Greetham Street, Portsmouth

UNITE STUDENTS

Delivering Earnings Growth

Preliminary Results

Year ended 31 December 2016

CONTINUING STRONG PERFORMANCE

UNITE STUDENTS

- **Strong financial performance**
  - Adjusted EPRA earnings up 24% to £61.3 million
  - NAV up 12% to 646p
  - LTV maintained at 34%
  - Full year dividend increased 20% to 18.0 pence
- **Excellent progress with strategic objectives**
  - First major on-campus acquisition at Aston University
  - PRISM fully implemented and delivering benefits
  - Regional development pipeline deepened
  - Disposal of lower quality regional portfolio
- **Market dynamics remain favourable**
  - 98% occupancy and 3.8% rental growth
  - Student number outlook remains positive
  - 73% reservations for 2017/18 (up from 67% in 2016/17), supporting rental growth of 3.0 - 3.5%
- **Highly visible earnings growth prospects**
  - Pipeline and rental growth could add 15 to 20 pence pa to EPS by 2019
- **Dividend pay-out ratio increased to 75% a year ahead of plan**
  - 3.1% dividend yield on opening NAV

	2016	2015
Adjusted EPRA earnings	**£61.3m**	£49.5m
Adjusted EPRA EPS	**27.7p**	23.1p
EPRA NAVps	**646p**	579p
Dividend per share (full year)	**18.0p**	15.0p
Total return on NAV	**15%**	37%
See-through LTV ratio	**34%**	35%
Operations cash flow	**£61.3m**	£40.8m
Reservations*	**73%**	67%

* Reservations as at 21 February

UNITE STUDENTS

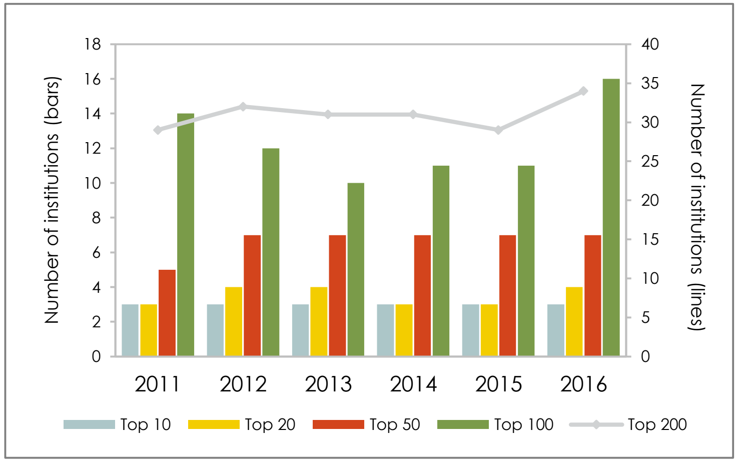
STRATEGY AND MARKET

STRUCTURAL GROWTH UNDERPINS INVESTMENT CASE

UNITE STUDENTS

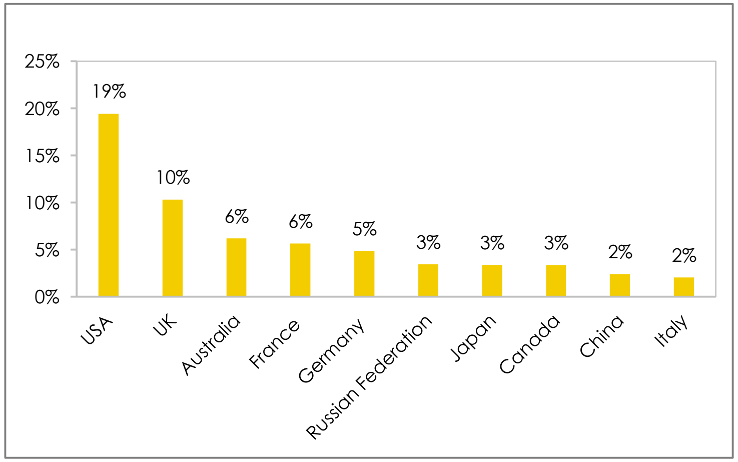
- **UK Higher Education is world class**
  - Top Universities consistently ranked in global and European top tier
  - UK is second most popular destination for international students
- **Participation rates in Higher Education are growing globally**
  - Developed economies – societal change
    - 37% in UK in 2016, up from 34% in 2013
  - Developing economies – growing wealth
  - Growth in female students most marked
- **Brexit impact becoming clearer**
  - Not expected to have material impact on student numbers at our Universities
- **Stronger Universities will continue to grow**
  - Universities are adapting and forecasting growth
  - Removal of student number cap facilitates growth
  - Universities focused on student experience and value for money for students

UK Universities world University rankings



Source: THE

International students

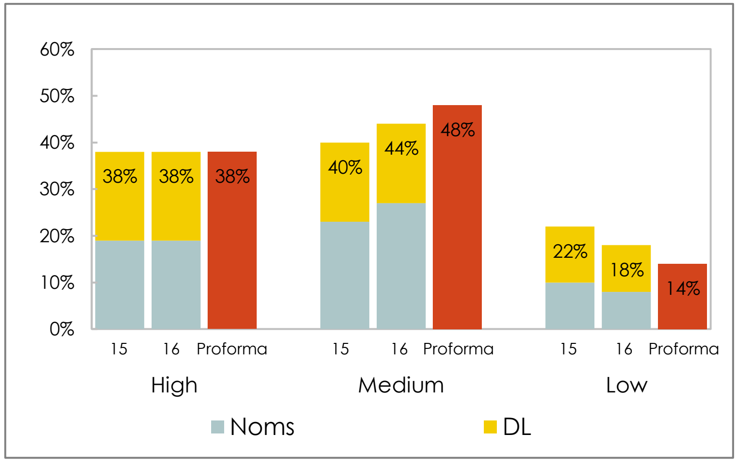


Source: Education at a Glance 2016, OECD

UNITE UNIQUELY POSITIONED TO SUCCEED

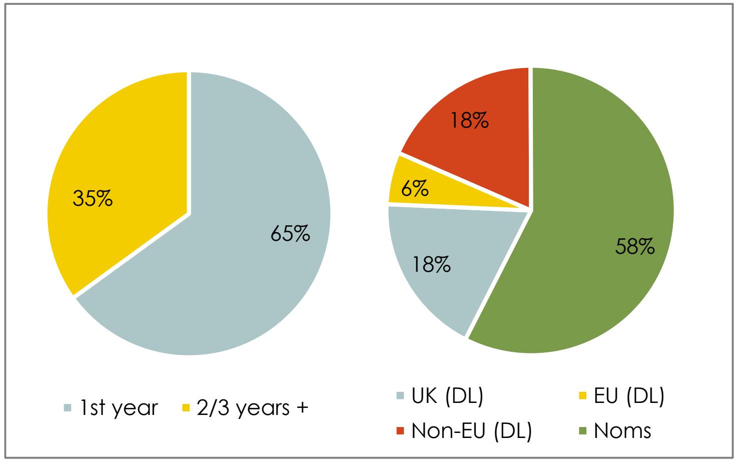
- **Our platform – sector leading operating platform**
  - PRISM provides flexibility and efficiency
  - University relationships provide income security, acquisition opportunities and insight
  - Leading service levels support rebooking and University loyalty
- **Our partnerships – alignment with growing Universities and more nominations**
  - 82% of income from high and mid-ranked Universities, 86% on a proforma basis
  - 58% income secured through noms – 5,000 additional beds in the last three years
  - Direct let provides market rent evidence and homes for 2nd and 3rd years
- **Our properties and people – quality locations, well maintained, great people**
  - Development programme adds 7,000 beds by 2019
  - Portfolio management based on insight – Aston acquisition and portfolio disposal
  - Most experienced and committed operator in the sector

Income by University rankings



Source: Unite estimates

Nominations / direct-let split



Source: Unite

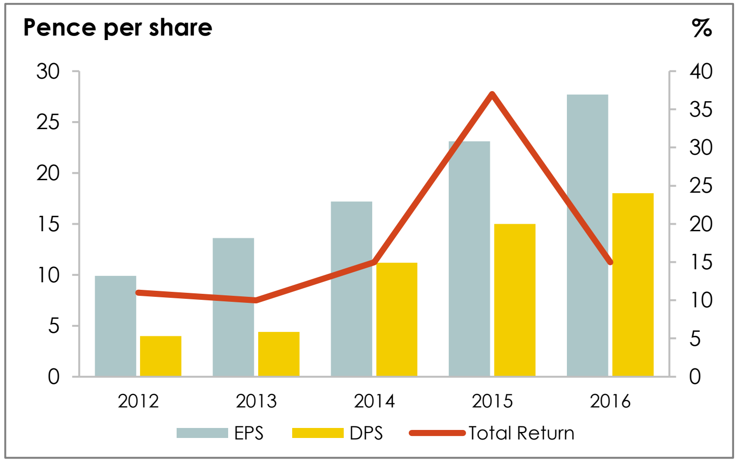
STRATEGY FOCUSED ON EARNINGS AND GROWTH

- **High levels of earnings and dividend growth**
  - Annual growth rates of 29% for EPS and 45% for DPS since 2012
  - Earnings growth outlook supports high double-digit dividend growth

- **Visible earnings growth from development pipeline and rental growth outlook**
  - Development pipeline could add 12 - 14pps to EPS
  - Rental growth could add a further 3 - 7pps to EPS

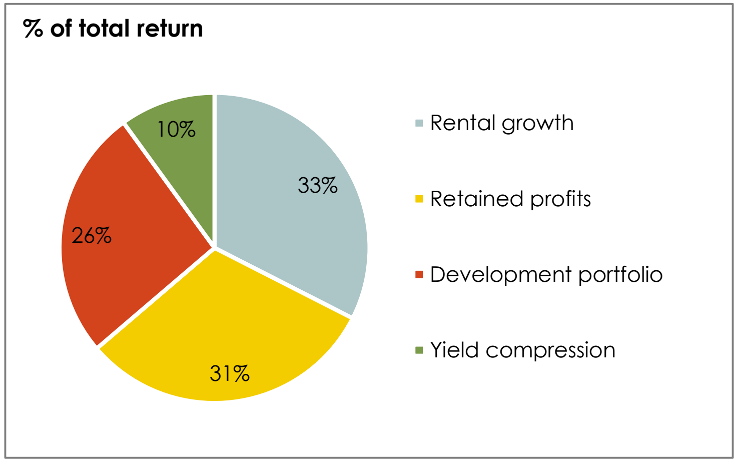
- **Opportunities for growth are attractive**
  - Further selective development
  - On campus growth
  - Growing 2nd and 3rd year market

Earnings and dividend growth



Source: Unite

Components of total return



Source: Unite

FINANCIAL REVIEW

STRONG FINANCIAL PERFORMANCE

UNITE STUDENTS

	2016	2015	Year-on-year movement
Income			
Adjusted EPRA earnings	**£61.3m**	£49.5m	24%
Adjusted EPRA EPS	**27.7p**	23.1p	20%
EPRA earnings	**£62.7m**	£61.3m	2%
Adjusted EPS yield on opening NAV	**4.8%**	5.3%	(0.5)%
Dividend per share (full year)	**18.0p**	15.0p	20%
Balance Sheet			
EPRA NAVps	**646p**	579p	12%
Total accounting return	**15%**	37%	(22)%
See-through LTV	**34%**	35%	1%
Cash Flow			
Operations cash flow	**£61.3m**	£40.8m	50%

EARNINGS GROWTH MOMENTUM MAINTAINED

UNITE STUDENTS

- **Continuing to deliver earnings growth**
  - High occupancy, rental growth and portfolio growth
  - Adjusted EPRA earnings up 24% to £61.3 million
- **Scale benefits continue to accrue**
  - Overhead efficiency measure of 40bps annualised achieved – on track for target of 25 - 30bps by end of 2017
  - PRISM implementation supporting NOI margin improvement towards target of 75%
- **Performance fee £6.5 million**
  - Ongoing fee will be minimal
- **Full year dividend up 20% to 18.0p**
  - Pay-out increased to 75% of recurring EPRA EPS a year ahead of plan

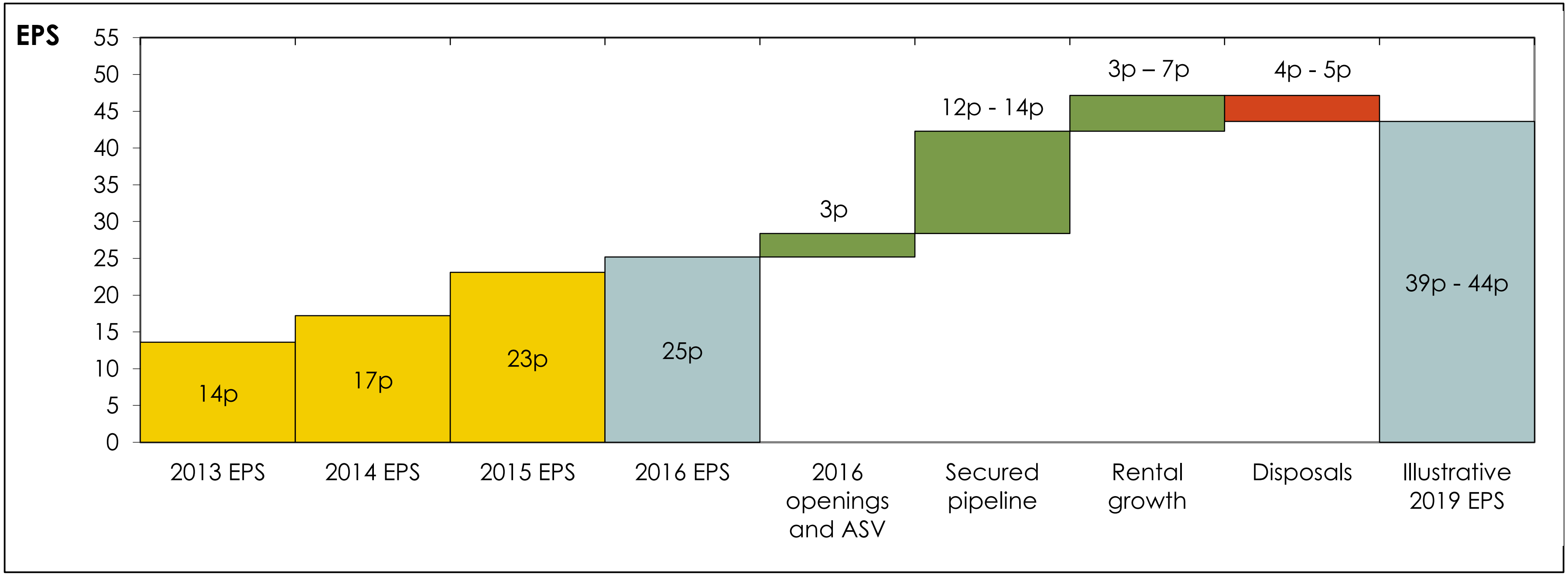
	2016 £m	2015 £m
Total income	**304.9**	**277.9**
Unite's share of rental income	159.1	144.3
Unite's share of property operating expenses	(42.8)	(39.8)
Net operating income (NOI)	**116.3**	**104.5**
NOI margin	*73.1%*	*72.5%*
Management fees	14.0	12.0
Operating expenses	(23.1)	(21.9)
Finance costs[1]	(45.9)	(48.1)
Net performance/acquisition fee	6.9	22.0
Property and other costs	(5.5)	(7.2)
EPRA earnings	**62.7**	**61.3**
Yield related performance fee	(1.4)	(11.8)
Adjusted EPRA earnings	**61.3**	**49.5**
Adjusted EPRA EPS	**27.7p**	**23.1p**
Adjusted EPRA EPS yield on NAV	4.8%	5.3%

[1] Finance costs include net interest of £32.4m and lease payments of £13.5m on sale and leaseback properties

HIGHLY VISIBLE EARNINGS GROWTH PROGRESSION

UNITE STUDENTS

- **Earnings growth prospects supported by:**
  - High quality development programme
  - Positive rental growth outlook
- **Disposals to fund 2019 pipeline and ASV**
- **Earnings growth will drive further dividend growth**
  - Policy to pay out 75% of recurring EPS
  - Positive dividend growth outlook



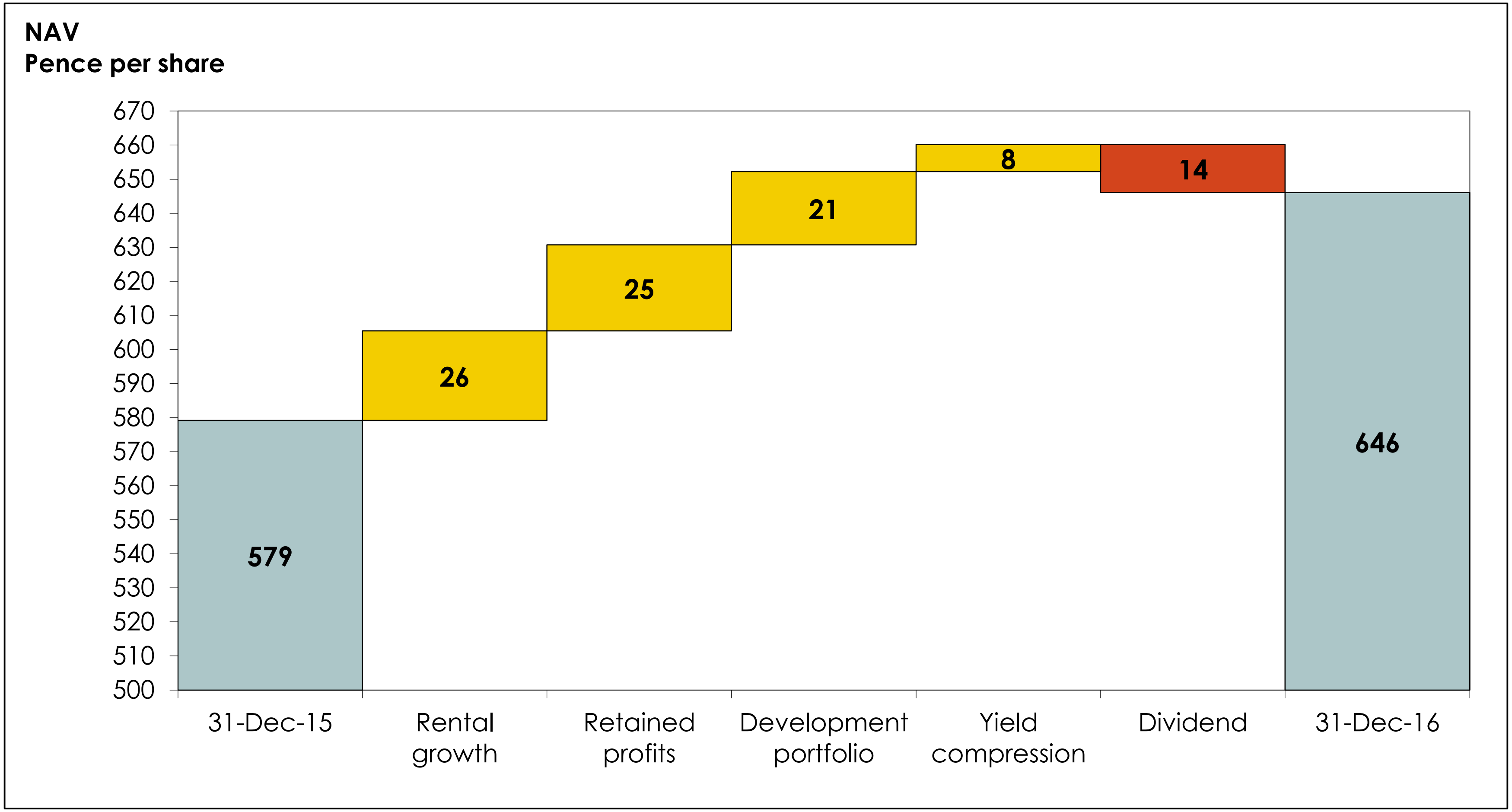
Assumptions:

- Development pipeline delivered in line with forecast
- Rental growth of 2 - 4% p.a.
- Disposals of £250-400m (Unite share) assumed over the period (including sales in 2017)
- Conversion of convertible will dilute earnings by c.1p (not shown above)
- Overheads increase with inflation

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

BALANCED RETURNS

- **Growing proportion of returns generated internally**



STRONG CAPITAL STRUCTURE

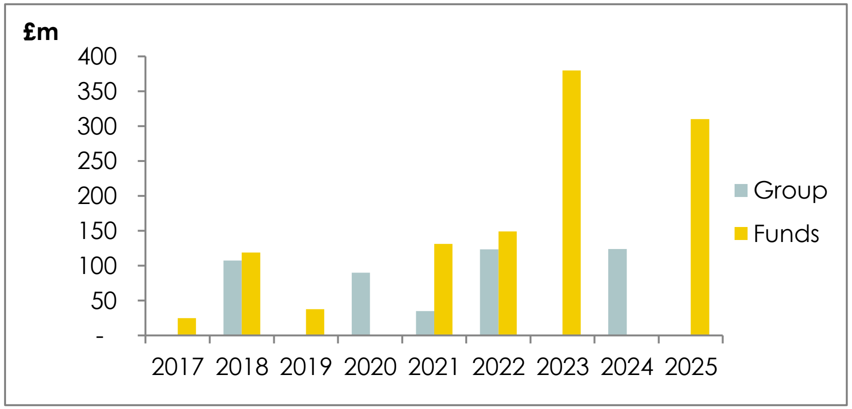
UNITE STUDENTS

- **Strong debt position**
  - Diversified sources and balanced maturity profile
  - Limited refinancing requirements before 2020
- **Average cost of debt reduced to 4.2%**
  - Impact of new debt, fixed at lower rates
- **LTV maintained at 34% and net debt:EBITDA below 7.0x**
  - Target to remain around these levels going forward
  - £114 million of disposals in 2016
  - Disposals of £150 - 200 million in 2017 to fund development and ASV
  - £102 million exchanged in February 2017
  - ASV acquisition and Q1 disposals maintain LTV at 34%

Key debt statistics (see-through)

	2016	2015
Net debt	**£776m**	£731m
LTV	**34%**	35%
Cost of debt	**4.2%**	4.5%
Average debt maturity (years)	**4.9**	5.6
Net debt:EBITDA ratio	**6.5**	6.9
Proportion investment debt fixed	**100%**	90%
Proportion unsecured	**25%**	27%

Debt maturity profile



CO-INVESTMENT VEHICLES PERFORMING WELL

UNITE STUDENTS

- **Strong performance across USAF and LSAV**
- **USAF acquisitions have utilised capacity**
  - Acquired two forward-fund opportunities in Edinburgh and Oxford, adding 400 beds in 2017
  - Acquired two assets from Unite in H2 for £88 million
- **LSAV has £125 million acquisition capacity for London development**
- **Growing asset management fee income**
  - Asset management fee up 17% to £14.0 million
  - £6.5 million net performance fee (2015: £20.2 million) driven by yield and operational performance
- **Continuing support from co-investment partners**
  - £140 million of USAF units traded within 4% range of NAV
  - No redemptions received
  - GIC support for ASV acquisition

Summary financials

	USAF £m	LSAV £m
GAV	2,288	1,009
Net debt	(714)	(354)
Other assets/liabilities	(51)	(15)
NAV	**1,523**	**640**
Total return	11%	15%
Unite share of NAV	352	320
LTV	31%	35%
Unite stake	23%	50%
Maturity	Infinite	2022
Unite fees in period		
Asset/property management	10.0	4.0
Acquisition fee	0.4	-
Net performance fee		
- Operational	5.1	-
- Yield related	1.4	-
Development management	-	1.0
	17.0	5.0

REIT CONVERSION EFFECTIVE FROM 1 JANUARY 2017

UNITE STUDENTS

- **Higher earnings and lower leverage supports REIT conversion**
- **Majority of historic tax losses utilised by end 2016**
- **Currently meeting key REIT requirements**
  - Dividend pay-out levels
  - Gearing levels
  - Developing assets for investment purposes
- **Fund management activities will be taxable**
  - £2 - 3 million charge anticipated in 2017
- **Dividend pay-out ratio increased to 75% of recurring EPRA earnings**

Greetham Street, Portsmouth

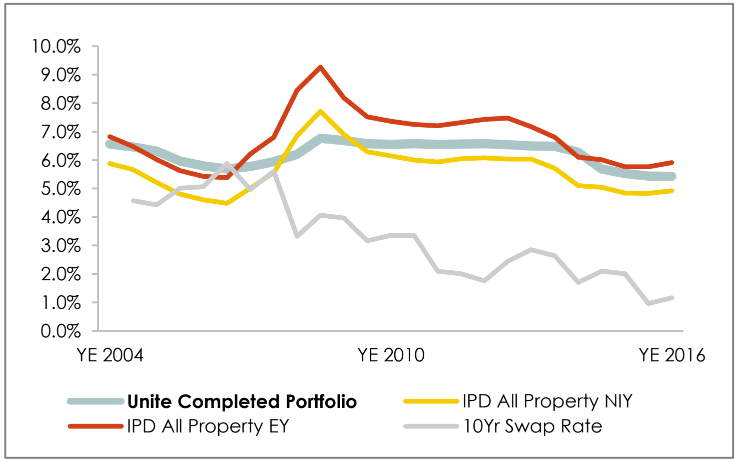
UNITE STUDENTS

PROPERTY REVIEW

INVESTOR DEMAND REMAINS STRONG

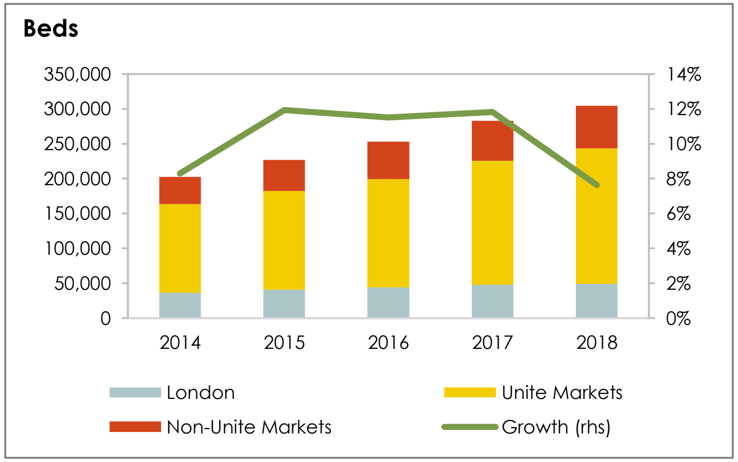
- **Continued investor appetite in 2016**
  - Over £3 billion traded in 2016 and £1.2 billion already in 2017
  - Majority of buyers are long-term investors
  - No sign of excessive leverage
  - Market returned strongly post referendum
- **Defensive sector characteristics supporting yield**
  - Average Unite portfolio yield compressed 9bps to 5.45%
  - Underpinned by rental growth prospects
  - More stable profile historically
  - No portfolio premium
  - Spread to 10-year gilt 400 – 450bps
- **Rate of supply growth starting to slow**
  - Some markets reaching maturity
  - Location, price point and service therefore increasingly important

Yield and swap analysis



Source: IPD, Unite

New private PBSA



Source: CBRE, Unite

DEVELOPMENT PROGRAMME PROGRESSING WELL

UNITE STUDENTS

- **Highly accretive secured pipeline**
  - 2017 projects on track
  - 2018 pipeline secured, on site under construction with planning consents in place
- **Good progress with 2019 and 2020 pipeline**
  - Further 500 - 1,000 beds expected to be secured over next six months
  - Yield on cost of c.8.0 - 8.5%
- **Highly visible source of future growth**
  - 43 pence to NAV per share
  - 12 - 14 pence to EPRA EPS
- **Monitoring potential new opportunities**
  - London opportunities
  - Large-scale regional opportunities

	Target delivery	Secured beds	Total completed value (£m)	Total development costs (£m)	Forecast yield on cost
Regional wholly owned					
St Leonard's, Edinburgh	2017	581	64	41	9.5%
Millennium Point, Coventry	2017	391	34	24	8.8%
Tara House, Liverpool	2017	776	65	46	9.3%
Newgate Street, Newcastle	2018	575	46	37	8.5%
Brunel House, Bristol	2018	232	28	21	8.5%
Chaucer House, Portsmouth	2018	484	41	33	8.0%
St Vincent's, Sheffield	2018	545	46	36	8.2%
International House, Birmingham	2018	586	48	38	8.0%
Skelhorne Street, Liverpool	2019	1,085	92	73	8.0%
Old BRI, Bristol[1]	2019	706	93	74	8.4%
Constitution Street, Aberdeen	2019	600	54	40	8.4%
Total regional wholly owned		**6,561**	**611**	**462**	**8.5%**
USAF (forward funds)					
Lutton Court, Edinburgh	2017	237	33	29	6.0%
Beech House, Oxford	2017	167	23	18	6.3%
Total USAF		**404**	**56**	**47**	**6.1%**
Unite share of USAF		**-**	**13**	**11**	**6.1%**
Total pipeline (Unite share)		**6,965**	**624**	**473**	**8.4%**

[1] Subject to obtaining planning consent

FIRST MAJOR ON-CAMPUS ACQUISITION

UNITE STUDENTS

- **Acquisition of 3,100 beds on Aston University campus for £227 million**
- **High quality income stream with high-ranked University**
  - Prospect of nominations agreement
  - 5% yield growing to 6%
- **Synergy benefits driven by PRISM**
  - Benefits extend across 4,800 beds in Birmingham
- **Prospect of further on-campus deals with Universities**

ENHANCING PORTFOLIO QUALITY

UNITE STUDENTS

- **Disposal of 4,175 bed regional portfolio**
  - £295 million; Unite share £102 million in line with book value
  - Improves exposure to high and mid-ranked Universities
  - Balances new beds in Liverpool, Birmingham, Aberdeen, Edinburgh and Glasgow
  - Reduces exposure to Scotland to 6%
  - Exits markets without scale – York and Poole
- **Top 10 markets now make up 75% of beds**
- **Part of broader disposal strategy**
  - Maintains balance sheet flexibility
  - Provides funding for ASV and development

Disposal portfolio

City	Beds disposed
Liverpool	1,159
Birmingham	909
Glasgow	753
Aberdeen	360
Edinburgh	332
York	356
Poole	306
	4,175

UNITE STUDENTS

SUMMARY AND OUTLOOK

CONTINUED MOMENTUM AND POSITIVE OUTLOOK

UNITE STUDENTS

- **Strong performance on all fronts**
- **Consistent, focused strategy enhanced by on-campus activity**
  - To deliver great customer service for students and Universities
  - To operate brilliant buildings
  - To maintain high quality earnings and a strong capital structure
- **Strong brand and scalable operating platform key areas of competitive advantage**
- **Well positioned for continued growth**
  - Structural growth remains over longer term
  - 73% reservations for 2017/18 underpins rental growth of 3.0 - 3.5%
  - Highly accretive development pipeline
  - Potential for further University partnerships
- **Development pipeline and rental growth could add 15 to 20 pence to EPRA EPS by 2019**

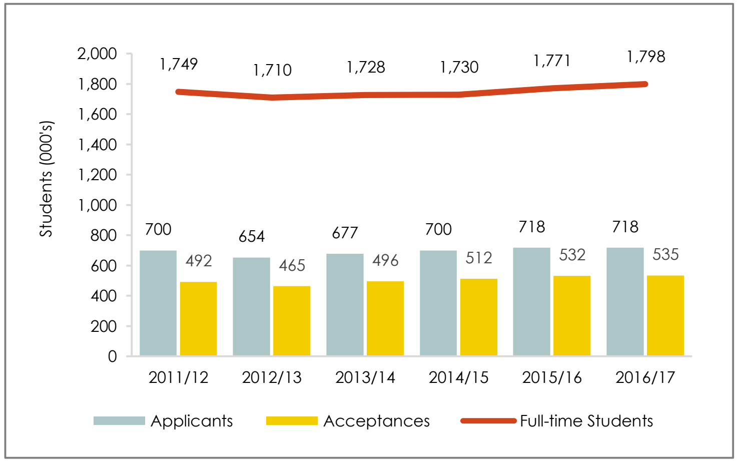

Gosford Gate, Coventry

APPENDICES

UK STUDENT ACCOMMODATION MARKET

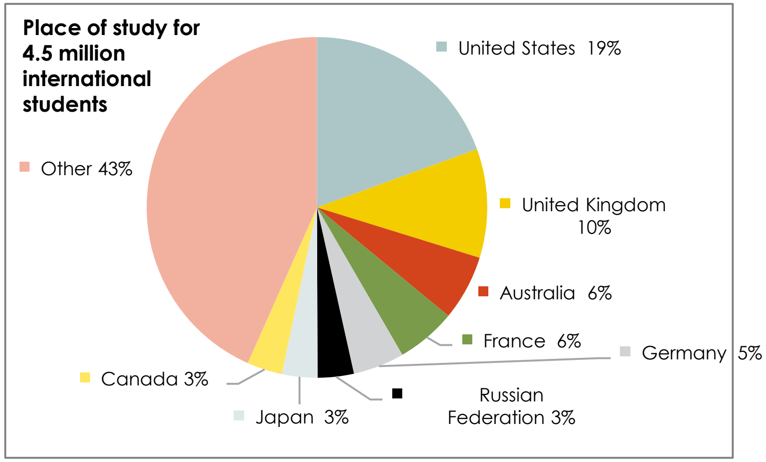
- **Student numbers have more than doubled since 1991**
  - Driven by government policy, demographics, global mobility
  - 185,000 more applicants than places in 2016/17
- **Government removed cap on UK / EU student numbers from 2015/16**
  - 70,000 increase in total student population since 2015
  - Stronger Universities have grown most quickly
  - Student numbers expected to grow by a further 10,000 - 20,000 over next few years
- **UK attractive to international students**
  - 34% of Unite customers are international – 9% from EU
  - Global trend for studying abroad
  - UK market share increasing
- **Supply / demand imbalance persists**
  - University stock levels flat
  - Private rented sector facing tougher regulations

Full-time student numbers



Source: UCAS, HESA, Unite estimates

International student mobility

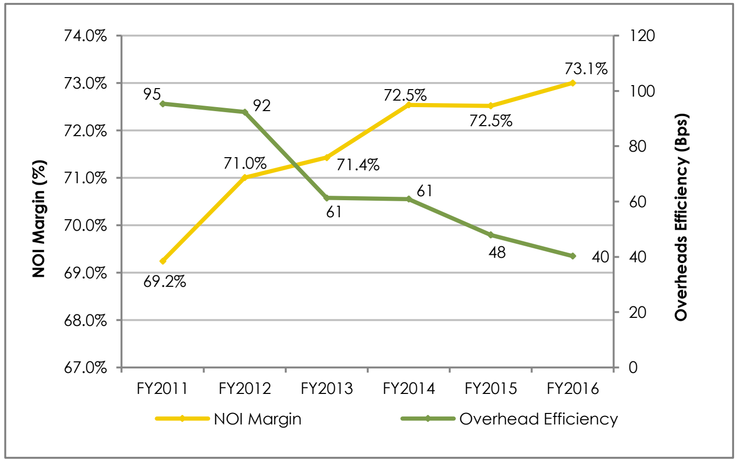


Source: Education at a Glance 2016, OECD

MARKET LEADING OPERATING PLATFORM

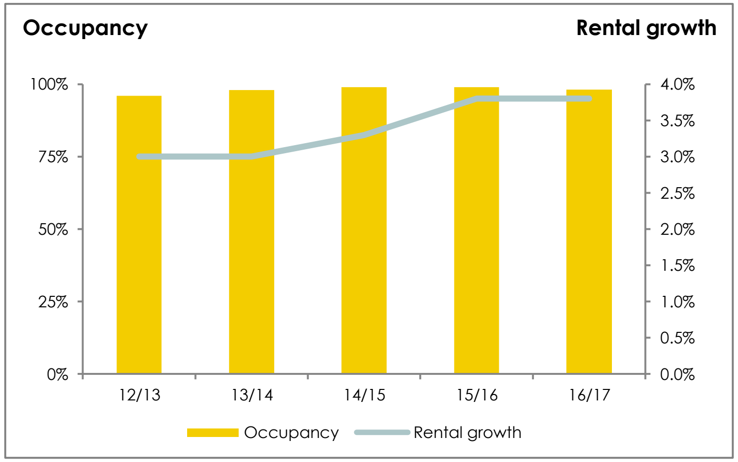
- **Scalable operating platform**
  - Drives customer service
  - Drives efficiency
- **University relationships**
  - 58% nominations beds
  - Enhanced quality and length of nominations agreements
- **China office driving additional sales**
- **Investment in technology supporting brand and service differentiation**
- **Delivering value for money and affordability**
  - Wide range of product and price points
  - Growth focused on more affordable product
  - Only 9% studios
- **Independent Universities trust scores and customer satisfaction at highest ever level**

NOI margin and overheads efficiency



Source: Unite

Occupancy and rental growth



Source: Unite

PRODUCT AND SERVICE OFFERING

UNITE STUDENTS

- **All-inclusive pricing**
  - All utilities and services
  - High-speed (50Mbps) Wi-Fi throughout our portfolio
  - 24/7 customer and support centre
  - Transparency and certainty
  - Free communal kitchen and bathroom cleaning
- **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 mobile optimised booking system
  - China office fully operational

OUR TOP 10 MARKETS

UNITE STUDENTS

2016 rank	City	Completed beds (FY16)	FT student numbers (16/17)	Market Share
1	London	10,124	292,706	3.5%
2	Birmingham	4,846	57,767	8.4%
3	Sheffield	3,731	51,095	7.3%
4	Bristol	3,479	41,286	8.4%
5	Leeds	3,458	53,185	6.5%
6	Manchester	2,336	65,664	3.6%
7	Liverpool	2,239	46,245	4.8%
8	Portsmouth	2,222	18,828	11.8%
9	Leicester	1,687	33,299	5.1%
10	Glasgow	1,643	57,921	2.8%
		35,765	717,996	5.0%
Proportion of Unite portfolio		75%		

* Our top 10 markets analysis has been adjusted to reflect the portfolio changes in February 2017, Aston University on-campus acquisition (3,067 beds) and the regional portfolio disposal (4,175 beds)

SEE-THROUGH BALANCE SHEET AND INCOME STATEMENT

UNITE STUDENTS

	Wholly owned £m	USAF (Unite share) £m	LSAV (Unite share) £m	Unite see-through 2016 £m	Unite see-through 2015 £m
Balance sheet					
Rental Properties	1,062	519	504	**2,085**	1,835
Properties under development	185	7	-	**192**	230
Total property portfolio/GAV	1,247	526	504	**2,277**	2,065
Net debt	(432)	(166)	(178)	**(776)**	(731)
Convertible bond	85	-	-	**85**	83
Other assets/(liabilities)	(15)	(7)	(7)	**(29)**	(23)
EPRA net assets	885	353	319	**1,557**	1,394
LTV	35%	32%	35%	**34%**	35%
Income statement				**2016**	2015
Net operating income	67.8	26.2	22.3	**116.3**	104.5
Overheads less management fees	(1.6)	(3.2)	(4.3)	**(9.1)**	(9.9)
Finance costs	(34.3)	(5.7)	(5.9)	**(45.9)**	(48.1)
Development/other	1.4	-	-	**1.4**	14.8
EPRA earnings	33.3	17.3	12.1	**62.7**	61.3

NNNAV

UNITE STUDENTS

	2016 £m	2015 £m
IFRS net assets	**1,452**	1,275
Valuation gains not recognised on properties held at cost	**-**	-
Mark to market on fixed rate debt	**(20)**	(28)
Convertible bond	**85**	83
EPRA NNNAV	**1,517**	1,330
EPRA NNNAV per share	**630pps**	552pps

DEBT FACILITIES

On-balance sheet

	Facility £m	Drawn £m	Maturity
HSBC/RBS	280	35	2020
Legal + General	116	116	2022
Mass Mutual	124	124	2024
Others	8	8	2022
Unsecured			
Convertible bond[1]	86	86	2018
Retail Bond	90	90	2020
Working capital	21	21	2018
Total	725	480	

[1] £90m bonds issued, £86m recognised as debt

Co-investment vehicles

	Facility £m	Drawn £m	Maturity
USAF			
Wells Fargo	100	76	2021
Secured bond	690	690	2023-25
	790	766	
LSAV/UCC			
UOB	25	25	2017
HSBC	135	119	2018
RBS	38	38	2019
Wells Fargo	55	55	2022
L&G	149	149	2022
	402	386	

SECURED DEVELOPMENT PIPELINE

UNITE STUDENTS

	Target delivery	Secured beds	Total completed value (£m)	Total development costs (£m)	Capex in 2016 (£m)	Capex remaining (£m)	Forecast NAV remaining (£m)	Forecast yield on cost
Regional wholly owned								
St Leonard's, Edinburgh	2017	581	64	41	15	13	9	9.5%
Millennium Point, Coventry	2017	391	34	24	12	12	4	8.8%
Tara House, Liverpool	2017	776	65	46	24	13	6	9.3%
Newgate Street, Newcastle	2018	575	46	37	7	29	8	8.5%
Brunel House, Bristol	2018	232	28	21	1	10	5	8.5%
Chaucer House, Portsmouth	2018	484	41	33	6	26	6	8.0%
St Vincent's, Sheffield	2018	545	46	36	1	35	10	8.2%
International House, Birmingham	2018	586	48	38	1	37	11	8.0%
Skelhorne Street, Liverpool	2019	1,085	92	73	14	60	16	8.0%
Old BRI, Bristol[1]	2019	706	93	74	2	58	20	8.4%
Constitution Street, Aberdeen	2019	600	54	40	-	33	7	8.4%
Total regional wholly owned		**6,561**	**611**	**462**	**83**	**326**	**102**	**8.5%**
USAF (forward funds)								
Lutton Court, Edinburgh	2017	237	33	29	18	9	4	6.0%
Beech House, Oxford	2017	167	23	18	11	8	3	6.3%
Total USAF		**404**	**56**	**47**	**29**	**17**	**7**	**6.1%**
Unite share of USAF		**-**	**13**	**11**	**7**	**4**	**2**	**6.1%**
Total pipeline (Unite share)		**6,965**	**624**	**473**	**90**	**330**	**103**	**8.4%**

[1] Subject to obtaining planning consent