THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE 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 ("FSMA"), if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

A copy of this document, which comprises a prospectus (the "**Prospectus**") relating to The Unite Group plc (the "**Company**", and together with its subsidiary undertakings, "**Unite**"), prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the "**FCA**") made pursuant to section 73A of FSMA, has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

This document has been approved as a prospectus by the FCA under section 87A of the FSMA, as a competent authority under Regulation (EU 2017/1129) (the "**Prospectus Regulation**"). The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistentency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or of the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

Unite and the directors (the "**Directors**") and the proposed directors (the "**Proposed Directors**") of Unite, whose names appear on pages 220 to 221 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of Unite, the Directors and the Proposed Directors, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

You should read carefully the whole of this Prospectus and any information incorporated by reference in full. In particular, you are advised to examine all risks that might be relevant in connection with any investment in the ordinary shares of Unite ("Ordinary Shares"). See Part II (*Risk Factors*) for a discussion of certain risks and uncertainties that should be considered in connection with any investment in the Ordinary Shares.

THE UNITE GROUP PLC

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

Application for admission of 72,582,286 new ordinary shares to the premium listing segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange

Sponsor

Numis Securities Limited

Unite's Ordinary Shares are listed on the premium listing segment of the Official List of the FCA (the "**Official List**") and traded on the London Stock Exchange's (the "**LSE**") Main Market for listed securities. Applications will be made to: (i) the FCA for the new ordinary shares of Unite to be issued pursuant to the Acquisition (as defined within) ("**Consideration Shares**") to be admitted to the premium listing segment of the Official List; and (ii) to the LSE for the Consideration Shares to be admitted to trading on the Main Market for listed securities of the LSE, respectively ("**Admission**"). It is expected that Admission will become effective, and that dealings on the LSE in the Consideration Shares will commence, on or shortly following completion of the Acquisition which is expected to occur, conditional on Admission, on 29 November 2019. The Consideration Shares will, when issued, rank pari passu in all respects with each other and with all existing Ordinary Shares, including the right to receive and retain all dividends and other distributions declared, made or paid in respect of the existing Ordinary Shares by reference to a record date falling after the 28 November 2019.

You should only rely on the information contained in this Prospectus and the documents incorporated by reference. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and the documents incorporated by reference and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, the Proposed Directors, Numis Securities Limited ("**Numis**") or any other person. In particular, the websites of Unite, Canada Pension Plan Investment Board ("**CPPIB**") and Liberty Living Group Plc (together with its subsidiary undertakings, "**Liberty Living**") do not form part of this Prospectus and should not be relied on.

Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company, Unite, Liberty Living or the Enlarged Group since the date of this document or that the information in it is correct as at any time after the date of this document.

Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting as joint financial adviser and sole sponsor exclusively for the Company and no-one else in connection with the Acquisition and Admission and will not regard any other persons as its client in relation to the Acquisition and Admission and will not regard any other person as its client in relation to the Acquisition and Admission 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 and Admission or any other matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on 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, Numis and any person affiliated with it accepts no 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 it, or on its behalf, in connection with Unite, the Acquisition or the Ordinary Shares. Numis accordingly disclaims, to the fullest extent permitted by applicable law, 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. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

Notice to all Shareholders

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information contained in this Prospectus for any purpose other than considering an investment in the Ordinary Shares is prohibited.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus 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 Prospectus 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 Prospectus or that the information in this Prospectus is correct as at any time after its date.

The contents of this Prospectus should not be construed as legal, business or tax advice. If you are in any doubt about the contents of this prospectus or the action you should take, it is recommended that you seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser (who is, if you are resident in the United Kingdom, duly authorised under the FSMA or, if you are not resident in the United Kingdom, an appropriately authorised independent financial adviser).

Notice to overseas shareholders

The release, publication or distribution of this document in certain jurisdictions other than the United Kingdom 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 Prospectus 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 described in this Prospectus 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 document is dated 22 November 2019.

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PART I

SUMMARY

1.	***Introduction***
a.	**Name and ISIN of securities**
	Name: Ordinary shares of The Unite Group plc International Securites Identification Number (ISIN): GB0006928617
b.	**Identity and contact details of the issuer**
	Name: The Unite Group plc (the "**Company**", and together with its subsidiary undertakings, "**Unite**") (incorporated in England and Wales with registered number 03199160) Address: South Quay, Temple Back, Bristol, BS1 6FL, United Kingdom Tel: +44 117 302 7000 Legal Entity Identifier (LEI): 213800BBUUWVDH9YI827
c.	**Identity and contact details of the competent authority**
	Name: Financial Conduct Authority Address: 12 Endeavour Square, London, E20 1JN, United Kingdom Tel: +44 (0) 20 7066 8348
d.	**Date of approval of the prospectus**
	22 November 2019
e.	**Warnings**
	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the prospective investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
2.	***Key information on the issuer***
a.	**Who is the issuer of the securities?**
i.	***Domicile and legal form, LEI, applicable legislation and country of incorporation*** The Company is domiciled in England and is a public company limited by shares. The Company's LEI is 213800BBUUWVDH9YI827. The Company operates under the Companies Act 2006 and was incorporated in England and Wales.

ii.	***Principal activities*** The Company is the ultimate holding company of Unite. On completion of the Company's acquisition of Liberty Living Group Plc (together with its subsidiary undertakings, "**Liberty Living**") (the "**Acquisition**"), the Company will become the ultimate holding company of the enlarged group (the "**Enlarged Group**"). Unite and Liberty Living are owners and operators of purpose-built student accommodation in the United Kingdom. Following completion of the Acquisition ("**Completion**"), the Enlarged Group will manage approximately 74,000 beds across 174 properties in 27 university towns and cities across the UK with a total portfolio value of approximately £5.1 billion.(1) Unite's portfolio, which comprises 50,077 beds across 123 properties, was independently valued at £3.2 billion as at 30 June 2019 on a see-through basis. The Liberty Living portfolio, which comprises 24,021 beds across 51 properties, was independently valued at £2.2 billion as at 31 August 2019. (1) Based on Unite aggregate property fair values as at 30 June 2019 (including Unite's see-through interest in USAF and LSAV), adjusted for the disposal of two properties in Coventry in October 2019, and Liberty Living aggregate property fair values as at 31 August 2019, (including Unite's see-through interest in Liberty Living's Cardiff properties being acquired by USAF).
iii.	***Major Shareholders*** The below table sets out the persons who had notified the Company of an interest which represents 3 per cent. or more of the voting share capital of the Company as at 21 November 2019 (the "**Latest Practicable Date**") and the expected holdings at the date of admission of the Consideration Shares:

	Interest as at the Latest Practicable Date		Interest immediately following Admission	
Shareholder	**No.**	**% of total issued share capital**	**No.**	**% of total issued share capital**
APG Asset Management NV	23,252,540	8.0	23,252,540	6.4
BlackRock Inc	22,230,433	7.6	22,230,433	6.1
The Vanguard Group Inc	13,011,216	4.5	13,011,216	3.6
State Street Global Advisors Ltd	10,314,242	3.6	10,314,242	2.8
Merian Global Investors Ltd (UK)	9,264,924	3.2	9,264,924	2.6
MFS Investment Management	9,198,831	3.2	9,198,831	2.5
Standard Life Aberdeen	8,847,899	3.0	8,847,899	2.4
Liberty Living Holdings Inc. ("**CPPIB Holdco**")	—	—	72,582,286	20.0

Save as disclosed in this section, the Company is not aware of any person who, as at the Latest Practicable Date, directly or indirectly, has a holding which is notifiable under English law or who directly or indirectly, jointly or severally, exercises or could exercise control over the Company. There are no differences between the voting rights enjoyed by the Shareholders described above and those enjoyed by any other holder of Ordinary Shares.

iv.	***Key managing directors*** Richard Smith, Chief Executive Officer Joe Lister, Chief Financial Officer
v.	***Statutory auditors*** Deloitte LLP of 1 New Street Square, London EC4A 3HQ, United Kingdom.

b.	**What is the key financial information regarding the issuer?**
i.	***Selected historical financial information***

Unite

The selected financial information for Unite set out below has been extracted without material adjustment from the consolidated financial statements of Unite for the years ended 31 December 2018, 2017 and 2016 and for the six months ended 30 June 2019 and 2018.

Selected consolidated income statement information

	Six months ended 30 June		Year ended 31 December		
£ millions	**2019**	**2018**	**2018**	**2017**	**2016**
Total revenue	73.5	67.6	128.3	119.3	120.7
Profit before net financing costs	93.0	95.1	163.5	155.0	128.4
Profit for the year attributable to owners of the parent company	140.3	137.9	235.7	221.6	224.0
Year-on-year revenue growth (%)	8.7%	7.8%	7.5%	(1.2)%	42.2%
EBIT margin[(1)] (%)	76.0%	73.7%	71.3%	67.9%	67.4%
Earnings per share (basic)	53.3p	53.9p	90.8p	95.3p	101.3p

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

Selected consolidated balance sheet information

	As at 30 June	As at 31 December		
£ millions	**2019**	**2018**	**2017**	**2016**
Total assets	3,005.2	2,849.5	2,431.6	2,092.4
Total equity	2,191.2	2,098.8	1,754.2	1,475.5

Selected consolidated cash flow statement information

	Six months ended 30 June		Year ended 31 December	
£ millions	**2019**	**2018**	**2018**	**2017**
Cash flow from operating activities	38.9	24.5	63.5	58.4
Net cash flow from investing activities	7.8	(91.7)	(148.5)	(91.0)
Net cash flow used in financing activities	(61.5)	69.4	161.2	43.2

The Target Liberty Living Group

The selected financial information for Liberty Living, excluding: (i) all of Liberty Living's properties in Cardiff, which are to be acquired by the Unite UK Student Accommodation Fund ("**USAF**"); and (ii) Liberty Living's properties in Bremen, Germany, and Valencia, Spain (the "**Target Liberty Living Group**") set out below has been extracted without material adjustment from the consolidated financial statements of the Target Liberty Living Group for the years ended 31 August 2019, 2018 and 2017.

	Selected consolidated income statement information

£ millions	Year ended 31 August 2019	2018	2017
Total revenue	133.7	130.9	116.3
Profit before net financing costs	176.8	45.7	42.2
Profit for the year attributable to owner of the parent company	153.1	42.7	(102.9)
Year-on-year revenue growth (%)	2.1%	12.6%	13.7%
EBIT margin (%)[1]	58.2%	58.7%	61.9%
Earnings per share[2]	—	—	—

(1) EBIT margin of the Target Liberty Living Group is calculated as earnings before interest and tax and other exceptional items as a percentage of total revenue.

(2) Earnings per share has not been presented as the historical financial information for the Target Liberty Living Group has been prepared on a carve out basis with no associated share capital over the years ended 31 August 2019, 2018 and 2017.

Selected consolidated balance sheet information

£ millions	As at 31 August 2019	2018	2017
Total assets	2,146.7	2,023.7	1,998.2
Total equity	1,210.6	1,068.5	(129.9)

Selected consolidated cash flow statement information

£ millions	Year ended 31 August 2019	2018
Cash flow from operating activities	84.5	77.0
Net cash flow from investing activities	(40.0)	(58.6)
Net cash flow used in financing activities	(49.4)	3.1

ii. ***Selected pro forma financial information***

The unaudited pro forma financial information set out below has been prepared to illustrate the effect of the Acquisition, the placing of 26,353,664 new ordinary shares in the capital of the Company which were issued on 5 July 2019 to raise gross proceeds of approximately £259.6 million in connection with the Acquisition (the "**Placing**"), the issue of 72,582,286 ordinary shares in the capital of the Company to be issued to CPPIB Holdco is part consideration for the Acquisition and all or any portion of the existing debt financing utilised by Unite for the purpose of the Acquisition and the transactions contemplated in connection therewith on the consolidated income statement of Unite for the year ended 31 December 2018 as if they had occurred on 1 January 2018, and on the consolidated balance sheet of Unite as at 30 June 2019 as if they had occurred on 30 June 2019.

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

	Unite year ended 31 December 2018 Note 1	Adjustments: Target Liberty Living Group year ended 31 August 2019 Note 2	Note 3	Note 4	Note 5	Pro Forma Note 6
	£ m	£ m	£ m		£ m	£ m
Total revenue	**128.3**	**133.7**	**—**	**—**	**—**	**262.0**
Cost of sales	(40.2)	(32.7)	11.9	—	—	(61.0)
Net valuation gains/(losses) on property	105.8	102.6	(3.1)	—	—	205.3
Profit before net financing costs	**163.5**	**176.8**	**8.8**	**(24.3)**	**—**	**324.8**
Net financing costs	**(13.5)**	**(23.6)**	**(9.8)**	**—**	**—**	**(46.9)**
Share of joint venture profit	95.8	—	—	—	1.7	97.5
Profit before tax	**245.8**	**153.2**	**(1.0)**	**(24.3)**	**1.7**	**375.4**
Profit for the year	**237.3**	**153.1**	**(1.0)**	**(24.3)**	**1.7**	**366.8**

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

Note 2 The results of the Target Liberty Living Group for the year ended 31 August 2019 have been extracted without adjustment from the consolidated financial statements for Liberty Living Group Plc in Part XV (*Historical Financial Information of the Target Liberty Living Group*) for the year ended 31 August 2019.

Note 3 This adjustment reflects the adoption of IFRS 16 (*Leases*) had it been applied by Unite from 1 January 2018.

Note 4 This adjustment reflects the costs of the Acquisition and the Placing. Such costs consist of adviser fees wholly attributable to the acquisition and are non-recurring.

Note 5 As a consequence of the transaction, USAF, a fund in which Unite has a 22 per cent. interest, will acquire a portfolio of assets located in Cardiff from Liberty Living. An adjustment to reflect the impact of a 22 per cent. interest in the Cardiff assets, as if they had been held from the beginning of year has been reflected.

Note 6 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 2019.

Unaudited pro forma balance sheet relating to the Enlarged Group as at 30 June 2019

£ millions	Unite as at 30 June 2019 Note 1	Adjustments: Target Liberty Living Group as at 31 August 2019 Note 2	Consideration Note 3	Acquisition adjustments Note 4	Pro forma Enlarged Group Note 5
Assets					
Investment property (owned, leased and under development)	1,947.6	1,947.5	—	—	3,895.1
Other non-current assets	875.9	145.3	—	147.7[(a),(b),(c)]	1,168.9
Total non-current assets	**2,823.5**	**2,092.8**	**—**	**147.7**	**5,064.0**
Total current assets	**181.7**	**53.9**	**(15.3)[(a)]**	**(16.2)**	**204.1**
Total assets	**3,005.2**	**2,146.7**	**(15.3)**	**131.5**	**5,268.1**
Liabilities					
Total current liabilities	**(202.3)**	**(93.1)**	**—**	**25.3**	**(270.1)**
Total non-current liabilities	**(611.7)**	**(843.0)**	**(310.0)[(b)]**	**—**	**(1,764.7)**
Total liabilities	**(814.0)**	**(936.1)**	**(310.0)**	**25.3**	**(2,034.8)**
Net assets	**2,191.2**	**1,210.6**	**(325.3)**	**156.8**	**3,233.3**

Note 1 The assets and liabilities of The Unite Group plc have been extracted without adjustment from its published consolidated financial statements as at and for the six months ended 30 June 2019.

Note 2 The assets and liabilities of the Target Liberty Living Group have been extracted without adjustment from the consolidated financial statements for Liberty Living Group Plc in Part XV (*Historical Financial Information of the Target Liberty Living Group*) as at and for the year ended 31 August 2019.

Note 3 (a) The cash adjustment of £15.3 million reflects £24.3 million of costs relating to the Acquisition and the Placing net of £9.0 million unutilised proceeds from the Placing.

(b) The total consideration payable by Unite of for the Target Liberty Living Group is comprised of £550.0 million cash and the remainder in Ordinary Shares (see Part VI *(Background to and reasons for the Acquisition)* of this document). This cash consideration has been funded by the draw down of £310.0 million from existing facilities and £240.0 million of the net proceeds from the Placing (see Part VI *(Background to and reasons for the Acquisition)* of this document).

Note 4 (a) Goodwill of £210.6 million represents the difference between the consideration of £1,367.3 million for the Target Liberty Living Group and the net assets of the Target Liberty Living Group of £1,210.6 million 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 £53.9 million. The total consideration of £1,367.3 million is made up of £550.0 million cash consideration and £817.3 million paid in Ordinary Shares, which has been calculated as 72.6 million Consideration Shares at a price of 1,126 pence per Ordinary Share, being the fair value of the Ordinary Shares as at the date of clearance from the CMA on 6 November 2019. No fair value adjustments have been made as fair values will only be calculated subsequent to completion of the Acquisition.

(b) The adjustment of £0.2 million 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 2019. The cash consideration for the acquisition of Liberty Living's Cardiff properties by USAF will be £253.0 million.

(c) The adjustment of £63.1 million 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 £16.2 million to trade and other receivables and £25.3 million 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 balance sheet does not take into account trading of Unite group subsequent to 30 June 2019 or the Target Liberty Living Group subsequent to 31 August 2019.

c.	**What are the key risks that are specific to the issuer?**
	• 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 is exposed to demand risk for accommodation and a potential fall in occupancy • Changes to 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 • 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 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 • Property valuations may fall and real estate illiquidity may restrict the Enlarged Group's ability to sell properties • The Enlarged Group's due diligence may not identify all risks and liabilities in respect of an acquisition of any property and/or operating businesses • 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 • The decision of the UK to leave the EU may have a negative effect on the Enlarged Group's business • 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 Completion, the indebtedness and financial leverage of the Englarged Group will increase
3.	***Key information on the securities***
a.	**What are the main features of the securities?**
i.	***Type, class and ISIN of the securities being admitted to trading on a regulated market*** 72,582,286 ordinary shares in the capital of the Company are to be issued to CPPIB Holdco in part consideration for the Acquisition (the "**Consideration Shares**"). The Consideration Shares will comprise ordinary shares of 25 pence each in the capital of the Company ("**Ordinary Shares**"). The ISIN code for the Consideration Shares will be the same as that of the existing Ordinary Shares, being GB0006928617.
ii.	***Currency, denomination, par value and number of securities issued*** 72,582,286 Consideration Shares, denominated in pounds sterling with par value of 25 pence each and indefinite term, will be issued by the Company.
iii.	***Rights attached to the securities*** The Consideration Shares will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares and have the following rights attaching to them: • on a show of hands at a general meeting every member present in person has one vote and every proxy or representative present who has been duly appointed by a member entitled to vote has one vote; and on a poll every member (whether present in person or by proxy or representative) has one vote per Ordinary Share; • the right to receive dividends on a *pari passu* basis; and • if the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in the proportion to the capital which at the start of the winding up is paid up on the shares held by them, respectively.

iv.	***Relative seniority of the securities*** The Consideration Shares are Ordinary Shares and will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares. If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in the proportion to the capital which at the start of the winding up is paid up on the shares held by them, respectively.
v.	***Restrictions on free transferability of the securities*** There are no restrictions on the free transferability of the Ordinary Shares.
vi.	***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). The Company's interim dividend for the six months ended 30 June 2019 was 10.25 pence per share (2018: 9.5 pence). As a result of the quality, predictable earnings outlook for the Enlarged Group's business, the Company is planning to maintain its dividend payout at 85 per cent. of EPRA earnings.
b.	**Where will the securities be traded?**
	Applications will be made to the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Consideration Shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**").
c.	**What are the key risks that are specific to the securities?**
	• The value of an investment in Ordinary Shares may go down as well as up and any fluctuations may be material and may not reflect the underlying asset value • The dividend policy of Unite will be dependent on the financial condition of the Enlarged Group • Shareholders will have a reduced ownership and voting interest in the Enlarged Group than they currently have in Unite • CPPIB Holdco will hold a significant stake in Unite from Completion and its interests may differ from those of other Shareholders
4.	***Key information on the admission to trading on a regulated market***
a.	**Under which conditions and timetable can I invest in this security?**
i.	***Terms and conditions*** Not applicable. This Prospectus does not constitute an offer or an invitation to any person to subscribe for or purchase any shares in the Company. The Consideration Shares are being issued to CPPIB Holdco in consideration for the Acquisition of Liberty Living by Unite. The Consideration Shares are not being offered to the public.
ii.	***Details of admission to trading on a regulated market*** The Ordinary Shares are currently listed on the premium listing segment of the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities. Applications will be made to the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Consideration Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the Consideration Shares will commence as soon practicable after 28 November 2019.

iii.	***Estimate of the total expenses of the issue*** The total costs and expenses incurred by the Company in connection with the Acquisition and Admission are estimated to be £24.3 million (inclusive of VAT). No expenses will be charged to the investors by the Company in respect of the Acquisition or Admission.
b.	**Why is this prospectus being produced?**
	The Consideration Shares will be issued as part consideration for the Acquisition of Liberty Living by Unite. Applications will be made to the FCA for the Consideration Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Consideration Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. This Prospectus is being produced solely in connection with Admission of the Consideration Shares and does not constitute an offer or an invitation to any person to subscribe for or purchase any shares in the Company. None of the Company, Liberty Living or the Enlarged Group will receive any proceeds as a result of the Acquisition. There are no material conflicts of interest pertaining to Admission.

PART II

RISK FACTORS

Any investment in the Company and its Ordinary Shares is subject to a number of risks. Accordingly, investors should consider and review this document carefully and in its entirety (together with the documents incorporated by reference into it) including the following risks prior to making any investment decision. 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 in relation to Unite and which will continue to be relevant to the Enlarged Group following completion of the Acquisition. If any of the following risks actually materialise, Unite's or 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 categories of risks described below are not set out in any order of priority, and the risks described below 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.

Investors should note that the risks relating to Unite, Liberty Living, their respective industries and the Ordinary Shares summarised in the section entitled "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to invest in the Ordinary Shares. However, as the risks which Unite faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section entitled "Summary" but also, among other things, the risks described below.

The information included herein is based on information available as at the date of this Prospectus and, except as requested by the FCA or required by the Listing Rules, the Prospectus Regulation, the Prospectus Regulation 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" in paragraph 2 of Part III (Important Information) of this Prospectus.

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 *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.

2. Risks relating to the integration of the Liberty Living portfolio

2.1 *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). 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 strengthen 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.

2.2 *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 and the Liberty Living portfolio 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 of 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 its 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 cost 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.

3. Risks relating to the PBSA sector

3.1 *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 policy on Higher Education of the UK government (the "**Government**") (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.

3.2 *Changes to 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 forthcoming general election means that there is uncertainty as to a future Government's approach to tuition fees, and Higher Education funding generally, and no guarantee that it will remain consistent with previous Government policies.

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 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 and, based on available data in respect of its tenants, an estimated 46 per cent. of beds in the Liberty Living portfolio were occupied by international students (including those from the EU). 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 student fees. However, some or all of these recommendations may not be implemented by a future 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.

3.3 *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 EU member states. Students may increasingly consider studying outside the UK, where the overall cost of a degree tends to be lower (with the exception of the United States, where the costs of a degree tend to be higher). An outflow of students to universities other than those in UK towns and 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 towns and cities in which the Enlarged Group manages properties. A decrease in the number of students seeking university accommodation in the towns and 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.

3.4 *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 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 eleven private operators of at least 10,000 beds, including Unite and Liberty Living (Source: CBRE, Operator League Table 2019). 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 town and 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 rent and occupancy levels which could have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

4. Risks relating to the real estate industry

4.1 *Property valuations may fall*

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, market movement 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 town or 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 property 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.

4.2 *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. 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 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.

4.3 *The Enlarged Group's due diligence may not identify all risks and liabilities in respect of an acquisition of any property and/or operating businesses*

Prior to entering into an agreement to acquire any property or property portfolio and/or operating business, Unite and Liberty Living have performed and, following Completion, the Enlarged Group will perform due diligence on any proposed investment. In doing so, they would typically rely, in part, on third parties to conduct a significant portion of this due diligence (including legal reports on title and other key legal due diligence questions and property valuations). The acquisition of properties involves a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties. In contrast to Unite, Liberty Living does not undertake the construction or development of new properties and so all of the properties in the Liberty Living portfolio have been the subject of acquisitions. To the extent that Unite or Liberty Living and, following Completion, the Enlarged Group or any third parties acting on their behalf underestimate or fail to identify risks and liabilities (including any environmental or construction liabilities) associated with the investment in question, the Enlarged Group may be subject to defects in title or to environmental, structural or operational defects requiring remediation, or the Enlarged Group may be unable to obtain necessary permits, which may have an adverse impact on the Enlarged Group's business, financial condition or results of operations. A due diligence failure may also result in acquired properties that fail to perform in accordance with projections.

In addition, to the extent that the Enlarged Group fails to identify risks associated with the relevant university (including risks associated with its financial solvency), the Enlarged Group may enter into long-term tenancy or other arrangements which do not meet either party's needs or are subsequently not honoured by the counterparty. Failure by the Enlarged Group to conduct appropriate due diligence may result in a university seeking to terminate or breaching the terms of an arrangement or rental review clause and may also result in other contractual terms becoming too onerous for 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, cash flows and prospects.

Furthermore, there is a risk that certain properties acquired by Unite or Liberty Living may have a latent design defect which was not discovered as part of the diligence exercise and has not yet come to light. Such defect may require significant capital expenditure to remedy which is not budgeted for or anticipated. Although each of Unite and Liberty Living has, and the Enlarged Group will have, appropriate third party professional indemnity insurance in place, there is no assurance that this will be suitable for the defect discovered or that any pay-out will cover the full cost of the remediation works. Certain of Unite's and Liberty Living's recent acquisitions may include new properties in respect of which the relevant building contractor will retain liability through a warranty for a limited amount of time. There is a risk that Unite or Liberty Living does not discover defects within this time period and assumes the liability. If any of the Enlarged Group's properties is found to have defects that require rectification, the cost, loss of rental income, timing implications and reputational damage of such rectifications may have an adverse impact on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

4.4 *Property development and management involves certain inherent risks*

Unite's strategy includes a clearly identified development pipeline, and the returns from these developments are key to delivering future shareholder value. Property development and management involves certain risks, including construction cost inflation, cost overruns, delays to the completion of developments and reliance on third parties complying with their obligations. Any delays or cost overruns might impact on the Enlarged Group's returns from development activities and its revenue generated from operations. Unite expects to deliver a total yield on cost of 6.9 per cent. for its committed development pipeline, however, any delay or overrun or other issue in the pipeline is likely to impact these targeted returns.

Additionally, there is a risk that a contractor engaged by the Enlarged Group might fail to comply with its obligations, whether as a result of an insolvency or bankruptcy event or otherwise, arising as a result of general economic conditions or specific factors. In the event that a contractor fails to comply with its obligations, the Enlarged Group's development activities might be delayed or the costs of completing a development may increase.

Unite's development projects are also subject to other hazards and risks normally associated with the construction and development of commercial real estate, including personal injury and property damage. The occurrence of any of these events could result in increased operating costs, reputational damage, fines, legal fees, or criminal prosecution of the Enlarged Group, and its management or the Directors. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition or results of operations.

4.5 *Any of the Enlarged Group's properties may be compulsorily purchased by a public authority*

Any property in the United Kingdom may at any time be compulsorily acquired by a public authority possessing compulsory purchase powers, including local authorities and statutory undertakers (such as electricity, gas, water and railway undertakers) if it can demonstrate that the acquisition is necessary or desirable for the promoter's statutory functions and in the public interest.

If an order is made in respect of all or any part of a property, compensation is generally payable on a basis equivalent to the open market value of the owners' proprietary interests in the property to be purchased at the time of such purchase, taking account of diminution in value of any retained land and other adverse impacts of the compulsory purchase. There is often a delay between the compulsory purchase of a property and payment of compensation. However, there is no clarity as to the total amount of compensation that might be available, or the time in which such compensation might be payable, with any compulsory purchase order. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition or results of operations.

4.6 *The Enlarged Group may default under a lease agreement it has in respect of the properties Unite or Liberty Living holds pursuant to long leases*

The interests of Unite and Liberty Living in certain of the properties in their respective portfolios is in the form of a leasehold (or part long leasehold) interest as opposed to a freehold interest. 27 properties are held by Unite and 16 properties are held by Liberty Living as a leasehold (or part long leasehold) interest. For such properties, there is a risk that the relevant landlord may terminate the agreement with Unite or Liberty Living (the "**Head Lease**") before the expiry of the contractual term for failure to pay rent or another breach of tenant obligation. The rent obligations under most of these leases are for nil or nominal sums. Typically the most onerous tenant obligation in a Head Lease is an obligation to keep the buildings in good repair which Unite and Liberty Living are likely to comply with to be able to sub-let properties to students. If any such failure to pay rent or breach occurs, the landlord may commence court proceedings or otherwise take action to terminate the Head Lease. Despite the common law protection afforded to a tenant, given the residential nature of the properties, if a landlord took action and relief was not obtained by the Enlarged Group, all future income from that property may be lost which may adversely affect the Enlarged Group's business, financial condition, results of operations, cash flows and prospects. The Enlarged Group may also suffer reputational damage which may result in a decreased interest from future students.

5. Risks relating to political and economic circumstances

5.1 *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 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, 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.

5.2 *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 population voted in a referendum to leave the EU and the UK is currently in the process of withdrawal from the EU ("**Brexit**"). On 29 March 2017, the Government triggered the formal process for leaving the EU under Article 50 of the Treaty of the European Union, which commenced a two year negotiating period for the UK to agree the terms of its exit from the EU that has since been extended and expires on 31 January 2020. The terms of the UK's future relationship with the EU have not been determined, nor has the date upon which the UK will leave the EU or the terms of its departure. In addition, on 29 October 2019, the House of Commons of the UK passed a bill in favour of holding a general election, which will be held on 12 December 2019. The outcome of the general election will have a significant impact on the UK position and strategy in respect of Brexit and wider political and economic policy. Therefore, as at the date of this document, the terms on which the UK is expected to leave the EU and the future relationship of the UK with the EU remain uncertain. Given this uncertainty and the range of possible outcomes, it is not currently possible to determine the impact that Brexit and/or any related matters may have on general political and economic conditions in the UK. Accordingly, the political and economic uncertainty surrounding Brexit and the terms of any such exit may adversely affect the Group's business, results of operation, financial condition and prospects.

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 the 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, results of operations, financial condition and prospects.

6. Risks relating to the operation of the Enlarged Group's business

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

The revenues from the 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 2019/20 academic year, 50 per cent. of beds in the Liberty Living portfolio rooms 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 let 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 contractual terms, such as rental payment and pre-let agreements, or the advance booking 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.

6.2 *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.

6.3 *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, the university changes its property needs or otherwise, it could adversely impact the university's willingness to supply students for the Enlarged Group's accommodation. 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 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.

6.4 *The Enlarged Group's ability to maintain the condition of and refurbish its properties in a satisfactory manner, within budget and on time is dependent on its vendors, suppliers, refurbishment contractors and other service providers*

Maintaining Unite's and Liberty Living's and, following Completion, the Enlarged Group's respective property portfolios in good condition through a rolling refurbishment programme is an important factor in preserving rental income and occupancy rates. Substantially all of the property renovations, refurbishments and related work on the properties in the Unite portfolio and the Liberty Living portfolio are outsourced to third-party contractors. Although Unite and Liberty Living carefully choose their contractors to perform this work, there is a risk that the performance of the contractors may not meet appropriate standards or specifications. Negligence or poor work quality by any contractors may result in defects in the buildings, which could in turn result in the Enlarged Group suffering financial losses, harm to its reputation or expose the Enlarged Group to third-party claims.

The Enlarged Group's ability to refurbish and maintain the condition of its properties in a satisfactory manner, within budget and on time will depend on the ability of its vendors, suppliers, refurbishment contractors and other service providers to provide competent, attentive and efficient services. To the extent that the Enlarged Group's preferred contractors and other service providers are unable or unwilling to perform their contractual commitments, there is a risk of reputational damage to the Enlarged Group, or that the Enlarged Group will have to seek alternative contractors (or to perform such services itself) which could be difficult or more costly. Failure by any service provider to carry out its obligations to the Enlarged Group in accordance with the terms of its appointment to exercise due care and skill may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and cash flows.

Furthermore, property renovation projects and annual maintenance programmes involve certain risks, including working at sites occupied by students, cost inflation, cost overruns and delays. Third-party contractors may undertake projects for parties other than the Enlarged Group or encounter financial or other difficulties, such as supply shortages, labour disputes or work accidents, which may cause delays in the completion of the Enlarged Group's projects or result in increases in the Enlarged Group's costs. Timely completion of renovations of student accommodation or refurbishment of existing properties is of particular importance to the Enlarged Group since newly renovated accommodation has to be available before the start of the relevant new academic year. Delays in completion of renovations could reduce occupancy rates or the level of rents achievable and cost overruns may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and cash flows.

The termination of a relationship with any service provider, or any delay in appointing a replacement for such service provider, could disrupt the business of the Enlarged Group materially and could have a material adverse effect on the Enlarged Group's ability to maintain the condition of or refurbish its properties in a satisfactory and timely manner. Misconduct or misrepresentations by employees of the vendors, suppliers, contractors and other service providers could prevent the Enlarged Group from completing refurbishment projects and annual maintenance programmes in a timely manner or could adversely affect Unite or Liberty Living's reputation as a provider of high quality, well maintained and serviced student accommodation. Any failure by the Enlarged Group or the vendors, suppliers, refurbishment contractors and other service providers on which it relies to adequately maintain the condition of the Enlarged Group's property portfolio could adversely impact the Enlarged Group's business, financial condition, results of operations and prospects.

6.5 ***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 undertook a full fire safety review of all of its 125 properties as at June 2019 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 six of Unite's properties. This remedial work has now been completed in line with the costs and revenue impact that Unite outlined during 2017. During these remedial works, one property was closed for the 2017/18 academic year. Liberty Living undertook a similar review and determined that six properties had some 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 the continued closure of one block for the 2018/19 academic year, although the remediation work has been completed as at the date of this Prospectus.

Notwithstanding the fact that Unite and Liberty Living have each completed a fire safety review 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 changes to fire safety or buildings regulations or guidance could be issued in relation to combustible materials, including for example aluminium composite materials and/or high pressure laminates, fire safety procedures or otherwise, as a result of which the Enlarged Group undertakes remedial work or closes 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 remediate 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.

6.6 *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.

6.7 *If the Enlarged Group does not succeed in attracting, developing and retaining skilled personnel, the ability of the Enlarged Group to deliver its business strategy may be reduced*

Unite and Liberty Living are dependent on members of their respective senior management teams and flexible, highly skilled and well-motivated workforces and, following Completion, the Directors believe the Enlarged Group's future success will depend in part on its ability to attract, retain and motivate highly skilled management and personnel. The Directors cannot give assurances that senior managers and other key employees of Unite or Liberty Living will remain with the Enlarged Group. If the Enlarged Group fails to staff its operations appropriately, or loses one or more members of its senior management team and fails to replace them in a satisfactory and timely manner, its business, financial condition and results of operations may be adversely affected. Likewise, if the Enlarged Group does not succeed in attracting, developing and retaining skilled personnel, the ability of the Enlarged Group to deliver its business strategy may be reduced. 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.

6.8 *The Enlarged Group may not be able to maintain or increase the rental rates for its 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. There can be no guarantee that a future Government may not impose rent controls in respect of university accommodation, which may have an adverse impact on the ability of the Enlarged Group to maintain or increase rental rates for its properties.

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 maximum and minimum 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.

6.9 *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 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 and Liberty Living 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.

6.10 *There is a risk of accidents causing personal injury at premises owned or managed by the Enlarged Group, which could result in litigation*

There is a risk of accidents occurring at premises owned by Unite or Liberty Living and, following Completion, the Enlarged Group, which could result in personal injury to tenants, people visiting the premises, employees, contractors or members of the public. Each of Unite and Liberty Living has approved health and safety policies and procedures applicable to all its locations. In addition, each of Unite and Liberty Living has and, following Completion, the Enlarged Group will have public liability insurance in place, which is considered to provide an adequate level of protection against third party claims. Should an accident attract publicity or be of a size or nature that is not adequately covered by insurance, the Enlarged Group could face significant costs, and the Enlarged Group's ability to put in place public liability insurance cover in the future may also be adversely affected. Any such accident or litigation resulting therefrom may have an adverse impact on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

6.11 *The Enlarged Group may be subject to uninsured losses*

Neither Unite nor Liberty Living have insurance coverage for certain extreme types of catastrophic losses, which are not insurable or for which economically reasonable insurance is unavailable. In addition, there can be no guarantee that Unite's or Liberty Living's current insurance coverage is sufficient to fully cover the types of losses that are insured, or that such coverage will not be cancelled or become unavailable on economically reasonable terms in the future. If the Enlarged Group were to suffer damage to an asset for which it was uninsured or insufficiently insured, it may be forced to obtain additional financing, repair or rebuild the damaged asset or lose the value of the damaged asset altogether. The occurrence of any of these events may have an adverse impact on the Enlarged Group's business, financial condition or results of operations.

6.12 *The Enlarged Group may be subject to privacy or data protection failures*

Unite and Liberty Living are subject to regulation regarding the use of private data relating to students and universities, primarily pursuant to the General Data Protection Regulation (the "**GDPR**"). Unite and Liberty Living process confidential student data as part of their business and must comply with the GDPR in relation thereto. There is a risk that data could be stolen, lost or disclosed, or processed in breach of data protection regulation. If the Enlarged Group or any of the third-party service providers on which it relies fails to store or transmit student information in a secure manner, or if any loss of student data were otherwise to occur, the Enlarged Group could face liability under the GDPR. This could also result in the loss of the goodwill of its tenants and deter new potential tenants, which may have an adverse impact on the Enlarged Group's business, financial condition or results of operations. A breach of the GDPR may also subject the Enlarged Group to significant financial penalties. 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.

6.13 *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 39 per cent.

As a result, the Acquisition will increase the overall indebtedness and financial leverage of the Enlarged Group as compared to 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.

7. Risks relating to legislation

7.1 *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.

7.2 *Property investment may be affected by legal and regulatory changes*

The risks incidental to the ownership of real estate include changes in relation to environmental protection, health and safety, planning, tax and landlord/tenant laws, as well as land use and building regulation standards. If these laws and regulations are changed, or new obligations imposed, property development and investment may become more difficult or costly, and therefore have an adverse effect on the income from, and value of, any properties in the Unite portfolio, including those in which it holds an interest through co-investment vehicles, and any properties in the Liberty Living portfolio. Additionally, any new laws may be introduced which may be retrospective and affect existing planning consents. Recent legal and regulatory changes have addressed the containment and management of asbestos in buildings, access for disabled persons, and provisions for the measurement and reporting of the energy efficiency of buildings. The impact of future legal and regulatory changes affecting property investment may have an adverse impact on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

8. Risks relating to co-investment vehicles

8.1 *Unite's co-investment vehicles carry risks*

A significant proportion of the properties in the Unite portfolio (approximately 40 per cent. of see through gross asset value as at 30 June 2019) are held through USAF or LSAV, co-investment vehicles in which Unite holds a significant minority equity interest. These vehicles pose certain risks to Unite, including risks relating to:

- a shared level of strategic control and decision-making in relation to those vehicles, which can reduce Unite's ability to control strategy for the vehicles and for its own portfolio;
- the variability of the management fees paid by those vehicles to Unite, which is subject to factors not fully within Unite's control; and
- the limit on the liquidity of Unite's holdings in these vehicles.

The occurrence of any of these events may have an adverse impact on Unite's, and following Completion, the Enlarged Group's business, financial condition or results of operations.

In addition, these vehicles may incur further indebtedness (whether secured or unsecured) subject to internal gearing guidelines and without recourse to Unite. Such an occurrence could have an impact on the profitability of these vehicles and return generated by the Enlarged Group from its holdings in them.

8.2 *Control and decision-making*

Unite is a manager of USAF and LSAV, which gives it day to day management and control of the properties held by those vehicles. However, significant decisions are decided by the joint venture partners equally (the sovereign wealth fund of Singapore, the Government of Singapore Investment Corporation ("**GIC**"), in the case of LSAV), or, in the case of USAF, decided jointly by Unite and an Advisory Committee. As a result, at a strategic level, Unite does not exert control over the co-investment vehicles, which means that Unite's strategy and plans for a particular asset held by a co-investment vehicle may not be implemented. This may negatively impact the ability to take strategic decisions regarding the operation, management or sale of such assets, which may decrease the value of the assets held within the co-investment vehicle and the Enlarged Group's results of operations. Disagreements with the co-investment vehicles could lead to deadlock and potential dissolution of the vehicles. In addition, the LSAV co-investment vehicle is for a fixed term. This structure requires that an active decision be made by joint venture partners to either continue or terminate the vehicle. There can, however, be no assurance that the joint venture partners will agree to a continuation or a liquidation of such vehicle, which could result in increased costs for 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.

8.3 *Management fees*

Management fees received by Unite as property and asset manager of USAF and LSAV are calculated in part by reference to the value of the assets and cash held by USAF and LSAV. As a result, these management fees are dependent upon a variety of factors outside Unite's control, including the value of the properties in USAF's portfolio, calls for cash or assets in the portfolio (for example, if a unit holder calls for a redemption and USAF is unable to find a buyer for the units and therefore must sell assets to return cash to the unit holder), and other variables. In addition, if Unite was removed as asset manager or investment manager in USAF or LSAV, it would cease to receive asset management or investment management fees, which currently provide Unite with a stable and recurring source of income. Unite received management fees of £15.6 million in the year ended 31 December 2018 (year ended 31 December 2017: £14.1 million). A reduction in management fees received by Unite may have an adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

8.4 *Liquidity risk*

Unite's holdings in co-investment vehicles are illiquid. As a result, it will be difficult for Unite to exit these vehicles. In relation to USAF, although unit holders are entitled to require USAF to redeem units, such process can take a significant amount of time, since USAF is required to find a buyer for the units before redeeming them. There is no guarantee that any such buyer exists or if it will be willing to pay the amount that Unite requires to sell the units. If no buyer is available, such redemptions can prove costly for USAF itself, since USAF may be required to sell property to fund the redemption request, which may have a negative impact on the value of Unite's remaining holding in USAF, and may also have a negative effect on the management fees paid by USAF to Unite. 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.

9. Risks relating to an investment in the Ordinary Shares

9.1 *The value of an investment in Ordinary Shares may go down as well as up and any fluctuations may be material and may not reflect the underlying asset value*

The market price of the Ordinary Shares could be subject to significant fluctuations due to changes in sentiment in the market regarding the Ordinary Shares. The fluctuations could result from national and global economic and financial conditions, market perceptions of Unite, the Enlarged Group and/or the Acquisition and various other factors and events, including but not limited to regulatory changes affecting Unite's operations, variations in Unite's operating results, business developments of Unite or its competitors and the liquidity of the financial markets. Furthermore, Unite's operating results and prospects from time to time may be worse than the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares.

9.2 *The market price for Ordinary Shares may decline below the current market price or the price at which they were acquired by a Shareholder*

There is no assurance that the public trading market price of the Ordinary Shares will not decline below the current trading market price or the price at which they were acquired by a Shareholder. Should the latter occur, that Shareholders will suffer an immediate, unrealised loss as a result. Moreover, there can be no assurance that, following a Shareholder's acquisition of Ordinary Shares, that Shareholder will be able to sell its Ordinary Shares at a price equal to or greater than the acquisition price for those shares.

9.3 *An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling may be exposed to foreign exchange rate risk*

The Ordinary Shares are denominated in pounds sterling and any dividends to be paid in respect of the Ordinary Shares will be denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the pound in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in relation to such foreign currency.

9.4 *The dividend policy of Unite will be dependent on the financial condition of the Enlarged Group*

Unite will only be able to pay dividends to Shareholders to the extent that it has sufficient distributable reserves and cash available for this purpose and Unite may decide to use all or part of such cash for another purpose, for example, to invest in and further develop the Enlarged Group's business. There is no guarantee that Unite will be able to make dividend payments in the future, or to sustain dividend payments at any particular level.

Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, applicable law, regulation, the Enlarged Group's financial position, working capital requirements, finance costs, general economic conditions and other factors the Board deems significant from time to time. The Enlarged Group's ability to pay dividends will also depend on the level of dividends and other distributions, if any, received from its subsidiaries. To the extent that the Enlarged Group or its subsidiaries experience an adverse effect on their results of operations, cash flows or financial condition, or such other relevant factor, the Board may decide at its discretion to decrease the amount of dividends, change or revoke the dividend policy or discontinue paying dividends entirely. In addition, if Unite does not pay, or reduces its historical dividend rate, the market price of Ordinary Shares could decline.

If the Enlarged Group is unable to distribute at least 90 per cent of UK profits from any qualifying property rental businesses by way of a property income distribution to its shareholders, it may be unable to maintain REIT status, which may have an adverse impact on its business, financial condition and/or results of operations.

9.5 *Unite may be a passive foreign investment company for US federal income tax purposes*

A non-US corporation is a passive foreign investment company (a "**PFIC**") for any taxable year in which, after taking into account the income and assets of certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. Rental income is generally considered passive income, although a special rule allows a lessor of real estate to treat rental income as non-passive to the extent that the lessor, through its own officers or employees, regularly performs active and substantial management functions. There is a risk that Unite may not qualify under this rule because Unite holds rental properties in subsidiaries that are separate from the subsidiaries through which it conducts its property management activities. Liberty Living similarly holds some of its rental properties in subsidiaries separate from those through which it conducts property management activities. Recently proposed regulations would amend this rule to permit Unite to take into account activities conducted by its property management subsidiaries, which Unite believes would enable it to treat the rental income as active. Although these regulations have not yet been finalized, the US Internal Revenue Service has stated that taxpayers may elect to rely on these regulations, which Unite intends to do. Unite believes that it is not a PFIC for US federal income tax purposes and does not intend to become a PFIC after the Acquisition, but there can be no assurance, however, that the US Internal Revenue Service will agree with Unite's characterisation of its rental income, and changes in Unite's structure or activities could affect its continued qualification under this rule. Unite's PFIC status is a factual determination that is subject to review and thus may change in the future. Unite's potential status as a PFIC for any year in which a US shareholder owns Unite shares could subject the US Shareholder to materially adverse US federal income tax consequences.

10. Risks relating to ownership of the Enlarged Group through the Ordinary Shares

10.1 *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 will issue approximately 72.6 million Consideration Shares in connection with the Acquisition. This will result in Unite's issued share capital increasing by approximately 24.9 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 80.0 per cent. of the ordinary share capital of 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.

10.2 *CPPIB Holdco will hold a 20 per cent. 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 in Unite (assuming the issuance of approximately 72.6 million Consideration Shares) and will hold voting power commensurate with its shareholding. 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 Holdco 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 shareholding at or around a similar level, exercise voting power that is greater than other shareholders individually may exercise 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 investments in, other businesses that may be, or may become, competitors of the Enlarged Group.

10.3 *Shareholders may not be able to exercise pre-emption rights or participate in future issues of Ordinary Shares, whether because they outside the United Kingdom or otherwise, which may dilute the holdings of Shareholders*

Unite has no current plans for any offering of Ordinary Shares. Unite may, however, decide to issue and allot additional Ordinary Shares in the future, either to raise capital in consideration for further acquisitions or for other purposes. In the case of a future allotment of new Ordinary Shares for cash, the then existing Shareholders will have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of Shareholders at a general meeting. An issue of new Ordinary Shares not for cash or when pre-emption rights have been disapplied could dilute the ownership and voting interests of the then existing Shareholders. The securities laws of certain jurisdictions outside the United Kingdom may restrict the participation by, or Unite's ability to allow participation of, certain shareholders in such jurisdictions in any future issues carried out by Unite of Ordinary Shares or of other securities.

PART III

IMPORTANT INFORMATION

1. Notice to investors

Investors should rely solely on the information contained in this document and the information incorporated by reference into this document (and any supplementary prospectus produced to supplement the information contained in this document) when making a decision as to whether to purchase Ordinary Shares. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, or the Underwriters. In particular, the content of Unite's, Liberty Living's and CPPIB Holdco's websites do not form part of this document and prospective investors should not rely on such content. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor any issue or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

No statement in this document or incorporated by reference into this document is intended as a profit forecast or profit estimate for any period and no statement in this document or incorporated by reference into this document should be interpreted to mean that the earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial reports for the Company.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis does not accept any responsibility whatsoever, or makes any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors or any other person, in connection with the Company, the Ordinary Shares, the Acquisition or Admission and nothing in this document shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Numis accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

2. 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 Regulation 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 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 15 of Part XXI (*Additional Information*) of this document.

3. 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 judgements by both the researchers and the respondents, including judgements 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.

4. Sources and presentation of financial information

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

Unless specified otherwise, financial information relating to Unite as at and for the year ended 31 December 2018 has been extracted without adjustment from the consolidated, audited financial statements relating to Unite as at and for the year ended 31 December 2018 and financial information relating to Unite as at and for the six months ended 30 June 2019 has been extracted without adjustment from the consolidated financial statements relating to Unite as at and for the six months ended 30 June 2019, which are incorporated into this document by reference as explained in Part XIV (*Historical Financial Information of Unite*) (the "**Unite Financial Information**"). The Unite Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

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 22 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 Financial Information.

Unite applied IFRS 16 (*Leases*) for the first time in its interim financial information for the six months ended 30 June 2019. Unite has applied IFRS 16 using the cumulative catch up approach, without restatement of the comparative information. As a result, certain financial items are not directly comparable to prior periods. Unite continues to monitor and present LTV on a pre-IFRS 16 adjustments basis. See paragraph 18 of Part XII (*Operating and Financial Review of Unite*) for further information on the application of IFRS 16.

4.2 *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 Bremen, Germany, and Valencia, 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 Bremen, Germany, and Valencia, Spain (the "**Liberty Living portfolio**").

Property valuation information as at 31 August 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 XVIII (*Valuation Report for the Liberty Living portfolio*) (the "**Liberty Living Portfolio Valuation Report**") and 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)* of the Circular.

Liberty Living applied IFRS 16 (*Leases*) for the first time in its financial information for the year ended 31 August 2019. Liberty Living has applied IFRS 16 using the cumulative catch up approach, without restatement of the comparative information.

4.2.1 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 year ended 31 August 2019 has been extracted without adjustment from the consolidated financial statements relating to the Target Liberty Living Group as at and for the year ended 31 August 2019 and the notes thereto, which are included in Section A of Part XV (*Historical Financial Information of the Target Liberty Living Group*), and financial information as at and for the years ended 31 August 2018 and 2017 has been extracted without adjustment from the consolidated financial statements relating to the Target Liberty Living Group as at and for the years ended 31 August 2018 and 2017 and the notes thereto, which are incorporated into this document by reference as explained in Section C of Part XV (*Historical Financial Information of the Target Liberty Living Group*) (the "**Target Liberty Living Group Financial Information**").

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.

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.

4.2.2 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. Unite's interest in USAF will be 22 per cent. when the equity from USAF's equity raise in May 2019 is fully drawn prior to USAF's acquisition of Liberty Living's properties in Cardiff. Unite's interest in the Cardiff properties will be included in its EPRA adjusted 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.

4.3 *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.

5. 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 XVI (*Unaudited Pro Forma Financial Information of the Enlarged Group*) of this document.

The Pro Forma Financial Information (as defined in Part XVI (*Unaudited 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.

6. Presentation of certain key performance indicators

This document contains certain non-IFRS financial measures 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, IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measures calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. Such non-IFRS financial measures are included in this document because they are used by management to assess operating performance and liquidity and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of operating cash flow and liquidity. The Directors also believe that these or similar measures are widely used by securities analysts, investors and other interested parties as supplemental measures of operating performance and liquidity.

The non-IFRS measures contained in this document have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, measures presented in accordance with IFRS. In addition, the non-IFRS measure presented by Unite or the Target Liberty Living Group 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 non-IFRS measures contained in this document.

For definitions of the non-IFRS financial measures used by Unite and reconciliations to the nearest IFRS measure, see "*Financial Key Performance Indicators and Reconciliations to IFRS Measures*" in Part XI (*Selected Financial and Other Information of Unite*). For definitions of the non-IFRS financial measures used by the Target Liberty Living Group and reconciliations to the nearest IFRS measure, see "*Summary operating and financial review*" in Part X (*Information on Liberty Living*). A discussion of the relevance and certain of the limitations of the non-IFRS financial measures used by Unite and for the Target Liberty Living Group is also provided below.

6.1 *Non-IFRS financial measures of 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.

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. Unite's EPRA earnings figure includes Unite's see-through interest in both USAF and LSAV's EPRA earnings.

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

	Six months ended 30 June		Year ended 31 December		
£ millions	**2019**	**2018**	**2018**	**2017**	**2016**
EPRA earnings[(1)]	61.2	52.9	88.4	70.5	62.7
Net valuation gains on investment property owned	53.3	59.1	105.8	103.1	77.2
Property disposals owned	0.2	(0.5)	(6.8)	0.6	0.3
Net valuation losses on investment property (leased)	(2.3)	—	—	—	—
Property disposals (leased)	(1.1)	—	—	—	—
Acquisition costs	(5.4)	—	—	—	—
Share of joint venture gains on investment property	23.3	28.8	58.1	65.0	58.8
Share of joint venture property disposals	—	—	(3.5)	0.5	—
Interest rate swap payments on ineffective hedges	(2.4)	—	—	—	—
Swap cancellation and loan break costs	(0.5)	(0.1)	(0.1)	(11.5)	(1.0)
Share of joint venture swap cancellation costs	—	—	—	(0.8)	—
Deferred tax relating to properties	14.5	(1.9)	(5.5)	(4.5)	27.6
Minority interest share of reconciling items[(2)]	(0.5)	(0.4)	(0.7)	(1.3)	(1.6)
Profit attributable to owners of the parent company	**140.3**	**137.9**	**235.7**	**221.6**	**224.0**

(1) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing an increase of £1.2 million, which do not apply to prior periods.

(2) 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.

EPRA earnings per share ("EPS")

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

EPRA EPS yield

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

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. Unite's EPRA NAV Unite's see-through interest in both USAF and LSAV's EPRA NAVs. Unite's EPRA NAV for the six months ended 30 June 2019 is shown post-IFRS 16 adjustments.

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

	As at 30 June		As at 31 December		
£ million	2019	2018	2018	2017	2016
Net asset value reported under IFRS	2,164.9	1,995.4	2,073.0	1,729.0	1,451.6
Mark to market interest rate swaps	7.6	2.2	0.2	2.1	14.9
Realised swap gain	(2.1)	—	(2.3)	—	—
Deferred tax	—	11.0	14.5	9.3	5.4
EPRA NAV (pre-convertible)(1)	**2,170.4**	**2,008.6**	**2,085.4**	**1,740.4**	**1,471.9**
Convertible bond	—	—	—	—	85.4
EPRA NAV(1)	**2,170.4**	**2,008.6**	**2,085.4**	**1,740.4**	**1,557.3**

(1) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of £1.8 million, which do not apply to prior periods.

EPRA NNNAV

To determine EPRA NNNAV, EPRA NAV is adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes. Under EPRA best practice recommendations EPRA NNNAV is considered to give stakeholders the most relevant information on the current fair value of all the assets and liabilities.

The following table set out of a reconciliation of EPRA NNNAV to EPRA NAV as at the dates indicated:

	As at 30 June		As at 31 December		
£ million	2019	2018	2018	2017	2016
EPRA NAV(1)	**2,170.4**	**2,008.6**	**2,085.4**	**1,740.4**	**1,557.3**
Mark to market of fixed rate debt	(51.7)	(45.2)	(38.0)	(55.1)	(19.7)
Mark to market of fixed rate interest swaps	(7.6)	(2.1)	(0.2)	(2.1)	(14.9)
Deferrred tax	—	(11.0)	(14.5)	(9.3)	(5.4)
EPRA NNNAV(1)	**2,111.1**	**1,950.3**	**2,032.7**	**1,740.4**	**1,557.3**

(1) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of £1.8 million, which do not apply to prior periods.

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.

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.

In this document, LTV excludes IFRS 16 related balances recognised in respect of lease properties following the adoption of IFRS 16 Leases from 1 January 2019. The application of IFRS 16 at 30 June 2019 resulted in an increase in Unite's gross assets of £111 million due to the recognition of an asset for its sale and leaseback portfolio and a corresponding lease liability of £100 million. The leased properties therefore had an LTV of 90 per cent., which resulted in an increase of 2 per cent. in LTV on a see-through basis. As this is a result of the accounting treatment for leased properties under the new standard, Unite continues to monitor and present LTV in this document on a pre-IFRS 16 adjustments basis.

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.

Net operating income

Unite's net operating income ("**NOI**") represents rental income generated from its properties less operating costs directly related to its property, and therefore excludes central overhead costs. Unite reports net operating income on a see-through basis after taking its see-through share in net operating income generated by USAF and LSAV.

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.

6.2 ***Non-IFRS financial measures used by 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.

EPRA earnings

The 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.

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.

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.

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.

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.

Net initial yield

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 including 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.

7. No profit forecasts 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 Enlarged Group or the Target Liberty Living 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.

8. 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 the 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.

There is no industry standard terminology to describe such types of agreements and different accommodation providers may use different terms to describe the same contractual arrangements.

9. Rounding

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly 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.

10. 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.

11. Incorporation by reference

Certain information in relation to Unite is incorporated by reference in this document, as set out in Part XIV (*Historical Financial Information of Unite*). Certain information in relation to the Target Liberty Living Group is incorporated by reference in this document, as set out in Section C of Part XV (*Historical Financial Information of the Target Liberty Living Group*).

The contents of websites of Unite (www.unite-group.co.uk) and Liberty Living (www.libertyliving.co.uk) and any hyperlinks accessible from those websites do not form part of this document, save for any information that is stated in this Prospectus to be incorporated by reference, and investors should not rely on them.

12. Definitions

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

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.

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references to time in this document are to the time in London, United Kingdom on the relevant date, unless otherwise stated. Each of the times and dates in the table below are indicative only and may be subject to change. Please read the notes for this timetable below.

Event	Time and Date
Announcement of the Acquisition	3 July 2019
Publication and posting of the Circular and the Notice of General Meeting	4 July 2019
General Meeting	10.30 a.m. on 23 July 2019
Publication of this Prospectus	22 November 2019
Expected date of completion of the Acquisition	28 November 2019
Expected date of admission of the Consideration Shares	8.00 a.m. on the date following Completion

(1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document, by announcement through a Regulatory Information Service may be adjusted by the Company, in which event details of the new dates will be notified to the FCA and to the London Stock Exchange and, where appropriate, to Shareholders.

PART V

DIRECTORS, PROPOSED 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 Dame Shirley Pearce, Non-Executive Director
Proposed Directors	Thomas Jackson Sir Steve Smith
Company Secretary	Christopher Szpojnarowicz
Registered office of the Company	South Quay Temple Back Bristol BS1 6FL
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 Sponsor	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 VI

BACKGROUND TO AND REASONS FOR THE ACQUISITION

1. Background

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 across 51 properties and was independently valued at £2.2 billion as at 31 August 2019 (31 May 2019: £2.2 billion). 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 20.0 per cent. shareholding in the Enlarged Group and total cash consideration of approximately £0.8 billion upon Completion.

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 Germany and 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 August 2019 (31 May 2019: £1.9 billion). Liberty Living's Cardiff properties, which comprise 3,480 beds across 8 properties, were independently valued at £254 million as at 31 August 2019 (31 May 2019: £253 million). Unite's portfolio[1], which comprised 51,204 beds across 125 properties as at 30 June 2019, and was independently valued at £3.2 billion as at that date on a see-through basis.

The Acquisition represents a transformative opportunity to combine two complementary and high quality portfolios to drive meaningful earnings accretion and improve Unite's 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 into 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.

Due to its size, the Acquisition is classified as a Class 1 transaction for Unite under the Listing Rules and accordingly required the approval of Shareholders. This approval was obtained at a meeting of the shareholders of Unite on 23 July 2019. Completion of the Acquisition was also conditional upon receipt of clearance from the Competition and Markets Authority, which was received on 6 November 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.

2. 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:

2.1 *Reinforce Unite's position as a leading operator in the UK PBSA sector*

Following the Acquisition, Unite will operate a portfolio comprising approximately 74,000 beds across 174 properties in 27 university towns and cities across the UK with a total portfolio value of approximately £5.1 billion[2]. The Acquisition is expected to provide benefits of scale through the

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

[2] Based on Unite aggregate property fair values as at 30 June 2019, (including Unite's see-through interest in USAF and LSAV), adjusted for the disposal of two properties in Coventry in October 2019, and Liberty Living aggregate property fair values as at 31 August 2019, (including Unite's see-through interest in Liberty Living's Cardiff properties being acquired by USAF).

management of a significantly larger portfolio with increased opportunities to grow income and recurring earnings.

2.2 *Acquisition of a high quality and complementary portfolio*

The Liberty Living portfolio includes attractive, geographically diverse properties, predominantly aligned to high and mid-ranked university institutions, which complements Unite's existing portfolio. The Acquisition will result in Unite operating a combined portfolio of high quality properties across major university towns and cities.

2.3 *Strengthens relationships with universities*

Liberty Living has strong relationships with a range of universities, with approximately 50 per cent. of beds in the Liberty Living portfolio let under nominations agreements for the 2019/20 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 rental price points in certain towns and cities.

2.4 *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.

2.5 *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 is capable of delivering 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 £8 million to be recognised in the twelve months post-Completion.

2.6 *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.

3. Financial effects of the Acquisition

The Liberty Living portfolio is being acquired for a total consideration of £1.4 billion. As at 31 August 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 as at 31 August 2019 (and EPRA NAV of £1.2 billion[3]), and USAF acquiring Liberty Living's Cardiff properties, comprising 3,480 beds with a portfolio value of £254 million. As a result of the Acquisition, Unite will operate a portfolio of 74,098 beds with a total portfolio value of £5.1 billion.[4]

[3] 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.

[4] Based on Unite aggregate property fair values as at 30 June 2019 (including Unite's see-through interest in USAF and LSAV), adjusted for the disposal of two properties in Coventry in October 2019, and Liberty Living aggregate property fair values as at 31 August 2019 (including Unite's see-through interest in Liberty Living's Cardiff properties via USAF).

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. This reflects the combined quality of the Unite and the Liberty Living portfolios and their alignment with the UK's strongest universities. As a result of the Acquisition, the Board believes that there is 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 and dividends from the year ending 31 December 2020. 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 ratio of 85 per cent. 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 39 per cent. for the Enlarged Group immediately after Completion. 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.[5] As a result of the Acquisition, Standard & Poor's has affirmed Unite's and Liberty Living's BBB credit ratings and Moody's affirmed Unite's and Liberty Living's Baa2 credit ratings, with both ratings agencies changing the outlook from stable to positive.

4. Financing 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 20.0 per cent. of the Enlarged Share Capital following Completion.

4.1 *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 announced alongside the Acquisition in July 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 39 per cent. immediately following Completion.

The Company intends to apply the 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 have been placed on deposit since completion of the Placing pending Completion. If Completion does not occur, the Acquisition would not proceed but Unite will still 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.

4.2 *Consideration Shares*

Subject to Completion, 72.6 million Consideration Shares will be issued to CPPIB Holdco by Unite in connection with the Acquisition. 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 following 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 effective date of the Consideration Shares.

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

5. Synergies, integration and disposals strategy

5.1 *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 portfolio 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.

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 realisation of approximately £15 million of cost synergies would result in one-off costs for implementation of approximately £8 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, and would not be achieved independently.

5.2 *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.

5.3 *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 its 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 attractive rental growth over the medium term.

6. Dividend policy

The Company's final dividend for the year ended 31 December 2018 was 29.0 pence per Ordinary Share (2017: 22.7 pence). The Company's dividend per Ordinary Share for the year ended 31 December 2018, adjusted for the number of Ordinary Shares in issue as at the Latest Practicable Date, was 26.3 pence per Ordinary Share.

The Company's interim dividend for the six months ended 30 June 2019 was 10.25 pence per Ordinary Share (2018: 9.5 pence).

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

PART VII

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*

Whilst 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 Resolution approving the Acquisition was passed on 23 July 2019, and clearance was received from the CMA on 6 November 2019.

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

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[6] based on a Unite adjusted EPRA NAV per share of £8.27 as at 31 March 2019)[7], 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, 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 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.

6 After taking into account dividend equalisation adjustments.

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

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 inaccurate and where such breach would 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; or
- CPPIB Holdco has not complied with its obligations at Completion.

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

The Sale and Purchase Agreement will terminate automatically if one or more of the conditions of the Sale and Purchase Agreement described in paragraph 1.2 of this Part VII have not been satisfied or waived on or before the Longstop Date.

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 had prohibited the Acquisition, or (ii) Unite and CPPIB Holdco mutually agree not to proceed with Completion, which, in the case of (i) or (ii), would result in no break fee being payable. The CMA approved the Acquisition on 6 November 2019. If the CMA had not approved the Acquisition, a lower break fee of £5 million could have been payable in the event of termination where Unite and CPPIB Holdco agreed that it was likely that the CMA would prohibit the Acquisition or require remedies that would substantially alter the economics of the Acquisition.

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 business warranty claims is 2 years and for tax claims is 7 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 Group;
- 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) 24.99 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 Holdco 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 (iii) 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 VIII

INDUSTRY OVERVIEW

1. Introduction

Unite and the Target Liberty Living Group, and following Completion, the Enlarged Group operate solely in the university student accommodation market in the UK. 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. While the ongoing Brexit negotiations and the recently published review into Higher Education funding create some uncertainty in the industry, full time students studying in the UK reached record levels at over 1.8 million in the 2017/18 academic year demonstrating the ongoing strength of the market.

For students attending a UK university there are three key categories of student accommodation:

- the parental home (approximately 355,000 students, or 20 per cent. of full time students, source: HESA);
- the traditional private rented sector (approximately 810,000 students, or 45 per cent. of full time students, source: Unite); and
- either corporate or university owned purpose built student accommodation ("**PBSA**") (approximately 603,000 students, or 33 per cent. of full time students, source: Unite)

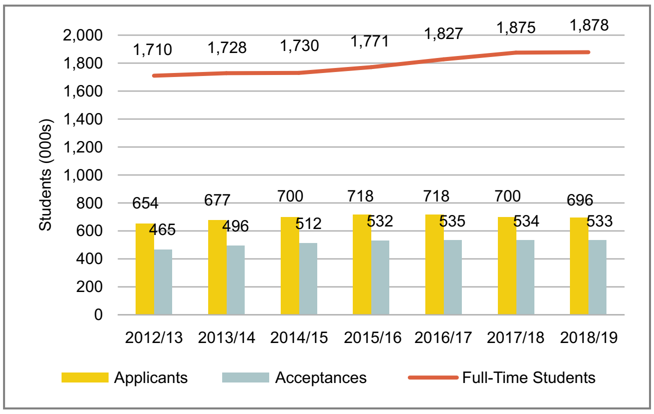
With approximately 50,000 beds, Unite is one of the largest owners and operators of PBSA in the UK, accounting for approximately 8.3 per cent. of current supply. With 24,021 beds, the Liberty Living portfolio accounts for approximately 4.0 per cent. of current supply of PBSA.

2. Student numbers

Student numbers within the UK have increased by 20 per cent. since the 2000/01 academic year (source: HESA), driven by factors including Government policy, demographics and global mobility. The outlook for student accommodation in the UK sector remains positive, with structural factors continuing to drive demand in the towns and cities where Unite and Liberty Living operate.

Figure 1 (source: UCAS, HESA, Unite)

Full-time student numbers



Source: UCAS, HESA, Unite

Total full-time student numbers in the 2017/18 academic year reached record levels at over 1.8 million. Applications to UK universities as at 30 June 2019 for the 2019/20 academic year were approximately 638,000, up 0.2% from the same point in 2018. The number of applicants and the number of students accepted into courses in 2018/19 academic year was 696,000 and 533,000 respectively (2017/18 academic year: 700,000 and 534,000) (source UCAS). Despite a fall in applications of less than 1 per cent. in 2018/19, universities were able to recruit from the significant excess of applications, resulting in intake remaining in line with the previous year and applicants still outstripping acceptances by 162,000. The small reduction in applications was driven principally by the demographic decline in the 18 year old population in the UK, with international students growing.

Student intake in the 2019/20 academic year is expected to be around 530,000, in line with the levels for the previous year as growing participation rates for UK 18-year olds and increased numbers of international students offset the impact of the demographic decline that is expected to continue until 2021 (source: UCAS, Unite, ONS). Student demand remains strongest at higher tariff universities, which are the institutions with which Unite seeks to align its portfolio, increasing by 2.1 per cent. for 2019/20 as at 12 September 2019 (the deadline for acceptances).

Year on year change in placed applicants by domicile (2019/20 academic year)

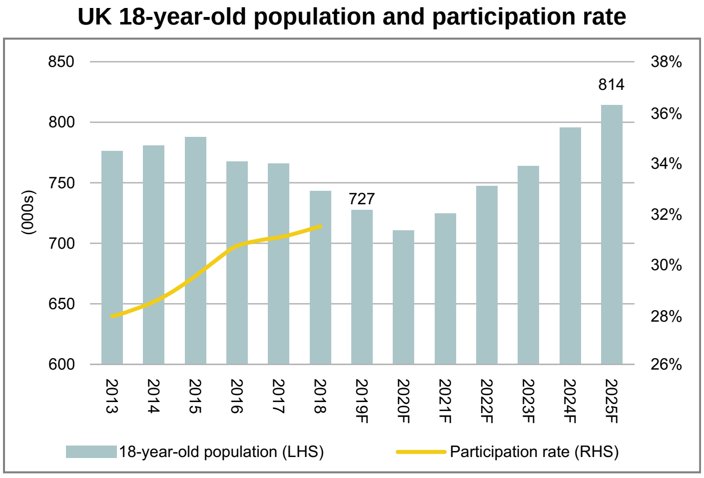
	Change in placed applicants	Year on year change (%)
UK	–2,180	–0.5%
Other EU	+500	+1.7%
Non-EU	+2,390	+6.2%
Total	**+710**	**0.1%**

Source: UCAS; data as at 12 September 2019

2.1 *Students from the United Kingdom*

Acceptances to UK universities (from both domestic and international applicants) as at 12 September 2019 for the 2019/20 academic year numbered 495,620, broadly in line with the same point in 2018/19 (source: UCAS). This reflects the demographic decline among 18 to 20-year-olds in the UK, offset by record application rates for UK 18-year-olds. The desire to go to University has grown and application rates for UK 18-year olds have increased steadily from 32 per cent. in 2012 to a record level of 38 per cent. in 2019. Demographic pressures are also forecast to reverse significantly from 2021, which could potentially result in 80,000 additional students by 2025 at current participation rates.

Figure 2 (source: ONS, UCAS, Unite)



Source: ONS, UCAS, Unite

With higher participation rates expected to continue alongside the rapid reversal of the demographic decline from 2021, the longer term outlook for UK student numbers is encouraging.

2.2 *Students from the European Union*

According to the latest available HESA data, there were approximately 125,000 full-time equivalent students from other EU countries studying in the UK in 2017/18 (representing 6.8 per cent. of the full time students studying in the UK) and this has grown from approximately 107,000 over the past 5 years, due to the quality and international reputation of UK Higher Education institutions (source: HESA). Under EU regulations, students from other EU countries receive the same treatment as UK students, although this is complicated by the differing policies of the Scottish Government and Welsh Assembly.

Changes in national demographics, combined with rising tuition fees and the UK's decision to leave the EU, could lead to a decline in student numbers and, by implication, a reduction in demand for accommodation. However, data from **UCAS** shows that acceptances for 2019/20 from the EU rose by 1.7 per cent. as at 12 September 2019.

2.3 *Students from non-EU countries*

There were 297,000 non-EU full-time students studying in the UK in the 2017/18 academic year, representing 16 per cent. of the total full time student population and 20 per cent. of full time students requiring accommodation (source HESA). Acceptances for the 2019/20 academic year from non-EU international students rose by 6.2 per cent., to a record level as at 12 September 2019 (source: UCAS). The proportion of non-EU students varies significantly between different universities and it tends to be the high and mid-ranked universities, where Unite's portfolio is focused, that recruit the highest levels. 28 UK universities feature in the top 200 of the QS World University rankings and Unite works with 24 of these. The UK is the second most popular destination for international students.

Unite accommodation is particularly popular with international students (both EU and non-EU). For the 2018/19 academic year, 37 per cent. of Unite's total customer base was international, compared to 23 per cent. of the UK full time student population overall for the 2017/18 academic year.

Non-EU students require a tier 4 study visa to study in the UK and require a sponsor that is accredited by the UK Visas and Immigration as a Tier 4 Sponsor; all UK Universities meet this requirement. In recent years study visa regulations have been tightened but non-EU student numbers have still grown meaningfully, up 2.9 per cent. since the 2013/14 academic year (source HESA). In September 2019, the Government announced a new two-year post-study visa work visa for international students to be launched for the 2020/21 student intake. The new visa would replace the existing Tier 4 student visa, which typically entitles international students to remain in the UK for four months following completion of their course.

China has been the main source of non-EU international full-time student growth (source: HESA), but across the globe increasingly youthful populations, increased geographic mobility, growing wealth in emerging economies and the international appeal of an English language qualification have also contributed.

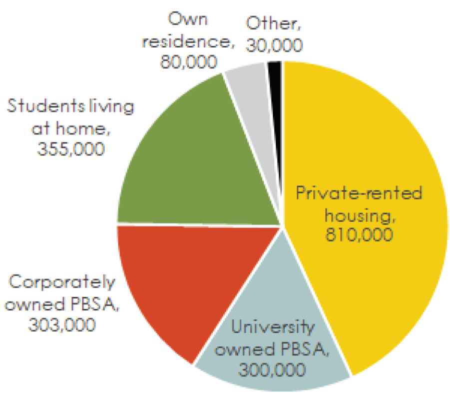
3. Supply of accommodation

3.1 *Outlook*

The outlook for the student accommodation sector remains positive, with structural factors continuing to drive strong demand in the cities where Unite operates.

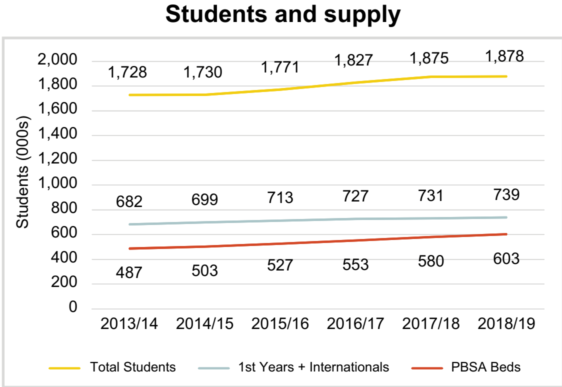
Figure 3 (source: Unite estimates)

Breakdown of accomodation for full-time students



In the period since the early 1990s, during which full-time student numbers have doubled, universities have become increasingly dependent on the private sector to provide accommodation for their students. Consequently universities rely on the private sector to house a much greater proportion of the student population than was previously the case. For the 2018/19 academic year, there were approximately 739,000 first year and international students but only 603,000 purpose built beds (source: Unite). The shortfall in purpose built beds/accommodation is met by the private rented sector and parental homes. In addition, the proportion of second and third year students as well as postgraduates choosing purpose built accommodation is increasing.

Figure 4 (source: HESA, Unite)



Source: HESA, Unite

As noted above, private sector accommodation comprises the typical private rented sector (individual houses or flats let to students) and corporate PBSA which appeals to universities as a means of meeting their own housing shortfall and providing safe, secure, well managed accommodation. This is particularly important in the case of first-year and international students, for whom universities generally try to provide an accommodation guarantee.

The high levels of recent investment activity in the sector have also seen the supply of new accommodation increase and the total number of PBSA 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 PBSA compared to the approximately 730,000 full-time first year and international students in the 2017/18 academic year. This is before taking account of the increasing numbers of non-first year students who are choosing this type of accommodation. For the 2018/19 academic year, non-first year students accounted for 66 per cent. of Unite's direct-let income.

The Company expects new supply of corporate-owned PBSA of around 20,000–25,000 beds in 2019, before reducing from 2020 and beyond, based on the consented pipeline currently being limited to a further 20,000 beds (source: Unite). 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.

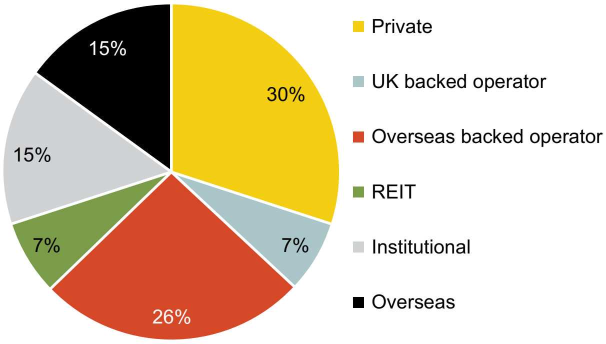
4. Market overview

The overall market for purpose-built student accommodation in the UK is estimated to be over £50 billion. Around half of this value is owned by universities and the remainder by private operators (source: Unite estimate).

The UK student accommodation sector has attracted significant levels of capital investment with over £16 billion of investment activity between 2015 and 2018. The level of transactions has remained high, with over £2.7 billion of assets traded in 2018 and around a further £800 million traded in the first half of 2019.

Whilst Unite expects transaction volumes to be lower than the high levels seen over the past four years, the reduction is largely the product of less stock coming to market after a few years of unusually high levels of activity. There remains high demand for good-quality assets and portfolios and a strong appetite to deploy capital in the sector from a range of capital investors.

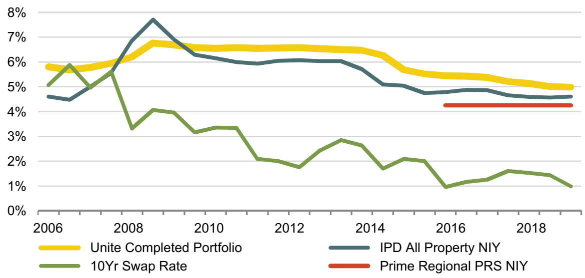
Figure 5: 2018 transactions by investor type (source: Unite; CBRE, Student Accommodation University Tracker)



Ongoing investor appetite and transaction activity has driven a modest level of yield compression across the sector. This movement has been most notable in London and prime regional markets, where there has been the strongest level of demand for assets in the past. The buyers of assets are generally international and are either adding to existing platforms or are new to the sector.

Investor appetite remains strong for assets in good locations and this continues to drive further differentiation in yields between assets. The average net initial yield across the Unite portfolio was 5.0 per cent. as at 30 June 2019 (December 2018: 5.0 per cent.), reflecting 3 basis points of yield compression during the first six months of the year. This movement has been most notable in London on the back of recent strong investment activity.

Figure 6: Valuation yields (source: Investment Property Bank ("IPD"); CBRE, UK Residential Property Investment Yield; Unite)



4.1 *Competition*

The PBSA sector comprises approximately 600,000 bed spaces, of which Unite accounts for approximately 50,000 beds, or 8.3 per cent. The Board estimates that approximately 300,000 bed spaces in the PBSA sector are university-owned. The Group's competitors fall broadly into the following four categories:

- *Larger scale operators backed by international capital* (including Liberty Living, iQ, Brookfield). The Board estimates that approximately 70,000 bed spaces, representing 11.5 per cent of the PBSA market, fall in this category;
- *New entrants seeking scale* (including Mapletree, Singapore Press Holdings). The Board estimates that approximately 10,000 bed spaces are owned and operated by recent entrants that are seeking scale in the UK, representing 1.7 per cent. of the PBSA market. These businesses are able to provide good quality accommodation in a range of locations but lack national presence. Some use third party management companies (such as CRM, Fresh Student Living and Homes for Students) to operate their properties.
- *Smaller scale operators that lack national scale* (fewer than 5,650 bed spaces and ten cities). (including GCP, Prime). The Board estimates that approximately 30,000 bed spaces are owned and operated by smaller businesses including recent entrants, representing approximately 5.0 per cent. of the PBSA market. These businesses are able to provide good quality accommodation in a range of locations but lack national presence. Smaller operators account for a meaningful proportion of the new supply delivered in recent years. Some are internally managed, while others

use third party management companies (such as CRM, Fresh Student Living and Homes for Students) to operate their properties;

- *National developers* (including Watkin Jones and Downing). These businesses' predominant interest is in the development of student accommodation for onward sale to investors and owner/operators. Assets can be held and operated by these businesses for a period of time until sold; and
- *University partnership operators* (such as University Partnerships Programme ("**UPP**"), Campus Living Villages ("**CLV**") and Equitix). The largest university partnership operator is UPP with approximately 35,000 bed spaces and the Board estimates that in total this category of the market accounts for approximately 51,000 bed spaces, representing 8.5 per cent. of the PBSA market. Under partnership arrangements universities typically guarantee revenues and as a result operators in this segment have not needed to develop a student facing brand or the sales and marketing platform established by the Group.

The top 10 operators in the PBSA sector, by portfolio size are as follows (source: CBRE, Operator League Table 2019):

Operator brands	Beds
Unite	51,100
UPP	35,000
iQ Student Accommodation	28,000
Liberty Living	23,900
Student Roost	18,000
Fresh Student Living	17,800
CRM	15,700
Homes for Students	13,600
Campus Living Villages	12,700
Host	12,600

4.2 *Barriers to entry*

Various factors constrain the viability of increasing the supply of student accommodation including the following:

- *Shortage of residential housing*—construction of housing remains below the 300,000 unit per annum target recommended by the Economic Affairs Committee of the House of Lords which has led to house prices increasing above inflation and rising rental costs. National Planning Practice Guidance recognises that encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Many local authorities, including those in London, Coventry and Liverpool, now see PBSA as their preferred solution for housing increasing numbers of students so that HMOs can be returned for use by families and young professionals.
- *Difficulty in developing new PBSA in some locations*—restrictive planning policy laws, limited suitable plots of land available near Educational Institutions and increased construction costs represent ongoing difficulties with constructing new PBSA. Whilst some local authorities are supportive of PBSA development, others place greater restrictions on new development in some locations. For example, the new draft London Plan requires that the majority of rooms in any new PBSA scheme are covered by a nomination agreement with a Higher Education institution and that 35 per cent. of the rooms are available at affordable rents (55 per cent. of the maintenance loan). In Unite's experience, most local authorities outside of London also now require university support for a planning application and in time, similar policies around affordable provision in PBSA may be adopted in other cities across the UK. Potential changes to planning policies may impact the viability of new PBSA development or see local authorities favour other use classes.
- *Operational complexity of PBSA*—well-operated buildings, effective marketing and positive engagement with both students and the Higher Education sector are key to successful participation in the UK student accommodation industry.
- *Access to finance*—Developers of new UK PBSA typically rely on external financing either through development loans or forward funding agreements with institutional investors. This

reliance on third party capital may restrict the delivery of consented PBSA schemes by Unite's competitors. Uncertainty related to Brexit and its macro-economic consequences is also likely to have a negative impact on investment flows into UK PBSA in the short-term, although for international investors this may be offset to an extent by the impact on sterling for currency exchange rates. Unite has sufficient funds available from its existing retained earnings and available facilities to fund all of the secured developments and university partnership schemes in its development pipeline

5. Industry Trends

5.1 *Brexit*

Whilst the impact on student numbers of the UK leaving the EU is difficult to predict, the number of EU students studying in the UK continued to grow from 112,400 in 2015/16 to 125,100 in 2017/18 (Source: HESA). Unite is nevertheless forecasting a 20-25 per cent. decline in EU undergraduates by 2023, equating to a fall of around 1 per cent. of total students. The near term outlook for EU students has also been boosted by the Government announcement that students from the EU starting their courses in 2020/21 will have current funding arrangements guaranteed for the duration of their degrees, meaning that the full impact of any new funding arrangements following the UK leaving the EU will not take effect until 2023/24.

5.2 *Review of Higher Education Funding*

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 per annum to £7,500 per annum; 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. Current political uncertainty in the UK means that some or all of these recommendations may not be implemented by a future Government under its Higher Education policy.

The report also underlines that universities retain a responsibility for delivering value for money to students, which includes University accommodation, and recommends that the Office for Students should examine the cost of student accommodation more closely to improve the quality and consistency of data. The Company will continue to demonstrate the value for money that living with Unite offers by delivering the services that students and its University partners value. These include all-inclusive bills and high-speed Wi-Fi, hassle-free administration, committed and highly-trained staff on hand when they're needed, a range of proprietary digital platforms, rapid response maintenance and 24/7 emergency support.

5.3 *Growth among international students*

According to the Organisation for Economic Co-operation and Development ("**OECD**"), on a global scale, demographic and socioeconomic trends are expected to lead to robust growth of the Higher Education sector for the foreseeable future. The share of young adults aged between 25 and 34 years old with a tertiary education in OECD and G20 countries has increased from 17 per cent. in 2005 to 22 per cent. in 2015, and is forecast to reach as much as 30 per cent. by 2030 driven mostly by China and India (Source: OECD (2018) Education Indicators in Focus). UK universities should be well-placed to benefit from growth from both these countries given current trends in Chinese demand and historical and cultural links to the Indian sub-continent.

The UK Government's international education strategy is targeting a 30 per cent. increase in the number of international students to 600,000 by 2030. In September 2019, the Government announced a new two-year post-study work visa for international students to be launched for the 2020/21 student intake. The new visa would replace the existing Tier 4 student visa, which typically entitles international students to remain in the UK for four months following completion of their course.

PART IX

INFORMATION ON UNITE

1. Overview

Unite is one of the UK's leading operators and developers of purpose-built student accommodation in the UK. Since opening its first building in 1992, Unite has grown through a combination of organic growth, acquisitions and development, as well as establishing and growing its co-investment vehicles. As a result, Unite has created the UK's largest portfolio of student accommodation as measured by bed numbers and gross asset value, operating 50,077 beds in 123 properties in 22 university towns and cities across the UK. Unite has been quoted on the London Stock Exchange for 20 years and as at the date of this document was a member of the FTSE 250 index with a market capitalisation of £3.5 billion.

The well-situated locations of Unite's properties, together with a long period of growth in demand for university places and a shortage of high quality accommodation in some areas, has driven high average occupancy rates of over 98 per cent. and consistent average rental growth of 3.5 per cent. per annum over the past five years. As at 30 June 2019 Unite's property portfolio was independently valued at £3.2 billion.

Unite's development pipeline and its pipeline of university partnership opportunities are key drivers of future growth and Unite has aligned its portfolio to high and mid-ranked universities with well-located properties where there is strong demand for purpose-built student accommodation. As at the date of this document Unite had a committed development pipeline comprising 7 schemes totalling 4,840 beds with a total value on completion of £787 million.

Unite's sole focus is currently on the UK student accommodation market. It generates income from the management and operation of properties which are either wholly owned by Unite or through its co-investment vehicles USAF and LSAV, in which it has a 22 per cent. and a 50 per cent. interest, respectively. Unite also benefits from development returns and capital growth through its property portfolio.

2. Business Model

2.1 *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" principle—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 the 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 91 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 2019/20 academic year with an average remaining length of approximately seven 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 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.

2.2 *Key strengths*

Unite has a number of key strengths which it believes translate into competitive advantage and allows it to build on its best-in-class position. Unite believes that its strong market performance is underpinned by:

- *An experienced and knowledgeable management team*. Unite has been operating in the student accommodation sector since 1992, and its executive team has considerable experience in the sector. The knowledge and experience built up over this time can be used to inform key strategic and operational decisions in the business.
- *An established quality portfolio in excellent locations in key university towns and cities*. Unite's operational portfolio, including both its assets owned outright and those held in its co-investment vehicles, USAF and LSAV, has been built up over a long period of time with a particular focus on locations where Unite believes demand/supply fundamentals to be strongest. The properties are professionally managed and branded, offering students high-quality accommodation.
- *National presence and scale*. Unite operates approximately 50,077 beds in 22 towns and cities across the UK. This allows it to leverage economies of scale, such as through investment in systems or securing buying gains, in a way that is beneficial both to financial returns and customer service levels, while also offering a range of different products and price points across its portfolio. Being present in so many different locations also affords an opportunity to share experiences and resource between city-based teams in a way that can accelerate the adoption of best practice.
- *A strong brand and reputation in the university sector*. Unite has established relationships with 35 universities across the UK and has a long operational track record with many of these. Unite's experience and proven long term commitment to the sector leaves it well placed to build further on these relationships, and potentially others, for the long term.
- *A pipeline of partnership schemes.* Alongside its core development activity, Unite is increasingly focusing on university partnerships and forward-fund developments, adding two significant new schemes in London and Oxford in 2018 and two in Bristol and Leeds in 2019. Through its Higher Education Engagement team, Unite is continuing to hold active discussions with around eight Universities, exploring a range of different models including further off-campus developments, long-term nomination agreements, stock transfer and third-party management arrangements.
- *A long track record of development and advanced development pipeline.* Unite benefits from considerable expertise in areas such as site feasibility and evaluation, planning and design,

construction procurement, project management and development financing. This helps Unite mitigate effectively many of the risks inherent in property development. Unite has secured development and University partnerships pipeline of 4,840 beds for delivery over the next three years, generating an attractive 6.9 per cent. yield on cost up to 2022.

- *High-quality earnings*. Unite has 60 per cent. of its beds let under university nomination agreements, giving it a high level of visibility in the ongoing occupancy and rental growth outlook of the portfolio.
- *An efficient and scalable operating platform*. Unite's PRISM operating platform, comprising its systems, processes and management infrastructure, is capable of operating a portfolio of approximately 80,000 to 100,000 bed spaces, with minimal further investment.
- *A well-capitalised business with low cost of debt*. Unite has accessed capital from a wide variety of sources in recent years, and has shifted to an unsecured debt structure, which has reduced the Group's cost of debt to 3.8 per cent. as at 30 June 2019 (31 December 2018: 3.8 per cent.). 100 per cent. of its share of investment debt is subject to a fixed interest rate as at 30 June 2019 (31 December 2018: 99 per cent.) for an average term of 5.4 years (31 December 2018: 5.8 years).
- *A strong track record of integrating additional properties onto its operating platform*. Unite's management has extensive experience of integrating portfolios and assets into the business, having integrated an additional 19,000 beds into its portfolio in the past five years. The PRISM operating platform is also well-positioned to drive scale efficiencies and cost savings.

2.3 *Market dynamics*

The outlook for the student accommodation in the UK sector remains positive, with structural factors continuing to drive demand in the towns and cities where Unite operates. Unite has continued to see the strongest application growth at the higher ranked universities with declines at lower ranked institutions. The strength of the sector underpins a positive outlook for the student accommodation market over the next few years, and Unite expects the strongest growth in student numbers to occur in towns and cities where Unite operates. See Part VIII (*Industry Overview*).

3. Portfolio

3.1 *Overview*

Unite owns and operates a high quality portfolio consisting of 123 properties with 50,077 beds in 22 towns and cities across the UK. The valuation of Unite's property portfolio at 30 June 2019, including Unite's share of gross assets held in USAF and LSAV, was £3.2 billion (31 December 2018: £3.0 billion). Unite has positioned itself with the strongest performing universities with 91 per cent. of the portfolio aligned to high and mid-ranked universities. This figure is expected to increase following completion of Unite's development and university partnership pipeline and various planned disposals. Geographically, 38 per cent. of Unite's portfolio by value is located in London, with the remainder in university cities and towns in regional locations. The Group expects high and mid-ranked universities to continue attracting more students than lower ranked universities and therefore the Group believes its portfolio remains well placed to withstand any potential reductions in applications.

3.2 *Service offering*

The properties within Unite's portfolio are purpose-built, professionally managed and branded, offering students high-quality and secure accommodation. Unite provides an all-inclusive product offering, including high-speed Wi-Fi provision throughout the buildings in the portfolio, 24 hour management presence, a choice of room size, full furnishing, code swipe card entry, CCTV, games rooms, vending machines, bike stores and laundry facilities. Rents are also an inclusive package of utilities and contents insurance cover. Unite maintains a best in class web presence in the sector, enabling customers to view, book rooms and manage their accounts on-line, with a scalable platform to permit growth. Unite manages the maintenance of Unite's estate according to established operating standards, including those properties that are co-owned or managed by Unite on behalf of third parties (such as USAF and LSAV).

3.3 *Building design and maintenance*

The focus of Unite's property activity is to provide buildings designed specifically around students, which are well located close to high and mid-ranked universities to support Unite's brand. Unite looks to continually enhance the specification of its estate, using technology to improve customer service and drive efficiency gains through energy and water savings, upgraded Wi-Fi speeds and new features to improve the living experience. Unite's development and portfolio activity is designed to support this strategic approach to ensure that the portfolio is best placed to drive full occupancy and rental growth in the medium term.

Unite's focused investment into its existing portfolio comprises a long term planned and preventative maintenance programme, properly integrated with in-year maintenance activities and coupled with periodic upgrade investment to some assets. Long term maintenance activities are required to maintain rental growth prospects whereas upgrade investments are expected to increase revenue levels.

The summer is also the period for the annual lifecycle maintenance capex programme to refresh all residences in the portfolio. This ensures that all rooms are clean and well-maintained prior to the beginning of a new academic year.

3.4 *Property improvements*

Based on an understanding of the changing lifestyle of students, Unite has updated the specification of various features and amenities within its properties. An example of this are updates made to Unite's kitchens through features such as sophisticated integrated hobs with automatic timers, reducing the risk of fire and improving energy efficiency. In partnership with Unite's broadband provider, Glide, it is trialling an upgraded 1GB broadband network in the Cowley Barracks development, delivering consistent 200MB Wi-Fi to all of Unite's customers. In response to student feedback, Unite has started rolling out new, more comfortable and hardwearing mattresses across its properties.

4. Contractual arrangements

4.1 *Academic year occupancy*

Unite's occupancy rate for its accommodation during the academic year was at or over 98 per cent. in each of the last three academic years ended 2018/19. It tries to ensure that rooms in each residence or across a city are let pursuant to a mixture of lease or nominations agreements and direct lets, for both operational and economic reasons, although such a mixture is not pursued where it is not optimal. By offering a mixture of different types of rental agreements, Unite receives a more diverse blend of undergraduate and postgraduate students, which avoids dependence on first-year students and can alleviate certain concerns, such as noise, that a high concentration of new students can create.

Moreover, a broader mixture of students from both nominations agreements and direct lets allows for the more flexible management of residences, particularly by allowing Unite to better control and stagger move-out periods for students. In addition, the accommodation can be promoted for the following year to first-year students sourced through a university institution during their residency at a relatively low cost. Unite continues to attract more non-first year students, who accounted for 66 per cent. of its direct let income in 2018/2019.

4.2 *Nominations agreements*

Unite has commercial arrangements with universities, with accommodation either leased to the universities which then let individual units to students, or under nomination agreements (lasting up to 30 years) under which Unite lets accommodation direct to students, but with an institution typically guaranteeing a minimum rental income at agreed room rates. The nominations agreements of Unite include nomination agreements, residential leases and referral agreements with universities.

As at 30 June 2019, 60 per cent. of the rooms for the 2019/2020 academic year were let under nominations agreements (30 June 2018: 60 per cent.) with an average remaining length of approximately seven years, providing Unite with income and rental growth visibility on over half its revenue.

The following table provides an overview of the expiration dates (from the start of the 2019/20 academic year) of all of Unite's nominations agreements and the number of beds and expected percentage of income for the 2019/20 academic year attributable to such nominations agreements:

Agreement length	Beds	% of income for 2019/20 academic year
Single year	9,613	30
2–10 years	11,656	41
11–20 years	4,196	14
20+ years	4,999	15
Total	**30,464**	**100**

4.3 *Direct lets*

Under a direct let agreement, Unite enters into a contract directly with a student (though the student may have been referred to Unite by a university). Unite markets direct let places to students by online and on campus advertising. 40 per cent. of Unite's rooms are direct let. For the 2018/19 academic year, 34 per cent. of direct let rooms were occupied by first-year students, 37 per cent. were occupied by other undergraduate students and 29 per cent. were occupied by postgraduate students.

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 2019, Unite has delivered three new buildings and secured two additional development schemes, meaning the secured development pipeline for delivery over the period to 2022 now comprises 4,840 beds. Approximately 70 per cent. of the 2,390 beds to open for the 2019/20 academic year were 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 progressed.

The anticipated overall yield on cost of the secured development pipeline is 6.9 per cent. and prospective returns on new direct let 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 London under offer.

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

The following table sets out Unite's development pipeline and university partnerships:

	Target delivery	Secured beds	Total completed value	Total development costs	Forecast yield on cost
			(£m)	(£m)	
Wholly owned					
First Way, London	2020	678	126	102	6.0%
New Wakefield Street, Manchester	2020	603	83	56	8.2%
Derby Road, Nottingham[(1)]	2022	650	65	48	8.0
Total wholly owned		**1,931**	**274**	**207**	**7.4%**
University partnership					
White Rose View, Leeds	2020	976	120	83	7.4%
Old BRI, Bristol[(1)]	2021	370	52	39	6.2%
Middlesex Street, London	2021	913	247	182	6.1%
Temple Quarter, Bristol[(1)]	2022	650	95	77	6.2%
Total University partnerships		**2,909**	**514**	**381**	**6.6%**
Total pipeline (Unite share)		**4,840**	**787**	**588**	**6.9%**

(1) Subject to obtaining planning consent.

Unite's development pipeline, university partnerships and scalable operating platform provide good visibility of future rental growth and growth in recurring earnings.

6. Portfolio management strategy

Unite pursues its strategy of maintaining a high quality portfolio by recycling assets in its portfolio to ensure that it increases exposure to well-located assets near high- and mid-ranked universities, whilst generating capital to manage leverage in line with target levels and allow further development activity or other investment opportunities.

Unite intends to dispose of £150–£200 million of assets per annum (Unite share) over the next three years (including certain Liberty Living assets) to ensure that it maintains a strong and flexible balance sheet as its development pipeline is progressed. This disciplined approach to portfolio optimisation underpins Unite's ability to sustain rental growth over the medium term and deliver its development pipeline.

In 2019, Unite's share of disposal proceeds totals £250 million, through a combination of sales made to USAF in Portsmouth, Leeds, Birmingham and Newcastle and the sale of two assets in Coventry to Mapletree Investments in October 2019.

7. Principal markets

The following table shows the ten largest cities based on Unite's number of beds, and in each city Unite has a leading position in the PBSA market:

	Number of properties as at 30 June 2019	Number of beds as at 30 June 2019[(1)]	% of rental income for the 2018/19 academic year[(2)]
			(%)
London	25	9,406	30
Birmingham	9	4,926	9
Liverpool	8	4,100	5
Sheffield	9	3,999	6
Bristol	13	3,494	7
Leeds	8	3,457	7
Portsmouth	5	2,706	5
Manchester	5	2,336	3
Leicester	4	1,687	3
Edinburgh	5	1,684	4
Total	**91**	**37,795**	78

(1) Total number of beds managed by Unite.

(2) Based on rental revenue for all beds managed by Unite.

8. Income

The majority of Unite's income (representing 60 per cent. for the year ended 31 December 2018) is highly visible and recurring and generated from beds let under nominations agreements, the remaining average life of which is approximately seven years and of which the majority benefit from index-linked rental growth. The remainder of Unite's income (representing 40 per cent. for the year ended 31 December 2018) is generated from direct let agreements. Unite continues to attract more second and third year students and returning students, who for the year ended 31 December 2018 accounted for 66 per cent. of Unite's direct let income, with first year students accounting for 34 per cent. As a result, Unite was only reliant on direct let sales to first year students for 15 per cent. of total beds.

Unite aims to maintain a mix of price points within its portfolio in each town or city by offering a range of different room and tenancy types, both across and within properties. This helps Unite maintain as broad an appeal as possible to Unite's target customers and provides a strong foundation for sustainable rental growth. Unite actively manages its property portfolio by using deep local market knowledge and customer insight to enhance the quality of its properties. Unite is focusing on the strongest Higher Education institutions, where there is significant and growing demand for PBSA, and it has strong university relationships.

The market-wide yield compression described in Part VIII (*Industry Overview*) has been reflected in Unite's portfolio and the average net initial yield at 30 June 2019 was 4.99 per cent. (31 December 2018: 5.02 per cent.; 30 June 2018: 5.14 per cent.). In the 6 months to 30 June 2019, Unite's wholly owned property portfolio contributed gross rental income of £66.2 million. Further information on the rental income derived from Unite's property portfolio is provided in Part XII (*Operating and Financial Review of Unite*).

8.1 *Academic year*

Unite's booking cycle starts in October of each year for the following academic year. Direct let rooms are posted for letting on Unite's website during October, depending on local market dynamics. Throughout the booking cycle Unite monitors booking progress and direct let rental rates, adjusting these appropriately to reflect local market demand to optimise rental rates based on market intelligence. Rental rates for nomination agreements are set at differing points in the cycle based on the contractual mechanism in place with each education institution. Under certain multi-year nominations agreements (not residential leases or referral agreements), 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 maximum and minimum rental uplift set through caps and/or collars.

By the end of December, Unite has typically agreed the majority of new rental rates under university agreements and, where necessary, room requirements for each academic year. Also by the end of December, approximately 20 per cent. of its direct let portfolio is typically already booked for the next academic year.

By March, Unite typically agrees most single-year nomination agreements while any remaining multi-year university agreement rental rates are typically agreed by no later than April. During the summer months, Unite also focuses on summer income and the annual summer maintenance programme. By July, typically 85-90 per cent. of the direct let rooms have been booked. In August and into September, after A-level results are published, Unite focuses on a targeted clearing plan to meet budget occupancy by the start of the new academic year. The booking cycle ends in September of each year, by which time budget occupancy is expected to be secured, with the opportunity to sell empty rooms on shorter lets throughout the year.

8.2 *Summer income*

Unite generates rental income through letting rooms during the summer. Unite's summer income has been primarily derived from the following sources: (i) extensions to tenancy lengths for core student occupancy, (ii) short-term tenancies granted to students and others, (iii) lettings to universities, and (iv) commercial conference or related lettings.

The added flexibility that PRISM (see paragraph 14.1 below) has introduced to Unite's booking and service delivery standards is supporting the growth of flexible tenancies. This is allowing Unite to improve the utilisation of its assets, especially over the summer, and it is expected that this will drive further growth in summer income over the next few years.

9. Tenants

In the 2018/19 academic year, undergraduate students accounted for approximately 87 per cent. of Unite's student tenants (2017/18: 87 per cent.), with postgraduate students comprising approximately 13 per cent. (2017/18: 13 per cent.).

In the 2019/20 academic year, the students living in properties of Unite comprised approximately 59 per cent. domestic students and approximately 41 per cent. international students. 9 per cent. of rooms owned by Unite were occupied by students from the European Union (excluding the UK), compared with approximately 32 per cent. of rooms occupied by non-European Union international students.

10. "Home for Success"

As part of its "Home for Success" principle, Unite has developed pioneering student welfare services. In particular, Unite focused on making the sometimes challenging transition to University as smooth as possible. Its uChat feature of the MyUnite app was used by the majority of users of the app, allowing them to meet their future flatmates before arriving at university; helping to alleviate one of the most common sources of pre-arrival anxiety. Unite's new online check-in made experience of arriving and moving in as hassle-free as possible. Unite also arranges for teams of student ambassadors to be on hand upon arrival of new students to answer questions and show new arrivals their rooms. Finally, its comprehensive welcome communications direct students to information about their new home, including local amenities and entertainment, as well as the online Common Room where teams of student writers give peer-to-peer advice such as tips on budgeting, living with friends, wellbeing information and other topics students have highlighted as being useful. The digital welfare guides delivered through the Common Room were viewed by 84 per cent. of students. The effectiveness of this strategy is shown in Unite's record customer satisfaction score of 83 in 2018 (2017: 81).

11. Vendors, contractors and service providers

Unite maintains long-term relationships with its core vendors, contractors and service providers. Unite's key vendors, contractors and service providers include: development contractors, energy companies, internet service providers, waste service operators, security companies and other utility service suppliers. As Unite offers "all-inclusive" rents, maintaining contractual relationships with vendors, contractors and service providers also provides Unite with a method for controlling rising fixed costs during a given academic year. Unite regularly employs certain trusted contractors and sub-contractors to perform work on its properties.

12. Intellectual property

Unite owns seven trademarks registered with the European Union Intellectual Property Office and the UK Intellectual Property Office, which include UNITE, The heart of student living UNITE (stylised), Home for Success and US Unite Students (stylised) (series of 2), Unite US Students (stylised), UNITE STUDENTS (stylised). Unite also owns the following domain names: unitestudents.com, unite-group.co.uk and unitefoundation.co.uk.

13. Environment, Health and Safety

13.1 *Sustainability*

Unite continues to invest in the portfolio to maintain its buildings to a high standard and to take advantage of asset management opportunities. As part of this activity, Unite sees opportunities to enhance the efficiency of its buildings through energy saving initiatives. Over the course of the last five years, Unite has invested £30 million into energy saving initiatives such as LED lighting, smart building controls, solar panels and air source heat pumps, with payback of under five years on these investments. Unite has developed an award-winning customer engagement programme, working closely with the National Union of Students, to encourage students to act in an environmentally friendly manner. Unite also purchases 100 per cent. renewable energy. The energy, water and carbon reductions from these initiatives have delivered significant savings that support Unite's margin improvements.

Alongside Unite's focus on its environmental impact, it believes strongly in supporting universities to widen participation into Higher Education. The Unite Foundation works in partnership with

27 universities to provide support to students from challenging backgrounds. The scholarships provide students with free accommodation for three years of study, supporting them to succeed and giving them a place to call home.

These improvements, along with other aspects of Unite's 'Up to us Responsible Business Strategy', have helped Unite maintain GRESB Green Star status and a 3-star rating and are reflected in other environmental, social and governance assessments, including an 'AA' rating from MSCIESG and a listing on the FTSE4Good index.

13.2 *Fire safety*

Following the tragic events caused by the fire at Grenfell Tower on 14 June 2017, Unite completed a full review of fire safety across its portfolio. Working with the Ministry of Housing, Communities and Local Government, Unite identified six buildings that required areas of cladding to be replaced and / or further testing to be undertaken. This remedial work has now been completed in line with the costs and revenue impact that Unite outlined during 2017.

Unite continues to work closely with the Ministry of Housing, Communities and Local Government to ensure its properties comply with emerging guidelines. In accordance with the Government's Building Safety Advice Note 22 of 18 July 2019, Unite has initiated a detailed review of the use of high-pressure laminate on its properties which is expected to be substantively complete by the end of 2019 and will take any remedial action required. Unite intends to undertake a similar review of the properties in the Liberty Living portfolio following Completion.

The safety of Unite's customers and staff remains its primary responsibility. Unite's buildings are modern, well maintained and built with advanced fire management specifications and have rigorous and comprehensive fire safety management and maintenance regimes. Unite worked with the British Safety Council to design a specific fire safety audit. The British Safety Council carried out an external health and safety audit and gave Unite a 'very good' rating in 2018.

14. Information technology

The information technology systems used by Unite are important in ensuring efficient management of the properties.

14.1 *PRISM*

Unite's best-in-class operation platform, PRISM, coupled with its experienced management teams, give it the capability to drive value from its portfolio through rental growth, further scale efficiencies, cost savings and increased utilisation, supporting its ongoing focus on sustainable income growth and growing recurring earnings. The investment that Unite has made into its PRISM operating platform differentiates it from other operators of student accommodation and provides capacity for continued portfolio growth and efficiency savings, as the platform has the capacity to operate over 80,000 beds without additional material investment. PRISM also helps Unite deliver quality customer service efficiently, allowing it to offer a high level service which is key to maintaining relationships with high and mid-tariff universities and achieving high levels of student satisfaction.

15. Employees and employee relations

As of 31 December 2018, Unite had approximately 1,500 employees (full time and part-time).

The following table presents a breakdown of the average number of full-time equivalent employees (including contractors) for the periods indicated:

	Year ended 31 December		
	2018	**2017**	**2016**
Managerial and administrative	360	328	325
Site operatives	944	934	881
Total	**1,304**	**1,262**	**1,206**

16. Insurance

Unite maintains insurance coverage for its business, properties and operations in amounts and with conditions that are customary for student accommodation providers. This includes insurance coverage for: property damage and business interruption, public and product liability, employer liability, directors' and officers' liability, professional indemnity and other general insurance policies covering terrorism, personal accident and business travel. The Directors consider the level of insurance cover to be reasonable for its business and the risks it faces and is regularly reviewed, renewed and adjusted as necessary.

17. Taxation

Unite converted to UK real estate investment trust ("**REIT**") status and is exempt from tax on its property rental business with effect from 1 January 2017. The UK REIT regime was introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of the Corporation Tax Act 2010.

18. Joint ventures

In addition to the portfolio wholly owned by Unite, Unite has an indirect interest in additional properties and beds through its interest in two co-investment vehicles, LSAV and USAF. The following table sets out the number of properties and beds (not including properties under development) owned by LSAV, USAF and wholly owned by Unite, respectively, as at 30 June 2019:

	Beds	Properties
LSAV	8,350	13
USAF	25,205	71
Wholly Owned	14,959	33

18.1 *LSAV*

LSAV is a joint venture between the Company and the sovereign wealth fund of Singapore, GIC, in which Unite has a 50 per cent. stake as at the Latest Practicable Date. The development phase of the joint venture expired at the end of 2017. Any further acquisitions or investments would require mutual agreement from both the Company and GIC. As at 30 September 2019, LSAV had a portfolio that was independently valued at £1,300 million, with 79 per cent. of the portfolio held in properties in London and the remaining 21 per cent. held in properties in Aston Student Village, Birmingham.

18.2 *USAF*

USAF is an established leading multi-investor fund set up by Unite in December 2006, managed by Unite and in which Unite had a 22 per cent. stake as at the Latest Practicable Date. USAF owns a geographically diverse portfolio of income-generating student accommodation assets focused on key university towns and cities that was independently valued at £2,445 million as at 30 September 2019. The majority of USAF's assets were developed by Unite and benefit from well-located properties reflecting Unite's first mover advantage when developing in many of these towns and cities.

USAF will continue to deliver its strategy to increase exposure to high-quality universities and to expand its presence in markets to take advantage of scale. USAF successfully raised £250 million in new equity in May 2019, part of which it has used to acquire assets from Unite in Portsmouth, Leeds, Birmingham and Newcastle for an aggregate of £205 million and part of which it will use to acquire Liberty Living's Cardiff assets.

19. Valuation reports

Valuation reports in relation to the properties managed by Unite are included in Part XVII (*Valuation Reports for Unite*) of this Prospectus.

PART X

INFORMATION ON LIBERTY LIVING

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. Approximately 82 per cent. of the portfolio is aligned to high and mid-ranked universities.[8] Liberty Living maintains relationships with 36 universities and other education providers through 58 separate agreements. Liberty Living employed approximately 390 full-time and part-time employees as at 31 August 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 2019. The Liberty Living portfolio was independently valued at £2,203 million as at 31 August 2019, representing a 5.3 per cent. net initial yield.

2. Key strengths

The key strengths of Liberty Living include:

- a well-established and invested portfolio;
- a leading owner and operator of private purpose-built student accommodation situated in attractive locations across the UK with strong alignment to high and mid-ranked universities;
- 50 per cent. of beds let through nomination agreements for the 2019/20 academic year, providing good visibility on income generation;
- accredited to PAS 7, the highest standard of fire risk management in the UK; and
- a broad product range, including lower rental price points in certain towns and cities that are attractive to students.

3. History and Structure

3.1 *Establishment and reorganisation of the business*

The predecessor to 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. Liberty Living has subsequently grown its 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 UK REIT status on 11 May 2018.

3.2 *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.

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 August 2019, Liberty Living acquired individual properties or portfolios for £860 million in aggregate, comprising 9,560 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

[8] 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.

included 5,534 beds across 11 properties located in the UK and 950 beds located across two properties in Bremen and Valencia.

The following table provides an overview of the evolution of the Liberty Living portfolio at the end of the financial years ended 31 August 2017, 2018 and 2019:

	Number of beds	Aggregate property valuation
		(£ million)
Financial year ended 31 August 2017	23,700	2,046
Financial year ended 31 August 2018	23,701	2,068
Financial year ended 31 August 2019	24,021	2,203

4. Property portfolio

As at 31 August 2019, the Liberty Living portfolio was independently valued at £2,203 million, see the Liberty Living Valuation Report in Part XVIII (*Valuation Report for the Liberty Living 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 August 2019 and the rental income for the financial year ended 31 August 2019:

	Number of properties as at 31 August 2019	Number of beds as at 31 August 2019
Aberdeen	4	599
Bedford	1	517
Birmingham	4	1,572
Bristol	1	263
Coventry	2	817
Edinburgh	1	532
Glasgow	2	646
Leeds	2	1,177
Leicester	2	1,564
Liverpool	4	2,369
London	5	1,506
Manchester	5	2,681
Medway	1	1,106
Newcastle	4	2,205
Nottingham	1	598
Sheffield	1	499
Southampton	2	1,233
Wolverhampton	1	657
Target Liberty Living Group total	**43**	**20,541**
Cardiff(1)	8	3,480
Liberty Living portfolio total(1)	**51**	**24,021**

(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 an office block in Wyvil Court, London with development potential.

4.1 *Overview of properties*

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 August 2019).

The Liberty Living portfolio predominantly consists of high-quality and modern properties mostly comprising 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 August 2019, 85 per cent. of rooms in the Liberty Living portfolio are cluster flat ensuite rooms, 10 per cent. are studio rooms 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 2019.

The Liberty Living portfolio has a strong rate of re-bookings with 20 per cent. of beds for the 2019/20 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.

4.2 *Portfolio condition*

A summer maintenance programme is carried out in each year to all properties to ensure clean and well-maintained rooms for customers. In addition, the management team regularly oversees the review of the estate and refurbishment works are undertaken as required.

4.3 *Portfolio tenure*

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

4.4 *Property and room types*

The Liberty Living portfolio primarily consists of high-quality and modern properties comprising mostly ensuite rooms (85 per cent. cluster flat ensuite rooms and 10 per cent. studios) offered at mid-market price points. The properties in the Liberty Living portfolio differ in size, room make-up and location; however, they have many features in common. These properties have high levels of security through some combination of physical security, electronic security, access control and manned security. Properties typically contain a reception area, which facilitates dialogue with students and visitors. Internet access is provided in all of Liberty Living's rooms and the common areas of its properties. Properties may contain additional amenities, the level of which varies between properties. All properties have laundry facilities and many provide common rooms (TV and games rooms), study facilities, bicycle storage areas, gyms and car parking.

5. Contractual arrangements

For the 2019/20 academic year, 50 per cent. of the beds in the Liberty Living portfolio are rented on the basis of nominations agreements and 50 per cent. are rented directly to students.

Rooms in each property are let pursuant to a mixture of nomination agreements and direct let agreements, for operational and economic reasons.

The properties in the Liberty Living portfolio generate income streams with a high level of forward visibility, as approximately 98 per cent. of the portfolio had already been committed for the 2019/20 academic year (including semester bookings) as at 18 October 2019. The nature of the private PBSA market allows Liberty Living to have a high level of visibility of future income as student bookings for rooms are typically confirmed well in advance of each academic year. The rental payment structure results in Liberty Living receiving a significant part of gross annual rental and other income upfront by 1 November of each academic year.

5.1 *Nominations agreements*

Liberty Living currently maintains relationships with 36 universities and other education providers through 58 separate agreements. 82 per cent. of the Liberty Living portfolio is aligned to high and mid-ranked universities.[9] Liberty Living currently has nomination agreements in place with, amongst others, Cardiff University, the University of Manchester, the University of Birmingham and the University of Leeds.

The nominations agreements, are comprised of nomination agreements, residential leases and referral agreements. Under a nomination agreement, a university reserves a set number of rooms at

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.

pre-agreed rental levels and provides a specified financial guarantee to compensate Liberty Living for rental income shortfall, should any of the reserved rooms fail to be occupied. Residential leases are leases entered into between Liberty Living and a university, whereby the university contracts directly with Liberty Living for a specific number of rooms for a defined period. Referral agreements are typically one to three year agreements between a university and Liberty Living whereby a university contractually agrees to refer students to reserved rooms.

Alongside these multi-year agreements Liberty Living enters into single year agreements with universities to service either a short term demand or in response to a desire from a university to have annual flexibility in the stock they offer to their students.

As at 31 August 2019, 50 per cent. of the beds in the Liberty Living portfolio for the 2019/2020 academic year were let under nominations agreements (2018/19 academic year: 51 per cent.) with an average remaining length of six years. The following table provides an overview of the expiration dates (from the start of the 2019/20 academic year) of all Liberty Living's nominations agreements and the number of beds and expected income for the 2019/20 academic year attributable to such nominations agreements in respect of the Liberty Living portfolio:

Agreement length	Beds	Income for 2019/20 academic year
		(£ million)
Single year	5,702	34.9
2–10 years	5,133	31.0
11–20 years	1,028	7.9
20+ years	204	1.4
Total	**12,067**	**75.3**

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.

5.2 *Direct lets*

A direct let agreement is when a student elects to stay in a Liberty Living property without being referred to Liberty Living under the terms of a nomination agreement. Liberty Living markets to students through a variety of methods: (i) online marketing, (ii) marketing on campuses, and (iii) external referral agencies. Current students are incentivised to renew their existing leases with Liberty Living for the following academic year and also for referring new students.

For the financial year ended 31 August 2019, based on available data in respect of its tenants, an estimated 52 per cent. of beds in the Liberty Living portfolio were occupied by first-year students, an estimated 38 per cent. were occupied by other undergraduate students and an estimated 8 per cent. were occupied by post-graduate students.

For the 2019/20 academic year, 50 per cent. of total rooms in the Liberty Living portfolio are accounted for by direct let agreements, which is broadly in line with the 2018/19 academic year when direct lets accounted for 49 per cent. of the Liberty Living Group's total rooms.

5.3 *Summer lets*

As well as generating revenue during the core occupancy period, the Liberty Living Group generates additional revenue through letting rooms during the summer occupancy period. The Liberty Living Group's summer occupancy revenue has been primarily derived from the following sources (i) short-term tenancies granted to students and others, (ii) lettings to universities and (iii) commercial conference or related lettings. Liberty Living also generates income during the summer period from extensions to tenancies by existing students.

6. Tenants

In the 2018/19 academic year, undergraduate students accounted for approximately 91 per cent. of the Liberty Living portfolio's student tenants (2017/18: 92 per cent.), with graduate students comprising approximately 9 per cent. (2017/18: 8 per cent.).

For the financial year ending 31 August 2019 based on available data in respect of its tenants, an estimated 9 per cent of beds were occupied by students from the European Union (excluding the UK) and 37 per cent. of beds were occupied by non-European Union international students.

7. Summary operating and financial review

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 18.2 of Part XXI (*Additional Information*).

7.1 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 performance of the Target Liberty Living Group, see Part XV (*Historical Financial Information of the Target Liberty Living Group*) of this document and Part V (*Historical Financial Information of the Target Liberty Living Group*) of the Circular, which is incorporated by reference into this document.

The Target Liberty Living Group comprises 20,541 beds with a portfolio value of £1,947.5 million as at 31 August 2019.[10] The following table sets out the number of beds, occupancy, rental and other income, net operating income, EBIT margin and EPRA earnings as key performance indicators of the Target Liberty Living Group for the periods indicated:

	Financial year ended 31 August		
	2019	**2018**	**2017**
Number of beds	20,541	20,220	20,220
Occupancy (%)	99.0%	98.2%	98.1%
Rental and other income (£ million)	133.7	130.9	116.3
Net operating income (£ million)	98.6	91.1	82.1
EBIT margin (%)(1)	58.2%	58.7%	61.9%
EPRA earnings (£ million)	53.8	31.7	(74.9)

(1) EBIT margin of the Target Liberty Living Group is calculated as earnings before interest and tax and other exceptional items as a percentage of total revenue.

Rental and other income of the Target Liberty Living Group increased by 2.1 per cent. to £133.7 million for the year to 31 August 2019 from £130.9 million for the year to 31 August 2018, which in turn was an increase of 12.6 per cent. from £116.3 million for the year to 31 August 2017. The increases were due primarily to an increase in pricing and high occupancy levels.

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 2017 and 2018 figures also do not include income generated by two additional buildings comprising an aggregate 321 beds at an existing property in Leicester 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 99.0 per cent. for the year to 31 August 2019 from 98.2 per cent. for the year to 31 August 2018, which was broadly consistent with average occupancy of 98.1 per cent. for the year to 31 August 2017. This high occupancy rate is expected to continue in the year to 31 August 2020, based on an occupancy rate of 98.0 per cent. for the 2019/20 academic year (including semester bookings) as at 19 October 2019.

Net operating income of the Target Liberty Living Group increased by 8.2 per cent. to £98.6 million for the year to 31 August 2019 from £91.1 million for the year to 31 August 2018, which in turn was an increase of 11.0 per cent. from £82.1 million for the year to 31 August 2017. The positive growth dynamics were as a result of continued high occupancy and underlying rental growth over the period as well as cost efficiency measures.

[10] The gross asset value of the properties of the Target Liberty Living Group as at 31 August 2019 reported in the Liberty Living Valuation Report in Part XVIII (Valuation Report for the Liberty Living Portfolio) is £1,949.6 million. The difference is due to a difference in the value ascribed to Liberty Court, Leicester which was valued by an unconnected valuer for the purpose of the Liberty Living accounts.

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

	As at 31 August		
£ millions	2019	2018	2017
Property valuation (£ million)	1,947.5(1)	1,816.0	1,775.3
Net initial yield (%)	5.3%	5.4%	5.6%
EPRA NAV (£ million)	1,211.8	1,068.6	(86.7)
LTV (%)	42%	46%	113%

(1) The gross asset value of the properties of the Target Liberty Living Group as at 31 August 2019 reported in the Liberty Living Valuation Report in Part XVIII (*Valuation Report for the Liberty Living Portfolio*) is £1,949.6 million. The difference is due to a difference in the value ascribed to Liberty Court, Leicester which was valued by an unconnected valuer for the purpose of the Liberty Living accounts.

The Target Liberty Living Group had an aggregate property valuation of £1,947.5 million, £1,816 million, and £1,775 million as at 31 August 2019, 2018 and 2017, respectively. The increase in property valuation was due primarily to underlying rental growth, a small amount of yield compression and property acquisitions as well as capex spend. The properties of the Target Liberty Living Group have been independently valued by Knight Frank LLP.

The Target Liberty Living Group had an EPRA NAV of £1,211.8 million, £1,068.6 million and £(86.7 million) as at 31 August 2019, 2018 and 2017, respectively. The increase in NAV as at 31 August 2019 as compared to 31 August 2018 was due primarily to an increase in property valuations and retained EPRA earnings. 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 42 per cent. as at 31 August 2019 from 46 per cent. as at 31 August 2018 and was 113 per cent. as at 31 August 2017.

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 ratio was high in 2017 as a result of Liberty Living's previous financing structure.

7.2 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 will be 22 per cent. as 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 £2,213.8 million as at 31 August 2019, of which 3,480 beds with a value of £253.6 million correspond to Liberty Living's Cardiff properties. The Liberty Living portfolio consisted of 24,021 beds, 23,701 beds and 23,700 beds for the years to 31 August 2019, 2018 and 2017, respectively, and delivered an average occupancy rate of 98.5 per cent. during the three years to 31 August 2019. Over the same period, the Liberty Living portfolio generated £150.9 million of rental and other income for the year to 31 August 2019, which was an increase of 1.7 per cent. from £148.4 million for the year to 31 August 2018, which in turn was an increase of 12.2 per cent. from £132.3 million for the year to 31 August 2017.

The Liberty Living portfolio had an aggregate property valuation of £2,213.8 million[11], £2,080.5 million, and £2,055.2 million as at 31 August 2019, 2018 and 2017, respectively.

[11] The gross asset value of the properties in the Liberty Living portfolio as at 31 August 2019 reported in the Liberty Living Valuation Report in Part XVIII (*Valuation Report for the Liberty Living Portfolio*) is £2,203.2 million. The difference is due to a difference in the value ascribed to Liberty Court, Leicester which was valued by an unconnected valuer for the purpose of the Liberty Living accounts.

8 Property value enhancement

As noted above, Liberty Living regularly looks to add value to its portfolio, including through one-off property renovations and refurbishment projects, which involve internal and/or external improvements to a property whereby the condition is upgraded, and enhancement projects, which involve internal and/or external improvements to a property whereby new rooms or facilities are added.

8.1 *Renovations and regular maintenance*

Liberty Living uses a regular repair and maintenance process to determine required repairs and maintenance as well as to determine the need for larger renovations.

8.2 *Fire safety*

Over the last two years Liberty Living has been reviewing the fire safety of its portfolio, appointing fire and cladding consultants with a particular focus on the presence of aluminium composite material cladding systems. Liberty Living's investigation found that six properties had some form of aluminium composite material (Class 3) cladding. Following the guidelines issued by the Ministry of Housing, Communities and Local Government, Liberty Living consulted with the local fire brigades and determined that three specific blocks should be kept as vacant during the whole of the cladding replacement works to these blocks. Newcastle Plaza Block D and Wolverhampton Heights Blocks B&C were held vacant for the 2017/18 academic year which resulted in 654 rooms being unavailable for occupancy. The remaining properties, including Newcastle Plaza Blocks A, B and C, Bedford, London Plaza, Manchester Heights and Manchester Sir Charles Groves Hall, were assessed as being safe for occupancy whilst cladding replacement works commenced. Block D in Newcastle remained closed for the 2018/19 academic year but all the work to rectify the aluminium composite material present on the Liberty Living Group's buildings has now been completed as of the date of this Prospectus.

9. Vendors, contractors and service providers

Liberty Living maintains long-term relationships with its core contractors and service providers. Liberty Living's key contractors and service providers include: energy companies, internet service providers, waste service operators and other utility service suppliers. As Liberty Living offers "all-inclusive'' rents, Liberty Living has focused on methods for controlling rising fixed costs.

10. Intellectual property

Liberty Living owns five Community Trade Marks registered with the European Union Intellectual Property Office, which are Liberty, Liberty Living, Liberty Living for Students (figurative) and Liberty Living for Students (black and white styled). Liberty Living's internationally oriented intellectual property rights strategy aims at an effective protection of its brand ''Liberty Living''. Liberty Living also owns the domain names: brandeaux.com; libertyliving.co.uk; libertyliving.com; libertystudentaccommodation.co.uk; libertystudentaccommodation.com; and libertystudents.com. Liberty Living also owns libertyliving.com.cn through a Chinese domain registrar. Liberty Living does not own any material, registered patents or copyrights.

11. Environment, health and safety

Liberty Living is committed to conducting its business activities in a manner that will safeguard the health and safety of all employees and to protect the environment. The properties in the Liberty Living portfolio are subject to a range of environmental and health and safety laws, regulations and guidelines. For its operations, Liberty Living has established a relationship with the British Safety Council to ensure it has expert advice to support its robust policies and working practises that are in place to manage compliance with the applicable laws and regulations. As part of its policies and reporting schemes, Liberty Living seeks to identify any areas of non-compliance or areas for general improvement. The Liberty Living Group has robust fire protection systems across all of its properties and its Fire Risk Management System has been accredited to PAS7:2013 standard, the highest certification currently available in the UK. The Liberty Living Group carries out fire risk assessments both in-house and in conjunction with accredited third-party experts, and all properties have written fire safety policies and procedures in place. The Liberty Living Group's properties are staffed with personnel who are trained to deal with emergencies, with health and safety being embedded in operational roles. The Liberty Living Group is not currently subject to any pending legal or administrative proceedings or private claims involving environmental matters.

12. Management and employees

As at 31 August 2019 the Liberty Living Group employed approximately 390 employees (full and part-time, including employees of the property manager), including eight members of the senior management team, five regional managers, supported by residence management teams, who are expected to join the Enlarged Group at Completion.

The regional and resident management teams are supported by a central management function. The Liberty Living Group has not experienced any material work stoppages in the past five years.

The following table presents a breakdown of the average number of full-time equivalent employees (including contractors) for the periods indicated:

	Year ended 31 August		
	2019	**2018**	**2017**
On-site managers	54	82	60
Administration and customer services	71	71	60
Maintenance & Housekeeping	157	149	144
In-House Security, Out of House Workers (including Caretakers)	33	43	10
Central Services	75	90	67
Total	**390**	**435**	**341**

13. Information technology

The information technology systems used by the Liberty Living Group are important in ensuring efficient management of the properties. All properties within the Liberty Living portfolio are integrated with the Liberty Living Group's financial and student relationship management systems and secured within the Liberty Living Group's information technology network. The Liberty Living Group uses third party developed software which utilises Microsoft operating systems and applications. Liberty Living's online booking system and website markets the properties to potential students and permits such students to view and book rooms online in real time.

13.1 *Online booking system*

Liberty Living operates an online booking system that allows students to reserve rooms, pay deposits and rents, and enter into rental contracts with Liberty Living online. Furthermore, Liberty Living manages a separate website for universities, which is integrated with the online booking system for students and allows these institutions to manage and review their room allocations online. 94 per cent. of the bookings made in respect of the Liberty Living portfolio were reserved through these systems in the 2017/18 academic year, 96 per cent. were reserved through these systems in the 2018/19 academic year and, as at 29 October 2019, 98 per cent. of bookings for the 2019/20 academic year were reserved through these systems. Through its online booking system and portal, Liberty Living is able to provide up-to-date information relating to bookings and rents to the student tenants and universities with whom it has relationships. The electronic booking systems have been used by Liberty Living for over ten years.

14. Insurance

The Liberty Living Group maintains insurance coverage with respect to its properties and operations in amounts and with conditions (such as the amount of coverage, premium, limitations of coverage and exclusions, and deductibles) that are customary for student accommodation operators in the UK. The insurance protection is regularly reviewed, renewed and adjusted as necessary.

PART XI

SELECTED FINANCIAL AND OTHER INFORMATION OF UNITE

The following is a summary of Unite's financial and other information as at the dates and for the periods indicated. The income statement, balance sheet and cash flow information has been extracted without material adjustment from the Unite Financial Information.

The following summary should be read in conjunction with Part XII (Operating and Financial Review of Unite) and with the Unite Financial Information. Prospective investors are advised to read the whole of this Prospectus and not to rely on the information summarised in this Part XI.

1. Selected Consolidated Income Statement Information

The following table sets out selected consolidated income statement information for Unite for the periods indicated.

	Six months ended 30 June		Year ended 31 December		
£ millions (unless otherwise indicated)	**2019**	**2018**	**2018**	**2017**	**2016**
	unaudited	**unaudited**	**audited**	**audited**	**audited**
Rental income	66.2	60.6	112.7	99.7	97.1
Other income	7.3	7.0	15.6	19.6	23.6
Total Revenue	**73.5**	**67.6**	**128.3**	**119.3**	**120.7**
Cost of sales	(14.6)	(20.0)	(40.2)	(41.1)	(44.9)
Operating expenses	(10.6)	(11.1)	(23.6)	(26.9)	(25.0)
Results from operating activities	48.3	36.5	64.5	51.3	50.8
Profit/(loss) on disposal of property	(0.9)	(0.5)	(6.8)	0.6	0.4
Net valuation gains on property (owned)	53.3	59.1	105.8	103.1	77.2
Net valuation losses on property (leased)	(2.3)	—	—	—	—
Acquisition costs	(5.4)	—	—	—	—
Profit before net financing costs	**93.0**	**95.1**	**163.5**	**155.0**	**128.4**
Loan interest and similar charges	(10.0)	(5.9)	(14.3)	(17.3)	(20.9)
Mark to market charges in interest rate swaps	(2.4)	—	—	—	—
Swap cancellation and loan break costs	(0.5)	(0.1)	(0.1)	(11.5)	(1.0)
Interest on lease liability	(4.7)	—	—	—	—
Finance costs	(17.6)	(6.0)	(14.4)	(28.8)	(21.9)
Finance income	1.9	0.1	0.9	0.1	0.1
Net financing costs	**(15.7)**	**(5.9)**	**(13.5)**	**(28.7)**	**(21.8)**
Share of joint venture profit	48.2	53.3	95.8	103.1	94.8
Profit before income tax	**125.5**	**142.5**	**245.8**	**229.4**	**201.4**
Current tax	1.3	(1.6)	(4.1)	(1.7)	(2.3)
Deferred tax	14.4	(2.0)	(4.4)	(3.9)	27.3
Profit for the year	**141.2**	**138.9**	**237.3**	**223.8**	**226.4**
Profit for the year attributable to					
Owners of the parent company	140.3	137.9	235.7	221.6	224.0
Minority interest	0.9	1.0	1.6	2.2	2.4
	141.2	**138.9**	**237.3**	**223.8**	**226.4**
Earnings per share					
Basic	53.3p	53.9p	90.8p	95.3p	101.3p
Diluted	53.1p	53.6p	90.6p	93.6p	94.7p

2. Selected Consolidated Balance Sheet Information

The following table sets out selected consolidated balance sheet information for Unite as at the dates indicated.

£ millions	As at 30 June 2019 unaudited	As at 31 December 2018 audited	2017 audited	2016 audited
Assets				
Investment property (owned)	1,468.5	1,497.1	1,261.4	1,061.6
Investment property (leased)	110.7	—	—	—
Investment property under development	368.4	278.9	205.7	184.6
Investment in joint ventures	844.6	819.7	793.5	692.9
Other non-current assets	25.5	33.0	32.4	29.8
Right of use assets	3.0	—	—	—
Deferred tax asset	2.8	—	—	—
Total non-current assets	**2,823.5**	**2,628.7**	**2,293.0**	**1,968.9**
Inventories	11.2	9.1	4.5	2.9
Right of use asset	0.8	—	—	—
Trade and other receivables	62.8	88.1	82.9	77.9
Cash and cash equivalents	106.9	123.6	51.2	42.7
Total current assets	**181.7**	**220.8**	**138.6**	**123.5**
Total assets	**3,005.2**	**2,849.5**	**2,431.6**	**2,092.4**
Current liabilities				
Borrowings	(86.2)	(1.3)	(1.3)	(1.3)
Lease liability	(1.3)	—	—	—
Trade and other payables	(110.2)	(141.5)	(152.1)	(123.7)
Current tax liabilities	(4.6)	(4.6)	(4.1)	(2.4)
Total current liabilities	**(202.3)**	**(147.4)**	**(157.5)**	**(127.4)**
Loans and borrowings	(502.1)	(591.3)	(511.5)	(473.5)
Lease liability	(102.7)	—	—	—
Interest rate swaps	(6.9)	(0.1)	(0.8)	(11.6)
Deferred tax liabilities	—	(11.9)	(7.6)	(4.4)
Total non-current liabilities	**(611.7)**	**(603.3)**	**(519.9)**	**(489.5)**
Total liabilities	**(814.0)**	**(750.7)**	**(677.4)**	**(616.9)**
Net assets	**2,191.2**	**2,098.8**	**1,754.2**	**1,475.5**
Equity				
Issued share capital	66.0	65.9	60.2	55.5
Share premium	740.6	740.5	579.5	493.6
Merger reserves	40.2	40.2	40.2	40.2
Retained earnings	1,321.1	1,224.4	1,051.2	867.9
Hedging reserve	(3.0)	2.0	(2.1)	(15.0)
Equity portion of convertible instrument	—	—	—	9.4
Equity attributable to the owners of the parent company	**2,164.9**	**2,073.0**	**1,729.0**	**1,451.6**
Minority interest	26.3	25.8	25.2	23.9
Total equity	**2,191.2**	**2,098.8**	**1,754.2**	**1,475.5**

3. Selected Consolidated Cash Flow Statement Information

The following table sets out selected consolidated cash flow statement information for Unite for the periods indicated.

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
	unaudited	unaudited	audited	audited	audited
Cash flow from operating activities	38.9	24.5	63.5	58.4	70.3
Cash flows from taxation	(1.9)	(4.1)	(3.8)	(2.1)	(2.2)
Net cash flow from investing activities	7.8	(91.7)	(148.5)	(91.0)	13.1
Net cash flow used in financing activities	(61.5)	69.4	161.2	43.2	(65.5)
Net increase/(decrease) in cash and cash equivalents	**(16.7)**	**(1.9)**	**72.4**	**8.5**	**15.7**
Cash and cash equivalents at beginning of period	123.6	51.2	51.2	42.7	27.0
Cash and cash equivalents at end of period	**106.9**	**49.3**	**123.6**	**51.2**	**42.7**

4. Non-Financial Key Performance Indicators

The following table sets out selected unaudited non-financial key performance indicators for Unite as at the dates and for the periods indicated.

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
Beds	51,204	49,937	48,815	49,606	48,718
Occupancy	—	—	98%	99%	98%
Rental growth	—	—	3.2%	3.4%	3.8%

5. Financial Key Performance Indicators and Reconciliations to IFRS Measures

5.1 *Financial Key Performance Indicators*

The following table sets out selected unaudited financial key performance indicators for Unite as at the dates and for the periods indicated. Certain of these unaudited financial key performance indicators are non-IFRS financial measures, which should not be considered in isolation from, or as a substitute for, measures presented in accordance with IFRS. For more information about non-IFRS measures, see "*Non-IFRS financial measures of Unite's and Liberty Living's performance*" in Part III (*Important Information*).

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
Rental income	108.3	101.9	188.3	170.8	159.1
Property operating expenses	23.9	23.4	48.0	44.3	42.8
Net operating income (NOI)	**84.4**	**78.5**	**140.3**	**126.5**	**116.3**
NOI margin	78.0%	77.1%	74.5%	74.1%	73.1%
Management fees	7.2	7.0	15.6	14.1	14.0
Operating expense(1)	(9.3)	(10.4)	(21.7)	(24.6)	(23.1)
Finance costs	(16.0)	(13.3)	(28.5)	(32.6)	(32.4)
Lease liability interests	(4.7)	—	—	—	—
Operating lease rentals	—	(6.1)	(11.5)	(12.6)	(13.5)
Acquisition and net performance fees	—	—	—	4.3	6.9
Development and other costs	(0.4)	(2.9)	(5.8)	(4.6)	(5.5)
EPRA earnings(2)	**61.2**	**52.9**	**88.4**	**70.5**	**62.7**
EPRA EPS(3)	**23.2p**	**20.7p**	**34.1p**	**30.3p**	**28.4p**
EBIT margin(4)	76.0%	73.7%	71.3%	67.9%	67.4%
Dividend per share	10.25p	9.5p	29.0p	22.7p	18.0p

(1) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing a decrease of £0.8 million, which do not apply to prior periods.

(2) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing an increase of £1.2 million, which do not apply to prior periods.

(3) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing an increase of 0.5p, which do not apply to prior periods.

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

5.2 *Reconciliations to IFRS Measures*

5.2.1 *EPRA earnings*

The table below sets forth a reconciliation of EPRA earnings for the periods indicated:

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
EPRA earnings[(1)]	**61.2**	**52.9**	**88.4**	**70.5**	**62.7**
Net valuation gains on investment property (owned)	53.3	59.1	105.8	103.1	77.2
Property disposals (owned)	0.2	(0.5)	(6.8)	0.6	0.3
Net valuation losses on investment property (leased)	(2.3)	—	—	—	—
Property disposals (leased)	(1.1)	—	—	—	—
Acquisition costs	(5.4)	—	—	—	—
Share of joint venture gains on investment property	23.3	28.8	58.1	65.0	58.8
Share of joint venture property disposals	—	—	(3.5)	0.5	—
Interest rate swap payments on ineffective hedges	(2.4)	—	—	—	—
Swap cancellation and loan break costs	(0.5)	(0.1)	(0.1)	(11.5)	(1.0)
Share of joint venture swap cancellation costs	—	—	—	(0.8)	—
Deferred tax relating to properties	14.5	(1.9)	(5.5)	(4.5)	27.6
Minority interest share of reconciling items[(2)]	(0.5)	(0.4)	(0.7)	(1.3)	(1.6)
Profit attributable to owners of the parent company	**140.3**	**137.9**	**235.7**	**221.6**	**224.0**

(1) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing an increase of £1.2 million, which do not apply to prior periods.

(2) 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.

5.2.2 *EPRA NAV and EPRA NNNAV*

The table below sets forth a calculation of EPRA NAV and EPRA NNNAV as at the dates indicated:

£ millions	As at 30 June		As at 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
Net asset value reported under IFRS	**2,164.9**	**1,995.4**	**2,073.0**	**1,729.0**	**1,451.6**
Mark to market interest rate swaps	7.6	2.2	0.2	2.1	14.9
Realised swap gain	(2.1)	—	(2.3)	—	—
Deferred tax	—	11.0	14.5	9.3	5.4
EPRA NAV (pre-convertible)[(1)]	**2,170.4**	**2,008.6**	**2,085.4**	**1,740.4**	**1,471.9**
Convertible bond	—	—	—	—	85.4
EPRA NAV[(1)]	**2,170.4**	**2,008.6**	**2,085.4**	**1,740.4**	**1,557.3**
Mark to market fixed date debt	(51.7)	(45.2)	(38.0)	(55.1)	(19.7)
Mark to market interest rate swaps	(7.6)	(2.1)	(0.2)	(2.1)	(14.9)
Deferred tax	—	(11.0)	(14.5)	(9.3)	(5.4)
EPRA NNNAV[(1)]	**2,111.1**	**1,950.3**	**2,032.7**	**1,673.9**	**1,517.3**

(1) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of £1.8 million, which do not apply to prior periods.

PART XII

OPERATING AND FINANCIAL REVIEW OF UNITE

The following operating and financial review is intended to present management's perspective on the results of operations and financial condition of Unite as at and for the six months ended 30 June 2019 and 2018 and as at and for the years ended 31 December 2018, 2017 and 2016. This section should be read in conjunction with the Unite Financial Information.

Unless otherwise indicated, the selected financial information included in this Part XII has been extracted without material adjustment from the Unite Financial Information.

This section includes forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events could differ materially from those expressed or implied by such forward-looking statements as a result of various factors including those discussed in Part II (Risk Factors) and in "Forward-looking statements" in Part III (Important Information).

1. Introduction

Unite is one of the UK's largest developers and managers of modern, purpose-built student accommodation. Unite is focused on delivering a consistent, balanced return profile from rental growth, growing recurring earnings and development profits. Unite's sole focus is currently on the UK student accommodation market.

Unite generates income from the management and operation of properties which are either wholly owned by Unite or through co-investment vehicles in which it has interests. Unite also benefits from development returns and capital growth through its property portfolio.

For the six months ended 30 June 2019, Unite generated total revenue of £73.5 million and profit before tax of £125.5 million. For the years ended 31 December 2018, 2017 and 2016, Unite generated total revenue of £128.3 million, £119.3 million and £120.7 million, and profit before tax of £245.8 million, £229.4 million and £201.4 million, respectively. The aggregate fair value of the properties in Unite's portfolio was independently valued in total by CBRE Limited, Jones Lang LaSalle Limited and Knight Frank LLP as at 30 June 2019 at £3,192 million (including rental properties) (compared to £2,968 million as at 31 December 2018).

2. Significant factors affecting Unite's results of operations

Unite considers that the factors discussed below have materially affected Unite's results of operations and financial condition during the periods under review and that such factors may continue to affect Unite's results of operations and financial condition in future periods.

2.1 *Rental income and rental growth*

Rental income is Unite's primary source of revenue. Unite generates rental income from its customers by letting rooms, either through a nomination agreement with a university or on a direct let basis. Rooms are let on academic year contracts and supplementary income is earned on shorter tenancies.

The amount of rental income generated by Unite's properties depends principally on Unite's ability to maintain high occupancy rates. Unite has achieved average occupancy rates for its properties of over 98 per cent. and achieved average rental growth of 3.5 per cent. per annum between 2016 and 2018. Unite has achieved occupancy of approximately 98 per cent. of its bed spaces for the 2019/20 academic year (2018/19: 98 per cent.), which supports its medium term rental growth target of 3.0 to 3.5 per cent. per annum.

2.2 *Supply and demand for student accommodation*

Unite's properties are designed for and let to students. The overall rental income performance is impacted by the supply and demand dynamics particular to each town or city. The demand for student accommodation is impacted by the overall number of students, and the growth thereof, who are enrolled at the universities in the towns and cities in which Unite's properties are located. In the 2017/18 academic year, there were 1.8 million full-time students studying in the UK. The number of applicants and the number of students accepted into courses in 2018 was at 696,000 and 533,000 respectively (2017: 700,000 and 534,000). Despite a fall in applications of less than 1 per cent., universities were able to recruit from the excess of applications, resulting in 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 international students once again growing. The total number of full time students has grown steadily, almost doubling since the early 1990s, and there is expected to be a reverse in demographic decline from 2021.

Enrolments at mid- and high-ranking universities has continued to perform well, whereas there has been a disproportionate decline for low-ranking universities. Since 91 per cent. of Unite's portfolio is aligned to mid- and high-ranking universities, Unite is well-positioned to benefit from demand for student accommodation.

There has been an increase in the supply of student accommodation but there remains a structural shortage of PBSA in the UK, largely because the new supply over recent years has not kept pace with the rapid growth in student numbers. There are approximately 600,000 purpose-built beds (including university-owned beds) in the UK, representing around one-third of the UK's total full time student population and leaving approximately 900,000 full time students living away from home who need to find alternative accommodation. The market is expected to remain under-supplied in some areas as Unite's outlook suggests that the rate of new supply of corporate-owned PBSA will continue at a similar rate of around 20,000-25,000 beds in 2019, before starting to reduce. Supply of corporate-owned PBSA in 2020 and beyond is currently limited to a further 20,000 beds. Barriers to the supply of new PBSA can include planning permission requirements or the alternative use of land in prime locations.

2.3 *Customer service*

The quality of customer service is an important factor that determines whether students will choose to re-book accommodation with Unite and/or recommend Unite's accommodation to friends or relatives. Customer satisfaction is an operational key performance indicator for Unite, which undertakes an independent survey with TNS annually to assess customer satisfaction. The results of the survey showed that Unite had a customer satisfaction score of 83 for 2018, which was an increase of 2-points from a score of 81 for 2017, which in turn was an increase of 1-point from a score of 80 for 2016. Customer service satisfaction levels for Unite remain at consistently high levels, where 94 per cent. of Unite's customers are satisfied with their accommodation, as compared to 76 per cent. of students across the PBSA market (Source: Knight Frank / UCAS); demonstrating the appeal of Unite's product and service. The proximity to university or city amenities of Unite's properties and ensuring the properties are well-maintained and regularly refurbished are also critical to ensuring strong rental activity levels. In addition, Unite utilises its PRISM operating system and other enhanced digital services to simultaneously improve students' experience. An indication of the strength of Unite's customer service is that rebookers accounted for 30 per cent. of Unite's direct-let beds for the 2018/19 academic year (compared to 27 per cent. for the 2017/18 academic year).

2.4 *Establishing and expanding university partnerships*

Unite's relationships with universities are key to Unite's performance as it seeks to be a partner of choice for universities. Unite continues to seek to develop quality university partnerships with high- and mid-ranked universities, with 91 per cent. of Unite's portfolio currently located at such universities for the 2019/20 academic year. 60 per cent. of the beds in Unite's portfolio are let under nominations agreements with a weighted average unexpired lease term ("**WAULT**") of approximately seven years, which provides visibility over income and rental growth. The roll out of Unite's "Home for Success" purpose is a key element of strengthening partnerships with universities, as Unite seeks to secure further nominations agreements to continue to improve the quality and visibility of its income.

In order to establish and expand partnerships with universities and Higher Education institutions it is important for Unite to understand what they seek. Higher Education trust is an operational key performance indicator for Unite which is measured through an annual qualitative survey by Redbrick Research to understand universities perceptions of Unite and their needs. The results of the survey have shown a Higher Education trust score of 82 for 2019, which represents consecutive annual increases of 1-point from 81 for 2018, 80 for 2017 and 79 for 2016.

For the year ended 31 December 2018, 60 per cent. of Unite's income was from beds let under nomination agreements. The nominations agreements are contractual agreements that vary in length from one year up to 30 years; Unite's nominations agreements have a WAULT of approximately seven years (2018: six years). The agreements typically have an annual rental uplift mechanism, linked to the retail price index and provide relative stability and certainty over the income stream. In 2018/19, Unite benefitted from index-linked rental growth from 76 per cent. of nominations agreements by value, compared to 71 per cent. in 2017/18. The remaining agreements are single year nomination agreements and Unite achieved a renewal rate of over 95 per cent. on these agreements in 2018/19.

2.5 *Operating efficiency*

Unite has invested in technology and digital capability in recent years to help increase the differentiation of Unite's offer to customers, improve students' experience and drive operating efficiencies. Unite's PRISM operating platform gives it capability to drive value from its portfolio through further scale efficiencies, cost savings and increased utilisation, supporting its ongoing focus on sustainable income growth and growing recurring earnings. NOI margin has increased from 73.1 per cent. for the year ended 31 December 2016 to 74.5 per cent. for the year ended 31 December 2018 (78.0 per cent. for the six months ended 30 June 2019) since the PRISM operating platform was implemented in 2016. The investment that Unite has made into its PRISM operating platform provides capacity to manage 80,000-100,000 beds without needing significant additional 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.

2.6 *Size and composition of Unite's operational portfolio*

Unite's ability to generate rental income is affected by the number and location of its properties. Unite identifies properties or sites for properties where students want to live, close to their university or city amenities, through a research-led approach. The gross asset value of the properties in Unite's portfolio was independently valued as at 30 June 2019 at £3,193 million (including rental properties) in aggregate.

The following table provides an overview of the evolution of Unite's operational portfolio at the end of Unite's financial years ended 31 December 2016, 2017 and 2018 and 30 June 2019:

Number of operational beds in the properties in the portfolio	Number of beds	Number of properties	GAV (see-through) (£m)
Financial year ended 31 December 2016	48,718	140	2,277
Financial year ended 31 December 2017	49,606	129	2,595
Financial year ended 31 December 2018	48,815	122	2,967
Six months ended 30 June 2019	51,204	125	3,193(1)

(1) Includes recognition of a £111 million asset for Unite's sale and leaseback portfolio as a result of application of IFRS 16.

2.7 Development pipeline and university partnerships

In addition to rental growth, development profits are a key contributor to the growth in Unite's NAV. Unite's development assets are accounted for as 'investment property under development' on the basis that the Group intends to hold the buildings as investments once the development process has been completed. On completion, they transfer to investment property. Investment properties under development are valued biannually by an external valuer and are held at fair value on the balance sheet with changes in fair value taken to the income statement. Development profits are typically recognised incrementally through the development cycle.

The level of development profits that are generated is a product of Unite's ability to acquire well-located land and secure planning consents, manage build costs and maximise rental levels on newly opened buildings. These factors, together with valuation yield, drive the profitability of the development schemes which together with the level of equity committed to development will determine the development profit contribution to NAV growth.

Unite has also looked to source university partnerships, alongside its more traditional development activity. Accommodation is an increasingly important part of universities' overall proposition and impacts on retention and satisfaction of students. New long term nominations agreements with the University of Birmingham and Oxford Brookes University have commenced from the 2019/20 academic year. Unite has a pipeline of partnership opportunities, it has secured two deals so far in 2019 and is currently in active discussions with eight universities, exploring a range of different options including further off-campus developments, stock transfer and third-party management arrangements. The Directors believe that there is significant potential for future growth and that strong relationships with universities at a strategic and operational level makes Unite a preferred supplier.

2.8 *Property valuation yields*

Unite's property portfolio is valued by professionally qualified, external valuers, with Unite's properties valued at semi-annual intervals and assets owned by co-investment vehicles valued on a quarterly basis. The resulting valuations reflect the valuers' opinions of the aggregate market values of Unite's property portfolio in accordance with RICS Valuation—Global Standards 2017 and the UK national supplement 2018. In addition to affecting the Group's balance sheet under IFRS, changes in property valuations also appear in the Group's consolidated income statements which significantly impacts Unite's operating profit or loss. These valuation surpluses or deficits reflect the difference between the fair value of the Group's portfolio at the reporting date and its carrying value prior to re-measurement at the applicable valuation date. Such valuation changes do not have a direct impact on Unite's cash flow. The average valuation yield of Unite's assets has improved from 6.5 per cent. as at 31 December 2013, to 5.45 per cent. as at 31 December 2016 and to 5.0 per cent. as at 30 June 2019, which is as a result of a combination of improving overall portfolio quality and reflecting improving market sentiment in relation to the PBSA sector.

Property valuations also affect the Group's IFRS net assets, NAV and other net asset based statistics. However, as discussed more fully below in paragraph 8 of this Part XII, in accordance with guidance issued by EPRA, fair valuation movements are excluded from the calculation of EPRA earnings in order to provide a better indicator of the Group's underlying operational performance.

2.9 *Finance structure and financing activities*

Unite's level and cost of borrowing is monitored on an ongoing basis and Unite has continued to maintain a disciplined approach to manage leverage and targets a LTV range in the mid-30s per cent. As at 30 June 2019, Unite had a LTV ratio of 29 per cent. (31 December 2018: 29 per cent.) (on a pre-IFRS 16 basis). The Company has maintained an investment grade corporate rating of BBB from Standard & Poor's and Baa2 from Moody's, reflecting the strength of Unite's capital position, cash flows and track record.

Unite has undertaken a number of actions relating to its finance structure and financing activities in the period covered by this operating and financial review:

- On 21 February 2018, Unite issued approximately 22.2 million new Ordinary Shares pursuant to a placing in connection with two new university partnership schemes, located in Oxford and London, which raised gross proceeds of £170 million.
- On 15 October 2018, Unite issued £275 million unsecured 10-year bonds due 2028.
- 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 be 22 per cent. when the equity is fully drawn prior to USAF's acquisition of Liberty Living's properties in Cardiff.
- On 3 July 2019, Unite announced the Acquisition of the Liberty Living portfolio for £1.4 billion in a NAV-for-NAV deal to be funded through a combination of cash and shares:
  - on 5 July 2019, Unite issued approximately 26.4 million new Ordinary Shares pursuant to the Placing in connection with the partial financing of the Acquisition which raised gross proceeds of £260 million; and
  - at Completion, Unite will issue approximately 72.6 Consideration Shares to CPPIB Holdco as consideration for the Acquisition (representing consideration of £580 million based on a Unite adjusted NAV per share of £8.27 as at 31 March 2019, before adjustments for dividends paid between the balance sheet date and Completion).

The Acquisition has been conservatively financed and the financing mix for the Acquisition will maintain Unite's balance sheet strength. The Enlarged Group is expected to have an LTV of approximately 39 per cent. immediately following Completion, with a target medium term LTV of 35 per cent. which is intended to be met through rental growth and planned disposals of £150–200 million per annum over the next three years. As a result of the Acquisition, Standard & Poor's and Moody's have affirmed Unite's and Liberty Living's credit ratings and changed the outlook from stable to positive.

2.10 *Interest rate hedging and fixed rate borrowing*

Unite's activities are financed to a significant extent by external debt and, as a result, a significant charge for interest payable arises in Unite's results of operations. Such interest charges are influenced by the rate of interest agreed with the financial institution (or other lender) and the floating rate of debt incurred by Unite and movements in interest rates. To protect against adverse interest rate movements, Unite uses a combination of long-term interest rate hedging arrangements and fixed rate borrowing.

As at 30 June 2019 the Group has 100 per cent. of its share of investment debt subject to a fixed interest rate or hedged (31 December 2018: 99 per cent.) for an average term of 5.4 years (31 December 2018: 5.8 years). Unite's average cost of debt remained at 3.8 per cent. as at 30 June 2019 (31 December 2018: 3.8 per cent.). The Acquisition is expected to reduce Unite's average cost of debt to 3.5 per cent.

2.11 *Tax and conversion to REIT status*

Unite converted to real estate investment trust ("**REIT**") status with effect from 1 January 2017 and so is exempt from UK corporation tax on profits from its property rental business and from the sale of investment property, and as such is not required to provide deferred tax in relation to its properties. Notwithstanding its REIT status, Unite remains subject to a number of other taxes applicable to non-REIT companies. For instance, Unite pays UK corporation tax on the profits from its residual business, including profits arising on construction operations and management fees received from joint ventures, together with UK income tax on rental income that arises from investments held by offshore subsidiaries in which the Group holds a minority interest. For the years ended 31 December 2018 and 2017, Unite incurred corporation tax of £3.7 million and £1.7 million, respectively, relating primarily to profits on its property management activities.

Unite's investments in property unit trusts (being primarily its interests in the co-investment vehicles) have not been exempt from tax as a REIT. The units in which the Group invests derive their value from UK property. The Finance Act 2019 contains provisions that will exempt capital gains on such units from the charge to UK tax to the extent they derive their value from UK property. The relevant provisions of the Finance Act 2019 had not been substantively enacted at 31 December 2018, so the Group recognised a deferred tax liability of £24.4 million in respect of its investments in units and a corresponding deferred tax asset of £9.9 million in respect of losses available to offset against gains on those unites. These have now been reversed resulting in a credit to the income statement and an increase of £14.5 million in Unite's NAV.

3. Major acquisitions and disposals

Acquisitions

Unite acquires properties and portfolios of properties and the following table sets out a summary of its acquisitions over the course of the period covered by this operating and financial review:

Financial year(1)	Consideration (£m)	Properties	Beds
2016	—	—	—
2017	263	6	3,504
2018	24	1	331
2019 YTD(2)	30	2	456
Total	**317**	**9**	**4,291**

(1) Excludes acquisitions made by USAF from Unite.

(2) As at 30 September 2019.

Developments

Unite is involved in the development of purpose built student accommodation. Unite has a track record of securing land and then subsequently developing buildings on that land. Unite has delivered the following development pipeline over the course of the period covered by this operating and financial review:

	London developments	Regional developments	Beds	GAV (£m)	Gross development profit (£m)[2]	Average yield on cost (%)
Delivered						
2016	2	3	3,082	369	150	9.1%
2017	—	5	2,152	229	71	8.2%
2018	—	7	3,074	270	55	7.6%
2019 YTD[1]	—	3	2,390	243	58	6.9%

(1) As at 30 September 2019.

(2) The development profit in the table above refers to the total profit on the portfolio of developments delivered in each year. This development profit will be recognised in the Group's accounts over a number of financial years through the course of construction and therefore does not necessarily correspond with the timing of recognition in the Group's accounts.

Disposals

Unite has undertaken a programme of disposals over the last three years. The properties which Unite has sold over the period covered by this operating and financial review were either non-core assets that were not consistent with the desired profile of Unite's assets or were core assets that were sold to co-investment vehicles. The following table sets out a summary of the disposals over the course of the period covered by this operating and financial review:

Financial year	Consideration (£m)	Properties	Beds	GAV[3] (£m)	See-through GAV[4] (£m)
2016	140	4	2,375	133	108
2017	472	15	4,768	466	177
2018	181[1]	14	3,436	182	86
2019 YTD[2]	70	2	832	69	52
Total	**862**	**35**	**11,411**	**850**	**423**

(1) The 2018 disposals included a price adjustment mechanism. An amount of up to £6.0 million could be payable to the purchaser if certain income conditions are not met. Based on the latest position, these conditions have not been satisfied and Unite expects to make a payment of £6.0 million to the purchaser.

(2) As at 30 September 2019.

(3) GAV reflects property book value at the time of sale, which is not necessarily indicative of cost.

(4) Unite's see-through share of GAV, including the group's interest in USAF and LSAV.

Portfolio optimisation through disposals will remain an important part of Unite's strategy following the Acquisition. Unite intends to dispose of approximately £150–200 million of assets per annum of the Enlarged Group during the next three years, which is in line with historical levels.

4. Development pipeline and university partnership schemes

Unite's development pipeline and its pipeline of university partnerships are key drivers of continued growth and are fully aligned to high and mid-ranked universities. The anticipated yield on cost of the secured development pipeline is 6.9 per cent. and prospective returns on new direct let schemes remain attractive at around 7.0 per cent. in London and 8.0 per cent. in the regions. The following table sets out Unite's development pipeline and university partnerships as at the Latest Practicable Date:

	Target delivery	Secured beds	Total completed value (£m)	Total development costs (£m)	Forecast yield on cost
Wholly owned					
First Way, London	2020	678	126	102	6.0%
New Wakefield Street, Manchester	2020	603	83	56	8.2%
Derby Road, Nottingham(1)	2022	650	65	48	8.0%
Total wholly owned		**1,931**	**274**	**207**	**7.4%**
University partnership					
White Rose View, Leeds	2020	976	120	83	7.4%
Old BRI, Bristol(1)	2021	370	52	39	6.2%
Middlesex Street, London	2021	913	247	182	6.1%
Temple Quarter, Bristol(1)	2022	650	95	77	6.2%
Total University partnerships		**2,909**	**514**	**381**	**6.6%**
Total pipeline (Unite share)		**4,840**	**787**	**588**	**6.9%**

(1) Subject to obtaining planning consent.

Unite's development pipeline, university partnerships and scalable operating platform provides good visibility of future rental growth and increasing recurring earnings.

Unite has sufficient funds available from its existing retained earnings and available facilities to fund all of its share of its development pipeline. See "Summary of borrowings" in paragraph 12 of this Part XII for detail of the available headroom in Unite's debt facilities.

5. Recent developments, current trading and prospects

See "*Forward-looking statements*" in paragraph 2 of Part III (*Important Information*).

Since the interim results published on 23 July 2019 trading has been in line with the Board's expectations. Unite has achieved a strong lettings performance across its whole portfolio for the 2019/20 academic year with 98 per cent. of bed spaces let (2018/19: 98 per cent.), which supports Unite's medium term outlook of annual rental growth of 3.0–3.5 per cent.

At 30 September 2019, USAF's property portfolio was independently valued at £2,445 million, representing a like-for-like increase of 0.6 per cent. during the quarter. LSAV's investment portfolio was independently valued at £1,300 million at 30 September 2019, a like-for-like increase of 1.9 per cent. during the quarter. The valuation increase was predominantly driven by rental growth, with LSAV also benefiting from a one-time reversionary uplift at one of its larger properties. Overall the USAF portfolio was valued at an average net yield of 5.2 per cent. whilst the LSAV portfolio is valued at an average net yield of 4.5 per cent.

Since 30 June 2019, Unite has announced the disposal of two assets for £100 million (Unite share £75 million) to USAF, representing a net initial yield of 5.5 per cent. The assets are located in Birmingham and Newcastle and comprise a total of 1,155 beds. In early October, the Company exchanged and completed on the sale of two wholly owned properties in Coventry, comprising 1,127 beds for £96 million to Mapletree Investments Pte Ltd at a price in line with book value. These sales took Unite's share of disposals in the year to date to £250 million, supporting the Company's ongoing strategy of recycling assets to enhance portfolio quality and maintain financial discipline.

On 5 July 2019, Unite issued approximately 26.4 million new Ordinary Shares pursuant to the Placing at a price of 985 pence in connection with the partial financing of the Acquisition which raised gross proceeds of £259.6 million.

In August, Unite exchanged contracts to acquire a new 620-bed development site in Nottingham. The direct let development, which is subject to planning consent, will open in time for the 2022/23 academic year. Total development costs are estimated to be £48 million, delivering a development yield in line with the Company's stated targets.

In September, USAF announced the launch and pricing of £85 million of bonds issued under its existing debt platform and issued drawdown notices in relation to the £250 million of new equity raised from external investors in May 2019. Following the full drawdown of new equity, Unite's stake in USAF was reduced from 25 to 22 per cent.

In October, Unite agreed commercial terms with the University of Leeds for a 30-year nomination agreement for its White Rose View development in Leeds. The agreement covers 559 of the 976 beds in the development, which will open in time for the 2020/21 academic year.

In mid-October, as part of its Board succession planning, Unite announced that Dame Shirley Pearce DBE and Professor Sir Steve Smith will join the Board as Non-Executive Directors on 1 November 2019 and 1 April 2020 respectively. Sir Tim Wilson, Non-Executive Director and Chair of the Health & Safety Committee, is stepping down from the Board effective 31 December 2019 after serving nine years.

In November, Unite exercised its option to redeem all of the £90 million of 6.125 per cent. retail bonds due 2020, to be funded from existing undrawn bank facilities.

6. Description of certain income statement line items

6.1 *Rental income*

Rental income is Unite's primary source of revenue and is generated from its customers by letting rooms in its properties, either through a nomination agreement with a university or through a direct let tenancy.

Rental income from property leased out under operating leases (comprising direct lets to students and leases to universities and commercial tenants) is recognised in the income statement on a straight-line basis over the term of the lease.

6.2 *Other income*

Other income comprises asset management fees and performance fees from joint ventures, primarily from USAF and LSAV, and is included in the operations segment.

6.3 *Cost of sales*

Cost of sales is associated with rental income and other income and includes a variety of costs and expenditure associated with running and operating the property portfolio. Key cost items include property operating costs, such as on-site staff costs, property maintenance costs and marketing, operating lease rentals and costs associated with development fees.

6.4 *Operating expenses*

Operating expenses include the expenses that are incurred and attributable to rental income and management fees.

7. Results of Operations

The following table sets out selected consolidated income statement information for Unite for the periods indicated:

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
	unaudited	unaudited	audited	audited	audited
Rental income	66.2	60.6	112.7	99.7	97.1
Other income	7.3	7.0	15.6	19.6	23.6
Total revenue	**73.5**	**67.6**	**128.3**	**119.3**	**120.7**
Cost of sales	(14.6)	(20.0)	(40.2)	(41.1)	(44.9)
Operating expenses	(10.6)	(11.1)	(23.6)	(26.9)	(25.0)
Results from operating activities	**48.3**	**36.5**	**64.5**	**51.3**	**50.8**
(Loss)/profit on disposal of property	(0.9)	(0.5)	(6.8)	0.6	0.4
Net valuation gains on property (owned)	53.3	59.1	105.8	103.1	77.2
Net valuation losses on property (leased)	(2.3)	—	—	—	—
Acquisition costs	(5.4)	—	—	—	—
Profit before net financing costs	**93.0**	**95.1**	**163.5**	**155.0**	**128.4**
Net financing costs	**(15.7)**	**(5.9)**	**(13.5)**	**(28.7)**	**(21.8)**
Share of joint venture profit	48.2	53.3	95.8	103.1	94.8
Profit before tax	**125.5**	**142.5**	**245.8**	**229.4**	**201.4**
Current and deferred tax	15.7	(3.6)	(8.5)	(5.6)	25.0
Profit for the period	**141.2**	**138.9**	**237.3**	**223.8**	**226.4**
Profit for the period attributable to					
Owners of the parent company	140.3	137.9	235.7	221.6	224.0
Minority interest	0.9	1.0	1.6	2.2	2.4
	141.2	**138.9**	**237.3**	**223.8**	**226.4**
Earnings per share					
Basic	53.3p	53.9p	90.8p	95.3p	101.3p
Diluted	53.1p	53.6p	90.6p	93.6p	94.7p

7.1 *Revenue*

7.1.1 *Six months ended 30 June 2019 and 2018*

Revenue increased by 7.8 per cent. to £73.5 million for the six months ended 30 June 2019 from £67.6 million for the six months ended 30 June 2018, which was due primarily to the contribution from recently opened properties and rental growth achieved across the portfolio.

7.1.2 *Years ended 31 December 2018, 2017 and 2016*

Revenue increased by 7.5 per cent. to £128.3 million for the year ended 31 December 2018 from £119.3 million for the year ended 31 December 2017, which in turn was a decrease of 1.2 per cent. from £120.7 million for the year ended 31 December 2016. The increase for the year ended 31 December 2018 was due primarily to rental growth and the impact of new openings. The decrease for the year ended 31 December 2017 was due to the promote fee of £3.4 million being lower (2016: £7.0 million), which offset the increase of £2.6 million in rental income.

7.2 *Cost of sales*

7.2.1 *Six months ended 30 June 2019 and 2018*

Cost of sales decreased by 27.0 per cent. to £14.6 million for the six months ended 30 June 2019 from £20.0 million for the six months ended 30 June 2018, which was due primarily to the adoption of IFRS 16.

7.2.2 *Years ended 31 December 2018, 2017 and 2016*

Cost of sales decreased by 2.2 per cent. to £40.2 million for the year ended 31 December 2018 from £41.1 million for the year ended 31 December 2017, which in turn was a decrease of 8.5 per cent. from £44.9 million for the year ended 31 December 2016. The decrease for the year ended 31 December 2018 was due primarily to cost-saving initiatives through the benefit of scale. The decrease for the year ended 31 December 2017 was due primarily to USAF acquiring a leased property and the lease with Unite being terminated.

7.3 *Operating expenses*

7.3.1 *Six months ended 30 June 2019 and 2018*

Operating expenses decreased by 4.5 per cent. to £10.6 million for the six months ended 30 June 2019 from £11.1 million for the six months ended 30 June 2018, which was due primarily to cost management and operational efficiencies.

7.3.2 *Years ended 31 December 2018, 2017 and 2016*

Operating expenses decreased by 12.3 per cent. to £23.6 million for the year ended 31 December 2018 from £26.9 million for the year ended 31 December 2017, which in turn was an increase of 7.6 per cent. from £25.0 million for the year ended 31 December 2016. The decrease for the year ended 31 December 2018 was due primarily to cost management. The increase for the year ended 31 December 2017 was due primarily to higher staff costs and inflation.

7.4 *Net valuation gains on property*

7.4.1 *Six months ended 30 June 2019 and 2018*

Net valuation gains on property decreased by 13.7 per cent. to £51.0 million for the six months ended 30 June 2019 from £59.1 million for the six months ended 30 June 2018, which was due primarily to lower yield compression.

7.4.2 *Years ended 31 December 2018, 2017 and 2016*

Net valuation gains on property increased by 2.6 per cent. to £105.8 million for the year ended 31 December 2018 from £103.1 million for the year ended 31 December 2017, which in turn was an increase of 33.5 per cent. from £77.2 million for the year ended 31 December 2016. The increase for the years ended 31 December 2018 and 2017 was due primarily to like-for-like rental growth of 3.2 per cent. and 3.4 per cent., respectively, and 15 basis points of yield compression in each year.

7.5 *Net financing costs*

7.5.1 *Six months ended 30 June 2019 and 2018*

Net financing costs increased by 166 per cent. to £15.7 million for the six months ended 30 June 2019 from £5.9 million for the six months ended 30 June 2018, which was due primarily to the adoption of IFRS 16.

7.5.2 *Years ended 31 December 2018, 2017 and 2016*

Net financing costs decreased by 53.0 per cent. to £13.5 million for the year ended 31 December 2018 from £28.7 million for the year ended 31 December 2017, which in turn was an increase of 31.6 per cent. from £21.8 million for the year ended 31 December 2016. The decrease for the year ended 31 December 2018 was due primarily to a higher level of development spend and accordingly a higher amount of interest being capitalised. The increase for the year ended 31 December 2017 was due primarily to interest swap break costs.

7.6 *Share of joint venture profit*

7.6.1 *Six months ended 30 June 2019 and 2018*

Share of joint venture profit decreased by 9.6 per cent. to £48.2 million for the six months ended 30 June 2019 from £53.3 million for the six months ended 30 June 2018, which was due primarily to lower net revaluation gains from USAF's and LSAV's properties.

7.6.2 *Years ended 31 December 2018, 2017 and 2016*

Share of joint venture profit decreased by 7.1 per cent. to £95.8 million for the year ended 31 December 2018 from £103.1 million for the year ended 31 December 2017, which in turn was an increase of 8.8 per cent. from £94.8 million for the year ended 31 December 2016. The increase in the year ended 31 December 2017 was due primarily to increasing scale, operational performance and valuation growth of USAF and LSAV, whilst the decrease in the following year was due primarily to lower net revaluation gains from USAF's and LSAV's properties.

8. Adjusted financial information

This Prospectus contains certain key performance indicators for Unite that are supplementary measures that are not required by, or presented in accordance with, 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.

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 interest rate derivatives and deferred tax.

Unite uses the following key performance indicators: EPRA earnings, EPRA earnings per share, EPRA net asset value, adjusted net debt, loan to value, total accounting return, net operating income and EBIT margin. See paragraph 6.1 of Part III (*Important Information*) for a description of these measures. These measures 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.

The performance of the co-investment vehicles is included as a single line item 'Share of joint venture profit' in the consolidated income statement. The performance of Unite is then further analysed within the segmental analysis to show the impact of Unite's share in each co-investment vehicle on a see-through basis.

9. Analysis of performance shown under adjusted measures

9.1 *Key performance indicators*

	Six months ended 30 June		Year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
Beds	51,204	49,937	48,815	49,606	48,718
Occupancy (%)	—	—	98%	99%	98%
Rental growth (%)	—	—	3.2%	3.4%	3.8%

Unite has a strong development and University partnership pipeline in high-ranking University cities where demand is high. The Group looks to optimise the portfolio through disposals in tandem with these new developments and University partnerships.

During 2018, the Group opened 3,074 new beds and added 331 beds to the portfolio through an acquisition. The sale of over 3,400 beds in 2018 resulted in the Group exiting two markets and repositioning the portfolio in four other cities to reduce the concentration in these locations which no longer fitted the Group's strategy.

During 2017, Unite acquired Aston Student Village in Central Birmingham, the Group's largest acquisition, comprising 3,067 beds across five large properties located on Aston University's campus. In addition, the Group opened 2,150 new beds and sold 4,800 beds which no longer met the long-term strategic goals of the portfolio.

During 2016, the Group opened five new buildings, which increased the number of beds by 3,082.

The Group's focus on high-quality Universities where student demand is highest and its commitment to providing value for students is reflected in average occupancy of 98 per cent. and rental growth of 3.5 per cent. per annum over the last five years with Unite achieving 98 per cent. occupancy in 2018 and rental growth of 3.2 per cent. This rental growth and visibility over occupancy is underpinned by nominations agreements, which now represent 60 per cent. of Unite beds.

9.2 *Financial performance—income statement*

The following table summarises the Group's results of operations for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
£ millions	**2019**	**2018**	**2018**	**2017**	**2016**
Rental income	108.3	101.9	188.3	170.8	159.1
Property operating expenses	(23.9)	(23.4)	(48.0)	(44.3)	(42.8)
Net operating income (NOI)	**84.4**	**78.5**	**140.3**	**126.5**	**116.3**
NOI margin	78.0%	77.1%	74.5%	74.1%	73.1%
Management fees	7.2	7.0	15.6	14.1	14.0
Operating expense(1)	(9.3)	(10.4)	(21.7)	(24.6)	(23.1)
Finance costs	(16.0)	(13.3)	(28.5)	(32.6)	(32.4)
Lease liability interests	(4.7)	—	—	—	—
Operating lease rentals	—	(6.1)	(11.5)	(12.6)	(13.5)
Acquisition and net performance fees	—	—	—	4.3	6.9
Development and other costs	(0.4)	(2.9)	(5.8)	(4.6)	(5.5)
EPRA earnings(2)	**61.2**	**52.9**	**88.4**	**70.5**	**62.7**
EPRA EPS(3)	**23.2p**	**20.7p**	**34.1p**	**30.3p**	**28.4p**
EBIT margin(4)	76.0%	73.7%	71.3%	67.9%	67.4%
Dividend per share	10.25p	9.5p	29.0p	22.7p	18.0p

(1) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing a decrease of £0.8 million, which do not apply to the prior periods.

(2) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing an increase of £1.2 million, which do not apply to prior periods.

(3) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing an increase of 0.5p, which do not apply to prior periods.

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

As a result of the new openings and sustained rental growth between 2016 and 2018, rental income increased by £17.5 million to £188.3 million in the year ended 31 December 2018, an increase of 10.2 per cent. from £170.8 million in the year ended 31 December 2017, which in turn was an increase of 7.4 per cent. from £159.1 million in the year ended 31 December 2016. This has been offset to an extent by the impact of disposals made during the period although these have been undertaken in order to optimise the portfolio. Rental income increased by 6.3 per cent. to £108.3 million in the six months ended 30 June 2019 (H1 2018: £101.9 million) as a result of organic rental growth and portfolio activity.

The PRISM operating platform was implemented in 2016 and has helped drive an improvement in NOI margin across the period from 73.1 per cent. in 2016 to 74.5 per cent. in 2018. NOI margin was 78.0 per cent. in the six months ended 30 June 2019 (H1 2018: 77.1 per cent.) On top of this, an efficiency programme implemented in 2017 delivered targeted cost savings of £5 million in 2018 by streamlining processes and procedures as a result of Unite's student insight, PRISM and scale efficiencies. These savings ensured that Unite delivered its NOI margin and overhead efficiency target in 2018 whilst enhancing service.

Unite introduced EBIT margin as a new measure in 2018 to aid comparability across the sector and this shows NOI less overheads and fees as a percentage of sales. This measure indicates the overall efficiency of the business and Unite has managed to improve its EBIT margin from 67 per cent. in 2016 to 71 per cent. in 2018 as a result of back-office efficiency and also keeping overheads constant whilst growing assets under management. Unite is targeting further opportunities to enhance earnings and improve EBIT margin to 74 per cent. by the end of 2021 (excluding the impact of the Acquisition) driven by tight cost control whilst growing the scale of the portfolio. Unite's EBIT margin increased to

76.0 per cent. for the six months ended 30 June 2019 compared to 73.7 per cent. for the six months ended 30 June 2018, primarily due to a reduction in overheads as a result of its ongoing efficiency programme. NOI margin and EBIT margin are higher in the first six months of the year as core tenancies run throughout this period, whereas in the second six months of the year the properties have lower occupancy through the summer period.

Management fees representing recurring income from the USAF and LSAV joint ventures has decreased slightly over the period from £14.0 million in the year ended 31 December 2016 to £13.2 million in the year ended 31 December 2018 as a result of disposal activity in 2017 and 2018, outstripping the valuation growth in the portfolios under management. Unite benefitted from £2.4 million in one-off fees in 2018 related to third-party short-term management of disposal assets.

Net debt has risen each year from 2016, but this has been offset by a lower average cost of finance which has fallen from 4.2 per cent. in 2016 to 3.8 per cent. in 2018 as the Group has added new debt facilities at lower average rates, taking advantage of the historically low cost of debt. As a result, finance costs have decreased each year from £45.9 million in the year ended 31 December 2016 to £40.0 million in the year ended 31 December 2018. Finance costs increased to £20.7 million for the six months ended 30 June 2019 (H1 2018: £19.3 million), reflecting an increase in net debt to £997 million as at 30 June 2019 (31 December 2018: £856 million).

The Group's strong financial performance in 2018 was driven by high occupancy, rental growth and the impact of capital recycling, as well as further operational efficiencies and ongoing cost discipline outlined above. As a result, EPRA earnings increased by 25.4 per cent. in 2018 to £88.4 million (2017: £70.5 million) and by 12.4 per cent. in 2017 (2016: £62.7 million). During the same period, EPRA EPS has increased to 34.1p in 2018 from 28.4p in 2016. EPRA earnings increased to £61.2 million for the six months ended 30 June 2019 from £52.9 million for the six months ended 30 June 2018, and EPRA EPS increased to 23.2p from 20.7p for the same periods.

As a result of the strong earnings growth in the business and high quality long-term income supported by longer nomination agreements and alignment to the strongest Universities, Unite increased the dividend payout ratio from 75 per cent. of EPRA earnings in 2017 to 85 per cent. in 2018 which resulted in the final dividend per share increasing from 18.0p in 2016 to 29.0p in 2018. The interim dividend per share was 10.25p for the six months ended 30 June 2019 (9.5p for the six months ended 30 June 2018).

9.3 *Reconciliation of EPRA earnings to IFRS profit attributable to owners of the parent company*

EPRA earnings excludes movements relating to changes in values of investment properties and interest rate swaps, profits from the disposal of properties and property impairments, which are included in the profit reported under IFRS. A reconciliation of EPRA earnings to the profit attributable to owners of the parent company is shown below.

Net valuation gains on investment property were £105.8 million in 2018, the largest valuation gain in the period (£103.1 million and £77.2 million in 2017 and 2016 respectively). EPRA earnings in 2018 were £88.4 million, up from £70.5 million in 2017, increasing year on year over the period. Share of joint venture gains were £58.1 million in 2018, a decline from £65.0 million in 2017. In 2018 there was a loss of £3.5m incurred from the share of joint venture property disposals and write downs, down from a small gain of £0.5 million in 2017. In 2017 there was an £11.5 million swap cancellation and loan break cost incurred, a significant increase from £1.0 million in the prior year. Profit attributable to owners of the parent company was £235.7 million in 2018, a £14.1 million increase since 2017. There was a moderate decline of £2.4 million in profit attributable to owners of the parent company between

2016 and 2017, this was largely a result of the significant swap cancellation and loan break cost of £11.5 million incurred in 2017.

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
EPRA earnings[(1)]	**61.2**	**52.9**	**88.4**	**70.5**	**62.7**
Net valuation gains on investment property (owned)	53.3	59.1	105.8	103.1	77.2
Property disposals (owned)	0.2	(0.5)	(6.8)	0.6	0.3
Net valuation losses on investment property (leased)	(2.3)	—	—	—	—
Property disposals (leased)	(1.1)	—	—	—	—
Acquisition costs	(5.4)	—	—	—	—
Share of joint venture gains on investment property	23.3	28.8	58.1	65.0	58.8
Share of joint venture property disposals	—	—	(3.5)	0.5	—
Interest rate swap payments on ineffective hedges	(2.4)	—	—	—	—
Swap cancellation and loan break costs	(0.5)	(0.1)	(0.1)	(11.5)	(1.0)
Share of joint venture swap cancellation costs	—	—	—	(0.8)	—
Deferred tax relating to properties	14.5	(1.9)	(5.5)	(4.5)	27.6
Minority interest share of reconciling items[(2)]	(0.5)	(0.4)	(0.7)	(1.3)	(1.6)
Profit attributable to owners of the parent company	**140.3**	**137.9**	**235.7**	**221.6**	**224.0**

(1) Includes IFRS 16 adjustments for the six months ended 30 June 2019, representing an increase of £1.2 million, which do not apply to prior periods.

(2) 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.

9.4 *Composition of Net Operating Income*

The following table summarises the composition of Unite's NOI on an EPRA basis for the periods indicated:

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
	unaudited	unaudited	audited	audited	audited
Unite	51.6	46.7	84.1	71.3	67.8
USAF	16.5	16.1	27.5	26.7	26.2
LSAV	16.3	15.7	28.7	28.5	22.3
Total	**84.4**	**78.5**	**140.3**	**126.5**	**116.3**

The Group's NOI has increased by 20.6 per cent. from £116.3 million for the year ended 31 December 2016 to £140.3 million for the year ended 31 December 2018. Approximately 68 per cent. of the Group's increase in NOI over the same period has been attributable to an increase in NOI for Unite's wholly-owned properties, with approximately 27 per cent. attributable to an increase in NOI for LSAV. The increase in the Group's NOI is due to rental growth of between 3.0 and 3.8 per cent. and an efficiency programme that has streamlined process and procedures and delivered targeted cost savings of £5 million. The Group's NOI increased by 7.5 per cent. to £84.4 million for the six months ended 30 June 2019 (£78.5 million for the six months ended 30 June 2018), primarily due to cost savings as a result of its ongoing efficiency programme.

9.5 *Fees from co-investment vehicles*

The following table summarises the fees generated by Unite from its asset and property management activities in relation to its co-investment vehicles for the periods indicated:

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
	unaudited	unaudited	audited	audited	audited
USAF					
Asset management fee	5.4	5.5	10.2	10.1	10.0
Acquisition fee	0.2	—	—	0.4	0.4
Net performance fee	—	—	—	3.4	6.5
LSAV					
Asset and property management fee	1.6	1.5	3.0	4.0	4.0
Acquisition fee	—	—	—	0.5	—
Development management fee	—	—	—	—	1.0
Unite					
Disposal management fee	—	—	2.4	—	—
Total fees	**7.2**	**7.0**	**15.6**	**18.4**	**21.9**

The Group acts as asset and property manager for the joint ventures and receives management fees in relation to these services. As described above, the overall recurring asset management fee has reduced as a result of disposal activity in 2017 and 2018.

In addition, the Group is entitled to performance fees from USAF and LSAV if the joint ventures outperform certain benchmarks. The USAF net performance fee is based on USAF's total cumulative return and in 2017, Unite earned a fee of £3.4m, lower than the £6.5m earned in 2016 due to the high level of yield compression in 2015 and 2016.

The London portion of the LSAV joint venture has a maturity in 2022. Discussions are ongoing between Unite and GIC over the future of the vehicle. The joint venture has performed well over its life and Unite has an opportunity to realise value from the promote fee payable to Unite at maturity.

9.6 *Property valuations and key balance sheet items*

The following table summarises key items as at the date indicated:

£ millions	As at 30 June 2019	As at 31 December 2018	2017	2016
Investment properties (owned)	2,710.1	2,685.9	2,379.4	2,084.8
Investment properties (leased)(1)	110.7	—	—	—
Investment properties under development	371.6	282.1	215.9	191.8
Total property portfolio(1)	**3,192.4**	**2,968.0**	**2,595.3**	**2,276.6**
Debt on properties	(1,035.4)	(1,036.4)	(894.7)	(839.1)
Lease liability	(100.2)	—	—	—
Cash	138.5	179.9	91.8	65.8
Net debt(2)	**(997.0)**	**(856.5)**	**(802.9)**	**(773.3)**
Convertible bond	—	—	—	85.4
Other assets/(liabilities)(3)	(25.0)	(26.1)	(52.0)	(31.4)
EPRA NAV(4)	**2,170.4**	**2,085.4**	**1,740.4**	**1,557.3**
EPRA NAV per share (p)	820p	790p	720p	646p
LTV (%)(5)	29%	29%	31%	34%
Total accounting return (%)	**6.3%**	**13.2%**	**14%**	**15%**
EPRA EPS yield (%)(6)	**2.9%**	**4.7%**	**4.7%**	**4.9%**

(1) Includes IFRS 16 adjustments as at 30 June 2019 due to the recognition of leased properties, representing an increase of £110.7 million, which do not apply to prior periods.

(2) Includes IFRS 16 adjustments as at 30 June 2019 due to the recognition of a lease liability, representing an increase of £100.2 million, which do not apply to prior periods.

(3) Includes receivable relating to a property disposal made in 2018. The receipt of up to £6.0 million is subject to the income performance at one of the properties sold. Based on the latest position, Unite does not expect this receivable to be recovered.

(4) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of £1.8 million, which do not apply to prior periods.

(5) Excludes IFRS 16 related balances in respect of leased properties.

(6) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of 0.1 per cent., which do not apply to prior periods.

The aggregate fair value of the properties in the portfolio, including Unite's share of gross assets held in USAF and LSAV, was £3,192.4 million as at 30 June 2019, an increase of 7.6 per cent. from £2,968.0 million as at 31 December 2018. The £115 million increase in the value of rental properties reflects the growth in value of the Group's share of investment assets as a result of rental growth and yield compression, together with capital expenditure on developments of £72 million and £9 million on investment activity, offset by £43 million as a result of disposals. The application of IFRS 16 increased gross assets by a further £111 million due to the recognition of an asset for Unite's sale and leaseback portfolio.

The increase in the portfolio value of £372 million, or 14.3 per cent., to £2,968 million as at 31 December 2018 from £2,595 million as at 31 December 2017, was attributable to valuation increases of £163 million in the investment and development portfolios, with like-for-like rental growth of 3.2 per cent. and yield compression of 15 basis points, which coincided with the downward movement of yields as shown in paragraph 9.7 of this Part XII. Furthermore, capital expenditure on developments of £248 million and £25 million on investment assets relating to refurbishment also contributed to the increase in valuations between 2017 and 2018, as well as an increased share of USAF for £15 million as a result of the performance fee Unite earned and acquisition of units.

Over the period, additional drivers of valuation uplift included acquisitions of properties for £6 million in 2018 and £122 million in 2017, primarily relating to the acquisition of Aston Student Village and disposals of £85 million and £176 million for the same periods. The increase in portfolio value over the period is attributable to increases in share of properties owned by USAF of £33 million and £15 million for 2016 and 2017 respectively, as a result of both performance fees reflected in paragraph 9.5 of this Part XII and the acquisition of units in the secondary market.

Unite's share of net debt increased by £41 million, or 4.8 per cent., to £997 million as at 30 June 2019 from £857 million as at 31 December 2018, which in turn was an increase of £53 million, or 6.7 per cent., from £803 million as at 31 December 2017. The majority of property and development expenditure in 2018 was funded through a share placing and Unite's disposal programme which, together with asset value appreciation, resulted in a reduction of LTV to 29 per cent. from 31 per cent. in 2017 (on a pre-IFRS 16 basis). Unite's share of net debt increased to £803 million as at 31 December 2017 from £773 million as at 31 December 2016. In October 2013, Unite issued £89.9 million of senior, unsecured convertible bonds per annum which were due in 2018 and had a coupon of 2.5 per cent.; in May 2017, Unite commenced a redemption process that resulted in the bonds converting into fully paid Ordinary Shares that resulted in a £90 million reduction of net debt. LTV decreased from 34 per cent. in 2016 to 31 per cent. in 2017 as the underlying value of the property portfolio increased over the period. The Enlarged Group is expected to have an LTV of approximately 39 per cent. immediately following Completion, with a target medium term LTV of 35 per cent. which is intended to be met through rental growth and planned disposals of £150-200 million per annum over the next three years.

Unite's EPRA NAV was £2,085 million as at 31 December 2018, which was an increase from £1,740 million and £1,557 million as at 31 December 2017 and 2016, respectively. Unite's EPRA NAV per share increased by 9.7 per cent. to 790 pence as at 31 December 2018, from 720 pence in 2017 and 646 pence in 2016. The main factors that contributed to the growth in EPRA NAV per share in 2018 included the growth in value of the Group's share of investment assets (+45 pence), rental growth (+20 pence) and continued yield compression (+25 pence), which is described further in paragraph 9.7 of this Part XII.

Unite's EPRA NAV per share increased by 4.1 per cent. to 820 pence at 30 June 2019 (31 December 2018: 790 pence). EPRA net assets increased by £85 million to £2,170 million as at 30 June 2019 from £2,085 million as at 31 December 2018, which was primarily attributable to the growth in value of the Group's share of investment assets as a result of rental growth (+17 pence), yield compression (+5 pence) and the value added to the development pipeline (+7 pence).

Total accounting returns have remained high over the period under review, being 13 per cent. in 2018, 14 per cent. in 2017 and 15 per cent. in 2016. During such period, the mix of returns in terms of capital and income have shifted and, in 2018, EPRA earnings increased by 25 per cent. and represented over one-third of total accounting returns. EPRA earnings increased by a compound annual growth rate of 18.7 per cent. between 2016 and 2018 as Unite focused on improving the quality and security of its income, with a focus on maintaining full occupancy and growing income on an annual basis. EPRA EPS yield remained steady for the period under review, with a yield of 4.7 per cent. achieved in 2018 and 2017 and a yield of 4.9 per cent. achieved in 2016. Unite's EPRA EPS yield has remained consistent as a result of good levels of underlying growth in recurring earnings alongside growth in property values as a result of rental growth, yield compression and new openings.

9.7 *Property valuations*

The following table summarises the Group's average valuation yield on a see-through basis for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
%	2019	2018	2018	2017	2016
Average valuation yield (see-through basis)	5.0	5.1	5.0	5.2	5.5

Over the period, there has been a moderate compression in the Group's average valuation yield, with an average yield of 5.0 per cent. as at 30 June 2019 and an average yield of 5.0 per cent. as at 31 December 2018, which represented a decline of 45 basis points since 2016. The level of transactions in the student accommodation sector remained high in 2016 following unprecedented levels in 2015. Uncertainty produced in the months following the EU referendum in June 2016 was replaced with confidence in the market with a high volume of portfolio assets traded in the second half of the year. Subsequently, the uplift in investor appetite and transactions resulted in a modest level of yield compression across the sector and subsequently in the Group's portfolio.

The level of transactions in the student accommodation sector remained high in 2017, with over £4 billion of assets traded during the year, which subsequently generated further yield compression across the sector and the Group's portfolio, most notably in London where there was the strongest level of demand for assets. The Group's average yield fell to 5.2% as at 31 December 2017.

In 2018, the level of transactions in the student accommodation sector reduced slightly from the levels in 2016 and 2017; however, there continued to be high levels of demand for good-quality assets and portfolios. Subsequently, yields moved further inwards from the previous year, most notably in London and amongst markets aligned to the highest-ranking Universities, where there was the strongest level of demand for assets.

The following table sets out Unite's analysis of the indicative valuation yields in the geographies in which Unite operates:

%	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
London	4.0–4.25%	4.25–4.5%	4.0–4.25%	4.25–4.5%	4.5–5.0%
Prime provincial	4.5–5.0%	4.5–5.0%	4.5–5.0%	4.75–5.25%	5.25–5.75%
Major provincial	5.0–5.5%	5.25–5.5%	5.0–5.5%	5.0–5.5%	—
Provincial	6.0–7.0%	6.0–6.25%	6.0–6.5%	6.0–6.5%	6.0–6.5%

9.8 *Key balance sheet items split by co-investment vehicle*

The co-investment vehicles of Unite's business are reflected in Unite's adjusted financial results, which are non-IFRS metrics, on a proportionally consolidated basis, so that these financial metrics include Unite's wholly-owned assets and the relative impact from the different ownership stakes in each co-investment vehicle—this is referred to as the 'see-through' performance.

The following table below highlights certain adjusted financial metrics as at 30 June 2019 and 2018 for the wholly-owned assets and the co-investment vehicles on a see-through basis:

£ millions	As at 30 June 2019 Wholly owned	USAF*	LSAV*	Total	As at 30 June 2018 Wholly owned	USAF*	LSAV*	Total
Investment properties (owned)	1,468.5	603.9	637.7	**2,710.1**	1,313.4	559.7	600.9	**2,474.0**
Investment properties (leased)	110.7(1)	—	—	**110.7(1)**	—	—	—	**—**
Investment properties under development	368.4	3.2	—	**371.6**	331.3	14.0	—	**345.3**
Total prooperty portfolio	**1,947.6(1)**	**607.7**	**637.7**	**3,192.4(1)**	**1,644.7**	**573.7**	**600.9**	**2,819.3**
Debt on properties	(590.4)	(177.6)	(267.3)	**(1,035.3)**	(459.9)	(171.0)	(212.6)	**(843.5)**
Lease liability	(100.2)	—	—	**(100.2)**	—	—	—	**—**
Cash	106.9	5.9	25.7	**138.5**	49.3	11.8	12.3	**73.4**
Net debt	**(583.7)**(2)	**(171.7)**	**(241.6)**	**(997.0)**	**(410.6)**	**(159.2)**	**(200.3)**	**(770.1)**
Other liabilities	(12.5)	(4.4)	(8.1)	**(25.0)**	(24.8)	(4.7)	(11.1)	**(40.6)**
EPRA NAV	**1,351.4(3)**	**431.0**	**388.0**	**2,170.4(3)**	**1,209.3**	**409.8**	**389.5**	**2,008.6**
LTV (%)	26%(4)	28%	38%	**29%(4)**	25%	28%	33%	**27%**

* Indicates Unite's share

(1) Includes IFRS 16 adjustments as at 30 June 2019 due to the recognition of leased properties, representing an increase of £110.7 million, which do not apply to prior periods.

(2) Includes IFRS 16 adjustments as at 30 June 2019 due to the recognition of a lease liability, representing an increase of £100.2 million, which do not apply to prior period.

(3) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of £1.8 million, which do not apply to prior periods.

(4) Excludes IFRS 16 related balances in respect of leased properties.

The Group's total portfolio value increased to £3,192.4 million as at 30 June 2019 from £2,819.3 million as at 30 June 2018, primarily driven by the growth in the value of the Group's share of investment assets as a result of rental growth, the value added to the development portfolio, capital expenditure on developments and the application of IFRS 16 (*Leases*) in respect of rental properties in the sale and leaseback portfolio. The value of the Group's share of the gross asset value of USAF and LSAV has increased by £44.2 million, or 7.9 per cent., and £36.8 million, or 6.1 per cent., respectively. The Group's net debt increased from £770.1 million as at 30 June 2018 to £997.0 million as at 30 June 2019, and Unite's share of the USAF net debt and the LSAV net debt has increased over the same period from £159.2 million to £171.7 million and from £200.3 million to £241.6 million, respectively.

Unite's share of EPRA net assets for USAF increased from £409.8 million as at 30 June 2018 to £431.0 million as at 30 June 2019, whilst LSAV's EPRA net assets remained flat during the same period as a result of a distribution paid to Unite and GIC.

The following table below highlights certain adjusted financial metrics as at 31 December 2018, 2017 and 2016 for the wholly-owned assets and the co-investment vehicles on a see-through basis:

£ millions	As at 31 December 2018				As at 31 December 2017				As at 31 December 2016			
	Wholly owned	USAF*	LSAV*	Total	Wholly owned	USAF*	LSAV*	Total	Wholly owned	USAF*	LSAV*	Total
Rental properties	1,497.1	567.1	621.7	**2,685.9**	1,261.4	538.7	579.3	**2,379.4**	1,061.6	518.7	504.5	**2,084.8**
Properties under development	278.9	3.2	—	**282.1**	205.7	10.2	—	**215.9**	184.6	7.2	—	**191.8**
Gross asset value	**1,776.0**	**570.3**	**621.7**	**2,968.0**	**1,467.1**	**548.9**	**579.3**	**2,595.3**	**1,246.2**	**525.9**	**504.5**	**2,276.6**
Net debt	(471.2)	(142.2)	(243.1)	**(856.5)**	(461.7)	(144.5)	(196.7)	**(802.9)**	(432.1)	(164.0)	(177.2)	**(773.3)**
Convertible bond	—	—	—	**—**	—	—	—	**—**	85.4	—	—	**85.4**
Other liabilities	(13.3)	(4.9)	(7.9)	**(26.1)**	(34.7)	(5.2)	(12.1)	**(52.0)**	(14.6)	(9.8)	(7.0)	**(31.4)**
EPRA NAV	**1,291.5**	**423.2**	**370.7**	**2,085.4**	**970.7**	**399.2**	**370.5**	**1,740.4**	**884.9**	**352.1**	**320.3**	**1,557.3**
LTV (%)	27%	25%	39%	**29%**	31%	26%	34%	**31%**	35%	31%	35%	**34%**

* Indicates Unite's share

Over the period, the Group's total portfolio value increased year on year as described in paragraph 9.6 of this Part XII, primarily driven by rental growth and yield compression. The value of the Group's share of USAF and LSAV has increased on a yearly basis, with the largest increase being a £74.8 million increase in the value of the Group's share of LSAV between 2016 and 2017. Whilst the Group's net debt increased over the period from £773.3 million as at 31 December 2016 to £856.5 million as at 31 December 2018, Unite's share of the USAF net debt has decreased over the period, with net debt falling £21.8 million since 2016 to £142.2 million at as 31 December 2018.

Unite's share of EPRA net assets for LSAV increased over the period from £320.3 million in 2016 to £370.7 million as at 31 December 2018, although LSAV's EPRA net assets remained flat between 2017 and 2018 as a result of a distribution paid to Unite and GIC. In comparison, Unite's share of USAF's EPRA net assets have grown year on year over the period, increasing by £71.1 million since 2016 to £423.2 million as at 31 December 2018.

10. Liquidity and capital resources

Historically, Unite has financed its capital and working capital requirements through a combination of cash flow from operating activities, disposals, debt finance and equity. As at 30 June 2019, Unite had cash balances of £107 million on a standalone basis. Unite's liabilities mainly consist of committed debt facilities and issued debt securities. See "Summary of borrowings" in paragraph 12 in this Part XII. As at 30 June 2019, on a standalone basis Unite had £948 million of available facilities and £598 million of debt, with available headroom of £350 million. Unite generally seeks to manage cash balances by using surplus cash to either repay debt in the short term or placing on deposit in interest earning accounts.

The following table sets out Unite's gross asset value, NAV, EPRA NAV and LTV on a see through basis as at the dates indicated:

£ millions	As at 30 June 2019	As at 31 December 2018	2017	2016
Property valuation(1)	3,192	2,967	2,595	2,277
NAV(2)	2,165	2,073	1,729	1,452
EPRA NAV(2)	2,170	2,085	1,740	1,557
LTV (%)(3)	29%	29%	31%	34%

(1) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of £110.7 million, which do not apply to prior periods.

(2) Includes IFRS 16 adjustments as at 30 June 2019, representing an increase of £1.8 million, which do not apply to prior periods.

(3) Excludes IFRS 16 related balances in respect of leased properties following the adoption of IFRS 16.

Pursuant to IFRS, the Group's long-term interest rate swaps are subject to semi-annual valuation, by comparing the fixed interest rates for which the Group has contracted against the interest rates that could have been obtained in the market at the date of the valuation. This results in a fair value deficit if current rates are lower than contracted rates and a surplus if current rates are higher than contracted rates. The long-term nature of these arrangements increases the volatility of these fair value arrangements.

The fair value surpluses and deficits are recorded as non-cash adjustments in Unite's financial information as reported under IFRS. EPRA reporting guidelines recommend that these valuation movements are excluded from the adjusted results and, therefore, where presented on an adjusted basis, these movements are excluded. For the year ended 31 December 2018, the fair value adjustment was £0.2 million, compared to £2.1 million in 2017 and £14.9 million in 2016. This surplus is included in the NAV reported under IFRS and is excluded from EPRA NAV.

11. Cash flow analysis

The following table sets out consolidated cash flow statement information for Unite for the periods indicated.

£ millions	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
	unaudited	unaudited	audited	audited	audited
Cash flows from operating activities	**38.9**	**24.5**	**63.5**	**58.4**	**70.3**
Cash flows from taxation	(1.9)	(4.1)	(3.8)	(2.1)	(2.2)
Investing activities					
Proceeds from sale of investment property	69.5	—	38.0	30.8	126.1
Dividends received	19.2	24.0	37.5	31.6	29.2
Interest received	1.9	0.1	0.9	0.1	0.1
Capital distributions / investment in joint ventures	—	—	30.9	(27.0)	—
Acquisition of property	(80.4)	(111.8)	(247.9)	(116.4)	(131.0)
Acquisition of tangible and intangible assets	(2.4)	(4.0)	(7.9)	(10.1)	(11.3)
Cash flows from investing activities	**7.8**	**(91.7)**	**(148.5)**	**(91.0)**	**13.1**
Financing activities					
Interest paid in respect of financing activities	(10.9)	(10.0)	(21.1)	(23.2)	(23.7)
Proceeds from the issue of share capital	—	166.4	166.7	0.6	0.3
Net movement in borrowings	(5.3)	(53.7)	80.4	120.4	(3.3)
Dividends paid to the owners of the parent company	(44.4)	(32.7)	(62.3)	(42.3)	(34.2)
Other financing activities	(0.9)	(0.6)	(2.5)	(12.3)	(4.6)
Cash flows from financing activities	**(61.5)**	**69.4**	**161.2**	**43.2**	**(65.5)**
Net increase/(decrease) in cash and cash equivalents	**(16.7)**	**(1.9)**	**72.4**	**8.5**	**15.7**
Cash and cash equivalents at start of year	123.6	51.2	51.2	42.7	27.0
Cash and cash equivalents at end of year	**106.9**	**49.3**	**123.6**	**51.2**	**42.7**

11.1 *Cash flows from operating activities*

Cash flows from operating activities increased to a cash inflow of £38.9 million for the six months ended 30 June 2019 from a cash inflow of £24.5 million for the six months ended 30 June 2018. The increase was due primarily to the contribution from new properties opened in 2018 and rental growth achieved across the portfolio.

Cash flow from operating activities increased to a cash inflow of £63.5 million for the year ended 31 December 2018 from a cash inflow of £58.4 million for the year ended 31 December 2017. The increase was due primarily to an increase in cash received from rental income.

Cash flows from operating activities decreased to a cash inflow of £58.4 million for the year ended 31 December 2017 from a cash inflow of £70.3 million for the year ended 31 December 2016. The decrease was due primarily to the timing of working capital payments.

11.2 *Cash flows from investing activities*

Cash flows from investing activities was a cash inflow of £7.8 million for the six months ended 30 June 2019 compared to a cash outflow of £91.7 million for the six months ended 30 June 2018. The change to a cash inflow was due primarily to the purchase of property in the six months ended 30 June 2018 and the sale of investment property in the six months ended 30 June 2019.

Cash flows from investing activities increased to a cash outflow of £148.5 million for the year ended 31 December 2018 from a cash outflow of £91.0 million for the year ended 31 December 2017. The increase was due primarily to acquisitions of new property in the period.

Cash flows from investing activities changed to a cash outflow of £91.0 million for the year ended 31 December 2017 from a cash inflow of £13.1 million for the year ended 31 December 2016. The change to a cash outflow from a cash inflow was due primarily to a reduction of disposals and increased investment in joint ventures.

11.3 *Cash flows from financing activities*

Net cash flow used in financing activities was a cash outflow of £61.5 million for the six months ended 30 June 2019 compared to a cash inflow of £69.4 million for the six months ended 30 June 2018. The change to a cash outflow was due primarily to an issuance of share capital in the six months ended 30 June 2018.

Cash flows from financing activities was a cash inflow of £161.2 million for the year ended 31 December 2018 compared to a cash inflow of £43.2 million for the year ended 31 December 2017. The increase to cash flows from financing activities was primarily due to a placing to raise gross proceeds of £170 million.

Cash flows used in financing activities changed from a cash inflow of £43.2 million for the year ended 31 December 2017 from a cash outflow of £65.5 million for the year ended 31 December 2016. The change to a cash inflow from a cash outflow was due primarily to an increase in net borrowings against increasing portfolio value whilst maintaining consistent loan to value.

12. Summary of borrowings

The following table summarises Unite's key debt facilities and bonds as at 30 June 2019 and reflects the full amount of all joint venture debt facilities, not just the amount proportional to Unite's investment:

	Facility (£m)	Drawn (£m)	Maturity	% Fixed
Group				
Secured				
Legal & General	109	109	2022	100%
Mass Mutual	124	124	2024	100%
Unsecured				
Retail bond	90	90	2020	100%
HSBC	350	—	2023	100%
Unsecured bond	275	275	2028	100%
Total	**948**	**598**	**N/A**	**100%**
USAF				
Secured bond	690	690	2023–25	100%
Wells Fargo	100	12	2021	100%
Total	**790**	**702**	**N/A**	**100%**
LSAV				
Wells Fargo	250	250	2022	78%
Legal & General	149	149	2022	100%
Teachers RE	140	140	2027	100%
Total	**539**	**539**	**N/A**	**90%**

As at 30 June 2019 100 per cent. of the Group's investment debt is subject to a fixed interest rate or hedged (31 December 2018: 99 per cent.) for an average term of 5.4 years (31 December 2018: 5.8 years). Other than the assumption of Liberty Living's debt at Completion and the early redemption of Unite's retail bond on 19 December 2019, there are no major refinancings anticipated in the short term. Unite's average cost of debt remained at 3.8 per cent. as at 30 June 2019

(31 December 2018: 3.8 per cent.). The Acquisition is expected to reduce Unite's average cost of debt to 3.5 per cent.

13. Covenants and gearing

Unite's key borrowing facilities contain similar financial covenants, which generally include limits on its interest cover ratio and LTV ratio (both measured at the portfolio level). Unite is in full compliance with its financial covenants as at 30 June 2019 and has not breached its covenants in the past.

The retail bond, the unsecured bond and the revolving credit facility with HSBC are the Group's only debt facilities with covenants at a Group level. The following table summarises the covenant requirements and the performance against covenants as at 30 June 2019:

	Weighted covenant allowance	Weighted actual covenant position
Gearing	< 1.5 times	0.23 times
Unencumbered assets ratio	> 1.7 times	3.74 times
Secured gearing	< 0.25 times	0.09 times
Development assets ratio	< 30%	14%
Joint venture ratio	< 55%	31%
Interest cover ratio	> 2.0 times	7.2 times

The Group's secured facilities carry separate covenants. The following table summarises the covenant requirements and the performance against covenants as at 30 June 2019:

	Weighted covenant allowance	Weighted actual covenant position
LTV ratio	75%	31%
Interest cover ratio	1.5 times	4.7 times

The weighted covenant allowance is 150 per cent. on the interest cover ratio covenant and 75 per cent. on the LTV covenant. As at 30 June 2019, the actual covenant position was 470 per cent. on the interest cover ratio covenant and 31 per cent. on the LTV ratio covenant. Unite is expected to have an LTV of approximately 39 per cent. immediately following Completion, with a target medium term LTV of 35 per cent.

14. Capital expenditure

Unite's main capital expenditure relates to the delivery of new developments. As outlined above, this results in development profits and rental income once the building is completed. In addition to this, Unite has a rolling programme of maintenance and improvements to its investment properties, which are part of its investment strategy of generating long-term rental revenue and property value growth. These improvements include securing planning consents and re-configuring buildings to introduce or increase uses which generate enhanced rental income.

The following table summarises Unite's capital expenditure on a see-through basis for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
£ millions	**2019**	**2018**	**2018**	**2017**	**2016**
Capital expenditure on development activity	72	118	248	155	146
Maintenance and improvement capital expenditure	9	18	25	16	12
Total	**81**	**136**	**273**	**171**	**158**

Unite anticipates that its major capital expenditures from 2019 through 2021 will be those capital commitments listed in paragraphs 3 and 4 of this Part XII. Unite has sufficient funds available from its existing retained earnings and available facilities to fund all of its committed development spending. Additional maintenance and improvement capital expenditure are expected to be funded through Unite's retained earnings and available debt facilities.

15. Contractual obligations

The following table summarises Unite's contractual obligations as at 30 June 2019:

	Payments due by period			
Contractual obligations	Total	Less than 1 year	1–5 years	More than 5 years
Bank and other loans	**588.3**	86.2	230.5	271.6
Total	**588.3**	**86.2**	**230.5**	**271.6**

16. Quantitative and qualitative disclosure about market risk

Interest rate risk

Interest rate risk is the risk that Unite is impacted by significant changes in interest rates. Borrowings issued at floating rates expose Unite to interest rate risk. Unite's policy is to minimise interest rate risk by holding long-term, fixed rate debt and through the use of interest rate swaps to effectively fix the interest rate on a large portion of its floating rate bank debt. The Board keeps under review the interest rate risk in light of market expectations of future interest rate movements and anticipated levels of borrowings.

At 30 June 2019, 100 per cent. of Unite's investment debt was at fixed rate or hedged. As a result of these fixed rate instruments, Unite's cost of debt was 3.8 per cent. at 30 June 2019 (31 December 2018: 3.8 per cent.). The weighted average maturity of the debt was 5.4 years (31 December 2018: 5.8 years).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to Unite. As Unite has a large and diverse tenant base of almost 50,000 students the Board believes its tenant credit risk is widely spread.

Unite enters into significant contracts with the main building contractors of the development schemes. Whilst Unite makes payments to these contractors based on work completed, as assessed by an independent third party quantity surveyor. Unite undertakes credit worthiness checks on all of its main contractors prior to entering into contracts due to the fact that additional costs would be incurred if a main contractor defaulted on its contractual obligations.

Unite held £106.9 million in cash and cash equivalents at 30 June 2019. As part of Unite's treasury policy, the banks used to hold cash are assessed for credit worthiness using an assessment of publically available ratings, share price performance (where applicable) and credit default swap prices.

Liquidity risk

Liquidity risk is that Unite will not be able to meet its financial obligations as they fall due. For development activities, Unite has a policy to inject substantially the full amount of equity required for each development before drawing debt against the specific facility for the development. The funding requirements of each scheme are therefore effectively 'ring-fenced' and secured at the outset of the works.

Unite has £365 million of unsecured debt, of which £90 million is to be repaid in 2020 and £275 million of which is to be repaid in 2028, as well as a £350 million revolving credit facility that is currently undrawn. There is a risk that Unite will not have sufficient resources when the debt is due to repay those facilities.

Unite also monitors and reports the maturity profile on a regular basis and aims to re-finance debt 12 months before the maturity date.

Seasonality

Unite enters into tenancy and nomination agreements which typically cover the academic year. The profile of these arrangements results in a seasonal impact on the revenues and working capital with a higher level of revenue being generated during the first, second and fourth quarters of each year. The results of Unite's operation segment are closely linked to the level of occupancy achieved in its portfolio of property. Occupancy typically falls over the summer months (particularly July and August) as students leave for the summer holidays. Unite mitigates the seasonal impact by the use of short-term summer tenancies. However, the second half-year typically has lower revenues from the existing portfolio.

Accordingly, Unite's results of operations for any particular quarter are not indicative of the results Unite expects for the full year. Unite anticipates this seasonal impact on its revenues to continue, although is implementing measures to optimise its portfolio and increase revenue during the summer months.

17. Accounting policies and significant accounting judgements

The discussion and analysis of the Group's financial condition and results of operations are based on Unite's financial statements for the six months ended 30 June 2019 and 2018 and the years ended 31 December 2018, 2017 and 2016 which have been prepared in accordance with IFRS. Unite's reported financial condition and results of operations are sensitive to accounting policies, significant accounting adjustments and sources of estimation uncertainty that underlie the preparation of its financial statements. Unite's areas involving the most sensitive estimates and assumptions that are significant to the financial statements are outlined below. Details of Unite's treasury policies are set out in note 4.2 of Unite's financial statements for the year ended 31 December 2018 which are incorporated by reference into this document.

Valuation of investment property and investment property under development

Investment property and investment property under development are held at fair value. Unite's portfolio is valued every six months and co-investment properties every three months by external independent valuers. The valuations are based on (i) information provided by Unite such as current rents, occupancy, operating costs, terms and conditions of leases and nomination agreements, capital expenditure, etc. This information is derived from Unite's financial systems and is subject to Unite's overall control environments. The valuation models used by the valuers utilise assumptions that are typically market related, such as yield, discount rates rental values and market operating costs. These are based on their professional judgement and market observation.

Joint ventures

The Group accounts for its investments in co-investment vehicles as joint ventures as the Directors consider that the agreements integral to its co-investment vehicles result in the Group having joint control; a significant degree of judgement is exercised in this assessment due to the complexity of the contractual arrangements. Relevant factors include how Unite as fund manager has the ability to direct relevant activities such as acquisitions, disposals, capital expenditure for refurbishments and funding whether through debt or equity. This assessment for USAF is complex because of the number of unitholders and how their rights are represented through an Advisory Committee. For some of the activities it is not clear who has definitive control of the activities: in some scenarios the Group can control, in others the Advisory Committee. However, for the activities which are considered to have the greatest impact on the returns of USAF, acquisitions and equity financing, it has been determined that the Group and the Advisory Committee has joint power in directing these activities and that on balance, it is appropriate to account for USAF as a joint venture. The assessment for LSAV is more straightforward because the Group and GIC each own 50 per cent. of the joint venture and there is therefore much clearer evidence that control over the key activities is shared by the two parties.

The Group chooses to provide additional disclosure in relation to its co-investment vehicles and presents results on a see-through basis, which reflects the component parts of EPRA earnings and EPRA NAV on a proportionally consolidated basis.

18. New accounting standards

At the balance sheet date for Unite's financial statements for the year ended 31 December 2018, certain IFRSs had been issued but were not effective, but are effective and have been applied for the first time in Unite's interim financial statements for the six months ended 30 June 2019. The most significant change in accounting standards is IFRS 16 (*Leases*) which changes how Unite accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. See

Note 1 to the financial statements in Unite's financial statements for the six months ended 30 June 2019, which are incorporated by reference into this document.

Unite has applied IFRS 16 using the cumulative catch up approach, without restatement of the comparative information. IFRS 16 has a material impact on Unite's sale and leaseback portfolio, which is comprised of 2,690 beds across 8 properties. These properties were sold by Unite between 2004 and 2009 to institutional investors and simultaneously leased back by Unite. The properties have income secured by nominations agreements to offset the lease payment to the institutional owners. The new standard creates a right-of-use asset for leased properties based on net income forecasts and a liability for future lease payments. Unite now recognises sale and leaseback right-of-use assets in its consolidated balance sheet, initially measured at fair value using a discounted cash flow model.

At 30 June 2019, the LTV of the leased properties is 90 per cent. due to the recognition of a right of use asset of the leased properties of £111 million and a lease liability of £100 million. This treatment causes Unite's LTV to increase by 2 per cent. on a see-through basis and, as this is a result of the accounting treatment for leased properties under the new standard, Unite continues to monitor and present LTV on a pre-IFRS 16 adjustments basis.

PART XIII

CAPITALISATION AND INDEBTEDNESS OF UNITE

The following tables set out the capitalisation and indebtedness of Unite as at 30 September 2019. The following tables should be read together with Part XII (Operating and Financial Review of Unite) and Part XIV (Historical Financial Information of Unite). The following tables do not reflect the impact of the Acquisition. For an analysis of the impact of the Acquisition on the balance sheet and income statement of the Enlarged Group, see Part XVI (Unaudited Pro Forma Financial Information of the Enlarged Group).

Indebtedness

£ millions	As at 30 September 2019
Total current debt	**89.9**
Guaranteed	—
Secured[(1)]	—
Unguaranteed/unsecured	**89.9**
Total non-current debt (excluding current portion of long-term debt)	**500.6**
Guaranteed	—
Secured[(1)]	231.6
Unguaranteed/unsecured	269.0

(1) Debt is secured against investment property

Shareholder's equity

£ millions	As at 30 June 2019
Issued share capital	66.0
Legal reserve	—
Other reserves	2,098.9
Total equity	**2,164.9**

Since 30 June 2019 there have been the following material changes in Unite's capitalisation as a result of the Placing. On 5 July 2019, Unite issued 26,353,664 Placing Shares generating gross proceeds of approximately £259.6 million. As a result of the Placing, Unite's issued share capital increased by £6.6 million to £72.6 million, on a pro forma basis, and Unite's other reserves increased by £246.4 million to £2,345.5 million, on a pro forma basis. Accordingly, the total equity of Unite following the Placing was £2,417.9 million on a pro forma basis.

Net Indebtedness

£ millions	As at 30 September 2019
Cash	324.7
Cash equivalent	—
Trading securities	—
Liquidity	**324.7**
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	(89.9)
Current financial debt	**(89.9)**
Net current financial indebtedness	**234.8**
Non-current bank loans	—
Bonds issued	(269.0)
Other non-current loans	(231.6)
Non-current financial indebtedness	**(500.6)**
Total financial indebtedness	**(590.5)**
Net financial indebtedness	**(265.8)**

PART XIV

HISTORICAL FINANCIAL INFORMATION OF UNITE

1. Historical Financial Information

The following documents have been filed with the FCA and are available for inspection in accordance with paragraph 21 of Part XXI (*Additional Information*) of this document:

- Unite's interim results announcement published on 23 July 2019 containing Unite's interim financial information for the six months ended 30 June 2019 (the "**Unite Interim Results Announcement 2019**"); and
- Unite's annual report and accounts for the year ended 31 December 2018 (the "**Unite Annual Report 2018**").

2. Information incorporated by reference

The table below sets out the various sections of the documents referred to above which are incorporated by reference into, and form part of, this document so as to provide certain information required pursuant to the Prospectus Regulation Rules, and only the parts of the documents identified below are incorporated into, and form part of, this document. Any parts of the following documents which are not incorporated by reference into this document are either not relevant for the investor or covered elsewhere in this document. To the extent that any part of the information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

Reference	Information incorporated by reference	Page number(s)
For the six months ended 30 June 2019		
Unite Interim Results Announcement 2019	Independent auditor's review report	46
Unite Interim Results Announcement 2019	Consolidated income statement	23
Unite Interim Results Announcement 2019	Consolidated statement of comprehensive income	23
Unite Interim Results Announcement 2019	Consolidated balance sheet	24
Unite Interim Results Announcement 2019	Consolidated statement of changes in equity	25
Unite Interim Results Announcement 2019	Consolidated cash flow statement	26
Unite Interim Results Announcement 2019	Notes to the consolidated financial statements	27
For the year ended 31 December 2018		
Unite Annual Report 2018	Independent auditor's report	100
Unite Annual Report 2018	Consolidated income statement	108
Unite Annual Report 2018	Consolidated statement of comprehensive income	109
Unite Annual Report 2018	Consolidated balance sheet	108
Unite Annual Report 2018	Consolidated statement of changes in equity	111
Unite Annual Report 2018	Consolidated cash flow statement	113
Unite Annual Report 2018	Notes to the consolidated financial statements	114
Unite Annual Report 2018	Parent company statutory accounts	110
Unite Annual Report 2018	Notes to the parent company financial statements	114

PART XV

HISTORICAL FINANCIAL INFORMATION OF THE TARGET LIBERTY LIVING GROUP

Section A: Historical financial information of the Target Liberty Living Group as at and for the year ended 31 August 2019

The tables below set out the consolidated financial information for the Target Liberty Living Group as at and for the year ended 31 August 2019. The consolidated financial information for the year ended 31 August 2018 has been presented for comparative purposes only.

Consolidated income statement

£ million	Note	Year to 31 August 2019	2018
Rental income	2.4	131.3	128.2
Other income		2.4	2.7
Total revenue	2.4	**133.7**	**130.9**
Costs of sales		(32.7)	(37.1)
Operating expenses		(26.8)	(21.1)
Results from operating activities		**74.2**	**72.7**
Net valuation (losses)/gains on property	3.1	102.6	(27.0)
Profit before net financing costs		**176.8**	**45.7**
Finance costs	4.3	(27.8)	(48.4)
Finance income	4.3	4.2	4.1
Net financing costs	4.3	**(23.6)**	**(44.3)**
Profit/(loss) before tax		**153.2**	**1.4**
Current tax	2.5a	(0.5)	(0.1)
Deferred tax	2.5a	0.4	41.4
Profit/(loss) for the year		**153.1**	**42.7**
Profit/(loss) attributable to			
Owners of the parent company	2.2b	153.1	42.7

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 2019	2018
Assets			
Investment property	3.1a	1,947.5	1,816.0
Interest rate cap		0.2	1.7
Other receivables	3.2	133.4	131.8
Other non-current assets	3.3	11.2	13.4
Right of use assets	3.3	0.5	—
Total non-current assets		**2,092.8**	**1,962.9**
Trade and other receivables	5.2	21.6	23.4
Right of use assets	3.3	0.5	—
Cash and cash equivalents	5.1	31.8	37.4
Total current assets		**53.9**	**60.8**
Total assets		**2,146.7**	**2,023.7**
Liabilities			
Lease liability		(0.5)	—
Trade and other payables	5.4	(88.7)	(88.1)
Current tax liability		(3.9)	(0.8)
Total current liabilities		**(93.1)**	**(88.9)**
Borrowings	4.1	(841.1)	(864.5)
Lease liability		(0.5)	—
Deferred tax liability	2.5d	(1.4)	(1.8)
Total non-current liabilities		**(843.0)**	**(866.3)**
Total liabilities		**(936.1)**	**(955.2)**
Net assets		**1,210.6**	**1,068.5**
Equity			
Investor capital		1,210.6	1,068.5
Equity attributable to owners of the parent company		**1,210.6**	**1,068.5**
Total Equity		**1,210.6**	**1,068.5**

Consolidated statement of changes in shareholders' equity

£ million	Investor Capital 2019	Investor Capital 2018
Opening balance at 1 September	**1,068.5**	**(129.9)**
Profit for the year	153.1	42.7
Loans capitalised	—	1,175.7
Other	—	(0.5)
Dividends accrued to owners of the parent company	(11.0)	(19.5)
Closing balance at 31 August	**1,210.6**	**1,068.5**

On 21 August 2019, a dividend was paid from the Target Liberty Living Group to the owners of the parent company for a total amount of £11,003,322 (2018: £nil).

Consolidated statement of cash flows

£ million	Note	Year to 31 August 2019	2018
Cash flows from operating activities	5.1	**84.5**	**77.0**
Cash flows from taxation		**(0.7)**	**(2.0)**
Investing activities			
Acquisition of intangible assets		(0.2)	(0.6)
Acquisition of property		(39.8)	(58.0)
Cash flows from investing activities		**(40.0)**	**(58.6)**
Financing activities			
Interest paid in respect of financing activities		(24.5)	(4.4)
Refinancing costs		—	(8.8)
Purchase of interest rate cap		—	(2.5)
Proceeds from non-current borrowings		—	872.8
Repayment of borrowings		(25.0)	—
Dividends paid to the owners of the parent company		(8.8)	—
Funding (to)/from shareholder		—	(752.2)
Funding (to)/from related party		8.9	(101.8)
Cash flows from financing activities		**(49.4)**	**3.1**
Net increase/(decrease) in cash and cash equivalents		**(5.6)**	**19.5**
Cash and cash equivalents at start of year		37.4	17.9
Cash and cash equivalents at end of year	5.1	**31.8**	**37.4**

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 two years ended 31 August 2018 and 2019 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 two years ended 31 August 2019 and 2018, as applied by Unite in its latest audited consolidated financial statements except as described below.

IFRS 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 2019 and 2018.

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

Changes in accounting policies—IFRS 16

In the current year, the Target Liberty Living Group, for the first time, has applied IFRS 16 Leases. The date of the initial application of IFRS 16 for the Target Liberty Living Group is 1 September 2018.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases, requiring the recognition of a right of use asset and a lease liability at commencement for all leases, except for short term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

Details of the Target Liberty Living Group's approach to transition to IFRS 16 is set out below, followed by a description of the impact of adopting IFRS 16.

Approach to transition

The Target Liberty Living Group has applied IFRS 16 using the cumulative catch up approach, without restatement of the comparative information. In respect of those leases the Group previously treated as operating leases, the Group has elected to measure its right of use assets as if the lease commencement date was the date of adoption of IFRS 16 (i.e. 1 September 2018).

Leases previously treated as operating lease have been measured following the approach in IFRS 16.C8(b)(ii), whereby right of use assets are set equal to the lease liability, adjusted for prepaid or accrued lease payments.

The group's weighted average incremental borrowing rate applied to lease liabilities as at 1 September 2018 is 3.07%.

Practical expedients adopted

The Target Liberty Living Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 14 will continue to be applied to those leases entered into or modified before 1 September 2019.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated nonlease components as a single arrangement. The Target Liberty Living Group has used this practical expedient.

Financial impact

The application of IFRS 16 has resulted in the recognition of right of use assets and lease liabilities. Operating lease incentives previously recognised as liabilities have been derecognised and factored into the measurement of the right of use assets and lease liabilities.

The adjustments recognised at the date of initial application of IFRS 16 were a non-current right of use asset of £1.0m and a current right of use asset of £0.5m with corresponding £1.0m non-current lease liabilities and £0.5m current lease liabilities all in respect of the head office lease.

During the year ended 31 August 2019 The Target Liberty Living Group recognised a £0.5m higher depreciation charge and £0.5m lower administrative expenses charge, both disclosed within Operating Expenses within the Consolidated Income Statement with £nil net effect. An additional £0.1m of lease liability interest was recognised within Finance costs within the Consolidated Income Statement.

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.

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

		31 August	
£ million	**Note**	**2019**	**2018**
Earnings basic and diluted	2.2b	153.1	42.7
Net assets basic	2.3b	1,210.6	1,068.6

EPRA performance measures

£ million	Note	31 August 2019	2018
EPRA earnings	2.2a	53.8	31.7
EPRA NAV	2.3a	1,211.8	1,068.6
EPRA NNNAV	2.3b	1,164.4	1,060.6

a) EPRA earnings

£ million	31 August 2019	2018
Rental income	131.3	128.2
Property operating expenses	(32.7)	(37.1)
Net operating income	**98.6**	**91.1**
Management fees	2.4	2.7
Operating expenses	(24.6)	(18.5)
Net financing costs	(22.1)	(43.5)
Operating segment result	**54.3**	**31.8**
Unallocated to segments	(0.5)	(0.1)
EPRA earnings	**53.8**	**31.7**

The unallocated to segments balance includes current tax charges of £0.5 million, (2018: £0.1 million).

b) IFRS earnings reconciliation to EPRA earnings

EPRA earnings excludes movements relating to changes in values of investment properties and interest rate swaps, 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 2019	2018
EPRA earnings	2.2a	53.8	31.7
Net valuation (losses)/gains on investment property	3.1a	102.6	(27.0)
Amortisation of intangible assets		(2.2)	(2.6)
FV change on interest rate cap		(1.5)	(0.8)
Deferred tax relating to properties	2.5d	0.4	41.4
Profit/(loss) attributable to owners of the parent company		153.1	42.7

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 2019	2018
Investment properties	1,947.5	1,816.0
Total property portfolio	1,947.5	1,816.0
Debt on properties	(841.1)	(864.5)
Cash	31.8	37.4
Net debt	(809.3)	(827.1)
Other assets and (liabilities)	73.6	79.7
EPRA net assets	1,211.8	1,068.6
Loan to value	42%	46%

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 2019	31 August 2018
Net asset value reported under IFRS		1,210.6	1,068.5
Mark to market interest rate caps		(0.2)	(1.7)
Deferred tax		1.4	1.8
EPRA NAV	2.3a	**1,211.8**	**1,068.6**
Mark to market of fixed rate debt		(46.2)	(7.9)
Mark to market interest rate swaps		0.2	1.7
Deferred tax		(1.4)	(1.8)
EPRA NNNAV		**1,164.4**	**1,060.6**

2.4 Revenue and costs

The Target Lima Group earns revenue from the following activities:

£ million	Note	31 August 2019	31 August 2018
Rental income	2.2a	131.3	128.2
Management fees		2.4	2.7
Total revenue		**133.7**	**130.9**

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.

Costs of proposed Acquisition

On 3 July 2019, Unite agreed to acquire the Target Liberty Living Group from Liberty Living Holdings Inc. The Transaction results in a number of one-off costs for the Target Liberty Living Group. These are comprised of advisor fees, additional contractor staff to assist with the Transaction and transaction related bonuses accruing to Directors, the Senior Management Team and certain other employees of the Target Liberty Living Group. During the year ended 31 August 2019, the Target Liberty Living Group incurred £9.3 million of such transaction related costs and of these costs a very material proportion is made up of contingent transaction related bonuses. Should the Transaction close, the Directors of the Target Liberty Living Group anticipate a further £9.0 million will be incurred, of which £2.2 million had been contracted as of 31 August 2019. A material amount of the £9.0 million will be incurred, of which £2.2 million had been contracted as of 31 August 2019, relate to contingent transaction bonuses which were awarded post balance sheet date.

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 2019	2018
Current tax on loss on ordinary activities		
Charge for the year	0.5	1.5
Adjustments in respect of prior years	—	(1.4)
Total current tax charge	**0.5**	**0.1**
Deferred tax		
Current year tax charge	(0.5)	(1.2)
Organisation and reversal of timing differences	—	2.4
Adjustment to the amount of deferred tax provided in prior periods	0.1	(43.0)
Other adjustments and provisions in respect of prior periods	—	0.4
Total Deferred tax credit	**(0.4)**	**(41.4)**
Total tax (credit)/charge on profit/loss of ordinary activities	**0.1**	**(41.3)**

The 2018 tax credit of £43 million for 'adjustment 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 charge of £0.1 million (2018: £41.3 million tax credit) arises on a profit before tax of £153.2 million (2018: £1.4 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:

Profit/ (loss) on ordinary activities before tax	**153.2**	**1.4**
Tax charge at the UK corporation tax rate of 19%	29.1	0.3
Factors affecting the (credit)/charge:		
Expenditure not tax deductible	2.1	7.2
Group relief not paid	—	(0.2)
Income not chargeable for tax purposes	(11.3)	(5.1)
Changes in tax rates	(0.9)	0.3
Movement in timing differences not provided	(19.0)	0.1
Adjustment to the amount of deferred tax provided in prior periods	0.1	(43.0)
Non-deductible REIT loss/ (Non-taxable REIT income)	—	0.1
Other prior period adjustments	—	(1.0)
Total tax (credit)/ charge for the year	**0.1**	**(41.3)**

b) Tax—other comprehensive income

Within other comprehensive income a tax charge totalling £nil (2018: £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 (2018: £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 2019		
£ million	**At 31 August 2018**	**(Credited)/ Charged in income**	**At 31 August 2019**
Other STTD	(0.4)	(0.1)	(0.5)
Brand	2.2	(0.3)	1.9
Net tax liabilities/(assets)	**1.8**	**(0.4)**	**1.4**

	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**

The UK corporation tax rate is currently 19% and a reduction to 17% has been enacted with effect from 1 April 2020. However, major political parties have indicated their intention to repeal this rate reduction following the forthcoming general election. This will impact the Target Liberty Living Group's future current tax charge accordingly. The deferred tax liability at 31 August 2019 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 2019 and 2018.

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 2019 and 2018 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 2019 and 2018 is also shown below.

3.1a Asset Management Valuation

	31 August	
£ million	**2019**	**2018**
At opening	1,816.0	1,775.3
Cost capitalised	28.9	67.7
Valuation gains	121.2	42.3
Valuation losses	(18.6)	(69.3)
Net valuation gains/(losses)	**102.6**	**(27.0)**
Carrying and market value at 31 August	**1,947.5**	**1,816.0**

3.1b Recurring fair value measurement

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

£ million	Year ended 31 August 2019	2018
London—rental properties	445.3	395.7
Prime provincial—rental properties	430.1	406.2
Major provincial—rental properties	846.6	800.0
Other provincial—rental properties	225.4	214.1
Market value	**1,947.5**	**1,816.0**

3.1c Fair value using unobservable inputs (Level 3)

£ million	Year ended 31 August 2019	2018
Opening fair value	1,816.0	1,775.3
Gains and losses recognised in income statement	102.6	(27.0)
Acquisitions	7.1	10.0
Capital expenditure	21.8	57.7
Closing fair value	**1,947.5**	**1,816.0**

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

FY 2019	Fair value (£ millions)	Unobservable inputs	Range	Weighted average
London—rental properties	400.6	Net rental income (£ per week)	£241.51–£331.63	£290.59
		Discount rate (yield) (%)	3.94%–4.4%	4.13%
Prime provincial—rental properties	430.1	Net rental income (£ per week)	£133.10–£206.14	£165.028
		Discount rate (yield) (%)	5.00%–5.2%	5.07%
Major provincial—rental properties	891.4	Net rental income (£ per week)	£67.56–£156.60	£121.27
		Discount rate (yield) (%)	5.46%–6.80%	5.89%
Other provincial—rental properties	225.4	Net rental income (£ per week)	£81.53–£152.49	£133.22
		Discount rate (yield) (%)	5.81%–6.20%	5.94%
Fair value at 31 August 2019	**1,947.5**			

FY 2018	Fair value (£ millions)	Unobservable inputs	Range	Weighted average
London—rental properties	395.7	Net rental income (£ per week)	£231.39–£311.50	£273.55
		Discount rate (yield) (%)	4.22%–4.70%	4.36%
Prime provincial—rental properties	406.2	Net rental income (£ per week)	£133.10–£192.19	£157.08
		Discount rate (yield) (%)	5.00%–5.60%	5.35%
Major provincial—rental properties	800.0	Net rental income (£ per week)	£71.19–£149.10	£118.94
		Discount rate (yield) (%)	5.46%–6.90%	5.94%
Other provincial—rental properties	214.1	Net rental income (£ per week)	£81.53–£155.24	£130.53
		Discount rate (yield) (%)	5.81%–6.30%	5.94%
Fair value at 31 August 2018	**1,816.0**			

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 2019	2018
Within one year	15.8	15.2
	15.8	15.2
Between one and five years	59.1	57.5
Greater than five years	74.3	74.3
	133.4	131.8
Total amounts due from related parties	**149.2**	**147.0**

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:

	2019			2018		
	Property, plant and equipment	Intangible assets	Total	Property, plant and equipment	Intangible assets	Total
	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 1 September	1.4	20.8	22.2	1.4	20.1	21.5
Additions	—	0.3	0.3	—	0.7	0.7
Disposals	—	—	—	—	—	—
At 31 August	**1.4**	**21.1**	**22.5**	**1.4**	**20.8**	**22.2**
Depreciation, amortisation and impairment losses						
At 1 September	0.7	8.1	8.8	0.5	5.5	6.0
Depreciation/amortisation charge for the year	0.3	2.2	2.5	0.2	2.6	2.8
Disposals	—	—	—	—	—	—
At 31 August	**1.0**	**10.3**	**11.3**	**0.7**	**8.1**	**8.8**
Carrying value at 1 September	**0.7**	**12.7**	**13.4**	**0.9**	**14.6**	**15.5**
Carrying amount at 31 August	**0.4**	**10.8**	**11.2**	**0.7**	**12.7**	**13.4**

The Target Liberty Living Group's right of use assets can be analysed as follows:

£ million	2019 Right of use assets	2018 Right of use assets
Cost or valuation		
At 1 September	—	—
Additions	1.5	—
Disposals	—	—
At 31 August.	**1.5**	**—**
Depreciation, amortisation and impairment losses		
At 1 September	—	—
Depreciation/amortisation charge for the year	0.5	—
Disposals	—	—
At 31 August	**0.5**	**—**
Carrying value at 1 September	**—**	**—**
Carrying amount at 31 August	**1.0**	**—**

The carrying value of £1.0m as at 31 August 2019 is split between £0.5m non-current assets and £0.5m current assets.

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

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	
	2019	2018
£ million	Carrying value	Carrying value
Current		
In one year or less, or on demand	—	—
Non-current		
In more than one year but not more than two years	—	—
In more than two years but not more than five years	247.2	271.0
In more than five years	593.9	593.5
Total non-current borrowings	**841.1**	**864.5**
Total borrowings	**841.1**	**864.5**

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 2019 and a £150m Revolving Credit Facility ("**RCF**") which is undrawn at 31 August 2019. 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 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 £150 million at 31 August 2019 (2018: £125 million).

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:

	2019	
£ millions	Carrying value	Fair value
Level 1 IFRS fair value hierarchy	600.0	640.1
Other loans	(6.1)	—
Total borrowings	**593.9**	**640.1**

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

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

	Year ended 31 August	
	2019	2018
Opening loan balance	864.5	2,024.8
Cashflow movement		
Drawdowns	—	875.0
Repayments	(25.0)	(752.2)
Capitalised finance fees	—	(11.1)
Non-cashflow movement		
Amortisation of finance fees	1.6	0.6
Interest	—	28.2
Other	—	(1.0)
Novation of balance	—	(106.2)
Loss capitalisation	—	(1,193.6)
Closing balance	**841.1**	**864.5**

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:

	Year ended 31 August	
£ millions	2019	2018
Non-current	0.2	1.7
Fair value of interest rate caps	**0.2**	**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).

	Year ended 31 August	
£ millions	2019	2018
Recognised in the income statement:		
Finance income		
—Interest income on deposit	—	(0.2)
—Related party interest	(4.2)	(3.9)
Finance income	**(4.2)**	**(4.1)**
Loan interest and similar charges interest expense on loans	26.2	19.4
Related party interest	**—**	**28.2**
Loan interest and similar charges	26.2	47.6
Fair value loss of interest rate cap	1.5	0.8
Other	0.1	—
Finance costs	**27.8**	**48.4**
Net financing costs	23.6	44.3

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 2019 is 3.11% (2018: 3.07%).

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:

£ millions	Note	31 August 2019 £m	31 August 2018 £m
Cash and cash equivalents	5.1	31.8	37.4
Non-current borrowings	4.1	(841.1)	(864.5)
Interest rate cap	4.2	0.2	1.7
Net debt per balance sheet		**(809.1)**	**(825.4)**
Mark to market of interest rate swaps		(0.2)	(1.7)
Adjusted net debt		**(809.3)**	**(827.1)**
Reported net asset value (attributable to owners of the parent company)	2.3b	1,210.6	1,068.5
EPRA net asset value	2.3b	1,211.8	1,068.6
Gearing			
Basic (Net debt/Reported net asset value)		67%	77%
Adjusted gearing (Adjusted net debt/EPRA net asset value)		67%	77%
Gearing (EPRA net debt/EPRA net asset value)	2.3a	67%	77%
Loan to value (EPRA net debt/Total property portfolio)	2.3a	42%	46%

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.

	31 August 2019							
	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
	£m							
Variable interest rate instruments—external	2.60%	—	—	—	247.2	—	247.2	247.2
Fixed interest rate instruments—external	3.12%	—	—	—	—	593.9	593.9	593.9

	31 August 2019							
	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
	£m							
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

The Target Liberty Living Group has access to financing facilities as described in note 4.1, of which £150 million was unused at the reporting date (2018: £125 million). The Target Liberty Living Group expects to meet its other obligations from operating cash flows.

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 2019 was £31.8 million (2018: £37.4 million). There were no restricted cash balances included within cash and cash equivalents for the years ended 31 August 2019 and 2018.

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

	Year ended 31 August	
£ million	**2019**	**2018**
Profit/(Loss) for the year	153.1	42.7
Adjustments for:		
Depreciation and amortisation	2.4	2.8
Dividends received		
Change in value of investment property	(102.6)	27.0
Net finance costs	23.6	44.3
Loss on disposal of investment property		
Tax (credit)/charge	0.1	(41.3)
Cash flows from operating activities before changes in working capital	**76.6**	**75.5**
Decrease/(increase) in trade and other receivables	2.4	1.0
Increase/(decrease) in trade and other payables	5.5	0.5
Cash flows from operating activities	**84.5**	**77.0**

5.2 Trade and other receivables

Accounting policies

Trade and other receivables can be analysed as follows:

Due less than one year

	Year ended 31 August	
£ million	**2019**	**2018**
Trade receivables	0.9	1.2
Prepayments and accrued income	1.4	2.0
Amounts due from related parties due within one year	15.8	15.2
Other receivables	3.5	5.0
Trade and other receivables	**21.6**	**23.4**

Due greater than one year

£ million	2019	2018
Amounts due from related party due after one year	133.4	131.8
Other receivables	**133.4**	**131.8**

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.

	Year ended 31 August	
£ million	2019	2018
Rental debtors	**2.6**	**2.5**
Expected credit loss carried	(1.7)	(1.3)
Trade receivables	**0.9**	**1.2**

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:

		Year ended 31 August	
£ millions	Note	2019	2018
Cash		31.8	37.4
Trade receivables	5.2	0.9	1.2
Amounts due from related parties	5.2	149.2	147.0
		181.9	**185.6**

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:

£ millions	Year ended 31 August 2019	2018
Trade payables	1.0	1.2
Amounts due to related parties	26.3	19.5
Other payables and accrued expenses	37.7	47.0
Deferred income	23.7	20.4
Trade and other payables	88.7	88.1

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: Compensation 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 2019. Key management personnel compensation, in accordance with IAS 24, for the year ended 31 August 2019 was £6.9 million (2018: £2.0 million).

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 7: Post balance sheet events

On 13 November 2019 the Target Liberty Living Group's wholly owned subsidiary, Liberty Living (HE) Holdings Limited, declared a dividend of £39.6 million. On the same day the Target Liberty Living Group subsequently declared a dividend of the same amount to CPPIB Holdco, its immediate parent. The dividend was paid on 19 November 2019.

There are no other significant events that have occurred subsequent to 31 August 2019.

Section B: Accountant's report on the historical financial information of the Target Liberty Living Group as at and for the year ended 31 August 2019

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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
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EC4M 7LT

22 November 2019

Dear Sirs,

Liberty Living Group Plc ("Liberty Living" and, together 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 of the Target Liberty Living Group for the one year ended 31 August 2019 set out in Section A of Part XV of the prospectus dated 22 November 2019 of The Unite Group plc (the "Company") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Annex 3 item 11.2 of Commission delegated regulation (EU) No 2019/980 (the "Prospectus Delegated Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

The HFI for the year ended 31 August 2018 has been presented for comparative purposes only.

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 arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided 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 Annex 3 item 1.3 of Prospectus Delegated Regulation consenting to its inclusion in the Prospectus.

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 Prospectus, a true and fair view of the state of affairs of the Target Liberty Living Group as at 31 August 2019 and of its profits, cash flows and changes in equity for the year ended 31 August 2019 in accordance with the basis of preparation set out in note 1 of the financial information.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that the information contained in this report is, to the best of our knowledge, in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 3 item 1.2 of Prospectus Delegated Regulation and for no other purpose.

Yours faithfully

Deloitte LLP

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Section C: Historical Financial Information for the Target Liberty Living Group as at and for the years ended 31 August 2018 and 2017

1. Historical Financial Information

The historical financial information for the Target Liberty Living Group as at and for the years ended 31 August 2018 and 2017, which is set out on pages 61 to 84 of the Circular, is incorporated by reference into this Prospectus.

2. Information incorporated by reference

The table below sets out the various sections of the Circular which are incorporated by reference into, and form part of, this document so as to provide, together with the historical financial information for the Target Liberty Living Group set out in Section A of this Part XV, certain information required pursuant to the Prospectus Regulation Rules, and only the parts of the documents identified below are incorporated into, and form part of, this document. Any parts of the Circular which are not incorporated by reference into this document are either not relevant for the investor or covered elsewhere in this document. To the extent that any part of the information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

Reference	Information incorporated by reference	Page number(s)
For the years ended 31 August 2018 and 2017		
Circular	Accountant's report	85-86
Circular	Consolidated income statement	61
Circular	Consolidated balance sheet	62
Circular	Consolidated statement of changes in equity	63
Circular	Consolidated statement of cash flows	64
Circular	Notes to the consolidated financial statements	65-84

PART XVI

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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

The unaudited pro forma financial information has been prepared to illustrate the effect of the Acquisition and the Financing on the consolidated income statement of Unite for the year ended 31 December 2018 as if they had occurred on 1 January 2018, and on the consolidated interim balance sheet of Unite as at 30 June 2019 as if they had occurred on 30 June 2019.

The pro forma financial information covers the unaudited pro forma income statement for the year ended 31 December 2018 and the unaudited pro forma interim balance sheet as at 30 June 2019 for the Enlarged Group set out in Section A of this Part VI (together, the "**Pro Forma Financial Information**") and has been prepared on the basis of the notes set out below.

The Pro Forma Financial Information has been prepared for illustrative purposes only. The nature of the Pro Forma Financial Information means that the hypothetical financial position or results included in the Pro Forma Financial Position does not represent and may differ from Unite's or the Target Liberty Living Group's actual financial position or results.

The Pro Forma Financial Information has been prepared in accordance with Annex 20 of the Prospectus Regulation and in a manner consistent with the accounting policies adopted by Unite in preparing its consolidated financial statements for the year ended 31 December 2018 and the six months ended 30 June 2019. The Pro Forma Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

Prospective investors should read the whole of this document and not rely solely on the summarised financial information contained in this Part XVI.

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

			Adjustments			
	Unite year ended 31 December 2018 Note 1	**Target Liberty Living Group year ended 31 August 2019 Note 2**	**Note 3**	**Note 4**	**Note 5**	**Pro Forma Note 6**
	£ m	**£ m**	**£ m**	**£ m**	**£ m**	**£ m**
Rental income	112.7	131.3	—	—	—	244.0
Other income	15.6	2.4	—	—	—	18.0
Total revenue	**128.3**	**133.7**	**—**	**—**	**—**	**262.0**
Cost of sales	(40.2)	(32.7)	11.9	—	—	(61.0)
Operating expenses	(23.6)	(26.8)	—	—	—	(50.4)
Results from operating activities	64.5	74.2	11.9	—	—	150.6
Acquisition costs	—	—	—	(24.3)	—	(24.3)
(Loss)/profit on disposal of property	(6.8)	—	—	—	—	(6.8)
Net valuation gains/(losses) on property	105.8	102.6	(3.1)	—	—	205.3
Profit before net financing costs	**163.5**	**176.8**	**8.8**	**(24.3)**	**—**	**324.8**
Loan interest and similar charges	(14.3)	(27.8)	(9.8)	—	—	(51.9)
Swap cancellation and loan break costs	(0.1)	—	—	—	—	(0.1)
Finance costs	**(14.4)**	**(27.8)**	**(9.8)**	**—**	**—**	**(52.0)**
Finance income	0.9	4.2	—	—	—	5.1
Net financing costs	**(13.5)**	**(23.6)**	**(9.8)**	**—**	**—**	**(46.9)**
Share of joint venture profit	95.8	—	—	—	1.7	97.5
Profit before tax	**245.8**	**153.2**	**(1.0)**	**(24.3)**	**1.7**	**375.4**
Current tax	(4.1)	(0.5)	—	—		(4.6)
Deferred tax	(4.4)	0.4	—	—		(4.0)
Profit for the year	**237.3**	**153.1**	**(1.0)**	**(24.3)**	**1.7**	**366.8**
Profit for the year attributable to:						
Owners of the parent company	235.7	153.1	(1.0)	(24.3)	1.7	365.2
Minority interest	1.6	—	—	—	—	1.6
	237.3	**153.1**	**(1.0)**	**(24.3)**	**1.7**	**366.8**

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

Note 2 The results of the Target Liberty Living Group for the year ended 31 August 2019 have been extracted without adjustment from the consolidated financial statements for Liberty Living Group Plc in Part XV (*Historical Financial Information of the Target Liberty Living Group*) for the year ended 31 August 2019.

Note 3 This adjustment reflects the adoption of IFRS 16 Leases, had it been applied by Unite from 1 January 2018.

Note 4 This adjustment reflects the costs of the Acquisition and the Placing. Such costs consist of adviser fees wholly attributable to the Acquisition and are non-recurring.

Note 5 As a consequence of the transaction, USAF, a fund in which Unite has a 22 per cent. interest, will acquire a portfolio of assets located in Cardiff from Liberty Living. An adjustment to reflect the impact of a 22 per cent. interest in the Cardiff assets, as if they had been held from the beginning of year has been reflected.

Note 6 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 2019.

Unaudited pro forma balance sheet relating to the Enlarged Group as at 30 June 2019

£ millions	Unite as at 30 June 2019 Note 1	Adjustments: Target Liberty Living Group as at 31 August 2019 Note 2	Adjustments: Consideration Note 3	Adjustments: Acquisition adjustments Note 4	Pro forma Enlarged Group Note 5
Assets					
Non-current assets					
Goodwill/intangible assets	—	—	—	210.6[(a)]	210.6
Investment property (owned)	1,468.5	1,947.5	—	—	3,416.0
Investment property (leased)	110.7	—	—	—	110.7
Investment property under development	368.4	—	—	—	368.4
Investment in joint ventures	844.6	—	—	0.2[(b)]	844.8
Other non-current assets	25.5	11.2	—	—	36.7
Right of use assets	3.0	0.5			3.5
Other receivables	—	133.4	—	(63.1)[(c)]	70.3
Deferred tax asset	2.8	—	—	—	2.8
Interest rate cap	—	0.2	—	—	0.2
Total non-current assets	**2,823.5**	**2,092.8**	**—**	**147.7**	**5,064.0**
Current assets					
Inventories	11.2	—	—	—	11.2
Right of use assets	0.8	0.5	—	—	1.3
Trade and other receivables	62.8	21.6	—	(16.2)[(c)]	68.2
Cash and cash equivalents	106.9	31.8	(15.3)[(a)]	—	123.4
Total current assets	**181.7**	**53.9**	**(15.3)**	**(16.2)**	204.1
Total assets	**3,005.2**	**2,146.7**	**(15.3)**	**131.5**	**5,268.1**
Liabilities					
Current liabilities					
Borrowings	(86.2)	—	—	—	(86.2)
Lease liability	(1.3)	(0.5)	—	—	(1.8)
Trade and other payables	(110.2)	(88.7)	—	25.3[(c)]	(173.6)
Current tax liability	(4.6)	(3.9)	—	—	(8.5)
Total current liabilities	**(202.3)**	**(93.1)**	**—**	**25.3**	**(270.1)**
Non-current liabilities					
Borrowings	(502.1)	(841.1)	(310.0)[(b)]	—	(1,653.2)
Lease liability	(102.7)	(0.5)	—	—	(103.2)
Interest rate swaps	(6.9)	—	—	—	(6.9)
Deferred tax liability	—	(1.4)	—	—	(1.4)
Total non-current liabilities	**(611.7)**	**(843.0)**	**(310.0)**	**—**	**(1,764.7)**
Total liabilities	**(814.0)**	**(936.1)**	**(310.0)**	**25.3**	**(2,034.8)**
Net assets	**2,191.2**	**1,210.6**	**(325.3)**	**156.8**	**3,233.3**

Note 1 The assets and liabilities of The Unite Group plc have been extracted without adjustment from its published consolidated financial statements as at and for the six months ended 30 June 2019.

Note 2 The assets and liabilities of the Target Liberty Living Group have been extracted without adjustment from the consolidated financial statements for Liberty Living Group Plc in Part XV (*Historical Financial Information of the Target Liberty Living Group*) for the year ended 31 August 2019.

Note 3 (a) The cash adjustment of £15.3 million reflects £24.3 million of costs relating to the Acquisition and the Placing net of £9.0 million unutilised proceeds from the Placing.

(b) The total consideration payable by Unite for the Target Liberty Living Group is comprised of £550.0 million cash and the remainder in Ordinary Shares (see Part VI *(Background to and reasons for the Acquisition)* of this document). The £550.0 million cash consideration has been funded by the drawdown of £310.0 million from existing facilities and £240.0 million of the net proceeds from the Placing (see Part VI *(Background to and reasons for the Acquisition)* of this document).

Note 4 (a) Goodwill of £210.6 million represents the difference between the consideration of £1,367.3 million for the Target Liberty Living Group and the net assets of the Target Liberty Living Group of £1,210.6 million 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 £53.9 million. The total consideration of £1,367.3 million is made up of £550.0 million cash consideration and £817.3 million consideration paid in Ordinary Shares, which has been calculated as 72.6 million Consideration Shares at a price of 1,126 pence per Ordinary Share, being the fair value of the Ordinary Shares as at the date of clearance from the CMA on 6 November 2019. No fair value adjustments have been made as fair values will only be calculated subsequent to completion of the Acquisition.

(b) The adjustment of £0.2 million 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 2019. The cash consideration for the acquisition of Liberty Living's Cardiff properties by USAF will be £253.0 million.

(c) The adjustment of £63.1 million 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 £16.2 million to trade and other receivables and £25.3 million 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 balance sheet does not take into account trading of Unite group subsequent to 30 June 2019 or the Target Liberty Living Group subsequent to 31 August 2019.

Section B: Accountant's Report on Unaudited Pro Forma Financial Information

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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
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EC4M 7LT

22 November 2019

Dear Sirs,

The Unite Group plc (the "Company")

We report on the pro forma financial information (the "Pro forma financial information") set out in Section A of Part XVI of the prospectus dated 22 November 2019 (the "Prospectus"), which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the transaction might have affected the consolidated income statement of the Company for the year ended 31 December 2018 as if it had occurred on 1 January 2018, and the consolidated interim balance sheet of the Company as at 30 June 2019 as if it had occurred on 30 June 2019, presented on the basis of the accounting policies adopted by the Company in preparing its financial statements for the year ended 31 December 2018.

This report is required by the Commission delegated regulation (EU) 2019/980 (the "Prospectus Delegated Regulation").

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex 20 items 1 and 2 of the Prospectus Delegated Regulation.

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 20 item 3 of the Prospectus Delegated Regulation.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, 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 Annex 3 item 1.3, consenting to its inclusion in the Prospectus.

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.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that the information contained in this report is, to the best of our knowledge, in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 3 item 1.2 of Prospectus Delegated Regulation.

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 XVII

VALUATION REPORTS FOR UNITE

This Part sets out the following valuation reports in respect of the property portfolios owned by Unite or Unite's co-investment vehicles:

- Section A: Valuation report from Jones Lang LaSalle Limited in respect of properties held by Unite and LSAV;
- Section B: Valuation report from Knight Frank LLP in respect of properties held by Unite;
- Section C: Valuation report from CBRE Limited in respect of the properties held by LSAV and USAF.

(together, the "**Unite Valuation Reports**")

There has been no material change to the values of the properties in the Unite Valuation Reports since:

- in the case of the Unite Valuation Report prepared by Jones Lang LaSalle Limited:
  - in respect of the properties held by Unite, 30 June 2019;
  - in respect of the properties held by LSAV, 30 September 2019; and
  - in respect of Waverley House, Bristol, 6 November 2019;
- in the case of the Unite Valuation Report prepared by Knight Frank LLP, 30 June 2019; and
- in the case of the Unite Valuation Report prepared by CBRE Limited, 30 September 2019.

Section A: Valuation report from Jones Lang LaSalle Limited in respect of properties held by Unite and LSAV

Jones Lang LaSalle

Valuation Advisory

Client: The Unite Group Plc

Properties: The Unite Group plc—Wholly Owned Portfolio, the London Student Accommodation Venture and Waverley House, Bristol

Wholly Owned Portfolio Valuations as at 30 June 2019
London Student Accommodation Venture Valuations as at 30 September 2019
Waverley House, Bristol Valuation as at 6 November 2019

Appendix 1 . . . . Summary of Properties
. . . . .Valuation Summary
Appendix 2 . . . . JLL UK Student Housing Quarterly Bulletin
Appendix 3 . . . . General Terms and Conditions
. . . . General Principles
. . . . Definition of Market Value

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22 November 2019

Dear Sirs

The Unite Group plc (The "Company")—Wholly Owned Portfolio, the London Student Accommodation Venture and Waverley House, Bristol

Wholly Owned valuations as at 30 June 2019, London Student Accommodation Venture valuations as at 30 September 2019 and Waverley House, Bristol valuation as at 6 November 2019

Terms of Reference

Addressees:	The Unite Group plc South Quay House Temple Back Bristol BS1 6FL Numis Securities Limited The London Stock Exchange Building 10 Paternoster Street London EC4M 7LT
Property Addresses:	The individual properties valued are summarised in the attached Appendix 1 (Summary of Properties) (the "Properties").
Tenure:	A mixture of freehold and leasehold properties, as summarised in Appendix 1.
Valuation Date:	Wholly Owned Portfolio valuation date of 30 June 2019. London Student Accommodation Venture valuation date of 30 September 2019. Waverley House, Bristol valuation date of 6 November 2019. Waverley House forms part of the Wholly Owned Portfolio but JLL have been instructed to value this asset as at November 2019 and so we have included it as a separate valuation. Staniforth House, Birmingham and Newgate, Newcastle were valued as part of the Wholly Owned Portfolio, but were subsequently sold to the Unite UK Student Accommodation Fund (USAF) on 14 November 2019.
Instruction Date:	2 August 2019

Jones Lang LaSalle Limited
Registered in England & Wales Number 1188567
Registered Office 30 Warwick Street, London W1B 5NH

Instruction and Purpose of Valuation:	The report is compliant with the current RICS Valuation—Global Standards 2017, which incorporates the IVS, published by the Royal Institution of Chartered Surveyors and the RICS Valuation—Global Standards 2017—UK national supplement (the “RICS Red Book”), paragraphs 128 to 130 of ESMA’s update of CESR’s recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (the “ESMA Recommendations”) and the Prospectus Regulation Rules sourcebook (the “Prospectus Regulation Rules”) of the Financial Conduct Authority (the “FCA”), for inclusion in a prospectus to be prepared by the Client in connection with the applications for admission of shares to the premium listing segment of the Official List of the FCA and to trading on the main market of London Stock Exchange plc (together, “Admission”) (the “Prospectus”). For the purposes of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules, we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report 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 this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with paragraph 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of the ESMA update of CESR’s recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.
Basis of Valuation:	We confirm that our valuation and report has been prepared on the basis of Market Value as defined in Appendix 3 of the RICS Red Book. The report complies with paragraphs 128 to 130 of the ESMA’s Recommendations and the PRR Sourcebook. **Market Value:** *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.* The report is subject to our General Principles Adopted in the Preparation of Valuations and Reports which are attached in Appendix 3. No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges which may be secured thereon. We confirm that we hold sufficient professional indemnity insurance cover for the valuation provided and our overall workload, in accordance with our Terms and Conditions of Business. We have assumed that in the event of a sale of the Properties, they would be marketed in an orderly manner and would not all be placed on the market at the same time. We have valued each of the Properties on an individual basis rather than as a portfolio.
Software:	The valuation has been undertaken using in-house valuation models within Microsoft Excel.

Inspections: The Properties were inspected for the purpose of this instruction between 20 March 2019 and 6 November 2019 by RICS Registered Valuers within the JLL Student Accommodation Advisory Team.

All significant parts of the properties were inspected.

We understand that we saw representative parts of each property and we have assumed that any physical differences in parts we did not inspect will not have a material impact on value.

Personnel: The valuations of the student accommodation have been prepared by Matthew Armstrong MRICS under the direction of Elizabeth Moger MRICS, Director, Rose Denbee MRICS, Director, and Richard Petty FRICS, Lead Director—Living Advisory.

The valuations of the commercial accommodation have been prepared by specialists (MRICS Registered Valuers) within JLL's regional commercial valuation teams.

The above personnel are in a position to provide an objective and unbiased valuation and are competent to undertake the valuation assignment in accordance with the RICS Valuation—Global Standards 2017 and are RICS Registered Valuers. They have sufficient current local, national and international knowledge of the particular markets, and the skills and understanding to undertake the valuations competently.

Status: In preparing this valuation we have acted as External Valuers, and as independent experts for the purposes of paragraph 130(i) of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004.

Disclosures: You are aware that JLL has provided a range of advisory and transactional services to the Company over the last 20 years, including valuations of the Properties.

We can confirm that we have no conflicts of interest in providing advice to you on these Properties. You are aware of our historic involvement with the Properties, which we do not consider to be a threat to our objectivity.

In accordance with the RICS Red Book requirements on disclosure for regulated purpose valuations, we confirm that:

- JLL has not received an introductory fee or negotiated the purchase of the Properties on behalf of the client in the previous 12 months from the date of this instruction.

- The signatories to the valuation are Rose Denbee MRICS, Elizabeth Moger MRICS, Matthew Armstrong MRICS and Richard Petty FRICS. JLL directors have been signatories to valuations in respect of the Properties for the Company for varying periods since 1999 and names can be provided upon request. We have an adequate policy in place regarding rotation of signatories.

- The fee income JLL received from the Client in the last financial year did not exceed 5% and is minimal. It is not anticipated there will be a material increase in the proportion of fees payable to the firm by the client commissioning the valuation over the course of the next financial year. We confirm that we do not have any material interest in the Company or any of the Properties.

Assumptions: In undertaking this valuation we have made the following assumptions:

- Our valuation advice has been prepared in accordance with General Principles adopted in the preparation of valuation reports, which outlines our general assumptions made in areas including, but not limited to information provided by the Company (the client in respect of the General Principles), planning, title, tenure, tenancies, environmental, statutory obligations and condition. A copy of the General Principles is located within the appendices.

We have made no Special Assumptions.

Sources of Information: We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey or environmental risk assessment. We have not measured the premises and have relied on the floor areas provided.

The Company has provided us with actual gross rents receivable and proposed, as at the Valuation Date, for the current and forthcoming academic years. The Company has also provided us with details of current occupancy levels and lettings performance; direct let, lease and nomination agreement details, gross term income and tenancy length information for 2018/19 and 2019/20 budgets, gross direct let rental income expectations, net lease income, copy nomination agreements, occupancy levels and details of Facilities Management costs. We have relied upon this information and assumed it is correct, for valuation purposes.

We have carried out all the necessary enquiries with regards to rental and investment values based on this information provided.

Valuation Methodology Comments:

- As valuers we comment that our methodology is focused on a market approach and is based on our knowledge and experience in valuing within the student housing sector.
- All Properties in the portfolio have been valued on an individual basis and the total is representative of an aggregate total value of those individual Properties valued.
- We have undertaken the following valuation methodologies dependent upon property categorisation:
  - Land and buildings held for investment—we have undertaken a Discounted Cash Flow (DCF) approach. The values reported have been analysed having regard to the Net Initial Yield (NIY), the NPV Discount Rate (NPV) and the capital value per bed.
  - Land and buildings held in the course of construction—depending upon where the property is within the construction timeline, we have undertaken a combination of "top down" (GDV minus costs and profit to go) and "bottom up" (residual land value plus costs spent to date and an element of appropriate profit on those costs spent). The former has been adopted for the properties due to complete in time for the academic year 2019/20 and the latter for all remaining properties in the course of construction.

- Land held for development—residual land value. We comment that where there is a residual method of valuation used within our methodology, we have assumed a Market Value of that land with the accompanying planning consent, rather than reflecting the cost of the land historically to the Company. This results in a maximised Market Value in line with a market approach. The accompanying GDVs reflect a pre-stabilised position and therefore an element of risk has also been built into our pricing until schemes are completed and proven at the market rents adopted. This applies to one property ('Old BRI') within the portfolio.
- Purchaser's costs have been deducted either assuming normal asset disposal (including 5% SDLT (England) or 4.50% LBTT (Scotland) and 1.8% legal and agent fees), or with the benefit of MDR (comprising a minimum of 1% SDLT (England) or 25% of the LBTT applicable in the absence of MDR (Scotland), plus 1.8% legal and agent fees). No allowances have been made for any expenses of realisation or for any liability to taxation or VAT, which might arise on an actual or notional disposal.

The above figures currently assume SDLT/LBTT is adopted at the standard rate for a normal asset purchase, or where you have confirmed to us via your tax advisors that MDR is available. We have relied on this independent confirmation as well as the number of dwellings advised and subsequent rate of relief for each property. We understand that property transactions which involve the acquisition of interests in more than one dwelling may qualify for Multiple Dwelling Relief (MDR).

Where MDR is claimed, the Stamp Duty Land Tax for the transaction is calculated as the mean consideration which would be attributable to the dwellings on an individual basis (subject to a minimum levels as detailed above), as opposed to the total value of the transaction.

We are not tax experts and are not qualified to comment on issues relating to the tax status of the Properties or their potential to qualify for MDR. We recommend that advice is sought from an appropriate tax advisor in respect of this matter.

You should also be aware that the government is trying to change regulations surrounding tax efficient structures and there is a potential risk that at the point of onward sale it may not be possible for a purchaser to take advantage of the mitigation scheme, either as a result of a change in statute or due to the nature of the purchaser audience at the time.

In reaching our opinion of Facilities Management costs for each property we have had regard to the actual costs at each property and have used our experience of the running costs typical in the sector, having regard to those of the main private operators, universities and housing associations active in the student housing market.

- The Company has confirmed that the Facilities Management Costs adopted within our valuations are in line with the actual running costs and sinking fund provision incurred. We confirm that the Facilities Management Costs adopted are broadly in line with those adopted by the market in considering investment acquisitions. As Valuers we comment that our methodology is based on a market approach rather than detailed costings.

We consider there could be increased appetite from investors should the Properties be offered for sale as a portfolio particularly when taking into account the inclusion of the London assets. The sale of the Properties as a portfolio may attract an implied portfolio premium in the current market, though this will depend on issues such as lotting of properties and disposal timing, so an indication of any potential benefit would depend on these factors.

We comment further that we have utilised other valuation teams within the JLL Group to correctly advise on the valuation requirement of each property within the instruction as applicable, which includes student accommodation use and various commercial accommodation uses.

Building Safety Market Uncertainty

- The aftermath of the Grenfell Fire on 14 June 2017 has resulted in a wholesale review of the regime relating to building safety in addition to the public inquiry that has been established to investigate the circumstances (and which is planned to continue in the second half of 2019).
- The Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018. One of the key recommendations of the Hackitt Review was for a new Building Regulations regime for residential buildings of 10 storeys (30m) or higher. The Government has not yet stated which measures recommended in the Hackitt Review will be implemented or the timing of any such regulatory changes. However, it announced that Building Regulations would be amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. The ban also affects existing buildings undergoing major works or undergoing a change of use.
- Whilst a ban affecting lower rise buildings falling within these categories is not currently anticipated there remains uncertainty as to the potential fire prevention and building safety measures that the Government might implement. Indeed, the Government made a series of further announcements on 18 December 2018 including how it proposes to implement a tougher and more effective regulatory framework to improve building safety.
- More specifically, it published a Hackitt Review Implementation Plan that was out for consultation until 12 February 2019 and a further consultation "Building a Safer Future" issued in June 2019 which lasted until 31 July 2019 in respect of the potential new Regulatory regime. The Government has also issued further Advice Notes relating to residential buildings above 18m including, inter alia: Advice Note 14, addressing the need for cladding and wall systems on buildings over 18m to comply with certain dress standards; Advice Note 22 recommending the immediate removal of High Pressure Laminate Cladding materials; and a separate Advice Note recommending that combustible materials used in the construction of external balconies be removed.

- We are aware that market participants that are affected by the same or similar issues continue to review details of construction, health and safety, and particularly fire prevention, mitigation and means of escape from buildings where people sleep, albeit with the focus on residential buildings above 18m. The need to do so has been underlined by the recent serious fire in a student housing block in Bolton.
- However, in view of the continued lack of clarity on any regulatory changes, it remains too early to fully assess any valuation impact. Since the Grenfell Fire occurred, there has been limited evidence of market activity involving tall residential investments. In the light of these circumstances, this valuation has been undertaken in the context of an unclear regulatory environment and we would therefore recommend that it is kept under regular review. Similarly, in the short-term, it is also likely that potential investors and occupiers will be more cautious, and the liquidity and pricing of some properties may be impacted. If it subsequently transpires that properties included in our valuation have cladding or wall systems that are no longer compliant or regarded as acceptable; or if the relevant regulations change in response to recent events, then additional costs may be incurred, and our opinions of value would be affected accordingly.

Aggregate / Market Valuation:	£2,046,665,000 (Two Billion Forty Six Million, Six Hundred and Sixty Five Thousand Pounds) Comprising: Wholly Owned Portfolio (Operational—excluding Staniforth House and Newgate): £778,430,000 Wholly Owned Portfolio (Operational—Staniforth House and Newgate only): £93,790,000. Wholly Owned Portfolio (In Course of Construction): £364,400,000 Waverley House, Bristol: £24,350,000 London Student Accommodation Venture: £785,695,000
Purchaser's Costs:	Generally, 6.8% (England) or 6.30% (Scotland) unless advised of MDR qualification by the Company. These are detailed in the Valuation Schedule at Appendix 1.
Confidentiality and Publication:	Other than the Prospectus neither the whole nor any part of our condensed valuation report may be included in any document, circular or statement without our written approval of the form and context on which it may appear. For the avoidance of doubt, we have given and not withdrawn our consent to the inclusion of and references to, our proposed report in the Prospectus. Our valuation has been prepared specifically for inclusion in the Prospectus. We acknowledge that the shareholders or prospective shareholders may, inter alia, rely on the Report in the form that is incorporated into the Prospectus.

Yours faithfully

Matthew Armstrong MRICS

Associate

For and on behalf of Jones Lang LaSalle Limited

Yours faithfully

Rose Denbee MRICS

Director

For and on behalf of Jones Lang LaSalle Limited

Yours faithfully

Elizabeth Moger MRICS

Director

For and on behalf of Jones Lang LaSalle Limited

Yours faithfully

Richard Petty FRICS

Lead Director

For and on behalf of Jones Lang LaSalle Limited

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Jones Lang LaSalle

Appendix 1: Property Schedule

Property Number	Property & City	Description, age and tenure	Terms of existing tenancies
Wholly Owned—Investment			
1	Causeway View, Causeway End, Aberdeen	The property comprises a Victorian building which was restored and converted to student accommodation plus a purpose built block student accommodation block, which were completed in 2016. The property provides en-suite student bed spaces in cluster flats, studio flats and a one bedroom flat. The scheme provides a total of 399 bedrooms. Ownership.	The property is directly let to students on individual Assured Shorthold Tenancies (ASTs).
2	Staniforth House, Birmingham	The property comprises purpose-built student accommodation which was completed in 2018. The property provides en-suite student bed spaces in cluster flats and studio flats. The scheme provides a total of 585 bedrooms. The property includes a ground floor commercial unit. Freehold.	The student accommodation element is partially subject to a short term agreement with Birmingham City University (299 bedrooms) for a term of three years from the 2018/19 academic year. The remaining bedrooms are directly to students on individual ASTs. The commercial accommodation is currently vacant and in shell condition.
3	Nelson Drake and Trafalgar House, Bristol	The property comprises three redeveloped 1960s office blocks redeveloped. The property provides student accommodation (303 bed spaces) on the upper floors within a mixture of en-suite and non en-suite cluster flats. The property also provides five commercial units. Freehold	The student accommodation is subject to a short term Nomination Agreement with the University of Bristol for the 2018/19 academic year. A further one year nomination agreement has been agreed with the University of Bristol for the 2019/20 academic year and covers all bedrooms in the property. Four of the retail units are let to limited companies from 2016 and 2017, with each lease typically offering three years term certain. The remaining retail unit is vacant.
4	Orchard Heights, Bristol	Purpose built student accommodation which was completed in time for the start of the 2015/16 academic year. The property provides a total of 483 bedrooms together with commercial accommodation. The O2 Academy occupy part of the commercial accommodation (D2 consent) at the property. There is also a ground floor a common room known as the Crash Pad and let to the University of Bristol. Freehold.	The student accommodation element is subject to a short term agreement with the University of Bristol for the 2018/19 and 2019/20 academic years. The O2 Academy has an effective FRI 25 year lease from 25/03/2017 for the accommodation on the ground, first and second floors. The Crash Pad is let to the University of Bristol for five years, expiring at the end of the 2019/20 academic year.
5	Northernhay House, Exeter	A former office building converted to provide 218 non en-suite and en-suite student bed spaces in cluster flats and studio flats. Freehold.	The accommodation is partially directly let to students on ASTs. the University of Exeter have taken a one year agreement for 158 bedrooms for the 2018/19 academic year and 155 bedrooms for the 2019/20 academic year.
6	Concept House, Leeds	Purpose built student accommodation property completed for the 2008/09 academic year comprising 391 en-suite bedrooms in cluster flats, studios and one bed flats. Freehold.	The accommodation is partially directly let to students on ASTs. The property is subject to a one year nominations agreement with the University of Leeds for 146 bedrooms for the 2018/19 academic year. The property is fully directly let for the 2019/20 academic year.

Property Number	Property & City	Description, age and tenure	Terms of existing tenancies
7	Cavendish Place Manchester	Purpose built student accommodation property completed for the 2011/12 academic year and comprising 119 en-suite bed spaces in cluster flats and studios. Freehold	The whole of the property is subject to a five year nominations agreement with Manchester Metropolitan University from the 2016/17 academic year.
8	Parkway Gate, Manchester	Purpose built student accommodation property completed for the 2008/09 academic year comprising 729 en-suite bed spaces in cluster flats. Freehold.	The accommodation is partially directly let to students on ASTs. The property is subject to a one year nominations agreement for 48 bedrooms for the 2018/19 academic year. The property is let on a fully direct let basis for 2019/20.
9	Newgate, Newcastle	Purpose built student accommodation property completed for the 2018/19 academic year comprising 575 en-suite bedrooms in cluster flats and studios. We have been advised that the property provides a total of 570 bedrooms for the 2019/20 academic year. Long Leasehold (250 years from 2016).	The accommodation is partially directly let to students on ASTs. 93 bedrooms at the property are subject to a one year agreement with Newcastle University for the 2018/19 academic year. The property is fully directly let for the 2019/20 academic year.
10	Archways, Sheffield	The property comprises purpose built student accommodation and provides 218 en-suite cluster flat bedrooms. The property also includes a vacant commercial unit of 4,000 sq ft and a 21,000 sq ft vacant storage unit. Freehold	The accommodation is directly let to students on ASTs. The commercial accommodation is currently vacant.
11	Forge 1, Forge Student Village, Sheffield	Large purpose-built student accommodation property completed for the 2002/03 academic year comprising 1,157 en-suite bed spaces in cluster flats and studios. One commercial unit is incorporated in the scheme which is 1,701 sq ft in size. Freehold.	The accommodation is mainly let (1,106 beds) on a short term one-year nomination agreement to Sheffield Hallam University for 2018/19. A further one year nomination agreement is in place for 1,106 bedrooms at the scheme for 2019/20. The remaining beds are directly let. The commercial accommodation is let to Bowmer and Kirkland on a two year lease from September 2018.
12	Forge 2, Forge Student Village, Sheffield	Purpose built student accommodation property completed for the 2007/8 academic year comprising 224 en-suite bed spaces in cluster flats and studios. Eight commercial units are incorporated, only two of which are currently vacant. Freehold	The accommodation is directly let to students on ASTs. The commercial units are let to a variety of national and local covenants, including Sainsbury's and Subway as well as local retailers. All leases have break options or expire in 2020 or 2021.
13	Brunel House, Bristol	The property was completed in time for the start of the 2018/19 academic year and provides a total of 246 en-suite bed spaces in cluster flats and studios. Freehold.	The student accommodation is subject to a ten year agreement with University of Bristol from the 2018/19 academic year. The agreement is for the cluster flat accommodation only (205 bedrooms) and the remaining bedrooms are directly let to students.
14	Salisbury Court, (St Leonards), Edinburgh	The property was completed in time for the 2017/18 academic year and provides a total of 581 en-suite bed spaces in cluster flats and studios plus a 1,184 sq ft commercial unit. Ownership.	The student accommodation is subject to a 15 year nominations agreement with the University of Edinburgh covering 565 beds, from the 2017/18 academic year, and the remaining bedrooms are directly let to students.

Property Number	Property & City	Description, age and tenure	Terms of existing tenancies
			The commercial accommodation is currently vacant.
15	Harry French Halls, Loughborough	Comprises a number of buildings providing halls of residence with a mix of non en-suite and en-suite accommodation, effectively located opposite Loughborough University campus. 389 beds. Long leasehold (87 years from 2015)	The property is subject to a nominations agreement with Loughborough University for 35 years from 2003.
16	William Morris Villas, Loughborough	The property comprises four converted/ refurnished Victorian Villas providing a combined total of 38 bedrooms including premium rooms, standard rooms and staff en-suite rooms. Long leasehold (99 years from 2003)	The property is subject to a 20 year Nomination Agreement and Rent Guarantee Agreement with Loughborough University from 2003.
17	William Morris Halls, Loughborough	The property comprises three elements of part new build, part refurbishment and part purchase at William Morris Halls in partnership with Loughborough University. The construction completed for the 2007/08 academic year and comprises 469 non en-suite and en-suite bed spaces in cluster flats and studios. The property is located opposite Loughborough University campus. Leasehold (35 years from 2003)	The property is subject to a rolling Nomination Agreement with Loughborough University.
18	St Vincents, Sheffield	Purpose built student accommodation completed in time for the 2018/19 academic year. The property provides 598 en-suite bed spaces in cluster flats and studios Freehold.	528 bedrooms are subject to a 15 year agreement with the University of Sheffield from the 2018/19 academic year. The remaining bedrooms are directly let to students.
19	Downsview House, Swindon	The property is part of a PFI scheme and is within the grounds of the Great Western Hospital in Swindon. The scheme opened in 2002 and provides 143 bed spaces arranged as en-suite and eight on-call rooms. Leasehold—10 years remaining (up to 2029)	Subject to a lease and occupancy agreement with Swindon & Marlborough NHS Trust for a 27 year term, with circa 10 years remaining.
20	Elizabeth Croll House, London	Purpose built student accommodation completed for the 2009/10 academic year. The property comprises 102 en-suite bed spaces in two-bed micro flats and studios. Long leasehold (99 years from 2009, with an option for the freeholder, SOAS to acquire the lease for Market Value exercisable six months prior to 18 September 2039).	The bedrooms are directly let to students on ASTs.
21	St Pancras Way, London	Purpose built student accommodation completed in readiness for the for the 2014/15 academic year. The property provides 571 en-suite bed spaces in cluster flats and studios. Long leasehold—999 years	For the 2018/19 academic year the entire scheme was directly let to students on individual ASTs. For the 2019/20 academic year, 352 en-suite bedrooms are subject to a nominations agreement with UCL for a term of one year.
22	Wellington Lodge, London	Purpose built student accommodation property completed for the 2012/13 academic year and comprising 146 en-suite bed spaces in cluster flats and studios.	The student accommodation is directly let to students on individual ASTs.

Property Number	Property & City	Description, age and tenure	Terms of existing tenancies
		The property includes two commercial units. Freehold	The commercial units are currently let. Unit 1 (805 sq ft) is let for ten years from April 2015 to Office Blue Print Ltd. Unit 2 (952 sq ft) is let for 15 years from June 2015 to Smileright Dencare Ltd and has a break option at year five.
23	Chantry Court, Bristol	The property comprises a vacant shell commercial unit over basement and ground floor of circa 7,140 sq ft and 7,986 sq ft respectively. Leasehold (21 years from 2008).	Vacant possession.
24	Waverley House, Bristol	Purpose built student accommodation property comprising 217 bedrooms in cluster flats and studios. The property also includes a car park which is occupied by NCP. Freehold	The property is subject to a three year agreement with the University of Bristol from the 2017/2018 academic year with a 100% rental guarantee. The car park is subject to a 25 year agreement with NCP, expiring on 24 March 2022.
LSAV—Held for Investment			
25	Julian Markham House, London	Purpose built student accommodation property comprising 232 en-suite bed spaces in cluster flats and studios. A single commercial unit is incorporated at ground floor. Freehold	The entire student accommodation is subject to a Nomination Agreement with Kings College London for 10 years from 2018/19. The ground floor commercial unit is let to P&Q Plc, a Chinese restaurant operator for a 20 year term from 2004, expiring 2024 with no break options.
26	Mary Brancker House, London	Purpose built student accommodation property comprising 182 en-suite bed spaces in cluster flats and studios. Two commercial units are incorporated at ground floor. Freehold.	The student accommodation is subject to a 35 year Nomination Agreement with the Royal Veterinary College from September 2018 with a mutual break option at year 25. Commercial Unit A is let to the Camden Society on a 20 year lease from December 2006, with a mutual break option in 2016 (now passed). Commercial Unit B is occupied by ARHAG Housing Association on a 5 year lease from February 2016, subject to a break option in February 2018 (now passed).
27	Piccadilly Court, London	Purpose built student accommodation property comprising 209 bed spaces in cluster flats and studios. Two commercial units are incorporated. Freehold.	The student accommodation is subject to an Internal Repairing and Insuring lease to Cambridge Education Group Limited expiring August 2022. Retail Unit A is subject to a 10 year lease to Sixt Rent a Car Ltd, expiring February 2027. There is a break option in February 2022. Retail Unit B is subject to a 15 year lease to Saz Cafe, expiring October 2023.
28	Station Court, London	Purpose built student accommodation property completed for the 2004/05 academic year and comprising 225 en-suite bed spaces in cluster flats. Freehold.	The accommodation is directly let to students on ASTs for the 2018/19 academic year. For the 2019/20 academic year, 24 bedrooms are subject to an agreement with London Metropolitan University for a term of two years.

Property Number	Property & City	Description, age and tenure	Terms of existing tenancies
29	Somerset Court, London	Purpose built student accommodation property comprising 168 en-suite bed spaces in cluster flats and studios. The property forms part of a larger development incorporating a primary school on the ground floor, with further academic use on the first floor. The interest valued relates to the student accommodation on the upper floors only. Long Leasehold (125 years from 2006).	The accommodation is directly let to students on ASTs.
30	Beaumont Court, London	Purpose built student accommodation property completed for the 2006/7 academic year and comprising 232 en-suite bed spaces in cluster flats and studios. Two commercial units are incorporated. Freehold.	For the 2018/19 academic year the property was fully directly to students on individual ASTs. For the 2019/20 academic year 170 bedrooms are subject to a nominations agreement with UCL for a term of one year. The front commercial unit (5,371 sq ft) is subject to a 15 year agreement with The Gestalt Centre from May 2015 with a break option in May 2025. The second commercial unit at the rear of the property is currently vacant.
31	Rahere Court, London	Purpose-built student accommodation property completed for the 2007/08 academic year and comprising 186 en-suite bed spaces in cluster flats and studios. Freehold.	The accommodation is directly let to students on ASTs.
32	Stratford One, London	Purpose built student accommodation property which was completed in time for the start of the 2014/15 academic year. The property provides a total of 1,001 en-suite bed spaces, in cluster flats and studios. Long leasehold (250 years from 2012)	75 bedrooms are subject to a nominations agreement with Loughborough University for a term of three years from 2018/19, and a further 50 beds are subject to a one year agreement with Loughborough University for 2019/20. The remaining rooms are either let directly to students on ASTs, or to educational groups including Kings College London, Go Britanya and Londonist on one year agreements only for 2019/20.
33	Aston Student Village, Aston University Campus, Birmingham	Purpose built student accommodation property completed in 1998 (21% of beds), 2010 (43% of beds) and 2013 (36% of beds). The property provides a total of 3,067 beds in predominantly in cluster flats, plus a small number of one-bed flats. Part refurbished in 2018 and 2019. Long leasehold (for a term expiring in 2133).	For 2018/19, 2297 beds were let on a one-year nominations agreement with Aston University and 770 beds were directly let to students on individual ASTs. For 2019/20, 2,285 beds were let on a one-year rolling nominations agreement with Aston University and 782 beds were directly let to students on individual ASTs.
Wholly Owned—In the Course of Construction			
34	Horizon Heights, Liverpool	Purpose built student accommodation scheme completed in time for the start of the 2019/20 academic year. The property provides a total of 1,085 bedrooms within en-suite cluster flats and studios. The property includes two ground floor retail units. The property was under construction as at 30 June 2019 (the original valuation date). Freehold	The accommodation is now directly let to students on ASTs. The larger retail unit is now let to Tesco on a 20 year lease from 2019, with a tenant break option in year 15. The smaller retail is vacant.

Property Number	Property & City	Description, age and tenure	Terms of existing tenancies
35	Cowley, Oxford	Purpose built student accommodation scheme completed in time for the start of the 2019/20 academic year. The property provides a total of 887 bedrooms within en-suite cluster flats and studios. The property includes a ground floor commercial unit. The property was under construction as at 30 June 2019 (the original valuation date). Freehold	The student accommodation is subject to a nominations agreement with Oxford Brookes University for a term of 10 years from 2019/20. The commercial unit is currently vacant.
36	New Wakefield, Manchester	Purpose built student accommodation scheme which is under construction and scheduled to be completed in time for the start of the 2020/21 academic year. The property will provide a total of 603 bedrooms within en-suite cluster flats and studios. The property will include two ground floor retail units. Freehold	On completion, it is currently anticipated that the accommodation will be directly let to students on ASTs. Tenants have not yet been secured for the two retail units.
37	White Rose View, Leeds	Purpose built student accommodation scheme which is under construction and scheduled to be completed in time for the start of the 2020/21 academic year. The property will provide a total of 976 bedrooms within en-suite cluster flats and studios. The property will include a ground floor leisure unit. Freehold	At the original valuation date (30 June 2019), it was assumed that the accommodation would be directly let to students on ASTs. It is now anticipated that an agreement with the University of Leeds will be secured for all of the student accommodation. The leisure unit is subject to a lease agreement with JD Wetherspoon, for a term of 45 years with tenant break options in years 14 and 29 of the lease.
38	First Way, Wembley	Purpose built student accommodation scheme which is under construction and scheduled to be completed in time for the start of the 2020/21 academic year. The property will provide a total of 678 bedrooms within en-suite cluster flats and studios. The property will include approximately 12,608 sq ft of D1 academic space, plus 11,795 sq ft of associated administrative space and 12,926 sq ft of B1 office space. Freehold	An agreement for lease has been secured with UCFB Wembley Limited for 407 student beds, for a term of 10 years, with a break option in year 5. The remaining student beds will be directly let to students on ASTs. The academic space and associated administrative space is subject to a lease with UCFC, for a term of 10 years, with a tenant break option in year 5.
39	Bristol Old Hospital Site	Development site for which planning consent is being sought for a student accommodation led mixed use development. It is anticipated that the student accommodation will be completed for the start of the 2021/22 academic year. Long leasehold (250 years from 2015).	On completion, it is currently anticipated that the student accommodation will be directly let on ASTs.

Section B: Valuation report from Knight Frank LLP in respect of properties held by Unite

Knight Frank

Valuation report

Seven assets within the Unite Portfolio

Prepared on behalf of The Unite Group plc

30 June 2019

Contact details

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

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: 22 November 2019

Dear Sirs

Valuation as at 30 June 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 Limited dated 5 November 2019 we have valued the feuhold and freehold properties owned by Unite listed in the schedule to this report (the "Properties") as at 30 June 2019 (the "Valuation Date").

1.2 It is understood that this report and the valuation is required for inclusion in the prospectus to be published by Unite in connection with the admission of new ordinary shares in Unite to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on London Stock Exchange plc's main market for listed securities (the "Prospectus").

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 Unite 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.

  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 Unite, 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/ feuhold 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 interests in the properties as detailed in this report as at the Valuation Date is:

£480,100,000

Four Hundred and Eighty Million One Hundred Thousand Pounds

Knight Frank

3.14 All the properties are held on either a freehold or feuhold basis and no further apportionment is required.

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

Our Valuation is subject to our Terms of Engagement, dated 5 November 2019, and our General Terms of Business for Valuations.

3.16 In line with ESMA Recommendations paragraph 130(vi), we can confirm that there is no difference in the Market Value reported above and the figures reported in the Unite accounts of 30 June 2019.

4 Valuation Assumptions

4.1 In this report we have been provided with information by The Unite Group plc, its advisors and other third parties. We have relied upon this information as being materially correct in all aspects.

In the absence of any documents or information provided, we have had to reply solely upon our own enquiries. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

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 Unite.

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 Unite.

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 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 Cladding and Fire Safety

5.1 On 14 June 2017, a fire at the Grenfell Tower apartment block in London resulted in significant loss of life and which destroyed the building. A public inquiry has been established to investigate the circumstances. This is planned to continue in the second half of 2019.

5.2 Following the fire, the Government established a Building Safety Programme to cover high rise residential buildings over 18m (including Hotels) to ensure residents of high rise buildings are safe. Data has been collected to identify those buildings with ACM Cladding present and the remediation of these buildings is ongoing.

5.3 The Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018 (The "Hackitt Review"). One of the key recommendations was for a new Building Regulations regime for residential buildings of 10 storeys or higher. There has been no statement by the Government outlining which measures recommended in the Hackitt Review will be implemented or the timing of any such regulatory changes. However, it announced that Building Regulations have been amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. The ban also affects existing buildings undergoing major works or undergoing a change of use.

5.4 A ban affecting lower rise buildings falling within these categories is not currently anticipated however, there remains uncertainty as to the potential fire prevention measures that the Government might implement. Indeed, the Government made a series of further announcements on 18 December 2018 including how it proposes to implement a tougher and more effective regulatory framework to improve building safety. More specifically, it published a Hackitt Review Implementation Plan for consultation until 12 February 2019 and with a further consultation planned for spring 2019 that will consider what type of both existing and new buildings the new Regulatory regime will apply to.

5.5 We are aware that market participants that are affected by the same or similar issues continue to review details of construction, health and safety, and particularly fire prevention, mitigation and means of escape from buildings where people sleep, albeit with the focus on tall residential buildings. However, in view of the continued lack of clarity on any regulatory changes, it remains too early to fully assess any valuation impact. Since the fire occurred, there has been limited evidence of market activity involving tall residential investments. However, there has been evidence of market activity of lower rise buildings where the presence of cladding has created uncertainty.

5.6 In the light of these circumstances, this valuation has been undertaken in the context of an unclear regulatory environment and we would therefore recommend that it is kept under regular review. Similarly, in the short-term, it is also likely that potential investors and occupiers will be more cautious, and the liquidity and pricing of some properties may be impacted.

5.7 Post the date of our valuation a fire took place on 15 November 2019 at a student property, The Cube, in Bolton (an unrelated property).

5.8 Unite have informed us that the subject properties were not identified in the review of their portfolio in summer 2017 as needing further investigation.

6 General Conditions

6.1 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.

6.2 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 Prospectus, 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.

6.3 For the purposes of paragraph 5.3.2(R)(2)(f) of the Prospectus Regulation Rules, 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 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of the ESMA Recommendations.

Signature

Reviewed (but not undertaken) by:

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

Summary Valuation Schedule

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY 2019/2020 ACADEMIC YEAR
Thurso Street, 1–3 Thurso Street, Glasgow, G11 6PE	Feuhold	405	The property provides 405 student bed spaces predominantly in en-suite clusters along with 45 studios. The property is located in the West End of Glasgow in close proximity to the University of Glasgow's campus. The property is located between Thurso Street and the River Kelvin	The student accommodation is let on Assured Shorthold Tenancies.
East Central House, 115 Lever Street, Clerkenwell, London EC1V 3RH	Freehold	245	The property provides 245 student bed spaces of which 38 are subject to a Nominations Agreement with City University London. The property is located to the east of Goswell Road on Lever Street which runs parallel with City Road and Old Street in the London Borough of Islington.	The property is subject to a one year Nomination Agreement with City University.
Sherren House, 6 Nicholas Road Stepney Green, London E1 4AF	Freehold	255	The property provides 255 en-suite student bed spaces in cluster flats. The property is located to the north of Mile End Road in close proximity to the Stepney Green London Underground Station.	The student accommodation is subject to a three year Nominations Agreement ending 2022 with Queen Mary University.
Moonraker Point, Pocock Street, London SE1 0FN	Freehold	674	The property provides 674 student bed spaces and nine commercial units. The property is located in the Bankside area of Central London between Southwark and Borough London Underground stations.	The majority of the student bed spaces are occupied by students from Kings College London under a Nominations Agreement. The agreement runs until 2027 and is subject to mutual break options on 8th September 2022, 2024 and 2026. The nine commercial units, providing 20,248sq ft, are let on leases to five tenants generating £558,000 rental income.
Kendrick Hall, 4 Crown Place, Reading RG1 5AE	Freehold	605	The property provides 604 student bed spaces in predominantly en-suite clusters. There are 17 studios within the scheme. The property is located off London Road opposite a site that is being redeveloped and will house some of the departments from Reading University's Bulmershe Campus.	The property is subject to a Nominations Agreement for five years to the University of Reading.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY 2019/2020 ACADEMIC YEAR
St Luke's View, 4–14 Oldham Street Liverpool L1 2SU	Freehold	776	The property provides 776 student bed spaces predominantly en-suite clusters. There are 58 studios. There are common rooms and a management suite at ground floor along with a small retail unit. The subject property is located in the centre of Liverpool to the south east of Lime Street Station and to the south west of Liverpool John Moores and Liverpool University's campuses.	250 rooms are subject to a Nominations Agreement for one year with Liverpool University, with the remainder of the rooms being let on Assured Shorthold Tenancies. The 3,916 sq ft commercial unit is currently vacant.
Matalan Store, 119 Constitution Street, Aberdeen, AB24 5ET	Feuhold		The property comprises a retail unit with planning permission for a 600 bed student accommodation property	The property is currently let to Matalan who pay a rent of £125,000 per annum.

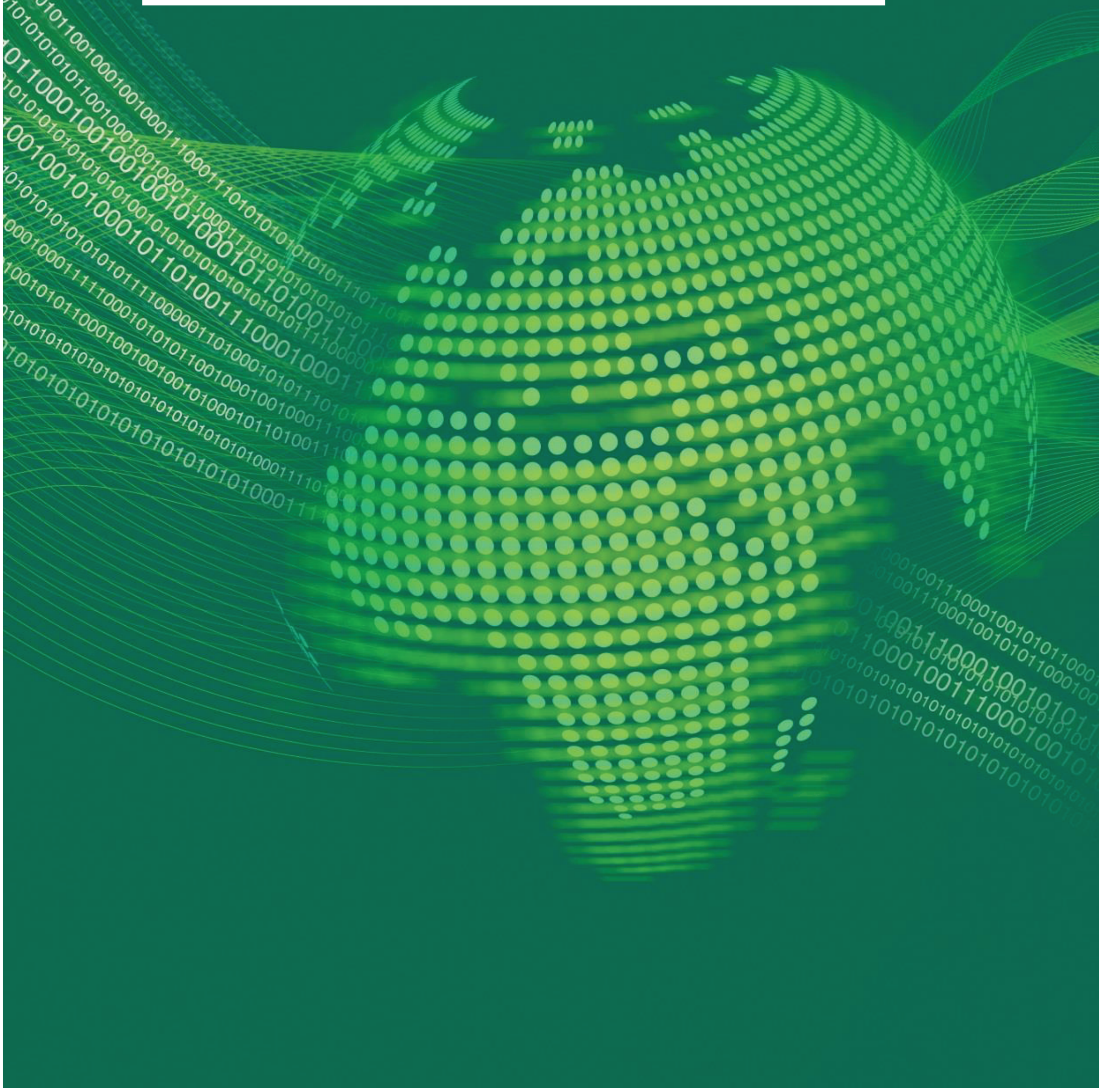
Section C: Valuation report from from CBRE Limited in respect of the properties held by LSAV and USAF

VALUATION REPORT

In respect of:
Unite UK Student Accommodation Fund, and
London Student Accommodation Venture

On behalf of:
The Unite Group plc (the "Company"), and
Numis Securities Limited (in its capacity as "Sponsor")

Date of Valuation: 30 September 2019



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PART I

VALUATION REPORT

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

VALUATION REPORT

Report Date	22 November 2019
Addressee	The Unite Group plc South Quay House Temple Back Bristol BS1 6FL (the "Company"), and Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT (in its capacity as "Sponsor")
The Properties	
Property Description	Student accommodation portfolio.
Ownership Purpose	Investment.
Instruction	To value without re-inspecting the unencumbered freehold and leasehold interests in the properties on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the Addressees dated 21 November 2019.
Valuation Date	30 September 2019
Capacity of Valuer	External Valuer, as defined in the RICS Valuation—Global Standards 2017.
Purpose of Valuation	The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation—Global Standards 2017 incorporating the International Valuation Standards) and the UK National Supplement 2018 (the "Red Book"). We understand that our valuation report and the Appendices to it (together the "Valuation Report") is required for the purposes of the Company publishing a prospectus (the "Prospectus") in connection with the proposed issue of 72,582,286 shares in the Company and admission of the 72,582,286 shares of the Company to listing on the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange. The effective date of valuation is 30 September 2019. In accordance with the Red Book we have made certain disclosures in connection with this valuation instruction and our relationship with the Company.
Market Value of Properties held in USAF	**£2,445,260,000 (TWO BILLION FOUR HUNDRED AND FORTY FIVE MILLION TWO HUNDRED AND SIXTY THOUSAND POUNDS)** exclusive of VAT, as shown in the Schedule of Capital Values set out below.
Market Value of Properties held in LSAV	**£514,240,000 (FIVE HUNDRED AND FOURTEEN MILLION TWO HUNDRED AND FORTY THOUSAND POUNDS)** exclusive of VAT, as shown in the Schedule of Capital Values set out below.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Our valuation therefore only pertains to the value of the individual property assets and on the assumption that each asset can be sold as a whole with full management control.

In current market conditions, the opportunity to manage the whole Portfolio or significant numbers of assets would be attractive to a number of global real estate investors. The ability to acquire a portfolio of properties in a single transaction, has the potential to save time and overhead costs which would be incurred in assembling single assets. As such, we consider that the sale of carefully 'packaged' parts, or indeed the whole, of the Portfolio may attract a premium over the sum of the individual market values of the Properties.

Where a property is owned by way of a joint tenancy in a trust for sale, or through an indirect investment structure, our valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our valuation does not necessarily represent the 'Fair Value', in accordance with International Financial Reporting Standard (IFRS) 13, of the interests in the indirect investment structure through which the property is held.

Our opinion of is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

There are no negative values to report.

Report Format

Part II of this Valuation Report contains a short summary of the property details. This report consists of 32 pages including the title page.

Market Conditions—Cladding

On 14 June 2017, a fire at the Grenfell Tower apartment block in London became out of control resulting in significant loss of life and which destroyed the building. A public inquiry was established to investigate the circumstances. This is planned to continue in the second half of 2019.

The Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018. One of the key recommendations of the Hackitt Review was for a new Building Regulations regime for residential buildings of 10 storeys (30m) or higher. The Government has not yet stated which measures recommended in the Hackitt Review will be implemented or the timing of any such regulatory changes. However, it announced that Building Regulations would be amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. The ban also affects existing buildings undergoing major works or undergoing a change of use. Whilst a ban affecting lower rise buildings falling within these categories is not currently anticipated there remains uncertainty as to the potential fire prevention and building safety measures that the Government might implement. Indeed, the Government made a series of further announcements on 18 December 2018 including how it proposes to implement a tougher and more effective regulatory framework to improve building safety. More specifically, it published a Hackitt Review Implementation Plan for consultation until 12 February 2019 and with a further consultation “Building a Safer Future” issued in June 2019 lasting until 31 July 2019 in respect of the potential new Regulatory regime. The Government has also issued further Advice Notes relating to residential buildings above 18m including, inter alia: Advice Note 22 recommending the immediate removal of High Pressure Laminate Cladding materials; and a separate Advice Note recommending that combustible materials used in the construction of external balconies be removed.

We are aware that market participants that are affected by the same or similar issues continue to review details of construction, health and safety, and particularly fire prevention, mitigation and means of escape from buildings where people sleep, albeit with the focus on residential buildings above 18m. However, in view of the continued lack of clarity on any regulatory changes, it remains too early to fully assess any valuation impact. Since the Grenfell Fire occurred, there has been limited evidence of market activity involving tall residential investments. In the light of these circumstances, this valuation has been undertaken in the context of an unclear regulatory environment and we would therefore recommend that it is kept under regular review. Similarly, in the short-term, it is also likely that potential investors and occupiers will be more cautious, and the liquidity and pricing of some properties may be impacted.

On 21 July 2017 we were informed by Steve Batley of Unite Students that the Fire Risk Assessments for all of the properties within the portfolio had been reviewed and panel core samples from every building taller than 18 metres had been tested by the Building Research Establishment.

Greetham Street, Portsmouth was found to be partially clad with Aluminium Composite Materials. Nevertheless, the emergency safety review of the property undertaken by the local fire and rescue services has cleared the building as acceptable for occupation within the context of the existing fire safety strategies.

We have been provided with a Building Survey report prepared by CBRE in respect of Greetham Street, Portsmouth dated January 2019. The Report makes reference to a BRE135:2013 test report dated 3 January 2019 which confirms that the cladding is compliant with the parameters of Annex B of BRE135:2013. The Building Survey Report also makes reference to a supporting report undertaken by Exova Warrington Fire, dated 6 February 2018, commissioned by Kingspan Insulation Limited, confirming the makeup of the external cladding system. Based on this information, we have not made any specific adjustment to the valuation in respect of the external cladding system.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the Red Book. The property details on which each valuation is based are as set out in this report.

The valuations and this Report are compliant with the International Valuations Standards and in accordance with the relevant provisions of the Listing Rules and with the Prospectus Regulation Rules issued by the Financial Conduct Authority and paragraphs 128 to 130 of the ESMA update (ESMA/2013/319) of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/1129) and the London Stock Exchange requirements.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Limited, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the valuation date.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites—including ground and groundwater contamination—as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

ESMA 130 (vi)	Differences between the valuation as at 30 September and the figures included in the latest published accounts are attributable to a number of factors, including but not limited to tenancy changes (including occupancy levels), capital expenditure and improvements (including refurbishments) and market movement in the occupational and investment markets.
Verification	We recommend that before any financial transaction is entered into based upon these Valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted. We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this Valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.
Valuer	The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.
Independence	The total fees, including the fee for this assignment, earned by CBRE Limited (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues. We confirm that we do not have any material interest in the Company or the Properties.
Previous involvement and Conflicts of Interest	We confirm that CBRE Limited are retained by USAF Jersey Manager Limited to value the UK Unite Student Accommodation Fund and LSAV (GP) Limited to value the London Student Accommodation Venture a quarterly basis for financial reporting purposes. We are of the opinion that this ongoing involvement does not represent a conflict of interests.
Disclosure	CBRE Limited has continuously been carrying out valuation instructions for the Company since 2006. CBRE Limited has carried out Valuation, Agency and Professional services on behalf of the Company since 2006. We confirm that CBRE Limited (or other companies forming part of the same group of companies within the UK) has previously valued a number of the properties and addressed secured lending reports to HSBC Bank plc, however, the total fees, including the fee for this assignment, earned by CBRE Limited from the Company and HSBC Bank plc are less than 5.0% of the total UK revenues.
Student Housing as an Asset Class	Student accommodation is an income-driven property investment asset class. There are various letting models, including leases to universities, nomination agreements and lettings directly to students through an operator. Schemes are managed by an operator, and rooms in the residences are marketed and let to students who pay rents directly to the operator. The success of direct let student accommodation schemes depends on location (proximity to campus locations, public transport and amenities), specification, and the overall level of service provided on site.

Lettings during term time are usually between 40 and 51 weeks. The length of tenancy will depend upon local market dynamics. There is also an opportunity to let rooms during the summer period where there is demand.

Costs of running the properties, including maintenance, on-site staff, utilities, insurance, marketing and letting administration are borne by the landlord. In addition to the day to day running costs operators will normally charge a management fee.

Student accommodation has grown significantly in popularity as an investment asset class in recent years, and is experiencing strong demand from investors in the current market conditions to its stable income producing potential and the opportunity to review the rents upward each year.

Valuation Methodology

CBRE adopts a cashflow methodology approach to the valuation of student accommodation. We undertake a market-led approach incorporating Net Initial Yield, 10-year unleveraged Internal Rate of Return, and the capital value per bedspace. The Market Values of the individual operational assets are calculated using Excel adopting a 10-year cashflow period. Excel enables us to model the assumptions and variables explicitly.

We have valued the properties on a cashflow model based on the current 2019/2020 academic year.

We have relied upon information provided by Unite in respect of the room mix for each property (number of each type) and this has been verified during our inspections.

Like most operators Unite instigate some form of dynamic pricing as part of their marketing strategy in order to gain some momentum to the initial letting process. For the purposes of our valuation we have adopted the achieved rents, provided by Unite. We benchmark these rents against comparable evidence and check they are in line with rents charged by other operators for similar schemes.

The majority of the properties are operated on a direct let basis. A limited number of properties are subject to long term nomination agreements with universities.

We have adopted the tenancy lengths as advised by Unite, as supported by information obtained from Unite's student accommodation website. For the majority of regional schemes and en-suite rooms the tenancies are generally granted on a 42 to 44 week basis so there is the possibility of achieving additional income during the summer vacation period. The market for studio accommodation in the regions, generally has tenancy lengths of 51 weeks. The tenancy lengths achieved at each property are consistent with local market norms for the type of property.

The majority of the properties are fully let for 2019/2020. There are occasionally particular circumstances where Unite experience lower occupancy levels at times throughout the academic year. In such circumstances Unite instigate a short term letting strategy. If we consider there to be any risk of an income shortfall for the current academic year we make an end allowance to the valuation.

For the purposes of the cashflow models we have generally allowed for an occupancy rate of 98% to allow for some credit and void risk. The properties are all situated in locations where there is a good level of demand for student accommodation and we would anticipate that should any rooms become vacant, they will re-let readily. The properties, excluding those with nomination agreements, are marketed on a direct let basis through Unite's online marketing platform. Unite has significant experience in marketing student accommodation and their portfolio provides homes for over 50,000 students across 22 of the UK's strongest university cities and towns in the UK.

For the summer vacation income, we have generally assumed occupancy rates of between 10% and 15% depending upon likely demand within a particular location. For some of the properties we have applied a higher summer occupancy rate due to their location in key areas of tourism in the summer months. Where Unite has more than one scheme in a city or town they generally have a policy to consolidate summer occupancy residents within a small number of units to reduce overheads and allow for a rolling refurbishment of the properties.

We have included additional income derived from vending machines and the on-site launderette at £65 per bedspace per annum as part of the gross income. The term time rental income, summer income and additional income together form the gross rental income

The key yield driver in our valuations is the net initial yield. We apply the net initial yield derived from comparable transactions to the net rental income. We provide an IRR calculation on our cashflows for illustrative purposes, but it is not a key driver of the valuation.

Exit is assumed at the end of the 10-year cashflow period. Our exit yield is typically 50 bps higher than the net initial yield applied. The exit yield is applied to the projected rental income at the end of the cashflow. We apply disposal fees on exit sales values.

We allow for purchaser's costs in our valuations. Our calculations of the purchaser's costs reflect current Stamp Duty Land Tax regime. For properties in Scotland, we have also calculated the Land and Buildings Transaction Tax and applicable Multiple Dwelling Relief. All purchasers costs are relevant as at the valuation date.

A property may qualify for MDR where it is not considered to be a hall of residence and is not subject to a lease with an original term of more than 21 years. Where appropriate we have applied MDR to the valuation of each property.

In addition to SDLT we also allow for agents fees of 1.0% plus VAT and legal fees of 0.5% plus VAT, a total of 1.8%.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole. Our valuation therefore only pertains to the value of the individual property assets and on the assumption that each asset can be sold as a whole with full management control.

In current market conditions, the opportunity to manage the whole Portfolio or significant numbers of assets would be attractive to a number of global real estate investors. The ability to acquire a portfolio of properties in a single transaction, has the potential to save time and overhead costs which would be incurred in assembling single assets. As such, we consider that the sale of carefully 'packaged' parts, or indeed the whole, of the Portfolio may attract a premium over the sum of the individual market values of the Properties.

Responsibility

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report 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 this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and Paragraphs 128 to 130 of the ESMA update of CESR'S recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation).

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, 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 accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with the Prospectus Regulation.

Reliance

This report is for the use only of the parties to whom it is addresses for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents save as set out in "Responsibility" above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear. Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Yours faithfully

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THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

SCHEDULE OF CAPITAL VALUES

Unite UK Student Accommodation Fund	Number of Properties	Market Value
Freehold	57	£2,084,080,000
Leasehold	10	£ 258,650,000
Part Freehold / Part Leasehold	4	£ 102,530,000
Total	**71**	**£2,445,260,000**

London Student Accommodation Venture	Number of Properties	Market Value
Freehold	3	£367,670,000
Leasehold	1	£146,570,000
Part Freehold / Part Leasehold	0	£ 0
Total	**4**	**£514,240,000**

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information	We have carried out our work based upon information, in particular relating to income, tenancy lengths, occupancy and operating costs, as supplied to us by The their legal advisors which we have assumed to be correct and comprehensive. We have been provided with: • Details of achieved rents and contract lengths for the current 2019/2020 academic year as at 30 September 2019 • Occupancy data for the current 2019/2020 academic year as at 30 September 2019 • Details of the incumbent nomination agreements for the current 2019/2020 academic year • Schedule of commercial tenancies as at 31 March 2019 • Details of operating costs for the year ending 2018
The Properties	Our report contains a brief summary of the properties details on which our valuation has been based.
Inspection	The properties were inspected on acquisition under separate instructions from the Company for valuations for financial reporting purposes, we have a three-yearly rolling programme of inspections. As instructed, we have not re-inspected all the properties for the purpose of this valuation. With regard to those properties which have not been subject to re-inspection, unless otherwise advised the Company has confirmed that they are not aware of any material changes to the physical attributes of the properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct. A schedule of most recent inspection dates is contained within the Property Details below.
Areas	We have not measured the Properties but have relied upon the information provided to us by the Company, which we have assumed to be correct and comprehensive. We have been advised that the areas of the student bedrooms have been calculated using the Gross Internal Area (GIA) measurement methodology as set out in the RICS Code of Measuring Practice (6th edition).
Environmental Matters	We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination. We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.
Services and Amenities	We understand that all main services including water, drainage, electricity and telephone are available to the properties. None of the services has been tested by us.

Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.
Town Planning	We have not undertaken formal planning enquiries.
Titles, Tenures and Lettings	Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser. We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

VALUATION ASSUMPTIONS

Introduction	An Assumption is defined in the Red Book Glossary and Appendix 3 to be a "supposition taken to be true" (an "Assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation. The Company and its advisers has confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report. For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.
Capital Values	The valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as: "The estimated amount for which an asset or liability should exchange on the date of valuation 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." The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation—nor for taxation which might arise in the event of a disposal. No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge. No account has been taken of the availability or otherwise of capital based Government or European Community grants. For the purpose of complying with the Department of Trade and Industry's regulations to show open market value net of expenses of sale, we suggest that a figure of 1.50% of the total value plus VAT is deducted from the total value.
Taxation, Costs and Realisation Costs	As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise or crystallise in the event of a disposal. Our valuations reflect purchasers' statutory and other normal acquisition costs.
VAT	We have not been advised whether the properties are elected for VAT. All rents and capital values stated in this report are exclusive of VAT.
Rental Values	Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.".

The Properties

Items of plant and machinery normally considered as landlord's fixtures such as lifts, escalators, air conditioning, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuation.

Furthermore, a number of items that normally might be regarded as tenant's fixtures and fittings—such as trade appliances, furniture and equipment—as well as soft goods considered necessary to generate the turnover and profit, are included in our valuation of the Properties. The vacant possession valuation assumes that Properties are available for sale including all fixtures and fittings. We understand that fixtures, machinery and equipment are either owned, leased or under contract. We have made no adjustment to reflect the net present value of meeting any existing lease contracts in respect of the equipment. Unless stated otherwise within this report, we have assumed that any such leasing costs are reflected in the trading figures supplied to us, and that all trade fixtures and fittings essential to the running of the Properties as an operational entity would be capable of transfer as part of a sale of the building, and any necessary third party consents obtained.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

a) the properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

b) any processes which are carried out on the properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

c) in England and Wales, the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive—and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it will be unlawful for landlords to rent out a business premise from 1st April 2018—unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the Properties possess current EPCs as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations—and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions.

d) the properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

e) invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;

b) the Properties are free from rot, infestation, structural or latent defect;

c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and

d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority Requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

a) the Properties possesses good and marketable title free from any onerous or hampering restrictions or conditions;

b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

c) the Properties are not adversely affected by town planning or road proposals;

d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);

f) all rent reviews are upward only and are to be assessed by reference to full current market rents;

g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

j) where more than 50% of the floorspace of a property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/ head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

m) Stamp Duty Land Tax (SDLT)—or, in Scotland, Land and Buildings Transaction Tax (LABTT)—will apply at the rate currently applicable.

Purchasers Costs

We allow for purchaser's costs in our valuations.

Following the 2016 Budget Stamp Duty Land Tax (SDLT) on non-residential properties is subject to a maximum rate of 5%. However, a property may qualify for Multiple Dwelling Relief (MDR) where it is not considered to be a hall of residence and is not subject to a lease with an original term of more than 21 years.

Our valuations reflect the changes to the SDLT introduced by the Government in the Autumn Statement 2015 and Budget 2016 which are relevant as at the valuation date. For properties in Scotland, we have also calculated the Land and Buildings Transaction Tax (LBTT) and applicable MDR.

In summary, we have applied commercial stamp duty rates to the schemes which are less than 10 years old and which have Management Leases in place such that VAT can be clawed back following construction. We have assumed that older schemes and those schemes where no VAT was charged would qualify for MDR and that upon disposal any Management Leases will have been surrendered.

In addition to SDLT we also allow for agents fees of 1% plus VAT and legal fees of 0.5% plus VAT (a total of 1.8%).

PART II

PROPERTY DETAILS

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

PROPERTY DETAILS

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Aberdeen, King Street Exchange (25 March 2019)	King Street Exchange is a purpose built scheme which opened in 2003. It provides a total of 180 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. It is situated less than 10 minutes' walk from the University of Aberdeen. All of the rooms are let directly to students on ASTs.	Freehold
USAF	Aberdeen, Old Fire Station (25 March 2019)	The Old Fire Station opened in 2002 and comprises a converted former fire station to part. It provides a total of 273 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. It is situated approximately 5 minutes' walk from the University of Aberdeen. All of the rooms are let directly to students on ASTs.	Freehold
USAF	Aberdeen, Spring Gardens (25 March 2019)	Spring Gardens is a purpose built scheme which opened in 1994 and was extended in 2011. It provides a total of 512 student bedspaces comprising a mixture of en-suite and non en-suite cluster bedrooms and studio apartments. It is situated within Aberdeen City Centre. All of the rooms are let directly to students on ASTs. As at 30 September 2019 the property was 79% let for the 2019/2020.	Freehold
USAF	Bath, Charlton Court (29 August 2019)	Charlton Court is a purpose built scheme which opened in 2009. It provides a total of 330 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The 295 en-suite bedrooms are subject to a nomination agreement with Bath Spa University expiring at the end of the 2026/2027 academic year. The remaining 35 studio bedspaces are let directly to students on ASTs. It is situated on Lower Bristol Road, broadly equidistant between the city's two universities.	Freehold
USAF	Bath, Waterside Court (21 June 2018)	Waterside Court is a purpose built scheme which opened in 2004. It provides a total of 316 en-suite cluster bedrooms which are subject to a nomination agreement with Bath Spa University expiring at the end of 2026/2027 academic year. It is situated on Lower Bristol Road, broadly equidistant between the city's two universities.	Freehold
USAF	Birmingham, Athena Studios (25 September 2019)	Athena Studios is a purpose built scheme which opened in 2015. It provides 259 studio bedspaces all of which are let directly to students on ASTs. It is situated close to the University of Birmingham.	Freehold
USAF	Birmingham, Battery Park (25 September 2019)	Battery Park is a new purpose built scheme which opened in 2019 for the start of the current academic year. It provides a total of 418 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The 348 en-suite bedrooms are subject to a nomination agreement with The University of Birmingham expiring at the end of the 2028/2029 academic year. The remaining 70 studio bedspaces are let directly to students on ASTs. It is situated approximately 15 minutes' walk from The University of Birmingham	Leasehold

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Birmingham, Jennens Court (20 June 2019)	Jennens Court is a purpose built scheme which opened in 2008. It provides a total of 596 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The property includes four ground floor commercial units. It is situated within easy walking distance of both Aston University and Birmingham City University. The property is held on a lease expiring August 2157.	Leasehold
USAF	Bristol, Blenheim Court (17 September 2019)	Blenheim Court is a purpose built scheme which opened in 2005. It provides 231 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The property includes a ground floor commercial unit let to Tesco Stores Ltd for a term of 15 years from September 2005. It is situated approximately 15 minutes' walk from the University of Bristol.	Freehold
USAF	Bristol, Cherry Court (17 September 2019)	Cherry Court is a purpose built scheme which opened in 2004. It provides 176 en-suite cluster bedrooms all of which are let directly to students on ASTs. It is situated approximately 15 minutes' walk from the University of Bristol.	Freehold
USAF	Bristol, Favell House (17 September 2019)	Favell House is a converted former office building which opened in 1997. It provides 234 non en-suite cluster bedrooms all of which are subject to a short term nomination agreement with The University of the West of England. The property includes three ground floor commercial units let to One Stop Stores Limited, Malago Surgery Partnership and Aqua Italia Limited. It is situated approximately 15 minutes' walk from the University of Bristol.	Freehold
USAF	Bristol, Marketgate (28 August 2019)	Marketgate is a converted former office building which opened in 2003. It provides a total of 490 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedspaces are subject to a short term nomination agreement with The University of the West of England. It is situated within Bristol City Centre.	Freehold
USAF	Bristol, Phoenix Court (24 November 2017)	Phoenix Court is a purpose built scheme which opened in 2007. It provides a total of 277 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. Some of the bedspaces are subject to a short term nomination agreement with The University of the West of England. The property includes a ground floor commercial unit let to the City Council of Bristol on a lease expiring in November 2021. The property is held part freehold and part leasehold with approximately 110 years unexpired. It is situated within Bristol City Centre.	Part Freehold / Part Leasehold
USAF	Bristol, Studios 58 (17 September 2019)	Studios 58 is a purpose built scheme which opened in 2008. It provides 104 studio bedspaces all of which are let directly to students on ASTs. The property also includes a ground floor commercial unit. It is situated approximately 10 minutes' walk from the University of Bristol.	Freehold

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Bristol, The Rackhay (17 September 2019)	The Rackhay is a converted former office building which opened in 1995. It provides 115 non en-suite cluster bedrooms all of which are subject to a short term nominations agreement with The University of the West of England. It is situated approximately 15 minutes' walk from the University of Bristol.	Freehold
USAF	Coventry, Gosford Gate (01 August 2018)	Gosford Gate is a purpose built scheme which opened in 2016. It provides a total of 286 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The property also includes three ground floor retail units. It is situated directly opposite Coventry University.	Freehold
USAF	Durham, Elvet Studios (23 May 2019)	Elvet Studios is a purpose built scheme which opened in 2013. It provides 112 studio bedspaces all of which are let directly to students on ASTs. It is situated approximately 15 minutes' walk from the University of Durham.	Freehold
USAF	Durham, Houghall Court (23 May 2019)	Houghall Court opened in 2018 and comprises a converted former college to part. It provides a total of 222 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the rooms are let directly to students on ASTs. It is situated approximately 10 minutes' walk from The University of Durham.	Part Freehold / Part Leasehold
USAF	Durham, Rushford Court (23 May 2019)	Rushford Court opened in 2018 and comprises a converted former hospital to part. It provides 358 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the rooms are subject to a short term nomination agreement with Durham University. It is situated close to Durham City Centre.	Freehold
USAF	Edinburgh, Bridge House (12 February 2018)	Bridge House is a purpose built scheme providing a total of 319 bedspaces a mixture of en-suite and non en-suite cluster bedrooms. Some of the bedspaces are subject to a short term nomination agreement with The University of Edinburgh. It is situated in the Fountainbridge area of Edinburgh.	Freehold
USAF	Edinburgh, Chalmers Street (12 February 2018)	Chalmers Street is a purpose built scheme which opened in 2009. It provides a total of 252 bedspaces comprising a mixture of en-suite and non en-suite cluster bedrooms and studio apartments. It is situated approximately 5 minutes' walk from The University of Edinburgh. All of the rooms are let directly to students on ASTs.	Freehold
USAF	Edinburgh, Sugar House Close (12 February 2018)	Sugar House Close opened in 2012 and incorporates elements of the original period buildings on the site. It provides a total of 300 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio and twodio apartments. The majority of bedspaces are let directly to students on ASTs. It is situated approximately 15 minutes' walk from The University of Edinburgh.	Freehold

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Edinburgh, The Old Printworks (12 February 2018)	The Old Printworks is a purpose built scheme which opened in 2017. It provides a total of 234 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The majority of bedspaces are let directly to students on ASTs. It is situated approximately 10 minutes' walk from The University of Edinburgh.	Freehold
USAF	Exeter, Exeter Trust House (20 August 2019)	Exeter Trust House is a purpose built scheme which opened in 2009. It provides a total of 124 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The majority of bedspaces are let directly to students on ASTs. It is situated at the edge of Exeter City Centre.	Freehold
USAF	Exeter, Northfield (20 August 2019)	Northfield is a purpose built scheme which opened in 2008. It provides a total of 190 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The 113 en-suite bedrooms are subject to a short term nomination agreement with The University of Exeter expiring at the end of the 2019/2020 academic year. The remaining studios bedrooms are let directly to students on ASTs. It is situated less than 10 minutes' walk from The University of Exeter.	Freehold
USAF	Glasgow, Blackfriars (17 April 2018)	Blackfriars is a purpose built scheme which opened in 2005 and was extended in 2007. It provides a total of 519 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedspaces are let directly to students on ASTs. It is situated approximately 5 minutes' walk from The University of Strathclyde.	Freehold
USAF	Glasgow, Kelvin Court (18 April 2018)	Kelvin Court is a purpose built scheme which opened in 2012. It provides a total of 477 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedspaces are let directly to students on ASTs. It is situated approximately 10 minutes' walk from The University of Glasgow.	Freehold
USAF	Glasgow, Tramworks (19 April 2018)	Tramworks is a purpose built scheme which opened in 2014. It provides a total of 232 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedspaces are let directly to students on ASTs. It is situated approximately 15 minutes' walk from The University of Glasgow.	Freehold
USAF	Leeds, Broadcasting Tower (28 November 2018)	Broadcasting Tower property is a purpose built scheme which opened in 2009. It provides a total of 240 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The entire property is subject to a nomination agreement with Leeds Beckett University expiring at the end of 2025/2026 academic year. It is situated broadly equidistant between the city's two main universities.	Freehold

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Leeds, Sky Plaza (08 March 2019)	Sky Plaza is a purpose built scheme which opened in 2009. It provides a total of 533 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The property closed to students for the 2017/2018 academic year to allow for the cladding to be replaced at a cost of £3.7m. All of the bedspaces are let directly to students on ASTs. The property includes a ground floor commercial unit which is let to a private individual on a lease expiring in October 2029. It is situated within 5 minutes' walk of Leeds Beckett University.	Freehold
USAF	Leeds, The Plaza (08 March 2019)	The Plaza is a purpose built scheme which opened in 2006. It provides a total of 964 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 303 en-suite bedrooms are subject to a short term nomination agreement with Leeds Beckett University. The remaining bedrooms are let directly to students on ASTs. It is situated within 5 minutes' walk of Leeds Beckett University.	Freehold
USAF	Leeds, The Priory (08 March 2019)	The Priory opened in 2008 and comprises a converted Grade II* Listed former priory building. It provides a total of 77 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedspaces are let directly to students on ASTs. It is situated within easy walking distance of The University of Leeds.	Freehold
USAF	Leeds, The Tannery (28 November 2018)	The Tannery is a purpose built scheme which opened in 2004. It provides a total of 502 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The 439 en-suite bedrooms are subject to nomination agreement with Leeds Beckett University expiring at the end of the 2021/2022 academic year. The remaining studio bedrooms are let directly to students on ASTs. The property includes a ground floor commercial unit which is let to a private individual on a lease expiring in October 2020. It is situated approximately 15 minutes' walk of Leeds Beckett University.	Freehold
USAF	Leicester, Filbert Village (13 July 2018)	Filbert Village is a purpose built scheme which opened in 2004. It provides a total of 664 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The 600 en-suite bedrooms are subject to nomination agreement with De Montfort University expiring at the end of the 2020/2021 academic year. The remaining studio bedrooms are let directly to students on ASTs. It is situated approximately 10 minutes' walk of De Montfort University.	Freehold
USAF	Leicester, Newarke Point (13 July 2018)	Newarke Point is a purpose built scheme which opened in 2002. It provides a total of 658 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The 595 en-suite bedrooms are subject to nomination agreement with De Montfort University expiring at the end of the 2020/2021 academic year. It is situated on the De Montfort University campus.	Freehold

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Leicester, St Martins House (13 July 2018)	St Martins House is a purpose built scheme which opened in 2003. It provides a total of 148 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 111 en-suite bedrooms are subject to a nomination agreement with De Montfort University expiring at the end of the 2020/2021 academic year. The property is held on a lease expiring in April 3001 and is situated approximately 5 minutes' walk of De Montfort University.	Leasehold
USAF	Leicester, The Grange (13 July 2018)	The Grange opened in 2003 and provides a total 220 student bedspaces comprising a mixture of en-suite and non en-suite cluster bedrooms and studio apartments. The 194 en-suite and non en-suite bedrooms are subject to nomination agreement with De Montfort University expiring at the end of the 2020/2021 academic year. The property includes a ground floor commercial unit is let to Riley's Sports Bars Ltd on a lease expiring in February 2029. It is situated less than 5 minutes' walk of De Montfort University.	Freehold
USAF	Liverpool, Arrad House (08 June 2017)	Arrad Street is a purpose built scheme which opened in 2001. It provides a total of 75 en-suite student bedspaces all of which are subject to a short term nomination agreement to the University of Liverpool. The property includes two ground floor commercial units let to a private individual until 2023 and Keystone Bars Limited until 2025. It forms part of Unite Student Village adjacent to The University of Liverpool.	Freehold
USAF	Liverpool, Cambridge Court (21 August 2019)	Cambridge Court is a purpose built scheme which opened in 1999. It provides a total of 474 en-suite student bedspaces 100 of which are subject to a short term nomination agreement to the University of Liverpool. The remaining bedrooms are let directly to students on ASTs. It forms part of Unite Student Village adjacent to The University of Liverpool.	Freehold
USAF	Liverpool, Cedar House (08 June 2017)	Cedar House is a purpose built scheme which opened in 1999. It provides a total of 102 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 74 en-suite bedrooms are subject to a short term nomination agreement to the University of Liverpool. The remaining bedrooms are let directly to students on ASTs. It forms part of Unite Student Village adjacent to The University of Liverpool.	Freehold
USAF	Liverpool, Grand Central (21 August 2019)	Grand Central comprises a purpose which opened in 2004. It provides a total of 1,236 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 450 en-suite bedrooms are subject to a short term nomination agreement to the University of Liverpool. The remaining bedrooms are let directly to students on ASTs. The property includes three ground floor commercial units let to Riley's Sports Bars until 2026, subject to a break option in 2021, Keystone Bars Limited until 2025 and a private individual until 2026. It is situated in Liverpool City Centre adjacent to Liverpool Lime Street Station	Freehold

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Liverpool, Larch House (08 June 2017)	Larch House opened in 2000 and comprises a converted former nurses' quarters. It provides a total of 99 student bedspaces comprising a mixture of non en-suite cluster bedrooms and one bedroom apartments. All bedrooms are directly let to students on ASTs. The property is held on a lease expiring in August 2074. It forms part of Unite Student Village adjacent to The University of Liverpool.	Leasehold
USAF	Liverpool, Lennon Studios (21 August 2019)	Lennon Studios opened in 2001 and comprises a converted former hospital building. It provides a total of 248 student bedspaces comprising a mixture of en-suite and non en-suite cluster bedrooms and studio apartments. All bedrooms are directly let to students on ASTs. It forms part of Unite Student Village adjacent to The University of Liverpool.	Freehold
USAF	London, Blithehale Court (22 August 2019)	Blithehale Court is a purpose built scheme which opened in 2009. It provides a total of 306 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are let directly to students on ASTs. There are three commercial units let to Gobitree Limited until 2021, Yum III (UK) Limited until 2030, subject to a break option in 2020, and Account 3 Women's Consultancy Service Limited 2034. It is situated within easy walking distance of Bethnal Green Underground Station which is served by the Central Line.	Freehold
USAF	London, Emily Bowes Court (22 August 2019)	Emily Bowes Court is a purpose built scheme which opened in 2009. It provides a total of 693 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 224 en-suite bedrooms are subject to a short term nominations agreement with the University of Arts London. The remaining bedrooms are let directly to students on ASTs. It is situated within easy walking distance of Tottenham Hale Station which is served by London Underground and National Rail.	Freehold
USAF	London, Pacific Court (27 April 2018)	Pacific Court is a purpose built scheme which opened in 2008. It provides a total of 142 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All bedrooms are directly let to students on ASTs. It is within easy walking distance of White Chapel Station which is served by London Underground and London Overground.	Freehold
USAF	London, Quantum Court (03 August 2017)	Quantum Court is a purpose built scheme which opened in 2009. It provides a total of 133 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with Goldsmith University expiring at the end of the 2020/2021 academic year. It is within easy walking distance of Shadwell Station which is served by the London Overground and Docklands Light Rail.	Freehold

THE UNITE UK STUDENT ACCOMMODATION FUND, AND THE LONDON STUDENT ACCOMMODATION VENTURE

Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	London, Sidney Webb House (26 November 2018)	Sidney Webb House is a purpose built scheme which opened in 1999. It provides a total of 452 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with London School of Economics expiring at the end of the 2028/2029 academic year. It is situated within easy walking distance of Borough Underground Station which is served by the Northern Line.	Freehold
USAF	London, Student Living Heights (03 August 2017)	Student Living Heights is a purpose built scheme which opened in 2010. It provides 306 studio bedrooms all of which are directly let to students on ASTs. It is situated within easy walking distance of Angel Underground Station which is served by the Northern Line.	Freehold
USAF	Loughborough, The Holt (13 July 2018)	The Holt opened in 2004 and comprises a converted period building to part. It provides a total of 452 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a referral agreement with the University of Loughborough until to the end of the 2028/2029 academic year. The property is held on a lease expiring in August 2103. It is situated less than 10 minutes' walk from Loughborough University.	Leasehold
USAF	Loughborough, Waterways (13 July 2018)	Waterways is a purpose built scheme which opened in 2008. It provides a total of 452 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All bedrooms are directly let to students on ASTs. It is situated in Loughborough Town Centre. The property is held on a lease expiring June 3005.	Leasehold
USAF	Manchester, Kincardine Court (24 June 2019)	Kincardine Court is a purpose built scheme which opened in 2001. It provides 229 en-suite bedspaces all of which are directly let to students on ASTs. It is situated within 5 minutes' walk of the University of Manchester. The property is held on a lease expiring in 2125.	Leasehold
USAF	Manchester, New Medlock House (24 June 2019)	New Medlock House is a purpose built scheme which opened in 2002. It provides a total of 672 bedspaces comprising a mixture of en-suite and non en-suite cluster bedrooms and studio apartments. 491 bedrooms are subject to short term nomination agreements with Manchester Metropolitan University and University Campus of Football Business. The remaining bedspaces are directly let to students on ASTs. It is situated within easy walking distance of both Manchester Metropolitan University and The University of Manchester. The property includes two ground floor commercial units.	Freehold
USAF	Manchester, Piccadilly Point (24 June 2019)	Piccadilly Point is a purpose built scheme which opened in 2007. It provides a total of 588 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 269 en-suite bedspaces are let to a short term nomination agreement University Campus of Football Business. The remaining bedspaces are directly let to students on ASTs. It is situated within 15 minutes' walking distance of both Manchester	Freehold

Portfolio	Address (Inspection Date)	Brief Description	Tenure
		Metropolitan University and The University of Manchester.	
USAF	Newcastle, Camden Court (26 September 2019)	Camden Court is a purpose built scheme. It provides a total of 345 bedspaces comprising a mixture of en-suite cluster bedrooms and studios apartments. 328 bedrooms are subject to a nomination agreement with The University of Northumbria expiring at the end of the 2031/2032 academic year. The remaining 17 bedspaces are let directly to students on ASTs. It is situated directly opposite The University of Northumbria campus.	Freehold
USAF	Newcastle, Magnet Court (26 September 2019)	Magnet Court opened in 2003 and comprises a converted former office building. It provides a total of 111 comprising a mixture of en-suite cluster bedrooms and studios apartments. All of the bedspaces let directly to students on ASTs. It is situated in Newcastle City Centre.	Freehold
USAF	Newcastle, Manor Bank (08 October 2019)	Manor Bank is a purpose built scheme which opened in 2010. It provides a total of 527 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are directly let to students on ASTs. It is situated approximately 10 minutes' walk from Northumbria University and Newcastle City Centre.	Freehold
USAF	Nottingham, Riverside Point (17 August 2018)	Riverside Point is a purpose built scheme which opened in 2006. It provides a total of 484 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 204 en-suite bedspaces are subject to a short term nomination agreement with Nottingham Trent University. The remaining bedspaces are directly let to students on ASTs. It is situated within easy walking distance of The University of Nottingham's Jubilee Campus.	Freehold
USAF	Nottingham, St Peters Court (17 August 2018)	St Peters Court is a purpose built scheme which opened in 2002 and was extended in 2005. It provides a total of 808 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a short term nomination agreement with The University of Nottingham. It is situated approximately 10 minutes' walk from The University of Nottingham's Jubilee Campus.	Freehold
USAF	Oxford, Beech House (02 November 2018)	Beech House is a purpose-built scheme which opened in 2017. It provides a total of 167 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with Oxford Brookes University expiring at the end of the 2041/2042 academic year. It is approximately 5 minutes' walk from Oxford Brookes University.	Freehold
USAF	Oxford, Dorset House (03 November 2017)	Dorset House is a purpose-built scheme which opened in 2012. It provides a total of 313 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with Oxford Brookes University expiring at the end of the 2036/2037	Freehold

Portfolio	Address (Inspection Date)	Brief Description	Tenure
		academic year. It is approximately 5 minutes' walk from Oxford Brookes University.	
USAF	Portsmouth, Chaucer House (11 April 2019)	Chaucer House is a purpose built scheme which opened in 2018. It provides a total of 484 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 242 en-suite bedrooms are subject to a short term nomination agreement with the University of Portsmouth. It is situated less than 10 minutes' walk from the University of Portsmouth.	Freehold
USAF	Portsmouth, Greetham Street (21 November 2018)	Greetham Street is a purpose built scheme which opened in 2016. It provides a total of 836 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. The 761 en-suite bedrooms are subject to a nomination agreement with The University of Portsmouth expiring at the end of the 2025/2026 academic year, subject to a 3 yearly occupancy confirmation by the University. The property is held leasehold expiring November 2264. It is situated less than 10 minutes' walk from the University of Portsmouth.	Leasehold
USAF	Portsmouth, James Watson Hall (21 November 2018)	James Watson Hall is a purpose built scheme which opened in 2003. It provides a total of 710 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with The University of Portsmouth expiring at the end of the 2025/2026 academic year, subject to a 3 yearly occupancy confirmation by the University. It is situated less than 5 minutes' walk from the University of Portsmouth.	Freehold
USAF	Portsmouth, Margaret Rule Hall (11 April 2019)	Margaret Rule Hall opened in 2015 and comprises a converted former office building. It provides a total of 348 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with The University of Portsmouth expiring at the end of the 2035/2036 academic year. It is situated less than 10 minutes' walk from the University of Portsmouth.	Freehold
USAF	Reading, Crown House (21 June 2018)	Crown House opened in 2008 and provides 99 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 20 bedspaces are subject to a short term nomination agreement with Cambridge Education Group. The remaining bedspaces are let directly to students on ASTs. A ground floor commercial unit is let to Tesco Stores Limited until August 2023. The University of Reading is easily accessible via public transport with a journey time of approximately 10 minutes.	Freehold
USAF	Sheffield, Brass Founders (08 March 2018)	Brass Founders is a purpose built scheme which opened in 2017. It provides 437 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedspaces are let directly to students on ASTs. It is approximately 15 minutes' walk from The University of Sheffield.	Freehold

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Portfolio	Address (Inspection Date)	Brief Description	Tenure
USAF	Sheffield, Devonshire Courtyard (06 June 2017)	Devonshire Courtyard is a purpose built scheme which opened in 2001. It provides 319 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedspaces are subject to a short term referral agreement with Sheffield Hallam University. The property is held on a lease expiring in 2098 subject to an annual ground rent of £500 per annum. It is approximately 10 minutes' walk from Sheffield Hallam University. As at 30 September 2019 the property was 66% let for the 2019/2020.	Leasehold
USAF	Sheffield, Exchange Works (06 June 2017)	Exchange Works is a purpose built scheme which opened in 2002. It provides 437 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 187 en-suite bedrooms are subject to a short term nomination agreement with Sheffield Hallam University. The remaining bedspaces are let directly to students on ASTs. The property includes a ground floor commercial unit is let Sheffield Health and Social Care NHS Foundation Trust until November 2020. The property is part freehold and part leasehold on 2 leases expiring in 2201 and 2638. It is approximately 5 minutes' walk from Sheffield Hallam University.	Part Freehold / Part Leasehold
USAF	Sheffield, Leadmill Point (06 June 2017)	Leadmill Point is a purpose built scheme which opened in 2002. It provides 446 student bedspaces comprising a mixture of en-suite and non en-suite cluster bedrooms. All of the bedspaces are subject to a short term nomination agreement with Sheffield Hallam University. The property is held part freehold and part leasehold expiring in 2146. It is approximately 5 minutes' walk from Sheffield Hallam University.	Part Freehold / Part Leasehold
USAF	Sheffield, The Anvil (06 June 2017)	The Anvil is a purpose built scheme which opened in 2007. It provides 163 student bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 90 en-suite bedspaces are subject to a short term nomination agreement with Sheffield Hallam University. The remaining bedrooms are directly let to students on ASTs. The property is held on a lease expiring in November 2145. It is approximately 10 minutes' walk from Sheffield Hallam University.	Leasehold
LSAV	London, Angel Lane (22 February 2019)	Angel Lane comprises a purpose built scheme which opened in 2015. It provides 759 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with Kings College London until the end of the 2024/2025 academic year. The property includes a vacant ground floor commercial unit. It is situated close to Stratford Station which is served by London Underground, London Overground, Docklands Light Rail and National Rail.	Leasehold
LSAV	London, North Lodge (27 April 2018)	North Lodge comprises a purpose built scheme which opened in 2012. It provides 528 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms let directly to students on ASTs. It is situated within easy walking distance of Tottenham Hale Station which is served by London Underground and National Rail.	Freehold

Portfolio	Address (Inspection Date)	Brief Description	Tenure
LSAV	London, Olympic Way (20 September 2019)	Olympic Way comprises a purpose built which opened in 2016. It provides 707 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. 460 en-suite bedspaces are subject to a nomination agreement with Middlesex University expiring at the end of the 2020/2021 academic year. The remaining bedrooms let directly to students on ASTs. The property also includes two ground floor commercial units let to Starbucks and Co-op. The property occupies a prominent position along Olympic Way, which is the main route between Wembley Stadium to Wembley Park Underground Station.	Freehold
LSAV	London, Stapleton House (21 November 2017)	Stapleton House comprises a purpose built scheme which opened in 2016. It provides 862 bedspaces comprising a mixture of en-suite cluster bedrooms and studio apartments. All of the bedrooms are subject to a nomination agreement with University College London expiring at the end of the 2020/2021 academic year. The property includes 1,317 sq m of ground floor commercial accommodation. The property is located close to Holloway Road Underground Station which is served by the Piccadilly Line.	Freehold

PART XVIII

VALUATION REPORT FOR THE LIBERTY LIVING PORTFOLIO

This Part sets out the valuation report from Knight Frank LLP in respect of the properties in the Liberty Living portfolio (the "**Liberty Living Portfolio Valuation Report**").

There has been no material change to the values of the properties in the Liberty Living Portfolio Valuation Report since 31 August 2019.

Valuation report

Liberty Living Portfolio

Prepared on behalf of The Unite Group plc

31 August 2019

Contact details

Knight Frank LLP, 55 Baker Street, London, W1U 8AN
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KF ref:

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: 22 November 2019

Dear Sirs

Valuation as at 31 August 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 Limited dated 13 November 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 August 2019 ("the Valuation Date").

1.2 It is understood that this report and the valuation is required for inclusion in the prospectus to be published by Unite in connection with the admission of new ordinary shares in Unite to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on London Stock Exchange plc's main market for listed securities (the "Prospectus") that are to be issued as part consideration for the acquisition of Liberty Living.

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 August 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 and Leasehold interests in the Properties as detailed in this report as at the Valuation Date is:

£2,203,205,000

Two Billion Two Hundred and Three Million Two Hundred and Five Thousand 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	28	£1,291,110,000
Leasehold	9	£ 397,170,000
Part Leasehold / Part Freehold	6	£ 261,305,000
Total	43	£1,949,585,000

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

Tenure	Number of properties	Market Value
Freehold / Feuhold	7	£211,510,000
Leasehold	1	£ 42,110,000
Total	8	£253,620,000

3.16 The highest value property in the portfolio is Liberty Point, London which at £206,960,000 represents 9.4 per cent. of the aggregate herein reported. No other single holding represents more than 5 per cent. 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 13 November 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 2019 are as follows:

The gross asset value of the UK Properties in the Liberty Living portfolio as at 31 August 2019 reported within the audited accounts is £2,201,120,000, as compared to £2,203,205,000 herein reported. The difference is due to a difference in the value ascribed to Liberty Court, Leicester which was valued by an unconnected valuer for the purpose of the Liberty Living accounts.

4 Valuation Assumptions and Comments

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 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 Institutiional Agreements in palce and the rents reserved under these agreements.

We have been provided with an Excel workbook "Updated—Data Pack for August 2019 Valuation 15Aug19" including 2019–20 occupancy and room numbers, 2019–20 direct let pricing data and EI pricing, 2018–19 Opex Costs—Budget, Summer income and Commercial Schedule.

In addition we were provided with supplemental information for Leicester: Liberty Court (such file entitled "LC Data 5 Sept2019.xlsx").

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 Cladding and Fire Safety

5.1 On 14 June 2017, a fire at the Grenfell Tower apartment block in London resulted in significant loss of life and which destroyed the building. A public inquiry has been established to investigate the circumstances. This is planned to continue in the second half of 2019.

5.2 Following the fire, the Government established a Building Safety Programme to cover high rise residential buildings over 18m (including Hotels) to ensure residents of high rise buildings are safe. Data has been collected to identify those buildings with ACM Cladding present and the remediation of these buildings is ongoing.

5.3 The Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt was published in May 2018 (The "Hackitt Review"). One of the key recommendations was for a new Building Regulations regime for residential buildings of 10 storeys or higher. There has been no statement by the Government outlining which measures recommended in the Hackitt Review will be implemented or the timing of any such regulatory changes. However, it announced that Building Regulations have been amended from 21 December 2018 to ban the use of combustible materials on the external walls of new buildings over 18m containing flats, as well as, inter alia, buildings such as new hospitals, residential care homes and student accommodation. The ban also affects existing buildings undergoing major works or undergoing a change of use.

5.4 A ban affecting lower rise buildings falling within these categories is not currently anticipated however, there remains uncertainty as to the potential fire prevention measures that the Government might implement. Indeed, the Government made a series of further announcements on 18 December 2018 including how it proposes to implement a tougher and more effective regulatory framework to improve building safety. More specifically, it published a Hackitt Review Implementation Plan for consultation until 12 February 2019 and with a further consultation planned for spring 2019 that will consider what type of both existing and new buildings the new Regulatory regime will apply to.

5.5 We are aware that market participants that are affected by the same or similar issues continue to review details of construction, health and safety, and particularly fire prevention, mitigation and means of escape from buildings where people sleep, albeit with the focus on tall residential buildings. However, in view of the continued lack of clarity on any regulatory changes, it remains too early to fully assess any valuation impact. Since the fire occurred, there has been limited evidence of market activity involving tall residential investments. However, there has been evidence of market activity of lower rise buildings where the presence of cladding has created uncertainty.

5.6 In the light of these circumstances, this valuation has been undertaken in the context of an unclear regulatory environment and we would therefore recommend that it is kept under regular review. Similarly, in the short-term, it is also likely that potential investors and occupiers will be more cautious, and the liquidity and pricing of some properties may be impacted.

5.7 Post the date of our valuation a fire took place on 15 November 2019 at a student property, The Cube, in Bolton (an unrelated property).

5.8 Liberty Living have been pursuing a program of works since June 2017 to address fire safety and cladding issues. We understand Liberty Living has undertaken a full fire safety review of the all the properties. We have been provided with a report dated June 2019 produced for Unite as part of its due diligence that reviewed all works being undertaken by Liberty Living to address fire safety issues.

5.9 In respect of Liberty Plaza, Newcastle we have been advised by Liberty Living that the recladding has been completed. We understand that no further costs or works are outstanding.

6 General Conditions

6.1 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.

6.2 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 in the Prospectus, 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.

6.3 For the purposes of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules, 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 paragraph 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of the ESMA Recommendations.

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
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 an d 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.
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

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR
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
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 (87). 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 (492 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 13 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 532 beds for the 2019/20 academic year. There is a mutual break at the end of the 2019/2020 academic year.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—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 413 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.
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.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR
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.	There is a nominations agreement with Georgetown University for 10 beds for one year. The remainder of 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 66 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
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 (168 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.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR
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.	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.
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 USAF				
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 (352 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.
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.

PROPERTY	TENURE	BEDS	DESCRIPTION	TENANCY—2019/2020 ACADEMIC YEAR
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 (49 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 XIX

TAXATION

The content of this Part XIX is not to be construed as tax advice. You should consult your tax adviser for tax advice. The tax legislation of the Member State or other jurisdiction in which you are resident, and of the Company's country of incorporation, may have an impact on the income received from the securities.

1. Introduction

The following paragraphs are intended as a general guide only, are not exhaustive and are based on current law and HM Revenue and Customs practice (which may not be binding) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They summarise the position of Shareholders who (unless the position of non-resident Shareholders is expressly referred to) are resident (and in the case of individual Shareholders, resident and domiciled) in (and only in) the United Kingdom for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and any dividends paid on them and who hold their Ordinary Shares as an investment (other than under an Individual Savings Account). The discussion below does not address all possible tax consequences relating to an investment in Ordinary Shares. Certain Shareholders may be taxed differently and are not considered, such as (but not limited to) traders, brokers, dealers in securities, banks, financial institutions, investment companies, those that are exempt from taxation, employees and officers of the Company (or a connected company), insurance companies, persons holding shares as part of hedging or conversion transactions, Shareholders who are not domiciled or resident in the United Kingdom, collective investment vehicles, trusts and those Shareholders who own (or are deemed to own) 10 per cent. or more of the share capital or of the voting power of the Company, or are entitled to 10 per cent. or more of the Company's distributions.

If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the United Kingdom, you should consult an appropriate professional adviser before taking any actions.

2. Dividends

This subsection considers certain UK tax implications of receiving cash dividends on Ordinary Shares.

The Company, as the principal company of a group Real Estate Investment Trust ("**REIT**"), may pay dividends as either a Property Income Distribution ("**PID**") or a normal dividend ("**Non-PID Dividend**") or a combination of both. The Company must, in respect of each accounting period, distribute at least 90 per cent. of the UK profits from the Group's property rental business in the form of PIDs.

2.1 *Taxation of PIDs*

Subject to certain exceptions, PIDs will generally be treated in the hands of UK tax resident Shareholders as profits from a UK property business for UK corporation tax and income tax purposes. Shareholders that qualify as Substantial Shareholders should also note the comments made in paragraph 7.6 of Part XXI which summarise the Company's position in respect of payment of distributions to Substantial Shareholders, and the possible implications for such Substantial Shareholders.

Individuals

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is treated as a separate UK property business. Income from any other UK property business (for the purposes of this Part XII, a "**different UK property business**") carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

A Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent on the PID. Higher rate taxpayers will be subject to tax at 40 per cent and additional rate taxpayers at 45 per cent.

Please see also paragraph 3 below.

Companies

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a property business (as defined in Part 4 of CTA 2009) (for the purposes of this Part XII, a "**Part 4 property business**"). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate Part 4 property business. Income from any other Part 4 property business (for the purposes of this Part XII, a "**different Part 4 property business**") carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a Shareholder's different Part 4 property business cannot be offset against a PID as part of a single calculation of the Shareholder's property business profits.

The main rate of UK corporation tax on such profit is currently 19 per cent (a reduction to 17 per cent. has been enacted with effect from 1 April 2020. However, major political parties have indicated their intention to repeal this rate reduction following the General Election).

Please see also paragraph 3 below.

Non-residents

Where a Shareholder who is not resident for tax purposes in the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding tax (please see paragraph 3 below).

Prospective non-UK tax resident Shareholders should consult their own professional advisers on the implications in the relevant jurisdictions of any non-UK implications of receiving PIDs.

2.2 *Taxation of Non-PID Dividends*

For Shareholders, Non-PID Dividends are taxed in the same way as normal dividends from other UK companies.

Individuals

A UK resident individual Shareholder will not be liable to UK income tax on any dividend which they receive from the Company to the extent that (taking account of any other dividends received in the same tax year) such dividend falls within the first £2,000 of dividend income received by that Shareholder (the "**Nil Rate Amount**"). Non-PID Dividends within the allowance will still count as taxable income when determining how much of the basic rate band or higher rate band has been used.

Subject to the availability of any personal allowance and taking account of any other dividends received by a UK resident individual Shareholder in the same tax year, such Shareholder will currently be subject to UK income tax on the amount (if any) of a dividend received from the Company in excess of the Nil Rate Amount:

- at the rate of 7.5 per cent., to the extent that such amount falls below the threshold for the higher rate of UK income tax;
- at the rate of 32.5 per cent., to the extent that such amount falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax; and
- at the rate of 38.1 per cent., to the extent that such amount falls above the threshold for the additional rate of UK income tax.

In each case, in determining the applicable dividend rate, the dividend income is treated as the top slice of the Shareholder's income.

Companies

UK resident corporate Shareholders which are *"small companies"* (for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009) will not generally be subject to tax on Non-PID Dividends from the Company provided certain conditions are met (including an anti-avoidance condition).

Other UK resident corporate Shareholders will not generally be subject to tax on dividends received from the Company as long as the Non-PID Dividends fall within one of a number of statutory exemptions. Examples of dividends that fall within an exemption are dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the company's assets on a winding up, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital, as long as those shares carry rights to less than 10 per cent. of the profits available for distribution and less than 10 per cent. of the assets on a winding up in the payer). The exemptions described above are not comprehensive and are subject to anti avoidance rules.

Where the conditions for the exemption are not met or cease to be satisfied, or such Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on Non-PID Dividends received at the rate of corporation tax applicable to that Shareholder (currently 19 per cent. and a reduction to 17 per cent. has been enacted with effect from 1 April 2020. However, major political parties have indicated their intention to repeal this rate reduction following the General Election).

Non-residents

Non UK resident Shareholders (other than those carrying on a trade, profession or vocation in the United Kingdom) will not generally be subject to UK tax on any dividends received from the Company. A non UK resident Shareholder may also be subject to foreign taxation on dividend income under their local law. Shareholders to whom this may apply should obtain their own tax advice concerning dividends received from the Company.

3. Withholding tax on dividends

3.1 *Withholding tax on PIDs*

Subject to certain exemptions summarised below, the Company will generally be required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. Where income tax has been withheld at source, Shareholders who are tax resident in the UK may, depending on their individual circumstances, either be liable to further tax on their PIDs at their applicable marginal rate (in which case, the income tax withheld will be set against such Shareholder's overall liability to tax), have no further tax to pay, or be entitled to claim repayment of some or all of the income tax withheld on their PIDs.

For Shareholders who are not tax resident in the UK, it is not possible to make a claim under a double taxation convention for PIDs to be paid by the Company gross or at a withholding tax rate lower than the basic rate of UK income tax (currently 20 per cent.). The right of a Shareholder to claim repayment of any part of the tax withheld from PIDs will depend on the existence and terms of any double tax convention between the UK and the country in which the Shareholder is resident. The relevant article in the double tax convention (if any) will generally be that dealing with company dividends, notwithstanding the way in which the UK treats PIDs for UK tax purposes.

3.2 *Exceptions to requirement to withhold tax on PIDs*

Shareholders should note that in certain circumstances the Company must not withhold tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a charity or a company resident for corporation tax purposes in the UK. They also include where payments are made to certain local authority bodies and where the Company reasonably believes that the PIDs are paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), or the account provider for a Child Trust Fund. In each case, the Company must reasonably believe that the PIDs will be applied for the purposes of the relevant fund, scheme or account.

In order to pay PIDs without withholding tax, the Company will need to reasonably believe, in its sole and absolute discretion, that the Shareholder concerned is entitled to that treatment. For that purpose, the Company will require such Shareholders to submit a valid declaration form to the Company's UK registrar. Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their declaration form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

3.3 *Withholding on Non-PID Dividends*

Under current law, no tax will be withheld by the Company when it pays a Non-PiD Dividend.

4. Taxation of Chargeable Gains

4.1 *Disposal of Ordinary Shares—UK resident individual Shareholders*

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax (depending on the Shareholder's personal circumstances including other capital gains or income for the relevant period and subject to certain reliefs and exemptions). The applicable rate of UK capital gains tax is generally 10 per cent. for basic rate taxpayers and 20 per cent. for higher and additional rate taxpayers (in each case for the 2019/2020 tax year), although an individual Shareholder is entitled to realise an exempt amount of gains (£12,000 for the 2019/2020 tax year) in each tax year without being liable to UK capital gains tax.

4.2 *Disposal of Ordinary Shares—UK resident corporate Shareholders*

A disposal or deemed disposal of Ordinary Shares by a Shareholder within the charge to United Kingdom corporation tax may give rise to a chargeable gain or allowable loss for the purposes of United Kingdom corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. Corporation tax is charged on chargeable gains at the rate applicable to that Shareholder.

4.3 *Disposal of Ordinary Shares—Non-Residents*

Prior to 6 April 2019, a Shareholder who is not a UK resident would not generally be subject to UK tax on any gain accruing to them as a result of a disposal or deemed disposal of the Ordinary Shares unless (i) the Shareholder caries on a trade, profession or vocation in the United Kingdom through a branch, agency, or permanent establishment and, broadly holds their Ordinary Shares for the purposes of the trade, profession or vocation or (ii) the Shareholder falls within certain anti-avoidance rules applying to temporary non-residents.

However, non-UK tax resident shareholders should take note of the new UK tax rules that took effect on 6 April 2019 that seek to tax gains made by non-UK tax resident persons where such gains derive substantially from UK property. Broadly, this measure can tax gains made by non-UK tax residents on the disposal of shares in a company deriving 75 per cent. or more of its value from UK land. Non-resident individuals will be subject to UK capital gains tax on such gains and non-resident companies will be subject to UK corporation tax on such gain, regardless of the size of their shareholding (the 25% ownership threshold for non-UK residents to be subject to capital gains tax on disposals of shares in UK property rich companies does not apply to UK REITs such as the Company).

We expect that this charge will apply to non-resident shareholders disposing of Ordinary Shares, subject to any applicable double tax treaty and any other exemption that may apply to such Shareholders. Prospective non-UK tax resident Shareholders should consult their own professional advisers on the implications of disposing of Ordinary Shares.

5. Stamp Duty and Stamp Duty Reserve Tax

5.1 *General*

The following statements are intended as a general guide to the current UK stamp duty and/or stamp duty reserve tax ("**SDRT**") position and apply regardless of whether or not the prospective holder of Ordinary Shares is resident in the United Kingdom. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt systems and clearance services may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under applicable UK regulations.

5.2 *Issue of Ordinary Shares*

Subject to the comments relating to depositary receipt systems and clearance services which are set out below, no stamp duty or SDRT should be payable on the issue of Ordinary Shares in certificated form or on the issue of Ordinary Shares in uncertificated form by way of credit to CREST accounts.

5.3 *Subsequent transfers of Ordinary Shares*

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in Ordinary Shares will ordinarily be subject to stamp duty or SDRT in the normal way. Subject to an exemption for certain low-value transfers, a purchaser of Ordinary Shares held in certificated form will generally be liable to pay stamp duty on the transfer of such Ordinary Shares at the rate of 0.5 per cent. of the amount or value of the consideration given for such transfer (rounded up to the nearest multiple of £5).

A charge to SDRT will also generally arise on an unconditional agreement to the transfer of Ordinary Shares, or on a transfer effected in CREST, at the rate of 0.5 per cent. of the amount or value of the consideration payable. However, if within six years of the date of the agreement (or, if the agreement was conditional, the date on which the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and is duly stamped (unless it is exempt), the stamping of the transfer will normally cancel the SDRT liability and any SDRT already paid should be refunded.

Generally, it is the purchaser or transferee of the Ordinary Shares who will be responsible for paying such stamp duty or SDRT.

5.4 *Ordinary Shares held through CREST*

Paperless transfers of Ordinary Shares within CREST should generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system.

Generally, no stamp duty or SDRT will arise on a deposit of Ordinary Shares into the CREST system unless such a transfer is made for consideration in money or money's worth.

5.5 *Ordinary Shares held through depositary receipt systems and clearance services*

Subject to the comments that follow, where Ordinary Shares are issued or transferred to a person whose business is or includes either the provision of clearance services or the issuing of depositary receipts (or such person's agent or nominee), stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares (rounded up to the next multiple of £5, in the case of stamp duty). Although this liability will strictly be for the account of the depositary or clearance service operator (or their nominee or agent) as the case may be, in practice it will generally be reimbursed by participants in the clearance service or depositary receipt arrangements. Transfers within the clearance service, and transfer of depositary receipts, may then generally be made free of SDRT or stamp duty. Alternatively, clearance services may opt, provided certain conditions are satisfied, for the normal rates of stamp duty or SDRT to apply to issues or transfers of Ordinary Shares into, and to transactions within, such services.

Notwithstanding the above, HMRC has confirmed that it will not seek to apply the 1.5 per cent. SDRT charge on an issue of shares to a clearance system or depositary receipts arrangement on the basis that such a charge is not compliant with EU law. However, HMRC's view is that the 1.5 per cent. stamp duty or SDRT charge will continue to apply to transfers of shares into a clearance service or depositary receipts arrangement, unless such transfers are an integral part of an issue of share capital.

PART XX

DIRECTORS AND CORPORATE GOVERNANCE

1. Directors

The Directors of the Company as at the date of this document and their respective roles are set out below:

Name	Position
Phil White	Chairman
Richard Smith	Chief Executive Officer
Joe Lister	Chief Financial Officer
Sir Tim Wilson(1)	Non-Executive Director
Elizabeth McMeikan	Senior independent, Non-Executive Director
Ross Paterson	Non-Executive Director
Richard Akers	Non-Executive Director
Ilaria del Beato	Non-Executive Director
Dame Shirley Pearce	Non-Executive Director

(1) Sir Tim Wilson is stepping down from the Board effective 31 December 2019 after serving as a Director for nine years.

A short biography for each Director is set out below. Further information on the Directors, including the companies of which each of the Directors has been a director at any time in the past five years, is set out in paragraph 8 of Part XXI (*Additional Information*) of this document.

Phil White

Phil has served as Chairman since May 2009. He was Chief Executive of National Express Group plc from 1997 to 2006 and led the business through growth in the UK and overseas. He gained extensive executive experience in the public transport sector during the period of deregulation and privatisation. He is interim Executive Chair of Lookers plc as well as non-executive Director of VP plc.

Richard Smith

Richard became Chief Executive Officer in June 2016 after working as Unite's Managing Director of Operations since 2011 and joining the business as Deputy Chief Financial Officer in 2010. Prior to Unite, Richard worked in the transport industry in the UK, Europe, North America and Australia, including 13 years at National Express Group.

Joe Lister

Joe joined Unite in 2002 and was appointed Chief Financial Officer in 2008 having held roles including Investment Director. Joe is also a non-executive Director for Helical PLC. Prior to joining Unite, Joe qualified as a chartered accountant with PricewaterhouseCoopers.

Professor Sir Tim Wilson

Sir Tim is a leading thinker in the field of collaboration between academic institutions and industry and author of the Government—commissioned Wilson Review 2012. He has extensive experience in UK Higher Education including Vice Chancellor of the University of Hertfordshire, Deputy Chair of the CBI Innovation, Science and Technology Committee, Trustee of the Council for Industry and Higher Education and serving on the board of the Higher Education Funding Council for England. He was appointed to the Unite board in 2010 and will step down effective 31 December 2019 after serving nine years.

Elizabeth McMeikan

Elizabeth brings extensive experience from customer-focused businesses, including Tesco and Colgate Palmolive. She is a non-executive director at Dalata Hotel Group Plc, McBride plc, Fresca Group Ltd, an import/export fruit and vegetable company, and a director of Second Growth Community Investment Company. Previously she was a non-executive director of JD Weatherspoon plc, the chair of Moat Homes Ltd, a leading housing association in the South East, and CH & Co Ltd, a privately-owned catering company. She joined Unite in 2014.

Ross Paterson

Ross was appointed as Audit Committee Chair in February 2018, after being appointed as non-executive Director of the board in September 2017. He is Finance Director of Stagecoach Group plc, and as a member of Stagecoach's board is responsible for finance, technology and compliance. In addition, he is a non-executive Director and Audit Committee Chair of Virgin Rail Group Holdings Limited, and a member of the Business Policy Committee of the Institute of Chartered Accountants of Scotland.

Richard Akers

Richard joined the Board in September 2018, as a Non-Executive Director. From 1995 to 2014 Richard worked at Land Securities plc, where he had various positions including as an Executive Director on the main board and Managing Director of Retail. Richard has over 30 years' experience in the real estate industry, with a focus on retail. He is currently Senior Independent Director and Chair of the Health & Safety and Remuneration Committees at Barratt Developments Plc, a non-executive Director at Shaftesbury Plc and an Advisory Board Member at Battersea Power Station Development Company. Previously Richard was a non-executive Director at Emaar Malls PJSC.

Ilaria del Beato

Ilaria joined the Board in December 2018, as a Non-Executive Director. She is currently CEO of Frasers Property UK, part of Frasers Property, a global real estate group. Ilaria was formerly CEO of GE Capital UK, a regulated Bank and corporate lender and led GE Capital Real Estate UK, a commercial real estate investor, developer and lender. Ilaria brings 30 years of experience in real estate, including asset management, investment and lending.

Dame Shirley Pearce

Dame Shirley joined the Board in November 2019, as a Non-Executive Director. She has held chair, senior executive and non-executive roles at board level in higher education, health and policing. She was appointed by the Secretary of State for Education as the Independent Reviewer of the Teaching Excellence and Student Outcomes Framework (TEF) (completed in October 2019) and is a member of the Committee on Standards in Public Life, a member of the Advisory Board of HCA Healthcare UK and, until 31 December 2019, Chair of Court at the London School of Economics and Political Science (LSE). Dame Shirley was also Vice-Chancellor and President of Loughborough University from 2006–2012. She was appointed CBE in 2005 for services to education in the NHS and in 2014 appointed DBE for services to Higher Education.

2. Proposed Directors

Thomas Jackson and Sir Steve Smith are the Proposed Directors of the Company as at the date of this document and will join the Board as non-executive directors from the respective effective dates below:

Name	Position	Effective date
Thomas Jackson	Non-executive director	Completion
Sir Steve Smith	Non-executive director	1 April 2020

A short biography for each Proposed Director is set out below. Further information on the Proposed Directors, including the companies of which each of the Proposed Directors has been a director at any time in the past five years, is set out in paragraph 8 of Part XXI (*Additional Information*) of this document.

Thomas Jackson

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.

Sir Steve Smith

Professor Sir Steve Smith brings to Unite a wealth of experience in the Higher Education sector. He is currently the Vice-Chancellor and Chief Executive of the University of Exeter, a position he has held since 2002 and is stepping down from in August 2020. Sir Steve was the Chair of UCAS between 2012 and 2019 and serves on the Boards of Universities UK (UUK) and the Russell Group. Among other roles he is also Chair of UUK International Policy Network. Between 2007 and 2010, Sir Steve led for higher education on the Prime Minister's National Council of Excellence in Education, which provided advice to the Government about strategy and measures to achieve world-class education performance for all children and young people. Sir Steve was knighted in 2011 for services to higher education locally and nationally.

3. Directors' and Proposed Directors' interests

Details of the interests of each Director and each Proposed Director are set out in paragraph 8 of Part XXI (*Additional Information*).

4. Corporate Governance

The Board is committed to the highest standards of corporate governance and complies in full with the UK Corporate Governance Code. The Board also takes account of institutional shareholder and governance rules and guidance on disclosure and shareholder authorisation. The Board is scheduled to meet 10 times a year and additional meetings are arranged as necessary.

5. Board composition

Unite is controlled through the Board, which currently comprises nine Directors and is responsible to Unite's Shareholders for proper management of the Company. The Board's main roles are to: approve the strategic objectives of Unite and the business plan to achieve those objectives; approve major investments, acquisitions, mergers and divestments; approve major development schemes; approve appointments to and dismissals from the Board; review systems of internal control and risk management; and approve policies relating to Directors' remuneration.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding its chairman, should comprise non-executive directors determined by the board to be independent. For the purposes of assessing compliance with the UK Corporate Governance Code, the Board considers that six of its members are non-executive directors who are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board also considers that the Chairman of the Company was independent on appointment.

The UK Corporate Governance Code further recommends that the board of directors of a company with a premium listing on the official list should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director of the Company is Elizabeth McMeikan and is available to shareholders if they have concerns where contact through the normal channels of the Chairman or the CEO has failed to resolve or where such contact is inappropriate.

6. Board Committees

As required by the UK Corporate Governance Code, the Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee, with formally delegated duties and responsibilities and with written terms of reference. Additionally, reflecting the importance of health and safety of students and staff to the business the Board has established a Health & Safety Committee.

The members of each committee are as follows:

Name	Chairman	Members
Audit	Ross Paterson	Sir Tim Wilson, Richard Akers, Ilaria del Beato
Remuneration	Elizabeth McMeikan	Phil White, Sir Tim Wilson, Ross Paterson, Richard Akers, Dame Shirley Pearce
Nomination	Phil White	Elizabeth McMeikan, Sir Tim Wilson, Ross Paterson, Richard Akers, Ilaria del Beato, Dame Shirley Pearce
Health and Safety	Sir Tim Wilson	Richard Smith, Elizabeth McMeikan, Ilaria del Beato, Dame Shirley Pearce

6.1 *Audit Committee*

The Audit Committee is appointed by the Board (following consideration and recommendation by the Nomination Committee) and comprises of at least three members, all of whom shall be independent non-executive Directors. The Board shall ensure that at least one member of the Committee shall have significant, recent and relevant financial experience. The Board considers the Chair of the Audit Committee, Ross Paterson, to have such experience. Appointments to the Audit Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent. The Audit Committee Chairman will be appointed by the Board from amongst the independent non-executive Directors. The Secretary of the Company is the Secretary of the Audit Committee. The Audit Committee meets at least three times a year and the quorum for each meeting is two members.

The role of the Audit Committee is to ensure appropriate oversight and review of the presentation and integrity of Unite's financial reporting, internal controls and risk management, internal audit programmes, changes in regulatory requirements, and the independence and appointment of the external auditor.

The Audit Committee monitors the integrity of Unite's financial statements, financial reporting and related statements, as well as the clarity and completeness of disclosure in the financial reports and the context in which statements are made. The Audit Committee advises the Board as to whether the annual report and accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Audit Committee ensures the appropriateness of accounting policies, any changes to these, and any significant estimates and judgements made. The Audit Committee reviews the effectiveness of internal control, compliance and risk management systems (including whistleblowing arrangements). The Audit Committee is also responsible for overseeing all aspects of the relationship with internal and external auditors; approving the policy on non-audit services; making recommendations to the Board for their dismissal or changes; and supervising any tender process.

6.2 *Remuneration Committee*

The Remuneration Committee is appointed by the Board (following consideration and recommendation by the Nomination Committee) and comprises at least three members, all of whom shall be independent non-executive Directors. The Chairman of the Remuneration Committee shall be appointed by the Board and will need to have served on the Remuneration Committee itself or the remuneration committee of another company for at least a year. The Remuneration Committee meets at least three times a year and the quorum for each meeting is two members.

The Remuneration Committee is responsible for determining the levels of remuneration for the Chairman, Executive Directors, and the company secretary and keeping these under review. In setting the policy and practices for Executive Directors, the Remuneration Committee will additionally review and have regard to: clarity, simplicity, risk, predictability, proportionality and alignment to culture as contemplated by the Corporate Governance Code. In addition, the Remuneration Committee shall review workforce remuneration and related policies and the alignment of incentives and rewards with executive director remuneration and the values and culture of the business. The Remuneration Committee is also responsible for monitoring the level and structure of remuneration for senior management.

6.3 *Nomination Committee*

The Nomination Committee is appointed by the Board. It is comprised of a Chairman and at least three other members, a majority of whom must be independent non-executive Directors. The Chairman of the Nomination Committee shall be appointed by the Board, and will be the Chairman of the Board or one of the non-executive Directors. If the Nomination Committee is dealing with the appointment of a successor to the chairmanship or reviewing the performance of the Chairman, the Senior Independent Director will act as Chairman. The Nomination Committee meets at least twice a year and the quorum for each meeting is three members.

The role of the Nomination Committee is to ensure that appropriate procedures are adopted and followed in the nomination, selection, training, evaluation and re-election of Directors and for succession planning, with due regard in all cases to the benefits of diversity on the Board, including gender.

The Nomination Committee is responsible for reviewing the size and composition of the Board, together with the skills, knowledge, experience and diversity of its members and making recommendation for change as necessary. The Nomination Committee carries out an annual performance evaluation of the Board, its Committees and individual members, and is responsible for succession planning for the Board and the executive leadership team.

6.4 *Health and Safety Committee*

The Health and Safety Committee is appointed by the Board. It is comprised of a Chairman who is an independent non-executive Director, and four other members, three of whom are independent non-executive Directors, whilst the other is the Chief Executive. The Company Secretary acts as Secretary to the Health and Safety Committee. The Health and Safety Committee meets at least twice a year and the quorum for each meeting is two members.

The Health and Safety Committee has responsibility for approving and reviewing the Unite group's Health and Safety Policy, ensuring that all Directors are kept informed of their health and safety responsibilities and duties and ensuring the Board is kept informed of any regulatory changes in relation to health and safety. The Health and Safety Committee also receives reports from the Executive Team as to Business Unit health and safety policies and compliance with the policies, and as to health and safety performance throughout the Unite group.

PART XXI

ADDITIONAL INFORMATION

1. Responsibility

The Company, the Directors whose names appear in paragraph 1 of Part XX (*Directors and Corporate Governance*) and the Proposed Directors whose names appear in paragraph 2 of Part XX (*Directors and Corporate Governance*) accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Directors, 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. Incorporation and registered office

The Company 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. On 24 June 1998, the shareholders of the Company resolved to re-register the Company as a public limited company and change the name to the LDC Group plc. On 27 January 1999, the shareholders of the Company resolved to change the name of the Company to The Unite Group plc.

The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been, and the Consideration Shares will be, created is the Companies Act and the regulations made thereunder.

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

3. Organisational Structure

The Company is the ultimate holding company of Unite. Following Completion, the Company will be the ultimate holding company of the Enlarged Group.

3.1 *Unite*

Unite's principal subsidiaries and associated undertakings (each of which are considered by Unite to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position or the profits and losses of Unite) are as follows:

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
Registered office: South Quay House, Temple Back, Bristol, BS1 6FL		
LDC (AIB Warehouse) Limited (04872419)	England and Wales	100
LDC (Alscot Road) Limited (06176428)	England and Wales	100
LDC (Brunel House) Limited (09760628)	England and Wales	100
LDC (Camden Court Leasehold) Limited (5140620)	England and Wales	100
LDC (Camden Court) Limited (05082671)	England and Wales	100
LDC (Capital Cities Nominee no. 1) Limited ((05347228)	England and Wales	100
LDC (Capital Cities Nominee no. 2) Limited (05359457)	England and Wales	100
LDC (Capital Cities Nominee no. 3) Limited (08792780)	England and Wales	100
LDC (Capital Cities Nominee no. 4) Limited (08792688)	England and Wales	100
LDC (Capital Cities) Limited (05347220)	England and Wales	100
LDC (Causewayend) Limited (08895966)	England and Wales	100
LDC (Chantry Court Leasehold) Limited (05140258)	England and Wales	100
LDC (Chaucer House) Limited (09898020)	England and Wales	100
LDC (Constitution Street) Limited (09210998)	England and Wales	100
LDC (Construction Two) Limited (04847268)	England and Wales	100
LDC (Euro Loan) Limited (06623603)	England and Wales	100
LDC (Ferry Lane 2) GP 3 Limited (07503842)	England and Wales	100
LDC (Ferry Lane 2) GP 4 Limited (07503913)	England and Wales	100
LDC (Ferry Lane 2) Holdings Limited (07504099)	England and Wales	100
LDC (Finance) Limited (09760806)	England and Wales	100

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
LDC (Greetham Street) Limited (08895825)	England and Wales	100
LDC (Gt Suffolk St) Limited Partnership	England and Wales	100
LDC (Gt Suffolk St) Management Limited Partnership	England and Wales	100
LDC (Gt Suffolk Street) GP1 Limited (07274156)	England and Wales	100
LDC (Gt Suffolk Street) GP2 Limited (07274000)	England and Wales	100
LDC (Gt Suffolk Street) Holdings Limited (07353946)	England and Wales	100
LDC (Gt Suffolk Street) Management GP1 Limited (07354719)	England and Wales	100
LDC (Gt Suffolk Street) Management GP2 Limited (07354728)	England and Wales	100
LDC (Hampton Street) Limited (06415998)	England and Wales	100
LDC (Hillhead) Limited (06176554)	England and Wales	100
LDC (Holdings) Ltd (02625007)	England and Wales	100
LDC (Imperial Wharf) Limited (04541678)	England and Wales	100
LDC (International House) Limited (10131352)	England and Wales	100
LDC (Kelham Island) Limited (05152229)	England and Wales	100
LDC (Leasehold A) Limited (04066933)	England and Wales	100
LDC (Leasehold B) Limited (05978242)	England and Wales	100
LDC (Loughborough) Limited (04207522)	England and Wales	100
LDC (Magnet Court Leasehold) Limited (05140255)	England and Wales	100
LDC (Millennium View) Limited (09890375)	England and Wales	100
LDC (MTF Portfolio) Limited (05530557)	England and Wales	100
LDC (Nairn Street) GP 3 Limited (07808933)	England and Wales	100
LDC (Nairn Street) GP 4 Limited (07808919)	England and Wales	100
LDC (Nairn Street) Holdings Limited (07579402)	England and Wales	100
LDC (Newgate) Limited (08895869)	England and Wales	100
LDC (New Wakefield Street) Limited (10436455)	England and Wales	100
LDC (Old Hospital) Limited (09702143)	England and Wales	100
LDC (Oxford Road Bournemouth) Limited (04407309)	England and Wales	100
LDC (Portfolio 100) Limited (07989369)	England and Wales	100
LDC (Portfolio 20) Limited (08803996)	England and Wales	100
LDC (Portfolio Five) Limited (06079581)	England and Wales	100
LDC (Portfolio Four) Limited (04985603)	England and Wales	100
LDC (Portfolio One) Limited (03005262)	England and Wales	100
LDC (Portfolio) Limited (08419375)	England and Wales	100
LDC (Project 110) Limited (05083580)	England and Wales	100
LDC (Project 111) Limited (05791650)	England and Wales	100
LDC (Radmarsh Road) Limited (05435290)	England and Wales	100
LDC (Skelhorne) Limited (09898132)	England and Wales	100
LDC (Smithfield) Limited (03373096)	England and Wales	100
LDC (St Leonards) Limited (08895830)	England and Wales	100
LDC (St Pancras Way) GP1 Limited (07359501)	England and Wales	100
LDC (St Pancras Way) GP2 Limited (07359428)	England and Wales	100
LDC (St Pancras Way) GP3 Limited (07503268)	England and Wales	100
LDC (St Pancras Way) GP4 Limited (07503251)	England and Wales	100
LDC (St Pancras Way) Holdings Limited (07360734)	England and Wales	100
LDC (St Pancras Way) Limited Partnership	England and Wales	100
LDC (St Pancras Way) Management Limited Partnership	England and Wales	100
LDC (St Vincents) Limited (10218310)	England and Wales	100
LDC (Swindon NHS) Limited (04027502)	England and Wales	100
LDC (Tara House) Limited (09214177)	England and Wales	100
LDC (Thurso Street) GP1 Limited (07199022)	England and Wales	100
LDC (Thurso Street) GP2 Limited (07198979)	England and Wales	100
LDC (Thurso Street) GP3 Limited (07434001)	England and Wales	100
LDC (Thurso Street) GP4 Limited (07434133)	England and Wales	100
LDC (Thurso Street) Limited Partnership	England and Wales	100
LDC (Thurso Street) Management Limited Partnership	England and Wales	100

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
LDC (Ventura) Limited (0444628)	England and Wales	100
LDC (Vernon Square) Limited (06444132)	England and Wales	100
LDC (William Morris II) Limited (05999281)	England and Wales	100
LDC Capital Cities Two (GP) Limited (08790742)	England and Wales	100
LSAV (Angel Lane) GP3 Limited (08646359)	England and Wales	100
LSAV (Angel Lane) GP4 Limited (08646929)	England and Wales	100
LSAV (Aston Student Village) GP3 Limited (10498217)	England and Wales	50
LSAV (Aston Student Village) GP4 Limited (10498484)	England and Wales	50
LSAV (Stratford) GP3 Limited (08751654)	England and Wales	100
LSAV (Stratford) GP4 Limited (08751629)	England and Wales	100
LSAV (Wembley) GP3 Limited (08725127)	England and Wales	100
LSAV (Wembley) GP4 Limited (08725235)	England and Wales	100
LSAV Rent Collection Limited (08496230)	England and Wales	100
LSAV (Stapleton) GP3 Limited (08646819)	England and Wales	100
LSAV (Stapleton) GP4 Limited (08647019)	England and Wales	100
Stardesert Limited (0437102)	England and Wales	100
The UNITE Foundation	England and Wales	100
Unite Accommodation Management 16 Limited (07061314)	England and Wales	100
Unite Accommodation Management 18 Limited (08328484)	England and Wales	100
Unite Accommodation Management 19 Limited (08790504)	England and Wales	100
Unite Accommodation Management 2 Limited (05193166)	England and Wales	100
Unite Accommodation Management 20 Limited (08790642)	England and Wales	100
Unite Accommodation Management 6 Limited (05077346)	England and Wales	100
Unite Accommodation Management 9 Limited (06190863)	England and Wales	100
Unite Accommodation Management Limited (06190905)	England and Wales	100
Unite Accommodation Management One Hundred Limited (07989080)	England and Wales	100
UNITE Capital Cities Holdings Limited (08801242)	England and Wales	100
UNITE Construction (Angel Lane) Limited (08792704)	England and Wales	100
UNITE Construction (Stapleton) Limited (09023406)	England and Wales	100
UNITE Construction (Wembley) Limited (09023474)	England and Wales	100
Unite Finance Limited (04353305)	England and Wales	100
UNITE Finance One (Accommodation Services) Limited (04332937)	England and Wales	100
Unite Finance One (Holdings) Limited (04316207)	England and Wales	100
UNITE Finance One (Property) Limited (04303331)	England and Wales	100
UNITE FM Limited (06807562)	England and Wales	100
UNITE For Success Limited (05157263)	England and Wales	100
Unite Holdings Ltd (03148468)	England and Wales	100
UNITE Homes Limited (05140262)	England and Wales	100
Unite Integrated Solutions plc (02402714)	England and Wales	100
Unite Modular Solutions Limited (05140259)	England and Wales	100
Unite Rent Collection Limited (0598935)	England and Wales	100
UNITE Student Living Limited (06204135)	England and Wales	100
USAF GP No 11 Management Limited (07351883)	England and Wales	100
USAF LP Limited (05860874)	England and Wales	100
USAF Management GP No 14 Limited (09130985)	England and Wales	100
USAF Management GP No.15 Limited (09749946)	England and Wales	100
USAF Management GP No.16 Limited (09750068)	England and Wales	100
USAF Management GP No.17 Limited (09750061)	England and Wales	100
USAF Management 10 Limited (06714695)	England and Wales	100
USAF Management 11 Limited (07082782)	England and Wales	100
USAF Management 12 Limited (07365681)	England and Wales	100

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
USAF Management 14 Limited (09232206)	England and Wales	100
USAF Management 18 Limited (10219775)	England and Wales	100
USAF Management 6 Limited (06225945)	England and Wales	100
USAF Management 8 Limited (06387597)	England and Wales	100
USAF Management Limited (05862721)	England and Wales	100
LDC (Ferry Lane 2) GP 1 Limited (07359448)	England and Wales	50
LDC (Ferry Lane 2) GP 2 Limited (07359481)	England and Wales	50
LDC (Ferry Lane 2) Limited Partnership	England and Wales	50
LDC (Ferry Lane 2) Management Limited Partnership	England and Wales	50
LDC (Stratford) GP1 Limited (07547911)	England and Wales	50
Registered office: South Quay House, Temple Back, Bristol, BS1 6FL		
LDC (Stratford) GP2 Limited (07547994)	England and Wales	50
LDC (Stratford) Limited Partnership	England and Wales	50
LSAV (Angel Lane) GP1 Limited (08593689)	England and Wales	50
LSAV (Angel Lane) GP2 Limited (08593692)	England and Wales	50
LSAV (Angel Lane) Limited Partnership	England and Wales	50
LSAV (Angel Lane) Management Limited Partnership	England and Wales	50
LSAV (Aston Student Village) GP1 Limited (10498478)	England and Wales	50
LSAV (Aston Student Village) GP2 Limited (10498481)	England and Wales	50
LSAV (Aston Student Village) Limited Partnership	England and Wales	50
LSAV (Aston Student Village) Management Limited Partnership	England and Wales	50
LSAV (Stapleton) Limited Partnership	England and Wales	50
LSAV (Stapleton) Management Limited Partnership	England and Wales	50
LSAV (Stratford) Management Limited Partnership	England and Wales	50
LSAV (Wembley) GP1 Limited (08635735)	England and Wales	50
LSAV (Wembley) GP2 Limited (08636051)	England and Wales	50
LSAV (Wembley) Limited Partnership	England and Wales	50
LSAV (Wembley) Management Limited Partnership	England and Wales	50
LSAV(Stapleton) GP1 Limited (08593695)	England and Wales	50
LSAV(Stapleton) GP2 Limited (08593699)	England and Wales	50
Unite Capital Cities Limited Partnership	England and Wales	50
Unite Capital Cities Two Limited Partnership	England and Wales	50
USAF Management No. 15 Limited Partnership	England and Wales	25.5
USAF Management No. 16 Limited Partnership	England and Wales	25.5
USAF Management No. 17 Limited Partnership	England and Wales	25.5
USAF No 15 Limited Partnership	England and Wales	25.5
Filbert Village Student Accommodation Limited Partnership	England and Wales	25.2
USAF No 1 Limited Partnership	England and Wales	25.3
USAF No 10 Limited Partnership	England and Wales	25.3
USAF No 11 Limited Partnership	England and Wales	25.3
USAF No 11 Management Limited Partnership	England and Wales	25.3
USAF No 12 Limited Partnership	England and Wales	25.2
USAF No 14 Limited Partnership	England and Wales	25.3
USAF Management No 14 Limited Partnership	England and Wales	25.3
USAF No 18 Limited Partnership	England and Wales	25.3
USAF No 6 Limited Partnership	England and Wales	25.3
USAF No 8 Limited Partnership	England and Wales	25.3
LDC (Nairn Street) Limited Partnership	England and Wales	25.2
LDC (Nairn Street) Management Limited Partnership	England and Wales	25.2
Filbert Village GP Limited	England and Wales	16.9
LDC (Nairn Street) GP 1 Limited	England and Wales	16.9
LDC (Nairn Street) GP 2 Limited	England and Wales	16.9
USAF Finance II Limited	England and Wales	16.9
USAF GP No 1 Limited (05897875)	England and Wales	16.9
USAF GP No 10 Limited (06714734)	England and Wales	16.9

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
USAF GP No 11 Limited (07075210)	England and Wales	16.9
USAF GP No 12 Limited (07368735)	England and Wales	16.9
USAF GP No 14 Limited (09189977)	England and Wales	16.9
USAF GP No 15 Limited (09585201)	England and Wales	16.9
USAF GP No 18 Limited (10219336)	England and Wales	16.9
USAF GP No 6 Limited (05897755)	England and Wales	16.9
USAF GP No 8 Limited (06381914)	England and Wales	16.9
USAF Holdings B Limited (06324325)	England and Wales	16.9
USAF Holdings C Limited (06381882)	England and Wales	16.9
USAF Holdings H Limited (09089805)	England and Wales	16.9
USAF Holdings I Limited (09581882)	England and Wales	16.9
USAF Holdings J Limited (10215997)	England and Wales	16.9
USAF Holdings Limited (05870177)	England and Wales	25.5
USAF Nominee No 1 Limited (05855598)	England and Wales	25.5
USAF Nominee No 10 Limited (06714690)	England and Wales	25.5
USAF Nominee No 10A Limited (06714615)	England and Wales	25.5
USAF Nominee No 11 Limited (07075251)	England and Wales	25.5
USAF Nominee No 11A Limited (07075251)	England and Wales	25.5
USAF Nominee No 12 Limited (07368733)	England and Wales	25.5
USAF Nominee No 12A Limited (07368753)	England and Wales	25.5
USAF Nominee No 14 Limited (09231609)	England and Wales	25.5
USAF Nominee No 14A Limited (09231604)	England and Wales	25.5
USAF Nominee No 18 Limited (10218595)	England and Wales	25.5
USAF Nominee No 18A Limited (10219339)	England and Wales	25.5
USAF Nominee No 1A Limited (05835512)	England and Wales	25.5
USAF Nominee No 6 Limited (05855599)	England and Wales	25.5
USAF Nominee No 6A Limited (05885802)	England and Wales	25.5
USAF Nominee No 8 Limited (06381861)	England and Wales	25.5
USAF Nominee No 8A Limited (06381869)	England and Wales	25.5
USAF RCC Limited (05983554)	England and Wales	16.9
Registered office: 13 Castle Street, St Helier, Jersey, JE4 5UT		
LDC (Gt Suffolk St) Unit Trust	Jersey	100
LDC (St Pancras Way) Unit Trust	Jersey	100
LDC (Thurso Street) Unit Trust	Jersey	100
LSAV (Jersey Manager) Limited	Jersey	100
Unite (Capital Cities) Jersey Limited	Jersey	100
USAF Jersey Investments Limited	Jersey	100
USAF Jersey Manager Limited	Jersey	100
LDC (Ferry Lane 2) Unit Trust	Jersey	50
LDC (Stratford) Unit Trust	Jersey	50
LSAV (Holdings) Limited	Jersey	50
LSAV (Trustee) Limited	Jersey	50
LSAV Unit Trust	Jersey	50
LSAV (Aston Student Village) Unit Trust	Jersey	50
UNITE Capital Cities Unit Trust	Jersey	50
USAF Portfolio 18 Unit Trust	Jersey	25.2
LDC (Nairn Street) Unit Trust	Jersey	25.2
UNITE UK Student Accommodation Fund	Jersey	16.9
Registered office: Third Floor, La Plaiderie Chambers, St Peter Port, Guernsey, GY1 1WG		
USAF Feeder Guernsey Limited	Guernsey	45.2
USAF Portfolio 15 Unit Trust	Guernsey	25.5
USAF Portfolio 16 Unit Trust	Guernsey	25.5
USAF 15 NRL Limited	Guernsey	25.5
USAF Portfolio 17 Unit Trust	Guernsey	25.5
Registered office: Third Floor, Barclays House, Victoria Street, Douglas, Isle of Man, IM1 2LE		
Filbert Street Student Accommodation Unit Trust	Isle of Man	25.2

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
Registered office: Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2 EN		
LSAV (GP) Limited	Scotland	50
LSAV (Property Holdings) LP	Scotland	50

3.2 *Liberty Living Group*

Liberty Living's principal subsidiaries and associated undertakings (each of which is considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position or the profits and losses of Liberty Living) are as follows:

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
Directly owned operating subsidiaries of Liberty Living (HE) Holdings Limited		
Liberty Living Investments Limited	England and Wales	Class A Shares 100 Class B Shares 30 Class C shares 0
Liberty Living Investments GP1 Limited	England and Wales	Class A Shares 100 Class B Shares 30 Class C shares 0
Liberty Living Investments GP2 Limited	England and Wales	Class A Shares 100 Class B Shares 30 Class C shares 0
Liberty Living Investments GP3 Limited	England and Wales	100
Liberty Living Investments II Limited	England and Wales	100
Liberty Living Finance plc	England and Wales	100
UK Limited partnerships		
Liberty Living Investments 1 Limited Partnership	England and Wales	99.9
Liberty Living Investments 2 Limited Partnership	England and Wales	99.9
Liberty Living Investments 3 Limited Partnership	England and Wales	99.9
Indirectly owned subsidiaries		
Liberty Living Limited	England and Wales	100
Liberty Living UK Limited	England and Wales	100
Liberty Living (Liberty AP) Limited	England and Wales	100
Liberty Atlantic Point (Liverpool) Limited	England and Wales	100
Liberty Living (Liberty CP) Limited	England and Wales	100
Liberty Cambrian Point (Cardiff) Limited	England and Wales	100
Liberty Living (LP Coventry) Limited	England and Wales	100
Liberty Point (Coventry) Limited	England and Wales	100
Liberty Living (LP Manchester) Limited	England and Wales	100
Liberty Point (Manchester) Limited	England and Wales	100
Liberty Living (LQ Newcastle) Limited	England and Wales	100
Liberty Quay (Newcastle) Limited	England and Wales	100
Liberty Living (Liberty PP) Limited	England and Wales	100
Liberty Prospect Point (Liverpool) Limited	England and Wales	100
Liberty Living (Liberty SP) Limited	England and Wales	100
Liberty Severn Point (Cardiff) Limited	England and Wales	100
Liberty Park (Bedford) Limited	British Virgin Islands	100
Liberty Plaza (Newcastle) Limited	British Virgin Islands	100
Liberty Plaza (London) Limited	England and Wales	100
Liberty Park (Bristol) Limited	England and Wales	100
Liberty Living (LP Bristol) Limited	England and Wales	100
Liberty Living Investments II Holdco 2 Limited	England and Wales	100
Liberty Living Investments II Holdco Limited	England and Wales	100
LL Midco 2 Limited	England and Wales	100
Liberty Park (US Bristol) Limited	England and Wales	100
Liberty Gardens (Cardiff) Limited	England and Wales	100
Liberty Living (LG Cardiff) Limited	England and Wales	100

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights held (%)
Liberty Heights (Manchester) Limited	England and Wales	100
Liberty Living (LH Manchester) Limited	England and Wales	100
Liberty Quay 2 (Newcastle) Limited	England and Wales	100
Liberty Living (LQ2 Newcastle) Limited	England and Wales	100
Liberty Village (Edinburgh) Limited	England and Wales	100
Liberty Point Southampton (Block A) Limited	England and Wales	100

4. Share capital

4.1 *Issued share capital*

The issued fully paid up share capital of the Company, as at the Latest Practicable Date, is as follows:

Class	Number	Nominal value per share
Ordinary shares	290,949,451	£ 0.25

The issued fully paid up share capital of the Company is expected to be after the issue of the Consideration Shares and immediately following Admission (assuming that no other Ordinary Shares are issued between the Latest Practicable Date and Admission) as follows:

Class	Number	Nominal value per share
Ordinary shares	363,531,737	£ 0.25

The Ordinary Shares are in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of Ordinary Shares in uncertificated form and title to the Ordinary Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered share owners by post. No temporary documents of title have been or will be issued in respect of the Ordinary Shares.

The Ordinary Shares are currently listed on the premium segment of the Official List and traded on the London Stock Exchange's main market for listed securities.

No application has been made or is currently intended to be made by Unite for the Ordinary Shares to be admitted to listing or trading on any other exchange.

The Consideration Shares will be ordinary shares of 25 pence each, in registered form and denominated in sterling. The ISIN for the Consideration Shares will be GB0006928617 and the SEDOL number of Ordinary Shares is 0692861.

There are no acquisition rights or obligations in relation to the issue of Ordinary Shares in the capital of the Company or an undertaking to increase the capital of the Company.

There are no convertible securities, exchangeable securities or securities with warrants in the Company.

Rights attaching to the Consideration Shares are summarised in paragraph 7.2 of this Part XXI below.

No commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of the Company.

4.2 *History of Unite's share capital*

As at 1 January 2016, being the first day covered by the audited financial statements incorporated by reference to this document, the issued share capital of Unite was 221,930,911 of ordinary shares of 25 pence each. Save as disclosed below, during the last three financial years ending 31 December 2018, 31 December 2017 and 31 December 2016, there has been no issue of share capital of the Company fully or partly paid either for cash or other consideration and no share capital of any member of the Unite group is under option or agreed, conditionally or unconditionally, to be put under option.

Date and description	Number of ordinary shares (nominal value of 25 pence each)
As at 31 December 2016	222,047,816
Issued under employee share option schemes during 2016	116,905
As at 31 December 2017	240,830,281
Issued under employee share option schemes during 2017	188,876
Issued under Convertible bonds during 2017	18,593,589
As at 31 December 2018	263,515,151
Issued under employee share option schemes during 2018	127,199
Issued under Placing during 2018	22,206,872
Issued under Scrip dividends during 2018	350,799

4.3 *History of Unite's dividends*

Year ended 31 December	Type	Amount	Payment date
2019	Interim	10.25p per share	1 November 2019
2018	Final	19.5p per share(1)	17 May 2019
	Interim	9.5p per share(1)	2 November 2018
2017	Final	15.4p per share(1)	18 May 2018
	Interim	7.3p per share	3 November 2017
2016	Final	12.0p per share	19 May 2017
	Interim	6.0p per share	4 November 2016

(1) Paid in either cash or new ordinary shares on the property income distribution component of the dividend.

4.4 *Existing Unite Shareholder authorities*

It was resolved by the existing Unite Shareholders at the Company's AGM held on 9 May 2019 that:

- the Directors are authorised to allot shares that are equity securities (within the meaning of section 560(1) of the Companies Act 2006) up to an aggregate amount representing approximately one third of the issued share capital of Unite;
- up to a further amount representing approximately a further third of the issued share capital of Unite, provided they are offered by way of a rights issue to shareholders of ordinary shares; and
- the allotment authority shall expire on the earlier (i) the 2020 AGM of Unite renewing this authority; or (ii) 9 August 2020.

5. Rights attached to Consideration Shares

The rights attached to the Consideration Shares will be the same as those attached to the existing Ordinary Shares. See paragraph 7.2 of this Part XXI (*Additional Information*) of this document.

6. Dilution

Unite issued the Placing Shares and proposes to issue the Consideration Shares in connection with the Acquisition. 26,353,664 Placing Shares were issued in connection with the Placing and, subject to Completion, 72,582,286 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 72,582,286 Consideration Shares are issued in connection with the Acquisition, existing Shareholders at the Latest Practicable Date will, together, own approximately 80 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.

7. Memorandum and Articles of Association

The Memorandum of Association and Articles of Association are available for inspection as described in paragraph 25 of this Part XXI (*Additional Information*) of this document, and are available for inspection at the Company's registered office.

The Articles of Association ("**Articles**"), which were adopted pursuant to a special resolution on 11 May 2017, contain (among others) provisions to the following effect:

7.1 *Share capital*

7.1.1 *Liability of members*

The liability of the members is limited to the amount, if any, unpaid on the shares held by them. (*Article 4*)

7.1.2 *Further issues and rights attaching to shares*

The Company may allot or issue any shares or have attached to them preferred or other special rights or restrictions whether in regard to dividends, voting, transfer, return of capital or otherwise (subject to the provisions of the Statutes and to any special rights attached to any existing shares) as determined by ordinary resolution or by the Board. (*Article 7.1)*

Except as otherwise expressly provided by these Articles, required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust, and (except only as the Articles or law otherwise provide) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the registered holder. (*Article 10*)

7.1.3 *Changes to the share capital*

Subject to the provisions of the Statutes and to any relevant authority of the Company in a general meeting, the Board may allot, grant options over, offer or otherwise deal with or dispose of, or grant rights to subscribe for or convert any security into shares, to such persons, at such times and generally on such terms and conditions as it thinks proper, provided that no share shall be issued at a discount. (*Article 6*)

The Company may, with respect to any fully paid shares, issue a warrant (a "**share warrant**") stating that the bearer of the warrant is entitled to the shares specified in it. The Company may provide (by coupons or otherwise) for the payment of future dividends on the shares included in a share warrant. A share warrant may be issued in any manner that a share certificate may be issued pursuant to the Articles. (*Article 8.1*)

The powers referred to in Article 8.1 may be exercised by the Board, which may determine and vary the terms on which a share warrant is to be issued, and in particular on which:

- a new share warrant or coupon will be issued in the place of one damaged, defaced, worn out or lost (provided that no new share warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed);
- the bearer of the share warrant shall be entitled to receive notice of and to attend, vote and demand a poll at, general meetings;
- dividends will be paid; and
- any share warrant may be surrendered and the name of the holder entered in the register in respect of the shares specified in it.

Subject to the terms on which a share warrant is issued and to the Articles, the bearer of a share warrant shall be deemed to be a member for all purposes. The bearer of a share warrant shall be subject to the terms in force and applicable to such share warrant, whether made before or after its issue. (*Article 8.2*)

7.1.4 *Redemption of shares*

Subject to the provisions of the Statutes and to any special rights attached to existing shares, any share may be issued which is liable to be redeemed. (*Article 7.2*) The directors may determine (subject to the provisions of the Statutes and as otherwise provided in the Articles) the terms, conditions and manner of redemption of such shares, provided they do so before they are allotted. (*Article 7.3*)

7.2 *Rights attaching to the shares of the Company*

7.2.1 *Dividends*

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividends shall exceed the amount recommended by the Board. (*Article 132)* The directors may pay interim dividends or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. The Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights unless at the time of payment any preferential dividend is in arrears. If the Board acts in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares ranking after those with preferential rights. *(Article 133)*

Subject to the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion(s) of the period in respect of which the dividend is paid. *(Article 134.1)*

All dividends and interest shall be paid to those members whose names shall be paid on the register at the date which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the Company by ordinary resolution or the Board may determine. (*Article 134.2)*

The Company in general meeting may, on the recommendation of the Board, by ordinary resolution, direct payment wholly or partly by the distribution of assets and paid up shares or debentures of any other company. Where any difficulty arises in regard to such distribution, the Board may settle it as it thinks fit. In particular, the Board may:

- issue fractional certificates or authorise any person to sell and transfer any fractions or disregard fractions altogether;
- fix the value for distribution of such assets or any part of them and determine that cash payments may be made to any members on the footing of the value so fixed, in order to adjust the rights of member; and
- vest any such assets in trustees on trust for the persons entitled to the dividend. (*Article 136)*

Unless otherwise provided by the rights attached to the share, no dividend payable by the Company shall bear interest as against the Company. (*Article 137)*

The Board may pay dividends by cheque, warrant, through the post, by means of electronic transfer as the directors deem fit (subject to, in respect of uncertificated form, the facilities and requirements of the relevant system where payment is to be made by the relevant system) or to a person directed in writing by the holder. (*Article 138.1*)

If cheques, warrants or orders for dividends sent by the Company to the person entitled are returned undelivered or left uncashed on two consecutive occasions the Company shall not be obliged to send any further dividends in respect of that share until the person entitled notifies the Company of an address to be used for the purpose. (*Article 139)* All dividends payable and unclaimed for twelve months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company. (*Article 140)*

The waiver in whole or in part of any dividend on any share by any document shall be effective only if such document is signed by the member and delivered to the Company and only if or to the extent that the same is accepted as such or acted upon by the Company. (*Article 141)*

Subject to provisions in the Articles, the Board may, with the prior authority of an ordinary resolution of the Company and subject to such conditions as the Board may determine and provided that the Company has sufficient unissued shares and undistributed profits or reserves to give effect to it, offer to any holders of ordinary shares, the right to elect to receive ordinary shares credited as fully paid, in whole or in part instead of cash in respect of the whole or some part of any dividend specified by the ordinary resolution. (*Article 142.1)*

The Board may, before recommending any dividend, whether preferential or otherwise, carry to reserve out of the profits of the Company such sums as it thinks fit. All sums standing to reserves may, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, and pending such application may either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also, without placing the same to reserve, carry forward any profit which it may think prudent not to divide. (*Article 143)*

7.2.2 *Voting rights*

On a poll, votes may be given in person or by proxy. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. (*Article 62.4)*

In the case of joint holders of any share, only the vote of the senior holder who votes may be counted by the Company. For this purpose the senior holder of a share shall be determined by the order in which the names of the joint holders stand in the register. *(Article 63.1)*

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall not be entitled to a second or casting vote in addition to any other vote he may have. (*Article 64)*

No member shall, unless the Board otherwise determines, have the right to vote at any general meeting or meeting of the holders of any class of shares, either personally or by proxy in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid. *(Article 65)*

7.2.3 *Transfer of the Shares*

Shares in certificated form may be transferred by an instrument of transfer in writing in any usual form or in any other form approved by the Board, or in the case of a share in uncertificated form may be transferred without a written instrument in accordance with the Uncertificated Securities Regulations. Any written instrument shall be executed by or on behalf of the transferor and, in the case of a share which is not fully paid up, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it. (*Article 38)*

Provided that such discretion may not be exercised in such a way as to prevent dealings in shares from taking place on an open and proper basis, in their absolute discretion, the Board may refuse to register a transfer of any certificated share unless it is:

- in respect of a share which is fully paid up;
- in respect of a share on which the Company has no lien;
- in respect of only one class of shares;
- in favour of a single transferee or not more than four joint transferee;
- duly stamped (if so required); and
- is deposited at the registered office of the Company or such other place as the directors may appoint and is accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and the due execution by him of the transfer. (*Article 39.1)*

The Board shall register a transfer of title to any uncertificated share in accordance with the Uncertificated Regulations, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange to which the shares are admitted) to register any such transfer which is in favour of more than four persons jointly or in any other circumstances permitted by the Uncertificated Regulations. (*Article 39.2)*

No transfer of any share shall be made to a minor, a bankrupt or any person who is, or may be, suffering from mental disorder and either has been admitted to hospital in pursuance of an application for admission for treatment under a mental health related statute, or an order has been made by any court for his detention or for the appointment of a receiver to exercise powers with respect to his property or affairs. The directors shall refuse to register the purported transfer of a share to any such person.(*Article 39.3)*

If the Board refuses to register a transfer of a share, it shall within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of refusal, together with its reasons for the refusal. *(Article 40)*

No fee shall be charged for the registration of a transfer or on the registration of any probate, letters of administration, certificate of marriage or death, power of attorney, notice or other instrument relating to or affecting the title to any share. *(Article 41)*

7.2.4 *Distribution of assets on a winding-up*

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in the proportion to the capital which at the start of the winding up is paid up on the shares held by them respectively. If the surplus assets are insufficient to repay the paid up capital, they are to be distributed so as nearly as may be the losses are borne by the members in proportion to the capital paid up. Note that this is subject to the rights attached to any shares which may be issued on special terms or conditions. (*Article 164.2*)

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for such purpose, value any assets and determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as he, with the like sanction, shall determine, but no member shall be compelled to accept any assets on which there is a liability. *(Article 164)*

7.2.5 *Restrictions on rights: failure to respond to a section 793 notice*

If a member, or any other person appearing to be interested in shares held by that member, has been duly served with a section 793 notice and has failed in relation to any shares (**"default shares"**) in supplying to the Company the information required within the prescribed period, or has made a statement which is false or inadequate in a material particular, then the Board may, at least fourteen days after services of the notice, serve on the holder of default shares a notice whereupon sanctions apply. The sanctions available are the suspension of the right to vote (whether in person or proxy, or in respect of a poll) at a general meeting or at a meeting of the holders of any class of shares; and where the default shares represent at least 0.25 per cent. in nominal value of their class the dividend payable in respect of the shares shall be withheld by the Company and no transfer other than an approved transfer of any shares held by the member shall be registered (subject to certain exceptions). *(Article 74.1)*

7.2.6 *Untraced members*

The Company shall be entitled to sell, at the best price reasonably obtainable, any share held by a member, or any share to which a person is entitled by transmission, if:

- the share has been in issue throughout a period of twelve years and at least three cash dividends have become payable on such share during such period but not been claimed by the person entitled to it;
- no cheque, order or warrant in respect of such share has been cashed and the Company has received no communications in respect of such share from such person entitled to it;
- the Company has on or after the expiry of the said period of twelve years given notice of its intention to sell such share by advertisement in both a national newspaper and in a newspaper circulating in the area in which the last known address of the member is located;
- the said advertisements, if not published on the same day, shall have been published within thirty days of each other;
- within three months following the date of publication of the said advertisements, the Company has not received any communication in respect of such share from such person entitled to it; and

- the Company has given notice in accordance with the regulations of the relevant regulatory authority of its intention to make such sale and shall, if appropriate, have obtained the approval of the relevant regulatory authority to the proposed form of the said advertisement, if shares of the class concerned are admitted to a securities list and/or a recognised investment exchange *(Article 75.1)*

7.3 *Variation of rights*

Subject to the provisions of the Statutes, any of the rights being attached to any share or class of shares in the Company may be varied or abrogated in such manner as may be provided by such rights or, in the absence of an such provision, either:

- with the consent in writing of the holders of not less than three quarters in nomial value of the issued shares of the class; or
- with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held. (*Article 14)*

To every such separate meeting the provisions of the Articles relating to general meetings thereat shall mutatis mutandis apply, but so that the necessary quorum for any such meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class. Every holder of shares of the class present in person or by proxy shall, on a poll, have one vote in respect of every share of the class held by him and shall be entitled to demand a poll. If at any adjourned meeting such quorum is not present, then not less than one person holding shares of the class who is present in person by proxy shall be a quorum. *(Article 15)*

Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority for the payment of a dividend or conferring more favourable rights, but not by the creation or issue of any new shares ranking *pari passu* or subsequent to those already issued, or by the redemption by the Company of its own shares. *(Article 16)*

7.4 *Directors of the Company*

7.4.1 *Appointment*

Unless and until the Company determines otherwise by ordinary resolution, the number of directors (other than alternate directors) shall not be less than two or more than twelve. *(Article 77)*

Subject to the provisions of the Articles, the Company may from time to time by ordinary resolution appoint any person to be a director, either to fill a causal vacancy or as an addition to the Board and may also determine the rotation in which any additional directors are to retire, but the total number of directors s shall not exceed the maximum specified above. (Article 78)

The Board may at any time appoint any person as a director, either to fill a casual vacancy or as an addition to the Board, provided that the total number of directors shall not at any time exceed the maximum specified above. Any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of directors who are to retire by rotation at that meeting. *(Article 79)*

Other than a director retiring at the meeting or a person recommended by the Board, no person shall be eligible for re-election or election as a director at any general meeting unless notice of the intention to propose such person for re-election or election executed by a member (not being the member proposed) duly qualified to vote at such meeting is delivered to the Company not less than seven or more than thirty-five clear days before the day appointed for the meeting with the following lodged at the Office: (i) the particulars which would, if he were so appointed, be required to be included in the Company's register of directors; and (ii) the notice executed by that person of their willingness to be appointed/re-appointed. *(Article 80)*

A director shall not be required to hold any shares of the Company. (*Article 81)*

A resolution for the appointment of two or more persons as directors by a single resolution shall not be moved unless an ordinary resolution that it shall be so proposed has first been agreed to by the meeting without any vote being given against. Any resolution moved in contravention of this provision shall be void. (*Article 82)*

7.4.2 *Retirement*

Any non-executive director who has held office for nine years or more since his first appointment at a general meeting shall retire at each subsequent annual general meeting. (*Article 83.1(a)*) Additionally, at any annual general meeting, any director who has not been appointed or re-appointed at either of the two previous annual general meetings shall retire.

If at any general meeting, the number of directors required to retire under Article 83.1(b) is less than one-third of the total number of directors (disregarding those who wish to retire and not be re-elected or is subjected to re-election under Article 83.1(a)), such number of additional directors as is required to constitute one-third shall retire at such annual general meeting. These additional directors will be those who have held office the longest since their appointment or reappointment; where persons were appointed or reappointed on the same day, those to retire shall be determined by lot. (*Article 83.1(c))*

A director who retires at an annual general meeting of the Company may, if willing to act, be reappointed. If the Company, at the meeting at which a director retires by rotation, does not fill the vacancy created by his retirement, the retiring director shall, if willing to act, be deemed to have been re-appointed, unless:

- at the meeting it is expressly resolved not to fill the vacancy; or
- the retiring director has given notice in writing to the Company that he is unwilling to be re-elected; or
- a resolution for the re-appointment of the director is lost; or
- the default in filling the vacancy is due to the moving of a resolution in contravention of Article 82. (*Article 84)*

A director retiring at a general meeting retains office until the dissolution of that meeting except if a resolution is passed to elect another person instead of the retiring director or a resolution for his re-election is put to the meeting and lost. A retiring director who is re-elected or deemed to have been re-elected continues in office without break. (*Article 85)*

By ordinary resolution (of which special notice has been given pursuant to the Statutes), the Company may remove any director before the expiration of his period of office, despite anything in the Articles or in any agreement between the Company and such director, and may appoint another person at that meeting who is willing to act to be a director in his place. When determining the time at which the person appointed is to retire by rotation, he shall be treated as if he had become director on the day on which the person who he replaced was last appointed/re-appointed. If no appointment is made to fill the vacancy, it may be filled by a casual vacancy. (*Article 86)*

7.4.3 *Removal*

The office of a director shall be vacated if:

- he or she resigns his office by notice in writing delivered to the Secretary at the Office or submitted to a meeting of the Board or he or she offers in writing to resign from his or her office and the directors resolve to accept such offer;
- he or she is or may be suffering from a mental disorder and a court makes an order which wholly or partly prevents that person from personally exercising any of his or her powers or rights;
- he or she is absent without permission of the other directors from meetings of the Board for six consecutive months and the Board resolves that his or her office is vacated;
- he or she is requested to resign by notice in writing addressed to him or her at his or her address and signed by all the other directors;
- he or she is convicted of an indictable offence or his or her conduct is the subject of an investigation by an inspector appointed by the Secretary of State or by the Serious Fraud Office, and the directors resolve that it is undesirable in the interests of the Company that he or she remain a director;

- notice is given to terminate his or her contract of employment or engagement with the Company where he or she is in breach of such contract;
- he or she has been disqualified from acting as a director;
- a registered medical practitioner who is treating him or her gives a written opinion to the Company that he or she has become physically or mentally incapable of acting as a director and may remain so far more than three months;
- he or she becomes bankrupt, has an interim receiving order made against him or her, makes any arrangement with his or her creditors generally or applies to the Court for an interim order under s.253 Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- he or she ceases to be a director by virtue of the Statutes, is removed from office pursuant to the Articles, or if he or she is prohibited by law from being a director. (*Article 87*)

A resolution of the Board declaring a director to have vacated office under the terms of Article 87 shall be conclusive as to the fact and grounds of vacation stated in the resolution. (*Article 88)*

7.4.4 *Powers of directors*

Subject to the provisions of the Statutes and the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board, who may exercise all powers of the Company whether relating to the management of the business or not. However, no such direction and no alteration to the Articles shall invalidate any prior act of the Board which would have been valid if that direction or alteration had not been given or made. (*Article 99)*

If the number of directors is less than the minimum prescribed by the Articles, the remaining director(/s) shall act only to appoint an additional director(/s) to make up such minimum, or to convene a general meeting for the purpose of making such appointment. If there is no director able or willing to act, two members may summon a general meeting for the purpose of appointing directors. Any additional director so appointed shall hold office only until the dissolution of the next annual general meeting of the Company, unless he is re-elected during the meeting. (*Article 100)*

Subject to the provisions of the Statutes, the directors may appoint one or more of their number to any office or employment under the Company and may enter into an agreement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. (*Article 114.2)* The Board may from time to time confer on any director holding executive office such of its powers, authorities and discretions for such time on such terms and subject to such conditions as it thinks fit and may revoke or alter any such powers. (*Article 101*)

Any director may, by notice in writing, appoint any other director or person approved for that purpose by the Board and willing to act to be his alternate and may, in like manner, remove from office an alternate director so appointed by him. (*Article 89.1)* An alternate director shall be entitled (subject to his giving to the Company a service address within the United Kingdom or an electronic address) to receive notice of meetings of the Board and to attend and vote as a director at any meeting at which his appointor is not present, and generally at such meeting to exercise all the powers, rights, duties and authorities of his appointor. (*Article 90.1*)

7.4.5 *Borrowing powers*

Subject to the Statutes and the below, the Board may exercise all powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability, or obligation of the Company or of any third party. The Board shall restrict the borrowings of the Company and exercise all voting and other rights exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate amount for the time being remaining outstanding of all monies borrowed by the Group and for the time being owing to persons outside the Group less the aggregate amount of Current Asset Investments (as defined in the Articles) shall not at any time without the previous sanction of the Company in general meeting exceed an amount equal to four times the Adjusted Capital and Reserves (as defined in the Articles). (*Article 109.1)*

No person dealing with the Company or any of its subsidiaries shall be concerned to see or enquire whether the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or recipient of the security had express notice at the time when the debt was incurred or security given that such limit had been or would thereby be exceeded. (*Article 109.5*)

7.4.6 *Voting at board meetings*

Subject to the Statutes, the quorum necessary for the transaction of business may be determined by the Board; until otherwise determined, quorum shall be two persons. An alternate director, who is not himself a director, shall, if his appointer is not present, be counted in the quorum. An alternate director who is himself a director shall only be counted once for the purpose of determining if a quorum is present. Any director who ceases to be a director at a meeting of the directors may, subject to any contrary provisions in these Articles, continue to be present and to act as director and be counted in the quorum until the termination of the meeting of the directors if no director objects and if otherwise the quorum would not be met. (*Article 113*) Any director or his alternate may validly participate in a meeting of the Board via conference telephone or e-mail provided that all persons participating in the meeting are able to hear and speak to each other throughout or are able to receive communications from each other. A person so participating shall be deemed to be present in person at the meeting and shall count in the quorum and be entitled to vote. (*Article 116)*

Subject to the Statutes, questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote. (*Article 115*) A written resolution executed by all of the directors, or all the members of a committee of the Board, for the time being entitled to receive notice of a meeting or of a committee meeting and not being less than a quorum shall be as valid and effectual as a resolution passed at a meeting of the Board or (as the case may be) of a committee duly convened and held. Such a resolution may consist of several documents in like form each signed or otherwise confirmed in writing by one or more directors or (as the case may be) one or more members of a committee, including executions in electronic form. A resolution signed or so confirmed by an alternate need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate, it need not be signed by the alternate in that capacity. (*Article 117*)

7.4.7 *Restrictions on voting*

Subject to the provisions of the Articles, a director shall not vote (or be counted in the quorum) in relation to any resolution concerning any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, unless the resolution relates to one of the matters set out in Article 123. (*Article 123)*

A director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested. (*Article 124)*

If any question arises at any meeting of the Board or any committee of the Board as to whether an interest of a director shall reasonably be regarded as likely to give rise to a conflict of interest or as to the entitlement of any director to vote or be counted in quorum and is not resolved by the director voluntarily agreeing to abstain, it shall be referred to the Chairman whose ruling shall be final and conclusive (except in a case where the nature or extent of the interests has not been fairly disclosed). (*Article 125)*

7.4.8 *Directors' interests*

Subject to the provisions of the Statutes and the Articles, the directors may authorise a matter in which a director has, or can have, a direct or indirect interest that conflicts with the interests of the Company ("**Relevant Situation**"), including without limitation, the continuing performance by the conflicted director of his duties and the accepting of or continuing in any position held in addition to that of director. (*Article 120.1)* A director is not required to seek any authorisation if the Relevant Situation cannot reasonably be regarded as likely to give rise to a conflict of interest, or the conflict of interest arises in relation to a proposed or existing transaction with the Company in which the director is in any way directly or indirectly interested, or the provisions of the Statutes otherwise provide. (*Article 120.4)*

Subject to the provisions of the Statutes and provided he has disclosed to the Board the nature and extent of his interest, a director:

- may be a party to any arrangement with the Company or in which the Company is interested, either in regard to his tenure of any office or as vendor, purchaser or otherwise;
- hold any other office under the Company in addition to the office of director and may act by himself or through his firm in a professional capacity for the Company and on the terms as to remuneration as the Remuneration Committee may arrange;
- may be a member of or a director or other office of or employed by or a party to any arrangement with any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment;
- shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration or other benefit which he derives from any matter, office, employment or position which relates to an authorised Relevant Situation or any office, employment, contract, or other interest permitted pursuant to the above three points.

No contract or proposal shall be avoided on the grounds of any director having any such interest or receiving any such dividend or benefit authorised in accordance with Article 120 or permitted pursuant to this Article. The receipt of any such dividend or benefit so authorised or permitted shall not constitute a breach of the duty not to accept benefits from third parties as set out in the Statutes. (*Article 121)*

A director shall declare the nature and extent of his interest in a Relevant Situation and his involvement (whether indirect or direct) in a proposed or subsisting transaction or arrangement with the Company to the other directors and any such declarations must be made in accordance with the below. (*Articles 122.1, 122.2, 122.3)*

The declaration of interest in an existing transaction or arrangement with the company must be made at a meeting of the directors or by notice to directors in writing and in accordance with the provisions of the Statutes. If any declaration proves to be or becomes inaccurate or incomplete, a further declaration must be made. (*Article 122.4)* A declaration of interest other than in relation to transactions with the Company and a declaration of interest in an existing transaction with the Company must be made as soon as is reasonably practicable and a declaration of interest in a proposed transaction with the Company must be made before the Company enters into the transaction. (*Article 122.5)* No declaration of interest is required:

- in relation to an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question (including where the director ought reasonably have been aware);
- if the interest cannot reasonably be regarded as likely to give rise to a conflict of interest;
- if, or to the extent that, the other directors are already aware of it or ought reasonably be are of it;
- if, or to the extent that, it concerns the terms of the director's service contract that have been or are to be considered by a meeting of the directors or by a committee of the directors appointed for the purpose. (*Article 122.6)*

7.4.9 *Directors' remuneration and expenses*

Unless otherwise required by law, the directors (other than alternate directors) shall be paid remuneration by way of fees for their services at such rate, not exceeding an aggregate sum of £750,000 per annum, as the Board shall determine from time to time. Such sum shall be divided between the directors as they may determine or, in default of such determination, equally. The directors' remuneration shall be deemed to accrue from day to day. (*Article 94*)

Each director shall be entitled to be paid all reasonable travelling, hotel and other expenses properly incurred by him in carrying out the performance of his duties as director. (*Article 95)*

If any director, by arrangement with the Board, shall perform any special duties or services outside his ordinary duties as a director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration as the Board may from time to time determine. (*Article 106*)

The salary or remuneration for any employment or executive office may be either a fixed sum of money or may be (altogether or in part) governed by business done or profits made or otherwise determined by the Board and may be in addition to or in lieu of any fee payable to him for his services as director. (*Article 97)*

7.4.10 *Directors' gratuities and benefits*

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities for or to institute or maintain any body or scheme calculated to advance the interests of the Company or to benefit any person who is or has been a director of the Company and for any member of his family and any person who is or was dependent on him. For such purpose, the Board may establish and contribute to any body and may, subject to the Statutes, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any such body. Any director or former director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under this Article and shall not be obliged to account for it to the Company. (*Article 98*)

7.4.11 *Indemnity*

Subject to and to the fullest extent permitted by the Statutes, every director and every director of any associated company, Secretary or other officer of the Company (other than an auditor) shall be fully indemnified out of the assets of the Company against any liability incurred by him in relation to anything done, omitted or alleged to have been done by him in the purported or actual execution of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme. Notwithstanding this, no director shall be indemnified against any liability incurred by him to the Company in connection with any negligence, default, breach of duty, or breach of trust in relation to the Company of which he is a director or against any liability:

- of his to pay any fine imposed in criminal proceedings or by way of a penalty in respect of non-compliance with any requirement of a regulatory nature;
- incurred by him in defending criminal proceedings in which he is convicted, defending civil proceedings brought by the Company in which judgement is given against him or in connection with an application for relief under s.234(6) CA 2006 in which the court refuses to grant him relief; or
- incurred by him in connection with the Company/associated company's activities as trustee of an occupational pension scheme and which is a liability (i) to pay a fine imposed in criminal proceedings or by way of penalty in respect of non-compliance with any requirement; or (ii) incurred in defending criminal proceedings in which he is convicted. (*Article 166)*

7.5 *General Meetings*

The Board may, whenever it thinks fit, convene a general meeting that is not an annual general meeting. A general meeting shall also be convened on a member /the members requisitioning one in accordance with the Statues. (*Article 46*)

The period of notice prescribed by the Statutes shall be given to all the members (other than those who under the provisions of these Articles or the terms of issue of the shares held by them are not entitled to receive notices of general meetings of the Company), to the directors and to the auditors for the time being of the Company (*Article 47.8*).The notice shall specify the place, the day and the time of the meeting, the general nature of the business, the right to appoint a proxy and any statements required by the Statutes to be included in such notice and, in the case of special business, the general nature of that business. Every notice of an annual general meeting shall specify the meeting as such and every notice of a meeting convened for passing a special resolution shall state the text and the intention to propose such resolution as a special resolution. In the case of a notice convening an annual general meeting where notice is given more than six weeks in advance, the notice shall include a statement of the rights under the Statutes to require the Company to give notice of a resolution to be moved at the meeting and to include a matter in the business to be dealt with at the meeting. (*Article 47.3)*

An annual general meeting must be called with notice of at least twenty-one clear days and any other general meeting must be called with at least fourteen days clear notice, unless the Statutes otherwise provide. (*Article 47.2*)

Notice of a general meeting may be given in hard copy form, electronic form or by means of a website, or partly by one such means and partly by another. (*Article 47.4)* In accordance with the provisions of the Statutes, the Company shall ensure that the following information relating to a general meeting is made available on a website:

- the matters set out in the notice;
- the total numbers of shares in the Company and shares of each class in respect of which members are entitled to exercise voting rights at the meeting;
- the totals of the voting rights that members are entitled to exercise at the meeting in respect of the share of each class; and
- members' statements, resolutions and matters of business received by the Company after the notice is given. (*Article 47.7)*

Accidental failure to give notice of a general meeting or to give notice of a resolution intended to be moved at a general meeting shall not invalidate the proceedings at that meeting. (*Article 48)*

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be quorum. (*Article 49)* If quorum is not present within fifteen minutes from the time appointed, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, subject to the provisions of the Statutes, the meeting shall be adjourned to a day, time and place as the Chairman determines, being not less than ten clear days nor more than twenty-eight clear days after. If at an adjourned meeting a quorum is not present within fifteen minutes, one member present in person or by proxy shall be quorum. If no such quorum is present or ceases to be, the adjourned meeting shall be adjourned. (*Article 50*)

A proxy need not be a member of the Company. (*Article 66.1*) An appointment of a proxy shall be in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the appointor which, in the case of a corporation, may be either under its common seal or under the hand of a duly authorised officer or other person duly authorised for that purpose. The appointment of a proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any resolution or amendment of a resolution put to the meeting, as the proxy thinks fit, and to confer the right to speak at the meeting. (*Article 67)*

Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are members. The Chairman may invite any person to attend and speak at general meetings if they consider them to have the knowledge or experience of the Company's business to assist. (*Article 53*)

The Board may direct that any person wishing to attend any general meeting should submit to and comply with such searches or other security arrangements as the Board consider appropriate in the circumstances. The Board may in its absolute discretion refuse entry to any general meeting any person who refuses to submit to a search or otherwise comply with such security arrangements. (*Article 51.1*)

Subject to and in accordance with the Statutes, the Company shall ensure any question put by a member attending a general meeting, relating to the business of the general meeting, be dealt with unless:

- to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- having the question answered is undesirable in the interests of the Company or the good order for the meeting. (*Article 54*)

If it appears to the Chairman that the meeting place specified in the notice is inadequate to accommodate all members wishing to attend, the meeting shall nevertheless be duly constituted and its proceedings valid provided that the Chairman is satisfied that adequate facilities are available to ensure that any member who is unable to be accommodated is nonetheless able to participate in the business of the meeting and to hear and see and be heard and be seen, whether in the meeting place or elsewhere. (*Article 51.2)*

Every resolution at a general meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded on a resolution (before or upon the declaration of the result of the show of hands) by the Chairman or by:

- not less than five members (present in person or by proxy) having the right to vote on the resolution; or
- a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or
- a member or members holding shares conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. (Article 58)

Unless a poll is duly demanded a declaration by the Chairman that a resolution has been carried or lost or has or has not been carried by any particular majority, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. (*Article 59*)

7.6 *The REIT Articles*

7.6.1 *Cardinal Principle*

It is a cardinal principle that, for so long as the Company is the principal company in a real estate investment trust ("**REIT**") for the purposes of Part 12 of the CTA 2010, no member of the Group should be liable to pay a tax under s. 551 CTA 2010 on or in connection with the making of a distribution. The REIT Articles are to be construed so as to give effect to this cardinal principle. (*Article 169.1*)

7.6.2 *Relevant definitions*

"**Distribution Transfer Certificate**" is a certificate in such form as the directors may specify from time to time to the effect that the relevant person has made a disposal or transfer of his rights to a distribution such that he is not beneficially entitled to such a distribution and no person who is so entitled subsequent to such disposal is a Substantial Shareholder.

"**Relevant Registered Shareholder**" is a shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding.

"**Substantial Shareholding**" means the shares in the Company in relation to which or by virtue of which a person is a substantial shareholder.

"**Substantial Shareholder**" means any person whose interest in the Company may cause any member of the Group to be liable to pay tax under Chapter 6, Part 12 CTA 2010 on or in connection with the making of a distribution to or in respect of such person. (*Article 169.2)*

7.6.3 *Notification of Substantial Shareholder and other status*

The REIT Articles require a Substantial Shareholder and a Relevant Registered Shareholder to notify the Company on him becoming such. Such a notice must be given by the end of the second business day after the day on which the duty to notify arose. The REIT Articles give the Board the right to require any person to provide any information in order for the directors to determine whether he is a substantial Shareholder or Relevant Registered Shareholder. The required information must be provided within the time specified, which would be seven days after a request is made or such other period as the Board may decide). (*Article 169.3)*

7.6.4 *Distribution in respect of Substantial Shareholdings*

The REIT Articles provide that a distribution will not be paid on any shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the distribution. (*Article 169.4.1-2*)

If in these circumstances payment of a distribution is withheld, the distribution will be paid subsequently if the Board is satisfied that:

(a) the Substantial Shareholder concerned is not beneficially entitled to the distribution;

(b) the shareholding is not part of a Substantial Shareholding;

(c) all or some of the shares and the right to the distribution have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends would be paid to the transferee); or

(d) sufficient shares have been transferred (together with the right to the distributions) such that the shares retained are no longer part of a Substantial Shareholding (in which case the distributions would be paid on the retained shares). (*Article 169.4.3)*

A Substantial Shareholder may satisfy the directors that he is no beneficially entitled to a distribution by providing a Distribution Transfer Certificate. The directors shall be entitled but not bound to accept a Distribution Transfer Certificate as evidence of the matters therein stated and the directors shall be entitled to require other such information as they think fit. (*Article 169.4.4)*

The directors may also withhold payment of a distribution if any request by the directors for information under Article 169.3 is not complied with to the satisfaction of the directors within the period specified in such notice. Upon satisfactory compliance, the distribution shall be paid, subject to Article 169.4.1. (*Article 169.4.5)*

If the directors decide that payment should be withheld per the above, they shall give notice in writing of the decision to the Relevant Registered Shareholder within five business days. (*Article 169.4.6)*

If any distribution is paid on a Substantial Shareholding and tax under s.551 CTA 2010 becomes payable, the Substantial Shareholder shall pay the amount and all costs incurred by the Company in connection with the recovery of such amount. (*Article 169.4.7)*

7.6.5 *Distribution Trust*

The REIT Articles provide that if a distribution is paid in respect of a Substantial Shareholding, such distribution and any income arising from it shall be held by the payee or the payee’s transferee on trust absolutely for the persons nominated by the Substantial Shareholder in such proportions as directed in the nomination. (*Article 169.5.1)* No person who holds such a distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated person, the fraud or wilful wrongdoing of its directors, officers or employees. (*Article 169.5.5)*

7.6.6 *Obligation to dispose*

The REIT Articles also allow the Board to require, by giving notice in writing, the disposal of shares forming part of a Substantial Shareholding within twenty one days, if:

- in respect of any distribution declared or announced, the Board believes the shares may form part of a Substantial Shareholding and the Board is not satisfied that the Substantial Shareholder is not beneficially entitled to the distribution;
- the Board has not been satisfied that the Substantial Shareholder has transferred the right to the distribution (or otherwise is not beneficially entitled to it);
- there has been a failure to provide information requested by the Board; or
- any information provided by any person proves materially inaccurate or misleading. (*Article 169.6.1*)

If the shares are not disposed of accordingly, the directors may arrange for the Company to sell all or some of the shares, making such arrangements as they deem appropriate. (*Article 169.6.2)* Any such sale shall be at the price which the directors consider is the best price reasonably obtainable and the directors shall not be liable to the holder for any alleged deficiency in the amount of the sale proceeds. (*Article 169.6.3)* The net proceeds of any such sale shall be paid over by the Company to the former holder of the relevant shares upon surrender of any certificate of title, without interest.

7.6.7 *General*

The directors shall be entitled to presume without enquiry, unless any director has reason to believe otherwise, that a person is not a Substantial Shareholder or a Relevant Registered Shareholder and shall be under no liability to any other person for failing to identify any person as such. (*Articles 169.7.1 and 169.7.3)*

The directors shall not be required to give any reasons for any decision or determination pursuant to the REIT Articles, and any such decision shall be final and binding on all persons unless it is revoked by the directors.

8. Directors' and Proposed Directors' interests

8.1 *Other directorships*

Save as set out below, none of the Directors or the Proposed Directors have been a member of any partnerships, or held any directorships of any other company (other than subsidiaries and associated undertakings of the Company), at any time in the last five years prior to the date of this document:

Director / Proposed Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
Directors		
Phil White	Vibroplant Trustees Limited VP Plc Mark Robinson Automotive Limited Mark Robinson Holdings Limited Vantage Garages (Blackburn) Limited Vantage Motor Group Limited Lookers Plc	Kier Group plc Stagecoach Group plc Specialist Leisure Group Limited Lookers Motor Group Limited
Richard Smith	—	—
Joe Lister	Helical Plc Gwyneth Enterprises Limited	—
Sir Tim Wilson	Arden University Limited Wilson Pendleton Limited Garden House Hospice Trading Limited LCCM AU UK Ltd North Herts Hospice Care Association St Patrick's International College Ltd	Tim Wilson Associates Limited Letchworth Golf Trust Limited The University of Law Limited
Elizabeth McMeikan	S.G. Property Investments Ltd St Rhadegund Properties Limited Second Growth CIC Metric Property Launceston Limited Metric Property Investments Limited Dalata Hotel Group Plc McBride plc	Direct Wines Holding Limited Direct Wines Limited CH & CO Catering Limited Flybe Group Plc CH & CO Catering Group (Holdings) Limited JD Wetherspoon plc Moat Homes Ltd
Ross Patterson	West Coast Trains Partnership Limited West Coast Partnership Limited Stagecoach South Eastern Trains Limited Travelhero Limited Stagecoach South West Limited East Coast Main Line Company Limited Stagecoach Rail Operations Limited Inter City Railways Limited Stagecoach Transport Holdings Limited Stagecoach Group plc Stagecoach West Coast Trains Ltd Stagecoach Holdings Limited Stagecoach Rail Holdings Limited	The Integrated Transport Company Limited Stagecoach SWT Oldco Limited

Director / Proposed Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
	Stagecoach East Midlands Trains Limited Stagecoach Technology Limited Stagecoach South Western Trains Limited Stagecoach Services Limited Stagecoach Bus Holdings Limited Virgin Rail Group Holdings Limited Stagecoach Rail Sweden AB.	
Richard Akers	Barrat Developments plc Shaftesbury plc	—
Ilaria del Beato	Frasers Property UK Frasers Projects Limited Frasers (Brown Street) Limited Frasers Management (UK) Limited Frasers Imperial Place Limited Frasers FB (House) Limited Frasers FB (UK) G Limited Frasers FB (UK) Limited Lumiere Leeds LP (No.1) Limited Lumiere Leeds LP (No.2) Limited Frasers Lumiere Leeds Limited Frasers (Victoria Works) Limited Frasers Riverside Quarter Limited Frasers Homes (UK) Limited Frasers Property (UK) Limited Camberwell on the Green Management Company Limited	Frasers Islington Limited Frasers Property Developments Limited Frasers General Partner Limited Frasers Investments (UK) Limited Frasers Ventures Limited J S Garden Management Limited GE Heller Limited GE Industrial Finance UK Limited GE Commercial Finance Limited GE Capital UK Limited
Dame Shirley Pearce	56 Claremont Road Limited London School of Economics & Political Science	College of Policing Limited
Proposed Directors		
Thomas Jackson	BRLP Rotunda Limited Bull Ring (GP) Limited Bull Ring (GP2) Limited Bull Ring No.1 Limited Bull Ring No.2 Limited Central Link (General Partner) 1 Limited Central Link (General Partner) 2 Limited Centro Asset Management Limited Centro Europe Limited(1) Centro Europe (No.2) Limited(1) Centro Holdings (UK) Limited(1) Grand Central (GP) Limited Hermes Central London GP Limited Hermes Paradise Circus GP1 Limited Hermes Paradise Circus GP2 Limited Hermes Wellington Place GP Limited Hermes Wellington Place Site 2 GP Limited Hermes Wellington Place Site 2 Nominee Limited Hermes Wellington Place Site 3 GP Limited Liberty Atlantic Point (Liverpool) Limited Liberty Cambrian Point (Cardiff) Limited Liberty Gardens (Cardiff) Limited Liberty Heights (Manchester) Limited Liberty Living (LG Cardiff) Limited Liberty Living (LH Manchester) Limited Liberty Living (Liberty AP) Limited Liberty Living (Liberty CP) Limited Liberty Living (Liberty PP) Limited Liberty Living (Liberty SP) Limited Liberty Living (LP Bristol) Limited Liberty Living (LP Coventry) Limited Liberty Living (LP Manchester) Limited Liberty Living (LQ Newcastle) Limited Liberty Living (LQ2 Newcastle) Limited Liberty Living Investments 1 Limited Partnership	Aldgate House GP Limited Goodman China Logistics Holdings Limited Canneth BM (Shareholder) Co Limited(2) Canneth LP (GP) Co. Limited(2) Kista Galleria Holding AB Kista Galleria JV AB Kista Galleria LP AB Liberty Close (Birmingham) Limited* Liberty Court (Birmingham) Limited* Liberty Court (Sheffield) Limited* Liberty Dock (Leeds) Limited* Liberty Gardens (Birmingham) Limited* Liberty House (Glasgow) Limited* Liberty House (London) Limited* Liberty House (Manchester) Limited* Liberty Living (Aberdeen) Limited* Liberty Living (City) Limited* Liberty Living Gillingham Properties Limited* Liberty Living (Liberty Point Southampton) Limited* Liberty Living (Manchester RNCM) Limited* Liberty Living (Opportune) Limited* Liberty Living (PP2) Limited* Liberty Living Nation Properties Limited* Liberty Living (Sheffield) Limited* Liberty Living Residences Limited* Liberty Park (Coventry) Limited* Liberty Park (Leeds) Limited* Liberty Park (Leicester) Limited* Liberty Park (Liverpool) Limited* Liberty Point (Southampton) Limited* Liberty Quays (Medway) Limited* Liberty Square (Nottingham) Limited* LRIP E&C H4 GP Limited(2)

Director / Proposed Director	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
	Liberty Living Investments 2 Limited Partnership Liberty Living Investments II Holdco 2 Limited Liberty Living Investments II Holdco Limited Liberty Living Investments II Limited Liberty Living Investments Limited Liberty Living Investments Nominee 1 Limited Liberty Living Investments Nominee 2 Limited Liberty Living Limited Liberty Living Spareco Limited Liberty Living UK Limited Liberty Park (Bedford) Limited Liberty Park (Bristol) Limited Liberty Park (US Bristol) Limited Liberty Plaza (London) Limited Liberty Plaza (Newcastle) Limited Liberty Point (Coventry) Limited Liberty Point (Manchester) Limited Liberty Point Southampton (Block A) Limited Liberty Prospect Point (Liverpool) Limited Liberty Quay (Newcastle) Limited Liberty Quay 2 (Newcastle) Limited Liberty Severn Point (Cardiff) Limited Liberty Village (Edinburgh) Limited Liberty Living (HE) Holdings Limited Liberty Living Finance Plc Liberty Living Group Plc Liberty Living Investments GP3 Limited Liberty Living Investments Nominee 3 Limited LL Midco 2 Limited MEPC Milton GP Limited MEPC Milton Park No. 1 Limited MEPC Milton Park No. 2 Limited NOVA Residential (GP) Limited NOVA Residential Intermediate Limited Silverburn Investment Advisor Limited Victoria Circle Business Manager Limited Victoria Circle Developer Limited Victoria Circle GP Limited Victoria Circle Nominee 1 Limited Victoria Circle Nominee 2 Limited	LRIP E&C H5 GP Limited(2) LRIP GP Limited(2) LRIP Residential Investment Holdings Limited(2) Luton Park Properties Limited* Olympus LP (GP) Limited* Parque Principado S.a.r.l Polhill Properties Limited* SPREP Pte Ltd Stratford CCH Limited(2) Stratford City Car Park Limited(2) Stratford City JV Business Manager Limited(2) Stratford City Shopping Centre (No.1) General Partner Limited(2) Stratford City Shopping Centre (No.1) Nominee A Limited(2) Stratford City Shopping Centre (No.1) Nominee B Limited(2) Stratford City Shopping Centre (No.2) General Partner Limited(2) Stratford City Shopping Centre (No.2) Nominee A Limited(2) Stratford City Shopping Centre (No.2) Nominee B Limited(2) Stratford Retail Shopping Centre Investments (No.1) General Partner Limited(2) Stratford Retail Shopping Centre Investments (No.2) General Partner Limited(2) Stratford Utilities Limited(2) Two London Properties Limited*
Sir Steve Smith	Education and Employees Taskforce Trust Heart of the South West Local Enterprise Partnership The Russell Group of Universities Universities UK	The Universities and Colleges Admissions Services

(1) Indicates alternate to a director.

(2) Indicates resigned as director for the relevant company during the five year period, but remains as an alternate to a director.

8.2 *Interests of Directors and Proposed Directors in the share capital of Unite*

Save as disclosed in this paragraph 8, none of the Directors nor the Proposed 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 8 and paragraph 11 of this Part XXI (*Additional Information*) of this document, no other person involved in the Acquisition or Admission has an interest which is material to the Acquisition or the Admission.

8.3 *Share interests*

The Directors and the Proposed Directors have the following interests in the Ordinary Shares (including beneficial interests or interests of a person connected with a Director or a Proposed Director as at the Latest Practicable Date, and expect to have the same interests immediately following Admission (based on the assumption that the holdings of such person in Unite at the Latest

Practicable Date do not change, 75,582,286 Consideration Shares are issued in connection with the Acquisition and that no other issues of Ordinary Shares occur between the Latest Practicable Date and Admission).

Director / Proposed Director	Interests as at the Latest Practicable Date(1)		Interests immediately following Admission(1)	
	No.	% of total issued share capital	No.	% of total issued share capital
Directors				
Phil White	13,566	0.005	13,566	0.004%
Richard Smith	226,614	0.078	226,614	0.062%
Joe Lister	459,128	0.158	459,128	0.126%
Elizabeth McMeikan	6,572	0.002	6,572	0.002%
Sir Tim Wilson	6,275	0.002	6,275	0.002%
Ross Paterson	7,163	0.002	7,163	0.002%
Richard Akers	2000	0.001	2000	0.001%
Ilaria del Beato	—	—	—	—
Dame Shirley Pearce	—	—	—	—
Proposed Directors				
Thomas Jackson	—	—	—	—
Sir Steve Smith	—	—	—	—

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

Taken together, the combined percentage interest of the Directors and the Proposed Directors in the voting rights in respect of the issued ordinary share capital of Unite at the Latest Practicable Date was 0.248 per cent.

Taken together, the combined percentage interest of the Directors and the Proposed Directors in the voting rights in respect of the issued ordinary share capital of Unite immediately following Admission is expected to be 0.198 per cent.

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

8.4 *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 Ordinary 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 Remuneration 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
25 July 2019	85,747	1,076.0p	31 December 2021
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
25 July 2019	69,890	1,076.0p	31 December 2021

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)	Maturity Date
Richard Smith			
SAYE 2019 scheme	2,122	848.0p	1 December 2022
Joe Lister			
SAYE 2017 scheme	1,617	556.4p	1 December 2020
SAYE 2018 scheme	1,266	710.8p	1 December 2021

8.5 *Confirmations and conflicts of interest*

8.5.1 *Confirmations*

Save as disclosed below, as at the date of this document, none of the Directors or Proposed Directors has during at least the previous five years to the date of this document:

- had any convictions in relation to fraudulent offences;
- been a member of the administrative, management, supervisory body or senior management of a company associated with any bankruptcies, receiverships or liquidations;
- been subject to any official public incrimination or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Thomas Jackson was a director of certain companies listed in paragraph 8.1 above (marked with a *) when they were voluntarily dissolved or wound up. To the best of Thomas Jackson's knowledge none of the companies was insolvent or owed any amounts to creditors at the time of its dissolution.

There are no family relationships between any of the Directors or Proposed Directors.

8.5.2 *Conflicts of interest*

None of the Directors or Proposed Directors has any actual or potential conflicts of interest between any duties they owe to Unite and any private interests or other duties he or she may also have, except for the following:

- 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.

8.5.3 *Transactions with Directors*

None of the Directors or Proposed Director has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or which is, or was, significant in relation to the business of Unite and which was effected by any member of the Unite group during the current or immediately preceding financial year, or during any earlier financial year, and remains in any respect outstanding or underperformed.

There are no outstanding loans granted by the Company or any company in the Unite group to any of the Directors or Proposed Directors nor has any guarantee been provided by the Company or any company in the Unite group for their benefit.

8.5.4 *Director appointment arrangements*

There are no arrangements or understandings of the Company with major shareholders, customers, suppliers or others pursuant to which any Director was selected as a director, except for the following:

- Thomas Jackson has been nominated to the Board by CPPIB Holdco under the terms of the Relationship Agreement.

9. Summary of remuneration and benefits

A summary of the amount of remuneration paid to the Directors (including any contingent or deferred compensation) and benefits in kind for the year ended 31 December 2018 is set out in the table below:

9.1 *Executive Directors*

Director	Salary	Benefits	Pension	Annual Bonus	LTIP	Other	Total
	£	£	£	£	£	£	£
Richard Smith	445,910	15,920	72,081	478,822	982,975	—	1,995,708
Joe Lister	362,950	16,424	64,523	389,739	800,235	2,250	1,636,121
Total	**808,860**	**32,344**	**136,604**	**868,561**	**1,783,210**	**2,250**	**3,631,829**

9.2 *Non-Executive Directors*

Director	Fees	Committee/ SID fee	Benefits	Total
	£	£	£	£
Phil White	188,700	—	1,443	190,143
Elizabeth McMeikan	46,820	14,801	1,514	63,135
Sir Tim Wilson	46,820	6,900	1,229	54,949
Ross Paterson	46,820	8,938	492	56,250
Richard Akers	15,607	—	609	16,216
Ilaria del Beato	3,902	—	357	4,259
Dame Shirley Pearce	—	—	—	—
Total	**348,669**	**30,639**	**5,644**	**384,952**

10. Directors' terms and conditions

10.1 *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	2 January 2008	12 months	12 months

The 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.

10.2 *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	1 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
Dame Shirley Pearce	1 November 2019	1 month	1 month

The 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.

10.3 *Proposed Directors*

Details of the terms of the letters of appointment of the Proposed Directors are set out below:

	Date of appointment	Notice period by Company (months)	Notice period by Director (months)
Thomas Jackson	28 November 2019	1 month	1 month
Sir Steve Smith	1 April 2020	1 month	1 month

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

Sir Steve Smith has been appointed to join the board as a non-executive director effective from 1 April 2020. Sir Steve Smith will 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.

10.4 *Directors' indemnities*

In addition to the indemnity granted by the Company to Directors in respect of their liabilities incurred as a result of their office, a Directors' and Officers' liability insurance policy is maintained throughout the year insuring the Company and the individual Directors. Neither the indemnity nor the insurance provides cover in the event that a Director has proven to have acted dishonestly or fraudulently.

11. Employee share schemes

11.1 *Discretionary schemes*

The Company operates a discretionary Long Term Incentive Plan ("**LTIP**"), with awards granted to senior management. The LTIP comprises a Performance Share Plan ("**PSP**") and an Approved Employee Share Option Scheme ("**ESOS**"). The ESOS is used to deliver a proportion of the LTIP in a tax-efficient manner, and is subject to the same performance conditions as awards made under the PSP. LTIP awards are subject to performance conditions, with performance against relevant metrics measured over a period of at least three years.

11.2 *All employee scheme*

The Company operates a Save As You Earn Scheme ("**SAYE**") which is available to all employees. 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.

12. Pensions

As of 30 September 2019 Unite's pension provision comprised of two schemes—the Group Personal Pension scheme (GPP with Scottish Widows) and the Peoples Pension scheme (PP).

The Pensions Governance Committee agreed that, from 1 October 2019, Unite would move to one scheme to provide equity alignment and improved communications. Following an external review and recommendations by Unite's broker, Scottish Widows was retained as the pension provider for all employees.

All Unite employees are entitled to become a member of the pension scheme on day one of employment; in line with automatic enrolment they are entitled to activate a three month postponement. All individuals who have opted out of Unite's pension scheme are automatically enrolled every three years in line with legislation.

13. 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		Interest immediately following Admission	
Shareholder	**No.**	**% of total issued share capital**	**No.**	**% of total issued share capital**
APG Asset Management NV	23,252,540	8.0	23,252,540	6.4
BlackRock Inc	22,230,433	7.6	22,230,433	6.1
The Vanguard Group Inc	13,011,216	4.5	13,011,216	3.6
State Street Global Advisors Ltd	10,314,242	3.6	10,314,242	2.8
Merian Global Investors Ltd	9,264,924	3.2	9,264,924	2.6
MFS Investment Management	9,198,831	3.2	9,198,831	2.5
Standard Life Aberdeen	8,847,899	3.0	8,847,899	2.4
CPPIB Holdco	—	—	72,582,286	20.0

Save as disclosed in this paragraph 13, the Directors are not aware of any interest which will represent an interest in the Company's share capital or voting rights which is notifiable under the Disclosure Rules and Transparency Rules following the Acquisition becoming effective and Admission occurring.

So far as the Company is aware, on Admission, no person or persons, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

There are no differences between the voting rights enjoyed by the shareholders described in this paragraph 13 and those enjoyed by any other holder of the Company's Ordinary Shares.

14. Mandatory bids and compulsory acquisition

The City Code on Takeovers and Mergers (the "**Takeover Code**") is issued and administered by the UK Panel on Takeovers and Mergers. The Company is subject to the Takeover Code and therefore Unite Shareholders are entitled to the protection afforded by the Takeover Code.

14.1 *Mandatory bids*

Under Rule 9 of the Takeover Code (1) when a person acquires an interest in shares which (taken together with the shares in which he or she and persons acting in concert with him or her are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or (2) where a person, together with persons acting in concert with him or her is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with him or her, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he or she is interested, then in either case, that person together with the person acting in concert with him or her, is normally required to extend offers in cash, at the highest price paid by him or her (or any persons acting in concert with him or her) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital of that company whether voting or non-voting and also to the holders of any other transferable securities carrying voting rights.

14.2 *Squeeze-out*

Under the Companies Act 2006, if a "takeover offer" (as defined in section 974 of the act) is made for a company's shares and the offeror were to acquire or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their shares to which the offer relates and then, six weeks later, it would execute a transfer of the outstanding shares under the takeover offer in its favour and pay the consideration to the company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are acquired compulsorily under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

14.3 *Sell-out*

The Companies Act 2006 also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares, on the terms of the offer or on such other terms as may be agreed.

15. Working capital

The Company is of the opinion that, taking into account the facilities available to Unite, Unite has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

The Company is of the opinion that, taking into account the facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

16. Significant change

16.1 *Unite*

There has been no significant change in the financial performance of Unite since 30 June 2019, and, except for the issue of the Placing Shares, there has been no significant change in the financial position of Unite has occurred since 30 June 2019, being the date of the end of the last financial period for which the Unite Financial Information incorporated by reference in Part XIV (*Historical Financial Information of Unite*) to this document has been published.

16.2 *Liberty Living*

There has been no significant change in the financial performance of the Target Liberty Living Group since 31 August 2019, and no significant change in the financial position of the Target Liberty Living Group has occurred since 31 August 2019, being the date of the end of the last financial period for which the Target Liberty Living Group Financial Information included in Section A of Part XV (*Historical Financial Information of the Target Liberty Living Group*) of this document has been published.

17. Related party transactions

Save as disclosed in the information incorporated by reference into this document referred to in paragraph 24 below, no member of the Unite group entered into any transactions with related parties during the six months ended 30 June 2019 and the year ended 31 December 2018. For further information, see:

- Note 3.3(b) of the notes to the interim consolidated financial statements for Unite for the six months ended 30 June 2019 which can be found at page 43 of Unite's Interim Results Announcement 2019; and
- 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 page 136 of the Unite Annual Report 2018.

For the period from and including 1 July 2019 and the Latest Practicable Date, there were no related party transactions entered into by any member of the Unite group, save as disclosed below:

- On 20 May, Unite agreed to sell an asset located in Leeds, to USAF for £35 million (Unite share £26 million), which completed on 10 October;
- on 25 September, Unite agreed to dispose of two assets, in Birmingham and Newcastle, for £100 million to USAF (Unite share £75 million) which were sold on 14 November; and
- Unite has received asset and property management fees in relation to services provided to USAF and LSAV as part of Unite's ordinary course management arrangements with USAF and LSAV.

18. Material contracts

18.1 *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 the Unite group as at the date of this document:

18.1.1 *Acquisition Agreements*

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

18.1.2 *Sponsor's Agreement*

The Company and Numis have entered into the sponsor's agreement dated 22 November 2019, which sets out terms on which the Company has appointed the Sponsor to act as sponsor in connection with the publication of the Prospectus and Admission and the associated applications to the FCA and the London Stock Exchange for admission of the Consideration 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's agreement contains warranties from the Company in favour of the Sponsor in relation to matters relating to Unite and its business and the Liberty Living portfolio. The Sponsor may terminate the sponsor's agreement 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 its obligations as sponsor, or the Sale and Purchase Agreement is terminated in accordance with its terms. In addition, the Company has agreed to indemnify the Sponsor in respect of certain liabilities it might incur in respect of the Prospectus and Admission, which are customary for an agreement of this kind. The liability of the Company pursuant to the sponsor's agreement is unlimited by time or amount.

The Company has agreed to pay the Sponsor's costs and expenses (including any applicable VAT) in respect of the Prospectus and Admission.

18.1.3 *Placing and Sponsor's Agreement*

In connection with the Placing, the Company, J.P. Morgan Cazenove and Numis (together, the "**Banks**") entered into the placing and sponsor's agreement dated 3 July 2019, pursuant to which and subject to certain conditions, the Company agreed to allot and issue the Placing Shares at the Placing Price and the Banks agreed to act as agent 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 the Placing Shares for which the relevant subscriber defaulted at settlement. Furthermore, the placing and sponsor's agreement sets out terms on which the Company has appointed the Sponsor to act as sponsor in connection with the publication of the Circular.

The placing and sponsor's agreement contained warranties from the Company in favour of the Banks in relation to matters relating to Unite and its business and the Liberty Living portfolio. In addition, the Company 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 agreed to pay the Banks' costs and expenses (including any applicable VAT) in respect of the Placing and the Acquisition.

18.1.4 *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.

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

On 27 April 2012, LDC (Portfolio 100) Limited, as borrower, and a number of the 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 £107,900,000.

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 per cent., 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 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 per cent.

The facility agreement is governed by English law.

18.1.6 *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.

18.1.7 ***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 cent. 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, unencombered 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.

18.1.8 *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. On 15 November 2019, Unite exercised its option to redeem all of the outstanding retail bonds, which will be redeemed on 19 December 2019.

The bonds are governed by English law.

18.1.9 *Guaranteed Bonds—£275 million*

On 15 October 2018, the Company issued £275,000,000 3.500 per cent. guaranteed bonds due 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.

18.1.10 *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 per cent. 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 per cent. 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.

18.1.11 ***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 per cent. 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 businesss; (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 the Unite Group; (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 per cent.) 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 per cent.) and the fixed rate; and (ii) LIBOR, plus a margin of 4.10 per cent. 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; (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.

18.1.12 *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.

18.2 *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 the Liberty Living as at the date of this document:

18.2.1 *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 the 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 18.2.2 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 bonds 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 subsdiaries 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 a subsidiary of Liberty Living Group Plc; (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 any of their respective subsidiaries; (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.

18.2.2 *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 the Liberty Living Group and disposals without majority lender consent; (c) mergers; (d) change of the general nature of the business of the Liberty Living Group; (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 (g) specific property undertakings relating to title, headleases and maintenance.

The facility agreement is governed by English law.

19. Litigation

19.1 *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.

19.2 *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 Liberty Living's financial position or profitability.

20. Auditors

Deloitte LLP is registered to carry on audit work in the United Kingdom and Ireland by the Institute of Chartered Accountants in England and Wales. Deloitte LLP is the Company's external auditor as at the date of this document and audited the accounts of the Company for the financial years ended 31 December 2018 and 2017 and 2016.

21. Consents

Deloitte LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of:

- the accountant's report on the unaudited pro forma financial information set out in Section B of Part XVI (*Unaudited Pro Forma Financial Information of the Enlarged Group*);
- the accountant's report on the consolidated historical financial information of the Target Liberty Living Group set out in Section B of Part XV (*Historical Financial Information of the Target Liberty Living Group*) of this Prospectus; and
- the accountant's report on the consolidated historical financial information of the Target Liberty Living Group set out in Section B of Part V (*Historical Financial Information of the Target Liberty Living Group*) of the Circular, which is incorporated by reference in Section C of Part XV (*Historical Financial Information of the Target Liberty Living Group*) of this Prospectus

For the purpose of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules, Deloitte LLP is responsible for and has authorised each of these reports, and declares that to the best of its knowledge, the information contained in these reports is, in accordance with the facts and contains no omission likely to affect their import. This consent and declaration is included in the Prospectus in compliance with item 1.3 of Annex 3 of the Prospectus Regulation and for no other purpose.

Jones Lang LaSalle Limited has given and has not withdrawn its written consent to the inclusion in this document of its valuation report and has authorised the content of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

Knight Frank LLP has given and has not withdrawn its written consent to the inclusion in this document of its valuation reports and has authorised the content of its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

CBRE Limited has given and has not withdrawn its written consent to the inclusion in this document of its valuation report and has authorised the content of its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

Numis has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name.

22. Miscellaneous

The total costs and expenses (exclusive of VAT) payable by Unite in connection with the Acquisition and Admission are estimated to be approximately £24.3 million. Given the inter-relationship between the Acquisition and Admission, it is not practicable to separate costs attributable solely to the Acquisition and Admission. There are no amounts payable to financial intermediaries.

23. Regulatory disclosures

In the 12 month period prior to the date of this document, Unite made certain disclosures under Regulation (EU) No 596/2014 comprising certain announcements in connection with the Acquisition and certain PDMR dealing notifications.

On 27 June 2019, Unite announced that it was in discussions with CPPIB regarding the potential Acquisition. Subsequently, on 3 July 2019, Unite announced the Acquisition of Liberty Living, the launch of the Placing and the results of the Placing. For further information on the Acquisition and the Placing, see Part VI (*Background to and reasons for the Acquisition*).

The six PDMR dealing notifications reported a director's election under the Company's scrip dividend scheme for a 2018 final dividend by a Non-Executive Director, two grants of LTIP options to the Chief Executive Officer, the exercise of LTIP options by the Chief Executive Office, a sale of Shares by the Chief Executive Officer and a purchase of Shares by a Non-Executive Director.

Save as disclosed in this paragraph 23 of this Part XXI, made no other disclosures under Regulation (EU) No 596/2014 in the 12 month period prior to the date of this document.

24. Information incorporated 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 25 of this Part XXI, contain information about Unite, and, in the case of the Circular, about Liberty Living, which is relevant to this document:

- the Circular;
- Unite Interim Results Announcement 2019; and
- Unite Annual Report 2018.

For information on the sections of the above documents that are incorporated by reference, see Part XIV (*Historical Financial Information of Unite*) and Part XV (*Historical Financial Information of the Target Liberty Living Group*).

25. Documents available for inspection

Copies of the following documents will be available on the Company's website, www.unite-group.co.uk, and for inspection at the Company's registered office at South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL, United Kingdom, during normal business hours on Monday to Friday each week (public holidays excepted) for a period of 12 months following Admission:

- the Sale and Purchase Agreement;
- Memorandum of Association and the Articles of Association;
- the Unite Financial Information;
- the Target Liberty Living Group Financial Information;
- the report of Deloitte LLP on the Pro Forma Financial Information set out in Part XVI (*Unaudited Pro Forma Financial Information of the Enlarged Group*);
- the Unite Valuation Reports;
- the Liberty Living Portfolio Valuation Report;
- the consent letters referred to in paragraph 21 above;
- the Circular; and
- this Prospectus.

This document is dated 22 November 2019

PART XXII

DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

"Acquisition"	the proposed acquisition by Unite of Liberty Living from CPPIB Holdco
"**Acquisition Assets**" . . .	existing UK direct-let student accommodation properties that the Company has identified for potential acquisition by USAF from third parties
"**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
"**AGM**"	the annual general meeting of the Company as required under the Companies Act
"**Articles of Association**" or "**Articles**"	the articles of association of the Company
"**Audit Committee**"	the audit committee of the Board
"**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**"	the circular published by the Company on 4 July 2019, containing the Notice of General Meeting
"**CLV**"	campus living villages
"**CMA**"	the Competition and Markets Authority
"**CPPIB**"	Canada Pension Plan Investment Board, a Canadian federal Crown corporation established under the Canada Pension Plan Investment Board Act of Canada
"**CPPIB Holdco**"	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
"**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, BS1 6FL, United Kingdom
"**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
"**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 document

"**CREST Regulations**" . .	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
"**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 XX (*Directors and Corporate Governance*) of this document
"**Disclosure Guidance and Transparency Rules**"	the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA
"**EBIT**"	earnings before interest and tax
"**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 NAV**"	EPRA net asset value
"**EPRA NNNAV**"	EPRA NAV is adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes
"**EPRA EPS**"	earnings per share
"**EPRA EPS yield**"	EPRA EPS in a given year divided by EPRA NAV per share at the beginning of the year
"**ESOS**"	employee share option scheme
"**Euroclear**"	Euroclear UK & Ireland Limited, the operator of CREST
"**FCA**"	the Financial Conduct Authority
"**Financing**"	the Placing, the issue of the Consideration Shares and all or any portion of the existing debt financing utilised by Unite for the purpose of the Acquisition and the transactions contemplated by the Sale and Purchase Agreement
"**FSMA**"	the Financial Services and Markets Act 2000, as amended
"**GDPR**"	General Data Protection Regulation
"**General Meeting**"	the general meeting of the Company held at 10.30am 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 to approve the Resolution
"**GIC**"	GIC Real Estate, the real estate investment arm of the Government of Singapore Investment Corporation
"Government"	the government of the United Kingdom
"**HESA**"	Higher Education Statistics Agency
"**Higher Education**"	tertiary education at a university or similar institution
"**HMOs**"	houses in multiple occupation
"**HM Revenue and Customs**" or "**HMRC**" .	Her Majesty's Revenue and Customs
"**ICR**"	interest cover ratio
"**IFRS**"	International Financial Reporting Standards as adopted by the European Commission for use in the European Union

"**IPD**"	Investment Property Databank
"**ISIN**"	international security identification number
"**J.P. Morgan Cazenove**"	J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove
"**Legislation**"	means the Companies Acts, the CREST Regulations and every other enactment for the time being in force concerning companies and affecting the Company
"**Latest Practicable Date**"	21 November 2019 (being the latest practicable date prior to publication of this document)
"**Leases**"	a lease entered into between a university or other education provider and a student accommodation provider whereby the university contracts directly with the private student accommodation provider for a specified number of rooms for a defined period. The university then enters into letting agreements directly with the its students
"**LIBOR**"	London interbank offered rate
"**Liberty Living**"	Liberty Living Group Plc, a public limited company incorporated under the laws of Jersey, with a 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
"**Liberty Living Portfolio Valuation Report**"	the valuation report from Knight Frank LLP in respect of properties held by the Liberty Living portfolio set out in Part XVIII (*Valuation Report for the Liberty Living portfolio*) of this document
"**Liberty Living Valuer**"	Knight Frank LLP
"**Listing Rules"**	the listing rules of the FCA made pursuant to section 73A of 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 ratio
"**Market Abuse Regulation**" or "**MAR**"	Market Abuse Regulation 596/2014/EU, as amended
"**Memorandum of Association**"	the memorandum of association of the Company
"**Member States**"	the Member States of the European Union from time to time
"**Money Laundering Regulations**"	the Money Laundering Regulations 2007, as amended from time to time
"**NOI**"	net operating income
"**nominations agreements**"	the agreements between a university or other education provider that comprise nominations agreements, residential leases and referral

agreements, as described in paragraph 8 of Part III (*Important Information*) of this document.

"**Nominations Committee**"	the nominations committee of the Board
"**Non-Executive Directors**"	Phil White, Elizabeth McMeikan, Ross Paterson, Sir Tim Wilson, Richard Akers, Ilaria del Beato and Dame Shirley Pearce
"**Non-PID Dividend**"	a dividend which is not a Property Income Distribution
"**Notice of General Meeting**"	the notice of a General Meeting of the Company contained in the Circular
"**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
"**ONS**"	Office for National Statistics
"**Ordinary Shares**"	ordinary shares of 25 pence each in the capital of the Company
"**Overseas Shareholders**"	Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
"**PBSA**"	purpose built student accomodation
"**PFIC**"	passive foreing investment company
"**PID**"	Property Income Distribution
"**Placing**"	the placing of 26,353,664 new Ordinary Shares which were issued on 5 July 2019 to raise gross proceeds of approximately £259.6 million in connection with the Acquisition
"**Placing Shares**"	the Ordinary Shares issued by Unite pursuant to the Placing
"**PDMR**"	a person discharging managerial responsibilities as defined in Article 3(1)(25) of the Market Abuse Regulation
"**PRA**"	the Prudential Regulation Authority
"**PRS**"	private rental sector
"**Pro Forma Financial Information**"	unaudited pro forma income statement and pro forma balance sheet in relation to the Enlarged Group
"**Proposed Directors**"	Thomas Jackson and Sir Steve Smith
"**Prospectus**"	this document
"**Prospectus Regulation**"	Regulation (EU) 2017/1129 as amended from time to time
"**Prospectus Regulation Rules**"	the prospectus rules of the FCA made pursuant to section 73A of the FSMA, as amended from time to time
"**Registrar**"	Computershare Investor Services plc of The Pavilions, Bridgwater Road, Bristol BS99 6ZY
"**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 1.9 of Part VII (*Summary of the Principal Terms of the Acquisition*) of this document
"**Remuneration Committee**"	the remuneration committee of by the Board
"**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 the Circular
"**RICS**"	Royal Institution of Chartered Surveyors
"**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 of the entire issued share capital of Liberty Living dated 3 July 2019, as described in paragraph 1 of Part VII (*Summary of the Principal Terms of the Acquisition*) of this document
"**SAYE**"	Save As You Earn Scheme
"**SDLT**"	stamp duty land tax
"**SDRT**"	stamp duty reserve tax
"**Securities Act**"	the United States Securities Act of 1933 (as amended)
"**Secretary**"	means the secretary of the Company and any person appointed by the Directors to perform any of the duties of the secretary including, but not limited to, a joint, assistant or deputy secretary
"**Shareholders**"	the holders of Unite Shares
"**Sponsor**"	Numis
"**Takeover Code**"	the City Code on Takeovers and Mergers issued from time to time by or on behalf of the UK Panel on Takeovers and Mergers
"**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, Germnay and Valencia, Spain
"**Target Liberty Living Group Financial Information**"	the consolidated financial information relating to the Target Liberty Living Group for the year ended 31 August 2019 included in Section A of Part XV (*Historical Financial Information of the Target Liberty Living Group*) and the consolidated financial information relating to the Target Liberty Living Group for the years ended 31 August 2018 and 2017 incorporated by reference in Section C of Part XV (*Historical Financial Information of the Target Liberty Living Group*) of this document
"**Transparency Rules**"	the transparency rules of the FCA made pursuant to section 73A of FSMA, as amended from time to time
"**UCAS**"	Universities and Colleges Admission Service
"**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, BS1 6FL, United Kingdom, and its subsidiary undertakings (as defined in the Companies Act 2006), from time to time

"**Unite Financial Information**"	the consolidated financial information relating to Unite for the year ended 31 December 2018 and the six months ended 30 June 2019 which are incorporated into this document by reference as explained in Part XIV (*Historical Financial Information of Unite*) of this document
"**Unite Interim Results Announcement 2019**"	Unite's interim results announcement published on 23 July 2019 containing Unite's interim financial information for the six months ended 30 June 2019
"**Unite Valuation Reports**"	the valuation reports from Jones Lang LaSalle Limited, Knight Frank LLP and CBRE Limited in respect of properties held by Unite, USAF and LSAV set out in Part XVII (*Valuation Reports for Unite*) of this document
"**Unite Valuers**"	Jones Lang LaSalle Limited, Knight Frank LLP and CBRE Limited
"**UK Corporate Governance Code**"	the UK Corporate Governance Code issued by the Financial Reporting Council in September 2018
"UK GAAP"	UK generally accepted accounting practice
"**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 Reports**"	the Liberty Living Portfolio Valuation Report and the Unite Valuation Reports
"**WAULT**"	weighted average unexpired lease term

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