

UNITE
STUDENTS

ANNUAL REVIEW 2015



UNITE STUDENTS IS THE UK'S LEADING OPERATOR OF PURPOSE BUILT STUDENT ACCOMMODATION PROVIDING A HOME FOR OVER 46,000 STUDENTS IN 132 PROPERTIES ACROSS 28 OF THE UK'S STRONGEST UNIVERSITY CITIES & TOWNS.

OUR PURPOSE

Our core purpose is to provide students with a Home for Success. This means providing a comfortable environment which enables students to achieve more during their time at University and reflects our employees' desire to positively contribute to making students feel at home.

Creating a Home for Success for our students is only possible by delivering great results for all our stakeholders. We do this by:

- Working in partnership with Universities to help them achieve the right accommodation experience for their students in line with their strategic plans
- Ensuring that Unite and the students living with us bring positive benefits to their local community and encouraging integration between the community and students
- Offering our employees meaningful, challenging and rewarding careers
- Delivering sustainable, growing cash flows and consistent low double digit total returns to our investors

Home for Success supports our business model and strategy to create long-term value for all our stakeholders.



CONTENTS

01 Introduction

02 Our achievements this academic year

04 We act responsibly: student welfare

06 We use our knowledge and experience: student concerns

08 We bring people together: successful development

10 We are straightforward and hassle-free

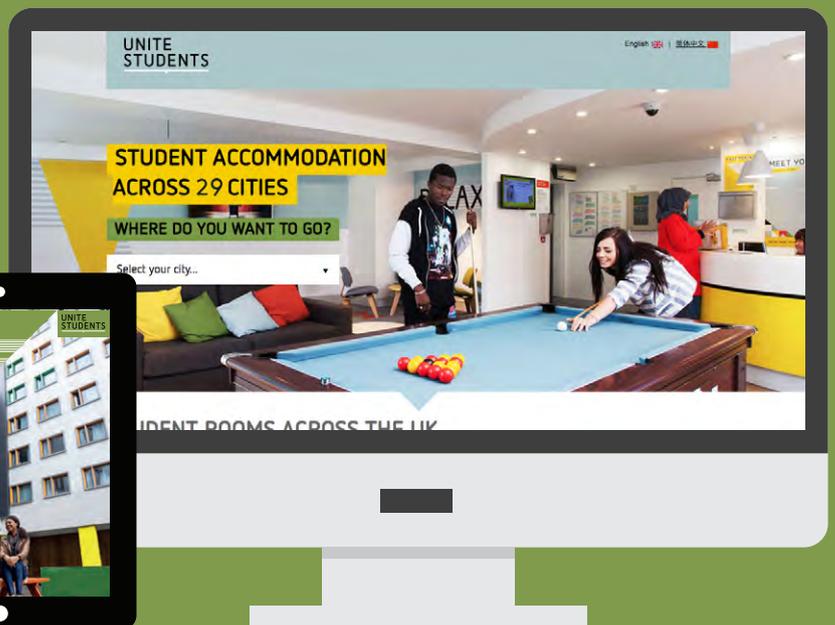
12 Insight: the PBSA market

14 Financial highlights

15 Financial summary

16 Our strategy

www.unite-group.co.uk
www.unite-students.com



INTRODUCTION

Purpose Built Student Accommodation (PBSA), we can now say with confidence, is an established asset class in its own right. We have seen the PBSA market continue to grow over this last year – in size, but also in credibility.

It would seem to be one of the most attractive investment areas in the property sector. Indeed, confidence is at an all-time high, attracting over £4 billion in investment in 2015. This figure is likely to be surpassed by the end of the year.

Confidence in Unite Students is also running high, from investors, students and our University partners. You will see the reasons why throughout this document.

To define market confidence in the language of supply and demand would be understandable: especially with the cap on student numbers removed across the UK.

But for the sector to be truly successful, sustainable and maintain credibility the case for PBSA has to be put beyond short-term opportunism at the expense of the customer. It must look to the long term, with the customer at the heart of the business as much as investors.

Our business purpose, Home for Success, has provided invaluable focus to everything we do. With Home for Success we committed to changing the business to better support the academic and personal development of our students. We are still at the start of this journey, but I am pleased to report we are on target to deliver all the changes we committed to in 2014 when we launched Home for Success with an initial £40 million investment.



“FOR THE SECTOR TO BE TRULY SUCCESSFUL, SUSTAINABLE AND MAINTAIN CREDIBILITY THE CASE FOR PBSA HAS TO BE PUT BEYOND SHORT-TERM OPPORTUNISM AT THE EXPENSE OF THE CUSTOMER. IT MUST LOOK TO THE LONG TERM, WITH THE CUSTOMER AT THE HEART OF THE BUSINESS AS MUCH AS INVESTORS.”

As the largest PBSA owner/operator we feel a strong sense of responsibility towards our students, and believe in focusing on student benefit as well as the bottom line. We have used our size to provide valuable services which provide real benefit, without gimmicks, and with no hidden charges, providing students with all the facilities and services that they need to achieve their dreams and ambitions.

The importance we place on student wellbeing has been demonstrated with the introduction of new services, such as the telephone-based support facility, Nightline (page 4). We are also in a strong position to understand the student environment, and this year the Unite Students Insight Report became one of the higher education sector's leading student experience insight platforms (page 6).

I am proud to introduce our latest annual review. Besides a business overview, it provides insight to the changing student experience, how we are meeting those challenges, and further reflections on the PBSA marketplace in 2015.

I hope you find it valuable.

MARK ALLAN
CEO Unite Students

OUR ACHIEVEMENTS THIS ACADEMIC YEAR

SEPTEMBER 2014

- **Stratford ONE opens**
Unite's flagship London property and largest London development project to date
- **St Pancras Way opens**
Home to 571 student and fully let in its first year
- **Saw Mill opens**
Fully let by the official opening and home to 378 students
- **Global Real Estate Benchmark (GRESB) Green Star recognition**
Unite's score puts the company seven points above the global average
- **Joins National Union of Students (NUS) Green Impact**
Unite becomes first in the sector to join the sustainability scheme
- **99% occupancy**
1% increase on 2013
- **20MB high speed Wi-Fi**
Home for Success commitment delivered to all properties on schedule with upgraded performance in pipeline



OCTOBER

- **Aberdeen and Liverpool development pipeline announced**
Together, they will add around 1,250 beds and open for the 2017/18 academic year



NOVEMBER

- **£8.5 million five-year funding approved for Unite Foundation**
Safeguarding the charity to 2021, for students with no financial support



MARCH

- **Planning approval for Coventry**
Once complete the development will be part of a 1,000 student complex
- **First Corporate Responsibility & Sustainability Report**
Ensuring Unite balances economic, social and environmental factors to succeed in creating a Home for Success
- **Portfolio of 3,000 beds from Cordea Savills**
Nine properties in nine locations acquired for £137 million
- **7,453 kitchens cleaned fortnightly**
More than 100 Housekeeping Assistants, starting in September, fulfill Home for Success commitment



APRIL

- **Unite reveals 85% of students plan to vote**
The findings featured in Good Morning Britain and in The Times Higher Education
- **Nightline launched**
Unite becomes the first student accommodation provider to offer a confidential listening service
- **Unite Students raises £115 million capital and Unite UK Student Accommodation Fund (USAF) raises £306 million**



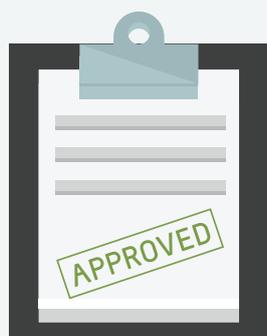
MAY

- **Wins RESI Student Accommodation Operator of the Year 2015**
Run by leading industry magazine Property Week



DECEMBER

- **Planning approval for Aberdeen development**
The Causewayend development will turn a derelict, listed building into accommodation housing 339 students
- **Home for success wins Gold at London Design Awards**
Wayne Hemingway designs recognised
- **Student satisfaction highest ever**
Customer TRI*M, our primary customer satisfaction measure, reaches 75 – three higher than in 2013



JANUARY 2015

- **CDP score improves by 53%**
CDP ratings are an internationally recognised gauge of positive environmental policy and activity in business
- **New site in Coventry**
The site will provide a home for approximately 280 students, scheduled to be open for the 2017/18 academic year
- **Launch of City Photographers**
Unite begins its search for students who are passionate about photography, producing paid-for and CV-boosting work for Unite
- **National Contact Centre trained to use social media**
Improving the quality and consistency of social media engagement



FEBRUARY

- **We deliver our best financial results**
With European Public Real Estate Association recurring profits up by over 44% and final dividend payout up 133%
- **Mugshot competition**
#Unitemugshot competition on social media inspires student creativity

JUNE

- **Unite Students Insight Report: Living**
8,500 students and applicants surveyed

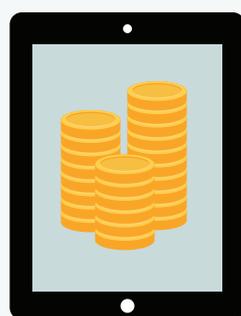
Key findings

- 32,000 students are using 'payday loans' to make ends meet
- 28 million hours of charity work are volunteered to local communities by students
- **USAF acquires 2,100 bed portfolio from Ahli United Bank for £271 million**
Eight modern high quality assets located across seven cities



JULY

- **Unite Students Insight Report: Finance**
Focusing on students who have resorted to payday loans to cover costs
- **Extended opening hours**
To prepare for Clearing, the National Contact Centre extends hours and increases languages spoken to 12



AUGUST

- **London Student Experience**
The London Student Experience is Unite's entrance into creating student content by students for other students. It was based in London on this occasion



WE ACT RESPONSIBLY

Unite
Foundation



ACTING RESPONSIBLY MEANS RESPONDING POSITIVELY TO REAL-WORLD CONCERNS – EVEN WHERE THAT INVOLVES SENSITIVE ISSUES.

STUDENT WELFARE: NIGHTLINE

NUS research has found **one in five students** experience mental health difficulties while at University.

This certainly chimes in with the experience of our city teams across Britain who often encounter students in distress – especially at night. In rare cases students can present some quite extreme symptoms.

This year, and for the first time, our teams have been given training in how to respond to crisis and non-crisis welfare situations.

An important aspect of this training has been for staff to understand their own boundaries and limitations when helping students. Where a student requires further or ongoing support, others are better placed to offer this.

It was for this reason Unite built a partnership with Nightline, the first such relationship in the student accommodation sector.

Nightline was created by students for students to reduce the **risk of student suicide**. Today it takes calls from students with any concern – from personal issues to academic stress. It provides a safe space for students to talk about their feelings, or whatever's troubling them, without fear of being judged or ridiculed.

Nightline operates on a local basis. About two-thirds of our students already had access to a local Nightline service. In April this year, Unite Students ensured the service would be available for all our customers through an agreement with London Nightline, who 'fill the gaps' in cities where we had no service.

As well as offering all our students the opportunity to call Nightline when they need to, our Emergency Contact Centre and night teams are able to provide information to students about the Nightline service as appropriate. For example, they may recommend it if the student is in acute distress, or pass on the number to students who have been through a difficult situation and may need someone to talk to at a later stage.

2014 was the first year for which a Corporate Responsibility & Sustainability Report was produced independently of the Annual Report, detailing Unite's formal programme of CR&S activity.

It begins: "Ensuring Unite balances economic, social and environmental factors is essential if we are to succeed in creating a Home for Success."

The Unite Foundation provides a free University home and a generous allowance to around 125 undergraduates for whom access to a secure home is of particular significance (see page 13).

From September 2015, our Student Life Boards (in our properties) and Student Life Hub (online) offer proactive information to students about how to stay physically and mentally healthy, and where to go for specialist services and support. By offering this, we aim to help students build their resilience and self-reliance to help them cope with the stresses and strains of student life.

BY JENNY SHAW
Head of HE Engagement and Student Services



UNITE JOINS NUS GREEN IMPACT

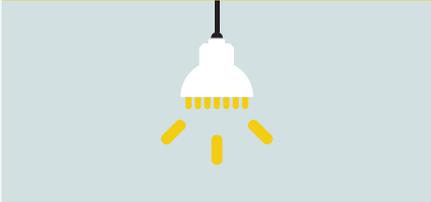
In September 2014 Unite became the first in our sector to embrace the NUS Green Impact scheme.

Green Impact is an environmental accreditation used by 50 Universities and colleges, and 150 students' unions.

It encourages organisations to become more sustainable while offering development opportunities for staff and students. In June 2015 Unite was awarded 12 bronze Green Impact Awards.



LED LIGHTING UPGRADE



When conducting trials it became clear LED lighting offered a wide range of student and sustainability benefits in support of Home for Success. We refurbished 25 receptions and common areas and installed LED lighting in 31 buildings, with the rest of the estate planned for 2015 and 2016.

GRESB GREEN STAR RECOGNITION

In September 2014 Unite announced it had been awarded a Green Star rating in the international GRESB survey.

The award puts Unite amongst property sector businesses with a positive sustainability policy but which also – vitally – implements improvements.

Unite's score puts the company seven points above the global average. Report authors highlighted the innovation of Unite's LED project.

WE USE OUR KNOWLEDGE AND EXPERIENCE

THE STUDENT LANDSCAPE IS CONSTANTLY CHANGING. KEEPING UP WITH IT IS AN INVESTMENT IN KNOWLEDGE.



KEEPING PACE
WITH AN EVER-
CHANGING STUDENT
EXPERIENCE

Student life is changing at a rapid pace, and even recent graduates may not recognise the attitudes and behaviours of the current student cohort. To understand the world today's students live in, it is vital to ask students themselves.

Unite's flagship student experience research programme is the Unite Students Insight Report. It is based on an independently conducted survey of over 8,500 undergraduates, postgraduates and applicants to University.

The research is recognised as an industry-leading study of the contemporary non-academic student experience. This year's research covered such topics as motivation for attending University, student living, finance and employability.

The report was launched in central London in partnership with leading higher education think tank Wonkhe. Some 60 delegates from the higher education sector had the opportunity to debate the research findings with expert input from leading sector experts.

BY JOHN BLANSARD
Student Experience Director



STUDENT CONCERNS

One of our leading findings – receiving significant media attention – was that almost 32,000 students use ‘payday loans’ to cover day to day costs. The scale of the survey meant that we could identify students most at risk of resorting to payday lenders, as well as reporting an overall figure.

The research also showed undergraduates as becoming increasingly concerned over their career prospects.

Some 48% believe getting the job they want at the end of their degree will be either ‘challenging’ or ‘impossible’ and that pessimism has doubled in three years. This result was unexpected, given a buoyant graduate jobs market and improving UK economic environment.

Wi-Fi

This year ‘Wi-Fi’ took the top spot from ‘cost’ as the most important feature in student accommodation. However, the research also highlighted the huge importance of ‘softer’ features in student accommodation, such as welcome events, support with practical skills and social activities.

The research has been published in three themed reports, which are freely available on the Unite Students website or can be sent on request.

Student expectations of their University experience, their attitudes to accommodation, employability and money are not something anyone can usefully guess at.

As society changes, so does the student experience and it is important that everyone involved in that experience is able to keep pace with student needs.

This is of direct importance to Unite Students as we develop our service. We also know it has a wider value to everyone in higher education who values rigorous insight into the student experience.

NATIONAL CONTACT CENTRE TRAINED IN SOCIAL MEDIA

In January Unite improved the quality and consistency of its social media engagement with students.

Students regularly contact Unite using our Twitter and Facebook accounts – particularly in busy periods such as Clearing.

Staff at our Bristol-based National Contact Centre have been trained in Hootsuite, which monitors social media for content relevant to Unite. This allows our people to react swiftly to emerging situations, using Hootsuite to issue responses and manage timed output.



“STUDENT EXPECTATIONS OF THEIR UNIVERSITY EXPERIENCE, THEIR ATTITUDES TO ACCOMMODATION, EMPLOYABILITY AND MONEY ARE NOT SOMETHING ANYONE CAN USEFULLY GUESS AT.”



WE BRING

PEOPLE

TOGETHER



BUILDING STUDENT ACCOMMODATION IS A COLLECTIVE EFFORT, BRINGING IN COMMUNITIES, GOVERNMENT AND UNIVERSITIES.

SUCCESSFUL DEVELOPMENT

New development remains a key objective for Unite Students. We have 5,600 beds secured in our pipeline, and believe the market remains attractive for further activity.

For the 2015/16 academic year we saw two brand new openings: 759-bed Angel Lane in Stratford, east London and 483-bed Orchard Heights in central Bristol. Both have been completed on time and to budget.

Angel Lane sits next to the Olympic Village and Westfield Stratford shopping centre, providing plenty in the way of amenities to our new students. The transport links into central London are excellent. We were delighted to reach an early agreement with King's College London whose students will occupy the entire building on a nominations agreement.

Orchard Heights sits alongside the University of Bristol main campus. It is another example of a University reaching a long-term agreement with Unite. The construction project was complicated as we had to redevelop the site whilst keeping a ground floor tenant in occupation.

Both schemes are great examples of our strategy of delivering high quality buildings in strong locations at affordable price points.

This generation of Unite property is built around adding value to the student. The design philosophy incorporates our Home for Success specification which features larger communal facilities, student welfare areas and improved study rooms.

It's really important to me that we continue to focus on the student experience and help deliver our Home for Success commitments.

Our remaining development pipeline continues to progress well with recent planning consents for schemes in Aberdeen, Coventry and Edinburgh. More consents are expected in Liverpool, Aberdeen and Newcastle by the end of 2015.

Nonetheless, we must continue to be mindful of external influences on our future development plans.

The costs of land and construction have risen across the UK. Planning policies continue to change which, in some cases, are restricting further supply of accommodation.

By partnering with higher education providers and our supply chain I believe we will successfully navigate the challenges which lie ahead and continue to deliver high quality and well-priced buildings into our cities.

BY NICK HAYES
Development Director



CO-BRANDING REFLECTS TRUST

The opening of Orchard Heights (above) in central Bristol marks a significant moment in Unite's journey.

The property is branded by both the University of Bristol and Unite Students, and contains joint branding throughout.

Orchard Heights is fully occupied and has become the new home to 484 University of Bristol students.

A NEW HOME FOR

484
STUDENTS FROM THE UNIVERSITY OF BRISTOL

TWO NEW OPENINGS ARE BASED ON NOMINATIONS AGREEMENTS WITH RUSSELL GROUP UNIVERSITIES. THAT PARTNERSHIP IS A CORE ASPECT OF OUR ACCOMMODATION OFFERING TO THESE STUDENTS.

ANGEL LANE IN PARTNERSHIP WITH KINGS

On 10 September in east London the ribbon was cut on Angel Lane. This landmark property is run on a nominations arrangement with King's College London.

Angel Lane has become home to 759 students situated a stone's throw from the Olympic Park in Stratford and close to our other property in the area, Stratford ONE.

A NEW HOME FOR

759
STUDENTS AT ANGEL LANE

WE ARE STRAIGHTFORWARD AND HASSLE-FREE



DURING CHECK-IN THE WHOLE ORGANISATION ALIGNS ITSELF BEHIND THIS CRITICAL ACTIVITY



WELCOMING THE 46,000

In September, one of Unite's 46,000 new students checked in.

For her and her parents it was an emotionally charged rite of passage; making this process straightforward and hassle-free would help a quick transition to a new life.

For Unite's new student, check-in started long before she arrived at her new home. It began, in fact, when she first registered to take up a place with us.

Most of that process was online, with comprehensive phone, email and social media support when she had questions. To avoid replication and overload Unite ensured the information she received was relevant, and dovetailed with her University's messaging.

We also provided a link which allowed her to sync electronic devices such as her smartphone and tablet, meaning they automatically connected to Unite's high speed Wi-Fi on arrival. Separately, the World of Unite app allowed her to meet other Unite students via Facebook before she arrived. This made checking in more simple and less stressful.

She was provided with an individual check-in time, which meant her arrival was staggered to ensure a dedicated and personal welcome. Her international roommates were grateful for Unite's 24-hour check-in because they could get into their room without delay – regardless of the hour.

The arrival process itself had been shortened to a safety briefing and one formal document signing before she was given her keycard – a process taking just a few minutes.

On arrival, Unite staff and student volunteers helped take luggage to her room, and offered to lead her on a tour of the property and the local area. Having experienced students on hand helped her better adjust and settle in.

Her entire room inventory was done online. Any issues could be reported to staff at the property, or via the 24-hour National Contact Centre.

A straightforward check-in meant her homesickness was not as bad as it might have been, her parents were reassured she was in safe hands and she did not feel too lonely. For those reasons alone Unite will continue to make the whole process as simple and friendly as possible.

Each year the check-in experience is refined and improved based on student feedback. This year our city teams organised more than 120 welcome events to help our arrivals find new friends and feel at home quickly.

In 2015 more than 50 Unite head office colleagues travelled out to help students with their luggage.

BY CHRISTIAN STANBURY
Head of Operations Support
and Standards

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RESI AWARD

In May 2015 Unite was named 'Student Accommodation Operator of the Year' at the RESI awards, run by leading industry magazine Property Week.

The £40 million Home for Success investment programme, opening three new properties and acquiring the Cordea Savills property portfolio were all cited as reasons.

CLEANING SERVICE

A Home for Success signature commitment was to provide a regular cleaning service.

In summer 2014 some 100 new Housekeeping Assistants were selected on their ability to build rapport with students as well as their cleaning skills. In September they started fortnightly cleaning services in all Unite properties. By March, over 69,000 communal areas had been cleaned.

By March 2015, all 7,453 kitchens were being cleaned fortnightly.



NEW STUDENT WEBSITE

In November Unite unveiled its new student-facing website.

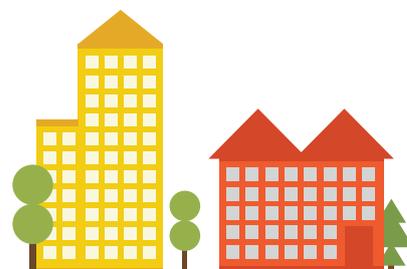
The result is a much-improved user experience, and added content written in simple Chinese, to reflect the high level of interest from China.

This is just the first phase in a continuous and ambitious programme of online and digital improvements.



THE PURPOSE BUILT STUDENT ACCOMMODATION MARKET

“UNITE IS REORGANISING ITSELF AROUND THE STUDENTS IT SERVES. OUR HOME FOR SUCCESS BUSINESS PURPOSE IS AN EVOLVING £40 MILLION PROGRAMME OF MAJOR SERVICE IMPROVEMENTS BASED ON THE PRINCIPLE THAT A STUDENT’S HOME MUST BE A VEHICLE FOR THEIR ONGOING SUCCESS.”



THE ADDED ‘PURPOSE’ IN PURPOSE BUILT

Purpose Built Student Accommodation (PBSA) in the UK is almost 25 years old. That’s older than most of the students it accommodates.

The sector started with Unite Students in Bristol back in the early 1990s. Unite rapidly expanded. We became a London Stock Exchange business, then a FTSE 250, have seen competitors arrive and disappear before emerging from the global crisis with a new purpose (Home for Success) and as the UK’s biggest provider.

Of course, the PBSA story is not just Unite. This year has witnessed a major restructuring of the sector away, broadly speaking, from short-term debt to long-term investment in what is now an established asset class – complete with its own official abbreviation.

PBSA’s newfound maturity heralds a fresh sense of identity, and of purpose.

Where *identity* is concerned: our student and higher education stakeholders will have noticed the emergence of PBSA as an array of competing brands.

It is the *purpose* of PBSA which attracts debate. We do not operate in a vacuum. I believe PBSA cannot – and should not – be about profit alone. It must support students in new and innovative ways; it must support its local community and it must serve social mobility to allow for widening participation in the benefits of University education.

In this last year we have seen Unite Students proving itself the clear industry leader in developing a sense of purpose, clarified in Home for Success.

Commitment

Our charitable trust, the Unite Foundation (see opposite), provides free accommodation and a generous cost-of-living allowance, for all years of a degree, to students who have been through the UK care system or are otherwise estranged from their parents. These young people have a significantly lower chance of getting into higher education, and all the benefits that this brings with it.

In October 2014 we announced our £8.5 million, five-year commitment to the Foundation’s future. Around 125 Unite Foundation Scholars will call Unite their home in the 2015/16 academic year.

Beyond this initiative, Unite is reorganising itself around the students it serves. Our Home for Success business purpose is an evolving £40 million programme of major service improvements based on the principle that a student’s home must be a vehicle for their ongoing success.

We are still at the start of that journey, but can already point to big changes, be it the visual refresh rolled out across our entire portfolio, new, carefully thought out study spaces, the delivery of genuine, high speed Wi-Fi to all students or fortnightly cleaning services.

Future

Developments in student welfare – particularly wellbeing and employability – are major themes going forward, and for Unite areas of active investment.

And as the biggest UK provider Unite is able to leverage its size to bring added value. This is especially true in the range of national projects we can usefully become involved in, such as the NUS-backed Green

Impact scheme which provides students with CV-boosting rewards for bringing sustainability best practice to life within our properties.

This energy for continuous improvement in the student experience is driven by our sense of purpose; a purpose which can only be truly delivered when combined with long-term commitment to the sector.

MARK ALLAN
CEO Unite Students

MARKET HIGHLIGHTS

- Highest ever student intake in 2014/15 with 512,000 students accepting places
- Applications exceeded acceptances by 180,000
- Removal of student number control cap in 2015 will see student intake increase
- Supply of new student accommodation over next three years likely to be less than the growth in student numbers



Unite
Foundation

WWW.UNITEFOUNDATION.CO.UK

UNITE FOUNDATION: WIDENING PARTICIPATION

UNITE FOUNDATION SCHOLAR SHANNON MCGINTY, 20, IS STUDYING FOR A BA IN PRIMARY EDUCATION AT LIVERPOOL JOHN MOORES UNIVERSITY.

"I've not been in regular touch with either of my parents since my mid-teens. From the ages of 16 to 18 I was living with a friend and, for a short time, in a hostel. All this was going on while I was trying to study for my A Levels in Birkenhead, Merseyside.

"I needed support finishing my A Levels because, other than one set of grandparents, there was no family guidance. I needed help, and called the Liverpool John Moores University advice centre. They were brilliant and my contact there suggested I could go for the Unite Foundation Scholarship.

"Being told I had been awarded the Scholarship was huge – it meant I could leave the hostel and go to University like everybody else. It means I'm now in a more secure environment and can provide for myself as I study, rather than work all hours.

"And because I have a home for the entire year, I don't have to worry about where I will stay in holidays.

"Without the Scholarship my time at University would have been daunting. I would have been worrying about rent – and even food.

"I'll be the first person to get a degree in my family so it means a lot. Although I don't see my siblings, it's still nice to be a role model to them.

"Although my degree is specific to primary education I'd also like to go into secondary teaching of mathematics. And more than that, I have high hopes of experiencing different countries and cultures."

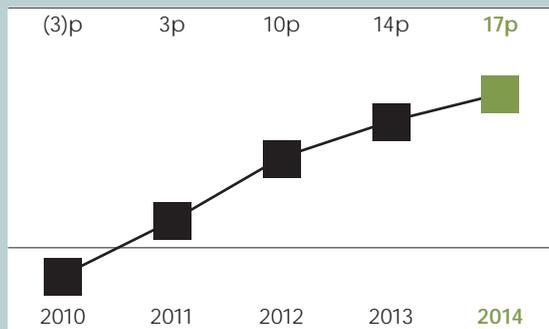
The Unite Foundation was created by Unite Students in 2012 to provide access to University to young people for whom a secure home is of particular significance. In 2014 Unite Students committed to an £8.5 million funding package, safeguarding the Unite Foundation to 2021.

In the 2015/16 academic year the Unite Foundation will have around 125 Scholars in 10 Universities.

FINANCIAL HIGHLIGHTS

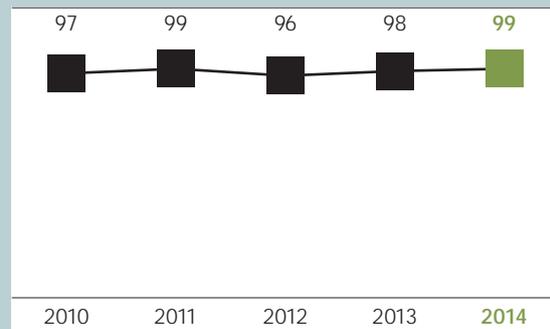
EARNINGS PER SHARE

PENCE



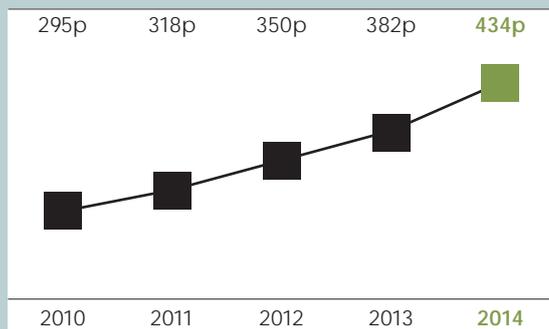
OCCUPANCY

%



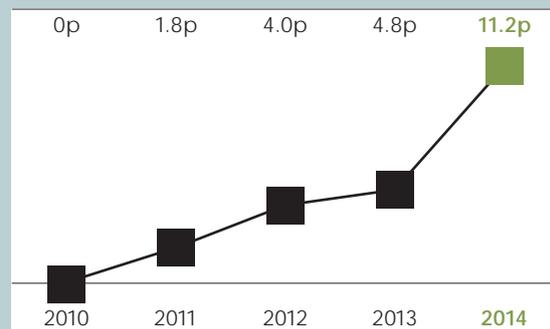
NET ASSET VALUE

PENCE PER SHARE



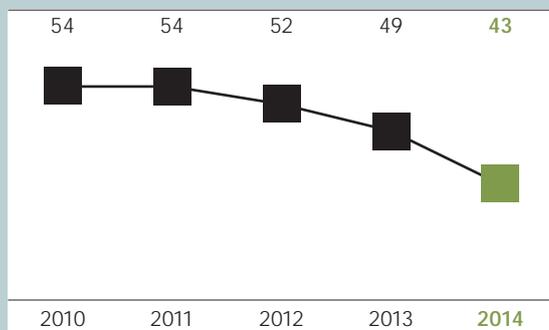
DIVIDEND PER SHARE

PENCE



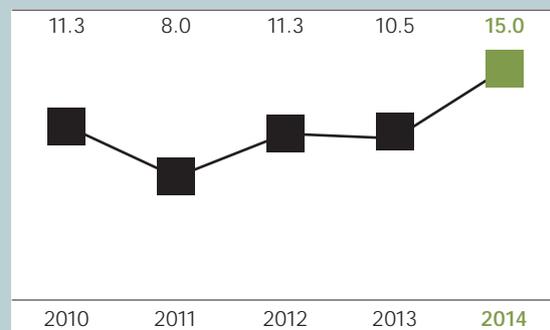
LOAN TO VALUE RATIO

%



TOTAL RETURN

%



FINANCIAL SUMMARY

SUSTAINABLE GROWTH FROM STRONG FOUNDATIONS

Unite Students performed strongly in our 2014/15 financial year, with all our key measures moving in a positive direction. We have been targeting long term sustainable growth and reasonable returns for our shareholders. Over the last five years we have delivered an average 11% total return on equity.

Consolidated profit and loss account

	2014 £m
Rental income	89.4
Property sales and other income	19.1
Total revenue	108.5
Cost of sales	(50.0)
Operating expenses	(25.9)
Results from operating activities	32.6
Loss on disposal of property	(1.0)
Net valuation gains on property	43.3
Profit before net financing costs	74.9
Loan interest and similar charges	(22.2)
Mark to market changes in interest rate swaps	(1.3)
Finance costs	(23.5)
Finance income	0.5
Net financing costs	(23.0)
Share of joint venture profit	56.5
Profit before tax	108.4
Tax	(3.6)
Profit for the year	104.8

Consolidated abridged balance sheet

	31 December 2014 £m
Rental properties	1,150
Properties under development	114
Total property portfolio/Gross Annual Value (GAV)	1,624
Cash	63
Debt	(761)
Adjusted net debt	(698)
Other assets/(liabilities)	(45)
Adjusted net assets	881
Adjusted Loan To Value (LTV)	43%

OUR STRATEGY

During 2014/15 we continued to deliver the clear, consistent strategy which has underpinned Unite's strong performance in recent years:

- To grow recurring profits and cash flow through a combination of rental growth, new openings and cost savings, while building an increasingly strong brand
- To enhance our portfolio quality through a programme of highly selective developments, focusing on London and strong regional locations, also through the disposal of non-core assets
- To strengthen the Group's capital base

By maintaining the three pillars of **most trusted brand** in the student accommodation sector, the **highest quality portfolio** and the **strongest capital structure**, we are delivering sustainable cash flows and increasing the value of our business each year. Two-thirds of our recurring cash flow is distributed as dividends, with the remainder re-invested into the business.

01

MOST TRUSTED BRAND

In 2014 we announced a two-year £40 million reinvestment programme to strengthen our market leading position. We committed £8.5 million in funding for the next five years to the Unite Foundation.

These investments have provided a basis upon which we will continue to build our brand. We will continue to invest in our digital platforms and our people and place an increased focus on the link between accommodation and success at University. We want to build our occupancy and customer satisfaction further.



02

HIGHEST QUALITY PORTFOLIO

Throughout 2014/15 Unite made good progress. We disposed of further non-core assets, and made significant progress delivering and securing our regional development programme.

We see further development opportunities in strong regional locations over the next 12-18 months, particularly in light of encouraging demand outlook for student accommodation and the removal of the student number cap. We will continue to monitor London for when development becomes feasible again.



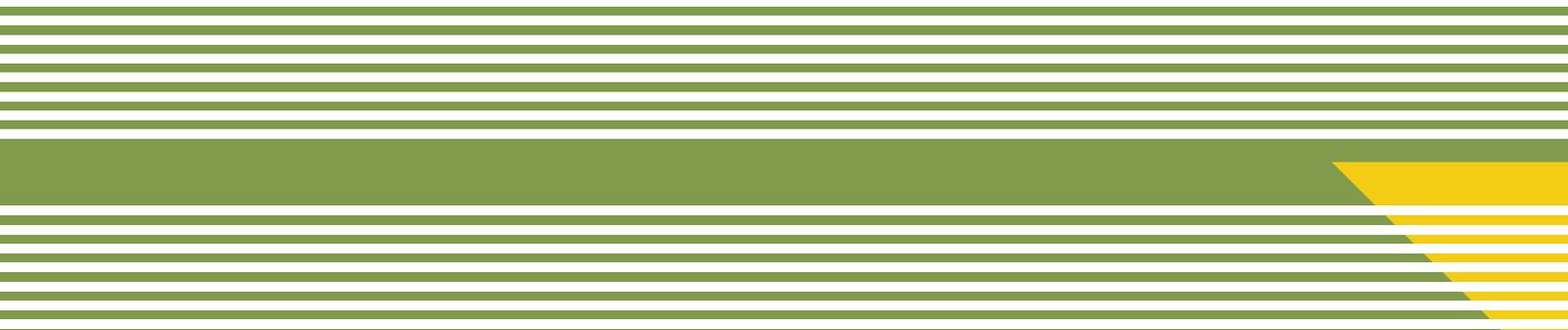
03

STRONGEST CAPITAL STRUCTURE

2014 saw our joint ventures reduced from four to two, new capital raised into both Unite and USAF, new lenders to the Group and our refinancing activity completed.

We will continue to strengthen the Group capital base and deliver sustainable, growing recurring cash flows. Our focus is on maintaining the strongest capital structure and delivering attractive returns to our shareholders.





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This report is complemented by a range of online information about our business including our Operations and Property divisions, our markets, and Corporate Responsibility & Sustainability.

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