 0.286 per cent. of the existing ordinary share capital of the Company in issue.

Yours faithfully,

Phil White
Chairman

PART II

RISK FACTORS

A number of factors affect the business, results of operations, financial condition, cash flows and prospects of Unite and, if the Acquisition is completed, will affect the Enlarged Group. This section describes the risk factors considered by the Directors to be material risk factors in relation to the Acquisition, or which will be material new risk factors to Unite as a result of the Acquisition, or which are existing material risk factors to Unite which will be impacted by the Acquisition. If any of the following risks actually materialise, the Enlarged Group's business, financial condition, results of operations, cash flows or prospects could be materially adversely affected and the value of the Ordinary Shares could decline. The risks described below are not set out in any order of priority, are not the only risks faced and should be used as guidance only. Additional risks not presently known to the Directors or that the Directors currently deem immaterial may also, whether individually or cumulatively, have a material adverse effect on Unite's business, financial condition, results of operations, cash flows or prospects, or following the Acquisition, that of the Enlarged Group, and could negatively affect the price of the Ordinary Shares. Shareholders could lose all or part of their investment.

The information included herein is based on information available as at the date of this Circular and, except as requested by the FCA or required by the Listing Rules, MAR, the Disclosure Guidance and Transparency Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under the heading "Forward-looking statements" of the section of this Circular entitled "Presentation of Information".

Shareholders should consider carefully the risks and uncertainties described below, together with all other information contained in this Circular (including any information incorporated into this Circular by reference) before deciding whether or how to vote in respect of the Resolution at the General Meeting.

References in this Part II to the Enlarged Group shall be construed as Unite and Liberty Living together if the Acquisition is completed, or Unite if the Acquisition is not completed, as applicable.

1. **Risks relating to the Acquisition**

1.1 ***Completion of the Acquisition is subject to the satisfaction of conditions which, if not satisfied, may result in the Acquisition not proceeding, and in which case Unite might be liable to pay a break fee to CPPIB Holdco***

Completion of the Acquisition is subject to the satisfaction or waiver (if applicable) of a number of conditions, including:

- approval of the Acquisition by Shareholders passing the Resolution at the General Meeting;
- the receipt of clearance from the CMA in respect of the Acquisition; and
- approval being given for Admission.

There can be no assurance that these conditions will be satisfied or, if applicable, waived or that, where relevant, the parties to the Sale and Purchase Agreement will not exercise any termination rights they may have. If the Acquisition does not complete, the anticipated benefits of the Acquisition will not be achieved and Unite would nonetheless have incurred costs in connection with the Acquisition. In addition, pursuant to the terms of the Sale and Purchase Agreement, Unite has agreed to pay a break fee to CPPIB Holdco if the Acquisition does not complete, except in circumstances where the CMA prohibits the Acquisition or Unite and CPPIB Holdco mutually agree not to proceed with Completion.

1.2 ***If Completion of the Acquisition does not occur, Unite may not be able to deploy the Placing proceeds quickly or at all into alternative acquisitions or development or partnership opportunities which will impact earnings per share***

Unite intends to apply the proceeds of the Placing to fund part of the cash consideration for the Acquisition, together with the associated transaction and acquisition costs. The net proceeds of the Placing will be placed on deposit pending Completion. If Completion does not occur, the Acquisition would not proceed but Unite would be in receipt of the net proceeds of the Placing. In such circumstances, Unite intends to retain the net proceeds of the Placing for use in connection with alternative acquisitions or development or partnership opportunities or for general commercial activities, or a combination thereof. There can be no assurance that Unite would be able to deploy the Placing proceeds quickly or at all into alternative acquisitions or development or partnership opportunities. If the Placing completes but the Acquisition does not complete, there will be an increased number of Ordinary Shares in issue but without any increase in earnings from the Acquisition or from alternative acquisitions or development or partnership opportunities. In such circumstances, the failure to deploy the net proceeds of the Placing would expose Shareholders to lower earnings per share until such time as the proceeds are deployed and could adversely affect the price of the Ordinary Shares.

1.3 ***There can be no assurance that the CMA will not require remedies as a condition to completion***

If the CMA clears the Acquisition, the CMA may nevertheless require remedies as a condition to Completion or require the modification of the terms of the Acquisition or require remedies or undertakings, some or all of which could result in substantially different economics than those that would apply without the implementation of such undertakings, or otherwise impose restrictions or additional requirements on the Enlarged Group. The outcome of the CMA's review of the Acquisition is not yet known and is not within the control of Unite, Liberty Living or CPPIB Holdco. Any such conditions, modifications, remedies, divestments or undertakings could jeopardise or delay Completion, impose significant additional costs to the Enlarged Group and/or may reduce the anticipated benefits of the Acquisition.

1.4 ***The value of the Target Liberty Living Group may be less than the consideration paid***

Pursuant to the Sale and Purchase Agreement, Unite will only be entitled to terminate the Acquisition in certain circumstances. In addition, the consideration agreed to be paid at Completion has been determined by reference to the EPRA NAV of the Liberty Living portfolio, subject to certain adjustments, and a "locked box" mechanism by reference to a reviewed consolidated balance sheet for the Liberty Living portfolio as at 31 March 2019, such that Unite will take the economic risk and reward in relation to the Liberty Living portfolio from 31 March 2019. Accordingly, in the event that there is an adverse event affecting the value of the Liberty Living portfolio or the value of the Liberty Living portfolio's business declines prior to Completion, Unite may not be able to terminate the Acquisition (or may be liable to pay a break fee of up to £7.5 million to CPPIB Holdco if it does terminate the Acquisition) and the value of the Target Liberty Living Group acquired by Unite and Liberty Living's Cardiff properties acquired by USAF may be less than the consideration agreed to be paid, and accordingly the net assets of Unite could be reduced, which could have an adverse impact on the business and financial condition of the Enlarged Group and the share price of Unite.

1.5 ***The Enlarged Group may fail to realise, or it may take longer than expected to realise, the expected benefits of the Acquisition***

The Enlarged Group may not realise the anticipated benefits and cost synergies that the Directors expect will arise as a result of the Acquisition, or may encounter difficulties, higher costs or delays in achieving those anticipated benefits and synergies. For example, due diligence investigations prior to the Acquisition may not have identified material liabilities or risks within Liberty Living or may not have been sufficient to adequately assess the value of the Liberty Living portfolio. Additionally, the assumptions upon which Unite determined the consideration payable for the Acquisition or the costs synergies that can be achieved may prove to be incorrect.

Unite may also encounter difficulties in achieving the anticipated scale benefits at a city and property level or the streamlining of current central overhead costs in accordance with anticipated timeframes, or such additional value and cost synergies may not materialise in part or at all. In addition, competitors may react defensively to the Enlarged Group (for example by reducing their prices). Universities may also delay decision-making while the Acquisition is pending, or in the event of delays in Completion. Following the expiration of nominations agreements currently maintained by Liberty Living, those universities may not renew nominations agreements with the Enlarged Group, either on substantially similar terms or at all, and the Enlarged Group may not be able to realise opportunities to strength or build relationships with those universities.

Any failure to realise the anticipated benefits and cost synergies that Unite expects to arise as a result of the Acquisition, or any delay in achieving such anticipated benefits and synergies, could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

1.6 *The Enlarged Group may experience difficulties in integrating Unite and Liberty Living*

The future prospects of the Enlarged Group will, in part, be dependent upon the Enlarged Group's ability to integrate Liberty Living with the existing Unite business, including the integration and operation of properties in the Liberty Living portfolio on to Unite's operating platform and the integration of back office functions, and the ability of the Enlarged Group to realise the anticipated benefits from integrating the respective businesses. Some of the potential challenges relating to integration may not become known until after Completion.

Unite's management has experience of integrating portfolios and assets into the business, but has limited experience of integration businesses of the scale of the Acquisition. The Enlarged Group's management and resources may be diverted away from core business activities due to personnel being required to assist in the integration process. The integration process could potentially lead to the interruption of operations of Unite or Liberty Living. Such challenges could also lead to reputational damage for the Enlarged Group and a reduction in demand for accommodation. In addition, any delays or difficulties encountered in connection with the integration process could adversely affect the implementation of the Enlarged Group's plans, including, for instance, delivery of the targeted synergies. The occurrence of any such difficulties in the integration process could have a material adverse effect on the business, financial condition, results of operations and prospects of the Enlarged Group, and could adversely affect the price of the Ordinary Shares.

1.7 *Acquisition-related costs may exceed Unite's expectations*

Unite expects to incur costs in relation to the Acquisition, including integration and post-Completion costs in order to implement the Acquisition successfully and deliver anticipated costs savings. The actual costs may exceed those estimated and there may be additional and unforeseen expenses incurred in connection with the Acquisition. In addition, Unite has incurred and will incur legal, accounting and transaction fees and other costs relating to the Acquisition, a material part of which are payable whether or not the Acquisition completes. Such costs could materially and adversely affect Unite's or the Enlarged Group's results of operations.

1.8 *Following Completion, the indebtedness and financial leverage of the Enlarged Group will increase*

In connection with the Acquisition, members of the Unite group intend to draw down from existing committed facilities. It is expected that approximately £310 million will be drawn under such existing facilities at Completion to fund part of the cash consideration for the Acquisition. As a result of the Acquisition, the LTV of the Enlarged Group on a see-through basis immediately following Completion is expected to be approximately 40 per cent.

As a result, the Acquisition will increase the overall indebtedness and financial leverage of the Enlarged Group as compared Unite's leverage immediately prior to Completion, which will result in increased repayment commitments and borrowing costs. This could limit the Enlarged Group's commercial and financial flexibility, causing it to reprioritise the uses to which its capital is put to the potential detriment of its business. Delays in executing the Enlarged Group's disposal strategy could further limit the Enlarged Group's ability to meet its repayment commitments and to reduce its LTV. Whilst the use of borrowings is intended to enhance the returns on the Enlarged Group's invested capital, any fall in the value of the Enlarged Group's properties may significantly reduce the value of the Enlarged Group's equity investment in those properties, so the Enlarged Group may not make a profit, or may incur a loss, on the sale of any such asset. Therefore, depending on the level of the Enlarged Group's borrowings and prevailing interest rates, this could result in reduced funds being available for the Enlarged Group's expansion, dividend payments and other general corporate purposes.

1.9 *Shareholders will have a reduced ownership and voting interest in the Enlarged Group than they currently have in Unite*

Following Completion, Shareholders will own a smaller percentage in the Enlarged Group than they currently own of Unite. Unite intends to issue 26.4 million Placing Shares in connection with the

Placing and, subject to Completion, approximately 72.6 million Consideration Shares in connection with the Acquisition. This will result in Unite's issued share capital increasing by approximately 37.5 per cent. in aggregate. The Placing Shares will be issued irrespective of whether the Acquisition completes. Immediately following Completion, assuming that 72.6 million Consideration Shares are issued in connection with the Acquisition, existing Shareholders at the Latest Practicable Date will, together, own approximately 72.7 per cent. of the ordinary share capital of Unite and the Enlarged Group. As a consequence, the number of voting rights which can be exercised and the influence which may be exerted by Shareholders in respect of the Enlarged Group will be reduced.

1.10 *CPPIB Holdco will hold a significant stake in Unite from Completion and its interests may differ from those of other Shareholders*

On Completion, CPPIB Holdco will own a strategic stake of 20 per cent. of the Ordinary Shares of Unite (assuming the issuance of approximately 72.6 million Consideration Shares). As a result, CPPIB Holdco may, following Completion, possess voting power sufficient to influence matters requiring shareholder approval.

As a result of CPPIB Holdco's shareholding in Unite, following Completion, CPPIB Holdco and Unite will be "acting in concert" for the purposes of the UK City Code on Takeovers and Mergers issued by the UK Panel on Takeovers and Mergers and CPPIB will also be a "related party" of Unite for the purposes of Listing Rule 11.

Unite and CPPIB Holdco have entered into the Relationship Agreement to regulate their relationship following Completion. Pursuant to the Relationship Agreement, for so long as CPPIB Holdco and its subsidiary undertakings holds Ordinary Shares representing at least 10 per cent. of Unite's issued share capital, CPPIB Holdco shall be entitled to appoint (and remove and reappoint) one non-executive director to the Board. Notwithstanding that CPPIB Holdco will enter into the Relationship Agreement on Completion, the interests of CPPIB Holdco may not always be aligned with those of other Shareholders and it may, from Completion and for so long as it retains a substantial shareholding, have influence over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions. In addition, CPPIB Holdco may in the future hold interests in, or may make acquisitions of or investments in, other businesses that may be, or may become, competitors of the Enlarged Group.

2. Risks relating to Unite which result from or that will be impacted by the Acquisition

2.1 *The Enlarged Group is exposed to demand risk for accommodation and a potential fall in occupancy*

The properties in the portfolios of Unite and Liberty Living and, following Completion, the Enlarged Group are exposed to demand risk each year. Demand for student accommodation is influenced by a number of external factors, including:

- sector-related factors that influence the overall numbers of students undertaking courses of study, including the funding of UK Higher Education and the impact of Brexit, and the overall attractiveness of the UK Higher Education system as a global leader in this market;
- factors that influence the number of students undertaking courses of study at the universities in the vicinity of the relevant student accommodation, including the relative attractiveness of that university compared to alternative institutions;
- factors affecting the specific demand for the Enlarged Group's accommodation, including the quality of the offerings available, the location of the property, the facilities it has to offer and the price of the accommodation relative to alternatives;
- changes in the UK government (the "**Government**") policy on Higher Education (such as tuition fee increases or changes to immigration rules) that may reduce the number of students and/or reduce the disposable income of students (and therefore the amount available to be spent on accommodation); and
- supply side factors, including overall supply of alternative accommodation and the risk of increased supply over time (including purpose-built student accommodation and other forms of accommodation).

The occupancy rate for each of Unite's portfolio and the Liberty Living portfolio was at or over 98 per cent. for each of the last three academic years, but there is no guarantee that occupancy rates for the Enlarged Group will remain at the same levels. Any reduction in the demand for accommodation in any of the Enlarged Group's properties could reduce the occupancy levels and/or reduce the ability of the Enlarged Group to maintain or increase the rent on such properties, which may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

2.2 ***Changes to current Government policy on Higher Education and immigration could affect the overall number of students pursuing courses of study and reduce the demand for student accommodation in the Enlarged Group's properties***

The amount that a university is able to charge its students is subject to any maximum amount that the Government specifies. Current or future administrations may increase or decrease this amount depending upon their Higher Education policies. The current political uncertainty and change in leadership of the Government means that there is no guarantee that the current Government's, or any future Government's, approach to tuition fees, and Higher Education funding generally, will remain consistent.

In the 2012/13 academic year, Government policies implementing higher tuition fees temporarily reduced the number of students accepted by universities, with the total number of acceptances decreasing by 5.5 per cent. Consequently, the demand for student housing dropped. While acceptance levels have rebounded and continued to grow since, there can be no assurance that further increases in tuition fees or other changes to the structure of university or student funding would not have similar or more significant adverse effects on student numbers and demand for student housing. For the academic year 2018/19, tuition fees for full time UK and EU students are capped at £9,250 (up from a cap of £3,375 for the academic year 2011/12).

Until the 2014/15 academic year, the Government capped the total number of UK and EU student places that a university could allocate. From 2015, the Government removed this cap on student numbers to allow universities to recruit unlimited numbers of students from the UK and the EU and to increase the amount that universities receive in the form of tuition fees from them. However, there can be no assurance that student numbers will remain uncapped in the future.

There can also be no assurance that in the future the Government will not restrict the number of international students from the EU or outside the EU permitted to study at UK universities. In the 2018/19 academic year, international students (including those from the EU) constituted approximately 37 per cent. of the Unite tenant base. In addition, the number of students from overseas may vary in the event that the Government changes its policy on student visas or if any particular university loses its "Highly Trusted Sponsor" status.

The independent panel report following the Government's commencement of a review of post-18 education and funding was published on 30 May 2019. The review proposed a number of changes to the way Higher Education is funded, including a reduction in the fees that students pay. However, current political uncertainty means that some or all of these recommendations may not be implemented by the next Government under its Higher Education policy.

Any further increase in the level of tuition fees and, therefore, the cost of a university education, uncertainty about limits on student numbers or the availability of visas for overseas students may affect the number of prospective students who choose to apply for a place on a course with a university and thereby decrease demand for residential accommodation. A decrease in the number of students seeking residential accommodation in the Enlarged Group's properties may affect the occupancy rates of the Enlarged Group's property portfolio or its ability to maintain or increase rents, which may adversely affect the Enlarged Group's revenue and property valuations and result in an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

2.3 ***Increased competition between universities, including from non-UK universities, may affect the demand for places at the UK universities served by the Enlarged Group***

Changes in university funding, the lifting of the cap on student numbers and increases in tuition fee caps have made the UK Higher Education sector increasingly competitive and may increase variability in enrolment levels. Competition between universities may result in the universities with which Unite and Liberty Living have established partnerships or the universities in towns and cities in which the

Enlarged Group's properties are concentrated becoming less popular with students, which may adversely affect the student numbers applying to that university and therefore demand for the accommodation on offer for students studying at such university.

There may also be increased competition from overseas universities, particularly those situated in the EU member states. Students may increasingly consider studying outside the UK, where the overall cost of a degree tends to be lower. An outflow of students to universities other than those in UK cities in which Unite or Liberty Living own or operate properties, or to overseas universities, may have an effect on the numbers of students seeking accommodation at the universities in the cities in which the Enlarged Group manages properties. A decrease in the number of students seeking university accommodation in the cities in which the Enlarged Group manages properties may reduce occupancy rates and have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

2.4 ***Demand for accommodation provided by the Enlarged Group may be affected by increasing competition between operators, increasing levels of development of student accommodation and the availability of alternative forms of accommodation***

The corporate PBSA segment of the UK student accommodation market, in which Unite and Liberty Living operate, comprises approximately 600,000 beds. In this sector, there are ten private operators of at least 6,000 rooms, including Unite and Liberty Living (Source: Savills, Spotlight UK Student Housing 2017). There has been an increase in the supply of student accommodation as sustained high levels of investment, primarily through investors providing forward commitments to smaller developers, filters into the development market. The result has been an increased supply of accommodation as student enrolment has grown, increasing competition between operators for students. Price, service, facilities, quality and location of accommodation are important elements of competition in the student accommodation sector. If the Enlarged Group does not sustain its ability to meet students' requirements relative to these and other factors, this may have an adverse impact on the Enlarged Group's business, financial condition or results of operations.

Developers and operators may increase investment in the student accommodation market. In addition, new operators could enter the market with a greater resources and capacity to deliver economies of scale, allowing them to develop significant numbers of bed spaces at lower rents. Increasing competition in the student accommodation sector, including the corporate PBSA sector, may lead to increasing competition for the best properties that are made available for sale and the best development sites, which increases prices and the number of competing bids by potential purchasers. There is a risk that increased competition results in the Enlarged Group failing to secure properties or development sites, or being unable to acquire properties or secure those sites on the best terms. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

The Enlarged Group will continue to face direct competition in each city in which it operates, including from other owners and operators of student housing, from joint ventures between operators and universities, and directly from universities that build, develop and operate their own housing stock. In addition, the Enlarged Group will continue to face competition from other forms of accommodation that students could choose. For example, many students choose to live in Houses in Multiple Occupation ("**HMOs**"). A significant increase in HMOs in any one location may reduce demand for the Enlarged Group's accommodation in that location. Any increase in the popularity of other forms of student accommodation (such as HMOs or an increase in the supply of other forms of student housing) would place greater pressure on the Enlarged Group's rents and occupancy levels which could have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

2.5 ***Rental income is dependent on the financial stability of tenants and other counterparties***

The revenues from properties in the portfolios of Unite and Liberty Living and, following Completion, the Enlarged Group are dependent on the collection of rent from students. Although Unite focuses on higher-quality properties that are more likely to attract more affluent customers, and obtains tenancy guarantees, defaults by customers may increase, particularly if there is a downturn in the general economic condition in the UK. For the 2018/19 academic year, 51 per cent. of beds in the Liberty Living portfolio are let on the basis of nominations agreements compared to 60 per cent. of beds in

Unite's portfolio. As a consequence, the Enlarged Group will have a lower proportion of rooms rent under nominations agreements than Unite currently has.

In addition, the net revenue generated from the properties in Unite's portfolio and the Liberty Living portfolio may depend on the financial stability of universities with which Unite or Liberty Living have direct contractual relationships under leases or nominations agreements. Tenants of the Enlarged Group may default on contract terms, such as rental payment and pre-let agreements, or the advance bookings of student accommodation. Any material defaults by a university or an increase in the level of overall defaults across the Enlarged Group's portfolio would impact the Enlarged Group's revenue generated from operations as well as property valuations.

An increase in default rates, whether from tenants, guarantors or universities, may have an adverse impact on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

2.6 *Operating expenses may increase that are not offset through an equivalent increase in rents*

Unite and Liberty Living each incurs operating expenses. Factors that will impact the operating expenses of the Enlarged Group include:

- the rate of inflation;
- staff costs;
- energy costs, which are actively hedged under Unite's current hedging policy;
- property taxes and other statutory charges;
- insurance premiums; and
- the costs of maintaining properties.

There can be no guarantee that in the future operating expenses will not increase, or that the Enlarged Group will be able to offset any increase in operating expenses through a corresponding increase in revenue or rents. The increase of any of these operating expenses may have an adverse impact on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

2.7 *Property valuations may fall*

The property portfolio of Unite is valued on a semi-annual basis, and the property portfolios of USAF and LSAV are valued on a quarterly basis, by CB Richard Ellis Ltd, Jones Lang LaSalle Ltd and Knight Frank LLP, Chartered Surveyors in accordance with the RICS Appraisal and Valuation Manual.

The valuations of Unite's properties, including the properties of USAF and LSAV, and the valuation of properties in the Liberty Living portfolio, speak only as of their valuation date, and the value of Unite's property portfolio or the properties in the Liberty Living portfolio and, following Completion, the value of the Enlarged Group's properties may fall. Any decrease in value may be as a result of a reduction in the occupancy or rents achievable in respect of the properties, increases in costs or interest rates or other factors. These factors may include general economic conditions, such as the availability of credit finance and the performance of the UK economy, or particular local factors, such as competition in a city in which Unite or Liberty Living owns or manages properties. Further, the valuation of real estate involves significant judgement and changes in the core assumptions could have a significant impact on the carrying value of the underlying assets. This process is inherently subjective and based on assumptions that may prove to be inaccurate. There can be no guarantee that any sale of any properties will necessarily realise the value at which such property is held in the accounts of Unite, USAF, LSAV or Liberty Living, and following Completion the accounts of the Enlarged Group. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

2.8 *Economic conditions in the United Kingdom may have a negative impact on the Enlarged Group's business and the value of the Enlarged Group's property portfolio*

Economic conditions in the United Kingdom, where all of Unite's property assets are, and following Completion, where all of the Enlarged Group's property assets will be located, Government and Bank of England fiscal and monetary policies and credit market conditions, amongst other things, impact both the valuation of Unite's and Liberty Living's respective property portfolios and, following Completion, will impact the valuation of the Enlarged Group's property portfolio, and liquidity in the commercial real estate market.

The outlook for the UK property investment market and the student accommodation sector remains positive, however, there can be no guarantee that this positive outlook will be sustained or that there will not be volatility in the market. Accordingly, there can be no guarantee that the value of the property assets of Unite or in the Liberty Living portfolio and, following Completion, of the Enlarged Group, will not fall, and that the Enlarged Group will not be required to make write-downs of its assets, which could be material. If interest rates rise in the UK, this could have a negative impact on the valuation of properties in Unite's portfolio and the Liberty Living portfolio and, following Completion, the Enlarged Group's property assets, as well as the returns on the investment in these assets as compared to other asset classes. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

2.9 *Real estate illiquidity may restrict the Enlarged Group's ability to sell properties*

Real estate is illiquid and can be difficult to sell. The Acquisition will result in Unite acquiring an additional 43 properties and an increase in LTV. Unite intends to apply a disposal programme to reduce leverage to a target LTV of 35 per cent. following planned disposals. The ability of the Enlarged Group to dispose of properties may be limited due to the general condition of, or illiquidity in, the student accommodation sector of the property market. For example, there may not be any ready buyers with available funds who are willing to pay fair value at the time. In addition, if the Enlarged Group were to make available for sale a larger number of properties as a result of the Acquisition then this may reduce the price of offers for such properties and there may be fewer sources of demand.

A change in market sentiment may significantly affect the liquidity of the student accommodation sector. If there is a requirement to liquidate parts of the Enlarged Group's portfolio for any reason, including in response to changes in macro-economic conditions, or as a result of the need to raise funds to support operations or developments or to repay outstanding indebtedness, the Enlarged Group may not be able to sell any portion of its portfolio on favourable terms or at all, which would reduce its financial returns and adversely impact its funding strategy.

In the event that the Enlarged Group is unable to sell properties (whether to its own co-investment vehicles or other third parties), at the times and prices it seeks, the Enlarged Group may be unable to realise cash from its investment portfolio or strategically adjust its property portfolio to the extent planned. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition or results of operations.

2.10 *There is a risk that properties in Unite's portfolio or the Liberty Living portfolio may have been constructed with materials that endanger occupants*

Following the Grenfell Tower tragedy on 14 June 2017 at a local authority residential tower, there has been a nationwide review of cladding affixed to residential tower blocks and fire safety procedures in tall buildings. In the aftermath of the tragedy, the Ministry of Housing, Communities and Local Government wrote to local authority and housing association landlords, asking them to identify all their residential tower blocks (specifically properties over 18 metres in height), identify those residential tower blocks with aluminium type external cladding and inspect those properties to establish whether the cladding panels were made of an aluminium composite material, so that they could be submitted for testing through a process established by the Ministry of Housing, Communities and Local Government.

Unite has undertaken a full fire safety review of all of its 122 properties working closely with the Ministry of Housing, Communities and Local Government, and Liberty Living has also undertaken a full fire safety review of all of the properties in the Liberty Living portfolio. Following the Ministry of Housing, Communities and Local Government advice and British Research Establishment testing, remedial works were identified for five of Unite's properties, of which four have been completed and the fifth will be completed by September 2019. During these remedial works, one property was closed for the 2017/2018 academic year. Liberty Living undertook a similar consultation and determined that six properties had some of form of aluminium composite material cladding. This resulted in the closure of three blocks at two of its sites for remediation work during the 2017/18 academic year, and one block remains closed for the 2018/19 academic year, although the remediation work has been substantially completed as at the date of this Circular.

Notwithstanding the fact that Unite and Liberty Living have each completed the fire safety review in light of the Grenfell Tower tragedy, there is a risk that properties owned by the Enlarged Group may in future be discovered to have been built with materials that are sub-standard, the cause of, or a contributing factor to, a fire or other destruction of properties, or compromise residents' safety. There is also a risk that the Government could issue further guidelines in relation to combustible materials, including aluminium composite material cladding, fire safety procedures or otherwise as a result of which it may be necessary for the Enlarged Group to close or refurbish its buildings. If such an event occurs, the Enlarged Group's income from the particular property may be reduced, there may be significant expenses to rebuild the property and rectify the problem and the Enlarged Group's future rents may decrease. The Enlarged Group's brand and reputation may also be harmed. The occurrence of any of these events may have an adverse impact on the Enlarged Group's reputation, business, financial condition, results of operations and prospects.

2.11 ***Changes in the tax status of the Enlarged Group, including loss of REIT status, or to tax legislation may adversely affect the Enlarged Group's ability to fulfil its commitments***

Applicable tax rules and their interpretation may change. Any change to the tax status of Unite or any member of its group or to Unite's co-investment vehicles, or to Liberty Living or to any member of its group, or any change to taxation legislation or its interpretation, may affect the Enlarged Group's ability to realise income from its properties and a return on any disposal of investments. Reduced income and capital returns on investments resulting from taxation changes may have an adverse impact on the Enlarged Group's business, financial condition, results of operations, cash flows and the amount of cash available for payment of dividends.

Unite converted to a REIT effective from 1 January 2017 and Liberty Living converted to a REIT effective from 11 May 2018. Whilst the Directors believe that Unite is organised and operates in a manner that qualifies as a REIT, no assurance can be given that the Enlarged Group will continue to qualify as a REIT.

To continue to qualify as a REIT, the Enlarged Group will have to continue to meet a number of conditions, which include, but are not limited to, distributing at least 90 per cent. of the Enlarged Group's UK tax exempt profit as property income distributions, compliance with group ownership and residence requirements, and satisfaction of the property rental business conditions.

If the Enlarged Group fails to continue to qualify as a REIT then the taxation benefits of the REIT regime would cease to apply from the start of that accounting period such that income and gains on disposals of properties would become taxable. This could adversely affect the Enlarged Group's financial condition and results of operations and the amount of cash available for payment of dividends.

2.12 ***The Enlarged Group's reputation could be damaged***

Unite's reputation and brand is important to its business, both with students and their parents and with the universities with which Unite has relationships, and will continue to be important for the Enlarged Group's business following Completion. The Enlarged Group's reputation could be damaged by a number of factors, including health and safety failings and misconduct or fraud of its staff or third party contractors. As a result of the Acquisition, the Enlarged Group's reputation and brand will also be dependent on any legacy issues affecting the "Liberty Living" brand. The Enlarged Group is exposed to the risk that disputes and litigation, employee misconduct, operational failures, press speculation and negative publicity (including via social media), amongst other factors, whether or not well-founded, that are attached to the "Liberty Living" brand could damage the reputation and brand of Unite through its acquisition of the "Liberty Living" brand. The Enlarged Group's reputation could also be harmed if any student residential property that uses the brand does not perform as expected (whether or not the expectations are well-founded) or tenants' and/or universities' expectations for such student residential property are not met or changed.

Any damage to the Enlarged Group's reputation could result in a decline in demand for the Enlarged Group's accommodation, a reduction in occupancy levels or the Enlarged Group's ability to maintain and/or increase rents, which could have a negative impact on property valuations or have an adverse impact on operations. Any damage to the Enlarged Group's reputation, including the "Liberty Living" brand, may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

2.13 ***The decision of the UK to leave the EU may have a negative effect on the Enlarged Group's business***

On 23 June 2016, the UK voted to leave the EU ("**Brexit**"). There remains uncertainty around the UK's future relationship with the EU, including student fees and visa requirements for EU students and EU research grant funding. It is, therefore, difficult for Unite to assess what the impact of Brexit will be on the Enlarged Group's business, financial condition or results of operations. Depending on the outcome of the UK's future relationship with the EU, this may result in a fall in the number of EU students that come to the UK to study. EU students (from outside the UK) represent 6.6 per cent. of the UK student population (7.5 per cent. of total full time students). For the 2018/19 academic year, 9 per cent. of the beds in Unite's portfolio and at least 8 per cent. of beds in the Liberty Living portfolio were let to EU students (from outside the UK) and non-EU international students occupied a further 28 per cent. of beds in Unite's portfolio and at least 26 per cent. of beds in the Liberty Living portfolio during the same period (based on self-reported nationality data). Unite is forecasting a 20-25 per cent. decline in the number of EU undergraduates at UK universities by 2023, equating to a fall of around 1 per cent. of total students in 2018, which may reduce demand for the Enlarged Group's accommodation.

The uncertainty surrounding Brexit and the impact of Brexit on the UK economy, the property market, the Higher Education sector and universities may adversely affect the Enlarged Group's business, financial condition or results of operations.

2.14 ***The Enlarged Group may not be able to maintain or increase the rental rates for its properties, which may have a material adverse impact on the Enlarged Group's business, financial condition and results of operations and on the value of the Enlarged Group's properties***

The rental income and value of the respective properties in Unite's portfolio and the Liberty Living portfolio are and, following Completion, of the Enlarged Group will be, dependent on the rental rates that can be achieved from the properties. The ability of the Enlarged Group to maintain or increase the rental rates for its rooms may be adversely affected by the UK's general economic condition, the disposable income of students and the overall demand for university education. In addition, there may be other factors that depress rents or restrict the Enlarged Group's ability to increase rental rates, including local factors relating to particular properties, such as increased competition for market share or performance of a particular university, or damage to the Enlarged Group's reputation.

The independent panel report following the Government's commencement of a review of post-18 education and funding that was published on 30 May 2019 underlines that Higher Education institutions retain a responsibility for delivering value for money, including university accommodation. The report recommends that the Office for Students should examine the cost of student accommodation more closely to improve the quality and consistency of data about accommodation costs, rents, profits and quality.

Under certain multi-year nominations agreements (not residential leases or referral agreements) of the Enlarged Group, there is a contractual rental uplift that is either fixed or linked to an inflation index or open market comparable lettings (or a combination thereof), with a minimum and maximum rental uplift set through caps and/or collars. If the Enlarged Group's expenses increase and it is unable to make a corresponding increase in the rental rates as a result of caps in the nominations agreements, this may have an adverse impact on the Enlarged Group's business, financial condition and results of operations.

Any failure to maintain or increase the rental rates may have a material adverse effect on the value of the Enlarged Group's properties, as well as the Enlarged Group's business, financial condition, results of operations and prospects.

Rental income is subject to both the rental rate and the letting length. The letting length is in some cases dependent on the dates of the academic year of the university. Changes in the length of academic years may impact on the rental income of the Enlarged Group and the ability of the Enlarged Group to generate summer income. This may in turn affect the value of the Enlarged Group's properties as well as the Enlarged Group's business, financial condition, results of operations and prospects.

2.15 ***The rental income generated by the Enlarged Group's properties depends in part on successfully maintaining relationships with, and the financial stability of the educational institutions with which the Enlarged Group has direct contractual relationships***

The rental income generated from the properties in Unite's portfolio and the Liberty Living portfolio and, following Completion, from the properties in the Enlarged Group's portfolio is dependent upon on successfully maintaining relationships with, and the financial stability of, the universities with which the Enlarged Group partners. In the event that a university, with which Unite or Liberty Living or, following Completion, the Enlarged Group has entered into a nominations agreement, were to default on contractual terms, such as rent collection or pre-bookings of a certain number of rooms, such default may have an adverse effect on the Enlarged Group's business, financial position and results of operations. In addition, if the Enlarged Group fails to maintain a good relationship with universities whether because it provides inadequate service or management of properties, its competitors provide a more attractive proposition or the university changes its property needs, it could adversely impact the university's willingness to supply students for the Enlarged Group's accommodations. There can be no assurance that universities with which Liberty Living currently has a good relationship will continue to have a good relationship with the Enlarged Group.

Following the expiration of nominations agreements currently maintained by Liberty Living or Unite, those universities may not renew nominations agreements with the Enlarged Group, either on substantially similar terms or at all. In addition, any dispute with a university, or non-renewal of a particular contract with a university, could damage the relationship with that university and could become known to other universities, which could result in similar disputes with or renegotiations or non-renewal actions being taken by the other universities. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

The success of each university in terms of student recruitment and retention, and its aspirations to increase its position in national league tables, will be dependent on its academic reputation, the quality of its teaching and research and the popularity of the courses it offers. The success of each university may be affected by the Teaching Excellence and Student Outcomes Framework, introduced recently by the government to score universities as to the quality of their teaching. Quality of provision, value for money and the ability to provide an advantage in terms of employability are expected to be the drivers of student choice and future success will likely be based on the ability of an institution to understand a more competitive market dynamic and take best advantage of its market position. There is a risk that any university that does not respond to this dynamic effectively may suffer damage to its reputation and reduced popularity with students, which may adversely affect the student numbers applying to that university and therefore demand for the accommodation on offer for students studying at such university. If any of these events occur, it may not be possible for the Enlarged Group to secure alternative tenants for the relevant residence, depending on the location and other features of such residence, and any alternative use will be unlikely to generate equivalent income to that generated by letting to students.

The occurrence of any of these events, or the reputational decline of any university the Enlarged Group offers accommodation in connection with, may have an adverse impact on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

2.16 ***The Enlarged Group depends on key information technology and communication systems which may fail or be subject to disruption or become obsolete***

The operations of each of Unite and Liberty Living are highly dependent on technology and communications systems, including internet websites and portals operated by Unite and Liberty Living. Tenancies, room reservations, collection of rents and deposits and many other elements of Unite's business are managed using PRISM, Unite's bespoke operating platform. The Board expects the migration of properties in the Liberty Living portfolio onto Unite's operating platform to be completed by the end of the second quarter in 2020. Whilst the Board is confident that the integration of the properties in the Liberty Living portfolio can be achieved without significant disruption, there has not previously been a migration of assets of this scale on to the PRISM operating system. Any crash of the PRISM operating system could result in Unite and, following Completion, the Enlarged Group not being able to process room bookings, lease agreements and rental payments.

The efficient and uninterrupted operation of the systems, technology and networks on which Unite relies and, following Completion, the Enlarged Group will rely and their ability to provide students and universities with reliable access to its services are fundamental to the success of the business. Any damage, malfunction, interruption to or failure of systems, networks or technology used by the Enlarged Group, or a failure to upgrade to and adapt to new systems, networks or technologies could result in a lack of confidence in their services and a possible loss of existing partners or students to its competitors or could expose the Enlarged Group to higher risk or losses, which may have an adverse impact on the Enlarged Group's business, financial condition or results of operations.

Unite's and Liberty Living's and, following Completion, the Enlarged Group's systems are vulnerable to damage or interruption from manual intervention, natural disasters, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial of service attacks and other events. Their respective systems are also vulnerable to security breaches or intrusions, sabotage and acts of vandalism by employees and contractors as well as other third parties. Any interruption in the availability of the PRISM operating system, website, customer support site or telephone systems of the Enlarged Group would create a business interruption and may have an adverse impact on the Enlarged Group's reputation, business, financial condition or results of operations.

PART III

SUMMARY OF THE PRINCIPAL TERMS OF THE ACQUISITION

1. Principal Terms of the Sale and Purchase Agreement

1.1 *Parties*

On 3 July 2019, Unite, CPPIB Holdco and CPP Investment Board Real Estate Holdings Inc. entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"). Pursuant to the terms of the Sale and Purchase Agreement, and subject to the conditions contained therein, CPPIB Holdco has agreed to sell Liberty Living to Unite.

1.2 *Timing and conditions*

While the Sale and Purchase Agreement was signed on 3 July 2019, the transfer to Unite of the entire issued share capital of Liberty Living shall occur upon Completion.

Completion of the Acquisition is conditional upon the following conditions being satisfied or waived on or before the date which is 18 months after the date of the Sale and Purchase Agreement (or such later date as the Parties may agree) (the "**Longstop Date**"):

- the approval of the Acquisition (as a Class 1 transaction under the Listing Rules) by Shareholders passing the Resolution at the General Meeting;
- the receipt of clearance from the CMA in respect of the Acquisition; and
- approval being given for Admission and the unconditional allotment of the Consideration Shares.

The Acquisition will not proceed if the conditions are not satisfied or waived (if applicable).

Additionally, CPPIB Holdco will have the right to terminate the SPA if the approval of the Acquisition by Shareholders passing the Resolution at the General Meeting is not received within 3 months of the date of the Sale and Purchase Agreement.

Completion shall take place following the satisfaction of the conditions and immediately following completion of the sale of Liberty Living's properties in Cardiff to USAF.

1.3 *Consideration*

The total consideration is to be satisfied at Completion by a payment in cash to CPPIB Holdco of approximately £800 million (including the amount payable by USAF in connection with the acquisition of Liberty Living's Cardiff properties and the distribution of the proceeds of the sale to CPPIB Holdco) and the issue to CPPIB Holdco of approximately 72.6 million Consideration Shares (representing consideration of approximately £580 million[12] based on a Unite adjusted EPRA NAV per share of £8.27 as at 31 March 2019)[13], which will result in CPPIB Holdco receiving, upon Completion, a 20 per cent. shareholding in the Enlarged Group.

The consideration structure for the Acquisition has been calculated on a NAV-for-NAV basis with certain agreed adjustments applied to the EPRA NAVs of Unite and the Liberty Living portfolio. The adjustments relate to, in respect of the share exchange ratio, transaction-related goodwill, development pipeline credit, the mark-to-market valuation of debt and swaps and deferred tax liabilities, and, in respect of the cash component, the value of the aggregate costs incurred by Unite and CPPIB Holdco in relation to the Acquisition as compared to estimated costs and stamp duty savings.

The consideration amount is subject to locked box adjustments. This means that if certain types of payments which are outside the ordinary course of business have been, or are, made to CPPIB Holdco from Liberty Living between 31 March 2019 and the date of Completion, then this will result in a reduction in the cash component of the total consideration paid at Completion. CPPIB Holdco will be entitled, without adjustment to the consideration, to receive a cash dividend from Liberty Living reflecting the payment of Unite's final dividend in respect of the year ended 31 December 2018, the payment of Unite's interim dividend in respect of the period ended 30 June 2019 (once announced) and any other dividends declared by Unite with a record date prior to Completion. An adjustment will

[12] After taking into account dividend equalisation adjustments.

[13] After adjustments for development pipeline credit, deferred tax and mark-to-market debt and swaps.

be made to the purchase price if Completion occurs prior to the record date for the 2019 interim dividend.

1.4 *Termination*

The Sale and Purchase Agreement may be terminated by Unite in the following circumstances:

- Unite becomes aware that any of CPPIB Holdco's warranties was untrue or misleading where such breach would be reasonably be likely to result in Unite being entitled to recover damages exceeding £140 million and such breach is not remedied in accordance with the terms of the Sale and Purchase Agreement;
- A material adverse change occurs in respect of the Target Liberty Living Group which would result in a liability, cost to remedy, or reduction in value of Liberty Living, of at least £140 million;
- one or more of the conditions of the Sale and Purchase Agreement described in paragraph 1.2 of this Part III have not been satisfied or waived on or before the Longstop Date; or
- CPPIB Holdco has not complied with its obligations at Completion.

The Sale and Purchase Agreement may be terminated by CPPIB where Unite has not complied with its obligations at Completion, or where a material adverse change occurs in respect of the Unite which would result in a liability, cost to remedy, or reduction in value of Unite of at least £220 million.

1.5 *Break fee*

Pursuant to the terms of the Sale and Purchase Agreement, Unite has agreed to pay a break fee of £7.5 million to CPPIB Holdco if the Acquisition does not complete, except in circumstances where (i) the CMA prohibits the Acquisition, or (ii) Unite and CPPIB Holdco agree mutually agree not to proceed with Completion, which, in the case of (i) or (ii), would result in no break fee being payable, or (iii) Unite and CPPIB Holdco agree that it is likely that the CMA will prohibit the Acquisition or require remedies that would substantially alter the economics of the Acquisition, in which case a lower break fee of £5 million is payable to CPPIB Holdco.

1.6 *Warranties and indemnities*

CPPIB Holdco has given fundamental title and capacity warranties and certain business and tax warranties in favour of Unite under the Sale and Purchase Agreement. In addition, CPPIB Holdco has agreed to indemnify Unite against certain liabilities.

Unite has given fundamental capacity warranties and warranties in relation to the issue of the Consideration Shares in favour of CPPIB Holdco under the Sale and Purchase Agreement.

1.7 *Limitations on liability and Warranty and Indemnity insurance*

CPPIB Holdco has given fundamental title and capacity warranties in favour of Unite under the Sale and Purchase Agreement. CPPIB Holdco's liability in relation to such warranties is limited to the amount of the total consideration for the Acquisition.

CPPIB Holdco has also given certain business and tax warranties in favour of Unite. Save in the event of fraud, CPPIB Holdco's liability for these warranties is limited to £1. The time limit for title and capacity claims will be 7 years from Completion. The time limit for certain indemnity claims will be 5 years from Completion. The time limit for all other claims will be 3 years from Completion.

Unite has obtained warranty and indemnity insurance in respect of the warranties contained in the Sale and Purchase Agreement and indemnities contained in the tax deed, subject to certain specified limitations agreed with the insurer.

1.8 *Covenants until Completion*

CPPIB Holdco has undertaken that Liberty Living will be run in the ordinary course of business until Completion. The Sale and Purchase Agreement contains customary restrictions and covenants on the nature and conduct of Liberty Living's activities which further limit the extent to which Liberty Living can make or incur unusual or exceptional payments or obligations.

1.9 ***Governing law and jurisdiction***

The Sale and Purchase Agreement and any dispute or claim arising out of or in connection with it (including non-contractual disputes or claims) is governed by English law and subject to the exclusive jurisdiction of the English courts.

1.10 ***Other***

The acquisition of Liberty Living's Cardiff properties by USAF is conditional on the conditions to the Acquisition having been satisfied.

2. Principal Terms of the Relationship Agreement

2.1 ***Parties***

Unite and CPPIB Holdco have agreed the terms of a relationship agreement to be entered into upon Completion (the "**Relationship Agreement**") to govern CPPIB Holdco's holding of Ordinary Shares and the continuing relationship between the parties following Completion.

As a result of CPPIB Holdco's shareholding in Unite, following Completion, CPPIB Holdco and Unite will be presumed to be "acting in concert" for the purposes of the City Code and CPPIB Holdco will also be a "related party" of Unite for the purposes of Listing Rule 11.

2.2 ***Director appointment***

Pursuant to the terms of the Relationship Agreement, subject to compliance with applicable law and regulation, for so long as CPPIB Holdco and its affiliates (together the "**CPPIB Group**") holds Ordinary Shares representing at least 10 per cent. of Unite's issued share capital, CPPIB Holdco shall be entitled to appoint one non-executive director to the Board. The appointment of the director nominated by CPPIB Holdco shall be made in consultation with the Board's nomination committee, and subject to retirement by rotation and re-appointment at each annual general meeting of Unite. In the event that the director nominated by CPPIB Holdco ceases to be a director of Unite, CPPIB Holdco shall be entitled to nominate a replacement director to the Board.

CPPIB Holdco has nominated Thomas Jackson to join the Board of Directors of Unite as a non-executive director effective from Completion.

2.3 ***Independence and conduct***

Pursuant to the terms of the Relationship Agreement:

- all transactions between the CPPIB Group and any member of the Unite group must be conducted on an arm's length basis and on normal commercial terms and in accordance with Listing Rule 11;
- other than through the appointment of a director to the Board and the exercise of its voting rights, the CPPIB Group shall not influence the operations of Unite and will allow Unite to carry on its business independently of CPPIB;
- the CPPIB Group shall not take any action which would have the effect of preventing Unite from complying with its obligations under the Listing Rules;
- the CPPIB Group shall not propose or procure the proposal of a shareholder resolution of Unite which is intended to or appears to be intended to circumvent the proper application of the Listing Rules; and
- the CPPIB Group shall not exercise any voting rights to support any amendment of the Articles which would be inconsistent with, or breach any provision of, the Relationship Agreement.

2.4 ***Standstill***

Pursuant to the terms of the Relationship Agreement, CPPIB Holdco undertakes that it will not, and will procure that each of its affiliates will not, acquire any interests in Ordinary Shares which would result in the aggregate interests held by the CPPIB Group and its affiliates exceeding: (i) 24.9 per cent. of Unite's issued share capital for a period of 12 months following Completion, without the consent of the Board (not to be unreasonably withheld or delayed); and (ii) 29.9 per cent. of Unite's issued share capital at any time.

2.5 ***Lock-up***

The Relationship Agreement contains lock-up provisions pursuant to which CPPIB undertakes for a period of 12 months from the date of Completion, subject to certain exceptions, that neither it, nor any of its affiliates will dispose in any way, or agree to dispose in any way, of its interests in any Ordinary Shares.

The lock-up restrictions in the Relationship Agreement shall not apply:

- if a majority of the Directors not appointed by CPPIB Holdco have given their consent to the relevant transaction;
- to the acceptance of a general offer made to all holders of shares in Unite which is not recommended by the Board if (i) the CPPIB Holdco nominated director resigns from the Board as soon as reasonably practicable following the acceptance of such an offer and (ii) CPPIB Holdco is not acting in concert with the offeror;
- to any disposal made pursuant to an offer by Unite to purchase its own shares which is made on identical terms to all Shareholders;
- to any disposal made pursuant to a compromise or arrangement between Unite and its creditors or any class of them or between Unite and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the court under the Companies Act;
- to the take up of shares in Unite or other rights granted in respect of a rights issue or other pre-emptive share offering by Unite; or
- to the transfer of shares to another member of the CPPIB Group provided such transferee accedes to the terms of the Relationship Agreement and the Sale and Purchase Agreement.

2.6 ***Termination***

The Relationship Agreement may be terminated by CPPIB Holdco at any time from the date which is 12 months after the date of Completion by notice to Unite. The Relationship Agreement shall otherwise continue in force until the earlier of: (i) the aggregate interest of the CPPIB Group in the Ordinary Shares is less than 10%; (ii) the Ordinary Shares cease to be admitted to the premium segment of the Official List and traded on the London Stock Exchange's main market for listed securities; and (ii) the passing of a resolution for the winding up or dissolution of Unite, the appointment of an administrator or receiver or Unite entering into an arrangement with its creditors. Upon termination, Unite shall have the right to require that CPPIB Holdco procures the resignation of its nominated director from the Board.

2.7 ***Governing law and jurisdiction***

The Relationship Agreement and any dispute or claim arising out of or in connection with it (including non-contractual disputes or claims) shall be governed by English law and subject to the exclusive jurisdiction of the English courts.

PART IV

VALUATION REPORT FOR THE LIBERTY LIVING PORTFOLIO

Valuation report

Liberty Living Portfolio

Prepared on behalf of The Unite Group plc

31 May 2019

Contact details

Knight Frank LLP, 55 Baker Street, London, W1U 8AN
Neil Armstrong, 020 7861 5332, neil.armstrong@knightfrank.com
KF ref: 1072064

The Directors
The Unite Group plc
South Quay
Temple Back
Bristol
BS1 6FL

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Date of issue: 4 July 2019

Dear Sirs

Valuation as at 31 May 2019

1 Basis of Instruction

1.1 In accordance with the terms of an engagement letter with The Unite Group plc ("Unite" or "the Client") and Numis Securities dated 1 July 2019, we have valued the heritable, freehold and leasehold properties owned by Liberty Living Group plc ("Liberty Living") listed in the schedule to this report (the "Properties") as at 31 May 2019 ("the Valuation Date").

1.2 It is understood that this report and the valuation is required for inclusion in the Class 1 circular to be published by Unite in connection with the acquisition of Liberty Living (the "Circular").

1.3 This valuation has been undertaken and this report has been prepared in accordance with RICS Valuation—Global Standards 2017, which incorporate the International Valuation Standards, and the RICS UK National Supplement effective from January 2019. References to the "Red Book" refer to either or both of these documents as applicable. As required by the Red Book, some key matters relating to this instruction are set out below.

1.4 In accordance with your instructions, the properties have not been re-inspected for the purposes of this valuation but approximately 50% have been inspected within the last 12 months. The remainder of the properties have been inspected in the previous 12 months.

We have requested and received written confirmation from Liberty Living that save where otherwise specifically advised there has been no material change to the Properties or to the nature of their locations since the date of our previous inspections.

1.5 The properties included in our valuation are as included in the Schedule.

2 Compliance and Independence

2.1 We can confirm that:

- We are acting as external valuers and, as required by ESMA Recommendations 130(i), we are acting as independent experts.
- Within our Terms of Engagement we have formally disclosed to you the following matters:

  We have previously undertaken valuation of the Properties on behalf of Liberty Living for financial reporting purposes, the most recent valuation being 31 March 2019.

  We have also undertaken valuations for lending purposes of a portfolio of properties forming part of the Properties for HSBC Bank Plc, the last valuation being 31 August 2019.

  In addition Knight Frank LLP acted on behalf of the vendor on the sale of Athena Apartments and Oxford House in Leicester, which was acquired by Liberty Living in May 2019.

  Both Unite and Liberty Living have confirmed in writing that notwithstanding these matters, they are content for us to proceed with this instruction.

  We confirm that we are satisfied that we are in a position to provide an objective and unbiased valuation.
- In relation to Knight Frank's preceding financial year, the total fees to be paid by each of Unite and Liberty Living, as a percentage of the total fee income of Knight Frank, is less than 5%.
- We recognise and support the RICS Rules of Conduct and have established procedures for identifying conflicts of interest. We have also established a valuer rotation policy in accordance with the RICS Valuation—Professional Standards.
- In accordance with VPS3 of the Red Book, the valuer, on behalf of Knight Frank LLP, with the responsibility for this report is Neil Armstrong MRICS, RICS Registered Valuer. Parts of this valuation have been undertaken by additional valuers as listed on our file and in accordance with VS 1.6.4 of the Red Book. We confirm that the valuer and additional valuers meet the requirements of RICS Valuation Professional Standards VS 1.6, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

2.2 This report has been vetted as part of Knight Frank LLP's quality assurance procedures.

3 Valuation

Basis of Valuation

3.1 Market Value is defined within RICS Valuation Professional Standards as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

3.2 Our valuation has been undertaken using an appropriate valuation methodology and our professional judgement.

3.3 The Market Value reported of the freehold/ leasehold interest is on the basis of its present use, inclusive of the trade furniture, furnishings and equipment.

Investment Method

3.4 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the Properties, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the Properties, taking into account size, location, terms, covenant and other material factors.

Detailed Methodology

3.5 In identifying Market Value our broad valuation methodology is to create a financial model that replicates current income initially but reflects market assumptions for the future income.

3.6 We have adopted a methodology that identifies gross income, deducts gross outgoings, and has regard to the potential for both these cash flows to change over the life of the asset.

Our valuation approach has been to specifically focus on the yield profile of the investment rather than just the net initial yield.

We have had close regard to three key variables being the yield profile, the internal rate of return and the rate per bedroom. These three key variables assist the valuer in providing a relativity with market transaction. For assets that are stable the Internal Rate of Return becomes less important. For all assets the Capital Value per Bed is a sensible benchmark.

3.7 Our methodology is a hybrid approach. We approach the valuation by running a cash flow model as described above to generate the internal rate of return. We also adopt the sales comparative approach and consider evidence of the capital value per bed and net initial yields.

3.8 Specifically for this portfolio we have adopted the methodology that considers the current academic year's estimated net income. We have also considered the potential net income the property could generate from September 2019 which is based on the advertised rents for 2019/2020 for the property and the actual bookings and agreements achieved to date.

Market Value

3.9 No allowance has been made for expenses of realisation or for any taxation which might arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.

3.10 Our valuations reflect usual deductions in respect of purchaser's costs and, in particular, UK Stamp Duty as applicable at the valuation date which in most cases assumes multiple dwelling relief. Save as otherwise disclosed, it has been assumed for the purpose of valuation that the relevant interests in the properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.

3.11 The properties have been valued individually and not as part of a portfolio. Disposal as a portfolio, or by other prudent lotting, may result in either a premium or discount, depending upon market conditions. Our report does not seek to address this.

3.12 Our Opinion of Value is stated in GBP (£ Sterling).

3.13 We are of the opinion that the aggregate Market Value of the Freehold/ Feuhold/ Leasehold / Part Freehold / Leasehold interests in the UK properties as detailed in this report as at the Valuation Date is:

£2,194,555,500

Two Billion One Hundred and Ninety Four Million Five Hundred and Fifty Five Thousand Five Hundred Pounds

3.14 The Market Value of the Liberty Living Properties being acquired by Unite can be apportioned between the different property tenures, as follows:

Tenure	Number of properties	Market Value
Freehold / Feuhold	27	£1,285,230,000
Leasehold	10	£ 395,350,000
Part Leasehold / Part Freehold	6	£ 261,105,500
Total	43	£1,941,685,500

3.15 The Market Value of the Liberty Living Properties you have advised us are to be acquired by The Unite Student Accommodation Fund ("USAF"), more particularly detailed in the attached schedule, can be apportioned between the different property tenures, as follows:

Tenure	Number of properties	Market Value
Freehold / Feuhold	7	£211,030,000
Leasehold	1	£ 41,840,000
Total	8	£252,870,000

3.16 The highest value property in the portfolio is Liberty Point, London which at £205,700,000 represents 9.4% of the aggregate herein reported. No other single holding represents more than 5% of the aggregate value.

3.17 A summary list of properties is included in the Schedule of this report.

Our Valuation is subject to our Terms of Engagement, dated 1 July 2019, and our General Terms of Business for Valuations.

3.18 In line with ESMA Recommendations paragraph 130(vi), the difference in the Market Value reported above and the figures reported in the Liberty Living accounts of 31 August 2018 are as follows:

The gross asset value of the UK properties in the Liberty Living portfolio as at 31 May 2019 reported herein is £2,194,555,500, as compared to £2,068,005,000 as at 31 August 2018.

The difference between the valuations is a result of net acquisitions made by Liberty Living, rental growth and yield compression.

4 Valuation Assumptions

4.1 Our valuations are based on information provided by Liberty Living, upon which we have relied, and which has not been verified by us. This information is included in the workbook “14062019 KF Data Pack as at 31May2019”. This workbook contains:

- A booking tracker
- Summary direct let pricing data reflecting number of rooms sold, average price per week achieved and average letting period together with management view on forecast sell out
- A summary of the Educational Institutional Agreements in place and the rents reserved under these agreements.

Our assumptions (as defined in the RICS Red Book) relating to this information are set out below.

4.2 Our valuations assume that the properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoings or restrictions. We have not seen planning consents and, except where advised to the contrary, have assumed that the properties have been erected and are being occupied and used in accordance with all requisite consents and that there are no outstanding statutory notices.

4.3 We have not undertaken searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales and Registers of Scotland.

4.4 We have not read documents of title or leases and, for the purpose of our valuations, have accepted the details of tenure, tenancies and all other relevant information with which we have been supplied by Liberty Living.

4.5 The valuation is of the Properties subject to, and with the benefit of, the leases, lettings, university agreements and other material contracts as advised to us by Liberty Living.

4.6 We have not carried out structural surveys of the Properties, nor tested the services, but have reflected in our valuations, where necessary, the general condition of the properties as observed during the course of our inspections or of which we have been advised. Our valuations assume the buildings contain no deleterious materials and that the sites are unaffected by adverse soil conditions, except where we have been notified to the contrary.

4.7 We have not carried out any investigations into past or present uses of either the properties or any neighbouring land to establish whether there is any potential for contamination from these uses or sites to the subject properties. Unless we have been provided with information to the contrary, we have assumed that the properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future uses of the properties.

4.8 Our valuations assume that the properties would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

4.9 Save as otherwise disclosed, it has been assumed for the purpose of valuation that the relevant interests in the properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.

4.10 In all cases, we have assumed that, unless notified by Unite or Liberty Living to the contrary, there have not been any material changes to the information previously provided.

4.11 The possible effects of electric and magnetic fields from high voltage electrical supply apparatus has been the subject of occasional media coverage. As a result, there is a risk that adverse public and investor perception may affect the marketability of properties situated close to high voltage supply equipment.

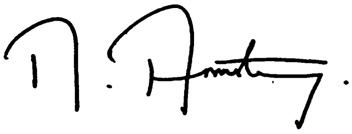
5 General Conditions

5.1 This report and our valuation has been prepared on the basis that there has been disclosure of all relevant, material information and facts which may affect the Properties.

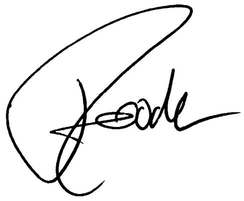
5.2 Our report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents, save as set below. Other than the Circular, neither the whole or any part of this valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written approval of the form and context in which it may appear.

5.3 We are responsible for this valuation report and we accept responsibility for the information and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in our valuation report is in accordance with the facts and contains no omissions likely to affect its import. Our valuation report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of the ESMA Recommendations and Listing Rule 13.4.4R.

Signature

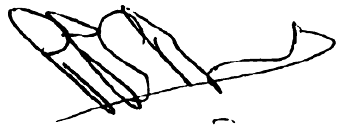


Neil Armstrong, MRICS
RICS Registered Valuer
Partner, Valuations
For and on behalf of Knight Frank LLP



Jonathan Goode, MRICS
RICS Registered Valuer
Partner, Valuations
For and on behalf of Knight Frank LLP

Reviewed (but not undertaken) by:



Peter Barnard, FRICS
RICS Registered Valuer
Independent Consultant
For and on behalf of Knight Frank LLP

Summary Valuation Schedule

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR (Still subject to change until the year commences)
Properties being acquired by Unite				
Aberdeen: Liberty House, 108–130 Don Street, AB24 1UY	Heritable (Freehold)	171	The property was developed in 1992 and refurbished in 2011. The property provides ensuite and non-ensuite accommodation arranged in cluster flats.	The rooms are available on Assured Shorthold tenancies
Aberdeen: Liberty House, 9–11 Linksfield Road, AB24 5RW	Heritable (Freehold)	131	The property was developed in 1992 and has since undergone refurbishment. The property provides ensuite and non-ensuite accommodation arranged in cluster flats.	The rooms are available on Assured Shorthold tenancies
Aberdeen: Liberty House, Rosemount, 1–68 Farmers Hall, AB25 1XF	Leasehold	147	The property was developed in 1992 and has since undergone refurbishment. The property provides ensuite and non-ensuite accommodation arranged in cluster flats.	The rooms are available on Assured Shorthold tenancies
Aberdeen: Liberty House, St Peters St, AB24 3HU	Heritable (Freehold)	150	The property was developed in 1992 and has since undergone refurbishment. The property provides ensuite and non-ensuite accommodation arranged in cluster flats.	The rooms are available on Assured Shorthold tenancies
Bedford: Liberty Park, Polhill Campus, Polhill Avenue, MK41 9BD	Leasehold	517	The property was developed by Liberty Living and provides ensuite accommodation.	There is a 20-year nominations agreement (350 beds) from 2007 with University of Bedfordshire. The agreement is subject to a rolling three-year break. The remainder of the bed spaces are available on Assured Shorthold Tenancies
Birmingham: Liberty Court, Pershore Road, Edgbaston, B5 7QF	Freehold	337	The property was developed in 1993 and has since undergone refurbishment. The property provides ensuite accommodation arranged in cluster flats.	There is a nominations agreement (332 beds) until July 2020 with the University of Birmingham. The remainder of the bed spaces are available on Assured Shorthold Tenancies
Birmingham: Liberty Gardens, Elvetham Road, Edgbaston, B15 2NL	Freehold	240	The property was developed in 1993 and has since undergone refurbishment. The property provides non-ensuite accommodation arranged in cluster flats. There are 116 car parking spaces.	There is a nominations agreement for all 240 beds with Birmingham University until 2020.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR (Still subject to change until the year commences)
Birmingham: Liberty Park, Grange Road, B29 6BL	Freehold	656	The property was developed in two phases. Phase 1 completed in 1999 and phase 2 in 2001. The scheme was refurbished in 2010. The property provides predominantly ensuite cluster flats.	There is a nominations agreement with the University of Birmingham for all 656 rooms until 2020
Birmingham: Liberty at Queen's Hospital Close, Bath Row, Edgbaston, B15 1NH	Freehold	337	The property is comprised of purpose built accommodation buildings and two converted hospital blocks. Ensuite accommodation is arranged across 6, 8 and 10 bed cluster flats.	The rooms are available on Assured Shorthold tenancies
Bristol, Liberty Park, Park Place, BS8 1JR	Freehold	263	The property comprises two period conversions with a modern development to the rear. The property was developed in two phases, the first opened in 2012, the second in 2013. Accommodation is arranged across ensuites and studios.	There are two leases in place, each for 1 year. EC Language school has 13 beds and International House has 5. The remaining rooms are available on Assured Shorthold tenancies.
Coventry: Liberty Park Queen's Rd, CV1 3GX	Freehold	464	The property comprises purpose built accommodation constructed in 2002 and has since been refurbished. Accommodation is arranged across ensuite cluster flats and studios.	There is a nominations agreement (161 beds) with Warwick University until September 2020. The university has a break in September 2019. L3 CTS Flight School have a single year lease for 130 beds. The remaining beds are available on Assured Shorthold tenancies.
Coventry: Liberty Point, West Street, CV1 5EE	Freehold	353	The property comprises purpose built accommodation constructed in 2004 and acquired by Liberty Living in 2006. The ensuite bedrooms are predominantly arranged across 6 bed cluster flats.	The whole of the property is subject to a lease to Coventry University for a term of 20 years from September 2006. There are mutual breaks in September 2020 and September 2023.
Edinburgh: Liberty Village, 8 Middlefield, EH7 4QW	Heritable (Freehold)	532	The property comprises two student accommodation properties developed in 2015. Accommodation is arranged across studios and cluster flats. It is understood that planning permission to develop additional accommodation on both properties has been obtained but not implemented.	There is a nominations agreement in part (509 beds) with the University of Edinburgh for a term of 15 years from September 2015. The University has a break option in 2025. We understand the remaining rooms are available on Assured Shorthold tenancies. There are 4 commercial units within the scheme, 3 units are vacant and one is let until 2035 with a break in 2025.
Glasgow: Liberty House 59 Miller Street, G1 1EB	Heritable (Freehold)	181	The property comprises two adjoined buildings. One is purpose built and the other is a period conversion. Ensuite accommodation is arranged in cluster flats and studios.	The rooms are available on Assured Shorthold tenancies

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR (Still subject to change until the year commences)
Glasgow: Liberty Park, 151 Kyle Street, G4 0DS	Heritable (Freehold)	465	The property was developed in 2003. The accommodation is arranged across ensuite, studio and twin studio bedrooms. The property is formed by 8 blocks.	There is nominations agreements in part for a 1-year term with INTO Scotland (40) and the Global Connections Scotland (30) and Edusport (83). The remaining rooms are available on Assured Shorthold tenancies.
Leeds: Liberty Dock, Clarence Road, West Yorkshire LS10 1LU	Freehold	613	The property was developed in 1994 and is arranged across 14 separate blocks. There are 100 car parking spaces. Ensuite accommodation is predominantly arranged across cluster flats.	There is a nominations agreement in part (500 beds) to the University of Leeds. The agreement expires in August 2024. There is also a nominations agreement with Leeds Arts University for a single year over 25 beds.
Leeds: Liberty Park, Marlborough Street, LS1 4LA	Freehold	564	The property was developed in 2003. The ensuite bedrooms are arranged in cluster flats of 3,4,5,6 and 7 bedrooms.	There is a nominations agreement, with Leeds University of the Arts, for 350 (base rooms) with the option to take additional rooms. The University have taken 538 beds for the 2019/20 academic year. There is a mutual break at the end of the 2019/2020 academic year.
Leicester: Liberty Court, 33 Castle Street, LE1 5WL	Part Freehold\ Leasehold	854	The property was developed in 2004 and contains two buildings. The property is configured into 12 blocks. The accommodation is arranged across cluster flats and ensuites. There are an additional 199 bedspaces in the Annexe (Athena Apartments and Oxford House).	There is a nominations agreement, in part (477 rooms) to De Montfort University until August 2021. The remaining rooms are available on Assured Shorthold tenancies. There is an additional nominations agreement with De Montfort University for 119 beds which expires in July 2020.
Leicester: Liberty Park, 101 Raw Dykes Road, Leicester, LE2 7FP	Freehold	690	The property was developed in 2003 and is formed by 10 joint blocks. The northern end of the property was redeveloped in 2011.	There is a nominations agreement in part (547 rooms) to De Montfort University. The agreement expires in August 2021. The remaining rooms are available on Assured Shorthold tenancy agreements. There is one commercial unit. The lease expiry is in 2024.
Liverpool: Liberty Atlantic Point, Naylor Street, L3 6LS	Freehold	928	The property was developed in 1999 and is comprised of 21 blocks with 84 car parking spaces. The accommodation is arranged across ensuite and double ensuite rooms. The property has been recently refurbished.	There is a referral agreement in place with Liverpool John Moores University over 402 bed spaces on a 1 year agreement. The remaining rooms are available on Assured Shorthold tenancy agreements.
Liverpool: Liberty Gardens, 29 Hatton Garden, L3 2EZ	Leasehold	416	The property is configured as 12 blocks. The accommodation is arranged across clusters flats of 3, 4 and 5 bedrooms.	There is a referral agreement, in part (237 rooms) with Liverpool John Moores University on a 1 year agreement. The remaining rooms are available on Assured Shorthold tenancies. There is a vacant commercial unit within the scheme.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR (Still subject to change until the year commences)
Liverpool: Liberty Park, 1 Paddington, L7 3RG	Leasehold	390	The property was developed in 1998 and comprises 8 joined blocks. Accommodation is arranged across ensuite and large ensuite rooms.	The rooms are available on Assured Shorthold tenancies
Liverpool: Liberty Prospect Point, 60 Moira Street, L6 1BA	Freehold	635	The property comprises student accommodation and was mostly developed in 2003 with an additional block being acquired later. The property was refurbished in 2015. The scheme provides accommodation across single ensuites and double ensuites.	The rooms are available on Assured Shorthold tenancies The scheme has a retail element comprising 10 units. Two units are vacant. There are expiries approaching in 2019, 2020 and 2021
London: Liberty Court, 16 Briset Street, EC1M 5HD	Freehold	295	The property was developed in the mid-1990s. The building is configured in an H shape with basement parking. The accommodation is all ensuite.	There is a nominations agreement, in part (291 rooms) to City University for a term of 30 years from August 2008. There is a rolling annual break option in place (University option only). The remaining rooms are available on Assured Shorthold tenancies.
London: Liberty Hall, Graham Street, N1 8LA	Leasehold	240	The property was developed in 1994 and is contained in one block. There are 8 car parking spaces to the rear. The property was refurbished in 2009 and the accommodation is comprised of ensuites in cluster flats and individual apartments.	There is a nominations agreement, in part (228 rooms) to City University for a term of 30 years from August 2008. The remaining rooms are available on Assured Shorthold tenancies.
London: Liberty House, Sebastian Street, EC1V OHF	Freehold	188	The property was originally developed in the 1990s and was refurbished in two stages in 2010 and 2011. Accommodation is arranged across ensuites and studios.	There is a nominations agreement with the City University for 110 beds. The remainder of the rooms are available on Assured Shorthold tenancies. There are 2 commercial units within the scheme, both are let. The leases expire in 2020 and 2024.
London, Liberty House, St John Street, EC1V 4AT	Freehold	166	The property comprises student accommodation in a period style building. Accommodation is arranged in studios. The property was refurbished in 2017.	The rooms are available on Assured Shorthold tenancies.
London: Liberty Plaza, 65 Leman Street, E1 8EU	Freehold	617	The property opened for the 2013/14 academic year and provides modern accommodation. The property is comprised of a mix of ensuite bedscpaces arranged in cluster flats and studios	There are annual agreements in place with British Study for 30 beds, EC Language School for 35 beds and London Nest for 68 beds. The remaining rooms are available on Assured Shorthold tenancies.
Manchester: Liberty Central, Higher Cambridge Street, M15 6AA	Leasehold	397	The property was developed in 1993 and is split into 15 blocks. There are ground floor retail units in the southern building. The accommodation is arranged across ensuites in 2, 3 and 4 bed cluster flats.	There is a nominations agreement with Manchester Metropolitan University (397 beds) until August 2026. There are 3 commercial units, all are let

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR (Still subject to change until the year commences)
Manchester: Liberty Heights, New Wakefield Street/Great Marlborough Street, M1 5NP	Freehold	520	The property was developed in 2013 and is a 37-storey tower. The accommodation is made up of ensuites cluster flats and studios.	There is a nominations agreement with INTO Manchester for 87 beds. This expires in September 2020.The remaining rooms are available on assured shorthold tenancies.
Manchester: Liberty Park, Upper Brook Street, M13 0FZ	Leasehold	438	The property is comprised of purpose built accommodation with the rooms arranged in 3, 4 or 5 bed cluster flats. Rooms are ensuite.	The property is subject to a lease agreement with the University of Manchester for a single year.
Manchester: Liberty Point, 29 Berry St, M1 2AR	Freehold	712	The property was developed in 2005. The accommodation is arranged across ensuites in cluster flats.	There is a nominations agreement with INTO Manchester (491 rooms) until September 2020.
Manchester: Liberty Living at Sir Charles Groves Hall, Booth Street West, M15 6PF	Leasehold	614	The property was developed in 2002. Accommodation is arranged across ensuite clusters and studios. The property is comprised across four blocks.	There is a nominations agreement in place with the Royal Northern College of music over part (208 rooms) of the property until 2032. The remaining rooms are available on Assured Shorthold tenancies.
Medway: Liberty Quays, Blake Avenue, Gillingham, ME7 1FL	Leasehold	1,106	The property was built in two phases. Phase one completed in 2009 and phase two completed in 2013. The property provides a mix of ensuite cluster flats and studios. There is an underground carpark.	There is a 20-year nominations agreement (725 bedspaces) to the University of Kent from September 2009. The remaining rooms are let on assured shorthold tenancies.
Newcastle: Liberty Quay, Stepney Ln, Tyne and Wear, NE1 6PZ	Part Freehold\ Leasehold	908	The property was developed in 2005 and accommodation is configured across ensuite cluster flats arranged over four separate blocks. An additional block of predominantly studios was developed in approximately 2011.	There is a nominations agreement, in part (364 beds) with Northumbria University for a single year term. The remaining rooms are available on Assured Shorthold tenancies.
Newcastle: Liberty Central, Byron Street, NE2 1XH	Part Freehold\ Leasehold	445	The property was opened for the 2008/09 academic year and comprises 7 separate blocks. All of the rooms are ensuite and configured in 3, 4 and 5 bed clusters.	150 bedspaces at the property are subject to a one-year agreement with Northumbria University. The remaining rooms are available on Assured Shorthold tenancies.
Newcastle: Liberty Plaza, Wellington St, Gallowgate, NE4 5SA	Freehold	852	The property comprises purpose built student accommodation and is arranged over four separate blocks. Phase 1 was built in 2011 and phase 2 was built in 2012. The property was reclad for the 2018/19 academic year however we have allowed £2m in the valuation for outstanding costs	There is a nominations agreement (518 beds) in part with Newcastle University for a single year term. The remaining rooms are available on Assured Shorthold tenancies. There are 4 vacant commercial units within the scheme.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR (Still subject to change until the year commences)
Nottingham: Liberty Park, St. Ann's & Curzon St, NG3 1DJ	Part Freehold\ Leasehold	598	The property was developed in two phases in two blocks. The accommodation is provided in ensuites in phase 1 and across 3 and 6 bed cluster flats in phase 2.	The rooms are available on Assured Shorthold tenancies
Sheffield: Liberty Hall, 61 Eldon Street, S1 4GX	Freehold	499	The property was developed in 1999 with accommodation configured across cluster flats of between 3 and 5 bedrooms. The common area was refurbished in 2016.	There is a nominations agreement (499 beds) with Sheffield Hallam University. It is on a single year term.
Southampton: Liberty Point, 78–82 St Mary's Rd, SO14 0GE	Part Freehold\ Leasehold	671	The property was developed in 2003 and has since undergone refurbishment to include the conversion of the third block from vacant office to student accommodation. There is planning permission to develop a fourth block on the car park to the rear.	There is a nominations agreement (289 beds) with L3 CTS Flight School on a single year term. The remaining rooms are available on assured shorthold tenancies.
Southampton: Liberty Quays, 20 Duke Street, SO14 3ET	Freehold	562	The property was developed in 2005 and is split over three blocks. The accommodation is predominantly ensuites with some studios. There is a supermarket at ground level.	The rooms are available on Assured Shorthold tenancies. There is one commercial unit within the scheme, lease expiry is in 2022.
Wolverhampton: Liberty Heights, Culwell Street, WV10 0JT	Part Freehold\ Leasehold	657	The property was developed in 2010 and comprises 4 blocks. The rooms are all ensuite.	The rooms are available on Assured Shorthold tenancies. There is a commercial unit within the scheme, it is let until 2025.
London: Wyvil Court, Wyvil Road, SW8 2TG	Freehold		Office Building. With potential for redevelopment.	Currently occupied with a lease expiry in October 2021 with a rolling mutual break on 12 months' notice.
Properties being acquired by The Unite Student Accommodation Fund				
Cardiff, Liberty Bridge, Pellet Street, South Glamorgan, CF10 4FS	Leasehold	643	The scheme has been developed over 26 floors and comprises ensuite rooms and studios.	The property is subject to a referrals agreement, in part (368 rooms) to the University of South Wales. The agreement expires in 2024.
Cardiff: Liberty Cambrian Point, Maindy Rd, South Glamorgan, CF24 4HJ	Freehold	632	The property was developed in 2006. The scheme is configured in 6 detached blocks. The scheme was refurbished for the 2018/19 academic year. The accommodation is arranged in ensuite cluster flats of between 3 and 6 bedrooms.	The rooms are available on Assured Shorthold tenancies
Cardiff: Liberty Court, North Rd, South Glamorgan, CF14 3BA	Freehold	253	The property was developed in 2003 and is configured as ensuite cluster flats of between 4 and 7 rooms. There are also individual studios. The scheme is built across 4 blocks.	There is a nominations agreement for 233 rooms with Cardiff Metropolitan University for a single year term. The remaining rooms are available on Assured Shorthold tenancies.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR (Still subject to change until the year commences)
Cardiff: Liberty Fields, South Glamorgan, CF10 3EY	Freehold	410	The property was developed in the early 2000s. Accommodation is arranged in cluster flats of between 3 and 6 rooms.	There is a nominations agreement in part (198 rooms) with Cardiff Metropolitan University on a single year term.
Cardiff: Liberty Gardens, CF24 2FL	Freehold	540	The accommodation is arranged across ensuite cluster flats for between 4 and 8 people and studios.	There is a nominations agreement in part with the University of South Wales for 70 beds on a single year term. There is also a nominations agreement with Cardiff Sixth Form College for 153 beds on a term expiring in 2027. There are mutual breaks in 2020, 2022 and 2025.
Cardiff: Liberty House, Clodien Avenue, CF14 3NS	Freehold	380	The property was developed in 2004 and acquired by Liberty Living in 2008. The accommodation is arranged in ensuite rooms across 3 and 6 bedroom cluster flats. There are some individual studio rooms.	There are nominations agreements in place to both University of Cardiff (189) until September 2029 with a break in November 2019 and Cardiff Metropolitan University (191) for one year.
Cardiff: Liberty Park, Pendryis Street, South Glamorgan, CF11 6YY	Freehold	334	The property was developed in 2006. The majority of the rooms are ensuites in cluster flats with some individual studios. The scheme is comprised of four contiguous blocks.	There is a nominations agreement, in part (20 rooms) to the Football Class Academy. The remaining rooms are available on Assured Shorthold tenancies.
Cardiff: Liberty Severn Point, 13 Llys Tal-Y-Bont Rd, South Glamorgan, CF10 3EX	Freehold	288	The property was developed in 2002 and acquired by Liberty Living in 2006. The accommodation is arranged over ensuites in 6 bed cluster flats. The scheme is configured as 6 blocks.	There is a nominations agreement, in part (198 rooms) to the Royal Welsh College for Music and Drama for a term of 5 years from September 2015. The remaining rooms are available on assured shorthold tenancies.

PART V

HISTORICAL FINANCIAL INFORMATION OF THE TARGET LIBERTY LIVING GROUP

Section A: Historical financial information of the Target Liberty Living Group

The tables below set out the consolidated financial information for the Target Liberty Living Group as at and for the years ended 31 August 2016, 2017 and 2018.

Consolidated income statement

		Year to 31 August		
£ million	**Note**	**2018**	**2017**	**2016**
Rental income	2.4	128.2	114.0	100.4
Other income	2.4	2.7	2.3	1.9
Total revenue	2.4	**130.9**	**116.3**	**102.3**
Costs of sales		(37.1)	(31.9)	(26.7)
Operating expenses		(21.1)	(16.2)	(12.7)
Results from operating activities		**72.7**	**68.2**	**62.9**
Loss on disposal of property		—	(4.5)	—
Net valuation (losses)/gains on property	3.1a	(27.0)	(21.5)	31.3
Profit before net financing costs		**45.7**	**42.2**	**94.2**
Finance costs	4.3	(48.4)	(148.2)	(85.5)
Finance income	4.3	4.1	3.5	3.1
Net financing costs	4.3	**(44.3)**	**(144.7)**	**(82.4)**
Profit/(loss) before tax		**1.4**	**(102.5)**	**11.8**
Current tax	2.5	(0.1)	(0.8)	(1.3)
Deferred tax	2.5	41.4	0.4	5.2
Profit/(loss) for the year		**42.7**	**(102.9)**	**15.7**
Profit/(loss) attributable to				
Owner of the parent company	2.2b	42.7	(102.9)	15.7

All results are derived from continuing activities.

There are no other items of comprehensive income and as a result, no other statement of comprehensive income has been presented.

Consolidated balance sheet

£ million	Note	As at 31 August 2018	2017	2016
Assets				
Investment property	3.1a	1,816.0	1,775.3	1,425.6
Interest rate cap		1.7	—	—
Other receivables	3.2	131.8	48.7	22.0
Other non-current assets	3.3	13.4	15.5	16.8
Total non-current assets		**1,962.9**	**1,839.5**	**1,464.4**
Trade and other receivables	5.2	23.4	140.8	106.0
Cash and cash equivalents	5.1	37.4	17.9	14.2
Total current assets		**60.8**	**158.7**	**120.2**
Total assets		**2,023.7**	**1,998.2**	**1,584.6**
Liabilities				
Borrowings	4.1	—	(1,470.3)	(1,390.7)
Trade and other payables	5.4	(88.1)	(57.5)	(53.2)
Current tax liability		(0.8)	(2.6)	(1.8)
Total current liabilities		**(88.9)**	**(1,530.4)**	**(1,445.7)**
Borrowings	4.1	(864.5)	(554.5)	(122.3)
Deferred tax liability	2.5d	(1.8)	(43.2)	(43.6)
Total non-current liabilities		**(866.3)**	**(597.7)**	**(165.9)**
Total liabilities		**(955.2)**	**(2,128.1)**	**(1,611.6)**
Net assets/(liabilities)		**1,068.5**	**(129.9)**	**(27.0)**
Equity				
Investor capital		1,068.5	(129.9)	(27.0)
Total equity		**1,068.5**	**(129.9)**	**(27.0)**
Equity attributable to owners of the parent company		1,068.5	(129.9)	(27.0)

Consolidated statement of changes in shareholders' equity

£ million	Investor Capital 2018	2017	2016
Opening balance at 1 September	**(129.9)**	**(27.0)**	**(42.7)**
Profit/(loss) for the year	42.7	(102.9)	15.7
Loans capitalised	1,175.7	—	—
Other	(0.5)	—	—
Dividends paid to owners of the parent company	(19.5)	—	—
Closing balance at 31 August	**1,068.5**	**(129.9)**	**(27.0)**

Consolidated statement of cash flows

£ million	Note	Year to 31 August 2018	2017	2016
Cash flows from operating activities	5.1	**77.0**	**70.0**	**61.1**
Cash flows from taxation		**(2.0)**	**(0.4)**	**(0.9)**
Investing activities				
Proceeds from sale of investment property		—	54.5	—
Acquisition of intangible assets		(0.6)	(0.4)	(0.2)
Acquisition of property		(58.0)	(422.7)	(85.3)
Acquisition of plant and equipment		—	(1.0)	—
Cash flows from investing activities		**(58.6)**	**(369.6)**	**(85.5)**
Financing activities				
Interest paid in respect of financing activities		(4.4)	—	—
Refinancing costs		(8.8)	—	—
Purchase of interest rate cap		(2.5)	—	—
Proceeds from non-current borrowings		872.8	—	—
Funding (to)/from shareholder		(752.2)	382.1	56.2
Funding (to)/from related party		(101.8)	(78.4)	(40.8)
Cash flows from financing activities		**3.1**	**303.7**	**15.4**
Net increase/(decrease) in cash and cash equivalents		**19.5**	**3.7**	**(9.9)**
Cash and cash equivalents at start of year		17.9	14.2	24.1
Cash and cash equivalents at end of year	5.1	**37.4**	**17.9**	**14.2**

Section 1: General Information

Activities and overview

The principal activity of Target Liberty Living Group is to invest in and operate student accommodation property.

The historical financial information comprises the assets and liabilities, income and expenses and cash flows of Target Liberty Living Group for the three years ended 31 August 2016, 2017 and 2018 and has been prepared in accordance with the basis of preparation as set out below.

This historical financial information is presented in millions of sterling, unless otherwise indicated.

The Liberty Living Group Plc is a public company incorporated in Jersey under Companies (Jersey) Law 1991. The address of the registered office is 47 Esplanade, St Helier, Jersey, JE1 0BD. The address of the UK place of business is Fifth floor, Peninsular House, 30-36 Monument Street, London, EC3 R8NB.

Liberty Living's immediate parent company is Liberty Living Holdings Inc., a company incorporated and registered in Canada. The ultimate controlling party is the Canada Pension Plan Investment Board.

Note 1: Basis of preparation

The historical financial information has been prepared for the purposes of the proposed acquisition of Target Liberty Living Group by Unite in accordance with the requirements of the Listing Rules and in accordance with this basis of preparation. This basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") for the three years ended 31 August 2016, 2017 and 2018, as applied by Unite in its latest audited consolidated financial statements except as described below.

IFRSs as adopted by the EU do not provide for the specific accounting treatments set out below, and accordingly in preparing the consolidated financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following departures from IFRSs as adopted by the EU. In other respects IFRSs as adopted by the EU have been applied.

Carve out financial information

The historical financial information includes the assets, liabilities, income, and expenses that are specifically attributable to Target Liberty Living Group, and the allocations of direct and indirect costs and expenses related to the operations. Such allocations have been made on a reasonable basis considering management's best knowledge and available information but are not necessarily indicative that these costs were those that would have been incurred if the Target Liberty Living Group had operated independently.

The tax effects on the historical financial information have been presented on a basis consistent with Liberty Living's tax structure in 2018, 2017 and 2016.

IAS 33 Earnings per share

Earnings per share has not been presented throughout the historical financial information as this historical financial information has been prepared on a carved out basis with no associated share capital over the years.

Section 2 Accounting policies and notes

Adoption of IFRS 1

This is the first Target Liberty Living Group financial information prepared under IFRS. For the purposes of this historical financial information, the Target Liberty Living Group's date of transition to IFRS is 1 September 2015 and IFRS 1 "First time adoption of International Reporting Standards" has been applied. Previously, Target Liberty Living Group reported its results under FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In relation to the adoption of IFRS 9 and IFRS 15, as permitted under transitional requirements of IFRS 1:

- IFRS 9 has been adopted for the period ended 31 August 2018 without restating comparatives for the years ending 31 August 2016 and 2017; and
- IFRS 15 has been retrospectively applied throughout the historical financial information using the practical expedient for completed contracts and contract modifications.

Impact of accounting standards and interpretations in issue but not yet effective

At the balance sheet date there are a number of new standards and amendments to existing standards in issue but not yet effective. The Target Liberty Living Group has not early adopted the new or amended standards in preparing this historical financial information.

IFRS 16 Leases—effective for periods beginning on or after 1 January 2019

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. On transition, the Target Liberty Living Group will adopt the cumulative catch-up approach.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements from IAS 17. For short-term leases, where the Target Liberty Living Group is a lessee (lease term of 12 months or less) and leases of low-value assets, the Target Liberty Living Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16. We do not therefore expect IFRS 16 to have a material impact on the Target Liberty Living Group's financial information (rental of office space and equipment).

Other standards

The following amended standards and interpretations are not expected to have a significant impact:

- IFRS 17 "Insurance contracts"
- IFRS 9 (amendments) "Prepayment Features with Negative Compensation"
- IAS 28 (amendments) "Long-term interests in Associates and Joint Ventures"
- IFRS Standards (annual improvements)
- IAS19 (amendments) "Plan Amendment, Curtailment or Settlement"
- IFRS 10 and IAS 28 (amendments) "Sale or contribution of Assets between an Investor and its Associate or Joint Venture"

2.1 Segmental information

The Target Liberty Living Group's properties are located exclusively in the United Kingdom. The Target Liberty Living Group's properties and the markets in which they operate are so similar in nature that they are reported as one class of business.

As a result, the Board of Directors use only one operating segment to control resources and assess the performance of the entity, while deciding the strategic direction of the Target Liberty Living Group.

2.2 Earnings

EPRA earnings amends IFRS measures by removing principally the unrealised investment property valuation gains and losses such that users of the historical financial information are able to see the extent to which dividend payments are underpinned by earnings arising from purely operational activity. The reconciliation between Profit attributable to owners of the parent company and EPRA earnings is available in note 2.2 (b).

The Target Liberty Living Group's operating segment manages rental properties, owned directly by the Target Liberty Living Group or by the Liberty Living Portfolio, where applicable. Its revenues are derived from rental income and asset management fees earned from the broader Liberty Living portfolio.

Performance measures

£ million	Note	31 August 2018	2017	2016
Earnings basic and diluted	2.2b	42.7	(102.9)	15.7
Net assets basic	2.3a	1,068.5	(129.9)	(27.0)

EPRA performance measures

£ million	Note	31 August 2018	2017	2016
EPRA earnings	2.2a	31.7	(74.9)	(18.4)
EPRA NAV	2.3a	1,068.6	(86.7)	16.6
EPRA NNNAV	2.3c	1,060.6	(129.9)	(27.0)

a) EPRA earnings

£ million	31 August 2018	2017	2016
Rental income	128.2	114.0	100.4
Property operating expenses	(37.1)	(31.9)	(26.7)
Net operating income	**91.1**	**82.1**	**73.7**
Management fees	2.7	2.3	1.9
Operating expenses	(18.5)	(13.8)	(10.3)
Net financing costs	(43.5)	(144.7)	(82.4)
Operating segment result	**31.8**	**(74.1)**	**(17.1)**
Unallocated to segments	(0.1)	(0.8)	(1.3)
EPRA earnings	**31.7**	**(74.9)**	**(18.4)**

The unallocated to segments balance includes current tax charges of £0.1 million, (2017: £0.8 million, 2016: £1.3 million).

b) IFRS earnings reconciliation to EPRA earnings

EPRA earnings excludes movements relating to changes in values of investment properties and interest rate caps, profits from the disposal of properties and property impairments, which are included in the profit reported under IFRS. EPRA earnings reconcile to the profit attributable to owners of the parent company as follows:

£ million	Note	Year to 31 August 2018	2017	2016
EPRA earnings	2.2a	31.7	(74.9)	(18.4)
Net valuation (losses)/gains on investment property	3.1c	(27.0)	(21.5)	31.3
Loss on property disposals		—	(4.5)	—
Amortisation of intangible assets		(2.6)	(2.4)	(2.4)
FV change on interest rate cap		(0.8)	—	—
Deferred tax relating to properties	2.5d	41.4	0.4	5.2
Profit/(loss) attributable to owners of the parent company		**42.7**	**(102.9)**	**15.7**

2.3 Net assets

EPRA net asset value makes adjustments to IFRS measures by principally removing some items that are not expected to materialise in normal circumstances such as items of deferred tax and the fair value of financial derivatives. The reconciliation between IFRS NAV and EPRA NAV is available in note 2.3 (b).

2.3a EPRA net assets

£ million	31 August 2018	2017	2016
Investment properties	1,816.0	1,775.3	1,425.6
Total property portfolio	**1,816.0**	**1,775.3**	**1,425.6**
Debt on properties	(864.5)	(2,024.8)	(1,513.0)
Cash	37.4	17.9	14.2
Net debt	**(827.1)**	**(2,006.9)**	**(1,498.8)**
Other assets	79.7	144.9	89.8
EPRA net assets	**1,068.6**	**(86.7)**	**16.6**
Loan to value	**46%**	**113%**	**105%**

2.3b Reconciliation to IFRS

To determine EPRA NAV, net assets reported under IFRS are amended to exclude the mark to market valuation of swaps, deferred tax liabilities and to recognise all properties at market value.

NAV is managed using EPRA NNNAV, which adjusts EPRA NAV to include the fair value of caps and debt. Under EPRA best practice guidelines this is considered to give stakeholders the most relevant comparable information on the current fair value of all the assets and liabilities in the Target Liberty Living Group.

The net assets reported under IFRS reconcile to EPRA NAV and EPRA NNNAV as follows:

£ million	Note	31 August 2018	2017	2016
Net asset value reported under IFRS		1,068.5	(129.9)	(27.0)
Mark to market of interest rate cap		(1.7)	—	—
Deferred tax		1.8	43.2	43.6
EPRA NAV	2.3a	**1,068.6**	**(86.7)**	**16.6**
Mark to market of fixed rate debt		(7.9)	—	—
Mark to market of interest rate cap		1.7	—	—
Deferred tax		(1.8)	(43.2)	(43.6)
EPRA NNNAV		**1,060.6**	**(129.9)**	**(27.0)**

2.4 Revenue

The Target Liberty Living Group earns revenue from the following activities:

£ million	Note	31 August 2018	2017	2016
Rental income	2.2a	128.2	114.0	100.4
Management fees		2.7	2.3	1.9
Total revenue		**130.9**	**116.3**	**102.3**

Accounting policies

The Target Liberty Living Group recognises revenue from the following major sources:

- Rental income
- Management fees.

Revenue is measured based on the consideration to which the Target Liberty Living Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Target Liberty Living Group recognises revenue when it transfers control of its service to a customer.

There has been no impact to the revenue balances on transition to IFRS 15.

Rental income

Rental income comprises direct lets to students and leases to Universities and commercial tenants. This revenue is recognised in the income statement over the length of the tenancy period as the Target Liberty Living Group provides the services to its customers. Included in the rental contract is the use of broadband facilities service. The Target Liberty Living Group does not offer this service as a stand-alone product. The transaction prices for rental income are explicitly stated in each contract. A contract liability can result from payments received in advance, until the date at which control is transferred to the customer and at that point the revenue begins to be recognised over the tenancy period.

Management fees

The Target Liberty Living Group acts as asset and property manager for properties within the Liberty Living portfolio and receives management fees in relation to these services. Revenue from these fees is recognised over time as those properties within the Liberty Living portfolio simultaneously receives and consumes benefits as the Target Liberty Living Group performs its management obligations.

2.5 Tax

Accounting policies

The tax charge for the year is recognised in the income statement and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The current tax charge is based on tax rates that are enacted or substantively enacted at the year end.

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

As a REIT, rental profits and gains on disposal of investment properties are exempt from corporation tax. As a result, no deferred tax provision has been recognised at the balance sheet date in respect of property assets (revaluation and capital allowances).

a) Tax—income statement

The total taxation charge/(credit) in the income statement is analysed as follows:

£ million	Year ended 31 August 2018	2017	2016
Current tax on profit/(loss) on ordinary activities			
Charge for the year	1.5	0.8	0.1
Adjustments in respect of prior years	(1.4)	—	1.2
Total current tax charge	**0.1**	**0.8**	**1.3**
Deferred tax			
Current year tax charge	(1.2)	4.2	2.7
Origination and reversal of temporary timing differences	2.4	(1.8)	(1.7)
Decrease in tax rate	—	(2.3)	(4.9)
Adjustments to the amount of deferred tax provided in prior periods	(43.0)	(0.6)	(1.2)
Other adjustments and provisions in respect of prior periods	0.4	0.1	(0.1)
Total Deferred tax credit	**(41.4)**	**(0.4)**	**(5.2)**
Total tax (credit)/charge on profit/(loss) of ordinary activities	**(41.3)**	**0.4**	**(3.9)**

The tax credit of £43 million for 'adjustments to the amount of deferred tax provided in prior periods' mainly relates to the release of deferred tax on cumulative property valuations and capital allowances that were released upon the Group entering the REIT regime in May 2018.

In the income statement, a tax credit of £41.3 million (2017: £0.4 million tax charge, 2016: £3.9 million credit) arises on a profit before tax of £1.4 million (2017: £102.5 million loss before tax, 2016: £11.8 million profit before tax). The taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual tax charge as follows:

£ million	Year ended 31 August 2018	2017	2016
Profit/(loss) on ordinary activities before tax	**1.4**	**(102.5)**	**11.8**
Tax charge at the UK corporation tax rate of 19% (2017: 19.58%; 2016: 20.0%)	0.3	(20.1)	2.4
Factors affecting the (credit)/charge:			
Expenditure not tax deductible	7.2	26.2	16.1
Group relief not paid	(0.2)	0.3	0.3
Rate difference due to deferred tax	—	0.1	0.1
Income not chargeable for tax purposes	(5.1)	(2.7)	(17.6)
Changes in tax rates	0.3	(2.3)	(4.9)
Movement in temporary timing differences not provided	0.1	(0.7)	(0.2)
Adjustment to the amount of deferred tax provided in prior periods	(43.0)	(0.6)	(1.2)
Non-deductible REIT loss	0.1	—	—
Other prior period adjustments	(1.0)	0.1	1.1
Origination and reversal of temporary timing differences	—	0.1	—
Total tax (credit)/ charge for the year	**(41.3)**	**0.4**	**(3.9)**

b) Tax—other comprehensive income

Within other comprehensive income a tax charge totalling £nil (2017: £nil, 2016: £nil) has been recognised representing deferred tax.

c) Tax—statement of changes in equity

Within the statement of changes in equity a tax charge totalling £nil (2017: £nil, 2016: £nil) has been recognised representing deferred tax.

d) Tax—balance sheet

The table below outlines the deferred tax liabilities/(assets) that are recognised in the balance sheet, together with their movements in the year:

For the year ended 31 August 2018

£ million	**At 31 August 2017**	**(Credited)/ Charged in income**	**At 31 August 2018**
Investment properties	41.7	(41.7)	—
Other STTD	(1.1)	0.7	(0.4)
Brand	2.6	(0.4)	2.2
Net tax liabilities/(assets)	**43.2**	**(41.4)**	**1.8**

For the year ended 31 August 2017

£ million	**At 31 August 2016**	**(Credited)/ Charged in income**	**At 31 August 2017**
Investment properties	42.1	(0.4)	41.7
Other STTD	(1.4)	0.3	(1.1)
Brand	2.9	(0.3)	2.6
Net tax liabilities/(assets)	**43.6**	**(0.4)**	**43.2**

For the year ended 31 August 2016

£ million	**At 31 August 2015**	**Credited in income**	**At 31 August 2016**
Investment properties	45.3	(3.2)	42.1
Other STTD	(0.1)	(1.3)	(1.4)
Brand	3.6	(0.7)	2.9
Net tax liabilities/(assets)	**48.8**	**(5.2)**	**43.6**

The UK corporation tax rate will reduce from 19% to 17% with effect from 1 April 2020. This will reduce the Target Liberty Living Group's future current tax charge accordingly. The deferred tax liability at 31 August 2018 has been calculated based on the rate at which it is expected to reverse.

As a REIT, disposals of investment property are exempt from tax and as a result no deferred tax liability has been recognised in relation to these assets.

Deferred tax is an accounting adjustment intended to reflect tax that the Target Liberty Living Group may have to pay in the future if certain events occur, and is distinct from the Target Liberty Living Group's current tax charge (the latter being the tax actually payable to HM Revenue & Customs for the year). Accordingly, a reversal of the deferred tax provision is an accounting only adjustment, and does not result in the Target Liberty Living Group receiving a tax credit or refund.

Section 3: Asset Management

3.1 Wholly owned property assets

The Target Liberty Living Group's wholly owned investment property portfolio is held within non-current assets on the balance sheet at the carrying values detailed below. In the Target Liberty Living Group's EPRA NAV, these investment properties are shown at market value.

The investment properties are assets that are intended to be held for a long period to earn rental income or capital appreciation. The assets are held at fair value in the balance sheet with changes in fair value taken to the income statement.

Accounting policies

Investment property is held at fair value.

All costs directly associated with the purchase of a property, and all subsequent qualifying expenditure is capitalised.

The recognition of acquisitions and disposals of investment and other property occurs on unconditional exchange of contracts. In accordance with IFRS 15, revenue from the disposal of investment and other property is recognised at a point in time.

The external valuation of property assets involves significant judgement and changes to the core assumptions: market conditions, rental income, occupancy and property management costs, which could have a significant impact on the carrying value of these assets. See below for more details of the valuation process.

Valuation process

The valuations of the properties are performed twice a year by external, independent valuers, having an appropriate recognised professional qualification. The fair values are based on market values as defined in the Royal Institution of Chartered Surveyors **("RICS")** Appraisal and Valuation Manual, issued by the Royal Institution of Chartered Surveyors. Knight Frank LLP, an independent firm of professional property valuers which is regulated by RICS, were the valuers for the years ended 31 August 2018, 2017 and 2016.

Knight Frank employs an investment approach to derive the valuation of the properties. Income generated from a property is capitalised using market initial yields derived, where possible, from comparable market transactions. Knight Frank value on a property-by-property basis, using their expertise to assess individual assumptions including rents, occupancy, other income and facility management costs.

The information provided to the valuers and the assumptions used by the valuers are challenged for reasonableness.

The movements in the carrying value of the Target Liberty Living Group's wholly owned property portfolio during the years ended 31 August 2018, 2017 and 2016 are shown in the table below. The fair value of the Target Liberty Living Group's wholly owned properties at the years ended 31 August 2018, 2017 and 2016 is also shown below.

3.1a Valuation

	31 August		
£ million	**2018**	**2017**	**2016**
At opening	1,775.3	1,425.6	1,305.5
Cost capitalised	67.7	430.2	89.0
Disposals	—	(59.0)	—
Valuation gains	42.3	59.7	46.7
Valuation losses	(69.3)	(81.2)	(15.4)
Net valuation (losses)/gains	**(27.0)**	**(21.5)**	**31.3**
Carrying and market value at 31 August	**1,816.0**	**1,775.3**	**1,425.6**

3.1b Recurring fair value measurement

All investment properties are classified as Level 3 in the fair value hierarchy.

	Year ended 31 August		
£ million	**2018**	**2017**	**2016**
London—rental properties	395.7	367.2	336.4
Prime provincial—rental properties	406.2	382.9	278.4
Major provincial—rental properties	800.0	816.9	589.5
Other provincial—rental properties	214.1	208.3	221.3
Market value	**1,816.0**	**1,775.3**	**1,425.6**

3.1c Fair value using unobservable inputs (Level 3)

£ million	Year ended 31 August 2018	2017	2016
Opening fair value	1,775.3	1,425.6	1,305.3
Gains and losses recognised in income statement	(27.0)	(21.5)	31.3
Acquisitions	10.0	403.9	55.9
Capital expenditure	57.7	26.3	33.1
Disposals	—	(59.0)	—
Closing fair value	**1,816.0**	**1,775.3**	**1,425.6**

3.1d Quantitative information about fair value measurements using unobservable inputs (Level 3)

FY 2018	Fair value (£ million)	Unobservable inputs	Range	Weighted average
London—rental properties	395.7	Net rental income (£ per week) Discount rate (yield) (%)	£231.39–£311.50 4.22%–4.70%	£273.55 4.36%
Prime provincial—rental properties	406.2	Net rental income (£ per week) Discount rate (yield) (%)	£133.10–£192.19 5.00%–5.60%	£157.08 5.35%
Major provincial—rental properties	800.0	Net rental income (£ per week) Discount rate (yield) (%)	£71.19–£149.10 5.46%–6.90%	£118.94 5.94%
Other provincial—rental properties	214.1	Net rental income (£ per week) Discount rate (yield) (%)	£81.53–£155.24 5.81%–6.30%	£130.53 5.94%
Fair value at 31 August 2018	**1816.0**			

FY 2017	Fair value (£ million)	Unobservable inputs	Range	Weighted average
London—rental properties	367.2	Net rental income (£ per week) Discount rate (yield) (%)	£222.17–£293.80 4.37%–4.90%	£262.56 4.50%
Prime provincial—rental properties	382.9	Net rental income (£ per week) Discount rate (yield) (%)	£126.24–£193.36 5.25%–5.80%	£152.30 5.52%
Major provincial—rental properties	816.9	Net rental income (£ per week) Discount rate (yield) (%)	£102.87–£148.27 5.25%–7.00%	£124.91 6.04%
Other provincial—rental properties	208.2	Net rental income (£ per week) Discount rate (yield) (%)	£127.51–£149.46 5.49%–6.20%	£140.81 5.89%
Fair value at 31 August 2017	**1,775.3**			

FY 2016	Fair value (£ million)	Unobservable inputs	Range	Weighted average
London—rental properties	336.4	Net rental income (£ per week) Discount rate (yield) (%)	£210.67–£285.48 4.20%–4.80%	£251.95 4.51%
Prime provincial—rental properties	278.4	Net rental income (£ per week) Discount rate (yield) (%)	£128.86–£188.78 5.00%–5.80%	£151.46 5.58%
Major provincial—rental properties	589.5	Net rental income (£ per week) Discount rate (yield) (%)	£73.95–£152.57 5.70%–6.40%	£126.75 6.06%
Other provincial—rental properties	221.3	Net rental income (£ per week) Discount rate (yield) (%)	£97.97–£139.81 5.74%–7.30%	£125.59 6.33%
Fair value at 31 August 2016	**1,425.6**			

A decrease in net rental income, market rents or occupancy will result in a decrease in the fair value, whereas a decrease in the discount rate (yield) will result in an increase in fair value. There are inter-relationships between these rates as they are partially determined by market rate conditions.

3.2 Other receivables

Other receivables reflect related party balances owed from companies under common control within the Liberty Living Group. The carrying value of the loans is considered to equate to their fair value.

The loans in issue at 31 August 2018 are due to be settled between the financial years 2022 and 2029. The ageing of the amounts due from related parties is as follows:

Amounts due from related parties

£ million	Year ended 31 August 2018	2017	2016
within one year	15.2	131.5	100.6
	15.2	**131.5**	**100.6**
between one and five years	57.5	48.7	22.0
greater than five years	74.3	—	—
	131.8	**48.7**	**22.0**
Total amounts due from related parties	**147.0**	**180.2**	**122.6**

3.3 Other non-current assets

Accounting policies property, plant and equipment

Property, plant and equipment predominantly comprise leasehold fixtures and fittings and are stated at cost less accumulated depreciation and impairment losses (see below).

Depreciation is charged to the income statement on a straight-line basis over a period of between three and ten years, being the estimated useful lives of items of property, plant and equipment.

Intangible assets

Intangible assets predominantly comprise brand assets. The Liberty Living Brand was recognised on the acquisition of the Liberty Living Group on 5 March 2015. The brand assets are amortised on a straight-line basis over a period of 10 years. Amortisation is charged to the income statement within operating expenses.

The Target Liberty Living Group's other non-current assets can be analysed as follows:

	2018			2017			2016		
	Property, plant and equipment	Intangible assets	Total	Property, plant and equipment	Intangible assets	Total	Property, plant and equipment	Intangible assets	Total
£ million									
Cost or valuation									
At 1 September	1.4	20.1	21.5	2.2	19.8	22.0	2.1	19.6	21.7
Additions	—	0.7	0.7	1.0	0.3	1.3	0.1	0.2	0.3
Disposals	—	—	—	(1.8)	—	(1.8)	—	—	—
At 31 August	**1.4**	**20.8**	**22.2**	**1.4**	**20.1**	**21.5**	**2.2**	**19.8**	**22.0**
Depreciation, amortisation and impairment losses									
At 1 September	0.5	5.5	6.0	2.1	3.1	5.2	2.0	0.7	2.7
Depreciation/amortisation charge for the year	0.2	2.6	2.8	0.2	2.4	2.6	0.1	2.4	2.5
Disposals	—	—	—	(1.8)	—	(1.8)	—	—	—
At 31 August	**0.7**	**8.1**	**8.8**	**0.5**	**5.5**	**6.0**	**2.1**	**3.1**	**5.2**
Carrying value at 1 September	**0.9**	**14.6**	**15.5**	**0.1**	**16.7**	**16.8**	**0.1**	**18.9**	**19.0**
Carrying amount at 31 August	**0.7**	**12.7**	**13.4**	**0.9**	**14.6**	**15.5**	**0.1**	**16.7**	**16.8**

Section 4: Funding

The Target Liberty Living Group finances its investment activities through a mixture of retained earnings, borrowings and equity. The Target Liberty Living Group continuously monitors its financing arrangements to manage its gearing.

Interest rate caps are used to manage the Target Liberty Living Group's risk to fluctuations in interest rate movements.

The following pages provide disclosures about the Target Liberty Living Group's funding position, including borrowings and gearing; its exposure to market risks; and its capital management policies.

4.1 Borrowings

Accounting policies

In the current year, the Target Liberty Living Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;

2) Impairment of financial assets; and

3) General hedge accounting.

The Target Liberty Living Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9 and has adopted IFRS 9 for the year ended 31 August 2018 without restating comparatives for the years ending 31 August 2016 and 2017.

a) Classification and measurement of financial assets and financial liabilities

The date of initial application (i.e. the date on which the Target Liberty Living Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 September 2017. Accordingly, the Target Liberty Living Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 September 2017 and has not applied the requirements to instruments that have already been derecognised as at 1 September 2017.

The Target Liberty Living Group's existing financial assets and liabilities as at 1 September 2017 were reviewed & assessed based on the facts and circumstances that existed at that date. There was no impact on the classification and measurement of those assets and liabilities.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Target Liberty Living Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In particular, IFRS 9 requires the Target Liberty Living Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Target Liberty Living Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The impact of this assessment is disclosed within note 5.2 of the historical financial information.

(c) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. Hedge accounting is voluntary on a hedge by hedge basis and can only be applied prospectively from the point that a hedging instrument and hedged item are formally designated in a hedging relationship and the other qualifying criteria are met, including an assessment of the expected effectiveness of the hedge. In accordance with IFRS 9's transition provisions for hedge accounting, the Target Liberty Living Group has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 September 2015 and has chosen not to apply hedge accounting. The Target Liberty Living Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

Interest bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

The table below analyses the carrying value of the Target Liberty Living Group's borrowings which comprise bank and other loans by when they fall due for payment:

	Year ended 31 August		
£ million	**2018**	**2017**	**2016**
Current			
In one year or less, or on demand	—	1,470.3	1,390.7
Non-current			
In more than one year but not more than two years		432.2	—
In more than two years but not more than five years	271.0	122.3	122.3
In more than five years	593.5	—	—
Total non-current borrowings	**864.5**	**554.5**	**122.3**
Total borrowings	**864.5**	**2,024.8**	**1,513.0**

On 13 November 2017 the Target Liberty Living Group entered into a £400m Facilities agreement with HSBC Bank plc, the Royal Bank of Canada and the Royal Bank of Scotland plc with a five year term. The £400m facility comprises a £250m term loan which is fully drawn at 31 August 2018 and a £150m Revolving Credit Facility ('RCF') of which £25.0m has been drawn at 31 August 2018. The £25.0m RCF balance was repaid on 28 September 2018. The £400m facility incurs interest at LIBOR plus a margin of between 1.45% and 2.20% with the margin dependent on the gearing of the borrowing group. To hedge the interest rate risk on the bank debt the Target Liberty Living Group seperately purchased a GBP LIBOR interest rate cap with a notional amount a £250m, a cap rate of 1.75% and a term of 5 years.

On 28 November 2017, the Target Liberty Living Group issued two £300m bond tranches with maturities of seven and 12 years respectively. The seven and 12 year bonds carry a coupon rate of 2.625% and 3.375% respectively. The debt is listed on the Irish Stock Exchange Global Exchange Market.

The current borrowings for the years ended 31 August 2016 and 31 August 2017 relate to loans from related parties which were capitalised or repaid during 2018. The Target Liberty Living Group used the proceeds of the £850m debt facilities entered into in 2018 to partially repay the loans from related parties in 2016 and 2017 and £1,193.6m was capitalised into equity. These transactions were the main driver in decreasing net current liabilities from £1,371.7m in 2017 to £28.1m in 2018.

The bank and bond debt are subject to financial covenants relating to the position and performance of the borrowing group. These covenants are on Gearing and Interest Cover which the Target Liberty Living Group monitors on a quarterly basis.

The bank and bond debt are shown net of direct deal and issue costs and are amortised using the effective interest rate method.

In addition to the borrowings currently drawn as shown above, the Target Liberty Living Group has available undrawn facilities of £125 million at 31 August 2018 (2017: £nil, 2016: £nil).

The carrying value of borrowings is considered to be approximate to fair value, except for the Target Liberty Living Group's fixed rate loans as analysed below:

£ million	2018 Carrying value	2018 Fair value
Level 1 IFRS fair value hierarchy	600.0	601.4
Other loans	(6.5)	—
Total borrowings	**593.5**	**601.4**

All of the borrowings held in 2017 and 2016 were related party in nature and the carrying value was considered to be approximate to fair value

The fair value of loans classified as Level 1 in the IFRS fair value hierarchy is determined using quoted prices in active markets for identical liabilities.

The fair value represents the net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reported date to the contracted expiry date.

The following table shows the changes in liabilities arising from financing activities:

£ million	Year ended 31 August 2018	2017	2016
Opening loan balance	**2,024.8**	**1,513.0**	**1,383.6**
Cash movement			
Drawdowns	875	436.3	56.2
Repayments	(752.2)	(54.2)	—
Capitalised finance fees	(11.1)	—	—
Non-cash movement			
Amortisation of finance fees	0.6	—	—
Interest	28.2	141.6	78.6
Other	(1.0)	2.8	(1.4)
Novation of balance	(106.2)	—	(4.0)
Loan capitalisation	(1,193.6)	(14.7)	—
Closing balance	**864.5**	**2,024.8**	**1,513.0**

4.2 Interest rate caps

The Target Liberty Living Group uses interest rate caps to manage the Target Liberty Living Group's exposure to interest rate fluctuations. In accordance with the Target Liberty Living Group's financial policy, the Target Liberty Living Group does not hold or issue interest rate caps for trading purposes.

To hedge the interest rate risk on the bank debt the Target Liberty Living Group separately purchased a GBP LIBOR interest rate cap with a notional amount of £250m, a cap rate of 1.75% and a term of five years.

Accounting policies

Interest rate caps are recognised initially and subsequently at fair value, with mark to market movements recognised in the income statement. The Target Liberty Living Group does not apply hedge accounting.

The following table shows the fair value of interest rate caps:

£ million	Year ended 31 August 2018	2017	2016
Non-current	1.7	—	—
Fair value of interest rate caps	**1.7**	—	—

4.3 Net financing costs

Accounting policy

Net financing costs comprise interest payable on borrowings less interest receivable on funds invested (both calculated using the effective interest rate method).

£ million	Year ended 31 August 2018	2017	2016
Recognised in the income statement:			
Interest income on deposit	(0.2)	—	—
Related party interest income	(3.9)	(3.5)	(3.1)
Finance income	**(4.1)**	**(3.5)**	**(3.1)**
Loan interest and similar charges on loans	19.4	—	—
Related party interest expense	28.2	148.2	85.5
Fair value loss on interest rate cap	0.8	—	—
Finance costs	**48.4**	**148.2**	**85.5**
Net financing costs	**44.3**	**144.7**	**82.4**

The weighted average cost of the Target Liberty Living Group's wholly owned investment debt due to related parties at 31 August 2018 is 7.23% (2017: 8.60%, 2016: 5.85%). The weighted average cost of the Target Liberty Living Group's wholly owned investment debt due to parties external to the Group at 31 August 2018 is 3.07%. The Target Liberty Living Group did not have any external borrowings for the years ended 31 August 2017 and 2016.

4.4 Gearing

The Target Liberty Living Group's adjusted gearing ratio is a key indicator used to manage its indebtedness. EPRA net asset value (NAV) and adjusted net debt are used to calculate adjusted gearing. Adjusted net debt excludes mark to market of interest rate caps as shown below.

The Target Liberty Living Group's gearing ratios are calculated as follows:

£ million	Note	31 August 2018	2017	2016
Cash and cash equivalents	5.1	37.4	17.9	14.2
Current borrowings	4.1	—	(1,470.3)	(1,390.7)
Non-current borrowings	4.1	(864.5)	(554.5)	(122.3)
Interest rate cap	4.2	1.7	—	—
Net debt per balance sheet		**(825.4)**	**(2,006.9)**	**(1,498.8)**
Mark to market of interest rate caps		(1.7)	—	—
Adjusted net debt		**(827.1)**	**(2,006.9)**	**(1,498.8)**
Reported net asset value (attributable to owners of the parent company)	2.3b	1,068.5	(129.9)	(27.0)
EPRA net asset value	2.3a	1,068.6	(86.7)	16.6
Gearing				
Basic (Net debt/Reported net asset value)		77%	(1,545%)	(5,551%)
Adjusted gearing (Adjusted net debt/EPRA net asset value)		77%	(2,315%)	(9,029%)
Gearing (EPRA net debt/EPRA net asset value)		77%	(2,315%)	(9,029%)
Loan to value (EPRA net debt/Total property portfolio)	2.3a	46%	113%	105%

4.5 Financial risk factors

The Target Liberty Living Group's activities expose it to a variety of financial risks: market risks (primarily interest rate risk), credit risk and liquidity risk. The objective of the Target Liberty Living Group's financial policy is to maintain solid investment grade credit ratings; as well as to establish a mechanism to ensure that the Target Liberty Living Group can meet its short-term and long-term objectives, reduce financial risk to an acceptable level, optimise its cost of capital and retain sufficient financial and operational flexibility to implement its business plan.

a) Interest rate risk

The Target Liberty Living Group is exposed to interest rate risk because entities in the Target Liberty Living Group borrow funds at both fixed and floating interest rates. The risk is managed by the Target Liberty Living Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate cap contracts.

The Target Liberty Living Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk has arisen in the Target Liberty Living Group on the £250m term loan and £150m RCF entered into in November 2017. The £400m facility incurs interest at LIBOR plus a margin of between 1.45% and 2.20% with the margin dependent on the gearing of the Target Liberty Living Group. To hedge the interest rate risk on the bank debt the Target Liberty Living Group separately purchased a GBP LIBOR interest rate cap with a notional amount of £250 million, a cap rate of 1.75% and a term of five years.

The Target Liberty Living Group's £600m bonds carry interest at a fixed rate.

The sensitivity of the income statement account to interest rate changes on the £400m facility, that could reasonably be expected to occur and taking into account the effect of the interest rate cap have been considered, with no material impact identified.

b) Credit risk on financial instruments

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

The Target Liberty Living Group's material cash balances are held at HSBC Bank plc. The Target Liberty Living Group's policy is to deposit with highly regarded institutions with credit ratings of at least "A-/A3" credit rating by S&P, Fitch or Moody's Investor Services.

Other debtors, prepayments and accrued income are monitored and do not pose any significant credit risk.

The Target Liberty Living Group is not exposed to a concentration of credit risk relating to trade debtors, which comprise individual students which are widely dispersed, or education institutions, none of which individually comprise a material amount of the Target Liberty Living Group's turnover.

The Target Liberty Living Group is geared through borrowings. If any covenant is breached the Target Liberty Living Group may be required to repay the borrowings in whole or in part, together with any associated costs, including the costs of terminating any public bond debt. The covenants are linked to the profitability of the Target Liberty Living Group and the valuation of investment properties. This risk is mitigated by monitoring the covenant compliance throughout the term and for future periods.

The table in note 5.3 details the Target Liberty Living Group's maximum exposure to credit risk by credit risk on its financial assets.

4.5c Liquidity risk

Liquidity risk is the risk that the Target Liberty Living Group will not be able to meet its financial obligations as they fall due.

The Target Liberty Living Group manage liquidity risk by:

- ensuring that there is prudent asset allocation within a diversified property portfolio;
- ensuring that the portfolio has a secure rental income profile;
- having the ability to utilise borrowings to meet cash requirements for operations;
- careful monitoring of the Target Liberty Living Group's cash flow requirements; and
- seeking to refinance or repay debt maturities a minimum of 12 months ahead of their stated maturities, unless it is expected that they will be replaced with other form of capital in which case, the refinancing could occur closer to the maturity.

With regard to trade creditors it is the Target Liberty Living Group's policy to pay its creditors within the agreed credit terms for each creditor.

The following tables detail the Target Liberty Living Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Liberty Living Group can be required to pay.

Contractual maturity

	31 August 2018							
£ million	**Weighted average effective interest rate**	**Less than 1 month**	**1–3 months**	**3 months–1 year**	**1–5 years**	**Over 5 years**	**Total**	**Carrying amount**
Variable interest rate instruments—external	2.63%	—	—	—	271.0	—	271.0	271.0
Fixed interest rate instruments—external	3.12%	—	—	—	—	593.5	593.5	593.5

	31 August 2017							
£ million	**Weighted average effective interest rate**	**Less than 1 month**	**1–3 months**	**3 months–1 year**	**1–5 years**	**Over 5 years**	**Total**	**Carrying amount**
Fixed interest rate instruments—related party	8.60%	1,470.3	—	—	554.5	—	2,024.8	2,024.8

	31 August 2016							
£ million	**Weighted average effective interest rate**	**Less than 1 month**	**1–3 months**	**3 months–1 year**	**1–5 years**	**Over 5 years**	**Total**	**Carrying amount**
Fixed interest rate instruments—related party	5.85%	1,390.7	—	—	—	122.3	1,513.0	1,513.0

The Target Liberty Living Group has access to financing facilities as described in note 4.1, of which £125 million was unused at the reporting date. The Target Liberty Living Group had no facilities for the years ended 31 August 2017 and 31 August 2016. The Target Liberty Living Group expects to meet its other obligations from operating cash flows.

4.6 Operating leases

a) Payable

Accounting policies

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

The total future minimum lease rentals payable under non-cancellable operating leases fall due for repayment as follows:

£ million	Year ended 31 August 2018	2017	2016
Less than one year	0.5	0.5	0.1
Between one and five years	2.2	2.2	—
More than five years	1.6	2.2	—
Total	**4.3**	**4.9**	**0.1**

The majority of the total future minimum lease rentals payable for 2018 and 2017 relate to the future lease rentals payable for the Target Liberty Living Group's lease of its head office. This is a 10 year lease which was signed in 2016 subject to a market rent review after five years. The figures disclosed in the table above are for a 10 year period.

The total operating lease expenditure incurred during the year was £0.6 million (2017: £0.7 million, 2016: £0.6 million).

b) Receivable

The Group accounts for its tenancy contracts offered to commercial and individual tenants as operating leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

£ million	Year ended 31 August 2018	2017	2016
Less than one year	116.6	102.5	102.0
Between one and five years	75.7	66.5	59.3
More than five years	43.0	50.2	50.2
Total	**235.3**	**219.2**	**211.5**

Section 5: Working capital

This section focuses on how the Target Liberty Living Group generates its operating cash flows. Careful management of working capital is vital to ensure that the Target Liberty Living Group can meet its trading and financing obligations within its ordinary operating cycle.

On the following pages you will find disclosures around the Target Liberty Living Group's cash position and how cash is generated from the Target Liberty Living Group's trading activities, and disclosures around trade receivables and payables.

5.1 Cash and cash equivalents

Accounting policies

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Target Liberty Living Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Target Liberty Living Group's cash position at 31 August 2018 was £37.4 million (2017: £17.9 million, 2016: £14.2 million).

There were no restricted cash balances included within cash and cash equivalents for the years ended 31 August 2018, 2017 and 2016.

The Target Liberty Living Group generates cash from its operating activities as follows:

£ million	Year ended 31 August 2018	2017	2016
Profit/(loss) for the year	42.7	(102.9)	15.7
Adjustments for:			
Depreciation and amortisation	2.8	2.6	2.5
Change in value of investment property	27.0	21.5	(31.3)
Net finance costs	**44.3**	**144.7**	**82.4**
Loss on disposal of investment property	—	4.5	—
Tax (credit)/charge	(41.3)	0.4	(3.9)
Cash flows from operating activities before changes in working capital	**75.5**	**70.8**	**65.4**
Decrease/(increase) in trade and other receivables	1.0	(4.2)	(1.9)
Increase/(decrease) in trade and other payables	0.5	3.4	(2.4)
Cash flows from operating activities	**77.0**	**70.0**	**61.1**

5.2 Trade and other receivables

Accounting policies

On the basis that trade receivables meet the business model and cash flow characteristics tests, they can be recognised at amortised cost, which is consistent with the previous measurement under IAS 39. A credit risk assessment based on historic data and specific review of individual debtors was carried out for all trade receivables at the point of recognition and an appropriate expected credit loss has been recognised in line with the requirements of IFRS 9. This change in approach did not have a material impact on the carrying value of trade receivables.

Trade and other receivables can be analysed as follows:

Due less than one year

£ million	Year ended 31 August 2018	2017	2016
Trade receivables	1.2	2.0	0.8
Prepayments and accrued income	2.0	2.0	1.7
Amounts due from related parties due within one year	15.2	131.5	100.6
Other receivables	5.0	5.3	2.9
Trade and other receivables	**23.4**	**140.8**	**106.0**

Due greater than one year

£ million	Year ended 31 August 2018	2017	2016
Amounts due from related parties due after one year	131.8	48.7	22.0
Other receivables	**131.8**	**48.7**	**22.0**

The Target Liberty Living Group offers tenancy contracts to commercial (Universities and retail unit tenants) and individual tenants based on the academic year. The Target Liberty Living Group monitors and manages the recoverability of its receivables based on the academic year to which the amounts relate. Rental income is payable immediately, therefore all receivables relating to tenants are past the payment due date.

£ million	Year ended 31 August 2018	2017	2016
Rental debtors	**2.5**	**2.9**	**1.5**
Expected credit loss carried	(1.3)	(0.9)	(0.7)
Trade receivables	**1.2**	**2.0**	**0.8**

The loss allowance for trade receivables is estimated as an amount equal to the lifetime expected credit loss (ECL). This loss has been estimated using the Target Liberty Living Group's history of loss for similar assets and takes into account current and forecast conditions.

The impact of credit losses is not considered significant in respect of the financial information.

5.3 Credit risk

Credit risk is the risk of financial loss to the Target Liberty Living Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. It arises principally from the Target Liberty Living Group's cash balances, the Group's receivables from customers and intercompany amounts due from related parties.

At the year end, the Target Liberty Living Group's maximum exposure to credit risk was as follows:

£ million	Note	Year ended 31 August 2018	2017	2016
Cash and cash equivalents		37.4	17.9	14.2
Trade receivables	5.2	1.2	2.0	0.8
Amounts due from related parties	5.2	147.0	180.2	122.6
		185.6	**200.1**	**137.6**

a) Cash

The Target Liberty Living Group operates investment guidelines with respect to surplus cash. Counterparty limits for cash deposits are largely based upon long-term ratings published by credit rating agencies.

b) Trade receivables

The Target Liberty Living Group's customers can be split into two groups—(i) students (individuals) and (ii) commercial organisations including Universities. The Target Liberty Living Group's exposure to credit risk is influenced by the characteristics of each customer.

c) Amounts due from related parties

Amounts due from related parties relates to intercompany debtor balances arising from loans and working capital with companies under common control within the Liberty Living Group.

5.4 Trade and other payables

Accounting policies

Trade payables are initially recognised at the value of the invoice received from a supplier (fair value) and subsequently at amortised cost.

The carrying value of trade payables is considered approximate to fair value.

Trade and other payables due within one year can be analysed as follows:

Group

£ million	**Year ended 31 August** **2018**	**2017**	**2016**
Trade payables	1.2	0.9	0.2
Amounts due to related parties	19.5	14.3	19.4
Other payables and accrued expenses	47.0	23.2	20.4
Deferred income	20.4	19.1	13.2
Trade and other payables	**88.1**	**57.5**	**53.2**

Amounts due to related parties relate to intercompany trading balances with entities under common control within the Liberty Living Group. The balances do not accrue interest and are repayable on demand.

Other payable and accrued expenses include taxes and social security payable, other creditors and accruals, including interest accruals.

Deferred income relates to rental income that has been collected in advance of it being recognised as revenue

Section 6: Compensastion of key management personnel

Key management personnel is considered to constitute the Directors of the Target Liberty Living Group. The compensation of key management personnel reflects the remuneration received by the Directors in respect of the qualifying services to the Target Liberty Living Group for the year ended 31 August 2018. Key management personnel compensation, in accordance with IAS 24, for the year ended 31 August 2018 was £2.0m (2017: £2.6m, 2016: £2.0m), as follows:

£ million	**Year to 31 August** **2018**	**2017**	**2016**
Short-term employee benefits	1.7	2.6	1.0
Termination benefits	0.3	—	—
Total compensation of key management personnel	**2.0**	**2.6**	**1.0**

Accounting policies

The Target Liberty Living Group operates a defined contribution pension scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Section B: Accountant's report on the consolidated historical financial information of the Target Liberty Living Group

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The Board of Directors
on behalf of The Unite Group plc
South Quay House
Temple Back
Bristol
BS1 6FL

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

4 July 2019

Dear Sirs,

Liberty Living Group Plc ("Liberty Living" and, with its subsidiaries excluding certain assets (i) in Cardiff and (ii) in Bremen, Germany, and Valencia, Spain, the "Target Liberty Living Group")

We report on the financial information for the three years to 31 August 2018 set out in Section A of Part V of the class 1 circular relating to the acquisition of the Target Liberty Living Group dated 4 July 2019 of the Unite Group plc (the "**Company**") (the "**Circular**"). This financial information has been prepared for inclusion in the Circular on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Listing Rule 13.5.21R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6) consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of the Target Liberty Living Group as at 31 August 2016, 2017 and 2018 and of its profits, cash flows and changes in equity for the three years ended 31 August 2018 and has been prepared in accordance with the basis of preparation set out in note 1 to the financial information.

Yours faithfully

Deloitte LLP

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PART VI

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Section A: Unaudited Pro Forma Financial Information for the Enlarged Group

The unaudited pro forma income statement for the year ended 31 December 2018 and the unaudited pro forma balance sheet as at 31 December 2018 for the Enlarged Group set out in Section A of this Part VI (together the "**Pro Forma Financial Information**") have been prepared on the basis of the notes set out below to illustrate the effect of the Acquisition and the Financing on the income statement of Unite as if they had occurred on 1 January 2018, and on the balance sheet of Unite as if they had occurred on 31 December 2018.

The Pro Forma Financial Information has been prepared in accordance with Annex II of the Prospectus Directive Regulation, as applied by Listing Rule 13.3.3R and in a manner consistent with the accounting policies adopted by Unite in preparing its audited consolidated financial statements for the year ended 31 December 2018.

The Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent Unite's or the Target Liberty Living Group's actual financial position or results. It does not purport to represent what the Enlarged Group's financial position actually would have been if the Acquisition and the Financing had been completed on the dates indicated, nor is it indicative of the results that may or may not be expected to be achieved in the future.

The Pro Forma Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

Unaudited pro forma income statement relating to the Enlarged Group for the year ended 31 December 2018

		Adjustments			
	Unite year ended 31 Dec 2018 Note 1	Target Liberty Living Group year ended 31 Aug 2018 Note 2	Note 3	Note 4	Pro-Forma Note 5
	£m	£m	£m	£m	£m
Rental income	112.7	128.2	—	—	240.9
Other income	15.6	2.7	—	—	18.3
Total revenue	**128.3**	**130.9**	**—**	**—**	**259.2**
Cost of sales	(40.2)	(37.1)	—	—	(77.3)
Operating expenses	(23.6)	(21.1)	—	—	(44.7)
Results from operating activities	64.5	72.7	—	—	137.2
Acquisition costs	—	—	(24.3)	—	(24.3)
(Loss)/profit on disposal of property	(6.8)	—	—	—	(6.8)
Net valuation gains/(losses) on property	105.8	(27.0)	—	—	78.8
Profit before net financing costs	**163.5**	**45.7**	**(24.3)**	**—**	**184.9**
Loan interest and similar charges	(14.3)	(48.4)	—	—	(62.7)
Swap cancellation and loan break costs	(0.1)	—	—	—	(0.1)
Finance costs	(14.4)	(48.4)	—	—	(62.8)
Finance income	0.9	4.1	—	—	5.0
Net financing costs	**(13.5)**	**(44.3)**	**—**	**—**	**(57.8)**
Share of joint venture profit	95.8	—	—	(4.4)	91.4
Profit before tax	**245.8**	**1.4**	**(24.3)**	**(4.4)**	**218.5**
Current tax	(4.1)	(0.1)	—	—	(4.2)
Deferred tax	(4.4)	41.4	—	—	37.0
Profit for the year	**237.3**	**42.7**	**(24.3)**	**(4.4)**	**251.3**
Profit for the year attributable to					
Owners of the parent company	235.7	42.7	(24.3)	(4.4)	249.7
Minority interest	1.6	—	—	—	1.6
	237.3	**42.7**	**(24.3)**	**(4.4)**	**251.3**

Note 1. The results of The Unite Group plc have been extracted without adjustment from its published audited consolidated financial statements for the year ended 31 December 2018.

Note 2. The results of the Target Liberty Living Group for the year ended 31 August 2018 have been extracted without adjustment from Part V (*Historical Financial Information of the Target Liberty Living Group*) of this document.

Note 3. This adjustment reflects the costs of the Acquisition and Placing. Such costs consist of adviser fees wholly attributable to the acquisition and are non-recurring.

Note 4. As a consequence of the transaction, USAF, a fund in which Unite has a 25% interest, will acquire a portfolio of assets located in Cardiff from Liberty Living. An adjustment to reflect the impact of a 25% interest in the Cardiff assets, as if they had been held from the beginning of year has been reflected.

Note 5. The pro forma income statement does not take into account trading of the Unite group subsequent to 31 December 2018 or the Target Liberty Living Group subsequent to 31 August 2018.

Unaudited pro forma balance sheet relating to the Enlarged Group as at 31 December 2018

		Adjustments			
£ millions	Unite as at 31 Dec 2018 Note 1	The Target Liberty Living Group as at 31 Aug 2018 Note 2	Consideration Note 3	Acquisition adjustments Note 4	Pro forma Enlarged Group
Assets					
Non-current assets					
Goodwill/ intangible assets	—	—	—	120.2[a]	120.2
Investment property	1,497.1	1,816.0	—	—	3,313.1
Investment property under development	278.9	—	—	—	278.9
Investment in joint ventures	819.7	—	—	0.2[b]	819.9
Other non-current assets	33.0	13.4	—	—	46.4
Other receivables	—	131.8	—	(63.1)[c]	68.7
Interest rate cap	—	1.7	—	—	1.7
Total non-current assets	**2,628.7**	**1,962.9**	**—**	**57.3**	**4,648.9**
Current assets					
Inventories	9.1	—	—	—	9.1
Trade and other receivables	88.1	23.4	—	(15.1)[c]	96.4
Cash and cash equivalents	123.6	37.4	(15.3)[a]	—	145.7
Total current assets	**220.8**	**60.8**	**(15.3)**	(15.1)	**251.2**
Total assets	**2,849.5**	**2,023.7**	**(15.3)**	**42.2**	**4,900.1**
Liabilities					
Current liabilities					
Borrowings	(1.3)	—	—	—	(1.3)
Trade and other payables	(141.5)	(88.1)	—	19.5[c]	(210.1)
Current tax liability	(4.6)	(0.8)	—	—	(5.4)
Total current liabilities	**(147.4)**	**(88.9)**	—	19.5	**(216.8)**
Non current liabilities					
Borrowings	(591.3)	(864.5)	(310.0)[b]	—	(1,765.8)
Interest rate swaps	(0.1)	—	—	—	(0.1)
Deferred tax liability	(11.9)	(1.8)	—	—	(13.7)
Total non-current liabilities	**(603.3)**	**(866.3)**	**(310.0)**	—	**(1,779.6)**
Total liabilities	**(750.7)**	**(955.2)**	**(310.0)**	19.5	**(1,996.4)**
Net assets	**2,098.8**	**1,068.5**	**(325.3)**	**61.7**	**2,903.7**

Note 1. The assets and liabilities of The Unite Group plc have been extracted without adjustment from its published audited consolidated financial statements for the year ended 31 December 2018.

Note 2. The assets and liabilities of the Target Liberty Living Group as at 31 August 2018 have been extracted without adjustment from Section A of Part V (*Historical Financial Information of the Target Liberty Living Group*) of this document.

Note 3. (a) The cash adjustment of £15.3m reflects £24.3m of costs relating to the Acquisition and Placing net of £9m unutilised proceeds from the Placing.

(b) The total consideration payable by Unite of £1,130.0m is comprised of £550.0m cash and the remainder in shares (see Part I (Letter from the Chairman) of this document). This cash consideration has been funded by the draw down of £310.0m from existing facilities and £240.0m of the net proceeds from the Placing (see Part I (Letter from the Chairman) of this document).

Note 4 (a) Goodwill of £120.2m represents the difference between the consideration of £1,130.0m and the net assets of the Target Liberty Living Group of £1,068.5m adjusted for the intercompany balances between the Target Liberty Living Group and the carved out Cardiff assets that will be eliminated as a result of the transaction totalling £58.7m. No fair value adjustments have been made as fair values will only calculated subsequent to completion of the Acquisition.

(b) The adjustment of £0.2m to investment in joint ventures represents the difference of the Unite share of the consideration paid by USAF and the Unite share of the assets acquired as of 31 August 2018.

(c) The adjustment of £63.1m to other receivables reflects the intercompany balance between the Target Liberty Living Group and the carved out Cardiff assets that will be eliminated as a result of the transaction. The adjustments of £15.1m to trade and other receivables and £19.5m to trade and other payables reflect the intercompany balances between the Target Liberty Living Group and the carved out Cardiff and international assets that will be cleared on completion.

Note 5 The pro forma statement of net assets does not take into account trading of Unite group subsequent to 31 December 2018 or the Target Liberty Living Group subsequent to 31 August 2018.

Section B: Accountant's Report on Unaudited Pro Forma Financial Information for the Enlarged Group

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on behalf of The Unite Group plc
South Quay House
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Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

4 July 2019

Dear Sirs,

The Unite Group plc (the "Company")

We report on the unaudited pro forma financial information (the "Pro Forma Financial Information") set out in Section A of Part VI of the class 1 circular dated 4 July 2019 (the "Circular"), which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the Acquisition and the Financing might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2018. This report is required by the Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.

PART VII

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear at paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors and registered office

Directors

Phil White	Chairman
Richard Smith	Chief Executive Officer
Joe Lister	Chief Financial Officer
Elizabeth McMeikan	Senior Independent Director
Sir Tim Wilson	Non-Executive Director
Ross Paterson	Non-Executive Director
Richard Akers	Non-Executive Director
Ilaria del Beato	Non-Executive Director

The Company is domiciled in the United Kingdom with its registered office and principal place of business at South Quay, Temple Back, Bristol BS1 6FL, United Kingdom. The telephone number of the Company's registered office is +44 (0) 117 302 7000.

Unite was incorporated and registered in England and Wales on 15 May 1996 as a private limited company limited by shares with the name Tracklynx Limited and the registered number 03199160. By a special resolution, the Company converted to a public limited company limited by shares and changed its name to The LDC Group plc on 24 June 1998. By a further special resolution, the Company changed its name to The Unite Group plc on 17 February 1999.

The principal legislation under which the Company operates is the Companies Act 2006 and the regulations made thereunder.

3. Directors interests

Save as disclosed in this paragraph 3, none of the Directors, nor their immediate families or connected persons, have any interests (beneficial or non-beneficial) in the share capital of The Unite Group plc or its subsidiaries.

Save as disclosed in this paragraph 3 and paragraph 5 of this Part VII, no other person involved in the Acquisition has an interest which is material to the Acquisition.

3.1 Share interests

The Directors have the following interests in the Ordinary Shares (including beneficial interests or interests of a person connected with a Director) as at the Latest Practicable Date:

Director	Interests as at the Latest Practicable Date[(1)] No.	% of total issued share capital
Directors		
Phil White	13,566	0.005
Richard Smith	254,564	0.096
Joe Lister	446,931	0.169
Elizabeth McMeikan	6,528	0.002
Sir Tim Wilson	6,275	0.002
Ross Paterson	7,163	0.003
Richard Akers	0	0
Ilaria del Beato	0	0

(1) The Directors' interests in the Ordinary Shares set out above include the beneficial interests of the Directors and their immediate families.

Taken together, the combined percentage interest of the Directors in the voting rights in respect of the issued ordinary share capital of Unite at the Latest Practicable Date was less than 0.29 per cent.

The Directors have no interest in the shares of Unite's subsidiaries.

3.2 Share awards

The Directors had the following options and awards relating to the Ordinary Shares under Unite's employee share schemes.

Deferred bonus awards outstanding

In the event that the Executive Directors do not hold a minimum number of Unite shares, a portion of their performance related annual bonus is paid as conditional share awards under the deferred bonus scheme. Deferred bonus shares will normally be retained and will be released in full following completion of the applicable two- or three-year deferral period. There are currently no deferred bonus shares outstanding.

Long Term Incentive Plan ("LTIP") awards outstanding

LTIP awards are subject to performance conditions. Performance against relevant metrics measured over a period of at least three years. The Committee will select performance measures ahead of each cycle to ensure that they continue to be linked to the delivery of the Company strategy. Under each measure, threshold performance will result in up to 25 per cent. of maximum vesting for that element, rising on a straight-line to full vesting.

Date of award	No. of shares under award	Option price (if any)	End of performance period over which conditions must be met
Richard Smith			
23 June 2016	134,882	641.5p	31 December 2018
10 April 2017	137,454	642.0p	31 December 2019
10 April 2018	110,997	811.0p	31 December 2020
Joe Lister			
23 June 2016	109,941	641.5p	31 December 2018
10 April 2017	112,033	642.0p	31 December 2019
10 April 2018	90,471	811.0p	31 December 2020

Save As You Earn Scheme ("SAYE") awards outstanding

Options held under the SAYE scheme. This is a savings based share option scheme that is not subject to performance conditions. It is an HMRC approved scheme whereby employees (including Executive Directors) may save up to the maximum monthly savings limit (as determined by prevailing HMRC guidelines) over a period of three years. Options are granted at up to a 20 per cent. discount. Savings are capped at the prevailing HMRC limit at the time employees are invited to participate.

Date of award	No. of shares under award	Option price (if any)	End of performance period over which conditions must be met
Joe Lister			
SAYE 2017 scheme	1,617	556.4p	1 December 2020
SAYE 2018 scheme	1,266	710.8p	1 December 2021

4. **Directors' service contracts and letters of appointment**

4.1 **Executive Directors**

Details of the service contracts entered into are set out below:

	Date of appointment	Notice period by Company (months)	Notice period by Director (months)
Richard Smith	28 September 2011	12 months	12 months
Joe Lister	02 January 2008	12 months	12 months

Executive Directors of the Company are appointed under service contracts, subject to annual re-election by shareholders. The service contracts contain a termination notice period of 12 months.

4.2 **Non-Executive Directors**

Details of the terms of the letters of appointment of the Non-Executive Directors are set out below:

	Date of appointment	Notice period by Company (months)	Notice period by Director (months)
Phil White	21 January 2009	1 month	1 month
Elizabeth McMeikan	01 February 2014	1 month	1 month
Sir Tim Wilson	01 December 2010	1 month	1 month
Ross Paterson	21 September 2017	1 month	1 month
Richard Akers	1 September 2018	1 month	1 month
Ilaria del Beato	1 December 2018	1 month	1 month

Non-Executive Directors of the Company are appointed by letters of appointment for a three-year term, subject to annual re-election by shareholders.

The letters of appointment of the Non-Executive Directors can be terminated on one months' notice by either party. The Chairman's letter of appointment has a one month notice period. Non-Executive Directors are not eligible to participate in any pension, bonus or share incentive schemes.

5. **Proposed Director**

On 3 July 2019, the Company announced the appointment of Thomas Jackson as a new non-executive director to the Board. This appointment will be effective from Completion and made in accordance with CPPIB Holdco's rights pursuant to the Relationship Agreement.

Biography

Thomas has been the head of CPPIB's UK real estate business since 2015 and is responsible for CPPIB's entry into a number of new real estate sectors, including student housing, life sciences and the Built-to-Rent sector. Thomas currently sits on the board of Liberty Living, as well as CPPIB's office, retail and logistics joint venture boards. Beyond the UK, Thomas is also responsible for CPPIB's real estate investment activity in Germany and the CEE regions. Thomas originally joined CPPIB in 2011 and was instrumental in its transaction activity in Spain, the Nordics and some of

CPPIB's first investments into India. Prior to joining CPPIB, Thomas was a Vice President in the real estate investment banking team at Macquarie bank and focused on M&A transactions within UK and European public and private real estate companies. Thomas holds a BSc (first class honours) from the University of Nottingham and an MSc (Distinction) from the University of London Southbank. He holds MRICS and IMC (CFA) certifications.

Other directorships of publicly quoted companies

The only publicly quoted company of which Thomas Jackson is a director is Liberty Living Group plc, which is quoted on The International Stock Exchange.

Conflicts of interest and other matters

The Company is not aware of any conflict of interest between any duties owed by Thomas Jackson to the Company and his private interests or other duties, except that Thomas Jackson has been nominated to the Board by CPPIB Holdco under the terms of the Relationship Agreement. Following Completion, Thomas Jackson will continue in his role with CPPIB.

As at the date of this Circular, the Proposed Director does not have details for disclosure of:

- any unspent convictions in relation to indictable offences;
- any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or with any class of creditors where the Proposed Director was an executive director at the time of, or within the 12 months preceding, such events;
- any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where the Proposed Director was a partner at the time of, or within the 12 months preceding, such events;
- details of receiverships of any asset of any company or partnership of which the Proposed Director was a director or partner at the time of, or within the 12 months preceding, such events; or
- any official public incrimination or sanctions by any statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

There are no family relationships between Thomas Jackson and any of the Directors.

Proposed Director's letter of appointment

Thomas Jackson is expected to be appointed to the Board pursuant to the terms of a letter of appointment on substantially the same terms as the letters of appointment for the current Non-Executive Directors, save that Thomas Jackson will not receive a fee from Unite for his role as a non-executive director of Unite.

6. **Significant shareholders**

As at the Latest Practicable Date, the following persons had notified the Company of an interest which represents 3 per cent. or more of the voting share capital of the Company who, directly or indirectly, is interested in 3 per cent. or more of the Ordinary Shares, and the amount of such person's interest, is as follows:

	Interest as at the Latest Practicable Date	
Shareholder	**No. of Ordinary Shares**	**% of total issued share capital**
BlackRock Inc	21,354,737	8.09
APG Asset Management NV	20,772,509	7.87
The Vanguard Group Inc	11,509,452	4.36
Standard Life Aberdeen	9,173,338	3.48
State Street Global Advisors Ltd	8,996,034	3.41
MFS Investment Management	8,388,343	3.18
Merian Global Investors Ltd	8,100,687	3.07

Save as disclosed in this paragraph 5, the Company is not aware of any interest which represents an interest in the Company's share capital or voting rights which is notifiable under the Disclosure Guidance and Transparency Rules.

7. Related party transactions

Save as disclosed in the information incorporated by reference into this document referred to in paragraph 14 below, no member of the Unite group entered into any transactions with related parties during the years ended 31 December 2018, 2017 and 2016. For further information, see:

- Note 3.4(c) of the notes to the audited consolidated financial statements for Unite for the year ended 31 December 2018 which can be found at pages 136 and 137 of the Unite Annual Report 2018;
- Note 3.4(c) of the notes to the audited consolidated financial statements for Unite for the year ended 31 December 2017 which can be found at pages 137 and 138 of the Unite Annual Report 2017; and
- Note 3.4(c) of the notes to the audited consolidated financial statements for Unite for the year ended 31 December 2016 which can be found at pages 136 and 137 of the Unite Annual Report 2016.

For the period from and including 31 December 2018 and the Latest Practicable Date, there were no related party transactions entered into by any member of the Unite group.

8. Material contracts

8.1 Unite

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company or any member of the Unite group is a party, for the two years immediately preceding the date of publication of this document and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Unite group which contains any provision under which any member of the Unite group has any obligation or entitlement which is material to Unite as at the date of this document:

8.1.1 *Acquisition Agreements*

For a description of the agreements entered into by the Company in connection with the Acquisition, see Part III (*Summary of the Principal Terms of the Acquisition*) of this Circular.

8.1.2 *Placing and Sponsor's Agreement*

In connection with the Placing, the Company, J.P. Morgan Cazenove and Numis (together, the "**Banks**") have entered into the placing and sponsor's agreement dated 3 July 2019, pursuant to which and subject to certain conditions, the Company has agreed to allot and issue the Placing Shares at the Placing Price and the Banks have agreed to act as agents for the Company and to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price, and to subscribe themselves in respect of any Placing Shares for which the relevant subscriber defaults at settlement. Furthermore, the placing and sponsor's agreement sets out terms and on which the Company has appointed the Sponsor to act as sponsor in connection with the publication of this Circular.

The obligations of the Banks under the placing and sponsor's agreement are subject to certain conditions being satisfied, including, amongst others, the Company having complied with its obligations under the placing and sponsor agreement, the warranties not being untrue, inaccurate or misleading in any respect, no material adverse change having occurred, certain announcements having been made within the transaction timetable and delivery to the Banks of certain documents. If any of the conditions are not or satisfied (or waived by the Banks), then the placing and sponsor's agreement shall terminate.

The placing and sponsor's agreement contains warranties from the Company in favour of the Banks in relation to matters relating to Unite and its business and the Liberty Living portfolio, together with provisions which enable the Banks to jointly terminate the placing and sponsor's agreement in certain circumstances prior to admission of the Placing Shares to the premium listing segment of the Official List of the FCA and the London Stock Exchange's main market for listed securities. The sponsor may separately terminate the agreement in respect of its role if the Sponsor's engagement letter is terminated by the Sponsor in accordance with its terms or any matter arises which the Sponsor considers (acting in good faith) may adversely affect its ability to perform its functions under Chapter 8 of the Listing Rules or fulfil the obligations of the sponsor. In addition, the Company has agreed to indemnify the Banks in respect of certain liabilities they might incur in respect of the Placing and the Acquisition. The liability of the Company pursuant to the placing and sponsor's agreement is unlimited by time or amount.

The Company has agreed to pay the Banks' properly incurred costs and expenses (including any applicable VAT) in respect of the Placing and the Acquisition.

8.1.3 ***2018 Placing Agreement***

The Company carried out a placing to raise gross proceeds of approximately £170 million in February 2018. A placing agreement in respect of this placing was entered into between the Company and the Banks on 21 February 2018, pursuant to which the Banks agreed, subject to certain conditions, to act as agent for the Company and to use their reasonable endeavours to procure subscribers for 22,206,872 Ordinary Shares at 765 pence per Ordinary Share, and to subscribe themselves in respect of any such Ordinary Shares for which the relevant subscriber defaulted at settlement.

The placing agreement contained warranties from the Company in favour of the Banks in relation to matters relating to Unite and its business. In addition, the Company agreed to indemnify the Banks in respect of certain liabilities they might incur in respect of that placing.

The Company agreed to pay the Banks' costs and expenses (including any applicable VAT) in respect of the placing.

8.1.4 ***Legal and General Facility—£121 million loan***

On 27 April 2012, LDC (Portfolio 100) Limited, as borrower, and a number of Unite Group companies, as obligors, entered into a term loan facility agreement with Legal & General Pensions Limited as lender and LGIM Commercial Lending Limited as facility agent and arranger. Under this agreement, a £121,000,000 term loan facility was made available for drawing by the borrower. The facility has been partially repaid, and currently the loan amount outstanding is £108,500,000.

The facility is to be used only for the specified acquisitions, refinancing existing indebtedness relating to specified properties and for general corporate purposes.

The facility terminates on the tenth anniversary of the date of the agreement, i.e. 27 April 2022. The availability period for the facility terminates the date falling eleven business days after the date of the agreement.

The interest rate charged on the facility is the percentage rate per annum equal to the aggregate of 2.75%, the ask rate determined by the facility agent, and the mandatory cost calculated by the facility agent in accordance with the agreement.

Certain fees have been paid and/or are payable to the finance parties in connection with the facility including a facility agent fee and arrangement fee.

The facility is subject to mandatory prepayment of certain amounts including, among others, the amount of certain insurance pre-payment proceeds and certain lease pre-payment proceeds. The Legal and General Facility may be prepaid in whole or in any part (but if in part, being an amount that reduces it by a minimum amount of £5,000,000 and in integral multiples of £1,000,000).

The facility agreement also contains events of default typical for loan facilities of this type (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) breach of other obligations; (c) misrepresentation (d) cross-default; (e) insolvency; (f) insolvency proceedings; (g) creditors' process; (h) cessation of business; (i) effectiveness of finance documents; (j) compulsory purchase; (k) major damage; (l) headlease forfeiture or irritation; (m) change of control of obligors; (n) material adverse change; and (o) acceleration.

The facility agreement contains customary representations relevant to the obligors' capacity and authority to enter into the facility and request loans thereunder, compliance with its terms and the accuracy of information provided to lenders, among other things.

The facility agreement imposes customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals of assets outside of the Unite group and disposals without consent of all the lenders; (c) restricting financial indebtedness; (d) mergers; (e) change of the general nature of the business of the Unite group; (f) entering into certain acquisitions; (g) restrictions on payment of dividends; and (h) restrictions on entering into contracts, in each of (a)–(h), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements to the lenders; (b) provision of compliance certificates and supporting evidence; (c) maintaining the ownership structure of the borrower; (d) payment of tax; (e) compliance with law; (f) covenants in respect of the trust instrument; (g) specific property undertakings relating to, inter alia, title, headleases, maintenance and environmental matters; and (h) ensuring the loan service cover is, at all times, at least 150%.

The facility agreement is governed by English law.

8.1.5 ***Massachusetts Mutual Life Insurance Company—£124 million***

On 29 January 2014, LDC (Portfolio 20) Limited, as borrower, and a number of Unite companies, as guarantors, entered into a term loan facility with Massachusetts Mutual Life Insurance Company as lender. The total commitments under the facility were up to £124 million as at the date of the facility, and the maturity date of the facility is 29 January 2024.

The interest rate applicable to the loan advanced pursuant to the facility will be as set out in a separate rate fixing letter, and shall be the aggregate of the swap rate (as will be defined in the rate fixing letter) and the margin of 1.75 per cent. per annum. The facility contains certain financial covenants including:

- at all times following the first anniversary on which the loan is made, the historic interest cover must be at least 150 per cent.;
- at all times, the projected interest cover must be at least 150 per cent.; and
- a LTV covenant of 75 per cent..

The facility agreement also contains representations and undertakings typical for loan facilities of this type.

The facility agreement also contains events of default typical for loan facilities of this type (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) breach of financial covenants; (c) breach of other obligations; (d) misrepresentation; (e) cross-default; (f) insolvency; (g) insolvency proceedings; (h) creditors' process; (i) unlawfulness and invalidity; (j) repudiation; (k) material adverse change; (l) compulsory purchase; (m) major damage; (n) forfeiture of the headlease; (o) change of ownership of the obligors; (p) acceleration; (q) cessation of business; and (r) early prepayment.

The facility agreement contains financial covenants regarding historic interest cover, projected interest cover and loan to value. In summary:

- historic interest cover at all times following the first anniversary of the utilization date shall be at least 150 per cent.

- projected interest cover at all times shall be at least 150 per cent.; and
- loan to value cannot at any time exceed 75 per cent..

The facility agreement includes limited cure rights in the event of any of the financial covenants are breached.

In addition to the financial covenants, the facility agreement imposes certain customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals of assets outside of the Unite group and disposals without lender consent (unanimous in the case of certain core properties); (c) mergers; (d) change of the general nature of the business of the Unite group; (e) entering into certain acquisitions; (f) incurring financial indebtedness; (g) lending or entering into guarantees; (h) acquisition of additional properties without lender consent (i) entry into other agreements; (j) payment of dividends (excluding payments permitted by the facility); and (k) operation of a pension scheme; in each of (a)–(j), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements to the lenders; (b) provision of compliance certificates and supporting evidence; (c) provision of additional information to the lenders; (d) notification of any default; (e) compliance with laws; (f) completion of “know your customer” checks; (g) payment of VAT and other taxes; and (h) specific property undertakings relating to title, headleases, and maintenance.

The facility agreement is governed by English law.

8.1.6 ***HSBC Facilities—£350 million***

On 20 November 2017, the Company, as borrower, and a number of subsidiaries of the Company, as guarantors, entered into a bridge term loan and a revolving credit facility with HSBC Bank plc and National Westminster Bank as lenders and arranger, and HSBC Bank plc and The Royal Bank of Scotland plc as hedge counterparties. Under this agreement, a £150,000,000 bridge term loan facility and a £350,000,000 revolving loan facility were made available to Unite for drawing by the borrower.

The bridge term loan and revolving credit facility were to be applied towards repayment of the Krug facility in full and thereafter towards the general corporate purposes of Unite, the refinancing of any of Unite’s existing secured debt and/or refinancing any facilities of Unite that have a maturity date which is prior to the termination date of the revolving credit facility.

The bridge term loan terminated on the first anniversary of the date of the agreement, i.e. 20 November 2018. The revolving credit facility terminates on the fifth anniversary of the date of this agreement, i.e. 20 November 2022, with the option to extend it by two years, which the lenders may accept in their sole discretion. The availability period for the facility terminates one month prior to the term of the facility.

The revolving credit facility may be prepaid in whole or in any part (but if in part, being an amount that reduces it by a minimum amount of £5,000,000). The facility agreement contains no prepayment penalties, although break costs may be payable in certain circumstances.

The interest rate charged on the revolving credit facility is the percentage rate per annum which is the aggregate of LIBOR and a margin of 1.45% per annum until the date that the margin is tested by reference to the first compliance certificate delivered after the date of the agreement. Following the delivery of the compliance certificate, the margin will be the rate per annum determined by reference to the net gearing ratio in accordance with the agreement.

Certain fees have been paid and/or are payable to the finance parties in connection with the facilities, including a commitment fee, an arrangement fee and an agency fee.

The facility agreement also contains events of default typical for loan facilities of this type (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) breach of financial covenants; (c) breach of other obligations; (d) misrepresentation; (e) cross-default; (f) insolvency; (g) insolvency proceedings; (h) creditors’ process; (i) unlawfulness; (j) repudiation; and (k) material adverse change.

The facility agreement contains financial covenants regarding gearing, unencumbered assets and interest cover. In summary:

- the ratio of unencumbered assets to unsecured borrowings must not be less than 1.70 to 1.

- gearing must not at any time exceed 1.50:1.
- interest cover in respect of any relevant period shall not be less than 2.00:1.
- joint venture net asset value must not exceed 55 per cent. of total non-current assets.
- wholly-owned development assets must not exceed 30 per cent. of total non-current assets.

The facility agreement includes limited cure rights in the event of any of the financial covenants are breached.

In addition to the financial covenants, the facility agreement imposes certain customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals without majority lender consent; (c) mergers; (d) change of the general nature of the business of the Unite group; (e) entering into certain acquisitions; and (f) incurring financial indebtedness, in each of (a)–(f), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements to the lenders; (b) provision of compliance certificates and supporting evidence; (c) maintaining the asset manager; (d) maintaining certain insurance; (e) compliance with sanctions law; (f) compliance with anti-bribery law; and (g) specific property undertakings relating to title and headleases.

The facility agreement is governed by English law.

8.1.7 ***Retail Bonds—£90 million***

In December 2012, the Company issued £90,000,000 6.125 per cent. retail bonds due in June 2020. The retail bonds are issued in the denomination of £100 (each with bearer coupons attached on issue). They are transferrable, unsecured and rank at least equally with the Company's other present and future unsecured and unsubordinated obligations. A trust deed was entered into between the Company and U.S. Bank Trustees Limited on 12 December 2012 which created the retail bonds.

Pursuant to the trust deed, the Company covenants that it will ensure that none of its subsidiaries will create any security interest, other than a "permitted interest" (as defined below), upon the whole or any part of its present or future undertaking, assets or revenues.

A "permitted security interest" means one of the following:

- any security interest existing on assets at the time of their acquisition or securing relevant indebtedness of a person existing at the time that such person is merged into or consolidated with the issuer or becomes a subsidiary, provided that such security interest was not created in contemplation of such acquisition, merger or consolidation or event and in the case of a merger or consolidation, does not extend to any assets or property of the issuer or any subsidiary;
- any security interest which is in existence prior to the date of issue and any renewal or perfection undertaken on such security interest pursuant to an amendment, restatement or re-financing of the relevant underlying indebtedness; or
- any security interest mandatorily imposed by law.

The interest rate applicable to the retail bonds is 6.125 per cent. per annum, payable semi-annually in equal instalments of £3.0625 per £100 until the due date for redemption. Unless previously redeemed or purchased and cancelled, the retail bonds will be redeemed at their principal amount on 12 June 2020. Retail bonds may be redeemed at the option of the Company, for example for taxation reasons, or by the bondholders upon a change of control of the Company.

The Company has given certain covenants, including the following financial covenants:

- a LTV covenant of 75 per cent.; and
- an interest cover covenant, requiring the ratio of net see-through operating income to net see-through financing costs to be at least 1.5.

In certain circumstances, such as non-payment, insolvency or cross-acceleration, U.S. Bank Trustees Limited may give notice to the Company that the retail bonds are due, and they shall immediately become due and payable at their principal amount (together with any interest).

The documentation setting out the terms of the bonds (including the trust deed and the agency agreement) contain certain representations and undertakings.

The bond documentation contains standard capital markets events of default for: (a) non-payment of interest; (b) breach of other obligations in respect of the bonds or the relevant trust deed; (c) cross-acceleration in respect of the Company or any material subsidiary of the Company provided that such accelerated indebtedness not paid when due, individually or in aggregate, exceeds £10,000,000; (d) enforcement proceedings against the Company or any material subsidiary of the Company; (e) security is enforced over the assets of the Company or a subsidiary of the Company; (f) insolvency of the Company or a subsidiary of the Company; (g) the passing of an order for the winding up of the Company or a subsidiary of the Company; (h) failure by the Company to obtain any required authorisations and consents; (i) illegality; and (j) any analogous event occurs.

The bonds may be redeemed by the Company prior to their redemption dates for tax reasons in the event that the borrower becomes obliged to gross up interest payments as a result of changes to UK tax, subject to the satisfaction of certain conditions.

The bonds may be redeemed at the option of the bondholders upon a change of control of the Company.

The Company may redeem the bonds at any time by giving a prescribed amount of notice to bondholders.

The bonds are governed by English law.

8.1.8 ***Guaranteed Bonds—£275 million***

On 15 October 2018, the Company issued £275,000,000 3.500 per cent. guaranteed bonds due in 2028. The guaranteed bonds are serially numbered and in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, with coupons attached at the time of issue.

The guaranteed bonds are subject to, and have the benefit of, a trust deed dated 15 October 2018 between the Company, certain subsidiaries of the Company as guarantors and HSBC Corporate Trustee Company (UK) Limited as trustee. The guaranteed bonds are the subject of an agency agreement dated 15 October 2018. The guaranteed bonds, the trust deed and the agency agreement are governed by English law.

The documentation setting out the terms of the guaranteed bonds (including the trust deed and the agency agreement) contain certain representations, undertakings and events of default.

Events of default with appropriate carve-outs and materiality thresholds, where relevant, are set out in the conditions applicable to the guaranteed bonds and cover standard events such as non-payment, breach of covenants, cross default, unsatisfied judgment against the Company or a guarantor, enforcement of security, insolvency and insolvency proceedings.

Pursuant to the trust deed, the Company covenants that it will ensure that none of its subsidiaries shall create any security interest upon the whole or any part of its present or future undertaking, assets or revenues.

The interest rate applicable to the bonds is 3.500 per cent. per annum payable annually in arrears on 15 October in each year commencing on 15 October 2019. Unless previously redeemed or purchased and cancelled, the bonds will be redeemed at their principal amount on 15 October 2028. The guaranteed bonds may be redeemed for tax reasons at the option of the Company, or at the option of bondholders upon a change of control of the Company.

The Company has given certain covenants, including the following financial covenants:

- Gearing does not at any time exceed 1.75:1;
- Secured gearing does not at any time exceed 0.25:1; and
- interest cover, based on consolidated profit before tax to net interest expenses (each subject to certain adjustments) in respect of each 12 month period shall not be less than 1.75:1.

In certain circumstances, such as non-payment, insolvency or cross-default, HSBC Corporate Trustee Company (UK) Limited may give notice to the Company that the bonds are due, and they shall immediately become due and payable at their principal amount (together with any interest).

The bond documentation contains standard capital markets events of default for: (a) non-payment of interest or principal; (b) breach of other obligations in respect of the bonds or the relevant trust deed; (c) cross-default by the Company, a guarantor or any material subsidiary of the Company provided that such indebtedness not paid when due, individually or in aggregate, exceeds £10,000,000; (d) unsatisfied judgment in excess of £10,000,000 against the Company, any guarantor or a subsidiary of the Company; (e) security is enforced over the assets of the Company, any guarantor or a subsidiary of the Company; (f) insolvency of the Company, any guarantor or a subsidiary of the Company; (g) cessation of business by the Company, a guarantor or a subsidiary of the Company; (h) the passing of an order for the winding up of the Company, any guarantor or a subsidiary of the Company; (i) any analogous insolvency related event occurs; and (j) any guarantee (that has not been released in accordance with the provisions of the relevant trust deed) is not in full force and effect.

The bonds may be redeemed prior to their redemption dates for tax reasons in the event that the borrower or the guarantors become obliged to gross up interest payments as a result of changes to UK tax, subject to the satisfaction of certain conditions.

The bonds may be redeemed at the option of the bondholders upon a change of control of the Company.

The Company may redeem the bonds at any time by giving a prescribed amount of notice to bondholders.

The bonds are governed by English law.

8.1.9 ***Agreements relating to the constitution and management of the Unite UK Student Accommodation Fund***

USAF Trust Instrument

USAF was established on 1 August 2006 as a Jersey unit trust and is constituted by an amended and restated trust instrument between Sanne Trustee Services Limited (as trustee) and USAF Jersey Manager Limited (as manager) dated 5 May 2010, as amended by supplemental instruments dated 6 November 2015, 16 December 2015 and 7 November 2017.

The objects of USAF are to acquire and manage a diversified portfolio of institutional quality direct-let student accommodation properties within the UK.

The trust instrument sets out the rights and obligations attaching to units in USAF. In particular, a unitholder may transfer its units (but not part of any unit) with the prior written consent of USAF Jersey Manager Limited. A B unitholder may only transfer B units (which carry an entitlement to receive ordinary units in USAF where USAF achieves certain financial returns) to an associate of Unite Integrated Solutions plc.

Unitholders are entitled to request that their units be redeemed on a calendar quarterly basis. Redemptions requests are grouped into quarterly vintages (with earlier vintages taking priority over later vintages) and redemptions are subject to availability of funds, such units shall be redeemed at 98 per cent. of the net asset value per unit, as adjusted for any subsequent distributions to unitholders and any issues or redemptions of units. Where there are insufficient funds available to redeem units in respect of which redemption requests have been made, USAF Jersey Manager Limited will endeavour to accommodate such requests through seeking purchasers for such units; increasing borrowings or refinancing existing borrowings (subject to the leverage restrictions of USAF); raising additional equity in USAF; and/or, where necessary, selling properties, subject to certain conditions. Where a property is to be sold to satisfy redemptions, it shall first be offered to the Company and, subject to the consent of USAF's advisory committee, shall be sold, if the Company elects, to the Company at its market value plus the notional SDLT (if any).

The Company shall be entitled to redeem its units on the same terms as other unitholders subject to maintaining a minimum combined ownership interest in USAF based on the following marginal ownership percentages: (a) 20 per cent. up to an aggregate net asset value of £300 million; (b) 10 per cent. for that part of aggregate net asset value from £300 million to £500 million; and (c) 5 per cent.

for that part of aggregate net asset value greater than £500 million, provided that the Company must maintain an absolute minimum holding of 10 per cent. of the aggregate net asset value of USAF.

Sanne Trustee Services Limited (as trustee of USAF) may, at the direction of USAF Jersey Manager Limited, arrange borrowing on behalf of USAF, provided that borrowing may not exceed 60 per cent. (or such higher percentage, not exceeding 75 per cent., as USAF's advisory committee may from time to time approve) of the aggregate market value of all properties owned (or the proportionate interest owned) by USAF.

USAF Property and Asset Management Agreement

Pursuant to the terms of the Property and Asset Management Agreement dated 7 November 2006 (as amended by a deed of variation dated 7 November 2017) between, inter alia, Sanne Trustees Services Limited (as trustee of USAF), USAF Jersey Manager Limited and Unite Integrated Solutions plc, Unite Integrated Solutions plc provides investment advice to USAF Jersey Manager Limited, as well as property and asset management services to USAF and its subsidiary undertakings. Unite Integrated Solutions plc's appointment may be terminated in accordance with the provisions of this agreement and the trust instrument described above.

Unite Integrated Solutions plc shall be entitled to the following cash fees in respect of the provision of its services:

- an asset management fee in respect of each calendar quarter equal to the sum of (i) 0.11% of the net asset value of USAF (grossed up to include the value of any participation held directly by Unite and its associates in the investment subsidiaries of USAF) and (ii) 5.6% of the Net Operating Income relating to the relevant quarter (and where "Net Operating Income" means, in the case of the relevant calendar quarter, the aggregate income derived from USAF's properties relating to the relevant period less the aggregate operating costs and budgeted costs relating to same period);
- a cash management fee equal to 0.1 per cent. per annum of the average daily cash balance (excluding certain amounts) held by USAF; and
- an acquisition fee of 1 per cent. of the acquisition price of any asset acquired by USAF from third parties other than the Company.

In addition to those fees paid in cash, Unite is entitled to an annual performance related participation payable in units which is calculated as 25 per cent. of any cumulative returns over a 9 per cent. internal rate of return.

USAF will meet all the direct costs associated with the operation of properties held by USAF.

USAF Pipeline Agreement

Development Assets

Under the terms of the USAF Pipeline Agreement dated 7 November 2006 (as amended by deeds of variation dated 3 April 2008 and 7 November 2017) and between the Company, Sanne Trustee Services Limited (as trustee of USAF) and USAF Jersey Manager Limited, USAF may, with the consent of the USAF advisory committee, purchase UK direct-let student accommodation properties that have been developed by, and which are owned by, the Company or its associates, and which are offered for sale by the Company or its relevant associate(s) to USAF. The Company or its relevant associate(s) are obliged to offer to sell any such properties prior to the sale of to a third party, under a right of first offer in favour of USAF.

The purchase price of the relevant assets will be its/their market value plus notional SDLT (if any).

Acquisition Assets

The Company agrees to notify USAF of existing UK direct-let student accommodation properties that the Company has identified for potential acquisition by USAF from third parties and which meet the investment and operating criteria as soon as reasonably practicable. Subject to the foregoing and USAF having sufficient funds, USAF is obliged to acquire the asset once terms are agreed with the third party. If the asset does not meet the investment and operating criteria, and USAF has sufficient funds in accordance with the trust instrument, the approval for the acquisition by the advisory committee is required prior to USAF acquiring the asset, in the absence of such consent such asset may be acquired by the Company.

This agreement terminates on the earlier of the termination of USAF and the USAF property manager ceasing to be an associate of the Company.

USAF Secured bond—£690 million

On 19 November 2013, Unite (USAF) II plc issued £380,000,000 3.374 per cent. commercial mortgage backed notes due 30 June 2023 and £185,000,000 3.921 per cent. commercial mortgage backed notes due 30 June 2025 pursuant to a note trust deed between Capita Trust Company Limited and Unite (USAF) II plc (as issuer). In 2016, a further £125,000,000 3.921 per cent. commercial mortgage backed notes due 30 June 2025 were issued, resulting in a total of £310,000,000 commercial mortgage backed notes due 30 June 2025. The terms and conditions of the bonds are identical, other than the interest rate and date of maturity.

The notes constitute direct, secured, unsubordinated and unconditional obligations on the issuer, and rank equally without preference or priority amongst themselves.

Pursuant to the note trust deed, the issuer makes certain covenants, including that it will not do any of the following:

- create (or permit to subsist) any security interest over any of its assets;
- dispose of any of its receivables;
- pay any dividend or make any other distribution to shareholders;
- consolidate or merge with any other person; or
- acquire shares, securities or other ownership interests in any company or any other person or acquire any business.

The interest rate applicable to the bonds is 3.374 per cent. per annum, payable quarterly in arrears on the 31 March, 30 June, 30 September and 31 December until the due date for redemption. The bonds mature on 30 June 2023. The bonds may be redeemed at the option of the Company, for example for taxation reasons.

In certain circumstances, such as non-payment, insolvency or failure by the obligor to perform any of its obligations, Capita Trust Company Limited may, at its discretion, give notice to the Company that the bonds are due, and they shall immediately become due and payable at their outstanding principal amount (together with any interest).

The notes, the agency agreement and the note trust deed are governed by English law.

USAF Wells Fargo Facility—£100 million

On 11 August 2016, USAF No.18 Limited Partnership, acting through its general partner, USAF GP No.18 Limited, as borrower, and a number of subsidiaries of the Company, as obligors, entered into a term loan facility agreement with Wells Fargo Bank, N.A., London Branch as lender, mandated lead arranger, agent and security trustee, and Wells Fargo Securities International Limited as hedge counterparty. Under this agreement, a £100,000,000 term loan facility was made available for drawing by the borrower.

The facility is to be applied towards the general corporate purposes of Unite (other than certain excluded subsidiaries), financing acquisitions of specific additional properties, and payment of any fees, costs and expenses, stamp registration and other taxes incurred by any obligor in connection with entry into the finance documents relating to the facility.

The facility terminates on the fifth anniversary of the date of this agreement, i.e. 11 August 2021, with the option to extend it by two years, which the lenders may accept in their sole discretion. The availability period for the facility terminates three months prior to the term of the facility.

The interest rate charged on the facility is the percentage rate per annum which is the aggregate of LIBOR and a margin defined in the agreement. On or before the first utilisation date, the borrower shall enter into hedging agreements in accordance with the agreement.

Certain fees have been paid and/or are payable to the finance parties in connection with the facility, including a commitment fee, an arrangement fee and an agency and security agent fee.

The facility is subject to mandatory prepayment of certain amounts including, among others, the amount of any hedging prepayment proceeds or certain lease pre-payment proceeds. The facility may be prepaid in whole or in any part (but if in part, being an amount that reduces it by a minimum amount of £1,000,000). Break costs and other pre-payment fees may be payable under this agreement.

The facility agreement also contains events of default typical for loan facilities of this type (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) breach of financial covenants; (c) breach of other obligations; (d) misrepresentation; (e) cross-default; (f) insolvency; (g) insolvency proceedings; (h) creditors' process; (i) cessation of business (j) unlawfulness; (k) repudiation; (l) compulsory purchase; (m) major damage; (n) headlease or management lease forfeiture; (o) change of control; (p) material adverse change; (q) material litigation; and (r) acceleration.

The facility agreement contains financial covenants regarding loan to value ratios and interest cover. In summary:

- historical interest cover in respect of any relevant period shall not be less than 200 per cent.;
- projected interest cover in respect of any relevant period shall not be less than 200 per cent.;
- blended interest cover in respect of any relevant period shall not be less than 200 per cent.; and
- loan to value must not at any time exceed 65 per cent..

The facility agreement contains customary representations relevant to the obligors' capacity and authority to enter into the facility and request loans thereunder, compliance with its terms and the accuracy of information provided to lenders, among other things.

In addition to the financial covenants set out above, the facility agreement imposes customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals of assets outside of the Unite group; (c) restricting financial indebtedness; (d) mergers; (e) change of the general nature of the business of the Unite group; (f) entering into certain acquisitions; and (g) restrictions on payment of dividends, in each of (a)-(g), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements to the lenders; (b) provision of compliance certificates and supporting evidence; (c) maintaining the ownership structure of the borrower; (d) payment of tax; (e) compliance with law; (f) compliance with sanctions and anti-bribery law; (g) covenants in respect of the trust instrument; and (h) specific property undertakings relating to title, headleases and maintenance.

The facility agreement is governed by English law.

8.1.10 Agreements relating to LSAV

On 13 September 2012, the following material contracts were entered into in connection with the formation of LSAV (a newly formed 50:50 joint venture between the Company and GIC Real Estate, the real estate investment arm of the Government of Singapore Investment Corporation ("**GIC**"):

- Trust Instrument constituting LSAV Unit Trust between LSAV (Trustee) Limited (as trustee) and LSAV (Jersey Manager) Limited (a wholly owned subsidiary of the Company) (as manager);
- Unitholders Agreement in relation to the LSAV Unit Trust made between Unite (Capital Cities) Jersey Limited ("**UCCJL**", a wholly owned subsidiary of the Company) and Euro Hall, a subsidiary of GIC);
- Shareholders' Agreement between UCCJL, Euro Fairview Private Limited (a subsidiary of GIC) and LSAV Holdings Limited (being the parent company of the trustee of the LSAV Unit Trust) and relating to LSAV Holdings Limited (as amended by an amendment agreement dated 26 January 2017 between the same parties); and
- Limited Partnership Agreement between LSAV (GP) Limited (as general partner) and LSAV (Trustee) Limited (as trustee of LSAV Unit Trust) (as limited partner) constituting LSAV (Property Holdings) LP.

Pursuant to the above contracts each of UCCJL and Euro Hall made a commitment to invest up to £100,000,000 (principally by way of subscription for units in LSAV Unit Trust) to finance the acquisition, development and management of student accommodation in London by the LSAV joint venture. The joint venture is for an initial term of 10 years. It is jointly controlled by subsidiaries of the Company and GIC with certain management functions being delegated to subsidiaries of the Company pursuant to the following management agreements (each dated 13 September 2012):

- Asset Management Agreement between (among others) LSAV (Property Holdings) LP, Unite Integrated Solutions plc (as manager) and the Company. Unite Integrated Solutions plc is appointed to provide (among other things) asset management services, investment management services, property management services and administration services to the LSAV venture in return for which Unite Integrated Solutions plc receives an annual management fee equal to 0.5 per cent. of the aggregate value of the LSAV properties.
- Property Management Agreement between LSAV (GP) Limited, Unite Integrated Solutions plc (as manager) and the Company. Unite Integrated Solutions plc is appointed to provide property management services in respect of the LSAV properties in return for which Unite Integrated Solutions plc receives a management fee equal to 6.2 per cent. of the aggregate rental income paid in each quarter in respect of the LSAV properties.
- Development Management Agreement between LSAV (GP) Limited, UIS (as manager) and the Company. Unite Integrated Solutions plc is appointed to provide development management advice and services in respect of the LSAV properties in return for which Unite Integrated Solutions plc receives a management fee equal to approximately 4 per cent. of the development costs in respect of each development project undertaken by the LSAV joint venture.
- London Development Pipeline Agreement between Unite Integrated Solutions plc (as pipeline manager), the Company, LSAV (Property Holdings) LP and LSAV (GP) Limited. The agreement sets out the basis upon which the Company and Unite Integrated Solutions plc are obliged to source and offer development opportunities to the LSAV joint venture. During the period in which the LSAV joint venture has capital available to invest in the development of student accommodation properties, the agreement precludes the Company from acquiring, managing or developing student accommodation properties in London without first offering the opportunity to the LSAV joint venture. Unite Integrated Solutions plc receives a management fee equal to 1 per cent. of the anticipated development costs in respect of each development project to be undertaken by the LSAV joint venture.

LSAV Wells Fargo Facility—£250 million

On 30 October 2018, LDC (Ferry Lane 2) Limited Partnership, LSAV (Stapleton) Limited Partnership, LSAV (Wembley) Limited Partnership and LDC (Stratford) Limited Partnership, as borrowers entered into a facility agreement with Wells Fargo Bank N.A., London Branch as lender, agent, security agent and mandated lead arranger and Wells Fargo Securities International Limited as hedge counterparty. Under this agreement, a £250,000,000 term loan facility was made available for drawing by the borrower.

The facility, if borrowed on the first utilisation date, is to be applied towards: the financing and refinancing of specified existing facilities; the payment of any fees, costs and expenses incurred by an obligor in connection with the refinancing of the specified facilities and approved by the majority lenders; and thereafter, financing the general corporate purposes of the borrowers. If borrowed on the second utilisation date, the facility is to be applied towards financing the general corporate purposes of the borrowers.

The facility terminates on 13 September 2022, with the option to extend it by two years if certain listed conditions are met, subject to an extension fee. The facility is subject to mandatory prepayment of certain amounts including, among others, the amount of any hedging prepayment proceeds or certain lease pre-payment proceeds. The facility may be prepaid in whole or in any part (but if in part, being an amount that reduces it by a minimum amount of £1,000,000).

The interest rate charged on the facility is the percentage rate per annum which is the aggregate of the margin (1.45% with exceptions) and LIBOR. On or before the first utilisation date, the borrower shall enter into hedging agreements in accordance with the agreement.

Certain fees have been paid and/or are payable to the finance parties in connection with the facility, including a commitment fee, an arrangement fee, and an agency and security agency fee.

The facility agreement also contains events of default typical for loan facilities of this type (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) breach of financial covenants; (c) breach of other obligations; (d) misrepresentation; (e) cross-default; (f) insolvency; (g) insolvency proceedings; (h) creditors' process; (i) cessation of business (j) unlawfulness; (k) repudiation; (l) compulsory purchase; (m) major damage; (n) forfeiture of the headlease; (o) change of control; (p) material adverse change; (q) material litigation; (r) acceleration; and (s) dissolution of any unit trusts.

The facility agreement contains financial covenants regarding loan to value ratios and interest cover. In summary:

- interest cover must not at any time be less than 175 per cent.;
- adjusted interest cover must not at any time be less than 120 per cent.; and
- loan to value must not at any time exceed 65 per cent..

The facility agreement contains limited cure rights in the event any of the financial covenants are breached. The facility agreement contains customary representations relevant to the obligors' capacity and authority to enter into the facility and request loans thereunder, compliance with its terms and the accuracy of information provided to lenders, among other things.

In addition to the financial covenants set out above, the facility agreement imposes customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals of assets outside of the Unite Group; (c) restricting financial indebtedness; (d) mergers; (e) change of the general nature of the business of the Unite Group; (f) entering into certain acquisitions; (g) restrictions on payment of dividends; and (h) restrictions on lending and provision of guarantees, in each of (a)–(h), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements to the lenders; (b) provision of compliance certificates and supporting evidence, and information on the properties; (c) maintaining the ownership structure of the borrower; (d) compliance with sanctions law; (e) compliance with law; (f) compliance with anti-corruption and anti-money laundering laws; (g) covenants in respect of the partnership; (h) payment of VAT and other taxes; and (i) specific property undertakings relating to title, headleases and maintenance.

The facility agreement is governed by English law.

LSAV L&G Facility—£149 million

On 19 December 2013, a facility agreement was entered into for the purposes of property financing, between Unite Capital Cities Limited Partnership, LDC (Capital Cities) Limited, LDC (Capital Cities Nominee No.1) Limited, Unite Accommodation Management 19 Limited, Legal & General Pensions Limited and LGIM Commercial Lending Limited. The total commitments under the facility are £149 million and the final maturity date of the facility is 19 December 2022.

Pursuant to the facility agreement, certain assets of the Company are secured.

The facility may be prepaid in whole or in any part (but if in part, being an amount that reduces it by a minimum amount of £5 million).The facility contains no prepayment penalties.

The interest rate of the facility is the aggregate of the applicable margin, applicable ask rate and the mandatory costs.

The facility agreement also contains representations and undertakings typical for loan facilities of this type.

The facility agreement also contains events of default typical for loan facilities of this type (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) cessation of business; (c) breach of other obligations; (d) misrepresentation; (e) cross-default; (f) insolvency; (g) insolvency proceedings; (h) creditors' process; (i) unlawfulness; (j) repudiation; (k) material adverse change; (l) compulsory purchase; (m) major damage; (n) forfeiture of the headlease; (o) change of ownership of the obligors; and (p) acceleration.

The facility agreement contains financial covenants regarding loan service cover, which must be at all times at least 1.50:1. The facility agreement includes cure rights in the event the financial covenant is breached.

In addition to the financial covenants, the facility agreement imposes certain customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals of assets outside of the Unite Group; (c) mergers; (d) change of the general nature of the business of Unite; (e) entering into certain acquisitions; (f) incurring financial indebtedness; (g) lending or entering into guarantees; (h) change of registered office or centre of main interests; (i) entry into other contract; and (j) payment of dividends (excluding payments permitted by the facility); in each of (a)–(j), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements and cash reports to the lenders; (b) provision of compliance certificates and supporting evidence; (c) provision of additional information to the lenders; (d) notification of any default; (e) maintenance of insurance; (f) compliance with laws generally; (g) maintaining various managers; (h) compliance with the contracts associated with the other transaction documents; and (i) specific property undertakings relating to title, headleases, development and maintenance.

The facility agreement is governed by English law.

LSAV Teachers Re Facility—£140 million

On 1 February 2017, LSAV (Aston Student Village) LP, acting through its general partners, LSAV (Aston Student Village) GP1 Limited and LSAV (Aston Student Village) GP2 Limited, as borrower, and a number of subsidiaries of the Company, as guarantors, entered into a term loan facility agreement with Teachers Insurance and Annuity Association of America as lender and arranger and CBRE Loan Services Limited as agent and security agent. Under this agreement, a £140,118,000 property investment facility was made available for drawing by the borrower.

The facility was to be applied towards financing the cost of acquisition of four specified properties and the chattels, fixtures, fittings and equipment contained within them, and payment of any fees, costs and expenses, stamp registration and other taxes incurred by the borrower in connection with the acquisition of each property and the negotiation and completion of the finance documents related to the agreement and approved by the majority lenders.

The facility terminates on the first interest payment date falling on or after the date falling ten years from and including the date of the agreement (i.e. 15 April 2027), with the option to extend it by one year, which the lenders may accept in their sole discretion. The availability period for the facility terminates 26 business days after the date of the facility. The facility may be prepaid in whole or in any part (but if in part, in a minimum amount and integral multiples of £1,000,000), subject to an early repayment fee.

The interest rate charged on the facility is the percentage rate per annum which is the aggregate of the margin (2.05%) and a fixed rate set out in the fixed rate letter entered into by the agent and the borrower. With effect from the original termination date, where the facility has been extended, interest is calculated at the rate which is the higher of: (i) the margin (2.05%) and the fixed rate; and (ii) LIBOR, plus a margin of 4.10% per annum.

Certain fees have been paid and/or are payable to the finance parties in connection with the facility, including an arrangement fee, and an agency and security agency fee.

The facility agreement also contains representations and undertakings typical for loan facilities of this type.

The facility agreement also contains events of default typical for loan facilities of this type (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) breach of financial covenants; (c) breach of other obligations; (d) misrepresentation; (e) cross-default; (f) insolvency; (g) insolvency proceedings; (h) creditors' process; (i) unlawfulness; (j) repudiation; (k) material adverse change; (l) compulsory purchase; (m) major damage; (n) forfeiture of the headlease; (o) trust matters; (p) acceleration; and (r) cessation of business.

The facility agreement contains financial covenants regarding loan to value ratios and historic interest cover. In summary:

- historic interest cover must not be less than 200 per cent. on each test date; and

- loan to value must not at any time exceed certain defined thresholds.

The facility agreement contains cure rights in the event any of the financial covenants are breached. The facility agreement contains customary representations relevant to the obligors' capacity and authority to enter into the facility and request loans thereunder, compliance with its terms and the accuracy of information provided to lenders, among other things.

In addition to the financial covenants, the facility agreement imposes certain customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals of assets outside of the Unite group and disposals without majority lender consent; (c) mergers; (d) change of the general nature of the business of the obligors; (e) entering into certain acquisitions; (f) incurring financial indebtedness; (g) lending or entering into guarantees; (h) change of centre of main interests; (i) entry into other contracts; and (j) payment of dividends (excluding payments permitted by the facility); in each of (a)–(j), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements to the lenders; (b) provision of compliance certificates and supporting evidence; (c) provision of additional information to the lenders in respect of the properties; (d) notification of any default; (e) maintenance of insurance; (f) compliance with laws generally; (g) compliance with anti-terrorism laws; (h) compliance with the contracts associated with the other transaction documents; and (i) specific property undertakings relating to title, headleases, development and maintenance.

The facility agreement is governed by English law.

8.1.11 ***Agreements relating to Aston Student Village Joint Venture***

On 26 January 2017, the following material contracts were entered into in connection with the formation of the Aston Student Village joint venture (a newly formed 50:50 joint venture between the Company and GIC):

- Trust Instrument constituting LSAV (Aston Student Village) Unit Trust between LSAV (Trustee) Limited (as trustee) and LSAV (Jersey Manager) Limited (a wholly owned subsidiary of the Company) (as manager);
- Unitholders Agreement in relation to the LSAV (Aston Student Village) Unit Trust made between UCCJL and Euro Hall, a subsidiary of GIC); and
- Limited Partnership Agreement between LSAV (Aston Student Village) GP1 Limited and LSAV (Aston Student Village) GP2 Limited (as general partners) and LSAV (Trustee) Limited (as trustee of LSAV (Aston Student Village) Unit Trust) (as limited partner) constituting LSAV (Aston Student Village) LP.

Pursuant to the above contracts each of UCCJL and Euro Hall made a commitment to invest up to £48,556,700 (by way of subscription for units in LSAV (Aston Student Village) Unit Trust) to finance the acquisition of Aston Student Village, Aston University, Birmingham. The joint venture is for an initial term of 10 years. It is jointly controlled by subsidiaries of the Company and GIC with certain management functions being delegated to subsidiaries of the Company pursuant to the following management agreements (each dated 26 January 2017):

- Asset Management Agreement between (among others) LSAV (Aston Student Village) LP, Unite Integrated Solutions plc (as manager) and the Company. Unite Integrated Solutions plc is appointed to provide (among other things) asset management services, investment management services, property management services and administration services to the Aston Student Village venture in return for which Unite Integrated Solutions plc receives an annual management fee equal to 0.5 per cent. of the aggregate value of Aston Student Village.
- Property Management Agreement between (among others) LSAV (Aston Student Village) LP, Unite Integrated Solutions plc (as manager) and the Company. Unite Integrated Solutions plc is appointed to provide property management services in respect of the Aston Student Village property in return for which Unite Integrated Solutions plc receives a management fee on a cost recovery basis.

8.2 **Liberty Living**

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which Liberty Living Group Plc or any member of the Liberty Living group is a party, for the two years immediately preceding the date of publication of this document and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Liberty Living group which contains any provision under which any member of the Liberty Living group has any obligation or entitlement which is material to Liberty Living as at the date of this document:

8.2.1 ***Liberty Living Bond Trust Deeds—£600 million***

On 28 November 2017, Liberty Living Finance plc ("**Liberty Living Finance**") issued £300,000,000 2.625 per cent. guaranteed bonds due 28 November 2024 and £300,000,000 3.375 per cent. guaranteed bonds due 28 November 2029. The terms and conditions of the bond trust deeds are identical, other than the interest rate and date of maturity.

The bonds have been admitted to the Official List of the Irish Stock Exchange (now trading as Euronext Dublin) and to trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The bonds were constituted by separate trust deeds entered into between Liberty Living Finance, certain members of Liberty Living Group as guarantors and Deutsche Trustee Company Limited as trustee on 28 November 2017. The bonds are required to be guaranteed by the same entities as the Liberty Living Principal Bank Facility (described in paragraph 8.2.2 below). The bonds are not secured.

The bonds bear interest in each case payable annually in arrears on 28 November. The bonds are in bearer form in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000.

The bond trust deeds contain financial covenants regarding gearing, secured gearing and interest cover. In summary:

- gearing must not exceed 0.65:1 at any time;
- secured gearing must not exceed 0.25:1 at any time; and
- interest cover in respect of each 12 month period ending on a reporting date must not be less than 1.75:1.

The bond trust deeds also contain a capital markets style negative pledge restricting the creation of a security interest to secure other listed debt without providing the same or equivalent security over the bonds.

The bonds may be redeemed prior to their redemption dates for tax reasons in the event that Liberty Living Finance or a guarantor becomes obliged to gross-up principal or interest payments as a result of changes to UK tax law, subject to the satisfaction of certain conditions.

Liberty Living Finance may redeem the bonds at any time by giving a prescribed amount of notice to bondholders. If Liberty Living Finance exercises this right within three months of the relevant maturity date, the redemption amount to be paid will be par. If Liberty Living Finance exercises this right earlier, a make-whole redemption amount will be payable, set in accordance with the terms and conditions of the bonds.

The bond trust deeds contain a change of control put event. If there is a change of control of Liberty Living Holdings Inc. and an announcement is made by the relevant rating agency that the bonds are being downgraded as a result of such change of control, bondholders have the option to request that their bonds are bought back subject to satisfying certain conditions.

Liberty Living Finance and the guarantors or any of their respective subsidiaries may purchase the bonds in the open market at any time.

The bond trust deeds contain standard capital markets events of default for: (a) non-payment of interest or principal; (b) breach of other obligations in respect of the bonds or the relevant trust deed; (c) cross-default by Liberty Living Finance, a guarantor or any of their respective subsidiaries provided that such indebtedness not paid when due, individually or in aggregate, exceeds £10,000,000; (d) unsatisfied judgment in excess of £10,000,000 against Liberty Living Finance, any guarantor or any of their respective subsidiaries; (e) security is enforced over the assets of Liberty Living Finance, any guarantor or any of their respective subsidiaries; (f) insolvency of Liberty Living Finance, any guarantor or a subsidiary of Liberty Living Group Plc; (g) cessation of business by Liberty Living Finance, a guarantor or any of their respective subsidiaries; (h) the passing of an order for the winding up of Liberty Living Finance, any guarantor or any of their respective subsidiaries; (i) any analogous insolvency related event occurs; and (j) any guarantee (that has not been released in accordance with the provisions of the relevant trust deed) is not in full force and effect.

Events of default (a) to (d) provide a grace period for remedy before acceleration of the bonds is permitted.

The bonds and the trust deeds are governed by English law.

8.2.2 ***Principal Bank Facility—£400 million***

Liberty Living Finance, as borrower, entered into a term loan and revolving credit facility agreement dated 3 November 2017 between, among others, Liberty Living Finance, certain Liberty Living Group companies as guarantors and HSBC Bank plc as facility agent.

The facility comprises a £250,000,000 term loan with the specific purposes of refinancing certain indebtedness and payment of a distribution to shareholders (Facility A), and a £150,000,000 revolving credit facility for general corporate and working capital purposes (Facility B).

The guarantors have guaranteed the obligations of Liberty Living Finance under the facility agreement. Liberty Living Finance and the guarantors together are the obligors. The facility is not secured.

The term of the facility is five years, subject to two one year extension options which Liberty Living Finance may request, and lenders may accept in their sole discretion, in accordance with the terms of the facility agreement. The availability period for Facility A expired 30 days after the date of the facility. The availability period for Facility B ends one month prior to the term of the facility.

The rate of interest on each loan for each interest period is the percentage rate per annum which is the aggregate of the applicable margin and LIBOR. The margin applicable to Facility A and Facility B is 1.45 per cent. per annum, in each case subject to increase if Liberty Living Finance's gearing increases. If Liberty Living Finance's gearing is less than or equal to 0.45:1, the margin is 1.45 per cent. If gearing is greater than 0.45:1 but less than or equal to 0.50:1, the margin is 1.75 per cent. If gearing is greater than 0.50:1, the margin will be 2.20 per cent. The terms of the facility agreement also require a commitment fee of 35 per cent. of the applicable margin on that lender's available commitment of Facility B for the relevant availability period. Other fees were paid upon signing of the facility.

The facility agreement contains customary prepayment and cancellation events. The following are mandatory prepayment events: (a) if it becomes unlawful for a lender to perform their obligations; and (b) exit upon a change of control or the sale of all or substantially all of Liberty Living Finance's assets. The following are voluntary prepayment events: (a) voluntary cancellation; (b) voluntary prepayment; and (c) right of replacement or repayment and cancellation in relation to a single lender for tax reasons.

Any voluntary cancellation or prepayment must be notified to the agent in accordance with the terms of the facility and be in minimum amounts of £1,000,000. Any voluntary prepayment of Facility B can only be made once Facility A has been prepaid. The facility agreement contains no prepayment penalties, although break costs may be applicable in certain circumstances.

The facility agreement contains customary events of default (subject in certain cases to agreed thresholds, grace periods and qualifications), including: (a) non-payment; (b) breach of financial covenants; (c) breach of other obligations; (d) misrepresentation; (e) cross-default; (f) insolvency; (g) insolvency proceedings; (h) creditors' process; (i) new ownership of obligors; (j) unlawfulness; (k) repudiation and (l) material adverse change.

The facility agreement contains financial covenants regarding gearing, secured gearing, interest cover and unsecured gearing. In summary:

- gearing must not at any time exceed 0.60:1;
- secured gearing must not at any time exceed 0.25:1;
- interest cover in respect of any relevant period shall not be less than 2.00:1; and
- unsecured gearing must at all times exceed 1.67:1.

The facility agreement contains limited cure rights in the event any of the financial covenants are breached. The facility agreement contains customary representations relevant to the obligors' capacity and authority to enter into the facility and request loans thereunder, compliance with its terms and the accuracy of information provided to lenders, among other things.

In addition to the financial covenants set out above, the facility agreement imposes customary positive and negative covenant obligations on the obligors. The negative covenants include: (a) a negative pledge restricting the creation of security over the assets of an obligor; (b) restricting disposals of assets outside of Liberty Living and disposals without majority lender consent; (c) mergers; (d) change of the general nature of the business of Liberty Living; (e) entering into certain acquisitions; (f) incurring financial indebtedness; and (g) failing to comply with sanctions law in each of (a)–(f), other than as permitted by the facility. The positive covenants include: (a) the provision of financial statements to the lenders; (b) provision of compliance certificates and supporting evidence; (c) maintaining the asset manager; (d) maintaining certain insurance; (e) compliance with anti-bribery law; and (f) specific property undertakings relating to title, headleases and maintenance.

The facility agreement is governed by English law.

9. Working capital

The Company is of the opinion that, taking into account the net proceeds of the Placing and the bank and other facilities available to the Enlarged Group, the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

10. No significant change

10.1 *Unite*

There has been no significant change in the financial or trading position of Unite since 31 December 2018, being the date to which the last audited financial information has been published.

10.2 *Liberty Living*

There has been no significant change in the financial or trading position of the Target Liberty Living Group since 31 August 2018, being the date to which the Target Liberty Living Group Financial Information included in section A of Part V of this document has been published.

11. Litigation

11.1 *Unite*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on Unite and/or Unite's financial position or profitability.

11.2 *Liberty Living*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on Liberty Living and/or the Liberty Living's financial position or profitability.

12. Consents

Knight Frank LLP has given and has not withdrawn its written consent to the inclusion in this Circular of its valuation report on the Liberty Living portfolio in Part IV (*Valuation Report for the Liberty Living portfolio*) in the form and context in which it is included.

Deloitte LLP has given and has not withdrawn its written consent to the inclusion in this Circular of its report on the Target Liberty Living Group Financial Information in Section B of Part V (*Historical Financial Information of the Target Liberty Living Group*) and its report on the Unaudited Pro Forma Financial Information in Section B of Part VI (*Unaudited Pro Forma Financial Information of the Enlarged Group*) in the form and context in which they are included.

J.P. Morgan Cazenove has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which they are included.

Numis has given and has not withdrawn its written consent to the inclusion in this Circular of the references to its name in the form and context in which they are included.

13. Miscellaneous

The total costs and expenses (exclusive of VAT) payable by Unite are estimated to be approximately £24 million (£7 million in connection with the Placing and £17 million in connection with the Acquisition).

14. Incorporation by reference

The following documents, which have been approved, filed with or notified to the FCA, and which are available for inspection in accordance with paragraph 15 of this Part VII, contain information about Unite which is relevant to this Circular:

- Unite Annual Report 2018
- Unite Annual Report 2017
- Unite Annual Report 2016

The table below sets out the sections of these documents which are incorporated by reference in, and form part of, this Circular, and only the parts of the documents identified in the table below are incorporated by reference in, and form part of, this Circular. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Circular. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this Circular.

Except as indicated below, information contained on the Company's website or the contents of any website accessible from hyperlinks on the Company's website are not incorporated into and do not form part of this Circular.

Reference Document number(s)	**Information incorporated by reference into this Circular**	**Page**
Unite Annual Report 2018 . . .	Note 3.4(c) of the notes to the audited consolidated financial statements for the year ended 31 December 2018	136–137
Unite Annual Report 2017 . . .	Note 3.4(c) of the notes to the audited consolidated financial statements for the year ended 31 December 2017	137
Unite Annual Report 2016 . . .	Note 3.4(c) of the notes to the audited consolidated financial statements for the year ended 31 December 2016	136

15. Documents available for inspection

Copies of the following documents will be available for inspection at the Company's registered office, South Quay, Temple Back, Bristol BS1 6FL, United Kingdom during normal business hours on Monday to Friday each week (public holidays excepted) for a period of 12 months following Completion:

- Memorandum of Association and the Articles of Association;
- the Sale and Purchase Agreement;
- the Valuation Report;
- the consolidated financial information of the Target Liberty Living Group in respect of the years ended 31 August 2016, 2017 and 2018;
- the audited consolidated financial information of Unite in respect of the years ended 31 December 2016, 2017 and 2018;
- the consent letters referred to in paragraph 12 above; and
- this Circular.

This document is dated 4 July 2019.

PART VIII

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Acquisition"	the proposed acquisition by Unite of Liberty Living from CPPIB
"**Admission**"	the admission of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"**Articles of Association**" or "**Articles**"	the articles of association of the Company
"**Banks**"	J.P. Morgan Cazenove and Numis
"**Board**"	the board of Directors of the Company
"**Business Day**"	a day (other than a Saturday or Sunday) on which banks are open for general business in London
"**Circular**"	this document
"**CMA**"	the Competition and Markets Authority
"**Companies Act 2006**"	the UK Companies Act 2006, as amended from time to time
"**Company**"	The Unite Group plc, a public limited company incorporated under the laws of England and Wales, with company number 03199160 and its registered office in South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL
"**Completion**"	the completion of the Acquisition for the purposes of the Sale and Purchase Agreement in accordance with its terms (and references to "complete" shall be construed accordingly)
"**Consideration Shares**"	72,582,286 Ordinary Shares of 25 pence each in the capital of the Company to be issued to CPPIB Holdco in part consideration for the Acquisition
"**CPPIB**"	Canada Pension Plan Investment Board, a Canadian federal Crown corporation established under the Canada Pension Plan Investment Board Act of Canada
"**CPPIB Holdco**"	means Liberty Living Holdings Inc., a company incorporated in Canada with registered number 911455-6 whose principal place of business is at One Queen Street East Suite 2500, M5C 2W5 Toronto ON, Canada
"**CREST**"	the system of paperless settlement of trades in listed securities of which Euroclear UK & Ireland Limited is the operator
"**CREST Proxy Instruction**"	has the meaning given to it in the Notice of General Meeting appended to this Circular
"**direct lets**"	a student accommodation provider enters into an assured shorthold tenancy directly with a student without a university's contractual involvement
"**Directors**"	the directors of Unite whose names appear in Part I (*Letter from the Chairman*) of this Circular
"**Disclosure Guidance and Transparency Rules**"	the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA

“**Enlarged Group**”	the enlarged group following Completion, or, if the Acquisition does not complete, Unite (as the context requires)
“**EEA**”	the European Economic Area
“**EPRA**”	European Public Real Estate Association
“**EPRA EPS**”	EPRA earnings per share
“**EPRA EPS yield**”	EPRA EPS in a given year divided by EPRA NAV per share at the beginning of the year
“**EPRA NAV**”	EPRA net asset value
“**Euroclear**”	Euroclear UK & Ireland Limited, the operator of CREST
“**FCA**”	the Financial Conduct Authority
“**Financing**”	the Placing and all or any portion of the existing debt financing and cash resources utilised by Unite for the purpose of the Acquisition and the transactions contemplated by the Sale and Purchase Agreement
“**Form of Proxy**”	the form of proxy accompanying this Circular for use by Unite Shareholders in connection with the General Meeting
“**FSMA**”	the Financial Services and Markets Act 2000 (as amended)
“**General Meeting**”	the general meeting of Unite to be held at 10:30 a.m. at the offices of Numis Securities Limited at the London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom on 23 July 2019, or any adjournment thereof
“**GIC**”	GIC Real Estate, the real estate investment arm of the Government of Singapore Investment Corporation
“**Government**”	the government of the United Kingdom
“**Higher Education**”	tertiary education at a university or similar institution
“**HMOs**”	Houses in Multiple Occupation
“**IFRS**”	International Financial Reporting Standards as adopted by the European Union
“**J.P. Morgan Cazenove**”	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
“**Latest Practicable Date**”	1 July 2019 (being the latest practicable date prior to the publication of this Circular)
“**Liberty Living**”	Liberty Living Group Plc, a public limited company incorporated under the laws of Jersey, with company number FC035728 and its registered office at 47 Esplanade, St Helier, St Helier, Jersey, JE1 0BD, and its subsidiary undertakings (as defined in the Companies Act 2006), from time to time
“Liberty Living Finance”	Liberty Living Finance plc
“**Liberty Living portfolio**”	Liberty Living, including those properties in Cardiff which are to be acquired by USAF, but excluding Liberty Living’s international properties in Bremen, Germany, and Valencia, Spain
“**Listing Rules**”	the listing rules of the FCA made pursuant to Part 6 of the FSMA, as amended from time to time
“**London Stock Exchange**”	London Stock Exchange plc

"**LSAV**"	London Student Accommodation Joint Venture
"**LTIP**"	Long Term Incentive Plan
"**LTV**"	loan to value
"**Market Abuse Regulation**" or "**MAR**"	Market Abuse Regulation 596/2014/EU, as amended
"**Memorandum of Association**"	the memorandum of association of the Company
"**nominations agreements**"	agreements between a university or other education provider and a student accommodation provider that comprise nominations agreements, residential leases and referral agreements, as described in paragraph 7 of the section of this Circular entitled "*Presentation of Information*"
"**Non-Executive Directors**"	Phil White, Elizabeth McMeikan, Ross Paterson, Sir Tim Wilson, Richard Akers and Ilaria del Beato
"**Notice of General Meeting**"	the notice for the General Meeting as set out on page 118 of this document
"**Numis**"	Numis Securities Limited
"**occupancy**"	academic year occupancy, from September of a calendar year to May of the following calendar year, excluding the three-month period from June until August in such following calendar year
"**Official List**"	the Official List of the FCA
"**Ordinary Shares**"	ordinary shares of 25 pence each in the capital of the Company
"**PBSA**"	purpose built student accommodation
"**Placing**"	the placing of 26,353,664 new Ordinary Shares to raise net proceeds of approximately £240 million
"**Placing Shares**"	the Ordinary Shares to be issued by the Unite pursuant to the Placing
"**PRA**"	the Prudential Regulation Authority
"**Pro Forma Financial Information**"	the unaudited pro forma income statement for the year ended 31 December 2018 and the unaudited pro forma balance sheet as at 31 December 2018 for the Enlarged Group
"**Proposed Director**"	Thomas Jackson
"**Prospectus**"	the prospectus to be published by Unite relating to Admission of the Consideration Shares to be issued pursuant to the Acquisition
"**Prospectus Directive**"	Directive 2003/71/EC of the European Parliament and of the Council, as amended from time to time (including by Directive 2010/73/EU to the extent implemented in the relevant EEA state) and includes any relevant implementing measure in each EEA state that has implemented Directive 2003/71/EC
"**Prospectus Rules**"	the prospectus rules of the FCA made pursuant to Part 6 of the FSMA, as amended from time to time
"**Registrar**"	Computershare Investor Services plc
"**Regulatory Information Service**"	the Regulatory News Services of the London Stock Exchange
"REIT"	real estate investment trust

“Relationship Agreement”	the relationship agreement to be entered into upon Completion, agreed between Unite and CPPIB Holdco, as described in paragraph 2 of Part III (*Summary of the Principal Terms of the Acquisition*) of this Circular
“**Resolution**”	the ordinary resolution to approve the Acquisition to be proposed at the General Meeting, the full text of which is set out in the Notice of General Meeting at the end of this document
“**Sale and Purchase Agreement**”	the sale and purchase agreement between Unite, CPPIB Holdco and CPP Investment Board Real Estate Investment Holdings Inc. for the acquisition the entire issued share capital of Liberty Living dated 3 July 2019, as described in paragraph 1 of Part III (*Summary of the Principal Terms of the Acquisition*) of this Circular
“**SAYE**”	Save As You Earn Scheme
“**Securities Act**”	the United States Securities Act of 1933, as amended
“**Shareholders**”	the holders of Unite Shares
“**Sponsor**”	Numis
“**SRN**”	shareholder reference number
“**SDLT**”	Stamp Duty Land Tax
“**Target Liberty Living Group**”	Liberty Living excluding: (i) all of Liberty Living’s properties in Cardiff, which are to be acquired by USAF; and (ii) Liberty Living’s international properties in Bremen, Germany, and Valencia, Spain
“**Target Liberty Living Group Financial Information**”	the audited consolidated financial information relating to Liberty Living as at and for the years ended 31 August 2016, 2017 and 2018 and the notes thereto included in Section A of Part V (*Historical Financial Information of the Target Liberty Living Group*) of this Circular
“**UCCJL**”	Unite (Capital Cities) Jersey Limited
“**Unite**”	The Unite Group plc, a public limited company incorporated under the laws of England and Wales, with company number 03199160 and its registered office in South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL, and its subsidiary undertakings (as defined in the Companies Act 2006), from time to time
“**United Kingdom**” or “**UK**”	the United Kingdom of Great Britain and Northern Ireland
“**United States**” or “**US**”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“**USAF**”	Unite UK Student Accommodation Fund
“**Valuation Report**”	the valuation report prepared by Knight Frank LLP as set out in Part IV (*Valuation Report for the Liberty Living portfolio*) of this Circular

NOTICE OF GENERAL MEETING

THE UNITE GROUP PLC

(Incorporated and registered in England and Wales with company number 03199160)

Registered Office:

South Quay
Temple Back
Bristol
BS1 6FL
United Kingdom
Tel: +44 (0) 117 302 7000
www.unite-group.co.uk

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of The Unite Group plc (the "**Company**") will be held on 23 July 2019 at 10:30 a.m. at the offices of Numis Securities Limited at the London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT, United Kingdom to consider and, if thought fit, to pass the following resolution (the "**Resolution**") as an ordinary resolution:

ORDINARY RESOLUTION

Resolution 1—Approval of the Acquisition and allotment of Consideration Shares

THAT

i. the acquisition by the Company of Liberty Living, as described in the circular to the shareholders of the Company dated 4 July 2019, substantially on the terms and subject to the conditions set out in the sale and purchase agreement between the Company and Liberty Living Holdings Inc. dated 3 July 2019 (as amended, modified, restated or supplemented from time to time) (the "**Sale and Purchase Agreement**") (the "**Acquisition**"), together with all other agreements and ancillary arrangements contemplated by the Sale and Purchase Agreement, be and is hereby approved, and that the directors of the Company (the "**Directors**") be authorised to make any amendments, variations, waivers or extensions to the terms of the Acquisition or the Sale and Purchase Agreement (providing such amendments, variations, waivers or extensions are not of a material nature) which they in their absolute discretion consider necessary, appropriate or desirable and to take all such steps and to do all such things which they consider necessary, appropriate or desirable to implement, or in connection with, the Acquisition, including, without limitation, the waiver of any conditions to the Sale and Purchase Agreement; and

ii. without prejudice to all existing authorities conferred on the Directors by the Company, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot and issue shares in the Company, or to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**"), to Liberty Living Holdings Inc. (or as it may direct) (the "**Consideration Shares**") pursuant to or in connection with the Acquisition up to an aggregate nominal amount of £18,145,572, provided that this authority shall expire at the conclusion of the Company's annual general meeting to be held in 2020, save that the Company shall be entitled to make an offer or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.

By Order of the Board

Christopher Szpojnarowicz
Secretary

4 July 2019

Registered Office:
South Quay
Temple Back
Bristol
BS1 6FL

Registered in England and Wales

Registered number: 03199160

NOTES

1. A member of the Company who wishes to attend the meeting in person should arrive in good time before the meeting, which will commence at 10:30 a.m. In order to gain admittance to the meeting, members may be required to produce their attendance card, which is attached to the form of proxy enclosed with this document, or otherwise prove their identity.
2. A member of the Company who is entitled to attend, speak and vote at the meeting and who is unable or does not wish to attend the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote on his/her behalf at the meeting. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the meeting to represent his/her appointing member. Appointing a proxy will not prevent a member from attending in person and voting at the meeting although voting in person at the meeting will terminate a member's proxy appointment. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
3. To be valid, any Form of Proxy, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, must be received by hand or by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, no later than 10:30 a.m. on 19 July 2019.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be a valid, be transmitted so as to be received by the Company's agent (CREST ID 3RA50) by the latest time for receipt of proxy appointments specified in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/ her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
8. If you would like to submit your proxy vote via the internet, you can do so by accessing the Registrar's website (www.eproxyappointment.com). You will require the control number, your unique PIN (which will expire at the end of the voting period) and your SRN, printed on the proxy

card, in order to log in and submit your proxy vote electronically. You can access this site from any internet enabled PC. If you submit your proxy via the internet it should reach the Registrar by 10:30 a.m. on 19 July 2019. Should you complete your proxy form electronically and then post a hard copy, the form that arrives last will be counted to the exclusion of instructions received earlier, whether electronic or posted. Please refer to the terms and conditions of the service on the website.

9. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

10. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. Any person to whom this notice has been sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

12. The statement of the rights of shareholders in relation to the appointment of proxies above does not apply to Nominated Persons. These rights can only be exercised by shareholders of the Company.

13. Pursuant to Part 13 of the Companies Act 2006 and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only those shareholders registered in the register of members of the Company at 6:00 p.m. on 19 July 2019 (or, if the meeting is adjourned, 48 hours before the timed fixed for the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. In each case, changes to the register of members of the Company after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

14. As at the date of this notice, the Company's issued share capital comprised 263,960,839 ordinary shares carrying one vote each at a general meeting of the Company. No ordinary shares were held in treasury and therefore the total voting rights in the Company as at the date of this notice are 263,960,839.

15. You may not use any electronic address provided either in this notice of meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

16. Members attending the meeting have the right to ask and, subject to the provisions of the Companies Act 2006, the Company must cause to be answered, any questions relating to the business being dealt with at the meeting.

17. The following information is available at www.unite-group.co.uk (1) the matters set out in this notice of General Meeting; (2) the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting; (3) the totals of the voting rights that members are entitled to exercise at the meeting; and (4) members' statements, members' resolutions and members' matters of business received by the Company after the date on which notice of the meeting was given.

18. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies

Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

19. In accordance with Section 338 of the Companies Act 2006, a member or members of the Company may (provided that the criteria set out in Section 338(3) of the Companies Act 2006 are met) require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at the meeting, provided that: (a) the resolution must not be, if passed, ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); and (b) the resolution must not be defamatory of any person, frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must be authenticated by the person or persons making it, must identify the resolution of which notice is to be given and must be received by the Company not later than six weeks before the meeting, or, if later, the time at which notice is given of the meeting. (In the foregoing sentence, the terms 'hard copy form', 'electronic form' and 'authenticated' bear their respective meanings set out in the Companies Act 2006 in relation to a communication, or a document or information sent or supplied, to a company.)

20. In accordance with Section 338A of the Companies Act 2006, a member or members of the Company may (provided that the criteria set out in Section 338A (3) of the Companies Act 2006 are met) require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business of the meeting, provided that the matter is not defamatory of any person, frivolous or vexatious. A request may be in hard copy form or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person or persons making it and must be received by the Company not later than six weeks before the meeting, or, if later, the time at which notice is given of the AGM. (In the foregoing sentence, the terms 'hard copy form', 'electronic form' and 'authenticated' bear the respective meanings set out in the Companies Act 2006 in relation to a communication, or a document or information sent or supplied, to a company.)

21. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (as described in the notes above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provisions of the Companies Act 2006.

22. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the meeting and will also be available for inspection at the place of the meeting from 9:00 a.m. on the day of the meeting until its conclusion: (a) copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings; and (b) letters of appointment of the non-executive directors.

Toppan Merrill, London
19-11061-1