PRESS RELEASE

27 July 2022

UNITE STUDENTS

THE UNITE GROUP PLC

("Unite Students", "Unite", the "Group", or the "Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Richard Smith, Chief Executive of Unite Students, commented:

"We have seen continued momentum in the first half, as earnings and dividends have grown strongly and reservations for the 2022/23 academic year are now ahead of pre-pandemic levels.

"Our business model offers inflationary protection but, like others, we are not immune from the impact of rising costs and interest rates. We are also very conscious of the current cost of living pressures facing students and parents. Our customer offer provides students with significant savings on their bills, as part of a simple, fixed price all-inclusive rental payment.

"Despite increased economic uncertainty, we remain confident in our ability to deliver significant growth over the medium to long term. Demand for Higher Education has proven to be resilient through economic cycles and we have significant opportunities for growth through our alignment to the strongest universities and by leveraging our best-in-class platform."

	H1 2022	H1 2021	FY2021	Change from H1 2021
Adjusted earnings[1]	£96.0m	£72.6m	£110.1m	32%
Adjusted earnings per share[1]	24.0p	18.2p	27.6p	32%
IFRS profit before tax	£334.1m	£130.4m	£343.1m	156%
IFRS basic EPS	82.9p	32.7p	85.9p	154%
Dividend per share	11.0p	6.5p	22.1p	69%
Total accounting return[2]	8.3%	3.9%	10.2%	
As at	**30 Jun 2022**	**30 Jun 2021**	**31 Dec 2021**	**Change from 31 Dec 2021**
EPRA NTA per share[2]	940p	837p	882p	7%
IFRS NAV per share	948p	833p	880p	8%
See-through net debt[3,4]	£1,727m	£1,501m	£1,522m	13%
Loan to value[3,4]	30%	30%	29%	1%

HIGHLIGHTS

Earnings and dividend ahead of their pre-pandemic peak

- Adjusted earnings up 32% to £96.0 million (H1 2021: £72.6 million)
- Adjusted EPS up 32% to 24.0p (H1 2021: 18.2p) [1]
- IFRS profit before tax of £334.1 million (H1 2021: £130.4 million), driven by adjusted earnings and a valuation gain of £214.9 million in the period (H1 2021: £54.3 million)
- EPRA NTA per share of 940p, up 7% (31 December 2021: 882p)
- IFRS NAV per share up 8% to 948p (31 December 2020: 880p)
- Total accounting return of 8.3% for H1 (H1 2021: 3.9%)
- Interim dividend of 11.0p (H1 2021: 6.5p), targeting 80% payout of adjusted EPS for full year

Strong outlook for student demand

- University applications for 2022/23 up 7% on pre-pandemic levels
- Record application rate for school leavers and significant demographic growth over the next decade
- Reservations ahead of pre-pandemic levels at 92% (2021/22: 83%, 2020/21: 82%, 2019/20: 91%)
- Confident of achieving 97% occupancy and rental growth of 3.5-4.0% for 2022/23 (previously 3.0-3.5%)
- Targeting rental growth of 4-5% for 2023/24

Protection against rising costs

- Annual repricing of rents through multi-year nomination agreements and direct-let sales
- Cost protection through hedging, implemented platform efficiencies and growing fee income
- Interest rates 85% fixed or capped, with 3.2% cost of debt (31 December 2021: 3.0%)
- Adjusted EPS guidance of 40-41p for FY2022, reflecting higher interest costs

Growth underpinned by development pipeline

- 5.0% increase in property values in H1 for like-for-like portfolio[5], reflecting strength of investor demand
- Secured pipeline of £1,032 million and 6,192 beds, generating a 6.0% yield on cost
- 2022 development completions fully let, adding 2p to adjusted EPS from 2023
- £42 million of asset management schemes completing for 2022/23, delivering 7% yield on cost, with growing pipeline of future opportunities

Ongoing capital discipline

- LTV increased to 30% at 30 June 2022[3] (31 December 2021: 29%)
- £236 million of disposals contracted in H1 (Unite share) at a blended yield of 5.7%
- Acquisition of £141 million of USAF units (equivalent to GAV of £181 million) at an effective yield of 5.1%

[1] Adjusted earnings and adjusted EPS remove the impact of the LSAV performance fee and abortive acquisition costs from EPRA earnings and EPRA EPS. See glossary for definitions and note 7 for calculations and reconciliations
[2] The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial highlights are based on the European Public Real Estate Association (EPRA) best practice recommendations and these performance measures are published as they are intended to help users in the comparability of these results across other listed real estate companies in Europe. The metrics are also used internally to measure and manage the business and to align to the performance related conditions for Directors' remuneration. See glossary for definitions
[3] Excludes IFRS 16 related balances recognised in respect of leased properties. See glossary for definitions
[4] Wholly-owned balances plus Unite's share of balances relating to USAF and LSAV
[5] Like-for-like properties owned at both 31 December 2021 and 30 June 2022

PRESENTATION

There will be a presentation for analysts and investors this morning at 8:30 a.m. BST. A live webcast can be accessed here. To register for the event or to receive dial-in details, please contact unite@powerscourt-group.com.

For further information, please contact:

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CHIEF EXECUTIVE'S REVIEW

The business has delivered a strong performance in the first half, following removal of the last remaining Covid-19 restrictions on Higher Education (HE), with earnings and dividends surpassing their pre-pandemic peak. We have also seen good progress with reservations for the 2022/23 academic year, which underpins further growth in income in the second half and into 2023.

Adjusted earnings for the period increased by 32% to £96.0 million (H1 2021: £72.6 million), which excludes the impact of non-recurring items relating to performance fees received from LSAV in 2021 and abortive acquisition costs in the first half. This increase was driven by higher occupancy for the 2021/22 academic year and the rental discounts offered to students in H1 2021 in response to Covid-19 restrictions, as well as broadly stable costs. On a per share basis, adjusted EPS increased 32% to 24.0p (H1 2021: 18.2p).

We are announcing an interim dividend of 11.0p (H1 2021: 6.5p), an increase of 69% on H1 2021, which reflects the growth in our earnings and a positive outlook for reservations for the 2022/23 academic year. We plan to distribute 80% of adjusted EPS for 2022.

EPRA NTA per share increased by 7% to 940p (31 December 2021: 882p) which, including the final dividend paid in the period, results in a total accounting return of 8.3% in the first six months of the year (H1 2021: 3.9%). The Group recorded an IFRS profit before tax of £334.1 million (H1 2020: £130.4 million), driven by adjusted earnings and a valuation gain on the back of our sales performance for 2022/23 and strong valuation evidence from student accommodation transactions during H1. IFRS NAV per share increased by 8% to 948p over the half (31 December 2021: 880p).

Our key financial performance indicators are set out below:

Financial highlights	H1 2022	H1 2021	FY 2021
Adjusted earnings	£96.0m	£72.6m	£110.1m
Adjusted EPS	24.0p	18.2p	27.6p
Dividend per share	11.0p	6.5p	22.1p
Total accounting return	8.3%	3.9%	10.2%
IFRS profit before tax	£334.1m	£130.4m	£343.1m
IFRS basic EPS	82.9p	32.7p	85.9p
EPRA NTA per share	940p	837p	882p
IFRS NAV per share	948p	833p	880p
Loan to value	30%	30%	29%

Demand ahead of pre-pandemic levels

We are anticipating strong student numbers for the 2022/23 academic year, with UCAS data showing a 7% increase in the number of applicants as at the 30 June deadline compared to pre-pandemic levels in 2019/20. A record 44.1% of UK 18-year-olds have applied to university this year, reflecting growing awareness of the opportunities and life experience it provides. Applications from non-EU students are up 9%, including notable growth from China and India, which has helped to substantially offset the expected decline in EU applications (-18%) as a result of Brexit.

We expect the exceptional grade inflation of the past two years to partially unwind for this year's A-level results, following a return to exams, which will support a more normal distribution of students across universities and cities. Universities have also been more selective in their offer-making, which points to greater availability of places during the Clearing period following A-level results in mid-August.

Positive momentum

We have continued to make good progress in sales during the first half. Across the Group's entire property portfolio, 92% of rooms are now sold for the 2022/23 academic year, ahead of pre-pandemic reservation levels (2021/22: 83%, 2020/21: 82%, 2019/20: 91%).

We have seen healthy demand from both UK and international students. We expect the share of international students to increase to around 35% of total reservations for 2022/23, up from 30% for 2021/22, with particularly strong growth from India (5% of direct-let reservations), but still modestly below the pre-pandemic level of 40%. This reflects a return to face-to-face teaching by universities and fewer travel restrictions than experienced over the past two years.

Reservations under nomination agreements currently account for 51% of total beds. We expect this figure to grow slightly by the end of the sales cycle once universities have full visibility over student intake for 2022/23. There remains an opportunity to deepen relationships with our existing university partners and we have recently agreed terms for a new 30-year nomination agreement with a Russell Group university.

Breakdown of reservations for 2022/23 by domicile and year of study

	Nominations*	Direct let				
		UK	China	EU	Other Intl.	Total
First year		9%	2%	0%	1%	
Returning students		15%	4%	1%	3%	
Postgraduate		1%	7%	0%	2%	
% of reservations	**55%**	**25%**	**13%**	**1%**	**6%**	**100%**
% of portfolio	**51%**	**21%**	**12%**	**2%**	**6%**	**92%**

* *All years and domiciles*

We have also seen positive progress in both pricing and the pace of lettings, particularly in the second half of the sales cycle, as concerns around the impact of the Omicron Covid-19 variant have eased. This progress has been driven by inflation-linked rental uplifts for our multi-year nomination agreements and the strength of demand for direct-let beds.

Given the strong sales performance to date, we are increasingly confident in delivering occupancy of 97% for the 2022/23 academic year and achieving rental growth of 3.5-4.0% (previous guidance of 3.0-3.5%).

We continue to monitor Covid-19 cases, travel restrictions for international students and the potential for further lockdowns, particularly in China. There are no Covid restrictions on UK HE, and Government guidance emphasises that universities should prioritise delivery of face-to-face teaching. Demand also remains strong from international students across multiple markets, and we expect that international students will be able to travel to the UK for the start of the 2022/23 academic year in September.

Value for money

Our customer offer is built around a value-for-money, hassle-free living experience, with support on hand when it is needed. Our pricing is inclusive of utilities, Wi-Fi, contents insurance and on-hand maintenance teams. In addition, we have invested over £100 million over the past year to enhance our portfolio, service and experience to meet student needs, such as a 24/7 physical presence by staff, with a particular focus on student welfare support.

We recognise the cost of living pressures being faced by students and are confident our pricing will continue to offer value for money compared to alternatives in the purpose-build student accommodation (PBSA) and houses in multiple occupation (HMO) sectors. Our pricing is comparable in cost to HMOs once bills are included. This is before allowing for the additional product and service features that we provide in locations close to campus.

Given increases in energy prices, we estimate that students living in HMO will pay around £840 per year for their utilities, Wi-Fi and contents insurance. Thanks to our scale and forward purchasing of utilities, these same services will cost the Company less than £600 for the 2022/23 academic year. We pass these savings on to students through a single price, fixed at the time of booking, giving our customers certainty over their living costs.

Inflation protection

Inflation is resulting in cost pressures in parts of our operations and development activity. Positively, the business is well protected from these impacts through the inflation-hedging characteristics of our income and risk management through cost hedging.

Earnings

Our rooms are either resold each year through direct-lets and single-year nomination agreements or repriced based on RPI, CPI or fixed rental inflators under our multi-year nomination agreements. We also have a high degree of visibility over our largest P&L costs – staff, utilities and interest – which together account for around 70% of our total cost base. We will seek to offset operational cost increases through rental growth of 4-5% for the 2023/24 academic year.

Interest costs are fixed or capped on 85% of our investment debt and we have limited near-term refinancing requirements, with less than 10% of see-through debt maturing before late 2024. As a result of rising interest rates on the variable portion of our debt, our see-through borrowing cost has increased to 3.2% at the end of H1 (December 2021: 3.0%). Reflecting the impact of higher interest costs, we are reducing our guidance for 2022 adjusted EPS to 40-41p (previously 41-43p).

Development pipeline

We manage cost risk in our development pipeline through fixed-price contracts. Costs are already fixed for our 2022 and 2023 schemes, which remain in line with budget and on track for their scheduled delivery dates. However, we are seeing cost increases for schemes yet to be procured for delivery in 2024 and 2025, totalling 2,854 beds. We can partially mitigate these cost pressures through design efficiencies and increased rental levels but expect yields on cost to be reduced by around 20bps compared to our initial assumptions. The weighted average yield on cost of 6.0% on our secured pipeline continues to offer an attractive spread compared to our funding costs and investment yields for completed assets.

Higher Education policy

The Skills for Jobs white paper, published in 2021, underlines the Government's commitment to widening participation in post-18 education and strengthening the global standing of the UK HE sector. In addition, the Government is focused on ensuring the sector delivers value for money for students and the taxpayer. The Office for Students (OfS) recently closed a consultation on student outcomes in the HE sector. This may lead to the introduction of minimum standards for HE providers based on course completion rates and the proportion of students going on to employment or further study. However, we do not expect any material changes in HE policy in the short term following changes in Government leadership.

We are confident that our strategic alignment to high and mid-ranked universities positions us to successfully navigate future changes to the Government's HE policy. Around half of our income comes from universities in the top quartile of the OfS's quality metrics, with only 4% coming from universities in the bottom quartile.

Fire safety

Fire safety is a critical part of our health and safety strategy and how we operate as a responsible business. We are committed to being leaders in fire safety standards, through a proactive risk-based approach embedded across our entire business, to ensure that students and our employees are kept safe. All our buildings are independently confirmed as safe to operate and occupy by fire safety experts.

During the period, we completed remedial works on one building and are on site at a further eight, spending a total of £25.9 million (Unite share: £10.3 million) in the period. Our balance sheet at 30 June includes provisions and accruals for cladding remediation costs across our estate, at a cost of £82.9 million (Unite share: £48.7 million), which will be incurred over the next 12-36 months.

The Government's Building Safety Bill, covering building standards, was passed in April and has introduced more stringent fire safety regulations. Our proactive approach means that we will continue to make any required investment to ensure our buildings are compliant and remain safe to occupy.

We are seeking to mitigate the costs of cladding replacement through claims from contractors under build contracts, where appropriate. To date, we have recovered £10 million from completed claims, representing 70% of the costs of remediation on those buildings. We expect to recover 50-75% of total replacement costs over time, but this is not reflected in our balance sheet due to uncertainty over the timing of any recoveries. The Building Safety Bill extended the limitation period for claims to up to 30 years, meaning that nearly all of our affected buildings now have the potential to submit a claim.

Delivering our sustainability strategy

Following the publication of our net zero carbon roadmap at the end of 2021, we have increased our investment into energy efficiency projects aimed at improving the environmental performance of our buildings. During the first half, we invested c.£2.7million (£1.1 million at Unite share) in capital projects, including LED lighting, heating controls and low-carbon heating solutions, and expect to invest a further c.£10 million (£8 million at Unite share) during the second half of the year. As well as being the right thing to do, there is also a strong business case for this investment, with a payback of under 10 years through operating cost savings. These measures have been incorporated as part of the refurbishment of 1,629 beds in Manchester for the 2022/23 academic year, increasing EPC ratings from an average of D to B and reducing energy intensity by an average of 17%.

As part our sustainability strategy, we have committed to donating 1% of annual profits to social initiatives going forward. These initiatives will be closely aligned to our purpose of providing a Home for Success for students and supporting wider participation in HE. The two main initiatives in 2022 are Leapskills and the Unite Foundation. The Leapskills programme is an interactive set of workshops designed to prepare school leavers for independent living at university. We have recently partnered with UCAS to increase the reach of Leapskills and assist students in their preparations for university. The Unite Foundation, the charitable trust founded by Unite Students in 2012, provides free accommodation for care leavers and estranged students while at university. To mark the Foundation's 10th anniversary, Unite Students is providing financial support for 100 student scholarships for the 2022/23 academic year and home starter kits for over 200 additional students.

Positioned for growth

We have now completed the disposal programme set out at the time of our acquisition of Liberty Living in 2019. We contracted £306 million of disposals in the first half (Unite share: £236 million) at a blended yield of 5.7%. These disposals have increased the focus of our portfolio in the strongest university cities and ensure our ability to sustain rental growth.

See-through LTV stands at 30%, which provides investment capacity to deliver our significant development pipeline and pursue further investment opportunities to extend our best-in-class platform.

Our development pipeline totals £1,032 million in total cost, following the addition of £296 million of new schemes in H1, and is expected to deliver 5p of upside to EPS on delivery. In addition, the recent increase in financing costs is starting to create opportunities to acquire new investment or developments at enhanced returns.

Increasing our investment in USAF

The proceeds from announced disposals have been partially redeployed to increase our investment in USAF. During the period, we acquired £141 million of units at a price in line with USAF's March 2022 NAV and equivalent to a property yield of 5.1%. This investment increases Unite's exposure to USAF's high-quality portfolio in strong regional markets. Like our wider portfolio, the fund has positive future prospects through rental growth and investment opportunities in asset management initiatives. We will continue to monitor opportunities to increase our investment in USAF at attractive valuations.

Extending our platform

There is a significant opportunity to grow our platform in the wider living sector by catering to the growing number of young professional renters living in major UK cities.

We are currently under offer for a pilot Build-to-Rent investment in London, located in close proximity to an existing cluster of our student properties. The operational asset offers the potential to test our operational capability to extend our customer offer to young professionals and retain customers as they move on to the next stage in their lives.

Outlook

We are confident of a strong sales performance for the 2022/23 academic year, reflecting the depth of student demand, reduced disruption from grade inflation and fewer travel restrictions for international students. This underpins our guidance for 97% occupancy and rental growth of 3.5-4.0% for 2022/23.

Our business model has inflationary protection through annual repricing of our income and cost hedging but, like others, we are not immune from the impact of rising costs and interest rates. We will seek to offset higher operating costs through our pricing, while ensuring we continue to offer value-for-money accommodation to students.

The outlook for the business remains strong, reflecting growing student demand, our alignment and partnership with the strongest universities and the capabilities of our best-in-class operating platform. We are well positioned to benefit from the strength of HE, which has historically become more attractive during economic downturns. Despite increased economic uncertainty, we are well positioned to deliver sustainable earnings growth and attractive total returns of 8.5-10% p.a. over the medium term, driven by rental growth, delivery of our secured development pipeline and further opportunities to deploy capital at attractive returns.

PROPERTY REVIEW

The first half has seen a strong valuation performance for our investment portfolio, driven by our reservations progress for 2022/23 and investment activity in the sector. We continue to improve the quality of the portfolio and our alignment to the strongest universities by disposing of non-strategic assets and redeploying the capital into our development pipeline and the refurbishment of our existing estate. We will deliver 1,351 new beds this year and have fully refurbished a further 1,629 beds, all of which are fully let for the 2022/23 academic year.

Our development pipeline remains close to its record size at over 6,100 beds, having added three further schemes in H1. We are seeing increases in development costs which, although partially mitigated by fixed-price contracts and enhanced rental levels, will slightly reduce development returns. 64% of our development pipeline now has planning consent, but we are seeing pressure on our delivery programme for unconsented schemes due to planning delays as a result of the pandemic.

Valuation performance

Our property portfolio saw a 5.0% increase in valuations on a like-for-like basis during the half (Unite share: 4.7%), reflecting the strength of investor demand for student accommodation. Approximately two-thirds of the increase was driven by yield compression, following strong recent transactional evidence in the sector. In addition, the valuations reflect rental growth crystallised through reservations for the 2022/23 academic year and the completion of asset management initiatives driving NOI increases. Stronger rental growth in LSAV was predominantly driven by the strength of the London market.

£m	30 June 2022 valuation	Yield compression	Asset management	Rental growth /other	LfL capital growth
Wholly owned	3,443	81	14	37	131
LSAV	1,942	82	1	40	123
USAF	2,966	106	15	28	149
Total (Gross)	**8,351**	**269**	**30**	**105**	**403**
Total (Unite share)	**5,249**				**226**
Capital growth					
Wholly owned		2.4%	0.4%	1.1%	4.0%
LSAV		4.5%	0.0%	2.2%	6.8%
USAF		3.7%	0.5%	1.0%	5.3%
Total (Gross)		**3.4%**	**0.4%**	**1.3%**	**5.0%**
Total (Unite share)					**4.7%**

Student accommodation yields

The PBSA sector has continued to deliver strong performance during the first half. Strong sector fundamentals and a long-term track record of rental growth continue to attract significant volumes of capital to the sector. Investment volumes for student accommodation totalled £5.8 billion in H1, including £0.3 billion sold by the Group and £5.5 billion of third-party transactions (Source: CBRE). The £3.3 billion acquisition of Student Roost by GIC and Greystar, announced in May, has particularly benefitted regional assets in our wholly-owned portfolio and USAF.

The average net initial yield across the portfolio is 4.7% at 30 June 2022 (31 December 2021: 4.9%), a reduction of 15 basis points over the first six months of the year. We have seen more significant yield compression in London and stronger regional markets, continuing the trend witnessed over recent years.

An indicative spread of direct-let yields by location is outlined below:

	30 Jun 2022	30 Jun 2021	31 Dec 2021
London	3.50-4.00%	3.80-4.25%	3.65-4.10%
Prime regional	4.40-4.65%	4.25-5.00%	4.50-4.75%
Major regional	5.00-5.65%	5.00-6.00%	5.00-5.75%
Provincial	6.00-7.50%	6.25-7.50%	6.00-7.50%

Development and university partnership activity

Development and university partnership activity continues to be a significant driver of future growth in earnings and EPRA NTA and is aligned to our strategic focus on high and mid-ranked universities. Our pipeline of direct-let development and university partnerships includes 6,192 beds, with a total development cost of £1,032 million. We expect to maintain a run-rate of around £200 million p.a. of development capex, funded from property disposals and internally generated sources.

The anticipated yield on cost of this secured pipeline is 6.0%. We have lower hurdle rates for developments that are supported by universities or where another developer is undertaking the higher-risk activities of planning and construction.

We have increased our yield-on-cost targets by 50-100bps in London and the regions to reflect increased funding costs. We continue to see opportunities for new development and university partnership schemes at attractive returns and are starting to see land pricing adjust downwards to reflect increased costs of funding and construction in the current environment.

2022 completions

Our schemes at Hayloft Point, London and Campbell House, Bristol are on track for delivery on time and budget for the 2022/23 academic year. Campbell House is let to the University of Bristol under a 15-year nomination agreement, and we have agreed a 5-year nomination agreement at Hayloft Point with King's College London for approximately two-thirds of beds. Both schemes are fully let for the 2022/23 academic year, adding 2p to EPS on an annualised basis.

2023-2026 pipeline

There remains widespread acknowledgement from local authorities of the need for new PBSA supply to address growing student numbers and relieve pressure on housing supply. Universities also remain willing to support our planning applications as a means of delivering the high-quality, affordable accommodation required to support their growth ambitions. However, we have experienced delays in the planning process as a result of the pandemic, which have put pressure on delivery timelines for certain of the schemes in our pipeline.

In January 2022, we added a further 268-bed scheme to our pipeline in Nottingham city centre to be delivered for the 2024/25 academic year. The site is located in a prime location on Lower Parliament Street in the heart of the city centre, close to Nottingham Trent University's campus as well as the University of Nottingham's planned city centre campus development for final year and postgraduate students.

In May, we received resolution to grant planning permission for our 716-bed development site in East London. The scheme is scheduled for delivery in the 2026/27 academic year, subject to vacant possession, and will target a long-term nomination agreement with one of the Group's existing university partners in London. The development, which is located in a prime location close to transport links and university campuses, will increase the Group's operational scale in East London.

In early March, the planning application for our development in Paddington, London was rejected by Westminster City Council. We continue to have good levels of engagement with the local authority, who are supportive of student use on the site. We are currently reviewing our options for the best route to securing planning consent for the site; however, this delay now means that we will no longer deliver the scheme for the 2024/25 academic year.

In March, we received planning approval for our 596-bed Temple Quarter development in Bristol. We intend to acquire the site in time for delivery for the 2024/25 academic year. The completed development will be fully let on a 15-year nomination agreement to the University of Bristol, further strengthening our relationship with the university.

At the end of H1, we acquired the land for a consented 298-bed student and 66-unit Build-to-Rent development at Abbey Lane in Edinburgh. Due to delays in securing vacant possession for the site, we now expect to deliver the project for the 2026/27 academic year.

Development costs

We continue to see inflationary pressure on build costs, which typically account for around 50% and 80% of our total development costs in London and regional markets respectively, reflective of ongoing supply chain disruption created by the pandemic as well as rising energy and materials prices, which have been exacerbated by the war in Ukraine.

Our 2022 and 2023 schemes are secured under fixed-price build contracts and remain in line with budget. However, we are continuing to see cost increases for schemes yet to be procured for delivery in 2024 and 2025. As a result, we now expect the yield on cost for our 2024 and 2025 schemes to be reduced by 20bps compared to our initial assumptions. These schemes remain attractive, and we will seek to mitigate the impact of increasing build costs through design efficiency and increased rental levels where possible.

Secured development and University partnerships pipeline

	Target delivery	Secured beds No.	Total completed value £m	Total development costs £m	Capex in period £m	Capex remaining £m	Forecast NTA remaining £m	Forecast yield on cost %
<u>Traditional development</u>								
Derby Road, Nottingham	2023	705	88	58	7	38	20	8.1%
Lower Parliament St, Nottingham	2024	268	48	35	7	28	13	7.3%
Abbey Lane, Edinburgh[2]	2026	298	47	29	8	19	16	8.8%
Total wholly owned		**1,271**	**183**	**122**	**22**	**85**	**49**	**8.1%**
<u>University partnerships</u>								
Hayloft Point, London	2022	920	304	187	21	12	15	6.0%
Campbell House, Bristol[3]	2022	431	64	44	6	1	10	6.2%
Feeder Road, Bristol	2024	596	94	80	16	62	13	5.8%
Meridian Square, London[1]	2025	943	240	181	1	178	59	5.7%
Freestone Island, Bristol[1]	2025	690	103	76	0	76	27	6.0%
Paddington, London[1]	2025	625	208	157	1	152	51	5.5%
East London, London[4]	2026	716	246	185	1	184	61	5.4%
Total university partnerships		**4,921**	**1,259**	**910**	**46**	**665**	**236**	**5.7%**
Total development pipeline		**6,192**	**1,442**	**1,032**	**68**	**750**	**285**	**6.0%**
Major refurbishments (Unite share)[5]		**1,629**	**n/m**	**24**	**7**	**13**	**9**	**6.9%**

[1] *Subject to obtaining planning consent*
[2] *Additional 66 BTR units*
[3] *Additional 74 BTR units*
[4] *Student element development cost £136m, forecast 6.0% yield on cost*
[5] *Creating 138 additional beds*

University partnerships pipeline

We continue to make progress with our strategy of delivering growth through strategic partnerships with universities where student numbers are growing fastest. Reflecting the financial and operational constraints faced by universities, there is a growing appetite for partnerships.

We intend to deliver our three future London schemes as university partnerships, in line with requirements in the London Plan for the majority of new beds to be leased to a HE provider. The developments will help to meet the growing need for high-quality PBSA in London and will incorporate a range of design features to reduce embodied and operational carbon. We have secured planning support for the schemes from university partners and discussions are already underway with a view to agreeing long-term nomination agreements.

In addition, we are in active discussions with two high-quality universities for new partnerships, focused on delivery of new on-campus accommodation and the potential transfer and refurbishment of their existing student accommodation. We are looking to progress these transactions over the next 12 months, albeit there remains a high degree of execution risk given the strategic nature of these decisions for the universities.

Asset management

In addition to our development activity, we see significant opportunities to create value through asset management projects in our estate. Asset management projects typically have shorter lead times than new developments (often carried out over the summer period) and have the potential to deliver attractive risk-adjusted returns.

This September, we will complete three asset management schemes in Manchester. Investment across the three projects is £42 million in aggregate and will deliver a 7% yield on cost. The projects will deliver new accommodation, refurbish existing rooms and enhance the environmental performance of the properties. The upgraded assets are fully let for the 2022/23 academic year and will support our segmentation strategy, with new specification and service tailored to the postgraduate market.

We are making good progress in growing our pipeline of future opportunities and are increasingly confident in our ability to deliver stronger rental growth through refurbishment and repositioning of our existing portfolio for the 2023/24 and 2024/25 academic years.

Disposal activity

We continue to manage the quality of the portfolio and our balance sheet leverage by recycling capital through disposals and reinvesting into developments, investments and refurbishments aligned to the best universities.

During the period, the Group contracted £306 million of disposals (Unite share: £236 million) to an affiliate of Lone Star Funds. Completion occurred for £24 million of the disposals in March, with the remaining £282 million to complete at the end of August, which are held for sale in the half-year balance sheet. The sale completes the disposal programme set out at the time of our acquisition of Liberty Living in 2019 and sees the Group exit less attractive markets and certain smaller, less operationally efficient assets in cities such as Bristol and Leeds. The disposals are priced in line with prevailing book value, which reflects an NOI yield of 5.7%.

These disposals have helped to increase the alignment of our portfolio to the strongest university cities and our ability to sustain rental growth over a longer time horizon. We will selectively explore opportunities to exit weaker assets, where the proceeds can be redeployed at superior risk-adjusted returns. We expect the pace of disposals to reduce to around £100-150 million p.a. (Unite share).

FINANCIAL REVIEW

The Group uses alternative performance measures (APMs), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information and include, among others, measures based on the European Public Real Estate Association (EPRA) best practice recommendations. The metrics are used internally to measure and manage the business.

EPRA and adjusted earnings

We delivered a strong operating performance in H1 2022, with rental income increasing by 16% to £177.4 million, up from £152.9 million in H1 2021, reflecting the impact of increased occupancy for the 2021/22 academic year and removal of pandemic-related restrictions and rental discounts.

Adjusted earnings increased by 32% to £96.0 million (H1 2021: £72.6 million), reflecting the increase in rental income and broadly stable costs including interest when compared to the prior year. Adjusted EPS also increased by 32% to 24.0p (H1 2021: 18.2p).

Based on a positive outlook for student demand and progress to date on reservations, we anticipate an increase to 97% occupancy for the 2022/23 academic year (2021/22: 94%). This income visibility underpins strong growth in adjusted EPS for the full year to 40-41p (previously 41-43p). The slight reduction in our guidance reflects higher interest rates on our floating rate debt and non-recurring costs incurred in the first half.

Summary income statement	**H1 2022 £m**	**H1 2021 £m**	**FY 2021 £m**
Rental income	177.4	152.9	282.7
Property operating expenses	(45.5)	(41.8)	(90.9)
Net operating income (NOI)	**131.9**	**111.1**	**191.8**
NOI margin	*74.4%*	*72.7%*	*67.8%*
Management fees	9.2	8.2	15.9
Operating expenses	(13.7)	(13.0)	(31.5)
Finance costs	(28.9)	(32.6)	(63.3)
Acquisition and net performance fees	-	15.7	41.9
Development and other costs	(4.0)	(1.1)	(2.8)
EPRA earnings	**94.5**	**88.3**	**152.0**
LSAV performance fee	-	(15.7)	(41.9)
Abortive acquisition costs	1.5	-	-
Adjusted earnings	**96.0**	**72.6**	**110.1**
Adjusted EPS	**24.0p**	**18.2p**	**27.6p**
EPRA EPS	**23.6p**	**22.2p**	**38.1p**
EBIT margin	*71.8%*	*69.5%*	*62.3%*

A reconciliation of profit/(loss) after tax to EPRA earnings is set out in note 2.2b of the financial statements

Like-for-like rental income, excluding the impact of disposals and major refurbishments, increased by 23% during H1. This exceeded the 15% increase in operating expenses for like-for-like properties in the period, primarily driven by increased utility and marketing costs linked to higher occupancy. This improved the Group's NOI margin to 74.4% for the six months (H1 2021: 72.7%).

The increase in operating expenses in the first half was driven by the implementation costs of a corporate restructure (£1.5 million). Our EBIT margin improved to 71.8% in the period (H1 2021: 69.5%) or 72.7% excluding the non-recurring restructuring costs. Our rental income is more heavily weighted to the first half of the financial year due to lower occupancy during July and August. As a result, we expect to deliver an EBIT margin of around 70% for 2022 as a whole.

Reflecting our cost discipline and the growth in rental income, we are targeting an improvement in our EBIT margin to 72% over the medium term.

Operations result

	H1 2022			H1 2021			YoY change	
£m	Wholly owned	Share of Fund/JV	Total	Wholly owned	Share of Fund/JV	Total	£m	%
Rental income								
Like-for-like properties	127.7	46.0	173.7	105.0	35.8	140.8	32.9	23.4%
New properties[1]	-	-	-	-	-	-	-	
Sold properties (to third party)	-	0.2	0.2	2.1	0.6	2.7	(2.5)	
Sold properties (to Fund/JV)	-	3.5	3.5	7.1	-	7.1	(3.6)	
Properties closed for refurbishment	-	-	-	2.3	-	2.3	(2.3)	
Total rental income	**127.7**	**49.7**	**177.4**	**116.5**	**36.4**	**152.9**	**24.5**	**16.0%**
Property operating expenses								
Like-for-like properties	(34.3)	(10.2)	(44.5)	(28.4)	(10.3)	(38.7)	(5.8)	15.0%
New properties[1]	-	-	-	-	-	-	-	
Sold properties (to third party)	-	-	-	(1.0)	(0.2)	(1.2)	1.2	
Sold properties (to Fund/JV)	-	(1.0)	(1.0)	(1.3)	-	(1.3)	0.3	
Properties closed for refurbishment	-	-	-	(0.6)	-	(0.6)	0.6	
Total property operating expenses	**(34.3)**	**(11.2)**	**(45.5)**	**(31.3)**	**(10.5)**	**(41.8)**	**(3.7)**	**8.9%**
Net operating income								
Like-for-like properties	93.4	35.8	129.2	76.6	25.5	102.1	27.1	26.5%
New properties[1]	-	-	-	-	-	-	-	
Sold properties (to third party)	-	0.2	0.2	1.1	0.4	1.5	(1.3)	
Sold properties (to Fund/JV)	-	2.5	2.5	5.8	-	5.8	(3.3)	
Properties closed for refurbishment	-	-	-	1.7	-	1.7	(1.7)	
Total net operating income	**93.4**	**38.5**	**131.9**	**85.2**	**25.9**	**111.1**	**20.8**	**18.7%**

1 Includes both development completions and acquisitions

We are well protected but not immune from the impacts of inflation on our cost base. We have a high degree of visibility over our two largest costs, staff and utilities, which together account for around 60% of our combined operating costs and overheads. Our utility costs are fully hedged through 2022 and 2023 and for a substantial portion of 2024. In addition, a recently completed review of our operating model will deliver further efficiencies, which partially mitigate wider cost pressures.

Finance costs decreased slightly to £28.9 million (H1 2021: £32.6 million) due to reduced borrowings in the period versus the prior year, more than offsetting the increase in the cost of the floating portion of our debt. £4.2 million of interest costs were capitalised in the first half, an increase from £2.1 million in H1 2021, due to the increased level of development activity in the period. Due to delays in certain development starts, we now expect capitalised interest to be £5-6 million for the year (previously £7-8 million). The cost of debt increased to 3.2% over the period (31 December 2021: 3.0%), reflecting increases in the cost of our floating rate debt.

IFRS earnings

IFRS profit before tax increased to £334.1 million in the first half (H1 2021: £130.4 million), driven by the rise in adjusted earnings, a revaluation gain net of losses on disposal of £199.7 million (H1 2021: £40.0 million) and the positive revaluation of interest rate swaps on the back of rising interest rates.

	H1 2022 £m	H1 2021 £m	FY 2021 £m
Adjusted earnings	**96.0**	**72.6**	**110.1**
LSAV Performance fee	-	15.7	41.9
Abortive acquisition costs	(1.5)	-	-
EPRA earnings	**94.5**	**88.3**	**152.0**
Valuation gains and profit/(loss) on disposal	199.7	40.0	182.2
Changes in valuation of interest rate swaps and debt break costs	39.2	3.7	6.7
Minority interest and tax	0.7	(1.6)	2.2
IFRS profit before tax	**334.1**	**130.4**	**343.1**
EPRA earnings per share	23.6p	22.2p	38.1p
IFRS Basic earnings per share	82.9p	32.7p	85.9p

A reconciliation of profit before tax to EPRA earnings measures is expanded in section 7 of the financial statements.

EPRA NTA growth

EPRA net tangible assets (NTA) per share, our key measure of NAV, increased by 7% to 940 pence at 30 June 2022 (31 December 2021: 882 pence). EPRA net tangible assets were £3,771 million at 30 June 2022, up from £3,532 million six months earlier.

The main drivers of the £239 million increase in see-through EPRA NTA and 58 pence increase in EPRA NTA per share were:

- Valuation growth (£191 million, 48 pence), reflecting sales progress for 2022/23 and yield compression
- Development surplus (£25 million, 6 pence)
- Disposals and associated property transaction costs (£(10) million, (3) pence)
- A further provision for fire safety capex (£(8) million, (2) pence)
- The positive impact of retained profits (£40 million, 9 pence)

Property portfolio

The valuation of our property portfolio at 30 June 2022, including our share of properties held in USAF and LSAV, was £5,771 million (31 December 2021: £5,287 million). The £484 million increase in portfolio value reflects the valuation movements outlined above, £24 million of completed disposals, a £181 million increase in the Group's see-through share of USAF and capital expenditure and interest capitalised on developments of £79 million.

Summary balance sheet

	30 Jun 2022			30 Jun 2021			31 Dec 2021		
	Wholly owned £m	Share of Fund/JV £m	Total £m	Wholly owned £m	Share of Fund/JV £m	Total £m	Wholly owned £m	Share of Fund/JV £m	Total £m
Rental properties[1]	3,443	1,806	5,249	3,249	1,467	4,716	3,323	1,542	4,865
Rental properties (leased)	93	-	93	100	-	100	98	-	98
Properties under development	429	-	429	236	-	236	324	-	324
Total property	3,965	1,806	5,771	3,585	1,467	5,052	3,745	1,542	5,287
Net debt	(1,208)	(519)	(1,727)	(1,013)	(488)	(1,501)	(1,030)	(492)	(1,522)
Lease liability	(93)	-	(93)	(95)	-	95	(94)	-	(94)
Other assets/(liabilities)	(139)	(41)	(180)	(74)	(30)	(104)	(107)	(32)	(139)
EPRA net tangible assets	**2,525**	**1,246**	**3,771**	**2,403**	**949**	**3,352**	**2,514**	**1,018**	**3,532**
IFRS NAV			**3,806**			**3,339**			**3,528**
LTV			*30%*			*30%*			*29%*

[1] Including properties held for sale

Cash flow and net debt

The Operations business generated £100 million of net cash in H1 2021 (H1 2021: £80 million) and net debt increased to £1,727 million (31 December 2021: £1,522 million). The key components of the movement in net debt were the operational cash flow and net proceeds of £24 million from the sale of investment property, offset by total capital expenditure of £111 million, the acquisition of units in USAF for £141 million and dividend payments of £49 million.

Interest rate hedging arrangements and cost of debt

During the first half, there has been a significant increase in market interest rates as well as a rise in credit spreads for publicly traded debt, including our own. Together, these factors have resulted in higher costs for new debt issuance or refinancing of existing debt facilities. The business is partially protected from these cost pressures through its interest rate hedging policies. Moreover, the Group's borrowings are well diversified across lenders and maturities with less than 10% of see-through debt maturing before late 2024.

85% of see-through investment debt is subject to a fixed or capped interest rate (31 December 2021: 90%) for an average term of 4.5 years (31 December 2021: 5.0 years) and we have forward hedged £300 million of future debt issuance at rates meaningfully below prevailing market levels.

As a result of rising interest rates on the variable portion of our debt, our see-through borrowing cost has increased to 3.2% at the end of H1 (December 2021: 3.0%). Based on our hedging protection and current market interest rates, we forecast a cost of debt of 3.4% for FY2022 as a whole, rising to 3.6% for FY2023. On this basis, yields on our investment portfolio and secured development pipeline continue to show a healthy positive spread against our funding costs.

Key debt statistics (Unite share basis)	30 Jun 2022	30 Jun 2021	31 Dec 2021
Net debt	£1,727m	£1,501m	£1,522m
LTV	30%	30%	30%
Net debt:EBITDA ratio[1]	7.6	10.0	8.3
Interest cover ratio[1]	3.3	2.5	2.8
Average debt maturity	4.5 years	4.6 years	5.0 years
Average cost of debt	3.2%	3.0%	3.0%
Proportion of investment debt at fixed rate	85%	91%	90%

[1] *Calculated on a 12-month look back basis*

Debt financing and liquidity

As at 30 June 2022, the wholly-owned Group had £248 million of cash and debt headroom (31 December 2021: £421 million), comprising of £48 million of drawn cash balances and £200 million of undrawn debt (31 December 2021: £96 million and £325 million respectively). Previously announced wholly-owned disposals of £213 million will complete in August, adding to this headroom. The Group maintains a disciplined approach to leverage, with LTV of 30% at 30 June 2022 (31 December 2021: 29%).

During the period, LSAV raised a new £400 million loan with Bank of America for a term of five years, using the proceeds to pay down existing facilities approach maturity. LSAV has a further £100 million secured loan expiring in January 2023, which we have agreed terms to refinance during the second half.

In addition, we are preparing to refinance USAF's 2023 secured bonds through a new unsecured borrowing structure, which will provide greater operational flexibility for the fund.

Dividend

We have declared an interim dividend payment of 11.0p per share (2021: 6.5p). The interim dividend will be fully paid as a Property Income Distribution (PID) on 28 October 2022 to shareholders on the register at close of business on 16 September 2022.

We will continue to distribute 80% of adjusted EPS as this level of payout enables the Company to retain capital to invest in growth opportunities, the improvement of the operational portfolio and delivery of our sustainability strategy, including our 2030 target for net zero carbon.

For those shareholders electing to the Company's scrip dividend scheme, this interim dividend will be paid in new ordinary shares. The last date for receipt of scrip elections for this interim dividend is 7 October 2022. Details of the scrip scheme, terms and conditions and the process for election to the scrip scheme are available at the Company's website.

Tax and REIT status

The Group holds REIT status and is exempt from tax on its property business. During the first half of 2022, we recognised a current tax charge of £nil (2021: credit of £1.7 million).

Funds and joint ventures

The table below summarises the key financials at 30 June 2022 for each vehicle.

	Property Assets £m	Net debt £m	Other assets £m	Net assets £m	Unite share of NTA £m	Maturity	Unite share
USAF	2,966	(720)	(116)	2,130	600	Infinite	28%
LSAV	1,942	(632)	(18)	1,292	646	2032	50%

Property valuations increased by 5.3% and 6.8% for USAF and LSAV respectively over the first half of the year on a like-for-like basis, principally reflecting a reduction in valuation yields of 19 basis-points in each vehicle.

During the period, Unite increased its investment in USAF through the acquisition of £141 million of units through participation in an equity raise and acquisition of existing units in the secondary market. In aggregate, the purchases, which were priced in line with USAF's March 2022 NAV, increase Unite's USAF ownership to 28.2% on a proforma basis (31 December 2021: 22.0%). This investment equates to an increase in Unite's see-through GAV of £181 million, at an effective property yield of 5.1%.

The acquisitions increase Unite's exposure to USAF's high-quality portfolio in strong regional markets. It also substantially redeploys the proceeds from the disposals announced earlier in the year at attractive risk-adjusted returns.

Fees

During the six months to June 2022, the Group recognised net fees of £9.2 million from its fund and asset management activities (H1 2021: £23.9 million). The reduction reflects the recognition of a £15.7 million non-recurring performance fee from LSAV in H1 2021. Growth in property valuations and NOI over the past 12 months together contributed to growth in recurring fee income received from USAF and LSAV.

	H1 2022 £m	H1 2021 £m	FY 2021 £m
USAF asset management fee	6.9	6.5	12.0
LSAV asset and property management fee	2.3	1.7	3.9
Net performance fee	-	15.7	41.9
Total fees	**9.2**	**23.9**	**57.8**

Principal risks and uncertainties

The principal risks of the business are set out on pages 76-88 of the 2021 Annual Report that was published in April. The Board has reviewed the principal risks again and concluded that they have not changed since the year-end report. Our principal risks fall into six categories and are summarised as follows:

Category	Risk
Market risk	• Demand reduction: driven by macro events (such as Covid-19, Government policy around HE or immigration and Brexit uncertainty) • Demand reduction: value for money/affordability • Supply increase: maturing PBSA sector and increasing supply of PBSA beds
Operational risk	• Major health and safety (H&S) incident in a property or a development site • Information Security and Cyber threat
Property/development risk	• Inability to secure the best sites on the right terms. Failure or delay to complete a development within budget and on time for the scheduled academic year • Property markets are cyclical and performance depends on general economic conditions
Sustainability/ESG risk	• ESG risk: failing to proactively address the environmental, social and governance risks demanded of Unite Students as a responsible business
Financing risk	• Balance sheet liquidity risk/compliance with debt covenants
People risk	• Unable to attract, develop and retain an appropriately skilled, diverse and engaged workforce

Responsibility statement of the directors in respect of the interim report and accounts

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R

The interim management report includes a fair review of the information required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Richard Smith	Joe Lister
Chief Executive	Chief Financial Officer

Forward-looking statements

The preceding interim statement has been prepared for the shareholders of the Company, as a body, and for no other persons. Its purpose is to assist shareholders of the Company to assess the strategies adopted by the Company and the potential for those strategies to succeed and for no other purpose. The interim statement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic, regulatory and business circumstances occurring from time to time in the sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation. Nothing in the interim statement should be considered or construed as a profit forecast for the Group. Except as required by law, the Group has no obligation to update forward-looking statements or to correct any inaccuracies therein.

INTRODUCTION AND TABLE OF CONTENTS

These financial statements are prepared in accordance with IFRS. The Group uses alternative performance measures (APMs), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information and include measures based on the European Public Real Estate Association (EPRA) best practice recommendations. The metrics are used internally to measure and manage the business. The reconciliation between IFRS performance measures and EPRA performance measures can be found in Section 2.2b for EPRA Earnings and 2.3c for EPRA net tangible assets (NTA). The adjustments to the IFRS results are intended to help users in the comparability of these results across other listed real estate companies in Europe and reflect how the Directors monitor the business.

CONSOLIDATED INCOME STATEMENT

For the 6 months to 30 June 2022

	Note	Unaudited 6 months to 30 June 2022 £m	Unaudited 6 months to 30 June 2021 £m	Year to 31 December 2021 £m
Rental income	2.4	127.7	116.8	209.0
Other income	2.4	9.1	23.8	57.9
Total revenue		**136.8**	**140.6**	**266.9**
Cost of sales		(34.3)	(30.5)	(64.4)
Expected credit losses		-	(0.8)	(3.3)
Operating expenses		(16.6)	(15.2)	(36.3)
Results from operating activities before gains/(losses) on property		**85.9**	**94.1**	**162.9**
Loss on disposal of property		(9.9)	(11.0)	(12.0)
Net valuation gains on property (owned and under development)	3.1a	128.6	32.5	116.9
Net valuation losses on property (leased)	3.1a	(4.9)	(2.6)	(11.1)
Profit before net financing costs		**199.7**	**113.0**	**256.7**
Loan interest and similar charges		(13.2)	(18.5)	(34.2)
Interest on lease liability		(4.1)	(4.2)	(8.5)
Mark to market changes in interest rate swaps		37.1	3.0	10.9
Swap cancellation FV settlements and loan break costs		-	(1.5)	(4.2)
Finance costs		**19.8**	**(21.2)**	**(36.0)**
Finance income		-	–	–
Net financing costs		**19.8**	**(21.2)**	**(36.0)**
Share of joint venture profit	3.3a	114.6	38.6	122.4
Profit before tax		**334.1**	**130.4**	**343.1**
Current tax		(0.4)	0.6	0.9
Deferred tax		(1.0)	0.2	0.5
Profit for the period		**332.7**	**131.2**	**344.5**
Profit for the period attributable to				
Owners of the parent company	2.2c	331.0	130.3	342.4
Non-controlling interest		1.7	0.9	2.1
		332.7	**131.2**	**344.5**
Earnings per share				
Basic	2.2c	82.9p	32.7p	85.9p
Diluted	2.2c	82.7p	32.6p	85.7p

All results are derived from continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months to 30 June 2022

	Unaudited 6 months to 30 June 2022 £m	Unaudited 6 months to 30 June 2021 £m	Year to 31 December 2021 £m
Profit for the period	**332.7**	**131.2**	**344.5**
Mark to market movements on hedging instruments	–	16.2	16.2
Hedges reclassified to profit or loss	–	–	(0.9)
Share of joint venture mark to market movements on hedging instruments	1.9	0.2	0.6
Other comprehensive income for the period	1.9	16.4	15.9
Total comprehensive income for the period	**334.6**	**147.6**	**360.4**
Attributable to			
Owners of the parent company	332.9	146.7	358.3
Non-controlling interest	1.7	0.9	2.1
	334.6	**147.6**	**360.4**

All other comprehensive income may be classified as profit and loss in the future.

There are no tax effects on items of other comprehensive income.

CONSOLIDATED BALANCE SHEET

At 30 June 2022

	Note	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	31 December 2021 £m
Assets				
Investment property (owned)	3.1a	3,226.1	3,236.3	3,095.1
Investment property (leased)	3.1a	93.5	99.7	97.7
Investment property (under development)	3.1a	428.7	235.7	324.1
Investment in joint ventures	3.3a	1,275.7	974.6	1,044.1
Other non-current assets		18.2	20.1	18.9
Right of use assets		3.1	4.2	3.6
Deferred tax asset		1.8	2.2	3.0
Total non-current assets		**5,047.1**	**4,572.8**	**4,586.5**
Assets classified as held for sale	3.1a	216.4	13.0	228.2
Interest rate swaps	4.2	39.6	–	6.1
Inventories	3.2	10.1	11.3	12.1
Trade and other receivables		68.6	88.1	108.8
Cash and cash equivalents		57.8	502.1	109.4
Total current assets		**392.5**	**614.5**	**464.6**
Total assets		**5,439.6**	**5,187.3**	**5,051.1**
Liabilities				
Interest rate swaps		–	–	(3.6)
Lease liabilities		(4.4)	(4.3)	(4.9)
Trade and other payables		(190.4)	(152.4)	(200.7)
Current tax liability		(0.2)	–	(0.1)
Provisions	5.1	(33.6)	(27.7)	(33.5)
Total current liabilities		**(228.6)**	**(184.4)**	**(242.8)**
Borrowings	4.1	(1,286.2)	(1,539.1)	(1,162.0)
Lease liabilities		(91.0)	(94.7)	(91.9)
Interest rate swaps	4.2	–	(4.4)	–
Total non-current liabilities		**(1,377.2)**	**(1,638.2)**	**(1,253.9)**
Total liabilities		**(1,605.8)**	**(1,822.6)**	**(1,496.7)**
Net assets		**3,833.8**	**3,364.7**	**3,554.4**
Equity				
Issued share capital		100.0	99.7	99.8
Share premium		2,161.4	2,160.8	2,161.2
Merger reserve		40.2	40.2	40.2
Retained earnings		1,501.4	1,036.4	1,225.0
Hedging reserve		3.4	2.2	1.6
Equity attributable to the owners of the parent company		**3,806.4**	**3,339.3**	**3,527.8**
Non-controlling interest		27.4	25.4	26.6
Total equity		**3,833.8**	**3,364.7**	**3,554.4**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the 6 months to 30 June 2022

	Issued share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Hedging reserve £m	Attributable to owners of the parent £m	Non-controlling interest £m	Total £m
At 1 January 2022	**99.8**	**2,161.2**	**40.2**	**1,225.0**	**1.6**	**3,527.8**	**26.6**	**3,554.4**
(Unaudited)								
Profit for the period	–	–	–	331.0	–	331.0	1.7	**332.7**
Other comprehensive income for the period:								
Mark to market movements on hedging instruments	–	–	–	–	–	–	–	**–**
Share of joint venture mark to market movements on hedging instruments	–	–	–	–	1.9	1.9	–	**1.9**
Total comprehensive income for the period	–	–	–	331.0	1.9	332.9	1.7	**334.6**
Shares issued	0.2	0.2	–	–	–	0.4	–	**0.4**
Fair value of share based payments	–	–	–	–	–	–	–	**–**
Deferred tax on share based payments	–	–	–	0.1	–	0.1	–	0.1
Own shares acquired	–	–	–	(1.4)	–	(1.4)	–	**(1.4)**
Unwind of realised swap gain	–	–	–	–	(0.1)	(0.1)	–	**(0.1)**
Dividends to owners of the parent company	–	–	–	(53.3)	–	(53.3)	–	**(53.3)**
Dividends to non-controlling interest	–	–	–	–	–	–	(0.9)	**(0.9)**
At 30 June 2022	**100.0**	**2,161.4**	**40.2**	**1,501.4**	**3.4**	**3,806.4**	**27.4**	**3,833.8**

	Issued share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Hedging reserve £m	Attributable to owners of the parent £m	Non-controlling interest £m	Total £m
At 1 January 2021	**99.5**	**2,160.3**	**40.2**	**949.0**	**(14.1)**	**3,234.9**	**25.1**	**3,260.0**
(Unaudited)								
Profit for the period	–	–	–	130.3	–	130.3	0.9	**131.2**
Other comprehensive income for the period:								
Mark to market movements on hedging instruments	–	–	–	–	16.2	16.2	–	**16.2**
Share of joint venture mark to market movements on hedging instruments	–	–	–	–	0.2	0.2	–	**0.2**
Total comprehensive income for the period	–	–	–	130.3	16.4	146.7	0.9	**147.6**
Shares issued	0.2	0.5	–	–	–	0.7	–	**0.7**
Fair value of share based payments	–	–	–	0.9	–	0.9	–	**0.9**
Deferred tax on share based payments	–	–	–	–	–	–	–	**–**
Own shares acquired	–	–	–	(1.3)	–	(1.3)	–	**(1.3)**
Unwind of realised swap gain	–	–	–	–	(0.1)	(0.1)	–	**(0.1)**
Dividends to owners of the parent company	–	–	–	(42.5)	–	(42.5)	–	**(42.5)**
Dividends to non-controlling interest	–	–	–	–	–	–	(0.6)	**(0.6)**
At 30 June 2021	**99.7**	**2,160.8**	**40.2**	**1,036.4**	**2.2**	**3,339.3**	**25.4**	**3,364.7**

	Issued share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Hedging reserve £m	Attributable to owners of the parent £m	Non-controlling interest £m	Total £m
At 1 January 2021	**99.5**	**2,160.3**	**40.2**	**949.0**	**(14.1)**	**3,234.9**	**25.1**	**3,260.0**
Profit for the year	–	–	–	342.4	–	342.4	2.1	**344.5**
Other comprehensive income for the year:								
Mark to market movement on hedging instruments	–	–	–	–	16.2	16.2	–	**16.2**
Hedges reclassified to profit or loss	–	–	–	–	(0.9)	(0.9)	–	**(0.9)**
Share of joint venture mark to market movements on hedging instruments	–	–	–	–	0.6	0.6	–	**0.6**
Total comprehensive income for the year	–	–	–	342.4	15.9	358.3	2.1	**360.4**
Shares issued	0.3	0.9	–	–	–	1.2	–	**1.2**
Fair value of share based payments	–	–	–	2.4	–	2.4	–	**2.4**
Deferred tax on share based payments	–	–	–	0.3	–	0.3	–	**0.3**
Own shares acquired	–	–	–	(1.3)	–	(1.3)	–	**(1.3)**
Unwind of realised swap gain	–	–	–	–	(0.2)	(0.2)	–	**(0.2)**
Dividends to owners of the parent company	–	–	–	(67.8)	–	(67.8)	–	**(67.8)**
Dividends to non-controlling interest	–	–	–	–	–	–	(0.6)	**(0.6)**
At 31 December 2021	**99.8**	**2,161.2**	**40.2**	**1,225.0**	**1.6**	**3,527.8**	**26.6**	**3,554.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months to 30 June 2022

	Note	Unaudited 6 months to 30 June 2022 £m	Unaudited 6 months to 30 June 2021 £m	Year to 31 December 2021 £m
Net cash flows from operating activities	5.2	**89.9**	**73.0**	**171.3**
Investing activities				
Investment in joint ventures		(140.9)	–	–
Capital expenditure on property		(99.3)	(38.1)	(95.9)
Acquisition of intangible assets		(2.6)	(1.3)	(3.2)
Acquisition of plant and equipment		(0.1)	(0.2)	(0.4)
Proceeds from the sale of investment property		12.7	309.0	307.3
Dividends received		23.8	23.3	37.1
Net cash flows from investing activities		**(206.4)**	**292.7**	**244.9**
Financing activities				
Proceeds from the issue of share capital		0.4	0.5	1.1
Payments to acquire own shares		(1.4)	(1.3)	(1.3)
Interest paid in respect of financing activities		(10.0)	(13.4)	(47.9)
Swap cancellation FV settlements and debt exit costs		–	(1.5)	(4.2)
Proceeds from non-current borrowings		125.0	150.0	147.0
Repayment of borrowings		–	(300.0)	(675.0)
Dividends paid to the owners of the parent company		(44.6)	(35.5)	(57.2)
Withholding tax paid on distributions		(3.7)	–	(7.0)
Dividends paid to non-controlling interest		(0.8)	(0.7)	(0.6)
Net cash flows from financing activities		**64.9**	**(201.9)**	**(645.1)**
Net (decrease)/increase in cash and cash equivalents		**(51.6)**	**163.8**	**(228.9)**
Cash and cash equivalents at start of period		109.4	338.3	338.3
Cash and cash equivalents at end of period		**57.8**	**502.1**	**109.4**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Section 1

General information

The information for the year ended 31 December 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but is derived from those accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Basis of preparation

The annual financial statements of The Unite Group plc are prepared in accordance with IFRSs as adopted by the United Kingdom. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the United Kingdom.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for at least 12 months from the date of this report.

The Directors' Base Case scenario, assuming 97% occupancy for the 2022/23 academic year, is informed by their reasoned opinion that universities are expected to welcome students for the 2022/23 academic year in September and there will be continued demand for rented student accommodation from both UK and international students. The Directors expect that international students will be able to travel to the UK for the start of the 2022/23 academic year in September, consistent with the 2021/22 year, as Covid-19 restrictions have further eased.

The Directors are satisfied that the Group has sufficient liquidity and will maintain covenant compliance over the next 12 months. To support the Directors' going concern assessment, a 'Reverse Stress Test' was performed to determine the level of performance at which adopting the going concern basis of preparation may not be appropriate. This involved assessing the minimum amount of income required to ensure lender covenants would not be breached. Within the tightest covenant, income could fall to around 60% of forecast levels before there would be a breach. The Group has capacity for valuations to fall by 37% before there would be a breach of LTV covenants in the facilities where such covenants exist. The Directors are satisfied that the possibility of these outcomes is sufficiently remote that adopting the going concern basis of preparation is appropriate. The Group recognises the challenge of climate change and has adopted an ambitious Sustainability Strategy. The worst impacts of climate change are expected to be longer term than would impact the Group's going concern assessment.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these financial statements.

Seasonality of operations

The results of the Group's Operations segment, a separate business segment (see Section 2), are closely linked to the level of occupancy achieved in its portfolio of property. Occupancy typically falls over the summer months (particularly July and August) as students leave for the summer holidays.

Conversely, the Group's build cycle for new properties plan for construction to complete shortly before the start of the academic year in September each year. Accordingly, there will be second half-year net income benefit from two newly completing assets in 2022.

Changes in accounting policies

The Group has not adopted any new accounting standards in the period or changed any accounting policies from those included in the 2021 Annual Report.

Critical accounting judgements and key sources of estimation uncertainty

Full details of critical accounting judgements and key sources of estimation uncertainty are given on page 192 of the 2021 Annual Report and Accounts. This includes detail of the Group's approach to valuation of investment property and investment property under development, the recognition and valuation of provisions for cladding remediation and the classification of joint venture vehicles.

Section 2: Results for the period

This section focuses on the results and performance of the Group and provides a reconciliation between the primary statements and EPRA performance measures. On the following pages you will find disclosures explaining the Group's results for the period, segmental information, earnings and net tangible asset value (NTA) per share.

The Group uses EPRA earnings, adjusted earnings and NTA movement as key comparable indicators across other real estate companies in Europe.

IFRS performance measures

	Note	Unaudited 30 June 2022		Unaudited 30 June 2021		31 December 2021	
		£m	pps	£m	pps	£m	pps
Profit after tax[1]	2.2c	**331.0**	**82.9p**	130.3	32.7p	342.4	85.9p
Net assets[1]	2.3d	**3,806.4**	**948p**	3,339.3	833p	3,527.8	880p

1 Profit after tax represents profit attributable to the owners of the parent company and net assets represents equity attributable to the owners of the parent company.

EPRA performance measures

	Note	Unaudited 30 June 2022		Unaudited 30 June 2021		31 December 2021	
		£m	pps	£m	pps	£m	pps
EPRA earnings	2.2c	**94.5**	**23.6p**	88.3	22.2p	152.0	38.1p
Adjusted earnings[2]	2.2c	**96.0**	**24.0p**	72.6	18.2p	110.1	27.6p
EPRA NTA	2.3d	**3,770.8**	**940p**	3,352.1	837p	3,532.2	882p

2 Adjusted earnings are calculated as EPRA Earnings excluding abortive acquisition costs and the LSAV performance fee, in order to reflect the comparable performance of the Group's underlying operating activities.

2.1 Segmental information

The Board of Directors monitor the business along two activity lines, Operations and Property. The reportable segments for the 6 months ended 30 June 2022 and 30 June 2021 and for the year ended 31 December 2021 are Operations and Property.

The Group undertakes its Operations and Property activities directly and through joint ventures with third parties. The joint ventures are an integral part of each segment and are included in the information used by the Board to monitor the business.

Detailed analysis of the performance of each of these reportable segments is provided in the following sections 2.2 and 2.3.

The Group's properties are located exclusively in the United Kingdom. The Group therefore has one geographical segment.

2.2 Earnings

EPRA earnings and adjusted earnings amends IFRS measures by removing principally the unrealised investment property valuation gains and losses such that users of the Financials are able to see the extent to which dividend payments (dividends per share) are underpinned by earnings arising from purely operational activity. In order to improve comparability of results year-on-year, an alternative performance measure based on EPRA earnings, adjusted to remove the impact of abortive acquisition costs and the LSAV performance fee is presented. The reconciliation between profit attributable to owners of the parent company and EPRA earnings is available in note 2.2b.

The Operations segment manages rental properties, owned directly by the Group or by joint ventures. Its revenues are derived from rental income and asset management fees earned from joint ventures. The way in which the Operations segment adds value to the business is set out in the Operations review on pages 56 – 61 of the 2021 Annual Report. The Operations segment is the main contributor to EPRA earnings and EPRA EPS and these are therefore the key indicators which are used by the Board to manage the Operations business.

The Board does not manage or monitor the Operations segment through the balance sheet and therefore no segmental information for assets and liabilities is provided for the Operations segment.

2.2a EPRA earnings

Unaudited 30 June 2022

£m	Unite	Share of joint ventures USAF	LSAV	Group on EPRA basis Total
Rental income	127.7	24.0	25.7	177.4
Property operating expenses	(34.3)	(6.7)	(4.5)	(45.5)
Net operating income	**93.4**	**17.3**	**21.2**	**131.9**
Management fees	11.1	(1.9)	–	9.2
Overheads	(12.9)	(0.4)	(0.4)	(13.7)
Lease liability interest	(4.1)	–	–	(4.1)
Net financing costs	(15.4)	(3.5)	(5.9)	(24.8)
Operations segment result	**72.1**	**11.5**	**14.9**	**98.5**
Property segment result	**(0.6)**	**–**	**–**	**(0.6)**
Unallocated to segments	**(3.2)**	**(0.1)**	**(0.1)**	**(3.4)**
EPRA earnings	**68.3**	**11.4**	**14.8**	**94.5**
LSAV performance fee	–	–	–	–
Abortive acquisition costs	1.5	–	–	1.5
Adjusted earnings	**69.8**	**11.4**	**14.8**	**96.0**

Included in the above is rental income of £9.9 million and property operating expenses of £4.7 million relating to sale and leaseback properties.

The unallocated to segments balance includes abortive acquisition costs of (£1.5 million), the fair value of share-based payments of (£1.4 million), contributions to the Unite Foundation of (£0.3 million), deferred tax credit of £0.2 million and other costs of (£0.4 million).

Depreciation and amortisation totalling £3.8 million is included within overheads.

Unaudited 30 June 2021

£m	Unite	Share of joint ventures USAF	LSAV	Group on EPRA basis Total
Rental income	116.8	19.5	16.6	152.9
Property operating expenses	(31.3)	(6.3)	(4.2)	(41.8)
Net operating income	**85.5**	**13.2**	**12.4**	**111.1**
Management fees	9.8	(1.6)	–	8.2
Overheads	(12.6)	(0.2)	(0.2)	(13.0)
Lease liability interest	(4.2)	–	–	(4.2)
Net financing costs	(20.7)	(3.3)	(4.4)	(28.4)
Operations segment result	**57.8**	**8.1**	**7.8**	**73.7**
Property segment result	**(1.0)**	**–**	**–**	**(1.0)**
Unallocated to segments	**31.8**	**(0.1)**	**(16.1)**	**15.6**
EPRA earnings	**88.6**	**8.0**	**(8.3)**	**88.3**
LSAV performance fee	(31.4)	–	15.7	(15.7)
Adjusted earnings	**57.2**	**8.0**	**7.4**	**72.6**

Included in the above is rental income of £9.1 million and property operating expenses of £4.1 million relating to sale and leaseback properties.

The unallocated to segments balance includes the fair value of share-based payments of (£1.0 million), contributions to the Unite Foundation of (£0.6 million), LSAV performance fee of £15.7 million, other costs of (£0.3 million), current tax credit of £1.7 million and deferred tax credit of £0.2 million.

Depreciation and amortisation totalling £3.8 million is included within overheads.

31 December 2021

		Share of joint ventures		Group on EPRA basis
£m	**Unite**	**USAF**	**LSAV**	**Total**
Rental income	209.0	37.6	36.1	282.7
Property operating expenses	(67.7)	(13.0)	(10.2)	(90.9)
Net operating income	**141.3**	**24.6**	**25.9**	**191.8**
Management fees	19.1	(3.2)	–	15.9
Overheads	(30.7)	(0.3)	(0.5)	(31.5)
Interest on lease liabilities	(8.5)	–	–	(8.5)
Net financing costs	(38.5)	(6.7)	(9.6)	(54.8)
Operations segment result	**82.7**	**14.4**	**15.8**	**112.9**
Property segment result	**(2.2)**	**–**	**–**	**(2.2)**
Unallocated to segments	**83.9**	**(0.2)**	**(42.4)**	**41.3**
EPRA earnings	**164.4**	**14.2**	**(26.6)**	**152.0**
LSAV performance fee	(84.1)	–	42.2	(41.9)
Adjusted earnings	**80.3**	**14.2**	**15.6**	**110.1**

Included in the above is rental income of £16.3 million and property operating expenses of £8.3 million relating to sale and leaseback properties.

The unallocated to segments balance includes the fair value of share-based payments of (£2.4 million), contributions to the Unite Foundation of (£1.0 million), LSAV performance fee of £41.9 million, current tax credit of £2.0 million and a deferred tax credit of £0.8 million.

Depreciation and amortisation totalling £7.8 million is included within overheads.

2.2b IFRS reconciliation to EPRA earnings and adjusted earnings

EPRA earnings excludes movements relating to changes in values of investment properties (owned, leased and under development), profits/losses from the disposal of properties, swap cancellation fair value settlements and debt break costs, which are included in the profit/loss reported under IFRS. EPRA earnings and adjusted earnings reconcile to the profit attributable to owners of the parent company as follows:

	Note	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	31 December 2021 £m
Profit attributable to owners of the parent company		**331.0**	**130.3**	**342.4**
Net valuation gains on investment property (owned)	3.1	(128.6)	(32.5)	(116.9)
Property disposals (owned)		9.9	11.0	12.0
Net valuation loss on investment property (leased)	3.1	4.9	2.6	11.1
Amortisation of fair value of debt recognised on acquisition		(2.1)	(2.2)	(4.3)
Share of joint venture gains on investment property	3.3a	(86.3)	(21.8)	(88.7)
Share of joint venture property disposals	3.3a	0.4	0.7	0.3
Swap cancellation fair value settlements and debt break costs		–	1.5	4.2
Mark to market changes on interest rate swaps		(37.1)	(3.0)	(10.9)
Current tax relating to property disposals		–	1.2	1.1
Deferred tax		0.6	–	0.3
Non-controlling interest share of reconciling items1*		1.8	0.5	1.4
EPRA earnings	2.2a	**94.5**	**88.3**	**152.0**
Net LSAV performance fee	2.4	–	(15.7)	(41.9)
Abortive acquisition costs	2.2a	1.5	–	–
Adjusted earnings	2.2a	**96.0**	**72.6**	**110.1**

* The non-controlling interest share, or non-controlling interest, arises as a result of the Group not owning 100% of the share capital of one of its subsidiaries, USAF (Feeder) Guernsey Ltd. More detail is provided in note 3.3.

2.2c Earnings per share

The Basic EPS calculation is based on the earnings attributable to the equity shareholders of The Unite Group plc and the weighted average number of shares which have been in issue during the period. Basic EPS is adjusted in line with EPRA guidelines in order to allow users to compare the business performance of the Group with other listed real estate companies in a consistent manner and to reflect how the business is managed and measured on a day-to-day basis.

The calculations of earnings and EPS on a basic, diluted, EPRA and adjusted basis are as follows:

	Note	Unaudited 30 June 2022		Unaudited 30 June 2021		31 December 2021	
		£m	pps	£m	pps	£m	pps
Basic		331.0	82.9p	130.3	32.7p	342.4	85.9p
Diluted		331.0	82.7p	130.3	32.6p	342.4	85.7p
EPRA	2.2a	94.5	23.6p	88.3	22.2p	152.0	38.1p
Adjusted	2.2a	96.0	24.0p	72.6	18.2p	110.1	27.6p

Weighted average number of shares (thousands)	Unaudited 30 June 2022	Unaudited 30 June 2021	31 December 2021
Basic	399,412	398,227	398,742
Dilutive potential ordinary shares (share options)	681	863	829
Diluted	400,093	399,873	399,571

The total number of ordinary shares in issue as at 30 June 2022 is 400,110,040 (30 June 2021: 399,010,000, 31 December 2021: 399,140,000). At 30 June 2022 there were 17,939 shares excluded from the potential dilutive shares that did not affect the diluted weighted average number of shares (30 June 2021: 16,841, 31 December 2021: none).

2.3 Net Assets

EPRA NTA per share makes adjustments to IFRS measures by removing the fair value of financial instruments and the carrying value of intangibles. The reconciliation between IFRS NAV and EPRA NTA is available in note 2.3c.

The Group's Property business undertakes the acquisition and development of properties. The way in which the Property segment adds value to the business is set out in the Property review on pages 62 - 69 of the 2021 Annual Report.

In February 2022 EPRA updated their reporting guidance to include a new loan-to-value (LTV) measure which is presented below, which includes net other payables within the net debt value, and also includes intangibles within the property and other eligible assets value. Further details of the calculation is set out in note 7.

2.3a EPRA net assets

Unaudited 30 June 2022

		Share of joint ventures		Group on EPRA basis
	Unite £m	USAF £m	LSAV £m	Total £m
Investment properties (owned)*	3,442.5	835.1	971.1	5,248.7
Investment properties (leased)	93.5	–	–	93.5
Investment properties (under development)	428.7	–	–	428.7
Total property portfolio	**3,964.7**	**835.1**	**971.1**	**5,770.9**
Debt on properties	(1,266.0)	(256.8)	(384.4)	(1,907.2)
Lease liability	(93.2)	–	–	(93.2)
Cash	57.8	54.0	68.3	180.1
Net debt	**(1,301.4)**	**(202.8)**	**(316.1)**	**(1,820.3)**
Other assets and (liabilities)	(122.7)	(32.7)	(8.8)	(164.2)
Intangibles per IFRS balance sheet	(15.6)	–	–	(15.6)
EPRA NTA	**2,525.0**	**599.6**	**646.2**	**3,770.8**
Loan to value**	31%	24%	33%	30%
Loan to value post-IFRS 16	33%	24%	33%	32%
EPRA loan to value				33%

* Investment property (owned) includes assets classified as held for sale in the IFRS balance sheet.

** LTV calculated excluding leased investment property and the corresponding lease liability. LTV is an APM – see note 7.

Unaudited 30 June 2021

		Share of joint ventures		Group on EPRA basis
	Unite £m	USAF £m	LSAV £m	Total £m
Investment properties (owned)*	3,249.3	616.0	850.9	4,716.2
Investment properties (leased)	99.7	–	–	99.7
Investment properties (under development)	235.7	–	–	235.7
Total property portfolio	**3,584.7**	**616.0**	**850.9**	**5,051.6**
Debt on properties	(1,514.8)	(201.1)	(337.8)	(2,053.7)
Lease liability	(95.2)	–	–	(95.2)
Cash	502.1	21.3	30.0	553.4
Net debt	**(1,107.9)**	**(179.8)**	**(307.8)**	**(1,595.5)**
Other liabilities	(57.0)	(16.2)	(13.5)	(86.7)
Intangibles per IFRS balance sheet	(17.3)	–	–	(17.3)
EPRA NTA	**2,402.5**	**420.0**	**529.6**	**3,352.1**
Loan to value**	29%	29%	36%	30%
Loan to value post-IFRS 16	31%	29%	36%	32%
EPRA loan to value				32%

* Investment property (owned) includes assets classified as held for sale in the IFRS balance sheet.

** LTV calculated excluding leased investment property and the corresponding lease liability. LTV is an APM – see note 7.

31 December 2021

		Share of joint ventures		Group on EPRA basis
	Unite £m	USAF £m	LSAV £m	Total £m
Investment properties (owned)*	3,323.3	632.0	909.5	4,864.8
Investment properties (leased)	97.7	–	–	97.7
Investment properties (under development)	324.1	–	–	324.1
Total property portfolio	**3,745.1**	**632.0**	**909.5**	**5,286.6**
Debt on properties	(1,139.7)	(201.0)	(336.6)	(1,677.3)
Lease liabilities	(93.8)	–	–	(93.8)
Cash	109.4	23.4	22.7	155.5
Net debt	**(1,124.1)**	**(177.6)**	**(313.9)**	**(1,615.6)**
Other liabilities	(90.5)	(23.2)	(9.0)	(122.8)
Intangibles per IFRS balance sheet	(16.1)	–	–	(16.1)
EPRA NTA	**2,514.4**	**431.2**	**586.6**	**3,532.2**
Loan to value**	28%	28%	35%	29%
Loan to value post-IFRS 16	30%	28%	35%	31%
EPRA loan to value				32%

* Investment property (owned) includes assets classified as held for sale in the IFRS balance sheet.

** LTV calculated excluding leased investment property and the corresponding lease liability. LTV is an APM – see note 7.

2.3b Movement in EPRA NTA during the period

Contributions to EPRA NTA by each segment during the period are as follows:

Unaudited 30 June 2022

		Share of joint ventures		Group on see through basis
	Unite £m	USAF £m	LSAV £m	Total £m
Operations				
Operations segment result	72.1	11.5	14.9	98.5
Add back amortisation of intangibles	3.1	–	–	3.1
Total operations	**75.2**	**11.5**	**14.9**	**101.6**
Property				
Rental growth	22.5	3.3	16.4	42.2
Yield movement	80.9	24.1	40.8	145.8
Disposal losses (owned)	(9.9)	(0.4)	–	(10.3)
Investment property gains (owned)*	93.5	27.0	57.2	177.7
Investment property losses (leased)	(4.9)	–	–	(4.9)
Investment property gains (under development)	25.2	–	–	25.2
Pre-contract/other development costs	(0.6)	–	–	(0.6)
Total property	**113.2**	**27.0**	**57.2**	**197.4**
Unallocated				
Shares issued	0.4	–	–	0.4
Investment in joint ventures	(117.8)	130.1	(12.3)	–
Dividends paid	(53.3)	–	–	(53.3)
LSAV performance fee	–	–	–	–
Abortive acquisition fees	(1.5)	–	–	(1.5)
Swap cancellation FV settlements and debt break costs	–	–	–	–
Acquisition of intangibles	(3.7)	–	–	(3.7)
Other	(1.9)	(0.2)	(0.2)	(2.3)
Total unallocated	**(177.8)**	**129.9**	**(12.5)**	**(60.4)**
Total EPRA NTA movement in the period	**10.6**	**168.4**	**59.6**	**238.6**
Total EPRA NTA brought forward	2,514.4	431.2	586.6	3,532.2
Total EPRA NTA carried forward	**2,525.0**	**599.6**	**646.2**	**3,770.8**

* Investment property (owned) includes assets classified as held for sale in the IFRS balance sheet.

The £2.3 million other balance within the unallocated segment includes a tax charge of (£0.3 million), the purchase of own shares of (£1.4 million) and contributions to the Unite Foundation of (£0.3 million).

Unaudited 30 June 2021

		Share of joint ventures		Group on see through basis
	Unite £m	USAF £m	LSAV £m	Total £m
Operations				
Operations segment result	57.8	8.1	7.8	73.7
Add back amortisation of intangibles	3.0	–	–	3.0
Total operations	**60.8**	**8.1**	**7.8**	**76.7**
Property				
Lost rental income due to Covid-19	13.3	6.4	10.7	30.4
Yield movement	7.6	0.8	3.5	11.9
Disposal losses (owned)	(11.0)	(0.7)	–	(11.7)
Investment property losses (owned)	9.9	6.5	14.2	30.6
Investment property losses (leased)	(2.6)	–	–	(2.6)
Investment property losses (under development)	11.6	–	–	11.6
Pre-contract/other development costs	(1.0)	–	–	(1.0)
Total property	**17.9**	**6.5**	**14.2**	**38.6**
Unallocated				
Shares issued	0.7	–	–	0.7
Investment in joint ventures	(105.0)	(12.2)	117.2	–
Dividends paid	(42.5)	–	–	(42.5)
LSAV performance fee	31.4	–	(15.7)	15.7
Swap cancellation FV settlements and debt break costs	(1.5)	–	–	(1.5)
Acquisition of intangibles	(1.3)	–	–	(1.3)
Other	0.1	(0.2)	(0.4)	(0.5)
Total unallocated	**(118.1)**	**(12.4)**	**101.1**	**(29.4)**
Total EPRA NTA movement in the period	**(39.4)**	**(2.2)**	**123.1**	**85.9**
Total EPRA NTA brought forward	2,441.9	417.8	406.5	3,266.2
Total EPRA NTA carried forward	**2,402.5**	**420.0**	**529.6**	**3,352.1**

The £0.5 million other balance within the unallocated segment includes a tax credit of £1.8 million, the purchase of own shares of (£1.3 million) and contributions to the Unite Foundation of (£0.6 million).

31 December 2021

	Unite £m	Share of joint ventures USAF £m	LSAV £m	Group on see through basis Total £m
Operations				
Operations segment result	82.7	14.4	15.8	112.9
Add back amortisation of intangibles	6.1	–	–	6.1
Total operations	**88.8**	**14.4**	**15.8**	**119.0**
Property				
Rental growth	17.4	4.5	25.8	47.7
Yield movement	49.2	12.7	44.6	106.5
Disposal losses (owned)	(12.0)	(0.3)	–	(12.3)
Investment property gains (owned)*	54.6	16.9	70.4	141.9
Investment property losses (leased)	(11.1)	–	–	(11.1)
Investment property gains (under development)	50.3	–	–	50.3
Pre-contract/other development costs	(2.2)	–	–	(2.2)
Total property	**91.6**	**16.9**	**70.4**	**178.9**
Unallocated				
Shares issued	1.2	–	–	1.2
Investment in joint ventures	(118.6)	(17.7)	136.3	–
Dividends paid	(67.8)	–	–	(67.8)
LSAV performance fee	84.1	–	(42.2)	41.9
Swap cancellation FV settlements and debt break costs	(4.2)	–	–	(4.2)
Acquisition of intangibles	(3.3)	–	–	(3.3)
Other	0.7	(0.2)	(0.2)	0.3
Total unallocated	**(107.9)**	**(17.9)**	**93.9**	**(31.9)**
Total EPRA NTA movement in the year	**72.5**	**13.4**	**180.1**	**266.0**
Total EPRA NTA brought forward	2,441.9	417.8	406.5	3,266.2
Total EPRA NTA carried forward	**2,514.4**	**431.2**	**586.6**	**3,532.2**

* Investment property (owned) includes assets classified as held for sale in the IFRS balance sheet.

The £0.3 million other balance within the unallocated segment includes a tax credit of £2.8 million, the purchase of own shares of (£1.3 million) and contributions to the Unite Foundation of (£1.0 million).

2.3c Reconciliation to IFRS

To determine EPRA NTA, net assets reported under IFRS are amended to exclude the fair value of financial instruments, associated tax and the carrying value of intangibles.

To determine EPRA NRV, net assets reported under IFRS are amended to exclude the fair value of financial instruments, associated tax and real estate transfer tax.

To determine EPRA NDV, net assets reported under IFRS are amended to exclude the fair value of financial instruments but include the fair value of fixed interest rate debt and the carrying value of intangibles.

The net assets reported under IFRS reconcile to EPRA NTA, NRV and NDV as follows:

Unaudited 30 June 2022

	NTA £m	NRV £m	NDV £m
Net asset value reported under IFRS	**3,806.4**	**3,806.4**	**3,806.4**
Mark to market interest rate swaps	(41.4)	(41.4)	-
Unamortised swap gain	(1.4)	(1.4)	(1.4)
Mark to market of fixed rate debt	-	-	69.4
Unamortised fair value of debt recognised on acquisition	21.6	21.6	21.6
Current tax	0.6	0.6	-
Deferred tax	0.6	0.6	-
Intangibles per IFRS balance sheet	(15.6)	-	-
Real estate transfer tax	-	300.3	-
EPRA reporting measure	**3,770.8**	**4,086.7**	**3,896.0**

Unaudited 30 June 2021

	NTA £m	NRV £m	NDV £m
Net asset value reported under IFRS	**3,339.3**	**3,339.3**	**3,339.3**
Mark to market interest rate swaps	4.9	4.9	-
Unamortised swap gain	(1.7)	(1.7)	(1.7)
Mark to market of fixed rate debt	-	-	(68.8)
Unamortised fair value of debt recognised on acquisition	26.0	26.0	26.0
Current tax	0.9	0.9	-
Deferred tax	-	-	-
Intangibles per IFRS balance sheet	(17.3)	-	-
Real estate transfer tax	-	247.8	-
EPRA reporting measure	**3,352.1**	**3,617.2**	**3,294.8**

31 December 2021

	NTA £m	NRV £m	NDV £m
Net asset value reported under IFRS	**3,527.8**	**3,527.8**	**3,527.8**
Mark to market interest rate swaps	(2.4)	(2.4)	–
Unamortised swap gain	(1.5)	(1.5)	(1.5)
Mark to market of fixed rate debt	–	–	(50.3)
Unamortised fair value of debt recognised on acquisition	23.7	23.7	23.8
Current tax	0.7	0.7	–
Intangibles per IFRS balance sheet	(16.1)	–	–
Real estate transfer tax	–	277.5	–
EPRA reporting measure	**3,532.2**	**3,825.8**	**3,499.7**

2.3d NTA, NRV and NDV per share

Basic NAV is based on the net assets attributable to the equity shareholders of The Unite Group plc and the number of shares in issue at the end of the period. The Board uses EPRA NTA to monitor the performance of the Property segment on a periodic basis.

	Note	Unaudited 30 June 2022	Unaudited 30 June 2021	31 December 2021	Unaudited 30 June 2022	Unaudited 30 June 2021	31 December 2021
		£m	£m	£m	pps	pps	pps
Net assets							
Basic	2.3c	**3,806.4**	3,339.3	3,527.8	**948**	833	880
EPRA NTA	2.3a	**3,770.8**	3,352.1	3,532.2	**942**	840	885
EPRA NTA (diluted)		**3,774.9**	3,357.0	3,536.1	**940**	837	882
EPRA NRV	2.3a	**4,086.7**	3,617.2	3,825.9	**1,021**	907	959
EPRA NRV (diluted)		**4,090.8**	3,622.1	3,829.7	**1,019**	904	955
EPRA NDV	2.3a	**3,896.0**	3,294.8	3,499.7	**974**	826	877
EPRA NDV (diluted)		**3,900.1**	3,299.7	3,503.6	**972**	823	874

Number of shares (thousands)			
Basic	**400,110**	399,010	399,140
Outstanding share options	**1,273**	1,845	1,687
Diluted	**401,383**	400,855	400,827

2.4. Revenue and costs

The Group earns revenue from the following activities:

		Note	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	31 December 2021 £m
Rental income*	Operations segment	2.2a	127.7	116.8	209.0
Management fees	Operations segment		9.2	8.2	16.2
LSAV performance fee	Unallocated		–	15.7	41.9
			136.9	140.7	267.1
Impact of non-controlling interest on management fees			(0.1)	(0.1)	(0.2)
Total revenue			**136.8**	**140.6**	**266.9**

* EPRA earnings includes £177.4 million of rental income (30 June 2021: £152.9 million, 31 December 2021: £282.7 million), which is comprised of £127.7 million recognised on wholly owned assets (30 June 2021: £116.8 million, 31 December 2021: £209.0 million) and a further £49.7 million from joint ventures (30 June 2021: £36.1 million, 31 December 2021: £73.7 million) which is included in share of joint venture profit/loss in the consolidated IFRS income statement.

The cost of sales included in the consolidated IFRS income statement includes property operating expenses of £34.3 million (30 June 2021: £31.3 million, 31 December 2021: £64.4 million).

Section 3: Asset management

The Group holds its property portfolio directly and through its joint ventures. The performance of the property portfolio whether wholly owned or in joint ventures is the key factor that drives EPRA Net Tangibles Asset Value (NTA), one of the Group's key performance indicators.

The following pages provide disclosures about the Group's investments in property assets and joint ventures and their performance over the period.

3.1 Wholly owned property assets

The Group's wholly owned property portfolio is held in four groups on the balance sheet at the carrying values detailed below. In the Group's EPRA NTA, all these groups are shown at market value, except where otherwise stated.

i) Investment property (owned)

These are assets that the Group intends to hold for a long period to earn rental income or capital appreciation. The assets are held at fair value in the balance sheet with changes in fair value taken to the income statement.

ii) Investment property (leased)

These are assets the Group sold to institutional investors and simultaneously leased back. These right-of-use assets are held at fair value in the balance sheet with changes in fair value taken to the income statement.

iii) Investment property (under development)

These are assets which are currently in the course of construction and which will be transferred to Investment property on completion. These assets are initially recognised at cost and are subsequently measured at fair value in the balance sheet with changes in fair value taken to the income statement.

iii) Investment property classified as held for sale

These are assets whose carrying amount will be recovered through a sale transaction rather than to hold for long-term rental income or capital appreciation. This condition is regarded as met only when the sale is highly probable and the investment property is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. The assets are measured at fair value in the balance sheet, with changes in fair value taken to the income statement. They are presented as current assets in the IFRS balance sheet.

3.1a Valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by external, independent valuers, having an appropriate recognised professional qualification. The fair values are based on market values as defined in the RICS Appraisal and Valuation Manual, issued by the Royal Institution of Chartered Surveyors. CB Richard Ellis Ltd, Jones Lang LaSalle Ltd and Messrs Knight Frank LLP, Chartered Surveyors were the valuers in the 6 months ending 30 June 2022 and throughout 2021.

The valuations are based on both:

- Information provided by the Group such as current rents, occupancy, operating costs, terms and conditions of leases and nomination agreements, capital expenditure, etc. This information is derived from the Group's financial systems and is subject to the Group's overall control environment.
- Assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yield and discount rates. These are based on their professional judgement and market observation.

The information provided to the valuers – and the assumptions and the valuation models used by the valuers – are reviewed by the Property Leadership Team and the CFO. This includes a review of the fair value movements over the period.

The fair value of the Group's wholly owned properties and the movements in the carrying value of the Group's wholly owned properties during the period ended 30 June 2022 is shown in the table below:

Unaudited 30 June 2022

£m	Investment property (owned)	Investment property (leased)	Investment property (under development)	Total
At 1 January 2022	3,095.1	97.7	324.1	3,516.9
Cost capitalised	27.3	0.7	70.6	98.6
Interest capitalised	0.3	-	3.9	4.2
Transfer from work in progress	-	-	4.9	4.9
Transfer to assets held for sale	-	-	-	-
Disposals	-	-	-	-
Valuation gains	141.0	-	25.3	166.3
Valuation losses	(37.6)	(4.9)	(0.1)	(42.6)
Net valuation gains/(losses)	103.4	(4.9)	25.2	123.7
Carrying value and market value at 30 June 2022	**3,226.1**	**93.5**	**428.7**	**3,748.3**

Assets classified as Held for Sale and presented within current assets in the IFRS Balance Sheet (30 June 2022: £216.4 million, 30 June 2021: £13.0 million, 31 December 2021: £228.2 million) are included within the total Investment Property values for EPRA reporting purposes (note 2.3a). At 30 June 2022 the EPRA carrying value and market value totals £3,964.7 million.

The fair value of the Group's wholly owned properties and the movements in the carrying value of the Group's wholly owned properties during the period ended 30 June 2021 is shown in the table below:

Unaudited 30 June 2021

£m	Investment property (owned)	Investment property (leased)	Investment property (under development)	Total
At 1 January 2021	3,614.7	101.8	187.2	3,903.7
Cost capitalised	14.9	0.5	34.8	50.2
Interest capitalised	–	–	2.1	2.1
Transfer from work in progress	–	–	–	–
Transfer to assets held for sale	(13.0)	–	–	(13.0)
Disposals	(401.2)	–	–	(401.2)
Valuation gains	60.6	–	11.8	72.4
Valuation losses	(39.7)	(2.6)	(0.2)	(42.5)
Net valuation gains/(losses)	20.9	(2.6)	11.6	29.9
Carrying value and market value at 30 June 2021	**3,236.3**	**99.7**	**235.7**	**3,571.7**

The fair value of the Group's wholly owned properties and the movements in the carrying value of the Group's wholly owned properties during the year ended 31 December 2021 is shown in the table below:

31 December 2021

£m	Investment property (owned)	Investment property (leased)	Investment property (under development)	Total
At 1 January 2021	3,614.7	101.8	187.2	3,903.7
Cost capitalised	43.1	7.0	79.3	129.4
Interest capitalised	–	–	5.2	5.2
Transfer from work in progress	–	–	2.1	2.1
Transfer to assets classified as held for sale	(228.2)	–	–	(228.2)
Disposals	(401.1)	–	–	(401.1)
Valuation gains	125.6	–	52.3	177.9
Valuation losses	(59.0)	(11.1)	(2.0)	(72.1)
Net valuation gains/(losses)	66.6	(11.1)	50.3	105.8
Carrying value and market value at 31 December 2021	**3,095.1**	**97.7**	**324.1**	**3,516.9**

3.1b Fair value measurement

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

Class of asset	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	31 December 2021 £m
London – Rental properties	906.1	812.9	849.8
Prime provincial – Rental properties	1,047.2	958.4	992.9
Major provincial – Rental properties	1,285.3	1,257.8	1,263.5
Other provincial – Rental properties	203.9	220.2	217.1
London – Development properties	291.0	199.8	249.9
Prime provincial – Development properties	96.7	33.1	48.4
Major provincial – Development properties	41.0	2.8	25.8
Other provincial – Development properties	-	–	–
Investment property (owned)	**3,871.2**	**3,485.0**	**3,647.4**
Investment property (leased)	**93.5**	**99.7**	**97.7**
Market value (including assets classified as held for sale)	**3,964.7**	**3,584.7**	**3,745.1**
Investment property (classified as held for sale)	(216.4)	(13.0)	(228.2)
Market value	**3,748.3**	**3,571.7**	**3,516.9**

The valuation technique for investment properties is a discounted cash flow using the following inputs: net rental income, estimated future costs, occupancy and property management costs.

Where the asset is leased to a University, the valuation also reflects the length of the lease, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the market's general perception of the lessee's credit worthiness.

The resulting valuations are cross-checked against the initial yields and the capital value per bed derived from actual market transactions.

For development properties, the fair value is usually calculated by estimating the fair value of the completed property (using the discounted cash flow method) less estimated costs to completion.

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

	Fair value £m	Valuation technique	Unobservable inputs	Range	Weighted average
London - Rental properties	906.1	Discounted cash flows	Net rental income (£ per week)	£198-£391	£294
			Estimated future rent (%)	3%-5%	4%
			Discount rate (yield) (%)	3.5%-4.4%	3.7%
Prime regional - Rental properties	1,047.2	Discounted cash flows	Net rental income (£ per week)	£148-£246	£179
			Estimated future rent (%)	3%-5%	4%
			Discount rate (yield) (%)	3.9%-6.1%	4.6%
Major regional - Rental properties	1,285.3	Discounted cash flows	Net rental income (£ per week)	£70-£179	£133
			Estimated future rent (%)	0%-5%	3%
			Discount rate (yield) (%)	4.4%-7.0%	5.6%
Provincial - Rental properties	203.9	Discounted cash flows	Net rental income (£ per week)	£105-£194	£142
			Estimated future rent (%)	0%-5%	3%
			Discount rate (yield) (%)	5.1%-14.4%	7.1%
London - Development properties	291.0	Discounted cash flows	Estimated cost to complete (£m)	£12.8m-£184.4m	£127.4m
			Net rental income (£ per week)	£185-£382	£289
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	3.6%	3.6%
Prime regional - Development properties	96.7	Discounted cash flows	Estimated cost to complete (£m)	£1.3m-£62.1m	£32.5m
			Net rental income (£ per week)	£176-£260	£187
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	4.0%-4.75%	4.2%
Major regional - Development properties	41.0	Discounted cash flows	Estimated cost to complete (£m)	£26.8m-£38.0m	£35.0m
			Net rental income (£ per week)	£171-£228	£181
			Estimated future rent (%)	3%-4%	3.3%
			Discount rate (yield) (%)	4.75%-4.9%	4.9%
	3,871.2				
Investment property (leased)	93.5	Discounted cash flows	Net rental income (£ per week)	£98-£191	£151
			Estimated future rent (%)	0%-4%	3%
			Discount rate (yield) (%)	6.8%	6.8%
Fair value at 30 June 2022	**3,964.7**				

	Fair value £m	Valuation technique	Unobservable inputs	Range	Weighted average
London - Rental properties	812.9	Discounted cash flows	Net rental income (£ per week)	£191-£378	£289
			Estimated future rent (%)	2%-3%	3%
			Discount rate (yield) (%)	3.9%-4.9%	4.0%
Prime regional - Rental properties	958.4	Discounted cash flows	Net rental income (£ per week)	£144-£235	£173
			Estimated future rent (%)	2%-3%	2%
			Discount rate (yield) (%)	4.0%-6.4%	4.8%
Major regional - Rental properties	1,257.8	Discounted cash flows	Net rental income (£ per week)	£62-£174	£132
			Estimated future rent (%)	1%-3%	2%
			Discount rate (yield) (%)	4.6%-7.0%	5.7%
Provincial - Rental properties	220.2	Discounted cash flows	Net rental income (£ per week)	£109-£187	£139
			Estimated future rent (%)	1%-3%	2%
			Discount rate (yield) (%)	5.0%-14.0%	6.8%
London - Development properties	199.8	Discounted cash flows	Estimated cost to complete (£m)	£56.6m-£146.6m	£99.4m
			Net rental income (£ per week)	£185-£382	£289
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	3.9%	3.9%
Prime regional - Development properties	33.1	Discounted cash flows	Estimated cost to complete (£m)	£12.7m-£64.8m	£38.2m
			Net rental income (£ per week)	£171-£213	£172
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	4.3%	4.3%
Major regional - Development properties	2.8	Discounted cash flows	Estimated cost to complete (£m)	£55.7m	£55.7m
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	-	-
	3,485.0				
Investment property (leased)	99.7	Discounted cash flows	Net rental income (£ per week)	£95-£185	£144
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	6.8%	6.8%
Fair value at 30 June 2021	**3,584.7**				

	Fair value £m	Valuation technique	Unobservable inputs	Range	Weighted average
London - Rental properties	849.8	Discounted cash flows	Net rental income (£ per week)	£191-£373	£291
			Estimated future rent (%)	3%-4%	4%
			Discount rate (yield) (%)	3.7%-4.9%	3.9%
Prime regional - Rental properties	992.9	Discounted cash flows	Net rental income (£ per week)	£144-£235	£191
			Estimated future rent (%)	1%-4%	3%
			Discount rate (yield) (%)	4.0%-7.0%	4.7%
Major regional - Rental properties	1,263.6	Discounted cash flows	Net rental income (£ per week)	£62-£173	£131
			Estimated future rent (%)	0%-4%	2%
			Discount rate (yield) (%)	4.7%-7.0%	5.7%
Provincial - Rental properties	217.1	Discounted cash flows	Net rental income (£ per week)	£109-£188	£135
			Estimated future rent (%)	1%-4%	3%
			Discount rate (yield) (%)	5.1%-14.2%	7.0%
London - Development properties	249.9	Discounted cash flows	Estimated cost to complete (£m)	£34.0m-£177.3m	£126.5m
			Net rental income (£ per week)	£185-£382	£289
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	3.6%	3.6%
Prime regional - Development properties	48.4	Discounted cash flows	Estimated cost to complete (£m)	£7.1m-£64.3m	£35.9m
			Net rental income (£ per week)	£176-£258	£181
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	4.0%	4.0%
Major regional - Development properties	25.8	Discounted cash flows	Estimated cost to complete (£m)	£33.9m-£45.2m	£42.1m
			Net rental income (£ per week)	£171-£213	£172
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	5.0%	5.0%
	3,647.4				
Investment property (leased)	97.7	Discounted cash flows	Net rental income (£ per week)	£95-£185	£144
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	6.8%	6.8%
Fair value at 31 December 2021	**3,745.1**				

Fair value sensitivity analysis

A decrease in net rental income or occupancy will result in a decrease in the fair value, whereas a decrease in the discount rate (yield) will result in an increase in fair value. There are inter-relationships between these rates as they are partially determined by market rate conditions. These two key sources of estimation uncertainty are considered to represent those most likely to have a material impact on the valuation of the Group's investment property within the next 12 months as a result of reasonably possible changes in assumptions used. The potential effect of such reasonably possible changes has been assessed by the Group and is set out below:

Class of assets	Fair value at 30 June 2022	+5% change in estimated net rental income	-5% change in estimated net rental income	+25bps change in nominal equivalent yield	-25bps change in nominal equivalent yield
Rental properties (£m)*					
London	906.1	951.0	861.2	849.4	971.0
Prime provincial	1,047.2	1,098.8	995.6	993.1	1,107.7
Major provincial	1,285.3	1,349.1	1,221.4	1,229.9	1,346.0
Other provincial	203.9	213.9	193.5	196.3	211.7
Development properties					
London	291.0	308.1	264.6	269.5	316.1
Prime provincial	96.7	101.4	92.1	91.5	103.2
Major provincial	41.0	42.8	38.2	39.2	43.0
Market value	**3,871.2**	**4,065.1**	**3,666.6**	**3,668.9**	**4,098.7**

* Includes assets classified as held for sale in the IFRS balance sheet.

3.2 Inventories

	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	31 December 2021 £m
Interests in land	8.9	9.1	10.8
Other stocks	1.2	2.2	1.3
Inventories	**10.1**	**11.3**	**12.1**

3.3 Investments in joint ventures

The Group has two joint ventures:

Joint venture	Group's share of assets/results 2022 (December 2021)	Objective	Partner	Legal entity in which Group has interest
The UNITE UK Student Accommodation Fund (USAF)	29.52%* (23.4%)	Invest and operate student accommodation throughout the UK	Consortium of investors	UNITE Student Accommodation Fund, a Jersey Unit Trust
London Student Accommodation Venture (LSAV)	50% (50%)	Invest and operate student accommodation in London and Birmingham	GIC Real Estate Pte, Ltd. Real estate investment vehicle of the Government of Singapore	LSAV Unit Trust, a Jersey Unit Trust, and LSAV (Holdings) Ltd, incorporated in Jersey

* Part of the Group's interest is held through a subsidiary, USAF (Feeder) Guernsey Ltd, in which there is an external investor. A non-controlling interest therefore occurs on consolidation of the Group's results representing the external investor's share of profits and assets relating to its investment in USAF. The ordinary shareholders of The Unite Group plc are beneficially interested in 28.2% of USAF (30 June 2021: 22.0%, 31 December 2021: 22.0%).

3.3a Movement in carrying value of the Group's investments in joint ventures

The carrying value of the Group's investment in joint ventures has increased by £231.6 million during the 6 months ended 30 June 2022 (30 June 2021: £125.6 million, 30 December 2021: £195.1 million), resulting in an overall carrying value of £1,275.7 million (30 June 2021: £974.6 million, 30 December 2021: £1,044.1 million). The following table shows how the increase has arisen.

	Unaudited 6 months to 30 June 2022 £m	Unaudited 6 months to 30 June 2021 £m	Year to 31 December 2021 £m
Recognised in the income statement:			
Operations segment result	26.4	15.8	30.2
Non-controlling interest share of Operations segment result	0.7	0.5	1.1
Management fee adjustment relating to trading with joint venture	2.0	1.8	3.0
Net valuation gains on investment property	86.3	21.8	88.7
Property disposals	(0.4)	(0.7)	(0.3)
Other	(0.4)	(0.6)	(0.3)
	114.6	**38.6**	**122.4**
Recognised in equity:			
Movement in effective hedges	1.9	0.2	0.6
Other adjustments to the carrying value:			
Profit adjustment related to trading with joint venture	(2.0)	(1.8)	(3.4)
Profit adjustment related to the sale of property to LSAV	–	(3.6)	(1.9)
Additional capital invested in USAF	140.9	–	–
Additional capital invested in LSAV	–	131.2	157.6
LSAV performance fee	–	(15.7)	(42.2)
Distributions received	(23.8)	(23.3)	(38.0)
Increase in carrying value	**231.6**	**125.6**	**195.1**
Carrying value brought forward	1,044.1	849.0	849.0
Carrying value carried forward	**1,275.7**	**974.6**	**1,044.1**

3.3b Transactions with joint ventures

The Group acts as asset and property manager for the joint ventures and receives management fees in relation to these services. In addition, the Group is entitled to performance fees from USAF and LSAV, if the joint ventures outperform certain benchmarks. The Group receives either cash or an enhanced equity interest in the joint ventures as consideration for the performance fee.

The Group has recognised the following gross fees in its results for the period.

	Unaudited 6 months to 30 June 2022 £m	Unaudited 6 months to 30 June 2021 £m	Year to 31 December 2021 £m
USAF	8.8	8.0	15.2
LSAV	2.3	1.8	3.9
Asset and property management fees	**11.1**	**9.8**	**19.1**
LSAV performance fee	–	31.4	41.9
Investment management fees	**–**	**31.4**	**41.9**
Total fees	**11.1**	**41.2**	**61.0**

On an EPRA basis, fees from joint ventures are shown net of the Group's share of the cost to the joint venture.

The Group's share of the cost to the joint ventures is £1.9 million (30 June 2021: £1.6 million, 31 December 2021: £3.2 million), which results in management fees from joint ventures of £9.2 million being shown in the Operations segment result in note 2.2a (30 June 2021: £8.2 million, 31 December 2021: £15.9 million).

Investment management fees are included within the unallocated to segments section in note 2.2a.

Section 4: Funding

The Group finances its development and investment activities through a mixture of retained earnings, borrowings and equity. The Group continuously monitors its financing arrangements to manage its gearing.

Interest rate swaps are used to manage the Group's risk to fluctuations in interest rate movements.

The following pages provide disclosures about the Group's funding position, including borrowings and hedging instruments.

4.1 Borrowings

The table below analyses the Group's borrowings which comprise bank and other loans by when they fall due for payment:

	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	31 December 2021 £m
Current			
In one year or less, or on demand	–	–	–
Non-current			
In more than one year but not more than two years	–	496.8	–
In more than two years but not more than five years	572.2	297.6	419.2
In more than five years	693.8	718.7	719.0
	1,266.0	1,513.1	1,138.2
Unamortised fair value of debt recognised on acquisition	20.2	26.0	23.8
Total borrowings	**1,286.2**	**1,539.1**	**1,162.0**

The carrying value of borrowings is considered to be approximate to fair value, except for the Group's fixed rate loans as analysed below:

	Unaudited 30 June 2022		Unaudited 30 June 2021		31 December 2021	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Level 1 IFRS fair value hierarchy	875.0	832.1	901.0	952.6	898.8	936.7
Level 2 IFRS fair value hierarchy	–	–	150.0	141.2	–	–
Other loans and unamortised arrangement fees	411.2	364.5	488.1	488.1	263.2	263.2
Total borrowings	**1,286.2**	**1,196.6**	**1,539.1**	**1,581.9**	**1,162.0**	**1,199.9**

4.2 Interest rate swaps

The Group uses interest rate swaps to manage the Group's exposure to interest rate fluctuations. In accordance with the Group's treasury policy, the Group does not hold or issue interest rate swaps for trading purposes and only holds swaps which are considered to be commercially effective.

The following table shows the fair value of interest rate swaps:

	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	31 December 2021 £m
Current	(39.6)	–	(2.5)
Non-current	–	4.4	–
Fair value of interest rate swaps liability/(asset)	**(39.6)**	**4.4**	**(2.5)**

The fair values of interest rate swaps have been calculated by a third party expert, discounting estimated future cash flows on the basis of market expectations of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy.

4.3 Dividends

During the 6 months to 30 June 2022, the Company declared and paid a final gross dividend of £53.3 million, 15.6p per share (30 June 2021: final dividend of £42.5 million (12.75p per share)).

Under the terms of the Company's scrip dividend scheme, shareholders were able to elect to receive ordinary shares in place of the 2021 final dividend of 15.6p per ordinary share. This resulted in the issue of 764,622 new fully paid shares.

After the period end, the Directors proposed an interim dividend of 11.0p per share (30 June 2021: 6.5p per share). No provision has been made in relation to this dividend.

The Group has modelled tax adjusted property business profits for 2021 and 2022 and the PID requirement in respect of the year ended 31 December 2021 is expected to be satisfied by the end of 2022.

Section 5: Working capital

5.1 Provisions

During 2020, and in accordance with the Government's Building Safety Advice of 20 January 2020, we undertook a thorough review of the use of High-Pressure Laminate (HPL) cladding on our properties. We have identified 25 properties with HPL that needs replacing across our estate, seven of which are wholly owned. We are continuing to carry out replacement works for properties with HPL cladding, with activity prioritised according to our risk assessments, starting with those over 18 metres in height. The remaining cost of replacing the HPL cladding is expected to be £82.9 million (Unite Share: £48.7 million), of which £33.6 million is in respect of wholly owned properties. Whilst the overall timetable for these works is uncertain, we anticipate this will be incurred over the next 12-36 months. The regulations continue to evolve in this area and we will ensure that our buildings are safe for occupation and compliant with laws and regulations.

The Government's Building Safety Bill, covering building standards, was passed in April and has introduced more stringent fire safety regulations. We will ensure we remain aligned to fire safety regulations as they evolve and will continue to make any required investment to ensure our buildings remain safe to occupy. We have provided for the costs of remedial work where we have a legal obligation to do so. The amounts provided reflect the current best estimate of the extent and future cost of the remedial works required and are based on known costs and quotations where possible, and reflect the most likely outcome. However, these estimates may be updated as work progresses or if Government legislation and regulation changes.

We have not recognised any assets in respect of future claims.

The Group has recognised provisions for the costs of these cladding works as follows:

	Gross				Unite share			
	Wholly owned £m	USAF £m	LSAV £m	Total £m	Wholly owned £m	USAF £m	LSAV £m	Total £m
At 1 January 2021	15.7	50.0	14.2	79.9	15.7	11.0	7.1	33.8
Additions	12.0	16.7	–	28.7	12.0	3.6	–	15.6
Utilisation	–	(6.8)	(5.4)	(12.2)	–	(1.5)	(2.7)	(4.2)
At 30 June 2021	27.7	59.9	8.8	96.4	27.7	13.1	4.4	45.2
Additions	6.0	6.7	0.5	13.2	6.0	1.5	0.3	7.8
Utilisation	(0.2)	(10.3)	(7.1)	(17.6)	(0.2)	(2.3)	(3.6)	(6.1)
At 31 December 2021	33.5	56.3	2.2	92.0	33.5	12.3	1.1	46.9
Additions	3.5	6.9	6.4	16.8	3.5	1.9	3.2	8.6
Utilisation	(3.4)	(20.0)	(2.5)	(25.9)	(3.4)	(5.6)	(1.3)	(10.3)
Change in ownership %	–	–	–	–	–	3.5	–	3.5
At 30 June 2022	**33.6**	**43.2**	**6.1**	**82.9**	**33.6**	**12.1**	**3.0**	**48.7**

5.2 Cash and cash equivalents

	Note	Unaudited 6 months to 30 June 2022 £m	Unaudited 6 months to 30 June 2021 £m	Year to 31 December 2021 £m
Profit for the period		**332.7**	**131.2**	**344.6**
Adjusted for:				
Depreciation and amortisation		3.8	3.8	7.8
Fair value of share based payments	2.2a	1.4	1.0	2.4
Change in value of investment property	2.2b	(128.6)	(32.5)	(116.1)
Change in value of investment property (leased)	2.2b	4.9	2.6	11.1
Net finance costs		17.3	22.8	42.7
Swap cancellation FV settlements and debt break costs	2.2b	–	1.5	4.2
Mark to market changes in interest rate swaps		(37.1)	(3.0)	(10.9)
Loss on disposal of investment property (owned)	2.2b	9.9	11.0	12.0
Share of joint venture profit		(114.3)	(38.9)	(122.2)
Trading with joint venture adjustment		1.9	17.4	19.1
Tax charge/(credit)		1.4	(0.8)	(1.5)
Cash flows from operating activities before changes in working capital		**93.3**	**116.1**	**192.4**
Decrease/(increase) in trade and other receivables		40.3	(28.5)	(52.5)
Decrease/(increase) in inventories		(2.9)	(2.4)	(2.9)
(Decrease)/increase in trade and other payables		(40.8)	(12.0)	34.2
Cash flows from operating activities		**89.9**	**73.2**	**171.3**
Tax paid		–	–	–
Cash flows from operating activities		**89.9**	**73.2**	**171.3**

Section 6: Post balance sheet events

There were no post balance sheet events.

Section 7: Alternative performance measures

The Group uses alternative performance measures ("APMs"), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board, and provide comparable information across the Group. The APMs below have been calculated on a see through / Unite share basis, as referenced to the notes to the financial statements. Reconciliations to equivalent IFRS measures are included in notes 2.2b and 2.3c. Definitions can also be found in the glossary.

Adjusted earnings, as set out below, is an APM reflecting a more meaningful measure of the underlying earnings of the Group, excluding the non-recurring impact of abortive acquisition costs and the net LSAV performance fee, and therefore improve comparability.

Non-EPRA measures may not have comparable calculation bases between companies and therefore may not provide meaningful industry-wide comparability.

	Note	6 months to 30 June 2022 £m	6 months to 30 June 2021 £m	Year to 31 December 2021 £m
EBIT				
Net operating income (NOI)	2.2a	131.9	111.1	191.8
Management fees	2.2a	9.2	8.2	15.9
Overheads	2.2a	(13.7)	(13.0)	(31.5)
		127.4	**106.3**	**176.2**
EBIT margin %				
Rental income	2.2a	177.4	152.9	282.7
EBIT	7	127.4	106.2	176.2
		71.8%	**69.5%**	**62.3%**
EBITDA				
Net operating income (NOI)	2.2a	131.9	111.1	191.8
Management fees	2.2a	9.2	8.2	15.9
Overheads	2.2a	(13.7)	(13.0)	(31.5)
Depreciation and amortisation		3.9	3.8	7.8
		131.3	**110.1**	**184.0**

	Note	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Net debt				
Cash	2.3a	180.1	553.4	155.5
Debt on properties	2.3a	(1,907.2)	(2,053.7)	(1,677.3)
Net debt		**(1,727.1)**	**(1,500.3)**	**(1,521.8)**

	Note	12 months to 30 June 2022 £m	12 months to 30 June 2021 £m	Year to 31 December 2021 £m
Net debt (adjusted)				
Cash (adjusted)		261.1[1]	482.4	155.5
Debt on properties (adjusted)		(1,828.9)[2]	(2,150.4)	(1,677.3)
Net debt (adjusted)		**(1,567.8)**	**(1,668.0)**	**(1,521.8)**

[1] Calculated on a 12 month look back basis. Average of £180.1 million and £155.5 million in respect of H1 2022 and average of £155.5 million and £553.4 million in respect of H2 2021.

[2] Calculated on a 12 month look back basis. Average of £1,907.2 million and £1,677.3 million in respect of H1 2022 and average of £1,677.3 million and £2,053.7 million in respect of H2 2021.

	Note	12 months to 30 June 2022 £m	12 months to 30 June 2021 £m	Year to 31 December 2021 £m
Net debt: EBITDA				
Net debt (adjusted)	7	(1,567.8)	(1,668.0)	(1,521.8)
EBITDA	7	205.2[1]	167.2	184.0
Ratio		**7.6**	**10.0**	**8.3**

[1] Calculated on a 12 month look back basis. £131.3 million in respect of H1 2022 and £73.9 million in respect of H2 2021.

		12 months to 30 June 2022 £m	12 months to 30 June 2021 £m	Year to 31 December 2021 £m
Interest cover (Unite share)				
EBIT	7	197.3[1]	158.7	176.2
Net financing costs	2.2a	(51.2)	(55.4)	(54.8)
Interest on lease liability	2.2a	(8.4)	(8.6)	(8.5)
Total interest		(59.6)	(64.0)	(63.3)
Ratio		**3.3**	**2.5**	**2.8**

[1] Calculated on a 12 month look back basis. £127.4 million in respect of H1 2022 and £69.9 million in respect of H2 2021

Reconciliation: IFRS profit before tax to EPRA earnings and adjusted earnings

	Note	6 months to 30 June 2022 £m	6 months to 30 June 2021 £m	Year to 31 December 2021 £m
IFRS profit before tax		**334.1**	**130.4**	**343.1**
Net valuation gains on investment property (owned)	2.2b	(214.9)	(54.3)	(205.6)
Property disposals (owned)	2.2b	10.3	11.7	12.3
Net valuation losses on investment property (leased)	2.2b	4.9	2.6	11.1
Amortisation of fair value of debt recognised on acquisition	2.2b	(2.1)	(2.2)	(4.3)
Changes in valuation of interest rate swaps	2.2b	(37.1)	(3.0)	(10.9)
Swap cancellation FV settlements and debt exit costs	2.2b	–	1.5	4.2
Non-controlling interest and tax		(0.7)	1.6	2.1
EPRA earnings		**94.5**	**88.3**	**152.0**
LSAV performance fee	2.4	–	(15.7)	(41.9)
Abortive acquisition costs	2.2a	1.5	–	–
Adjusted earnings		**96.0**	**72.6**	**110.1**

Adjusted EPS yield

	Note	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Adjusted earnings (A)	2.2c	24.0p	18.2p	27.6p
Opening EPRA NTA (B)	2.3d	882p	818p	818p
Adjusted EPS yield (A/B)		**2.7%**	**2.2%**	**3.4%**

Total accounting return

	Note	30 June 2022 pps	30 June 2021 pps	31 December 2021 pps
Opening EPRA NTA (A)	2.3d	882p	818p	818p
Closing EPRA NTA	2.3d	940p	837p	882p
Movement		**58p**	**19p**	**64p**
H1 dividend paid	4.3	15.6p	12.75p	12.75p
H2 dividend paid	4.3	–	–	6.5p
Total movement in NTA (B)		**73.6p**	**31.75p**	**83.25p**
Total accounting return (B/A)		**8.3%**	**3.9%**	**10.2%**

EPRA Performance Measures

Summary of EPRA performance measures

	30 June 2022 £m	30 June 2021 £m	31 Dec 2021 £m	30 June 2022	30 June 2021	31 Dec 2021
EPRA earnings	**94.5**	88.3	152.0	**23.6p**	22.2p	38.1p
Adjusted earnings (*)	**96.0**	72.6	110.1	**24.0p**	18.2p	27.6p
EPRA NTA (diluted)	**3,774.9**	3,357.0	3,536.1	**940p**	837p	882p
EPRA NRV (diluted)	**4,090.8**	3,622.1	3,829.7	**1,019p**	904p	955p
EPRA NDV (diluted)	**3,900.1**	3,299.7	3,503.6	**972p**	823p	874p
EPRA Like-for-like gross rental income				**23%**	(5.3%)	4.7%
EPRA Cost ratio (including vacancy costs)				**30%**	31%	39%
EPRA Cost ratio (excluding vacancy costs)				**28%**	28%	37%
EPRA Loan to value				**33%**	32%	32%

* Adjusted earnings calculated as EPRA earnings excluding abortive acquisition costs and the LSAV performance fee income

EPRA like-for-like rental income (calculated based on total portfolio value of £8.4 billion)

	Properties owned throughout the period £m	Development property £m	Acquisitions and disposals £m	Other £m	Total EPRA £m
6 months to 30 June 2022					
Rental income	173.7	-	3.7	-	177.4
Property operating expenses	(44.5)	-	(1.0)	-	(45.5)
Net rental income	**129.2**	**-**	**2.7**	**-**	**131.9**
6 months to 30 June 2021					
Rental income	140.8	-	9.8	2.3	152.9
Property operating expenses	(38.7)	-	(2.5)	(0.6)	(41.8)
Net rental income	**102.1**	**-**	**7.3**	**1.7**	**111.1**
Like-for-like net rental income	**£27.1m**				
Like-for-like gross rental income	**23.4%**				

EPRA cost ratio	6 months to 30 June 2022 £m	6 months to 30 June 2021 £m	Year to 31 Dec 2021 £m
Property operating expenses	34.3	31.3	67.7
Overheads (*)	12.9	12.6	30.7
Development / pre contract costs	0.6	1.0	2.2
Unallocated expenses (*)	1.7	(0.4)	0.5
	49.5	**44.5**	**101.1**
Share of JV property operating expenses	11.2	10.5	23.2
Share of JV overheads	0.8	0.4	0.8
Share of JV unallocated expenses (*)	0.2	0.5	0.4
	61.7	**55.9**	**125.5**
Less: Joint venture management fees	(9.2)	(8.2)	(15.9)
Total costs (A)	**52.5**	**47.7**	**109.6**
Group vacant property costs (**)	(2.1)	(3.7)	(4.1)
Share of JV vacant property costs (**)	(0.7)	(1.3)	(1.4)
Total costs excluding vacant property costs (B)	**49.7**	**42.7**	**104.1**
Rental income	127.7	116.8	209.0
Share of JV rental income	49.7	36.1	73.7
Total gross rental income (C)	**177.4**	**152.9**	**282.7**
Total EPRA cost ratio (including vacant property costs) (A)/(C)	**30%**	**31%**	**39%**
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	**28%**	**28%**	**37%**

* Excludes amounts in respect of abortive acquisition costs in 2022 and the LSAV performance fee in 2021.
** Vacant property costs reflect the per bed share of operating expenses allocated to vacant beds.

Unite's EBIT margin excludes non-operational expenses which are included within the EPRA cost ratio above. The Group capitalises costs in relation to staff costs and professional fees associated with property development activity.

EPRA valuation movement (Unite share)

	Valuation £m	Change £m	%
Wholly owned	3,443	131	4.0%
USAF	654	33	5.3%
LSAV	971	62	6.8%
Rental properties	**5,068**	**226**	**4.7%**
Leased properties	93		
22/23 development completions	332		
Properties under development	97		
Properties held throughout the period	**5,590**		
Acquisitions	181		
Disposals	-		
Total property portfolio	**5,771**		

EPRA yield movement

	NOI yield	Yield movement (bps)		
	%	H1	H2	FY
Wholly owned	4.9%	(13)	–	(13)
USAF	4.9%	(19)	–	(19)
LSAV	3.9%	(19)	–	(19)
Rental properties (Unite share)	**4.7%**	**(15)**	**–**	**(15)**

EPRA property related capital expenditure

	30 June 2022			31 Dec 2021		
	Wholly owned	Share of JVs	Group share	Wholly owned	Share of JVs	Group share
London	1.4	2.8	4.2	4.8	3.1	7.9
Prime regional	17.4	2.7	20.1	16.7	2.9	19.6
Major regional	7.4	5.1	12.5	8.1	10.8	18.9
Provincial	1.5	0.4	1.9	2.8	0.6	3.4
Total rental properties	**27.7**	**11.0**	**38.7**	**32.4**	**17.4**	**49.8**
Increase in beds	1.5	1.1	2.6	–	–	–
Acquisitions	–	–	–	–	–	–
Developments	75.5	–	75.5	81.4	–	81.4
Capitalised interest	4.2	–	4.2	5.2	–	5.2
Total property related capex	**108.9**	**12.1**	**121.0**	**119.0**	**17.4**	**136.4**

EPRA loan to value

	6 months to 30 June 2022 £m	6 months to 30 June 2021 £m	Year to 31 Dec 2021 £m
Investment property (owned)	5,248.7	4,716.2	4,864.8
Investment property (under development)	428.7	235.7	324.1
Intangibles	15.6	17.3	16.1
Total property value and other eligible assets	**5,693.0**	**4,969.2**	**5,205.0**
Cash at bank and in hand	180.1	553.4	155.5
Borrowings	(1,907.2)	(2,053.7)	(1,677.3)
Net other payables	(179.8)	(104.0)	(138.9)
EPRA net debt	**(1,906.9)**	**(1,604.3)**	**(1,660.6)**
EPRA loan to value	**33%**	**32%**	**32%**

INDEPENDENT REVIEW REPORT TO THE UNITE GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related sections 1 to 7.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor

London, United Kingdom

27 July 2022

GLOSSARY

Adjusted earnings
An alternative performance measure based on EPRA earnings, adjusted to remove the impact of abortive acquisition costs and the LSAV performance fee which was settled in 2021. The items have been excluded from adjusted earnings to improve the comparability of results year-on-year.

Adjusted earnings per share / EPS
The earnings per share based on adjusted earnings and weighted average number of shares in issue (basic).

Adjusted EBIT
The Group's NOI plus management fees and less overheads. In the opinion of the Directors, adjusted EBIT is a useful measure to monitor our cost discipline and performance of the Group.

Adjusted EBIT margin
The Group's EBIT expressed as a percentage of rental income. In the opinion of the Directors, adjusted EBIT margin is a useful measure to monitor our cost discipline and performance of the Group.

Adjusted EPS yield
Adjusted EPS as a percentage of opening EPRA NTA (diluted).

Adjusted net debt
Net debt per the balance sheet, adjusted to remove IFRS 16 lease liabilities and the unamortised fair value of debt recognised on the acquisition of Liberty Living.

Basis points (BPS)
A basis point is a term used to describe a small percentage, usually in the context of change, and equates to 0.01%.

Diluted earnings / EPS
Where earnings values per share are used "basic" measures divide the earnings by the weighted average number of issued shares in issue throughout the period, whilst the diluted measure also takes into account the effect of share options which have been granted and which are expected to be converted into shares in the future.

Diluted NTA/NAV
Where NTA/NAV per share is used, "basic" measures divide the NTA/NAV by the number of shares issued at the reporting date, whilst the diluted measure also takes into account the effect of share options which have been granted and which are expected to be converted into shares in the future (both for the additional number of shares that will be issued and the value of additional consideration that will be received in issuing them).

Direct let
Properties where short-hold tenancy agreements are made directly between Unite and the student.

EBITDA
The Group's adjusted EBIT, adding back depreciation and amortisation.

EPRA
The European Public Real Estate Association, who produce best practice recommendations for financial reporting.

EPRA Cost Ratio
The ratio of property operating expenses, overheads and management fees, against rental income, calculated on an EPRA basis.

EPRA earnings
EPRA earnings exclude movements relating to changes in values of investment properties, profits/losses from the disposal of properties, swap/debt break costs and interest rate swaps and the related tax effects.

EPRA earnings per share / EPS
The earnings per share based on EPRA earnings and weighted average number of shares in issue (basic).

EPRA like-for-like rental growth
The growth in rental income measured by reference to the part of the portfolio of the Group that has been consistently in operation, and not under development nor subject to disposal, and which accordingly enables more meaningful comparison in underlying rental income levels.

EPRA Net Tangible Assets (NTA)
EPRA NTA includes all property at market value but excludes the mark to market of financial instruments, deferred tax and intangible assets. EPRA NTA provides a consistent measure of NAV on a going concern basis.

EPRA Net Tangible Assets per share
The diluted NTA per share figure based on EPRA NTA.

EPRA Net Reinstatement Value (NRV)
EPRA NRV includes all property at market value but excludes the mark to market of financial instruments, deferred tax and includes real estate transfer tax. EPRA NRV assumes that entities never sell assets and represents the value required to rebuild the entity.

EPRA Net Disposal Value (NDV)
EPRA NDV includes all property at market value, excludes the mark to market of financial instruments, but includes the fair value of fixed interest rate debt and the carrying value of intangible assets. EPRA NDV represents the shareholders' value in a disposal scenario.

ESG
Environmental, Social and Governance.

GRESB
GRESB is a benchmark of the Environmental, Social and Governance (ESG) performance of real assets.

Gross asset value (GAV)
The fair value of rental properties, leased properties and development properties.

The Group
Wholly owned balances plus Unite's interests relating to USAF and LSAV.

Group debt
Wholly owned borrowings plus Unite's share of borrowings attributable to USAF and LSAV.

HMO
Houses in multiple occupation, where buildings or flats are shared by multiple tenants who rent their own rooms and the property's communal spaces on an individual basis.

Interest cover ratio (ICR)
Calculated as EBIT divided by the sum of net financing costs and IFRS 16 lease liability interest costs.

Lease
Properties which are leased to universities for a number of years.

Like-for-like metrics
Like-for-like is the change in metric, on a gross basis, calculated using properties owned throughout the current and previous period.

LSAV
The London Student Accommodation Joint Venture (LSAV) is a joint venture between Unite and GIC, in which both hold a 50% stake. LSAV has a maturity date of September 2032.

Loan to value (LTV)
Net debt as a proportion of the value of the rental properties, excluding balances in respect of leased properties under IFRS 16. Prepared on a see through basis. In the opinion of the directors, this measure enables an appraisal of the indebtedness of the business, which closely aligns with key covenants in the Group's lending arrangements.

LTV post IFRS 16
Net debt as a proportion of the value of the rental properties, including balances in respect of leased properties under IFRS 16. Prepared on a see-through basis.

LTV (EPRA)
Net debt as a proportion of the value of the rental properties including balances in respect of leased properties and all other assets and liabilities.

Major regional
Properties located in Aberdeen, Birmingham, Cardiff, Durham, Glasgow, Leeds, Leicester, Liverpool, Newcastle, Nottingham, Sheffield and Southampton.

Net asset value (NAV)
The total of all assets less the value of all liabilities at each reporting date.

Net debt (EPRA)
Borrowings net of cash. IFRS 16 lease liabilities are excluded from net debt on an EPRA basis. In the opinion of the Directors, net debt is a useful measure to monitor the overall cash position of the Group.

Net debt per balance sheet
Borrowings, IFRS 16 lease liabilities and the mark to market of interest rate swaps, net of cash.

Net debt to EBITDA
Net debt as a proportion of EBITDA.

Net financing costs (EPRA)
Interest payable on borrowings less interest capitalised into developments and finance income.

Net operating income (NOI)
The Group's rental income less property operating expenses.

Nomination agreements
Agreements at properties where universities have entered into a contract to reserve rooms for their students, usually guaranteeing occupancy. The Universities usually either nominate students to live in the building and Unite enters into short-hold tenancies with the students or the University enters into a contract with Unite and makes payment directly to Unite.

PBSA
Purpose-built student accommodation.

Prime regional
Properties located in Bristol, Bath, Edinburgh, Manchester and Oxford.

Property operating expenses
Operating costs directly related to rental properties, therefore excluding central overheads.

Provincial
Properties located in Bedford, Bournemouth, Coventry, Loughborough, Medway, Portsmouth, Reading and Swindon.

Rental growth
Calculated as the year-on-year change in average annual price for sold beds. In the opinion of the Directors, this measure enables a more meaningful comparison in rental income as it excludes the impact of changes in occupancy.

Rental income
Income generated by the Group from rental properties.

Rental properties
Investment properties (owned and leased) whose construction has been completed and are used by the Operations segment to generate NOI.

Rental properties (leased) / Sale and leaseback
Properties that have been sold to a third party investor then leased back to the Group. Unite is also responsible for the management of these assets on behalf of the owner.

Resident ambassadors
Student representatives who engage with students living in the property to create a community and sense of belonging.

See-through (also Unite share)
Wholly owned balances plus Unite's share of balances relating to USAF and LSAV.

TCFD
The Taskforce on Climate-related Financial Disclosures develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

Total accounting return
Growth in diluted EPRA NTA per share plus dividends paid, expressed as a percentage of diluted EPRA NTA per share at the beginning of the period. In the opinion of the Directors, this measure enables an appraisal of the return generated by the business for shareholders during the year.

Total shareholder return
The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional shares.

USAF/the fund
The Unite UK Student Accommodation Fund (USAF) is Europe's largest fund focused purely on income-producing student accommodation investment assets.
The fund is an open-ended infinite life vehicle with unique access to Unite's development pipeline. Unite acts as fund manager for the fund, as well as owning a significant minority stake.

WAULT
Weighted average unexpired lease term to expiry.

Wholly owned
Balances relating to properties that are 100% owned by The Unite Group plc or its 100% subsidiaries.

COMPANY INFORMATION

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