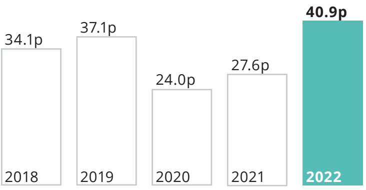
HOME FOR SUCCESS

THE UNITE GROUP PLC
Annual Report and Accounts 2022

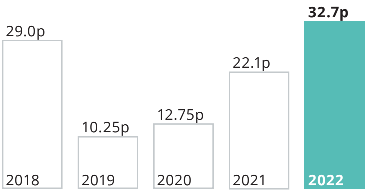
Unite provides high-quality homes to students from the UK and around the world. Together, we are committed to raising standards in the student accommodation sector for our customers, investors and people

FINANCIAL HIGHLIGHTS



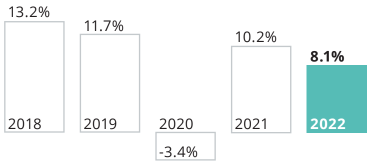
Adjusted earnings per share[1, 2] (p)

40.9p



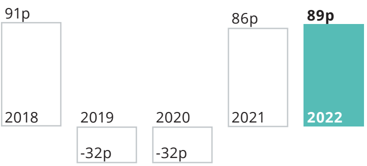
Dividend per share (p)

32.7p



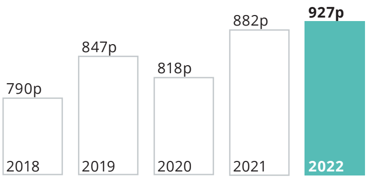
Total accounting return[1] (%)

8.1%



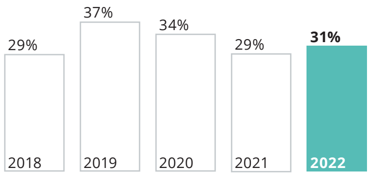
IFRS basic earnings per share (p)

89p



EPRA NTA per share[1, 3] (p)

927p



Loan-to-value ratio[1] (%)

31%

OPERATIONAL HIGHLIGHTS

- **Return to full occupancy in 2022/23, strong demand for 2023/24**
- **Best-in-class operating platform supports continued earnings growth in 2023**
- **Successful project deliveries in 2022, four committed developments for delivery in 2023–2026**
- **Shortage of quality student homes creates significant opportunities to grow our platform**
- **Rental growth more than offsetting the impact of rising property yields**
- **Sustainability strategy delivering a positive impact through People and Places**

1. 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 note 8 for calculations and reconciliations.
2. Adjustment made to EPRA EPS to remove the impact of the LSAV performance fee and abortive acquisition costs. Further details are provided in notes 2 and 8.
3. 2018 based on EPRA NAV as previously reported.

OUR 2022 ANNUAL REPORT AT A GLANCE

OUR PURPOSE-LED STRATEGIC APPROACH

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Our purpose, Home for Success, is fundamental to everything we do at Unite. It means providing a safe and welcoming home where students from the UK and all over the world can achieve their aspirations.

WHY INVEST IN UNITE

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Read more

We are the UK's largest owner, manager and developer of purpose-built student accommodation, serving the UK's world-leading Higher Education sector.

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View our 2022 Annual Report & Accounts online at: **unitegroup.com/investors/reports-and-presentations**

Page references are shown throughout for links to important content

BUSINESS MODEL

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We align our portfolio to the best locations and strongest Universities. Our scale allows us to deliver value-for-money to customers, alongside sector-leading returns.

We delivered a strong operational performance in 2022, with earnings and dividends surpassing their pre-pandemic levels on the back of a return to full occupancy and improving rental growth.

Under our sustainability strategy, we focus on making a positive impact through People and Places. We continue to make progress on our objective of being a net zero carbon business by 2030, and have committed 1% of our annual profits to social initiatives.

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CHAIR'S INTRODUCTION TO GOVERNANCE

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The business has had a strong 2022 performance, built on our best-in-class operating platform and affordable and well-located portfolio, but ultimately delivered through the hard work and commitment of our people serving our customers. This has helped deliver the strong recovery in our operational performance with 99% occupancy and our financial performance, with earnings and dividends above their pre-pandemic peak.

BEING PURPOSE-LED

HOME FOR SUCCESS

Home for Success means providing a home where students from the UK and all over the world can achieve their aspirations. It is also our commitment to be a valued partner to Universities, and a workplace where our people can grow, belong and succeed.

Our corporate strategy is underpinned by our strategic objectives, our values and our brand promises.

STRATEGIC OBJECTIVES

- DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES
- ATTRACTIVE RETURNS FOR SHAREHOLDERS
- A RESPONSIBLE AND RESILIENT BUSINESS

Read more about our **three strategic objectives** on pages 24–29

VALUES

- KEEPING US SAFE
- CREATING ROOM FOR EVERYONE
- DOING WHAT'S RIGHT
- RAISING THE BAR TOGETHER

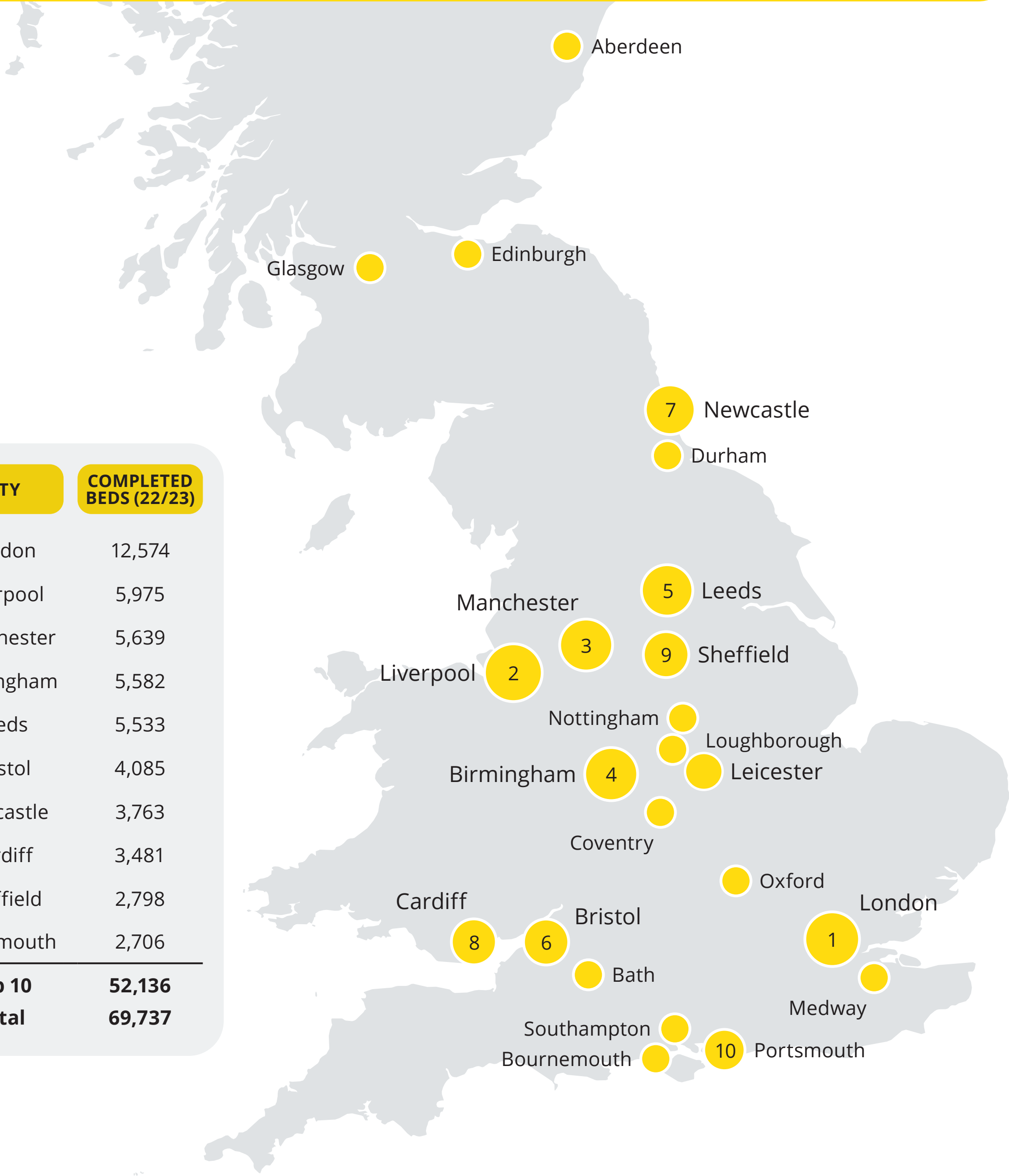
Read more about our **values** on pages 98–99

BRAND PROMISES

- PROVIDE A SPACE TO GROW AND THRIVE
- PROVIDE A PLACE TO BELONG
- BE THERE WHEN YOU NEED US

WHO WE ARE

Unite is the UK's largest owner, manager and developer of purpose-built student accommodation, meeting the country's demand for high-quality student housing



2022 rank	CITY	COMPLETED BEDS (22/23)
1	London	12,574
2	Liverpool	5,975
3	Manchester	5,639
4	Birmingham	5,582
5	Leeds	5,533
6	Bristol	4,085
7	Newcastle	3,763
8	Cardiff	3,481
9	Sheffield	2,798
10	Portsmouth	2,706
	Top 10	**52,136**
	Total	**69,737**

Ranked
No. 1
The largest provider of student accommodation in the UK

Properties
157
Operate in 23 cities and towns across England, Scotland and Wales

Beds
70,000
In properties across the UK

University partners
>60
Work alongside University partners to deliver their accommodation needs

OUR PURPOSE

A HOME FOR SUCCESS

A safe and welcoming home where students can learn and thrive. That’s the promise at the heart of everything we do at Unite.

Home for Success is our purpose, and part of our DNA. It’s our commitment to providing a place where students from all over the world can achieve their ambitions. It’s also our commitment to be a valued partner to Universities, and a workplace where our team can grow, belong and succeed.

It’s fundamental to everything we do.

STUDENT WELLBEING

The cost-of-living crisis, coupled with the aftermath of the pandemic, meant that supporting students mattered more than ever.

In response, we partnered with experts to help students with financial planning, access to employment, and where needed, support to stay safe and well. Our team members are trained in mental health, available 24/7, and collaborate closely with University partners on student wellbeing.

Through the Unite Foundation, we continued our commitment to helping care leavers and estranged students gain a University education that would otherwise be out of reach.

DIVERSITY AND INCLUSION

We're creating a culture where everyone is welcome and able to thrive, no matter their background.

This year we launched our new learning and development Academy to help our teams reach their career goals. Employee forums gave a voice to diverse perspectives from across the business and led to enhanced family leave policies.

The Living Black at University Commission brought the industry together to make student accommodation a more inclusive space, and our head offices took part in the 10,000 Black Interns programme.

COMMUNITY AND ENVIRONMENT

When it comes to sustainability, our ambition is to lead the sector. Each year, we commit 1% of our annual profits to social initiatives.

We're working towards becoming a net zero carbon business by 2030, finding ways to use fewer resources, and future-proofing our buildings through investments in energy initiatives and sourcing 100% renewable energy.

Being a good neighbour matters to us. We partner with a range of charities to help vulnerable young people in our local areas and support our team to engage in our local communities.

BUSINESS MODEL

WHAT WE DO

We are the UK's largest owner, manager and developer of purpose-built student accommodation

High-quality, value-for-money portfolio

We align our portfolio to the best locations and strongest Universities. Value-for-money is central to our customer offer and we provide an all-inclusive fixed price and added services which deliver a hassle-free experience to students.

BEDS

70,000

in 157 properties across the UK

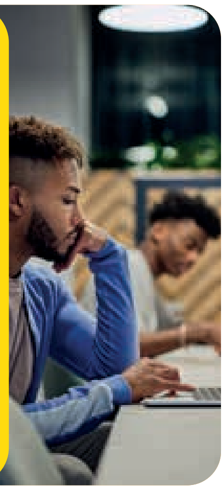
Best-in-class operating system

Our scale and PRISM technology platform allow us to deliver the best all-round customer experience for students, alongside sector-leading operating margins.

We are leaders in sustainability, health, safety and student welfare in the student accommodation sector.

CUSTOMER NPS

+38



Committed and talented people

Our teams are central to delivering our purpose of providing a 'Home for Success' for students. Staff training is focused on student welfare and peer support provided by Resident Ambassadors.

EMPLOYEES

1,900

Unrivalled customer insight

The customer is at the heart of everything we do and we invest significant time into understanding the wants and needs of students through regular research and insight.

31

year track record in student accommodation

New investment opportunities

We source opportunities for new acquisitions and developments in the strongest University markets to support the future growth of our business.

100%

of development pipeline in the strongest university cities

Robust and flexible balance sheet

We nurture strong relationships with our shareholders, co-investment partners and debt providers to ensure continued access to capital.

LOAN-TO-VALUE RATIO

31%

Partnerships with the strongest Universities

We partner with Universities to deliver their long-term accommodation strategies. Our Higher Education Engagement team work closely with Universities to identify new opportunities for University partnerships.

52%

of beds let under nomination agreements

HOW WE DO IT

We are differentiated by our operating platform, long-standing University partnerships, our development expertise and our values

Best-in-class operating platform

SERVE

We provide a 'Home for Success' for the students who live with us

PARTNER

We partner with leading UK Universities through nomination agreements

MANAGE

We manage two co-investment vehicles, USAF and LSAV, which provide recurring fee income and access to additional capital

IMPROVE

We drive superior rental growth and improve the environmental performance of our buildings through targeted refurbishments

Portfolio enhancement

RECYCLE

We dispose of assets to provide funding for new investment and improve portfolio quality

DEVELOP

We develop high-quality PBSA in the strongest University markets

ACQUIRE

We appraise and acquire single assets and portfolios which enhance portfolio quality

BUSINESS MODEL continued

THE VALUE WE CREATE

STUDENTS

Key issues

- Value-for-money
- Customer service
- Safety and welfare support

How we engaged

Our front-line property teams engage with students on a day-to-day basis, supplemented by peer-to-peer support provided by our Resident Ambassadors. We also engage with students using our MyUnite app and social media channels.

This is complemented by our customer research programme which includes surveys on specific issues, including student views on climate change.

Value creation in 2022

- Increased peer-to-peer support for students through our Resident Ambassador programme
- Supported the award of accommodation scholarships to 100 students through the Unite Foundation
- Re-launch of our Leapskills programme for school leavers in partnership with UCAS

Priorities for 2023

We remain focused on delivering a Home for Success for the students who live with us. In 2023, we are focused on improving the customer experience through a range of initiatives. This will include testing new design concepts for our bedrooms, kitchens and amenity spaces ahead of a roll-out in our new developments and refurbishment projects. We are also investing to upgrade our PRISM technology platform to deliver an improved end-to-end experience for students from the point of booking, through their time with us and ultimately when they leave.

OUR PEOPLE

Key issues

- Learning and development
- Diversity, equity and inclusion
- Health, safety and wellbeing

How we engaged

We held four sessions of our employee engagement forum, Culture Matters, during the year with attendance by Non-Executive Director, Ilaria del Beato. Feedback from our representatives has helped to inform the review of our people-related policies.

We hold regular 'Unite Live' sessions with our CEO and key senior leaders to provide business updates with the opportunity to ask questions.

We conduct regular employee engagement surveys with findings shared with our teams to help jointly develop action plans.

Value creation in 2022

- One off payment to help with cost-of-living pressures
- Launch of our Diversity, Equity, Belonging & Wellbeing strategy, We are US
- Launch of the Academy offering a personalised, tailored, learning experience for our teams
- Enhanced leave for non-birthing parents

Priorities for 2023

Our focus is to provide our employees with a great place to work.

In 2023 we will focus on delivering on our talent agenda by investing in our learning and development programmes through The Academy and continuing our focus on diversity, equity, inclusion and belonging.

UNIVERSITIES

Key issues

- Student welfare
- Operational performance
- Health and safety

How we engaged

Through our Higher Education Engagement team, we meet regularly with leaders across the UK University sector. We engage at various levels in institutions for discussions ranging from strategic planning to day-to-day operational requirements.

In addition, we engage actively in the wider Higher Education sector, presenting at conferences and contributing to Higher Education research.

Value creation in 2022

- Provided 37,000 beds to Universities for the 2022/23 academic year
- Delivered University partnership developments for University of Bristol and King's College London
- Publication of 'Living Black at University' report

Priorities for 2023

Supporting the growth ambitions of our University partners through nomination agreements and strategic partnerships.

To progress these objectives, we have increased the resource allocated to strategic engagement with Universities regarding their accommodation estates.

COMMUNITIES

Key issues

- Trust and transparency
- Land use
- Local investment and job creation

How we engaged

Our operational teams are active in their communities through our Company-wide volunteering programme.

We relaunched our Positive Impact programme in 2022, which includes awards for projects undertaken by employees aimed at delivering measurable benefits in their local communities.

We also engage actively with local stakeholders for our development projects to ensure the design of our buildings, public spaces and community facilities meet their needs.

Value creation in 2022

- Employment for 1,400 people in our local communities
- Invested £13 million in initiatives to reduce our environmental impact
- 124 hours of employee volunteering in the year

Priorities for 2023

We aim to increase community engagement through our Positive Impact programme, via new initiatives delivered by local teams in our properties.

In addition, we will continue to engage with local authorities and local communities around new development activity, such as our proposed development in Paddington, to explain how the community benefits from creating new, high-quality student accommodation.

SUPPLIERS

Key issues

- Quality
- Performance and efficiency
- Risk management

How we engaged

The business embarked on a procurement programme in 2022 which redesigned and centralised our procurement approach with an initial focus on estates, facilities management, and technology.

We continued to ensure our buildings meet existing and emerging safety regulations, including planned work for the remediation of cladding, where required.

Value creation in 2022

- Spent £275 million with suppliers across development activity, cladding remediation and refurbishments
- Higher quality service from suppliers, supporting improved NPS scores from customers
- Reduced risk through an enhanced supplier vetting process

Priorities for 2023

We will expand our new procurement approach across the wider business and progress the development of our new technology platform with partners.

We also plan to publish our Sustainable Construction Framework during the year, which will inform the way in which we procure net zero developments in the future.

INVESTORS

Key issues

- Financial performance
- Strategic direction
- Sustainability and risk management

How we engaged

We engaged regularly with investors around our financial results as well as through ad-hoc events, such as property tours, investor conferences and meetings.

Key themes for engagement during the year were our response to higher inflation and increased interest rates. These discussions informed our decision to reduce investment activity and delay some parts of our development pipeline.

We also sought feedback from investors ahead of our pilot build-to-rent (BTR) investment. Feedback was supportive on testing our capabilities in the BTR sector and we subsequently completed our debut BTR acquisition in October 2022.

Value creation in 2022

- Delivered 99% occupancy and rental growth of 3.5%
- 48% growth in adjusted EPS
- Total accounting return of 8.1%
- Full year dividend per share of 32.7p

Priorities for 2023

Delivering growth in EPS, through rental growth and resilience in operating margins, while ensuring a robust capital structure.

We aim to achieve this through a strong sales performance for 2023/24, ongoing cost discipline and management of interest rate risk.

See our **s172 statement** on **page 66**

WHY INVEST IN UNITE

SUSTAINABLE GROWTH

Sector leader in UK student accommodation delivering attractive returns

STRUCTURALLY GROWING SECTOR

Demographic growth

The UK's 18-year-old population is set to grow by 19% by 2030, supporting demand for an additional c.140k undergraduate places at current participation rates.

Rising Higher Education participation

2022/23 saw a record share of 18-year-olds applying to University, demonstrating young people's recognition of the opportunities and life experience that University provides. Demand for postgraduate courses also continues to grow, as reflected in a 37% increase in postgraduate intake over the past three years.

Growing international demand

The UK Government remains committed to the target of at least 600,000 international students studying in the UK each year with a particular focus on attracting more students from Africa, the Middle East and Asian countries outside of China.

18-year-old participation rate in 2022/23

37.5%

See pages 22–29 for more information

HIGH-QUALITY PORTFOLIO

Aligned to the strongest Universities

Our portfolio is increasingly focused on the UK's leading Universities, where we see the strongest prospects for student number growth, through our new investment activity and disciplined capital recycling.

Value-for-money

We offer students a hassle-free living experience, with support on hand when it is needed. Our pricing is inclusive of utilities, Wi-Fi, contents insurance and maintenance.

Investing to enhance our operational estate

There is a multi-year opportunity to enhance rents and reduce operational costs through investments in our customer proposition and the energy efficiency of our buildings.

Share of the rental portfolio by value in Russell Group cities

94%

See pages 62–69 for more information

BEST-IN-CLASS OPERATING PLATFORM

Over 60 University partnerships

We are the partner of choice for a large number of the UK's leading Universities, reflecting our track record, focus on student support and our high-quality, affordable products and services.

Passionate frontline teams

Service excellence is delivered by our passionate front-line team of 1,400 employees. This brings together our experience of over 30 years of operating in the student accommodation sector.

Sector-leading operating margins

We drive cost efficiencies through our scale using our PRISM technology platform. Management fees from joint ventures and funds also cover two-thirds of our annual overheads.

Number of beds let under nomination agreements for 2022/23

37,000

See pages 56–61 for more information

HIGH VISIBILITY OVER RETURNS

Targeting attractive total returns of 8.5–10% p.a.

Achieved through recurring earnings, rental growth and development profits.

Growing dividends

As a REIT, we target sustainable growth in dividends for our investors. We distribute 80% of our recurring earnings each year as dividends.

Sustainable rental growth

Underlying rental growth driven by student demand and contracted increases under our multi-year University nomination agreements, supported by ongoing investment into our estate.

Accretive development activity

Proven ability to drive earnings and development profits through our in-house development team. 5,000 bed secured pipeline focused on the strongest student markets.

Total accounting returns over the past 10 years

13.2% p.a.

See pages 70–73 for more information

SUBSTANTIAL GROWTH OPPORTUNITIES

Market share gains from HMO sector

Almost one million students live in houses of multiple occupancy, providing a significant opportunity.

Development of 1,500–2,000 beds per annum

Investment focused on the strongest 8–10 markets in the UK, with increasing opportunities in London and major regional cities.

New University partnerships

Opportunities for new developments on and off-campus as well as partnerships for the transfer of Universities' existing accommodation stock.

Emerging young professional market

Significant potential from expanding our platform to cater for the growing number of professional renters living in major student cities.

Full-time students living in University-owned accommodation or HMOs

1.8 million

See pages 20–26 for more information

LEADERSHIP IN SUSTAINABILITY

Net zero carbon

Becoming a net zero carbon business for both our operations and developments by 2030, based on SBTi-validated targets.

Energy-efficient homes

80% of our portfolio already achieves an EPC rating of A–C with asset-level plans to reach 100%.

1% of profits commitment

We have committed to donating 1% of annual profits to social initiatives aligned to our purpose of providing a Home for Success for students and widening participation in Higher Education.

Unite Foundation

Through our financial commitment, the charity we founded provides scholarships for estranged and care-experienced students throughout the course of their studies by addressing housing fragility.

Target reduction in Scope 1 and 2 carbon emissions by 2030

56%

See pages 34–55 for more information

CHIEF EXECUTIVE'S REVIEW

EARNINGS AHEAD OF PRE-PANDEMIC LEVELS

Supported by our best-in-class operating platform, people and portfolio

"Despite the challenging economic environment, the business remains well-positioned thanks to increasing student numbers and growing demand for high-quality, purpose-built student accommodation across our markets."

Richard Smith
Chief Executive Officer

Financial highlights[1]	2022	2021
Adjusted earnings	**£163.4m**	£110.1m
Adjusted EPS	**40.9p**	27.6p
IFRS profit before tax	**£358.0m**	£343.1m
IFRS basic EPS	**88.9p**	85.9p
Dividend per share	**32.7p**	22.1p
Adjusted EPS yield	**4.6%**	3.4%
Total accounting return	**8.1%**	10.2%
EPRA NTA per share	**927p**	882p
IFRS net assets per share	**945p**	880p
Loan to value	**31%**	29%

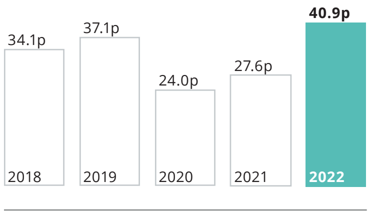
1. See glossary for definitions and note 7 for alternative performance measure calculations and reconciliations. A reconciliation of profit before tax to EPRA earnings and adjusted earnings is set out in note 7 of the financial statements.

The business has performed strongly in 2022, delivering an increase in earnings and dividends to above their pre-pandemic peak. This reflects the strength of our best-in-class operating platform, the commitment of our teams and the appeal of our affordable, well-located portfolio.

Earnings and dividend ahead of their pre-pandemic peak

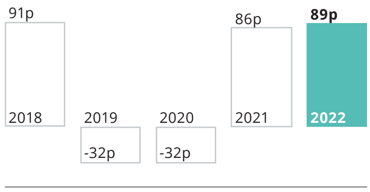
The business delivered a strong recovery in financial performance in 2022, with adjusted earnings of £163.4 million and adjusted EPS of 40.9p, both up 48% year-on-year. This reflects an increase in occupancy to 99% and rental growth of 3.5% for the 2022/23 academic year (2020/21: 94% and 2.3%, respectively). IFRS profit before tax of £358.0 million and EPS of 88.9p also reflects the valuation growth of our property portfolio during the year. We have proposed a final dividend of 21.7p which, if approved, makes 32.7p for the full year, representing a payout ratio of 80% of adjusted EPS, underlining our confidence in future business performance.

Total accounting returns for the year were 8.1%, underpinned by a 5% increase in EPRA NTA per share to 927p. Our LTV ratio increased to 31% during the year, reflecting the positive impact of rental growth in our property valuations and the increase in net debt to fund our investment activity. This provides the financial headroom to deliver our committed development pipeline and pursue new growth opportunities.



Adjusted earnings per share[1, 2] (p)

40.9p



IFRS basic earnings per share (p)

89p

Positive outlook for 2023/24

We see strong demand for student accommodation, which is reflected in our excellent progress with reservations for the 2023/24 academic year. Across the Group's entire property portfolio, 83% of rooms are now sold for the 2023/24 academic year, significantly ahead of the prior year as well as pre-pandemic levels (2022/23: 67%).

In our strongest markets, we have seen an increasing number of students looking to secure accommodation earlier in the sales cycle than previous years. This early customer interest reflects the appeal of our all-inclusive, fixed-price offer and lower availability in the houses in multiple occupation (HMO) sector as some landlords choose to leave the market in response to rising costs and increasing regulation. We have also seen increased demand from universities, following more cautious behaviour during the pandemic, who see quality accommodation as a key part of their proposition to prospective students.

As a result of this strong demand and the need to offset cost pressures in our business, we now expect to deliver rental growth of 6–7% for 2023/24 (previously at least 5%).

Value-for-money

We recognise the cost-of-living pressures faced by students and parents and are confident that our fixed price, all-inclusive offer will continue to provide value-for-money compared to alternative options in the purpose-built student accommodation (PBSA) and HMO sectors. Our pricing is comparable in cost to HMOs once bills are included. This is before allowing for the price certainty on utilities and additional product and service features that we provide, such as on-hand maintenance teams and 24/7 security, in locations close to campus.

Given increases in energy prices, we estimate that students living in HMO will pay over £900 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. These savings equate to around two weeks' rent, which we pass on to students through a single price, fixed at the time of booking, giving our customers certainty over their living costs.

We also recently launched our 'Financial Support to Stay' pilot in partnership with Aldi supermarket, which will see food vouchers distributed to students most in need of financial support, as decided by their university. This pilot scheme will collaborate with universities, including Liverpool John Moores University, Middlesex University, Birmingham City University and the University of Westminster.

Inflation protection

Like many businesses, inflation is creating cost pressures in parts of our operations and development supply chains. Yet, the business is well protected from these impacts through the inflation-hedging characteristics of our income and risk management through cost hedging.

Our rooms are either resold each year on a direct-let basis or repriced based on RPI, CPI or fixed rental inflators under our multi-year nomination agreements. The combination of these open market and contractual rental increases supports rental growth of 6–7% across our total portfolio for the 2023/24 academic year.

Our utility costs are fully hedged through 2023 and 65% for 2024, but costs are increasing as the benefit of cheaper hedges pre-dating the war in Ukraine expire. We are also seeing increased pressure on staffing costs for our frontline teams, driven by competition for staff in similar service sectors, as well as our commitment to being a Real Living Wage employer. We have honoured the 10% increase in the Real Living Wage for 2023 and provided an additional £500 in financial support to our frontline property teams during 2022 in recognition of the cost-of-living challenges facing our staff. These cost pressures have been partially mitigated by the restructuring of the Group's operational business during the first half of the year, which delivered an annualised £2 million saving in staff costs.

Despite these cost increases, we have delivered an improvement in our EBIT margin to 67.9% in 2022 (2021: 62.3%) thanks to our strong income performance. We are targeting further margin growth to 70% in 2023, driven by the increase in occupancy secured for the 2022/23 academic year and a positive outlook for rental growth for 2023/24.

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CHIEF EXECUTIVE'S REVIEW continued

HOME FOR SUCCESS

OUR STRATEGIC OBJECTIVES

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES	ATTRACTIVE RETURNS FOR SHAREHOLDERS	A RESPONSIBLE AND RESILIENT BUSINESS

Strategic overview

Our best-in-class operating platform provides us with strong foundations to adapt to evolving student needs and deliver an enhanced customer experience. There are also significant opportunities to invest in our well-located and affordable estate to drive rental growth and improve the environmental performance of our buildings.

Our strategy is focused on three key objectives, which will deliver value for our range of stakeholders:

- Delivering for our customers and universities
- Attractive returns for shareholders
- Being a responsible and resilient business

Delivering for our customers and universities

We have a best-in-class operating platform in the student accommodation sector, underpinned by our PRISM operating platform, passionate frontline teams and sector-leading student support. We introduced a new operating model during the year, meaning all our properties are now staffed 24/7, 365 days a year, so that students can access in-person support when they need it. We have also made various service enhancements, including further improvements to student support in collaboration with our Higher Education partners as well as digital upgrades to better enable our customers to self-serve the services they need. In addition, we are investing to upgrade PRISM over the next 12–18 months, which will deliver an improved customer experience alongside cost savings through greater efficiency.

The success of our customer initiatives is reflected in an increase in our Net Promoter Score to +38 for the class of 2022 (2021: +35). For those buildings where we delivered major refurbishments during the year, NPS scores improved by an average of more than 50 points. We have also seen a significant increase in our retention of direct-let customers for 2023/24 and have secured demand from universities for an additional 5,000 beds under nomination agreements compared to the same stage in the prior year.

Our long-term university relationships remain a key differentiator for Unite and a source of potential growth opportunities. This is reflected in over 60% of our development pipeline by cost being underpinned by university partnerships. For developments completing in 2022, 78% were let under nomination agreements for an average of nine years with the University of Bristol and King's College London.

We continue to evolve the customer offer in our properties to better appeal to the different customer segments who live with us. There is a significant opportunity to attract more non-first year students who have historically chosen to stay in the HMO sector given their desire for greater independence. We successfully extended our postgraduate trials in six buildings for the 2022/23 academic year and also deliberately tailored our three major refurbishments in Manchester to different segments: UK undergraduates, postgraduates and international students.

Attractive returns for shareholders

We achieved a return to full occupancy for the 2022/23 academic year, as market conditions normalised following the disruption of the previous two years during the Covid-19 pandemic. This supported rental growth of 3.5% for the 2022/23 academic year and an improvement in our EBIT margin to 67.9% (2021: 62.3%). We also delivered total accounting returns of 8.1% for the year, driven by our recurring earnings and the positive impact of rental growth on our property valuations (2021: 10.2%).

The quality, location and scale of our portfolio is key to delivering attractive, sustainable returns for our shareholders. During the year, we made disposals totalling £339 million (Unite share: £256 million) at a blended yield of 5.7% to enhance our overall portfolio quality and fund reinvestment into the improvement of our estate. These proactive sales have reduced our footprint from 25 to 23 markets and completes the disposals of non-strategic assets identified following our acquisition of Liberty Living in 2019.

The proceeds were partially redeployed to increase our investment in USAF, which increased our share of the fund's portfolio by £177 million at an effective acquisition yield of 5.1% and takes our ownership share to 28%. The Group also successfully delivered £275 million in developments and major asset management projects in the year at a blended yield of 6.2%. The schemes were delivered in line with budget and all are fully let for the 2022/23 academic year.

We are committed to four development projects, requiring £200 million in future capex and expected to deliver a yield on cost of 6.7%. We are also reviewing future development starts to ensure projects deliver earnings accretion in an environment of higher funding costs. However, given the strength of demand from students and universities, we expect to commit to further developments during 2023.

Q&A

with Karan Khanna Chief Customer Officer, Unite

Karan leads the operational and commercial functions for Unite, working with his team to enhance the student experience, deliver commercial performance and raise brand awareness. He joined the business in June 2021 from InterContinental Hotels Group, where he served as managing director for the UK and Ireland. Here, Karan explains some of the focus areas for the year.

Q: How has Unite delivered value for customers during the cost-of-living crisis?

A: Our costs are very competitive when compared to other forms of student accommodation. We offer a simple, fixed rent that includes utilities, Wi-Fi, maintenance, security, and insurance, so students have certainty on cost. Due to our scale, we purchase utilities on competitive terms, so we can also offer students significant savings on their bills.

Looking beyond costs, the value we offer to students is about the experience we create. We want to offer a home where they feel happy, secure, and able to be at their best. Our students – some of whom are away from home for the first time – may need support, so last year we moved to a 24/7 model – which means our trained team are there for students any time they need us.

Q: So, what investments have been made in supporting students' wellbeing?

A: We recognise the pressures facing today's students and have taken a number of actions to improve the wellbeing of students in our properties.

A new framework – Support to Stay – has been designed in partnership with universities to help students maximise their success despite any medical, physical or mental health difficulties they may be experiencing.

Student wellbeing is also a core focus for our front-line team members. Alongside a dedicated student support team, we also have a Resident Ambassador programme so students can provide peer-to-peer support to one another.

Right now, we know that financial wellness is top of mind for students. That's why we joined forces with financial planning experts, Blackbullion, to offer students practical tools to help them manage their money.

Q: Do you see student expectations evolving?

A: Definitely. Today's students have high expectations of their accommodation experience – they want more than just a room to sleep in.

Gen Z expects a seamless digital journey, and we connect with them throughout their time with us through our MyUnite app. Recent enhancements to the app include customer notifications, digital check-out, and also a dedicated space for student welfare.

We continue to invest in making our buildings great spaces for students to thrive. Last year this included two new properties and three major refurbishments, with the buildings benefiting from social spaces, karaoke rooms, cinema rooms and gyms.

Sustainability sits at the heart of all developments to ensure they remain fit for the future. This year's projects incorporated improved insulation, solar panels and air source heat pumps to reduce carbon emissions and improve their EPC ratings.

Q: Are you investing in your team and platform to create a better experience for students?

A: Yes, and this is a top priority for us. Last year saw the launch of The Academy, which delivers tailored learning experiences for all employees – especially focused on student safety and wellbeing.

Customer data shows that social connections matter greatly, so alongside a Higher Education partner we are also trialling how we can use data and technology to place students in flats with the people they will most likely get along with best.

Looking ahead, we are teaming up with an award-winning design agency to create the next generation accommodation experience which we will be rolling out shortly.

Q: Finally, what actions have you taken to keep buildings fire safe for students?

A: We were one of the first companies to take action to remove Aluminium Composite Material (ACM) cladding from our buildings and continue to survey our estate and undertake any necessary remedial work, putting the safety of our students at the heart of what we do.

We have a dedicated fire safety team of four people with extensive experience in risk management. But we recognise that educating students on fire safety also plays a part. That's why we hold an annual fire safety education week – which last year included live events hosted by the fire service.

For more about this project, go online to:
unitegroup.com/partnerships/insights

CHIEF EXECUTIVE'S REVIEW continued

Being a responsible and resilient business

Our sustainability strategy is focused on delivering a positive impact through our People and Places initiative. This is driven by the social contribution we make to the students who live with us, our employees and local communities as well as our progress in minimising our impact on the environment.

We continue to make progress towards our objective of becoming a net zero carbon business by 2030. During the year, we invested £13 million in energy initiatives to reduce consumption, save carbon and ensure ongoing compliance with regulations, up from £3 million in 2021. This contributed to a further improvement in the EPC ratings of our portfolio during the year, with 80% of the portfolio now A–C rated (2021: 57%).

We are committed to donating 1% of our annual adjusted earnings to social initiatives. These initiatives will be closely aligned to our purpose of providing a Home for Success for students and supporting wider participation in Higher Education. This includes the Unite Foundation, the charitable trust founded by Unite to provide free accommodation for care leavers and estranged students while at university. The Foundation marked its tenth anniversary this year and, to mark the milestone, Unite provided financial support for 100 new student scholarships for the 2022/23 academic year as well as home starter kits for over 200 additional students. Over 600 students have now benefited from scholarships during the Foundation's 10-year history.

Higher Education Policy

The Government concluded its consultation on Higher Education policy in 2022, which emphasised a focus on investing in the UK's world-class universities, enabling high-quality outcomes for graduates and making sure that Higher Education remains accessible to all. Going forwards, the Office for Students (OfS) will be responsible for monitoring minimum standards for Higher Education providers based on continuation and completion of courses as well as graduate progression. Application of these standards is in its early days and the OfS will initially work with providers to understand the context for any underperformance. We are confident that our strategic alignment to high- and mid-ranked universities positions us to successfully navigate any risks from restrictions on low-value courses.

International students contribute an estimated £29 billion to the UK economy each year and provide a vital source of funding for universities. However, international students and their impact on migration remains topical, with attention currently focused on the number of dependents coming to the UK with students. Given our product is focused on single-occupancy bedrooms, we see relatively limited risk in the event of more restrictive visa rules for dependents.

Opportunities for growth

The outlook for student accommodation remains positive, with structural factors continuing to drive a demand/supply imbalance for our product. Demographic growth will see the population of UK 18-year-olds increase by 140,000 (19%) by 2030. Application rates to university have also grown steadily over recent years, reflecting the value young adults place on a higher level of education and the life experience and opportunities it offers.

This backdrop creates significant opportunities to grow the business in the UK student accommodation sector through development and targeted acquisitions in our strongest markets and partnerships with universities.

The HMO sector, which provides homes to over one million students, is increasingly expensive due to rising mortgage costs for landlords and utility costs for tenants. We expect these cost pressures to only grow for private landlords given increasing regulation around the quality of homes and environmental performance standards through EPC certification. We expect this to further reduce the availability of private rented homes over time, increasing demand for the purpose-built, sustainable accommodation we provide.

We believe that there is also an exciting 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 already serve this market through the 9,000 postgraduate students who live with us each year. In September, we acquired a pilot build-to-rent (BTR) property in Stratford, East London for £71 million. The pilot offers the opportunity to test our operational capability in the sector and understand the potential synergies with our core student business through increased customer retention and cost efficiencies in areas such as maintenance and procurement. Early signs are positive, with new lettings and renewals achieving average rental uplifts of 11%. The property is set to be fully integrated into our operating platform from Q2 2023 and our initial review suggests we have the capabilities to operate effectively and efficiently in the BTR sector.

Positive Outlook

We are confident in the outlook for the business, which remains positive, reflecting the underlying strength of student demand, our alignment to high-quality universities and the capabilities of our best-in-class operating platform.

We have seen a strong start to the 2023/24 sales cycle, reflecting the appeal of our high-quality portfolio and fixed-price, all-inclusive offer, which provides students with significant savings and certainty on their bills. We now expect to deliver rental growth of 6–7% for the 2023/24 academic year, enabling us to offset cost pressures and improve our EBIT margin to 70% for 2023. Growing income also offers support to our property valuations as the market adjusts to an environment of higher funding costs. As a result, we expect to deliver 5–8% growth in adjusted EPS in 2023 and a total accounting return of 8–10% before the impact of property yield movements.

There remains a clear need for new high-quality, affordable student accommodation to support the growth of our university partners. We are exploring a variety of routes to fund new growth, while ensuring we maintain a robust and resilient balance sheet. Despite pressures from higher funding and operating costs, we remain confident in our ability to grow earnings and deliver attractive total accounting returns for shareholders.

Richard Smith
Chief Executive Officer
28 February 2023

Q&A

with Helene Murphy Group People Director, Unite

Helene became Group People Director in January 2021, with a renewed vision for the People function. Leading all aspects of the People strategy, Helene has brought her experience from international start-ups and multi-national organisations to Unite. Here, Helene shares more about Unite's ambition to deliver a Home for Success for our employees.

Q: As the cost-of-living crisis took hold, what did Unite do to support employees?

A: We are extremely conscious of the pressures that the cost-of-living crisis is having on our people – but especially the lowest paid in our business.

As the conversations around cost-of-living grew, we discussed the ways we could support our employees and introduced additional financial wellbeing measures such as educational webinars and new financial support providers. An additional one-off payment of £500 was also made to support our people.

We also announced our highest ever pay award, following a tiered approach by salary with 95% of our employees receiving 5% or more, and our lowest earners being awarded 10%, reaffirming our long-standing commitment to being a Real Living Wage employer.

Q: How do you ensure that employees grow and develop with the business?

A: In late 2022, we were proud to launch The Academy; a fresh approach to employee lifelong learning, delivering a combination of online learning, bitesize modules, and face-to-face learning for all.

Continuing to invest in our people, we launched bespoke Institute of Leadership and Management (ILM) programmes, supporting our leaders and managers to become focused, high-achieving, and knowledgeable leaders.

Q: What progress was made in Diversity, Equity, Inclusion and Belonging in 2022?

A: I am excited to have launched our first diversity, equity, inclusion and belonging (DEIB) and wellbeing strategy: We are US, which outlines our plan for the next three years.

Our employee forum, Culture Matters, has been integral in embedding our strategic vision. They have sponsored a more inclusive and equitable culture, and in 2022 the forum headed the reform of our family leave policies, promoting more inclusive language and first of its kind benefits for those who experience child-loss. We have bolstered our diverse talent pipelines through sponsorship of National Student Pride and programmes such as #10000BlackInterns, a charitable organisation which provides internships to students from Black heritage backgrounds – both under-represented groups in the labour market.

We also launched a new DEIB learning programme under The Academy, designed to give our employees the knowledge and skills they need to become more consciously inclusive.

Delivering a Home for Success is not just about looking inwardly at our employees and students, but also considering the impact we have on our stakeholders and wider communities. We have made important strides forward in DEIB and Wellbeing in 2022, and look forward to continuing this journey in 2023.

Q: Finally, how do you recognise employees for a job well done?

A: The Stars Awards is the hottest date on the Unite calendar, and I was really proud to host them this year. We recognised our colleagues who go above and beyond in categories such as teamwork, leadership, safety and wellbeing, allyship, and sustainability. The event showcased our commitment to our values, with feedback praising its inclusivity and the opportunity to engage with other teams.

For more about this project, go online to:
unitegroup.com/partnerships/insights

MARKET OVERVIEW

MARKET TRENDS

The outlook for our business is influenced by **structural trends** in Higher Education and student accommodation, which impact the size of our addressable market. **Cyclical factors** also have an impact on the economic conditions we face, the cost and availability of funding for the business and the level of investment in student accommodation. Together these factors influence our strategy and the long-term growth prospects of the Group.

STRUCTURAL TRENDS

Demand for purpose-built student accommodation is underpinned by a range of structural drivers, which support growth in student numbers for UK Higher Education.

GROWING DEMAND FOR HIGHER EDUCATION

Full-time student numbers in UK Higher Education have grown by 545,000 (32%) over the past 10 years, driven by a combination of rising participation rates and international growth.

Application rates to university by UK school leavers are now at their highest ever level, reflecting the value young adults place on a higher level of education and the life experience and opportunities it offers. International student numbers have also continued to grow thanks to increased demand from non-EU markets such as China and India, which has more than offset a reduction in EU student numbers post-Brexit.

Looking forward, we anticipate strong growth in student numbers over the next decade. This reflects significant demographic growth, which will see the population of UK 18-year-olds increase by 140,000 (19%) by 2030.

What it means for Unite

- Increased demand for purpose-built student accommodation from students and university partners
- Opportunities for new development in markets benefiting from the strongest growth in student numbers

SUPPORTIVE GOVERNMENT POLICY

UK Higher Education Policy recognises the global standing of the UK's universities which attract students from all over the world, conduct vital research, and generate enormous benefits for our economy and our society.

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 Higher Education sector. The Higher Education sector regulator, the Office for Students (OfS), is separately reviewing the quality of Higher Education provision and value-for-money for students and the taxpayer. This may lead to the introduction of minimum standards for Higher Education providers based on course completion rates and the share of students going on to employment or further study.

What it means for Unite

- Potential for stronger growth in student numbers for those universities and cities delivering highly-valued teaching, better employment prospects for graduates and high-quality research
- We are confident that our strategic alignment to high and mid-ranked universities positions us to successfully navigate future changes to the Government's Higher Education Policy

We expect supply of competing student accommodation to remain constrained given universities' desire to focus their investment on their academic estates and increasing regulation for private landlords.

UNIVERSITY OUTSOURCING

Universities recognise that high-quality student accommodation is a major differentiator in their ability to attract and retain students and will typically seek to guarantee accommodation for their domestic first year and international students. Universities own around 300,000 beds of their own accommodation but new investment tends to be prioritised towards their academic estate and investment in research capabilities. As a result, universities have relied on private owners of Purpose Built Student Accommodation (PBSA) to deliver new accommodation to support growing student numbers.

The Covid-19 pandemic has increased the operational and financial challenges faced by universities and there is a growing appetite for partnerships with leading operators of student accommodation.

What it means for Unite

- Demand for new, long-term nomination agreements with universities
- Opportunities for strategic university partnerships for on and off-campus development as well as the transfer of existing accommodation stock

FOCUS ON QUALITY, SUSTAINABLE HOUSING

The number of households living in the private rented sector in England and Wales has more than doubled over the past 20 years. As a result, Government Policy in the private rented sector is focused on ensuring that homes are of good quality and safe for tenants. The Government estimates that over a fifth of privately rented homes are in poor condition and launched a consultation in the second half of 2022 on whether minimum standards should be introduced in the sector.

The UK's commitment to achieve net zero carbon by 2050 will require significant reductions in energy use from domestic properties. This includes increasing Minimum Energy Efficiency Standards (MEES) which will require rental properties to achieve EPC ratings of at least C by 2027 and B by 2030.

What it means for Unite

- New regulation of the HMO sector may result in some private landlords seeking to exit the market, creating the opportunity for the PBSA sector to capture a growing share of students requiring accommodation
- Increasing likelihood of a 'green premium' or 'brown discount' for PBSA assets as sustainability considerations grow in importance for stakeholders
- The growing number of long-term renters in the UK supports the growth of the BTR sector. We believe there is an exciting opportunity to grow our platform in the living sector by catering to the growing number of young professionals living in major UK cities

MARKET OVERVIEW

MARKET TRENDS continued

CYCLICAL TRENDS

Economic and financial conditions have become more challenging over the past year. Demand for Higher Education and student accommodation has historically proven to be counter-cyclical and the business is well protected from rising costs through rental growth and its risk management approach.

ECONOMIC OUTLOOK

The UK saw a significant slowdown in economic activity during 2022 and is expected to enter a short technical recession during 2023. This reflects a combination of geo-political uncertainty created by the war in Ukraine, lower business confidence and declines in real household income as a result of rising inflation. Inflation is expected to moderate during 2023 as the impact of higher utility prices reduces.

Demand for Higher Education has historically proven to be non-cyclical with increased application rates for university during periods of economic weakness.

What it means for Unite

- Inflation has a positive impact on rental growth through the c.33% of our beds under nomination agreements with contractual uplifts linked to RPI or CPI. In addition, we have the opportunity to re-price our remaining beds on an annual basis
- We will monitor the impact of inflationary pressures on our student customers and their guarantors to ensure we continue to offer affordable, value-for-money accommodation
- We expect increases in operating costs and overheads in 2023, particularly around utility and staff costs, which we will mitigate through operational efficiencies and utilities hedging as well as higher income growth for the 2023/24 academic year

FUNDING CONDITIONS

In response to high inflation, central banks have significantly increased interest rates over the past year. Liquidity has also reduced in debt and equity capital markets resulting in above-average borrowing spreads for companies and limited capital raising activity.

We saw a slowdown in investment volumes for PBSA assets in the second half of 2022 given the more challenging funding environment for potential purchasers. Despite these short-term pressures, the PBSA sector's fundamentals are likely to continue to attract significant levels of institutional capital over the medium term.

Our portfolio currently yields 4.8%, which offers attractive returns given the positive outlook for rental growth.

What it means for Unite

- We anticipate an increase in our cost of debt from 3.4% in 2022 to 3.6% in 2023
- It is possible we will see a rise in valuation yields for PBSA in 2023, albeit any negative impact on property valuations will be offset by the strong outlook for rental growth
- We are reviewing our future investment plans to ensure investment activity delivers earnings accretion and attractive total accounting returns
- We expect attractive opportunities to emerge for new acquisitions and developments given the funding constraints faced by some PBSA owners and developers

However, the business is not immune to pressures created by inflation and higher interest rates.

COMPETING SUPPLY

There has been a steady slowdown in new supply of PBSA from a peak of 30,000-35,000 beds p.a. in 2017-2019 to only 19,000 beds delivered in 2022. This reflects delays to development deliveries resulting from the pandemic as well as tighter financial conditions for developers.

The stock of student housing in the HMO sector is also expected to reduce as a result of increasing regulation for private landlords. This includes increasing Minimum Energy Efficiency Standards (MEES) which will require rental properties to achieve EPC ratings of at least C by 2027 and B by 2030. This will result in additional costs for HMO landlords and may see many choose to exit the market, which we expect to be reflected in higher rents for students living in HMOs.

What it means for Unite

- Tight supply conditions and healthy student demand are supportive of strong occupancy for the 2023/24 academic year
- Lower supply and increasing costs in the HMO sector create an opportunity to retain more first year customers who might otherwise move into the HMO sector
- Reducing construction activity in the PBSA sector and wider economy is likely to result in a reduction in land pricing and construction costs over time
- Slowing development activity will create significant demand/supply imbalances in stronger markets, which increase the attractiveness of development activity

CONSTRUCTION COSTS

Strong construction market activity following the pandemic and energy-driven material price increases have driven high levels of recent build cost inflation, as reflected in the BCIS forecast for 7.9% UK price increases in 2022.

A recessionary environment in 2023 suggests that the market has peaked post-pandemic and is entering a new phase. Input cost prices for key materials such as concrete, steel and wood have fallen from their highs in the summer of 2022. Contractors also anticipate more competitive tendering for projects as the volume of new work reduces.

This is expected to contribute to build-cost inflation subsiding to lower levels in 2023 and 2024.

What it means for Unite

- Higher development costs for projects in our development pipeline, where we are yet to commit to fixed-price build contracts. This presents challenges for the viability of new development, particularly when combined with higher funding costs
- These challenges have caused us to delay the delivery of certain projects in our development pipeline while we seek to improve returns
- We are targeting higher returns on new development activity to reflect the higher funding cost environment, which will require a reduction in land values or build costs as well as potentially increased rents

OUR STRATEGIC OBJECTIVES

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES

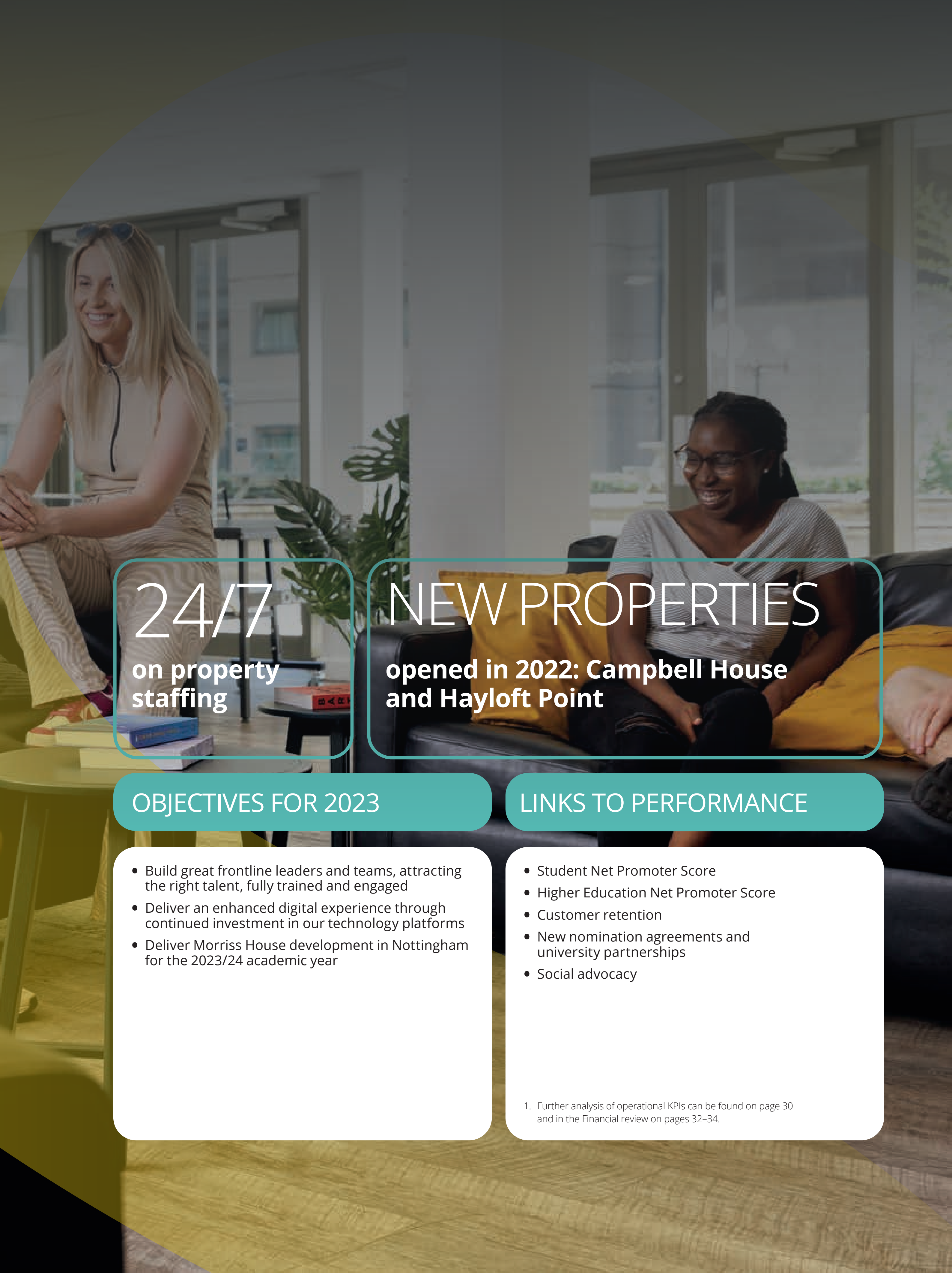
The key pillars of our strategy reflect our commitment to deliver long-term value for our range of stakeholders. This means providing a Home for Success for students and universities, delivering attractive returns for shareholders and ensuring we deliver a positive impact for the environment, our people and communities.

STRATEGIC FOCUS

- Delivering a best-in-class student experience
- Investment to enhance our physical estate
- Investment in our digital capabilities and technology platform
- Segmentation of our product and service

PROGRESS IN 2022

- Moved to new operating model with 24/7 on-property staffing
- Further improved student support developing a Higher Education-aligned framework
- Launched digital check-out, customer notifications MyPerks and student welfare self-serve via our app
- Opened two new properties, Campbell House and Hayloft Point, and fully refurbished three properties in Manchester
- Delivered enhancements in our Service and Emergency Contact Centre availability for students and guarantors



24/7

on property staffing

NEW PROPERTIES

opened in 2022: Campbell House and Hayloft Point

OBJECTIVES FOR 2023

- Build great frontline leaders and teams, attracting the right talent, fully trained and engaged
- Deliver an enhanced digital experience through continued investment in our technology platforms
- Deliver Morriss House development in Nottingham for the 2023/24 academic year

LINKS TO PERFORMANCE

- Student Net Promoter Score
- Higher Education Net Promoter Score
- Customer retention
- New nomination agreements and university partnerships
- Social advocacy

1. Further analysis of operational KPIs can be found on page 30 and in the Financial review on pages 32–34.

OUR STRATEGIC OBJECTIVES continued

ATTRACTIVE RETURNS FOR SHAREHOLDERS

99%

occupancy for the 2022/23 academic year

1,489 NEW BEDS

through development completions and refurbishments

STRATEGIC FOCUS

- Sustainable growth in earnings
- Delivery of attractive total accounting returns
- Increasing portfolio alignment to the strongest universities
- Sourcing new growth opportunities through development and university partnerships
- Disciplined capital management with new capital to pursue growth opportunities

PROGRESS IN 2022

- Achieved 99% occupancy and 3.5% rental growth for the 2022/23 academic year
- EBIT margin increased to 67.9%
- Delivered 1,489 new beds through development completions and refurbishments
- Secured planning approval for our Jubilee House development in Stratford
- £339 million (Unite share: £256 million) of disposals, increasing portfolio quality

OBJECTIVES FOR 2023

- Deliver new funding to support the Group's growth activities
- Improve returns on uncommitted schemes in the development pipeline
- Identify new investment opportunities through development and university partnerships
- Review investment activity into the estate and identify opportunities for accretive refurbishments

LINKS TO PERFORMANCE

- Earnings per share
- NTA per share
- Total accounting return
- Like-for-like rental growth
- Earnings before interest and taxes (EBIT) margin
- Loan-to-value (LTV)

1. Further analysis of operational KPIs can be found on page 30 and in the Financial review on pages 32–34.

OUR STRATEGIC OBJECTIVES continued

CREATING A RESPONSIBLE AND RESILIENT BUSINESS

STRATEGIC FOCUS

- Becoming net zero carbon across our operations and developments by 2030
- Ensuring compliance with future EPC regulations
- Supporting wider access to Higher Education through the Unite Foundation and the Leapskills programme
- Providing opportunities for people to develop and grow
- Increasing the diversity of our leadership teams
- Maintaining our proactive approach to fire safety

PROGRESS IN 2022

- Delivered energy-efficient capital projects representing over £13 million in total investment
- Increased the proportion of buildings achieving A-C EPC ratings from 57% to 80%
- Created The Academy to give tailored learning experiences for all our employees
- Launched our Diversity, Equity, Inclusion, Belonging and Wellbeing strategy
- Introduction of enhanced family leave policies
- Increasing diversity within our leadership team
- Completed fire safety works for the replacement of HPL cladding on 6 high-rise properties

80%

of buildings achieving A-C EPC ratings

THE ACADEMY

was created to give tailored learning experiences for all our employees

OBJECTIVES FOR 2023

- Enhance the Group's reputation with key stakeholders
- Deliver lasting improvements in environmental performance through capital projects and student engagement
- Increase engagement and ownership by employees around sustainability objectives
- Continue to progress fire safety improvement projects

LINKS TO PERFORMANCE

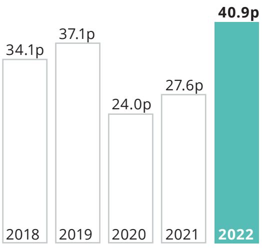
- Carbon emissions
- Energy and water intensity
- EPC ratings
- Employee engagement
- Investment in social initiatives
- Gender and ethnic diversity
- Unite Foundation scholarships
- Global Real Estate Sustainability Benchmark (GRESB) rating
- Number of reportable accidents

1. Further analysis of operational KPIs can be found on page 30 and in the Financial review on pages 32–34.

KEY PERFORMANCE INDICATORS

The business delivered a strong performance in 2022

FINANCIAL KPIs



Adjusted earnings per share[1] (p)

40.9p

Link to remuneration

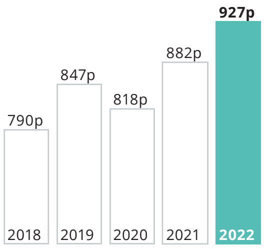
Bonus and LTIP

Measure

Adjusted earnings measures the level of profit delivered by operating activities, on a per share basis.

Performance in 2022

The business delivered a strong operational performance in 2022, with adjusted earnings of 40.9p, up 48% year-on-year, surpassing their pre-pandemic level. This reflects an increase in occupancy to 99% and rental growth of 3.5% for the 2022/23 academic year.



EPRA NTA per share[2] (p)

927p

Link to remuneration

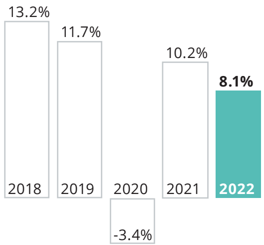
Bonus and LTIP

Measure

EPRA NTA per share measures the market value of rental properties and developments, less any debt used to fund them, and working capital in the business.

Performance in 2022

The NTA increase has been driven by an increase in the value of the Group's property portfolio (largely due to rental growth), development surpluses and retained profits.



Total accounting return (%)

8.1%

Link to remuneration

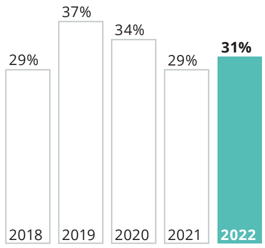
Bonus and LTIP

Measure

Total accounting return measures the growth in EPRA NTA per share plus dividends paid, as a percentage of opening EPRA NTA per share.

Performance in 2022

Growth in EPRA NTA was the key component of the total accounting return delivered in the year, alongside dividends paid of 26.6p.



Loan-to-value ratio (%)

31%

Link to remuneration

Bonus

Measure

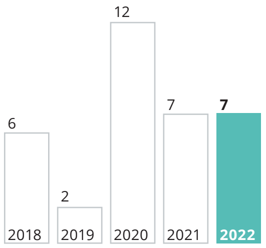
Loan-to-value measures net debt as a proportion of the value of our rental properties and developments, on a Unite share basis.

Performance in 2022

The increase in LTV during the year was primarily driven by expenditure on our development pipeline, the acquisition of units in USAF and capital expenditure on our rental properties, which more than offset the impact of disposals and property valuation increases during the year.

1. The financial statements are prepared in accordance with International Financial Reporting Standards (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 are based on the European Public Real Estate Association (EPRA) best practice recommendations. 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 and note 8 for calculations and reconciliations.
2. 2018 based on EPRA NAV as previously reported.

OPERATIONAL KPIs



Safety (Number of accidents)

7

Link to remuneration

Taken into consideration

Measure

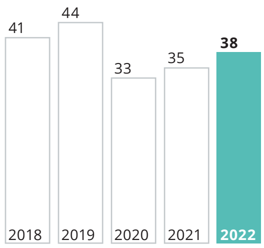
The number of RIDDOR reportable accidents in our health and operations each year acts as an indicator of our health and safety management.

Performance in 2022

There were seven reportable incidents in 2022. Four reports comprised of incidents or accidents that resulted in our employees being absent from work for over seven days. There were no significant trends in terms of causation.

Priorities going forward

Our focus for 2023 will be improving our safety culture, colleague engagement and competence. We will ensure our people have the tools they need to work effectively while continuing to review our health and safety training courses, alongside our learning and development team.



Customer satisfaction

38

Link to remuneration

Bonus

Measure

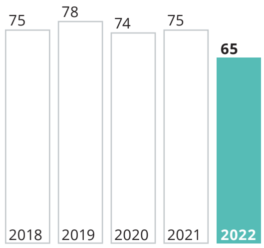
Customer Net Promoter Score (NPS) provides a commercially relevant customer experience measure, based on an annual externally provided survey.

Performance in 2022

The Net Promoter Score for our 2022 student arrival check-in was 38, a 3 point improvement year-on-year, after adjusting for properties that were non comparable due to cladding remediation works. An improvement in the score followed the launch of our new operating model and further training being delivered in our Class of 22 programme, to give our teams the tools for a service excellence experience.

Priorities going forward

With the business embedding the new operating model and continued investment in training frontline teams, further improvement in NPS is anticipated.



Employee engagement

65

Link to remuneration

Bonus

Measure

Independent, anonymous surveys are undertaken by an external provider amongst our employees to gain regular and insightful feedback on how they feel and how we can continue to improve.

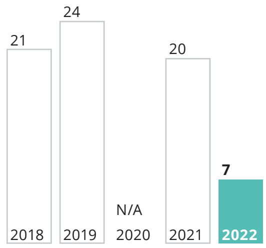
Performance in 2022

Employee engagement for 2022 was 65, a 10 point reduction year-on-year. 2022 was a challenging year for our people, in part due to cost-of-living pressures, but also as a result of implementing our new operating model and above average employee turnover.

Priorities going forward

Providing training sessions and supporting toolkits to line managers, enabling them to take appropriate and meaningful action for their teams.

Bi-annual surveys will be undertaken, supplemented by a number of other engagement channels including Unite Live, Senior Manager Briefings and Class of 23 events.



Higher Education trust

7

Link to remuneration

Bonus

Measure

HE Net Promoter Score (NPS) provides a measure of how we have met the needs of our Higher Education partners and their perception of Unite.

Performance in 2022

The Net Promoter Score for 2022 was 7, a 13 point reduction year-on-year. 2022 was a year of transition for the relationship management approach with universities as we implemented changes to our operational structures at city level. Our partners still commented positively on Unite's response and sector leadership during the pandemic and the organisation's ability to react in support of students and wider stakeholders.

Priorities going forward

With new leaders in place, we are committed to building back our strong working relationships with Universities.

FINANCIAL REVIEW

IMPROVED OCCUPANCY FOR 2022/23

"We delivered a strong financial performance in 2022 with earnings and dividends surpassing their pre-pandemic level driven by a return to full occupancy, improving rental growth and investment into our estate."

Joe Lister
Chief Financial Officer

OPERATIONS REVIEW

We achieved occupancy of 99% across our total portfolio for the 2022/23 academic year (2021/22: 94%, 2020/21: 88%), reflecting strong student demand and significantly less disruption from the Covid-19 pandemic than the previous two academic years.

Undergraduate student intake for 2022/23 was flat at 563,000 (2021/22: 562,000), although significantly up from the last pre-pandemic year in 2019/20 (541,000), as universities adjusted their offer making after two years of teacher assessed grades. We saw the highest ever admissions for UK students and non-EU students, up 1% and 15% from the previous year. However, this was offset by the continued reduction in EU student numbers following Brexit and the loss of home fee status for students from the EU.

The recovery to pre-pandemic occupancy levels for the 2022/23 academic year was helped by the return to examinations for UK school leavers, which led to a more normal distribution of grades and therefore students between universities. The normalisation of travel conditions during 2022 has allowed international students to return to studying in the UK despite some localised travel restrictions in China.

Occupancy by type and domicile by academic year

		Direct let				
	Nominations	UK	China	EU	Non-EU	Total
2019/20	57%	16%	15%	4%	6%	98%
2020/21	53%	16%	11%	4%	4%	88%
2021/22	51%	21%	13%	3%	6%	94%
2022/23	**52%**	**24%**	**14%**	**2%**	**7%**	**99%**

Strong rental growth

Annual rents increased by 3.5% on a like-for-like basis for 2022/23 (2021/22: 2.3%), reflecting average increases of 4.0% through nomination agreements and 3.1% average increases in direct-let rents. On a like-for-like basis, for beds sold in both 2021/22 and 2022/23, rental growth was 4.5%. Occupancy was broadly consistent across our wholly-owned portfolio, USAF and LSAV.

We started the 2022/23 sales cycle cautiously in late 2021, with the Omicron variant and 'Plan B' Covid-19 restrictions in place, and initially prioritised securing occupancy over rental growth. During the second half of the sales cycle, we saw the pace and pricing of lettings strengthen as concerns around the Omicron variant eased and associated restrictions were gradually lifted.

2022/23 rental growth and occupancy	Rental growth[1]	Occupancy[2]
Nomination agreements	4.0%	
Direct-let	3.1%	
Total	**3.5%**	**99%**

1. Like-for-like properties based on annual value of core student tenancies.
2. Beds sold.

We have maintained a high proportion of income let to universities, with 36,611 beds sold (52% of total) for 2022/23 under nomination agreements (2021/22: 37,359 and 51%). The slight increase in the percentage of beds under nomination agreements reflects greater confidence from universities, as demand for accommodation has normalised following the pandemic and the disposal of a number of primarily direct-let properties during 2022.

The unexpired term of our nomination agreements is 6.3 years, slightly down from 6.7 years in 2021/22. A balance of nomination agreements and direct-let beds provides the benefit of having income secured by universities, as well as the ability to offer rooms to rebookers and postgraduates and determine market pricing on an annual basis. We expect to maintain nomination agreements at around 50–55% of beds going forward.

63% of our nomination agreements, by income, are multi-year and therefore benefit from annual fixed or inflation-linked uplifts based on RPI or CPI. The remaining agreements are single year, and we achieved a renewal rate of 75% on these agreements for 2022/23 (2021/22: 74%). Together, nomination agreements delivered rental uplifts of 4.0% for 2022/23 and are expected to support overall rental growth of 6–7% for 2023/24.

Agreement length	Beds 2022/23	% Income 2022/23
Single year	14,210	39%
2–5 years	9,107	27%
6–10 years	5,491	14%
11–20 years	6,003	15%
20+ years	1,800	5%
Total	**36,611**	**100%**

UK students account for 72% of our customers for 2022/23 (2021/22: 70%), making up a large proportion of the beds under nomination agreements with universities. This represents a significant increase in our weighting to UK students, which stood at only 60% immediately prior to the pandemic, and reflects our success in attracting students from the HMO sector. In addition, 25% and 3% of our customers come from non-EU and EU countries respectively (2021/22: 25% and 5%), reflecting the relative appeal of our all-inclusive, hassle-free product when compared with alternatives in the private-rented sector.

Postgraduates continue to make up around 25% of our direct-let customer base and rebookers accounted for 23% of our direct-let bookings for the 2022/23 academic year (2021/22: 20%), reflecting the proactive retention campaign in our properties. The growing share of postgraduate and non-first year undergraduate students in our properties supports our strategy of increasing segmentation of our customer offer.

Positive outlook for 2023/24

Applications data for the 2023/24 academic year is encouraging, with total applications down 2% on 2022/23 but still 5% ahead of pre-pandemic levels. We continue to see strongest demand for the high- and mid-tariff universities to which we align our portfolio. Application rates remain strong for UK 18-year-olds at 41.5% and there continues to be significant unmet demand for university places, as demonstrated by the nearly 200,000 unplaced students in 2022/23. Applications from international students are 3% higher for 2023/24, with 4% growth from non-EU markets more than offsetting a 2% reduction in EU applicants.

Demand for the Group's accommodation has continued to be strong through the sales cycle to date. Across the Group's entire property portfolio 83% of rooms are now sold for the 2023/24 academic year, significantly ahead of the prior year and pre-pandemic levels (2022/23: 67%). We have seen increased early demand from universities who see quality accommodation as a key part of their proposition to prospective students. Current reservations under nomination agreements account for 54% of available beds for 2023/24, up 6 percentage points versus the same stage in the 2022/23 sales cycle.

In our strongest markets, we have also seen an increasing number of students looking to secure accommodation earlier in the sales cycle than previous years and a significant increase in the level of rebookers who now make up 28% of direct-let reservations (2022/23: 23%). This is supportive of our guidance for full occupancy and rental growth of 6–7% for the 2023/24 academic year.

FINANCIAL REVIEW continued

OPERATIONS REVIEW continued

Operating costs

The war in Ukraine and other macro-economic factors contributed to inflationary cost pressures during the year. We are partially protected but not immune from the effects of inflation on our cost base, thanks to our hedging policies and proactive steps to deliver efficiencies through technology and a review of our operating model. Inflationary pressures, combined with higher marginal costs from increased occupancy, resulted in a 9% increase in property operating costs during 2022.

Staff costs increased by £1.2 million due to underlying wage increases and the cost-of-living payment made to employees, partially offset by savings following the implementation of our new 24/7 operating model during the year. Our new operating model was implemented in July, with all properties now staffed 24/7 so that students can access in-person support when they need it. Each property now has a general manager, responsible for all aspects of safety, performance and student experience in their property.

We hedge our utility costs in advance of letting rooms, providing visibility over our cost base at the point of sale. This policy helped limit utility cost increases to 4% or £0.9 million during the year. Our utility costs are fully hedged through 2023 and 65% for 2024.

Summer cleaning costs increased by £1.8 million as we returned to a full summer lettings cycle, which delivered incremental income of £10.3 million. Around 15% of the incremental summer income and costs were attributable to the Commonwealth Games in Birmingham where we provided accommodation to support services, including the police. Reflecting the increased summer activity and overall occupancy, marketing costs increased by £0.9 million during the year.

Central and other costs increased by £3.0 million due to inflationary cost increases in respect of buildings insurance, reactive maintenance, broadband and council tax/HMO licences, as well as targeted investment in learning and development to support our new operating model.

Property operating expenses breakdown	2022 £m	2021 £m	Change
Staff costs	**(29.6)**	(28.4)	5%
Utilities	**(22.8)**	(21.9)	4%
Summer cleaning	**(5.1)**	(3.3)	55%
Marketing	**(6.7)**	(5.8)	16%
Central costs	**(11.3)**	(9.7)	15%
Other	**(23.2)**	(21.8)	7%
Property operating expenses	**(98.7)**	**(90.9)**	**9%**

PROPERTY REVIEW

Our property portfolio saw a 4.4% increase in valuations on a like-for-like basis during the year (Unite share: 4.0%), driven principally by rental growth. The see-through net initial yield of the portfolio was 4.7% at 31 December 2022 (December 2021: 4.9%). After disposals and new openings, this reflects like-for-like yield compression of 2 basis points in the year. LSAV reported the largest valuation growth (+5.6%) within the Group, reflecting the strength of rental growth from its predominantly London-based portfolio.

Breakdown of like-for-like capital growth[1]

£m	Valuation 31 Dec 2022	Rental growth	Yield movement	Other[2]	Total
Wholly-owned	**3,623**	111	(6)	1	106
LSAV	**1,921**	101	(4)	5	102
USAF	**2,888**	117	29	(19)	127
Total (Gross)	**8,432**	**329**	**19**	**(13)**	**335**
Total (Unite share)	**5,397**				**185**

% capital growth	Rental growth	Yield movement	Other[2]	Total
Wholly-owned	3.6%	(0.2)%	0.0%	3.4%
LSAV	5.6%	(0.2)%	0.2%	5.6%
USAF	4.2%	1.1%	(0.7)%	4.6%
Total (Gross)	**4.3%**	**0.3%**	**(0.2)%**	**4.4%**
Total (Unite share)				**4.0%**

1. Excludes leased properties and losses on disposals.
2. Other includes changes to operating cost assumptions and income adjustments on reversionary assets.

The proportion of the property portfolio that is income generating is 96% by value, up from 94% at 31 December 2021. Properties under development have decreased to 4% of our property portfolio by value (31 December 2021: 6%), following the completion of our developments at Hayloft Point in London and Campbell House in Bristol during the year.

The PBSA investment portfolio is 40% weighted to London by value on a Unite share basis, which is expected to rise to 45% on a built-out basis following completion of our secured development pipeline.

FINANCIAL REVIEW continued

PROPERTY REVIEW continued

Development and university partnership activity

The combination of growing student demand, slowing supply of new purpose-built student accommodation and a shrinking HMO sector creates significant opportunities for new development. There is widespread acknowledgement from universities and local authorities of the need for new student accommodation to relieve pressure on housing supply. As a result, the current market environment offers the strongest opportunity for new development in recent years.

Our current development pipeline includes 4,863 beds, with a total development cost of £850 million, of which 2,239 beds or 63% by development cost will be delivered in central London.

We reviewed our development activity during the year in light of interest rate increases and higher build cost inflation. We have deferred starts on some developments, enabling us to improve returns through reductions in land prices in some cases and greater certainty over build costs. The improvement in funding markets in recent months also supports greater earnings accretion from our pipeline.

Reflecting this improved outlook, we have recently committed to complete our Lower Parliament Street and Abbey Lane schemes in time for the 2025/26 academic year. We are now committed to four development schemes, totalling 2,123 beds and £339 million in total development costs. The £200 million of costs to complete these projects is fully funded from the Group's cash and available credit facilities, which totalled £397 million at 31 December 2022.

We also expect to commit to further development activity during 2023 through a combination of schemes in our secured pipeline and new opportunities at attractive returns.

Completed schemes

During the year, we completed our developments of Hayloft Point and Campbell House, together comprising 1,351 beds at a cost of £229 million and a development yield of 6.0%. Both schemes are fully let for the 2022/23 academic year. Campbell House is fully let to the University of Bristol under a 15-year nomination agreement and two-thirds of the total beds at Hayloft Point are let to King's College London under a 5-year nomination agreement. Both schemes have achieved BREEAM Excellent ratings and EPC A ratings and are fully electric, with no gas reliance, supporting our commitment to net zero carbon by 2030.

Committed schemes

The Group is committed to four development schemes: Derby Road and Lower Parliament Street in Nottingham, Abbey Lane in Edinburgh and Jubilee House in Stratford. The schemes have a total development cost of £339 million, delivering a blended yield on cost of 7.0% for the PBSA elements.

Our £60 million Derby Road development, offering 705 new beds, will complete for the 2023/24 academic year and is located adjacent to the University of Nottingham campus. We are trialling an enhanced design for the common areas, which we expect to improve customer experience and our ability to offer a Home for Success.

In January 2022, we added Lower Parliament Street, a 271-bed direct-let scheme in Nottingham city centre, to our pipeline. We expect to deliver the fully-consented scheme for the 2025/26 academic year.

At Abbey Lane in Edinburgh, we are planning to deliver a segmented development offering 298 beds in cluster-flats as well as 66 two- and three-bed clusters in a separate block. These smaller flats will be available for postgraduate students, university staff and other young professionals. We are targeting completion for the 2025/26 academic year.

In December 2022, the Group acquired the land for our Jubilee House scheme for £73 million. The student accommodation element of the fully-consented scheme is expected to be delivered in time for the 2026/27 academic year, with construction due to start in the second quarter of 2023. The development will be delivered as a university partnership, with over half of the beds let under a nomination agreement. The mixed-use scheme will also deliver 65,000 square feet of academic space, let for an initial 35-year term to the Secretary of State for Levelling Up, Housing and Communities.

Secured pipeline

The remaining 2,740 beds in our secured pipeline are uncommitted schemes with negligible future capital commitments. We are reviewing the expected returns from these schemes, and will commit to them only where there is a meaningful spread between development yields and funding costs to adequately compensate for the risk of new development. Where planning has not been secured, we have been working with land vendors and our contractors to re-visit development costs to improve returns in response to higher funding costs. Given positive progress with this activity, we expect to commit to further schemes at attractive returns during the course of 2023.

New development opportunities

In addition to our uncommitted pipeline, we continue to progress a number of further development opportunities in London and prime regional markets at attractive returns.

Reflecting increased funding costs, we are seeking higher prospective returns on new direct-let schemes at around 7.5–8.0% in provincial markets and 6.5–7.0% in London. 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. For new schemes, increasing rental growth in our strongest markets is supporting development viability. We also expect moderating build-cost inflation and the opportunity to renegotiate land prices to further enhance returns.

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. Universities increasingly view the availability of high-quality and affordable accommodation as a barrier to their recruitment and an important factor for students when considering where to study. Reflecting the financial and operational constraints faced by universities, there is a growing appetite for strategic partnerships to address this need.

We have agreed to provide a temporary college for Durham University at our 348-bed Rushford Court site in Durham, while an existing college is redeveloped by the university. Subject to planning, there will be additional welfare and common areas to support college living. Following completion of the redevelopment works at Hild Bede college, it is expected that Rushford Court will become Durham's eighteenth college for a 30-year period, further strengthening our partnership with the university.

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 Higher Education provider. Our two Bristol schemes will be delivered as partnerships with the university, building on our existing city-wide agreement with the university, and helping to address an acute shortage of student accommodation in Bristol.

In addition, we are in active discussions with a range of high-quality universities for new partnerships which we are looking to progress over the next 12–18 months. These include discussions around stock transfer and refurbishment of existing university accommodation as well as new development both on- and off-campus. Our existing university relationships through nomination agreements, best-in-class operating platform and development capability, as well as access to capital, provides us with a unique opportunity to deepen these partnerships.

FINANCIAL REVIEW continued

PROPERTY REVIEW continued

Secured development and partnerships pipeline

£m	Type[1]	Target delivery	Secured beds/units No.	Total completed value £m	Total development costs £m	Capex in period £m	Capex remaining £m	Forecast NTA remaining £m	Forecast yield on cost %
Committed development									
Derby Road, Nottingham	DL	2023	705	88	60	28	18	14	8.2%
Lower Parliament Street, Nottingham	DL	2025	271	44	36	8	28	9	7.3%
Abbey Lane, Edinburgh	DL	2025	431	73	51	8	40	19	7.0%
Jubilee House, East London[3]	UPT	2026	716	237	192	78	114	39	6.1%
Total Committed			**2,123**	**442**	**339**	**122**	**200**	**81**	**6.7%**
Uncommitted development									
Temple Quarter, Bristol	UPT	2025	595		85	19	63		7.3%
Freestone Island, Bristol[2]	UPT	2026	622		79	1	78		7.0%
Meridian Square, East London[2]	UPT	2027	951		194	3	191		6.4%
TP Paddington, London[2]	UPT	2027	572		153	2	147		6.3%
Total Uncommitted			**2,740**		**511**	**25**	**479**		**6.6%**
Total pipeline			**4,863**		**850**	**147**	**679**		**6.7%**

1. Direct-let (DL), University partnership (UPT).
2. Subject to obtaining planning consent.
3. Yield on cost assumes sale of academic space for c.£65 million.

Asset management

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

In September, we completed three asset management schemes in Manchester. Investment across the three projects totalled £46 million in aggregate and delivered a 7% yield on cost. The projects delivered new accommodation, refurbished existing rooms and enhanced the environmental performance of the properties. The upgraded assets are fully let for the 2022/23 academic year and support our segmentation strategy, with the three buildings targeted at different market segments according to their designs.

We have a pipeline of further asset management opportunities which support £35–50 million p.a. of future investment activity (Unite share).

Disposals

We continue to manage the quality of the portfolio and our balance sheet leverage by recycling capital through disposals. During the year, the Group completed £339 million of disposals (Unite share: £256 million) at a blended 5.7% yield, which completed the disposal programme set out at the time of our acquisition of Liberty Living in 2019. The disposals saw the Group exit less attractive markets in Reading and Bedford and certain smaller, less operationally efficient assets. The disposals were priced in line with prevailing book value after deductions for associated transaction costs and required fire safety works.

We will continue to recycle capital from disposals to maintain LTV around our 30–35% target range. The level of planned disposals will adjust to reflect capital requirements for our development and asset management activity as well as market pricing.

Acquisitions

During the first half of the year, Unite increased its investment in USAF with the acquisition of £141 million of units through participation in an equity raise and the acquisition of existing units in the secondary market, increasing our stake to 28.2% (31 December 2021: 22.0%). This investment equated to an increase in Unite's see-through GAV of £177 million at an effective property yield of 5.1%, supporting the earnings growth delivered during the year.

We continue to review potential acquisition opportunities alongside our other uses of capital. We are focused on opportunities in our strongest markets aligned to high-quality universities, where we see the ability to deliver attractive and sustainable rental growth over the long term.

Build-to-rent

In October, the Group acquired 180 Stratford, a 178-unit (319 bed) purpose build-to-rent (BTR) asset in Stratford, East London for £71 million. The acquisition will enable the Group to test its operational capability to extend its accommodation offer to young professionals and retain them as customers as they move on to the next stage in their lives. The property adds to the Group's significant existing presence in the Stratford market, where Unite already operates 1,700 student beds and has two further student developments in its secured pipeline. The acquisition of 180 Stratford will increase Unite's scale in the Stratford market to around 3,700 beds.

Since acquiring the asset, we have begun transferring operational management onto our platform and have significantly advanced our understanding of BTR operations. There are opportunities to leverage our existing operating platform to deliver cost efficiencies and use our BTR product to retain student customers seeking a more independent living experience. Rental growth to date has been significantly ahead of our acquisition assumptions, with new lettings and renewals 11% above previous rental levels. We plan to complete a rolling refurbishment of the building, including new common space and the creation of new units during 2023 and 2024, which will provide further rental upside.

We do not expect to increase our capital commitment to BTR in the short term. Instead, we are considering opportunities to increase the scale of our BTR operations through co-investment with institutional investors, where Unite would act as asset manager. Subject to identifying suitable opportunities, such a structure would enhance returns for the Group while limiting capital requirements as we develop our understanding of the opportunity in the BTR sector.

Fire safety

The Government has proposed a Building Safety Bill, covering building standards, which is likely to result in more stringent fire safety regulations. Fire safety remains a critical part of our health and safety strategy, and we have a proven track record of leading the sector on fire safety standards through our proactive approach. Our buildings are all safe to operate and we will continue to make future investments in fire safety, as required, to comply with Government regulations.

We have identified 37 properties with High-Pressure Laminate (HPL) cladding, or requiring other fire safety improvements across our estate. We have completed the remediation works for 10 properties (six of which completed during the year) and are currently carrying out the remaining replacement works with activity prioritised according to our risk assessments. We spent £50.5 million (Unite share: £19.4 million) on fire safety capex during the year and have made a further provision for £71.8 million (Unite share: £28.2 million) of future remediation works. At the year-end, the total outstanding provision for cladding remediation works was £113.3 million (Unite Share: £59.2 million), the costs for which will be incurred over the next two years.

We are seeking to mitigate the costs of cladding replacement through claims from contractors under build contracts, where appropriate. We have already recovered £28 million (Unite share: £20 million) through successful claims and ultimately expect to recover 50–75% of total replacement costs over time. This is not reflected in our balance sheet due to uncertainty over the timing of any recoveries.

FINANCIAL REVIEW continued

FINANCIAL PERFORMANCE

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 2022, with adjusted earnings increasing by 48% to £163.4 million (2021: £110.1 million), reflecting an increase in rental income and broadly stable costs, including interest, when compared to the prior year. Adjusted EPS also increased by 48% to 40.9p (2021: 27.6p).

	2022 £m	2021 £m
Rental income	**339.7**	282.7
Property operating expenses	**(98.7)**	(90.9)
Net operating income (NOI)	**241.0**	**191.8**
NOI margin	***70.9%***	*67.8%*
Management fees	**17.4**	15.9
Overheads	**(27.7)**	(31.5)
Finance costs	**(63.0)**	(63.3)
Development and other costs	**(5.8)**	(2.8)
LSAV performance fee	**–**	41.9
EPRA earnings	**161.9**	**152.0**
LSAV performance fee	**–**	(41.9)
Abortive acquisition costs	**1.5**	–
Adjusted earnings	**163.4**	**110.1**
Adjusted EPS	**40.9p**	**27.6p**
EPRA EPS	**40.5p**	**38.1p**
EBIT margin	***67.9%***	*62.3%*

A reconciliation of profit after tax to EPRA earnings and adjusted earnings is set out in note 2.2b of the financial statements.

Sales, rental growth and profitability

Rental income increased by £57.0 million to £339.7 million, up 20%, as a result of higher occupancy, rental growth and the removal of pandemic-related restrictions and rental discounts. Like-for-like rental income, excluding the impact of acquisitions, disposals and development completions, increased by 23% during the year.

This exceeded the 14% increase in operating expenses for like-for-like properties, primarily driven by increased utility costs as a result of higher occupancy, increased staff costs and greater investment into marketing to drive sales for the 2022/23 academic year.

Total net operating income increased by 26% to £241.0 million, translating to an increase in NOI margin to 70.9% (2021: 67.8%).

£m	FY 2022 Wholly owned £m	FY 2022 Share of fund/JV £m	FY 2022 Total £m	FY 2021 Wholly owned £m	FY 2021 Share of fund/JV £m	FY 2021 Total £m	YoY change £m	YoY change %
Rental Income								
Like-for-like properties	**223.6**	**87.3**	**310.9**	184.7	68.1	252.8	58.1	23.0%
Non-like-for-like properties	**18.1**	**10.7**	**28.8**	24.1	5.8	29.9	(1.1)	
Total rental income	**241.7**	**98.0**	**339.7**	**208.8**	**73.9**	**282.7**	**57.0**	**20.2%**
Property operating expenses								
Like-for-like properties	**(66.0)**	**(24.6)**	**(90.6)**	(58.6)	(21.1)	(79.7)	(10.9)	13.7%
Non-like-for-like properties	**(6.0)**	**(2.1)**	**(8.1)**	(9.1)	(2.1)	(11.2)	3.1	
Total property operating expenses	**(72.0)**	**(26.7)**	**(98.7)**	**(67.7)**	**(23.2)**	**(90.9)**	**(7.8)**	**8.6%**
Net operating income								
Like-for-like properties	**157.6**	**62.7**	**220.3**	126.1	46.9	173.1	47.2	27.3%
Non-like-for-like properties	**12.1**	**8.6**	**20.7**	15.0	3.8	18.7	2.0	
Total net operating income	**169.7**	**71.3**	**241.0**	**141.1**	**50.7**	**191.8**	**49.2**	**25.7%**

Overheads decreased by £3.8 million, reflecting lower performance related pay as well as underlying cost control. Recurring management fee income from joint ventures increased to £17.4 million (2021: £15.9 million), driven by higher NOI and property valuations in USAF and LSAV. Our EBIT margin improved to 67.9% (2021: 62.3%) or 68.4% excluding the impact of non-recurring restructuring costs relating to the implementation of our new 24/7 operating model.

We are targeting an improvement in our adjusted EBIT margin to 70% in 2023, driven by higher occupancy, rental growth and further efficiencies over time in areas such as staff costs, procurement and the enhanced use of technology.

Finance costs were held broadly flat at £63.0 million in 2022 (2021: £63.3 million), with reduced borrowings offsetting the increase in our average cost of debt to 3.4% (2021: 3.0%). £6.4 million of interest costs were capitalised during the year (2021: £5.2 million) in relation to our development pipeline.

Development (pre-contract) and other costs increased to £5.8 million (2021: £2.8 million), reflecting a non-recurring tax credit of £2.8 million in the prior year and non-recurring abortive acquisition costs.

FINANCIAL REVIEW continued

FINANCIAL PERFORMANCE continued

IFRS earnings

IFRS profit before tax increased to £358.0 million in the year (2021: £343.1 million), driven by the increase in adjusted earnings of £53.3 million, a revaluation gain net of losses on disposal of £119.2 million (2021: £182.2 million) and £70.7 million from the positive revaluation of interest rate swaps on the back of rising interest rates (2021: £6.7 million).

	2022 £m	2021 £m
Adjusted earnings	**163.4**	**110.1**
LSAV performance fee	**–**	41.9
Abortive acquisition costs	**(1.5)**	–
EPRA earnings	**161.9**	**152.0**
Valuation gains/(losses) and loss on disposal	**119.2**	182.2
Changes in valuation of interest rate swaps and debt break costs	**70.7**	6.7
Non-controlling interest and other items	**6.2**	2.2
IFRS profit before tax	**358.0**	**343.1**
Adjusted earnings per share	**40.9p**	27.6p
IFRS basic earnings per share	**88.9p**	85.9p

A reconciliation of profit before tax to adjusted earnings and EPRA earnings 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 5% to 927p at 31 December 2022 (31 December 2021: 882p). EPRA net tangible assets were £3,715 million at 31 December 2022, up £183 million from £3,532 million a year earlier.

The main drivers of the £183 million increase in EPRA NTA and 45 pence increase in EPRA NTA per share were revaluation gains on investment properties driven by rental growth and higher occupancy, development surpluses and retained profits, which more than offset the impact of losses on disposals and a further provision for fire safety capex.

	£m	Diluted pence per share
EPRA NTA as at 31 December 2021	**3,532**	**882**
Rental growth	123	31
Yield movement	(12)	(3)
Fire safety capex	(20)	(5)
Development surplus	46	11
Disposals and associated transaction costs	(17)	(4)
Retained profits/other	63	15
EPRA NTA as at 31 December 2022	**3,715**	**927**

IFRS net assets increased by 7% in the year to £3,792.1 million (31 December 2021: £3,527.8 million), principally driven by positive revaluation movements and retained profits. On a per share basis, IFRS NAV increased by 7% to 945p.

Property portfolio

The valuation of our property portfolio at 31 December 2022, including our share of properties assets held in USAF and LSAV, was £5,690 million (31 December 2021: £5,287 million). The £403 million increase in portfolio value reflects the valuation movements outlined above, a £177 million increase in the Group's share of USAF, acquisition of a BTR investment property for £71 million, £256 million of completed disposals, and capital expenditure and interest capitalised on developments of £284 million.

Summary balance sheet

	31 December 2022			31 December 2021		
£m	Wholly-owned £m	Share of fund/JV £m	Total £m	Wholly-owned £m	Share of fund/JV £m	Total £m
Rental properties	**3,623**	**1,773**	**5,396**	3,323	1,542	4,865
Rental properties (leased)	**90**	**–**	**90**	98	–	98
Properties under development	**204**	**–**	**204**	324	–	324
Total property	**3,917**	**1,773**	**5,690**	3,745	1,542	5,287
Net debt	**(1,210)**	**(524)**	**(1,734)**	(1,030)	(492)	(1,522)
Lease liability	**(90)**	**–**	**(90)**	(94)	–	(94)
Other assets/(liabilities)	**(97)**	**(54)**	**(151)**	(107)	(32)	(139)
EPRA net tangible assets	**2,520**	**1,195**	**3,715**	**2,514**	**1,018**	**3,532**
IFRS NAV	**2,597**	**1,195**	**3,792**	**2,510**	**1,018**	**3,528**
LTV			**31%**			**29%**

Total accounting return

Growth in EPRA NTA was the key component of the 8.1% total accounting return delivered in the year (2021: 10.2%), alongside dividends paid of 26.6p (2021: 19.25p). Our adjusted EPS yield (measured against opening NTA) increased to 4.6% in the year (2021: 3.4%), reflecting the growth in recurring earnings.

We expect to deliver a total accounting return of 8–10% in 2023 before the impact of any property yield movements. This reflects our guidance for growing recurring earnings and strong rental growth for the 2023/24 academic year.

Cash flow and net debt

The Operations business generated £134.1 million of net cash in 2022 (2021: £108.1 million) and net debt increased to £1,734 million (2021: £1,522 million). The key components of the movement in net debt were:

- Disposal proceeds of £256 million
- Operational cash flow of £141 million on a see-through basis
- The acquisition of units in USAF for (£141 million)
- Total capital expenditure of (£355 million)
- Dividends paid of (£94 million)
- A (£19 million) outflow for other items

In 2023, we expect see-through net debt to increase as planned capital expenditure on investment and development activity will exceed anticipated asset disposals.

Debt financing and liquidity

During the year, we witnessed a significant increase in Government bond yields, as well as credit spreads for publicly traded debt, as markets reacted to higher inflation and a tightening of monetary policy by central banks. In the period immediately following the UK's mini-budget in September 2022, new borrowing costs rose to prohibitive levels for new investment activity.

Encouragingly, there has been a significant easing in funding market conditions over recent months and lenders remain supportive of the Group and the student accommodation sector.

We are well protected from significant increases in borrowing costs through our well-laddered debt maturity profile and forward hedging of interest rates, but still expect to see our borrowing costs increase over time as we refinance our relatively inexpensive in-place debt.

FINANCIAL REVIEW continued

FINANCIAL PERFORMANCE continued

We are focused on maintaining a robust and flexible balance sheet and will continue to use leverage to support our growth and enhance risk-adjusted returns. However, higher borrowing costs mean we are likely to reduce our use of debt over time by accessing other forms of funding, such as new equity and co-investment where appropriate, as well as disposals.

Key debt statistics (Unite share basis)	31 Dec 2022	31 Dec 2021
See-through net debt	**£1,734m**	£1,522m
LTV	**31%**	29%
Net debt: EBITDA ratio	**7.3**	8.3
Interest cover ratio	**3.7**	2.8
Average debt maturity	**4.1 years**	5.0 years
Average cost of debt	**3.4%**	3.0%
Proportion of investment debt at fixed rate	**97%**	90%

LTV increased to 31% at 31 December 2022 (31 December 2021: 29%), primarily driven by expenditure on our development pipeline, the acquisition of £141 million of units in USAF and capital expenditure on the investment portfolio, which more than offset the impact of disposals and valuation increases in the period.

With greater focus on the earnings profile of the business, we continue to monitor our interest cover and net debt to EBITDA ratios. In 2022, interest cover improved to 3.7x (2021: 2.8x) and net debt to EBITDA reduced to 7.3x (2021: 8.3x), reflecting the improved operational performance of the business. We are targeting to maintain an ICR ratio of >3.0x and improve our net debt to EBITDA ratio to 6–7x.

The Unite Group has maintained investment grade corporate ratings of BBB (Stable outlook) from Standard & Poor's and Baa2 (Positive outlook) from Moody's, reflecting Unite's robust capital position, cash flows and track record.

Funding activity

As at 31 December 2022, the wholly-owned Group had £397 million of cash and debt headroom (31 December 2021: £421 million), comprising of £29 million of drawn cash balances and £368 million of undrawn debt (2021: £96 million and £325 million respectively).

During the year, the Group extended its sustainability-linked revolving credit facility by £150 million to £600 million, on terms in line with the existing facility. The facility maturity has been extended by a year to March 2026, which may be extended by a further year at Unite's request, subject to lender consent.

During the year, LSAV raised a new £400 million syndicated loan for a term of five years, using the proceeds to pay down existing facilities approaching maturity. The £100 million L&G loan facility in LSAV matured in January 2023 and was fully repaid from existing reserves.

USAF has agreed terms for a new £400 million secured loan to refinance its existing £380 million bond maturity in June 2023. We expect to complete the refinancing in the second quarter of 2023 at significantly improved pricing levels compared to the second half of 2022.

Interest rate hedging arrangements and cost of debt

Our average cost of debt based on current drawn amounts has increased to 3.4% (31 December 2021: 3.0%). At the year end, 97% of the Group's debt was subject to fixed or capped interest rates (31 December 2021: 90%), providing protection against future changes in interest rates. Based on our hedging position and market interest rates, we currently expect a cost of debt of 3.6% for FY2023 and 3.8% for FY2024.

Our average debt maturity is 4.1 years (31 December 2021: 5.0 years) and we will continue to proactively manage our debt maturity profile and diversify our lending base. In addition, the Group has £300 million of forward starting interest rate swaps at rates meaningfully below prevailing market levels with a weighted average maturity of just under 11 years.

Dividend

We are proposing a final dividend payment of 21.7p per share (2021: 15.6p), making 32.7p for the full year (2021: 22.1p) and representing a 48% increase compared to 2021. The final dividend will be fully paid as a Property Income Distribution (PID) of 21.7p, which we expect to fully satisfy our PID requirement for the 2022 financial year.

Subject to approval at Unite's Annual General Meeting on 18 May 2023, the dividend will be paid in either cash or new ordinary shares (a 'scrip dividend alternative') on 26 May 2023 to shareholders on the register at close of business on 14 April 2023. The last date for receipt of scrip elections will be 4 May 2023.

During 2022, scrip elections were received for 15.4% and 2.8% of shares in issue for the 2021 final dividend and 2022 interim dividend respectively. Further details of the scrip scheme, the terms and conditions and the process for election to the scrip scheme are available on the Company's website.

We plan to distribute 80% of adjusted EPS as dividends for the 2023 financial year.

Tax and REIT status

The Group holds REIT status and is exempt from tax on its property business. During the year, we recognised a corporation tax charge of £0.9 million (2021: £2.8 million credit).

Funds and joint ventures

The table below summarises the key financials at 31 December 2022 for our co-investment vehicles.

	Property assets £m	Net debt £m	Other assets £m	Net assets £m	Unite share of NTA £m	Total return	Maturity	Unite share
USAF	2,888	(725)	(120)	2,043	575	4.7%	Infinite	28%
LSAV	1,921	(639)	(41)	1,241	620	8.9%	2032	50%

Property valuations increased by 4.6% and 5.6% for USAF and LSAV respectively over the year, on a like-for-like basis, driven by rental growth with yields broadly stable.

During the year, Unite increased its investment in USAF through the acquisition of £141 million of units through participation in an equity issue and acquisition of existing units in the secondary market. In aggregate, the purchases increased Unite's ownership of USAF to 28.2% (31 December 2021: 22.0%).

USAF is a high-quality, large-scale portfolio of 28,000 beds in leading university cities. The fund has positive future prospects through rental growth and investment opportunities in asset management initiatives in its existing portfolio. Unite is currently engaging with unit holders in its role as fund manager to determine the best way to fund both USAF's ongoing capital requirements and continued growth.

Fees

During the year, the Group recognised net fees of £17.4 million from its fund and asset management activities (2021: £57.8 million). The reduction reflects the recognition of a £41.9 million non-recurring performance fee from LSAV in 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.

	2022 £m	2021 £m
USAF asset management fee	**12.6**	12.0
LSAV asset and property management fee	**4.8**	3.9
LSAV performance fee	**–**	41.9
Total fees	**17.4**	**57.8**

Joe Lister
Chief Financial Officer
28 February 2023

SUSTAINABILITY AND NON-FINANCIAL REPORTING

MAKING A POSITIVE IMPACT THROUGH PEOPLE AND PLACES

"We have always tried to make a real positive impact, from our founding principle of providing safe, secure and affordable accommodation, through 10 years supporting the Unite Foundation, to our 2030 net zero carbon targets."

Richard Smith
Chief Executive Officer

Operating sustainably is crucial to our long term success, which is why making Unite a responsible and resilient business is one of our strategic objectives. To help us achieve this, particularly in relation to environmental and social issues, we've created a new sustainability framework focused on "creating a positive impact, through People and Places". Key ambitions include targets to be net zero carbon by 2030, invest 1% of profit in social initiatives, and create a consciously inclusive and equitable workplace that is representative of wider society and helps everyone fulfil their potential. Some of our achievements are set out below.

Progress made through 2022

Making a positive impact through People

- Launched new learning academy and delivered over 19,000 hours of training to employees
- Committed to invest 1% of profit in social initiatives aligned with our purpose, and delivered a £2.0 million investment in 2022
- Launched our new Support to Stay student support framework including our Winter Wellbeing programme to help vulnerable students through the cost-of-living crisis
- Relaunched our Leapskills programme reaching over 10,000 young people in 2022
- Relaunched our Positive Impact programme, achieving Bronze awards across all properties
- Announced a bumper intake of 100 new Unite Foundation scholars to celebrate its 10th anniversary

Making a positive impact through Places

- Completed detailed surveys of all properties and developed property-level asset transition plans, identifying c.£100 million of energy efficiency investments required to hit our 2030 net zero target
- Deployed £13 million on energy efficiency measures in the year, expected to deliver a c.5% cut in energy consumption
- Appointed dedicated Sustainability Construction Manager in a new role to help our Development Team hit our sustainability targets
- Started development of a new Sustainable Construction Framework including full life cycle carbon assessment (LCA) of all new developments
- Provided head office space for charity Streets of Growth on a peppercorn rent in our new Hayloft Point development

Our ambition is to make a real positive impact:

- Invest 1% of profit in social initiatives
- Equitable representation of minority groups
- 60:40 (male:female) senior management gender split by 2025
- 75% of managerial vacancies filled internally
- Zero reportable accidents and incidents
- Employee engagement score of 80 or higher
- Net zero carbon by 2030:
  - SBTi validated 1.5°C carbon target of a 56% cut in scope 1+2 emissions by 2030
  - CRREM-based operational energy efficiency target for a 28% cut in energy intensity by 2030
  - RIBA 2030 Climate Challenge-aligned targets for new-build embodied carbon and energy
  - RE100 commitment to buy 100% renewable electricity by 2030
- BREEAM Excellent for all new developments

To deliver on our ambition to make a real difference in the areas that are most materially significant to us we've developed our new sustainability framework:

Making a positive impact through People and Places

PEOPLE

Everyone is unique. Everyone is important. Everyone deserves to be safe, respected and included, and to be their best selves. At Unite, we strive to make that happen whether you stay with us or work with us.

PLACES

We want to create places that deliver a positive impact on our people, our communities and the planet. We're aiming for net zero carbon buildings, finding ways to use fewer resources, and helping build strong communities in and around our properties.

Opportunities for people to develop and grow

We're giving employees and students the support they need to grow and succeed. To do their best work, discover their passions and be their best selves.

Wellbeing – employees and students

We aspire to build a mindful culture, where supporting the mental, physical, financial and social wellbeing of students and employees is a priority for everyone.

Tackling climate change

We're playing our part in keeping global warming below 1.5°C, reducing greenhouse gas emissions from operations and new buildings in line with science based carbon targets and to be net zero carbon by 2030.

Greener, sustainable buildings

We're designing, constructing and managing our buildings to be sustainable, support nature, and provide a healthy inspiring environment for those who work or live there.

Diversity, equity & inclusion

We're creating a culture where being different is valued. A culture where our people and students can thrive and there's room for everyone, no matter what their background, identity or circumstances.

Health & safety

We don't take shortcuts when it comes to health and safety. We work hard to make our people and the students who live with us safe and supported.

Responsible use of resources

Reducing resource consumption and waste, working with suppliers to improve circularity, and helping students and staff adopt life-long sustainable behaviours.

Playing an active role in local communities

We're ensuring our actions have a positive impact on the communities and environments around us.

OUR APPROACH

Our goal is to lead on sustainability and raise standards in the living sector. Our governance and processes ensure that working responsibly and sustainably isn't optional, that we always operate with integrity and transparency.

Transparency and disclosure

We're committed to transparency when it comes to our sustainability targets, reporting progress and disclosing performance.

Operating with integrity

We do the right thing, always operating with integrity and expecting the highest standards.

The United Nations Sustainable Development Goals (UN SDGs) (see more details at https://sdgs.un.org/goals) set out the most important sustainability topics globally, and provide a framework to help focus attention and action where it is most needed. Our ambition to create a positive impact through People and Places is specifically aligned with 9 of the 17 UN SDGs where we are best positioned to support the goals and underlying targets, as indicated by the SDG icons on the graphic above.

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

PEOPLE

Everyone is unique. Everyone is important. Everyone deserves to be safe, respected and included, and a chance to be their best selves. At Unite, we strive to make that happen whether you stay with us or work with us.

Opportunities for people to grow and develop

We're giving employees and students the support they need to grow and succeed. To do their best work, discover their passions and be their best selves.

LIFELONG LEARNING

In 2022, we launched our learning Academy with a commitment to provide our employees with lifelong learning opportunities. It's been designed to help everyone realise their potential, following a pathway to success based on five core principles:

- Talent: giving employees the power to realise their potential
- Learning: providing knowledge and skills within their role
- Development: building confidence to achieve
- Mentoring: share expertise and experience new perspectives
- Leadership: for their future career at Unite, and beyond

Through 2022, we provided over 19,600 hours of learning and development to employees covering a range of personal and professional development.

As part of our commitment to lifelong learning, in 2022 we offered four one-year industrial placements to students as part of their degree programme, as well as nine internships as part of the 10,000 Black Interns programme. These eight-week long placements spanned a range of areas including finance, procurement, HR and sustainability. Our apprenticeship programme also continued, with 54 apprentices working across the business through 2022 in roles including finance, estates, legal and energy management – an increase of 35 compared to 2021.

These programmes help build the skills, knowledge and confidence of participants, helping get their career off to the best possible start while also helping Unite identify, attract and retain the diverse talent we need to succeed.

CASE STUDY

INVESTING IN LIFELONG LEARNING FOR OUR TEAMS

Launch of The Academy

ACADEMY

The Academy launched in October 2022 to enable on-the-job learning and development for every Unite employee, at every career stage. Lifelong learning can be accessed in the form of workshops, online courses, skill sessions, leadership programmes, mentoring and coaching.

As a part of it, in May last year, Unite launched its Grow Beyond leadership programmes, which includes Institute of Leadership & Management courses. Our Rising and Inspiring Leader six month fast-track programmes have supported our General Managers and Regional Leadership teams in transitioning into their new roles post consultation.

Victoria Andrews, Account Support Supervisor who is enrolled on the level 3 Grow Beyond leadership programme for aspiring leaders said: "I'm really glad I'm able to take part in my ILM course – it's helping me to develop and grow as a supervisor in my current role and I've enjoyed being able to meet other people in the Company through this."

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

EMPLOYEE VOICE

Our employee engagement forum, Culture Matters, is designed to put the employee voice front and centre in supporting the shaping of our People strategy. It provides a forum for two-way communication between the senior leadership team and the wider Company, involving and engaging employees through consultation, enabling them to contribute to the success of the business. Representatives from across the business are elected to sit on our Culture Matters forum, giving every colleague an opportunity to shape our People strategy and create an inclusive environment where people can fulfil their true potential. The Culture Matters forum is overseen by Ilaria del Beato, our independent Non-Executive Director for Workforce Engagement, who attends the quarterly sessions ensuring direct Board-level oversight. Culture Matters also includes a number of Employee Resource Groups supporting specific groups and topics including people of colour, women, LGBTQ+ colleagues, and employee wellbeing. More details are included in our Section 172 reporting (see page 66) and the Board Leadership and Purpose section of the Governance Report (see page 97).

HELPING YOUNG PEOPLE SUCCEED AT UNIVERSITY

Providing a Home for Success means helping young people access Higher Education, providing the best possible support throughout their studies, and signposting to opportunities when they complete their studies. The Unite Foundation has been facilitating access to university for students from care backgrounds or who are estranged from their family for 10 years.

In 2022, we relaunched our Leapskills programme, aiming to help students make a successful transition from school into independent living at university. Working closely with the University and Colleges Admissions Service (UCAS) we launched an interactive game reaching more than 25,000 prospective students with resources and content designed to help build resilience, navigate new relationships, and manage finances while at university.

We also launched a partnership collaboration with Startup Sherpas (see https://startupsherpas.org for more information) providing students with support to get their own business ideas and innovations off the ground.

CASE STUDY

DOING THE RIGHT THING FOR OUR COMMUNITIES

Unite Foundation 10th anniversary

The Unite Foundation offers a unique accommodation scholarship for care leavers and estranged young people at university.

Since its inception, 10 years ago, we're proud to have been its partner and principal corporate donor after setting up the charity. To date, a total of 614 care leavers and estranged students have been supported in accessing Higher Education through the Unite Foundation.

This year, to celebrate its 10-year milestone, the Foundation announced an expanded cohort of 100 new scholarship students, with our support. All new scholarship students were provided with a welcome pack worth £200. For students who were eligible, but unsuccessful in their application for a scholarship, Unite provided over £10,000 to give each student a £50 gift card to support them in making their house a home.

Unite's financial contributions to the Foundation form part of our commitment to donate 1% of annual profits to social initiatives.

Since inception, the Unite Foundation has flourished into a wholly-independent charity, currently partnering with 26 universities across the country.

For more about this project, go online to:
unitegroup.com/sustainability/leapskills

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

PEOPLE continued

Diversity, Equity, Inclusion, and Belonging

We're creating a culture where being different is valued. A culture where our people and students can thrive and there's room for everyone, no matter what their background, identity, or circumstances.

This year has been about creating our foundations, setting our goals for the next three years, and continuing to listen to the needs of our employees.

In April we launched our first Diversity, Equity, Inclusion, Belonging (DEIB) and Wellbeing strategy, We are US, which details our ambitions for 2022–2025, what we want to achieve, and how we are going to achieve it. At the heart of this is a focus on instinctive inclusion, creating a place where our people and students thrive and are at the heart of who we are and what we do every day. Key ambitions include achieving a 40:60 female:male gender split in senior management by 2025, and building a data-led understanding of wider diversity metrics so we can work towards a workforce that is truly representative of the communities we work in at every level.

We have continued to focus on two-way communication, through our employee forum, Culture Matters. Together, we have undergone a policy review process, which has highlighted the need for broader scoping policies, that better reflect the diversity of Unite. We have consulted the forum on the most meaningful ways to communicate, and ensured that our representatives are developed in their knowledge of business, finance, policy, and soft skills. One year on, it is evident in our agenda items that the business understands the importance of employee consultation, in order to deliver impactful and meaningful projects that land in the right way.

We have kept the messaging of DEIB and Wellbeing consistent, and started to build the knowledge of our employees. Utilising employee engagement, we used the responses from our annual DEIB and Wellbeing survey to influence the construction of our learning programme, improve our communications, and set out the behaviours expected of our employees, and senior leaders.

Looking forward to 2023, we will continue to work closely with our Culture Matters forum to ensure policies and procedures on important topics, such as family leave to support our DEIB ambitions.

CASE STUDY

LIVING BLACK AT UNIVERSITY

In February 2022, Unite published its "Living Black at University" Report, based on a research commissioned by Unite and carried out by Halpin Partnership that looked into the experience of Black students in UK student accommodation – the first report of its kind.

In response, Unite called on universities and student accommodation providers to collaborate across the Higher Education sector and take meaningful action in order to address those issues.

Unite launched a national commission, drawing from key national organisations and professional bodies. The initiative aims to support the higher education and private student accommodation sectors' response to the report, aligning with Unite's strong emphasis on social impact and its value of "creating room for everyone".

The commission have shared a number of free, accessible resources and toolkits with the wider Higher Education sector whilst Unite continues to bring insights on the subject to sector conferences. In partnership with Newcastle University, Unite hosted a cultural services trial and will host a Living Black at University conference in 2023.

For more about this project, go online to:
unitegroup.com/living-black-at-university

Wellbeing

We aspire to build a mindful culture, where supporting the mental, physical, financial and social wellbeing of students and employees is a priority for everyone.

We recognise our responsibility to create happier, healthier workplaces. Throughout 2022, we focused on four pillars of wellbeing: social, mental, physical and financial. We have developed a range of employee benefits to support these pillars including flexible working, eyecare vouchers and Medicash scheme, Employee Assistance programme, optional childcare vouchers and the opportunity to purchase additional annual leave. Engagement with our Culture Matters forum and focus groups through 2022 has helped us to understand the ongoing needs and expectations of our employees, and informed the development of a comprehensive new employee support framework which we'll be launching in Q2 2023.

In 2015, we were the first student accommodation provider to pay the Real Living Wage, a commitment we still make today. Recognising the strain that the cost-of-living crisis is having on our employees, we've committed to increase salaries in line with the requirements of the Real Living Wage in 2023, and paid all of our employees an additional £500 bonus in autumn 2022.

We are a Living Wage Employer

See pages 56–61 for more information

Life at university can be challenging for young people in many ways, and so in 2022 we launched our Support to Stay programme to structure a proactive approach to supporting our students, whilst also being responsive to situations and experiences which challenge their wellbeing (e.g. mental, social, financial). We've partnered with Blackbullion (see https://www.blackbullion.com for more information) to provide students with sector-leading tools and advice to help students manage their finances; and we've invested in training to help staff identify and respond to a range of student needs including recognising the signs and symptoms of mental health difficulties, handling disclosures, and supporting students with disabilities, and are expanding opportunities to include first aid and mental health first aid.

CASE STUDY

HELPING STUDENTS FEEL WELL AND WELCOME

Resident ambassadors and mental health resources

We're championing an inclusive culture where our customers and people prioritise their wellbeing.

Our Resident Ambassador programme was relaunched this year. It has been designed to help new students settle in, make new friends, build confidence and improve their employability.

Our updated student support structure includes Support to Stay, a framework that we've developed in alignment with universities' initiatives to keep students on track and give them the best opportunity for success.

Unite and Bournemouth University are collaborating on a data-sharing approach to improve the allocation of suitable accommodation to students. The aim is to support students' welfare during their stay. Roundtable events have been held and results of our work will set the sector's best practice. Part of this important work includes guidance around safeguarding students, privacy and how we deal with critical incidents and signposts.

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

PEOPLE continued

Health and Safety

Health and Safety is at the core of everything we do. We are committed to providing a safe and secure workplace for our people and making sure our customers are safe and supported. Further details of progress are contained in the Health and Safety Committee Report in the Governance section (page 128).

In 2022, we introduced a new operating model based on an in-depth assessment of our customers' needs and expectations. This new model means that all our buildings have 24/7 staff presence, 365 days a year, across both frontline and management staff. 2022 also saw the launch of our Support to Stay framework which aims to provide a supportive living environment to help students fulfil their potential, despite any medical, physical or mental health difficulties.

Throughout 2022, we also continued to uphold our commitment to being leaders in fire safety standards, through a proactive, risk-based approach, which is embedded across our entire business, to ensure that students and our employees are kept safe. We have a dedicated fire safety team which has welcomed three new managers this year, bringing in knowledgeable and experienced professionals from the fire safety and fire authority sectors to continue to drive improvement, and progress significant projects, whilst ensuring we continue to deliver on our safe and secure promise during a rapidly changing fire safety and building safety landscape. We also undertook an independent fire safety organisational audit, the findings of which will help us continually improve our fire safety management processes, helping ensure it meets the highest standards.

CASE STUDY

FIRE SAFETY MANAGER AWARD 2022

Championing Fire safety

Last year, our Group Fire Safety Manger Emily Argent won Fire Safety Manager of the Year at the Women in Fire Safety awards, which honour the outstanding achievements and contributions of all women within the fire safety industry.

Emily, who comes from a background of construction and fire safety, was praised by multiple fire and rescue services. Commenting on Emily's work, the National Fire Chiefs Council (NFCC) described Emily's approach as "what we wish all organisations would do" and "the dream".

Emily was recognised for the way she ignites passion with key stakeholders and brings people together in a genuinely collaborative approach to ensure effective solutions are implemented to help keep our students and colleagues safe.

Speaking of her award, Emily said: "I'm absolutely elated about the fact I've won Fire Safety Manager of the Year, especially when I'm up against some absolutely phenomenal women within the industry who I look up to myself. Fire Safety is a passion for me. Unite is really great at looking after and nurturing that passion and that's what I love about working for Unite. In addition to that, I get to work with who I consider to be the best in the industry and that includes my absolutely amazing team."

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

PLACES

We want to create places that deliver a positive impact on our people, our communities and the planet. We're aiming for net zero carbon buildings, finding ways to use fewer resources, and helping build stronger communities in and around our properties.

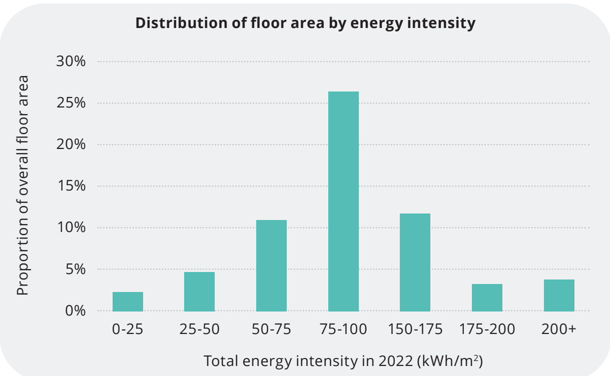
Tackling climate change

We're playing our part in keeping global warming below 1.5°C, reducing greenhouse gas emissions from operations and new buildings in line with science-based carbon targets to be net zero carbon by 2030.

Existing properties

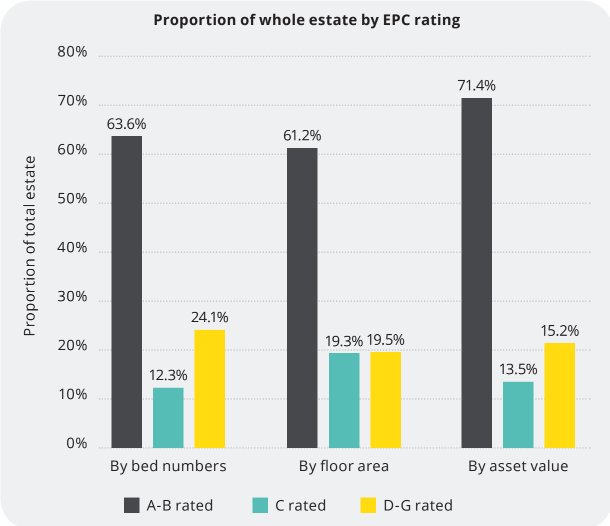
In 2021, we set out our ambition and approach to tackling climate change in our Net Zero Carbon Pathway document (see unitegroup.com/sustainability/our-net-zero-pathway) including science-based carbon targets aligned with a 1.5°C limit to global warming, in line with the Paris Climate Agreement. In 2022, we completed detailed site surveys and modelling of every property in the estate, creating building specific Asset Transition Plans that set out the measures needed to deliver the required energy, carbon and EPC improvements. This provides a full picture of the c.£100 million of capital investment required to hit our 2030 net zero carbon targets, including our energy intensity target linked to CRREM (the Carbon Risk Real Estate Monitor tool).

The chart below shows the portion of total floor achieving different levels of energy intensity (consumption per square metre of floor space) in 2022. As on page 60, 2022 whole estate average energy intensity was 117.9kWh/m², slightly above the CRREM pathway benchmark for 2022 of 113.6 (v1.093).



We've invested c.£20 million in energy initiatives in the past two years, achieving a 6.5% cut in absolute energy consumption from our 2019 base year (see pages 60–61 for more details of our energy and carbon performance). This investment has helped us achieve significant improvements in EPC ratings, with 61% of total floor area now A-B rated and a further 19% of floor area C rated as shown on the chart, compared to 35% and 22% respectively in 2021.

We have c.£7 million of capital investment in energy efficiency planned for 2023, including LED lighting, air-source heat pumps, and improved heating controls, and are exploring options to bring more of our purchased electricity under long-term corporate power purchase agreements (cPPAs) to meaningfully decarbonise our energy supply.



New developments

2022 saw the recruitment of a new Sustainability Construction Manager role in our Development team to steer our development pipeline towards our 2030 targets. In-house modelling using the OneClick LCA (life cycle assessment) software package has given us our best-ever understanding of embodied carbon and the options open to us to reduce. We will publish our Sustainable Construction Framework later in 2023 to help deliver our net zero carbon development ambition.

Working closely with our supply chain, this LCA work has allowed us to achieve significant reductions in embodied carbon of new developments. Our Campbell House development achieved a figure of 817kgCO_2e/m² (RIBA stages A-C) compared to the RIBA 030 Climate Challenge target of 1,000kgCO_2e/m² for 2020 and 800kgCO_2e/m² for 2025.

In 2023, we will continue to collaborate with leading industry bodies around themes of embodied carbon, circular economy and operational energy performance.

PLACES continued

Greener, sustainable buildings

We're designing, constructing and managing our buildings to be sustainable, support nature, and provide a healthy, inspiring environment for those who work or live there.

We have targeted BREEAM Excellent for all new buildings since 2017 as well as an EPC A rating to help ensure they achieve the levels of performance we demand across areas including energy efficiency, material selection, biodiversity, health and wellbeing, and safety.

- Campbell House, our latest BREEAM Excellent, EPC A-rated development in our home city of Bristol, includes over 400 student bedrooms in a new purpose-built block, as well as the sensitive redevelopment of the original Bristol Royal Infirmary building dating from the 1730s to accommodate 431 students. The development makes use of air source heat pumps for domestic hot water, networked smart-controllers on all heating, and on-site solar panels to achieve levels of energy performance we need to support our environmental targets. See case study on page 57 for more details.
- 2022 also saw major refurbishment of two large sites in Manchester, New Medlock Way and Parkway Gate, which included over £3 million of energy efficiency improvements to building fabric and services, including new insulation and glazing, air-source heat pump, solar panels and building control improvements.

Responsible use of resources

We're reducing resource consumption and waste, working with suppliers to improve circularity, and helping students and staff adopt life-long sustainable behaviours.

We're working hard to cut water use, reduce waste and improve recycling across our estate, and to engage with our supply chain to quantify and decrease the impact of products and services we consume. In 2022, we retendered our waste and recycling contracts, ensuring that our new suppliers would be able to support our transition to a more circular supply chain.

Playing an active role in local communities

We want to ensure that our activity brings real benefits to local communities, undertaking detailed community engagement as part of any new development.

We've collaborated with local youth intervention charity Streets of Growth at our new Hayloft Point development in central London, providing them with their first ever permanent and dedicated space on a peppercorn rent. Here, they can deliver a real positive impact for marginalised young people in Tower Hamlets and the Isle of Dogs through their street intervention model. Built on the former site of The Boar's Head, a sixteenth century playhouse, the space includes a fully equipped theatre space which Streets of Growth use for workshops and an ongoing partnership with The British Bangladeshi Fashion Council.

Our Positive Impact scheme has been developed in conjunction with the NUS and provides a framework to help employees support their communities and adopt sustainable behaviours, including recycling and donations to charity. 2022 was a milestone year, with 100% of our properties achieving bronze awards, and teams across the business working towards silver and gold awards by setting up long-term projects and collaborations within their local community to deliver real social or environmental benefit.

WE CONTINUED OUR PARTNERSHIP WITH THE BRITISH HEART FOUNDATION THROUGHOUT 2022

Total raised in donations in 2022: **£213,162**

Total bags donated in 2022: **15,108**

Our commitment to invest 1% of profit (on an Adjusted Earnings basis) in social initiatives represents a target of £1.6 million for 2022 so we are pleased to have invested a total of over £2.0 million during 2022 in this area. This includes our contribution to the Unite Foundation, investment in the Leapskills programme, and the value of spaces we provide in our buildings such as Hayloft Point.

Through various initiatives including our ongoing partnership with the British Heart Foundation and the provision of rooms in Central London free of charge to IntoUniversity for their summer schools, in-kind donations have totalled over £260,000. We are working with leading social impact organisation B4SI to better understand the impact of our investment in this activity, so that we can target effort where it delivers the greatest societal benefit and quantify the impact achieved.

CASE STUDY

HAYLOFT POINT

A major investment in a prime location

London is an area of key strategic importance for Unite. The capital is the UK's largest student market, and suffers from a shortage of purpose-built student accommodation.

Hayloft Point, costing £187 million, is our newest flagship property located in the heart of central London. The development reached practical completion in September 2022, and was fully let in its first year.

The 24-storey, 29,000 square feet development in Aldgate contains 920 beds and offers proximity to prestigious university campuses. The building boasts facilities including a cinema, karaoke rooms, gyms and study spaces.

As part of our commitment to being an active part of our communities, we partnered with youth intervention charity, Streets of Growth. The charity is utilising two floors of the building to offer production, filmmaking and textile activities to young people.

Hayloft Point is built on the location of a sixteenth century playhouse, so we worked closely with the Museum of London Archaeology (MOLA) to ensure findings of national significance were preserved within the footprint of the development.

Due to strong university relationships, Unite is well placed to operate in London, and our development team has extensive experience navigating the complex planning environment in the city. We have entered into a five-year nomination agreement at Hayloft Point with King's College London, covering just over 67% of beds in the building.

Following the development of Hayloft Point, we are now the capital's largest owner, manager, and developer of purpose-built student accommodation, with over 11,500 beds across the city and 2,400 more beds in our development pipeline.

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

OUR APPROACH

Our goal is to lead on sustainability and raise standards in the living sector. Our governance and processes ensure that working responsibly and sustainably isn't optional, that we always operate with integrity and transparency. More details can also be found in the Sustainability Committee Report (page 125), and wider Governance Section of this report (page 88).

Transparency and disclosure

We're committed to transparency when it comes to our sustainability targets, performance reporting and disclosure.

We have worked hard to ensure that we are addressing our most significant environmental and social risks and issues, and targeting the areas that can deliver the greatest positive impact. This includes aligning where possible with established third-party frameworks or recognised commitments that help ensure we are setting suitably ambitious targets and have credible plans in place to achieve them, whether it is alignment with the UN SDGs, climate targets in line with the SBTi and CRREM, our commitment to the Real Living Wage, or the use of BREEAM for new developments. Similarly, we're committed to disclosure of our approach and progress in line with recognised standards and frameworks, and so in 2022 continued to disclose to the Global Real Estate Sustainability Benchmark (GRESB) (www.gresb.com) and CDP (www.cdp.net), retaining our four-star GRESB rating and achieving a B rating under CDP. We also disclose in line with the EPRA sBPR and TCFD guidelines. Looking forward to 2023, we anticipate that the UK Government's proposed Sustainability Disclosure Requirements will bring further clarity and consistency. Note that as we operate only in the UK we are not subject to the requirements of the EU SFDR. We publish details of executive remuneration (page 131) and pay gap reporting (search for "Unite Integrated Solutions" at https://gender-pay-gap.service.gov.uk).

The Group is a Real Estate Investment Trust or REIT and as such is exempt from tax on its property business. Further details are included in the Tax and REIT status note on page 197.

Operating with integrity

We strive to always do the right thing, operate with integrity and expect high standards from our employees and suppliers.

Our Code of Conduct and Modern Slavery Statement, together with other key governance policies on our website, set out how we expect our employees and suppliers to behave. We work closely with our supply chain partners to ensure we are properly managing environmental and social risks and have developed a new suppliers code of conduct which all supplies will need to commit to and follow from 2023 onwards (see unitegroup.com/sustainability/policies-documentation for more details).

Since 2021, our Executive team's remuneration has been linked to our environmental and social performance targets and, in 2022, we introduced sustainability targets for a portion of the bonus scheme for all employees, linked to our Positive Impact awards.

GRESB REAL ESTATE ★★★★☆

EPRA sBPR BRONZE

CDP SUPPORTER 2022

EPRA BPR GOLD

The table below sets out some key performance indicators that linked to our 2022 sustainability targets.

KPI	Performance 2020	2021	2022	2021–22 change
Total social investment	£1.8 million	£1.8 million	£2.0 million	10% increase
Positive impact awards	Programme suspended due to pandemic	Programme suspended due to pandemic	100% bronze	Programme relaunched
Scope 1+2 (market based) absolute emissions (tonnesCO_2e/yr)	21,086.0	13,178.0	12,957.7	1.7% decrease
Average energy intensity (kWh/m²/year)	106.7	113.4	115.6	1.9% increase
EPC ratings by floor area	A–B 35.1%, C 22.1%, D–G 42.8%	A–B 35.1%, C 21.8%, D–G 43.1%	A–B 61.2%, C 19.3%, D–G 19.5%	23.6% increase in A–C rated floor area
GRESB rating	81****	85****	84****	1 point drop
Water consumption per m² floor area (m³/bed)	36.6	40.1	45.5	13.4% increase
% of electricity from renewable sources	74.0%	99.9%	99.9%	no change
Investment in energy efficiency	–	£3 million	£13 million	£10 million increase

CASE STUDY

SUSTAINABLE DEVELOPMENT IN A KEY STRATEGIC CITY

Campbell House, Bristol

Unite's newest Bristol property, named after one of Bristol's first Black ward sisters, is situated in the heart of the city on the site of a former Georgian hospital.

Campbell House covers 109,000 square feet, following an investment by Unite of £44 million. The property spans six storeys and provides beds for 431 students.

The new accommodation – which is named after Princess Campbell – provides a host of amenities for students, including a gym, cinema, karaoke room, dedicated study spaces, as well as indoor and outdoor social spaces.

Campbell House has been developed in partnership with the University of Bristol, which Unite has a long-standing relationship with. A 15-year nomination agreement has been agreed to provide beds for its students, covering 95% of the rooms at Campbell House.

As part of the Group's commitment to sustainability, the site has been built with extensive solar panelling, as well as air-source heat pumps, and the ability to link into the district heating network. There is also extensive cycle storage – with enough space for residents and their guests to store a bike. The development has achieved a BREEAM "Excellent" rating.

Bristol is one of our key strategic cities where the company is well-positioned to meet demand from the city's 60,000 students. Home to two prestigious Higher Education institutions, the University of Bristol and the University of the West of England (UWE), our range of accommodation provides plenty of options.

Campbell House adds to Unite's Bristol portfolio making it our sixth largest city by bed numbers with opportunity to further expand our Bristol portfolio through 1,300 beds in our secured development pipeline.

For more about this project, go online to:
unitegroup.com/sustainability/our-net-zero-pathway

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

NON-FINANCIAL INFORMATION STATEMENT

The table below summarises how we comply with non-financial performance reporting requirements. Relevant policies and statements are available online at www.unitegroup.com.

Description of the business model	Details of who we are, how we operate and the value we create can be found on page 8 onwards	
Employees	Our new Diversity, Equity, Inclusion, Belonging and Wellbeing strategy is focused on providing opportunities for all	p50
	The Academy provides learning opportunities to enhance knowledge, skills and development	p48
	Our employee engagement forum, Culture Matters, puts the employee voice front and centre	p49
	Our Whistleblowing Policy enables employees to raise a concern in confidence	p103
	Gender diversity and pay gaps across the Group. Our full Gender Pay Gap Report can be found on our website and at: **https://gender-pay-gap.service.gov.uk/Employer/KDcxuKgH**	p63 & p155
	Our Board Diversity Policy seeks to enhance the overall diversity of the Board and ensures an appropriate and diverse mix of skills, experience and knowledge	p116
Anti-corruption and bribery	Our Anti-bribery Policy confirms our zero-tolerance approach to bribery and corruption and outlines employee responsibilities. Read our policy at **unitegroup.com**	
Our policies	All of our public policies are available on our website, **unitegroup.com**	
Human rights	We operate a zero-tolerance approach to slavery to ensure it does not occur anywhere within our business or supply chain. We carry out due diligence on all third parties we work with. Read our Modern Slavery statement and Code of Ethics at **unitegroup.com**	
Policy, due diligence and outcomes	The policies included in this non-financial information statement contain further details (as cross referenced herein) of the policy, due diligence conducted and policy outcomes, which also include the following:	
	Risk management detailing our risk management framework and risk review process	p80
	Principal risks and uncertainties considering both internal and external risks, the potential impact and details of risk mitigation in place	p82
	Viability statement considering the viability of the Group for the next three-year period	p81
	Audit & Risk Committee Report	p119
	Group Health & Safety Policy which details the Group's commitment to the health & safety of our employees, students and visitors to our site	
	Non-financial KPIs relevant to the Company's business	p31
Social matters	Our Resident Ambassador programme provides peer-to-peer support for students	p51
	Our Positive Impact programme encourages our people and teams to work with local stakeholders on community impact initiatives	p54
	Market overview focusing on demographic trends	p20
	The Group is the principal supporter of the Unite Foundation, the only charity that provides a home at university for estranged and care-experienced students	p49
	Our response to the cost-of-living crisis including a one-off payment	p97
Environmental matters	Our sustainability strategy sets out clear objectives and our progress in respect of environmental, social and governance matters	p46
	TCFD	p69
	Our Net Zero Carbon Pathway sets out our pledge to be net zero carbon by 2030. Read more at **unitegroup.com/sustainability/our-net-zero-pathway**	

SUSTAINABILITY DATA REPORTING INCLUDING SECR AND EPRA SBPR

Energy and carbon reporting

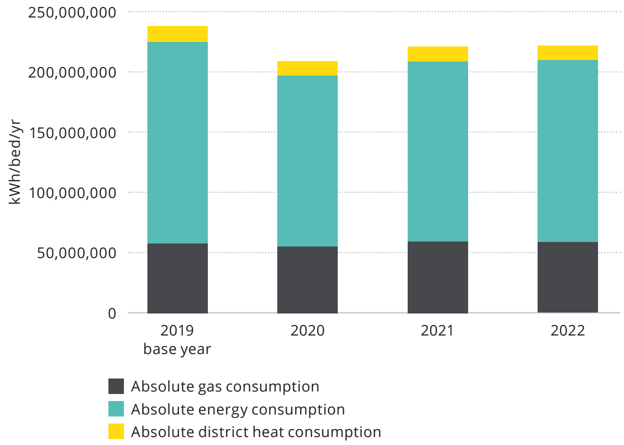
2022 saw a return to near normal levels and patterns of occupancy following the disruption caused by the Covid-19 pandemic and lockdowns over 2020 and 2021. This brought a corresponding increase in demand for energy and water in our buildings. This drove absolute total energy consumption up by 0.3% vs 2021, which combined with the impacts of disposals and openings saw a 1.9% increase in energy intensity on a floor area basis. A small reduction in gas use was achieved due to deployment of air source heat pumps in the year, which also contributed partly to the increase in electricity use. Compared to our 2019 base year, however, both absolute energy consumption and energy consumption per bed were lower, by 6.5% and 5.4% respectively.

As part of our ongoing commitment to reduce energy consumption in line with our net zero carbon target, and building on the £3 million we invested in 2021 on energy and water efficiency, 2022 saw us invest a further c.£13 million on measures including air source heat pump retrofits, networked heating controls, building management system improvements and building fabric improvements as part of major renovations. These measures are expected to deliver a c.5% reduction in our future energy consumption.

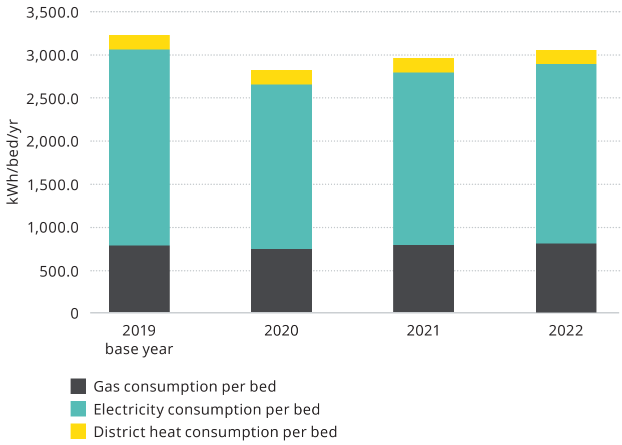
We remain on track to meet our SBTi validated 2030 green house gas target of a 56% reduction in combined Scope 1 and 2 (market-based) emissions. Our 2022 Scope 1 and 2 (location-based) emissions fell driven by reductions in grid carbon intensity, while Scope 1 and 2 (market-based) emissions rose slightly due to increased district heat use. All Scope 1 and 2 emissions arise in the UK.

Scope 3 emissions increased by 50% compared to 2021. This is due to completion of two new builds in 2022 (compared to none in 2021) which contributed to Scope 3 Category 2 emissions ("capital goods"), and the disposal of six buildings during 2022 that were previously built by Unite and so contribute to our Scope 3 Category 11 emissions ("use of sold products") compared to none in 2021.

Absolute utilities consumption



Utilities consumption per bed



SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

ESTATE DATA	2019 as reported	2019 new base year*	2020			2021			2022		
	Data	Data	Data	Change vs 2019 base year	Change vs prior year	Data	Change vs 2019 base year	Change vs prior year	Data	Change vs 2019 base year	Change vs prior year
Year-end bed numbers	49,992	73,990	75,531	2.08% ▲	51.09% ▲	76,171	2.95% ▲	0.85% ▲	69,290	-6.35% ▼	-9.03% ▼
Pro rata bed numbers	49,242	73,240	74,193	1.30% ▲	50.67% ▲	74,303	1.45% ▲	0.15% ▲	72,387	-1.16% ▼	-2.58% ▼
Pro rata floor area (m^2)	1,400,011	1,931,148	1,962,411	1.62% ▲	40.17% ▲	1,945,560	0.75% ▲	-0.86% ▼	1,915,339	-0.82% ▼	-1.55% ▼

* Including Liberty Living.

ENERGY & WATER USE	2019 as reported	2019 new base year*	2020			2021			2022		
	Consumption	Consumption	Consumption	Change vs 2019 base year	Change vs prior year	Consumption	Change vs 2019 base year	Change vs prior year	Consumption	Change vs 2019 base year	Change vs prior year
Natural gas											
Absolute (kWh)	39,616,444	57,414,070	55,587,055	-3.2% ▼	40.3% ▲	59,170,049	3.1% ▲	6.4% ▲	58,816,746	2.4% ▲	-0.6% ▼
Relative to bed numbers (kWh/bed)	804.5	783.9	749.2	-4.4% ▼	-6.9% ▼	796.3	1.6% ▲	6.3% ▲	812.5	3.6% ▲	2.0% ▲
Relative to floor area (kWh/m^2)	28.3	29.7	28.3	-4.7% ▼	0.1% ▲	30.4	2.3% ▲	7.4% ▲	30.7	3.3% ▲	1.0% ▲
Electricity											
Absolute (kWh)	106,148,132	167,593,224	141,656,529	-15.5% ▼	33.5% ▲	149,211,285	-11.0% ▼	5.3% ▲	150,944,907	-9.9% ▼	1.2% ▲
Relative to bed numbers (kWh/bed)	2,155.7	2,288.3	1,909.3	-16.6% ▼	-11.4% ▼	2,008.1	-12.2% ▼	5.2% ▲	2,085.2	-8.9% ▼	3.8% ▲
Relative to floor area (kWh/m^2)	75.82	86.78	72.18	-16.8% ▼	-4.8% ▼	76.7	-11.6% ▼	6.2% ▲	78.8	-9.2% ▼	2.8% ▲
Renewable electricity											
As % of overall electricity purchased	60.9%	61.1%	74.0%	21.2% ▲	21.5% ▲	99.9%	38.8% ▲	25.9% ▲	99.9%	38.8% ▲	0.0% ▲
Heat											
Absolute (kWh)	11,775,682	11,775,682	12,091,340	2.7% ▲	2.7% ▲	12,312,277	4.6% ▲	1.8% ▲	11,672,055	-0.9% ▼	-5.2% ▼
Relative to bed numbers (kWh/bed)	239.14	160.78	162.97	1.4% ▲	-31.9% ▼	165.7	3.1% ▲	1.7% ▲	161.2	0.3% ▲	-2.7% ▼
Relative to floor area (kWh/m^2)	8.41	6.10	6.16	1.0% ▲	-26.7% ▼	6.3	3.8% ▲	2.7% ▲	6.1	-0.1% ▼	-3.7% ▼
TOTAL ENERGY (gas + electricity + heat)											
Absolute (kWh)	157,540,259	236,782,977	209,334,924	-11.6% ▼	32.9% ▲	220,693,611	-6.8% ▼	5.4% ▲	221,433,708	-6.5% ▼	0.3% ▲
Relative to bed numbers (kWh/bed)	3,199.33	3,232.99	2,821.48	-12.7% ▼	-11.8% ▼	2,970.2	-8.1% ▼	5.3% ▲	3,059.0	-5.4% ▼	3.0% ▲
Relative to floor area (kWh/m^2)	112.5	122.6	106.7	-13.0% ▼	-5.2% ▼	113.4	-7.5% ▼	6.3% ▲	115.6	-5.7% ▼	1.9% ▲
Water											
Absolute (m^3)	1,954,648	3,037,827	2,723,396	-10.4% ▼	39.3% ▲	2,980,075	-1.9% ▼	9.4% ▲	3,291,267	8.3% ▲	10.4% ▲
Relative to bed numbers (m^3/bed)	39.7	41.5	36.7	-11.5% ▼	-7.5% ▼	40.1	-3.3% ▼	9.3% ▲	45.5	9.6% ▲	13.4% ▲
Relative to floor area (m^3/m^2)	1.4	1.6	1.4	-11.8% ▼	-0.6% ▼	1.5	-2.6% ▼	10.4% ▲	1.7	9.2% ▲	12.2% ▲

* Including Liberty Living.

Energy consumption: energy data reported is predominantly half-hourly meter data (90.3% and 81.2% respectively for electricity and gas), with remainder being billing data (7.4% and 17.5% respectively) and a small number of estimates (2.3% and 1.3% respectively) where neither meter or billing data is yet available, in which case the previous year's data for that site and month is used. District heating data is 85.5% billing with 14.5% estimates.

Boundaries: Energy and water consumption reported is whole building including all that used by students, as our all-inclusive billing means these contribute directly to Scope 1 and 2 emissions rather than Scope 3. Energy and emissions are reported along operational control lines (not equity share lines) and includes all Unite Group plc entities, including 100% of all buildings operated by Unite regardless of ownership.

GREENHOUSE GAS EMISSIONS	2019 as reported Emissions	2019 new base year* Emissions	2020 Emissions	2020 Change vs 2019 base year	2020 Change vs prior year[1]	2021 Emissions	2021 Change vs 2019 base year	2021 Change vs prior year[1]	2022 Emissions	2022 Change vs 2019 base year	2022 Change vs prior year[1]
Total Scope 1 emissions											
Absolute (tonnes CO_2e)	7,397	10,669	10,392	-2.6% ▼	40.5% ▲	11,009	3.2% ▲	5.9% ▲	10,905	2.2% ▲	-0.9% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.150	0.146	0.140	-3.9% ▼	-6.8% ▼	0.148	1.7% ▲	5.8% ▲	0.151	3.4% ▲	1.7% ▲
Relative to floor area (kg CO_2e/m^2)	5.3	5.5	5.3	-4.2% ▼	0.2% ▲	5.7	2.4% ▲	6.9% ▲	5.7	3.1% ▲	0.6% ▲
Total Scope 2 emissions (location based)											
Absolute (tonnes CO_2e)	29,205	44,910	35,113	-21.8% ▼	20.2% ▲	33,784	-24.8 ▼	-3.8% ▼	31,204	-30.5% ▼	-7.6% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.593	0.613	0.473	-22.8% ▼	-20.2% ▼	0.455	-25.9% ▼	-3.9% ▼	0.431	-29.7% ▼	-5.2% ▼
Relative to floor area (kg CO_2e/m^2)	20.9	23.3	17.9	-23.1% ▼	-14.2% ▼	17.4	-25.3% ▼	-3.0% ▼	16.3	-29.9% ▼	-6.2% ▼
Total Scope 2 emissions (market based)											
Absolute (tonnes CO_2e)	3,128	18,833	10,694	-43.2% ▼	241.9% ▲	2,170	-88.5% ▼	-79.7% ▼	2,052	-89.1% ▼	-5.4% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.064	0.257	0.144	-43.9% ▼	126.9% ▲	0.029	-88.6% ▼	-79.7% ▼	0.028	-89.0% ▼	-2.9% ▼
Relative to floor area (kg CO_2e/m^2)	2.2	9.8	5.4	-44.1% ▼	143.9% ▲	1.1	-88.6% ▼	-79.5% ▼	1.1	-89.0% ▼	-3.9% ▼
Total Scope 1+2 emissions (location based)											
Absolute (tonnes CO_2e)	36,602	55,579	45,504	-18.1% ▼	24.3% ▲	44,793	-19.4% ▼	-1.6% ▼	42,110	-24.2% ▼	-6.0% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.743	0.759	0.613	-19.2% ▼	-17.5% ▼	0.603	-20.6% ▼	-1.7% ▼	0.582	-23.3% ▼	-3.5% ▼
Relative to floor area (kg CO_2e/m^2)	26.1	28.8	23.2	-19.4% ▼	-11.3% ▼	23.0	-20.0% ▼	-0.7% ▼	22.0	-23.6% ▼	-4.5% ▼
Total Scope 1+2 emissions (market based)											
Absolute (tonnes CO_2e)	10,524	29,502	21,086	-28.5% ▼	100.4% ▲	13,178	-55.3% ▼	-37.5% ▼	12,958	-56.1% ▼	-1.7% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.214	0.403	0.284	-29.4% ▼	33.0% ▲	0.177	-56.0% ▼	-37.6% ▼	0.179	-55.6% ▼	0.9% ▲
Relative to floor area (kg CO_2e/m^2)	7.5	15.3	10.7	-29.7% ▼	42.9% ▲	6.8	-55.7% ▼	-37.0% ▼	6.77	-55.7% ▼	-0.1% ▼
Total verifiable Scope 3 emissions											
Absolute (tonnes CO_2e)	9,859	15,134	12,422	-17.9% ▼	26.0% ▲	15,330	1.3% ▲	23.4% ▲	13,913	-8.1% ▼	-9.2% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.200	0.207	0.167	-19.0% ▼	-16.4% ▼	0.206	-0.2% ▼	23.2% ▲	0.192	-7.0% ▼	-6.8% ▼
Relative to floor area (kg CO_2e/m^2)	7.0	7.8	6.3	-19.2% ▼	-10.1% ▼	7.9	0.5% ▲	24.5% ▲	7.3	-7.3% ▼	-7.8% ▼
Total non-verifiable Scope 3 emissions											
Absolute (tonnes CO_2e)	113,963	113,145	66,924	-49.7% ▼	-41.3% ▼	50,448	-62.1% ▼	-24.6% ▼	84,562	-36.5% ▼	67.6% ▲
Relative to bed numbers (tonnes CO_2e/bed)	2.3	1.8	0.9	-50.4% ▼	-61.0% ▼	0.7	-62.7% ▼	-24.7% ▼	1.2	-35.7% ▼	72.1% ▲
Relative to floor area (kg CO_2e/m^2)	81.4	68.9	34.1	-50.5% ▼	-58.1% ▼	25.9	-62.4% ▼	-24.0% ▼	44.1	-36.0% ▼	70.3% ▲
Total of verifiable and non-verifiable Scope 3 emissions											
Absolute (tonnes CO_2e)	123,822	148,279	79,346	-46.5% ▼	-35.9% ▼	65,778	-55.6% ▼	-17.1% ▼	98,475	-33.6% ▼	49.7% ▲
Relative to bed numbers (tonnes CO_2e/bed)	2.5	2.0	1.1	-47.2% ▼	-57.5% ▼	0.9	-56.3% ▼	-17.2% ▼	1.4	-32.8% ▼	53.7% ▲
Relative to floor area (kg CO_2e/m^2)	88.4	76.8	40.4	-47.3% ▼	-54.3% ▼	33.8	-56.0% ▼	-16.4% ▼	51.4	-33.0% ▼	52.1% ▲

* Including Liberty Living.

1. As reported data not base year data.

GHG calculation methodology: GHG emissions have been calculated in accordance with HM Government's "Environmental Reporting Guidelines: including streamlined energy and carbon reporting March 2019 (Updated Introduction and Chapters 1 and 2)" and the GHG Protocol's "A corporate Accounting and Reporting Standard (Revised Edition)". Energy consumption data was multiplied by the relevant emissions factor to calculate Scope 1 and 2 emissions.

Scope 1 emissions include gas consumed in properties, and fuel consumed in business vehicles.

Scope 2 emissions include grid electricity consumption, and district heating consumption in properties.

Verifiable Scope 3 emissions include Category 1 (Purchased goods and services – water, calculated using water meter and billing data), Category 3 (Fuel and energy-related activities including T&D and WTT emissions, calculated using same energy data used for Scope 1 and 2 emissions), Category 6 (Business travel – including direct and indirect (WTT and T&D) emissions from flights (including RF), and rail travel, calculated using data provided by travel booking partners), where verifiable data sources exist.

Non-verifiable Scope 3 emissions include Category 1 (Purchased goods and services – operation and management of real estate assets, calculated using QUANTIS Scope 3 evaluator tool based on spend), Category 2 (Capital goods – new properties, calculated using a detailed embodied carbon assessment of a real and representative new-build property, Category 5 (Waste Generated in Operations calculated using QUANTIS Scope 3 evaluator tool based on spend), and Category 7 (Employee commuting calculated using QUANTIS Scope 3 evaluator tool), where insufficient data is available to verify.

Emissions factors: emission factors used are the relevant factors from the "UK Government emission conversion factors for greenhouse gas company reporting (2022 data set)". Scope 2 emissions are calculated using the UK national average grid emissions factor, whilst Scope 2 emissions are calculated using our supplier Npower's contractual emissions factor which is zero for all electricity purchased under our Group supply contract as 100% is backed by REGOs. We disclose detailed asset-by-asset consumption to CDP and GRESB (Global Real Estate Sustainability Assessment).

Independent verification: all energy, water and carbon data in tables above for 2022 and all previous years reported, including year-on-year changes, has undergone independent verification by SGS UK Ltd to a level of "Reasonable Assurance" against the requirements of ISO 14064-3:2006 (excluding "non-verifiable" Scope 3 emissions as explained above), details will be published via our website https://www.unitegroup.com/sustainability.

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

Sustainability data reporting

The table below sets out further detail and data on our sustainability performance, aligned with the European Public Real Estate Association Best Practice Sustainability Reporting Guidelines (EPRA sBPR).

EPRA Sustainability Performance Measures – Environment				
EPRA sBPR Code	**EPRA sBPR Performance Measure**	**Data**	**Units**	**Commentary**
Elec-Abs	Total electricity consumption	150,944.9	MWh/yr	100% grid supplied and REGO backed (zero carbon under GHG Protocol Corporate Reporting rules for market-based Scope 2 emissions). c.20% purchased via corporate Power Purchase Agreement (cPPA) with a windfarm in Scotland. Includes all energy consumed across the portfolio including all tenant energy use. Also see SECR table on pages 60–61.
Elec-LfL	Like-for-like total electricity consumption	2021: 147,064.8 2022: 149,980.1	MWh/yr	As above, but only data from sites in scope for the whole of 2022 and 2021. Increase of c2.5% vs 2021 is impact of Covid-related under-consumption in 2021. Also see SECR table on pages 60–61.
DH&C-Abs	Total district heating & cooling consumption	11,672.1	MWh/yr	100% of district heating consumption from non-renewable sources (e.g. gas CHP). No district cooling. Includes all energy consumed across the portfolio including all tenant energy use. Also see SECR table on pages 60–61.
DH&C-LfL	Like-for-like total district heating & cooling consumption	2021: 12,312.3 2022: 11,672.1	MWh/yr	As above, but only data from sites that were in scope for the whole of 2022 and 2021. Decrease of c5.2% vs 2021 reflects the reduced heating demand through 2022 (the warmest year on record in the UK), and lack of any cooling load (buildings are naturally ventilated).
Fuels-Abs	Total fuel consumption	58,816.7	MWh/yr	100% of this fuel use is non-renewable grid supplied natural gas. Includes all energy consumed across the portfolio including all tenant energy use. Also see SECR table on pages 60–61.
Fuels-LfL	Like-for-like total fuel consumption	58,816.7	MWh/yr	As above, but including only data from sites that were in scope for the whole of 2022 and 2021. Increase of c1.5% vs 2021 is impact of Covid related under-consumption in 2021. Also see SECR table on pages 60–61.
Energy-Int	Building energy intensity	3,059.0	kWh/bed/yr	Sum total of Electricity + District Heat + Natural gas consumption per bed per year (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 60–61.
Energy-Int	Building energy intensity	115.6	kWh/m²/yr	Sum total of Electricity + District Heat + Natural gas consumption per m² floor area per year (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 60–61.
GHG-Dir-Abs	Total direct green house gas (GHG) emissions (Scope 1)	10,905.4	metric tonnes CO_2e/yr	Scope 1 emissions, calculated using natural gas consumption data and UK DEFRA/BEIS emissions factors. Includes all emissions across the whole of Unite's portfolio including tenant energy use. Also see SECR table on pages 60–61.
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (location based Scope 2)	31,204.3	metric tonnes CO_2e/yr	Scope 2 location-based emissions, calculated using grid electricity consumption data and district heating consumption data and relevant UK DEFRA/BEIS emissions factor. Includes all emissions across the whole of Unite's portfolio including tenant energy use. Also see SECR table on pages 60–61.
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (market based Scope 2)	2,052.3	metric tonnes CO_2e/yr	Scope 2 market-based emissions, calculated using supplier's contractual emissions factor for grid electricity (zero as 100% REGOs backed), and relevant UK DEFRA/BEIS emissions factor for district heating. Includes all emissions across the whole Unite Students portfolio including tenant energy use. Also see SECR table on pages 60–61.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + LOCATION based scope 2)	0.582	metric tonnes CO_2e/bed/yr	Scope 1 + location-based 2 emissions, as described above divided by total number of beds in the portfolio. Also see SECR table on pages 60–61.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + MARKET based scope 2)	0.179	metric tonnes CO_2e/bed/yr	Scope 1 + market-based 2 emissions, as described above, divided by total number of beds in the portfolio. Also see SECR table on pages 60–61.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + LOCATION based scope 2)	22.0	metric tonnes CO_2e/m^2/yr	Scope 1 + location-based 2 emissions, as described above, divided by total floor area (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 53–54.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + MARKET based scope 2)	6.8	metric tonnes CO_2e/m^2/yr	Scope 1 + market-based 2 emissions, as described above, divided by total floor area (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 53–54.

EPRA Sustainability Performance Measures – Environment				
EPRA sBPR Code	**EPRA sBPR Performance Measure**	**Data**	**Units**	**Commentary**
Water-Abs	Total water consumption	3,291,266.8	m^3/yr	All water consumed is municipal mains water supply for domestic use (sanitary and cooking use). Includes all water consumed across the portfolio including all tenant water use. Also see SECR table on pages 60–61.
Water-LfL	Like-for-like total water consumption	2021: 2,953,277.0 2022: 3,264,582.6	m^3/yr	As above, but including only data from sites that were in scope for the whole of 2022 and 2021. Increase of c5.7% vs 2021 is impact of Covid related under-consumption in 2021. Also see SECR table on pages 60–61.
Water-Int	Building water intensity	45.5	m^3/bed/yr	Consumption divided by total number of beds in the portfolio. Also see SECR table on pages 60–61.
Water-Int	Building water intensity	1.7	m^3/m^2/yr	Consumption divided by total m^2 of floor area per year (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 60–61.
Waste-Abs	Total weight of waste by disposal route	Recycling: 149.9 tonnes (42.4%) Energy from waste: 203.3 tonnes (57.6%)	Metric tonnes/ yr and % of waste by disposal route	During 2022 we appointed new waste contractors, and so have incomplete data for commercial waste through 2022. Data reported has been calculated based on 25 sites served by one individual contractor who was able to provide completed data on commercial waste generated by Unite (excluding student generated household waste), extrapolating it up on a "per bed" basis across the whole estate.
Waste-LfL	Like-for-like total weight of waste by disposal route	Not available due to changes of process and data	Metric tonnes/ yr and % of waste by disposal route	It is not possible to provide like-for-like comparison here as prior to 2022 commercial waste collections also included a significant proportion of student generated household waste. From 2022 onwards, new collection arrangements mean we can report pure commercial waste as a separate figure (as reported here), which cannot be compared with previous year's data.
Cert-Tot	Type and number of sustainably certified assets	BREEAM New Construction: Excellent: 14 properties, Very Good: 7 Properties, Good: 1 Property BREEAM In Use, Very Good: 1 Property, Good: 2 Properties	Total number by certification/ rating/ labelling scheme	

EPRA Sustainability Performance Measures – Social				
EPRA sBPR Code	**EPRA sBPR Performance Measure**	**Data**	**Units**	**Commentary**
Diversity-Emp	Employee gender diversity	Board: 60.0% male, 40.0% female Management: 68.2% male, 31.8% female All other employees: 54.1% male, 45.9% female Overall totals: 54.5% male, 45.5% female	Percentage of employees	Details of gender breakdown at different levels in the business can be found on page 65 of this report.
Diversity-Pay	Gender pay ratio	Management: Mean pay gap 21.9%, median pay gap 19.6% All other employees: Mean pay gap 5.7%, median pay gap 6.2%	Ratio	Our full Gender Pay Gap Report can be found at https://gender-pay-gap.service.gov.uk/Employer/KDcxuKgH although this statutory reporting operates across a different time period (Apr-Mar) than our annual reporting cycle (Jan-Dec) so is not directly comparable.
Emp-Training	Training and development	11.0 hours per FTE	Average hours	A total of 19,693 hours of training were delivered in 2022, across a total of 1,798 FTE employees.

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

EPRA Sustainability Performance Measures – Social				
EPRA sBPR Code	**EPRA sBPR Performance Measure**	**Data**	**Units**	**Commentary**
Emp-Dev	Employee performance appraisals	100%	Percentage of employees	All employees set annual objectives with their line manager then also formally review these at the end of the reporting period. Line managers are expected to hold regular, ideally monthly, 1-to-1 personal development and performance review meetings.
H&S-Emp	Employee health and safety	Accident Frequency Rate per 100,000 hours worked = 0.22 (based on 7 RIDDOR reportable accidents in year) Minor injury frequency rate per 100,000 hours worked = 4.6 (based on 145 minor injuries in year) Fatalities = zero	Total number and rate	
H&S-Asset	Asset health and safety assessments	100%	Percentage of assets	**Fire:** An independent third party undertaken annual fire safety risk assessments of all properties in line with regulations and fire standards. Any gaps are collated and managed through to completion based on risk rating. Avon Fire and Rescue service have been appointed as our primary authority to consult on all fire safety matters. **Asbestos:** Properties are assessed for any asbestos-containing materials (ACM) to manage in line with the UK Control of Asbestos Regulations (CAR) 2012. If present, a programme of mitigation is introduced by a third-party independent contractor who is responsible for safe and compliant remediation or removal and disposal in compliance with all appropriate legislation. **Building Mechanical Assets:** Building services are maintained in line with current regulations e.g. passenger and goods lifts are covered under UK Lifting Operations and Lifting Equipment Regulations (LOLER). Equipment is subject to periodic thorough examination and inspection by competent third-party contractors. All remedial action identified within the report are managed through to completion. **Building Electrical Assets:** Our safety procedures align with relevant legislation, i.e. The Electricity at Work Regulations and The Provision and Use of Work Equipment Regulations, to ensure we cover all UK statutory requirements to manage danger arising from working on/near, testing, or operating electrical equipment and systems. **Gas safety:** We have responsibilities under the Gas Safety (Installation and Use) regulations to undertake safety inspections on all gas appliances and associated equipment, to ensure gas fittings and flues are maintained in a safe condition. Gas appliances are serviced at least annually and we maintain the record of the gas safety checks.
H&S-Comp	Asset health and safety compliance	0 incidents		No incidence of H&S non-compliance against regulations or voluntary codes.
Comty-Eng	Community engagement, impact assessments and development programmes	See commentary		All sites liaise and engage with local stakeholders including local communities, emergency services, partner universities, local authorities etc. We also engage as a business with key stakeholders including local communities, as described in our Stakeholder Engagement statement on pages 66, 102 and 104 of this report.

EPRA Sustainability Performance Measures – Governance				
EPRA sBPR Code	**EPRA sBPR Performance Measure**	**Data**	**Units**	**Commentary**
Gov-Board	Composition of the highest governance body	Number of Executive Board members: 2 Number of Non-Executive Board members: 7 + 1 chair Number of Non-Executive Board members who are independent: 7 Average tenure of governing body: 7 years Number of independent/ Non-Executive Board members with competencies relating to environmental and social topics: 5 of the Board members sit on the Sustainability Committee		See pages 88 onwards of this Annual Report for more details on composition of the Board.
Gov-Select	Nominating and selecting the highest governance body	See commentary		Board appointments, succession plans and diversity are set out on pages 115 onwards of this Annual Report in the Nomination Committee's Report.
Gov-Col	Process for managing conflicts of interest	See commentary		Details are set out on page 165 of this Annual Report.

Gender split for EPRA

	Male	Male %	Female	Female %	Total
Board	6	60.0%	4	40.0%	**10**
Management	30	68.2%	14	31.8%	**44**
All other employees	945	54.1%	801	45.9%	**1,746**
Total	**975**	**54.5%**	**815**	**45.5%**	**1,790**

SECTION 172

Statement by the Directors in accordance with Section 172(1)(a) to (f) of the Companies Act 2006

Meeting the needs and expectations of our stakeholders is fundamental to delivery of our purpose, Home for Success. The Board of Directors confirm that for the year ended 2022, it has acted to promote the success of the Company for the benefit of the members, having regard to the interest of stakeholders in their decision-making, as further detailed below.

The likely consequences of any decision in the long term and desirability to maintain a reputation for high standards of business conduct

Acting in the long-term interests of the business and all our stakeholders is central to the Board's decision-making process and shapes the Group's strategy. To help the Board understand our wider stakeholder relationships and inform the Board's decision-making, the Board receives regular updates from the Executive team, as well as the wider senior leadership team. In all decision-making, the potential impact on our stakeholders is taken into account, together with the likely consequences of these decisions in the long term and also the desirability of the Company maintaining a reputation for high standards of business conduct as set out in our Code of Ethics. You can read more about our principal decision-making as further detailed on pages 109–113 and our whistleblowing programme as detailed on page 103.

The Board maintains oversight of the Company's performance and reserves specific matters for approval, including significant new strategic initiatives and major decisions relating to capital raising and allocation. Through measurement against long-term objectives, the Board monitors how management is acting in accordance with the Board's agreed strategy and the long-term interests of our key stakeholders.

The interests of our employees

As a service business, providing homes for 70,000 young people, who are often living away from home for the first time, the Board recognises the importance of our employees and the role they play in delivering our Home for Success purpose. Following the formation of our employee engagement forum, Culture Matters in 2021, the Board receives regular feedback through our Non-Executive Director for Workforce Engagement, Ilaria del Beato, who attends the Culture Matters meetings, as well as regular updates from our Group People Director, ensuring consideration is given to employee needs and concerns. The Board also understands employees' views through our employee surveys as well as "Unite Live" sessions with our CEO and senior leaders enabling employees to ask questions directly. Our commitment to employee engagement can be seen by our regular employee engagement surveys where we take the feedback received and turn it into meaningful action.

The need to act fairly between members of the Company

The Board recognises that acting fairly in the interests of all shareholders increases investor confidence, reduces our cost of capital and ensures good governance. This also supports the ability of the business to invest and grow through access to capital when it is required. We provide all investors with equal access to information through our public reporting for financial results and trading statements, as well as additional disclosures in areas such as sustainability through our corporate website. Our Annual General Meeting also provides an opportunity for all shareholders to have their say. We engage regularly with investors at conferences and ad-hoc meetings, which address investor groups from a range of markets and of differing sizes. The Chair of the Board engages with shareholders on governance matters and the Chair of the Remuneration Committee engaged with stakeholders through the 2021/2022 remuneration consultation process.

The Board had oversight of the Company's investor roadshow held in May 2022, focused on progress around our sustainability strategy. This roadshow included meetings with our existing top 10 investors to understand their future sustainability expectations. The Board received positive feedback overall on the progress made through the Group's sustainability strategy, particularly around its SBTi-validated targets for achieving net zero carbon by 2030. Investor feedback contributed to the evolution of how our sustainability strategy is communicated, following approval from the Sustainability Committee, with a new focus on People and Places to better highlight the social impact delivered by the Group.

Further information on **employee engagement** can be found on pages 97–103 and **shareholder engagement** on page 104

The need to foster business relationships with our key stakeholders including our customers, University partners and suppliers

Our customers

Our purpose, Home for Success, is to provide a safe and welcoming home for students to engage, learn and thrive at university, while preparing them for life beyond. Our regular student surveys provide opportunities for students to provide direct and frank feedback so that we can understand what is important to them during their time living with us and also on wider topics. The Board reviews the Net Promoter Score from our student surveys which help the Board decide where to invest in customer service and property enhancements to ensure we deliver value-for-money for our customers.

Student safety is our utmost priority and in response to customer needs, we introduced a new operating model so that all our buildings have 24/7 staff presence, 365 days a year across both frontline and management staff.

Our city teams engage with our student customers on a day-to-day basis covering welfare issues, complemented by our Resident Ambassadors, who provide peer-to-peer support to students, and organise activities in our properties to help foster like-minded communities.

University partners

Universities are key strategic stakeholders, directly accounting for around half of our reservations each year under nomination agreements and the other half indirectly through their students who book directly with us. The reputation, health and future growth of our University partners remains central to our business prospects.

The Group supports the growth ambitions of its university partners through a range of different approaches from single-year accommodation arrangements to more strategic on-campus relationships. Through this partnering, we can explore opportunities for new University partnerships, where we can unlock operational efficiencies, alongside new accommodation options.

Our Higher Education Engagement team and Student Support team meets regularly with university leaders and teams at various levels enabling us to discuss this strategic planning as well as day-to-day operational requirements. This feedback is shared with our Board who in turn consider our strategies for delivering value to universities. Our Student Support team also engage and have collaborative relationships with Higher Education institutions and provide the Board with insight into trends and specific themes relating to student wellbeing across the Higher Education sector.

Our annual Higher Education Engagement survey provides the Board with key insight into our reputation and performance with our University partners as further detailed as part of our Higher Education trust operational KPI on page 31. This helps inform the way we improve our product and service. The Board is also regularly updated on trends in the Higher Education sector in the UK and globally, which inform the Group's strategy around the universities with which it seeks to partner over the long-term.

Suppliers

We work with a wide range of suppliers across our operations and development activities to deliver a high-quality, affordable customer offer. Our teams maintain strong relationships with suppliers and ensure that the contractors we use have the right skill set and accreditations to undertake the work in our buildings. The Board recognise the importance of supplier relationships and is provided with regular updates throughout the year.

Our impact on the community and the environment

Home for Success is about creating a sense of belonging and community in our properties and beyond and we're ensuring our actions have a positive impact. To maximise the value we create for communities and ensure our ability to continue to operate and grow within them, we seek to play an active role in local communities and build trusted, long-term relationships with community partners. This can be seen in our development activity where we actively engage with local communities to ensure the design of our buildings, public spaces and community facilities also meets their needs. Our Positive Impact programme encourages our people and teams to work with local stakeholders on community impact initiatives.

As a responsible business, our wider stakeholders demand we proactively manage environmental, social and governance risks. Moreover, we understand the significant contribution that property makes to global carbon emissions and how essential it is that we play our part in the fight against climate change.

Through the Sustainability Committee, the Board has oversight of our environmental impact through continued review of our sustainability strategy launched externally in 2021. This strategy specifies clear targets to reduce our environmental impact over time. In addition, our Net Zero Carbon Pathway, published in December 2021, details our approach to reach net zero carbon across our operations and developments by 2030.

Engagement around environmental impact comes indirectly through feedback from investors, students, universities and local communities, all of which is considered by the Board. During the year, the Sustainability Committee considered the Group's communication of the sustainability strategy and feedback received from internal and external stakeholders. Following review, we launched an updated and more engaging communication framework.

Further information on our **sustainability strategy** can be found on **pages 125–127**

SECTION 172 continued

We have highlighted some key decisions demonstrating how the Board has taken Section 172 matters into account in decision-making:

Our 2023 pay award	Employee wellbeing is at the heart of the business and following the rise of utility prices and interest rates, the Board listened to employee concerns and recognised the need for the business to do what it can to further support our people. The Board had oversight of the Remuneration Committee's decision to make a significant pay award to employees, effective 1 January 2023. This is our highest ever pay award, following a tiered approach by salary; with 95% of our employees receiving 5% or more, and our lowest earners being awarded 10.1%. In addition, employees were also given a £500 one-off payment in August 2022, in addition to a wider support package.
Supporting a safe and secure transition to university with our new operating model	We considered how best to structure and align our frontline teams in order to retain our market-leading position. As student safety is our utmost priority, we needed to introduce an operating model where all our buildings have a 24/7 staff presence, 365 days a year. In doing so, the Board supported the decision for a formal employee consultation to approve our new operating model. Further details of this decision can be found on page 97.
Acquisition of 180 Stratford, a 178-unit purpose-built build-to-rent property in Stratford, East London	The Board considered the potential impact of investing in the build-to-rent sector on our stakeholders including investors and local communities, together with the likely consequences of the decision in the long term. In doing so the Board recognised that the acquisition would enable the Group to test its operational capability to extend its accommodation offer to young professionals and retain them as customers as they move on to the next stage in their lives. The Board therefore approved the acquisition of a pilot build-to-rent investment property in Stratford, East London using proceeds of disposals made in the year. The decision did not impact the Group's 2022 earnings guidance or meaningfully impact future financial prospects.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Board recognise the scale of the challenge posed by climate change, its potential impact on real estate and the urgent need to take mitigating action. With the built environment accounting for c.40% of global greenhouse gas emissions, we also recognise our responsibility to do what we can to minimise our carbon footprint and encourage our customers to do the same. We have set out a detailed pathway to achieving net zero carbon by 2030, are committed to improving our buildings' energy efficiency and helping our customers adopt sustainable living habits which will stay with them for life. This is a goal shared by our investors, customers, suppliers and people. As part of our Sustainability Strategy we have set carbon reduction targets which have been validated as 1.5°C, aligned by the Science Based Targets initiative (SBTi), an operational energy efficiency target aligned with the CRREM 1.5°C UK Multi-family Residential trajectory, and have committed under the RE100 initiative to source 100% of our electricity from renewable sources by 2030.

We have complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations, recommended disclosures, 2021 implementation guidance, and supplemental disclosures for non-financial groups in this section and other parts of this Annual Report where cross referenced.

We undertook a comprehensive materiality assessment of sustainability topics and issues in 2020, and have continued to engage with key stakeholders to ensure we stay focused on the most important issues, and report on them in line with their views and our own commitments. During 2022 we held a sustainability roadshow for investors, to update them on the Group's climate performance and priorities, and hear their views on our sustainability strategy and performance, particularly regarding our commitments on climate change. The Board also considers feedback on our ambition and performance from investors, students, universities, employees and local communities, to ensure we remain focused on the most material issues. This ongoing process of stakeholder engagement, feedback, and materiality assessment directly informed our first sustainability strategy published in 2020 and its evolution into our approach to sustainability reporting detailed on pages 56 and 58–65; it continues to guide our approach while planning, implementing, and reporting on our sustainability strategy and progress.

Governance

Our Chief Executive has overall responsibility for our climate-related risks and opportunities with ongoing oversight of climate-related issues delegated to the Sustainability Committee, a sub-Committee of the Board. Our Sustainability Committee meets four times per year to maintain Board oversight of environmental, social and governance issues, and hold the business to account for performance in this area including the management of climate-related risk. Climate risk and performance, including our plans for achieving and progress towards our 2030 net zero carbon target, are reviewed by the Committee. Further details of the Committee's activity during the year are set out in the Sustainability Committee Report on page 125. The Board also undertakes a twice-yearly formal risk review (see pages 77–87) which includes climate-related risks.

Relevant climate-related risks and opportunities are considered during business planning, proposals and investment cases prepared for submission to the Management Boards (the Property Leadership Team and Customer Leadership Team), the Executive Committee and the Sustainability Committee, ensuring both management and the Board have visibility over climate-related risks and opportunities, and can consider them in planning and decision making.

Our performance against the annual sustainability investment budget is reported as a standalone spend category showing detailed performance against budgeted levels on a monthly basis. During 2022 the Board specifically considered climate risk through the transition costs of meeting future EPC standards and exposure to utility prices, when it appraised a potential major acquisition.

The Remuneration Committee sets performance objectives linked to all employees' bonuses and incentive schemes, with a number of climate and sustainability metrics including GRESB rating, energy intensity, EPC ratings and our employee Positive Impact scheme contributing to overall remuneration. Details of the Executive Director bonus and LTIP components, including the weighting and targets can be found on page 132. Performance against the 2022 bonus targets can be found on page 152.

Members of the Sustainability Committee are informed of best practice, market expectations, and given climate-related updates by internal and external specialists and expert advisors, including representatives of other listed peers, investors, analysts and supply chain partners. Board members gain experience of climate-related risks and opportunities through their work with other businesses.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

UNITE GROUP PLC BOARD

- Ultimate responsibility for setting Group strategy, prioritisation and capital allocation
- Provides rigorous challenge to management on target setting and performance
- Ensures Group maintains an effective risk management framework, including climate-related risks and opportunities

INFORMING ↓ REPORTING ↑

The Board delegates specific climate matters to its Committees:

SUSTAINABILITY COMMITTEE

- 4 meetings in 2022
- Oversees development and implementation of our Sustainability Strategy and recommends any changes to the Board
- Reports progress to the Board quarterly with input from across the Group
- Chaired by Dame Shirley Pearce with 3 Non-Executive Director members
- Attended by Group Chair, CEO, Investment and Sustainability Director, Head of Sustainability, Group People Director and Group Communications Director

REMUNERATION COMMITTEE

- 3 meetings in 2022
- Chaired by Elizabeth McMeikan with 3 Non-Executive Director members
- Engages with shareholders to inform target setting, including climate-related objectives
- Supports the Sustainability Strategy by aligning remuneration and incentive targets to the Strategy

AUDIT AND RISK COMMITTEE

- 5 meetings in 2022
- Chaired by Ross Paterson with 3 Non-Executive Director members
- Ensures climate risk and opportunities are effectively identified, mitigated and managed
- Oversees preparation of the Group's financial disclosures and Annual Report

INFORMING ↓ REPORTING ↑

CHIEF EXECUTIVE AND EXECUTIVE COMMITTEE

The Chief Executive is responsible for climate risk, opportunities and implementing the Sustainability Strategy with support from the Executive Committee. The Executive Committee reviews the annual business plan, and longer term Strategic Plan for the Group, which covers all aspects of performance including climate risks and opportunities ahead of recommending it to the Board. On a monthly basis the Executive Committee reviews actual and forecast performance, including climate-related performance as appropriate, taking action to improve wherever necessary, and reports this progress to the Board.

INFORMING ↓ REPORTING ↑

PROPERTY LEADERSHIP TEAM

- Chaired by the Group Property Director, responsible for all property investment and divestment
- Manages climate risk and opportunities in investment decisions such as potential disposals of lower EPC rated assets or mitigating flood risk on potential development sites
- Tasked with reducing embodied carbon and improving operational energy performance of developments in line with our 2030 net zero carbon target
- Manages sustainability investment performance against budgets for the Group including consideration of climate-related risks and issues in investment opportunities

CUSTOMER LEADERSHIP TEAM

- Chaired by the Chief Customer Officer, responsible for operating the investment property portfolio
- Manages climate risks and opportunities by ensuring appropriate forward purchasing of utilities to meet expected usage, investing in energy and carbon reduction improvements to buildings and educating customers to reduce usage
- Ensures plant is properly maintained to operate at designed energy efficiency
- Identifies opportunities to secure low carbon energy through Power Purchase Agreements
- Reviews detailed financial performance monthly relating to climate risks, taking actions to mitigate variance from approved budgets

INFORMING ↓ REPORTING ↑

ENERGY AND ENVIRONMENT TEAM

- Led by the Head of Sustainability, a dedicated team with operational responsibility for coordinating the implementation of the Sustainability Strategy
- Head of Sustainability regularly reports progress to the Property and Customer Leadership Teams, Executive Committee and attends Sustainability Committee meetings
- Responsible for developing asset transition plans, implementing energy and carbon reduction capital projects, ensuring EPC and wider energy and climate-related compliance, investment proposals, and reporting on climate-related and sustainability performance

Strategy

Climate change is a principal risk to Unite which has the potential to impact our business in the short, medium and long term. We face potential acute and chronic physical risks from the direct and indirect effects of climate change on our business, including extreme weather and flooding. Potential transition risks associated with the shift to a low-carbon economy include changing consumer preferences, impacts on investment property valuations according to their climate resilience and energy performance, and future policy and regulation. These also present opportunities where, for example, our leadership in the sector may be valued by our customers and ultimately lead to improved financial performance. Further detail, including the process used to determine materiality of risks is included within the Risk Management section.

Time periods:

S **Short term:** 0–3 years – Our highest confidence forecasts including the detailed year budget and subsequent two years where we have significant visibility in our Business Plan.

M **Medium term:** 3–10 years – Covers the period to our 2030 net zero carbon target, asset transition plans and other regulatory deadlines such as EPC B in 2029 and the useful life of building fit out.

L **Long term:** 10–30 years – The period beyond our forecasting and planning horizon and the age where PBSA can begin to face obsolescence without investment.

Risk	Acute physical	
	Heat Stress	**Flooding**
Description	Rising average and frequency of heatwaves could make our buildings uncomfortably hot during the summer months.	Increased rainfall increases the risk of both flash flooding and rivers bursting banks.
Impacts	We may be required to relocate those customers living in excessively hot rooms at our expense or otherwise compensate for disruption. Sustained increases in temperature may mean we are unable to let buildings during the summer without active cooling or investment in passive cooling technologies.	The impact of a flood could be significant to a single property, either from temporary disruption to our customers and operations teams, or damage to the building itself and the plant and machinery within. In the most extreme scenario, a flood may damage the plant room of a building requiring temporary closure whilst repairs are completed. Operations may also be impacted by flooding elsewhere that disrupts supply chains or communications even if individual properties are not directly affected.
Time period	M L	S M L
Financial risks and opportunities	c.£15 million of summer short term lettings income at risk of increased cooling costs. Higher temperatures during winter may reduce the heating requirement of our buildings.	The geographic diversity of the portfolio means that flood damage is unlikely to be material in the context of the Group. Closure of a building for a year due to flood damage could cost up to £12 million of lost net income. A risk assessment using Environment Agency and Scottish Environmental Protection Agency flood risk data found that approximately 10% of the total portfolio has a High (1 in 76–100 years) or Very High (1 in <75 years) risk of flooding. Increased flooding risk will be reflected in the premiums charged by the Group's insurers.
Scenario methodology	We compared forecast temperatures during the summer under 1.5°C, 2°C and 4.5°C scenarios using the RCP8.5 projections versus the 1981–2010 baseline. The datasets used for this analysis were extracted from the UKCP18 data published by the Met Office Hadley Cell GCMs (HadREM3-GA705).	We compared forecast rainfall during the winter under 1.5°C, 2°C and 4.5°C scenarios using the RCP8.5 projections versus the 1981–2010 baseline. The datasets used for this analysis were extracted from the UKCP18 data published by the Met Office Hadley Cell GCMs (HadREM3-GA705).
Mitigation and adaptation activities	We routinely monitor building temperature and ensure comfortable temperatures are maintained at all times as part of Student welfare. New development schemes and larger asset management programmes are designed to ensure appropriate temperatures are maintained.	We reviewed the flood risk of the portfolio during 2021 in partnership with our insurers and will continue to do so. We maintain flood response plans at higher risk properties. New development schemes and potential acquisitions are reviewed for flood risk and appropriate mitigations put in place where necessary to reduce risk to an acceptable level. This includes working with local government and the Environment Agency to quantify and then mitigate the risk.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

Risk	Transition			
	Technology	Reputation	Policy and legal	Market risk, commodity and resource efficiency
Description	Risk that sufficient improvements to an individual asset's performance cannot be achieved at the pace or scale required for the transition to a low carbon economy.	Our 2021 student survey highlighted climate change as the number one priority for students, we expect climate change to continue and to be of increasing importance for University partners, investors and other stakeholders.	Regulation and Government Policy will continue to evolve and increase minimum standards.	We face market risk through energy pricing and increased costs if our use of energy is not mitigated through efficiency investment.
Impacts	Individual assets' operating costs, asset value and liquidity may be adversely impacted if they do not meet evolving regulatory standards such as future Minimum Energy Efficiency Standards (MEES) for Energy Performance Certificates (EPCs), or market or shareholder expectations such as decarbonisation in line with the CRREM pathways.	Our leadership in the sector may be recognised by our customers and partners providing additional business opportunities or income benefits from our leadership in sustainability. Failure to at least meet stakeholder expectations could be detrimental to business performance through many channels including our ability to secure nomination agreements and increased financing costs.	Regulations may require increases in scale or pace of investment in decarbonisation. Introduction of mandatory carbon pricing could impact the viability of our development pipeline and increase ongoing operating costs of the existing portfolio. Failure to meet minimum standards could also have significant reputational impacts, as set out in Principal Risk 8 on page 85.	Rapid changes in commodity prices make planning and forecasting financial performance increasingly challenging. Increases in utility prices seen in 2022 could have a significant impact on the Group's financial performance if sustained and we have seen utility cost per bed increase from £380 in 2020/21 to £470 in 2021/22. We have seen valuers start to reflect increased utility costs in asset valuations and would expect further downwards pressure on valuations if energy efficiency is not improved to offset this.
Time period	M L	S M L	M L	S M L
Financial risks and opportunities	We plan to invest c.£100 million to support our sustainability targets. We target our sustainability investments to pay back in 10 years or less on an undiscounted basis. A "green premium" to asset values has not yet manifested in the PBSA sector. It is anticipated that a "brown discount" will take effect over the next 3–5 years if assets are at risk of failing EPC MEES or expectations on energy and carbon.	Not usefully quantifiable with existing data.	The UK Government has set a legally binding net zero target of 2050. Under our more ambitious strategy, we expect to spend £100 million on our transition to net zero carbon by 2030. It will not be lawful to let any property not meeting EPC C by 2027 or B by 2029. 20% of our portfolio is rated D or below, implying around a £100 million risk to income across the whole portfolio if not addressed. The portion of the portfolio rated C or above has increased by 23% during the year due to portfolio changes, including completed developments, refurbishment and disposals, and a change in classification of PBSA for EPC certificates.	We spend around £37 million per year on utilities, being our second largest category of spend after people. We expect our utility costs to grow by around 10%, p.a. over the next two years due to rising prices. We have targeted a 10 year payback on our sustainability investment, implying c.£10 million p.a. savings on our £100 million of total planned investment. If utility prices remain high then the potential savings from this investment will also increase.

Risk	Transition			
	Technology	**Reputation**	**Policy and legal**	**Market risk, commodity and resource efficiency**
Scenario methodology	We assess individual assets against the CRREM 1.5°C pathways for UK multifamily residential energy consumption and carbon emissions (on a market-based Scope 2 basis), and have reviewed all EPCs against relevant EPC MEES targets in England and Wales and in Scotland. These have been compared against current asset performance, and expected performance after the implementation of planned capital investment over the next 7 years set out in our asset transition plans.	Not assessed	Not assessed	Not assessed
Mitigation and adaptation activities	Delivery of our 2030 net zero target, in conjunction with our asset transition plans are expected to avoid asset stranding. We will monitor progress against these plans and take corrective action where required. We plan to invest around £100 million in our sustainability strategy by 2030.	We actively engage with our customers, University partners, suppliers and investors to explain and seek feedback on our sustainability performance and goals in addition to understanding their requirements and expectations.	We engage with Government and our advisory teams to understand likely future legislation and the impacts that it might have on Unite. This gives us the greatest amount of time possible to adapt to new regulation ahead of introduction. Our planned investment in sustainability initiatives will get all of our buildings up to minimum efficiency standards for letting. Our sustainability and legal teams, with support from our expert advisors, routinely monitor upcoming and proposed regulation to ensure we remain compliant.	We forward purchase our utilities so that we have price certainty when putting rooms on sale, allowing us to confidently set prices at an appropriate level to reflect the costs which we face. Around 20% of our electricity is secured through a corporate power purchase agreement, giving us certainty of supply over the medium term. We are actively exploring opportunities to add to this given the compelling environmental and financial impacts.

The Group operates solely in the United Kingdom and generates substantially all of its income through letting purpose-built student accommodation. Sector and geographic considerations are therefore not considered material to climate risk at the Group level. For individual properties, geographic considerations can be a material risk as discussed in the Risk Management section.

The Group has potentially significant opportunity to benefit from the actions it has taken to address climate change. Improving resource efficiency, particularly where services are included in the rent, could generate cost savings and potentially increase asset values. If students recognise and value our sustainability performance, we may benefit from increased sales or a reduction in marketing costs. Our use of low carbon energy sources will reduce the impact of any future carbon pricing or taxation. Equity and debt capital may be more readily available, or at lower cost, if we can meet and exceed market sustainability requirements.

During 2022, climate risks and opportunities were tracked as part of our financial planning relating to utility costs where varying levels of usage could have an impact on our financial performance as energy supply and commodity costs became a major geo-political issue. Our 2023 budget and planning include further assessments of our exposure to utility costs and the potential to mitigate cost increases through capital investments in energy initiatives.

Green debt issuance, either on public capital markets or privately, continues to gain pace. The Group has a Sustainable Finance framework, enabling it to access the Green Bond market and has also embedded sustainability performance into the Group's main bank facility. Failure to meet the targets set out in the Sustainability Framework may reduce the Group's ability to access debt capital markets, potentially resulting in higher finance costs.

Climate risk, most commonly energy usage, flood and transition risk are considered in capital allocation decisions. All potential acquisitions and disposals are reviewed to identify the costs of meeting our net zero commitments, EPC requirements and ongoing utility costs and ensure that these are properly reflected in financial modelling and form an important part of our due diligence.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

New developments are expected to be net zero carbon, as defined by the RIBA Climate Challenge, in addition to being highly resource efficient through the use of technology such as rainwater harvesting, low water usage shower heads and solar electric generation. Developments are designed to mitigate overheating risk and include associated cooling requirements. For certain development sites, flooding is a significant risk which must be mitigated through appropriate design and construction methods to meet regulatory and local authority planning requirements. The cost of this mitigation is included within our investment appraisals and we may require a higher return on investment where the mitigated risk remains significant.

We assessed flooding and heat stress exposure of our portfolio under scenarios based upon the Intergovernmental Panel for Climate Change RCP scenarios consistent with 1.5°C, 2.0°C and 4.5°C temperature rises. The analysis showed that under a 4.5°C scenario, heat waves, as defined by the Met Office, become increasingly regular during the Summer and the risk of flooding increases from a 1 in c.250 year event to a 1 in c.200 year event, with a marginal change in frequency under 1.5°C and 2.0°C scenarios. Overall the outputs give us confidence in the resilience of our strategy under a 2.0°C or lower temperature rise scenario, whilst we recognise that our strategy and adaptation measures may need to evolve in the long term, particularly under a 4.5°C scenario.

Under a 4.5°C scenario, our analysis demonstrates that changes to our strategy and financial planning will be required as flooding and heat stress losses become more likely. This will likely include divestment of assets which are less resilient to extreme heat and rainfall, or investment to limit the impact of flooding and coastal surge. This scenario could also result in changes to our customers' behaviour and supply chain partners' viability, including business failures or supply chain disruption. Increased due diligence in supply chain selection will be required, particularly considering the sourcing of construction materials which may be processed or manufactured in countries where the effects of climate change are more extreme.

We will continue to assess potential risks in due diligence for future acquisitions and to make appropriate adaptations, where required, to our portfolio. We have assessed the business's exposure to transition risks and believe the business's strategy to deploy capital into highly efficient properties and make upgrades to our existing assets, whilst selling lower performing assets, leaves us well-placed to meet the requirements of the net zero transition. We consider our strategy to be resilient under both 1.5°C and 4.5°C scenarios.

Risk management

Climate change is a principal risk affecting long-term decisions made by the Group such as decisions on investment and divestment. Therefore it is considered in a broad context within the strategy and as part of our risk management framework. 'Create a Responsible and Resilient Business' is one of three main objectives of our strategy, with our net zero commitment being a major part of this, together with the broader objectives to reduce resource intensity and work to enable our customers to live more sustainable lives all contributing to this objective.

We work with teams across the organisation, senior management, external advisors and stakeholders to identify the strategic, operational, legal and compliance risks facing our business. These are included on our Group Risk Register, which is challenged and validated by the Executive Committee. Our principal risks, which are a sub-set of our Group risks, are reviewed by the Board twice annually. Climate change has been identified as a principal risk and is managed through our risk management framework. This framework enables us to effectively manage climate-related risks – all risks are allocated a risk owner, evaluated for the potential impact and consequences; controls and control owners are identified, and finally an evaluation of the residual risk against our risk appetite is undertaken. Scenario modelling, including the climate scenario analysis detailed in this TCFD disclosure, is used to better understand the impact of these risks on our business model when placed under varying degrees of stress, enabling interdependencies to be considered and plausible mitigation plans to be tested.

We undertook a climate-related risk scoping workshop assessment, as part of our overall risk management process described in the risk management report, covering the constituent risks of our broader sustainability and ESG risk, to identify the most material risks and assess their potential impacts under different future climate scenarios, as well as the likelihood, business consequences, and possible management and mitigation strategies. Risks are assessed for potential likelihood and impact, and rated using a 5 x 5 matrix on a scale of 1 to 25 (from "very low" to "critical") giving each risk a score. This approach is common across all risks, allowing a comparison of climate risk with all other risks identified by the Group. When we evaluate risk, we consider the inherent risk (before any mitigating action) and the residual risk (the risk that remains after mitigating actions and controls) as well as the materiality of the risk in the context of the Group.

The process for assessing, identifying and managing climate-related risks is the same as for all principal risks with responsibility sitting with the Board and is described on pages 77–87. Details of how we identify, assess and manage climate-related risks are covered in Principal Risks 8 and 9 on page 85 which includes a description of the principal climate -related risks and uncertainties facing the Group.

The Energy and Environment Team is dedicated to integrating sustainability into the business which includes tracking, and reporting on, climate legal and policy-related developments which allows the business to stay well-informed on regulatory and technological developments and effectively manage any associated risks. This includes MEES regulations covering minimum EPC standards and the development and implementation of transition plans for those assets which do not meet future standards. We closely monitor future, or potential regulatory requirements in all areas of our business including climate change, to ensure that we are able to take any actions required to meet new requirements as they become effective.

Portfolio and asset level climate-related risks and opportunities are identified and assessed through due diligence for new investment, divestments and risk assessments for existing assets which cover specific climate-related risks such as energy efficiency ratings of properties and physical climate risks, as well as in individual property level Asset Transition Plans:

Investment and divestment – review of sustainability risks for investment decisions is undertaken by the Investment Committee. Geographical location plays an important part in the identification of physical risks during the due diligence process, for example through the use of flood and overheating risk assessments, and transition risks are identified through reviewing energy efficiency ratings, existing plant and machinery, construction type and an estimate of the investment required to deliver energy intensity targets aligned to our net zero operational commitment. Where a risk is identified, we develop appropriate mitigation strategies in the case of new developments or reflect the risk in acquisition pricing if the risk is capable of mitigation to an acceptable level.

Existing assets – risks are identified through compiling and analysing data on specific property attributes, such as flood risk, transition risk through the CRREM tool outputs, and energy performance. This data would typically be analysed annually and is used to inform asset management decisions and the business's disposal strategy.

Metrics and targets

We are committed to transitioning to net zero carbon in alignment with the UK Government's 2050 target and with the goals of the Paris Agreement. Our sustainability strategy includes a net zero carbon commitment by 2030. This is built on our science based targets approved by the SBTi, and a commitment under the RE100 scheme to purchase 100% renewable electricity by 2030. We published our net zero pathway during 2021 setting out the action we will take over the coming decade. As a residential landlord, our customers' energy use is included within our Scope 2 emissions, this gives us significant opportunity to reduce both our and our customers' impact on the environment. Our strategy includes ambitious climate-related targets:

- Science-based target, aligned with a 1.5°C scenario to reduce our carbon emissions (tCO_2e) by 56% by 2030 compared with a 2019 baseline (Scope 1 + market-based Scope 2 emissions)
- Reduce embodied carbon across our developments by 48% compared, in line with the RIBA Climate Challenge targets, with a typical building by 2030 by prioritising asset retention where possible, smart design and using sustainable materials
- Reduce energy intensity by 28% by 2030 compared with 2019 baseline
- Source 100% of total energy consumption from renewable sources by 2030

We expect that 40% of our 2019 baseline emissions, being predominantly Scope 3 emissions, will remain by 2030 and require either further investment to avoid, or the use of offsetting.

Our 2030 net zero carbon target covers both our operations and development activity. Our operations targets covers Scope 1 and 2 emissions from our buildings, including all building energy used by our student tenants, as well as selected Scope 3 emissions as per the BBP Climate Change Commitment. Our development target covers Scope 3 emissions arising from the construction of new buildings, including embodied energy and construction activity, and a focus on making new buildings net zero carbon in operation. This target applies to properties delivered for us by our supply chain partners on a design-and-build, and new build properties purchased on a forward-funded basis from other developers. Further detail is available in our Net Zero Carbon Pathway. The board have not approved interim targets for reporting in the 2022 ARA but these will be considered for future periods.

Additional **climate-related KPIs** and details of **our performance** can be found on **page 56**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

We have c.£7 million of capital investment in energy efficiency planned for 2023, including LED lighting, air source heat pumps and improved heating controls, and are exploring options to bring more of our purchased electricity under long-term power purchase agreements to meaningfully decarbonise our energy supply.

Climate-related metrics are included in Company bonus and incentive schemes as set out in the Governance section of this disclosure.

Our Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, including comparison to prior years, are externally verified to a reasonable level of assurance and are disclosed on pages 53–65. These disclosures include both absolute and relative measures to aid comparability in our performance.

We review our performance against the metrics set out above on an ongoing basis as part of our business performance. Investment into sustainability measures is made with reference to these metrics and our individual asset transition plans have been developed to support our Net Zero Carbon Pathway. Should performance diverge from the required trajectory to 2030, we will assess and potentially accelerate interventions required to deliver our Net Zero Carbon Pathway.

Cross industry, climate related metrics

TCFD Metric	Amount or reference
GHG Emissions	See page 61
Transition risks	20% of investment property portfolio EPC D rated or below
Physical risks	100% of investment property portfolio
Opportunities	100% of investment property portfolio
Capital deployment	£13 million in 2022, £100 million planned to 2030
Internal carbon prices	Not yet adopted
Remuneration	See remuneration report on pages 131–166

RISK MANAGEMENT

RESILIENT AND AGILE

Our approach to risk management enabled us to position the business in light of unprecedented levels of change in the last few years

"Identifying and managing the principal internal and external risks associated with the delivery of our strategic objectives is key to our success."

Joe Lister
Chief Financial Officer

REFLECTING ON 2022

- We aligned our principal risks to our strategy and corporate objectives
- Continued with our cladding and fire safety works
- Engaged with leaders in the HE sector to understand emerging risks
- Tracked and ran scenarios for the changing economic backdrop

OUR PRIORITIES FOR 2023

- Manage the risks arising from macroeconomic factors
- Monitor and influence the impact of political risks on the HE sector
- Further refine our risk management in our operational and support functions
- Continue to enhance our IT infrastructure and security

Governance

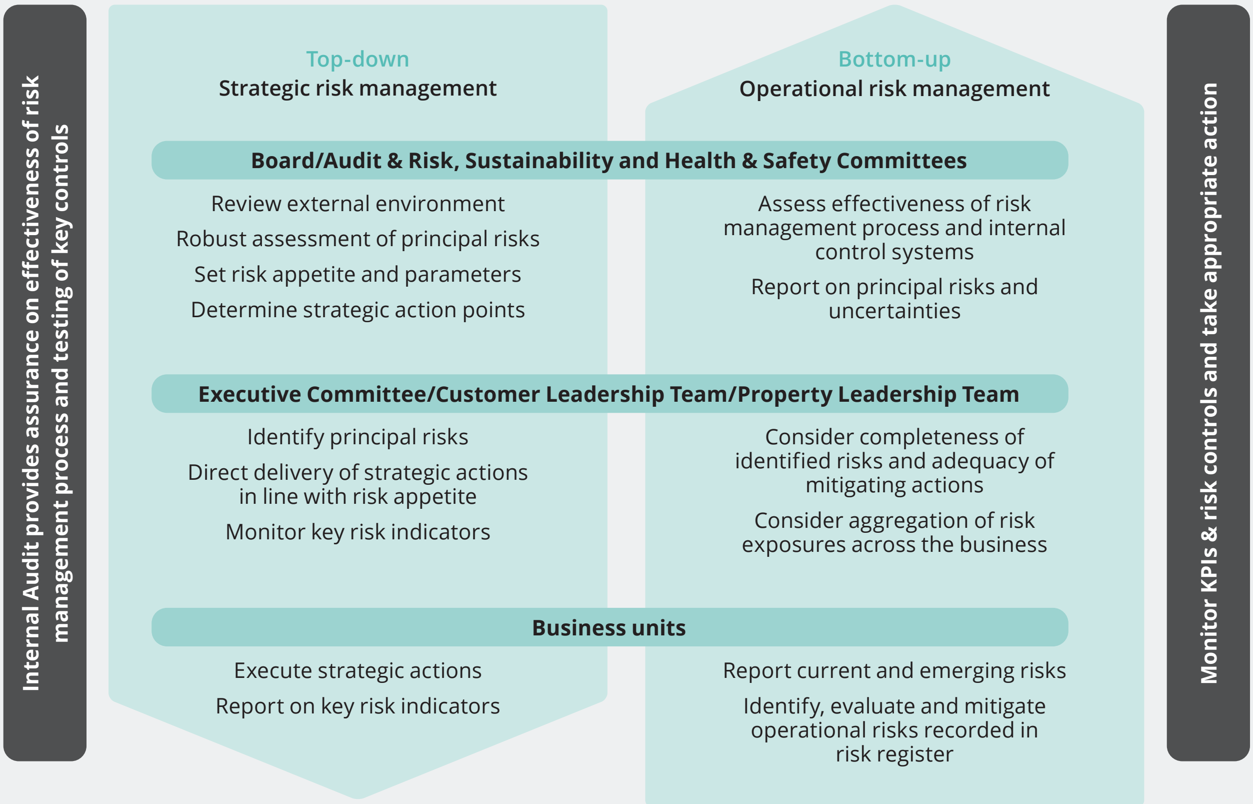
The Board has overall responsibility for the oversight of risk as well as maintaining a robust risk management framework and internal control system. The Audit & Risk Committee supports the Board by receiving assurance reporting, enabling them to review the effectiveness of our risk management and internal control processes. Our risk management framework is designed to ensure the Board can clearly identify our risks, assess our risk profile and set our risk appetite, and ensure these risks are being managed and mitigated transparently and effectively. Integral to this design is ensuring we are agile and resilient to macroeconomic and political challenges.

Risk management

Our integrated risk management approach combines a top-down strategic view with a bottom-up operational view, the output from this approach is a number of strategic risks under 7 categories.

RISK MANAGEMENT continued

OUR INTEGRATED RISK MANAGEMENT APPROACH



OUTPUT – SEVEN RISK CATEGORIES

Market	Operational	Property/ development	Technology	People	Sustainability/ ESG	Financial
Manage our supply and demand risk	Minimise the risk of an incident	Deliver a suitable development pipeline	Maintain a secure IT environment	Retain a high performing workforce	Meet our regulatory and publicly made commitments	Manage our balance sheet liquidity
Read more on page 82	Read more on page 83	Read more on page 84	Read more on page 83	Read more on page 87	Read more on page 85	Read more on page 86

The Board conducts a twice-yearly dedicated risk review. As part of this focused risk review, the Board undertakes its assessment of the principal risks facing the Group, taking account of those that would threaten our business model, future performance, solvency or liquidity as well as the Group's strategic objectives. The Board considers both internal and external factors when assessing our risks. Through 2020 and 2021 Covid-19 was a key consideration for us; in 2022 and looking ahead to 2023, whilst Covid-19 is still a consideration, there are a number of other macroeconomic and political factors. In summary, we have considered the following when assessing our principal risks.

- A world emerging from a global pandemic with a series of lockdowns impacting on trade, travel and people's lives.
- A disrupted UK labour market with low unemployment and high vacancies leading to recruitment challenges and pay increases.
- The war being waged by Russia against Ukraine that has led to unprecedented sanctions on Russia; consequential global shortages of goods, notably oil and gas; and price increases for all forms of fuel together with a shortage of goods usually exported from Ukraine.
- Increased levels of inflation.
- Recent increases in interest rates.
- Political change with two changes in UK Prime Minister during 2022.

These external factors impact our risk profile to varying degrees and we are already seeing an impact in certain areas (such as build cost inflation and recruitment), whilst others are still emerging. Our year-end assessment of risk has included how these external factors have impacted and the action we are taking to mitigate them.

PRINCIPAL RISKS AND UNCERTAINTIES

Our risk appetite

The Group's risk appetite is considered a fundamental part of the Board's strategy setting and annual budget – it does not happen in isolation. Our risk appetite is underpinned by our objective of being a responsible and resilient business whilst delivering for our customers, our people and universities with attractive returns for our shareholders.

During the year, the Board continued to regularly review and assess our risk appetite with a primary focus on the resilience of the business and its agility. This considered both threats to – and opportunities in – our business as well as wider macro risk developments impacting the PBSA sector and the broader Higher Education sector, property market and economy.

Our overall risk appetite in the year was broadly unchanged from the previous financial year. Whilst the impact of the pandemic is now known and reducing, other macroeconomic factors are extant and the Board continues to take a prudent approach to risk and opportunity.

Stress testing/scenario planning and our Strategic Plan

Each year, the Board develops and refreshes the Group's Strategic Plan. This is based on detailed three-year strategic/financial projections (with related scenario planning) and rolls forward for a further two years using more generic assumptions. The Board maps our strategic objectives against our risk profile. Then, always conscious that risk events do not necessarily happen in isolation, the Board stress tests these projections against multiple combined risk events. Through this process, a base case and stress-tested Strategic Plan are developed.

During 2022, this scenario planning continued to closely monitor external factors and the Board developed a wide range of scenarios and stress tests to assess our preparedness and ability to withstand adverse market conditions.

Creating the right corporate culture for effective risk management

The Group's risk management framework is designed to identify the principal and emerging risks, ensure that risks are being appropriately monitored, controls are in place and required actions have clear ownership with requisite accountability.

The organisation has an open and accountable culture, led by an experienced leadership team.

The culture of the organisation recognises – and accepts – that risk is inherent in business and encourages an open and proactive approach to risk management. By viewing our risks through the lens of our strategic objectives, the Group is able to ensure risk management is proactive and pre-emptive and not a tick box exercise.

PRINCIPAL RISKS AND UNCERTAINTIES continued

OUR RISK MANAGEMENT FRAMEWORK

The Board has the overall responsibility for the governance of risks and ensures there are adequate and effective systems in place. It does this in various ways:

The Board

Risks and opportunities assessed as part of strategy setting, annual budget and risk oversight

Owned by the Board and its Committees.

Twice-yearly formal risk review and ongoing monitoring of risk integral to Board meetings.

Risk management

Risk management and assurance framework overseen by the Audit and Risk Committee. Detailed risk trackers are developed and regularly updated by the Customer and Property Leadership Teams.

The Executive Committee reviews and challenges these risk trackers and related risk and opportunity; it considers emerging risks that the Group is facing or should consider and then brings these to the Board for its detailed assessment of these risks.

Policies and controls

Policies and controls underpin our risk management framework (such as Capital Operating Guidelines; Treasury Policy; Investment Committee and the internal controls framework).

Risk assurance is provided through external and internal auditors as well as specialist third party risk assurance where appropriate.

People and culture

Embedded risk management culture

Openness, transparency and clear ownership of risk management (supported by risk registers) cascades through the organisation.

OUR KEY RISK INDICATORS

Our service platform

Safety

Customer satisfaction

Employee engagement

Our properties

Gross asset value

Asset age

Occupancy

Rental growth

University partnerships

Safety

Higher Education trust

Customer satisfaction

% nominations

Robust assessment of principal risks

The Directors confirm that they have conducted a robust assessment of the principal and emerging risks facing the Group, including those that would threaten the Group's business model, future performance, solvency or liquidity. The process for how the Board determined these risks is explained above and these risks are set out on pages 82–87.

Viability statement

The Directors have assessed the viability of the Group over a three year period to December 2025, taking account of the Group's current position and the potential impact of its principal risks. The Directors consider the three year lookout period to be the most appropriate as this aligns with the Group's own strategic planning period combined with the levels of planning certainty that can be derived from the development pipeline.

The Directors believe that UK universities will continue to experience strong demand from UK students as 18 year old demographic growth becomes increasingly favourable and the further relaxation of international travel restrictions allows increased numbers of international students to study in the UK. The Group has an annual business planning process, which comprises a Strategic Plan, a financial forecast for the current year and a financial projection for the forthcoming three years (which includes stress testing and scenario planning and also rolls forwards for another two years). This plan is reviewed each year by the Board as part of its strategy setting process. Once approved by the Board, the plan is cascaded down across the Group and provides a basis for setting all detailed financial budgets and strategic actions that are subsequently used by the Board to monitor performance. The forecast performance outlook is also used by the Remuneration Committee to establish the targets for both the annual and longer-term incentive schemes.

To stress test the viability of the business, a viability scenario was prepared using the Group's strategic plan as a base. The key viability assumptions were:

- Rental growth reduced to 2% p.a., reflecting principal risks 1–4
- Cost growth of 4% p.a., allowing for further sustained increases in utility and other costs
- Yield expansion of 50bps, approximately a 10% decline in asset values
- Interest costs of 6% on all new and refinancing activity, reflecting principal risk 10
- No further development commitments, disposals or acquisitions, reflecting principal risks 6 and 7

The result of this scenario showed a significant deterioration in forecast performance, with earnings and NTA significantly reduced (to 41p and 21p respectively) in 2025 whilst leverage increased substantially to 40%. Despite the significant contraction in the size of the business over the forecast period, the business would remain viable under such a scenario.

We considered whether the Group's climate change principal risk would impact our assessment of the Group's viability but concurred that as we have committed to invest £100m to achieve our science-based net zero target by 2030, this mitigated the risk sufficiently for this viability assessment. Following the United Kingdom leaving the European Union, Brexit, we have seen the proportion of EU students approximately halve to less than 5% of all students. With EU students no longer qualifying for home fee status, and facing full international fees, a significant recovery in numbers is considered unlikely. Since Brexit, growth in UK and non-EU students has more than made up for the decline in EU students, with the Group achieving 99% occupancy for the 2022/23 academic year and a strong outlook for 2023/24. Brexit is not therefore expected to impact the longer term viability of the Group.

The financing risks of the Group are considered to have the greatest potential impact on the Group's financial viability. The three principal financing risks for the Group are:

- short-term debt covenant compliance;
- the Group's ability to arrange new debt/replace expiring debt facilities; and
- any adverse interest rate movements.

The Group has secured funding for the committed future development pipeline, which includes the Unite and Liberty Living unsecured loan facilities and prepares its Strategic Plan on a fully funded basis in line with the three year outlook period. Disposals are an important part of our strategy with the recycling of assets out of our portfolio generating capital to invest in development activity and other investment opportunities.

To hedge against the potential of adverse interest rate movements the Group manages its exposure with a combination of fixed rate facilities and using interest rate swaps for its floating rate debt. During the year the Group has complied with all covenant requirements attached to its financing facilities and expects to continue to do so.

The outlook and future prospects beyond the viability period for the business remains strong, reflecting the underlying strength of student demand, our alignment to the strongest universities and the capabilities of our best-in-class operating platform. There are significant growth opportunities for the business created by the ongoing shortage of high quality and affordable purpose-built student accommodation, universities need to deliver an exceptional student experience through their accommodation and the growing awareness of the benefits of PBSA among non-1st-year students. In particular, we see opportunities for new developments and University partnerships, building on the strength of our enhanced reputation in the sector.

Based on their assessment and the mitigating actions available, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to December 2025.

Read our **Financial review** on pages 32–45

PRINCIPAL RISKS AND UNCERTAINTIES continued

Summary of principal risks and uncertainties

The table that follows describes the Group's principal risks and uncertainties, and explains how these are managed or mitigated.

PRINCIPAL RISK

MARKET

1 Risk description:

- A reduction in demand driven by macroeconomic factors.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Offer market leading customer service to address any potential reduction in demand ensuring we sell without compromising price	• Changes in Government Policy on Higher Education funding • Immigration Policy changes affecting international students • Longer term impact of Brexit on EU students studying in the UK	• Loss of income • Reduction in demand affecting yield and asset values	• Maintain dialogue with Government and Higher Education providers • Ongoing monitoring of Government Higher Education and immigration Policy • Invest in developing markets to attract a wider demographic

2 Risk description:

- A reduction in demand driven by value-for-money considerations and affordability.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Maintain our property portfolio to a high standard to ensure enduring relationships with the high and mid ranked universities, and consistently drive sales performance	• Increased blended learning; more students remain at home • Increased regulation over rents • London weighting on loans and grants removed • Further education overtakes Higher Education • Lack of investment in the quality of our product offering	• More competition and reduced demand for year-round student accommodation in the longer-term resulting in lower profitability and asset values	• Regularly review our portfolio to ensure we have a quality portfolio, appropriately sized and in the right locations

3 Risk description:

- Over supply in the market; as a maturing sector new entrants to the market will increase competition and could lead to a loss of market share.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Build and maintain a sector leading offer for our customers	• Well funded competitors improving their offer and service • Unite fails to invest in its brand • Unite does not keep pace with customer expectations	• More competition for the best sites • Potential impact on rental growth and occupancy • Reduced revenue and increased costs associated with part filled accommodation	• Disciplined investment approach to markets with supply/ demand imbalance • Exposure to the best universities with our new developments secured with nomination agreements • Geographically diverse portfolio • Broad range of product and price offerings • Long term partnership arrangements with universities • Actively driving differentiation through our brand investment and promises • Differing strategies for B2C and B2B to mitigate against the different challenges in each market

PRINCIPAL RISK

OPERATIONAL

4 **Risk Description:**
- Major health and safety (H&S) incident in a property or a development site.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Minimise the risk of an incident that could impact the safety of our customers, contractors and employees	• Catastrophic fire or other incident at a property • Incident at construction site involving Unite employees or third party contractors	• Fatality or injury • Reputational damage and loss of trust in Unite as reliable partner	• Board supervised Health & Safety Committee in place • Highly skilled and experienced H&S team in place • Customer Leadership Team and Property Leadership Team focused on H&S • Expert external assurance on development safety risk and preparing for Building Safety Act, Fire Safety Act changes • Visible leadership for Safety & Wellbeing driven by our senior leaders • Use of audits and external consultants • Comprehensive cladding replacement programme underway

PRINCIPAL RISK

TECHNOLOGY

5 **Risk Description:**
- Significant loss of personal or confidential data or disruption to the corporate systems either through cyber attack or internal theft/error.
- The risk of falling victim to a cyber attack – either targeted or random.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Maintain a secure IT footprint that discourages attacks and informs us when issues have been detected	• Lack of security controls in place in the IT landscape • Inadequate incident response plan • Increase in phishing activity • PC security update failures – patches not deployed to all machines	• Significant loss of personal or confidential data or disruption to the corporate systems • Reputational and/or financial damage with increased scrutiny including sanctions and fines	• Defined governance structure for information security • Technical security controls aligned to SANS CIS Critical Security Controls and certified under CyberEssentials+ scheme • Full suite of awareness activities • Agreed Information Security Strategy & Technical Security Roadmap • Information security and data protection policies in place • Scheduled internal phishing campaigns • Mimecast intercepts potentially harmful emails • Monitoring of emerging cyber threats • Information security incident management procedures in place

PRINCIPAL RISKS AND UNCERTAINTIES continued

PRINCIPAL RISK

PROPERTY & DEVELOPMENT

6 Risk description:
- Inability to secure the best sites on the right terms.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Deliver a suitable development pipeline	• Challenging planning environment • Increased regulation in construction design • Land scarcity and increased competition for the best sites	• Lost revenue where schemes are delayed whilst consents are agreed • Reputation/brand damage when works are late/ongoing when students in occupation • Inability to deliver the planned growth	• Consult and lobby at a national and local level to promote the benefits of student accommodation • Cautious control of external fees, converting any STP deals to options may allow sites and consents to continue • Comprehensive due diligence is completed on unconditional sites prior to purchase, including seeking a pre-application assessment from the relevant local authority • Clear planning and stakeholder consultation programme • Planning underway to ensure that we are ready for impact of the Building Safety Act • Using mixed use sites strategically to gain positive outcomes

7 Risk description:
- Schemes are delivered late and/or over budget impacting our financial returns and damaging our reputation with students.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Deliver schemes on time and to budget	• Delays or failure to get planning • Construction risk – build cost inflation due to increasing development • Construction execution risk – delivery delays impacting labour/materials coming from outside the UK • Inability to execute our disposals programme • Climate risk – physical, regulatory and transactional risks associated with climate change and the environmental impact of our development activity	• NTA and EPS affected by deferred schemes and/or reduced financial returns, with cash tied up in development • Reputational impact of delivering a scheme late, leaving students without accommodation • Recycling our portfolio through disposals is a critical aspect of our development strategy and failure to deliver planned disposals may result in a deteriorating net debt position and negatively impact our ability to commit to all our planned development pipeline • Potential increases in construction costs as we seek to reduce the carbon intensity of our developments and comply with building regulations	• Experienced development team with strong track record of delivery • Strong relationships with construction partners • Group Board approval for commitments above a certain threshold • Financial investment in schemes carefully managed prior to grant of planning • Detailed due diligence before site acquisition • Build cost inflation regularly appraised and refreshed • Mid-sized framework contractors used and longer-term relationships established • Engagement with our supply chain regarding future reductions in embodied carbon through our development activity

PRINCIPAL RISK

SUSTAINABILITY (more information about our Climate and Sustainability risks is included on pages 69–76)

8 Risk description:
- Failure to meet external, public commitments and regulatory requirements made in respect ESG.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
To meet external public commitments and regulatory requirements made in respect of ESG	• Lack of understanding of the commitment made and the component parts • Lack of awareness or understanding of the Regulatory requirements that the company/USAF/LSAV is obliged to meet • No clear plan to deliver the required outputs • Lack of engagement from the stakeholders on delivery of the commitments	• Non-compliance with regulations – regulatory action/fines/penalties may follow • Brand damage with resultant loss of revenue • Loss of investor confidence/ trust • Increased costs as we fail to manage the requirements and plan ahead • Potential reduction in Group credit ratings	• Formal business policies in place and updated regularly • Effective communication and reporting internally to increase engagement and track progress, and externally to keep stakeholders appraised of ambition and progress • Ongoing stakeholder consultation and dialogue to ensure strategy and reporting are aligned • Sustainability Strategy and Group Board Sustainability Committee well established • Governance structure in place with clear Board oversight for climate related issues • Monitor performance against key ESG targets

9 Risk description:
- Failure to meet external, public commitments and regulatory requirements in respect of climate and wider factors.
- Failure to identify, mitigate or prepare for impact of climate change.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Mitigate or prepare for the impact of climate related physical and transition risks	• Extreme weather events (flooding, high wind, heat waves) the occurrence of which are outside of our control. • Increasing legislative burden (EPC Minimum Energy Efficiency Standards, Energy Saving Opportunity Scheme, Taskforce on Climate- Related Financial Disclosures, more stringent planning requirements and building regulations etc) • Increasing, volatile and unpredictable energy, carbon and water costs • Increasing stakeholder expectation • Insufficient prioritisation of investment • Supply chain risks not managed	• Damage to property • Injury to people • Disruption to supply chain • Increased insurance costs • Increased capital costs • Potential for compensation payments being required • Regulatory action/fines/ penalties • Brand damage with resultant loss of revenue • Loss of investor confidence/ trust • Asset stranding/value write-downs; inability to dispose of assets that do not meet regulatory compliance standards	• Procurement decisions consider environmental and climate change performance • Utilities purchasing strategy to purchase only 100% REGO backed renewable electricity • Incident management plan/ procedures in place to react to extreme weather incidents efficiently and effectively • Active horizon scanning for new/ changes to legislation • Governance structure in place with clear Board oversight for climate related issues • Monitor performance against key ESG targets

PRINCIPAL RISKS AND UNCERTAINTIES continued

PRINCIPAL RISK

FINANCIAL

10 **Risk description:**

- Risk that borrowing costs rise rapidly, increasing the cost of debt and we are not able to achieve the lowest funding cost within risk tolerances.
- Risk that we are unable to renew or secure funding to meet committed or intended business plans, potentially leading to our having to slow development, defer capital expenditure or cut dividends.
- Risk that we fail to comply with contracted loan agreement covenants.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Manage our balance sheet liquidity within tolerable levels and maintain compliance with our debt covenants	• High rates of inflation caused by oil prices, labour shortages, supply chain disruption and/or other factors • Reduced access to capital markets due to external factors e.g. global financial crisis • Significant reduction in revenue or other adverse business event affecting the market's perception of Unite risk and future performance • Significant reduction in property valuations or increase in debt	• Increased financing costs leading to reduced profitability and property values (through resulting expansion of valuation yields and lower valuations) • Possible forced sales at below valuation • Slowdown in development activity • Breach of debt covenant could lead to an event of default followed by repayment demand	• Movements in interest rates and the impact of different outcomes are considered at the Capital Strategy Committee • Hedge strategy is approved by the Board each year • Minimum hedge ratio of 75% is defined in the Group's capital operating guidelines. Most debt is fixed rate or hedged with swaps or caps • Revolving Credit Facility to provide liquidity headroom • Property Leadership Team routinely reviews capital commitment • Maintain good relationships with lenders • We manage the balance sheet ratios defined in capital operating guidelines • Annual funding strategy approved by the Board • Monitoring of debt covenants across a range of income scenarios and risks • Increasing attention on interest cover covenants, with six monthly monitoring

PRINCIPAL RISK

PEOPLE

11 **Risk description:**

- Loss of talent and capability, especially our high performing people or our people with specialist/industry knowledge and people with specialist/industry knowledge & contacts.
- Lack of strategic leadership capability to deliver a challenging business strategy in the next five years.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Retain a high performing workforce with suitable succession plans	• Lack of leadership development • Lack of managed succession planning and opportunity for career advancement • Ad-hoc/uncoordinated training plans • Lack of or poor performance management • An insufficient pool of diverse and capable people • Cost-of-living crisis driving wage inflation	• Inability to deliver challenging business strategy in next five years • High attrition rates, increasing costs • Reputational impact of not meeting diversity and inclusion targets • Loss of capability and knowledge from the business impacting on service levels • Increased recruitment and wage costs	• Highly skilled and experienced HR lead team • Academy launched; training co-ordination and central tracking to ensure consistency • Performance framework in development • New learning and development programme established and rolled out with seven cohorts following one of four levels of leadership pathways • External partners in place to support high volumes of recruitment and candidates • Culture Matters engagement forum launched • Talent review process for succession planning for key roles

The Strategic Report on pages 1–87 was approved on 28 February 2023 by the Board and is signed on its behalf by:

Richard Smith
Chief Executive Officer