The heart of student living UNITE

The UK’s leading developer and manager of student accommodation

Preliminary Results

Year ended 31 December 2013

HIGHLIGHTS

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- Continued strong performance based on high levels of service
  - Adjusted EPS (pre UCC performance fee) up 37% to 13.6 pence
  - NPC up 34% to £25.6m
  - Adjusted NAV per share up 9.1%
  - Total return of 10.5%
- Capital structure strengthened
- High value development pipeline
  - 70% of June placing proceeds committed to regions
  - 60% of LSAV proceeds committed
  - Built-out 39pps to NAV and 13pps to EPS by 2017
- Positive market outlook
  - UCAS applications up 4% for 2014/15
  - Positive Government policy announcements
  - Investor interest broadening and deepening

		2013	2012
Adjusted EPS	- EPRA	**18.0p**	9.9p
	- recurring**	**13.6p**	9.9p
Adjusted NAV per share		**382p**	350p
NPC		**£25.6m**	£19.1m
Dividend per share (full year)		**4.8p**	4.0p
Total return		**10.5%**	11.3%
See through LTV		**49%**	52%
Operations cashflow		**£23.2m**	£17.2m
Reservations*		**64%**	62%
Secured future development NAV uplift		**39pps**	19pps

* Reservations at end February
** Recurring excludes impact of UCC performance fee

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STRATEGY AND MARKET

MARKET OUTLOOK STRENGTHENING ON THREE FRONTS

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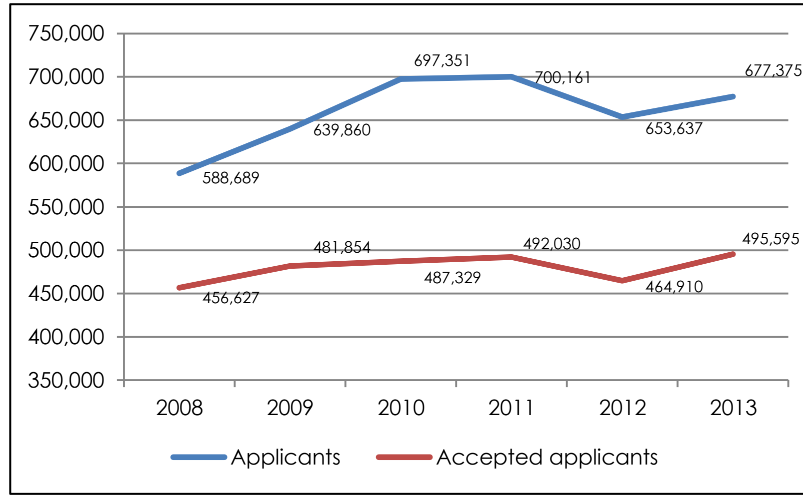
- Positive outlook for student numbers
  - 677,000 applicants for 496,000 places in 2013/14
  - 4% increase in applications for 2014/15
  - Government plan to remove cap on UK/EU student numbers from 2015/16 (+60,000 students)
  - 30,000 increase in cap for 2014/15
- Regional economies recovering but development costs still low
  - Yields on cost of 9.5%-10% still achievable in strong regional locations
  - Achievable yields in London declining as alternative use land values rise
- Investor interest in sector broadening and deepening
  - £2.1 billion invested in 2013 (88% in regions)
  - Significant bidding interest in Opal assets
  - Positive yield outlook, although may lag more liquid sub sectors

Applicants vs places 2008-2013



Student housing yields

Q4 2013 – Direct Let		Trending
London Zone 1	6.00%	Stronger
London Zone 2-4	6.25%	Stronger
Super Prime Regional	6.25%	Stronger
Prime Regional	6.50%	Stronger
Secondary Regional	7.25%	Stable

Source: CBRE UK student housing Market View Q4 2013

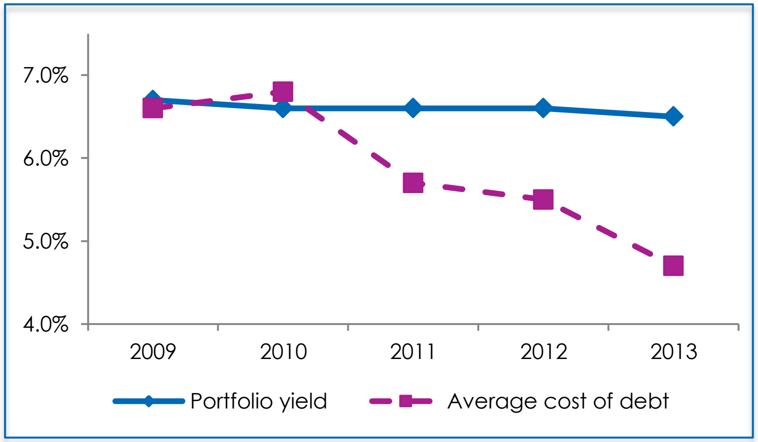
IMPLICATIONS FOR UNITE

- Positive reservations and rental growth outlook
  - 64% reserved for 14/15 at end February (highest ever)
  - 3% rental growth guidance reaffirmed
  - Upside risk from policy announcements
- Favour development in strong regional locations over London
  - Placing and open offer provides equity capacity
  - Portfolio moving to 60:40 in favour of regions on built out basis
- Well positioned for strong growth in recurring cash flows
  - High quality investment portfolio
  - Locked in longer term low borrowing costs on core assets (USAF, UCC and balance sheet)
  - Highly accretive development pipeline
- Potential for yield compression over time
  - Relative low liquidity and distress situations mean valuations may lag wider sector
  - Non-core asset disposals reaching conclusion

Built out portfolio breakdown

	Built-out value £m	Built-out %
Central London	365	22
Zone 2 London	140	8
Affordable London	293	18
London	798	48
RoUK	875	52
	1,673	100

Portfolio yield vs average cost of debt



PLACING AND OPEN OFFER

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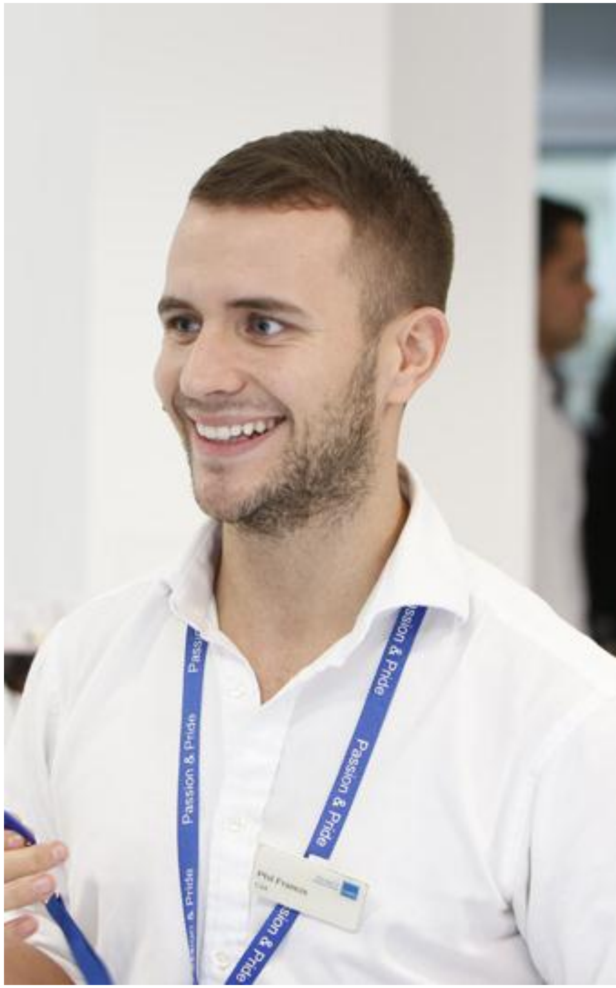
- Placing and Open Offer to raise gross proceeds of £100m to invest further in strong UK university locations
  - Half for highly selective development activity in strong regional locations
  - Half used to acquire new units in USAF, increasing stake from 16% to 22%
- Takes advantage of the current window of opportunity to accelerate regional development
  - Land and build costs are near cyclical lows
  - Market fundamentals strong
- Investment in USAF is immediately accretive
  - Increased exposure to an established, high quality, portfolio with excellent growth prospects
  - Fixed low cost capital structure
  - Better returns than are available in the open market
- Overall returns expected to be accretive to both NAV and EPS within two years and significantly accretive within 3-4 years
  - No near term dilution



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FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

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		2013	2012
Income			
Net Portfolio Contribution		**£25.6m**	£19.1m
Adjusted EPS	- EPRA	**18.0p**	9.9p
	- pre UCC promote	**13.6p**	9.9p
Adjusted EPS yield on NAV		**3.9%**	3.1%
Dividend per share – full year		**4.8p**	4.0p
Balance Sheet			
NAV (adjusted, fully diluted per share)		**382p**	350p
Total return on opening NAV		**10.5%**	11.3%
See-through LTV		**49%**	52%
Cash flow			
Operations cashflow		**£23.2m**	£17.2m

ADJUSTED NAV BRIDGE – BALANCED RETURNS

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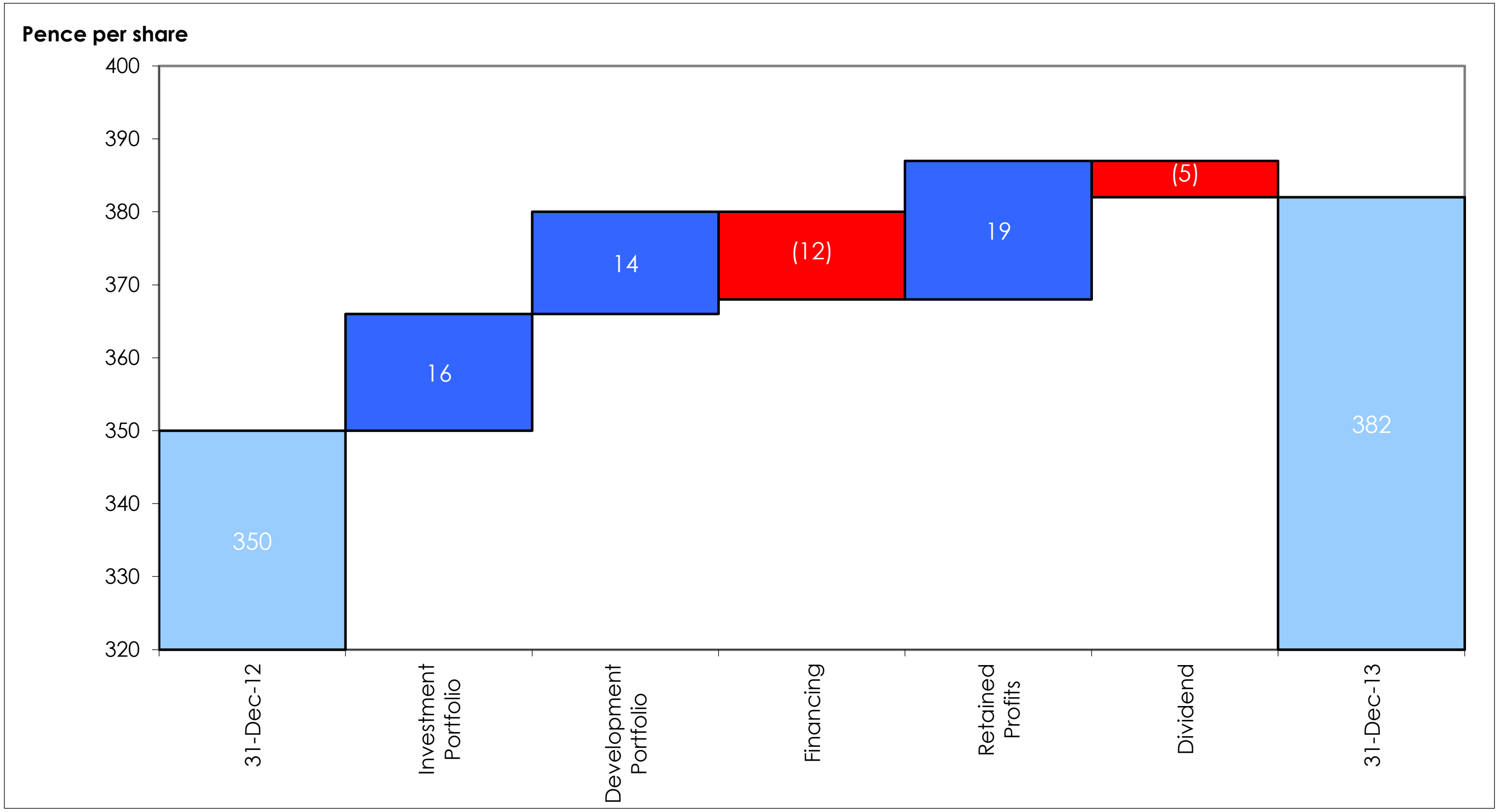

- Rental growth of 3.0% LFL on stabilised portfolio
- 5bps yield shift due to portfolio mix and improving sentiment
- Development returns on growing pipeline
- Financing costs associated with swap close outs, June placing and October convertible bond (in line with previous guidance)
- Retained profit representing an increased proportion of total returns

NET PORTFOLIO CONTRIBUTION AND ADJUSTED EARNINGS

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- Further improvements in profitability
  - EPS up to 13.6pps, 3.9% yield on NAV
  - On track to hit target EPS yield of 4.5% on opening NAV in 2015
  - NPC up 34% to £25.6m
- Margin benefit and efficiency savings
  - NOI margin increased to 71.4% (2012: 71.0%)
  - Technology improvements
  - Overhead efficiency measure at 61bps vs target of 60bps (2012: 92bps)
  - Overhead efficiency measure will deteriorate marginally on OCB exit
- Reduced cost of debt
  - 4.7% average rate (2012: 5.5%)
- Efficient but scalable platform
  - Operational portfolio up 3% since 2010 but NPC up more than 500%
  - Capacity for c.60,000 beds (+45%)

	31 Dec 2013 £m	31 Dec 2012 £m
Total income	240.7	240.2
UNITE share of rental income	113.4	111.4
UNITE share of operating costs	(32.4)	(32.3)
UNITE's NOI	**81.0**	**79.1**
Fees from JVs	10.6	10.3
Overheads	(19.0)	(21.8)
Finance costs[1]	(47.0)	(48.5)
NPC	**25.6**	**19.1**
Development pre-contract / UMS	(3.3)	(2.7)
Other items	0.8	(0.5)
Adjusted earnings (pre UCC promote)	**23.1**	**15.9**
UCC performance fee	7.5	-
EPRA earnings	30.6	15.9
Adjusted EPS (pre UCC promote)	13.6p	9.9p
EPRA EPS	18.0p	9.9p
Adjusted EPS yield on NAV	3.9%	3.1%

[1] Finance costs include net interest of £33.3m and lease payments of £13.7m on sale and leaseback properties

SEE THROUGH BALANCE SHEET AND INCOME STATEMENT

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	Wholly owned £m	USAF / JVs (UNITE share) £m	**UNITE see through Dec 2013** **£m**	*UNITE see through Dec 2012* *£m*
Balance sheet				
Rental Properties	767	408	**1,175**	*1,162*
Properties under development	180	15	**195**	*83*
Total property portfolio / GAV	947	423	**1,370**	*1,245*
Adjusted net debt	(470)	(196)	**(666)**	*(648)*
Other assets/(liabilities)	(24)	(2)	**(22)**	*(30)*
Adjusted net assets	**453**	**229**	**682**	**567**
Adjusted LTV	*50%*	*46%*	*49%*	*52%*
Income statement			**2013**	*2012*
Net operating income	55.9	25.1	**81.0**	*79.1*
Overheads less management fees	(4.8)	(3.6)	**(8.4)**	*(11.5)*
Finance costs	(36.8)[1]	(10.2)	**(47.0)**	*(48.5)*
Net Portfolio Contribution	**14.3**	**11.3**	**25.6**	***19.1***

[1] Finance costs include net interest of £23.1m and lease payments of £13.7m

CAPITAL STRUCTURE

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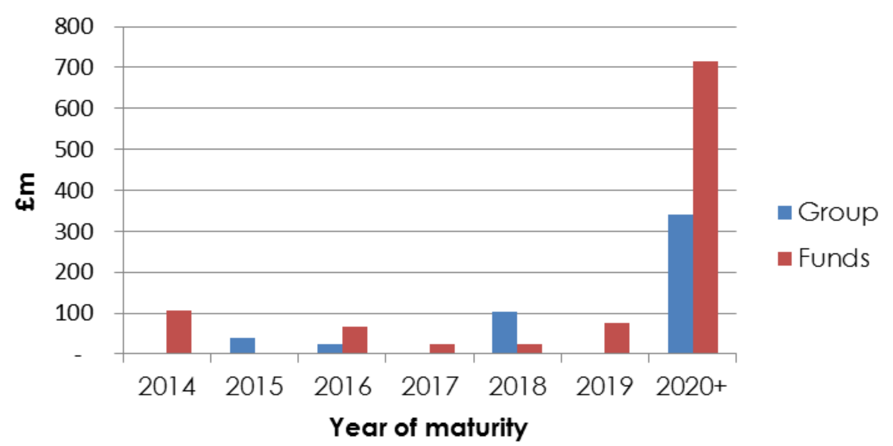
- Refinancing activity concluded
- Key objectives delivered - diversified sources, extended maturities, reduced cost
- £1.2bn new debt secured
  - £565m USAF facility at 3.7%
  - £90m Convertible bond at 2.5%
  - £226m UCC facility at 4.0%
- LTV reduced to 49%
  - Target 40% over time
- Swap close-outs of £17m in 2014
  - Driven by acceleration of activity to lock in low rates
  - Further £2-3m expected in 2014
  - In line with guidance across 2013 and 2014

Key debt statistics (see-through)

	31 Dec 2013	31 Dec 2012
Net debt	£666m	£648m
LTV	49%	52%
Cost of debt	4.7%	5.5%
WALM (years)	7.1	4.2
Proportion non-bank debt	75%	43%
Proportion investment debt fixed	86%	88%
Proportion unsecured	27%	15%

Debt maturity profile



CO-INVESTMENT VEHICLES

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- USAF
  - £565m financing completed in secured bond market at 3.7%
  - Increases income yield from 5.5% to c.7.0%
  - High quality regional portfolio at 6.6% average yield
- UCC / LSAV
  - £226m financing completed at 4.0%
  - Three sites now secured (60% of capital)
  - £7.5m performance fee will be used to increase stake to 34%
  - Equalisation planned with OCB proceeds
- OCB
  - Disposal progressing – exclusivity agreement in place
  - Expected to complete later in 2014 in line with book value

Summary financials

	USAF £m	UCC £m	LSAV £m	OCB £m
GAV	1,355	390	80	174
Net debt	(583)	(212)	(25)	(96)
Other assets/ liabilities	(15)	(7)	-	(4)
Adjusted NAV	**757**	**171**	**55**	**72**
Total return	*12.6%*	*10.0%*	*9.5%*	*1.4%*
Adjusted LTV	43%	54%	31%	55%
UNITE stake	16%	30%	50%	25%
Maturity	Infinite	2022	2022	2014
UNITE fees in period				
Asset/ Property management*	6.8	2.5	0.4	0.9
Development management	-	-	0.9	-
Performance fee	-	7.5	-	-
	6.8	10.0	1.3	0.9

* Recognised in NPC

ASSET DISPOSALS

	Proceeds £m	Book value £m
Completed / exchanged		
- Wholly owned	19	20
- UCC	34	33
- USAF	7	7
Total	60	60
Conditionally exchanged		
- Wholly owned	15	15
Total	**75**	**75**
UNITE share	46	45

- Non-core student assets sold in line with book values
- Legacy NHS properties (c.£25m) sold c.£4m below book value
- Portfolio now 100% student
- Non-core disposal programme substantially complete
- Agreement in place for Stratford City to be sold to LSAV in Q4

FINANCIAL IMPACT OF PLACING AND OPEN OFFER

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- £100m of gross proceeds to be invested in strong UK university locations
  - Offer price £4.10p per share
  - 24,500,000 shares

  Development activity
  - Target 9.5-10% development yield
  - Total capex of £130 million with leverage
  - New openings in 2017-18

  USAF
  - Increases stake to c.22%
  - Total return target of 12-13% in 2014
  - Sustainable income yield of c.7%
  - Proceeds used initially to reduce USAF LTV
- Accretive to NAV and EPS within 2 years and significantly accretive within 3-4 years
  - No near term dilution
- Maintain current dividend policy while development opportunities remain attractive

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OPERATIONAL REVIEW

A STRONG BRAND AND SCALABLE OPERATING PLATFORM

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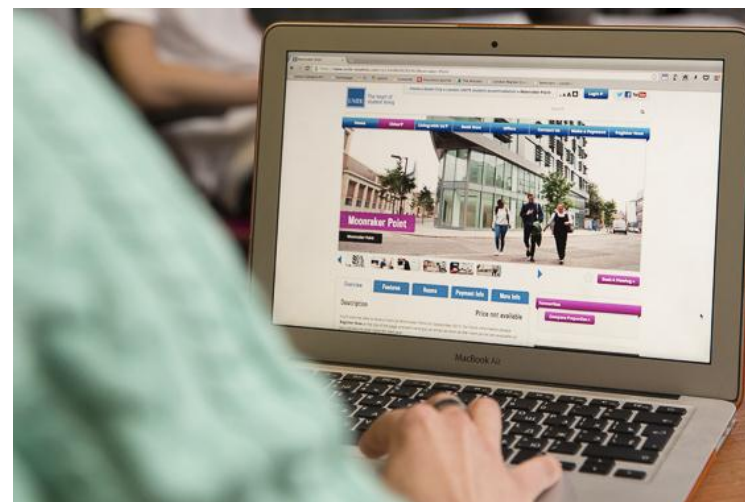
- UNITE brand increasingly a positive differentiator
  - University relationships
  - Efficient, service focused platform
  - Brand promise of "Home for Success"
- University relationships deepening
  - Over 50 active University relationships
  - Dedicated University partnership team in place
- In year investment in operating platform
  - Utilising technology to improve service and efficiency
  - Wi-Fi throughout estate
- Further investment planned for 2014
  - Booking system and website re-launch
  - LED lighting throughout estate
- Service satisfaction at highest ever levels



HIGH VALUE DEVELOPMENT PIPELINE

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	Secured beds	Total completed value £m	Total development costs £m	Capex in period £m	Capex remaining £m	Forecast NAV remaining £m	Forecast yield on cost %
London (wholly owned)	1,572	187	123	52	21	7	10.5%
London (LSAV-UNITE share)	2,356[1]	132	98	10	88	28	9.0%
Total London (UNITE share)	3,928	319	221	62	109	35	9.8%
Regions (wholly owned)	2,414	172	129	10	119	34	9.7%
Total	**6,342**	**491**	**350**	**72**	**228**	**69**	**9.8%**

[1] 100% of LSAV beds

- Significant future value from secured pipeline
  - 39 pence to NAV per share
  - 13 pence to EPS
  - Further project under exclusivity could add 6pps to NAV
- Regional pipeline progressing well
  - 70% of June placing proceeds committed
  - Placing and open offer to accelerate activity
- LSAV capital 60% committed
  - Achievable yields in London declining
  - Land prices rising, CIL
- Currently favour strong regional locations over London

SUMMARY AND OUTLOOK

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- 2014 continued positive momentum of recent years
  - 10.4% average annual total return on NAV since 2010
  - On track for 4.5% EPS yield for 2015
- Sector outlook improving on three fronts
  - Student number outlook strengthening further, supported by Government policy
  - Regional economies improving but development costs still low for now
  - Investor interest broadening and deepening
- Business well positioned for strong growth
  - Locked in long term, low cost debt on high quality assets
  - Highly accretive secured development pipeline
  - Strong brand and scalable operating platform
  - Capital available to pursue further growth opportunities

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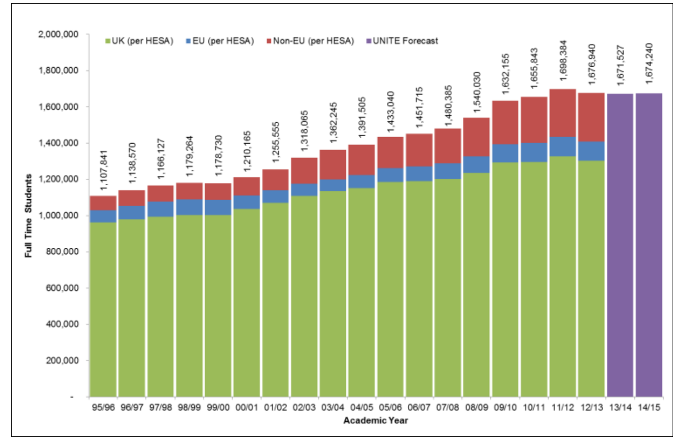
APPENDICES

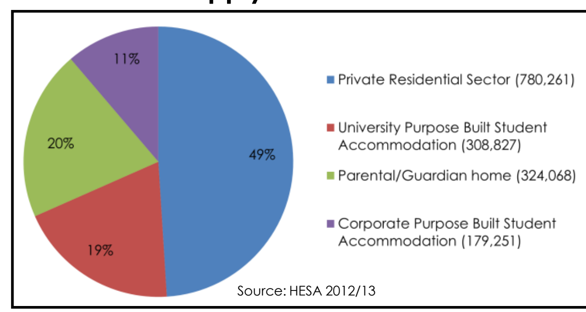
UK STUDENT ACCOMMODATION MARKET

- Student numbers have doubled since 1991
  - Driven by government policy, demographics, global mobility
  - 181,000 more applicants than places in 2013/14
  - Variations at city/university level
- UK attractive to global students
  - 54% of UNITE direct let 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

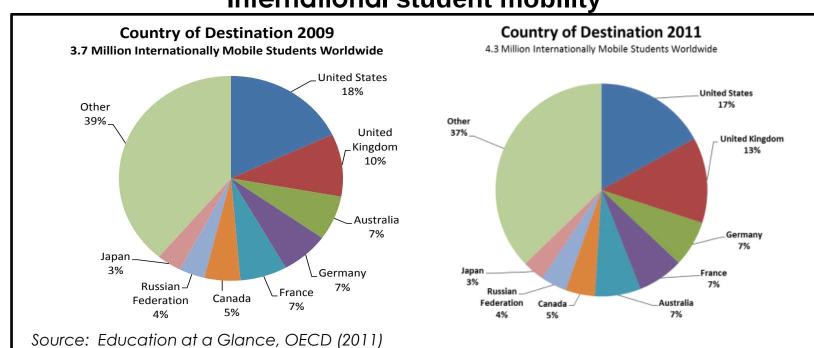
Full time student numbers growth



Supply Breakdown



International student mobility



PRODUCT AND SERVICE OFFERING

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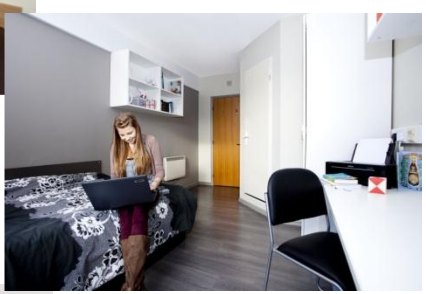
- All-inclusive pricing
  - All utilities and services
  - Wi-Fi throughout our portfolio
  - 24/7 customer service
  - Transparency and certainty
- City centre locations
  - Close to university campuses
  - Flat-shares and studios
  - Range of products and price points
  - Good transport links
- Direct let and university contracts
  - Strong relationships with universities
  - Direct sales through website
  - Multi-lingual telephone contact
  - Unique online booking system



PHASES OF GROWTH

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1991
- Founded

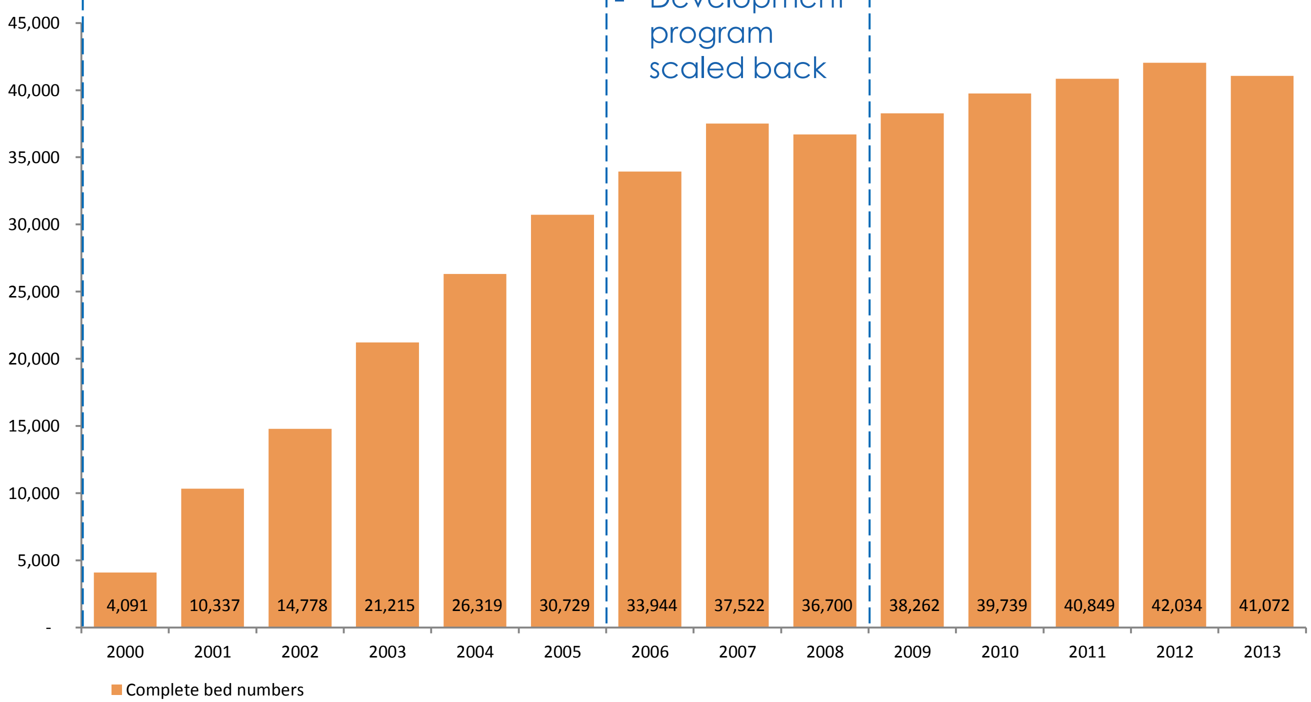
1999
- Listed on AIM

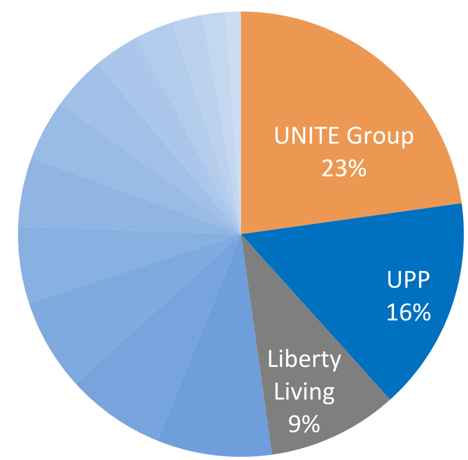
2000 – 2006
First mover advantage
- Rapid national expansion
- Development led
- High quality sites secured

2006 – 2009
Operational & financial consolidation
- £1.3bn assets sold to co-investment vehicles
- Development program scaled back

2006 – today
Managed growth
- Growing recurring cash flows
- Sustainable capital structure
- Brand differentiation

Now market leader – operating ~13,000 beds more than the nearest competitor





THE COMPETITIVE LANDSCAPE

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Long standing but financially constrained

- Grew rapidly 2000-2007, often with high leverage
- Struggling to invest in business and estate
- Total c.39,000 beds (22% of market)

Smaller operators and entrants lacking scale

- Typically less than 5,000 beds
- Lack of scale impacts brand recognition and efficiency of cost base
- Total c.32,000 beds (18% of market)

Operators beginning to establish scale

- More than five cities, more than 5,000 beds
- May struggle with further growth (e.g. capital, systems etc)
- Total c.26,500 beds (15% of market)

University partnership operators

- Not generally direct competitors
- Focused on on-campus accommodation, infrastructure type investments
- Total c.41,500 beds (23% of market)

SEE-THROUGH BALANCE SHEET AND INCOME STATEMENT

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	Group £m	USAF £m	UCC £m	LSAV £m	OCB £m	**Total £m**
Balance sheet at 31 Dec 2013						
Rental Properties	767	222	117	25	44	**1,175**
Properties under development	180	-	-	15	-	**195**
Adjusted net debt	(470)	(96)	(64)	(12)	(24)	**(666)**
Other assets/(liabilities)	(24)	(1)	5	-	(2)	**(22)**
Adjusted net Assets	**453**	**125**	**58**	**28**	**18**	**682**
Income statement						
Rental income	81.0	19.1	8.4	2.1	2.8	**113.4**
Costs	(25.1)	(5.5)	(1.0)	(0.4)	(0.4)	**(32.4)**
Net operating income	55.9	13.6	7.4	1.7	2.4	**81.0**
Management fees	13.7	(1.4)	(1.1)	(0.3)	(0.3)	**10.6**
Operating/corporate expenses	(18.5)	(0.2)	(0.1)	(0.1)	(0.1)	**(19.0)**
Finance costs	(36.8)	(4.7)	(3.6)	(0.5)	(1.4)	**(47.0)**
Net portfolio contribution	14.3	7.3	2.6	0.8	0.6	**25.6**
Bed numbers	**15,107***	**21,708**	**2,601**	**528**	**1,128**	**41,072**

*includes 4,256 leased beds

OUR TOP 10 MARKETS

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2013 Rank	2012 Rank	City	Completed Beds (13/14)	Completed Beds (12/13)	FT Student Numbers (12/13)	Projected Market Share
1	1	London	7,612	8,074	292,734	2.6%
2	2	Sheffield	3,731	3,731	48,632	7.7%
3	3	Liverpool	3,398	3,372	42,911	7.9%
4	4	Leeds	3,138	3,138	53,402	5.9%
5	5	Bristol	2,858	2,858	38,942	7.3%
6	6	Manchester	2,337	2,716	81,256	2.9%
7	7	Glasgow	2,149	2,149	60,990	3.5%
8	9	Birmingham	1,832	1,832	54,759	3.3%
9	10	Leicester	1,685	1,685	29,606	5.7%
10	11	Portsmouth	1,402	1,402	19,103	7.3%
			30,142	30,957	722,335	4.2%
Proportion of UNITE portfolio			73%	72%		

THE LONDON STUDENT MARKET

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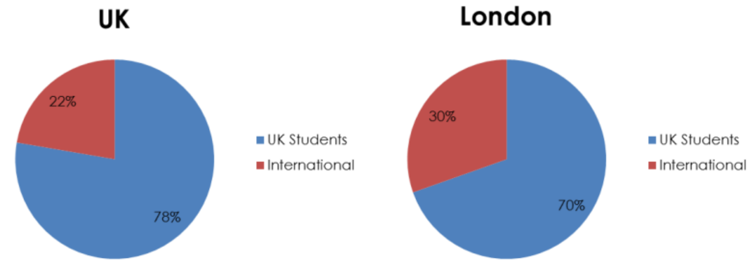
- London has three important characteristics that distinguish it from the wider UK market
  - A full time student population (281,000) that is larger than the next five largest student markets combined
  - A very low supply ratio. London's universities can only supply c. 30% of the bed spaces required to meet their accommodation 'guarantee' (all first year and international students) compared to a national average of c. 40%
  - A large international student population (c. 86,000) with high accommodation requirements and expectations

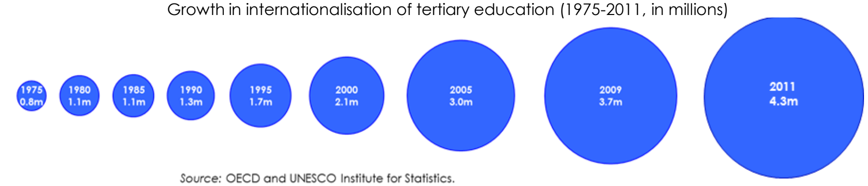
- UNITE has built a substantial London student accommodation business in recent years.
  - For academic year 2014/15 UNITE will operate over 9,000 bed spaces in London

Proportion of International Students HESA 12/13 – All Full-time Students

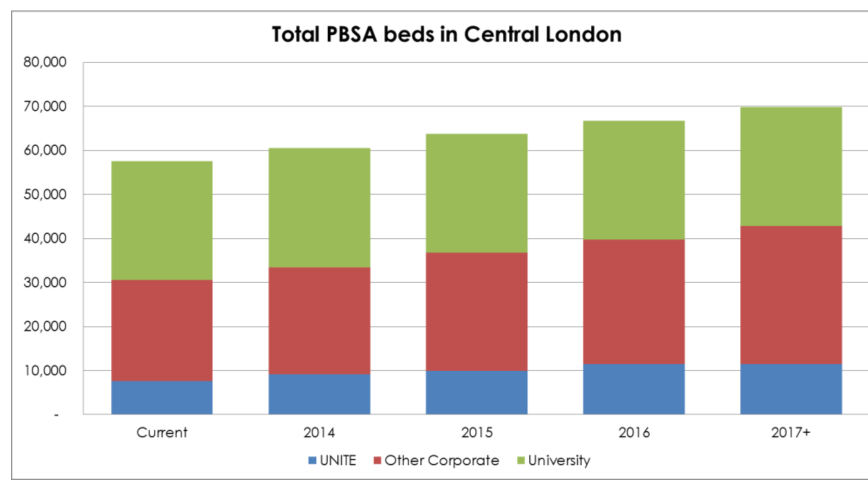


Long-term growth in the number of students enrolled outside their country of citizenship

Growth in internationalisation of tertiary education (1975-2011, in millions)



Source: OECD and UNESCO Institute for Statistics.



SECURED DEVELOPMENT PIPELINE

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	Target delivery	Beds	Total completed value (£m)	Total development cost (£m)*	Capex in period (£'m)	Capex remaining (£'m)	Forecast NAV remaining (£m)	Forecast yield on cost
London wholly owned								
St Pancras Way, Camden	2014	571	85	59	19	9	3	9.8%
Stratford City, Stratford	2014	1,001	102	64	33	12	4	11.2%
Total London wholly owned		**1,572**	**187**	**123**	**52**	**21**	**7**	**10.5%**
LSAV projects								
Angel Lane, Stratford	2015	759	84	54	18	36	19	9.3%
Stapelton House, Islington	2016	901	117	94	1	92	24	8.8%
Olympic Way, Wembley	2016	696	62	49	0	49	13	8.8%
Total LSAV		**2,356**	**263**	**197**	**19**	**177**	**56**	**9.0%**
UNITE share of LSAV			**132**	**98**	**10**	**88**	**28**	**9.0%**
Regions wholly owned								
Kings Mill Lane, Huddersfield	2014	378	19	14	8	6	1	10.1%
Trenchard Street, Bristol	2015	481	35	26	2	24	4	9.9%
Newgate Street, Newcastle	**2016**	**606**	**42**	**31**	**0**	**31**	**11**	**9.6%**
Causewayend School, Aberdeen	**2016**	**399**	**26**	**20**	**0**	**20**	**6**	**9.7%**
St Leonards, Edinburgh	**2016**	**550**	**50**	**38**	**0**	**38**	**12**	**9.5%**
Total regions wholly owned		**2,414**	**172**	**129**	**10**	**119**	**34**	**9.7%**
Total wholly owned			**359**	**252**	**62**	**140**	**41**	**10.1%**
Total UNITE share			**491**	**350**	**72**	**228**	**69**	**9.8%**

DEBT FACILITIES

On-balance sheet

	Facility £m	Drawn £m	Maturity
Investment			
RBS	28	21	2015
BNP Paribas	34	34	2015
Legal + General	120	120	2024
Mass Mutual	124	124	2023
Others	11	11	2018-22
Development			
RBS	54	-	2015
HSBC	49	18	2016
Unsecured			
Convertible bond[1]	81	81	2018
Retail Bond	90	90	2020
Working capital	22	22	2018
Total	602	510	

Co-investment vehicles

USAF	Facility £m	Drawn £m	Maturity
Secured bond	565	565	2023/25
Lloyds RCF 1	92	67	2016
Lloyds RCF 2	25	8	2018
	682	640	
UCC			
RBS	77	77	2019
L&G	149	149	2022
	226	226	
LSAV			
UOB	25	25	2017
HSBC	135	10	2018
	160	35	
OCB			
RBS	31	31	2014
Lloyds	44	44	2014
Nationwide	31	31	2014
	106	106	

1 £90m bonds issued, £81m recognised as debt

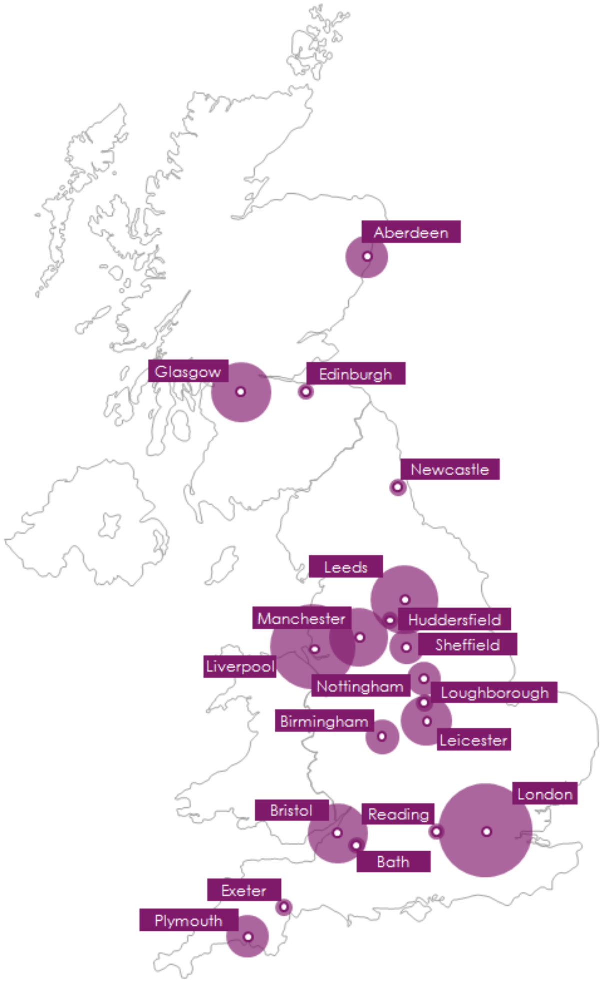
CO-INVESTMENT VEHICLES – KEY TERMS

	USAF	UCC	LSAV	OCB JV
History:	Multi investor fund formed Dec 06	JV with GIC formed March 05	JV with GIC formed Sept 12	JV with OCB formed August 09
Strategy:	▪ UK direct let student accommodation ▪ Exclusivity over UNITE pipeline	▪ London & Edinburgh focus	▪ London focus ▪ Build a £400m+ portfolio ▪ Development led	▪ Build and operate 3 London assets
Capitalisation:	▪ £1.3bn ▪ 40-50% LTV	▪ £380m GAV ▪ 50-60% LTV	▪ Target £400m of GAV ▪ 50% LTV	▪ £175m GAV ▪ 60% LTV
Format:	Open ended, infinite life	Closed ended, matures 2022	Closed ended, matures 2022	Closed ended JV matures 2014
UNITE stake:	16.4%	30% (increasing to 50%)	50%	25%
UNITE role:	Co-investing property & asset manager	Co-investing property and asset manager	Co-investing property, asset and development manager	Co-investing property and asset manager
Fees:	AM fee: 60bps of GAV	AM fee: 50bps GAV	AM fee: 50bps DM fee: 5% build costs	AM fee: 70bps GAV
Promote:	25% over 9% total return payable annually in units	20% over 15% total return payable when debt is re-financed	20% over 13% total return payable on exit	Capped at £2.5m payable at exit based on milestone achievements

USAF – A HIGH QUALITY PORTFOLIO

The heart of student living
UNITE

Focused on strong university locations – portfolio value £1.35bn*



Offers UNITE the best prospective returns in the current market

- USAF is an unlisted, multi-investor fund which UNITE manages
- Diverse, high quality and modern student accommodation in strong locations
  - Alignment and long-standing relationships with stronger universities (77% in cities with a Russell Group University)
  - Excellent city centre locations close to university campuses
- Top performing IPD Specialist fund over the past 5 years
  - Growing recurring cashflows driven by high occupancy, rental growth and tight cost control
  - Distributes all profits by way of dividends and does not take development risk
- USAF portfolio remains well positioned for continued strong performance:
  - Average net initial yield of [6.5]% at December 2013
  - On track for 3% rental growth and [98]% occupancy in 2014
  - Fixed low cost of debt which has been reduced to 3.7% with a weighted average loan maturity of 9 years*
  - Prospective total return of 12-13% in 2014, assuming constant yields

*As at 31 December 2013
Circles represent relative portfolio value by locations

ADDITIONAL INVESTMENT IN USAF

Proposal

- UNITE will subscribe for £48m of new units in USAF under a subscription window open until 31 March 2014
- New units will be acquired at a 0.8% discount to USAF's NAV at 31 December 2013[1]
- UNITE's stake in USAF will increase from 16.4% to approximately 22.0%
- Proceeds will initially be used to reduce USAF's leverage from 43% LTV to 40% LTV[2]

Investment rationale

- Investment in USAF represents an excellent way to invest in the regional growth story
- USAF offers better returns than are available in the open market for investment assets
- Delivering accretive returns – UNITE expects to achieve an income return of 7% and a total return of 12-13% on its USAF stake in 2014
- Investment offers additional strategic optionality and flexibility
  - Capital recycling options through the sale of USAF units on the secondary market or the sale of completed properties to USAF at open market value under the DPA[3]
  - USAF investment is expected to become a qualifying asset for REIT purposes
- Planned investment sized to give UNITE the right balance of strategic optionality and flexibility

1. USAF NAV adjusted after the mark to market adjustment to reflect that USAF's average cost of debt is lower than could be secured today
2. As at 31 December 2013
3. Development Pipeline Agreement

NNNAV

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	Dec 2013 £'m	Dec 2012 £'m
Net assets	**653**	516
Valuation gains not recognised on properties held at cost	**23**	19
Fair value of fixed rate debt	**(11)**	(12)
Deferred tax	**-**	-
NNNAssets	**665**	523
NNNAV per share	**373pps**	323pps

PLEASE NOTE

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