OUR 2023 ANNUAL REPORT

FINANCIAL HIGHLIGHTS

Adjusted earnings
£184.3m
2022: £163.4m

Dividend per share
35.4p
2022: 32.7p

Total accounting return
2.9%
2022: 8.1%

Adjusted earnings per share
44.3p
2022: 40.9p

EPRA NTA per share
920p
2022: 927p

IFRS diluted earnings per share (p)
24.6p
2022: 87.6p

OPERATIONAL HIGHLIGHTS

- Record 99.8% occupancy in 2023/24 academic year
- Completed 705-bed new property in Nottingham
- Four pipeline developments on track for 2024–26 delivery
- Significant capital investment in our existing estate
- Partner for 2,000-bed joint venture with Newcastle University
- Delivering on our sustainability targets

AWARD-WINNING 2023

We were named Student Accommodation Operator of the Year for the second year running at Property Week's RESI Awards 2023. The award recognises our commitment to supporting students' mental and physical health, as well as our diversity and inclusion initiatives.

We also secured Alternatives Team of the Year at Property Week's Property Awards. Our win highlighted our achievements with developments and operations, innovation, client feedback, diversity and inclusion, our sustainability agenda, employee initiatives and The Academy, which is our commitment to providing our employees with lifelong learning opportunities.

Students voted five of our properties across the country as Best Properties in Student Crowd's Student Voice Awards 2023. Cambrian Point, Cardiff; Angel Lane, London; Sky Plaza, Leeds; New Medlock House, Manchester; and Brass Founders, Sheffield were all voted in first place, while three of our properties were awarded second place and eight won third place. The Student Voice Awards are given to the highest-rated properties based on authentic student reviews on the Student Crowd platform.

CONTENTS

"The business has delivered another year of strong operational and financial performance, with growth in earnings and dividend, full occupancy, and ongoing investment into our platform and portfolio. We continue to see strong demand and pressures on housing supply and are confident in our growth outlook."

Joe Lister
Chief Executive Officer

Read more 18

CONTENTS

Strategic report

2 Our strategy in action
10 Who we are
12 Investment case
14 Business model
18 Chief Executive's review
24 CEO and CFO Q&A
26 Market overview
30 Key performance indicators
32 Financial review
48 Sustainability
58 Climate-related financial disclosures (including TCFD)
67 Principal risks and uncertainties

Corporate governance

80 Chair's introduction to governance
82 Board of Directors
86 Board statements
89 Board leadership and purpose
97 Division of responsibilities
99 Section 172
102 Board activities
110 Nomination Committee
114 Audit & Risk Committee
120 Sustainability Committee
123 Health & Safety Committee
127 Remuneration Committee
163 Directors' Report
166 Statement of Directors' responsibilities

Financial statements

167 Independent auditor's report
176 Consolidated income statement
176 Consolidated statement of comprehensive income
177 Consolidated balance sheet
178 Company balance sheet
179 Consolidated statement of changes in shareholders' equity
180 Company statement of changes in shareholders' equity
181 Consolidated statement of cash flows
182 Notes to the financial statements

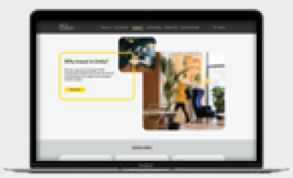
Other information

237 Financial record
238 Glossary
241 Company information

OUR REPORTING SUITE

Annual Report
https://www.unitegroup.com/annual-report-2023

Sustainability Report
https://www.unitegroup.com/sustainability



Investor site
https://www.unitegroup.com/investors

OUR STRATEGY IN ACTION

CREATING A HOME FOR SUCCESS

Everything we do at Unite Students goes into providing a home, where the tens of thousands of students who live with us can thrive.

This is more than a space to live. We offer a place where students feel they belong, in an inclusive community with plenty of opportunities to have fun. Our accommodation is offered at a range of price points, including affordable beds. All staff working in our student properties are trained in mental health and active listening with access to round-the-clock support should students need it.

We deliver this through our common purpose of creating a Home for Success. Our teams provide the right home where students can learn, so they can be their best and go on to achieve their ambitions.

This involves everyone in the business doing the right thing for our stakeholders – meeting the needs of students and their parents, the universities we partner with, our own teams, local communities and our investors, who recognise the link between our purpose and our plans for long-term growth.

This chapter demonstrates how we have lived our purpose in 2023.

Committed and talented people

The passion and commitment of our people is the main driving force behind our success. We believe doing what's right for students starts with doing what's right for our people.

We recognise the importance of being a place where people want to come to work. We support our people and invest in their skills. We are also working to create a culture where difference is valued, so both our customers and employees feel they genuinely belong.

Our ongoing commitment to our colleagues was demonstrated by internal promotions in key areas right across the business, including our new Chief Executive Officer, Joe Lister, and our Chief Financial Officer, Mike Burt.

First Real Living Wage employer in the sector.

Best-in-class training and career progression.

A culture where difference is valued.

OUR STRATEGY IN ACTION continued

OUR PURPOSE

CREATING A HOME FOR SUCCESS

More than a space to live, we provide homes where students feel they belong, where they can thrive.

OUR STRATEGIC OBJECTIVES

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES

Read more 4

A RESPONSIBLE AND RESILIENT BUSINESS

Read more 6

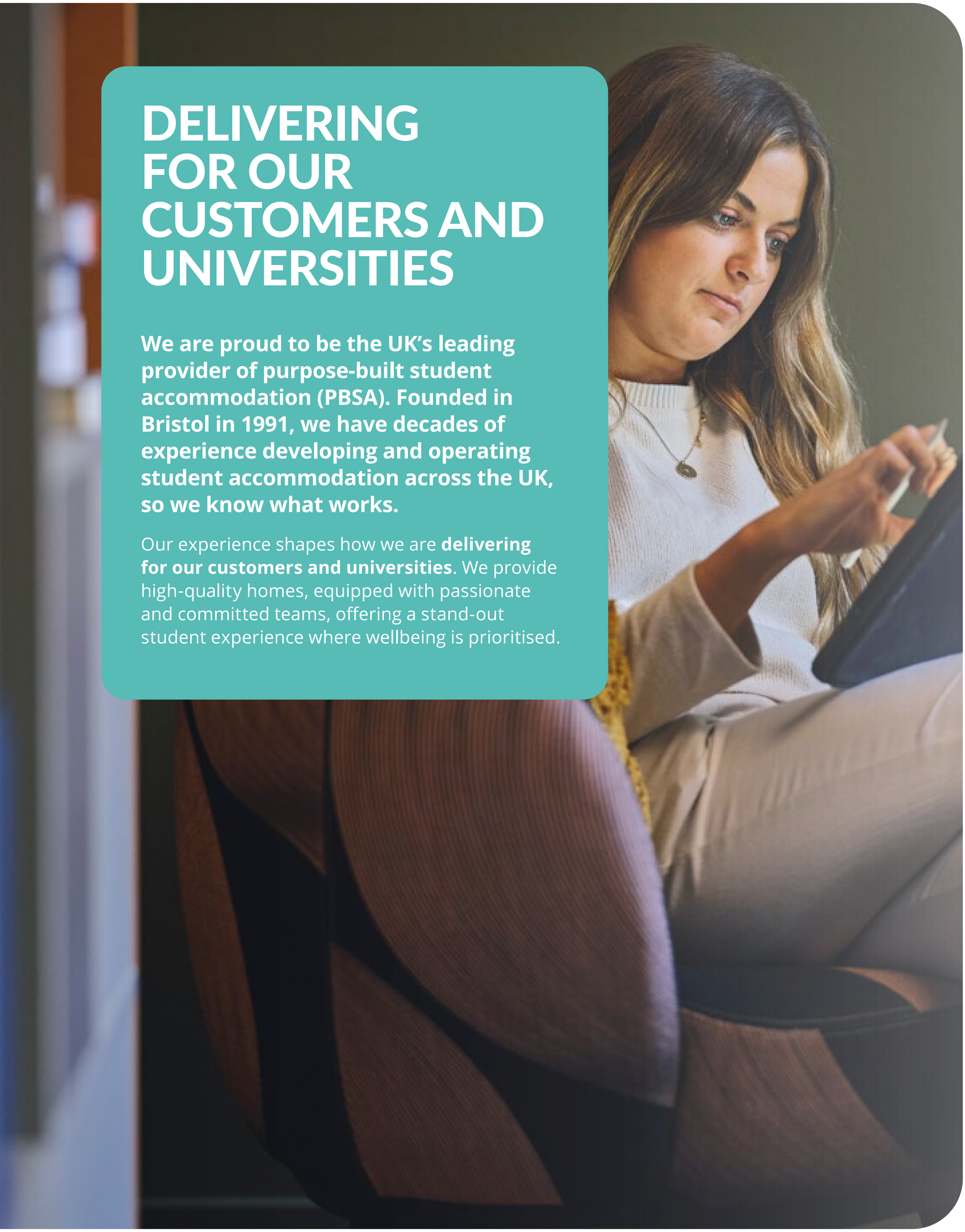
ATTRACTIVE RETURNS FOR SHAREHOLDERS

Read more 8

GUIDED BY OUR VALUES

- Keeping us safe
- Creating room for everyone
- Doing what's right
- Raising the bar together

OUR STRATEGY IN ACTION continued



DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES

We are proud to be the UK's leading provider of purpose-built student accommodation (PBSA). Founded in Bristol in 1991, we have decades of experience developing and operating student accommodation across the UK, so we know what works.

Our experience shapes how we are **delivering for our customers and universities**. We provide high-quality homes, equipped with passionate and committed teams, offering a stand-out student experience where wellbeing is prioritised.

OUR STRATEGY IN ACTION continued

60+
university partnerships

Established provider of choice for more than 60 UK universities.

+32
university Net Promoter Score

Higher Education Trust (NPS) up 25 points from +7 in 2022.

£79m
investment

To enhance our existing properties.

+42
customer Net Promoter Score

Up 4 points from +38 in 2022.

2,000
new beds

Through an innovative partnership with Newcastle University.

CASE STUDY

Providing a supportive living environment

Support to Stay, CARE, a new 24/7 helpline and Aldi voucher trial

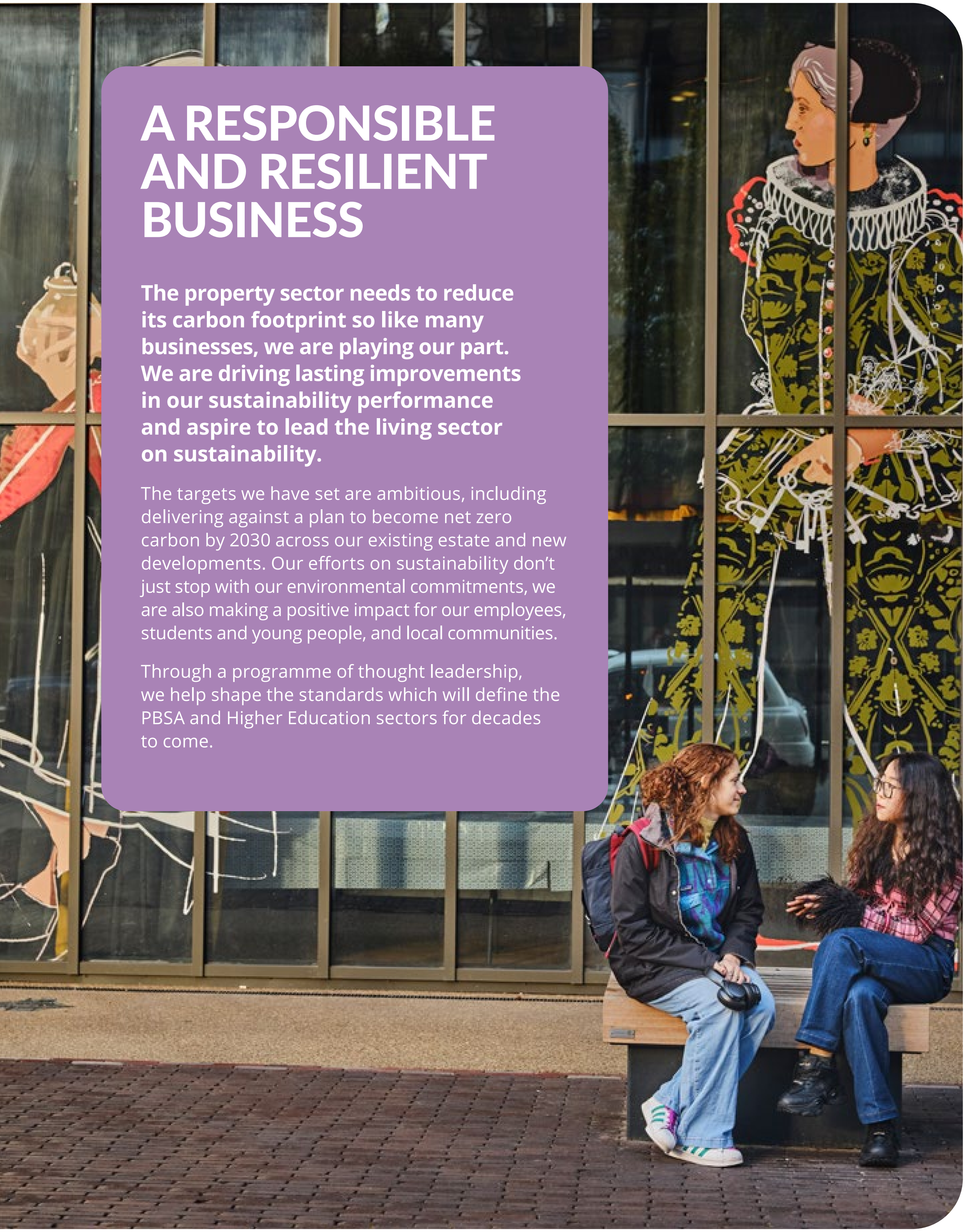
Our 24/7 Student Wellbeing Helpline and Digital Therapy initiative was launched in 2023, adding to our existing welfare support. It provides students with unlimited access to a British Association for Counselling and Psychotherapy accredited, 24/7 counselling helpline. This includes an interpretation service in over 240 languages and online support resources, including cognitive behavioural therapy.

We provide these services through a partnership with Endsleigh Insurance, as part of our Support to Stay framework. The framework aims to give all students a supportive living environment so they can fulfil their potential, particularly when experiencing medical, physical or mental-health difficulties. All our property teams complete training on a range of student support matters, including support for students with disabilities, safeguarding and signposting students for support. Also, our Resident Ambassadors continue to provide important peer-to-peer support to students, and lead on social events within our properties.

Earlier this year, we launched a pilot scheme in partnership with Aldi supermarket to distribute food vouchers to students most in need of financial support, at four universities. Provision was means-tested and recipients were determined by our university partners – Liverpool John Moores University, Middlesex University, Birmingham City University and the University of Westminster.

We also revamped our customer service CARE principles – Connect, Act, Respect and Encourage – to help students feel even more welcome within our buildings.

Read more about our work in student mental health.



A RESPONSIBLE AND RESILIENT BUSINESS

The property sector needs to reduce its carbon footprint so like many businesses, we are playing our part. We are driving lasting improvements in our sustainability performance and aspire to lead the living sector on sustainability.

The targets we have set are ambitious, including delivering against a plan to become net zero carbon by 2030 across our existing estate and new developments. Our efforts on sustainability don't just stop with our environmental commitments, we are also making a positive impact for our employees, students and young people, and local communities.

Through a programme of thought leadership, we help shape the standards which will define the PBSA and Higher Education sectors for decades to come.

OUR STRATEGY IN ACTION continued

Net Zero Carbon by 2030

CDP rating improved from B to -A, reflecting progress made in our management of climate-related risks and issues.

99%

of properties A-C EPC rated

Up from 80% in 2022.

Leading positive change

Held our Living Black at University conference and published the Living Black at University Commission Report, and our research into neurodiversity.

£2.4m

invested in good causes

Making a difference through investment in social impact initiatives.

29

community projects

Received 9 Gold and 20 Silver Positive Impact Awards.

Detailed sustainability achievements

Are covered in more detail on pages 48–57 of this report and through our separate Sustainability Report.

CASE STUDY

Leading on sustainability

New Sustainable Construction Framework

Our Sustainable Construction Framework is a roadmap that lays out our approach to the sustainable design and construction of new PBSA, refurbishments and retrofits. It explores how we work internally, as well as with our supply chain, and identifies key areas of focus. This is three-pronged, covering supply chains, biodiversity and social impact.

Our core elements include carbon reduction, energy efficiency and a move towards a circular economy. The framework is a resource for our own teams and to meet the needs of external stakeholders, such as investors, university partners, students and local authorities.

We have already made some significant progress but recognise there is more work to do. Our new Morriss House development in Nottingham (pictured) achieved embodied carbon of c.800kg/m^2 which is 33% below the RIBA baseline of 1,200kg/m^2.

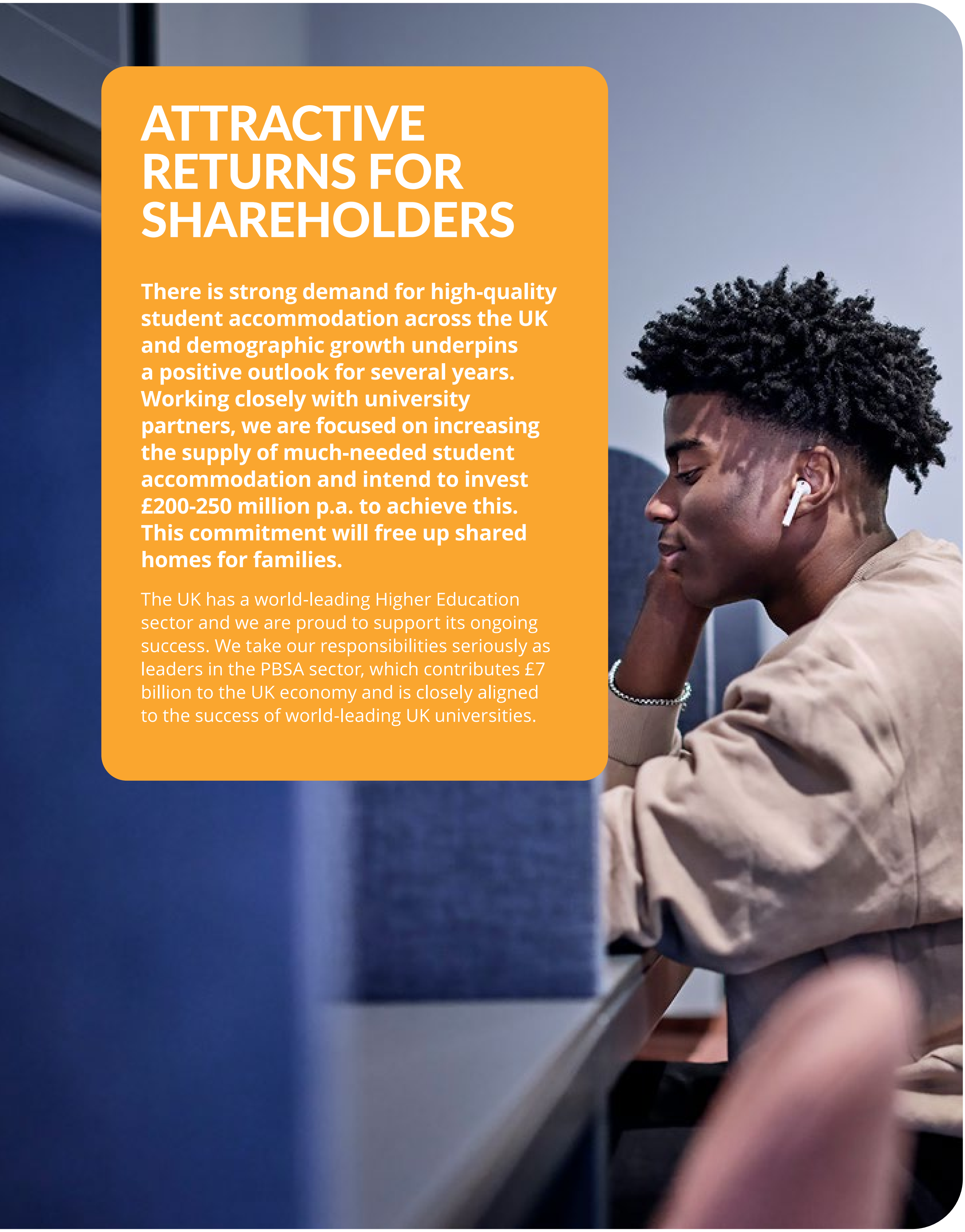
The framework shows our aspirations, also ensuring each development project delivers a great place to live and work.

We want to go beyond carbon reduction in construction and optimise the performance of our properties.

Other areas include health and wellbeing, water and long-term resilience against climate change risks. We're also looking to enhance the wider impact of our projects – for communities and the environment.

Find out more about our Sustainable Construction Framework.

OUR STRATEGY IN ACTION continued



ATTRACTIVE RETURNS FOR SHAREHOLDERS

There is strong demand for high-quality student accommodation across the UK and demographic growth underpins a positive outlook for several years. Working closely with university partners, we are focused on increasing the supply of much-needed student accommodation and intend to invest £200-250 million p.a. to achieve this. This commitment will free up shared homes for families.

The UK has a world-leading Higher Education sector and we are proud to support its ongoing success. We take our responsibilities seriously as leaders in the PBSA sector, which contributes £7 billion to the UK economy and is closely aligned to the success of world-leading UK universities.

OUR STRATEGY IN ACTION continued

8% growth in adjusted EPS

Record earnings and sustainable rental growth.

£1.3bn

pipeline

Our development pipeline now totals 7,327 beds.

£8.7bn

portfolio

Significant opportunity to enhance our existing £8.7 billion portfolio* through ongoing, capital programmes.

* Portfolio owned and managed.

Unlock campus potential

Deepening relationships with universities to help them unlock the potential of their campuses.

28% loan-to-value (LTV) ratio

Robust balance sheet with capital recycled through the sale of weaker assets.

CASE STUDY

Joint venture with Newcastle University to provide 2,000 beds

Unite Students has entered into a new joint venture (JV) partnership with Newcastle University to deliver 2,000 high-quality, affordable beds in 2027 and 2028.

Dependent on gaining planning approval later in 2024, this sector-leading scheme will provide the Russell Group university with the opportunity to unlock the potential of their campus and to deliver much-needed, new accommodation for their students.

The proposed c.£250 million development will see 1960s accommodation replaced at the university's Castle Leazes site. The JV deepens our existing 20-year relationship with Newcastle University, which will benefit from our scale and operational expertise, as well as third-party funding to improve the accommodation available to their students. Construction is expected to commence in early 2025.

Newcastle University will own a 49% stake and Unite Students a 51% stake, with the remaining funding coming from debt secured against the JV.

To support Newcastle University's accommodation requirements during the development phase, Unite Students has separately entered into a four-year nomination agreement for 1,600 beds in other Unite Students' properties in the city.

Read more about the JV.

WHO WE ARE

HOME FOR SUCCESS

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

2023 rank	CITY	COMPLETED BEDS (23/24)
1	London	12,574
2	Liverpool	5,975
3	Manchester	5,639
4	Birmingham	5,582
5	Leeds	5,533
6	Bristol	4,085
7	Newcastle	3,763
8	Cardiff	3,481
9	Sheffield	2,798
10	Portsmouth	2,706
	Top 10	**52,136**
	Total	**70,442**

KEY STATS

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

Properties
158
Operating in 23 cities and towns across England, Scotland and Wales

Beds
70,442
In properties across the UK

University partners
60+
Working alongside university partners to deliver their accommodation needs

WHO WE ARE continued

Q&A with Karan Khanna, Chief Operating Officer

Karan leads the operational and commercial functions for Unite Students, working with his team to enhance the student experience, deliver commercial performance and raise brand awareness.

Q: How is Unite Students putting students at the heart of everything it does?

A: "Our focus is on providing a home where students can thrive. A home that is affordable, supportive, fun, inclusive, safe, secure, as well as environmentally friendly. It is about giving our residents the foundation to achieve any of the goals or ambitions they aspire to.

In line with this, we are investing significantly across our estate – with £79 million spent on building improvements and offer enhancements over the last year, and more planned. It's also about ensuring our offer is fit for purpose for all students and we've ramped up efforts on customer segmentation to meet this need effectively."

Q: Student wellbeing has always been a core focus for Unite Students, why is it so important?

A: "Our residents are coming to live with us at a pivotal point in life. They are taking the leap, beginning the transition to independence and in most cases, living away from home for the first time. We therefore need to be more than just their accommodation provider – we need to help them to navigate the change. As a parent, I would expect nothing less if my son was living in a Unite Students property.

That's why we offer 24/7 round-the-clock support at all our properties, place a focus on creating community and have clear pathways for any students facing difficulty. We're continuously reviewing and improving our approach here – always ensuring our students have somewhere to turn, whatever their concern. Last year, we launched our industry-leading welfare programme, Support to Stay, which has been well received by students and our university partners. This year, we have expanded that programme by including additional counselling and therapy support for Unite Students' residents."

Q: What measures are you taking to help students manage the cost-of-living crisis?

A: "We are acutely aware of the cost-of-living pressures facing students. Here at Unite Students, affordability sits at the heart of everything we do, and we're committed to providing value for money. The Unite Group provides a range of fixed-price, all-inclusive products – covering all utility bills, Wi-Fi, contents insurance and 24-hour security – which gives students certainty on their outgoings and is highly competitive, compared to other forms of accommodation. We also have a comprehensive package of support available for those who may be struggling under our Support to Stay offer."

Q: How important is the sustainability agenda for students when selecting accommodation?

A: "Our research shows that students care deeply about living in a sustainable way – and so do we. That is why we are committed to enabling our residents to limit their impact on the environment day-to-day within our properties – via substantial investment in energy management solutions, such as air source heat pumps, for example – as well as to progressing towards net zero as a business.

We also strive to have a positive, long-lasting impact on the local communities in which we operate. Our colleagues are actively involved in voluntary Positive Impact schemes, while many of our properties now incorporate community spaces. At Hayloft Point, for example, we've partnered with Streets of Growth, a youth intervention charity, providing them space at a peppercorn annual rent, giving them their first permanent HQ.

We've come a long way on sustainability but there is still work to do and this is a core focus for 2024."

Watch Karan Khanna and Claire Barber, Group Asset Management Director, as they answer more questions.

INVESTMENT CASE

SUSTAINABLE GROWTH

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

Structurally growing sector

Demographic growth

The UK's 18-year-old population is set to grow by 16% by 2030, supporting demand for an additional c.130k undergraduate places at current participation rates.

Rising Higher Education participation

Participation rates for 18-year-olds going to university have been at record levels for the past two years, demonstrating young people's desires and recognition of the opportunities and life experience that university provides.

Growing international demand

The UK has a world-leading Higher Education sector and we are seeing record levels of international students. The Government is supportive and is focused on attracting more students from Africa, the Middle East and Asian countries outside of China.

18-year-old participation rate in Higher Education 2023/24

35.8%

High-quality portfolio

Aligned to the strongest universities

Our portfolio is increasingly focused on the UK's leading universities, where we see the strongest prospects for student number growth, and sustainable income growth.

Value for money

We offer students a value-for-money living experience, in a community where they belong and with round-the-clock support. Our range of fixed-price, all-inclusive products cover all utility bills, Wi-Fi, contents insurance, maintenance and 24-hour security, giving students certainty on their outgoings.

Investing to enhance our operational estate

There is a multi-year opportunity to enhance rents and reduce operational costs through refurbishment projects and energy efficiency measures which improve the student experience and reduce resource use in our buildings.

Alignment to high and medium-tariff universities

87%

Best-in-class operating platform

Over 60 university partnerships

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

Passionate city teams

Service excellence is delivered by 1,400 passionate colleagues who work in our properties. This brings together our experience of over 30 years of operating in the PBSA sector.

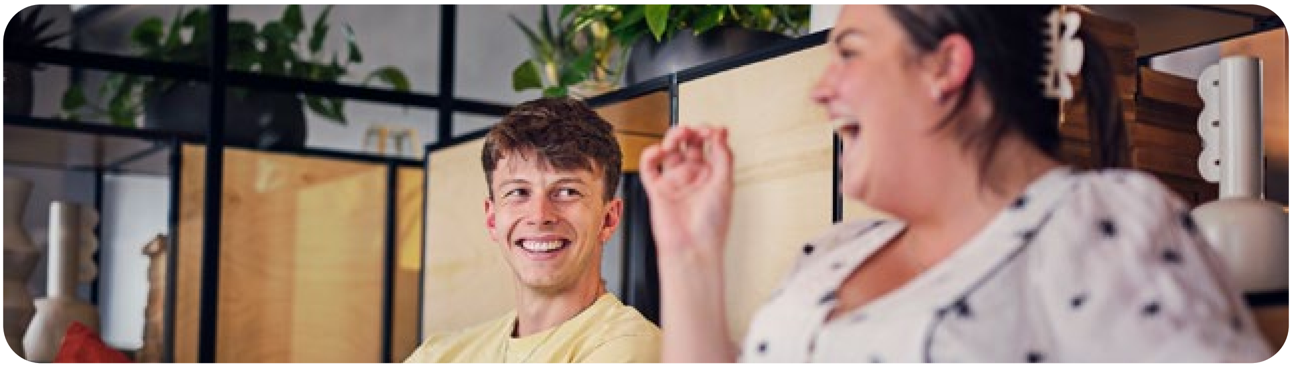
Sector-leading operating margins

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

Number of beds let under nomination agreements for 2023/24

37,000

INVESTMENT CASE continued



High visibility over returns

Sustainable rental growth

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

Growing dividends

As a result of our Real Estate Investment Trust (REIT) status, we target sustainable growth in dividends for our investors. We distribute 80% of our recurring earnings each year as dividends.

Targeting attractive total returns of 8.5-19% p.a.

Achieved through recurring earnings, rental growth and development profits.

Resilient and flexible balance sheet

We maintain a strong balance sheet with robust credit metrics. We nurture strong relationships with our shareholders, co-investment partners and debt providers to ensure continued access to capital.

Total accounting returns over the past 10 years

12.4% p.a.

Substantial growth opportunities

Market share gains from HMO sector

Almost a million students live in houses in multiple occupation (HMO), providing a significant opportunity to attract more non-first year students.

Development of £200-250m per annum

Proven ability to drive earnings and development profits through our in-house development team. Investment focused on the strongest 8–10 markets in the UK.

New university partnerships

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

Emerging young professional market

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

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

1.4 million

Leadership in sustainability

Net zero carbon

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

Energy-efficient homes

99% of our portfolio already achieves an EPC rating of A–C with asset-level plans to reach 100%.

1% of adjusted profits commitment

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

Unite Foundation

Through our financial commitment, the charity Unite Foundation provides accommodation scholarships for estranged and care-experienced students throughout the course of their studies.

Target reduction in Scope 1+2 carbon emissions by 2030

56%

BUSINESS MODEL

HOW WE DO IT

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

Serve

We create a Home for Success for the 70,000 students who live with us.

This is more than a space to live, it is a home where students feel they belong to a community and where they can thrive. Our best-in-class welfare support and operational teams are dedicated to delivering on this promise.

Partner

We are trusted by universities and are the provider of choice for the UK Higher Education sector. We partner with leading UK universities through nomination agreements. These partnerships enable us to support universities in delivering their accommodation guarantee to first-year and international students and provide us with a significant level of income visibility each year.

Our joint venture with Newcastle University is an exciting opportunity to deepen our partnership with the university and paves the way for further on-campus or stock transfer partnerships.

Best-in-class operating platform

Improve

We drive sustainable rental growth and improve the environmental performance of our buildings through targeted refurbishments, which enhance the customer experience and support our value-for-money proposition.

We have a range of refurbishment options available, which are tailored for each property according to the needs of the relevant customer segment and demand levels within each city.

Manage

We manage two co-investment vehicles – Unite UK Student Accommodation Fund (USAF), a specialist fund, and London Student Accommodation Vehicle (LSAV), a 50:50 joint venture with Singapore sovereign wealth fund GIC which provide recurring fee income and access to additional capital.

We adopt a consistent sales and operating model across our entire portfolio, regardless of fund ownership.

BUSINESS MODEL continued

Portfolio enhancement

Develop

We develop high-quality PBSA in the strongest university markets where the supply/demand imbalance is most acute. We are focused on delivering our secured pipeline and adding new schemes in the 8–10 strongest markets. We aim to invest c.£200–£250 million p.a. into development in those markets with the highest barriers to entry, where our expertise and university relationships give us a significant competitive edge in delivering schemes.

Acquire

We appraise and selectively acquire single assets and portfolios which enhance portfolio quality, where there is clear alignment to the strongest universities.

Recycle

We aim to dispose of £100–£150 million p.a. of weaker assets to improve the quality of our portfolio, increase alignment to the strongest universities and strengthen the future rental growth outlook. This capital recycling provides funding to invest in new development opportunities and improvements to our existing portfolio, while maintaining the strength of our balance sheet.

BUSINESS MODEL continued

STAKEHOLDER VALUE

Students

Key issues

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

How we engaged

Our colleagues working in properties around the country engage with students on a day-to-day basis, supplemented by peer-to-peer engagement and social activities provided by our resident ambassadors. During the year we partnered with Endsleigh Insurance to provide 24/7 access to trained counsellors and other support services. We also engage with students using our MyUnite app, including pre-arrival support and networking opportunities. Throughout their stay, students are encouraged to participate in surveys and campaigns, such as Personal Safety Week and Winter Wellbeing and they are signposted to our Support for You web page.

This is complemented by our customer research programme which includes surveys on specific issues, providing a rich source of insight.

Value creation in 2023

- Embedded the Support to Stay programme with our university partners, delivering support when students needed it most.
- Provided access to a 24/7 student wellbeing helpline and digital therapy services.
- Trialled new design concepts for our bedrooms, kitchens and amenity spaces.
- Supported the award of 106 new accommodation scholarships by the Unite Foundation.
- Refreshed our service style, CARE, to further enhance customer service.

Priorities for 2024

We will focus on improving the customer experience. This will include property upgrades through refurbishment projects. We will continue to respond to the needs of under-represented students and those with additional challenges. Upgrades to our technology platform will deliver an improved end-to-end experience from booking and throughout a student's stay with us.

Our People

Key issues

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

How we engaged

We held quarterly sessions of our employee engagement forum, Culture Matters, during the year with attendance by Non-Executive Director, Ilaria del Beato. Feedback from our representatives has helped to inform the review of our people-related policies, see page 94 for further details.

We hold regular Unite Live sessions with our CEO and key senior leaders to provide business updates, including financial and economic factors affecting the performance, with the opportunity for employees to ask questions.

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

Engagement in the company performance is through the annual bonus scheme.

Reward and recognition programme introduced in 2023

- 8% average pay award, with frontline teams receiving over 10% in uplifts, maintaining Real Living Wage.
- Introduced a sector-leading family leave policy.
- Embedded our diversity, equity, belonging and wellbeing strategy.
- Launched a dedicated training programme for General Managers.
- Launched in 2022, The Academy delivered 36,000 training events, through a personalised, tailored learning experience for our teams.

Priorities for 2024

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

In 2024 we will focus on delivering on our talent agenda by investing in our learning and development programmes and continuing our focus on diversity, equity, inclusion and belonging.

Universities

Key issues

- Student experience and welfare
- Operational performance
- Health and safety

How we engaged

Through our Higher Education engagement team, we meet regularly with leaders across the UK university sector. We engage at different levels within institutions to discuss a range of topics from strategic planning to day-to-day operational requirements.

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

We have launched the Living Black at University Commission, to help black students more easily acclimatise to life at university.

Value creation in 2023

- Provided 37,000 beds to universities for the 2023/24 academic year.
- Secured planning permission to create a new college at Rushford Court in Durham with our long-term partners, the University of Durham and work started on site.
- Our Support to Stay framework links wellbeing services with those of our university partners.
- A sold-out conference by the Living Black Commission, the publication of toolkits on cultural services and research, an EDI Data Maturity Framework and practical tips, resources and case studies.

Priorities for 2024

We will continue to support the growth ambitions of our university partners through nomination agreements and joint venture opportunities which deepen strategic partnerships.

We will continue our research programme, in partnership with universities, so we can better understand the evolving needs of each cohort of students.

BUSINESS MODEL continued

Communities

Key issues

- Trust and transparency
- Housing availability
- Local investment and job creation

How we engaged

The availability of housing is a key issue for our local communities. We are focused on supporting the growth of our university partners through the delivery of new, high-quality and affordable student homes, which increase housing supply and help free up more traditional housing for families and young professionals. We also engage actively with local stakeholders on development projects so the design of our buildings, public spaces and community facilities meet their needs.

Our Positive Impact programme encourages participation and includes awards for volunteering projects undertaken by our employees which deliver measurable benefits in their local communities.

Value creation in 2023

- We committed to the development of a further 3,000 beds which will free up more traditional accommodation in the communities where we operate.
- 29 community impact projects received 20 Silver and 9 Gold Positive Impact Awards.
- 22% of all employees participated in volunteering.

Priorities for 2024

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

We will continue to engage with local authorities and local communities around sites identified for new development to explain the potential community benefits of creating new, high-quality student accommodation.

Suppliers

Key issues

- Quality
- Performance and efficiency
- Risk management

How we engaged

We completed the redesign of the procurement function in 2023, moving to a standardised approach to the management of our supply chain. The role of the function has expanded into professional services, business services and construction, in addition to the existing portfolio of estates, facilities management, and technology.

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

Underpinned by our Unite Group Supplier Code and procurement approaches, we published our Sustainable Construction Framework during the year, which will inform how we procure net zero developments in the future.

Value creation in 2023

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

Priorities for 2024

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

We will utilise our Sustainable Construction Framework, published at the end of 2023, to inform the way in which we procure net zero developments.

Investors

Key issues

- Financial performance
- Strategic direction
- Sustainability and risk management

How we engaged

We engaged regularly with investors around our financial results as well as through ad hoc events, such as property tours, conferences and meetings. Key themes for engagement during the year included our response to higher inflation, increased interest rates and the acute shortage of high-quality student accommodation. These discussions informed our decision to raise capital to invest in new accommodation and accelerate the upgrade of our existing estate.

We engaged with selected investors immediately prior to announcing the capital raise in July to discuss the proposed use of proceeds and gauge the level of shareholder support.

In November, the Executive team and other senior leaders hosted a property tour in London which focused on the activity of our development and asset management teams.

Value creation in 2023

- Delivered 99.8% occupancy and rental growth of 7.4% for the 2023/24 academic year.
- 8% growth in adjusted earnings per share (EPS).
- Total accounting return of 2.9%.
- Full year dividend per share of 35.4p.

Priorities for 2024

We will deliver growth in EPS, through rental growth, improvement in operating margins, and investment in our portfolio while ensuring a robust capital structure.

We aim to achieve this through a strong sales performance for 2024/25, ongoing cost discipline and management of interest rate risk.

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.

CHIEF EXECUTIVE'S REVIEW continued

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%.

CEO AND CFO Q&A

Q&A

with Joe Lister, Chief Executive Officer
& Mike Burt, Chief Financial Officer

"Unite Students now accounts for 4 in 10 beds nominated by Higher Education institutions, and this is a key area of growth potential. We're trusted by universities to deliver safe, high-quality homes and a stand-out student experience, where everyone's wellbeing is prioritised."

Joe Lister
Chief Executive Officer

Watch Joe Lister and Mike Burt share their thoughts on our performance in 2023.

Q: You both secured internal promotions at the start of January 2024. What are your main ambitions for the business going forward?

Joe Lister: "I've taken over the role of Chief Executive at a time of great opportunity. Unite Students is poised to take advantage of a significant period of growth thanks to our unique position, market-leading platform, and unrivalled relationships with university partners.

Growth is, therefore, absolutely a key ambition for the business going forward. There is a shortage in student accommodation and we are focused on increasing supply of high-quality, affordable homes through our development pipeline and by helping universities to unlock the value of their campuses.

Ensuring Unite Students continues to be a great place to live is also front of mind. We're committed to making sure that our all-inclusive proposition remains relevant to evolving student needs – and a broad student mix. More than just a space to live, we offer a home and a community – where students can thrive.

An enhanced employee proposition is another key ambition for me as we look ahead – ensuring that Unite Students is a great place to work. We want to attract and nurture the best talent – which is why we're proud to be the first in our sector to be a Real Living Wage employer and are committed to offering our staff best-in-class training and career progression opportunities."

Q: What are the main areas of focus in 2024?

Joe Lister: "An immediate focus of mine has been visiting all our sites and cities to speak to people on the ground. I want people to know they're being listened to – to make sure I fully understand their concerns and where they see opportunities. This will be crucial in ensuring a smooth transition for the new leadership team. I'm honoured to have received such a positive reception so far but that's not something I – or any of us – want to take for granted. That also links to our focus on culture and values. We want to build on a culture where difference is valued so that all our customers and employees feel they belong."

Mike Burt: "As Joe has said, culture and clearly-understood values are hugely important to all of us at Unite Students. That filters through to our overarching purpose: creating a Home for Success.

A key area of focus throughout 2024 must be doing the right thing for all our stakeholders. That includes our customers, universities, local communities, and our investors.

Putting us in the best possible position for sustainable growth is key. The acute need for new student beds supports the strongest growth outlook Unite Students has seen for several years. We have a fantastic pipeline of 7,300 beds in the strongest university cities, which will see us invest around £1.2 billion to increase the supply of much-needed student accommodation. Delivering our growth potential while also maintaining a high-quality balance sheet is crucial, which is why we chose to raise equity in 2023 to support our future growth ambitions."

CEO AND CFO Q&A continued

Q: How do you plan to build on three decades of success?

Mike Burt: "It's an exciting time for us and the sector – and we're fortunate to find ourselves in a position where we can continue to grow our platform and go from strength to strength. The growth we've delivered in the past gives us the foundations to push ahead and thanks to our track record we are a partner of choice for the UK Higher Education sector."

Joe Lister: "Those strong relationships and historical ties are key. Unite Students now accounts for 4 in 10 beds nominated by Higher Education institutions, and this is a key area of growth potential for us. That we're trusted by universities to deliver safe, high-quality homes and a stand-out student experience, where everyone's wellbeing is prioritised, is testament to our successes to date. We see huge potential for working collaboratively with university partners further, to unlock the full potential of their campuses. That's why we're so excited about our joint venture with Newcastle University, an industry-first deal which will deliver 2,000 affordable beds to students."

Q: How will you continue to make Unite Students a great place to work?

Joe Lister: "Our Home for Success ethos extends to all those who work with us.

We are focused on being a great place to work and, as we've said, are working to create a culture where everyone can thrive. Part of that is building and supporting great frontline teams and we have various initiatives to help attract and nurture the best talent.

I'm really excited by the potential of The Academy, which was launched in October 2022 and encourages on-the-job learning and development for colleagues across all career stages. This ranges from fast-track leadership training to mentoring and coaching. Our strong employee offer and staff benefits provide a great place to build a meaningful career.

We're working with young people at such an important time of their lives and as such that gives us a huge opportunity to provide real value to them. Our teams frequently go above and beyond and volunteer in local communities, which is so important and appreciated by our students."

Q: What do you think investors are looking for as the business grows?

Mike Burt: "It's clearly a challenging time for many businesses. We're operating in a high cost and inflationary environment which impacts the viability of new development, alongside a broader cost-of-living crisis. Generating value and sustainable growth for our investors, while also maintaining a prudent approach to costs, is key. It's about balance right now.

Our strong track record, high-quality balance sheet and disciplined approach to capital allocation is very important to investors. Our approach, a really strong team and a stand-out customer proposition delivers sustainable growth in earnings and dividends, backed by a high-quality balance sheet, which translates to attractive returns for our investors."

Q: How is sustainability going to shape how we do business in future?

Joe Lister: "We aspire to lead the living sector on sustainability – that's important to us and is reflected by our ambitious targets. We're already delivering against our plan to become a net zero carbon business by 2030 and are committed to having a positive impact on people and the communities in which we operate. We're also delivering against our new Sustainable Construction Framework which formalises our approach to sustainable design and construction, as well as looking at how we reduce carbon emissions internally and with supply chain partners."

Mike Burt: "We've invested c.£50 million in sustainability improvements since 2018, which sets us in good stead. Our sustainability framework sets our growing social impact within the context of our wider sustainability goals, which is important to us.

We now commit to donating 1% of our adjusted profits to social initiatives, to ensure we are continuously giving back. This delivered £2.4 million of investment last year and, as part of that, we're proud of our continued support of the Unite Foundation, which does vital work for care leavers and estranged students. Over 700 young people have now benefited from accommodation scholarships since 2012.

In addition, research we commissioned in 2023 showed that purpose-built student accommodation contributed more than £7 billion to the national economy through operational costs and spending of undergraduate students, demonstrating the impact of the sector."

Q: How will Unite Students maintain its sector-leading position?

Joe Lister: "As we've said, we believe we have a really exciting future and are well-positioned to build on our successes to date. As well as providing significant socio-economic benefits to the areas in which we operate, student accommodation is a vital part of the university experience.

However, the UK is increasingly short of suitable, high-quality accommodation – especially as HMO landlords continue to leave the market. We therefore have a crucial role to play in increasing supply and we have a clear strategy to do so – maintaining our sector-leading position at the same time. In addition, our ongoing investment into building enhancements, new technology and our broader service offering means we can be confident of providing the best possible proposition and support to our students."

MARKET OVERVIEW

MARKET TRENDS

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

Growing demand for Higher Education

The number of full-time students in UK Higher Education has grown by 545,000 (32%) over the past 10 years, driven by a combination of rising participation rates and international growth.

The application rate to university by UK school leavers is above pre-pandemic levels, reflecting the continued value young adults place on a higher level of education and the life experience and opportunities it offers. There has also been significant growth in postgraduate students over the last four years, with an extra 190,000 students compared to 2017/18. International student numbers have also continued to grow thanks to increased demand from non-EU markets such as China and India, more than offsetting a reduction in EU student numbers post-Brexit.

Looking forward, there is potential for strong growth in student numbers over the next decade. This reflects significant demographic growth, which will see the population of UK 18-year-olds increase by 124,000 (16%) by 2030.

What it means for Unite Students

- Increased demand for PBSA from students and university partners.
- Opportunities for new development in markets where the supply/demand imbalance is greatest.

Government policy

UK Higher Education policy recognises the global standing of the UK's universities, including how universities attract students from all over the world, conduct vital research and contribute £42 billion to the UK economy, and the benefits this provides to our society.

The Higher Education sector regulator, the Office for Students (OfS), is responsible for monitoring the quality of HE provision to ensure successful outcomes for students. The OfS has established minimum expectations for course continuation, completion rates and graduate outcomes, to determine if perceived low-quality courses should be subject to caps on student numbers.

Changes to visa rules, which become effective in 2024, mean postgraduate taught students will no longer be able to bring dependant family members to live with them in the UK.

Private landlords face a growing regulatory burden. Minimum EPC standards, local authority licencing and the upcoming Renters Reform Bill all add to the challenges of being an HMO landlord and some will choose to leave the sector.

What it means for Unite Students

- Potential for stronger growth in student numbers for those universities and cities delivering high-quality teaching, strong employment prospects for graduates and internationally recognised research.
- Changes to visa policy, restricting the ability of taught postgraduate students to bring dependant family members to the UK, are unlikely to significantly impact demand for our single occupancy rooms. Our portfolio also has limited indirect exposure to those cities and universities expected to be most negatively impacted by the visa change.
- We are confident that our strategic alignment to high- and mid-ranked universities positions us to successfully navigate future changes in the Government's Higher Education policy.

Structural trends

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

University outsourcing

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

Inflationary pressures and higher interest rates have increased the operational and financial challenges faced by universities and there is a growing appetite for partnerships with leading operators of student accommodation.

What it means for Unite Students

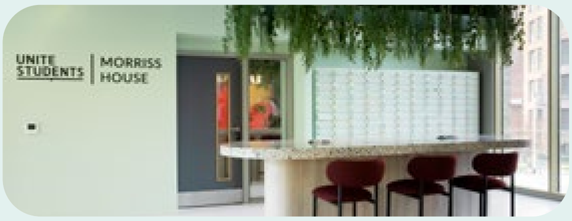
- Demand for new, long-term nomination agreements with universities.
- Opportunities for strategic university partnerships for on- and off-campus development, as well as the transfer of existing accommodation stock, requiring investment and repositioning.

Focus on quality, sustainable housing

The number of households living in the private rented sector in England and Wales has more than doubled over the past 20 years. As a result, government policy in the private rented sector is focused on ensuring that homes are of good quality and safe for tenants. The Government estimates that over a fifth of privately rented homes are in poor condition and launched a consultation in the second half of 2022 on whether minimum standards should be introduced. The Renters (Reform) Bill will increase tenants' rights and may reduce the attractiveness of letting to students, if they are able to end tenancies early. PBSA is recognised by the Government as being different to traditional HMOs and has been removed from the draft legislation.

The Government has recognised the shortage of housing in the UK and the need for new housing in our markets.

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



What it means for Unite Students

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

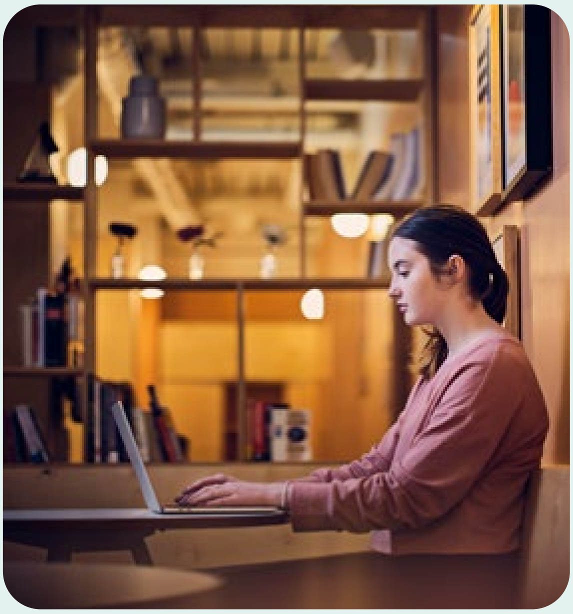
MARKET OVERVIEW continued

Cyclical trends

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

Economic outlook

Inflation and interest rates appear to have peaked in the UK, with modest economic growth expected through 2024. There will be a general election in 2024, with potential for changes in economic policy by either main party.



What it means for Unite Students

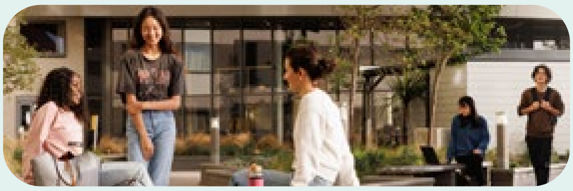
- Inflation has a positive impact on rental growth through the c.33% of our beds under nomination agreements with contractual uplifts linked to RPI or CPI. All of our beds are repriced annually, either based on open-market lettings, index-linked or fixed uplift nomination agreements. We will monitor the impact of inflationary pressures on our student customers and their guarantors to ensure we continue to offer affordable, value-for-money accommodation.
- We expect increases in operating costs and overheads in 2024, particularly around utility and staff costs, which we will mitigate through operational efficiencies, as well as higher income growth for the 2023/24 and 2024/25 academic years.

Funding conditions

Interest rates have remained at elevated levels over the past year. Rates are now expected to moderate in 2024 but remain above levels seen between 2015 and 2021. Liquidity has also reduced in debt and equity capital markets resulting in above-average borrowing spreads for companies and limited capital raising activity.

Investment volumes for PBSA assets were lower in 2023 than recent years, reflecting the more challenging funding environment for potential purchasers. Valuation yields have risen gradually over the year, reflecting the impact of these tighter funding conditions. Despite these short-term pressures, the PBSA sector's fundamentals continue to attract significant levels of institutional capital from the UK and international investors.

Our portfolio currently yields 5.0%, which offers attractive returns given the positive outlook for rental growth.



What it means for Unite Students

- We raised capital during the year to commit to developing two new schemes and accelerate asset management investment.
- We reduced our medium-term LTV target to c.30% in response to higher funding costs which have made debt less attractive.
- We anticipate a gradual increase in our cost of debt as we refinance debt facilities put in place at a time of lower interest rates.
- It is possible we will see a further rise in valuation yields for PBSA in 2024, albeit the strong outlook for rental growth is expected to offset the negative impact on property valuations.
- We expect attractive opportunities to emerge for new acquisitions and developments given the funding constraints faced by some PBSA owners and developers.

MARKET OVERVIEW continued

Competing supply

There has been a steady slowdown in the new supply of PBSA from a peak of 30,000–35,000 beds p.a. in 2017–2019 to less than 15,000 beds delivered in 2023. This reflects delays to development deliveries resulting from planning delays, as well as more restrictive funding conditions for developers.

The stock of student housing in the HMO sector is also expected to reduce as a result of increasing regulation for private landlords. This includes increasing minimum energy efficiency standards (MEES), which will potentially require rental properties to achieve EPC ratings of at least C by 2027 and B by 2030, and proposed changes in regulation through the Renters (Reform) Bill. Rising mortgage interest costs will reduce financial returns available in the sector. This will result in additional costs for HMO landlords and may see many choose to exit the market, which we expect to be reflected in higher rents for students living in HMOs.

What it means for Unite Students

- Tight supply conditions and healthy student demand are supportive of full occupancy for the 2024/25 academic year.
- Lower supply of HMO properties and increasing costs for tenants in the HMO sector create an opportunity to retain more first-year customers who might otherwise move into the HMO sector.
- Reducing construction activity in the PBSA sector and wider economy is likely to result in a reduction in land pricing and construction costs over time.
- Slowing development activity will create significant demand/supply imbalances in stronger markets, which increases the attractiveness of development activity.

Development viability

Construction costs have risen significantly since the pandemic due to a shortage of raw materials, rising energy costs and a tight labour market. However, we are seeing a moderation in price rises as commodity prices stabilise, coupled with a broader economic slowdown. The rise in development costs has created viability challenges for new PBSA development in a number of our markets, where the minimum rents required to justify new development (£180–£190 per week) are unaffordable relative to alternative options in the local market. This is resulting in lower volumes of new supply and is contributing to a reduction in land values.

With modest economic growth expected through 2024 we anticipate that pricing for build contracts may become more competitive, as well as potential reductions in land values from competing uses.

What it means for Unite Students

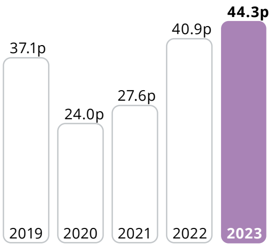
- We are focused on developing in the strongest markets where the supply/demand imbalance is greatest.
- We are targeting higher returns on new development activity to reflect the higher funding cost environment, which will require a reduction in land values or build costs as well as potentially increased rents.
- More predictable build costs mean greater confidence in returns from development, supporting our ability to commit to new schemes.
- Property values are now below replacement costs in several cities, creating significant opportunities to invest in asset management projects in our existing estate.

KEY PERFORMANCE INDICATORS

Financial KPIs

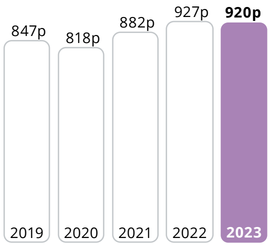
Adjusted earnings per share[1] (p)

44.3p



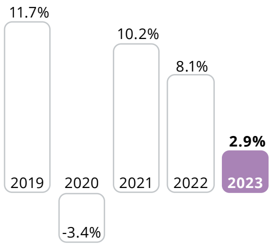
EPRA NTA per share[1] (p)

920p



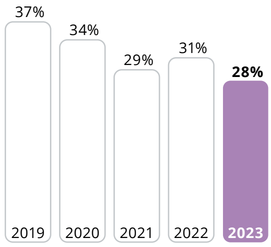
Total accounting return (%)

2.9%



Loan-to-value ratio (%)

28%



Adjusted earnings per share

Link to remuneration
Bonus and long-term incentive plan (LTIP)

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

Performance in 2023
The business delivered a strong operational performance in 2023, with adjusted earnings of 44.3p, up 8% year-on-year. This reflects sustained occupancy of 99.8% and rental growth of 7.4% for the 2023/24 academic year.

Priorities going forward
Deliver sustainable growth in adjusted EPS through full occupancy for the 2024/25 academic year and cost discipline.

EPRA NTA per share

Link to remuneration
Bonus and LTIP

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

Performance in 2023
The NTA decrease reflects an increase in the value of the Unite Group's property portfolio, additional provisions for cladding remediation projects and retained profits.

Priorities going forward
Grow NTA through rental growth, asset management and development profits, while continuing to maintain the portfolio and remedy fire safety defects.

Total accounting return

Link to remuneration
Bonus and LTIP

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

Performance in 2023
Dividends paid of 35.4p were the key driver, together with a small reduction in NTA.

Priorities going forward
Deliver 10–12% total accounting return in 2024 through dividends and NTA growth prior to any yield movement.

Loan-to-value ratio

Link to remuneration
Bonus

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

Performance in 2023
The decrease in LTV during the year was primarily driven by our £300 million capital raise, partially offset by capital expenditure on our development pipeline and rental properties.

Priorities going forward
Maintain a strong balance sheet with LTV of c.30% in the medium term. Continue capital recycling through disposals to fund new investment in development and asset management.

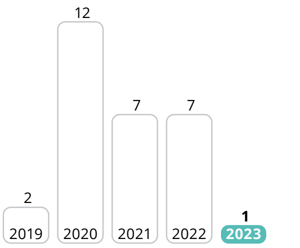
1. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Unite Group uses Alternative Performance Measures (APMs), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information and are based on the European Public Real Estate Association (EPRA) best practice recommendations. The metrics are also used internally to measure and manage the business and to align to the performance-related conditions for Directors' remuneration. See glossary for definitions and note 8 for calculations and reconciliations.

KEY PERFORMANCE INDICATORS continued

Operational KPIs

Safety (number of accidents)

1



Link to remuneration

Taken into consideration

Measure

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

Performance in 2023

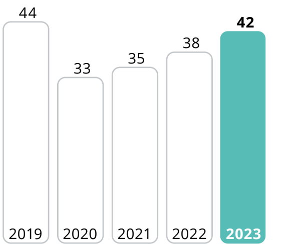
There was 1 RIDDOR with an accident frequency rate of 0.03 for 2023. There were no significant trends in terms of causation.

Priorities going forward

Our focus for 2024 will be improving our safety culture, colleague engagement and competence. We will ensure our people have the tools they need to work effectively while continuing to review our health and safety training courses, alongside our learning and development team.

Customer satisfaction

+42



Link to remuneration

Bonus

Measure

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

Performance in 2023

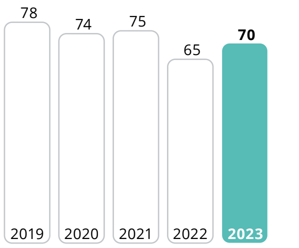
The Net Promoter Score for our 2023 student arrival check-in was +42, a 4-point improvement year-on-year, after adjusting for properties that were non-comparable due to cladding remediation works. Improvement in the score followed further training being delivered in our Class of '23 programme and the launch of our CARE customer service model, to give our teams the tools for a service excellence experience.

Priorities going forward

With the continued investment in training city teams, further improvement in NPS is anticipated.

Employee engagement

70



Link to remuneration

Bonus

Measure

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

Performance in 2023

Employee engagement for 2023 was 70, a 5-point improvement year-on-year. 2023 was a challenging year for our people, in part due to cost-of-living pressures, but also as a result of implementing our new operating model and there was above average employee turnover.

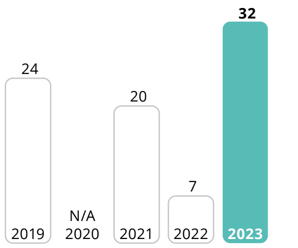
Priorities going forward

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

Bi-annual surveys will be undertaken, supplemented by a number of other engagement channels.

Higher Education Trust

+32



Link to remuneration

Bonus

Measure

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

Performance in 2023

The HE Net Promoter Score (NPS) for 2023 was +32, a 25-point increase from +7 in 2022. Our local teams have worked hard all year to develop the kind of partnership that universities want – proactive, collaborative, delivering a great student experience, and adding value to universities by sharing new ideas.

Universities have praised our approach to student support and the wider student experience and the value that we add to the sector through our research.

Priorities going forward

We are committed to further strengthening our relationships with universities and anticipate continuing improvement of the NPS.

FINANCIAL REVIEW

ADJUSTED EPS
44.3p
(2022: 40.9p)

TOTAL ACCOUNTING RETURN
2.9%
(2022: 8.1%)

LOAN-TO-VALUE RATIO
28%
(2022: 31%)

Watch Joe Lister, Chief Executive, **and Mike Burt** answer more questions.

A POSITIVE OUTLOOK FOR THE YEAR AHEAD

"Rents increased by 7.4% on a like-for-like basis for 2023/24. We maintained a high proportion of income let to universities, with 53% of beds provided under nomination agreements while also achieving our highest ever university NPS score."

Mike Burt
Chief Financial Officer

Operations Review

Full occupancy for 2023/24

We achieved occupancy of 99.8% across our total portfolio for the 2023/24 academic year (2022/23: 99.2%), reflecting the quality of our offer and university relationships, strong student demand and the shortage of supply in many markets.

We have been deliberate in aligning our portfolio to high and medium-tariff universities, where the number of accepted applicants grew slightly for the 2023/24 academic year. By contrast, lower-tariff universities saw a 5% reduction in acceptances, continuing the trend of the past decade for a flight to quality. Our portfolio is 93% aligned to Russell Group markets, where the number of accepted students rose by 2% year-on-year and is now 7% above pre-pandemic levels. Overall, the undergraduate intake for 2023/24 reduced by 2% to 554,000 (2022/23: 563,000), but remained 2% higher than pre-pandemic levels.

FINANCIAL REVIEW continued

Strong rental growth

Annual rents increased by 7.4% on a like-for-like basis for 2023/24 (2022/23: 3.5%), reflecting average increases of 7.7% for nomination agreements and 7.1% for direct-let tenancies. Rental growth from our nomination agreements exceeded the portfolio average 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. Continued enhancements to our service and product offering drove strong demand and supported the increase in our check-in NPS score to +42 (2022: +38). Occupancy was broadly consistent across our wholly-owned portfolio, USAF and LSAV, with limited availability in all markets.

2023/24 rental growth and occupancy	Rental growth[1]	Occupancy[2]
Nomination agreements	7.7%	
Direct-let	7.1%	
Total	**7.4%**	**99.8%**

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

We have maintained a high proportion of income let to universities, with 37,143 beds (53% of total) provided under nomination agreements for 2023/24 (2022/23: 36,611 and 52%). The increase in the percentage of beds under nomination agreements reflects universities' growing reliance on partners to meet their accommodation needs. We achieved our highest ever university NPS score of +32 (2022: +7), recognising our sector-leading student welfare offer, Support to Stay, and thought leadership in the sector.

The unexpired term of our nomination agreements is 5.8 years, down slightly from 6.3 years in 2022/23. A balance of nomination agreements and direct-let beds provides the benefit of having income secured by universities, as well as the ability to offer rooms to re-bookers and postgraduates and determine market pricing on an annual basis. We expect to maintain nomination agreements between 50–60% of beds going forward.

65% of our nomination agreements, by income, are multi-year and therefore benefit from annual fixed or inflation-linked uplifts based on RPI or CPI. The remaining agreements are single year, and we achieved a renewal rate of 89% with universities for 2023/24 (2022/23: 92%). As inflation reduces, index-linked agreements will move below their capped annual uplifts, meaning a return to historical levels of rental growth over time.

Agreement length	Beds 2023/24	% Income 2023/24
Single year	12,877	35%
2–5 years	6,535	19%
6–10 years	5,362	15%
11–20 years	6,581	16%
20+ years	5,788	15%
Total	**37,143**	**100%**

UK students account for 72% of our customers for 2023/24 (2022/23: 72%), making up a large proportion of the beds under nomination agreements with universities. This represents a significant increase in our weighting to UK students over recent years, compared to 60% immediately prior to the pandemic, and reflects our success in retaining second- and third-year students who might have historically moved into the HMO sector. In addition, 26% and 2% of our customers come from non-EU and EU countries respectively (2022/23: 25% and 3%).

FINANCIAL REVIEW continued

Operations Review continued

Postgraduates make up around 20% of our direct-let customer base and re-bookers accounted for 43% of our direct-let bookings for the 2023/24 academic year (2022/23: 39%), reflecting the proactive retention campaign in our properties. The growing share of postgraduate and non-first-year undergraduate students in our properties, who typically seek greater independence, supports our strategy of increasing the segmentation of our customer offer to capture market share form the traditional HMO sector.

Occupancy by type and domicile by academic year

		Direct-let				
	Nominations	UK	China	EU	Non-EU	Total
2020/21	53%	16%	11%	4%	4%	88%
2021/22	51%	21%	13%	3%	6%	94%
2022/23	52%	24%	14%	2%	7%	99%
2023/24	**53%**	**24%**	**13%**	**2%**	**8%**	**100%**

Positive outlook for 2024/25

Applications data for the 2024/25 academic year is encouraging, with total applications flat on 2023/24 but still 6% ahead of pre-pandemic levels. We continue to see strongest demand for the high and mid-tariff universities to which we have aligned our portfolio. Application rates remain strong for UK 18-year-olds at 41.3% and there continues to be significant unmet demand for university places, as demonstrated by the nearly 200,000 unplaced students in 2023/24. Applications from international students are 1% higher for 2024/25, with 2% growth from non-EU markets more than offsetting a 3% reduction in EU applicants.

Demand for the Group's accommodation remains strong. Across the Group's entire property portfolio, 80% of rooms are now reserved for the 2024/25 academic year, which is ahead of our typical leasing pace. We have seen increased early demand from universities who see quality accommodation as a key part of their offer to prospective students. Current reservations under nomination agreements account for 55% of available beds for 2024/25, an increase of two percentage points compared to 2023/24.

In our strongest markets, we have also seen students looking to secure accommodation early in the sales cycle. Our nominations and direct-let sales performance is supportive of our guidance for full occupancy and rental growth of at least 6% for the 2024/25 academic year (previously at least 5%).

Technology upgrade to enhance customer experience and operating margins

We are in the process of upgrading our end-to-end technology systems to enhance customer experience and drive efficiencies which deliver margin improvement. The project is our largest investment in technology since the implementation of PRISM in 2016 and will deliver enhanced systems for customer relationship and property management, as well as improved booking and marketing platforms. The initial phase of upgrades has now been implemented, with the remaining elements of the programme expected to be delivered over the next 12–24 months. Around half of the total £26 million programme cost has already been incurred. We expect to achieve a payback of under five years through enhanced utilisation and cost efficiencies which will increase our EBIT margin by around 1%, as benefits accrue from mid-FY2025.

Software as a Service accounting

Our technology upgrade project includes transitioning from traditional on-premises solutions to a predominantly cloud-based Software as a Service (SaaS) model. Following a review of our accounting treatment, implementation costs which were previously capitalised will now be recognised as an expense when incurred. £12.8 million of costs have already been expensed in 2022 and 2023, reflecting around half of the overall project costs. We expect to incur around £10 million of further implementation costs in FY2024 and the remaining £3 million in FY2025. To better reflect the underlying operating performance of the business, these implementation costs will be removed from adjusted earnings. Post implementation, technology licence costs will be expensed on a recurring basis.

Following completion of the technology upgrade, we expect a reduction in annual depreciation and amortisation charges of around £3 million from FY2026 due to less intangible assets. The change has no impact on EPRA NTA, which excludes intangible assets. Further information is included within section 1 of the financial statements.

FINANCIAL REVIEW continued

Operating costs

Inflation remained higher than expected through the year and resulted in our operating costs growing faster than initially expected. We are partially protected but not immune from the effects of inflation on our cost base, thanks to our hedging policies and proactive steps to deliver efficiencies through technology and a review of discretionary spend. Inflationary pressures, combined with higher marginal costs from increased occupancy, resulted in a 4% increase in property operating costs during 2023.

Staff costs increased by £1.5 million due to underlying wage increases, driven by the pay award for 2023.

We hedge our utility costs in advance of letting rooms, providing visibility over our cost base at the point of sale. This policy helped limit utility cost increases to 18% or £4.1 million during the year. Our utility costs are fully hedged through 2024 and 55% for 2025. As cheaper hedges put in place before the war in Ukraine expire, we expect the cost of utilities to increase by around 15% in 2024, equivalent to 1% growth in rental income. Reductions in power and gas prices would support margin improvement from 2025 if sustained at current levels.

Summer cleaning costs increased by £0.5 million as we enhanced our pre-check-in cleaning in response to student feedback, which supported the improvement in our NPS score. Marketing costs increased by £0.6 million, reflecting ongoing investment in our brand and commercial proposition.

Central and other costs increased by £7.5 million due to cost increases or buildings insurance, reactive maintenance, broadband, bad debt and council tax/HMO licences, as well as a c.£0.8 million full year impact of our BTR pilot in Stratford.

Property operating expenses breakdown	2023 £m	2022 £m	Change
Staff costs	**(29.7)**	(28.2)	5%
Utilities	**(26.9)**	(22.8)	18%
Summer cleaning	**(5.7)**	(5.1)	9%
Marketing	**(7.3)**	(6.7)	9%
Central costs	**(16.8)**	(14.4)	16%
Other	**(26.6)**	(21.5)	24%
Property operating expenses	**(113.0)**	**(98.7)**	**14%**

FINANCIAL REVIEW continued

Property Review

Our property portfolio saw a 1.7% increase in valuations on a like-for-like basis during the year (Unite share: 1.2%), as strong rental growth offset increases in property yields as the market adjusted to a higher interest rate environment. The see-through net initial yield of the portfolio was 5.0% at 31 December 2023 (December 2022: 4.7%), which reflects like-for-like yield expansion of 31 basis points in the year.

Since June 2022, we have seen a total 40–60 bps of yield expansion across our markets. The weaker valuation performance for LSAV reflects its higher London weighting when compared to USAF (85% and 14% by value respectively), where greater increases in property yields have had a more significant negative impact on valuations.

Breakdown of like-for-like capital growth[1,2]

£m	Valuation 31 Dec 2023	Rental growth	Yield movement	Other[3]	Total
Wholly-owned	3,748	301	(223)	(42)	36
LSAV	1,922	171	(166)	(4)	1
USAF	2,992	223	(121)	2	104
Total (Gross)	8,662	695	(510)	(44)	141
Total (Unite share)	5,550				66

% capital growth	Rental growth	Yield movement	Other	Total
Wholly-owned	8.3%	(6.2)%	(1.2)%	1.0%
LSAV	8.9%	(8.6)%	(0.2)%	0.0%
USAF	7.7%	(4.2)%	0.1%	3.6%
Total (Gross)	8.2%	(6.0)%	(0.5)%	1.7%
Total (Unite share)				1.2%

1. Excludes leased properties and gains on disposals.
2. Excludes NTA neutral re-allocation of fire safety provision to Investment Property from Other assets/ (liabilities) on balance sheet.
3. Other includes changes to operating cost assumptions and income adjustments on reversionary assets.

CASE STUDY

Meeting housing need with development

Our pipeline of developments is freeing up shared houses (HMOs) in UK cities.

In Bristol, we are building a c.600-bed development at the heart of one of the UK's largest regeneration projects, next to the University of Bristol's new Temple Quarter campus. The university will lease at least half of the rooms at Marsh Mills, which is due to open for the 2025/26 academic year.

The construction phase of our £185 million London property, Hawthorne House, in Stratford, has started and it is due to open for the 2026/27 academic year. Half (51%) of the rooms in the 36-storey property will be for University of the Arts London students. 65,000 sq ft will be occupied by a school, the London Academy of Excellence, for a 35-year term.

We have entered an option agreement to acquire a £95 million city centre development, 800-bed project in Glasgow, subject to planning. The aim is to deliver the property for the 2026/27 academic year.

In Nottingham, Bromley Place a 271-bed, £34 million development will be ready for the 2024/25 academic year, incorporating Victorian features of the existing building.

FINANCIAL REVIEW continued

The proportion of the property portfolio that is income generating is 97% by value, up from 96% at 31 December 2022. Properties under development have decreased to 3% of our property portfolio by value (31 December 2022: 4%), following the completion of our development at Morriss House in Nottingham offsetting the impact of additional spend on our committed pipeline during the year. We expect the proportion of properties under development to grow as we commit to additional projects.

The PBSA investment portfolio is 38% weighted to London by value on a Unite share basis, which is expected to rise to 43% on a built-out basis following completion of our secured development pipeline.

Development and university partnership activity

The slowing supply of competing PBSA and an 8% decline in HMO supply over the last two years creates significant opportunities for new development. There is widespread acknowledgement from universities and local authorities of the need for new student accommodation to relieve pressure on housing supply in local communities. New supply of PBSA is down 60% on pre-pandemic levels, reflecting viability challenges created by higher build and funding costs. Planning timescales are also increasing as local authorities face significant backlogs, further constraining supply. Moreover, property valuations are now below replacement costs in many university cities, making new development less viable. Positively, we saw build cost inflation moderate during the year, on the back of lower material prices, though the availability of skilled labour remains tight.

These conditions, while challenging, play to the strengths of our development capabilities and well-capitalised balance sheet. As a result, the current market environment offers the strongest opportunity for new development in recent years.

Our development pipeline is aligned to the highest quality universities with 100% located in Russell Group cities. Development and university partnerships will be a significant driver of future growth in our earnings and EPRA NTA as we build out the pipeline. Our development pipeline now includes 7,327 beds, with a total development cost of £1,271 million, of which 2,741 beds or 53% by cost will be delivered in London. This will contribute £77 million (Unite share) of net operating income when complete.

The Building Safety Act is now in effect and addresses the safety of new residential accommodation, by adding three gateways to the design, build and occupation of new buildings. We expect these gateways will add around six months to PBSA development programmes, which will further slow new supply. Our appraisals and delivery targets fully reflect the expected impact of the Act.

We continue to see opportunities for new development and university partnership schemes at attractive returns and expect to add new opportunities to our pipeline during the year.

Completed schemes

During the year, we completed our 705-bed Morriss House scheme in Nottingham at a cost of £60 million. The development is fully let for the 2023/24 academic year, achieving a yield on cost of 8.5%. The project trialled a new design concept with enhanced communal areas and welcome desk, which has been well received by customers. The project's embodied carbon of c.800kg/m^2 is 33% below the RIBA baseline of 1,200kg/m^2 and ahead of annual milestones on our path towards net zero development from 2030. The scheme also achieved BREEAM Excellent and EPC A ratings and is fully electric, with no gas reliance.

Committed schemes

We are committed to five development schemes, totalling 2,954 beds and £569 million in total development costs. The £407 million of costs to complete these projects is fully funded from the Group's cash and available credit facilities. When complete, the projects will add a combined £37 million to net operating income.

Our £36 million Bromley Place development in Nottingham city centre will deliver 271 new beds for the 2024/25 academic year. We will deliver a higher specification product, with larger bedrooms and an enhanced design for the common areas, which we will target at the post graduate market. We expect a significant reduction in embodied carbon, to around 670kgCO_2e/m^2, through adoption of low-carbon construction materials and retaining elements of the existing building.

At Abbey Lane in Edinburgh, we are on-site and targeting completion for the 2025/26 academic year. We will deliver 298 beds in cluster-flats as well as 66 two- and three-bed clusters in a separate block. These smaller flats will be available for postgraduate students, university staff and other young professionals and form part of our BTR pilot.

Construction is also underway at our Hawthorne House scheme in Stratford with the student accommodation element expected to be delivered in time for the 2026/27 academic year. The development will be delivered as a university partnership, with over half of the beds let under a nomination agreement for 10 years to an existing university partner.

At Marsh Mills, construction is underway and on track to deliver for the 2025/26 academic year. The 614-bed scheme will be 50% nominated by the University of Bristol on a long-term agreement. The site is adjacent to the University of Bristol's new Temple Quarter campus and will grow our portfolio in Bristol to 4,700 beds.

Property Review continued

Our Meridian Square project in Stratford is set to be heard at planning committee in the coming weeks and we expect to acquire the site and start construction later in the year. We are targeting delivery of the 952-bed project for the 2027/28 academic year.

Future pipeline

There are an additional 2,373 beds in our secured pipeline for as yet uncommitted schemes with total development costs of £452 million. We expect to fund these schemes through a mix of disposals and new borrowing.

Planning is progressing well for our Freestone Island project in Bristol, which we expect to secure later in Q1 2024. Following planning, we will exercise our option to acquire the site this year for delivery for the 2026/27 academic year.

In September we announced our new Central Quay development in Glasgow which aims to deliver 800 beds for the 2026/27 academic year. We have an option to acquire the land once planning is secured, which is targeted for the second quarter of 2024.

We have recently secured an option to acquire a 501-bed project in Elephant and Castle in London, which is well located for a number of leading London universities. The scheme is expected to be delivered in 2028, subject to planning.

New development opportunities

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

We are seeking prospective returns on new direct-let schemes at around 7.5–8.0% in regional markets and 6.5–7.0% in London. We have lower hurdle rates for developments that are supported by universities or where another developer is undertaking the higher-risk activities of planning and construction. For new schemes, viability has been supported by strong recent rental growth and a stabilisation in build costs.

University partnerships pipeline

Co-investment in accommodation alongside a university has been an objective for the business for several years. In February 2024, we announced that Unite Students and Newcastle University have agreed to enter into a joint venture to develop c.2,000 beds at the University's Castle Leazes site for delivery in 2027 and 2028. The joint venture deepens our 20-year relationship with Newcastle University through a long-term strategic partnership. The Castle Leazes site currently provides c.1,250 beds and was built in 1969. Newcastle University has committed to close the existing accommodation on the site and commence demolition in the summer of 2024. Total development costs are expected to be c.£250 million with Unite Students expecting to commit c.£70 million in equity for a 51% stake. Newcastle University will own a 49% stake in the JV and contribute to the Castle Leazes site on a 150-year lease, with remaining funding coming from new debt secured against the JV. To support the University's accommodation requirement during development, Unite Students has provided 1,600 beds on a four-year nomination agreement. Entry into the joint venture is subject to planning approval. Planning submission is expected by the end of Q1, which would support formation of the JV before the end of 2024.

Building on this proof of concept, we are in active discussions with a range of high-quality universities for new partnerships which we are looking to progress over the next 12–18 months. These include discussions around stock transfer and refurbishment of existing university accommodation as well as new development both on- and off-campus. We expect our agreement with Newcastle University to support further progress in other discussions. Our existing university relationships through nomination agreements, best-in-class operating platform and development capability, as well as access to capital, provide us with a unique opportunity to deepen these partnerships.

In addition, our four London developments will be delivered as university partnerships, in line with requirements in the London Plan for the majority of new beds to be leased to a Higher Education provider. Our two Bristol projects will be delivered as partnerships with the University of Bristol, building on our existing city-wide agreement with the university and helping to address an acute shortage of student accommodation in the city.

FINANCIAL REVIEW continued

Secured development and partnerships pipeline

	Type[1]	Target delivery	Secured beds/ units No.	Total completed value £m	Total development costs £m	Capex in period £m	Capex remaining £m	Forecast NTA remaining £m	Forecast yield on cost %
Committed development									
Bromley Place, Nottingham	DL	2024	271	47	36	10	19	4	7.1%
Abbey Lane, Edinburgh	DL	2025	614	122	78	7	52	21	7.3%
Marsh Mills, Bristol	UPT	2025	401	74	62	4	49	6	7.1%
Hawthorne House, Stratford[3]	UPT	2026	716	238	194	14	102	33	6.1%
Meridian Square, Stratford[2]	UPT	2027	952	265	199	11	185	40	6.4%
Total committed			**2,954**	**746**	**569**	**46**	**407**	**104**	**6.5%**
Future pipeline									
Freestone Island, Bristol[2]	UPT	2026	500		71		69		7.2%
Central Quay, Glasgow[2]	UPT	2027	800		97		97		7.2%
TP Paddington, London[2]	UPT	2028	572		157		152		6.4%
Elephant & Castle, London[2]	UPT	2028	501		127		127		6.5%
Total future pipeline			**2,373**		**452**		**445**		**6.7%**
Castle Leazes, Newcastle[4]	JV	2027/28	2,000		250		250		7.3%
Total pipeline			**7,327**		**1,271**		**1,102**		**6.8%**
Total pipeline (Unite share)			**7,327**		**1,149**		**980**		**6.7%**

1. Direct-let (DL), University partnership (UPT).
2. Subject to obtaining planning consent.
3. Yield on cost assumes the sale of academic space for c.£45 million.
4. Unite share 51%. Yield on cost includes management fees in NOI and deducts development management fee from costs.

Asset management

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

In September we completed three asset management schemes in London, Edinburgh and Birmingham. Investment across the three projects totalled £24 million in aggregate and delivered a 9% yield on cost. The projects delivered additional beds, refurbished existing rooms and enhanced the environmental performance of the properties. We have secured new nomination agreements for over half of the refurbished beds and achieved full occupancy for the 2023/24 academic year.

We have a significant pipeline of attractive asset management opportunities and will accelerate investment to c.£50 million (Unite share: £40 million) during 2024, improving the experience of around 5,000 students for the start of the 2024/25 academic year. We expect to further increase the level of asset management activity in 2025.

Disposals

We continue to manage the quality of the portfolio and our balance sheet leverage by recycling capital through disposals. We are holding £197 million of assets (Unite share: £79 million) for sale on our balance sheet and expect to complete in the second quarter. The disposals were priced at a blended 6.4% yield and in line with book value after deductions for fire safety works.

We will continue to recycle capital from disposals to maintain LTV around our c.30% target and net debt:EBITDA in the 6-7x range. The level of planned disposals will adjust to reflect capital requirements for our development and asset management activity as well as market pricing. We will target future disposals of around £100–150 million p.a. (Unite share).

Acquisitions

We continue to review potential acquisition and forward funding opportunities alongside our other uses of capital. We are tracking opportunities to acquire older, well-located assets with asset management potential at relatively attractive yields. We are focused on opportunities in our strongest markets aligned to high-quality universities, where we see the ability to deliver attractive rental growth over the long term.

Property Review continued

Build-to-rent

During the year, we have transferred operational management of our pilot build-to-rent (BTR) asset in Stratford, London onto our operating 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 during 2023 15% above previous rental levels. We are planning to commence a refurbishment of the building in 2024 to improve the customer experience and support higher rental levels.

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 Students 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.

Fire safety

Fire safety is a critical part of our health and safety strategy, and we have a track record of leading the sector on fire safety standards through our proactive approach. The Building Safety Act has introduced new requirements for provision of safety information, management of data and design gateways for new developments, and has been fully embedded in the day-to-day workings of the business. We will continue to make future investments in fire safety, as required, to comply with government regulations.

During 2023 we completed fire safety improvements on 16 buildings across our estate. We prioritise remediation according to our risk assessments and have made additional provisions totalling £86.2 million (Unite share: £42.5 million) for works at a further 10 properties in our year-end balance sheet. We have transferred the 2023 addition to provisions in respect of committed spend on fire safety and façade works taking place in AY 2024/25 to property valuations as a deduction to fair value totalling £80.6 million (Unite share: £39.8 million. This change is NTA neutral with the reduction in property valuations offset by a reduction in other liabilities. We spent £78.5 million (Unite share: £39.3 million) on fire safety capex during the year. At the year-end, the total outstanding provision for fire safety works was £42.3 million (Unite share: £22.3 million), the costs for which will be incurred over the next two years.

During the year we reached agreement with contractors for recovery of £13.6 million (Unite share: £5.7 million) in relation to three buildings. In total we have now agreed settlements totalling £39.2 million (Unite share: £27.3 million). We ultimately expect to recover 50–75% of total cladding remediation costs through claims from contractors, although the settlement and recognition of these claims is likely to lag costs incurred to remediate buildings. We expect the remediation programme to complete in 2028 with net spend higher in the earlier years of the programme and reducing substantially from 2026.

FINANCIAL REVIEW continued

Financial Performance

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

Earnings and adjusted earnings

We delivered a strong operating performance in 2023, with adjusted earnings increasing by 13% to £184.3 million (2022: £163.4 million), reflecting an increase in rental income and costs, with a reduction in finance costs, when compared to the prior year. Adjusted EPS increased by 8% to 44.3p (2022: 40.9p), reflecting the increased share count following the capital raise in July.

	2023 £m	2022 £m
Rental income	**369.5**	339.7
Property operating expenses	**(113.0)**	(98.7)
Net operating income (NOI)	**256.5**	**241.0**
NOI margin	**69.4%**	70.9%
Management fees	**16.9**	17.4
Overheads	**(33.1)**	(33.8)
Finance costs	**(55.1)**	(63.0)
Development and other costs	**(9.1)**	(4.3)
EPRA earnings	**176.1**	**157.3**
SaaS implementation costs	**8.2**	4.6
Abortive acquisition costs	**–**	1.5
Adjusted earnings	**184.3**	**163.4**
Adjusted EPS	**44.3p**	**40.9p**
EPRA EPS	**42.2p**	**39.4p**
EBIT margin	***68.0%***	*67.9%*

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

IFRS profit before tax decreased to £102.5 million in the year (2022: £350.5 million), reflecting the increase in adjusted earnings of £20.9 million, a revaluation loss of £61.2 million (2022: £119.2 million profit) and a £17.2 million revaluation loss for interest rate swaps (2022: £70.7 million profit).

	2023 £m	2022 £m
Adjusted earnings	**184.3**	**163.4**
SaaS implementation costs	**(8.2)**	(4.6)
Abortive transaction costs	**–**	(1.5)
EPRA earnings	**176.1**	**157.3**
Valuation (losses)/gains and profit/(loss) on disposal	**(61.2)**	119.2
Changes in valuation of interest rate swaps and debt break costs	**(17.2)**	70.7
Non-controlling interest and other items	**4.8**	3.3
IFRS profit before tax	**102.5**	**350.5**
Adjusted earnings per share	**44.3p**	40.9p
IFRS basic earnings per share	**24.6p**	87.6p

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

FINANCIAL REVIEW continued

Financial Performance continued

Sales, rental growth and profitability

Rental income increased by £29.8 million to £369.5 million, up 9%, as a result of higher occupancy, rental growth and the full-year impact of increased USAF ownership. Like-for-like rental income, excluding the impact of major refurbishments, acquisitions, disposals and development completions, increased by 7% during the year.

Operating expenses increased by 18% in like-for-like properties, primarily driven by increased utility and staff costs due to the return to full occupancy throughout the year and increases in bad debt provisions, property maintenance and costs associated with commercial units within our buildings. The annualised impact of our increased USAF share contributed around 2% to the increase in operating expenses.

This resulted in a 6% increase in net operating income to £256.5 million (2022: £241.0m).

	FY 2023			FY 2022			YoY change	
£m	Wholly-owned	Share of Fund/JV	Total	Wholly-owned	Share of Fund/JV	Total	£m	%
Rental income								
Like-for-like properties	**224.7**	**94.4**	**319.1**	209.0	88.8	297.8	21.3	7%
Non-like-for-like properties	**34.1**	**16.3**	**50.4**	32.8	9.1	41.9	8.5	
Total rental income	**258.8**	**110.7**	**369.5**	**241.8**	**97.9**	**339.7**	**29.8**	**9%**
Property operating expenses								
Like-for-like properties	**(71.7)**	**(27.8)**	**(99.5)**	(62.0)	(22.2)	(84.2)	(15.3)	18%
Non-like-for-like properties	**(8.2)**	**(5.3)**	**(13.5)**	(10.0)	(4.5)	(14.5)	1.0	
Total property operating expenses	**(79.9)**	**(33.1)**	**(113.0)**	**(72.0)**	**(26.7)**	**(98.7)**	**(14.3)**	**14%**
Net operating income								
Like-for-like properties	**152.9**	**66.6**	**219.5**	146.9	66.7	213.6	5.9	3%
Non-like-for-like properties	**26.1**	**10.9**	**37.0**	22.8	4.6	27.4	9.6	
Total net operating income	**179.0**	**77.5**	**256.5**	**169.7**	**71.3**	**241.0**	**15.5**	**6%**

Marsh Mills, Bristol

FINANCIAL REVIEW continued

Overheads decreased by £0.8 million, reflecting underlying cost control. Recurring management fee income from joint ventures decreased to £16.9 million (2022: £17.4 million), driven by the annualised impact of our increased ownership share of USAF, partially offset by increased property valuations and NOI in USAF. Our EBIT margin increased slightly to 68.0% (2022: 67.9%), reflecting the offsetting impact of increases in rental income and operating costs.

We are targeting around a 50–100bps improvement in our EBIT margin in 2024, driven by rental growth, the impact of development and asset management, procurement savings and the enhanced use of technology as we seek to offset increases in utility and staff costs.

Finance costs reduced to £55.1 million in 2023 (2022: £63.0 million), reflecting lower borrowings following our equity raise and a reduction in our average cost of debt to 3.2% (2022: 3.4%) following the repayment of more expensive debt. £8.4 million of interest costs were capitalised during the year (2022: £6.3 million) in relation to our development pipeline.

Development (pre-contract) and other costs increased to £9.2 million (2022: £4.3 million), primarily reflecting accelerated recognition of share-based payments for Richard Smith.

EPRA NTA growth

EPRA net tangible assets (NTA) per share, our key measure of NAV, decreased by 1% to 920p at 31 December 2023 (31 December 2022: 927p). EPRA net tangible assets were £4,015 million at 31 December 2023, a £298 million increase from £3,717 million in the prior year.

The main drivers of the £298 million increase in EPRA NTA and 7 pence decrease in EPRA NTA per share were our capital raise, and retained profits, which more than offset the impact of negative valuation movements on our investment and development portfolio, losses on disposals and a further provision for fire safety capex.

IFRS net assets increased by 7% in the year to £4,067 million (31 December 2022: £3,788 million), principally driven by net proceeds from the capital raise and retained profits. On a per share basis, IFRS NAV decreased by 1% to 931p.

	£m	Diluted pence per share
EPRA NTA as at 31 December 2022	**3,717**	**927**
Investment portfolio	326	75
Yield movement	(336)	(77)
Net fire safety capex	(38)	(9)
Development deficit	(15)	(3)
Disposals and associated transaction costs	8	2
Capital raise	295	(4)
Retained profits/other	58	9
EPRA NTA as at 31 December 2023	**4,015**	**920**

Property portfolio

The valuation of our property portfolio at 31 December 2023, including our share of property assets held in USAF and LSAV, was £5,770 million (31 December 2022: £5,690 million). The £85 million increase in portfolio value reflects the valuation movements outlined above, capital expenditure and interest capitalised on developments.

FINANCIAL REVIEW continued

Financial Performance continued

Summary balance sheet

£m	31 December 2023 Wholly-owned £m	31 December 2023 Share of Fund/JV £m	31 December 2023 Total £m	31 December 2022 Wholly-owned £m	31 December 2022 Share of fund/JV £m	31 December 2022 Total £m
Rental properties[1]	**3,728**	**1,782**	**5,510**	3,624	1,773	5,397
Rental properties (leased)	**85**	**–**	**85**	90	–	90
Properties under development	**175**	**–**	**175**	203	–	203
Total property	**3,988**	**1,782**	**5,770**	3,917	1,773	5,690
Net debt	**(1,030)**	**(541)**	**(1,571)**	(1,210)	(524)	(1,734)
Lease liability	**(84)**	**–**	**(84)**	(90)	–	(90)
Other assets/(liabilities)	**(49)**	**(51)**	**(100)**	(95)	(56)	(151)
EPRA net tangible assets	**2,825**	**1,190**	**4,015**	**2,522**	**1,193**	**3,715**
IFRS NAV	**2848**	**1219**	**4,067**	**2,561**	**1,227**	**3,788**
LTV			**28%**			*31%*

1. Rental properties (owned) includes assets classified as held for sale in the IFRS balance sheet.

Total accounting return

Dividends paid of 33.5p (2022: 26.6p) were the key component of the 2.9% total accounting return delivered in the year (2022: 8.1%), offsetting the small decrease in EPRA NTA. Our adjusted EPS yield (measured against opening EPRA NTA) increased to 4.8% in the year (2022: 4.6%), reflecting the growth in recurring earnings.

We expect to deliver a total accounting return of 10-12% in 2024 before the impact of any property yield movements. This reflects our expectation of growing recurring earnings, continuing rental growth and delivery of our development and asset management pipeline.

Cash flow and net debt

The business generated £176 million of net cash in 2023 (2022: £134 million) and net debt reduced to £1,571 million (2022: £1,734 million). The key components of the movement in net debt were:

- Capital raise gross proceeds of £300 million.
- Operational cash flow of £178 million on a see-through basis.
- Total capital expenditure of £152 million.
- Dividends paid of £117 million.
- A £46 million net outflow for other items.

In 2024, we expect see-through net debt to increase as planned capital expenditure on investment and development activity will exceed anticipated property disposals.

Debt financing and liquidity

During the year, borrowing rates for new debt remained high, as markets adjusted to higher inflation and tightening of monetary policy by central banks. Encouragingly, funding conditions have improved over recent months as markets anticipate the end of the tightening cycle for monetary policy. Lenders remain supportive of the student accommodation sector and the Group, providing access to new funding when required.

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

FINANCIAL REVIEW continued

We are focused on maintaining a strong and flexible balance sheet and will continue to use leverage to support our growth and enhance risk-adjusted returns. In response to a higher interest rate environment, we have reduced our medium-term target LTV to c.30% on a built-out basis (previously 30–35%). We remain committed to active portfolio management through capital recycling and will continue to target disposals of around £100–150 million p.a. (Unite share).

Key debt statistics (Unite share basis)	31 December 2023	31 December 2022
See-through net debt	**£1,571m**	£1,734m
LTV	**28%**	31%
Net debt:EBITDA ratio	**6.1**	7.3
Interest cover ratio	**4.6**	3.7
Average debt maturity	**3.8 years**	4.1 years
Average cost of debt	**3.2%**	3.4%
Proportion of investment debt at fixed rate	**100%**	97%

LTV reduced to 28% at 31 December 2023 (31 December 2022: 31%), primarily driven by our £300 million capital raise offsetting capital expenditure on our development pipeline and investment portfolio.

We continue to monitor our interest cover and net debt to EBITDA ratios. In 2023, interest cover improved to 4.6x (2022: 3.7x) and net debt to EBITDA reduced to 6.1x (2022: 7.3x), reflecting both the improved operational performance of the business and the impact of lower leverage. We aim to maintain an ICR ratio of 3.5–4.0x and a net debt to EBITDA ratio to 6–7x.

Following our capital raise, the Unite Group credit rating was upgraded to Baa1 (from Baa2) by Moody's and our BBB rating was moved to a positive outlook by Standard & Poor's, reflecting our lower leverage targets, robust capital position, cash flows and track record.

Funding activity

As at 31 December 2023, the wholly-owned Group had £579 million of cash and debt headroom (31 December 2022: £397 million), comprising of £29 million of drawn cash balances and £550 million of undrawn debt (2022: £29 million and £368 million respectively).

During the year, the Group extended the maturity on £450 million of its sustainability-linked revolving credit facility to March 2027, with the remaining £150 million due to mature in March 2026. In February 2024 we increased our revolving debt capacity by £150 million to a total of £750 million and added a further £150 million term loan. Both new facilities are on similar terms to our existing RCF and mature in 2027. The new loans increase investment capacity and provide flexibility to capitalise on growth opportunities.

We are progressing several funding options to refinance the £300 million Liberty Living bond, which matures in November 2024, including via debt capital markets and bank lending. The refinancing is fully pre-hedged and subject to market conditions we expect an all-in interest rate of around 4.5% on the replacement facility.

In January 2023, LSAV repaid the £100 million term loan from Legal & General as it matured using available cash in LSAV.

During the year, USAF entered into a new £400 million loan for a term of seven years with Legal & General, using the proceeds to pay down the bond maturing in June 2023. USAF has also agreed terms for a new £150 million secured loan to refinance its existing £150 million revolving credit facility.

Interest rate hedging arrangements and cost of debt

Our average cost of debt decreased to 3.2% (31 December 2022: 3.4%) following repayment of more expensive revolving debt after the capital raise. At the year end, 100% of the Group's debt was subject to fixed or capped interest rates (31 December 2022: 97%), providing protection against future changes in interest rates. Based on our hedging position, forecast drawings, planned refinancing and market interest rates, we currently expect an average cost of debt of 3.6% for FY2024 and 4.3% for FY2025. Reflecting an increased level of development activity, we expect a corresponding increase in capitalised interest in 2024 to around £15 million (2023: £8 million).

Our average debt maturity is 3.8 years (31 December 2022: 4.1 years) and we will continue to proactively manage our debt maturity profile and diversify our lending base. In addition, the Group has £300 million of forward starting interest rate swaps at rates meaningfully below prevailing market levels with a weighted average maturity of 7.7 years.

Financial Performance continued

Dividend

We are proposing a final dividend payment of 23.6p per share (2022: 21.7p), making 35.4p for the full year (2022: 32.7p) and representing a 8% increase compared to 2022. This represents a payout ratio of 80% of adjusted EPS. The final dividend will be fully paid as a Property Income Distribution (PID) of 23.6p, which we expect to fully satisfy our PID requirement for the 2023 financial year.

Subject to approval at Unite Student's Annual General Meeting on 16 May 2024, the dividend will be paid in either cash or new ordinary shares (a 'scrip dividend alternative') on 24 May 2024 to shareholders on the register at close of business on 19 April 2024. The last date for receipt of scrip elections will be 2 May 2024.

During 2023, scrip elections were received for 25.0% and 1.2% of shares in issue for the 2022 final dividend and 2023 interim dividend respectively. Further details of the scrip scheme, the terms and conditions and the process for election to the scrip scheme are available on the Company's website.

The Directors intend to propose an 'Enhanced Scrip Dividend alternative' at the 2024 Annual General Meeting. In offering the enhanced scrip dividend, the Directors' aim to encourage greater participation in the scrip scheme, and to retain additional capital in the business for investment in asset management and new development. The enhanced scheme would allow the scrip reference price to be set at a discount of up to 5% to the prevailing share price. If the shares are trading below 31 December 2023 NTA of 920p, the scrip will not be enhanced (i.e. 0% discount). The Company will engage with shareholders to gather feedback on the proposal and further detail will be provided in the notice of AGM.

We plan to distribute 80% of adjusted EPS as dividends for the 2024 financial year.

Tax and REIT status

The Group holds REIT status and is exempt from tax on its property business. During the year, we recognised a corporation tax charge of £1.2 million (2022: £0.7 million charge).

FINANCIAL REVIEW continued

Funds and joint ventures

The table below summarises the key financials at 31 December 2023 for our co-investment vehicles.

	Property assets £m	Net debt £m	Other liabilities £m	Net assets £m	Unite share of NTA £m	Total return	Maturity	Unite share
USAF	**2,941**	**(800)**	**(80)**	**2,061**	**580**	**5.1%**	**Infinite**	**28%**
LSAV	**1,910**	**(631)**	**(60)**	**1,219**	**610**	**(1.9)%**	**2032**	**50%**

Property valuations increased by 3.6% for USAF and were unchanged in LSAV over the year, on a like-for-like basis, reflecting positive rental growth offset by the negative impact of rising property yields.

During the year, a £20 million (Unite share: £10 million) payment from LSAV to the wholly-owned Group crystallised due to the increase in value of a London asset sold to LSAV in 2021 which achieved a performance target agreed at the time of sale.

USAF is a high-quality, large-scale portfolio of 28,000 beds in leading university cities. The fund has positive future prospects through rental growth and investment opportunities in asset management initiatives in its existing portfolio. USAF, in line with other non-listed property funds, has received redemption requests which will be met from planned and future disposals to provide liquidity to its unit holders.

Fees

During the year, the Group recognised net fees of £16.9 million from its fund and asset management activities (2022: £17.4 million). The decrease in fee income is due to the full-year impact of the Group's increased USAF ownership, following the purchase of additional units in mid-2022.

	2023 £m	2022 £m
USAF asset management fee	**12.1**	12.6
LSAV asset and property management fee	**4.8**	4.8
Total fees	**16.9**	**17.4**


Morriss House, Nottingham

SUSTAINABILITY

BEING A RESPONSIBLE AND RESILIENT BUSINESS

Operating sustainably is crucial to the long-term success of our business, which is why being a responsible and resilient business is one of our three strategic objectives. To help us fulfil our ambition to lead the living sector on sustainability, our Sustainability Strategy and targets focus on creating positive environmental and social impact where it matters most.

This chapter sets out an overview of sustainability and our mandatory reporting. **A more detailed account of our 2023 sustainability achievements are captured in our separate Sustainability Report.**

Employees

Our ambition: An equitable, inclusive and safe workplace that provides rewarding and fulfilling careers.

Employee engagement increased from 65 in 2022 to

70

Number of training events in 2023

35,924

Local communities

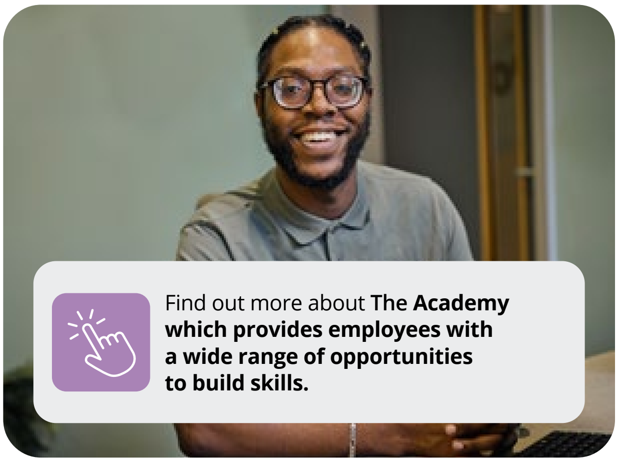
Our ambition: Create real social value that meets local community needs.

Community impact projects received Silver and Gold Positive Impact Awards

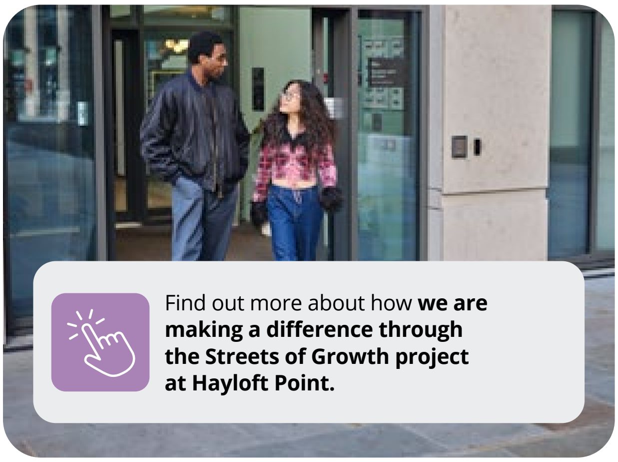
29

Proportion of employees who volunteered in 2023

22%



Find out more about **The Academy which provides employees with a wide range of opportunities to build skills.**



Find out more about how **we are making a difference through the Streets of Growth project at Hayloft Point.**

SUSTAINABILITY continued

"We aspire to lead the living sector on sustainability and have set ambitious targets for our environmental and social impact, including reaching net zero carbon by 2030. We are committed to having a positive impact on people and the communities in which we operate."

Dame Shirley Pearce
Chair of the Sustainability Committee

Students and young people

Our ambition: A leader on student inclusion, wellbeing and success.

Number of new Unite Foundation scholars
106

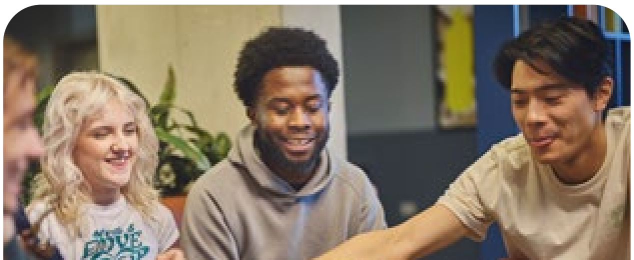
Customer NPS score improved from +38 in 2022 to
+42

The environment

Our ambition: Minimise our impact on the environment and create sustainable buildings.

Investment in energy efficiency across existing estate
£8.2m

Proportion of estate (by floor area) with A–C rated EPC
99%



Find out more about **a Commission set up to progress further our ground-breaking research Living Black at University.**

Find out more about **how our strategy works in action by reading about our new Nottingham development.**

SUSTAINABILITY continued

Sustainability at Unite Students

Being a responsible and resilient business is one of our three strategic objectives. Our ambition to lead the living sector on sustainability reflects the importance we place on this.

To keep us focused on the most important areas, we undertook our first sustainability materiality assessment in 2020. This identified the themes and issues that are most important to our stakeholders including students, universities, employees, investors, local and national government, and our supply chain.

Since then, we've continually re-evaluated these priorities through ongoing dialogue and engagement, to ensure they remain relevant. This enables us to continue to focus on the most important sustainability topics. The graphic below shows these themes, which form the foundation of Sustainability Framework that aims to create a positive impact across four key areas, shown on the page opposite.

Our most significant sustainability related themes and issues:

Providing opportunities for people to grow and develop	Supporting the wellbeing of our employees and students	Climate change and transitioning to net zero carbon	Creating sustainable buildings	Transparency and disclosure
Diversity, equity, inclusion and belonging	Health and safety	Reducing resource consumption	Playing an active role in communities	Governance and integrity

CASE STUDY

Thought leaders for the HE sector

Our Living Black at University Commission Report, launched in 2023, details how to put findings on Black students' living experience into practice. The original research report, published in 2022, included 10 recommendations to make PBSA a more welcoming place for black students. The commission – spanning Higher Education membership organisations, regulators, relevant charities and universities working on relevant projects – then met every two months during 2023 to discuss these and commit to actions. The report groups the recommendations into four themed chapters: arrival and integration; mental health; staffing; and complaints and data.

Our report on neurodiversity and student experience published in 2023 showed more than 14 per cent of the then current university applicants reported having ADHD and/or being on the autism spectrum. The report, An asset not a problem: Meeting the needs of neurodivergent students, is based on a survey of more than 2,000 university applicants across the UK, as well as a focus group with neurodivergent students currently studying at the University of Bristol. It was created to help ensure neurodiverse students are getting the support they need while at university.

We also partnered with UCAS, alongside Knight Frank, on a national debate around UCAS' projection that there could be up to a million Higher Education applicants in a single year by 2030. UCAS invited 50 key thinkers from across the UK to give their view on tackling the challenges.

CREATING A POSITIVE IMPACT

Employees

Our ambition: An equitable, inclusive and safe workplace that provides rewarding and fulfilling careers.

- People strategy and HR policies making us a great place to work.
- Support employees to fulfil their potential via The Academy, Grow Beyond leadership development, and Early Careers programmes.
- Empower employee voice through our Culture Matters forum.
- Creating an equitable and inclusive environment with our DEIB&W strategy.

Local communities

Our ambition: Create real social value that meets local community needs.

- Meeting local community needs via long-term community partnerships in our buildings.
- Giving back to local community through Positive Impact Community Projects and Volunteering programmes.
- Supporting important charities nationally, locally and through our charity match scheme.

Students and young people

Our ambition: A leader on student inclusion, wellbeing and success.

- Shape policy and thinking on inclusion and participation in Higher Education through research, engagement and through leadership.
- Support students in the transition into Higher Education and independent living.
- Support student customers' wellbeing and mental health while living with us via our Support to Stay programme.
- Maintaining our commitment to care leavers through the Unite Foundation.

The environment

Our ambition: Minimise our impact on the environment and create sustainable buildings.

- Playing our part to help tackle climate change via our net zero carbon targets and pathway.
- Targeting ambitious reductions in energy and water use.
- Reducing resource consumption and supply chain impacts.
- Designing sustainable buildings that support building users' wellbeing.

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

Our approach: Doing what's right

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

SUSTAINABILITY continued

Sustainability targets and key progress in 2023

The table below summarises our key targets and commitments across these four areas.

Our ambition:	**Making a positive impact** for employees	**Making a positive impact** for local communities	**Making a positive impact** for students and young people	**Making a positive impact** for the environment
Our targets and commitments	• 40% women in senior leadership by end of 2025. • 65% of leadership and management population hired internally. • Employee engagement score of 75 or higher. • Zero reportable accidents and incidents. • Maintain Real Living Wage accreditation. • 10% ethnic minority representation in management and senior leadership by end of 2025. • Operations: reduce voluntary turnover to 35% by end of 2024. • Support (incl. Property): reduce voluntary turnover to 15% by end of 2024.	• 1% of annual adjusted profits on social investment. • All teams achieve Bronze award or higher in our Positive Impact sustainability engagement programme (bonus metric for all employees). • 15% of all employees participate in volunteering in 2023.	• Maintain support to Unite Foundation. • 100% of properties to have Resident Ambassadors. • Customer Satisfaction (NPS) of +40 in 2023. • Higher Education Trust score (NPS) of +13 in 2023.	• Overarching target to be net zero carbon by 2030 as set out in our Net Zero Carbon Pathway document. • 56% cut in absolute Scope 1+2 market-based emissions by 2030 vs. 2019 base year (tonnes CO_2e) in line with SBTi validated carbon target. • 28% reduction in operational energy intensity by 2030 vs. 2019 base year (kWh/m²) in line with CRREM. • 100% renewable electricity by 2030 in line with our RE100 commitment. • 35kWh/m² of operational energy consumption for new developments by 2023 in line with RIBA 2030 climate challenge. • Net zero carbon by 2030: 625kgCO_2e/m² of embodied carbon for new developments by 2030 in line with RIBA 2030 climate challenge. • All new builds target EPC A and BREEAM Excellent rating.
Key progress in 2023	• Maintained our commitment to the Real Living Wage. • Improved employee engagement from 65 in 2022 to 70 in 2023. • 73% of leadership and management population hired internally. • 28% of women in senior leadership. • Over 35,900 training events delivered through The Academy in 2023. • Operations: Voluntary turnover of 32% in 2023. • Support (incl. Property): Voluntary turnover of 15% in 2023.	• 33 new community impact projects started in 2023 by our teams across the country aiming to achieve lasting local positive social impact. • 22% of all employees participating in volunteering during 2023. • 20 Silver and 9 Gold Positive Impact Awards.	• Following the Living Black at University Conference, the Commission published a milestone report including key recommendations for accommodation providers. • Published guidance to wider HE sector on meeting the needs of neurodivergent students, co-created with students at the University of Bristol. • 106 accommodation scholarships awarded through the Unite Foundation. • Customer Satisfaction (NPS) of +42 in 2023. • Higher Education Trust score (NPS) of +32 in 2023.	• Invested £8.2m in energy efficiency across existing estate, potentially delivering a 1.5% reduction in annual energy use vs. 2019. • Launched new Sustainable Construction Framework, another key step on our route to Net Zero Carbon. • Launched new Supplier Code of Conduct and sustainable procurement policy. • 99.7% of floor area EPC A–C rated by end of 2023, up from 80.5% in 2022. • Achieved design stage new build operational energy consumption of 70kWh/m² and embodied carbon of 801kgCO_2em² at Morriss House.

More details including KPIs, achievements and progress made in 2023 can be found in our **Sustainability Report**.

Non-financial and sustainability information statement

The table below summarises how we comply with non-financial and sustainability performance reporting requirements in line with The Companies Act 2006, and Climate-related Financial Disclosure Regulations 2022. Relevant policies and statements are available online at **www.unitegroup.com**.

Description of the business model:	Details of who we are, how we operate and the value we create can be found on page 2 onwards.
Employee	Our Diversity, Equity, Inclusion, Belonging and Wellbeing strategy is focused on providing opportunities for all, see page 111 and at **https://www.unitegroup.com/sustainability/diversity-and-inclusion**.
	The Academy provides learning opportunities to enhance knowledge, skills and development, see **https://www.unitegroup.com/sustainability**.
	Our employee engagement forum, Culture Matters, puts the employee voice front and centre, so employees have a direct channel to senior management, allowing them to help shape business strategy and policy, see page 94.
	Our Whistleblowing Policy enables employees to raise a concern in confidence, see page 95 or **https://www.unitegroup.com/wp-content/uploads/2021/04/Whistleblowing-Policy-1.pdf**.
	Gender diversity and pay gaps across Unite Group. Our full Gender Pay Gap Report for FY22/23 can be found on our website **https://gender-pay-gap.service.gov.uk/Employer/KDcxuKgHp63**. Further details on gender split during 2023 are also available on page 54.
	Our Board Diversity Policy seeks to enhance the overall diversity of the Board and ensures an appropriate and diverse mix of skills, experience and knowledge, see page 111.
Anti-corruption and bribery	Our Anti-Bribery Policy confirms our zero-tolerance approach to bribery and corruption and outlines employee responsibilities. Read our policy at **https://www.unitegroup.com/sustainability/policies-documentation?report=5**. Our Gifts and Hospitality Policy sets out the rules for accepting gifts and hospitality. Our Code of Ethics ensures employees adhere to the highest business and personal ethics.
Our policies	All of our public policies are available on our website, **https://www.unitegroup.com/sustainability/policies-documentation**.
Modern slavery and human rights	We operate a zero-tolerance approach to slavery to ensure it does not occur anywhere within our business or supply chain. We carry out due diligence on all third parties we work with. Read our Modern Slavery statement and Code of Ethics, see **https://www.unitegroup.com/wp-content/uploads/2022/07/Unite-Group-plc-Modern-Slavery-Statement-FY-ending-2022.pdf**, and our Supplier Code of Conduct **https://www.unitegroup.com/our-suppliers** sets out the highest standards of business and personal ethics.
Policy, due diligence and outcomes	We carry out regular reviews of our policies to ensure we continue to identify key risks and management and carry out appropriate due diligence. The policies included in this non-financial information statement contain further details (as cross-referenced herein) of the policy and policy outcomes, including the following:
	Risk management detailing our risk management framework and risk review process from page 67.
	Principal risks and uncertainties considering both internal and external risks, the potential impact and details of risk mitigation in place, on page 76.
	Viability statement considering the viability of Unite Group for the next three-year period on page 71.
	Audit & Risk Committee Report on page 114.
	Sustainability Committee Report on page 120.
	Unite Group Health & Safety Committee Report page 123 and Health and Safety Policy (and **https://www.unitegroup.com/sustainability/policies-documentation**) which details Unite Group's commitment to the health and safety of our employees, students and visitors to our sites.
	Non-financial KPIs relevant to the Company's business on page 31 and **https://www.unitegroup.com/sustainability**.

SUSTAINABILITY continued

Non-financial and sustainability information statement continued

Social matters	Our Resident Ambassador programme provides peer-to-peer support for students, see **https://www.unitegroup.com/sustainability**.
	Our Positive Impact programme encourages our people and teams to work with local stakeholders on community impact initiatives, see **https://www.unitegroup.com/sustainability**.
	Market overview focusing on demographic trends, see from page 26.
	The Unite Group is the principal supporter of the Unite Foundation, the only charity that provides a home at university for estranged and care-experienced students – see **https://thisisusatuni.org/ and https://www.unitegroup.com/sustainability**.
	Support to Stay, our innovative student support framework designed to align with universities' processes for supporting student mental health and wider wellbeing, see **https://www.unitegroup.com/sustainability**.
Health & Safety	Our Health and Safety strategy keeping people safe and secure across our operational buildings and new development sites, see page 123.
Environmental matters	Our Sustainability Strategy sets out clear objectives and our progress in respect of environmental, social and governance matters, see pages 50 and see **https://www.unitegroup.com/sustainability**.
	TCFD and CFD page 58.
	Our Net Zero Carbon Pathway sets out our pledge to be net zero carbon by 2030, see **https://www.unitegroup.com/sustainability/our-net-zero-pathway**.
	Energy and carbon. Full details in line with the Streamlined Energy & Carbon Reporting requirements, see page 56.
	Wider environmental impact details of other environmental performance metrics, targets and activity, see **https://www.unitegroup.com/sustainability**.
	Our Sustainable Construction Framework sets out our approach to the sustainable design and construction of new purpose-built student accommodation, refurbishment and retrofits. It will also inform how we procure new net zero developments, see **https://www.unitegroup.com/wp-content/uploads/2023/12/Unite-Students-Sustainable-Construction-Framework.pdf**.
EPRA sBPR	Further environmental, social and governance performance is also reported in line with the EPRA sBPR guidelines in our stand-alone Sustainability Report, see **https://www.unitegroup.com/sustainability**.

Gender split

For more information on gender split, see our separate Sustainability Report – **https://www.unitegroup.com/sustainability**.

	Male	Male %	Female	Female %	Total
Board	6	60%	4	40%	**10**
Management	23	72%	9	28%	**32**
All other employees	1,052	54.3%	887	45.7%	**1,939**
Total	**1,075**	**54.5%**	**896**	**45.5%**	**1,971**

SUSTAINABILITY continued

Sustainability reporting

We have aligned with the European Public Real Estate Association Sustainability Best Practice Reporting Guidelines (EPRA sBPR), earning a Silver EPRA sBPR award in 2023 for our 2022 reporting. A summary of our EPRA sBPR aligned reporting is included in our stand-alone Sustainability Report. Our reporting on energy and carbon also meets the UK Government Streamlined Energy and Carbon Reporting (SECR) requirements (see page 56), and follows the Green House Gas Protocol Corporate Reporting Standard. A full disclosure in line with TCFD and CFD is also included, see page 58.

Energy consumption and Scope 1+2 greenhouse gas emissions have been externally verified by SGS in line with the requirements of ISO 14064-3:2019. Environmental performance data is also undergoing external assurance by SGS to a reasonable level of assurance in line with requirements of ISAE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, although this was still underway at time of publication. Further details of energy and GHG emissions are included in our SECR reporting and in our stand-alone Sustainability Report and the relevant opinion statements can be viewed on our website https://www.unitegroup.com/sustainability.

In addition, we also proactively disclose wider sustainability data to leading ESG programmes including the Global Real Estate Sustainability Benchmark (GRESB) and CDP. 2023 saw our GRESB score improve to 86 with a four-star rating, and our CDP rating improve from B to A-, reflecting progress made in our management of climate-related risks and issues. Our Full GRESB and CDP scorecards can be accessed on our website https://www.unitegroup.com/sustainability. We also achieved various ESG ratings and listings as shown below.

We are tracking emerging reporting requirements including the International Financial Reporting Standards Board Sustainability Disclosure Standards 1+2 (IFRS S1 and S2), the UK Government's Sustainability Disclosure Requirements and the Transition Planning Taskforce guidelines to ensure we are able to meet their requirements in good order. Unite Group is outside of the scope of the EU CSRD reporting requirements.

More details can be found in our **Sustainability Report**.

GRESB REAL ESTATE

FTSE4Good

Corporate ESG Performance Prime RATED BY ISS ESG

CDP SUPPORTER 2023 A-

EPRA BPR GOLD

EPRA sBPR SILVER

MSCI ESG RATINGS AA

CCC B BB BBB A AA AAA

SUSTAINABILITY continued

Streamlined energy and carbon reporting

This section summarises energy consumption and greenhouse gas (GHG) emissions in line with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and in accordance with the Streamlined Energy and Carbon Reporting (SECR). Reporting periods are January to December. We also disclose data to CDP and GRESB (Global Real Estate Sustainability Benchmark). More comprehensive data can be found in our stand-alone Sustainability Report, and our Net Zero Carbon Pathway which sets out our 2030 net zero carbon ambition and targets.

Energy consumption

The table below summarises energy consumption.

Energy consumption	Units	2019 base year	2021	2022	2023	Change from 2022–2023
Electricity absolute consumption	kWh	167,593,224	149,211,285	150,944,907	**149,704,305**	**-0.8%**
Natural gas absolute consumption	kWh	57,414,070	59,170,049	58,816,746	**56,121,430**	**-4.6%**
District heat absolute consumption	kWh	11,775,682	12,312,277	11,672,055	**12,090,049**	**3.6%**
Total energy absolute consumption	kWh	236,782,976	220,693,611	221,433,708	**217,915,784**	**-1.6%**
Total energy intensity	kWh/bed	3,233.0	2,970.2	3,059.0	**3,100.8**	**1.4%**
	kWh/m²	122.6	113.4	115.6	**111.9**	**-3.2%**
Electricity from renewable sources	%	61.1%	99.9%	99.9%	**99.9%**	**–**

Energy data reported is predominantly half-hourly meter data (94.7% and 91.7% respectively for electricity and gas), with the remainder being billing data (4.6% and 6.8%) and a small number of estimates (0.8% and 1.5%) where neither meter or billing data is yet available, in which case the previous year's data for that site and month is used. District heating data is 52.7% billing with 47.3% estimates. Note that values reported in MWh above can be converted to kWh by multiplying by 1,000.

Greenhouse gas emissions

The table below summarise absolute GHG emissions for the last three years.

Absolute GHG emissions		Units	2019 base year	2021	2022	2023	Change from 2022–2023
Scope 1		Tonnes CO_2e	10,669	11,009	10,905	**10,410**	**-4.5%**
Scope 2	Location-based	Tonnes CO_2e	44,910	33,784	31,204	**33,172**	**6.3%**
	Market-based	Tonnes CO_2e	18,833	2,170	2,052	**2,218**	**8.1%**
Scope 1+2	Location-based	Tonnes CO_2e	55,579	44,793	42,110	**43,582**	**3.5%**
	Market-based	Tonnes CO_2e	29,502	13,178	12,958	**12,628**	**-2.5%**
Scope 3		Tonnes CO_2e	148,279	65,778	98,475	**84,876**	**-13.8%**
Bed numbers (pro rata for sites only open part of year)			73,240	74,303	72,387	**70,277**	**-2.9%**
Floor area (pro rata for sites only open part of year)		m²	1,931,148	1,945,560	1,915,339	**1,947,292**	**1.7%**

The table below summarises building-related GHG emissions intensity per m² (gross internal floor area) and per lettable-bed regardless of occupancy.

GHG emissions intensity		Units	2019 base year	2021	2022	2023	Change from 2022–2023
Scope 1+2 by floor area	Location-based	kgCO_2e/m²	28.8	23.0	22.0	**22.4**	**1.8%**
	Market-based	kgCO_2e/m²	15.3	6.8	6.8	**6.5**	**4.1%**
Scope 1+2 by bed numbers	Location-based	kgCO_2e/bed	758.9	602.8	581.7	**620.1**	**6.6%**
	Market-based	kgCO_2e/bed	402.8	177.4	179.0	**179.7**	**0.4%**

SUSTAINABILITY continued

Absolute energy consumption fell by 1.6% compared to 2022, but stripping out the impact of portfolio change reveals that like-for-like consumption actually increased by 1%. Looking at this in detail, like-for-like district heating consumption rose by 3.6% reflecting increased heating demand driven by slightly cooler weather in 2023 compared to 2022 (which was the UK's warmest year on record). Like-for-like gas consumption fell by 3.6% as a result of the replacement of gas boilers with air source heat pumps throughout 2022 and 2023, in turn contributing to a 2.6% increase in like-for-like electricity consumption along with increased heating demand on sites heated by electric panel heaters. This increase in heating demand was partly offset by the impact of energy efficiency capital projects deployed through 2022 and 2023 including LED lighting, solar PV and improved heating controls, but was significant enough to drive an overall increase. There are also indications that changing customer behaviour and usage patterns contributed to this increased energy use.

Scope 1 emissions fell by 4.5% reflecting reduced gas consumption compared to 2022 as described above, but both market-based and location-based Scope 2 emissions rose as a result of increased electricity consumption, and there was a small increase in UK national average grid emissions intensity. Absolute Scope 3 emissions fell by 13.8% reflecting only one new build opening in 2023 compared to two in 2022, as well as a reduction achieved in embodied carbon of that new build.

Performance against targets

Our 2030 net zero carbon target requires us to achieve a 20.4% reduction in market-based Scope 1+2 absolute emissions in 2023 vs. 2019 base year. Our 2023 market-based Scope 1+2 emissions of 12,645 tonnesCO_2e (a 57.2% reduction vs. 2019) puts us ahead of target.

Our 2030 energy reduction target requires us to achieve a 28% reduction in energy intensity by 2030 vs. 2019 base year (a target energy intensity of 80.9kWh/m^2), with an interim target of 101.3kWh/m^2 in 2023. 2023 performance is slightly behind this, at 111.9kWh/m^2, partly due to a slight reduction in capital in 2023 as a result of challenging operating conditions, but also partly due to increased heating demand in 2023 and apparent changes to customer behaviour and usage patterns driving up energy consumption. The chart opposite shows energy intensity vs. our current CRREM-based target and the recently updated new CRREM v2 pathway. Additional capital spend is planned for 2024 and beyond to get back on track with our CRREM-based energy targets. Our 2030 renewable energy target is to purchase 100% renewable electricity in line with RE100 requirements. 2023 performance is on target at 99.9%, with 29% of electricity purchased via a corporate PPA and the remainder matched to unbundled REGO certificates.

Calculation methodology

GHG emissions are calculated in accordance with HM Government's Environmental Reporting Guidelines: including streamlined energy and carbon reporting March 2019 and the GHG Protocol's A Corporate Accounting and Reporting Standard including recent updates on Scope 2 reporting.

The relevant emissions factors from the UK Government emission conversion factors for greenhouse gas company reporting (2023 data set) have been used to convert data from sources including utilities meters, business travel mileage, and water consumption into CO_2e. Location-based Scope 2 emissions are calculated using the UK national average grid emissions factor, whilst market-based Scope 2 emissions are calculated on an emissions factor of zero for all electricity purchased under our Unite Group supply contract which is 100% REGO backed, with 5MW also purchased via a corporate PPA directly from a wind farm in Scotland.

Further details of what emissions sources have been included in each Scope of emissions and of how relevant categories of Scope 3 emissions have been calculated, are set out in our stand-alone Sustainability Report.

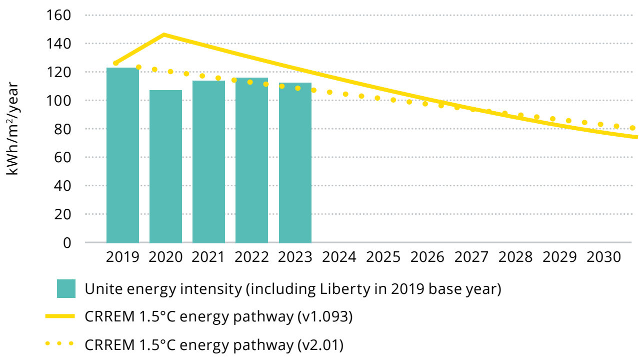
Reporting boundaries

We report full energy consumption and corresponding GHG emissions for all properties under operational control of Unite Students, including properties owned outright by Unite Group plc entities and by JVs regardless of equity share. All these assets are located in the UK and constitute 100% of Unite Group's global energy use and GHG emissions. Neither energy consumption nor GHG emission data have been normalised or adjusted for any factors such as occupancy or weather. Our student customers pay a single all-inclusive bill, and are not recharged for the energy, heat or hot water they consume. This means that all energy used in both landlord areas and student flats contributes directly towards our Scope 1+2 GHG emissions, rather than falling into Scope 3 emissions. Consequently our most significant source of Scope 3 emissions is the embodied carbon of new developments.

Independent verification

Energy consumption and Scope 1+2 greenhouse gas emissions have been externally verified by SGS in line with the requirements of ISO 14064-3:2019. Environmental performance data is also undergoing external assurance by SGS to a reasonable level of assurance in line with requirements of ISAE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, although this was still underway at time of publication. Relevant opinion statements can be viewed on our website. Due to data availability, a portion of Scope 3 emissions have been verified to a limited level of Limited Assurance. Details are set out in our stand-alone Sustainability Report, and third-party opinion statements are available on our website.

Unite Students energy intensity vs. CRREM pathways



CLIMATE-RELATED FINANCIAL DISCLOSURES

There are a number of material environmental, social and governance (ESG) risks associated with the sustainability-related themes and topics we have identified as materially significant for us, which are tracked and managed in accordance with our overall risk management framework on page 70, with two overarching ESG risks listed on Principal Risk tracker (page 720. In line with the Task Force on Climate-related Financial Disclosure (TCFD) and recent UK Climate-related Financial Disclosure (CFD) Regulations, a more comprehensive disclosure on climate-related risk is included below.

TCFD Compliance Statement

Unite Group has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. We have complied with all TCFD recommendations including Governance, Strategy, Risk Management and Targets and Metrics, in line with the central government's TCFD-aligned disclosure implementation timetable. We plan to continue improving our management and disclosure of climate-related risks in future in line with the central government implementation timetable.

TCFD disclosure

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

More details on these and all other aspects of how we will transition to net zero are outlined in our **Net Zero Carbon Pathway document**.

As part of our continuing response to climate risks and opportunities, this year we published our Sustainable Construction Framework and adopted a shadow carbon price for new developments to continue our progress in decarbonising our development pipeline.

We have complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations, recommended disclosures, 2021 implementation guidance, and supplemental disclosures for non-financial groups in this section and other parts of this Annual Report where cross-referenced. In order to reduce repetition, details of our plan and targets for transitioning to net zero carbon as part of TCFD Strategy (b) recommended disclosures are set out in our separate Net Zero Carbon Pathway and have not been duplicated here within. Additionally, this disclosure complies with the requirements of the Climate-related Financial Disclosures (CFD) under the Companies Act.

We undertook a comprehensive materiality assessment of sustainability topics and issues in 2020 and have continued to engage with key stakeholders to ensure we stay focused on the most important issues, and report on them in line with their views and our own commitments. During 2023, we discussed sustainability in meetings with investors, to update them on the Unite Group's climate performance and priorities and hear their views on our Sustainability Strategy and performance, particularly regarding our commitments on climate change.

CLIMATE-RELATED FINANCIAL DISCLOSURES continued

We undertook a comprehensive materiality assessment of sustainability topics and issues in 2020 and have continued to engage with key stakeholders to ensure we stay focused on the most important issues, and report on them in line with their views and our own commitments.

Committed to sourcing electricity from renewable sources

100%

Net zero carbon by

2030

The Board also considers feedback on our ambition and performance from investors, students, universities, employees and local communities, to ensure we remain focused on the most material issues. This ongoing process of stakeholder engagement, feedback, and materiality assessment directly informs the ongoing development and implementation of our Sustainability Strategy and progress on page 66.

Governance

Our Chief Executive has overall responsibility for our climate-related risks and opportunities with ongoing oversight of climate-related issues delegated to the Sustainability Committee, a sub-Committee of the Board. Our Sustainability Committee meets four times per year to maintain Board oversight of environmental, social and governance issues, and hold the business to account for performance in this area, including the management of climate-related risk. Climate risk and performance, including our plans for achieving and progress towards our 2030 net zero carbon target, are reviewed by the Committee. Further details of the Committee's activity during the year are set out in the Sustainability Committee Report on page 120. The Board also undertakes a twice-yearly formal risk review (see page 67), which includes climate-related risks.

Relevant climate-related risks and opportunities are considered during business planning, proposals and investment cases prepared for submission to the Management Board (the Property Leadership Team and Customer Leadership Team), the Executive Committee and the Sustainability Committee, ensuring both management and the Board have visibility over climate-related risks and opportunities, and can consider them in planning and decision-making. Full responsibilities for managing climate-related risks are set out on page 60.

Our performance against the annual budget for sustainability investments is reported as a stand-alone spend category, showing detailed performance against budgeted levels on a monthly basis.

The Remuneration Committee sets performance objectives linked to all employees' bonuses and incentive schemes, with a number of climate and sustainability metrics including GRESB rating, energy intensity, EPC ratings and our employee Positive Impact scheme contributing to overall remuneration. Details of the Executive Director bonus and LTIP components, including the weighting and targets can be found in the Remuneration Committee report on page 127. Performance against the 2023 bonus targets, is also in this section.

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

KEY
Informing I Reporting R

Organisational structure and responsibilities for managing climate-related risks

UNITE GROUP PLC BOARD

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

I R

The Board delegates specific climate matters to its Committees:

SUSTAINABILITY COMMITTEE

- Four meetings in 2023.
- Oversees development and implementation of our Sustainability Strategy and recommends any changes to the Board.
- Reports progress to the Board quarterly with input from across the Group.
- Chaired by Dame Shirley Pearce with two Non-Executive Director members.
- Attended by Group Chair, CEO, CFO, Group Investment Director, Head of Sustainability and Group People Director.

REMUNERATION COMMITTEE

- Five meetings in 2023.
- Chaired by Nicky Dulieu with three Non-Executive Director members.
- Engages with shareholders to inform target setting, including climate-related objectives.
- Supports the Sustainability Strategy by aligning remuneration and incentive targets to the strategy.

AUDIT AND RISK COMMITTEE

- Five meetings in 2023.
- Chaired by Ross Paterson with three Non-Executive Director members.
- Ensures climate-related risks and opportunities are identified, assessed, then effectively mitigated and managed as part of overall risk management framework.
- Oversees preparation of Unite Group's financial disclosures, including TCFD, and the Annual Report.

I R

CHIEF EXECUTIVE AND EXECUTIVE COMMITTEE

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

I R

PROPERTY LEADERSHIP TEAM

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

CUSTOMER LEADERSHIP TEAM

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

I R

ENERGY AND ENVIRONMENT TEAM

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

CLIMATE-RELATED FINANCIAL DISCLOSURES continued

Strategy

We recognise climate change is one of the principal risks facing Unite Group, with the potential to impact our business in the short, medium and long term, so we are aiming to be net zero carbon by 2030 – full details of our targets and plans to achieve this transition are set out in our Net Zero Carbon Pathway, see details below.

We face potential acute and chronic physical risks from the direct and indirect effects of climate change on our business, including extreme weather and flooding. Potential transition risks associated with the shift to a low-carbon economy include changing consumer preferences, impacts on investment property valuations according to their climate resilience and energy performance, and future policy and regulation. These also present opportunities where, for example, our leadership in the sector may be valued by our customers and ultimately lead to improved financial performance. Further detail, including the process used to determine materiality of risks, is included within the Risk Management section on page 67.

Time periods:

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

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

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

Full details of our targets and plans to achieve this transition are set out in our **Net Zero Carbon Pathway**.

Risk	**Acute physical**	
	Heat Stress	**Flooding**
Description	Rising average and frequency of heatwaves could make our buildings uncomfortably hot during the summer months.	Increased rainfall increases the risk of both flash flooding and rivers bursting banks.
Impacts	Under 2°C scenario, we may see some increased frequency and severity of overheating necessitating ad hoc measures such as temporary ventilation or cooling, the need to provide temporary alternative accommodation to the worst affected customers, or inability to occupy some rooms for short periods. Under 4°C scenario, we may be unable to let buildings during the summer, without more meaningful building adaptations to reduce solar gain (e.g. brise soleil or improved glazing), building fabric modifications (e.g. thermal mass or reflective roofs), or building services changes (e.g. re-routing hot water services, improved ventilation, or active or passive cooling). Further work is needed to understand asset-specific risks and adaptations and inform long-term asset management plans and budgets, and strategic investment decisions.	Flood could impact a single property causing temporary disruption to operation or damage to the building itself. In the most extreme scenario flood damage may require temporary closure of an asset and rehousing of occupants. Operations may also be impacted by flooding elsewhere that disrupts supply chains or communications even if individual properties are not directly affected. Under 1.5°C scenario, no materially significant increase in likelihood or severity was seen, however further analysis is required to determine how this risk increases under 2°C and 4.5°C scenarios.
Time period	S M L	S M L
Financial risks and opportunities	c.£15 million of summer short-term lettings income at risk and increased cooling costs. Compensation for tenants on longer tenancies through the summer. Higher temperatures during winter may reduce the heating requirement of our buildings.	Worst case outcome of a major flooding event could be closure of a building for 12 months with lost income of up to £12m. Likelihood of such an outcome is seen as low under 1.5°C scenario, but increasing under 2°C and 4.5°C scenarios. Geographic spread, locales and construction of assets mean risk unlikely to affect numerous buildings simultaneously. Government flood risk data shows c.10% of the assets are at High (1 in 76–100 years) or Very High (1 in <75 years) risk of flooding. Increased flooding risk will be reflected in the premiums charged by Unite Group's insurers.

CLIMATE-RELATED FINANCIAL DISCLOSURES continued

Risk	**Acute physical**	
	Heat Stress	**Flooding**
Scenario methodology	We compared forecast summer temperatures under 1.5°C, 2°C and 4.5°C scenarios using RCP8.5 projections versus the 1981–2010 baseline (UKCP18 data from Met Office Hadley Cell GCMs HadREM3-GA705) to assess frequency and severity of overheating incidents, and corresponding impact on thermal comfort in our buildings-based temperatures achieved under recent hot weather events. More detailed asset and room level analysis is planned for 2024 to assess factors including fabric, ventilation, solar gain and internal heat gains and identify potential adaptations.	We compared forecast winter rainfall under 1.5°C, 2°C and 4.5°C scenarios using RCP8.5 projections versus the 1981–2010 baseline (UKCP18 data from the Met Office Hadley Cell GCMs HadREM3-GA705). We assessed increase in frequency and severity of flooding and corresponding disruption/damage to our buildings based on our the impact of recent flooding events to our buildings.
Mitigation and adaptation activities	Further, more detailed analysis of overheating risk is planned for 2024. This will inform future capital and asset management plans to ensure this risk is fully quantified and effectively mitigated. New development schemes and larger asset management programmes are designed to ensure appropriate temperatures are maintained.	We maintain flood response plans at higher risk properties. We reviewed the flood risk of the portfolio during 2021, in partnership with our insurers and further more-detailed analysis is planned for 2024 to update flood risk assessments.

Risk	**Transition**			
	Technology	**Reputation**	**Policy and legal**	**Market risk, commodity and resource efficiency**
Description	Risk that sufficient improvements to an individual asset's performance cannot be achieved at the pace or scale required for the transition to a low-carbon economy.	Our close relationships and day-to-day engagement with university partners, students, investors and other stakeholders makes it clear they expect us to take urgent and meaningful action on climate change.	Regulation and government policy will continue to evolve and increase minimum standards of building performance and other requirements aiming to accelerate the transition to net zero carbon.	We face market risk through energy pricing and increased costs if our use of energy is not mitigated through efficiency investment.
Impacts	Individual assets' rental income, operating costs, asset value and liquidity may be adversely impacted if they do not meet evolving regulatory standards, such as future Minimum Energy Efficiency Standards (MEES) for Energy Performance Certificates (EPCs), or market or shareholder expectations such as decarbonisation in line with the CRREM pathways.	Our leadership in the sector may be recognised by our customers and partners, providing additional business opportunities or income benefits from our leadership in sustainability. Failure to at least meet stakeholder expectations could be detrimental to business performance through many channels, including our ability to secure nomination agreements with universities and increased financing costs.	Regulations may require increases in the scale or pace of our investment in decarbonisation. Introduction of mandatory carbon pricing could impact the viability of our development pipeline and increase ongoing operating costs of the existing portfolio. Failure to meet minimum standards could also have significant reputational impacts, as set out in principal risks 9 and 10 on page 76.	Energy price volatility complicates forecasting, and recent high prices have significantly increased operating costs. Failure to manage energy purchasing could intensify this impact. Valuers are starting to reflect utility costs in asset valuations and we expect further downwards pressure on valuations if energy efficiency is not improved to offset this.
Time period	S M L	S M L	M L	S M L

CLIMATE-RELATED FINANCIAL DISCLOSURES continued

Risk	Transition			
	Technology	**Reputation**	**Policy and legal**	**Market risk, commodity and resource efficiency**
Financial risks and opportunities	Our 2020 Net Zero Carbon Pathway identified a need to invest c.£10–£12 million p.a. to achieve our 2030 ambition. We have already committed c.£30 million, with investment ramping up over the coming years. These investments typically payback in 10 years or less on an undiscounted basis, through savings to utility costs. A green premium to asset values has not yet manifested in the PBSA sector. It is anticipated that a brown discount will take effect over the next 3–5 years if assets are at risk of failing EPC MEES or expectations on energy and carbon.	Not usefully quantifiable with existing data.	The UK Government has set a legally binding net zero target of 2050 but there are currently no mandatory requirements for action. However we expect to spend c.£10–£12 million p.a. on our transition to net zero carbon by 2030 through energy efficiency investment. It will not be lawful to let any property not meeting EPC C by 2027 or B by 2030, potentially leading to loss of earnings and enforcement fines. However following recent investments, 92.3% of floor area is now A or B rated so we have low exposure to this risk.	We spend around £30 million per year on utilities, making it our second-largest category of operating spend after people costs. Ongoing market volatility makes forecasting difficult, and we expect our utility costs to rise as existing supply contracts and hedges expire over the next 12 months. We have targeted a 10-year payback on our investments in energy efficiency, implying c.£10 million p.a. savings on our total expected investment. If utility prices remain high, then the potential savings from this investment will also increase.
Scenario methodology	We assess individual assets against the CRREM 1.5°C pathways for UK multi-family residential energy consumption and carbon emissions (on a market-based Scope 2 basis), and have reviewed all EPCs against relevant UK EPC MEES targets. We expect all assets to meet MEES as a result of planned capital investments as part of our transition to net zero.	The nature of this risk means it cannot easily be modelled under specific and defined climate scenarios. While reputation is a critical enabler for the fulfilment of our business objectives, it cannot easily be quantified or assessed, although it is regularly tracked and measured via our Higher Education Engagement Net Promoter Score.	We have assessed the levels of investment that may be required to improve EPC ratings in line with different potential targets, using our experience and insight from previous capital projects and improvements.	Utilities costs are complex, being a function of consumption, commodity price and non-commodity prices. We have modelled the potential impact on overall utility costs and the corresponding business consequences (such as reduce NOI or increased rental growth to mitigate) based on low, medium and high energy price inflation scenarios.
Mitigation and adaptation activities	Planned capital investments aim to reduce energy and carbon in line with our SBTi and CRREM-based targets and so avoid asset stranding. We will continue to review the level of ambition and targets, and monitor progress against these plans to inform the ongoing development of our strategy and take corrective action where required.	We actively engage with our customers, university partners, suppliers and investors to explain and seek feedback on our sustainability performance and goals in addition to understanding their requirements and expectations.	Our sustainability and legal teams, with support from our expert advisers, routinely monitor upcoming and proposed regulation to ensure we can adapt ahead of introduction to remain compliant. Our planned capital investment will ensure all of our buildings meet minimum efficiency standards.	We forward purchase our utilities so that we have price certainty when putting rooms on sale, allowing us to confidently set prices at an appropriate level to reflect the costs which we face. Around 20% of our electricity is secured through a corporate Power Purchase Agreement (PPA), giving us certainty of supply over multiple years. We are actively exploring opportunities to secure additional PPAs given the compelling environmental and financial impacts.

RCP8.5 was chosen for scenario analysis to demonstrate the potential impacts on Unite Group under a widely recognised high-end impact scenario, where the Paris targets are substantially missed. Adopting RCP8.5 demonstrates upper bound impacts of climate change, also assessing intermediate impacts as 1.5°C and 4.5°C are crossed, which is relevant for the strategic resilience analysis and conclusion.

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

CLIMATE-RELATED FINANCIAL DISCLOSURES continued

We have a potentially significant opportunity to benefit from the actions we take to address climate-related risks. Reducing energy consumption will generate significant cost savings, increasing net operating income and asset values over the short, mid and long term. Improving climate resilience, such as reducing overheating risk, will improve customer experience and provide competitive advantage in the mid to long term. Our clear and credible net zero carbon plans are aligned with the expectations and requirements of university partners and local government, potentially supporting new development and growth opportunities, and equity and debt capital may be more readily available, or at lower cost, if we can meet and exceed market expectations around sustainability performance in the short, mid and long term.

During 2023, climate risks and opportunities were tracked as part of our financial planning and risk management relating to utility costs, where usage levels could have an impact on our financial performance due to the volatility in commodity costs created by geopolitical issues. Our 2024 budget and planning include further assessments of our exposure to utility costs and the potential to mitigate cost increases through capital investments in energy initiatives.

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

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

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

We assessed flooding and heat stress exposure of our portfolio under scenarios based upon the Intergovernmental Panel for Climate Change RCP scenarios consistent with 1.5°C, 2.0°C and 4.5°C temperature rises. The analysis showed that under a 4.5°C scenario, heatwaves, as defined by the Met Office, become increasingly regular during the summer and the risk of flooding increases from a one in c.250-year event to a one in c.200-year event, with a marginal change in frequency under 1.5°C and 2.0°C scenarios.

Scenario analysis to date gives us confidence that our current strategy, including actions set out in our Net Zero Carbon Pathway, provide resilience under a 2.0°C or lower temperature rise scenario, although we will continue to review and re-evaluate these risks and adapt our strategy as required.

Under a 4.5°C scenario, our analysis demonstrates that changes to our strategy and financial planning will likely be required to ensure we remain resilient in the face of increasing severity and likelihood of flooding and overheating. This may include divestment of assets which are less resilient to extreme heat and rainfall, investment in assets to improve physical resilience, and changes to ways of working and operating to ensure potential impacts are managed and mitigated. We may also see changes to our customers' behaviour and supply chain partners' viability, including business failures or supply chain disruption. Increased due diligence in supply chain selection will be required, particularly considering the sourcing of construction materials which may be processed or manufactured in countries where the effects of climate change are more extreme. Further, more detailed analysis is planned for 2024 with a particular focus on overheating risk, to better understand what specific changes to strategy would be needed to ensure resilience to a 4.5°C scenario, and given the timescale leading up to a 4.5°C world, we would expect to have time to adapt our strategy accordingly.

Risk management

Climate change is a principal risk affecting long-term decisions made by Unite Group, such as decisions on investment and divestment. Therefore, it is considered in a broad context within our strategy and as part of our risk management framework. Create a Responsible and Resilient Business is one of three main objectives of our strategy, incorporating our commitment to net zero carbon by 2030, together with broader objectives to reduce resource intensity and enable our customers to live more sustainable lives.

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

CLIMATE-RELATED FINANCIAL DISCLOSURES continued

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

The process for assessing, identifying and managing climate-related risks is the same as for all principal risks, with responsibility sitting with the Board. It is described in the Principal risks and uncertainties section.

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

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

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

Investment and divestment – review of sustainability risks for investment decisions is undertaken by the Investment Committee. Geographical location plays an important part in the identification of physical risks during the due diligence process, for example through the use of flood and overheating risk assessments. Transition risks are identified through reviewing energy efficiency ratings, existing plant and machinery, construction type and an estimate of the investment required to deliver energy intensity targets aligned to our net zero operational commitment.

Where a risk is identified, we develop appropriate mitigation strategies in the case of new developments or reflect the risk in acquisition pricing if the risk is capable of mitigation to an acceptable level.

Metrics and targets

We are committed to transitioning to net zero carbon in alignment with the UK Government's 2050 target and with the goals of the Paris Agreement. Our Sustainability Strategy includes a net zero carbon commitment by 2030. This is built on our science-based targets approved by the SBTi, and a commitment under the RE100 scheme to purchase 100% renewable electricity by 2030.

We published our Net Zero Pathway during 2021, setting out the action we will take over the coming decade and will be reviewing both our climate-related targets and plans, and climate-related risks, in 2024 to ensure our net zero carbon transition plan remains credible and achievable.

As a residential landlord, our customers' energy use is included within our Scope 2 emissions, which provides us with a significant opportunity to reduce both our own and our customers' impact on the environment. Our strategy, as set out in our Net Zero Carbon Pathway, includes ambitious targets in response to the most material climate-related risks we face:

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

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

Our 2030 net zero carbon target covers both our operations and development activity. Our operations targets cover Scope 1+2 emissions from our buildings, including all building energy used by our student tenants, as well as selected Scope 3 emissions as per the BBP Climate Change Commitment.

Our development target covers Scope 3 emissions arising from the construction of new buildings, including embodied energy and construction activity, and a focus on making new buildings net zero carbon in operation. This target applies to properties delivered for us by our supply chain partners on a design-and-build basis, and new build properties purchased on a forward-funded basis from other developers. Further detail is available in our Net Zero Carbon Pathway and Sustainable Construction Framework, which also includes interim targets for embodied carbon reduction in our development pipeline.

CLIMATE-RELATED FINANCIAL DISCLOSURES continued

The table below sets out some key performance indicators that are linked to our 2023 sustainability targets on page 52.

	Performance				
KPI	**2019 base year**	**2021**	**2022**	**2023**	**2022–23 change**
Investment in energy efficiency	£2.2 million	£3 million	£13 million	**£8.2 million**	**£4.8m decrease**
Scope 1+2 (market-based) absolute emissions (tonnes CO_2e/yr)	29,502	13,178.0	12,957.7	**12,628.0**	**2.5% decrease**
Average energy intensity (kWh/m²/year)	122.6	113.4	115.6	**111.9**	**3.2% decrease**
EPC ratings by floor area	A–B 41.2% C 19.7% D–G 39.1%	A–B 36.4% C 19.4% D–G 44.3%	A–B 61.2% C 19.3% D–G 19.5%	**A–B 92.3% C 7.4% D–G 0.3%**	**19.2% increase in A–C rated floor area**
GRESB rating	72***	85****	84****	**86*****	**2 point improvement**
Water consumption per m² floor area (m³/bed)	1.6	40.1	45.5	**39.1**	**14.1% decrease**
% of electricity from renewable sources	61.1%	99.9%	99.9%	**99.9%**	**no change**
Total social investment	c.£1 million to Unite Foundation	£1.8 million	£2.0 million	**£2.4 million**	**20% increase**
Positive impact awards	66% Bronze 34% Gold	Programme suspended due to pandemic	100% bronze	**24% Bronze 52% Silver 24% Gold**	**Significant improvement**

We have c.£12 million of capital investment in energy efficiency planned for 2024, including LED lighting, air source heat pumps and improved heating controls, and are exploring options to bring more of our purchased electricity under long-term Power Purchase Agreements to meaningfully decarbonise our energy supply.

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

Energy consumption and Scope 1+2 greenhouse gas emissions have been externally verified by SGS in line with the requirements of ISO 14064-3:2019. Environmental performance data is also undergoing external assurance by SGS to a reasonable level of assurance in line with requirements of ISAE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, although this was still underway at time of publication. We review our performance against the metrics set out above on an ongoing basis as part of our business performance. Investment into sustainability measures is made with reference to these metrics and our individual asset transition plans have been developed to support our Net Zero Carbon Pathway. Should performance diverge from the required trajectory to 2030, we will assess and potentially accelerate interventions.

Cross industry, climate-related metrics

TCFD Metric	Amount or reference
GHG emissions	See above
Transition risks	0.3% of investment property portfolio, EPC D rated, or below
Physical risks	100% of investment property portfolio
Opportunities	100% of investment property portfolio
Capital deployment	£8.2 million in 2023; c.£10–12 million p.a. to reach net zero carbon by 2030
Internal carbon prices	Expect to be implemented in 2024
Remuneration	See Remuneration Report on page 127

PRINCIPAL RISKS AND UNCERTAINTIES

REFLECTING ON 2023

- Navigated the impacts of the cost-of-living crisis.
- Considered possible development scenarios for Unite Group as we move towards 2030 and the potential mitigations to meet our objectives.
- Engaged with our university partners and the wider sector to influence the impact of political risks.
- Enhanced our IT infrastructure and security.

OUR PRIORITIES FOR 2024

- Utilise new technologies to increase the likelihood of successful projects and programmes.
- Planning and development of our new financial and core systems and our alignment with upcoming legislative changes.
- Continually assess and challenge our maturity in cyber security.
- Continue to assess the impacts of macroeconomic factors on our strategy.

RESILIENT AND AGILE

Flexibility in our approach to risk management enables us to navigate a challenging macroeconomic environment, and positions us well against potential future impacts.

"Our approach to risk management enables informed and effective decisions to be taken, and supports the delivery of our operational and strategic objectives."

Mike Burt
Chief Financial Officer

Governance

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

Risk management

Our integrated risk management approach combines a top-down strategic view with a bottom-up operational view. The output is a number of strategic risks under seven categories.

The Board conducts a twice-yearly dedicated risk review. As part of this focused activity, the Board undertakes its assessment of the principal risks facing the Group, taking account of those risks that would threaten our business model, future performance, solvency or liquidity, or our ability to meet the Group's strategic objectives.

PRINCIPAL RISKS AND UNCERTAINTIES continued

The Board considers both internal and external factors when assessing our risks. During 2023, we also considered our long-term strategic aims and assessed both the opportunities and risks through an in-person scenario planning session. Looking ahead to 2024, there are a number of macroeconomic and political factors we have reviewed.

As part of the risk review process, the Board considers the appropriateness and relevance of the internal audit plan for the forthcoming year, looking to ensure that the focus areas for internal audit is consistent with our key risks.

OUR INTEGRATED RISK MANAGEMENT APPROACH

Internal Audit provides assurance on effectiveness of risk management process and testing of key controls

Top-down Strategic risk management	Bottom-up Operational risk management
Board/Audit & Risk, Sustainability and Health & Safety Committees	
Review external environment Robust assessment of principal risks Set risk appetite and parameters Determine strategic action points	Assess effectiveness of risk management process and internal control systems Report on principal risks and uncertainties
Executive Committee/Customer Leadership Team/Property Leadership Team	
Identify principal risks Direct delivery of strategic actions in line with risk appetite Monitor key risk indicators	Consider completeness of identified risks and adequacy of mitigating actions Consider aggregation of risk exposures across the business
Business units	
Execute strategic actions Report on key risk indicators	Report current and emerging risks Identify, evaluate and mitigate operational risks recorded in risk register

Monitor KPIs & risk controls and take appropriate action

OUTPUT – SEVEN RISK CATEGORIES

Market	Operational	Property/development	Technology	People	Sustainability/ESG	Financial
Manage our supply and demand risk	Minimise the risk of an incident	Deliver enhancements to our existing estate and a suitable development pipeline	Maintain a secure IT environment	Retain a high performing workforce	Meet our regulatory and publicly made commitments	Manage our balance sheet liquidity
Read more on page 72	Read more on page 73	Read more on page 74	Read more on page 78	Read more on page 75	Read more on page 76	Read more on page 79

In summary, we have considered the following factors when assessing our principal risks:

- Geopolitical instability, including the ongoing war in Ukraine, the conflict in Gaza and increasing tensions across the Middle East due to this. This has contributed to higher energy costs and general inflationary pressures across the UK.
- Increased levels of inflation for a prolonged period.
- Increases in interest rates from historic lows, which are unlikely to return in the short to medium term.
- A disrupted UK labour market with low unemployment and high vacancies leading to recruitment challenges and pay increases.
- Political change with a general election due before 31 January 2025, which may have implications for Higher Education and Housing Policy.

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Our risk appetite

The Group's risk appetite is considered as a fundamental part of the Board's strategy setting and annual budget – it does not happen in isolation. Our risk appetite is underpinned by our strategic objectives of:

- Delivering for our customers, employees and universities.
- Being a responsible and resilient business.
- Providing attractive returns for our shareholders.

During the year, the Board continued to regularly review and assess our risk appetite with a primary focus on the resilience of the business and its agility. This considered both threats to, and opportunities in, our business, as well as wider macro risk developments impacting the PBSA sector, the Higher Education sector, property market and the economy. When assessing our risks and any action required to bring them back within the tolerance of our risk appetite, we consider both the potential impact from a risk, together with the likelihood of the risk happening. Our overall risk appetite in the year was broadly unchanged from the previous financial year. While the impact of inflationary pressures is reducing, other macroeconomic factors and political uncertainty still exist and the Board continues to take a prudent approach to both risk and opportunity.

Stress testing/scenario planning and our Strategic Plan

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

During 2023, this scenario planning continued to closely monitor the external factors and the Board developed a wide range of scenarios and stress tests to assess our preparedness and ability to withstand adverse market conditions.

Fraud risk

The Group's internal controls and risk management processes work in tandem to minimise the likelihood of material fraud, both within the business and in our financial reporting. We consider the risk to asset misappropriation, fraudulent statements and corruption. The controls the Group has in place are designed to minimise the opportunity, motivation and rationalisation for individuals to find opportunities to commit fraud. Our IT and financial systems are designed with segregation of duties to ensure that individuals are not able to override management controls of end-to-end processes. Our internal Risk and Assurance team undertake independent audits across both operational and financial aspects of the business to verify that these controls are operational and would report any instances of fraud to senior management. Instances of material fraud would be reported to the Board.

Creating the right corporate culture for effective risk management

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

Our risk management framework

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

The Board

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

Owned by the Board and its Committees.

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

Risk management

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

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

Policies and controls

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

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

People and culture

Embedded risk management culture

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

OUR KEY RISK INDICATORS

Our service platform

Safety

Customer satisfaction

Employee engagement

Our properties

Gross asset value

Asset age

Occupancy

Rental growth

Energy efficiency

University partnerships

Safety

Higher Education Trust

Customer satisfaction

% Nominations

PRINCIPAL RISKS AND UNCERTAINTIES continued

Viability statement

The Directors have assessed the viability of the Group over a three-year period to December 2026, taking account of the Group's current position and the potential impact of its principal risks. The Directors consider the three-year lookout period to be the most appropriate as this aligns with the Group's own strategic planning period combined with the levels of planning certainty that can be derived from the development pipeline.

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

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

- Rental growth reduced to 2% p.a., reflecting principal risks 1–4.
- Cost growth of 4% p.a., allowing for further sustained increases in utility and other costs.
- Yield expansion of 50bps, approximately a 10% decline in asset values.
- Interest costs of 6% on all new and refinancing activity, reflecting principal risk 11.
- No further development commitments, disposals or acquisitions, reflecting principal risks 5 and 6.

The result of this scenario showed a significant deterioration in forecast performance, with earnings and NTA significantly reduced (to 46.1p and 856p respectively) in 2026 whilst leverage increased substantially to 39%. Despite the significant contraction in the size of the business over the forecast period, the business would remain viable under such a scenario, with no breaches of financial covenants.

We considered whether the Group's climate change principal risk would impact our assessment of the Group's viability in-line with principal risk 9. The business is considered viable with our net zero carbon strategy and asset transition plans. We also considered the conclusions of our resilience assessment in TCFD on page 58.

Following the recent policy changes aimed at reducing net migration, the UK is less attractive for international postgraduate taught students who can no longer bring dependant family members to the UK. We have limited direct exposure to the announced changes in visa policy as the majority of our rooms are single occupancy. With the Group achieving 99% occupancy for the 2023/24 academic year and a strong outlook for 2024/25, international student demand is not expected to impact the longer-term viability of the Group.

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

- Short-term debt covenant compliance.
- The Group's ability to arrange new debt/replace expiring debt facilities.
- Any adverse interest rate movements.

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

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

The outlook and future prospects beyond the viability period for the business remains strong, reflecting the underlying strength of student demand, our alignment to the strongest universities and the capabilities of our best-in-class operating platform. There are significant growth opportunities for the business created by the ongoing shortage of high quality and affordable purpose-built student accommodation, universities needing to deliver an exceptional student experience through their accommodation and the growing awareness of the benefits of PBSA among non-first-year students. Emerging risks to the outlook and prospects are identified and assessed through our broader risk management process.

Based on their assessment and the mitigating actions available, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to December 2026.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Summary of principal risks and uncertainties

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

PRINCIPAL RISK

Market

1 Risk description
A reduction in demand driven by geopolitical factors.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Maintain a diverse customer base to reduce our exposure in key demographic sectors	• Immigration policy changes affecting international students. • Travel restrictions placed on international students by their own government.	• Loss of income. • Reduction in demand affecting yield and asset values.	• Government dialogue. • Ongoing monitoring of government HE and immigration policy. • Develop markets with students in new countries.

2 Risk description
A reduction in demand driven by macroeconomic, customer value-for-money considerations and affordability.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Maintain our property portfolio to a high standard to ensure enduring relationships with the high- and mid-ranked universities, and consistently drive sales performance	• Lack of investment in the quality of our product offering. • Increased blended learning; more students remain at home. • Increased regulation over rents. • London weighting on loans and grants removed.	• Loss of income. • More competition and reduced demand for year-round student accommodation in the long term, resulting in lower profitability and asset values.	• Asset management of our properties, with our Estate team working alongside our Asset Management team to improve the experience for students. • Estate's five-year strategy being developed to review our portfolio to ensure we have a quality portfolio, appropriately sized and in the right locations.

3 Risk description
Increase in supply; as a maturing sector new entrants to the market will increase competition and could lead to a loss of market share.

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Key: Increased | Decreased | No change | E Emerging

PRINCIPAL RISK

Market continued

4 **Risk description**
Failure, or significant deterioration in performance, of a university partner. E

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Align our portfolio and partnerships to leading universities, who can demonstrate sustainable income plans	• A University partner breaches one or more banking covenants due to decreases in income and/or increases in cost pressures. • Loss of confidence in the HE sector or in a university's ability to deliver a suitable educational experience.	• Insolvency in university partner, leading to a loss of income. • Contagion of banking concerns leading to tighter financial covenants within the HE sector.	• Review of financial position of key partners using external data. • Regular conversation with vice chancellors and key university stakeholders.

PRINCIPAL RISK

Operational

5 **Risk description**
Major health and safety (H&S) incident in a property or a development site.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Minimise the risk of an incident that could impact the safety of our customers, contractors and employees	• Catastrophic fire, flood or other incident at a property. • Incident at construction site involving Unite Students employees or third-party contractors.	• Fatality or serious injury. • Disruption to occupation of buildings. • Reputational damage and loss of trust in Unite Students as a reliable partner.	• Business continuity plans. • Board-supervised Health & Safety Committee in place. • Highly skilled and experienced H&S team in place. • Leadership team is focused on H&S. • Expert external assurance on development safety risk. • Visible leadership for safety and wellbeing driven by our senior leaders. • Use of audits and external consultants. • Cladding programme to replace façades where appropriate. • Asset management of our properties, with our Estate team working alongside our Asset Management team to improve the condition of our properties and ensuring ongoing compliance.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Summary of principal risks and uncertainties continued

PRINCIPAL RISK

Property

6 **Risk description**
Inability to secure the best sites on the right terms, at a suitable level of return on investment.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Deliver a suitable development pipeline that supports the future growth of the business	• Challenging planning environment, including increased regulation in construction design. • Land scarcity and increased competition for the best sites. • Further increases in borrowing costs.	• Lost revenue where schemes are delayed while consents are agreed. • Inability to deliver the planned growth at a sustainable level. • Reduction in Earning per Share and/or Net Tangible Assets. • Reputation/brand damage when works are late/ongoing with students in occupation.	• Consult and lobby at a national and local level to promote the benefits of student accommodation. • Management of financial exposure to development sites through subject-to-planning deals which reduce up-front costs and fees. • Comprehensive due diligence is completed on unconditional sites prior to purchase, including seeking a pre-application assessment from the relevant local authority. • Clear planning and stakeholder consultation programme. • Using mixed-use sites strategically to gain positive planning outcomes.

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

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Key: Increased · Decreased · No change · E Emerging

PRINCIPAL RISK

People

8 **Risk description**
Loss of talent and capability, especially in High Performing, High Potential (HPHP) individuals and also people with specialist/industry knowledge and contacts. (Decreased)

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Retain a high performing workforce with suitable succession plans and a focus upon Diversity, Equality, Inclusivity, Belonging and Wellbeing (DEIBW) goals	• Lack of leadership development. • Lack of managed succession planning and opportunity for career advancement. • Ad hoc or uncoordinated training plans. • Lack of or poor performance management. • An insufficient pool of diverse and capable people. • Cost-of-living crisis driving wage inflation, inhibiting recruitment and staff wellbeing impacts. • Changes to legislation surrounding DEIBW.	• Inability to deliver business strategy in next five years. • High attrition rates, increasing costs. • Reputational impact of not meeting diversity and inclusion targets. • Loss of capability and knowledge from the business impacting on service levels. • Increased recruitment and wage cost. • Decreased employee engagement and subsequent increases in attrition rates.	• Highly skilled and experienced HR leadership team. • The Academy providing; training coordination and centralised tracking to ensure consistency. • New People Performance Framework launched. • An updated General Manager programme to ensure a best-in-class approach across our city teams. • Culture Matters engagement forum providing direct feedback from employees. • Talent review process for succession planning for key roles. • Bi-annual employee engagement survey and action plans.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Summary of principal risks and uncertainties continued

PRINCIPAL RISK

Sustainability

(more information about our Climate and Sustainability risks is included in page 48)

9 **Risk description**
Failure to meet sustainability-related (environmental, social & governance) external, public commitments and regulatory and reporting requirements.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
To meet sustainability-related (environmental, social & governance) external public commitments and regulatory requirements	• Lack of understanding of the commitment made and the component parts. • Lack of awareness or understanding of the regulatory requirements that the Company/ USAF/LSAV is obliged to meet. • No clear plan to deliver the required outputs. • Lack of engagement from the our people and our student customers on delivery of the commitments. • Further complex reporting requirements leading to an increasing reporting burden. • Activity, when delivered, fails to meet commitments' regulatory requirements.	• Non-compliance with regulations – regulatory action/fines/ penalties may follow. • Brand damage with resultant loss of revenue. • Loss of investor confidence/trust. • Increased costs as we fail to manage the requirements and plan ahead. • Potential reduction in Group credit ratings. • Loss of income and reduction in property values, if we are unable to let a building that is EPC non-compliant.	• Formal business policies in place and updated regularly. • Effective communication and reporting internally, to increase engagement and track progress, and externally, to keep stakeholders appraised of ambition and progress. • Ongoing stakeholder consultation and dialogue to ensure strategy and reporting are aligned. • Sustainability Strategy and Group Board Sustainability Committee well established. • Governance structure in place with clear Board oversight for climate-related issues. • Monitor performance against key targets and ESG ratings (SBTi carbon targets, GRESB, CDP, FTSE4Good, MSCI).

PRINCIPAL RISKS AND UNCERTAINTIES continued

Key: Increased | Decreased | No change | E Emerging

PRINCIPAL RISK

Sustainability continued

10 **Risk description**
Failure to meet external, public commitments and regulatory requirements in respect of climate and wider factors.
Failure to identify, mitigate or prepare for impact of climate-related physical and transition risks.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Mitigate and prepare for the impact of climate-related physical and transition risks	• Failure to prepare or adapt for increased frequency and severity of extreme weather events (flooding, high winds, heatwaves). • Increasing legislative burden (EPC Minimum Energy Efficiency Standards, Energy Saving Opportunity Scheme, Climate-related Financial Disclosure regulations, more stringent planning requirements and building regulations etc). • Increasing, volatile and unpredictable energy, carbon and water costs. • Failure to decarbonise energy supply due to cost or availability of renewable energy. • Failure to mitigate residual carbon emissions due to cost or availability of suitable neutralisation-based carbon offsetting. • Failure to meet increasing stakeholder expectations. • Insufficient prioritisation of investment in, or action on, climate change mitigation and adaptation. • Supply chain risks not managed.	• Damage to property. • Injury to people. • Disruption to supply chain. • Increased insurance costs. • Increased capital costs. • Potential for compensation payments being required and regulatory action/fines/penalties. • Brand damage with resultant loss of revenue. • Loss of investor confidence/trust. • Asset stranding/value write-downs; inability to dispose of assets that do not meet regulatory compliance standards.	• Engagement with supply chain to reduce Scope 3 supply chain emissions and improve climate resilience. • Utilities purchasing strategy to purchase only 100% REGO-backed renewable electricity that meets net zero carbon additionality requirements. • Proactive asset management and capital investment strategy to decarbonise portfolio, and adapt for physical impacts of climate change. • Incident management plan/procedures in place to react to extreme weather incidents efficiently and effectively. • Active horizon scanning for new/changes to legislation. • Governance structure in place with clear Board oversight for climate-related issues. • Monitor performance against key ESG targets (GRESB, TCFD, FTSE4Good, MSCI), with expectations set as to where we should be. • Adopt internal carbon price to incentivise decarbonisation and a neutralisation-based offsetting strategy to mitigate residual emissions. • Developed and published our Sustainable Construction Framework.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Summary of principal risks and uncertainties continued

PRINCIPAL RISK

Technology

11 **Risk description**
Significant loss of personal or confidential data or disruption to the corporate systems either through cyber attack or internal theft/error.
Falling victim to a cyber security incident, either targeted or at random.
Decreased operational capacity due to system disruption or incompatibility with new ways of working.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Maintain and enhance a secure IT environment that discourages attacks and informs us when issues have been detected and provides us with greater operational capacity	• Threat actors attempting to compromise systems through social engineering, prolonged remote attacks or physical access. • Changes to operational design, bringing requirements for improvements to digital infrastructure. • The actions of our people; both unintentional and intentional.	• Significant loss of personal or confidential data, or disruption to the corporate systems. • Reputational and/or financial damage with increased scrutiny including sanctions and fines. • Reduced benefits from operational efficiencies.	• Defined governance structure for Information Security. • Technical security controls aligned to SANS CIS Critical Security Controls. • Security Operations Centre (SOC) and Security Incident & Event Management (SIEM). • Information Security Incident Management procedures in place to react to any threats identified by our SOC & SIEM. • Full suite of awareness activities. • Agreed Information Security Strategy & Technical Security Roadmap. • Information Security and Data Protection policies in place. • Scheduled Internal Phishing campaigns. • Mimecast intercepts potentially harmful emails. • Monitoring of emerging cyber threats. • Programme and project-level governance, reporting and oversight.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Key: Increased | Decreased | No change | E Emerging

PRINCIPAL RISK

Financial

12 **Risk description**
Inability to fund our operations efficiently and deliver our future growth plans.

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

13 **Risk description**
Internal controls are exploited to allow individuals to gain from asset misappropriation, fraudulent financial statements and corruption.

Objective	Events that may trigger the risk	Potential impact	How we monitor and mitigate
Maintain adequate controls to minimise the likelihood of fraudulent activity	• Deficiencies in control design. • Inadequate segregation of duties. • Employee disengagement with the business or external motivation to act contrary to our values.	• Loss of assets or funds. • Significant loss of personal or confidential data or disruption to the corporate systems.	• Independent verification of year-end account by our external auditors. • Internal audit programme to review internal control of high-risk areas to the business. • Documented segregation of duties within IT and financial systems.

The Strategic Report on pages 2–79 was approved, on 27 February 2024, by the Board and is signed on its behalf by:

Joe Lister
Chief Executive Officer