The heart of
student living
UNITE

The UK’s leading developer and manager of student accommodation

Interim Results

Six months ended 30 June 2012

HIGHLIGHTS

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- Strong financial performance
  - NPC doubled to £14.4m
  - Adjusted NAV per share up 5.3%
  - Strong operational cashflow
  - Interim dividend doubled to 1.0pps
- Financial position strengthened
  - Debt facilities extended and diversified
  - Asset disposal programme on track
  - See through LTV flat at 54%
- Future value locked into development pipeline
  - 1,514 beds committed for 2014 delivery
  - 27pps future development profit
- Robust outlook
  - 87% reservations for 2012/13
  - 3-4% rental growth guidance maintained

	30 Jun 2012	30 Jun 2011	31 Dec 2011
Net Portfolio Contribution	**£14.4m**	£7.2m	£11.0m
Adjusted EPS	**9.0p**	3.1p	2.6p
Adjusted NAV per share	**335p**	310p	318p
See through LTV	**54%**	54%	54%
Operations cashflow	**£13.9m**	£11.8m	£13.8m
Dividend per share (interim/full year)	**1.0p**	0.5p	1.75p
Reservations*	**87%**	89%	n/a
Secured future development profit	**27pps**	39pps	25pps

* Reservations at 29 Aug

STRATEGY AND MARKET

RENT AND OCCUPANCY OUTLOOK

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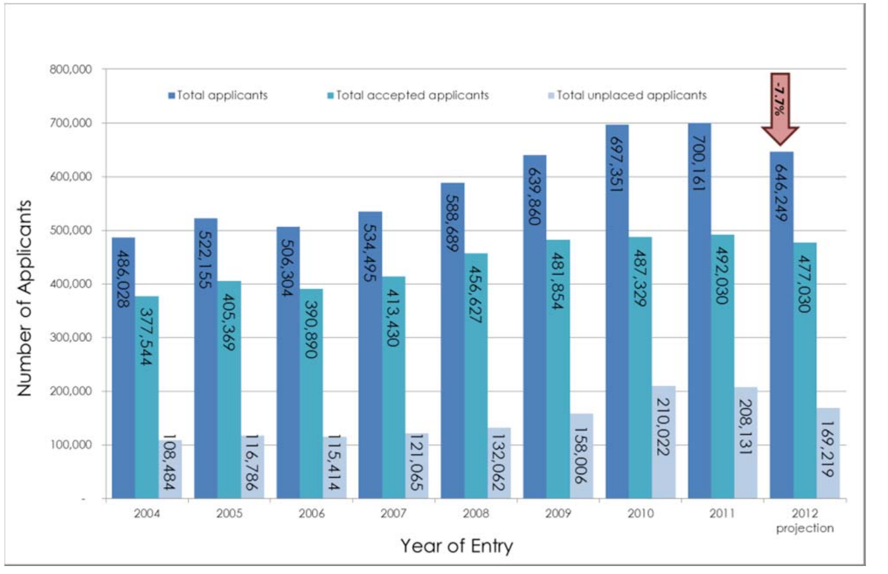
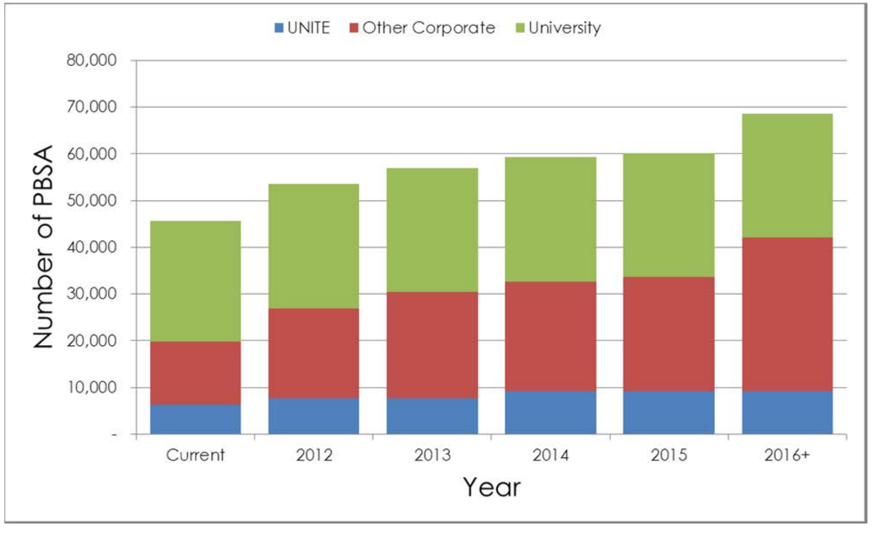
- Demand outlook
  - Over 160,000 more University applicants than places
  - School leaver demand resilient (decrease of only 2.6% per UCAS June 2012 update)
  - International demand increasing
  - 15,000 fewer funded places for 2012/13 (c.1% of FT student population)
- Supply outlook
  - Planning regime remains challenging
  - Capital constraints limiting new supply
  - New projects focused in London (c.15,000 beds by 2015, of which UNITE 20%)
- Rental growth
  - UNITE 2012/13 reservations at 87%
  - Supportive of 3-4% annual growth
  - More complex applications process for 2012/13
  - Prospects better for London and stronger University cities

UCAS Full Year Applicants 2004-2012



Total PBSA beds in Central London



YIELD OUTLOOK

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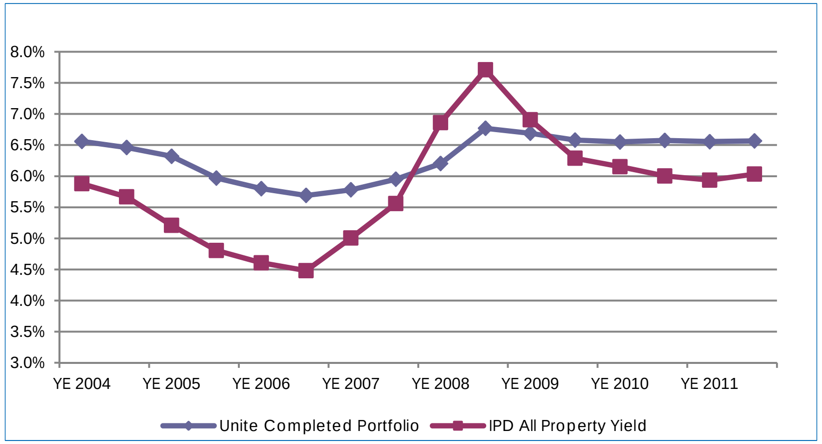
- Average yields stable at 6.6%
  - Flat overall since late 2009
  - Fluctuations at asset/city level
- Transaction volumes healthy
  - £800m transactions in H1
  - Likely increase in volumes in H2
- Investor appetite strongest for long University leases and London
  - Prospect of some yield compression in H2
  - Weaker provincial locations likely to see some yield expansion
- UNITE well positioned
  - London weighting 45%
  - £95m of disposals supportive of valuations

UNITE vs IPD All Property Initial Yield



Indicative stabilised yields

Asset type	Lease type	NOI yield range	Trend
London	lease/noms*	5.5 – 6.0%	stronger
	direct let	6.0 – 6.5%	stronger
Major provincial	lease/noms*	5.75 – 6.25%	stronger
	direct let	6.5 – 7.0%	stable
Provincial	lease/noms*	6.0 – 6.5%	stable
	direct let	6.75 – 7.5%	weaker

* Noms: Nominations agreements with long-term income guarantee from a University

STRATEGY

Target low double-digit total returns, with modest risk

Development

- London focus
- Mix of product, price point and location
- 9% yield on cost target
- Further accretive developments subject to financing/disposals

Capital growth

- London focus
- Quality portfolio and universities
- Brand platform
- Rental growth 3-4%
- Managed leverage

Income growth

- Rental growth
- Operating efficiencies
- New openings
- Progressive dividend policy

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FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

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	6 months to Jun 2012	6 months to Jun 2011	12 month to Dec 2011
Income Statement			
Net portfolio contribution	**£14.4m**	£7.2m	£11.0m
Adjusted EPS (pre UMS for 2011)	**9.0p**	3.1p	2.6p
Balance Sheet			
NAV (adjusted, fully diluted per share)	**335p**	310p	318p
See-through LTV	**54%**	54%	54%
Adjusted gearing	**92%**	78%	84%
Cash flow			
Operating cashflow	**£13.9m**	£11.8m	£13.8m
Dividend per share	**1.0p**	0.5p	1.75p

ADJUSTED NAV BRIDGE

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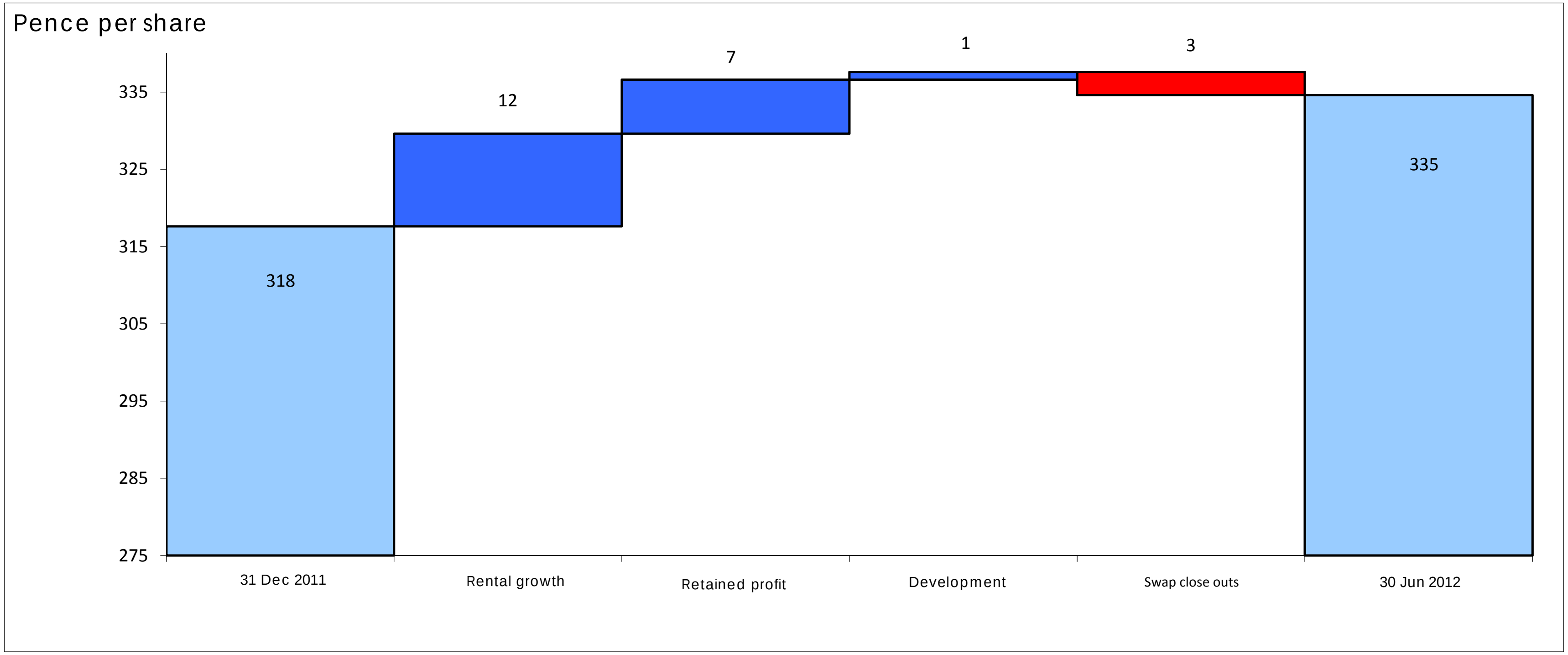

- Rental growth of 1.8% on completed portfolio
  - USV acquisition NAV impact of £1.4m in H1 included within rental growth NAV
- Growing retained earnings
- Development profits weighted towards H2
- Swap close-outs associated with L+G facility

NET PORTFOLIO CONTRIBUTION

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- NPC doubled in period to £14.4m
  - 99% occupancy in H1
  - Rental growth of 3.1% for 2011/12
  - 236 net new beds following 2012 openings and disposals
  - Margin improvement and cost savings
- Sustainable margin improvements
  - Staff levels, bad debt, marketing and utilities
  - Olympic margin benefit of c.1%
  - On track to exceed 70% NOI margin target for full year
- Sustainable savings in interest and overhead
  - Average cost of debt reduced to 5.5% (2011 H1 : 6.5%)
  - Annualised overheads less fees as % GAV – 81bps (Dec 11: 95pps). On track for 80bps target by 2014.

	Jun 2012 £m	Jun 2011 £m	Dec 2011 £m	% change
Total income	**124.1**	112.5	219.5	10%
UNITE share of rental income	**56.7**	48.9	95.6	10%
UNITE's share	***46%***	*45%*	*44%*	
UNITE's share of operating costs	**(14.3)**	(14.1)	(29.4)	2%
UNITE's NOI	**42.4**	34.8	66.2	21%
NOI margin	***74.6%***	*71.2%*	*69.2%*	
Fees from JVs	**5.0**	5.1	10.1	-
Overhead	**(10.3)**	(10.7)	(21.6)	4%
Finance costs[1]	**(22.7)**	(21.9)	(43.7)	(3%)
NPC	**14.4**	**7.2**	**11.0**	**100%**

[1] Finance costs include net interest of £16.5m and lease payments of £6.2m on sale and leaseback assets

INCOME STATEMENT

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	Jun 2012	Jun 2011	Dec 2011
	£m	**£m**	**£m**
Net Portfolio Contribution	**14.4**	**7.2**	**11.0**
Development pre-contract costs	**(1.3)**	(1.6)	(3.3)
Landsbanki, restructuring and other costs	**1.3**	(0.6)	(3.6)
EPRA adjusted profit (pre UMS for 2011)	**14.4**	**5.0**	**4.1**
UMS	**-**	(2.3)	(21.0)
Valuation movement and profit / loss on disposals	**16.0**	12.1	19.7
Mark-to-market movement	**1.6**	0.2	-
Deferred tax	**1.5**	1.3	1.9
IFRS profit before tax	**33.5**	**16.3**	**4.7**
NPC per share	**9.0p**	4.5p	6.9p
Adjusted EPS (pre UMS for 2011)	**9.0p**	3.1p	2.6p

- On a recurring basis adjusted profit in 2012 is £11.9m (2011 H1: £5.0m)
- UMS closure expected to be in line with provision

SEE THROUGH BALANCE SHEET AND INCOME STATEMENT

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	Wholly owned £m	USAF / JVs (UNITE share) £m	**UNITE see through Jun 12 £m**	*UNITE see through Dec 11 £m*
Balance sheet				
Rental Properties	673	368	**1,041**	*1,017*
Properties under development	228	-	**228**	*189*
Total property portfolio	901	368	**1,269**	*1,206*
Net debt	(501)	(182)	**(683)**	*(646)*
Other assets/(liabilities)	(41)	(1)	**(42)**	*(46)*
Adjusted net assets	**359**	**185**	**544**	***514***
Adjusted LTV	*56%*	*49%*	*54%*	*54%*
Income statement			6 m/e June 12	6 m/e June 11
Net operating income	29.1	13.3	**42.4**	*34.8*
Overheads less management fees	(3.7)	(1.6)	**(5.3)**	*(5.7)*
Finance costs	(17.1)	(5.6)	**(22.7)**	*(21.9)*
Net Portfolio Contribution	**8.3**	**6.1**	**14.4**	***7.2***

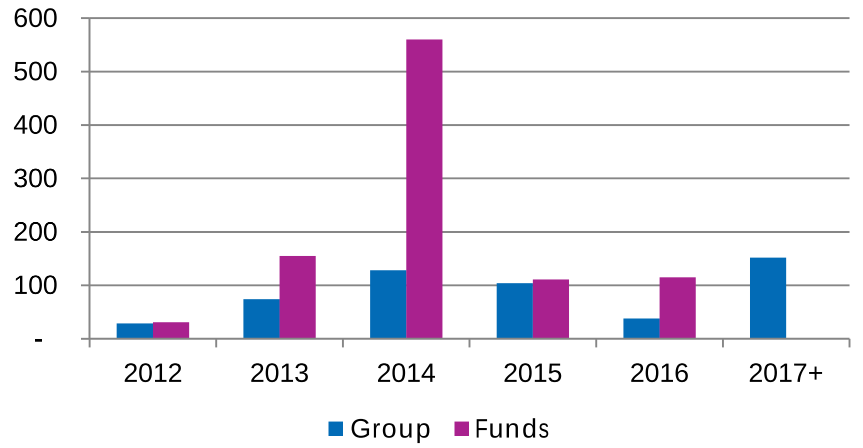
CAPITAL STRUCTURE

- Good progress with debt financing
  - £121m 10 year L+G facility completed
  - £169m of other Group facilities arranged/extended
- Debt maturities being effectively managed
  - Capacity in place for all Group 12/13 maturities following disposal programme
  - Plans in place for USAF/JV maturities in 2013 and 2014
  - Swap break costs being managed
- Reduction in cost of debt
  - Lower marginal cost of debt
  - Reduced hedging
- Gearing to be reduced in H2
  - Disposal proceeds expected to exceed capex in H2

Key debt statistics

	Jun 12	Jun 11	Dec 11
Net debt	£501m	£391m	£434m
See through LTV	54%	54%	54%
Adjusted gearing	92%	78%	84%
Average see through cost of debt	5.5%	6.5%	5.7%
Investment debt hedged	72%	89%	69%
Average maturity	4 years	3 years	3 years

Debt maturity profile



ASSET DISPOSALS

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	Proceeds £m	Book value £m
Completed / exchanged		
Wholly owned	45.2	46.1
USAF	21.0	21.0
UCC	28.6	26.9
	94.2	94.0
Under offer		
Wholly owned	35.0	33.0
	129.8	127.0

- On track for £100m to £150m sales by December 2012
- USAF capacity for c.£25m acquisition from UNITE
- Ongoing Asset Management activity to unlock further potential disposals

CO-INVESTMENT VEHICLES

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- USAF: established track record, size, diversification
  - 8.5% total return in H1, top of IPD benchmark over 1 and 5 years
  - £21m of asset disposals
  - Landsbanki recovery of £12.5m (UNITE share £2.5m), further instalments expected in due course
- Good progress in agreeing longer term strategies for JVs
  - Constructive dialogue with JV partners
  - Completed USV buy-out in January 2012 at 31% discount to NAV
- Plans in place for USAF/JV debt maturities

30 June 2012

	USAF £m	UCC £m	OCB £m
GAV (£m)	1,270	377	190
Borrowing / others (£m)	(554)	(221)	(110)
Adjusted NAV (£m)	**716**	**156**	**80**
Adjusted LTV	*42%*	*61%*	*55%*
UNITE stake	*16%*	*30%*	*25%*
Management fees in period (£m)	*3.2*	*1.3*	*0.5*
Maturity	Infinite	2013	2014

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OPERATIONAL REVIEW

OPERATIONS

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- Customer service focus remains critical
  - Students and Universities more demanding consumers
  - Asset and service quality paramount
  - Deepening University relationships

- Portfolio refurbishment programme continuing
  - £0.5m capex in period delivering £1.5m NAV uplift (UNITE share)
  - In addition to standard lifecycle/maintenance works

- 2012/13 demand solid
  - 87% reserved at 29 August (2011: 89%)
  - Supportive of 3-4% rental growth for AY 2012/13

- Marked changes to buying patterns for 2012/13
  - Most phases of sales cycle have occurred later than in the past
  - Greater volume of conditional University offers / ‘trading-up’ options a factor
  - Final occupancy unlikely to be affected

DEVELOPMENT PIPELINE

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	Number of beds	Total completed value £m	Total development cost £m	Capex in period £m	Capex remaining £m	Forecast NAV remaining £m	Forecast yield on cost	Typical weekly cluster rent £
2012								
London								
Waterloo Road	146	22	16	4	1	2	9.0%	225
Moonraker Point	674	112	75	13	2	3	9.5%	233
North Lodge	528	46	30	5	1	-	10.3%	160
Glasgow								
Kelvin Court	477	32	26	10	2	1	8.4%	125
	1,825	212	147	32	6	6	9.4%	
2014								
London								
Camden	563	82	59	1	56	24	9.5%	219
Stratford	951	84	60	-	46	14	9.3%	166
	1,514	166	119	1	102	38	9.3%	

- 2012 programme completing to time, cost and quality targets
- 2014 programme committed
  - Funding and planning consents in place
- Further accretive development activity to be pursued selectively
  - Subject to prudent capital management
  - No commitments beyond 2014 at present
- Potential 27pps development profit on secured development projects

SUMMARY AND OUTLOOK

The heart of student living UNITE

- Strong financial and operating performance
  - Growth in NAV, earnings and cash flow
  - Interim dividend increased to 1.0pps
- Financial position strengthened
  - Asset disposal programme on track
  - Debt facilities extended and diversified
- Accretive development activity continues
  - 2012 completions on target
  - 2014 programme committed
  - Potential 27pps and future profit on secured schemes
- Robust outlook
  - 3-4% rental growth guidance maintained
  - Further accretive development opportunities subject to prudent capital management

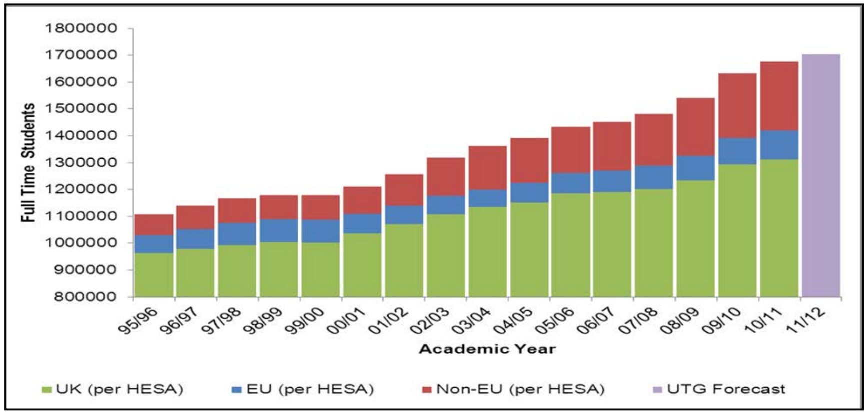
APPENDICES

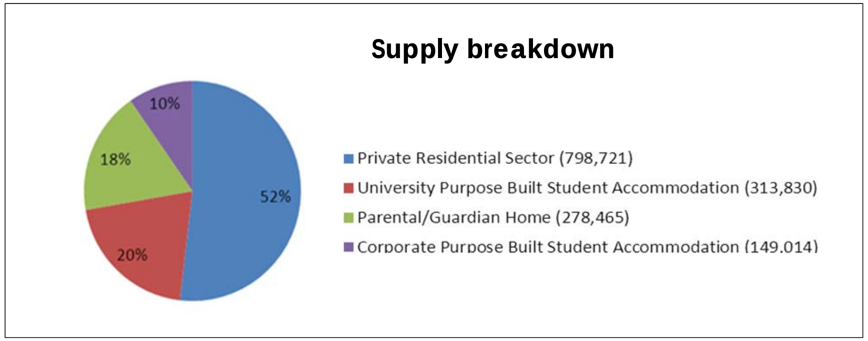
UK STUDENT ACCOMMODATION MARKET

The heart of student living UNITE

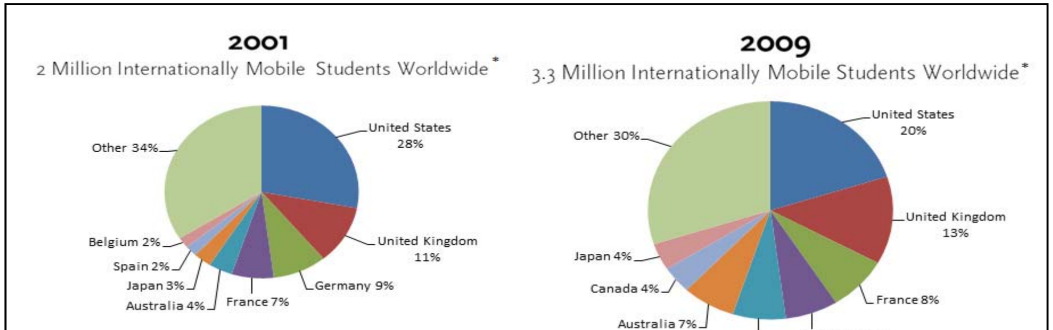
- Student numbers have doubled since 1991
  - Driven by government policy, demographics, global mobility
  - >160,000 more applicants than places for 2012/13
  - Variations at city/university level
- UK attractive to global students
  - 47% of UNITE customers non-UK
  - Global trend for studying abroad
  - UK market share increasing
- Supply/demand imbalance persists
  - University stock levels flat
  - Private rented sector facing tougher regulations
  - Capital constraining new supply
  - Imbalance greatest in London

Full time student numbers growth





International student mobility



Source: Education at a Glance, OECD, Paris (2010)

PRODUCT AND SERVICE OFFERING

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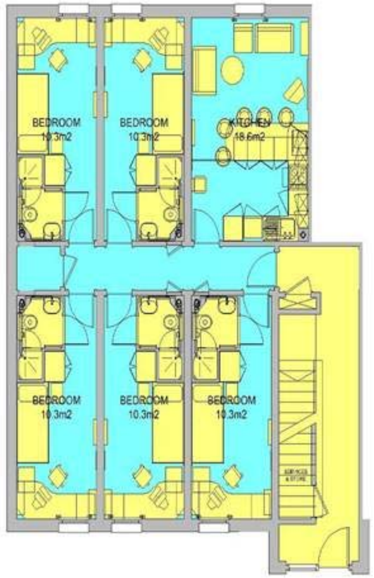
- All-inclusive pricing
  - All utilities and services
  - Internet connection (all properties) and wi-fi (some properties)
  - 24/7 operations
  - Transparency and certainty
- City centre locations
  - Close to university campuses
  - Flat-shares and studios
  - Range of products and price points
- Direct let and university contracts
  - Strong relationships with universities
  - Direct sales through website
  - Multi-lingual telephone contact
  - Unique online booking system



PHASES OF GROWTH

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- 2000 - 2006 : First mover advantage
  - Rapid national expansion
  - Development led
  - High quality sites secured
  - Financial and operational stretch
- 2006 - 2009 : Operational and financial consolidation
  - Co-investment model established to diversify capital base
  - Operational change programme implemented
  - Development programme scaled back
- 2009 - date : Managed growth
  - Growing recurring cash flows
  - London focus
  - Sustainable capital structure
  - Brand differentiation

SEE-THROUGH BALANCE SHEET AND INCOME STATEMENT

The heart of student living
UNITE

	Group £m	USAF £m	UCC £m	USV £m	OCB £m	**Total £m**
Balance sheet at 30 June 2012						
Rental Properties	672	207	113	-	48	**1,040**
Properties under development	228	-	-	-	-	**228**
Net debt	(500)	(87)	(69)	-	(26)	**(682)**
Other assets/(liabilities)	(41)	(2)	3	-	2	**(42)**
Net Assets	**359**	**118**	**47**	**-**	**20**	**544**
Income statement (6 months)						
Rental income	40.2	10.1	4.4	0.2	1.8	**56.7**
Costs	(11.1)	(2.5)	(0.5)	-	(0.2)	**(14.3)**
Net operating income	29.1	7.6	3.9	0.2	1.6	**42.4**
Management fees	6.5	(0.7)	(0.6)	-	(0.2)	**5.0**
Operating/corporate expenses	(10.2)	(0.1)	-	-	-	**(10.3)**
Finance costs	(17.2)	(2.5)	(2.0)	(0.1)	(0.9)	**(22.7)**
Net portfolio contribution	8.2	4.3	1.3	0.1	0.5	**14.4**
Bed numbers	**15,084***	**21,351**	**2,601**	**-**	**1,120**	**40,164**

*includes 4,192 leased beds

OUR TOP 10 MARKETS

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2012 Rank	2011 Rank	City	Completed Beds (12/13)	Completed Beds (11/12)	FT Student Numbers (10/11)	Projected Market Share
1	1	London	7,714	6,729	289,925	2.7%
2	2	Sheffield	3,731	3,731	48,107	7.8%
3	3	Liverpool	3,372	3,372	41,795	8.1%
4	4	Leeds	3,138	3,138	51,025	6.1%
5	5	Bristol	2,858	2,858	37,860	7.5%
6	6	Manchester	2,330	2,716	80,245	2.9%
7	10	Glasgow	2,149	1,672	60,815	3.5%
8	7	Aberdeen	1,837	1,837	22,105	8.3%
9	8	Birmingham	1,832	1,832	56,930	3.2%
10	9	Leicester	1,685	1,685	28,435	5.9%
			30,646	28,886	717,242	4.3%
Proportion of UNITE portfolio			76%	73%		

THE LONDON STUDENT MARKET

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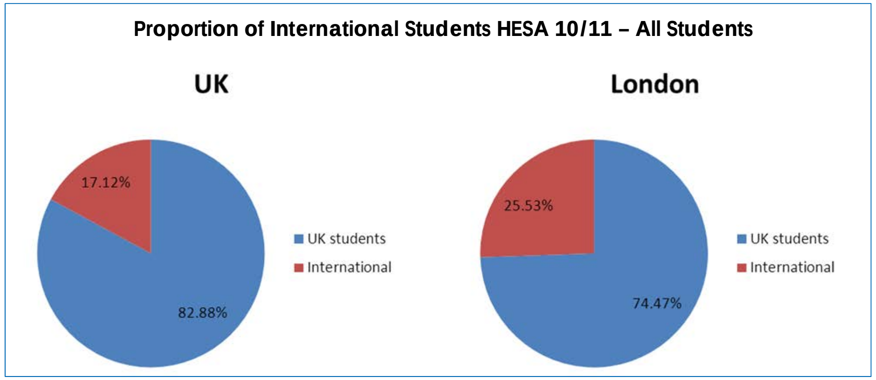
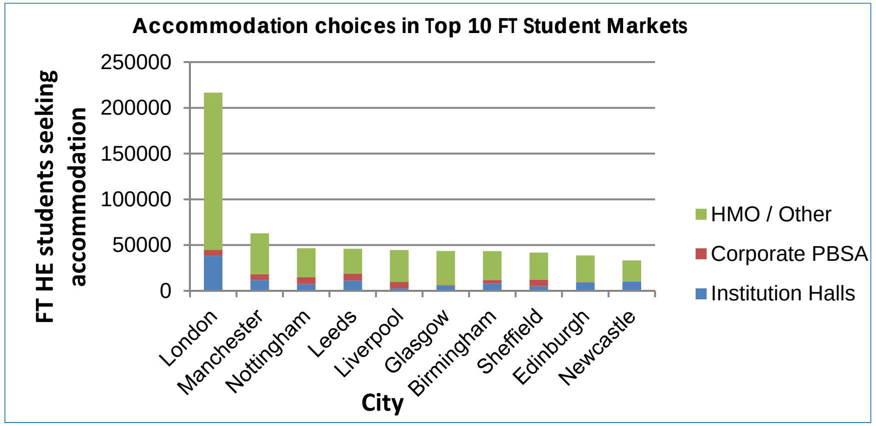
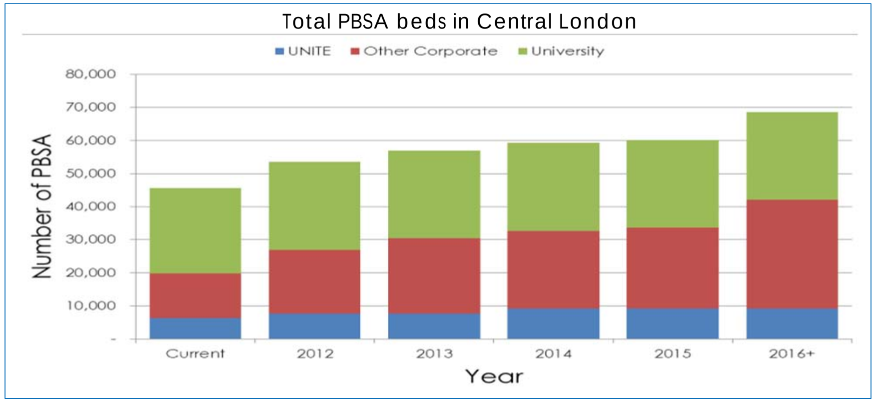
- London has three important characteristics that distinguish it from the wider UK market
  - A full time student population (294,000) that is larger than the next five largest student markets combined
  - A very low supply ratio. London's universities can only supply 30% of the bed spaces required to meet their accommodation 'guarantee' (all first year and international students) compared to a national average of c. 65%
  - A large international student population (c. 80,000) with high accommodation requirements and expectations

- UNITE has built a substantial London student accommodation business in recent years.
  - For academic year 2012/13 UNITE will operate over 8,000 bed spaces in London







DEBT FACILITIES

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On-balance sheet

	Facility Amount	Drawn	Maturity
Investment	£m	£m	
Legal + General	121	121	2022
Nationwide	100	22	2014
HSH / NAB	90	90	2014
RBS	82	47	2015
Kennedy Wilson LP	59	59	2013
HSBC	38	38	2017
BNP Paribas	29	29	2016
Others	40	40	2012-22
	559	445	
Development			
BNP Paribas	71	15	2016
HSH / NAB	33	22	2014
Barclays	67	42	2015
HSBC	49	-	2017
Total	220	79	
Investment & Development	779	524	

Co-investment vehicles

USAF	Facility £m	Drawn £m	Maturity
HSH / Abbey	106	106	2013
CMBS	280	280	2014
Santander	63	50	2015
HSBC	75	62	2015
Lloyds	115	115	2016
	639	613	
UCC			
- HSH	75	63	
- BNP Paribas	100	84	
- OCB	92	78	
- Maybank	33	28	
Syndicated facility	300	253	2014
OCB			
RBS	31	31	2013
HSH	50	50	2013
Nationwide	32	32	2014
	113	113	

CO-INVESTMENT VEHICLES – KEY TERMS

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	USAF	UCC	OCB JV
History:	Multi investor fund formed Dec 06	JV with GIC formed March 05	JV with OCB formed August 09
Strategy:	▪ UK direct let student accommodation ▪ Exclusivity over UNITE pipeline	▪ London & Edinburgh focus ▪ Build a £350m+ portfolio ▪ Development led	▪ Build and operate 3 London assets
Capitalisation:	▪ £1.25bn ▪ 50-60% LTV	▪ Target £350m+ GAV ▪ 70% LTV	▪ Target c. £200m GAV ▪ 60% LTV
Format:	Open ended, infinite life	Closed ended, 8 year fund matures 2013	Closed ended, 5 year JV matures 2014
UNITE stake:	16.3%	30%	25%
UNITE role:	Co-investing property & asset manager	Co-investing property, asset, and development manager	Co-investing property, asset and development manager
Fees:	AM fee: 60bps of GAV	AM fee : 50 bps GAV	AM fee: 70bps GAV DM fee: 5% build cost
Promote:	25% over 9% total return payable annually in units	20% over 15% total return payable at exit	Capped at £2.5m payable at exit based on milestone achievements

NNNAV

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	Jun 2012 £m	Jun 2011 £m	Dec 2010 £m
Net assets	**419**	404	388
Valuation gains not recognised on properties held at cost	**83**	48	76
Fair value of fixed rate debt	**(8)**	(5)	(5)
Deferred tax	**-**	-	-
NNNAssets	**494**	447	459
NNNAV per share	**308pps**	279pps	286pps