CHIEF EXECUTIVE'S REVIEW

ADJUSTED EARNINGS
£184.3m
(2023: £163.4)

DIVIDEND PER SHARE
35.4p
(2023: 32.7p)

ADJUSTED EARNINGS PER SHARE
44.3p
(2023: 40.9p)

Watch Joe Lister share his thoughts on our performance in 2023 and the future outlook for the business.

A POSITIVE OUTLOOK FOR THE YEAR AHEAD

"The strength of our relationships with universities, combined with our best-in-class operating platform, strong balance sheet and development expertise, create unrivalled opportunities for partnership both on- and off-campus."

Joe Lister
Chief Executive Officer

The business has performed strongly in 2023, delivering record earnings and dividends. This reflects the strength of our best-in-class operating platform, the commitment of our teams and the ongoing appeal of our value-for-money proposition. We operate in a structurally growing sector, underpinned by the attractiveness of the UK's Higher Education sector to domestic and international students. The growing shortage of accommodation to meet this demand supports sustainable rental growth and our standing in the sector and creates compelling investment opportunities for the business.

Record earnings and dividend

We delivered record occupancy during the year, supporting growth in adjusted earnings to £184.3 million and adjusted EPS of 44.3p, up 13% and 8% respectively year-on-year. The impact of rental growth, development completions and lower interest costs more than offset increases in operational costs during the year. The growth in adjusted EPS also reflects the increased share count following our capital raise in July 2023. IFRS profit before tax of £102.5 million and EPS of 24.6p (2022: £350.5 million and 87.6p) also reflect the valuation change of our property portfolio during the year. We have proposed a final dividend of 23.6p which, if approved, totals 35.4p for the full year, representing a payout ratio of 80% of adjusted EPS.

Total accounting returns for the year were 2.9%, with adjusted earnings offsetting a 1% decrease in EPRA NTA per share to 920p. Our LTV ratio reduced to 28% during the year, reflecting lower net debt following the capital raise in July and broadly stable property valuations.

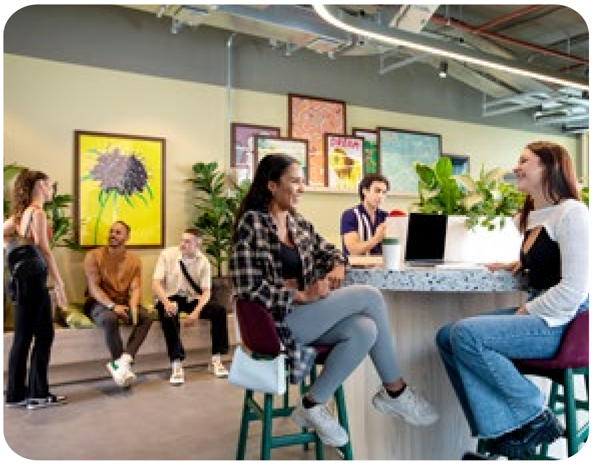
CHIEF EXECUTIVE'S REVIEW continued

CASE STUDY

Morriss House opens to students

Our new 705-bed development, Morriss House in Nottingham, welcomed students at the start of the 2023/24 academic year. The development, on Derby Road in Lenton, had a gross development value of £89 million. We have a decade-long partnership with the University of Nottingham, a world-leading university, and this development is next to the university's Jubilee Campus. The property contains low-carbon features, running on renewable electricity with solar panels installed on the roof and an all-electric heating system, including air source heat pumps.

Green public space connects the development to the River Leen and the University of Nottingham campus. Inside, Morriss House has the largest study and social spaces in Unite Students' portfolio and an open reception providing a welcome hub for students, as well as an open-air amphitheatre. The development, previously a former car showroom, also provides c.16,000 sq ft (gross internal area) of a commercial building for external use.



Watch our video to find out more about this property.

Net debt:EBITDA and ICR also improved to 6.1x and 4.6x respectively (2022: 7.3x and 3.7x). Our robust balance sheet provides the financial headroom to deliver our committed development pipeline and pursue new growth opportunities.

Our key financial performance indicators are set out below:

Financial highlights[1]	2023	2022
Adjusted earnings	**£184.3m**	£163.4m
Adjusted EPS	**44.3p**	40.9p
IFRS profit before tax	**£102.5m**	£350.5m
IFRS diluted EPS	**24.6p**	87.6p
Dividend per share	**35.4p**	32.7p
Adjusted EPS yield	**4.8%**	4.6%
Total accounting return	**2.9%**	8.1%
EPRA NTA per share	**920p**	927p
IFRS net assets per share	**931p**	944p
Loan to value	**28%**	31%

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

Positive outlook for 2024/25

We continue to see strong demand for our well-located, value-for-money student accommodation at a time of declining numbers of Houses in Multiple Occupancy (HMOs), obsolescence in older university stock and lower levels of new supply. This is reflected in our strong progress with reservations for the 2024/25 academic year.

Across the Group's entire property portfolio, 80% of rooms are now sold for the 2024/25 academic year, ahead of our typical leasing pace and slightly below demand in reservation rates last year (2023/24: 83%).

We have seen increased demand from universities as they look to secure accommodation earlier in the sales cycle, resulting in nomination agreements for an additional 1% beds for 2024/25 compared to the same stage of the 2023/24 sales cycle. These agreements deepen our relationships with universities and provide income security at rental levels comparable with direct-let sales.

Direct-let sales have also started well, with customers looking to secure accommodation early in the sales cycle. We have continued to see strong demand from UK students as our product grows in popularity with second- and third-year students who recognise the value of our all-inclusive product. As a result of this strong demand and the need to offset cost pressures in our business, we now expect to deliver rental growth of at least 6% for 2024/25 (previously at least 5%).

Providing value for money

We are committed to delivering value for money to our customers and increasing rents at a responsible and sustainable pace. We recognise the cost-of-living pressures faced by students and parents and are confident that our fixed price, all-inclusive offer will continue to provide value for money.

Our rents are 7% more affordable in real terms than 2019 (based on CPI) and have grown in line with the student maintenance loan over the same period. Rental increases are a response to higher operating costs, particularly for utilities and staff, as well as our commitment to being a Real Living Wage employer.

CHIEF EXECUTIVE'S REVIEW continued

Our pricing is comparable in cost to HMOs once bills are included. This is before allowing for the high quality of our product and price certainty we provide on utilities and the additional product and service features we offer, such as on-hand maintenance teams and 24/7 security, high-speed Wi-Fi and contents insurance. Our rents have also grown by less than the wider private rental sector, which rose 10% in 2023 (source: Zoopla), and at a comparable rate to university owned accommodation (source: Cushman & Wakefield).

We also continue to make significant capital investment into our operating model and estate to improve the customer experience, as well as the safety and sustainability of our buildings. During 2023, we continued to enhance the service we offer to students through the embedding of our 24/7 operating model, the expansion of our Support to Stay programme for student wellbeing and the launch of a 24/7 mental health and wellbeing helpline in partnership with Endsleigh and Health Assured.

Growing shortage of high-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 124,000 (16%) by 2030, supporting growing demand for UK Higher Education. Demand from international students also remains high, as reflected in the 23% growth in overseas students since 2019/20 (source: HESA).

Many university cities are facing housing shortages and our investment activity is focused on those markets with the most acute need. Since 2021, there has been an 8% reduction in the number of HMOs in England (source: Department for Levelling Up), equivalent to 100,000-150,000 fewer beds available for students to rent. Private landlords are choosing to leave the sector in response to rising mortgage costs and increasing regulation. New supply of PBSA is also down 60% on pre-pandemic levels, reflecting planning backlogs and viability challenges created by higher costs of construction and funding. Obsolescence of older university accommodation is also expected to increase due to building age and the need to operate buildings more sustainably. In many cities, property valuations are below replacement costs, further constraining new supply.

The combination of these factors has significantly increased demand for our accommodation in many cities and we expect this supply challenge to continue for a number of years.

Strategic overview

Our purpose is to deliver a Home for Success to allow students to make the most of their time at university. We also support the growth of the UK's Higher Education sector by delivering new high-quality, homes that are affordable and sustainable. We achieve this by partnering with universities to deliver long-term growth and attractive returns for our shareholders.

Our strategy is focused on three key objectives to deliver our purpose:

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

Delivering for our customers and universities

We have a best-in-class 24/7/365 operating platform in the student accommodation sector, underpinned by our PRISM technology platform, passionate customer-facing teams and sector-leading student support. We are currently in the process of a £26 million upgrade to our PRISM platform to enhance customer experience and deliver operational efficiencies, which will start to deliver in 2024 with the remainder in 2025.

The impact of our customer initiatives is reflected in an increase in our Net Promoter Scores to +42 for students at check-in (2022: +38) and +32 (2022: +7) with university partners. We are targeting further improvements in our customer experience during 2024. We have also seen an increase in our retention of direct-let customers for 2023/24 and the proportion of beds under nomination agreements rose to 53% (2022/23: 52%).

Our long-term university relationships remain a key differentiator for Unite Students and a significant source of potential growth opportunities. This is reflected in over 90% of our development pipeline by cost being underpinned by university partnerships, either through long-term nomination agreements or a joint venture, in the case of our strategic partnership with Newcastle University.

Attractive returns for shareholders

We delivered full occupancy for the 2023/24 academic year and rental growth of 7.4%, reflecting improving market conditions. Total accounting returns were 2.9% for the year, reflecting adjusted earnings and broadly stable property valuations (2022: 8.1%). Strong rental growth offset the valuation impact of increases in property yields as the market adjusted to an environment of higher interest rates.

The quality and scale of our portfolio is key to delivering attractive, sustainable returns for our shareholders. We successfully delivered £84 million in development and major asset management projects in the year at a blended yield on cost of 9%. We continue to recycle capital with a focus on increasing alignment to the strongest universities and expect to complete the disposal of a £197 million portfolio in the first half of 2024 (Unite share: £79 million).

In July 2023, we raised £300 million in equity to accelerate our investment activity into development and asset management. We have fully allocated the proceeds and expect the transaction to enhance earnings and total returns as projects are delivered between 2024 and 2027. We are tracking further opportunities in London and strong regional markets at attractive returns and expect to add to our pipeline in 2024.

Being a responsible and resilient business

Our Sustainability Strategy is focused on delivering a positive impact for our stakeholders. This is driven by the social contribution we make to the students who live with us, our employees and local communities as well as our progress in minimising our impact on the environment. We are proud to be a Real Living Wage employer and have honoured the recommended 10% increase for 2024 for our relevant employees.

Q&A with Claire Barber, Group Asset Management Director

Claire Barber, Group Asset Management Director, joined Unite Students in January 2023. Here, she discusses the year's key asset management work and major projects planned for 2024.

Q: What were your aims for 2023 and how are these continuing into 2024?

A: "To create a strong pipeline, be very clear on what we're doing and spend the time understanding the buildings so we can create the best possible offer for the customer. In 2024, we're making our biggest ever investment into building improvement projects. We're doing this in a way that's carefully thought through, so we're spending money sensibly. It is about making the right level of investment, which will be different for each building. It's about setting ourselves up for success in the future.

The team has been working to identify an asset management pipeline. This includes the assets we want to invest in, how we could potentially segment our offer to appeal to different types of students and the level of return the investment would create."

Q: Why do we need to invest?

A: "It is important we provide students with value for money, and this requires investment in our buildings. I am leading the business's estate investment programme, which will see investment into our estate over the next five to seven years to ensure we deliver a portfolio that we are proud of and makes us the home of choice for students."

Q: How does design and sustainability tie into our asset management Initiatives projects?

A: "We are trying to take a holistic approach to investment in our properties, so any projects identified, be these value-add asset management initiatives (refurbishments or extensions), estates work, fire safety – we want to link it altogether, so we only impact the customer once. In all our projects, sustainability is of paramount importance and we have a clear path to net zero carbon by 2030. There is a planned programme of works to achieve this. We're developing a matrix of specifications with our new generation design specification, which is still being developed and tested.

This includes redesigned kitchens, geared more towards our students having space to socialise and eat together. It's not a one-size-fits-all approach, but there will be a clear evolution of the Unite Students look and feel, including amenity space, which you can see in our new builds such as our 705-bed Morriss House in Nottingham."

Q: What has our work in 2023 meant for our stakeholders?

A: "From a student perspective, our work is important because it enhances their experience. Particularly with the bedrooms, bathrooms and kitchens. But we're also thinking more about how students experience the spaces they're in, so we're being more considered and thoughtful about how they can meet as a group in a flat. We've also tried to understand what amenity space is well used in our buildings to meet students' needs, for example, smaller study areas.

This year we have focused our investment in projects in three of our strongest markets – London, Birmingham, and Edinburgh. Oak Brook Park in Birmingham needed investment, given its age and increasing student expectations around quality. Similarly with The Bridge House in Edinburgh – it's an impressive location and great market, so our investment has a big impact on how the brand is seen. The Bridge House also underwent a cladding project at the same time, so the building has been completely transformed both internally and externally."

Q: What will be the major works in 2024?

A: "Our focus in 2024 will be on two properties in Glasgow, subject to the relevant consents, and another in Bristol. All three are positioned in incredible locations. Work is also ongoing in some of our existing properties in London, as well as broader investment in fire safety improvements in properties around the country."

Watch Claire Barber and Karan Khanna, Chief Operating Officer, answer more questions around enhancing the student experience.

CHIEF EXECUTIVE'S REVIEW continued

We continue to make good progress towards our objective of becoming a net zero carbon business by 2030. During the year, we invested £8 million in energy initiatives to reduce consumption, save carbon and ensure ongoing compliance with regulations. This contributed to a further improvement in the EPC ratings of our portfolio during the year, with over 99% of the portfolio now A–C rated (2022: 80%). We have now reduced the energy intensity of our estate by 8% compared to our 2019 baseline. We also published our sustainable construction framework, setting out our approach to reducing the embodied carbon and whole life impact of our development pipeline by around half by 2030. Our most recent development completions demonstrate that we on track to deliver this improvement by 2030.

Higher Education and housing policy

Higher Education is one of the UK's leading sectors, contributing £130 billion to the economy, delivering world-class research and supporting employment of more than 750,000 people. Our universities attract young people from around the world for the quality of learning and life experience the UK offers.

International students are fundamental to the sector's health and contribute £42 billion to the UK economy. The Government recently reiterated its commitment to hosting 600,000 international students each year, with a focus on attracting the best and brightest. Changes to UK visa rules mean that from January 2024, postgraduate taught students can no longer be accompanied by their family members. We expect this change to particularly impact postgraduate student numbers from India and Nigeria, who are more likely to bring dependants, with a disproportionate impact on lower-ranked universities. Postgraduates from India and Nigeria accounted for less than 3% of our bookings for 2023/24. Moreover, our product offering is focused on single occupancy rooms, meaning we expect limited direct impact from the change.

The Renters Reform bill is expected to be introduced in late 2024 and will further increase regulatory requirements for HMO landlords. We expect the change to further reduce the availability of HMOs as more landlords will choose to leave the sector, increasing demand for the professionally managed, sustainable accommodation we provide. Purpose-built student accommodation is recognised as being different to traditional rental accommodation, with students seeking accommodation for one academic year, and has been excluded from the bill's scope.

We are confident that our alignment to the strongest universities, high-quality portfolio and responsible approach to rent setting position us well to navigate potential changes in policy.

Management succession

I would like to extend my thanks to Richard Smith and acknowledge his significant achievements over the last eight years as CEO. He has been a driving force behind our successful strategy of aligning to the best universities and building Unite Students into a purpose-led, responsible business.

I am excited to take over as CEO after 22 years with the business and look forward to working with the leadership team and all our colleagues to deliver the next stage of Unite Student's growth.

Opportunities for growth

We now have our largest ever development pipeline at £1.3 billion, focused on delivering new homes in the most supply constrained markets and aligned to the UK's strongest universities. It will deliver significant earnings and NTA growth over the next four years. The outlook for development is strong and we are tracking a number of further opportunities at attractive returns, which we will look to secure over the next 6–12 months.

Universities increasingly see access to high-quality and value-for-money accommodation as a barrier to growth. Funding challenges and competing priorities for capital are encouraging universities to partner with Unite Students to deliver new accommodation. This has become more pressing due to acute housing shortages post-pandemic and growing obsolescence in university estates. In February we announced our first joint venture with a university, to redevelop existing accommodation in partnership with Newcastle University. The agreement to deliver 2,000 new beds on the University's land highlights how Unite Students is uniquely positioned to address housing shortages.

We believe that there is also an exciting opportunity to grow our platform in the wider living sector by catering to the growing number of young professional renters living in major UK cities. Our pilot asset in Stratford has performed well during our first full year of ownership and is now fully integrated into our operational platform. We are exploring opportunities to grow our operational platform by partnering with co-investors.

Positive outlook for growth

We are confident in the outlook for the business. Student accommodation is structurally supported by growing demand for Higher Education and constrained supply, which supports long-term sustainable rental growth and creates significant investment opportunities to deliver new homes.

The strength of our relationships with universities, combined with our best-in-class operating platform, strong balance sheet and development expertise creates unrivalled opportunities for university partnerships both on- and off-campus. We are the provider of choice for universities seeking nominations agreements, which underpins over half of our letting activity each year and underwrites over 90% of our development pipeline. Our first joint venture with Newcastle University underlines these qualities and we are confident there is more to come as we help universities unlock potential housing supply on their campuses.

Strong reservations support rental growth of least 6% for the 2024/25 academic year. Despite ongoing cost pressures, this supports an improvement in our EBIT margin and 3–5% growth in adjusted EPS in 2024. We expect earnings growth to accelerate from 2026 as development completions increase.

Rental growth, together with value creation through planning milestones, development and asset management supports total accounting returns of 10–12% in 2024, prior to yield movements.

OUR STRATEGIC OBJECTIVES

The key pillars of our strategy reflect our commitment to deliver long-term value for our stakeholders. This means delivering for our customers and universities by creating a Home for Success for students, providing attractive returns for shareholders and ensuring we operate as a responsible and resilient business so we can create a positive impact for the environment, our people and communities.

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES

STRATEGIC FOCUS

- Delivering a best-in-class student experience.
- Investment to enhance our properties.
- Investment in our digital capabilities and technology platform.

PROGRESS IN 2023

- Further improved student support through a wellbeing partnership with Endsleigh.
- Significantly improved our Student Net Promoter Score to +42.
- Opened a new development, Morriss House, in Nottingham and refurbished three properties in Edinburgh, Birmingham and London.

OBJECTIVES FOR 2024

- Deliver an enhanced digital experience through continued investment in our technology platforms.
- Deliver our Bromley Place development in Nottingham for the 2024/25 academic year.
- Secure a university partnership joint venture.
- Deliver asset management projects on around 5,000 beds to further enhance our portfolio.
- Continue to deliver our technology upgrade programme to enhance customer experience.

CREATING A RESPONSIBLE AND RESILIENT BUSINESS

STRATEGIC FOCUS

- Becoming net zero carbon across our operations and developments by 2030.
- Creating positive impact for communities and students.
- Supporting wider access to Higher Education through the Unite Foundation and sector-leading research.
- Maintaining our proactive approach to fire safety.

PROGRESS IN 2023

- Delivered energy-efficient capital projects representing over £8.2 million in total investment and increased the proportion of floor space achieving A–C EPC ratings from 80% to 99%.
- Published our Sustainable Construction Framework.
- Provided 106 new Unite Foundation scholarships.

OBJECTIVES FOR 2024

- Embed our Sustainable Construction Framework within our supply chain.
- Enhance the Unite Group's reputation with key stakeholders.
- Deliver lasting improvements in environmental performance through capital projects and student engagement.
- Continue to progress fire safety improvement projects.

ATTRACTIVE RETURNS FOR SHAREHOLDERS

STRATEGIC FOCUS

- Sustainable growth in rental income and earnings.
- Delivery of attractive total accounting returns.
- Sourcing new growth opportunities through development and university partnerships.

PROGRESS IN 2023

- Achieved >99% occupancy and 7% rental growth for the 2023/24 academic year.
- Committed to five new development schemes.
- Delivered 8% adjusted EPS growth.
- Raised capital to accelerate growth in earnings and total returns.

OBJECTIVES FOR 2024

- Secure new investment opportunities through development and university partnerships.
- Deliver 10–12% total accounting return before yield movement.
- Continue asset disposals to recycle capital and enhance portfolio quality.
- Grow EBIT margin by around 0.5–1.0%.