PRESS RELEASE

24 July 2023

THE UNITE GROUP PLC

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

RECORD RESERVATIONS, INCREASING UNIVERSITY DEMAND AND SIGNIFICANT GROWTH OPPORTUNITIES

Richard Smith, Chief Executive of Unite Students, commented:

"We have had a strong first half, with growth in earnings driven by a return to full occupancy.

"The need for new student homes is the greatest we have seen for several years. The private rental sector is in retreat and a supply crunch is building amid growing student numbers. We are focused on delivering our substantial development and asset management pipeline across the UK, as well as working with university partners to help unlock the potential of their campuses. In doing this, Unite will continue to play a major role in creating new supply of high-quality, affordable accommodation where the need is greatest.

"We continue to invest in our portfolio and customer offer and our rental increases have tracked the rise in our costs. Our all-inclusive, fixed-price offer, which allows students to benefit from our buying power on utilities, compares very favourably to HMOs and, in many cases, we remain cheaper.

"We expect market conditions and our alignment to the UK's strongest universities to support a positive outlook for our business for a number of years. This creates a range of compelling investment opportunities, which we will balance with ongoing capital discipline. We remain confident in our continued growth."

	H1 2023	H1 2022	FY 2022	Change from H1 2022
Adjusted earnings[1]	£110.2m	£96.0m	£163.4m	15%
Adjusted earnings per share[1]	27.5p	24.0p	40.9p	15%
IFRS profit before tax	£116.9m	£334.1m	£358.0m	(65)%
IFRS basic EPS	28.8p	82.9p	88.9p	(65)%
Dividend per share	11.8p	11.0p	32.7p	7%
Total accounting return[2]	2.4%	8.3%	8.1%	
As at	**30 Jun 2023**	**30 Jun 2022**	**31 Dec 2022**	**Change from 31 Dec 2022**
EPRA NTA per share[2]	928p	940p	927p	0%
IFRS NAV per share	954p	948p	945p	1%
See-through net debt[3,4]	£1,742m	£1,727m	£1,734m	0%
Loan to value[3,4]	31%	30%	31%	0%

HIGHLIGHTS

Return to full occupancy, record demand for 2023/24

- Adjusted EPS up 15% to 27.5p (H1 2022: 24.0p)[1]
- Record reservations of 98% for 2023/24 and rental growth of around 7% (2022/23: 92% and 3.5%)
- Growing demand from university partners, accounting for 54% of beds for 2023/24 (2022/23: 52%)

Housing supply unable to keep pace with student demand

- Significant unmet need for high-quality, affordable student homes
- HMO landlords leaving the sector at a time of limited new PBSA supply

Market conditions support sustainable growth in rent and earnings

- FY2023 EPS guidance increased to upper end of 43-44p range
- Targeting rental growth of at least 5% for the 2024/25 academic year

Property valuations supported by growing income

- 0.8% increase in property values in the first half for like-for-like portfolio[5]
- 3.4% rental value growth more than offsetting 13 basis points of yield expansion

Continued investment in our portfolio and customer offer

- Launched 24/7/365 physical presence and Support to Stay wellbeing programme in past year
- £150-200m annual investment in building improvements, fire safety and sustainability

Significant opportunities to grow our platform

- Committed pipeline of £623 million and 3,659 beds, generating a forecast 6.7% yield on cost
- Future pipeline of £227 million at 6.7% yield on cost
- Enhancing portfolio quality through £140 million refurbishment pipeline at over 8% yield on cost
- Clear opportunity for strategic university partnerships for on-campus acquisition and new development

High-quality balance sheet and disciplined capital allocation

- LTV of 31% at 30 June 2023[3] (31 December 2022: 31%)
- Trailing 12-month net debt to EBITDA reduced to 6.8x (June 2022: 7.6x)
- Interest rates 100% fixed or capped, with 3.3% cost of debt (31 December 2021: 85% and 3.4%)

[1] Adjusted earnings and adjusted EPS remove the impact of abortive acquisition costs in 2022 from EPRA earnings and EPRA EPS. See glossary for definitions and note 7 for calculations and reconciliations

[2] The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Group uses alternative performance measures (APMs), which are not defined or specified under IFRS. These APMs, which are not considered a substitute for IFRS measures, provide additional helpful information and include measures based on the European Public Real Estate Association (EPRA) best practice recommendations The metrics are also used internally to measure and manage the business. The adjustments to the IFRS results are intended to help users in the comparability of these results across other listed real estate companies in Europe and reflect how the Directors monitor the business. See glossary for definitions

[3] Excludes IFRS 16 related balances recognised in respect of leased properties. See glossary for definitions

[4] Wholly-owned balances plus Unite's share of balances relating to USAF and LSAV

[5] Like-for-like properties owned at both 30 June 2023 and 31 December 2022

PRESENTATION

A live webcast of the presentation including Q&A will be held tomorrow at 8:30am BST for investors and analysts. The webcast can be accessed via https://brrmedia.news/UTG-HY23 and will be available for playback on our website (https://www.unitegroup.com) after the event.

To register for the event or to receive dial-in details, please contact unite@powerscourt-group.com.

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CHIEF EXECUTIVE'S REVIEW

The business has delivered an extremely strong performance in the first half, with earnings and dividends at record levels. We have also delivered record reservations for the 2023/24 academic year, which reflects the strength of student demand and appeal of our affordable, well-located portfolio.

Adjusted earnings for the period increased by 15% to £110.2 million (H1 2022: £96.0 million). This increase was driven by higher occupancy and rental growth for the 2022/23 academic year, with rental income growing 11%. This growth in income helped to offset the impact of inflationary pressures in staff and property costs as well as higher interest costs. On a per share basis, adjusted EPS increased 15% to 27.5p (H1 2022: 24.0p).

We are announcing an interim dividend of 11.8p (H1 2022: 11.0p), an increase of 7% on H1 2022, which reflects the growth in our earnings and a positive outlook for the 2023/24 academic year. We plan to distribute 80% of adjusted EPS for 2023.

EPRA NTA per share was broadly unchanged at 928p (31 December 2022: 927p), with modest valuation growth offset by maintenance and fire safety capex. This resulted in a total accounting return of 2.4% in the first six months of the year (H1 2022: 8.3%), including the final dividend paid in the period. The Group recorded an IFRS profit before tax of £116.9 million (H1 2022: £334.1 million), driven by adjusted earnings and the positive revaluation of interest rate swaps on the back of rising interest rates. IFRS NAV per share increased by 1% to 954p over the half (31 December 2022: 945p).

Our key financial performance indicators are set out below:

Financial highlights	H1 2023	H1 2022	FY 2022
Adjusted earnings	£110.2m	£96.0m	£163.4m
Adjusted EPS	27.5p	24.0p	40.9p
Dividend per share	11.8p	11.0p	32.7p
Total accounting return	2.4%	8.3%	8.1%
IFRS profit before tax	£116.9m	£334.1m	£358.0m
IFRS basic EPS	28.8p	82.9p	88.9p
EPRA NTA per share	928p	940p	927p
IFRS NAV per share	954p	948p	945p
Loan to value	31%	30%	31%

Growing shortage of quality student homes

Structural factors continue to drive a growing supply / demand imbalance for student accommodation. 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. Demand from international students also continues to grow, as reflected in the 2% increase in undergraduate applications for the 2023/24 academic year.

The supply of student accommodation cannot keep pace with student demand, and many university cities are already facing housing shortages. There has been a 20-40% reduction in the availability of homes to rent in most UK regions when compared to prior to the pandemic (source: Zoopla). Private landlords are choosing to leave the sector in response to rising costs from higher mortgage rates and increasing regulation, such as EPC certification and the anticipated Renters Reform Act. Annual mortgage repayment costs for buy-to-let landlords are expected to rise on average by £3,300 by the end of 2025. We expect these additional costs to either be passed on to students or result in a further reduction in the supply of HMOs. The recent reduction in private housing supply has significantly increased demand for our product in many cities and we expect this trend to continue for a number of years.

New supply of PBSA is also down 60% on pre-pandemic levels, reflecting viability challenges created by higher build and funding costs. In many markets, property valuations are now below replacement costs, further constraining new supply. Once allowance is made for first generation university-owned beds leaving the market each year through obsolescence, we expect to see almost no net growth in PBSA supply in the near term.

Higher quality homes

Our purpose is providing a Home for Success for the young people who live with us. Our customer offer is built around a value-for-money, hassle-free living experience, with support on hand when it is needed. Our pricing is comparable in cost to HMOs once bills are included and provides students and parents with cost certainty through a single, fixed price. We have invested £232 million in capital projects over the past year to deliver new beds, improve student experience and ensure our portfolio is safe and sustainable. We are committed to becoming a net zero carbon business for both our operations and developments, based on SBTi-validated targets.

We know that life at university can be challenging for young people in many ways and so, in 2022, we launched our Support to Stay programme and invested in 24/7 on-site staff presence. These measures help to ensure a proactive approach to supporting our students whenever needed, while also being responsive to situations and experiences which challenge their wellbeing.

The government’s Renters’ Reform Bill will further increase standards and regulation for private landlords, adding to existing pressures to improve energy efficiency through EPC certification. This creates a significant opportunity to capture market share from the one million students living in the HMO sector. This year’s record reservations show we are already making progress.

Record reservations, underpinning strong rental growth

Across the Group's entire property portfolio, 98% of rooms are now sold for the 2023/24 academic year (2022/23: 92%), with reservation rates consistently tracking ahead of previous years throughout the sales cycle. We have seen strong demand from both UK and international students, who have looked to secure accommodation earlier in the sales cycle than previous years, leading to a 10% increase in the number of non-first year students choosing to rebook with us. This reflects the appeal of our fixed-price, all-inclusive offer, and a reduction in competing supply from the traditional HMO sector.

We are confident in delivering full occupancy for the 2023/24 academic year and achieving rental value growth of around 7%. We expect this strong performance to be sustained into the 2024/25 sales cycle, where we anticipate delivering rental growth of at least 5%.

Breakdown of reservations for 2023/24 by domicile and year of study:

	Nominations*	Direct let				
		UK	China	India	Other Intl.	Total
First year		7%	2%	-%	1%	
Returning students		15%	5%	1%	3%	
Postgraduate		1%	8%	2%	1%	
% of reservations	**54%**	**23%**	**15%**	**3%**	**5%**	**100%**
% of portfolio	**54%**	**22%**	**14%**	**3%**	**5%**	**98%**

* *All years and domiciles*

Deepening partnerships with universities

Nominations agreements with universities cover 54% of total beds for 2023/24 (2022/23: 52%), representing an increase of around 2,000 beds compared to the prior year, as universities increasingly rely on partners to meet their accommodation needs. This includes new multi-year agreements with three Russell Group universities for over 1,800 beds.

Our long-standing relationships mean that we have been able to support this additional demand. Rental growth from our nomination agreements has exceeded the portfolio average of around 7%, despite the rental caps in place on many of our multi-year nomination agreements. This reflects our success in agreeing increased rental levels on renewals of single-year deals and new multi-year agreements where our university partners recognise the value our accommodation provides at a time of increasing costs.

We have also seen a growing willingness from universities to explore more strategic options to grow and improve their accommodation offer, given the vital role it plays in helping them to attract and grow student numbers. This includes a number of advanced discussions for strategic partnerships with universities for the development of new accommodation on- and off-campus, as well as the stock transfer and refurbishment of existing university accommodation. We are uniquely positioned to unlock this opportunity with universities, thanks to our longstanding relationships, best-in-class operating platform and development capabilities.

Significant opportunities for growth

These market conditions have created the strongest investment opportunity for a number of years. Our development pipeline totals £850 million and 4,806 beds in the strongest university cities. We are committed to the delivery of six developments, delivering 3,659 beds, and expect to commit to additional developments at attractive returns in the next 6-12 months.

In many of Unite’s markets, property valuations are now below replacement costs, following a sharp increase in build costs over the past two years. This creates a significant opportunity to invest in income-enhancing asset management opportunities across our £8.5 billion estate (Unite share: £5.4 billion), which will also drive meaningful improvements in customer experience. Our pipeline of asset management schemes has grown to c.£140 million, with a targeted yield on cost of over 8%, which we plan to deliver over the next 24-36 months.

We also continue to track a number of opportunities to add further schemes at attractive returns. These include a number of development schemes in London and prime regional markets and strategic partnerships with universities.

Maintaining capital discipline

We are focused on delivering growth while maintaining a high-quality balance sheet. We will maintain capital discipline to ensure that new investment activity supports long-term earnings growth and attractive total accounting returns.

Higher interest rates have reduced the attractiveness of debt as a funding source for new investment. We will seek to fund future capital commitments through equity, where accretive to shareholder returns, and continue to make disposals to improve portfolio quality and increase our alignment to the strongest universities. We expect to sell around £150-200 million of assets this year (Unite share), subject to market conditions.

Well positioned for Higher Education policy changes

International students contribute £42 billion to the UK economy and the government recently reiterated its commitment to hosting 600,000 international students each year. Changes to UK visa rules mean postgraduate taught students will no longer be able to be accompanied by family members. Given our product offering is focused on single occupancy rooms, we expect limited direct impact from this change.

The government also recently announced measures to cap student numbers on courses seen as low value for the UK taxpayer. The Office for Students will monitor course continuation and completion rates, as well as graduate outcomes, in determining whether courses should be subject to student number caps. Any restrictions are unlikely to take effect ahead of the next general election. Our portfolio is aligned to high-quality universities with 94% by value located in Russell Group cities. As a result, we would not expect greater oversight of student outcomes to meaningfully impact the number of university places in our markets.

Outlook

We have delivered a record sales performance for the 2023/24 academic year, driven by the strength of student demand and growing appeal of our customer offer. This supports an increase in our 2023 EPS guidance to the upper end of our 43-44p range (FY2022: 40.9p).

Market conditions are the strongest we have seen for many years. There is growing unmet need for high-quality, affordable student housing at a time when HMO landlords are leaving the sector and new supply of PBSA is limited. There is growing appeal for students in our all-inclusive, fixed-price offer, which compares favourably in price to HMOs. This supports sustainable growth in rent and earnings in 2024 and beyond.

We also see a variety of compelling investment opportunities. Thanks to our partnership with the strongest universities and the capabilities of our best-in-class operating platform, we are uniquely positioned to take advantage of these opportunities.

PROPERTY REVIEW

The first half has seen a resilient valuation performance for our investment portfolio, with rental growth more than offsetting the negative impact of yield expansion. We continue to improve the quality of the portfolio and our alignment to the strongest universities by investing into our development pipeline and asset management initiatives in our existing estate. We will deliver 705 new beds this year and complete the full refurbishment of a further 919 beds, which we expect to be fully let for the 2023/24 academic year.

Our development pipeline remains close to its record size at over 4,800 beds, over 70% of which is already committed.

Valuation performance

Our property portfolio saw a 0.9% increase in valuations on a like-for-like basis during the half (Unite share: 0.8%), reflecting the resilience of purpose-built student accommodation (PBSA) as the market adjusts to a higher interest rate environment. The valuations reflect strong rental growth on the back of our letting performance for the 2023/24 academic year, which more than offset a 13 basis points expansion in property yields.

£m	30 June 2023 valuation	Yield Expansion	Rental growth /other	LfL capital growth
Wholly owned[1]	3,573	(91)	112	21
USAF	2,923	(57)	93	36
LSAV	1,940	(65)	84	19
Total (Gross)	**8,436**	**(213)**	**289**	**76**
Total (Unite share)	**5,365**			**41**
Capital growth				
Wholly owned		(2.6)%	3.2%	0.6%
USAF		(2.0)%	3.2%	1.2%
LSAV		(3.4)%	4.3%	0.9%
Total (Gross)		**(2.5)%**	**3.4%**	**0.9%**
Total (Unite share)				**0.8%**

1. Excludes Build-to-Rent

Student accommodation yields

The PBSA sector has continued to deliver a resilient performance during the first half. The combination of a structurally favourable outlook for demand and supply and growing income returns have supported values. Investment volumes for student accommodation totalled £1.0 billion in H1 (Source: CBRE), with transaction activity concentrated towards prime and major regional cities. We anticipate a significant increase in transaction volumes in the second half of the year, following conclusion of the letting cycle for the 2023/24 academic year.

The average net initial yield across the portfolio is 4.9% at 30 June 2023 (31 December 2022: 4.7%), an increase of 13 basis points over the first six months of the year and a total of 27 basis points since June 2022. We have seen more significant yield expansion in London and prime regional markets, which have lower income yields.

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

	30 Jun 2023	30 Jun 2022	31 Dec 2022
London	3.90-4.50%	3.50-4.00%	3.70-4.30%
Prime regional	4.60-5.10%	4.40-4.65%	4.40-5.00%
Major regional	5.20-6.20%	5.00-5.65%	5.10-6.10%
Provincial	6.25-7.75%	6.00-7.50%	6.10-7.50%

Development and university partnership activity

Development and university partnership activity continues to be a significant driver of future growth in earnings and EPRA NTA, and is aligned to our strategic focus on high and mid-ranked universities. Our pipeline of direct-let development and university partnerships includes 4,806 beds, with a total development cost of £850 million.

The anticipated yield on cost of the total pipeline is 6.7%. 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. During the period, we recognised an £18 million valuation loss for developments, reflecting higher property yield assumptions.

There remains widespread acknowledgement from local authorities of the need for new PBSA supply to address growing student numbers and relieve pressure on housing supply. Universities also remain willing to support our planning applications as a means of delivering the high-quality, affordable accommodation required to support their growth ambitions.

We continue to see opportunities for new development and university partnership schemes at attractive returns, and are seeing land pricing adjust downwards to reflect increased costs of funding and construction.

Committed pipeline

We have committed to deliver six development schemes with a total development cost of £623 million and blended yield on cost of 6.7% for the student accommodation elements. We have future capital commitments of £208 million for these projects, which will be funded through the Group’s cash and committed debt headroom of £393 million at 30 June and planned disposals.

Our 705-bed scheme at Morriss House in Nottingham is on track for delivery on time and on budget for the 2023/24 academic year. We have entered a nominations agreement with the University of Nottingham for 25% of the beds, with the remainder sold on a direct-let basis. The scheme is 99% let for the 2023/24 academic year at rents ahead of our previous expectations, supporting an increase in the development yield to 8.5% (previously: 8.2%).

We have made good progress at our 271-bed scheme on Lower Parliament Street in Nottingham, which we now expect to deliver a year earlier than previously planned, in time for the 2024/25 academic year.

We have started on site at our Jubilee House scheme in Stratford. The 716-bed scheme is scheduled for delivery in the 2026/27 academic year. We have agreed terms with an existing university partner for a 10-year nomination agreement for half of the beds. The development includes a new 60,000 sq. ft. academy school, which is pre-let to the Secretary of State for Levelling Up, Housing and Communities for 35 years on an index-linked rent.

At Meridian Square in Stratford, we are targeting planning approval for 952 beds in the second half. The development, which we expect to deliver in 2027, has a total development cost of £199 million and a yield on cost of 6.4%. Together with our committed scheme at Jubilee House, the two projects will increase our scale in Stratford to 3,400 beds, helping to address the significant growth in student numbers anticipated in the area following the opening of new campuses by UCL and University of the Arts London.

We are also committed to the development of a further two projects, at Temple Quarter in Bristol and Abbey Lane in Edinburgh. We expect construction activity to start in the second half, supporting delivery of both projects in time for the 2025/26 academic year.

Future pipeline

Our future pipeline includes two secured but uncommitted schemes in Bristol and London, which we expect to commit to following receipt of planning approvals. The future pipeline totals 1,147 beds, with a total development cost of £227 million, and we expect to deliver both schemes as university partnerships.

Development costs

We are beginning to see a moderation in inflationary pressure on build costs, which typically account for around 50% and 80% of our total development costs in London and regional markets respectively. Although costs are still rising, the rate of increase has slowed significantly, and we have been able to maintain or improve the expected development yield on future pipeline schemes through planning enhancements and the strength of rental growth for the 2023/24 academic year.

Secured development and University partnerships pipeline

	Type	Target delivery	Secured beds No.	Total completed value £m	Total development costs £m	Capex in period £m	Capex remaining £m	Forecast NTA remaining £m	Forecast yield on cost %
Committed pipeline									
Morriss House, Nottingham	DL	2023	705	82	60	18	0	7	8.5%
Lower Parliament Street, Nottingham	DL	2024	271	46	36	2	26	12	7.1%
Temple Quarter, Bristol	UPT	2025	614	118	78	1	56	34	7.3%
Abbey Lane, Edinburgh	DL	2025	401	69	56	1	43	14	7.1%
Jubilee House, Stratford[2]	UPT	2026	716	242	194	6	110	58	6.1%
Meridian Square, Stratford[1]	UPT	2027	952	265	199	4	191	66	6.4%
Total committed			**3,659**	**822**	**623**	**32**	**426**	**191**	**6.7%**
Future pipeline									
Freestone Island, Bristol[1]	UPT	2026	575		73	0	71		7.2%
TP Paddington, London[1]	UPT	2027	572		154	0	147		6.4%
Total future pipeline			**1,147**		**227**	**0**	**218**		**6.7%**
Total development pipeline			**4,806**		**850**	**32**	**644**		**6.7%**

UPT – university partnership, DL – direct let

[1] *Subject to obtaining planning consent*
[2] *Student element development cost £141 million, forecast 6.4% yield on cost*

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. There is a growing appetite for partnerships to create the housing to support university growth ambitions and provide funding for new investment.

In April, we secured planning approval for enhanced welfare and common spaces at Rushford Court in Durham, which we will redevelop in partnership with Durham University. Following completion and use as a temporary home for Hild Bede college, we expect it to become Durham's eighteenth college for a 30-year initial term.

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. The developments will help to meet the growing need for high-quality PBSA in London and have been supported through planning by our university partners, with a view to agreeing long-term nomination agreements.

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

Asset management

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

We have identified a pipeline of £140 million of asset management opportunities in our strongest markets, which supports an annual run-rate of £50 million p.a. for the next 2-3 years at yield on cost of over 8%.

This year, we will complete three asset management schemes in London, Edinburgh and Birmingham. Investment across the three projects is £24 million in aggregate and will deliver a 9% yield on cost. The projects will deliver additional beds, refurbish existing rooms and enhance the environmental performance of the properties. We have secured new nomination agreements for over half of the refurbished beds and are confident of achieving full occupancy for the 2023/24 academic year.

Fire safety

Providing a safe home is a core part of our strategy and we remain committed to leading the sector in improving fire safety. During the period, we completed works on three properties and remediation work is progressing on another 18, based on contractual or legal obligations under the Building Safety Bill, spending a total of £49.6 million (Unite share: £25.6 million). During the period, we recognised a further £8.6 million (Unite share: £11.6 million) of provisions in relation to planned fire safety works. Our balance sheet at 30 June includes provisions and accruals for fire safety remediation costs across our estate, at a cost of £72.3 million (Unite share: £45.2 million), which will be incurred over the next two years. During the period we agreed a settlement with a contractor for £3 million in respect of fire safety defects, representing around 80% of our claim for that property. We continue to progress a number of claims against contractors in respect of defects and expect to recover 50-75% of our total remediation cost.

Build-to-rent

During the period, we have transferred operational management of our pilot build-to-rent (BTR) asset in Stratford onto our PRISM platform. There are clear opportunities to leverage our existing operating platform to deliver cost efficiencies and use our BTR product to retain our student customers seeking a more independent living experience. Rental growth continues to outperform our assumptions from the time of acquisition, with new lettings and renewals 12% above previous rental levels in the first half.

We do not expect to increase our capital commitment to BTR in the short term. We are continuing to explore 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, this structure would enhance returns for the Group while limiting capital requirements as we develop our understanding of the opportunity in the BTR sector.

Disposal activity

Disposals remain a key part of our strategy to improve the quality of our portfolio and increase alignment to the strongest universities. They also help to manage our balance sheet leverage and provide funding for development and asset management opportunities, offering superior risk-adjusted returns.

Subject to market pricing, we expect to make disposals of up to £150-200 million in 2023 (Unite share) by reducing our exposure to markets with weaker prospects for student number growth or more peripheral locations in our largest markets.

FINANCIAL REVIEW

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

EPRA and adjusted earnings

We delivered a strong operating performance in H1 2023, with rental income increasing by 11% to £197.0 million, up from £177.4 million in H1 2022, reflecting the impact of increased occupancy and rental growth for the 2022/23 academic year. Adjusted EPS also increased by 15% to 27.5p (H1 2022: 24.0p).

Based on progress to date on reservations, we anticipate delivering occupancy of 99% for the 2023/24 academic year (2022/23: 99%). This income visibility underpins our confidence in delivering adjusted EPS for 2023 at the upper end of our previously guided range of 43-44p.

Summary income statement	**H1 2023 £m**	**H1 2022 £m**	**FY 2022 £m**
Rental income	197.0	177.4	339.7
Property operating expenses	(50.2)	(45.5)	(98.7)
Net operating income (NOI)	**146.8**	**131.9**	**241.0**
NOI margin	*74.5%*	*74.4%*	*70.9%*
Management fees	9.0	9.2	17.4
Operating expenses	(12.1)	(13.7)	(27.7)
Finance costs	(30.7)	(28.9)	(63.0)
Development and other costs	(2.8)	(4.0)	(5.8)
EPRA earnings	**110.2**	**94.5**	**161.9**
Abortive acquisition costs	-	1.5	1.5
Adjusted earnings	**110.2**	**96.0**	**163.4**
Adjusted EPS	**27.5p**	**24.0p**	**40.9p**
EPRA EPS	**27.5p**	**23.6p**	**40.5p**
EBIT margin	*72.9%*	*71.8%*	*67.9%*

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

Operations result

Like-for-like rental income, excluding the impact of disposals and major refurbishments, increased by 11% during the first half. This was partially offset by the 14% increase in operating expenses for like-for-like properties in the period, primarily driven by increased staff costs and variable costs linked to higher occupancy. This resulted in the Group's NOI margin remaining broadly flat at 74.5% for the six months (H1 2022: 74.4%).

	H1 2023			H1 2022			YoY change	
	Wholly owned	Share of Fund/JV	Total	Wholly owned	Share of Fund/JV	Total		
	£m	£m	£m	£m	£m	£m	£m	%
Rental income								
Like-for-like properties	127.9	58.1	186.0	118.4	48.8	167.2	18.8	11%
Non-like-for-like properties	11.0	-	11.0	9.3	0.9	10.2	0.8	8%
Total rental income	**138.9**	**58.1**	**197.0**	**127.7**	**49.7**	**177.4**	**19.6**	**11%**
Property operating expenses								
Like-for-like properties	(32.9)	(14.7)	(47.6)	(30.7)	(10.9)	(41.6)	(6.0)	14%
Non-like-for-like properties	(2.6)	-	(2.6)	(3.6)	(0.3)	(3.9)	1.3	(33%)
Total property operating expenses	**(35.5)**	**(14.7)**	**(50.2)**	**(34.3)**	**(11.2)**	**(45.5)**	**(4.7)**	**10%**
Net operating income								
Like-for-like properties	95.0	43.4	138.4	87.7	37.9	125.6	12.8	10%
Non-like-for-like properties	8.4	-	8.4	5.7	0.6	6.3	2.1	33%
Total net operating income	**103.4**	**43.4**	**146.8**	**93.4**	**38.5**	**131.9**	**14.9**	**11%**

The increase in property operating expenses in the first half was driven by an average 10% pay increase for frontline staff and higher spend on marketing, insurance and other property costs. Our utility costs are hedged in advance of letting rooms, providing visibility over our cost base at the point of sale. Our hedging, together with a non-recurring benefit from reallocated hedges on 2022 disposals, reduced utility costs by 4% or £0.5 million during the period. Our utility costs are fully hedged through H2 2023 and 75% for 2024. As cheaper hedges put in place before the war in Ukraine expire, we expect the cost of utilities to increase by around 15% in H2 2023 and 30% in 2024, equivalent to 2% growth in rental income.

Property operating expenses breakdown	H1 2023 £m	H1 2022 £m	2022 £m	Change
Staff costs	(14.6)	(12.8)	(29.6)	14%
Utilities	(11.7)	(12.4)	(22.8)	(6%)
Summer cleaning	(0.7)	(0.6)	(5.1)	17%
Marketing	(4.1)	(2.9)	(6.7)	41%
Central costs	(7.5)	(7.5)	(11.3)	-%
Other	(11.6)	(9.3)	(23.2)	25%
Property operating expenses	**(50.2)**	**(45.5)**	**(98.7)**	**10%**

Our EBIT margin improved to 72.9% in the period (H1 2022: 71.8%) due to lower overheads following non-recurring restructuring costs in 2022. Our rental income is more heavily weighted to the first half of the financial year due to lower occupancy during July and August. We expect to deliver a positive progression in EBIT margin for 2023 as a whole, when compared to 2022 (67.9%).

Finance costs increased to £30.7 million (H1 2022: £28.9 million) due to impact of the LSAV loan refinanced at higher rates in H1 2022 and increases in the cost of the floating rate portion of our debt, which saw the cost of debt rise to 3.3% over the period (H1 2022: 3.2%). £3.4 million of interest costs were capitalised in the first half, a decrease from £4.2 million in H1 2022, due to development completions in the second half of 2022.

IFRS earnings

IFRS profit before tax decreased to £116.9 million in the first half (H1 2022: £334.1 million), driven by the net revaluation loss of £10.8 million (H1 2022: £199.7 million gain) and the positive revaluation of interest rate swaps on the back of rising interest rates.

	H1 2023 £m	H1 2022 £m	FY 2022 £m
Adjusted earnings	**110.2**	**96.0**	**163.4**
Abortive acquisition costs	-	(1.5)	(1.5)
EPRA earnings	**110.2**	**94.5**	**161.9**
Valuation gains/(losses)	(10.8)	199.7	119.2
Changes in valuation of interest rate swaps and debt break costs	16.2	39.2	70.7
Minority interest and tax	1.3	0.7	6.2
IFRS profit before tax	**116.9**	**334.1**	**358.0**
EPRA earnings per share	27.5p	23.6p	40.9p
IFRS basic earnings per share	28.8p	82.9p	88.9p

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

EPRA NTA growth

EPRA net tangible assets (NTA) per share, our key measure of NAV, was effectively unchanged at 928 pence at 30 June 2023 (31 December 2022: 927 pence). EPRA net tangible assets were £3,746 million at 30 June 2023, up from £3,715 million six months earlier.

The main drivers of the £31 million increase in see-through EPRA NTA and 1 pence increase in EPRA NTA per share were:

- Valuation growth (£180 million, 45 pence), reflecting sales progress for 2023/24
- Yield movement (£(140) million, (35) pence)
- Development deficit (£(18) million, (4) pence)
- Capital expenditure on maintenance, fire safety and sustainability (£(40) million, (10) pence)

- A further provision for fire safety capex (£(11) million, (3) pence)
- The positive impact of retained profits and other movements (£60 million, 8 pence)

Property portfolio

The valuation of our property portfolio at 30 June 2023, including our share of properties held in USAF and LSAV, was £5,744 million (31 December 2022: £5,690 million). The £54 million increase in portfolio value reflects the valuation movements outlined above, capital expenditure and interest capitalised on developments.

Summary balance sheet

	30 June 2023			30 June 2022			31 December 2022		
	Wholly owned £m	Share of Fund/JV £m	Total £m	Wholly owned £m	Share of Fund/JV £m	Total £m	Wholly owned £m	Share of Fund/JV £m	Total £m
Rental properties	3,646	1,792	5,438	3,443	1,806	5,249	3,623	1,773	5,396
Rental properties (leased)	89	-	89	93	-	93	90	-	90
Properties under development	217	-	217	429	-	429	204	-	204
Total property	3,952	1,792	5,744	3,965	1,806	5,771	3,917	1,773	5,690
Net debt	(1,214)	(528)	(1,742)	(1,208)	(519)	(1,727)	(1,210)	(524)	(1,734)
Lease liability	(86)	-	(86)	(93)	-	(93)	(90)	-	(90)
Other assets/(liabilities)	(120)	(50)	(170)	(139)	(41)	(180)	(97)	(54)	(151)
EPRA net tangible assets	**2,532**	**1,214**	**3,746**	**2,525**	**1,246**	**3,771**	**2,520**	**1,195**	**3,715**
IFRS NAV			**3,842**			**3,806**			**3,792**
LTV			*31%*			*30%*			*31%*

Cash flow and net debt

The Operations business generated £126 million of net cash in H1 2023 (H1 2022: £100 million) and net debt increased to £1,742 million (31 December 2022: £1,734 million). The key components of the movement in net debt were the operational cash flow offset by total capital expenditure of £78 million and dividend payments of £66 million.

Interest rate hedging arrangements and cost of debt

During the first half, there has been a further increase in market interest rates, which has resulted in higher costs for new debt issuance or refinancing of existing debt facilities. The business is partially protected from these cost pressures through its interest rate hedging policies. Moreover, the Group's borrowings are well diversified across lenders and maturities.

100% of see-through investment debt is subject to a fixed or capped interest rate (31 December 2022: 97%) for an average term of 4.1 years (31 December 2022: 4.1 years), and we have forward hedged £300 million of future debt issuance at rates meaningfully below prevailing market levels.

Our see-through borrowing cost reduced to 3.3% during the first half as a result of additional hedges at interest rates below previous floating rate costs (December 2022: 3.4%). Based on our hedging protection and current market interest rates, we forecast a cost of debt of 3.5% for FY2023 as a whole. Yields on our investment portfolio and secured development pipeline continue to show a healthy positive spread against our funding costs.

Reflecting the return to full occupancy and growth in adjusted earnings, our Net debt to EBITDA improved to 6.8x and interest cover to 3.8x in the first half (December 2022: 7.3x and 3.7x respectively).

Key debt statistics (Unite share basis)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Net debt	£1,742m	£1,727m	£1,734m
LTV	31%	30%	31%
Net debt to EBITDA ratio[1]	6.8	7.6	7.3
Interest cover ratio[1]	3.8	3.3	3.7
Average debt maturity	4.1 years	4.5 years	4.1 years
Average cost of debt	3.3%	3.2%	3.4%
Proportion of investment debt at fixed rate	100%	85%	97%

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

Debt financing and liquidity

As at 30 June 2023, the wholly-owned Group had £393 million of cash and debt headroom (31 December 2022: £397 million), comprising of £55 million of drawn cash balances and £338 million of undrawn debt (31 December 2022: £29 million and £368 million respectively).

The Group maintains a disciplined approach to leverage and capital allocation, with LTV of 31% at 30 June 2023 (31 December 2022: 31%). In response to an environment of rising interest rates, the Group intends to reduce its target LTV to around 30% on a built-out basis (previously: 30-35%). This will enable the Group to maintain an interest cover ratio of 3.5-4.0% (2022: 3.7x) and supports a reduction in net debt to EBITDA to 6-7x (2022: 7.3x).

During the period, USAF completed a new £400 million secured loan, refinancing its £380 million bond which matured in June 2023. The seven-year loan has a fixed rate of 5.4%.

We have commenced planning to refinance the £300 million Liberty Living bonds due to mature in November 2024 and have fully pre-hedged the refinancing at an expected cost of 4.5%, assuming prevailing market credit spreads.

Dividend

We are proposing an interim dividend payment of 11.8p per share, which represents an increase of 7% compared to the prior year (H1 2022: 11.0p). The interim dividend will be fully paid as a Property Income Distribution (PID) of 11.8p. The interim dividend will be paid on 27 October 2023 to shareholders on the register at close of business on 15 September 2023.

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

For those shareholders electing to participate in the Company's scrip dividend scheme, this interim dividend will be paid in new ordinary shares. The last date for receipt of scrip elections for this interim dividend is 6 October 2023. Details of the scrip scheme, terms and conditions and the process for election are available at the Company's website.

Tax and REIT status

The Group holds REIT status and is exempt from tax on its property business. During the first half of 2023, we recognised a current tax charge of £1.1 million (H1 2022: £nil).

Funds and joint ventures

The table below summarises the key financials at 30 June 2023 for each vehicle.

	Property assets £m	Net debt £m	Other liabilities £m	Net assets £m	Unite share of NTA £m	Maturity	Unite share
USAF	2,923	(776)	(73)	2,074	583	Infinite	28%
LSAV	1,940	(620)	(60)	1,260	631	2032	50%

Property valuations increased by 1.2% and 0.9% for USAF and LSAV respectively over the first half of the year on a like-for-like basis, as rental growth was offset by modest increases in valuation yields.

Fees

During the six months to June 2023, the Group recognised net fees of £9.0 million from its fund and asset management activities (H1 2022: £9.2 million). The decrease compared to the prior year reflects Unite's higher ownership share in USAF in the period, more than offsetting growth in property valuations and NOI over the past 12 months.

	H1 2023 £m	H1 2022 £m	FY 2022 £m
USAF asset management fee	6.6	6.9	12.6
LSAV asset and property management fee	2.4	2.3	4.8
Total fees	**9.0**	**9.2**	**17.4**

Principal risks and uncertainties

The principal risks of the business are set out on pages 76-88 of the 2022 Annual Report that was published in April. The Board has reviewed the principal risks again and concluded that they have not changed since the year-end report. Our principal risks fall into six categories and are summarised as follows:

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

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

We confirm that to the best of our knowledge:

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

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

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

Richard Smith	Joe Lister
Chief Executive	Chief Financial Officer

Forward-looking statements

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

INTRODUCTION AND TABLE OF CONTENTS

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

CONSOLIDATED INCOME STATEMENT

For the 6 months to 30 June 2023

	Note	Unaudited 6 months to 30 June 2023 £m	Unaudited 6 months to 30 June 2022 £m	Year to 31 December 2022 £m
Rental income	2.4	139.1	127.7	241.7
Other income	2.4	9.0	9.1	17.6
Total revenue		**148.1**	**136.8**	**259.3**
Cost of sales		(34.7)	(34.3)	(70.3)
Expected credit losses		(0.9)	-	(1.7)
Operating expenses		(13.5)	(16.6)	(31.0)
Results from operating activities before gains/(losses) on property		**99.0**	**85.9**	**156.3**
Gains/ (losses) on disposal of property		19.2	(9.9)	(15.6)
Net valuation (losses)/ gains on property (owned and under development)	3.1a	(28.2)	128.6	112.7
Net valuation losses on property (leased)	3.1a	(4.3)	(4.9)	(9.3)
Profit before net financing costs		**85.7**	**199.7**	**244.1**
Loan interest and similar charges		(13.8)	(13.2)	(29.3)
Interest on lease liability		(3.9)	(4.1)	(8.1)
Mark to market changes in interest rate swaps		14.1	37.1	70.7
Finance costs		**(3.6)**	**19.8**	**33.3**
Finance income		0.4	-	0.2
Net financing (costs)/gains		**(3.2)**	**19.8**	**33.5**
Share of joint venture profit	3.3a	34.4	114.6	80.4
Profit before tax		**116.9**	**334.1**	**358.0**
Current tax		(1.1)	(0.4)	(0.7)
Deferred tax		0.1	(1.0)	(0.9)
Profit for the period		**115.9**	**332.7**	**356.4**
Profit for the period attributable to				
Owners of the parent company	2.2c	115.2	331.0	355.1
Non-controlling interest		0.7	1.7	1.3
		115.9	**332.7**	**356.4**
Earnings per share				
Basic	2.2c	28.8p	82.9p	88.9p
Diluted	2.2c	28.7p	82.7p	88.7p

All results are derived from continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months to 30 June 2023

	Unaudited 6 months to 30 June 2023 £m	Unaudited 6 months to 30 June 2022 £m	Year to 31 December 2022 £m
Profit for the period	**115.9**	**332.7**	**356.4**
Share of joint venture mark to market movements on hedging instruments	0.9	1.9	4.7
Other comprehensive income for the period	**0.9**	1.9	4.7
Total comprehensive income for the period	**116.8**	**334.6**	**361.1**
Attributable to			
Owners of the parent company	116.1	332.9	359.8
Non-controlling interest	0.7	1.7	1.3
	116.8	**334.6**	**361.1**

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

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

CONSOLIDATED BALANCE SHEET

At 30 June 2023

	Note	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m
Assets				
Investment property (owned)	3.1a	3,646.1	3,226.1	3,623.4
Investment property (leased)	3.1a	89.0	93.5	90.3
Investment property (under development)	3.1a	216.9	428.7	202.7
Investment in joint ventures	3.3a	1,246.6	1,275.7	1,226.6
Other non-current assets		24.0	18.2	21.5
Interest rate swaps	4.2	87.3	-	73.2
Right of use assets		2.2	3.1	2.7
Deferred tax asset		2.0	1.8	2.1
Total non-current assets		**5,314.1**	**5,047.1**	**5,242.5**
Assets classified as held for sale	3.1a	-	216.4	-
Interest rate swaps	4.2	-	39.6	-
Inventories	3.2	17.4	10.1	12.8
Trade and other receivables		84.8	68.6	105.2
Cash and cash equivalents		65.5	57.8	38.0
Total current assets		**167.7**	**392.5**	**156.0**
Total assets		**5,481.8**	**5,439.6**	**5,398.5**
Liabilities				
Lease liabilities		(4.8)	(4.4)	(4.8)
Trade and other payables		(203.9)	(190.4)	(191.5)
Current tax liability		(0.1)	(0.2)	(0.8)
Provisions	5.1	(26.9)	(33.6)	(29.5)
Total current liabilities		**(235.7)**	**(228.6)**	**(226.6)**
Borrowings	4.1	(1,294.9)	(1,286.2)	(1,265.9)
Lease liabilities		(82.5)	(91.0)	(87.5)
Total non-current liabilities		**(1,377.4)**	**(1,377.2)**	**(1,353.4)**
Total liabilities		**(1,613.1)**	**(1,605.8)**	**(1,580.0)**
Net assets		**3,868.7**	**3,833.8**	**3,818.5**
Equity				
Issued share capital		100.6	100.0	100.1
Share premium		2,161.8	2,161.4	2,162.0
Merger reserve		40.2	40.2	40.2
Retained earnings		1,532.8	1,501.4	1,483.6
Hedging reserve		7.0	3.4	6.2
Equity attributable to the owners of the parent company		**3,842.4**	**3,806.4**	**3,792.1**
Non-controlling interest		26.3	27.4	26.4
Total equity		**3,868.7**	**3,833.8**	**3,818.5**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the 6 months to 30 June 2023

	Issued share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Hedging reserve £m	Attributable to owners of the parent £m	Non-controlling interest £m	Total £m
At 1 January 2023	**100.1**	**2,162.0**	**40.2**	**1,483.6**	**6.2**	**3,792.1**	**26.4**	**3,818.5**
(Unaudited)								
Profit for the period	-	-	-	115.2	-	115.2	0.7	**115.9**
Other comprehensive income for the period:	-	-	-	-	-	-	-	**-**
Mark to market movements on hedging instruments	-	-	-	-	-	-	-	**-**
Share of joint venture mark to market movements on hedging instruments	-	-	-	-	0.9	0.9	-	**0.9**
Total comprehensive income for the period	**-**	**-**	**-**	**115.2**	**0.9**	**116.1**	**0.7**	**116.8**
Shares issued	0.5	(0.2)	-	-	-	0.3	-	**0.3**
Fair value of share based payments	-	-	-	0.6	-	0.6	-	**0.6**
Deferred tax on share based payments	-	-	-	0.4	-	0.4	-	**0.4**
Own shares acquired	-	-	-	(0.6)	-	(0.6)	-	**(0.6)**
Unwind of realised swap gain	-	-	-	-	(0.1)	(0.1)	-	**(0.1)**
Dividends to owners of the parent company	-	-	-	(66.4)	-	(66.4)	-	**(66.4)**
Dividends to non-controlling interest	-	-	-	-	-	-	(0.8)	**(0.8)**
At 30 June 2023	**100.6**	**2,161.8**	**40.2**	**1,532.8**	**7.0**	**3,842.4**	**26.3**	**3,868.7**

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

	Issued share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Hedging reserve £m	Attributable to owners of the parent £m	Non-controlling interest £m	Total £m
At 1 January 2022	**99.8**	**2,161.2**	**40.2**	**1,225.0**	**1.6**	**3,527.8**	**26.6**	**3,554.4**
Profit for the year	-	-	-	355.1	-	355.1	1.3	**356.4**
Other comprehensive income for the year:	-	-	-	-	-	-	-	**-**
Mark to market movement on hedging instruments	-	-	-	-	-	-	-	**-**
Hedges reclassified to profit or loss	-	-	-	-	-	-	-	**-**
Share of joint venture mark to market movements on hedging instruments	-	-	-	-	4.7	4.7	-	**4.7**
Total comprehensive income for the year	**-**	**-**	**-**	**355.1**	**4.7**	**359.8**	**1.3**	**361.1**
Shares issued	0.3	0.8	-	-	-	1.1	-	**1.1**
Fair value of share based payments	-	-	-	1.3	-	1.3	-	**1.3**
Deferred tax on share based payments	-	-	-	0.3	-	0.3	-	**0.3**
Own shares acquired	-	-	-	(1.7)	-	(1.7)	-	**(1.7)**
Unwind of realised swap gain	-	-	-	-	(0.1)	(0.1)	-	**(0.1)**
Dividends to owners of the parent company	-	-	-	(96.4)	-	(96.4)	-	**(96.4)**
Dividends to non-controlling interest	-	-	-	-	-	-	(1.5)	**(1.5)**
At 31 December 2022	**100.1**	**2,162.0**	**40.2**	**1,483.6**	**6.2**	**3,792.1**	**26.4**	**3,818.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months to 30 June 2023

	Note	Unaudited 6 months to 30 June 2023 £m	Unaudited 6 months to 30 June 2022 £m	Year to 31 December 2022 £m
Net cash flows from operating activities	5.2	**152.2**	**89.9**	**160.2**
Investing activities				
Investment in joint ventures		(1.0)	(140.9)	(144.6)
Capital expenditure on property		(73.4)	(99.3)	(316.5)
Acquisition of intangible assets		(5.4)	(2.6)	(8.4)
Acquisition of plant and equipment		(0.6)	(0.1)	(1.3)
Proceeds from the sale of investment property		-	12.7	234.1
Interest received		0.4	-	0.2
Dividends received		12.9	23.8	38.5
Net cash flows from investing activities		**(67.1)**	**(206.4)**	**(198.0)**
Financing activities				
Proceeds from the issue of share capital		0.3	0.4	1.1
Payments to acquire own shares		(0.6)	(1.4)	(1.7)
Interest paid in respect of financing activities		(14.5)	(10.0)	(43.6)
Proceeds from non-current borrowings		30.1	125.0	105.7
Dividends paid to the owners of the parent company		(65.6)	(44.6)	(85.1)
Withholding tax paid on distributions		(6.5)	(3.7)	(8.7)
Dividends paid to non-controlling interest		(0.8)	(0.8)	(1.3)
Net cash flows from financing activities		**(57.6)**	**64.9**	**(33.6)**
Net (decrease)/increase in cash and cash equivalents		**27.5**	**(51.6)**	**(71.4)**
Cash and cash equivalents at start of period		38.0	109.4	109.4
Cash and cash equivalents at end of period		**65.5**	**57.8**	**38.0**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Section 1

General information

The information for the year ended 31 December 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but is derived from those accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Basis of preparation

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

Going concern

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

The Directors have considered a range of scenarios for future performance through the 2023/24 academic year. This included a base case assuming cash collection and performance for the 2023/24 academic year remains in line with current expectations and reservations; and a reasonable worst case scenario where income for the 2023/24 academic year is impacted by reduced income, equivalent to occupancy of around 90%. The costs of delivering our net zero carbon asset transition plans are included within the cashflows which have been modelled. Under each of these scenarios, the Directors are satisfied that the Group has sufficient liquidity and will maintain covenant compliance over the next 12 months. To further support the Directors' going concern assessment, a 'Reverse Stress Test' was performed to determine the level of performance at which adopting the going concern basis of preparation may not be appropriate. This involved assessing the minimum amount of income required to ensure financial covenants would not be breached. Within the tightest covenant, occupancy could fall to approximately 75% before there would be a breach. The Group has capacity for property valuations to fall by around 35% before there would be a breach of LTV and gearing covenants in facilities where such covenants exist. Were income or asset values to fall beyond these levels, the Group has certain cure rights, such that an immediate default could be avoided.

The Directors are satisfied that the possibility of the 'Reverse Stress Test' outcome is sufficiently remote that adopting the going concern basis of preparation is appropriate.

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

Seasonality of operations

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

Conversely, the Group's build cycle for new properties plan for construction to complete shortly before the start of the academic year in September. Accordingly, there will be second half-year net income benefit from one newly completing asset in 2023.

Changes in accounting policies

The Group has not adopted any new accounting standards in the period and has adopted one new accounting policy in addition to those included in the 2022 Annual Report.

Cloud computing arrangements

The Group has a number of contracts for Software as a Service (SaaS) cloud computing arrangements. These contracts permit the Group to access vendor hosted software and platform services over the term of the arrangement. The Group does not control the underlying assets in these arrangements, which are treated as service contracts and as such, costs are expensed as incurred.

The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under IAS 38. Such costs typically relate to software coding which is capable of providing benefit to the Group on a standalone basis. Other implementation costs, primarily relating to the configuration and customisation of SaaS, are assessed to determine where the implementation activity relating to these costs is distinct from the arrangement, in which case costs are expensed as the activity occurs. Conversely, where the configuration and customisation costs relate to activities that are integral to the SaaS, such that the benefit of the activity is received over the term of the arrangement, such costs are recognised as a prepayment and expensed over the contracted term.

Critical accounting judgements and key sources of estimation uncertainty

Full details of critical accounting judgements and key sources of estimation uncertainty are given on page 187 of the 2022 Annual Report and Accounts. This includes detail of the Group's approach to valuation of investment property and investment property under development, the recognition and valuation of provisions for cladding remediation and the classification of joint venture vehicles. There have been no changes to critical accounting judgements and key sources of estimation uncertainty.

Section 2: Results for the period

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

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

IFRS performance measures

	Note	Unaudited 30 June 2023		Unaudited 30 June 2022		31 December 2022	
		£m	pps	£m	pps	£m	pps
Profit after tax[1]	2.2c	**115.2**	**28.8p**	331.0	82.9p	355.1	88.9p
Net assets[1]	2.3d	**3,842.4**	**954p**	3,806.4	948p	3,792.1	945p

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

EPRA performance measures

	Note	Unaudited 30 June 2023		Unaudited 30 June 2022		31 December 2022	
		£m	pps	£m	pps	£m	pps
EPRA earnings	2.2c	**110.2**	**27.5p**	94.5	23.6p	161.9	40.5p
Adjusted earnings[2]	2.2c	**110.2**	**27.5p**	96.0	24.0p	163.4	40.9p
EPRA NTA	2.3d	**3,746.0**	**928p**	3,770.8	940p	3,715.2	927p

2 In 2022, adjusted earnings are calculated as EPRA Earnings excluding abortive acquisition costs, in order to reflect the comparable performance of the Group's underlying operating activities.

2.1 Segmental information

The Board of Directors monitor the business along two activity lines, Operations and Property. The reportable segments for the 6 months ended 30 June 2023 and 30 June 2022 and for the year ended 31 December 2022 are Operations and Property.

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

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

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

2.2 Earnings

EPRA earnings and adjusted earnings amends IFRS measures by removing principally the unrealised investment property valuation gains and losses such that users of the Financials are able to see the extent to which dividend payments (dividends per share) are underpinned by earnings arising from purely operational activity. In order to improve comparability of results year-on-year, an alternative performance measure based on EPRA earnings has been adjusted in 2022 to remove the impact of abortive acquisition costs. The reconciliation between profit attributable to owners of the parent company and EPRA earnings is available in note 2.2b.

The Operations segment manages rental properties, owned directly by the Group or by joint ventures. Its revenues are derived from rental income and asset management fees earned from joint ventures. The way in which the Operations segment adds value to the business is set out in the Operations review on pages 32 – 34 of the 2022 Annual Report. The Operations segment is the main contributor to EPRA earnings and EPRA EPS and these are therefore the key indicators which are used by the Board to manage the Operations business.

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

2.2a EPRA earnings

Unaudited 30 June 2023

£m	Unite	Share of joint ventures USAF	LSAV	Group on EPRA basis Total
Rental income	139.1	30.7	27.2	197.0
Property operating expenses	(35.5)	(8.6)	(6.1)	(50.2)
Net operating income	**103.6**	**22.1**	**21.1**	**146.8**
Management fees	11.4	(2.4)	-	9.0
Overheads	(11.6)	(0.2)	(0.3)	(12.1)
Lease liability interest	(3.9)	-	-	(3.9)
Net financing costs	(15.6)	(3.9)	(7.3)	(26.8)
Operations segment result	**83.9**	**15.6**	**13.5**	**113.0**
Property segment result	**(0.8)**	**-**	**-**	**(0.8)**
Unallocated to segments	**(1.8)**	**(0.1)**	**(0.1)**	**(2.0)**
EPRA earnings	**81.3**	**15.5**	**13.4**	**110.2**
Adjusted earnings	**81.3**	**15.5**	**13.4**	**110.2**

Included in the above is rental income of £10.3 million and property operating expenses of £4.7 million relating to sale and leaseback properties.

The unallocated to segments balance includes the fair value of share-based payments of (£0.8 million), contributions to the Unite Foundation of (£0.3 million), deferred tax credit of £0.2 million and a current tax charge of (£1.1 million).

Depreciation and amortisation totalling £4.1 million is included within overheads.

Unaudited 30 June 2022

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

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

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

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

31 December 2022

£m	Unite	Share of joint ventures USAF	LSAV	Group on EPRA basis Total
Rental income	241.7	48.8	49.2	339.7
Property operating expenses	(72.0)	(15.9)	(10.8)	(98.7)
Net operating income	**169.7**	**32.9**	**38.4**	**241.0**
Management fees	21.4	(4.0)	-	17.4
Overheads	(26.4)	(0.7)	(0.6)	(27.7)
Interest on lease liabilities	(8.1)	-	-	(8.1)
Net financing costs	(33.4)	(7.7)	(13.8)	(54.9)
Operations segment result	**123.2**	**20.5**	**24.0**	**167.7**
Property segment result	**(1.2)**	**-**	**-**	**(1.2)**
Unallocated to segments	**(4.3)**	**(0.2)**	**(0.1)**	**(4.6)**
EPRA earnings	**117.7**	**20.3**	**23.9**	**161.9**
Abortive costs	1.5	-	-	1.5
Adjusted earnings	**119.2**	**20.3**	**23.9**	**163.4**

Included in the above is rental income of £18.1 million and property operating expenses of £9.7 million relating to sale and leaseback properties.

The unallocated to segments balance includes the fair value of share-based payments of (£1.6 million), contributions to the Unite Foundation of (£0.6 million), a deferred tax charge of (£0.2 million), a current tax charge of (£0.7 million) and abortive costs of (£1.5 million).

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

2.2b IFRS reconciliation to EPRA earnings and adjusted earnings

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

	Note	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m
Profit attributable to owners of the parent company		**115.2**	**331.0**	**355.1**
Net valuation losses/(gains) on investment property (owned)	3.1a	28.2	(128.6)	(112.7)
Property disposals (owned) (gains)/losses		(19.2)	9.9	15.6
Net valuation loss on investment property (leased)	3.1a	4.3	4.9	9.3
Amortisation of fair value of debt recognised on acquisition		(2.1)	(2.1)	(4.3)
Share of joint venture gains on investment property	3.3a	(2.4)	(86.3)	(32.3)
Share of joint venture property disposals	3.3a	-	0.4	0.9
Mark to market changes on interest rate swaps		(14.1)	(37.1)	(70.7)
Current tax relating to property disposals		–	–	(0.2)
Deferred tax		0.2	0.6	0.7
Non-controlling interest share of reconciling items*		0.1	1.8	0.5
EPRA earnings	2.2a	**110.2**	**94.5**	**161.9**
Abortive acquisition costs	2.2a	**–**	1.5	1.5
Adjusted earnings	2.2a	**110.2**	**96.0**	**163.4**

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

2.2c Earnings per share

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

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

	Note	Unaudited 30 June 2023		Unaudited 30 June 2022		31 December 2022	
		£m	pps	£m	pps	£m	pps
Basic		**115.2**	**28.8p**	331.0	82.9p	355.1	88.9p
Diluted		**115.2**	**28.7p**	331.0	82.7p	355.1	88.7p
EPRA	2.2a	**110.2**	**27.5p**	94.5	23.6p	161.9	40.5p
Diluted EPRA		**110.2**	**27.4p**	94.5	23.6p	161.9	40.5p
Adjusted	2.2a	**110.2**	**27.5p**	96.0	24.0p	163.4	40.9p
Diluted adjusted		**110.2**	**27.4p**	96.0	24.0p	163.4	40.8p

Weighted average number of shares (thousands)	Unaudited 30 June 2023	Unaudited 30 June 2022	31 December 2022
Basic	**400,534**	399,412	399,581
Dilutive potential ordinary shares (share options)	**1,526**	681	584
Diluted	**402,060**	400,093	400,165

The total number of ordinary shares in issue at 30 June 2023 was 402,581,000 (30 June 2022: 400,110,400, 31 December 2022: 400,317,000). At 30 June 2023 there were 16,505 shares excluded from the potential dilutive shares that did not affect the diluted weighted average number of shares (30 June 2022: 17,939, 31 December 2022: 19,015).

2.3 Net Assets

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

The Group's Property business undertakes the acquisition and development of properties. The way in which the Property segment adds value to the business is set out in the Property review on pages 35-39 of the 2022 Annual Report.

2.3a EPRA net assets

Unaudited 30 June 2023

		Share of joint ventures		Group on EPRA basis
	Unite £m	USAF £m	LSAV £m	Total £m
Investment properties (owned)*	3,646.1	821.7	970.7	5,438.5
Investment properties (leased)	89.0	-	-	89.0
Investment properties (under development)	216.9	-	-	216.9
Total property portfolio	**3,952.0**	**821.7**	**970.7**	**5,744.4**
Debt on properties	(1,279.1)	(243.6)	(336.2)	(1,858.9)
Lease liability on properties	(86.1)	-	-	(86.1)
Cash	65.5	25.4	26.4	117.3
Net debt	**(1,299.7)**	**(218.2)**	**(309.8)**	**(1,827.7)**
Other assets and (liabilities)	(99.9)	(20.5)	(29.8)	(150.2)
Intangibles per IFRS balance sheet	(20.5)	-	-	(20.5)
EPRA NTA	**2,531.9**	**583.0**	**631.1**	**3,746.0**
Loan to value*	31%	27%	32%	31%
Loan to value post-IFRS 16	33%	27%	32%	32%
EPRA loan to value				34%

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

Unaudited 30 June 2022

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

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

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

31 December 2022

	Unite £m	Share of joint ventures USAF £m	LSAV £m	Group on EPRA basis Total £m
Investment properties (owned)*	3,623.4	813.0	960.4	5,396.8
Investment properties (leased)	90.3	-	-	90.3
Investment properties (under development)	202.7	-	-	202.7
Total property portfolio	**3,916.4**	**813.0**	**960.4**	**5,689.8**
Debt on properties	(1,247.8)	(239.8)	(385.2)	(1,872.8)
Lease liability on properties	(90.4)	-	-	(90.4)
Cash	38.0	35.6	65.6	139.2
Net debt	**(1,300.2)**	**(204.2)**	**(319.6)**	**(1,824.0)**
Other liabilities	(78.3)	(33.6)	(20.4)	(132.3)
Intangibles per IFRS balance sheet	(18.3)	-	-	(18.3)
EPRA NTA	**2,519.6**	**575.2**	**620.4**	**3,715.2**
Loan to value*	32%	25%	33%	31%
Loan to value post-IFRS 16	33%	25%	33%	32%
EPRA loan to value				34%

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

2.3b Movement in EPRA NTA during the period

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

Unaudited 30 June 2023

		Share of joint ventures		Group on see through basis
	Unite £m	USAF £m	LSAV £m	Total £m
Operations				
Operations segment result	83.9	15.6	13.5	113.0
Add back amortisation of intangibles	3.2	-	-	3.2
Total operations	**87.1**	**15.6**	**13.5**	**116.2**
Property				
Rental growth	81.2	20.6	29.8	131.6
Yield movement	(91.5)	(16.0)	(32.5)	(140.0)
Disposal gains (owned)	19.3	-	-	19.3
Investment property gains (owned)	9.0	4.6	(2.7)	10.9
Investment property losses (leased)	(4.3)	-	-	(4.3)
Investment property losses (under development)	(17.9)	-	-	(17.9)
Pre-contract/other development costs	(0.8)	-	-	(0.8)
Total property	**(14.0)**	**4.6**	**(2.7)**	**(12.1)**
Unallocated				
Shares issued	0.3	-	-	0.3
Investment in joint ventures	12.3	(12.3)	-	-
Dividends paid	(66.4)	-	-	(66.4)
Acquisition of intangibles	(5.4)	-	-	(5.4)
Other	(1.6)	(0.1)	(0.1)	(1.8)
Total unallocated	**(60.8)**	**(12.4)**	**(0.1)**	**(73.3)**
Total EPRA NTA movement in the period	**12.3**	**7.8**	**10.7**	**30.8**
Total EPRA NTA brought forward	2,519.6	575.2	620.4	3,715.2
Total EPRA NTA carried forward	**2,531.9**	**583.0**	**631.1**	**3,746.0**

The £1.8 million other balance within the unallocated segment includes a tax charge of (£0.8 million), the purchase of own shares of (£0.6 million) and contributions to the Unite Foundation of (£0.4 million).

Unaudited 30 June 2022

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

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

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

31 December 2022

	Unite £m	Share of joint ventures USAF £m	LSAV £m	Group on see through basis Total £m
Operations				
Operations segment result	123.2	20.5	24.0	167.7
Add back amortisation of intangibles	5.9	-	-	5.9
Total operations	**129.1**	**20.5**	**24.0**	**173.6**
Property				
Rental growth	117.1	0.5	32.6	150.2
Yield movement	(11.0)	2.2	(3.0)	(11.8)
Disposal losses (owned)	(15.6)	(0.9)	-	(16.5)
Investment property gains (owned)	90.5	1.8	29.6	121.9
Investment property losses (leased)	(9.3)	-	-	(9.3)
Investment property gains (under development)	6.6	-	-	6.6
Pre-contract/other development costs	(1.2)	-	-	(1.2)
Total property	**86.6**	**1.8**	**29.6**	**118.0**
Unallocated				
Shares issued	1.1	-	-	1.1
Investment in joint ventures	(102.4)	122.0	(19.6)	-
Dividends paid	(96.4)	-	-	(96.4)
Abortive acquisition costs	(1.5)	-	-	(1.5)
Acquisition of intangibles	(8.0)	-	-	(8.0)
Other	(3.3)	(0.3)	(0.2)	(3.8)
Total unallocated	**(210.5)**	**121.7**	**(19.8)**	**(108.6)**
Total EPRA NTA movement in the year	**5.2**	**144.0**	**33.8**	**183.0**
Total EPRA NTA brought forward	2,514.4	431.2	586.6	3,532.2
Total EPRA NTA carried forward	**2,519.6**	**575.2**	**620.4**	**3,715.2**

The £3.8 million other balance within the unallocated segment includes a tax charge of (£0.9 million), the purchase of own shares of (£1.7 million) and contributions to the Unite Foundation of (£0.6 million).

2.3c Reconciliation to IFRS

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

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

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

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

Unaudited 30 June 2023

	NTA £m	NRV £m	NDV £m
Net asset value reported under IFRS	**3,842.4**	**3,842.4**	**3,842.4**
Mark to market interest rate swaps	(92.5)	(92.5)	-
Unamortised swap gain	(1.3)	(1.3)	(1.3)
Mark to market of fixed rate debt	-	-	70.4
Unamortised fair value of debt recognised on acquisition	17.0	17.0	17.0
Current tax	0.5	0.5	-
Deferred tax	0.4	0.4	-
Intangibles per IFRS balance sheet	(20.5)	-	-
Real estate transfer tax	-	301.7	-
EPRA reporting measure	**3,746.0**	**4,068.2**	**3,928.5**

Unaudited 30 June 2022

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

31 December 2022

	NTA £m	NRV £m	NDV £m
Net asset value reported under IFRS	**3,792.1**	**3,792.1**	**3,792.1**
Mark to market interest rate swaps	(77.4)	(77.4)	-
Unamortised swap gain	(1.4)	(1.4)	(1.4)
Mark to market of fixed rate debt	-	-	154.7
Unamortised fair value of debt recognised on acquisition	19.5	19.5	19.5
Current tax	0.7	0.7	-
Intangibles per IFRS balance sheet	(18.3)	-	-
Real estate transfer tax	-	300.7	-
EPRA reporting meagsure	**3,715.2**	**4,034.2**	**3,964.9**

2.3d NTA, NRV and NDV per share

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

	Note	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m	Unaudited 30 June 2023 pps	Unaudited 30 June 2022 pps	31 December 2022 pps
Net assets							
Basic	2.3c	**3,842.4**	3,806.4	3,792.1	**954**	948	945
EPRA NTA	2.3a	**3,746.0**	3,770.8	3,715.2	**930**	942	928
EPRA NTA (diluted)		**3,748.2**	3,774.9	3,718.3	**928**	940	927
EPRA NRV	2.3c	**4,068.2**	4,086.7	4,034.2	**1,011**	1,021	1,008
EPRA NRV (diluted)		**4,070.4**	4,090.8	4,037.3	**1,008**	1,019	1,006
EPRA NDV	2.3c	**3,928.5**	3,896.0	3,964.9	**976**	974	991
EPRA NDV (diluted)		**3,930.7**	3,900.1	3,968.0	**973**	972	989

Number of shares (thousands)			
Basic	**402,582**	400,110	400,292
Outstanding share options	**1,401**	1,273	895
Diluted	**403,983**	401,383	401,187

2.4 Revenue and costs

The Group earns revenue from the following activities:

		Note	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m
Rental income*	Operations segment	2.2a	139.1	127.7	241.7
Management fees	Operations segment		9.0	9.2	17.6
			148.1	136.9	259.3
Impact of non-controlling interest on management fees			(0.1)	(0.1)	(0.2)
Total revenue			**148.0**	**136.8**	**259.1**

* EPRA earnings includes £197.0 million of rental income (30 June 2022: £177.4million, 31 December 2022: £339.7 million), which is comprised of £139.1 million recognised on wholly owned assets (30 June 2022: £127.7 million, 31 December 2022: £241.7 million) and a further £57.9 million from joint ventures (30 June 2022: £49.7 million, 31 December 2022: £98.0 million) which is included in share of joint venture profit/loss in the consolidated IFRS income statement.

The cost of sales included in the consolidated IFRS income statement includes property operating expenses of £34.7 million (30 June 2022: £34.3 million, 31 December 2022: £70.3 million).

Section 3: Asset management

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

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

3.1 Wholly owned property assets

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

i) Investment property (owned)

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

ii) Investment property (leased)

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

iii) Investment property (under development)

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

iii) Investment property classified as held for sale

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

3.1a Valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by external, independent valuers, having an appropriate recognised professional qualification. The fair values are based on market values as defined in the RICS Appraisal and Valuation Manual, issued by the Royal Institution of Chartered Surveyors. CB Richard Ellis Ltd, Jones Lang LaSalle Ltd and Messrs Knight Frank LLP, Chartered Surveyors were the valuers in the 6 months ending 30 June 2023 and throughout 2022.

The valuations are based on both:

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

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

The fair value of the Group's wholly owned properties and the movements in the carrying value of the Group's wholly owned properties during the period ended 30 June 2023 is shown in the table below:

Unaudited 30 June 2023

£m	**Investment property (owned)**	**Investment property (leased)**	**Investment property (under development)**	**Total**
At 1 January 2023	3,623.4	90.3	202.7	3,916.4
Cost capitalised	33.0	3.0	28.7	64.7
Interest capitalised	-	-	3.4	3.4
Valuation gains	41.9	-	15.9	57.8
Valuation losses	(52.2)	(4.3)	(33.8)	(90.3)
Net valuation gains/(losses)	(10.3)	(4.3)	(17.9)	(32.5)
Carrying value and market value at 30 June 2023	**3,646.1**	**89.0**	**216.9**	**3,952.0**

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

Unaudited 30 June 2022

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

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

The fair value of the Group's wholly owned properties and the movements in the carrying value of the Group's wholly owned properties during the year ended 31 December 2022 is shown in the table below:

31 December 2022

£m	Investment property (owned)	Investment property (leased)	Investment property (under development)	Total
At 1 January 2022	3,095.1	97.7	324.1	3,516.9
Additions	71.1	-	-	71.1
Cost capitalised	38.6	1.9	187.7	228.2
Interest capitalised	0.5	-	5.9	6.4
Transfer from investment property	326.5	-	(326.5)	-
Transfer to assets classified as held for sale	-	-	4.9	4.9
Disposals	(14.5)	-	-	(14.5)
Valuation gains	168.6	-	19.4	188.0
Valuation losses	(62.5)	(9.3)	(12.8)	(84.6)
Net valuation gains/(losses)	106.1	(9.3)	6.6	103.4
Carrying value and market value at 31 December 2022	**3,623.4**	**90.3**	**202.7**	**3,916.4**

3.1b Fair value measurement

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

Class of asset	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m
London – Rental properties	1,196.7	906.1	1,212.8
Prime provincial – Rental properties	1,119.4	1,047.2	1,105.6
Major provincial – Rental properties	1,153.2	1,285.3	1,130.0
Other provincial – Rental properties	104.3	203.9	103.9
London – Development properties	82.5	291.0	91.9
Prime provincial – Development properties	40.3	96.7	32.4
Major provincial – Development properties	83.8	41.0	64.1
London Build to Rent – Rental properties	72.5	-	71.1
Prime provincial Build to Rent – Development properties	10.3	-	14.3
Investment property (owned)	**3,863.0**	**3,871.2**	**3,826.1**
Investment property (leased)	**89.0**	**93.5**	**90.3**
Market value (including assets classified as held for sale)	**3,952.0**	**3,964.7**	**3,916.4**
Investment property (classified as held for sale)	-	(216.4)	-
Market value	**3,952.0**	**3,748.3**	**3,916.4**

The valuations have been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the “Red Book”) based on net rental income, estimated future costs, occupancy, property management costs and the net initial yield or discount rate.

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

The resulting valuations are cross-checked against comparable market transactions.

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

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

	Fair value £m	Valuation technique	Unobservable inputs	Range	Weighted average
London - Rental properties	1,196.7	RICS Red Book	Net rental income (£ per week)	£197-£520	£325
			Estimated future rent (%)	2% - 4%	3%
			Discount rate (yield) (%)	3.9%-4.5%	4.01%
Prime provincial - Rental properties	1,119.4	RICS Red Book	Net rental income (£ per week)	£150-£405	£192
			Estimated future rent (%)	2% - 4%	3%
			Discount rate (yield) (%)	4.2%-6.8%	4.83%
Major provincial - Rental properties	1,153.2	RICS Red Book	Net rental income (£ per week)	£81-£284	£143
			Estimated future rent (%)	2% - 4%	3%
			Discount rate (yield) (%)	4.6%-7.6%	5.74%
Other provincial - Rental properties	104.3	RICS Red Book	Net rental income (£ per week)	£92-£197	£139
			Estimated future rent (%)	2% - 4%	3%
			Discount rate (yield) (%)	7.0%-24.6%	8.76%
London - Development properties	82.5	RICS Red Book	Estimated cost to complete (£m)	£110m-£191m	£154m
			Net rental income (£ per week)	£187-£384	£258
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	3.90%	3.90%
Prime provincial - Development properties	40.3	RICS Red Book	Estimated cost to complete (£m)	£43m-£56m	£51m
			Net rental income (£ per week)	£230-£242	£237
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	4.35%-5.25%	4.73%
Major provincial - Development properties	83.8	RICS Red Book	Estimated cost to complete (£m)	£26m	£26m
			Net rental income (£ per week)	£171-£245	£190
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	5.15%	5.15%
Fair value at 30 June 2023	**3,780.2**				
Investment property – London Build to Rent	72.5	RICS Red Book	Net rental income (£ per week)	£376	£376
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	4.0%	4.0%
Development Property – Prime provincial Build to Rent	10.3	RICS Red Book	Estimated cost to complete (£m)	£13m	£13m
			Net rental income (£ per week)	£272-£800	£410
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	4.10%	4.10%
Fair value at 30 June 2023	**3,863.0**				
Investment property - Leased	89.0	Discounted cash flows	Net rental income (£ per week)	£99-191	£154
			Estimated future rent (%)	1% - 3%	2%
			Discount rate (yield) (%)	6.3%	6.3%
Fair value at 30 June 2023	**3,952.0**				

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

	Fair value £m	Valuation technique	Unobservable inputs	Range	Weighted average
London - Rental properties	1,212.8	RICS Red Book	Net rental income (£ per week)	£208-£392	£308
			Estimated future rent (%)	2% - 4%	3%
			Discount rate (yield) (%)	3.7% - 4.5%	3.9%
Prime provincial - Rental properties	1,105.6	RICS Red Book	Net rental income (£ per week)	£148-£243	£163
			Estimated future rent (%)	2% - 5%	3%
			Discount rate (yield) (%)	4.1% - 6.2%	4.7%
Major provincial - Rental properties	1,130.0	RICS Red Book	Net rental income (£ per week)	£99-£178	£128
			Estimated future rent (%)	2% - 3%	3%
			Discount rate (yield) (%)	4.5% - 7%	5.7%
Other provincial - Rental properties	103.9	RICS Red Book	Net rental income (£ per week)	£107-£156	£123
			Estimated future rent (%)	2% - 3%	3%
			Discount rate (yield) (%)	6.8% - 21.5%	8.6%
London - Development properties	91.9	RICS Red Book	Estimated cost to complete (£m)	£111.4m–£177.1m	£150.2m
			Net rental income (£ per week)	£183–£366	£248
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	3.7%	3.7%
Prime provincial - Development properties	32.4	RICS Red Book	Estimated cost to complete (£m)	£17.5m–£58.3m	£44.7m
			Net rental income (£ per week)	£171–£235	£184
			Estimated future rent (%)	2.5% – 3%	3%
			Discount rate (yield) (%)	4.3% – 5.0%	4.5%
Major provincial - Development properties	64.1	RICS Red Book	Estimated cost to complete (£m)	£18.2m–£28.4m	£21.1m
			Net rental income (£ per week)	£185–£287	£198
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	4.9% – 5.0%	4.9%
Fair value at 31 December 2022	**3,740.7**				
Investment property – London Build to Rent	71.1	RICS Red Book	Net rental income (£ per week)	£359	£359
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	3.9%	3.9%
Development Property – Prime provincial Build to Rent	14.3	RICS Red Book	Estimated cost to complete (£m)	£12.8m–£20.4m	£15.6m
			Net rental income (£ per week)	£170–£614	£312
			Estimated future rent (%)	3%	3%
			Discount rate (yield) (%)	3.9%–4.3%	4.03%
Fair value at 31 December 2022	**3,826.1**				
Investment property - Leased	90.3	Discounted cash flows	Net rental income (£ per week)	£99-191	£154
			Estimated future rent (%)	1%-3%	2%
			Discount rate (yield) (%)	6.3%	6.3%
Fair value at 31 December 2022	**3,916.4**				

Fair value sensitivity analysis

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

Class of assets	Fair value at 30 June 2023	+5% change in estimated net rental income	-5% change in estimated net rental income	+25bps change in nominal equivalent yield	-25bps change in nominal equivalent yield
Rental properties (£m)					
London	1,196.7	1,255.9	1,137.3	1,126.3	1,276.4
Prime provincial	1,119.4	1,175.1	1,064.1	1,063.7	1,181.8
Major provincial	1,153.2	1,211.7	1,095.7	1,104.6	1,207.5
Other provincial	104.3	111.1	100.4	102.7	109.0
Development properties					
London	82.5	85.4	79.6	79.9	84.7
Prime provincial	40.3	42.2	38.4	38.4	42.5
Major provincial	83.8	87.7	79.7	80.0	88.0
Build to Rent					
London	72.5	76.1	68.9	68.3	77.3
Prime provincial	10.3	10.8	9.8	11.0	9.7
Market value	**3,863.0**	**4,056.0**	**3,673.9**	**3,674.9**	**4,076.9**

3.2 Inventories

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m
Interests in land	15.9	8.9	11.4
Other stocks	1.5	1.2	1.4
Inventories	**17.4**	**10.1**	**12.8**

3.3 Investments in joint ventures

The Group has two joint ventures:

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

* Part of the Group's interest is held through a subsidiary, USAF (Feeder) Guernsey Ltd, in which there is an external investor. A non-controlling interest therefore occurs on consolidation of the Group's results representing the external investor's share of profits and assets relating to its investment in USAF. The ordinary shareholders of The Unite Group plc are beneficially interested in 28.2% of USAF (30 June 2022: 22.0%, 31 December 2022: 28.2%).

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

The carrying value of the Group's investment in joint ventures has increased by £20.0 million during the 6 months ended 30 June 2023 (30 June 2022: £231.6 million, 30 December 2022: £182.5 million), resulting in an overall carrying value of £1,246.6 million (30 June 2022: £1,275.7 million, 30 December 2022: £1,226.6 million). The following table shows how the increase has arisen.

	Unaudited 6 months to 30 June 2023 £m	Unaudited 6 months to 30 June 2022 £m	Year to 31 December 2022 £m
Recognised in the income statement:			
Operations segment result	29.1	26.4	44.5
Non-controlling interest share of Operations segment result	0.8	0.7	1.3
Management fee adjustment relating to trading with joint venture	2.4	2.0	4.0
Net valuation gains on investment property	2.4	86.3	32.3
Property disposals	-	(0.4)	(0.9)
Other	(0.3)	(0.4)	(0.8)
	34.4	**114.6**	**80.4**
Recognised in equity:			
Movement in effective hedges	0.9	1.9	4.7
Other adjustments to the carrying value:			
Profit adjustment related to trading with joint venture	(2.4)	(2.0)	(4.0)
Additional capital invested in USAF	–	140.9	140.9
Distributions received	(12.9)	(23.8)	(39.5)
Increase in carrying value	**20.0**	**231.6**	**182.5**
Carrying value brought forward	1,226.6	1,044.1	1,044.1
Carrying value carried forward	**1,246.6**	**1,275.7**	**1,226.6**

3.3b Transactions with joint ventures

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

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

	Unaudited 6 months to 30 June 2023 £m	Unaudited 6 months to 30 June 2022 £m	Year to 31 December 2022 £m
USAF	9.0	8.8	16.6
LSAV	2.4	2.3	4.8
Asset and property management fees	**11.4**	**11.1**	**21.4**
Total fees	**11.4**	**11.1**	**21.4**

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

The Group's share of the cost to the joint ventures is £2.4 million (30 June 2022: £1.9 million, 31 December 2022: £4.0 million), which results in management fees from joint ventures of £9.0 million being shown in the Operations segment result in note 2.2a (30 June 2022: £9.2 million, 31 December 2022: £17.4 million).

During the period the Group earned £20.5 million of deferred consideration from LSAV, as a result of a property sold in 2021 subject to additional contingent consideration, dependent on property valuation movements.

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

Section 4: Funding

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

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

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

4.1 Borrowings

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

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m
Current			
In one year or less, or on demand	–	–	–
Non-current			
In more than one year but not more than two years	557.6	–	298.7
In more than two years but not more than five years	–	572.2	228.0
In more than five years	721.4	693.8	721.1
	1,279.0	1,266.0	1,247.8
Unamortised fair value of debt recognised on acquisition	15.9	20.2	18.1
Total borrowings	**1,294.9**	**1,286.2**	**1,265.9**

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

	Unaudited 30 June 2023		Unaudited 30 June 2022		31 December 2022	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Level 1 IFRS fair value hierarchy	875.0	818.6	875.0	832.1	875.0	759.3
Level 2 IFRS fair value hierarchy	–	–	–	–	–	–
Other loans and unamortised arrangement fees	419.9	405.9	411.2	364.5	372.8	333.8
Total borrowings	**1,294.9**	**1,224.5**	**1,286.2**	**1,196.6**	**1,247.8**	**1,093.1**

4.2 Interest rate swaps

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

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

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	31 December 2022 £m
Current	–	39.6	–
Non-current	87.3	–	73.2
Fair value of interest rate swaps asset	**87.3**	**39.6**	**73.2**

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

4.3 Dividends

During the 6 months to 30 June 2023, the Company declared and paid a final dividend of £65.6 million, 21.7p per share (30 June 2022: final dividend of £53.3 million (15.6p per share)).

Under the terms of the Company's scrip dividend scheme, shareholders were able to elect to receive ordinary shares in place of the 2022 final dividend of 21.7p per ordinary share. This resulted in the issue of 2,176,083 new fully paid shares.

After the period end, the Directors proposed an interim dividend of 11.8p per share (30 June 2022: 11.0p per share). No provision has been made in relation to this dividend.

The Group has modelled tax adjusted property business profits for 2022 and 2023 and the PID requirement in respect of the year ended 31 December 2022 is expected to be satisfied by the end of 2023.

Section 5: Working capital

5.1 Provisions

The Government's Building Safety Bill, covering building standards, was passed in April 2022 and has introduced stringent fire safety regulations. We have undertaken a thorough review of cladding materials and fire safety across our portfolio. We have identified 38 properties to date, which require fire safety remedial works, 7 of which are wholly owned.

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

We have completed the remediation works at 13 properties and work is ongoing at another 18. The remaining cost of completing remedial works is expected to be £72.3 million (Unite Share: £45.2 million), of which £26.9 million is in respect of wholly owned properties. Whilst the overall timetable for these works is uncertain, we anticipate this will be incurred over the next 12-24 months. The regulations continue to evolve in this area, and we will ensure that our buildings are safe for occupation and compliant with laws and regulations.

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

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

	Gross				Unite share			
	Wholly owned £m	USAF £m	LSAV £m	Total £m	Wholly owned £m	USAF £m	LSAV £m	Total £m
At 1 January 2022	33.5	56.3	2.2	92.0	33.5	12.3	1.1	46.9
Additions	3.5	6.9	6.4	16.8	3.5	1.9	3.2	8.6
Utilisation	(3.4)	(20.0)	(2.5)	(25.9)	(3.4)	(5.6)	(1.3)	(10.3)
Change in ownership %	–	–	–	–	–	3.5	–	3.5
At 30 June 2022	33.6	43.2	6.1	82.9	33.6	12.1	3.0	48.7
(Decreases)/ Additions	(1.6)	33.2	23.4	55.0	(1.6)	9.5	11.7	19.6
Utilisation	(2.5)	(20.8)	(1.3)	(24.6)	(2.5)	(6.0)	(0.6)	(9.1)
At 31 December 2022	29.5	55.6	28.2	113.3	29.5	15.6	14.1	59.2
Additions/ (Decreases)	12.6	(4.5)	0.5	8.6	12.6	(1.3)	0.3	11.6
Utilisation	(15.2)	(31.4)	(3.0)	(49.6)	(15.2)	(8.9)	(1.5)	(25.6)
At 30 June 2023	**26.9**	**19.7**	**25.7**	**72.3**	**26.9**	**5.4**	**12.9**	**45.2**

5.2 Cash and cash equivalents

	Note	Unaudited 6 months to 30 June 2023 £m	Unaudited 6 months to 30 June 2022 £m	Year to 31 December 2022 £m
Profit for the period		**115.9**	**332.7**	**356.4**
Adjusted for:				
Depreciation and amortisation		4.1	3.8	7.8
Fair value of share based payments	2.2a	0.8	1.4	1.6
Change in value of investment property	2.2b	28.2	(128.6)	(112.7)
Change in value of investment property (leased)	2.2b	4.3	4.9	9.3
Net finance costs		17.3	17.3	37.2
Mark to market changes in interest rate swaps		(14.1)	(37.1)	(70.7)
(Gain)/loss on disposal of investment property (owned)	2.2b	(19.2)	9.9	15.6
Share of joint venture profit		(34.4)	(114.3)	(80.4)
Trading with joint venture adjustment		2.4	1.9	4.0
Tax charge		1.0	1.4	1.6
Cash flows from operating activities before changes in working capital		**106.3**	**93.3**	**169.7**
Decrease in trade and other receivables		41.0	40.3	3.6
Increase in inventories		(4.7)	(2.9)	(1.0)
Increase/ (decrease) in trade and other payables		10.5	(40.8)	(10.7)
Cash flows from operating activities		**153.1**	**89.9**	**161.6**
Tax paid		(0.9)	–	(1.4)
Cash flows from operating activities		**152.2**	**89.9**	**160.2**

Section 6: Post balance sheet events

There were no post balance sheet events.

Section 7: Alternative performance measures

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

Adjusted earnings, as set out below for 2022, is an APM excluding the non-recurring impact of abortive acquisition costs, to improve comparability of the underlying earnings of the Group year-on-year.

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

	Note	6 months to 30 June 2023 £m	6 months to 30 June 2022 £m	Year to 31 December 2022 £m
EBIT				
Net operating income (NOI)	2.2a	146.8	131.9	241.0
Management fees	2.2a	9.0	9.2	17.4
Overheads	2.2a	(12.1)	(13.7)	(27.7)
		143.7	**127.4**	**230.7**
EBIT margin %				
Rental income	2.2a	197.0	177.4	339.7
EBIT	7	143.7	127.4	230.7
		72.9%	**71.8%**	**67.9%**
EBITDA				
Net operating income (NOI)	2.2a	146.8	131.9	241.0
Management fees	2.2a	9.0	9.2	17.4
Overheads	2.2a	(12.1)	(13.7)	(27.7)
Depreciation and amortisation	2.2a	4.1	3.9	7.8
		147.8	**131.3**	**238.5**

	Note	30 June 2023 £m	30 June 2022 £m	31 December 2022 £m
Net debt				
Cash	2.3a	117.3	180.1	139.2
Debt on properties	2.3a	(1,858.9)	(1,907.2)	(1,872.8)
Net debt		**(1,741.6)**	**(1,727.1)**	**(1,733.6)**

	Note	12 months to 30 June 2023 £m	12 months to 30 June 2022 £m	Year to 31 December 2022 £m
Net debt (adjusted)				
Cash (adjusted)		143.9[1]	261.1	139.2
Debt on properties (adjusted)		(1,877.9)[2]	(1,828.9)	(1,872.8)
Net debt (adjusted)		**(1,734.0)**	**(1,567.8)**	**(1,733.6)**

[1] Calculated on a 12 month look back basis. Average of £117.3 million and £139.2 million in respect of H1 2023 and average of £180.1 million and £139.2 million in respect of H2 2022.

[2] Calculated on a 12 month look back basis. Average of £1,858.9 million and £1,872.8 million in respect of H1 2023 and average £1,907.2 million and £1,872.8 million in respect of H2 2022.

	Note	12 months to 30 June 2023 £m	12 months to 30 June 2022 £m	Year to 31 December 2022 £m
Net debt: EBITDA				
Net debt (adjusted)	7	(1,734.0)	(1,567.8)	(1,733.6)
EBITDA	7	255.0[1]	205.2	238.5
Ratio		**6.8**	**7.6**	**7.3**

[1] Calculated on a 12 month look back basis. £147.8 million in respect of H1 2023 and £107.2 million in respect of H2 2022.

		12 months to 30 June 2023 £m	12 months to 30 June 2022 £m	Year to 31 December 2022 £m
Interest cover (Unite share)				
EBIT	7	247.0[1]	197.3	230.7
Net financing costs	2.2a	(56.9)[2]	(51.2)	(54.9)
Interest on lease liability	2.2a	(7.9)[3]	(8.4)	(8.1)
Total interest		(64.8)	(59.6)	(63.0)
Ratio		**3.8**	**3.3**	**3.7**

[1] Calculated on a 12 month look back basis. £143.7 million in respect of H1 2023 and £103.3 million in respect of H2 2022

[2] Calculated on a 12 month look back basis. £26.8 million in respect of H1 2023 and £30.1 million in respect of H2 2022.

[3] Calculated on a 12 month look back basis. £3.9 million in respect of H1 2023 and £4.0 million in respect of H2 2022.

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

	Note	6 months to 30 June 2023 £m	6 months to 30 June 2022 £m	Year to 31 December 2022 £m
IFRS profit before tax		**116.9**	**334.1**	**358.0**
Net valuation losses/(gains) on investment property (owned)	2.2b	25.8	(214.9)	(145.0)
Property disposal (gains)/losses (owned)	2.2b	(19.2)	10.3	16.5
Net valuation losses on investment property (leased)	2.2b	4.3	4.9	9.3
Amortisation of fair value of debt recognised on acquisition	2.2b	(2.1)	(2.1)	(4.3)
Changes in valuation of interest rate swaps	2.2b	(14.1)	(37.1)	(70.7)
Non-controlling interest and tax		(1.4)	(0.7)	(1.9)
EPRA earnings		**110.2**	**94.5**	**161.9**
Abortive acquisition costs	2.2a	-	1.5	1.5
Adjusted earnings		**110.2**	**96.0**	**163.4**

Adjusted EPS yield

	Note	30 June 2023 £m	30 June 2022 £m	31 December 2022 £m
Adjusted EPS (A)	2.2c	27.5p	24.0p	40.9p
Opening EPRA NTA (B)	2.3d	927p	882p	882p
Adjusted EPS yield (A/B)		**3.0%**	**2.7%**	**4.6%**

Total accounting return

	Note	30 June 2023 pps	30 June 2022 pps	31 December 2022 pps
Opening EPRA NTA (A)	2.3d	926.8p	882.2p	882.2p
Closing EPRA NTA	2.3d	927.8p	940.2p	926.8p
Movement		**1.0p**	**58.0p**	**44.6p**
H1 dividend paid	4.3	21.7p	15.6p	15.6p
H2 dividend paid	4.3	-	–	11.0p
Total movement in NTA (B)		**22.7p**	**73.6p**	**71.2p**
Total accounting return (B/A)		**2.4%**	**8.3%**	**8.1%**

EPRA Performance Measures

Summary of EPRA performance measures

	30 June 2023 £m	30 June 2022 £m	31 Dec 2022 £m	30 June 2023	30 June 2022	31 Dec 2022
EPRA earnings / EPS	**110.2**	94.5	161.9	**27.5p**	23.6p	40.5p
Adjusted earnings / Adjusted EPS (*)	**110.2**	96.0	163.4	**27.5p**	24.0p	40.9p
EPRA NTA (diluted)	**3,748.2**	3,774.9	3,718.3	**928p**	940p	927p
EPRA NRV (diluted)	**4,070.4**	4,090.8	4,037.3	**1,008p**	1,019p	1,006p
EPRA NDV (diluted)	**3,930.7**	3,900.1	3,968.0	**973p**	972p	989p
EPRA Like-for-like gross rental income				**10%**	23%	23%
EPRA Cost ratio (including vacancy costs)				**28%**	30%	33%
EPRA Cost ratio (excluding vacancy costs)				**28%**	28%	32%
EPRA Loan to value				**34%**	33%	34%

* Adjusted earnings calculated as EPRA earnings excluding abortive acquisition costs in 2022.

EPRA like-for-like rental income (calculated based on total portfolio value of £8.5 billion)

	Properties owned throughout the period £m	Development property £m	Acquisitions and disposals £m	Other £m	Total EPRA £m
6 months to 30 June 2023					
Rental income	186.0	8.8	2.2	-	197.0
Property operating expenses	(47.6)	(1.6)	(1.0)	-	(50.2)
Net rental income	**138.4**	**7.2**	**1.2**	**-**	**146.8**
6 months to 30 June 2022					
Rental income	167.2	-	10.2	-	177.4
Property operating expenses	(41.7)	-	(3.8)	-	(45.5)
Net rental income	**125.5**	**-**	**6.4**	**-**	**131.9**
Like-for-like net rental income (£m)	12.9				
Like-for-like net rental income (%)	11%				
Like-for-like gross rental income (£m)	18.8				
Like-for-like gross rental income (%)	10%				

EPRA cost ratio	**6 months to 30 June 2023 £m**	**6 months to 30 June 2022 £m**	**Year to 31 Dec 2022 £m**
Property operating expenses	35.5	34.3	72.0
Overheads (*)	11.6	12.9	26.4
Development / pre contract costs	0.8	0.6	1.2
Unallocated expenses	1.8	1.7	2.8
	49.7	**49.5**	**102.4**
Share of JV property operating expenses	14.7	11.2	26.7
Share of JV overheads	0.5	0.8	1.3
Share of JV unallocated expenses	0.2	0.2	0.3
	65.1	**61.7**	**130.7**
Less: Joint venture management fees	(9.0)	(9.2)	(17.4)
Total costs (A)	**56.1**	**52.5**	**113.3**
Group vacant property costs (**)	(1.1)	(2.1)	(2.5)
Share of JV vacant property costs (**)	(0.4)	(0.7)	(0.9)
Total costs excluding vacant property costs (B)	**54.6**	**49.7**	**109.9**
Rental income	139.1	127.7	241.7
Share of JV rental income	57.9	49.7	98.0
Total gross rental income (C)	**197.0**	**177.4**	**339.7**
Total EPRA cost ratio (including vacant property costs) (A)/(C)	**28%**	**30%**	**33%**
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	**28%**	**28%**	**32%**

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

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

EPRA valuation movement (Unite share)

	Valuation £m	Change £m	%
Wholly owned	3,646*	23	0.6%
USAF	822	9	1.2%
LSAV	970	10	0.9%
Rental properties	**5,438**	**42**	**0.8%**
Leased properties	89		
23/24 development completions	75		
Properties under development	142		
Properties held throughout the period	**5,744**		
Acquisitions	-		
Disposals	-		
Total property portfolio	**5,744**		

* Includes PBSA and BTR properties.

EPRA yield movement

	NOI yield	Yield movement (bps)		
	%	H1	H2	FY
Wholly owned	4.9%	14	–	14
USAF	5.1%	10	–	10
LSAV	4.3%	14	–	14
Rental properties (Unite share)	**4.9%**	**13**	**–**	**13**

EPRA property related capital expenditure

	30 June 2023			31 Dec 2022		
	Wholly owned	Share of JVs	Group share	Wholly owned	Share of JVs	Group share
London	6.5	16.2	22.7	3.3	10.5	13.8
Prime provincial	7.0	1.5	8.5	31.6	7.3	38.9
Major provincial	16.0	10.8	26.8	16.5	11.2	27.7
Other provincial	4.8	0.3	5.1	8.1	1.0	9.1
Total rental properties	**34.3**	**28.8**	**63.1**	**59.5**	**30.0**	**89.5**
Increase in beds	-	-	-	2.1	2.0	4.1
BTR	1.7	-	1.7	1.3	-	1.3
Developments	28.7	-	28.7	193.0	-	193.0
Capitalised interest	3.4	-	3.4	6.3	-	6.3
Total property related capex	**68.1**	**28.8**	**96.9**	**262.2**	**32.0**	**294.2**

EPRA loan to value

	6 months to 30 June 2023 £m	6 months to 30 June 2022 £m	Year to 31 Dec 2022 £m
Investment property (owned)	5,438.5	5,248.7	5,396.8
Investment property (under development)	216.9	428.7	202.7
Intangibles	20.5	15.6	18.3
Total property value and other eligible assets	**5,675.9**	**5,693.0**	**5,617.8**
Cash at bank and in hand	117.3	180.1	139.2
Borrowings	(1,858.9)	(1,907.2)	(1,872.8)
Net other payables	(173.4)	(179.8)	(150.6)
EPRA net debt	**(1,915.0)**	**(1,906.9)**	**(1,884.2)**
EPRA loan to value	**34%**	**33%**	**34%**

INDEPENDENT REVIEW REPORT TO THE UNITE GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and related sections 1 to 7.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the United Kingdom and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Basis for Conclusion

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

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

Conclusion Relating to Going Concern

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

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

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

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

Auditor's Responsibilities for the review of the financial information

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

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor

London, United Kingdom

24 July 2023

GLOSSARY

Adjusted earnings
An alternative performance measure based on EPRA earnings, adjusted to remove the impact of non-underlying items.
Non-underlying items are excluded from adjusted earnings to improve the comparability of results across reporting periods.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EPRA Net Initial Yield (NIY)
Annualised NOI generated by the Group's rental properties expressed as a percentage of their fair value, taking into account notional acquisition costs

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

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

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

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

ESG
Environmental, Social and Governance.

Full occupancy
Full occupancy is defined as occupancy in excess of 97%.

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

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

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

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

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

IFRS NAV per share
IFRS equity attributable to the owners of the parent company from the consolidated balance sheet divided by the total number of shares of the Parent Company in issue at the reporting date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOI margin
The Group's NOI expressed as a percentage of rental income

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

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

PBSA
Purpose-built student accommodation.

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

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

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

Rental income
Income generated by the Group from rental properties.

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

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

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

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

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

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

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

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

WAULT

Weighted average unexpired lease term to expiry.

Wholly owned

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

COMPANY INFORMATION

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