UNITE STUDENTS

# CREATING A HOME FOR SUCCESS

**THE UNITE GROUP PLC**

Annual Report and Accounts 2023

## 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

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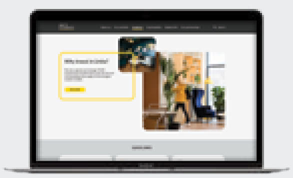
## OUR REPORTING SUITE

**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**

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**A RESPONSIBLE AND RESILIENT BUSINESS**

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**ATTRACTIVE RETURNS FOR SHAREHOLDERS**

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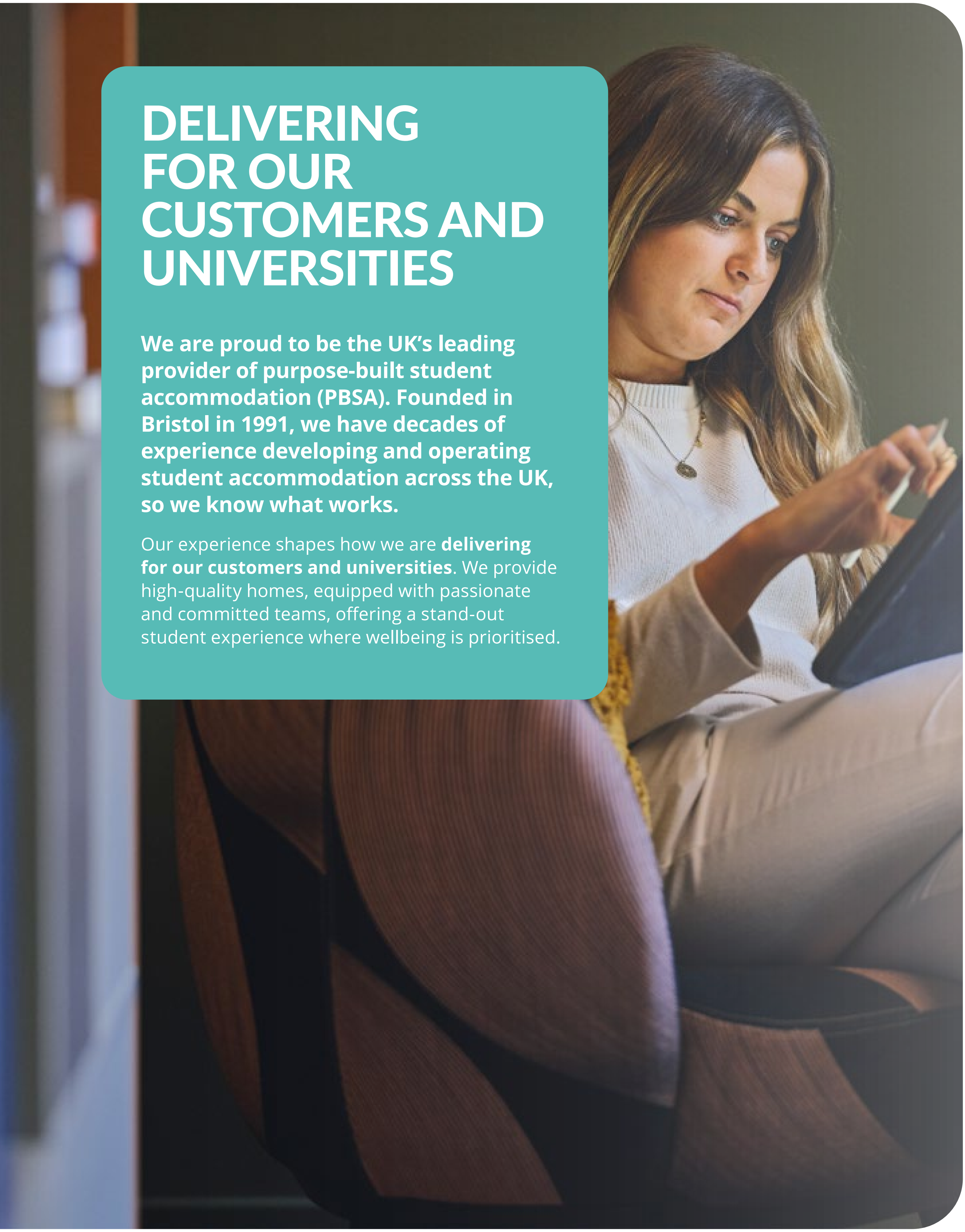
### GUIDED BY OUR VALUES

- 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.

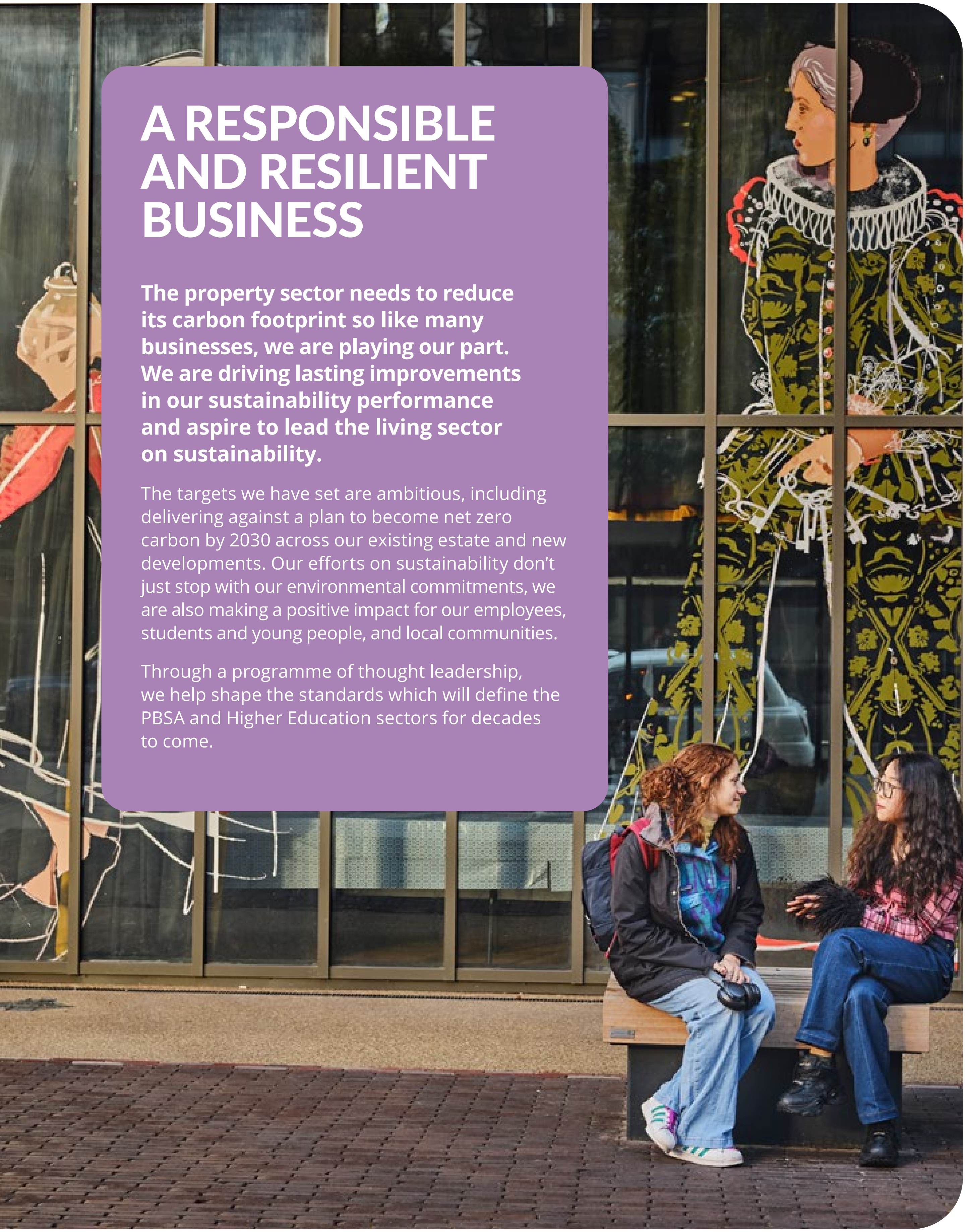
We provide these services through a partnership with Endsleigh Insurance, as part of our Support to Stay framework. The framework aims to give all students a supportive living environment so they can fulfil their potential, particularly when experiencing medical, physical or mental-health difficulties. 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.**

**OUR STRATEGY IN ACTION** continued



# 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$^2$.

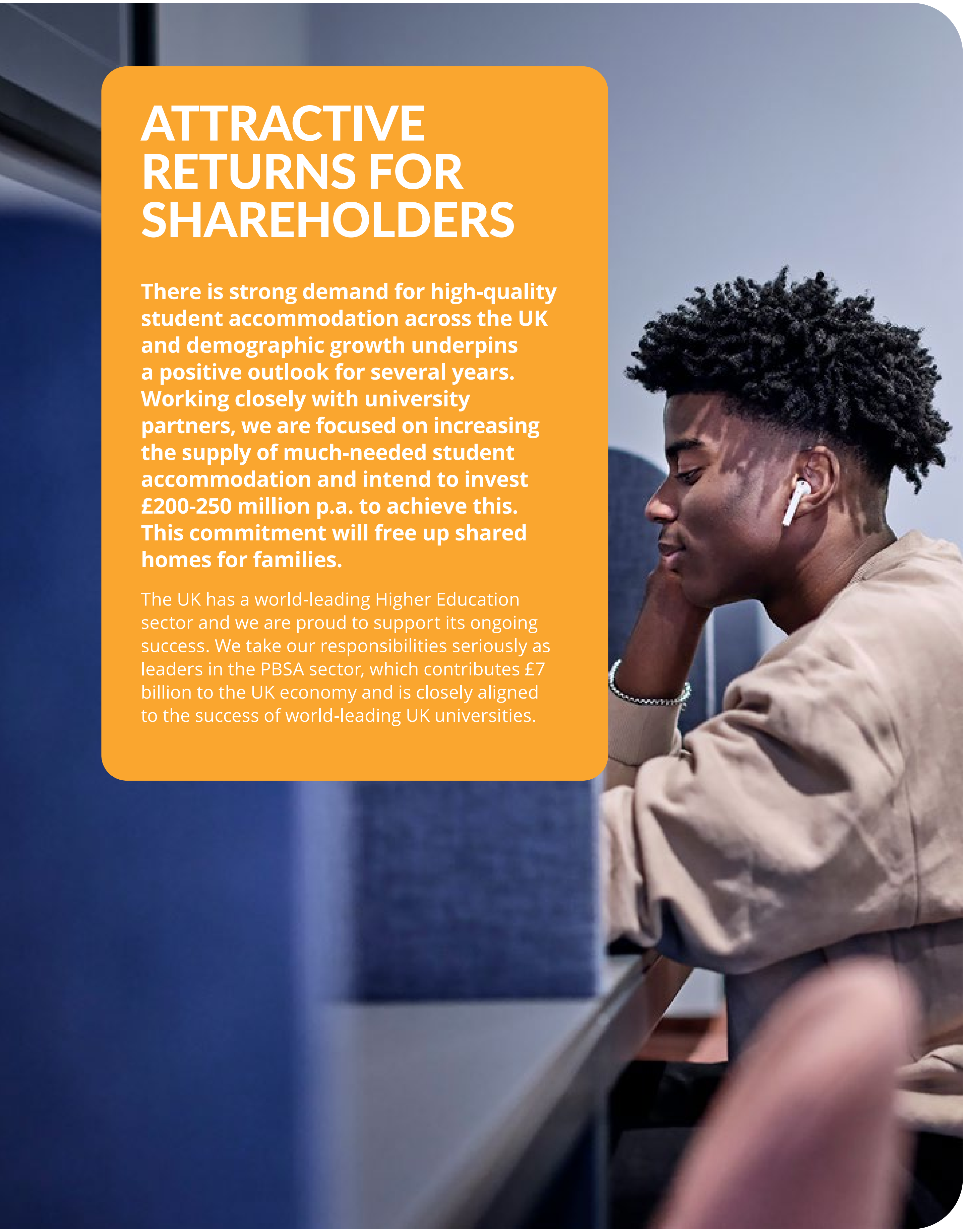
The framework shows our aspirations, also ensuring each development project delivers a great place to live and work.

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.

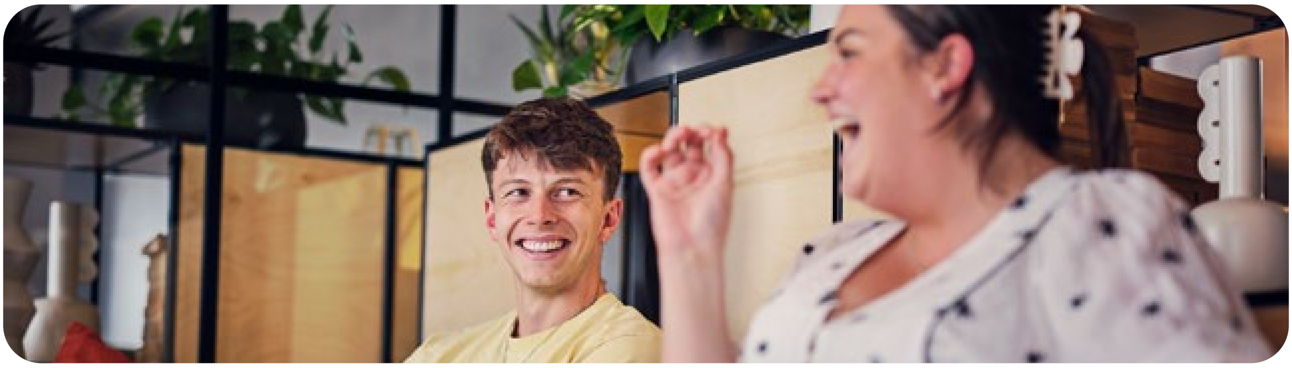
### Sector-leading operating margins

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.

# 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.

# 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.

**MARKET OVERVIEW** continued

# 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

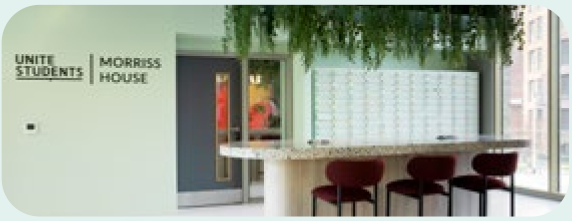
- Demand for new, long-term nomination agreements with universities.
- Opportunities for strategic university partnerships for on- and off-campus development, as well as the transfer of existing accommodation stock, requiring investment and repositioning.

## 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.

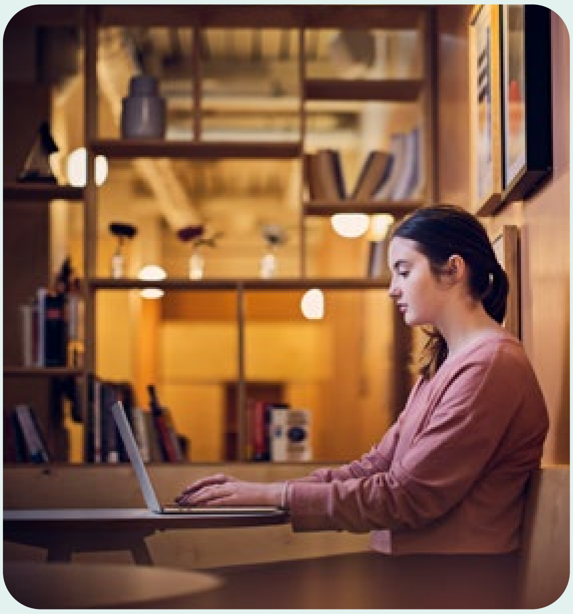
**MARKET OVERVIEW** continued

# 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

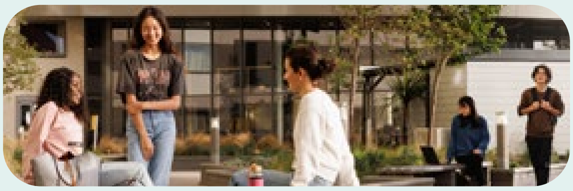
- Inflation has a positive impact on rental growth through the c.33% of our beds under nomination agreements with contractual uplifts linked to RPI or CPI. All of our beds are repriced annually, either based on open-market lettings, index-linked or fixed uplift nomination agreements. We will monitor 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.

## 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

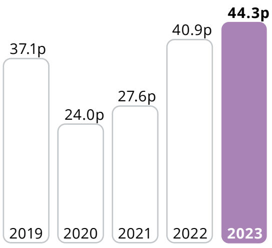
- We are focused on developing in the strongest markets where the supply/demand imbalance is greatest.
- We are targeting higher returns on new development activity to reflect the higher funding cost environment, which will require a reduction in land values or build costs as well as potentially increased 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**




### 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

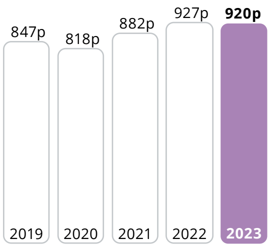
The business delivered a strong operational performance in 2023, with adjusted earnings of 44.3p, up 8% year-on-year. This reflects sustained occupancy of 99.8% and rental growth of 7.4% for the 2023/24 academic year.

### 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[1] (p)

**920p**




### 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

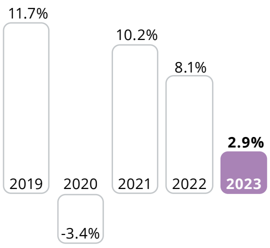
The NTA decrease reflects an increase in the value of the Unite Group's property portfolio, additional provisions for cladding remediation projects and retained profits.

### 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 (%)

**2.9%**




### 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

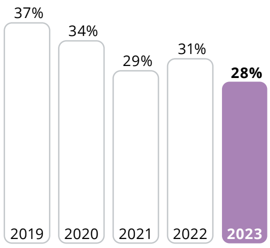
Dividends paid of 35.4p were the key driver, together with a small reduction in NTA.

### 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 (%)

**28%**




### 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.

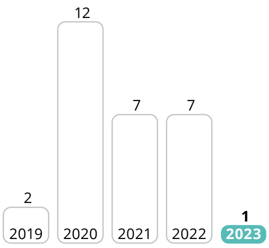
1. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Unite Group uses Alternative Performance Measures (APMs), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide 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

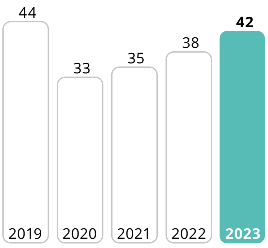
There was 1 RIDDOR with an accident frequency rate of 0.03 for 2023. There were no significant trends in terms of causation.

### 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

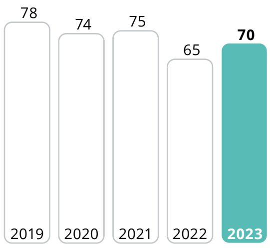
The Net Promoter Score for our 2023 student arrival check-in was +42, a 4-point improvement year-on-year, after adjusting for properties that were non-comparable due to cladding remediation works. Improvement in the score followed further training being delivered in our Class of '23 programme and the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

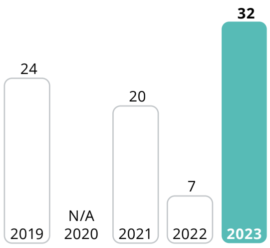
### Priorities going forward

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%).

# 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 670kg$CO_2$e/$m^2$, 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

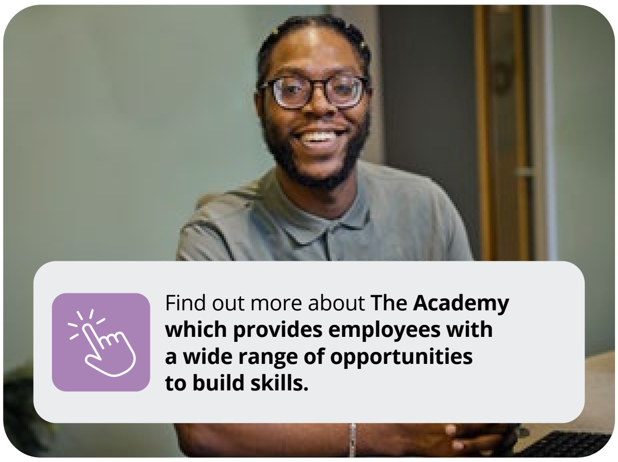
**Our ambition: Create real social value that meets local community needs.**

Community impact projects received Silver and Gold Positive Impact Awards

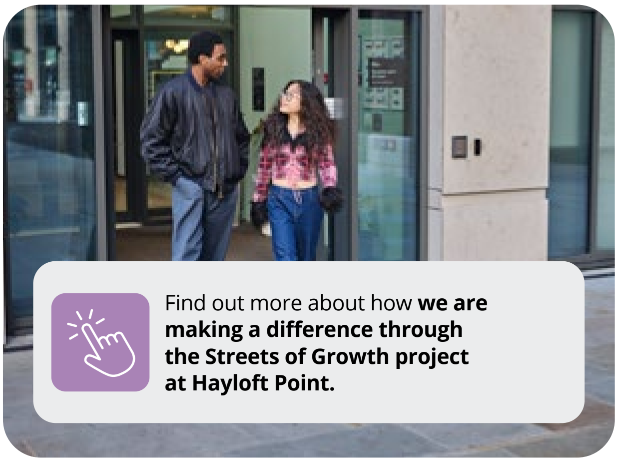
**29**

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**

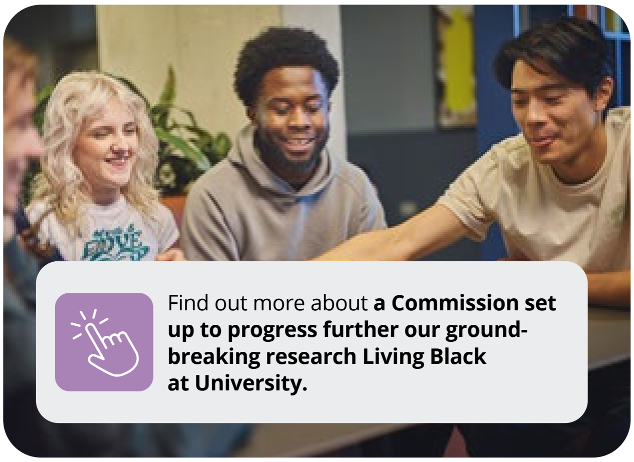
Customer NPS score improved from +38 in 2022 to
**+42**

## The environment

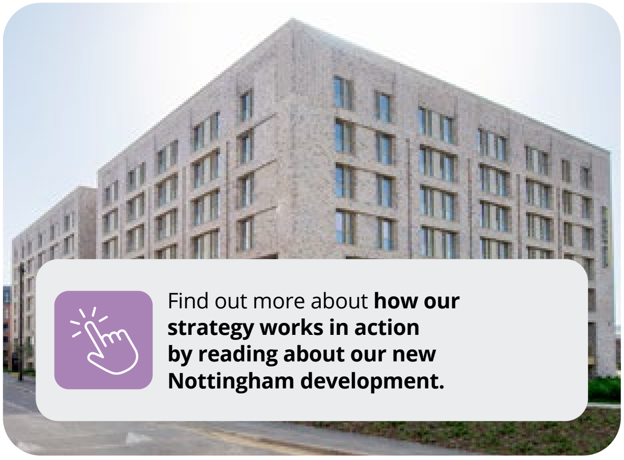
**Our ambition: Minimise our impact on the environment and create sustainable buildings.**

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.

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH

## 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.

3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 10 REDUCED INEQUALITIES

## 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.

8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES

## 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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND

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.<br>• 65% of leadership and management population hired internally.<br>• Employee engagement score of 75 or higher.<br>• Zero reportable accidents and incidents.<br>• Maintain Real Living Wage accreditation.<br>• 10% ethnic minority representation in management and senior leadership by end of 2025.<br>• Operations: reduce voluntary turnover to 35% by end of 2024.<br>• Support (incl. Property): reduce voluntary turnover to 15% by end of 2024. | • 1% of annual adjusted profits on social investment.<br>• All teams achieve Bronze award or higher in our Positive Impact sustainability engagement programme (bonus metric for all employees).<br>• 15% of all employees participate in volunteering in 2023. | • Maintain support to Unite Foundation.<br>• 100% of properties to have Resident Ambassadors.<br>• Customer Satisfaction (NPS) of +40 in 2023.<br>• 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.<br>• 56% cut in absolute Scope 1+2 market-based emissions by 2030 vs. 2019 base year (tonnes $CO_2$e) in line with SBTi validated carbon target.<br>• 28% reduction in operational energy intensity by 2030 vs. 2019 base year (kWh/m²) in line with CRREM.<br>• 100% renewable electricity by 2030 in line with our RE100 commitment.<br>• 35kWh/m² of operational energy consumption for new developments by 2023 in line with RIBA 2030 climate challenge.<br>• Net zero carbon by 2030: 625kg$CO_2$e/m² of embodied carbon for new developments by 2030 in line with RIBA 2030 climate challenge.<br>• All new builds target EPC A and BREEAM Excellent rating. |
| **Key progress in 2023** | • Maintained our commitment to the Real Living Wage.<br>• Improved employee engagement from 65 in 2022 to 70 in 2023.<br>• 73% of leadership and management population hired internally.<br>• 28% of women in senior leadership.<br>• Over 35,900 training events delivered through The Academy in 2023.<br>• Operations: Voluntary turnover of 32% in 2023.<br>• 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.<br>• 22% of all employees participating in volunteering during 2023.<br>• 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.<br>• Published guidance to wider HE sector on meeting the needs of neurodivergent students, co-created with students at the University of Bristol.<br>• 106 accommodation scholarships awarded through the Unite Foundation.<br>• Customer Satisfaction (NPS) of +42 in 2023.<br>• 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.<br>• Launched new Sustainable Construction Framework, another key step on our route to Net Zero Carbon.<br>• Launched new Supplier Code of Conduct and sustainable procurement policy.<br>• 99.7% of floor area EPC A–C rated by end of 2023, up from 80.5% in 2022.<br>• Achieved design stage new build operational energy consumption of 70kWh/m² and embodied carbon of 801kg$CO_2$em² 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**. |

# 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**.

**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 | $kgCO_2e/m^2$ | 28.8 | 23.0 | 22.0 | **22.4** | **1.8%** |
| | Market-based | $kgCO_2e/m^2$ | 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 tonnes$CO_2$e (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 $CO_2$e. 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.

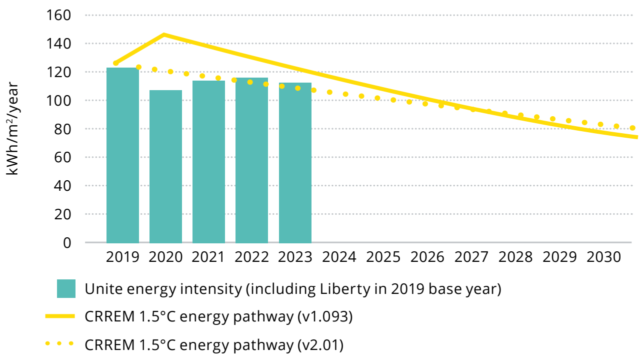
### Reporting boundaries

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.

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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.

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## 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.

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### 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.

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## 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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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 $CO_2$e/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%<br>C 19.7%<br>D–G 39.1% | A–B 36.4%<br>C 19.4%<br>D–G 44.3% | A–B 61.2%<br>C 19.3%<br>D–G 19.5% | **A–B 92.3%<br>C 7.4%<br>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<br>34% Gold | Programme suspended due to pandemic | 100% bronze | **24% Bronze<br>52% Silver<br>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**

**Monitor KPIs & risk controls and take appropriate action**

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

### 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.

**PRINCIPAL RISKS AND UNCERTAINTIES** continued

# Our risk management framework

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

### The Board

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

Owned by the Board and its Committees.

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

### Risk management

Risk management and assurance framework overseen by the Audit & 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.<br>• Travel restrictions placed on international students by their own government. | • Loss of income.<br>• Reduction in demand affecting yield and asset values. | • Government dialogue.<br>• Ongoing monitoring of government HE and immigration policy.<br>• 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.<br>• Increased blended learning; more students remain at home.<br>• Increased regulation over rents.<br>• London weighting on loans and grants removed. | • Loss of income.<br>• 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.<br>• 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.<br>• Unite Students fails to invest in its brand.<br>• Unite Students does not keep pace with customer expectations. | • More competition for the best sites.<br>• Potential impact on rental growth and occupancy.<br>• Reduced revenue and increased costs associated with part-filled accommodation. | • Disciplined investment approach to markets with supply/demand imbalance.<br>• Exposure to the best universities with our new developments secured with nomination agreements.<br>• Geographically diverse portfolio.<br>• Broad range of product and price offerings.<br>• Long-term partnership arrangements with universities.<br>• Actively driving differentiation through our brand investment and promises.<br>• 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.<br>• 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.<br>• Contagion of banking concerns leading to tighter financial covenants within the HE sector. | • Review of financial position of key partners using external data.<br>• 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.<br>• Incident at construction site involving Unite Students employees or third-party contractors. | • Fatality or serious injury.<br>• Disruption to occupation of buildings.<br>• Reputational damage and loss of trust in Unite Students as a reliable partner. | • Business continuity plans.<br>• Board-supervised Health & Safety Committee in place.<br>• Highly skilled and experienced H&S team in place.<br>• Leadership team is focused on H&S.<br>• Expert external assurance on development safety risk.<br>• Visible leadership for safety and wellbeing driven by our senior leaders.<br>• Use of audits and external consultants.<br>• Cladding programme to replace façades where appropriate.<br>• 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.<br>• Land scarcity and increased competition for the best sites.<br>• Further increases in borrowing costs. | • Lost revenue where schemes are delayed while consents are agreed.<br>• Inability to deliver the planned growth at a sustainable level.<br>• Reduction in Earning per Share and/or Net Tangible Assets.<br>• 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.<br>• Management of financial exposure to development sites through subject-to-planning deals which reduce up-front costs and fees.<br>• Comprehensive due diligence is completed on unconditional sites prior to purchase, including seeking a pre-application assessment from the relevant local authority.<br>• Clear planning and stakeholder consultation programme.<br>• 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.<br>• Construction risk – build-cost inflation due to external market factors.<br>• Construction execution risk – delivery delays impacting labour/materials coming from outside the UK.<br>• Delays in executing our disposals programme.<br>• 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.<br>• Reputational impact of delivering a scheme late, leaving students without accommodation.<br>• 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.<br>• 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.<br>• Strong relationships with construction partners.<br>• Group Board approval for commitments above a certain threshold.<br>• Financial investment in schemes carefully managed prior to grant of planning.<br>• Detailed due diligence before site acquisition.<br>• Build-cost inflation regularly appraised and refreshed.<br>• Mid-sized framework contractors used and longer-term relationships established.<br>• 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.

| 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.<br>• Lack of managed succession planning and opportunity for career advancement.<br>• Ad hoc or uncoordinated training plans.<br>• Lack of or poor performance management.<br>• An insufficient pool of diverse and capable people.<br>• Cost-of-living crisis driving wage inflation, inhibiting recruitment and staff wellbeing impacts.<br>• Changes to legislation surrounding DEIBW. | • Inability to deliver business strategy in next five years.<br>• High attrition rates, increasing costs.<br>• Reputational impact of not meeting diversity and inclusion targets.<br>• Loss of capability and knowledge from the business impacting on service levels.<br>• Increased recruitment and wage cost.<br>• Decreased employee engagement and subsequent increases in attrition rates. | • Highly skilled and experienced HR leadership team.<br>• The Academy providing; training coordination and centralised tracking to ensure consistency.<br>• New People Performance Framework launched.<br>• An updated General Manager programme to ensure a best-in-class approach across our city teams.<br>• Culture Matters engagement forum providing direct feedback from employees.<br>• Talent review process for succession planning for key roles.<br>• 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.<br>• Lack of awareness or understanding of the regulatory requirements that the Company/ USAF/LSAV is obliged to meet.<br>• No clear plan to deliver the required outputs.<br>• Lack of engagement from the our people and our student customers on delivery of the commitments.<br>• Further complex reporting requirements leading to an increasing reporting burden.<br>• Activity, when delivered, fails to meet commitments' regulatory requirements. | • Non-compliance with regulations – regulatory action/fines/ penalties may follow.<br>• Brand damage with resultant loss of revenue.<br>• Loss of investor confidence/trust.<br>• Increased costs as we fail to manage the requirements and plan ahead.<br>• Potential reduction in Group credit ratings.<br>• 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.<br>• Effective communication and reporting internally, to increase engagement and track progress, and externally, to keep stakeholders appraised of ambition and progress.<br>• Ongoing stakeholder consultation and dialogue to ensure strategy and reporting are aligned.<br>• Sustainability Strategy and Group Board Sustainability Committee well established.<br>• Governance structure in place with clear Board oversight for climate-related issues.<br>• 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).<br>• 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).<br>• Increasing, volatile and unpredictable energy, carbon and water costs.<br>• Failure to decarbonise energy supply due to cost or availability of renewable energy.<br>• Failure to mitigate residual carbon emissions due to cost or availability of suitable neutralisation-based carbon offsetting.<br>• Failure to meet increasing stakeholder expectations.<br>• Insufficient prioritisation of investment in, or action on, climate change mitigation and adaptation.<br>• Supply chain risks not managed. | • Damage to property.<br>• Injury to people.<br>• Disruption to supply chain.<br>• Increased insurance costs.<br>• Increased capital costs.<br>• Potential for compensation payments being required and regulatory action/fines/penalties.<br>• Brand damage with resultant loss of revenue.<br>• Loss of investor confidence/trust.<br>• 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.<br>• Utilities purchasing strategy to purchase only 100% REGO-backed renewable electricity that meets net zero carbon additionality requirements.<br>• Proactive asset management and capital investment strategy to decarbonise portfolio, and adapt for physical impacts of climate change.<br>• Incident management plan/procedures in place to react to extreme weather incidents efficiently and effectively.<br>• Active horizon scanning for new/changes to legislation.<br>• Governance structure in place with clear Board oversight for climate-related issues.<br>• Monitor performance against key ESG targets (GRESB, TCFD, FTSE4Good, MSCI), with expectations set as to where we should be.<br>• Adopt internal carbon price to incentivise decarbonisation and a neutralisation-based offsetting strategy to mitigate residual emissions.<br>• 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.<br>• Changes to operational design, bringing requirements for improvements to digital infrastructure.<br>• The actions of our people; both unintentional and intentional. | • Significant loss of personal or confidential data, or disruption to the corporate systems.<br>• Reputational and/or financial damage with increased scrutiny including sanctions and fines.<br>• Reduced benefits from operational efficiencies. | • Defined governance structure for Information Security.<br>• Technical security controls aligned to SANS CIS Critical Security Controls.<br>• Security Operations Centre (SOC) and Security Incident & Event Management (SIEM).<br>• Information Security Incident Management procedures in place to react to any threats identified by our SOC & SIEM.<br>• Full suite of awareness activities.<br>• Agreed Information Security Strategy & Technical Security Roadmap.<br>• Information Security and Data Protection policies in place.<br>• Scheduled Internal Phishing campaigns.<br>• Mimecast intercepts potentially harmful emails.<br>• Monitoring of emerging cyber threats.<br>• 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.<br>• Reduced access to capital markets due to external factors e.g. global financial crisis.<br>• Significant reduction in revenue, or other adverse business event, affecting the market's perception of Unite Students' risk and future performance.<br>• 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).<br>• Possible forced sales at below valuation.<br>• Slowdown in development activity.<br>• 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.<br>• Minimum hedge ratio of 75% is defined in the COGs. Debt is fixed rate or hedged with swaps or caps.<br>• Revolving Credit Facility to provide liquidity headroom.<br>• Treasury Committee routinely reviews capital commitment.<br>• Maintain good relationships with lenders.<br>• We manage the balance sheet ratios defined in capital operating guidelines.<br>• Funding strategy periodically approved by the Board.<br>• Monitoring of covenants across a range of income scenarios and risks.<br>• 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.<br>• Inadequate segregation of duties.<br>• Employee disengagement with the business or external motivation to act contrary to our values. | • Loss of assets or funds.<br>• Significant loss of personal or confidential data or disruption to the corporate systems. | • Independent verification of year-end account by our external auditors.<br>• Internal audit programme to review internal control of high-risk areas to the business.<br>• 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

## CHAIR'S INTRODUCTION TO GOVERNANCE

### BOARD FOCUS AREAS IN 2023

- **Delivering for our customers and universities:** oversight of in-year investment in our operating platform, with the launch of our new Support to Stay framework, alongside longer-term investment in our digital capabilities and technology platform.
- **Responsible and resilient business:** oversight of progression in our net zero carbon 2030 journey with the launch of our Sustainable Construction Framework, our roadmap to sustainable design and construction for new developments and refurbishments kickstarted in 2023, as well as over £8.2 million in energy-efficient capital projects.
- **Attractive returns for our shareholders:** a focus on earnings, balancing strong rental growth with customer affordability and our university partnerships, whilst overseeing longer-term growth opportunities through a sustainable development pipeline.
- **Safety:** ensuring a safe and secure home with a continued focus on customer safety and wellbeing, providing access to a 24/7 Student Wellbeing Helpline and Digital Therapy services, alongside completing fire safety improvements on 16 buildings across our estate during 2023 and plans for our ongoing future remediation.
- **Board succession planning and diversity:** CEO and CFO succession planning alongside bringing wider diversity to the Board.

# BOARD GOVERNANCE OVERSEEING STRONG PERFORMANCE IN A CHALLENGING ECONOMIC ENVIRONMENT

*"We continue to see increasing demand for high-quality, purpose-built student accommodation. Affordability and ongoing cost-of-living pressures continue to be key concerns for students, parents and universities and the Board continues to oversee how we deliver high-quality, safe and secure, value-for-money homes for our customers and university partners."*

**Richard Huntingford**
Chair

The Board and our Committees govern the business with a focus on our three strategic objectives, balancing in-year operational and financial performance with longer-term responsible and sustainable performance. The Board oversees how we will keep delivering for our customers and universities through ongoing investment in our best-in-class operating platform. With increasing wellbeing concerns among young people, we introduced an enhanced Support to Stay framework in 2023. The business was named the Student Accommodation Operator of the Year at Property Week's RESI Awards 2023, for a second year running, recognising our people's commitment to supporting customers' mental and physical health alongside wider diversity and inclusion initiatives. This award comes from the hard work, kindness and dedication of our people serving our customers and living by our values, especially creating room for everyone and keeping us safe. On behalf of the Board, I would like to thank them for another excellent year.

## CHAIR'S INTRODUCTION TO GOVERNANCE continued


The Board's focus on our second strategic objective, creating a responsible and resilient business, continues as we implement our Sustainability Strategy. Through the detailed work of the Sustainability Committee, we continue to oversee progress towards becoming net zero carbon across our operations and developments by 2030, as well as ensuring compliance with future energy performance certificate (EPC) requirements. This work also extends to wider social and community initiatives, overseeing wider access to Higher Education through the Unite Foundation and sector-leading diversity research in Higher Education. For more detail, see Sustainability on page 48 and the Sustainability Committee report on page 120.

Alongside the Board's focus on our customers, university partners and being a responsible business, the Board also continued its focus on delivering attractive returns for shareholders, carefully balancing optimal occupancy with rental growth and affordability. These returns depend on the quality, location and scale of our portfolio and through 2023 the Board oversaw the delivery of 1,620 new or refurbished beds, along with new sites in strong university locations (Nottingham, Bristol, Stratford (London) and Glasgow), delivering long-term growth through a sustainable development pipeline.

The safety of our customers and employees is one of our key risks and a key governance area for the Board. In 2023, the Board continued its focus and substantial investment in fire safety, completing fire safety improvements on 16 buildings across our estate. The Health & Safety Committee Report on page 123 provides more information on our safety governance.

On 31 December 2023, Richard Smith stepped down as Chief Executive, after 13 years with Unite Students and being Chief Executive since 2016. Richard has played a key role in the success and growth of Unite Students and on behalf of the Board and everyone at Unite Students, I would like to thank him and wish him well for the future.

Joe Lister was appointed as Chief Executive, having been with Unite Students for 22 years and spending 15 years as our Chief Financial Officer. Following Joe's appointment as CEO, Mike Burt, our Group Investment Director, was promoted to Chief Financial Officer and joined the Board on 1 January 2024. I very much look forward to working with them in their new roles and am confident that under Joe's leadership, Unite Students can continue to build on its success to date.

During 2023, we also welcomed Angela Jain to the Board as a Non-Executive Director. Angela brings a wealth of knowledge and understanding of young people and their changing needs, along with wide-ranging digital, brand and communication expertise, from her extensive experience in unscripted television focused on younger audiences. I am delighted she has joined the Board and look forward to working with her.

The Board continues to see increasing demand for high-quality, purpose-built student accommodation in the cities and with the universities where we are located. Affordability and ongoing cost-of-living pressures continue to be key concerns for students, parents and universities and the Board continues to oversee how we deliver high-quality, safe and secure, value-for-money homes for our customers and university partners.

The following pages explain how our governance has supported the delivery of our strategy through 2023 and how it will continue to support our growth and sustainability in the longer-term.

**Richard Huntingford**
Chair

27 February 2024

# BOARD OF DIRECTORS

## Richard Huntingford

Chair

N A R H S

## Joe Lister

Chief Executive Officer

N A R H S

## Mike Burt

Chief Financial Officer

N A R H S

Richard joined the Board on 1 December 2020 and became Chair on 1 April 2021. Richard became Chair of the Nomination Committee on the same date.

**Relevant skills, experience and contribution**

Richard is a chartered accountant, and has over 30 years of plc board experience including as Chief Executive of Chrysalis Group plc between 2000 and 2007 and as a Non-Executive Director of Virgin Mobile Holdings (UK) plc. His Chair roles have included Wireless Group plc (formerly Media plc), Creston plc and Crown Place VCT plc and Richard is currently Chair of Future plc.

Richard's proven FTSE Chair experience and wider Non-Executive and Executive experience helps us ensure best practice in Board effectiveness and corporate governance. His wealth of experience in public company governance and leadership, corporate finance, investment, business development, investor relations and media helps us drive our strategy development and effective engagement with our wider stakeholders.

**External appointments**

- Future plc (Chair)

Joe Lister was appointed Chief Executive Officer with effect from 1 January 2024.

Joe joined Unite Students in 2002 and was previously Chief Financial Officer (since January 2008) and before that held a variety of roles including Investment Director and Corporate Finance Director.

**Relevant skills, experience and contribution**

Through his various roles at Unite Students, Joe has been integral to the design and delivery of the Group's strategy, sustainable growth and financial performance with his deep experience of our business and the sector.

As Chief Executive, Joe now leads on the development, implementation and communication of the Group's strategy and ongoing performance.

**External appointments**

- Helical PLC (Non-Executive Director)

Mike joined Unite Students in 2019 and became Chief Financial Officer on 1 January 2024, after working as the Group's Investment Director.

**Relevant skills, experience and contribution**

Mike has a wealth of financial experience, having started his career working in corporate finance across a range of sectors. Prior to joining Unite Students, Mike spent 10 years as a research analyst covering real estate companies in the UK and on the Continent, most recently at Exane BNP Paribas.

Mike has a strong track record of leading our investor relations, sustainability commitments, and as a member of the Executive team. Prior to his appointment as Chief Financial Officer, Mike was responsible for our investment strategy and asset management.

**External appointments**

None

## **BOARD OF DIRECTORS** continued

### Nicky Dulieu

Senior Independent Director

N A R H S

### Ross Paterson

Non-Executive Director

N A R H S

Nicky joined the Board on 1 September 2022 and was appointed Senior Independent Director and Chair of the Remuneration Committee with effect from 1 March 2023.

**Relevant skills, experience and contribution**

Nicky is a chartered accountant and a proven business leader with an established plc track record and extensive experience in consumer-facing markets, including as Chief Executive of Hobbs between 2008 and 2014. Prior to this, Nicky was also the Finance Director of Marks & Spencer's Food Division in a career at the retailer spanning 1982–2005.

Nicky has extensive Non-Executive Director experience, which includes chairing remuneration and audit committees, and as a Senior Independent Director. Nicky's previous board appointments include Marshall Motor Holdings, Huntsworth and Notcutts.

As Senior Independent Director of Unite Group, Nicky supports the Chair in the effective running of the Board, and as Chair of the Remuneration Committee, helps ensure the Executive Directors' and broader senior leadership's remuneration is aligned to the long-term sustainable success of Unite Group.

**External appointments**

- WH Smith Plc (Non-Executive Director)
- Redrow Plc (Senior Independent Director)

Ross joined Unite Students in September 2017 and became the Audit Committee Chair in January 2018.

**Relevant skills, experience and contribution**

Ross is a former Chief Financial Officer of Stagecoach Group and Non-Executive Director of Virgin Rail Group Holdings Limited. Ross has experience in finance, business development and legal, gained from his finance role at Stagecoach Group.

Ross contributes to the Board with his many years' experience of managing finance in a complex operational business similar to our own. He also brings valued insight to innovation as we continue to enhance our service offer for student customers. Ross uses his financial and broader business experience as Chair of the Audit & Risk Committee, helping oversee the Unite Group's financial rigour and delivery.

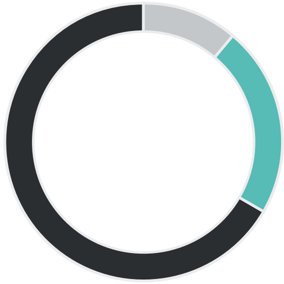
**External appointments**

- Institute of Chartered Accountants of Scotland (Business Policy Panel member)

### Committee key

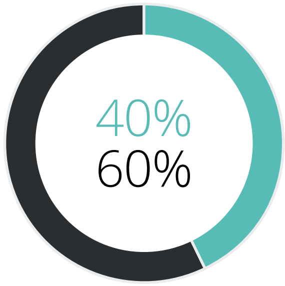
- N Nomination Committee member
- A Audit & Risk Committee member
- R Remuneration Committee member
- H Health & Safety Committee member
- S Sustainability Committee member
- C Committee Chair

### Composition of the Board



| | |
|---|---|
| Chair | 1 |
| Executive Directors | 2 |
| Non-Executive Directors | 7 |

### Gender diversity




| | |
|---|---|
| Female | 4 |
| Male | 6 |

### Non-Executive Director Independence

| | |
|---|---|
| Non-Executive Directors | 1 |
| Independent Non-Executive Directors | 6 |

## BOARD OF DIRECTORS continued

**Ilaria del Beato**
Non-Executive Director
N A R H S

**Dame Shirley Pearce**
Non-Executive Director
N A R H S

**Thomas Jackson**
Non-Executive Director
N A R H S

Ilaria was appointed a Non-Executive Director in December 2018. Ilaria is also our Designated Non-Executive Director for Workforce Engagement.

### Relevant skills, experience and contribution

Ilaria is CEO of Frasers Property UK, part of Frasers Property, a global real estate group. Ilaria was formerly CEO of GE Capital UK, a regulated bank and corporate lender and led GE Capital Real Estate UK, a commercial real estate investor, developer and lender.

Ilaria brings over 30 years of experience in real estate, including asset management, investment and lending, to the Unite Group. This experience is vital to the Unite Group as we navigate the ongoing and upcoming market uncertainties and increasing professionalisation of the sector.

### External appointments

- Frasers Property UK (CEO)

Dame Shirley joined the Board in November 2019 as a Non-Executive Director and was appointed Chair of our Sustainability Committee in June 2021.

### Relevant skills, experience and contribution

Dame Shirley has held Chair, senior Executive and Non-Executive roles at board level in Higher Education, health and policing, with experience of both the public and private sectors. She was Vice Chancellor of Loughborough University from 2006–2012 and was board member at the Higher Education Funding Council for England, the Universities and Colleges Employers Association, and the Healthcare Commission, as well as a Non-Executive Director of Health Education England, and the Norfolk, Suffolk and Cambridgeshire Strategic Health Authority. She was appointed CBE in 2005 for services to education in the NHS and in 2014 appointed DBE for services to Higher Education.

Dame Shirley brings her wide-ranging and hands-on experience in the Higher Education sector to the Board, which is especially critical at a time of ongoing change in the sector. As Chair of the Sustainability Committee, Shirley helps ensure appropriate oversight of our Sustainability Strategy.

### External appointments

- Higher Education Quality Assurance Panel for the Ministry of Education in Singapore
- Royal Anniversary Trust (Trustee)
- HCA (Advisory Board member)

Thomas joined as a Non-Executive Director in November 2019 following the Unite Group's acquisition of Liberty Living from Canada Pension Plan Investment Board (CPPIB).

### Relevant skills, experience and contribution

Thomas has been the head of CPP Investments' UK real estate business since 2015 and is responsible for CPP Investments' entry into a number of new real estate sectors, including student housing, life sciences and the build-to-rent sector. In addition to sitting on our Board, he sits on a number of CPP Investments' office, retail and logistics joint venture boards. Beyond the UK, he is responsible for CPP Investments' real estate investment activity in Germany and the CEE regions.

Thomas was previously a Vice President in the real estate investment banking team at Macquarie Bank and focused on M&A transactions within the UK and European public and private real estate companies.

He brings wide-ranging real estate experience from the student housing sector and wider build-to-rent sector. His international experience is invaluable for the Board, helping provide a wider perspective on developments in real estate as the Board progresses further its strategic thinking.

### External appointments

- Canada Pension Plan Investment Board (Managing Director, Head of Real Estate, UK)

# BOARD OF DIRECTORS continued

**Professor Sir Steve Smith**
Non-Executive Director
N A R H S

**Angela Jain**
Non-Executive Director
N A R H S

**Chris Szpojnarowicz**
Company Secretary
N A R H S

Professor Sir Steve joined the Board on 1 April 2020 and was appointed Chair of our Health & Safety Committee in July 2020.

### Relevant skills, experience and contribution

Professor Sir Steve brings his wealth of experience in the Higher Education sector. He was the Vice-Chancellor and Chief Executive of the University of Exeter from 2002 to August 2020. Sir Steve was the President of Universities UK (UUK) (2009–2011), Chair of UCAS (2012–2019), served on the boards of UUK and the Russell Group, and was Chair of the UUK International Policy Network (2014–2020).

Between 2007 and 2010, he led for Higher Education on the Prime Minister's National Council of Excellence in Education, which provided advice to government about strategy and measures to achieve world-class education performance for all children and young people. Sir Steve was knighted in 2011 for services to Higher Education locally and nationally.

His extensive experience in the Higher Education sector contributes to the way the Board navigates a changing Higher Education sector, particularly the development of strong university partnerships. Sir Steve Chairs our Health & Safety Committee.

### External appointments

- Chair of the Liveable Exeter Place Board
- Trustee for Fulbright Programme

Angela was appointed a Non-Executive Director on 1 August 2023.

### Relevant skills, experience and contribution

Angela works in the commercial television industry and for the past 12 years has held Senior Executive roles at ITV. She is currently Director of Unscripted, UK.

Having sat on the boards of BusinessLDN and ITN, Angela brings with her strong insights into the broader business community, government and key stakeholders.

Through Angela's experience with younger audiences, particularly relating to wellbeing and safeguarding, she contributes to the Board's better understanding of the needs, wants and behaviours of Unite Students' customer base.

### External appointments

- ITV (Director of Unscripted, UK)

Chris was appointed Company Secretary and Unite Group Legal Director in 2013.

### Relevant skills, experience and contribution

Prior to Unite Students, Chris held General Counsel roles at GE, MTV Networks and other multinationals. He was previously an M&A/corporate and commercial lawyer at Clifford Chance and Baker McKenzie. Chris uses his general counsel and corporate/commercial legal experience to ensure our corporate and risk governance is aligned with our business activity.

### External appointments

- The West of England Friends Housing Society (Board Trustee)

**Committee key**

- N Nomination Committee member
- A Audit & Risk Committee member
- R Remuneration Committee member
- H Health & Safety Committee member
- S Sustainability Committee member
- C Committee Chair

# BOARD STATEMENTS

**Under the UK Corporate Governance Code, the Board is required to make a number of statements.**

**These statements are set out below:**

## Compliance with the Code

| Requirement | Board statement | More information |
|---|---|---|
| The Unite Group PLC is listed on the London Stock Exchange and is subject to the requirements of the UK Corporate Governance Code 2018 (the Code). The Board is required to apply the principles of the Code and to either comply with the provisions of the Code or, where it does not, explain the reasons for non-compliance.<br><br>The Code is available at www.frc.org.uk. | The Board considers that the Company has, throughout the year ended 31 December 2023, applied the principles and complied with all of the provisions set out in the Code. | Details on how the Company has applied the principles and complied with the provisions can be found throughout this Corporate Governance section of the Annual Report.<br><br>The table below on page 88 details where disclosures against the principles of the Code can be found in this Corporate Governance Report. |

## Listing Rule – Board diversity

| Requirement | Board statement | More information |
|---|---|---|
| In accordance with the requirements of Listing Rule 9.8.6R(9), the Board is required to provide a statement as to whether it has met certain targets related to gender and ethnic diversity at Board level. | The Board confirm that as at 31 December 2023, all three diversity targets were met:<br>1. 40% of the Board were women.<br>2. One of the senior Board positions (the Senior Independent Director) was held by a woman.<br>3. One Director was from an ethnic minority background. | More details on the Company's compliance with the Listing Rules relating to Board diversity amongst the Board and Executive management can be found on page 111. |

## Going concern

| Requirement | Board statement | More information |
|---|---|---|
| The Board is required to confirm that Unite Group has adequate resources to continue in operation for the foreseeable future. | After making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that Unite Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these financial statements. | More details on the Going Concern statement can be found on page 183. |

## BOARD STATEMENTS continued

### Viability statement

| Requirement | Board statement | More information |
|---|---|---|
| The Board is required to assess the viability of the Company taking into account the current position and the potential impact of the principal risks and uncertainties set out on pages 67–79. | Taking account of the Company's current position and principal risks, the Directors have a reasonable expectation that Unite Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to December 2026. | More details on the Viability statement can be found on page 71. |

### Principal and emerging risks facing the Group

| Requirement | Board statement | More information |
|---|---|---|
| The Board is required to confirm that it has carried out a robust assessment of the principal and emerging risks facing the Company and include a description of these principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated. | A robust assessment of the principal and emerging risks facing the Company was undertaken during the year, including those arising from climate change and those that would threaten its business model, future performance, solvency or liquidity, together with an assessment of the procedures to identify emerging risks. | Information around key risks and risk management processes and how they are being managed or mitigated can be found on pages 67–79 and on page 117 of the Audit & Risk Committee Report. |

### Risk management and internal control

| Requirement | Board statement | More information |
|---|---|---|
| The Board is required to monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness. | The Board conducted a review of the effectiveness of the internal controls, supported by the work of the internal audit team and their reports to the Audit & Risk Committee.<br><br>Through the Board's governance role, it considered principal risks as part of its decision-making during 2023. See page 104 for further information.<br><br>No significant weaknesses were identified through the course of the reviews. | Details on the systems of risk management and internal control and the review of their effectiveness can be found on page 117. |

### Fair, balanced and understandable

| Requirement | Board Statement | More information |
|---|---|---|
| The Board should confirm that it considers the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. | The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. | See the Audit & Risk Committee Report on pages 114. |

# Compliance with the Code

## The Company's disclosures on its application of the principles of the Code can be found in the table below:

| Board leadership and Company purpose | Page |
|---|---|
| A. Long-term sustainable success and contribution | Pages 12–17 and 99–101 |
| B. Purpose, values and culture | Pages 89–92 |
| C. Resources and control framework | Pages 67–79 and 92 |
| D. Engagement with shareholders and stakeholders | Pages 16–17, 94–96 and 99–101 |
| E. Workforce policies and practices | Pages 16, 51 and 94–95 |

| Division of responsibilities | Page |
|---|---|
| F. Board leadership | Pages 89–96 |
| G. Board composition and responsibilities | Page 97 |
| H. Role and commitment of Non-Executive Directors | Page 97 |
| I. Board effectiveness | Page 109 |

| Composition, succession and evaluation | Page |
|---|---|
| J. Board appointments, succession plans and diversity | Pages 110–113 |
| K. Board experience, skills and knowledge | Pages 82–85, 97 and 110–111 |
| L. Board evaluation | Page 109 |

| Audit, risk and internal control | Page |
|---|---|
| M. Internal and external audit – independence and effectiveness | Pages 117–119 |
| N. Fair, balanced and understandable | Page 116 |
| O. Risk management and internal controls | Pages 67–79 and 117 |

| Remuneration | Page |
|---|---|
| P. Remuneration policies and practices – long-term strategy and success | Pages 129–162 |
| Q. Development of policy on remuneration | Pages 127, 129, 133–140 |
| R. Judgement and discretion | Pages 129, 134, 137–156 |

# BOARD LEADERSHIP AND PURPOSE

**The Board is responsible for establishing the Company's purpose, strategy and values, promoting its culture, overseeing its conduct and affairs, and for promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.**

## Our purpose – creating a Home for Success

The Board has defined our common purpose: creating a Home for Success, a foundation where students can thrive. We provide homes which are more than a space to live and where students feel they belong to a community. Our purpose describes our shared commitment and motivation and contributes to the delivery of our strategic objectives by informing the development of our business model and strategy, operating practices, approach to risk and how we engage with our stakeholders.

### How the Board leads on our purpose

Home for Success is about giving the tens of thousands of students that come to live with us, each year from across the world, the right foundation to enable them to achieve their goals and ambitions. The Board oversees our service proposition and how we provide a place where students belong and have access to support. Our operating model provides 24/7 round-the-clock support, 365 days a year across all our properties. During 2023, we launched a student assistance programme providing 24/7 access to a counsellor-led triage service over the phone. This wellbeing helpline provides a safety net for our students and demonstrates our commitment to mental health support.

Our purpose of Home for Success, linked to our value of Doing what's right, led to the Board's decision to award 2023 and 2024 pay increases, using a tiered approach, to ensure we can give our lowest paid employees the most meaningful support, while maintaining our commitment to being an accredited Living Wage employer.

Good governance remains a priority and the Board supported refreshed training for each employee across the business on key policies, including our Code of Ethics and Whistleblowing Policy. Our Code of Ethics sets out guidelines for employees to follow, while our Whistleblowing Policy encourages employees to raise any concerns in confidence. These policies and training reinforce for our employees our commitment to always acting with integrity and our zero tolerance of bribery and corruption.

As an established provider of choice for more than 60 UK universities, Home for Success is also about supporting our university partners to deliver a great student experience. Our nomination agreements with universities cover over half of our reservations for the 2023/24 academic year and it is through our long-standing relationships that we have been able to secure multi-year agreements and support additional demand. We regularly engage with our university partners to understand their long-term aspirations, accommodation requirements and evolving expectations around student welfare. This means our offer is built around the priorities of students and universities alike. Unite Students is trusted by universities to deliver a safe and high-quality student experience where everyone's wellbeing is prioritised. Our focus on our Home for Success purpose and our support to students is demonstrated through our Support to Stay initiative launched in 2022, which provides support to help our students fulfil their potential despite any physical, medical or mental health difficulties. Our student support team is focused on creating and maintaining a supportive and productive environment for students and we work collaboratively with Higher Education institutions to achieve this.

With our people being at the heart of our business, the Board's focus on Home for Success is also about ensuring an environment where our employees can grow, develop, succeed and belong. The Board is driven by our commitment to develop diverse and inclusive teams, filled with positive energy and new ideas. We provide a range of career pathways and make opportunities for progression available to all, and are focused on being an employer of choice.

During 2023, we launched our dedicated General Manager learning programme to support the development of our General Managers and help them thrive in their roles.

The Board has ultimate responsibility to shareholders for all Unite Group's activities as well as a broader responsibility to consider the views of other key stakeholders including our customers, universities, employees and the communities we operate in; as well as considering environmental and social issues when making decisions. This responsibility is intertwined with our purpose.

## Our values and culture

Aligning with our purpose of Home for Success, the Board has defined our values: Creating room for everyone, Keeping us safe, Doing what's right and Raising the bar together. Pages 90–91 set out our values in action throughout 2023. These shape our culture, our ambitions, the things we believe in and how we act. They connect us and drive our behaviours. As we progress on our journey, we do so with an enhanced commitment to Doing what's right. This goes beyond regulatory compliance and relates to all aspects of the business including the impact on our people and communities.

Through our Culture Matters employee forum, our employees' voice remains front and centre, ensuring dialogue between the Board and the wider business. The relationships built within the forum have allowed for meaningful and open conversations with actions taken to contribute to our Home for Success purpose.

Ilaria del Beato, our Designated Non-Executive Director for Workforce Engagement, attends the forum meetings where she demonstrates the commitment of the Board through supportive and informative dialogue. Ilaria provides feedback to the Board to inform its decision-making (more details on Ilaria's role and activities this year can be found on page 94). In particular, this feedback helps inform how we develop greater gender and ethnic diversity in our senior leadership and create a more diverse workforce.

### How the Board monitors our culture

Our culture defines what makes Unite Students a great place to work and a great Company to do business with, and this forms the fundamental basis for our governance. The Board monitors corporate culture through interaction and dialogue with our people through our Designated Non-Executive Director for Workforce Engagement and through regular employee engagement surveys and site visits. The Board also meets the wider business when visiting properties and seeing our operations, helping ensure our values and culture are well understood and giving our people the opportunity for frank and open feedback and the sharing of different views. During 2023, this included the Board visiting properties in Bristol, London and Nottingham and meeting with the local teams, learning about their experiences of working at Unite Students and with our customers and university partners.

Our employee surveys help measure engagement through their participation rates, as well as the feedback received across the broad range of topics surveyed. Our DEIB and Wellbeing survey helped the Board to identify areas for improvement and feedback on the environment which our employees want to create for themselves and our customers.

Our Higher Education Trust score monitors how universities view us and provides insight on our culture from our external stakeholders. Our initiatives undertaken to support our values, mentioned on pages 90–91, reflect our values-led culture.

**BOARD LEADERSHIP AND PURPOSE** continued

# OUR VALUES

**The Board's continued oversight of our values guides the organisation in delivering our purpose of a Home for Success, where everyone feels they belong, has their voice heard and is treated fairly.**

## Creating room for everyone

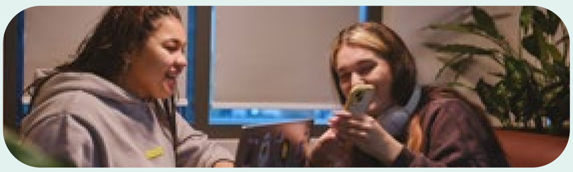
**Being authentic and striving for a truly diverse and inclusive environment**

Unite Students is a business that strives to be welcoming and inclusive to all, and where every individual is respected and valued. We create a culture where difference is valued so our employees and customers feel they belong. The Board has zero tolerance for any form of discrimination and embraces cultural diversity to provide a positive working environment that enables everyone to be their true selves, creating a sense of belonging for everyone.

Our first Diversity, Equity, Inclusion, Belonging and Wellbeing strategy, We are US, was launched in 2022. The strategy is authentic to Unite Students and was built after listening to and learning from employees across the business. Our commitment to diversity, equity, inclusion, belonging and wellbeing is an essential component of our dedication to providing a Home for Success. We are US sets out our strategic ambition to provide the foundation on which we can build our success mindset.

### Our values in action

- 12 interns joined us on a 10-week paid placement, for our second year, taking part in the 10,000 Black Interns programme.
- Six industrial placement students joined us for 12 months.
- Commitment of 1% adjusted profits to social initiatives every year, including the Unite Foundation.
- 228 employees took part in our Instinctive Inclusion training, part of our Diversity, Equity, Inclusion, Belonging and Wellbeing strategy.
- Awarded the Diversity Champion Corporate Award and International Inclusion award at the Diversity & Inclusion Awards 2023 by Diversion.



## Keeping us safe

**Safety is at the heart of our brand and at the core of everything we do**

The Board believes we are at our best when everyone around us is at their best. Looking after everyone's wellbeing, both physically and mentally, remains the Board's key priority. We do not take shortcuts when it comes to health and safety, and work hard to make our people, and the students who live with us, safe and supported. Safety is not just something else we do, it is part of everything we do and is woven through the entire business and culture.

Through the Board and Health & Safety Committee's oversight, we carried out a comprehensive physical security review of our entire estate to better understand the risks and create more tailored mitigation plans. 2024 will see the implementation of additional security improvement measures keeping our people and the students who live with us safe and supported.

### Our values in action

- A decrease in reports of injuries, diseases and dangerous occurrence regulations (RIDDOR) accidents, with one report in 2023 (2022: 7).
- 24/7 staff presence, 365 days a year across all of our properties.
- Launch of 24/7 wellbeing and mental health telephone service to students through our Support to Stay framework.
- Rolled out increased student welfare training across the operational business.
- Body-worn cameras available in properties.

## BOARD LEADERSHIP AND PURPOSE continued

Click here for more about **our culture and values.**

## Doing what's right

**Always operate with a highly ethical, collaborative and solution-driven mindset**

Being a responsible business is part of our DNA. The Board always looks to do the right thing in the right way, creating trust for all our stakeholders and the communities we operate in. This drives the Board's actions and decisions, as demonstrated by the Board's leadership in the decision to award our largest ever annual pay increases in January 2023, and January 2024, of 10% to the majority of our operational team members and team leaders, to help with the continued cost-of-living pressures.

### Our values in action

- Commitment to net zero carbon by 2030.
- Real Living Wage employer.
- Gold Investor in People accreditation.
- £86 million invested in replacement of cladding during 2023.
- 719 Unite Foundation scholars supported since 2012 and 344 scholars graduated.
- 29 Positive Impact community projects and 20 Silver and 9 Gold Awards made.
- Partnered with Streets of Growth, a youth intervention charity.

## Raising the bar together

**Continuously focused on improving the way things are done**

The Board's ambition is to constantly strive to be better, by embracing an inquisitive mindset and exploring the potential of our people's own development. This means focusing on our own expertise and building on that. We are committed to leading positive change with sector-leading research and insight, which helps inform us and understand what really matters to students – driving efficiency, effectiveness and a great customer experience every time.

### Our values in action

- Increased customer satisfaction NPS score of +42 (2022: +38).
- Service improvements driven by employee and customer feedback.
- Expansion of Resident Ambassadors programme with increased focus on diversity and inclusion.
- Roll out of General Manager learning programme.
- Refreshed corporate policies training, including Code of Ethics and Whistleblowing.
- Student Accommodation Operator of the Year at Property Week's RESI Awards 2023.
- Property Week's Alternative Team of the Year Award 2023.

## BOARD LEADERSHIP AND PURPOSE continued

### Class of '23

During 2023, we hosted a series of Class of '23 events that took place within our cities ahead of the 2023/24 academic year. These events allowed the opportunity for employees to discuss with senior leaders our plans and strategy to deliver on our core purpose, Home for Success, and create opportunities for all through our People strategy. In addition, it allowed teams to agree local actions based on the latest surveys and to recognise and celebrate individual and team performance from across the year.

### Unite Live

Unite Live provides employees with an opportunity to engage directly with our Chief Executive Officer and the senior leadership team through an online forum. Any question can be tabled about working at Unite Students with regular questions relating to safety, wellbeing and diversity.

We update our people on business developments through weekly updates from our Communications team and via a range of platforms including the employee intranet, the Hub.

### Board oversight

The Board discharges some of its responsibilities directly and others through Committees and senior management. Terms of Reference for the Committees are available in our Governance Framework, published on www.unitegroup.com/about-us/corporate-governance. To discharge their broader responsibility effectively, the Unite Group operates in an open, harmonious and transparent manner, ensuring open communication between the Board and the business and its stakeholders.

During 2023, the Board listened and heard directly from the leadership team, the wider business and our stakeholders. The Board engaged with our employees and stakeholders on the impact of the rising cost-of-living pressures, employee and student wellbeing and support, as well as our environmental and social impact.

The Board receives updates on business performance from our leadership team, including the Chief Customer Officer, Group Investment Director, Group Development Director, Group People Director, Chief Strategy Officer, Group Safety Director, Group Finance Director, Head of Sustainability, Higher Education Engagement Director and Group Legal Director & Company Secretary (among others).

### The Board is also responsible for:

- Assessing, monitoring and promoting the Company's culture, and ensuring that this closely aligns with its purpose, values and strategy (see page 90, Our Values).
- Ensuring the necessary resources are in place for the business to meet its strategic objectives.
- Establishing workplace policies and business practices that align with the Company's culture and values and support its strategy (see page 94).
- Overseeing the implementation of a robust controls framework to allow effective management of risk, with this oversight delegated to the Audit & Risk Committee (see page 114).
- Effective succession planning for key senior personnel, much of which is delegated to the Nomination Committee (see page 110).

The Board has ultimate responsibility to Unite Group's shareholders for all the Unite Group's activities, as well as a broader responsibility to consider the views of other key stakeholders. These include our customers, universities, employees, suppliers and the communities we operate in, as well as considering environmental and social issues when making decisions. All of the Board's significant decisions are considered having regard to Section 172 and specifically the likely consequences of these decisions in the long term and their impact on our stakeholders.

Pages 99–101 highlight how the Board has sought to effectively consider and engage with our shareholders and wider stakeholders.

While the above summarises the key areas of Board responsibility, it is not intended to be exhaustive.

## BOARD LEADERSHIP AND PURPOSE continued

### Board Committees

The Board has delegated certain responsibilities to its Committees, as detailed on the following pages. The terms of reference for each Committee are reviewed annually.

The current membership of each Committee of the Board is set out in the chart below:

#### N Nomination Committee

The Nomination Committee reviews the structure, size, composition, skills and experience of the Board and focuses on succession planning with due regard to diversity.

© **Richard Huntingford**
Ilaria del Beato
Nicky Dulieu
Ross Paterson
Dame Shirley Pearce
Professor Sir Steve Smith
Thomas Jackson
Angela Jain

See **Committee report** **110**

#### A Audit & Risk Committee

The Audit & Risk Committee oversees the financial reporting, risk management and internal control procedures.

© **Ross Paterson**
Ilaria del Beato
Nicky Dulieu
Professor Sir Steve Smith

See **Committee report** **114**

#### R Remuneration Committee

The Remuneration Committee determines the remuneration policy in consultation with shareholders for the remuneration of the Board and the implementation of this policy.

© **Nicky Dulieu**
Ross Paterson
Dame Shirley Pearce
Professor Sir Steve Smith

See **Committee report** **127**

#### H Health & Safety Committee

The Health & Safety Committee oversees the performance of the Unite Group's health and safety and helps drive the Unite Group's Safe and Secure promise.

© **Professor Sir Steve Smith**
Joe Lister
Ilaria del Beato
Dame Shirley Pearce
Angela Jain

See **Committee report** **123**

#### S Sustainability Committee

The Sustainability Committee oversees the implementation of the Sustainability Strategy and helps ensure Unite Students is a responsible, resilient and sustainable business.

© **Dame Shirley Pearce**
Ilaria del Beato
Joe Lister
Ross Paterson

See **Committee report** **120**

## BOARD LEADERSHIP AND PURPOSE continued

### How the Board operates and stakeholder engagement

The Board has an annual operating rhythm with an agenda of items for the forthcoming year built around our strategic objectives. The Board's meetings are split between strategy (considered in light of principal and emerging risks, opportunities and the approval of specific investments above certain thresholds, as well as ESG and longer-term sustainability) and routine operational, property and financial updates (providing context for the strategic discussions as well as governance oversight of in-year activity).

Meetings usually take place throughout the UK or in our operating cities, and enable the Board to meet employees and learn about their experiences and culture at Unite Students.

Meetings were held in person this year with the flexibility of hybrid meetings to allow for increased participation from across the business, including senior leaders who are regularly invited to attend meetings and present to the Board. These meetings provide the Board, and in particular the Non-Executive Directors, with direct and open access to leaders throughout the Unite Group and help build a culture of openness and directness. In addition, subject matter experts are also invited to present to the Board to give the Directors a broader and independent perspective and to increase knowledge and development.

**Further Information**

| | |
|---|---|
| DEIB and Wellbeing strategy | 95 |
| Positive Impact programme | 121 |
| Remuneration Committee | 127 |

## Workforce engagement and the role of our Designated Non-Executive Director

The Board has designated one of its Non-Executive Directors (Ilaria del Beato) to help ensure the views and concerns of the workforce are brought to the Board and taken into account following the framework of listen, reflect and represent. Ilaria is CEO at a real estate group and is thus well placed to understand current challenges faced by employees.

*"The passion of the Culture Matters forum members has been inspirational throughout the year, ensuring the employee voice is heard."*

**Ilaria del Beato**

Non-Executive Director

Her role includes:

- Attending the Culture Matters forum.
- Monitoring our employee engagement surveys and actions arising.
- Soliciting the views of employees on remuneration structures and processes across the Unite Group.
- Collaborating with our Group People Director and the wider People team who also hear the views of the workforce directly.
- Providing feedback to the Board on people concerns and the results of surveys and other liaisons.

By attending the Culture Matters forum and engaging with people across our organisation, Ilaria is able to:

- Understand the concerns of the workforce and share these at Board meetings.
- Ensure the Board, and in particular the Executive Directors, take appropriate steps to evaluate the impact of proposals and developments on the workforce and consider what steps should be taken to mitigate any adverse impact.
- Ensure plans are fed back to the workforce.

We continue to consider this engagement mechanism to be the most appropriate and effective for our Group as it facilitates an insightful two-way dialogue between employees and the Board. This chosen mechanism continues to be an effective and appropriate way to gather feedback from the workforce.

## BOARD LEADERSHIP AND PURPOSE continued

Workforce engagement continues to shape the Board's decision-making and, in particular, our Diversity, Equity, Inclusion, Belonging (DEIB) and Wellbeing strategy. Through 2023, the Board's decisions were primarily focused on our people as well as safety and wellbeing. Our engagement resulted in the following:

- Annual DEIB survey completed by employees to better understand their needs and assess our progress.
- The development and transformation of our People policies including our family leave policy and menopause policy.
- Introduction of a new grading framework providing career progression pathways for our employees across the business.
- Increased learning catalogue as part of The Academy to help our employees take charge of their learning journey.
- The Board continued to support flexibility in our ways of working. See more on pages 5, 16 and 101 on enhancing the health and wellbeing of our employees and students.
- Launch of new initiatives to support employee wellbeing, and improve experience inside and outside the office, as part of our DEIB and Wellbeing strategy.

The Board, through the detailed work of the Remuneration Committee, also monitors pay and practices across the wider workforce with the Group People Director attending these meetings to update on workforce initiatives and offer an employee perspective to the Committee's deliberations.

**Remuneration Committee Report** 127

The Board also considers diversity, equity, inclusion, belonging and wellbeing across the workforce, by considering (among other things) our gender and ethnic diversity throughout the Unite Group, as well as our gender pay gap.

### Investment in workforce

The Company invests in our people, conscious that we can only deliver a home for our students, and ultimately our purpose of Home for Success, through our people. Our people are a key stakeholder and how we engage with them and measure this is set out on pages 16 and 99.

The Company is a fully accredited Real Living Wage employer and provides recognition through pay awards, annual bonuses for all employees, Round of Applause awards and our annual employee scheme, Stars Awards, recognising individuals and teams. Senior leaders are eligible to participate in the Long-Term Incentive Plan. All employees are eligible to participate in the Company's SAYE scheme.

Following the launch of The Academy in 2022, employees have access to our learning catalogue which provides employees with a personalised and tailored learning experience to help take charge of their learning journey. Training continues across the business on diversity, equity, inclusion and belonging, safety, student support, sustainability, and leadership, including our dedicated General Manager programme.

Our corporate induction days are highly interactive and engaging providing key information about the business, roles and properties so that each new joiner has everything they need to succeed at Unite Students.

As a responsible and sustainable business, creating diverse and engaged teams is critical to our ongoing success.

### Whistleblowing programme

The Board annually reviews our whistleblowing programme and the nature of concerns raised. Our Whistleblowing Policy, and a clear explanation as to how employees can raise a concern in confidence, is readily available and published on our intranet. This includes raising a concern via an independent third-party if someone feels this is necessary. Concerns raised are then investigated and escalated as appropriate. The Board was pleased to see good awareness of the whistleblowing channel and noted that no material concerns had been raised in 2023.

## BOARD LEADERSHIP AND PURPOSE continued

### How we engage with our investors

The Board values effective communication with shareholders and other providers of capital to the business and welcomes their views on the Unite Group's approach to corporate governance. The Board creates sustainable value for our three types of investors: institutional, retail and debt.

**Institutional investors**

Investors attend our year-end and half-year results presentations.

After the announcement of our results in February 2023, our Executive Directors held meetings with investors to ensure their views were taken into consideration as we continue to develop our strategy; to help them understand the ongoing performance of the business and our approach to dividends.

We held an investor property tour in November showcasing our London properties, Hayloft Point and Stratford One. The tour also included our current development properties, Meridian Square and Jubilee House. This property tour included meeting with our largest investors, updating our progress around our development pipeline and learning more about the future expectations of our investors.

We also engage with investors throughout the year on various aspects of environmental, social and governance matters.

The Board is made aware of the views of major shareholders concerning the Company through, among other means, regular analyst and broker briefings and shareholder surveys. These will continue throughout 2024. The Chair, Richard Huntingford, also reaches out to the top 20 shareholders each year and during 2023, invited shareholder discussions with Nicky Dulieu as Chair of the Remuneration Committee and Ross Paterson, as Chair of the Audit & Risk Committee. Richard also engaged following the CEO succession announcement in October.

**Retail investors**

Our 2023 Annual General Meeting was held in person and allowed shareholders the opportunity to attend and to raise questions of the Board. In addition, shareholders were invited to ask questions via email in advance of the meeting.

All resolutions put to the 2023 AGM received overwhelming support from our shareholders. The results of voting are available at: **www.unitegroup.com/investors/agm**. There were no resolutions with less than 80% voting in favour and therefore, Code Provision 4 did not apply.

Our July 2023 capital raise included a retail offer alongside a non-pre-emptive placing to offer our retail investors the chance to participate in the capital raise, in line with the Pre-Emption Group Guidelines.

Further details relating to our capital raise can be found in the Directors' Report on page 163.

**Debt investors**

**Bond holders**
Bond holders are periodically invited to meet with senior management and our Treasury Team to update them on performance and business strategy. Other discussions are held with bond holders on specific topics as required, such as ESG and our Sustainability Strategy.

**Lenders**
Regular dialogue is maintained with our key relationship lenders, through meetings or conference calls with our CFO and Treasury team. Our Treasury team also actively engages with new and potential lenders. During 2023, engagement with our lenders focused on addressing our financing commitments more generally.

**Credit Rating Agencies**
During the year, business and financial updates were provided by our Treasury team to Standard & Poor's and Moody's. Moody's upgraded our investment grade corporate rating to Baa1 with a stable outlook and Standard & Poor's investment grade corporate rating remains at BBB, upgrading to a positive outlook.

| Institutional investors: c.750 | Private investors: c.450 | Number of listed bonds: 4 |
|---|---|---|
| Number of equity investors: c.1,200 | | |

The Company continues to offer a scrip dividend alternative to shareholders, which enables them to opt for shares rather than cash with no dealing costs or stamp duty. The scheme was renewed for a further three years at the 2021 Annual General Meeting. We will be seeking renewal of the scrip dividend scheme at our 2024 AGM. Full details are available on our website.

The Company has frequent discussions with shareholders on a range of issues affecting its performance, both following the Company's announcements and in response to specific requests. The Company regularly seeks feedback among its shareholders, the investor community more broadly and its wider stakeholders.

# DIVISION OF RESPONSIBILITIES

## Composition of the Board

The composition of the Board is set out in the table on page 82–85.

The Board currently consists of the Chair, two Executive Directors and seven Non-Executive Directors.

Richard Smith stepped down as Chief Executive and Director effective 31 December 2023, after 13 years with Unite Students and 8 years as Chief Executive. As announced on 5 October 2023, Joe Lister was appointed Chief Executive with effect from 1 January 2024 alongside Mike Burt's appointment as Chief Financial Officer with effect from the same date.

All of the Directors offer themselves for election or re-election at the Annual General Meeting, to be convened this year on 16 May 2024, in accordance with the requirements of the Code. Brief biographies of all the Directors and their skills, experience and contribution to the long-term sustainable success of the Company, are set out on pages 82–85. Following the individual performance evaluations of each of the Directors seeking election or re-election, it is confirmed that the performance of each of these Directors continues to be effective and that they each demonstrate commitment to the role and add value and relevant experience to the Board.

## Independence

The Board considers six of its seven Non-Executive Directors to be independent. Thomas Jackson is not considered to be independent, having been nominated as a Director of the Company by its largest shareholder Canada Pension Plan Investment Board (CPPIB) pursuant to a Relationship Agreement signed as part of the Liberty Living acquisition. Accordingly, the Company meets the requirement of the Code that at least half of the Board (excluding the Chair) is made up of independent Non-Executive Directors. In addition, Richard Huntingford (Chair of the Board) was considered independent on his appointment to the role.

## Roles

The Chair and the Non-Executive Directors constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The roles of the Chair and CEO are clearly separated. Summaries of the responsibilities of the Chair, CEO and Senior Independent Director are set out on the tables to the right.

## Role: Chair

**Richard Huntingford's** principal responsibilities are:

- To establish, in conjunction with the Chief Executive, the strategic objectives of the Unite Group for approval by the Board.
- To organise the business of the Board.
- To enhance the standing of the Company by communicating with shareholders, the financial community and the Unite Group's stakeholders generally.

## Role: Chief Executive

**Joe Lister** has responsibility for:

- Establishing, in conjunction with the Chair, the strategic objectives of the Unite Group, for approval by the Board.
- Implementing the Unite Group's business plan and annual budget.
- The overall operational and financial performance of the Unite Group.

## Role: Senior Independent Director

As Senior Independent Director, **Nicky Dulieu's** principal responsibilities are to:

- Act as Chair of the Board if the Chair is conflicted.
- Act as a conduit to the Board for the communication of shareholder concerns if other channels of communication are inappropriate.
- Ensure that the Chair is provided with effective feedback on his performance.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection at the Company's registered office and at the Annual General Meeting.

## Time commitment

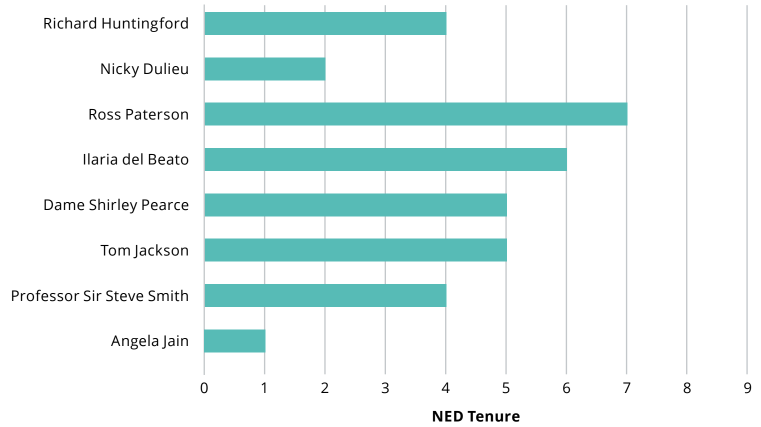
Non-Executive Directors are expected to commit approximately 20 days per annum to the business of the Unite Group. We have reviewed the responsibilities of all Directors and are satisfied that they can fully fulfil this commitment.

It is the Board's policy to allow Executive Directors to accept Directorships of other unconnected companies so long as the time commitments do not have any detrimental impact on the ability of the Director to fulfil his or her duties. It is considered this will broaden and enrich the business skills of Directors. Any such Directorships must be undertaken with prior approval of the Board.

# **DIVISION OF RESPONSIBILITIES** continued

## Board tenure

Each of the Executive Directors has a rolling contract of employment with a 12-month notice period, while Non-Executive Directors are, subject to re-election by shareholders, appointed to the Board for a term of approximately three years. The adjacent chart shows the current tenure of the Non-Executive Directors (rounded up to the nearest year).




## Professional advice and training

Directors are given access to independent professional advice at the Company's expense when the Directors deem it necessary in order for them to carry out their responsibilities. The Directors also have regular dialogue with, and direct access to, the advice and services of the Company Secretary, who ensures that Board processes and good corporate governance practices are followed.

The Board considers it important that the Committee Chairs continue to receive sector and relevant functional training (such as on accounting, corporate governance and Executive remuneration reporting developments) and accordingly, the Committee Chairs attend relevant external seminars. The Board as a whole receives ongoing training on corporate governance and other relevant developments.

## Board induction

On appointment to the Board, each Director takes part in a comprehensive and personalised induction programme. This induction is also supplemented with ongoing training throughout the year to ensure the Board is kept up to date with key legal, regulatory and industry updates. Any Director on appointment undertakes an induction programme following this framework:

- The business and operations of the Unite Group and the Higher Education sector; the role of the Board and matters reserved for its decisions; the terms of reference and membership of Board Committees; and powers delegated to those Committees.
- The Unite Group's corporate governance practices and procedures and the latest financial information about the Unite Group. The legal and regulatory responsibilities as a Director of a listed company.

As part of the induction programme, they meet with key senior leaders, so from the outset they have access to people throughout the organisation to help them form their own independent views on the Unite Group, its performance and the sector we operate in. In addition, they meet with representatives of the Company's key advisers. Arrangements are made for each Director to visit key locations to see our business operations and properties first-hand and the Higher Education institutions with which we partner.

### Spotlight on Angela Jain, our new Non-Executive Director

*"As part of my induction, I met with senior leaders from across the business to understand more about Unite Students and its Home for Success purpose. I also met with local teams on property tours in Bristol and Nottingham. Through my experience of working with the younger generation, I'm pleased to see that mental health is prioritised by Unite Students and the support offered is high quality."*

SECTION 172

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

Meeting the needs and expectations of our stakeholders is fundamental to delivery of our purpose, creating a Home for Success. This statement sets out how the Board of Directors has acted to promote the success of the Company for the benefit of the members, having regard to the interest of stakeholders in their decision-making, as further detailed below during the year ended 31 December 2023.

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

Acting in the long-term interests of the business and all our stakeholders is central to the Board's decision-making process and shapes the Group's strategy. To help the Board understand our wider stakeholder relationships and inform the Board's decision-making, the Board receives regular updates from the Executive team, as well as the wider senior leadership team. In all decision-making, the potential impact on our stakeholders is taken into account, together with the likely consequences of these decisions in the long term and also the desirability of the Company maintaining a reputation for high standards of business conduct. You can read more about our principal decision-making on pages 104. The Board also supported our review and refresher training on key corporate policies across the business including our Code of Ethics and Whistleblowing Policy.

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

### The interests of our employees

As a service business, providing homes for tens of thousands of young people, who are often living away from home for the first time, the Board recognises the importance of our employees and the role they play in creating our Home for Success purpose. The Board receives regular feedback through Unite Live sessions held with our CEO and other members of the senior leadership team. These Unite Live sessions enable employees to ask questions directly and for Executive management to understand the issues that matter most to our employees and take that into account in their decision-making at Board level. Our commitment to employee engagement can be seen by our regular employee engagement surveys where we take the feedback received and turn it into meaningful action.

Through our employee engagement forum, Culture Matters, the Board receives regular feedback from our Non-Executive Director for Workforce Engagement, Ilaria del Beato. Ilaria attends the Culture Matters meetings and hears first-hand the context and debate while demonstrating the commitment of the Board. The Board also receives regular updates from our Group People Director, ensuring consideration is given to employee needs and concerns. You can read more about Culture Matters on page 94.

### The need to act fairly between members of the Company

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

The Board had oversight of the Company's July 2023 capital raise, which included a retail offer alongside a non-pre-emptive placing. As part of the capital raise, the Board considered the need to raise capital efficiently and quickly with the desire to treat shareholders as fairly as possible. In doing so, the Board supported efforts to ensure that shareholders who did not participate in the placing were given the opportunity to participate via the follow-on offer, in line with Pre-Emption Guidelines.

Read more about **employee engagement** 16, 94
Read more about **shareholder engagement** 96

## SECTION 172 continued

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

#### Our customers

Our purpose, creating a Home for Success, means we provide more than a space to live, we provide homes where students feel they belong to a safe community in which they can thrive. Our regular student surveys provide opportunities for students to provide direct and frank feedback so that we can understand what is important to them during their time living with us and also on wider topics. The Board reviews the Net Promoter Score from our student surveys which help the Board decide where to invest in customer service and property enhancements to ensure we deliver value-for-money for our customers.

Through Board oversight and support, our buildings continue to operate with 24/7 round-the-clock support, 365 days a year across both frontline and management staff. We prioritise wellbeing and the mental health support we offer customers is sector leading. Our student support team is focused on creating and maintaining a supportive and productive environment for our students during their time with us. Read more in our Health & Safety Committee report on page 123.

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

#### University partners

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

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

Our Higher Education engagement team and student support team meets regularly with UK university leaders and teams at various levels enabling us to discuss this strategic planning as well as day-to-day operational requirements. This feedback is shared with our Board which in turn considers our strategies for delivering value to universities. Our student support team also engages and has collaborative relationships with Higher Education institutions and provides the Board with insight into trends and specific themes relating to student wellbeing across the Higher Education sector.

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

#### Suppliers

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

During 2023, the Board had oversight of the development of our Sustainable Procurement framework. This framework sets out our plan for achieving best-in-class sustainable procurement. Through this framework we also launched our Supplier Code of Conduct setting out expectations in accordance with the highest standards of business and personal ethics.

Our sustainable procurement policy was refreshed during the year which requires, among other things, suppliers to have policies in place regarding the minimum legal age of employment and compliance with local laws regarding working hours and overtime. You can read more about our Sustainable Procurement Framework in our stand-alone Sustainability Report (**https://www.unitegroup.com/sustainability**).

#### Our impact on the community and the environment

Home for Success is about creating a sense of belonging and community in our properties and beyond and we ensure our actions have a positive impact. Through the Board's understanding of wider stakeholder demands, we seek to play an active role in local communities and build trusted, long-term relationships with community partners. This can be seen in our development activity where we actively engage with local communities to ensure the design of our buildings, public spaces and community facilities also meets their needs. The Board's oversight of our Sustainability Strategy on social risks and our Positive Impact programme encourages our people and teams to work with local stakeholders on community impact initiatives. Engagement with local communities has helped our people better understand sustainability and social responsibility. 29 community impact projects received 20 Silver and 9 Gold Positive Impact Awards made. You can read more about our Positive Impact programme on pages 52 and 121. As a responsible business, our wider stakeholders demand we proactively manage environmental, social and governance risks. The Board understand the significant contribution that property makes to global carbon emissions and how essential it is that we play our part in the fight against climate change.

## SECTION 172 continued

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

During the year, the Sustainability Committee oversaw the development of our first Sustainable Construction Framework. This framework is built upon our existing net zero carbon pathway while also considering other impacts of our buildings on the environment, communities and their users.

Engagement around environmental impact comes indirectly through feedback from investors, students, universities and local communities, all of which is considered by the Board.

Read more about **Sustainability Strategy** 65
Read more about **Sustainable Construction Framework** 07

Shown below we have highlighted some key decisions demonstrating how the Board has taken Section 172 matters into account in decision-making.

| | |
|---|---|
| **Employee and student wellbeing** | Wellbeing is at the heart of the business and following feedback received through our employee engagement forum, Culture Matters, the Board listened and supported the roll out of new wellbeing initiatives across the business to help employees take ownership of their health and wellbeing. These wellbeing initiatives include the launch of additional employee post incident support which has been vital to ensuring all employees receive adequate and consistent support post incident.<br><br>The Board was supportive of the launch of the new Student Wellbeing Helpline which provides unlimited access to the 24/7 confidential mental health and counselling helpline. This service also provides debt, financial and legal information with access to cognitive behavioural therapy (CBT) and online trauma courses to support with a wide range of issues.<br><br>Read more about **Employee wellbeing** 16, 95<br>Read more about **Support to Stay framework** 05 |
| **£300m capital raise and development pipeline** | Through consultation with a significant number of our shareholders, the Board approved a capital raise of approximately £300 million in July 2023. Through this capital raise, the Board acted to promote the long-term sustainable success of the Company taking into account impact on stakeholders including our customers and suppliers. This capital raise will be used to increase our development pipeline as well as increasing investment in our existing estate, thereby enhancing future returns to generate value for shareholders while contributing to wider society. The successful completion of the capital raise is evidence of the strong investor support for Unite Students and our future prospects. |
| **Sustainable Construction Framework** | The Board supported the launch of the Sustainable Construction Framework during 2023. Underpinned by our Supplier Code of Conduct and sustainable procurement approach, this framework considered the needs of our suppliers and will inform how we procure future net zero developments. It also sets out our approach to the sustainable design and build of new PBSA. |

## BOARD ACTIVITIES

### Directors' attendance at meetings

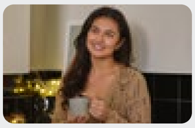
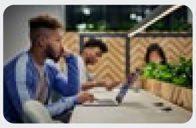
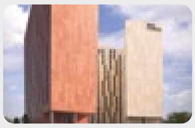
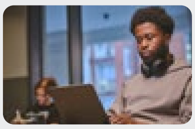
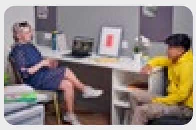
| Board Director | Member since | Board<br>Number of meetings<br>8 | Audit & Risk Committee<br>Number of meetings<br>5<br>See Committee report 114 | Remuneration Committee<br>Number of meetings<br>5<br>See Committee report 127 | Nomination Committee<br>Number of meetings<br>4<br>See Committee report 110 | Health & Safety Committee<br>Number of meetings<br>4<br>See Committee report 123 | Sustainability Committee<br>Number of meetings<br>4<br>See Committee report 120 |
|---|---|---|---|---|---|---|---|
| **Richard Huntingford** | 2020 | 8/8 | — | — | 4/4 | — | — |
| **Joe Lister** | 2008 | 8/8 | — | — | — | — | — |
| **Richard Smith**[1] | 2012 | 8/8 | — | — | 4/4 | 4/4 | 4/4 |
| **Ross Paterson** | 2017 | 8/8 | 5/5 | 5/5 | 4/4 | — | 4/4 |
| **Ilaria del Beato**[2] | 2018 | 8/8 | 4/5 | — | 4/4 | 4/4 | 4/4 |
| **Dame Shirley Pearce** | 2019 | 8/8 | — | 5/5 | 4/4 | 4/4 | 4/4 |
| **Professor Sir Steve Smith** | 2020 | 8/8 | 5/5 | 5/5 | 4/4 | 4/4 | — |
| **Nicky Dulieu**[3] | 2022 | 7/8 | 4/5 | 4/5 | 4/4 | — | — |
| **Angela Jain**[4] | 2023 | 3/3 | — | — | 1/1 | 2/2 | — |
| **Thomas Jackson**[5] | 2019 | 8/8 | — | — | — | — | 3/3 |

1. Richard Smith stepped down on 31 December 2023.
2. Ilaria del Beato was unable to attend the July 2023 Audit & Risk Committee due to a bereavement.
3. Nicky Dulieu was unable to attend the December 2023 meetings due to a bereavement.
4. Angela Jain was appointed to the Board on 1 August 2023.
5. Thomas Jackson stepped down from the Sustainability Committee in September 2023.

## BOARD ACTIVITIES continued

### 2023 Board activities table

2023

| | Governance | Strategy | Financial & risk management | People | Operational and commercial |
|---|---|---|---|---|---|
| JANUARY | Setting 2023 forward agenda |  | Preliminary results and key message review |  | Higher Education update |
| FEBRUARY | Approval of Annual Report | Property valuer market review | Preliminary results<br>Final Dividend | Remuneration review | Business and growth overview |
| MARCH | IR review and feedback | Group strategy update<br>Cyber maturity update |  | Succession planning |  |
| MAY | Annual General Meeting<br>Share plan approval | Build-to-rent strategy review |  | People strategy & culture update | University partnerships update<br>Development post completion review |
| JULY | Corporate Governance Code update |  | Interim results<br>Interim dividend<br>Principal and emerging risks<br>Defence planning | Student safety update<br>Culture Matters update |  |
| SEPTEMBER | Sustainability update<br> | Public affairs strategy<br>Commercial strategy | Interims feedback<br> | Student support update | Property and investment update<br>Higher Education update<br>University partnerships update |
| NOVEMBER | Sustainability and Positive Impact update |  | Budget 2024 themes |  | Customer and operations update |
| DECEMBER | Board & Committee evaluation feedback<br>Whistleblowing review<br>Terms of reference review<br>Audit tender | Group strategy review<br>Annual tax strategy and tax review<br>Data and technology update | Principal and emerging risks review<br>2024 budget approval | Pay award and bonus scheme<br>Workforce engagement update |  |

# BOARD ACTIVITIES continued

## Board decision-making during 2023

STRATEGIC OBJECTIVE

## Delivering for our customers and universities

| Board's governance role | Link to principal risk | What the Board did in 2023 and its decision-making |
|---|---|---|
| **Safety, health and wellbeing:**<br><br>Governance to ensure the health, safety, wellbeing and security of our customers is paramount.<br><br>Throughout 2023 student support and fire safety remained priorities. | **Operational risk**<br><br>Major health and safety incident in a property or a development site.<br><br>Read more 73 | The Board reviews the safety of our students, visitors and employees, as well as contractors at our development sites, at each Board meeting.<br><br>**Student support:** the Board is committed to ensuring the business provides the right foundation and support to help students fulfil their potential. Through the Board's oversight in 2023, we developed a student assistance programme as part of our Support to Stay framework. This helpline provides our customers with 24/7 access to a counsellor-led triage service and supports our aim to provide a supportive living environment to students, despite medical, physical or mental health difficulties. Further information about our Support to Stay framework can be found on page 5.<br><br>**Fire safety:** the Board and the Health & Safety Committee review and challenge our fire safety programme, a critical part of our health and safety strategy. The Board is committed to the business being a leader in fire safety standards through a proactive, risk-based approach embedded across the business and ensuring that students and our employees are kept safe. The Board also oversees our cladding remediation programme and related spending.<br><br>The Board and Health & Safety Committee review and monitor our implementation of the requirements of the Building Safety Act 2022, which has been fully embedded into day-to-day workings of the business.<br><br>**Security**: The safety of our students and employees is paramount and through oversight of the Board and the Health & Safety Committee, we carried out a full review of security across the entire estate and highlighted buildings where additional security measures were needed. Planned improvements to security will continue into 2024.<br><br>Read more in the **Health & Safety Committee Report** 123 |
| Ensuring our product is affordable and provides good value-for-money for our customers. | **Market risks**<br><br>Demand reduction: driven by value-for-money/affordability.<br><br>Read more 72 | The Board reviewed analysis of the Higher Education accommodation sector, to ensure we continue to offer an affordable and value-for-money product.<br><br>Board analysis of our customer offer and how we service undergraduate first-year students through lettings to universities under nomination agreements. Also, considering the opportunities to tailor our customer proposition to better meet the needs of returning students seeking greater independence and postgraduate and international students who may be willing to pay a premium for a higher level of service.<br><br>Continued Board oversight of our pilot purpose-built build-to-rent property in Stratford, East London to test our operational capability to extend our accommodation offer to young professionals and retain them as customers as they move on to the next stage in their lives.<br><br>Read more about **Operations review** 32 |

## BOARD ACTIVITIES continued

STRATEGIC OBJECTIVE

# Delivering for our customers and universities continued

| Board's governance role | Link to principal risk | What the Board did in 2023 and its decision-making |
|---|---|---|
| Governance to ensure our best-in-class operating platform delivers for our customers and university partners. | **Market risks**<br>Supply and demand.<br>**Read more** 72 | Through our direct engagement with VCs and other levels of management within universities, the Board is able to take into account the views of these stakeholders as well as monitoring and measuring our performance.<br>Board oversight that our operating platform and our customer facing operational apps (such as the MyUnite app) deliver:<br>• A robust booking system.<br>• An improved and scalable platform for revenue management and customer engagement.<br>• Enhanced service levels for both universities and students.<br>• Competitive advantage.<br>Read more about **Operations review** 32<br>Read more about **Stakeholder engagement** 16, 99 |
| Ensuring our safe and secure promise extends to keeping our customers' and employees' personal data safe and secure. | **Technology risk**<br>Information security and cyber threat.<br>**Read more** 78 | The Board reviewed the effectiveness and risks surrounding our technology and information security and its governance.<br>The Board received regular updates from management on the progression of the technology upgrade project and on the Company's maturity in cyber security. |

## BOARD ACTIVITIES continued

### Board decision-making during 2023 continued

STRATEGIC OBJECTIVE

# A responsible and resilient business

| Board's governance role | Link to principal risk | What the Board did in 2023 and its decision-making |
|---|---|---|
| **Sustainability and ESG:**<br><br>As a listed plc and responsible trusted business, our wider stakeholders demand we proactively manage environmental, social and governance risks. The Board oversees the setting and implementation of our Sustainability Strategy, which has the overarching ambition for Unite Students to lead the living sector on sustainability issues and be in the leading group of real estate companies in the wider sector. | **Sustainability/ESG risk**<br><br>Failure to meet sustainability related reporting requirements and stakeholder expectations.<br><br>Read more 76 | The Board continued its oversight of our Sustainability Strategy and Net Zero Carbon Pathway, built on science-based targets validated by the SBTi, to achieve our objective of becoming net zero carbon across both the Company's operations and development activities by 2030. Further information can be found in our stand-alone Sustainability Report.<br><br>The Board has remained up to date with ongoing ESG regulatory and reporting requirements and has met with management to receive updates on compliance; providing appropriate challenge to ensure we meet our obligations.<br><br>The Board considered the Board's specific climate change risks, identifying them across: Regulatory risk; Physical risk; Transition risk; and Stakeholder risk. The Board considered the impact of these risks and oversees the assurance of the corresponding risk management.<br><br>The Board oversaw the Unite Group's launch of the Sustainable Procurement Framework in early 2023. This framework included a refreshed Sustainable procurement policy which requires, among other things, suppliers to have policies in place regarding the minimum legal age of employment and compliance with local laws regarding working hours and overtime.<br><br>In addition the Board also had oversight of the launch of our Sustainable Construction Framework which will inform how we procure future net zero developments. |
| **Fire safety:**<br><br>Proactive Board oversight of improvements in fire safety and demonstrating leadership on cladding remediation. | **Operational risk**<br><br>Major health and safety incident in a property or a development site.<br><br>Read more 73 | The Board continue to oversee the cladding remediation programme and the progress against its delivery.<br><br>The Board continues to have oversight of the works being undertaken in respect of fire safety. |
| **Employee wellbeing:**<br><br>Governance to ensure the health, safety, wellbeing and security of our employees is paramount.<br><br>**Diversity, equity and inclusion:**<br><br>The Board monitors progress against our value, Creating room for everyone. | **People risks**<br><br>Loss of talent and capability.<br><br>Keeping pace with changes required to ensure we meet our DEIBW goals.<br><br>Read more 75 | Ilaria del Beato remains the Board's Designated Non-Executive Director for Workforce Engagement to help ensure the views and concerns of the workforce are brought to the Board and taken into account.<br><br>Through our Culture Matters forum, the Board monitors employee engagement and issues which are important to our employees.<br><br>The Board also has oversight of our Diversity, Equity, Inclusion, Belonging (DEIB) and Wellbeing strategy and progress against objectives.<br><br>Read more about **employee wellbeing** and **DEIB initiatives** under **Workforce engagement** 94 |
| **Higher Education Government Policy:**<br><br>Continued focus on potential Higher Education Government Policy changes. | **Market risk**<br><br>Supply and demand.<br><br>Read more 72 | Ongoing Board monitoring of Higher Education Government Policy and its impact for PBSA and universities more widely. |

## BOARD ACTIVITIES continued

### STRATEGIC OBJECTIVE

# A responsible and resilient business continued

| Board's governance role | Link to principal risk | What the Board did in 2023 and its decision-making |
|---|---|---|
| **Covenant compliance:**<br>Group Board oversight of our Covenant compliance under debt facilities. | **Financing risk**<br>Failure to comply with contracted Covenants.<br>**Read more** 79 | The Board monitors Covenants' compliance across a range of income/stress scenarios to ensure that if any risks emerge, the Board is ready to identify further action and work with lenders well in advance.<br>Covenant compliance also has oversight in the Audit & Risk Committee and by the external audit review of our Covenant compliance through the Going Concern process.<br>Read more in the **Financial review** 41 |
| **Capital structure:**<br>Unite Group Board focus on a strong and flexible capital structure, which can adapt to market conditions, and reduce and diversify the cost of funding. | **Financing risk**<br>The increasing cost of debt and being unable to obtain funding at a cost that is within our risk appetite.<br>**Read more** 79 | Board oversight of our capital structure, including the £600 million sustainability-linked unsecured revolving credit facility.<br>The Board approved the £300 million capital raise in July 2023 which received strong investor support. The proceeds will be used to grow our committed pipeline and increase investment into our existing estate through asset management projects to enhance future returns.<br>Read more in the **Financial review** 41 |
| **Leadership development and succession planning/talent pipeline**<br>Retain a high performing workforce with suitable succession plans and a focus upon diversity, equality, inclusivity, belonging and wellbeing goals. | **People risk**<br>Lack of strategic leadership capability to deliver a challenging business strategy.<br>**Read more** 75 | The Nomination Committee focused on Board succession and diversity, as well as our wider leadership talent pipeline and development.<br>The Board approved the appointment of Angela Jain as Non-Executive Director with effect from 1 August 2023.<br>Joe Lister was appointed as Chief Executive Officer replacing Richard Smith who stepped down with effect from 31 December 2023. Mike Burt was also appointed as Chief Financial Officer from 1 January 2024.<br>Read more about **succession planning/ talent pipeline** 110 |

# BOARD ACTIVITIES continued

## Board decision-making during 2023 continued

STRATEGIC OBJECTIVE

### Attractive returns for shareholders

| Board's governance role | Link to principal risk | What the Board did in 2023 and its decision-making |
|---|---|---|
| **Property/development pipeline:**<br><br>Board scrutiny of city and site selection for new developments against a backdrop of increasing competition for the best sites.<br><br>Governance of developments/ acquisitions to ensure they run to budget and schedule and are accretive to shareholder returns. | **Property/development risk**<br><br>Inability to secure the best sites on the right terms, at a suitable level of return on investment.<br><br>**Read more** 74 | Board oversight of:<br><br>1. Delivery of our new 2023 property: 705-bed Morriss House in Nottingham, with a total development cost of £57 million.<br>2. The £24 million refurbishment of three existing properties in London, Birmingham and Edinburgh.<br>3. Progress with the purchase of a new 800-bed property in central Glasgow, adding to our already 3,000-bed portfolio in the city.<br>4. Approval of the build contract to develop a new 596-bed property at the heart of Bristol's biggest-ever regeneration project, Temple Quarter.<br><br>Read more about **development and partnership activity** 36 |
| **Disposals:**<br><br>Board governance of our capital recycling as we seek to increase our exposure to the UK's best universities, while generating capital to invest in further development activity. | **Property/development risk**<br><br>**Read more** 74 | Board oversight and monitoring of disposal activity to enhance our overall portfolio quality and fund reinvestment. |
| **Dividend Policy:**<br><br>Board governance role in framing of our Dividend Policy. | **Financing risk**<br><br>Unable to renew or secure debt funding to meet committed business plans and having to cut dividends.<br><br>**Read more** 79 | Board approval for recommended dividend payments, based on a target payout ratio of 80% of adjusted EPS. |

## BOARD ACTIVITIES continued

### 2023 effectiveness review

Each year the Board, its Committees and Directors are evaluated, considering (among other things) the balance of skills, experience, independence and knowledge on the Board, its diversity (including gender and ethnicity), how it works together as a unit and other factors relevant to its effectiveness. The Company's policy is to conduct an externally facilitated evaluation every third year. During 2023, the evaluation was conducted by Independent Audit Limited (who have no other connection to the business or Directors).

### Board and Committee effectiveness review

The Board and its Committees completed an anonymous online questionnaire using Thinking Board®, provided by Independent Audit Limited that addressed a broad range of issues and which enabled the Board to provide comments on a range of matters. The questions covered Board and Committee performance, culture, the content and scope of topics covered at Board and Committee meetings, the nature and dynamics of Director contributions at meetings and Chair of the meetings. The questions set were consistent with previous years to provide comparative results. Independent Audit Limited conducted follow up interviews with each member of the Board and Company Secretary in addition to observing a Board meeting during Q3. The conclusions were discussed by the Board and each Committee at their meetings in Q4 of 2023.

### Conclusion from this year's Board and Committee effectiveness review

The general conclusion was that the Board and its Committees have many strengths and work hard to ensure oversight and governance responsibilities are fulfilled. Key areas of strength included the range of skills, experience and thinking styles of the Non-Executive Directors to challenge and support the Executive team. The consensus from the Directors' assessment of themselves is that the Board is effectively developing and reviewing its wider business strategy while considering stakeholders and incorporating ESG into the Board's strategic decision-making. The Board's decision-making continues to align with our Purpose and Values. The Directors believe that the Board fulfils its role relating to strategy, risk, governance and oversight of operational and financial performance well. The key areas where there are opportunities for further development include:

- Develop a better understanding of how technology is enabling our strategy.
- A better understanding of the challenges posed by IT security, particularly regarding cyber risks and mitigations in place.
- More opportunities for the Board to meet the wider business and oversee the culture at Unite Students.

The Board and each of its Committees reviewed the suggestions and outcomes of the Board evaluation and have developed an implementation plan. No changes to the Board are anticipated following this effectiveness review.

### Progress against the 2022 Board evaluation recommendations

| 2022 Board evaluation recommendations | 2023 Progress against these recommendations |
|---|---|
| 1. Create more opportunities for the Board to have more informal time together, as well as more opportunities to meet the wider leadership team and hear from lower levels of management. | The Board were able to meet regularly in our operating cities and will continue to do so into 2024. During 2023, members of the wider leadership team were invited to spend informal time with the Board outside of meetings. |
| 2. Improve the Board's understanding of technological shifts and its impact for our customers. | Strategy and growth opportunities were regularly discussed in the Board during 2023. In addition, a detailed tech review and update was presented to the Board including an exploration of technological shifts and its impact for our customers. |
| 3. Improve Board awareness of our cyber-attack readiness and our overall IT security. | Our risk management framework, which includes our information security risk, is regularly discussed and reviewed in our Audit & Risk Committee. We also considered our principal risks in the Board which include our information security and data protection risk. |
| 4. A better understanding of our people issues and data for improved organisational insight. | People strategy and People data were regularly discussed in Board and Committee meetings and a wider People strategy update was presented to the Board during 2023.<br><br>In addition, improved People data has been available to the Board since early 2023. |
| 5. More time to discuss our Board composition and succession planning. | The Board and Nomination Committee held dedicated succession planning and talent mapping sessions throughout the year, including insights into key People data, our culture and values. |

## NOMINATION COMMITTEE

### Committee membership

**Richard Huntingford**
Chair of the Nomination Committee

**Nicky Dulieu**
Senior Independent Director

**Ross Paterson**
Non-Executive Director

**Ilaria del Beato**
Non-Executive Director

**Dame Shirley Pearce**
Non-Executive Director

**Thomas Jackson**
Non-Executive Director

**Professor Sir Steve Smith**
Non-Executive Director

**Angela Jain**
Non-Executive Director

| Number of meetings | Attendance |
|---|---|
| 4 | See page 102 |

At the invitation of the Committee, other people may be invited to attend meetings of the Committee if considered desirable in assisting the Committee in fulfilling its role.

# PEOPLE GOVERNANCE

## Succession planning and diversity continue as the Committee's primary focus.

*"Board succession planning for Executive roles was an ongoing focus for the Committee during the year, to ensure a deep, diverse and inclusive talent pipeline for future Board appointments. The Board also recognises that diversity and inclusion is fundamental to the culture of the Group, our purpose of Home for Success and ultimately our long-term sustainability."*

**Richard Huntingford**
Chair

### Nomination Committee Chair's overview

The Committee is focused on succession planning, with an emphasis on Executive succession planning, our talent and leadership development and growing the diversity of the Board and Executive management.

### Composition

The Committee consists of all the Non-Executive Directors including Angela Jain, who joined the Board as a Non-Executive Director on 1 August 2023.

### Role of the Nomination Committee

The role of the Committee is to:

- Ensure that appropriate procedures are adopted and followed in the nomination, selection, training, evaluation and re-election of Directors and for succession planning, with due regard in all cases to the benefits of diversity on the Board, including gender and ethnicity.
- Regularly review the structure, size, composition, skills and experience of the Board and to make recommendations with regard to any adjustments considered necessary.
- When it is agreed that an appointment to the Board should be made, lead a selection process that is formal, rigorous and transparent.
- Be responsible for identifying, reviewing and recommending candidates for appointment to the Board.

## NOMINATION COMMITTEE continued

### Review of Board composition and succession planning

At the start of 2023, the Nomination Committee started a search for a new Non-Executive Director with assistance from an external search consultancy, MWM Consulting. Aside from its involvement in other Director and succession search processes (including that of Nicky Dulieu in 2022), MWM Consulting has no other connection with the Company or any individual Directors and is a signatory to the Enhanced Voluntary Code of Conduct for Executive Search Firms. Following an extensive search, Angela Jain was appointed as a Non-Executive Director on 1 August 2023. Angela brings a wealth of knowledge and understanding of young people, along with wide ranging digital, brand and communication expertise, from her extensive experience in unscripted television focused on younger audiences. Angela's appointment also supports the development of a more diverse pipeline at Board level. I am delighted she has joined the Board and look forward to working with her.

Board succession planning for Executive roles was also an ongoing focus for the Committee during the year, to ensure a deep, diverse and inclusive talent pipeline for future Board appointments. The Committee was supported by independent consultants, MWM Consulting and Redgrave Partners, in its succession planning. Redgrave Partners has no other connection with the Company or any individual Directors and is a signatory to the Voluntary Code of Conduct for Executive Search Firms.

Following Richard Smith's decision to step down as Chief Executive Officer, the Nominations Committee proposed the Board appoint Joe Lister as Chief Executive, effective 1 January 2024. The Nomination Committee and Board regarded him as an outstanding candidate ideally equipped to lead the Company as it continues to execute on its proven strategy and deliver high-quality growth.

Following Joe's appointment as Chief Executive Officer, Mike Burt, Group Investment Director, was promoted to Chief Financial Officer, also effective 1 January 2024.

With the addition of Angela Jain and the changes to Chief Executive and Chief Financial Officer, the Committee believes the Board currently has the correct balance of skills, experience, independence and knowledge.

The Committee will continue to oversee our talent mapping to ensure we are growing and nurturing our talent and developing our high-performers' potential. Our diversity and inclusivity initiatives (outlined below) are aligned with this succession planning.

### Diversity and inclusion

The Board recognises that diversity and inclusion is fundamental to the culture of the Group, our purpose of Home for Success and ultimately our long-term sustainability. With employees a key stakeholder and at the heart of our business, the Board's focus is on creating a workplace where people feel they belong and can bring their whole and true selves into the workplace. Our values recognise this, especially Creating room for everyone.

The Board continues to oversee the development and growth of our Culture Matters forum to ensure the employee voice is front and centre in supporting the shaping of our People strategy and consulting on strategic change. Through listening and learning from across the business, we launched our first Diversity, Equity, Inclusion, Belonging and Wellbeing strategy, We are US, in 2022. This strategy is authentic to the business and recognises our responsibility to create healthier and happier workplaces.

### Board Diversity Policy

The Board and Nomination Committee drive the agenda for diversity across the business. We are making progress, but recognise we still need to do more.

The objectives of the Board's Diversity Policy are to ensure that Board and Committees of the Board appointments:

(a) Are made on merit and relevant experience, while taking into account the broadest definition of diversity (which includes factors such as ethnicity, sexual orientation, disability and socio-economic background, as well as age, gender, education and professional background).

(b) Ensure Unite Group has, on an ongoing basis, the most effective Board and leadership team to operate the business for the benefit of all its stakeholders.

The Committee ensures that when recommending Board appointments, the retained search firm places an emphasis on putting forward candidates who would enhance the overall diversity of the Board, and seeks to appoint search firms that are signatories to the Enhanced Voluntary Code of Conduct for Executive Search Firms where practicable. On an ongoing basis, the Committee keeps under review the tenure and experience of the Executive and Non-Executive Directors to ensure the Board, and the respective Committees, has an appropriate and diverse mix of skills, experience, knowledge and diversity.

We made further progress on implementing the Board Diversity Policy during the year. As described above, Angela was appointed to the Board on 1 August 2023 and we are delighted to have met all three of the Board diversity targets set out in the UK Listing Rules for the first time this year:

- 40% of the Board are women.
- One of the senior positions on the Board (SID) is held by a woman.
- We have one Director from a minority ethnic background.

## NOMINATION COMMITTEE continued

### Board and senior leadership diversity

The Company reports our Board and Executive management diversity data, as at 31 December 2023, in accordance with the UK Listing Rule targets and associated disclosure requirements.

The Board is fully committed to ensuring diversity at all levels of the Company and as at 31 December 2023, has complied with the Parker Review's recommendation that each FTSE 250 board should have at least one Director from a minority ethnic background by 2024. The Board continues to review its composition on an ongoing basis and, in line with the Parker Review, has committed to a target of 10% ethnic minority representation in senior management by 2025, ahead of the main 2027 target.

### Gender identity and ethnicity as at 31 December 2023

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in Executive management | Percentage of Executive management |
|---|---|---|---|---|---|
| Men | 6 | 60% | 3 | 6 | 75% |
| Women | 4 | 40% | 1 | 2 | 25% |
| Not specified/prefer not to say | 0 | 0% | 0 | 0 | 0 |

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in Executive management | Percentage of Executive management |
|---|---|---|---|---|---|
| White British or other White (including minority-White groups) | 9 | 90% | 4 | 7 | 90% |
| Mixed/Multiple ethnic groups | 0 | 0% | 0 | 0 | 0% |
| Asian/Asian British | 1 | 10% | 0 | 1 | 10% |
| Black/African/Caribbean/Black British | 0 | 0% | 0 | 0 | 0% |
| Other ethnic group, including Arab | 0 | 0% | 0 | 0 | 0% |
| Not specified/prefer not to say | 0 | 0% | 0 | 0 | 0% |

### Approach to data collection

Gender and ethnicity data for the Board and Executive management is collected on an annual basis through a standardised process managed by the Company Secretary.

Each Director and member of the Executive management team is asked to complete a standard form questionnaire on a confidential and voluntary basis, through which the individual self-reports on their ethnicity and gender identity (or can specify that they do not wish to provide such data). The criteria of the questionnaire are aligned to the definitions specified in the UK Listing Rules and set out in the tables above:

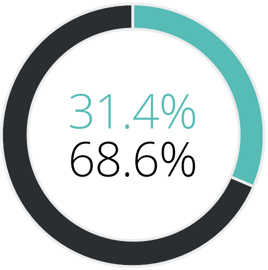
- Self-reported gender identity – selection from (a) male, (b) female or (c) not specified/prefer not to say.
- Self-reported ethnicity – selection from (a) White British or other White (including minority-White groups), (b) mixed/multiple ethnic groups, (c) Asian/Asian British, (d) Black/African/Caribbean/Black British, (e) other ethnic group, including Arab or (f) not specified/prefer not to say.

The Company's approach to data collection is consistent for the purposes of all diversity-related reporting requirements under the Listing Rules and across all individuals in relation to whom data is being reported.

## NOMINATION COMMITTEE continued

### Gender diversity for the purposes of the UK Corporate Governance Code

#### Gender diversity




As of 31 December 2023, the number of women in the Executive Committee and their direct reports (including the Company Secretary as required by the Code) was 11 (out of a total of 35) representing 31.4% of this Group.

| | Male | Female | Total |
|---|---|---|---|
| Executive Committee and Company Secretary | 6 | 2 | 8 |
| Direct reports | 18 | 9 | 27 |
| Total | 24 | 11 | 35 |
| **Total (%)** | **68.6%** | **31.4%** | **100%** |

In addition, the Committee will continue its focus on delivering diversity for the wider business to help the Company develop a deep and diverse succession plan at more senior levels within the organisation.

**Richard Huntingford**
Chair of the Nomination Committee

27 February 2024

## AUDIT & RISK COMMITTEE

### Committee membership

**Ross Paterson**
Chair of the Audit & Risk Committee

**Ilaria del Beato**
Non-Executive Director

**Nicky Dulieu**
Non-Executive Director

**Professor Sir Steve Smith**
Non-Executive Director

| Number of meetings | Attendance |
|---|---|
| 5 | See page 102 |

# FINANCIAL GOVERNANCE

**The Audit & Risk Committee provides oversight for the Board in respect of the Group's financial reporting process, the audit process, the system of internal controls, and the identification and management of significant risks.**

*"During 2023, the Committee continued to focus on the quality and integrity of the financial statements alongside its oversight of risk and internal controls. The Committee also ran a tender process for the Group's external auditor."*

**Ross Paterson**
Chair

### Audit & Risk Committee Chair's overview

**During the year, the Audit & Risk Committee continued its key oversight role for the Board with its specific duties as set out in its terms of reference to reassure shareholders that their interests are properly protected in respect of the Group's financial management and reporting.**

The Audit & Risk Committee works to a structured programme of activities, with agenda items focused to coincide with key events in the annual financial reporting cycle. The Audit & Risk Committee reports regularly to the Board on its work.

During the year, the Audit & Risk Committee has continued to monitor the integrity of the Group's financial statements and supported the Board with its ongoing monitoring of the Group's risk management and internal control systems in line with the requirements under the UK Corporate Governance Code. The Audit & Risk Committee determined the focus of the Group's internal audit activity, reviewed findings, and verified that management was appropriately implementing recommendations. The Audit & Risk Committee also challenged the approach to assessing the Group's ability to continue as a going concern and its loan covenant compliance, by reviewing various scenarios for future performance.

## AUDIT & RISK COMMITTEE continued

The Audit & Risk Committee undertook a review of its effectiveness in August 2023. The review found that the Audit & Risk Committee is working effectively. The review identified areas in which we can strengthen our performance and these are reflected in the Committee's priorities for 2024.

During 2023, the Audit & Risk Committee undertook a full evaluation exercise of the Deloitte audit approach to ascertain the effectiveness of the external audit function. Further to the completion of the evaluation of the external audit process, we are satisfied with both the auditor's independence and audit approach and have recommended to the Board that Deloitte be reappointed as auditor in 2024.

At the conclusion of the 2024 audit cycle, Deloitte will have been the Group's auditor for 10 years and as such, at that time we would be required to re-tender the audit. After consulting with external auditors, management was advised that resource in the market was stretched and that it would be good practice to run the tender process in 2023, allowing sufficient time for a smooth transition to new auditors, should one be required. The Audit & Risk Committee considered this and agreed with management to run the process in the latter half of 2023. The tender process concluded in December 2023 and the Audit & Risk Committee recommended both Deloitte and another firm to the Board as potential auditors, with a justified preference to reappoint Deloitte as the Group Auditors with effect from 1 January 2025.

Oversight of internal audit and risk management is insourced. Whilst internal, we still consider the team to be independent of management with a direct line of communication to the Audit & Risk Committee. As is usual with an internal team, there are still areas where it is appropriate to engage third parties to undertake specific pieces of work. A third-party was engaged to undertake an assessment over cyber security in 2023.

As noted in this Corporate Governance statement, the Board delegates certain duties, responsibilities and powers to the Audit & Risk Committee, so that these can receive suitably focused attention. However, the Audit & Risk Committee acts on behalf of the full Board, and the matters reviewed and managed by the Audit & Risk Committee remain the responsibility of the Directors as a whole.

### Role of the Audit & Risk Committee

The Audit & Risk Committee has delegated authority from the Board set out in its written terms of reference. The terms of reference for the Audit & Risk Committee take into account the requirements of the Code and are available for inspection at the registered office, at the Annual General Meeting and on the Group website at **http://www.unitegroup.com/about-us/corporate-governance**.

The key objectives of the Audit & Risk Committee are:

- To provide effective governance and control over the integrity of the Group's financial reporting and review significant financial reporting judgements.
- To support the Board with its ongoing monitoring of the effectiveness of the Group's system of internal controls and risk management systems.
- To monitor the effectiveness of the Group's internal audit function and review its material findings.
- To oversee the relationship with the external auditor, including making recommendations to the Board in relation to the appointment of the external auditor and monitoring the external auditor's objectivity and independence.

### Composition of the Audit & Risk Committee

The members of the Audit & Risk Committee are set out on page 93 of this Corporate Governance statement. The Audit & Risk Committee members are all independent Non-Executives and have been selected with the aim of providing the wide range of financial and commercial expertise necessary to fulfil the Audit & Risk Committee's duties. The Board considers that as a chartered accountant and former Chief Financial Officer of a UK-listed company, I have recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector.

### Audit & Risk Committee meetings

The full Audit & Risk Committee met five times during the year and attendance at those meetings is shown on page 102 of this Corporate Governance statement. In addition, a sub-Committee of the Audit & Risk Committee met separately to consider the bids of audit firms that took part in the audit tender and to make a recommendation to the Board over whom to appoint as Group auditors with effect 1 January 2025. Meetings are scheduled to coincide with key dates in the financial reporting cycle and a forward agenda is agreed by the Committee and reviewed on an ongoing basis.

During 2023, at my invitation, meetings were attended by the Chair of the Board, the Chief Financial Officer, the Group Investment Director, the Group Finance Director, and the Group Risk & Assurance Director. I also invite our external auditor, Deloitte, to all meetings, with an exception this year, when the Committee met to discuss the audit tender. The Audit & Risk Committee regularly meets separately with Deloitte without others being present. Deloitte meets the Group Risk & Assurance Director to receive an update on any audit findings and how risks are being managed; Deloitte considers the impact of these on its approach to its work.

### Main activities of the Audit & Risk Committee during the year

Meetings of the Audit & Risk Committee generally take place just prior to a Group Board meeting and I report to the Board, as part of a separate agenda item, on the activity of the Audit & Risk Committee and matters of particular relevance to the Board in the conduct of its work. At its five meetings during the year, the Audit & Risk Committee focused on the following activities.

The Audit & Risk Committee reviewed the half-year and annual financial statements and the significant financial reporting judgements. As part of this review, the Audit & Risk Committee supported the Board by reviewing the financial viability and the basis for preparing the accounts on a going concern basis. This included challenging forecast cash headroom and reviewing scenarios, which were determined by management, to stress test the impact of a range of performance outcomes upon the viability of the business, in particular with regard to loan covenants.

The Audit & Risk Committee also reviewed and challenged the external auditor's report on these financial statements.

## AUDIT & RISK COMMITTEE continued

As discussed above, the effectiveness of the external audit function was considered during 2023. During the evaluation process, the Audit & Risk Committee considered: the independence and objectivity of the external auditor; the make-up and quality of the audit team; the proposed audit approach and the scope of the audit; the execution of the audit and the quality of the audit report to the shareholders; as well as the fee structure.

The Audit & Risk Committee discussed reports from Group Risk & Assurance and its audit and assessment of the control environment. The Committee reviewed and proposed areas of focus for the internal audit programme to review including the approach to ensure that the internal audit activity continues to be aligned to the principal Group risks.

The Audit & Risk Committee has continued to monitor and consider developments in corporate governance and reporting regulations. The Group has continued to make enhancements to its corporate governance, including in respect of reporting on internal controls, and welcomed the publication of the Corporate Governance Code 2024 on 22 January 2024 and the further guidance that was published on 29 January 2024. The Committee has considered the new IFRS Sustainability Disclosure Standards which, based on FCA guidance will become effective for UK companies for reporting periods from 1 January 2025. Work is underway to ensure the Group appropriately applies these within the required timescale. The Audit & Risk Committee will continue to review the potential impact of developments in corporate governance and reporting regulations on the Group with management. A dedicated Audit & Risk Committee meeting focused on this area of potential change was held on 9 October 2023, where further detail was provided by experts from Deloitte.

The Audit & Risk Committee, supported by the finance management team, ran a tender process for the external audit. The tender process concluded in December 2023 and the Audit & Risk Committee recommended both Deloitte and another firm to the Board as potential auditors, with a justified preference to reappoint Deloitte as the Group auditors with effect from 1 January 2025.

### Financial reporting

The primary focus of the Audit & Risk Committee, in relation to financial reporting in respect of the year ended 31 December 2023, was to review with both management and the external auditor the appropriateness of the half-year and annual financial statements concentrating on:

- The quality and acceptability of accounting policies and practices.
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements.
- Material areas in which significant judgements have been applied or where there has been discussion with the external auditor.
- Whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Audit & Risk Committee's assessment of the Annual Report to ensure that it is fair, balanced and understandable considered the following:

- A review of what fair, balanced and understandable means for Unite Students.
- The high level of input from the Chief Executive Officer and Chief Financial Officer with early opportunities for the Board to review and comment on the Annual Report.
- Ensuring consistency in the reporting of the Group's performance and management information (as described on page 23), risk reviews (as described on pages 67–79), business model and strategy (as described on pages 14–17 and 3–9).
- A cross-check between Board minutes and the Annual Report is undertaken to ensure that reporting is balanced.
- Whether information is presented in a clear and concise manner, illustrated by appropriate KPIs to facilitate shareholders' access to relevant information.

To aid our review, the Audit & Risk Committee considers reports from the Group Finance Team and reports from the external auditor on the outcomes of their half-year review and annual audit. As an Audit & Risk Committee, we support Deloitte in displaying the necessary professional scepticism its role requires.

### Significant issues considered by the Committee

After discussion with both management and the external auditor, the Committee determined that the key risk of misstatement of the Group's 2023 financial statements related to Property valuations.

### Property valuations

The Group's principal assets are investment properties and investment properties under development that are either owned on balance sheet or in USAF or LSAV. The investment properties are carried at fair value based on an appraisal by the Group's external valuers who carry out the valuations in accordance with the RICS Red Book valuation guide, taking into account transactional evidence during the year. The valuation of property assets involves significant judgement and changes in the key assumptions could have a significant impact on the carrying value of these assets.

Management discusses the underlying performance of each asset with the external valuers and provides detailed performance data to them including rents, university lease agreements, occupancy, property costs and costs to complete (for development properties). Management receives detailed reports from the valuers and performs a detailed review of the valuations to ensure that management considers the valuations to be appropriate. The valuation report is reviewed by the Chief Financial Officer prior to sign-off.

Prior to finalising the 2023 accounts, the Committee met with members of the Group's valuer panel and challenged them on the basis of their valuations and their core assumptions, including the yield for each property, rental growth and forecast costs.

## AUDIT & RISK COMMITTEE continued

The Audit & Risk Committee questioned the external valuers on market trends and transactional evidence that supports the valuations. The Audit & Risk Committee was satisfied that the Group's valuers (CBRE, JLL and Knight Frank) were appropriately qualified and provided an independent assessment of the Group's assets. The Audit & Risk Committee was satisfied that an appropriate valuation process had taken place, the core assumptions used were reasonable and hence the carrying value of investment and development properties in the financial statements was appropriate.

The external auditor explained the audit procedures to test the valuation of investment and development properties and the associated disclosures. Based on the audit work, the external auditor reported no inconsistencies or misstatements that were material in the context of the financial statements as a whole. Further analysis and detail on asset valuations is set out on pages 36–40.

### Other issues considered by the Committee

#### Accounting for the cost of cladding remediation

The Group has provided for the estimated cost of remediating cladding on properties where there is either a legal/regulatory requirement to do so or where the Group has a constructive obligation. The Audit & Risk Committee reviewed, challenged and agreed the basis on which costs associated with the remediation of cladding have been included in the Financial Statements. The Committee also reviewed, challenged and agreed the extent to which the Group had any constructive obligations in respect of cladding remediation that should be provided for. Based on this, the Committee was comfortable with the process and controls adopted by management around the disclosures and estimation of costs and provisions associated with cladding remediation.

#### SaaS accounting

The Group has a number of contracts for Software as a Service (SaaS) cloud computing arrangements.

In March 2019, the IFRS Interpretation Committee (IFRIC), concluded on its assessment of the application of IAS 38 intangible Assets in respect of SaaS arrangements. IFRIC concluded that SaaS arrangements are likely to be service arrangements, rather than intangible or leased assets, because the customer only has the right to use the software on a supplier's cloud infrastructure. Therefore, the supplier controls the software and not the customer.

During the year, the Group identified that a portion of costs capitalised in 2022 meet the definition of SaaS arrangements and has made an adjustment to Intangible Assets to remove the amounts. Further information is set out on page 34.

### Risk management

The Group's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit & Risk Committee.

The Audit & Risk Committee's work here was driven primarily by performing an assessment of the approach to risk taken by the Group's Executive Committee and senior leadership team. The Executive Committee is responsible for the delivery of the Group's risk management framework. The Executive Committee and senior leadership team set the objectives for the Group and then assess what risks could prevent the Group from meeting these objectives. This assessment results in a number of principal and emerging risks that are brought to the Board for a detailed assessment.

The Audit & Risk Committee considered the work of the Executive Committee through the year and has approved both the Group's Risk Management Framework and the Group's assessment of its principal risks and uncertainties, as set out on pages 67–79.

Through these reviews, the Audit & Risk Committee considered the risk management procedures within the business and was satisfied that the key Group risks were being appropriately managed.

The risk assessment flags the importance of the internal control framework to manage risk and this forms a separate area of review for the Audit & Risk Committee.

The Board also formally reviewed the Group's principal risks at two meetings during the year.

### Internal controls

Led by the Group's risk assessment process, we reviewed the process by which the Group evaluated its control environment. The Committee has delegated responsibility to management for establishing effective risk management and maintaining adequate internal controls, although the Committee retains oversight responsibility. Internal controls are designed to provide reasonable assurance regarding (among other things) the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. A comprehensive strategic planning, budgeting and forecasting process is in place. Monthly financial information and performance insight is reported to the Board.

### Internal audit

The Group used the internal Group Risk & Assurance team for internal audit services through the year. The team continued with the third line of defence audits in our operations, utilising a framework of Operational Compliance Audits for our properties. The property audits are designed with a focus on safety and, where there are gaps identified, action plans are developed and monitored. The results are shared with our Customer Leadership Team to enable the sharing of best practice and drive improvements across all of our operations where themes are identified. In addition to this, the team completed four other pieces of internal audit work.

## AUDIT & RISK COMMITTEE continued

The first was a review over compliance with Senior Accounting Officer requirements; the second was over the Starters, Leavers, Movers process in place; the third was a post incident review over the Escape of Water; and the fourth was a review of the Health & Safety Management System in place. The team also undertook follow-up reviews of the CCTV, Asbestos and GDPR audits from 2022 and two post-project reviews over refurbishments at two of the Group's properties. A Cyber Maturity Assessment was undertaken by external experts and overseen by the Group Risk & Assurance team.

Overall, the conclusion of all audits was that whilst improvements can be made to processes audited, there were no significant issues and controls were adequately designed. All reports noted there were some areas of improvement required to maximise controls and operational efficiency, which management is in the process of implementing.

The Audit Committee has carried out a review of the Company's risk management and internal control systems. Any control weaknesses that are identified are monitored and addressed in the normal course of business, and no control weaknesses that are material to the Group were identified in respect of 2023.

### External audit

The effectiveness of the external audit process is facilitated by appropriate audit risk identification at the start of the audit cycle which we receive from Deloitte in a detailed audit plan, identifying its assessment of these key risks.

For the 2023 financial year, the significant risks identified were in relation to valuation of properties and management override. These focus areas were discussed at the Audit & Risk Committee and it was agreed that they should be the principal areas of focus as they represent the areas with the greatest level of judgement and materially impact the overall performance of the Group. These risks are tracked through the year and we challenged the work done by the auditor to test management's assumptions and estimates around these areas.

We assess the effectiveness of the audit process in addressing these matters through the reporting we receive from Deloitte at both the half-year and year-end, and reports from management on how these risks are being addressed.

For the 2023 financial year, the Audit & Risk Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

We hold private meetings with the external auditor at each Audit & Risk Committee meeting to provide additional opportunity for open dialogue and feedback from the Audit & Risk Committee and the auditor without management being present. Matters typically discussed include:

- The auditor's assessment of business and financial statement risks and management activity thereof.
- The transparency and openness of interactions with management, confirmation that there has been no restriction in scope placed on them by management and the independence of its audit.
- How it has exercised professional scepticism.

I also meet with the external lead audit partner outside the formal Audit & Risk Committee process.

### Independence and external audit tender

The Audit & Risk Committee considers the reappointment of the external auditor (including the rotation of the audit partner which is required every five years) each year and assesses its independence on an ongoing basis. 2023 is the ninth year during which Deloitte has been the Group's external auditor.

The Audit & Risk Committee reviewed Deloitte's audit work and determined that appropriate plans are in place to carry out an effective and high-quality audit. Deloitte confirmed to the Audit & Risk Committee that it maintained appropriate internal safeguards to ensure its independence and objectivity. As part of the Audit & Risk Committee's assessment of the ongoing independence of the auditor, the Audit & Risk Committee receives details of any relationships between the Group and Deloitte that may have a bearing on their independence and receives confirmation that they are independent of the Group.

As discussed above, the Committee undertook an assessment of Deloitte's effectiveness, its processes, audit quality and performance in May 2023 following completion of the 2022 audit.

The Audit & Risk Committee also regularly considers when it next intends to complete a competitive tender process for the Company's external audit. Given that the 2024 audit will be Deloitte's tenth year auditing the Group, a tender for the 2025 audit is required by applicable law and regulations. In the meantime, the Committee remains satisfied with Deloitte's effectiveness and independence. The Committee and the Board therefore decided to undertake an audit tender process with a view to any change of auditor taking effect for the 2025 audit. The Committee was mindful of capacity constraints in the audit market, the need to allow a cleansing period for any audit firm currently providing non-audit services to the Group, and the need to allow for a sufficient transition period for any change of auditor. Accordingly, we conducted an audit tender in 2023.

## AUDIT & RISK COMMITTEE continued

The Committee agreed with the Board the criteria that would apply to assessing audit firms' proposals. Those criteria focused on audit quality (including independence, professional scepticism, technical competence and expertise in real estate accounting and audit) and willingness to constructively challenge. As part of the assessment of audit quality, the Group reviewed applicable public reports on firms by the Financial Reporting Council and asked each firm that bid for the audit to explain what risks it saw to audit quality. The Committee considered, but decided not to proceed with, a price-blind audit tender but agreed with the Board that audit quality, and not price, would be the primary criterion on which firms' proposals were assessed. The Committee considered the criteria applied to be non-discriminatory.

The Group invited several challenger firms to participate in the audit tender in addition to inviting the four major UK audit firms, including Deloitte. None of those challenger firms wished to participate.

In December 2023, the Committee recommended both Deloitte and another firm to the Board as potential auditors, with a justified preference to reappoint Deloitte as the Group auditors with effect from 1 January 2025. The Board considered and supported the Committee's recommendation and intends to reappoint Deloitte. The Committee confirms compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit & Risk Committee Responsibilities) Order 2014.

### Non-audit services

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No material changes have been made to this policy during the year. This precludes Deloitte from providing certain services, such as valuation work or the provision of accounting services.

For certain specific permitted services (such as reporting accountant activities and compliance work), the Audit & Risk Committee has pre-approved that Deloitte can be engaged by management, subject to the policies set out above, and subject to specified fee limits for individual engagements and fee limits for each type of specific service. For all other services, or those permitted services that exceed the specified fee limits, I as Chair, or in my absence, another member, can pre-approve permitted services.

The Committee continued to monitor and manage other audit firms undertaking non-audit services for the Group, including considering the audit tender explained above.

During 2023, the Committee considered the potential for an audit firm to be appointed to support the Group's ongoing technology transformation, but the tender process for that resulted in the appointment of an organisation that does not generally provide statutory audit services. The Committee also considered tax services being provided by an audit firm and the interaction with the audit tender. During the year, Deloitte was appointed to undertake non-audit services. Fees for non-audit work performed by Deloitte for the year ended 31 December 2023 were £0.1 million (2022: £0.1 million). The non-audit fees related to the work undertaken by Deloitte LLP in its role as external auditor to the Group for the review of the half-year report. Further disclosure of the non-audit fees incurred during the year ended 31 December 2023 can be found in note 2.6 to the consolidated financial statements on page 197. Accordingly, the Audit & Risk Committee was satisfied that both the work performed by Deloitte LLP, and the level of non-audit fees paid to it, were appropriate and did not raise any concerns in terms of Deloitte LLP's independence as auditor to the Group.

The Audit & Risk Committee approved the fees for audit services for 2023 after a review of the level and nature of work to be performed, including additional audit procedures required as a result of changes in the regulatory environment, and after being satisfied by Deloitte that the fees were appropriate for the scope of the work required.

### Engagement with shareholders

As part of the Group's wider programme of shareholder engagement, the Group offered our major shareholders the opportunity to speak directly with me in my capacity as Chair of the Audit & Risk Committee. None of those shareholders requested such a discussion.

### Audit & Risk Committee evaluation

The Audit & Risk Committee's activities formed part of the evaluation of Board effectiveness performed in the year. Details of this process can be found under the 2023 Effectiveness Review found on page 109.

**Ross Paterson**
Chair of the Audit & Risk Committee

27 February 2024

## SUSTAINABILITY COMMITTEE

### Committee membership

**Dame Shirley Pearce**
Chair of the Sustainability Committee

**Joe Lister**
Chief Executive Officer

**Ilaria del Beato**
Non-Executive Director

**Ross Paterson**
Non-Executive Director

| Number of meetings | Attendance |
|---|---|
| 4 | See page 102 |

# SUSTAINABILITY GOVERNANCE

## As a responsible and sustainable business, we want our places to deliver sustainable growth for our people, our communities and the planet.

*"The Sustainability Committee works to ensure the continued implementation of the Sustainability Strategy and that its ambitions and targets become business as usual for our employees."*

**Dame Shirley Pearce**
Chair

**During the year, the Sustainability Committee continued its oversight of our Sustainability Strategy, which is a key component of our business planning and is central to delivering our Home for Success purpose and our values, especially Doing what's right. Our Sustainability Strategy provides the framework to achieve our key objectives of creating a positive impact, through people and places.**

The Sustainability Committee regularly reviewed the Group's performance against its targets and ambitions, to ensure Unite Students is a responsible and resilient business. With oversight from the Sustainability Committee, Unite Group focused on driving lasting improvements in sustainability performance supported by increased sustainability awareness and engagement across the business and its wider stakeholders.

During 2023, the Sustainability Committee undertook an external review of its effectiveness. The review found that the Sustainability Committee is working effectively and going into 2024, the Committee will continue to develop knowledge across the evolving ESG landscape.

# SUSTAINABILITY COMMITTEE continued

## Sustainability Committee activities in 2023

- Monitored the implementation of our Sustainability Strategy and reviewed sustainability-related risks including climate-related risks.
- Supported the development of our Sustainable Construction Framework and our Sustainable Procurement Framework.
- Oversight of the successful delivery of £8.2 million energy efficiency capital projects.
- Oversight of our commitment to invest 1% of adjusted profits to social initiatives including funding for the Unite Foundation.
- Monitored the continued implementation of our People strategy and progress towards our Diversity, Equity, Inclusion, Belonging (DEIB) & Wellbeing targets.

## Our people

**Everyone is unique. Everyone is important. And everyone belongs in a community where they are safe, respected and included and we strive to make that happen.**

During the year, there was an increased focus on embedding sustainability across the business through a new programme of communication and updated procurement policies, DEIB training and onboarding. The NUS Positive Impact programme, a collaboration between the business and the National Union of Students, has helped drive employee engagement and during the year we saw an increase in employee volunteering and community projects. You can read more about our Positive Impact programme on page 17.

The Sustainability Committee also receives regular engagement updates from the wider leadership team and our Designated Non-Executive Director for Workforce Engagement who hears first-hand feedback from across the business via their participation in the Culture Matters employee forum. This feedback helps the Sustainability Committee monitor the progress of the Group's DEIB strategy, We are US, which launched in 2022. During 2023, the strategy focused on consistent and inclusive leadership and business behaviours alongside the increase in diversity across the business. Further details of our DEIB & Wellbeing strategy can be found on page 95.

Our regular employee surveys demonstrate our commitment to employee engagement and allow us to address concerns raised by all teams. The feedback of these surveys is presented to the Board which monitors the process for identifying and addressing concerns raised by the employees. The Sustainability Committee is keen to ensure the wellbeing, both physically and mentally, of everyone across the business remains one of the Board's key priorities. Through engagement with the Sustainability Committee, the business carried out a review and refresh of our People policies and rolled out new wellbeing initiatives to employees.

The Sustainability Committee oversaw a business-wide focus on embedding our Sustainability Strategy, including a pilot scheme to trial different approaches to engaging students on energy and water consumption and a strong focus on sustainability running through our new procurement policies in our stand-alone Sustainability Report. Increased participation in our Positive Impact programme and volunteering were key measures of employee engagement during 2023.

## Our places

**We want our places to deliver sustainable growth for our people, our communities and the planet. We are working towards net zero carbon and finding ways to use less resources, future-proof our buildings and enable people to do their bit for the environment.**

The Sustainability Committee works to ensure the continued implementation of the Sustainability Strategy and that its ambitions and targets become business as usual for our employees.

Following the publication of our Net Zero Carbon Pathway in December 2021, the Sustainability Committee continues to provide oversight of our pathway to net zero in both our Operations and Developments. The Sustainability Committee tracks our progress using reporting metrics covering the key activities for delivery of our strategy.

To support our targeted energy reductions, the Sustainability Committee has overseen the £8.2 million of energy initiatives delivered in the year including LED lighting, smart water tanks, solar PV and smart heating controls. During 2023 the Committee supported a review of energy efficiency projects delivered in 2022 and 2023 to assess performance versus original expectations. The outcome of this review determined annualised savings from projects completed in 2022 and 2023 will deliver a c.4%/year reduction compared to our 2019 base year. This review will help inform ongoing energy efficiency plans in 2024 and beyond.

Keeping in mind the importance of improving sustainability performance in our development activity, the Sustainability Committee supported the launch of our first Sustainable Construction Framework. This framework sets out our approach to sustainable design and construction and complements our Net Zero Carbon Pathway and other sustainability commitments.

## SUSTAINABILITY COMMITTEE continued

### Our approach

**Our goal is to lead on sustainability and raise standards in the living sector. Our governance and processes ensure that we always operate with integrity and transparency.**

With input from the Sustainability Committee, the business continues to build on work done as an early adopter of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to improve our management of climate-related risks. The ongoing improvement in our climate disclosures supported a two-point improvement in GRESB rating from 2022 to 2023, up from 84 to 86, and retained a four-star rating. Alongside governance, oversight of compliance with the UK Government's official update to EPC Minimum Energy Efficiency Standards requirements was a key focus for the Sustainability Committee during 2023. As a result of a concerted focus on improving the quality of EPC surveys, the impact of capital investments made, and changes to the Government's EPC calculation methodology, the Unite Group achieved significant improvements in EPC ratings in 2023 with 99% of properties now rated A–C, (the new minimum standard which takes effect in England and Wales from 2027). The Sustainability Committee will continue to review and monitor EPC compliance across all properties.

### Priorities for 2024

The aims for the coming year include continuing to oversee the implementation of the Sustainability Strategy with regular reviews of sustainability targets and performance.

The Committee will oversee the £12 million investment into energy efficiency projects during 2024 and continue to monitor the decarbonisation and climate resilience of our business to ensure our plans remain credible and meet stakeholder expectations, while protecting the business from material financial risks. The Committee will also continue to monitor developments relating to climate-related risk to ensure the Group's net zero carbon ambition evolves to remain in line with emerging expectations, guidance and regulation in this area.

Following the launch of our Sustainable Procurement Framework in 2023, the Committee will monitor the impact of our supply chain on the Group's sustainability objectives. There will also be a continued focus to support increased sustainability engagement amongst our people and customers.

Alongside this, the Committee will maintain oversight of our ongoing commitment to invest 1% of adjusted profits into social initiatives, which align with Unite's wider purpose of providing a Home for Success.

The successes of this last year outlined in this report are a consequence of the exceptional expertise in our core Sustainability team and the commitment of the Executive to embed our sustainability objectives in the day-to-day work of the business. This is not easy and requires changes in behaviour at all levels of the Company. The progress that has been achieved to date gives confidence that we can meet the challenges of the future.

**Dame Shirley Pearce**
Chair of the Sustainability Committee

27 February 2024

## HEALTH & SAFETY COMMITTEE

### Committee membership

**Professor Sir Steve Smith**
Chair of the Health & Safety Committee

**Joe Lister**
Chief Executive Officer

**Dame Shirley Pearce**
Non-Executive Director

**Angela Jain**
Non-Executive Director

**Ilaria del Beato**
Non-Executive Director

| Number of meetings | Attendance |
|---|---|
| 4 | See page 102 |

# HEALTH AND SAFETY GOVERNANCE

**Health and safety is at the core of everything we do. We are committed to providing a Safe and Secure workplace for our people and customers living with us.**

*"The Committee monitored the implementation of the Support to Stay framework, which provides a supportive living environment to help students fulfil their potential, regardless of any medical, physical or mental health difficulties."*

**Professor Sir Steve Smith**
Chair

**Health and safety is at the heart of all we do. Throughout 2023 the Health & Safety Committee continued to oversee and drive improved health and safety practices while reviewing the Unite Group's health and safety performance.**

Each year the Health & Safety Committee reviews its performance and evaluates its effectiveness. During 2023, this evaluation was conducted externally by Independent Audit Limited. The review found that the Health & Safety Committee continue to work effectively.

### 2023 highlights across health and safety

#### Student safety and support

Our operating model means that all our buildings have 24/7 round-the-clock support, 365 days a year. The Committee monitored the implementation of the Support to Stay framework, which provides a supportive living environment to help students fulfil their potential, regardless of any medical, physical or mental health difficulties. Through the Support to Stay framework, we launched a new student assistance programme providing students with confidential 24/7 access to a wellbeing helpline. The student assistance programme also provides access to financial and legal information.

## HEALTH & SAFETY COMMITTEE continued

### Employee health and wellbeing

Our employee support framework defines our commitment to creating a healthy and happy workplace for our employees. This framework ensures employees are getting the information they need regarding health and wellbeing benefits and the support available. During the year we rolled out new wellbeing initiatives including:

- Wellness action plans to support the development of healthy working patterns.
- Post-incident employee support management, ensuring all employees receive adequate support.
- A new wellbeing platform offering a range of resources encouraging a self-led approach to wellbeing.

### Health and safety training

We continued to deliver health, safety, security, fire and wellbeing training courses to our existing employees and new starters, in addition to mandatory e-learning modules for all employees. During the year, and working in conjunction with the Academy, our employees undertook fire marshall training and we rolled out enhanced security training including personal safety and conflict management.

### Safety management system

During 2023, we carried out a comprehensive safety management system review working alongside our internal Risk & Assurance team. As part of this review, we are focused on updating our policies and procedures related to health, safety, security and fire to ensure they remain aligned with current standards and best practice. Into 2024, we will focus on the development and implementation of a comprehensive Health & Safety management system.

### H&S inspections

Our Risk & Assurance team continued to carry out H&S and security inspections throughout our buildings to ensure compliance. We also recruited a dedicated Standards Manager to establish the safety standards for the business, with a robust Compliance Framework implemented to audit each property at least once a year across these core safety standards.

### Security review

Keeping in mind the paramount importance of safety across the business, the Health & Safety Committee supported a proactive and comprehensive physical security review of our entire estate to better understand the risks and create more tailored mitigation plans. As we move into 2024, the Health & Safety Committee will oversee the implementation of additional security improvement options.

### Building Safety Act 2022

Following the implementation of the Building Safety Act 2022, during the year we completed the relevant registrations and compliance responsibilities as required. The Health & Safety Committee will continue to oversee the progress on the Building Safety Act and monitor the Group's compliance.

### Fire safety during 2023

### Fire safety team

During 2023, our investment and commitment to improving fire safety performance continued. We have a proactive approach to fire safety with a dedicated Fire Safety team in place. This team have valuable hands-on knowledge and experience from fire authorities to ensure we continue to deliver on our Safe and Secure promise.

Our Fire Safety team also work closely with several Fire and Rescue services, local authorities, the Department for Levelling Up, Housing and Communities, as well as fire safety experts, to provide advice and guidance through the life of our buildings, from development design through to disposal. With the increasingly complex and dynamic regulatory environment, we expect these strong relationships will continue through 2024.

The way that we manage our fire risk comes from the responsibility we have to our customers living with us. Our motivation of Doing what's right and Keeping everyone safe in line with our values led the Fire Safety team to increase fire safety engagement with our customers ahead of the 2023/24 academic year, followed by regular fire safety communication during Fire Safety Week and throughout the academic year.

### Authority inspection activity

Throughout 2023, there was a continued increase in authority inspection activity by Fire Authorities and local authorities alongside the Department for Levelling Up, Housing and Communities. These inspections have been helpful and collaborative, allowing us to better understand responsibilities and evolving fire safety legislation. The Health & Safety Committee oversaw the progress of this inspection activity throughout 2023.

### Fire Safety Regulations and Fire Safety Act 2022

We continue to operate our day-to-day activities in accordance with the best practice approach following the introduction of the Fire Safety Act 2022 and Fire Safety Regulations 2022. The Committee continues to oversee our approach to ensure it is effective and efficient.

### Fire risk assessments

All our properties continue to be confirmed as safe to operate by our external third-party accredited fire risk assessors as part of the comprehensive annual fire risk assessment completed at every property. This reflects the robust fire safety and fire impairment management across our portfolio, as well as the continued proactive surveying and remediation of our external façades, smoke control systems, passive fire protection and fire doors. The Committee continues to drive improvement on the completion of fire risk assessment actions.

## HEALTH & SAFETY COMMITTEE continued

### Fire impairment management and cladding remediation

Through the Committee's oversight and recognising Unite Student's values and commitment to Doing what's right, our dedicated Fire Impairment team focused on the remediation of non-external façade-related impairments such as Passive Fire Protection and Smoke Vents. In total, 54 projects were completed in 2023 with any remaining work due to be completed in the first half of 2024. In addition, we completed fire safety improvements on 16 buildings across our estate during 2023.

We have made significant fire safety improvements across our properties and following a detailed governance review, new processes and procedures have been implemented to ensure improved ways of fire impairment management.

### Our development activity

During 2023, we successfully completed another safe year of development activity with the delivery of £57 million Morriss House in Nottingham. This 705-bed property welcomed students for the start of the 2023/24 academic year.

We also completed phase 1 of the refurbishment of Oak Brook Park in Birmingham in October 2023. This refurbishment saw updates to 371 bedrooms, kitchens and ensuite bathrooms, forming part of our wider £50–75 million annual improvements programme. The second phase of work is due to commence in 2024.

During the year work started on five new development sites in Lower Parliament Street, Nottingham; Rushford Court, Durham; Jubilee House, London; Abbey Lane, Edinburgh; and Feeder Road, Bristol. These sites have a combined student bed count of over 2,000. These developments are due to be delivered across the 2024, 2025 and 2026 academic years.

We also held four Contractor Forum meetings. These meetings allowed us to engage with our contractors and key stakeholders to enhance collaboration, improve our safety culture and strengthen the feedback loop for all those who work in our Development and Construction teams. As part of these Contractor Forum meetings, we were delighted to award two Safety Awards to contractors whose ideas encouraged innovative safety ways of working at development sites.

### Development safety – 2023 in review

- **Site safety** – We continued to work alongside our contractors to ensure our sites are safe to operate.
- **Wellbeing** – During 2023, we renewed our three-year charity commitment to Mates in Mind who provide mental health support and guidance for all our delivery sites. We also instructed the British Safety Council to conduct a Wellbeing Gap Analysis on the contractors across our development sites. The report acknowledged the positive steps taken to date, as well as identifying areas for improvement which will be implemented and embedded during 2024.
- **Safety reporting** – We actively encouraged safety observation and near miss reporting to help build a clearer picture of our day-to-day risk profile and to promote a transparent safety culture.
- **Third-party audits and inspections** – We have a robust site safety inspection regime in place with our framework adviser who attends each site monthly to audit standards and push improvements. During the year, we introduced a new assurance site safety inspector who conducts random site safety inspections each quarter. This independent assurance inspection has enabled us to verify that our framework inspector scoring is accurate and that our sites are achieving industry-leading standards, which far exceed statutory compliance.

## HEALTH & SAFETY COMMITTEE continued

### Safety performance in our development and refurbishment sites

Our comprehensive approach to safety across our development and recladding activity, resulted in zero RIDDOR reportable injuries and 17 minor incidents in 2023. This represents good safety performance against the industry norm and is well within our Unite Students internal benchmarks.

| | Hours worked | Reportable incidents | Reportable incidents benchmark | Reportable incident KPI | Non-reportable incidents | Non-reportable incidents benchmark | Non-reportable incident KPI |
|---|---|---|---|---|---|---|---|
| 2020 | 718,467 | 3 | 0.30 | 0.42 | 15 | 5.00 | 2.09 |
| 2021 | 806,774 | 0 | 0.30 | 0 | 16 | 5.00 | 1.98 |
| 2022 | 1,860,904 | 0 | 0.30 | 0 | 26 | 5.00 | 1.4 |
| **2023** | **843,533** | **0** | **0.30** | **0** | **17** | **5.00** | **2.02** |

KPI calculated as: number of incidents x 100,000 hours/hours worked.

### Our focus for 2024

Looking ahead to 2024, the Health & Safety Committee will:

- Oversee the governance of health and safety practices across the business while prioritising the safety of our customers, people, properties and our workplace as we strive to deliver our value, Keeping us safe.
- Support the ongoing commitment to fire safety remediations and security improvements across properties.
- Monitor the health and safety training of our frontline teams so our people can assist to deliver our Safe and Secure promise.
- Support our continued close relationships with our university partners to ensure student welfare is prioritised to help students deal with the financial and wellbeing pressures of university living.

### 2024 safety priorities

- Improving our safety culture through colleague engagement and competence.
- Ensuring effective business tools are provided to enable teams to deliver safety.
- Effective performance monitoring through assurance, auditing & investigation.

**Professor Sir Steve Smith**
Chair of the Health & Safety Committee

27 February 2024

REMUNERATION COMMITTEE

## Committee membership

**Nicky Dulieu**
Chair of the Remuneration Committee

**Ross Paterson**
Non-Executive Director

**Dame Shirley Pearce**
Non-Executive Director

**Professor Sir Steve Smith**
Non-Executive Director

| Number of meetings | Attendance |
|---|---|
| 5 | See page 102 |

# REMUNERATION GOVERNANCE

## The Remuneration Committee focuses on ensuring that executive reward is linked to the delivery of strategic objectives and that it reinforces the Group's values.

*"During 2023 the Committee continued to focus on aligning remuneration with the long-term sustainable success of the Company. Alongside executive succession remuneration arrangements, the Committee focused on ensuring the real living wage was maintained for the wider workforce."*

**Nicky Dulieu**
Chair

**Dear Shareholder,**

**On behalf of the Board, it is my pleasure to present the Directors' Remuneration Report for 2023.**

**As in previous years, this report is split into three sections: this Annual Statement, the Policy Report and the Annual Report on Remuneration. Our Remuneration Policy was last submitted to shareholders at the 2022 AGM, with the Committee very pleased to receive 97.83% votes in favour. No changes are being proposed to the policy this year; however, we have reproduced the Policy Report in full over pages 135 to 145 for both ease of reference and in order to provide context to the decisions taken by the Committee during the year.**

### Changes to the Executive team

In October, Unite Students announced several changes to its Board and Executive team for the forthcoming financial year, with the Committee tasked with determining the remuneration arrangements for outgoing and incoming Directors in line with the policy approved by shareholders.

After 13 years with Unite Students, including over seven years as Chief Executive, Richard Smith stepped down from the Board with effect from 31 December 2023. He will remain as an adviser to the business until 3 October 2024 to ensure a smooth handover of responsibilities and to provide advisory support on Unite Group's relationships with Higher Education partners and government stakeholders.

## REMUNERATION COMMITTEE continued

Richard will continue to receive base pay, pension and other contractual benefits until 3 October 2024 but he will not be eligible to participate in the 2024 annual bonus, nor will he receive a 2024 long-term incentive award. Reflecting the circumstances of his stepping down, to pursue a personal goal to support the education and development of young people – and noting also his long-service and proactive role in succession planning – Richard will be treated as a 'Good Leaver' for the purposes of his outstanding 2021, 2022 and 2023 PSP awards. Full details around the time pro-rating and performance testing of these awards are set out on page 156. Richard will also be subject to a post-exit shareholding guideline in accordance with the policy.

Richard is succeeded as Chief Executive by Joe Lister, who stepped into the role after 22 years with Unite Group, including 15 years as Chief Financial Officer. Reflecting his significant and relevant experience on the Board, and the expectation that he will be strongly placed to lead the Company as it continues to execute on its proven strategy and deliver valuable growth the Committee determined that Joe's remuneration package should be fully aligned with that of his predecessor. Specifically, Joe will receive a base salary of £606,900 (the same as the former CEO after the application of the 5% senior management pay increase for 2024), a pension contribution of up to 11% of salary, a maximum annual bonus opportunity of 140% of salary and an annual LTIP award of 200% of salary. Joe's shareholding guideline will also increase from 200% to 250% of salary.

Mike Burt was promoted from Group Investment Director to Chief Financial Officer, joining the Board with effect from 1 January 2024. In setting Mike's remuneration, the Committee sought to balance his wealth of sector experience with the fact that this will be his first PLC Executive Director role. Taking these factors into consideration, Mike's starting salary was set at £393,750 (a 10.5% discount to his predecessor). In line with the policy, the Committee reserves discretion to increase Mike's salary to market levels over the short to medium term subject to his performance and development in role, noting that this may necessitate higher percentage increases than awarded to the wider employee population. The remainder of Mike's package will be aligned with his predecessor, namely a pension contribution of up to 11% of salary, a maximum annual bonus opportunity of 140% of salary and an annual LTIP award of 200% of salary. Mike's shareholding guideline will be 200% of salary.

### 2023 performance and reward

2023 was another strong year for Unite with record earnings, dividends, occupancy and reservations driven by the effort and commitment of our teams across the country, and with continued progress against our three key strategic objectives.

The Group continued to deliver for customers and universities, with service and product initiatives driving a four-point increase in customer NPS and continued thought-leadership, proactive engagement and an unerring focus on student welfare resulting in our highest-ever Higher Education NPS score – a particularly impressive outcome given the challenges of 2022. Unite also continued to deliver attractive returns for shareholders, with financial highlights including a 13% increase in earnings and an 8% increase in dividends, with the latter helping to offset a small decrease in EPRA NTA to deliver a positive Total Accounting Return for the year. In July, the Group also completed a successful £300m equity raise to help accelerate its investment into development and asset management over the coming years. Finally, on being a responsible and resilient business, good progress was made against Unite Group's 'People and Places' sustainability framework, including further significant investments in energy initiatives, a two-point improvement in the Group's GRESB score and the recent publication of an ambitious Sustainable Construction Framework roadmap.

The Committee decisions around Executive remuneration continue to be framed by the Group's broader performance context, and in light of the above – as well as other relevant considerations – we approved the following in respect of 2023:

### Salaries

As disclosed in last year's report, the salaries of both Executive Directors were increased by 3.0% with effect from 1 January 2023, in line with the increase for other senior management, and below the average increase across the Group of 8.6% – with implementation of larger planned increases being delayed to a future date.

During the year, the Committee resolved to implement the remainder of the phased uplift for Executive Directors, and approved further increases of 7.4% and 3.9% for Richard Smith and Joe Lister with effect from 1 July 2023, bringing their total 2023 salary increases to 10.6% and 7.0% respectively. In making this decision, the Committee took into account the collective and personal contributions of Executive Directors, as well as the strong mid-year trading update detailing the Group's record reservations for the 2023/24 academic year. The Committee also reflected on market practice which showed that the median 2023 salary increase for Executive Directors at FTSE 350 Real Estate companies had been 5%, with Unite Group's overall market competitiveness therefore continuing to deteriorate, despite strong relative performance.

# REMUNERATION COMMITTEE continued

## Annual bonus

The annual bonus scheme was operated in line with the Policy for Executive Directors in 2023. Following a review of performance against targets set at the start of the year, the Committee confirmed that Executive Directors will each receive bonuses of 55.0% of maximum (equating to 77.0% out of a maximum of 140% of salary). This overall outcome reflects mixed results against both financial and non-financial targets set at the start of the year, with maximum payouts recorded under the LTV, customer satisfaction and university reputation metrics, and above-target performance for the adjusted EPS and GRESB rating metrics. In-year performance against the TAR per share and employee engagement metrics, however, fell short of the target range set. The Committee has reviewed this outcome in the context of overall Group performance and believes that the outcome is both fair and appropriate. Further details, including bonus targets and outcomes, are included on page 149.

## Long-term incentives

Following the publication of TAR results by comparators with March 2023 year-ends, the Committee confirmed the final vesting of the 2020 LTIP awards as 18.7% – higher than that estimated in last year's report. This overall outcome reflected Unite's strong relative TAR in the final year of the performance period, being one of only seven companies to report positive year-on-year TAR growth and having overtaken four comparators compared to the two-year performance assessment.

LTIP awards made in April 2021 reached the end of their performance period as at 31 December 2023. These awards were based equally on absolute EPS, relative TSR and relative TAR, with Unite's performance for both the TAR and TSR elements compared to the constituents of the FTSE 350 Real Estate Supersector Index. Over the three-year performance period, Unite's relative TSR ranked above upper quartile versus the comparator group (equating to 100.0% vesting), whilst EPS performance was just above the threshold target (28.0% vesting). Vesting of the relative TAR element will be finalised following the publication of comparator results over the coming months, with the latest interim performance assessment suggesting that Unite is currently ranked above upper quartile. Overall estimated vesting of the 2021 LTIP is therefore 76.0%. Further details are included on page 150.

Also during the year, Executive Directors were each granted an award under the LTIP in April 2023 which will vest based on performance over the three financial years to 31 December 2025. Stretching targets linked to relative TSR, relative TAR and operational energy were disclosed prospectively in last year's report, whilst setting of the absolute EPS and EPC ratings targets was delayed slightly and disclosed in the 6 April 2023 market announcement. Any award vesting will be required to be held for an additional two-year period. Further details on the number of shares granted and targets are included on page 155.

## Overall pay outcomes for 2023

Taken as a whole, the Committee is satisfied that overall pay outcomes in respect of the year ended 31 December 2023 are appropriate and accordingly we have not applied any discretion to this year's incentive outcomes.

## Implementation of the policy in 2024

The Committee is confident that the policy continues to effectively support Unite's short- and long-term strategic objectives and promote management and shareholder alignment.

## Salaries

As noted above, Joe Lister's starting salary as CEO will be aligned with that of his predecessor, taking into account the 2024 senior management pay increase of 5%. Mike Burt's starting salary as CFO has been set at £393,750.

The average salary increase across the Group will be 8.8%. As in 2023, the Group will operate a tiered approach to salary increases, with the majority of the budget targeted towards lower-paid colleagues. Unite Group maintains its commitment to being an accredited Real Living Wage employer and, for relevant individuals, has implemented the rates set by the Living Wage Foundation (10.0% in London and 10.1% across the rest of the UK).

## Pension

Executive Directors will continue to receive a pension scheme contribution, a cash allowance of equivalent cost to the Company or a combination of both. Total employer pension contributions for the CEO and CFO are in line with the offering available to the wider employee population at 11% of salary.

## Annual bonus

Joe Lister and Mike Burt will participate in the 2024 annual bonus, with maximum opportunities of 140% of salary. There will be a small number of changes to the performance metrics and/or approach to measurement for 2024, including reverting back to using net debt to EBITDA in place of LTV and to using Higher Education Trust rather than NPS, as well as revising the Customer NPS metric to be based on year-round performance rather than just check-in. The Committee remains satisfied that the overall blend of financial and non-financial measures continues to support the Group's strategy and reinforces its values. For both the financial and non-financial elements, targets have been set to be challenging relative to the business plan. Further details, including the rationale for the various changes outlined above, are included on page 157.

## Long-term incentives

There will be no change to the operation of the long-term incentive in 2024. Joe Lister and Mike Burt will each receive an award of up to 200% of salary delivered through a combination of the PSP and ESOS. The Committee is not proposing any changes to the performance metrics used for the 2024 LTIP, which will continue to include two sustainability metrics. Further details are included on page 158.

# REMUNERATION COMMITTEE continued

## Non-Executive Director fees

The fee payable to the Chair of the Board will be increased by 7.5% in 2024, with a second stage increase to be considered for 2025. This reflects the outcome of a periodic review by the Committee of the responsibilities and time commitment of the role, relevant market data and a broader discussion around our philosophy on positioning fee levels at Unite Group. The most recent previous review took place in September 2020. Following a similar review by the Chair of the Board and Executive Directors, adjustments have been implemented for the Non-Executive Director base fee and the additional fee payable to the Senior Independent Director. Further details are included on page 151.

## Workforce remuneration considerations

The Committee continues to monitor pay and practices for other senior Executives and more broadly across the wider workforce when considering the remuneration of Executive Directors. The Group People Director is invited to attend Committee meetings on a regular basis to provide updates on workforce initiatives and to offer an employee perspective to the Committee's deliberations.

This year the Committee reviewed proposals for the introduction of a Restricted Share Plan to replace the PSP at certain below-Board levels – a scheme which is designed to support retention and provide a clearer reward outcome for individuals where line-of-sight to Group metrics is limited. As noted above, the Committee also reviewed proposals for the 2024 salary budget and the continued approach of tiered increases to support those colleagues most impacted by inflationary pressures.

We have continued to review and disclose both the statutory CEO pay ratios and additional ratios looking at both fixed pay and pay excluding long-term incentives. This year, the headline ratio of CEO total remuneration to the median employee, has increased from 42:1 to 54:1, driven primarily by the strong estimated vesting under the 2021 LTIP (76.0% vs. 18.7% for the 2020 LTIP). However, the ratio of median employee salary to the CEO fell from 23:1 to 19:1 reflecting the tiered approach to salary increases last year and the substantial Real Living Wage increase awarded to relevant individuals; whilst the ratio of median employee salary plus annual bonus to the CEO was broadly flat, recognising the similarity in outcomes under the schemes operated at all levels. The Committee remains satisfied that the year-on-year fluctuations mainly reflect differences in the structure of pay at different levels of seniority.

Finally, details of our gender diversity and pay gaps across the Group are provided on pages 54 and 152, with the Committee pleased to note a further modest improvement in the mean gender pay gap in 2023. As for most companies, there is still work for Unite Group to do in this space and our Gender Pay Gap Report therefore references an action plan to further progress activity in this area over the short and medium term.

## Other Board changes during the year

Elizabeth McMeikan retired as Non-Executive Director, Senior Independent Director and Chair of the Remuneration Committee with effect from 28 February 2023 and I took over the latter two roles from the same date.

Angela Jain joined the Unite Group Board with effect from 1 August 2023, and is a member of the Health & Safety and Nomination Committees. Fees paid to Angela are in line with the fees paid to the other Non-Executive Directors, as disclosed on page 148.

## Looking ahead

The 2025 AGM will mark the third anniversary of the adoption of the current Remuneration Policy and in accordance with UK reporting regulations, we will be required to submit a new policy to shareholders for approval at this time. In line with Unite Group's approach for previous reviews, the Committee is planning to conduct a full review of existing remuneration arrangements during 2024, and will look to engage major shareholders to seek their input in due course. The Committee will continue to monitor market developments throughout the 2024 AGM season and will consider the appropriateness of any emerging trends for Unite Group. I hope that you find this report a clear account of the Committee's decisions for the year and would be happy to answer any questions you may have at the upcoming AGM.

**Nicky Dulieu**
Chair of the Remuneration Committee

27 February 2024

## REMUNERATION COMMITTEE continued

### Overview of Unite Group remuneration policy and implementation

| | REMUNERATION IN RESPECT OF 2023 | OVERVIEW OF REMUNERATION POLICY | IMPLEMENTATION OF POLICY IN 2024 |
|---|---|---|---|
| **Base salary** | • Salaries increased with effect from 1 January 2023, as follows:<br>– CEO = £538,175 (+3.0%)<br>– CFO = £423,588 (+3.0%)<br>• Salaries further increased from 1 July 2023, as follows:<br>– CEO = £578,000 (+7.4%)<br>– CFO = £440,000 (+3.9%)<br>See page 147 | • Reviewed from time to time, with reference to salary levels for similar roles at comparable companies, to individual contribution to performance; and to the experience of each Executive.<br>See page 137 | • Starting salaries for new CEO and CFO set as follows:<br>– CEO = £606,900 (in line with predecessor after 5% senior Executive increase)<br>– CFO = £393,750 (10.5% below predecessor)<br>See page 156 |
| **Pension, benefits** | • Pension contributions (or equivalent cash allowance) at a maximum of 11% of salary for CEO and CFO.<br>• Benefits in line with policy.<br>See page 147 | • Company pension contributions (or cash allowance) aligned with the broader workforce (11% of salary).<br>• Benefits typically consist of the provision of a company car or a car allowance, and private health care insurance.<br>See page 137 | • Pension contributions (or equivalent cash allowance) to remain at 11% of salary.<br>• No change to benefits for 2024.<br>See page 157 |
| **Annual bonus** | • Annual bonuses of 77.0% of salary for each Executive Director (55.0% of maximum opportunity).<br>• 50% of these amounts will be deferred in Unite shares for two years.<br>See page 149 | • Maximum annual bonus opportunity for all Executive Directors of 140% of salary.<br>• Performance measures typically include both financial and non-financial metrics, as well as the achievement of individual objectives.<br>• 50% of any bonus earned is deferred in shares for two years.<br>• Malus and clawback provisions apply.<br>See page 138 | • Maximum annual bonus opportunities of 140% of salary.<br>• 2024 bonuses to be based:<br>– 25.0% on adjusted EPRA EPS<br>– 25.0% on TAR per share<br>– 20.0% on Net debt:EBITDA<br>– 7.5% on Customer satisfaction<br>– 7.5% on Higher Education Trust<br>– 7.5% on Employee engagement<br>– 7.5% on GRESB rating<br>See page 157 |
| **LTIP** | • 2020 LTIP final vesting confirmed at 18.7%.<br>• 2021 LTIP final vesting to be finalised once comparator TAR results are published. Expected total vesting of 76.0% based on:<br>– Relative TSR ranking above upper quartile compared to the constituents of the FTSE 350 Real Estate Index<br>– 2023 adjusted EPRA EPS just above the threshold target<br>– Estimated relative TAR ranking above upper quartile compared to the constituents of the FTSE 350 Real Estate Index<br>See page 150 | • Maximum award size for all Executive Directors of 200% of salary in normal circumstances (up to 300% of salary in exceptional circumstances).<br>• Awards vest subject to performance over a three-year period. Vested shares are typically subject to an additional two-year holding period.<br>• Malus and clawback provisions apply.<br>See page 139 | • Awards of up to 200% of salary to be made to each Executive Director in 2024.<br>• Performance to be measured over the period 1 January 2024 to 31 December 2026. No change to measures, with awards based:<br>– 28% on adjusted EPRA EPS<br>– 28% on relative TAR<br>– 28% on relative TSR<br>– 8% on operational energy intensity<br>– 8% on EPC ratings<br>• Two-year holding period will apply to all vested shares.<br>See page 158 |

## REMUNERATION COMMITTEE continued

# 2023 Remuneration at a glance

### 2023 Single total figure of remuneration for Executive Directors

| | Salary | Taxable benefits | Pension | Annual bonus | LTIP | Other | Total |
|---|---|---|---|---|---|---|---|
| Richard Smith | £558,088 | £16,241 | £53,238 | £429,727 | £682,670 | £0 | **£1,739,964** |
| Joe Lister | £431,794 | £17,068 | £38,734 | £332,482 | £555,499 | £2,318 | **£1,377,895** |

### 2023 Annual bonus outcomes

| Measure | Weight | Threshold 30% of max | On-target 50% of max | Maximum 100% of max | Actual | Outcome (% of max) |
|---|---|---|---|---|---|---|
| Adjusted EPS | 25.0% | 42.0p | 44.0p | 46.0p | 44.3p | **57.5%** |
| TAR per share | 25.0% | 64.5p | 73.5p | 83.5p | 26.5p | **0.0%** |
| Loan to value | 20.0% | 35.0% | 34.0% | 32.0% | 28.0% | **100.0%** |
| Customer satisfaction | 7.5% | 38 | 40 | 42 | 42 | **100.0%** |
| University reputation | 7.5% | 11 | 13 | 15 | 32 | **100.0%** |
| GRESB rating | 7.5% | 84 | 85 | 87 | 86 | **75.0%** |
| Employee engagement | 7.5% | 73 | 75 | 77 | 70 | **0.0%** |

| Executive | Max opportunity (% of salary) | Overall outcome (% of maximum) | Overall outcome (% of salary) | Overall outcome (£) |
|---|---|---|---|---|
| Richard Smith | 140.0% | 55.0% | 77.0% | £429,727 |
| Joe Lister | 140.0% | 55.0% | 77.0% | £332,482 |

### 2021-2023 LTIP outcomes

| Measure | Weight | Threshold 25% vest | Stretch 100% vest | Actual | Vesting (% of max) |
|---|---|---|---|---|---|
| 2023 Adjusted EPS | 1/3 | 44.0p | 51.5p | 44.3p | 28.0% |
| Relative TSR performance | 1/3 | Median -5.5% | Upper quartile 3.9% | Above upper quartile: 5.9% | 100.0% |
| Relative TAR performance | 1/3 | Median | Upper quartile | Current estimate*: Above upper quartile | 100.0% |

| Executive | Estimated* overall vesting (% of maximum) | Estimated* interests vesting | Date vesting* | Estimated* value *(incl. dividends)* |
|---|---|---|---|---|
| Richard Smith | 76.0% | 66,537 | 12 April 2024 (holding period applies until 12 April 2026) | £682,670 |
| Joe Lister | | 54,210 | | £555,499 |

* Vesting of the relative TAR element will be finalised following the publication of March year-end comparator results over the coming months, with Unite Group's TAR currently estimated to rank in the top quartile (based on performance after two full financial years). Details of the final vesting outcome will be provided in next year's report.

## REMUNERATION COMMITTEE continued

## Overview of remuneration across the Group

| ELIGIBILITY | ELEMENT OF PAY | DETAILS |
|---|---|---|
| **Employees at all levels** | **Salary** | Salaries are generally reviewed annually, taking into account Company and individual performance, experience and responsibilities. As an accredited Living Wage employer, all of Unite Group's employees receive at least the voluntary living wage rate. |
| | **Benefits** | Employees across all levels of the business are eligible for the Company-funded Health Cash Plan and an enhanced Company sick pay scheme. All employees have free 24/7 access to our employee assistance programme which provides counselling and support to employees with everyday situations and more serious concerns including up to eight face-to-face sessions per issue per year. Life assurance cover is provided for all eligible employees at 4x annual salary and employees can access a range of deals and discounts through our discount providers. We offer employees 25 days annual leave a year plus bank holidays and also operate a holiday purchase scheme to allow employees to purchase up to an extra week of annual leave each year. Employees can support their chosen charities by participating in our charity match or give-as-you-earn schemes. We also offer financial support to our employees through season ticket loans, student rental discounts and the bike to work scheme and employee service is recognised with long-service awards. |
| | **Pension** | All employees can participate in the UNITE Group Personal Pension scheme, with an alternative cash pension allowance available in certain circumstances. Our pension offering was reviewed and improved with effect from 1 January 2020, with all employees eligible to receive a Company contribution of up to 11% of salary, subject to their own contribution level. |
| | **SAYE** | We encourage all employees to become shareholders in Unite Group by participating in the SAYE scheme, under which participants save monthly over three years with the option to acquire shares at a discount at the end of the savings period. Currently c.15% of eligible employees participate in the SAYE. |
| | **Annual bonus – cash** | All employees are eligible to participate in the annual bonus scheme, with outcomes based on both Company performance and individual contribution. Maximum opportunities, performance measures and weightings vary by grade; however, metrics are broadly similar across all levels to support delivery of our strategy. |
| **Executive Directors and other senior leaders** | **Long-term incentive** | Executive Directors and other senior leaders may be invited to participate in the LTIP each year. Performance conditions are consistent for all participants, but award sizes vary. From 2023, Heads of Department may instead be invited to participate in the Restricted Share Plan (RSP). This scheme is designed to support retention and to provide a clearer reward outcome for our senior managers, with awards and the applicable deferral period being consistent for all participants. |
| **Executive Directors only** | **Annual bonus – deferred** | Currently, only Executive Directors are required to defer a proportion of their bonus into Unite Group shares, which supports shareholder alignment. |
| | **Shareholding guidelines** | While all employees are strongly encouraged to become shareholders to allow them to share in the success of the Group, currently only Executive Directors are subject to formal shareholding guidelines (both in-post and post-exit). |

## REMUNERATION COMMITTEE continued

### Engaging with our employees on Executive remuneration

Our Designated Non-Executive Director for Workforce Engagement and the Group People Director periodically discuss the topic of remuneration at the Culture Matters employee forum, including the structure, role and remit of the Remuneration Committee, how the pay policy helps to support Unite Group's strategy and values, and how pay practices for Executive Directors are aligned with those across the broader employee population. Consistent with last year's report, and based on feedback received from the forum in 2022, the Committee has continued to include some commentary in the section on the 2023 annual bonus (see page 149) around how it has considered health, safety and wellbeing in confirming bonus outcomes this year.

Due to last-minute transport complications, the employee forum scheduled for 2023 was shortened and the format revised. Forum members were invited (and remain able at any time of the year) to submit any comments, queries or concerns they have on the matter of Executive remuneration to the Designated Non-Executive Director for Workforce Engagement. Any submissions are passed on to the Committee at its next formal meeting; however, none were received in 2023.

In 2024, the Committee intends to use a session of the Culture Matters forum to discuss the Remuneration Policy review, and will consider any employee input received – as well as that received from shareholders – in finalising the overall structure and design.

### How remuneration supports our strategy

| | Captured in... | | Strategic objectives supported | | |
|---|---|---|---|---|---|
| **2024 incentive measures** | **Annual bonus** | **LTIP** | **Delivering for our customers and universities** | **Attractive returns for shareholders** | **A responsible and resilient business** |
| Earnings Per Share (EPS) | ✓ | ✓ | | ✓ | |
| Total Accounting Return (TAR) | ✓ *Absolute* | ✓ *Relative* | | ✓ | |
| Net debt:EBITDA | ✓ | | | ✓ | |
| Total Shareholder Return (TSR) | | ✓ *Relative* | | ✓ | |
| Customer satisfaction | ✓ | | ✓ | | |
| Higher Education Trust | ✓ | | ✓ | | |
| Employee engagement | ✓ | | ✓ | | ✓ |
| GRESB rating | ✓ | | | | ✓ |
| EPC Ratings | | ✓ | | | ✓ |
| Operational energy intensity | | ✓ | | | ✓ |

## REMUNERATION COMMITTEE continued

This report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules.

In accordance with the regulations, the following sections of the Remuneration Report are subject to audit: the Single total figure of remuneration for Directors and accompanying notes (pages 147 to 148), Scheme interests awarded during the financial year (page 155), Payments to past Directors (page 156), Payments for loss of office (page 156) and the statement of Directors' shareholdings and share interests (pages 160 to 162). The remaining sections of the report are not subject to audit.

The 2018 UK Corporate Governance Code sets out principles against which the Committee should determine the policy for Executives. A summary of the principles and how the Unite Group's Remuneration Policy reflects these is set out below:

| Principle | Approach |
|---|---|
| **Clarity** – Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce. | The Committee operates a consistent remuneration approach that is well-understood internally and externally. The Committee regularly engages with major shareholders on Executive remuneration and undertook a detailed consultation during the design of the current policy. |
| **Simplicity** – Remuneration structures should avoid complexity, and their rationale and operation should be easy to understand. | The Group operates a market-standard remuneration structure consisting of fixed pay, an annual bonus and a single long-term incentive. The annual bonus scheme has been further simplified as part of the most recent policy review through the standardisation of the deferral requirement regardless of existing shareholdings. |
| **Risk** – Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated. | Each year, incentive targets will be set which the Committee believes are stretching and achievable within the risk-appetite set by the Board. The Committee retains full discretion to override formulaic incentive outcomes under both the annual bonus and long-term incentive in the event that this would produce a result inconsistent with the Company's remuneration principles.<br><br>All variable incentives incorporate recovery provisions (malus and clawback) that allow the Committee to reduce the outcomes, potentially down to zero, in specified cases. The Committee believes that these triggers are appropriately wide-ranging and enforceable. |
| **Alignment to culture** – Incentive schemes should drive behaviours consistent with Company purpose, values and strategy. | All permanent employees participate in the annual bonus, and share similar corporate performance metrics to ensure cultural alignment across the Group. We believe that aligning remuneration across the business is a key element of aligning our culture, fulfilling our values and being a strong driver of business performance. |
| **Predictability** – The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy. | The Committee maintains clear caps on incentive opportunities and will use its available discretion if necessary. |
| **Proportionality** – The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance. | The Committee ensures performance metrics are clearly aligned with the Group's strategy each year, maintaining an appropriate balance between fixed pay, short- and long-term incentive opportunities. Targets are set to be stretching but achievable, within the Board's risk appetite. Details of our approach to measure selection and target setting is included as a note to the policy table. |

# REMUNERATION COMMITTEE continued

## Directors' Remuneration Policy

Unite Group's Remuneration Policy was approved by shareholders at the 2022 AGM on 12 May 2022 and came into effect from that date. The report below, save for the minor changes identified, is as disclosed in the 2021 Directors' Remuneration Report, which is available to download from the Company's website at www.unitegroup.com/investors/reports-and-presentations.

- References to financial years have been updated where appropriate.
- References to changes to the 2019 Remuneration Policy have been removed.
- Wording around legacy pension arrangements in effect prior to 1 January 2023 has been removed.
- Legacy wording around the requirement to defer a percentage of annual bonus only if shareholding guidelines have not been met has been removed from the 'Shareholding guidelines' section.
- Pay-for-performance charts have been updated to reflect 2024 packages for the new CEO and CFO.
- New service contract dates have been added.

The Group aims to balance the need to attract, retain and motivate Executive Directors and other senior Executives of an appropriate calibre with the need to be cost effective, whilst at the same time rewarding exceptional performance. The Committee has designed a Remuneration Policy that balances those factors, taking account of prevailing best practice, investor expectations and the level of remuneration and pay awards made generally to employees of the Group.

In addition to the above, the Remuneration Policy for the Executive Directors and other senior Executives is based on the following key principles:

- A significant proportion of remuneration should be tied to the achievement of specific and stretching performance conditions that align remuneration with the creation of shareholder value and the delivery of the Group's strategic plans, taking care to consider the needs of all stakeholders.
- There should be a focus on sustained long-term performance, with performance measured over clearly specified timescales, encouraging Executives to take action in line with the Group's strategic plan, using good business management principles and taking well-considered risks.
- Individuals should be rewarded for success, but steps should be taken, within contractual obligations, to prevent rewards for failure – whether financial or operational.
- Above all, Executive remuneration should support the values and culture of the Group. Pay should be simple and easy to understand, with all aspects clear and openly communicated to stakeholders and with alignment with pay philosophies across the Group.

## REMUNERATION COMMITTEE continued

### Policy table

| Function | Operation | Opportunity | Performance metrics |
|---|---|---|---|
| **Base salary**<br>To recognise the individual's skills and experience and to provide a competitive base reward. | Base salaries are reviewed from time to time, with reference to salary levels for similar roles at comparable companies[1], to individual contribution to performance; and to the experience of each Executive. | Any base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Group.<br>In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity) the Committee has discretion to make appropriate adjustments to salary levels to ensure that they remain market competitive. | None |
| **Pension**<br>To provide an opportunity for Executives to build up income upon retirement. | All Executives are either members of the Unite Group Personal Pension scheme or receive a cash pension allowance.<br>Salary is the only element of remuneration that is pensionable. | Executive Directors receive a Company pension contribution – or an equivalent cash allowance – aligned to that offered to a majority of employees across the Group in percentage of salary terms (currently 11% of salary). | None |
| **Benefits**<br>To provide non-cash benefits which are competitive in the market in which the Executive is employed. | Executives receive benefits which consist primarily of the provision of a company car or a car allowance, and private health care insurance, although can include any such benefits that the Committee deems appropriate. | Benefits vary by role and individual circumstances; eligibility and cost is reviewed periodically.<br>The Committee retains the discretion to approve a higher cost in certain circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in insurance premiums). | None |
| **SAYE**<br>To encourage the ownership of shares in Unite. | An HMRC-approved scheme whereby employees (including Executive Directors) may save up to the maximum monthly savings limit (as determined by prevailing HMRC guidelines) over a period of three years. Options granted at up to a 20% discount. | Savings are capped at the prevailing HMRC limit at the time employees are invited to participate. | None |

1. Remuneration peer companies include the constituents of the FTSE 350 Real Estate Index and UK-listed companies of similar market capitalisation. The Committee reviews comparator groups periodically to ensure they remain appropriate and retains the discretion to change companies.

## REMUNERATION COMMITTEE continued

| Function | Operation | Opportunity | Performance metrics |
|---|---|---|---|
| **Annual bonus**<br>To incentivise and reward strong performance against financial and non-financial annual targets, thus delivering value to shareholders and being consistent with the delivery of the strategic plan. | Performance measures, targets and weightings are set at the start of the year.<br><br>At the end of the year, the Remuneration Committee determines the extent to which targets have been achieved.<br><br>From the 2022 annual bonus onwards, 50% of any bonus payable will be deferred for two years.<br><br>Deferral is generally by an allocation of shares in the Company, which are generally held in the Employee Share Ownership Trust.<br><br>Awards under the Performance Related Annual Bonus are subject to malus and clawback provisions, further details of which are included as a note to the policy table. | For Executive Directors, the maximum annual bonus opportunity is 140% of base salary.<br><br>Up to 30% of maximum will be paid for Threshold performance under each measure and up to 50% of maximum will be paid for on-target performance.<br><br>A payment equal to the value of dividends which would have accrued on vested deferred bonus shares will be made following the release of awards to participants, either in the form of cash or as additional shares. It is the Committee's current intention to make any dividend payments in the form of shares. | Performance is assessed on an annual basis, as measured against specific objectives set at the start of each year.<br><br>Financial measures will make up at least 70% of the total annual bonus opportunity in any given year. The remainder will be split between non-financial metrics and personal/team objectives according to business priorities, with the weighting on the latter being no more than 20% of the total annual bonus opportunity.<br><br>The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards (including down to zero) to ensure alignment of pay with performance, e.g., in the event of one of the targets under the bonus being significantly missed or unforeseen circumstances outside management control. The Committee also considers measures outside the bonus framework (e.g. Health & Safety) to ensure there is no reward for failure.<br><br>For 2024, financial metrics and non-financial metrics will make up 70% and 30% of the total annual bonus opportunity respectively. Further details of the measures, weightings and targets applicable are provided on page 157. |

## REMUNERATION COMMITTEE continued

| Function | Operation | Opportunity | Performance metrics |
|---|---|---|---|
| **LTIP**<br>To drive sustained long-term performance that supports the creation of shareholder value. | The LTIP comprises a Performance Share Plan (PSP) and an Approved Employee Share Option Scheme (ESOS).<br><br>The ESOS is used to deliver a proportion of the LTIP in a tax-efficient manner, and is subject to the same performance conditions as awards made under the PSP.<br><br>Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate and no less stretching than the first cycle.<br><br>Awards under the LTIP are subject to malus and clawback provisions, further details of which are included as a note to the policy table. | The LTIP provides for an award up to a normal aggregate limit of 200% of salary for Executive Directors, with an overall limit of 300% of salary in exceptional circumstances. The current intention is to grant each Executive Director awards equivalent to 200% of salary.<br><br>Awards may include a grant of HMRC-approved options not exceeding £6k per annum, valued on a fair value exchange.<br><br>A payment equal to the value of dividends which would have accrued on vested shares will be made following the release of awards to participants, either in the form of cash or as additional shares. It is the Committee's current intention to make any future dividends payments in the form of shares. | Vesting of LTIP awards is subject to continued employment and performance against relevant metrics measured over a period of at least three years. The Committee will select performance measures ahead of each cycle to ensure that they continue to be linked to the delivery of the Company strategy.<br><br>Under each measure, threshold performance will result in up to 25% of maximum vesting for that element, rising on a straight-line to full vesting.<br><br>If no entitlement has been earned at the end of the relevant performance period, awards will lapse. A proportion of vested awards may, at the discretion of the Committee, be subject to a holding period following the end of a three-year vesting period. The Committee's current intention is that all awards will be required to be held for an additional two-year period post-vesting.<br><br>As under the Performance Related Annual Bonus, the Committee has discretion to adjust the formulaic LTIP outcomes to ensure alignment of pay with performance, i.e. to ensure the outcome is a true reflection of the performance of the Company.<br><br>Details of the measures and targets to be used for 2024 LTIP awards are included in the Annual Report on Remuneration on page 158. |

## REMUNERATION COMMITTEE continued

### Notes to the policy table

The Committee is satisfied that the above Remuneration Policy is in the best interests of shareholders and does not promote excessive risk-taking.

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the vesting or exercise of past share awards).

### Performance measure selection and approach to target setting

Measures used under the Annual Bonus and LTIP are selected annually to reflect the Group's main short- and long-term objectives and reflect both financial and non-financial priorities, as appropriate.

The Committee considers that EPS (currently used in both the short- and long-term incentive) is an objective and well-accepted measure of the Company's performance which reinforces the strategic objective of achieving profitable growth, whilst a focus on Total Accounting Return (also currently used in both the short- and long-term incentive) is consistent with one of our stated objectives and a key indicator of Company performance in the real estate sector. The use of relative TSR is strongly aligned with shareholders and ensures that Executives are rewarded only if they exceed the returns which an investor could achieve elsewhere in our sector. Finally, from 2022, the Committee has increased the overall weighting on sustainability metrics across variable incentives in order to support and reinforce the Group's strategy in this area.

Targets applying to the Performance Related Annual Bonus and LTIP are reviewed annually, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year. Under the bonus, target performance typically requires meaningful improvement on the previous year's outturn, and, for financial measures, targets are typically set with reference to market consensus.

### Remuneration Policy for other employees

Unite Group's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels in comparable companies. The Company is a fully accredited Living Wage employer.

In terms of variable incentives, all employees are eligible to participate in an annual bonus scheme with business area-specific metrics incorporated where appropriate. Senior managers are eligible to participate in the LTIP with annual awards currently up to 100% of salary. Performance conditions are consistent for all participants, while award sizes vary by level. Specific cash incentives are also in place to motivate, reward and retain staff below Board level.

All employees are eligible to participate in the Company's SAYE scheme on the same terms.

### Shareholding guidelines

The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Shareholding guidelines are in place that require Executive Directors to acquire a holding (excluding shares that remain subject to performance conditions) equivalent to 250% of base salary for the Chief Executive and 200% of base salary for each of the other Executive Directors. Details of the Executive Directors' current shareholdings are provided in the Annual Report on Remuneration.

In order to provide further long-term alignment with shareholders and ensure a focus on successful succession planning, Executive Directors will normally be expected to maintain a holding of Unite shares for a period after their employment as a Director of the Group. This 'post-exit' shareholding guideline will be equal to the lower of a Directors' actual shareholding at the time of their departure and the shareholding requirement in effect at the date of their departure, with such shares to be held for a period of at least two years from the date of ceasing to be a Director. The specific application of this shareholding guideline will be at the Committee's discretion.

In order to monitor and enforce the post-exit shareholding requirement, the Committee has established an internal policy document detailing which shares are covered, the valuation methodology, the holding mechanism and any discretions available. In summary, this post-exit requirement will apply to any LTIP awards or deferred bonus share awards granted on or after 9 May 2019 (being the date of approval of the 2019 Policy), with shares deposited into a Nominee Account until such time that the required post-exit shareholding level has been achieved (calculated annually). Shares held in the Nominee Account will generally be held for a period of not less than two years from the date an individual ceases employment as a Director of the Group.

### Malus and clawback

Awards under the Performance Related Annual Bonus and the LTIP are subject to malus and clawback provisions which can be applied to both vested and unvested awards. Malus and clawback provisions will apply for a period of at least two years post-vesting. Circumstances in which malus and clawback may be applied include a material misstatement of the Company's financial accounts, gross misconduct on the part of the award-holder, error in calculating the award vesting outcome and, from 2019 awards onwards, corporate failure as determined by the Remuneration Committee.

## REMUNERATION COMMITTEE continued

### Non-Executive Director remuneration

Subject to annual re-election by shareholders, Non-Executive Directors are appointed for an initial term of approximately three years. Subsequent terms of three years may be awarded. The appointment, reappointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

The Non-Executive Directors are not eligible to participate in the Company's performance-related bonus plan, Long-Term Incentive Plans or pension arrangements.

Details of the policy on fees paid to our Non-Executive Directors are set out in the table below:

| NED | Date of service contract |
|---|---|
| R Paterson | 21 September 2017 |
| I Beato | 20 July 2018 |
| S Pearce | 14 October 2019 |
| T Jackson | 29 November 2019 |
| S Smith | 14 October 2019 |
| R Huntingford | 26 October 2020 |
| N Dulieu | 5 August 2022 |
| A Jain | 15 May 2023 |

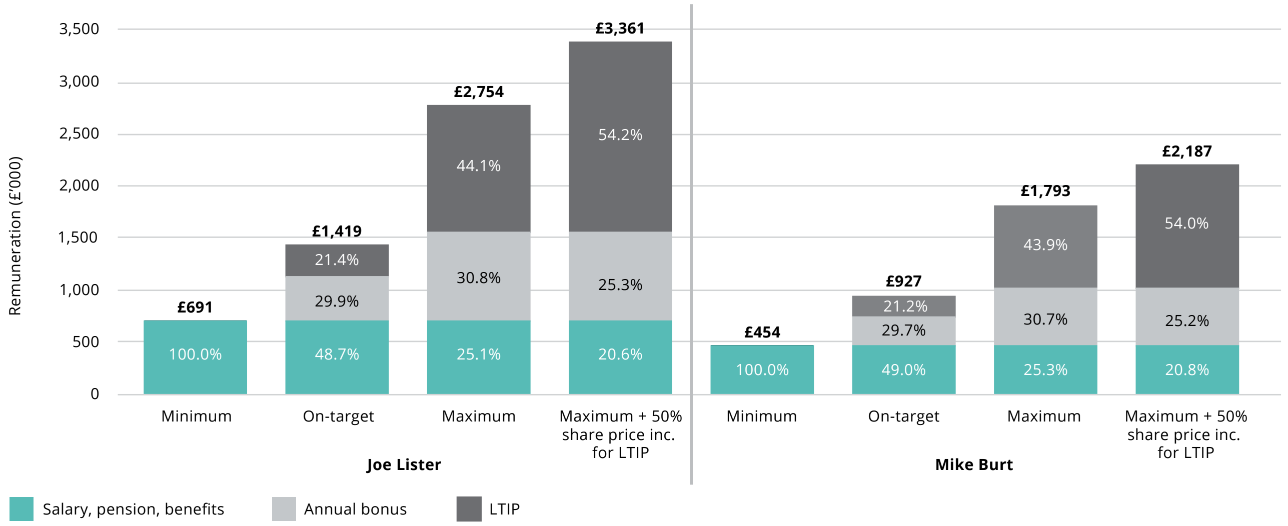
| Function | Operation | Opportunity | Performance metrics |
|---|---|---|---|
| **Fees**<br>To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company. | Fee levels are reviewed annually, with any adjustments typically effective 1 January in the year following review.<br><br>The fees paid to the Chair are determined by the Committee, whilst the fees of the Non-Executive Directors are determined by the Board.<br><br>Additional fees are payable for acting as Senior Independent Director and as Chair of any of the Board's Committees (Audit & Risk, Remuneration, Nomination, Health & Safety, Sustainability).<br><br>Fee levels are benchmarked against sector comparators and FTSE-listed companies of similar size and complexity. Time commitment and responsibility are taken into account when reviewing fee levels.<br><br>Expenses incurred by the Chair and the Non-Executive Directors in the performance of their duties (including taxable travel and accommodation benefits) may be reimbursed or paid for directly by the Company, as appropriate. | Non-Executive Director fee increases are applied in line with the outcome of the annual fee review. Fees for the year commencing 1 January 2024 are set out in the Annual Report on Remuneration.<br><br>It is expected that increases to Non-Executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level. | None |

## REMUNERATION COMMITTEE continued

### Pay for performance scenarios

The charts below provide an illustration of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'On-target', 'Maximum' and 'Maximum including the impact of a 50% share price appreciation on LTIP awards'.

Potential reward opportunities are based on Unite Group's Remuneration Policy, applied to the base salaries effective 1 January 2024. The annual bonus and LTIP are based on the maximum opportunities set out under the Remuneration Policy, being 140% of salary under the annual bonus and a 2024 LTIP grant of 200% of salary. Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant, and the projected value is based on the face value at award rather than vesting (i.e. the scenarios exclude the impact of any share price movement over the period). The exception to this is the last scenario which, in line with the requirements of the UK Corporate Governance Code, illustrates the maximum outcome assuming 50% share price appreciation for the purpose of LTIP value.




The 'Minimum' scenario reflects base salary, pension and benefits (i.e. fixed remuneration) which are the only elements of the Executive's remuneration packages not linked to performance.

The 'On-target' scenario reflects fixed remuneration as above, plus bonus payout of 70% of salary and LTIP threshold vesting at 25% of maximum award (50% of salary).

The 'Maximum' scenario is shown on two bases: excluding and including the impact of share price appreciation on the value of LTIP outcomes. In both cases, the scenario includes fixed remuneration and full payout of all incentives (140% of salary under the annual bonus and 200% of salary under the LTIP), with the final scenario also including the impact of a 50% increase in Unite Group's share price on the value of the LTIP (in effect, valuing this element of pay at 300% of salary).

| | Salary | Benefits (based on FY23) | Pension | 2024 maximum annual bonus | 2024 LTIP award face value |
|---|---|---|---|---|---|
| CEO | £606,900 | £17,068 | 11% of salary | 140% of salary | 200% of salary |
| CFO | £393,750 | Same as above | 11% of salary | 140% of salary | 200% of salary |

## REMUNERATION COMMITTEE continued

### Approach to recruitment remuneration

#### External appointment to the Board

In the cases of hiring or appointing a new Executive Director from outside the Company, the Remuneration Committee may make use of all the existing components of remuneration, as follows:

| Component | Approach | Maximum annual grant value |
|---|---|---|
| **Base salary** | The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of two to three years subject to the individual's development in the role. | |
| **Pension** | New appointees will receive Company pension contributions – or an equivalent cash supplement – aligned to that offered to a majority of employees across the Group at the time of appointment (currently 11% of salary). | |
| **Benefits**<br>**SAYE** | New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a company car or cash alternative, private medical insurance and any necessary relocation expenses. New appointees will also be eligible to participate in all-employee Share Schemes. | |
| **Performance Related Annual Bonus** | The structure described in the policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year. Targets for the individual element will be tailored to each Executive. | 140% of salary |
| **LTIP** | New appointees will be granted awards under the LTIP on the same terms as other Executives, as described in the policy table. The normal aggregate limit of 200% of salary will apply, save in exceptional circumstances where up to 300% of salary may be awarded. | 300% of salary |

In determining appropriate remuneration, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Unite Group and its shareholders. The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer on a like-for-like basis, which may be awarded in addition to the remuneration structure outlined in the table above. In doing so, the Committee will consider relevant factors including time to vesting, any performance conditions attached to these awards and the likelihood of those conditions being met. Any such 'buy-out' awards will typically be made under the existing annual bonus and LTIP schemes, although in exceptional circumstances the Committee may exercise the discretion available under Listing Rule 9.4.2 R to make awards using a different structure. Any 'buy-out' awards would have a fair value no higher than the awards forfeited.

#### Internal promotion to the Board

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee and Board will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements. With regards to pension contributions, as above, this would be aligned to that offered to a majority of employees across the Group at the time of promotion to the Board. The Remuneration Policy for other employees is set out on page 140. Incentive opportunities for below Board employees are typically no higher than Executive Directors, but measures may vary to provide better line-of-sight.

#### Non-Executive Directors

In recruiting a new Non-Executive Director, the Remuneration Committee will utilise the policy as set out in the table on page 141. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director and/or as Chair of the Board's Committees.

## REMUNERATION COMMITTEE continued

### Service contracts and treatment for leavers and change of control

| Executive | Date of service contract |
|---|---|
| J Lister | 1 January 2024 |
| M Burt | 1 January 2024 |
| R Smith | 28 September 2011 |

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract requiring 12 months' notice of termination on either side. Such contracts contain no specific provision for compensation for loss of office, other than an obligation to pay for any notice period waived by the Company, where pay is defined as salary, benefits and any other statutory payments only. Where a payment is made in equal monthly instalments, the Committee will expect the Director to mitigate his/her losses by undertaking to seek and take up, as soon as reasonably practicable, any suitable/similar opportunity to earn alternative income over the period in which the instalments are to be made. The instalment payments will be reduced (including to zero) by the amount of such income that the employee earns and/or is entitled to earn over the applicable period. Executive Director service contracts are available to view at the Company's registered office.

The Remuneration Committee will exercise discretion in making appropriate payments in the context of outplacement, settling legal claims or potential legal claims by a departing Executive Director, including any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by them in connection with the termination of employment, where the Company wishes to enter into a settlement agreement and the individual must seek independent legal advice.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the annual bonus and LTIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion:

| | Calculation of vesting/payment |
|---|---|
| **Annual bonus** | |
| Cash element | In the event of retirement, ill health, death, disability, redundancy or any other circumstance at the discretion of the Remuneration Committee, or in the event of a change of control, Executive Directors may receive a bonus payment for the year in which they cease employment. This payment will normally be pro-rated for time and will only be paid to the extent that financial and individual objectives set at the beginning of the plan year have been met.<br><br>Otherwise, Executive Directors must be employed at the date of payment to receive a bonus. |
| Deferred element | Deferred bonus shares will normally be retained and will be released in full following completion of the applicable deferral period. |
| **LTIP** | |
| Leavers before the end of the performance period | In the event of retirement, ill health, death, disability, redundancy or any other circumstance at the discretion of the Remuneration Committee, or in the event of a change of control, the Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved and the proportion of the vesting period worked. This determination will be made as soon as reasonably practical following the end of the performance period or such earlier date as the Committee may agree (within 12 months in the event of death).<br><br>In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate.<br><br>If participants leave for any other reason before the end of the performance period, their award will normally lapse. |
| Leavers after the end of the performance period | Any awards in a holding period will normally vest following completion of the holding period. |

## REMUNERATION COMMITTEE continued

### External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may accept external appointments as Non-Executive Directors of other companies and retain any fees received. Joe Lister was appointed as a Non-Executive Director on the Board of Helical Plc effective 1 September 2018 and received a fee of c.£62k in respect of his service for 2023. Richard Smith was appointed as a Non-Executive Director on the Board of Industrials REIT (formerly Stenprop Limited) effective 4 November 2020 and received a fee of c.34k in respect of his service for 2023.

### Consideration of conditions elsewhere in the Company

When making decisions on Executive Director remuneration, the Committee considers pay and conditions across Unite and reflects on available data such as the Gender Pay Gap reporting and the CEO pay ratio analyses. Prior to the annual salary review, the Group People Director provides the Committee with a summary of the proposed level of increase for overall employee pay. The Remuneration Committee did not formally consult with employees in designing the above Executive Remuneration Policy. The Culture Matters forum, launched in October 2021 and attended by the employee engagement NED, will, in future, provide the Board and Committee with a greater opportunity to solicit the views of employees on remuneration structures and processes across the Group. Specifically, this forum will include as part of its agenda an opportunity to discuss remuneration issues, answer any questions around pay practices, and to explain to the workforce how Executive pay arrangements align with the wider pay policy.

### Consideration of shareholder views

In designing the current policy, the Remuneration Committee consulted with Unite Group's top 20 investors and with proxy advisers (Glass Lewis, the Investment Association and ISS) to seek their views on proposed changes, as well as remuneration at Unite Group more broadly. The Committee thanks investors taking the time to participate in the consultation and we welcomed the positive and constructive feedback received. The Committee used this feedback, along with updates to investor body principles published around the time of the review, to refine and further develop the final proposals. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of the Executive remuneration remains appropriate.

## Annual Report on Remuneration

The following section provides details of how Unite Group's Remuneration Policy was implemented during the financial year ended 31 December 2023, and how it will be implemented in 2024.

### Remuneration Committee membership in 2023

The primary role of the Committee is to:

- Review, recommend and monitor the level and structure of remuneration for the Executive Directors and other senior Executives.
- Approve the remuneration packages for the Executive Directors and ensure that pay outcomes reflect the performance of the Company.
- Determine the balance between base pay and performance-related elements of the package so as to align Directors' interests to those of shareholders.

The Committee's terms of reference are set out on the Company's website. As of 31 December 2023, the Remuneration Committee comprised four independent Non-Executive Directors.

- Nicky Dulieu (Committee Chair from 1 March 2023)
- Ross Paterson
- Dame Shirley Pearce
- Professor Sir Steve Smith

Elizabeth McMeikan served as Committee Chair until 28 February 2023. Certain Executives, including Richard Smith, Joe Lister and Helene Murphy (Group People Director), are invited to attend meetings of the Committee, and the Company Secretary, Christopher Szpojnarowicz, acts as secretary to the Committee. Richard Huntingford and Thomas Jackson are also invited to attend meetings. No individuals are involved in decisions relating to their own remuneration. The Remuneration Committee convened five times during the year and details of members' attendance at meetings are provided in the Corporate Governance section on page 102.

Key activities of the Remuneration Committee in 2023 included:

- Reviewed the Executive Directors' performance against 2020 LTIP targets and approved final vesting.
- Approved the Directors' Remuneration Report for 2022.
- Determined the Executive Directors' bonus and LTIP performance targets for 2023 in line with the strategic plan and approved grant of awards under the LTIP in April 2023.
- Approved implementation of delayed salary increases for Executive Directors with effect from 1 July 2023.
- Considered and approved the leaver arrangements for Richard Smith.
- Considered and approved remuneration arrangements for Joe Lister and Mike Burt in their new roles.
- Continued to monitor remuneration market trends and corporate governance developments.
- Reviewed the CEO pay ratio and gender pay data and disclosures.
- Considered feedback from the Culture Matters forum.
- Commenced a review of the fee payable to the Board Chair.
- Commenced preparation of the 2023 Directors' Remuneration Report.

### Advisers

Ellason LLP was appointed as the independent remuneration adviser to the Committee effective 1 January 2021 and retained during the year. The Committee undertakes due diligence periodically to ensure that Ellason is independent and that the advice provided is impartial and objective. During 2023, Ellason provided independent advice including updates on the external remuneration environment, guidance on the leaver arrangements for Richard Smith and on the remuneration arrangements of the new CEO and CFO, performance testing for Long-Term Incentive Plans and Directors' Remuneration Report drafting support. Ellason reports directly to the Chair of the Remuneration Committee and does not advise the Company on any other issues. Their total fees for the provision of remuneration services to the Committee in 2023 were £42,823 (2022: £37,050) on the basis of time and materials.

Ellason is a member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at **www.remunerationconsultantsgroup.com**. None of the individual Directors have a personal connection with Ellason.

## REMUNERATION COMMITTEE continued

### Summary of shareholder voting at AGMs

The following table shows the results of the advisory vote on the 2022 Annual Report on Remuneration at the 2023 AGM and the binding vote on the Directors' Remuneration Policy at the 2022 AGM:

| | 2022 Annual Report on Remuneration | | Directors' Remuneration Policy | |
|---|---|---|---|---|
| For (including discretionary) | 352,941,199 | 98.64% | 357,032,859 | 97.83% |
| Against | 4,856,647 | 1.36% | 7,905,945 | 2.17% |
| **Total votes cast (excluding withheld votes)** | **357,797,846** | | **364,938,804** | |
| Votes withheld | 1,765,182 | | 1,761,682 | |
| **Total votes cast (including withheld votes)** | **359,563,028** | | **366,700,486** | |

### Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received for 2022 and 2023 by each Executive Director who served in the year ended 31 December 2023:

| £ | | Salary<br>Note 1 | Taxable benefits<br>Note 2 | Pension<br>Note 3 | Annual bonus<br>Note 4 | LTIP<br>Note 5 | Other<br>Note 6 | Total single figure | Total fixed | Total variable |
|---|---|---|---|---|---|---|---|---|---|---|
| R Smith | **2023** | **558,088** | **16,241** | **53,238** | **429,727** | **682,670** | **0** | **1,739,964** | **627,567** | **1,112,397** |
| | 2022 | 522,500 | 16,123 | 59,550 | 263,340 | 216,584 | 4,498 | 1,082,595 | 598,173 | 484,422 |
| J Lister | **2023** | **431,794** | **17,068** | **38,734** | **332,482** | **555,499** | **2,318** | **1,377,895** | **487,596** | **890,299** |
| | 2022 | 411,250 | 16,854 | 46,918 | 207,270 | 176,263 | 0 | 858,555 | 475,022 | 383,533 |

1. Salaries for 2023 reflect the additional mid-year increase approved by the Committee with effect from 1 July 2023, as detailed on page 128.
2. Taxable benefits for 2023 consist primarily of company car or car allowance and private health care insurance. The figures above include car benefits of £15,000 for Messrs. Smith and Lister.
3. Pension figures include contributions to the UNITE Group Personal Pension Scheme and cash allowances, where applicable. Pension contributions were reduced to a maximum of 11% of salary with effect from 1 January 2023.
4. Annual bonus figures reflect the full amount earned in respect of the relevant financial year, including any amounts which are required to be deferred.
5. 2022 figures: Vesting of 2020 awards was confirmed as 18.7% of maximum following the publication of comparator full-year results. The LTIP figures shown are based on the market price on the date of vesting (23 April 2023) of 940.0p. These amounts have been revised upwards from last year's report to reflect the positive final vesting outcome.

   2023 figures: For the 2021 awards, vesting of the relative TAR element will be finalised following the publication of comparator results over the coming months, with Unite Group currently estimated to rank above upper quartile. Overall anticipated vesting of the 2021 awards used in this single figure is therefore 76.0% of maximum. Similarly, the market price on the date of vesting for these awards is currently unknown and so the value shown is estimated using the average market value over the last quarter of 2023 of 952.3p. See following sections for further details. The value of the vested 2021 awards shown reflects the impact of a c.13% fall in the vesting share price compared to the share price at grant and therefore none of the value shown is attributable to share price appreciation.

   For both 2022 and 2023, LTIP figures include the value of dividends for vested awards which will be paid as additional shares (estimated, where relevant). Awards in the form of HMRC-approved options are valued based on the embedded gain at vesting (i.e. subtracting the applicable exercise price) and attract no dividends.
6. 'Other', includes the embedded value of SAYE/Sharesave options at grant.

## REMUNERATION COMMITTEE continued

### Single total figure of remuneration for Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received for 2022 and 2023 by each Non-Executive Director who served in the year ended 31 December 2023:

| £ | | Base fee | Committee Chair/ SID fees | Taxable benefits | Total single figure |
|---|---|---|---|---|---|
| **Note 1** | | | | **Note 2** | |
| R Huntingford | **2023** | **238,703** | **–** | **95** | **238,798** |
| | 2022 | 231,750 | – | – | 231,750 |
| E McMeikan(i) | **2023** | **8,742** | **2,846** | **–** | **11,588** |
| | 2022 | 50,925 | 16,595 | 269 | 67,789 |
| R Paterson | **2023** | **52,453** | **10,900** | **–** | **63,353** |
| | 2022 | 50,925 | 10,600 | 39 | 61,564 |
| I Beato | **2023** | **52,453** | **–** | **40** | **52,493** |
| | 2022 | 50,925 | – | 45 | 50,970 |
| S Pearce | **2023** | **52,453** | **10,900** | **–** | **63,353** |
| | 2022 | 50,925 | 10,600 | 45 | 61,570 |
| T Jackson(ii) | **2023** | **–** | **–** | **–** | **–** |
| | 2022 | – | – | – | – |
| S Smith | **2023** | **52,453** | **10,900** | **19** | **63,372** |
| | 2022 | 50,925 | 10,600 | 50 | 61,575 |
| N Dulieu(iii) | **2023** | **48,920** | **14,229** | **–** | **63,149** |
| | 2022 | 20,508 | – | – | 20,508 |
| A Jain(iv) | **2023** | **21,855** | **–** | **–** | **21,855** |

1. Relevant changes in Non-Executive Directors and responsibilities as follows:
   i. Elizabeth McMeikan retired from the Board on 28 February 2023.
   ii. Reflecting the Relationship Agreement with CPPIB Holdco, Thomas Jackson does not receive any fees in respect of his Non-Executive Director position with Unite Group.
   iii. Nicky Dulieu joined the Board on 1 September 2022 and took up the roles of Senior Independent Director and Chair of the Remuneration Committee with effect from 1 March 2023. An administrative error, which resulted in an overpayment of fees in 2022, has since been corrected and is reflected as a deduction to the single figure for 2023.
   iv. Angela Jain joined the Board as a Non-Executive Director on 1 August 2023.
2. Taxable benefits relate primarily to certain travel expenses.

## REMUNERATION COMMITTEE continued

### Incentive outcomes for the year ended 31 December 2023 (audited)

#### Annual bonus in respect of 2023 performance

The maximum bonus opportunity for each Executive Director in 2023 was 140% of base salary, with Threshold and On-target performance paying 30% and 50% of maximum respectively, under each performance measure. The 2023 annual bonus was based on an additive combination of financial (weighted 70%) and non-financial (30%) metrics. Further details, including the targets set and performance against each of the metrics, are provided in the tables below:

| | | | Threshold | On-target | Maximum | | |
|---|---|---|---|---|---|---|---|
| | Measure | Weight | 30% of max | 50% of max | 100% of max | Actual | Outcome (% of max) |
| Financial (70%) | Adjusted EPRA EPS | 25.0% | 42.0p | 44.0p | 46.0p | 44.3p | 57.5% |
| | TAR per share | 25.0% | 64.5p | 73.5p | 83.5p | 26.5p | 0.0% |
| | Loan to Value | 20.0% | 35.0% | 34.0% | 32.0% | 28.0% | 100.0% |
| Non-financial (30%) | Customer satisfaction | 7.5% | 38 | 40 | 42 | 42 | 100.0% |
| | University reputation | 7.5% | 11 | 13 | 15 | 32 | 100.0% |
| | GRESB rating | 7.5% | 84 | 85 | 87 | 86 | 75.0% |
| | Employee engagement | 7.5% | 73 | 75 | 77 | 70 | 0.0% |

| Executive | Overall outcome (% of maximum) | Overall outcome (% of salary) | Overall outcome (£) |
|---|---|---|---|
| Richard Smith | 55.0% | 77.0% | £429,727 |
| Joe Lister | 55.0% | 77.0% | £332,482 |

The Committee notes in particular the strong outcomes under both the customer satisfaction and university reputation metrics, with both delivering a full payout for 2023. In the case of the latter, acknowledging the significant outperformance of the range, the Committee revisited its process for setting the targets to ensure that the final outcome was justified. It was noted that external guidance at the time of setting the targets had suggested that a recovery to previous levels would be a multiple-year process, and a range of key actions had been agreed including professional development plans for teams leading on the relationships front. Feedback from our university partners in the 2023 survey was very positive citing proactive engagement and our strong student focus and support offerings. With this context in mind, the Committee supported the overall outcomes and considers that the outperformance of the target range – and record outcome for this measure – is a direct result of the teams' hard work and their dedication to Unite's stakeholders.

Prior to finalising the annual bonus outcome, the Committee received a detailed report from Professor Sir Steve Smith, Chair of the Health & Safety Committee, which reviewed the Group's operational incident and fire safety performance during 2023, provided an update on the cladding remediation programme and associated safety metrics, and noted the continued investment in Unite Group's Safety Centre of Excellence, with further improvements to overall reporting culture and the speed at which any issues arising are addressed. The Committee's conclusion aligned with that in the report, namely that the Executive team has continued to promote a culture of openness and transparency around health and safety matters, and has worked proactively to address challenges faced to ensure that health and safety remains Unite Group's number one priority.

Having taken the above into account, the Committee is satisfied that the overall bonus outcome of 77.0% of salary (cf. a maximum of 140% of salary) in respect of 2023 is appropriate. In line with the policy, 50% of the annual bonuses earned by Executive Directors will be satisfied in Unite shares, deferred for two years.

## REMUNERATION COMMITTEE continued

### Confirmation of 2020 LTIP vesting (vested on performance to 31 December 2022)

In last year's report, the Committee provided an estimate for the vesting of the 2020 LTIP awards based on relative TAR after two years of the performance period. Following the publication of TAR results by comparators with March 2023 year-ends, the Committee was able to assess this element of the LTIP, with Unite' Group's TAR of 14.9% coming in between median (+4.2%) and upper quartile (+29.8%) over the full three-year performance period. The resulting vesting outcome was 56.2% of maximum for the relative TAR element which, when combined with the outcomes for the relative TSR (0% of maximum) and EPS (0% of maximum) elements, resulted in an overall vesting outcome for the 2020 LTIP of 18.7% of maximum. The Committee was satisfied that this modest positive vesting result was supported by broader underlying Group performance, and accordingly applied no discretion in respect of the outcome.

2022 values included in the single figure of remuneration table for both Richard Smith and Joe Lister have been updated to reflect the revised number of shares vesting, as well as the actual share price on 23 April 2023 of 940.0p.

| Executive | Interests held | Confirmed vesting % | Interests vesting | Date vesting |
|---|---|---|---|---|
| Richard Smith | 118,129 | 18.7% | 22,089 | 23 April 2023 |
| Joe Lister | 96,256 | | 17,999 | |

### 2021 LTIP vesting (vested on performance to 31 December 2023)

Awards in 2021 were made under the LTIP, consisting of the Unite Group Performance Share Plan (PSP) and the Unite Group Approved Employee Share Option Scheme (ESOS). Vesting of the awards was dependent on three equally-weighted measures over a three-year performance period: absolute EPS, relative TSR and relative TAR, with Unite Group's performance for both the TSR and TAR elements compared to the constituents of the FTSE 350 Real Estate Supersector Index. There was no retest provision. Further details, including vesting schedules and performance against each of the metrics, are provided in the table below.

Vesting of the relative TAR element will be finalised following the publication of comparator results over the coming months, with Unite Group currently estimated to rank above upper quartile, equating to full vesting under this element, and 76.0% vesting overall. No discretion has been exercised in respect of the 2021 LTIP to-date; the Committee will confirm this position once final vesting of the relative TAR element has been approved later in 2024.

| Measure | Weight | Targets | Outcome | Vest % |
|---|---|---|---|---|
| 2023 Adjusted EPRA EPS | 1/3 | 0% vesting below 44.0p<br>25% vesting for 44.0p<br>100% vesting for 51.5p or more;<br>Straight-line vesting between these points | 44.3p | 28.0% |
| TSR ranking vs. constituents of the FTSE 350 Real Estate Supersector Index | 1/3 | 0% vesting below median<br>25% vesting for performance in line with median<br>100% vesting for performance in line with upper quartile or above;<br>Straight-line vesting between these points | 5.9%: above upper quartile | 100.0% |
| TAR ranking vs. constituents of the FTSE 350 Real Estate Supersector Index | 1/3 | 0% vesting below median<br>25% vesting for performance in line with median<br>100% vesting for performance in line with upper quartile or above;<br>Straight-line vesting between these points | Estimated: above upper quartile | Estimated: 100.0% |
| | | **Total estimated LTIP vesting (sum product of weighting and vest %)** | | **76.0%** |

## REMUNERATION COMMITTEE continued

| Executive | Interests held | Estimated vesting % | Estimated interests vesting | Date vesting | Assumed market price | Estimated value… | … of which, value due to share price growth |
|---|---|---|---|---|---|---|---|
| | Note 1 | | | | | Note 2 | |
| Richard Smith | 87,549 | 76.0% | 66,537 | After TAR assessment (June/July) | 952.3p | £682,670 | N/A |
| Joe Lister | 71,329 | | 54,210 | | | £555,499 | N/A |

1. In each case, interests held includes 479 HMRC-approved options under the ESOS.
2. Estimated value of HMRC-approved options is based on embedded gain (i.e. after subtracting 1,083.5p exercise price). Value includes the accumulated dividends on vested shares.

In line with reporting regulations, the value disclosed above and in the single total figure of remuneration table on page 147 captures the estimated full number of interests vesting (i.e. excluding the two-year holding period). As the market price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market value over the last quarter of 2023 of 952.3p. Values will be trued-up in the 2024 Annual Report on Remuneration to reflect actual relative TAR vesting and the actual share price at the date of vesting for these awards.

The estimated values include the impact of a c.13% fall in the assumed market price compared to the share price at grant (1,083.5p). Executives also became entitled to additional shares representing the dividends payable on vested LTIP shares over the three-year performance period. The estimated value of these additional shares is included in the row entitled 'LTIP' in the single total figure of remuneration table on page 147, and equates to £52,508 and £42,727 for Messrs. Smith and Lister respectively. Actual dividends payable will be determined on finalising vesting of the TAR element of awards.

### Percentage change in remuneration of Directors and employees

This table is produced in accordance with the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and shows the change in remuneration of Unite Directors and employees over time.

Executive Director remuneration includes base salary, taxable benefits and annual bonus (where eligible). Non-Executive Director remuneration includes base fee and any additional fees paid, and taxable benefits. Data is shown on a full-time equivalent basis and growth rates are based on a consistent set of employees, i.e. the same individuals appear in the 2023 and 2022 populations for the 2023 analysis and so on.

| Director Note 1 | Basic salary/total fee | | | | Taxable benefits Note 2 | | | | Annual bonus Note 3 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2023 | 2022 | 2021 | 2020 | 2023 | 2022 | 2021 | 2020 |
| R Smith | **6.8%** | 10.6% | 11.1% | (6.9)% | **0.7%** | (6.5)% | 6.4% | 0.0% | **63.2%** | (45.7)% | n/m | (100.0)% |
| J Lister | **5.0%** | 7.0% | 11.1% | (6.9)% | **1.3%** | (2.4)% | (1.3)% | 3.4% | **60.4%** | (47.5)% | n/m | (100.0)% |
| R Huntingford | **3.0%** | 28.0% | 266.3% | N/A | **N/A** | (100.0)% | n/m | N/A | **N/A** | N/A | N/A | N/A |
| E McMeikan | **3.0%** | 3.0% | 11.1% | (7.3)% | **(100.0)%** | 589.6% | (70.5)% | (60.2)% | **N/A** | N/A | N/A | N/A |
| R Paterson | **3.0%** | 3.0% | 11.1% | (7.3)% | **(100.0)%** | 1,190.0% | (71.1)% | 100.0% | **N/A** | N/A | N/A | N/A |
| I Beato | **3.0%** | 3.0% | 11.1% | (7.3)% | **(11.1)%** | 1,400.0% | n/m | (100.0)% | **N/A** | N/A | N/A | N/A |
| S Pearce | **3.0%** | 6.6% | 29.7% | (7.3)% | **(100.0)%** | 1,400.0% | (71.1)% | 100.0% | **N/A** | N/A | N/A | N/A |
| T Jackson | **N/A** | N/A | N/A | N/A | **n/m** | (100.0)% | n/m | N/A | **N/A** | N/A | N/A | N/A |
| S Smith | **3.0%** | 3.0% | 17.0% | N/A | **(62.6)%** | 2.0% | n/m | N/A | **N/A** | N/A | N/A | N/A |
| N Dulieu | **24.0%** | N/A | N/A | N/A | **n/m** | N/A | N/A | N/A | **N/A** | N/A | N/A | N/A |
| A Jain | **N/A** | N/A | N/A | N/A | **N/A** | N/A | N/A | N/A | **N/A** | N/A | N/A | N/A |
| All employees | **11.6%** | 3.6% | 2.9% | 4.4% | **6.1%** | 3.2% | 2.3% | 2.3% | **87.7%** | (52.8)% | 285.0% | (67.8)% |

1. Changes in Directors and responsibilities during the 2022 and 2023 financial years which are relevant to the calculations above are as follows:
   - Elizabeth McMeikan retired from the Board with effect from 28 February 2023.
   - Nicky Dulieu joined the Board with effect from 1 September 2022 and took on the roles of Senior Independent Director and Chair of the Remuneration Committee with effect from 1 March 2023.
   - Angela Jain joined the Board with effect from 1 August 2023.
2. For Executive Directors, taxable benefits consist primarily of company car or car allowance and private health care insurance. For Non-Executive Directors, taxable benefits relate primarily to certain travel expenses and accommodation which, given the relatively small numbers involved, can produce sizeable percentage changes from year to year.
3. The figures shown are reflective of any bonus earned during the respective financial year. Non-Executive Directors are not eligible to participate in the annual bonus scheme.

## REMUNERATION COMMITTEE continued

### Relative importance of spend on pay

The table below shows shareholder distributions (i.e. dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 December 2022 and 31 December 2023, along with the percentage change in both.

| | 2023 £m | 2022 £m | % change 2022–23 |
|---|---|---|---|
| Total employee pay expenditure | **75.7** | 65.8 | 15.0% |
| Distributions to shareholders | **117.3** | 96.4 | 21.7% |

Distributions to shareholders reflects actual payments made during the relevant financial year. Employee remuneration excludes social security costs.

### Relationship between the remuneration of the CEO and all employees

There is strong alignment between the Company's approach to remuneration for Executive Directors and other employees (see page 153 for details).

Consistent with previous years, given the significant undertaking required to calculate the single figure of remuneration for all UK employees, the Committee opted to use data already available from the gender pay reporting as the basis for identifying employees at P25, P50 and P75 ('Option B'). We believe this provides a reasonable estimate for employees' pay at these levels within the organisation. Further details on the specific steps used in calculating the above ratios are as follows:

- We used the most recent gender pay gap data from 5 April 2023 to rank the hourly rates of all UK employees. From this initial ranking we identified those individuals positioned at P25, P50 and P75, as well as the immediate employees either side of P25, P50 and P75.
- Employees selected as P25, P50 and P75 were checked to confirm that they were employed for the whole of the 2023 financial year.
- Total FTE remuneration for each of these individuals was then calculated to 31 December 2023 on the same basis as used in the single figure table for our CEO. All figures are total amounts paid to full-time employees covering the whole 2023 financial year. Overtime pay, where received during the year, has been excluded so that the figures are comparable with the Chief Executive.
- In reviewing the employee pay data, the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the employee pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies.

The Committee notes that the statutory CEO pay ratios have increased in 2023 as compared to 2022, with, for example, the ratio of CEO total remuneration to the median employee increasing from 42:1 to 54:1. This year-on-year change is principally driven by the strong estimated vesting under the 2021 LTIP which, at 76.0%, is markedly higher than for the 2020 LTIP (18.7%).

Reflecting that a significant proportion of the CEO's remuneration is linked to Group performance and share price movements over the longer-term, and that, as a result, changes in the headline ratios may be volatile, the Committee also reviews ratios for salary and salary plus annual bonus. Participation in the Group's long-term incentives is currently limited to c.60 senior leaders, with none of the individuals identified as P25, P50 and P75 in this group. On the other hand, the significant majority of our employees are eligible to participate in annual bonus arrangements – and so the Committee considers this ratio, as well as the ratio comparing just salaries, to provide helpful additional context. The Committee notes, for example, that the ratio of median employee salary to the CEO fell from 23:1 to 19:1 reflecting the tiered approach to salary increases last year and the substantial Real Living Wage increase awarded to relevant individuals. Similarly, the ratio of median employee salary plus annual bonus to the CEO was broadly flat between 2022 and 2023, recognising the similarity in outcomes under the schemes operated at all levels.

## REMUNERATION COMMITTEE continued

Having reviewed the data points and associated context, the Committee is satisfied that the fluctuation in the headline ratios this year reflects appropriate differences in the structure of remuneration at different levels of seniority.

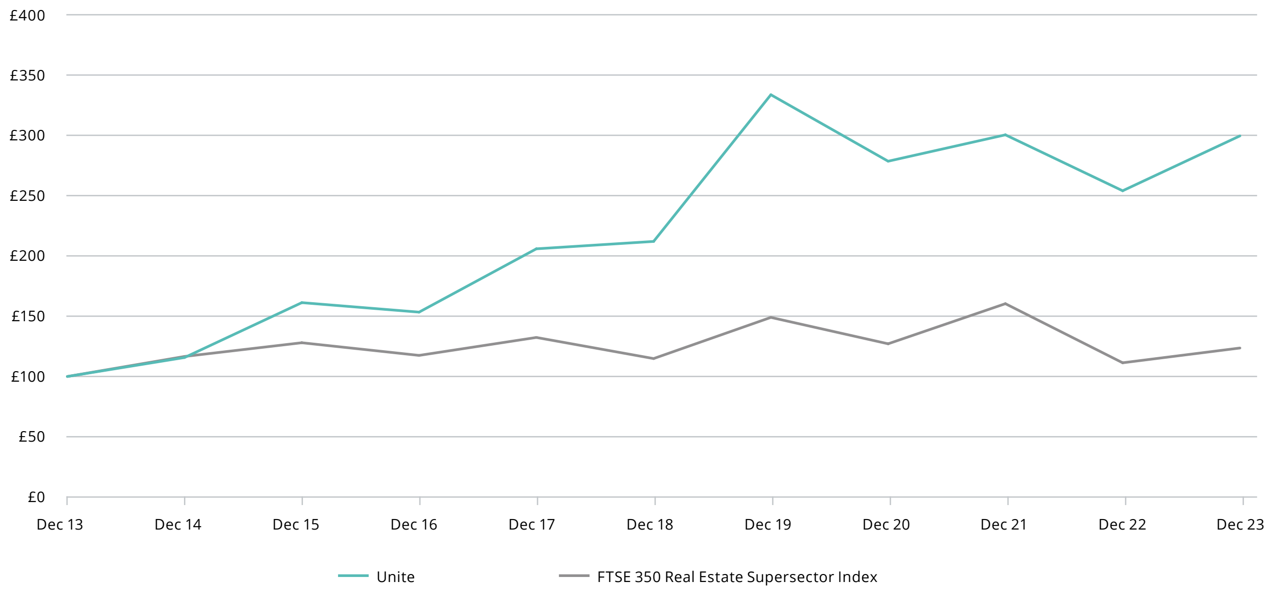
| CEO pay ratio | 2023 | 2022[1] | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Methodology used | **B** | B | B | B | B |
| Average number of employees | **1,859** | 1,889 | 1,900 | 1,756 | 1,450 |
| **Ratio of CEO single figure total remuneration:** | | | | | |
| – To employee at the 25th percentile | **71:1** | 48:1 | 58:1 | 44:1 | 113:1 |
| – To employee at the 50th percentile | **54:1** | 42:1 | 56:1 | 38:1 | 96:1 |
| – To employee at the 75th percentile | **48:1** | 29:1 | 43:1 | 29:1 | 70:1 |
| **Ratio of CEO base salary plus annual bonus figure:** | | | | | |
| – To employee at the 25th percentile | **42:1** | 37:1 | 42:1 | 21:1 | 49:1 |
| – To employee at the 50th percentile | **32:1** | 32:1 | 40:1 | 18:1 | 41:1 |
| – To employee at the 75th percentile | **28:1** | 24:1 | 31:1 | 14:1 | 30:1 |
| **Ratio of CEO base salary figure:** | | | | | |
| – To employee at the 25th percentile | **25:1** | 26:1 | 22:1 | 22:1 | 25:1 |
| – To employee at the 50th percentile | **19:1** | 23:1 | 22:1 | 19:1 | 21:1 |
| – To employee at the 75th percentile | **17:1** | 17:1 | 17:1 | 14:1 | 15:1 |
| **Additional details** | | | | | |
| CEO total single figure (£'000) | **1,740** | 1,083 | 1,428 | 934 | 2,336 |
| CEO base salary (£'000) | **558** | 523 | 472 | 425 | 457 |
| Employees' total pay and benefits (£'000) | | | | | |
| – at the 25th percentile | **24.7** | 22.4 | 24.4 | 21.2 | 20.6 |
| – at the 50th percentile | **32.5** | 25.9 | 25.3 | 24.6 | 24.4 |
| – at the 75th percentile | **36.6** | 37.7 | 32.8 | 32.0 | 33.5 |
| Employees' base salary (£'000) | | | | | |
| – at the 25th percentile | **21.9** | 20.0 | 21.1 | 19.6 | 18.1 |
| – at the 50th percentile | **28.8** | 23.2 | 21.8 | 22.6 | 21.7 |
| – at the 75th percentile | **32.2** | 30.4 | 28.5 | 29.4 | 29.6 |

1. 2022 CEO single figure of remuneration has been trued-up from last year's report to reflect the final vesting outcome and actual market price on the date of vesting for 2020 LTIP awards, with ratios updated accordingly.

## REMUNERATION COMMITTEE continued

### Review of past performance

The following graph charts the TSR of the Company and the FTSE 350 Real Estate Supersector Index over the ten-year period from 1 January 2014 to 31 December 2023. Whilst there is no comparator index or group of companies that truly reflects the activities of the Group, the FTSE 350 Real Estate Index (the constituent members of which are all property holding and/or development companies or real estate investment trusts within the UK), was chosen as it reflects trends within the UK property market generally and tends to be the index against which analysts judge the performance of the Company. The table below details the Chief Executive's single figure remuneration over the same period.




| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| | **M Allan** | **M Allan** | **M Allan<br>R Smith** | **R Smith** | **R Smith** | **R Smith** | **R Smith** | **R Smith** | **R Smith** | **R Smith** |
| | | | | | | | **Note 1** | | **Note 2** | **Note 3** |
| CEO single figure of remuneration (£'000) | £2,987 | £2,382 | £223<br>£1,239 | £1,456 | £2,131 | £2,336 | £934 | £1,428 | £1,083 | **£1,740** |
| Annual bonus outcome (% of maximum) | 89.4% | 88.2% | N/A<br>43.4% | 63.6% | 74.3% | 80.9% | N/A | 73.3% | 36.0% | **55.0%** |
| LTIP outcome (% of maximum) | 95.2% | 100.0% | N/A<br>100.0% | 96.1% | 81.9% | 97.1% | 33.33% | 36.8% | 18.7% | **76.0%** |

1. 2020 annual bonus scheme was cancelled for Executive Directors in April 2020.
2. 2022 CEO single figure of remuneration has been trued-up from last year's report to reflect the final vesting outcome and market price on the date of vesting for 2020 LTIP awards.
3. 2023 CEO single figure and LTIP outcome are based on an estimate of the vesting of the TAR element, see page 150 for further details.

## REMUNERATION COMMITTEE continued

### Scheme interests awarded in 2023 (audited)

#### LTIP

In April 2023, Executive Directors were granted awards under the LTIP with a face value of 200% of their respective salaries. Any awards vesting for performance will be subject to an additional two-year holding period.

| Executive | Date of grant | Shares over which awards granted | Market price at date of award | Face value |
|---|---|---|---|---|
| | | Note 1 | | |
| Richard Smith | 6 April 2023 | 114,581 | 943.5p | £1,081,072 |
| Joe Lister | 6 April 2023 | 90,291 | 943.5p | £851,896 |

1. Combination of HMRC-approved options under the ESOS (635) and nil-cost options under the PSP calculated using a share price of 943.5p, being the closing mid-market price on the day the awards were calculated.

Vesting of these awards is dependent on the achievement of three-year performance targets set out in the table below.

| Measure | Weight | Threshold (25% vesting) | Stretch (100% vesting) |
|---|---|---|---|
| 2025 adjusted EPRA EPS | 28.0% | 46.7 pence | 48.5 pence |
| TSR ranking vs. constituents of the FTSE 350 Real Estate Supersector Index (2023–2025) | 28.0% | In line with median | In line with upper quartile |
| TAR per share ranking vs. constituents of the FTSE 350 Real Estate Supersector Index (2023–2025) | 28.0% | In line with median | In line with upper quartile |
| Operational energy intensity: cumulative reduction; 2025 vs. 2019 baseline (kWh/m²) | 8.0% | 9.4% cumulative reduction | 15.7% cumulative reduction |
| EPC ratings: % of floorspace A–C rated in 2025 | 8.0% | 91% of floorspace | 97% of floorspace |

No vesting below Threshold; straight-line vesting between Threshold and Stretch.

As noted in the 6 April 2023 market announcement, the adjusted EPRA EPS targets were set by the Committee having reviewed a range of relevant internal and external reference points, including an updated five-year plan, market consensus estimates for the Unite Group and the outlook for the broader UK real estate sector. In finalising the performance range – which is lower than that used for the 2022 cycle – the Committee considered the Company's development outlook, projections around the shape of a market recovery, the rising cost of funding and the net impact of price inflation on rental growth and the Company's cost base.

The Committee retains overarching discretion under the Remuneration Policy to approve the vesting of these awards. Any payout will be scrutinised by the Committee to ensure it reflects the underlying performance of the Company and the experience of stakeholders over the period.

#### Deferred annual bonus

During the year, 50% of the annual bonuses earned by Executive Directors in respect of the 2022 financial year were satisfied in Unite shares, deferred for two years:

| Executive | Date of grant | Shares over which awards granted | Market price at date of award | Date of vesting |
|---|---|---|---|---|
| Richard Smith | 1 March 2023 | 13,838 | 951.5p | 1 March 2025 |
| Joe Lister | 1 March 2023 | 10,891 | 951.5p | 1 March 2025 |

#### SAYE

During 2023, Joe Lister entered into a new savings contract under the SAYE plan. Details of all outstanding awards under this plan are included in the table on page 162.

## REMUNERATION COMMITTEE continued

### Leaver arrangements for Richard Smith

Richard Smith stepped down from the Board with effect from 31 December 2023. He will remain as an adviser to the business until 3 October 2024 to ensure a smooth handover of responsibilities and to provide advisory support on Unite Group's relationships with Higher Education partners and government stakeholders. As noted in the Chair's Statement on pages 127–130, the Committee determined the remuneration arrangements for the outgoing CEO in line with the approved policy, as follows:

- Richard will continue to receive base pay, pension and other contractual benefits until 3 October 2024, but he will not be eligible to participate in the 2024 bonus, nor will he receive a 2024 long-term incentive award.
- 50% of the annual bonus earned by Richard in respect of the 2023 financial year will be satisfied in Unite shares, granted in Q1 2024 and deferred for two years.
- Richard's outstanding Deferred Bonus Plan shares granted in February 2022 and March 2023 will continue to vest at the end of the original deferral period and will be added to his nominee account to satisfy his post-exit shareholding requirement.
- Richard will be treated as a 'Good Leaver' for the purposes of his outstanding 2021 PSP award. In accordance with the plan rules, and reflecting that the end of his notice period in October 2024 falls after the third anniversary of grant, these 87,070 nil-cost options will not be pro-rated for time. However, the number of awards ultimately vesting will be calculated in accordance with the original performance conditions and will remain subject to the mandatory two-year holding period. Similarly, Richard will be treated as a 'Good Leaver' for the purposes of his outstanding 2022 and 2023 PSP awards which will be pro-rated to reflect the proportion of the period served between the respective dates of grant and the end of his notice period in October 2024 (equating to 77,075 and 56,765 nil-cost options, respectively). As above, the proportion of these awards which ultimately vests will be calculated in accordance with the original performance conditions and the mandatory two-year holding period will continue to apply. In all cases, the Committee will retain full discretion and will, in advance of each vesting date, consider whether Richard remains a 'Good Leaver' or whether an alternative treatment should apply. All outstanding ESOS options lapsed in full on 31 December 2023 to avoid complexities around the tax-advantaged status of the scheme.
- Richard will be subject to a post-exit shareholding guideline in accordance with the policy.

### Exit payments made in the year (audited)

There have been no exit payments during the year ended 31 December 2023.

### Payments to past Directors (audited)

Details of the leaver arrangements for Richard Smith are detailed in the section above. There have been no payments (2022: £Nil) in excess of the de minimis threshold to former Directors during the year ended 31 December 2023 in respect of their former roles as Directors. The Company has set a de minimis threshold of £5,000 under which it would not report such payments.

### Implementation of Executive Director Remuneration Policy for 2024

#### Base salary

Details of the starting salaries of Joe Lister and Mike Burt in their new roles are set out in the table below:

| Executive | Base salary from 1 January 2024 |
|---|---|
| Joe Lister | £606,900 |
| Mike Burt | £393,750 |

The average salary increase across the Group will be 8.8%. As in 2023, the Group will operate a tiered approach to salary increases, with the majority of the budget targeted towards lower-paid colleagues. Unite Group maintains its commitment to being an accredited Real Living Wage employer and, for relevant individuals, has implemented the rates set by the Living Wage Foundation (10.0% in London and 10.1% across the rest of the UK).

## REMUNERATION COMMITTEE continued

### Pension

Executive Directors will continue to receive a pension scheme contribution, a cash allowance of equivalent cost to the Company or a combination of both. Total employer pension contributions are in line with the offering available to the wider employee population at up to 11% of salary.

### Annual bonus

For 2024, the maximum bonus opportunity for Joe Lister and Mike Burt will be 140% of salary, with threshold and target performance paying 30% and 50% of maximum respectively under each performance measure.

| | Corporate measures | Weighting |
|---|---|---|
| Financial | Adjusted EPRA EPS | 25.0% |
| 70% | TAR per share | 25.0% |
| | Net debt:EBITDA | 20.0% |
| Non-financial | Customer satisfaction NPS | 7.5% |
| 30% | Higher Education Trust score | 7.5% |
| | Employee engagement | 7.5% |
| | GRESB rating | 7.5% |

The Committee remains satisfied that the overall blend of financial and non-financial measures supports the Group's strategy and reinforces Unite Group values. Minor changes have been made to some of the performance measures, as follows:

- LTV has been replaced by net debt:EBITDA for 20% of the annual bonus; a measure which was previously used in the annual bonus between 2015 and 2020. Although outcomes against the LTV measure have been strong in recent years, the new metric is considered more motivational, with both elements of the ratio within management's control. The change also reflects a broader move to align Unite Group's financial reporting with other operating businesses, with net debt:EBITDA intended to be a primary KPI going forward.
- As noted earlier in the report on page 129, the customer satisfaction measure will be changed to take into account year-round performance as opposed to just at check-in. This change reinforces our commitment to student experience throughout their stay with Unite Group and the importance of continual investment in the training, development and support of our frontline teams.
- The Higher Education reputation metric will be changed from net promoter score to a trust score; the latter being based on a broader range of questions which measure our external perception with Higher Education partners.

For both the financial and non-financial elements of the annual bonus, targets have been set to be challenging relative to the business plan. Reflecting concerns around commercial sensitivity at this time, it is the Committee's intention to disclose all targets retrospectively in next year's Directors' Remuneration Report. This decision takes into account Unite Group's status as one of only two listed PBSA providers in the UK and the possible insight that prospective disclosure might provide to our competitors as to our short-term financial and operational strategy.

In line with the Remuneration Policy, 50% of any bonus earned will be satisfied by an allocation of shares in the Company deferred for two years. Clawback and malus provisions apply to all awards.

## REMUNERATION COMMITTEE continued

### LTIP

During 2024, Joe Lister and Mike Burt will each receive an award of up to 200% of salary delivered through a combination of the PSP and ESOS, with vesting dependent on the achievement of three-year performance targets. The Committee is not proposing any changes to the performance metrics used for the 2024 LTIP, details of which are shown in the table below.

As in 2023, targets for the EPS measure will be disclosed in a market announcement no later than the date of grant (expected to be in April 2024). This delay allows the Committee to review the proposed targets following Board-approval of the five-year plan and to ensure that the range is appropriately stretching.

| Measure | Weight | Threshold<br>25% vesting | Stretch<br>100% vesting |
|---|---|---|---|
| 2026 adjusted EPRA EPS | 28.0% | To be disclosed no later than the date of grant | |
| TSR ranking vs. constituents of the FTSE 350 Real Estate Supersector Index (2024–2026) | 28.0% | In line with median | In line with upper quartile |
| TAR per share ranking vs. constituents of the FTSE 350 Real Estate Supersector Index (2024–2026) | 28.0% | In line with median | In line with upper quartile |
| Operational energy intensity: cumulative reduction; 2026 vs. 2023 baseline ($kWh/m^2$) | 8.0% | 7.9% cumulative reduction | 15.8% cumulative reduction |
| EPC ratings: % of floorspace A–C rated in 2026 | 8.0% | 98.6% | 100.0% |

No vesting below Threshold; straight-line vesting between Threshold and Stretch.

Any awards vesting for performance will be subject to an additional two-year holding period, during which time clawback provisions will also apply. Further details of the grant date and number of interests awarded will be disclosed in next year's report.

### Implementation of Non-Executive Director Remuneration Policy for 2024

#### Chair and Non-Executive Director fees

In early 2024, the Remuneration Committee reviewed the fee payable to the Chair of the Board against a number of market reference points, including companies in the FTSE 350 Real Estate sector and those of similar overall size, complexity and geographical operations to Unite Group. This analysis suggested that the current fee level was in the bottom quartile, and misaligned with Unite Group's philosophy on fee levels that, as a Group committed to being a responsible business and demonstrating leadership in the living sector, fees should fairly reflect the market for the role as well as acknowledge the broad range of stakeholders to which Directors are responsible. It was therefore agreed that Richard Huntingford's fee as Chair of the Board would be increased by 7.5% for 2024 (i.e. just below the average increase across the Group), and that a second stage increase would be considered for 2025. The most recent previous review took place in September 2020.

A similar review of the fees payable to other Non-Executive Directors was undertaken by the Chair of the Board and Executive Directors, with a consistent philosophy agreed around where Unite Group would seek to position fee levels going forward. It was noted in particular that the Non-Executive Director base fee had not kept pace with the size and complexity of the Group and the time commitment and responsibilities of the role. Following discussion, it was agreed to address this misalignment through a one-off rebasing of the fee, amounting to a c.£9,500 increase for 2024. Fees payable for additional responsibilities will remain unchanged, save that the fee payable to the Senior Independent Director will be brought more in line with the other supplementary fees to better reflect the additional responsibilities and time commitment of this role.

## REMUNERATION COMMITTEE continued

A summary of the fee increases, which are effective 1 January 2024, is set out in the table below.

| Position | 2023 fees | 2024 fees |
|---|---|---|
| **Base fees** | | |
| Chair | £238,703 | **£256,606** |
| Non-Executive Director | £52,453 | **£62,000** |
| **Additional fees** | | |
| Senior Independent Director | £6,175 | **£10,000** |
| Audit & Risk Committee Chair | £10,900 | **£10,900** |
| Remuneration Committee Chair | £10,900 | **£10,900** |
| Nomination Committee Chair Note 1 | N/A | **N/A** |
| Health & Safety Committee Chair | £10,900 | **£10,900** |
| Sustainability Committee | £10,900 | **£10,900** |

1. Role is undertaken by the Chair of the Board, with no any additional fee payable in respect of chairing this Committee.

### Directors' interests (audited)

A table setting out the beneficial interests of the current Directors and their families in the share capital of the Company as at 31 December 2023 is set out below. None of the Directors has a beneficial interest in the shares of any other Group company. Between 31 December 2023 and the sign-off date of this report, there have been no changes in the Directors' interests in shares.

| | Ordinary shares of 25p each at 31 December 2023 | Ordinary shares of 25p each at 31 December 2022 |
|---|---|---|
| R Smith | **398,803** | 372,959 |
| J Lister | **600,730** | 581,006 |
| R Huntingford | **12,334** | 10,350 |
| E McMeikan Note 1 | **7,980** | 7,980 |
| R Paterson | **9,416** | 8,312 |
| I Beato | **2,276** | 1,724 |
| S Pearce | **2,893** | 1,186 |
| T Jackson | **0** | 0 |
| S Smith | **1,104** | 0 |
| N Dulieu | **3,314** | 0 |
| A Jain | **0** | N/A |

1. As at the date of retiring from the Board on 28 February 2023.

## REMUNERATION COMMITTEE continued

Details of Executive Directors' interests in share-based incentives are set out in the tables below.

### Share price information

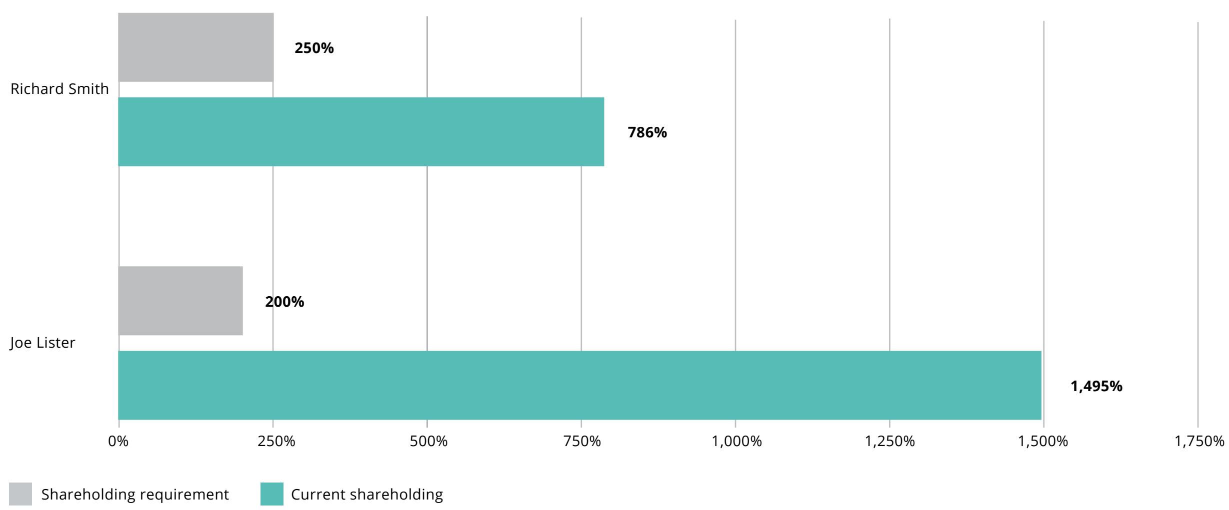
As at 31 December 2023, the middle market price for ordinary shares in the Company was 1,044.0p per share. During the course of the year, the market price of the Company's shares ranged from 847.0p to 1,057.0p per share.

### Executive Directors' shareholding requirements (audited)

The table below shows the shareholding of each Executive Director against their respective shareholding requirement as at 31 December 2023:

| | Interests | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Owned outright | Subject to deferral/ holding period | | Unvested and/or subject to perf. conditions | | | | |
| | | Shares/ nil-cost options | Options/ HMRC options | Shares/ nil-cost options | Options/ HMRC options | Shareholding requirement % of salary/ base fee | Current shareholding % of salary/ base fee | Req. met? |
| | | Note 1 | | | | | Note 2 | |
| R Smith | 398,803 | 68,372 | 343 | 294,153 | 0 | 250% | 786% | Yes |
| J Lister | 600,730 | 55,320 | 343 | 233,794 | 1,649 | 200% | 1,495% | Yes |
| R Huntingford | 12,334 | | | | | | 54% | |
| E McMeikan Note 3 | 7,980 | | | | | | 159% | |
| R Paterson | 9,416 | | | | | | 187% | |
| I Beato | 2,276 | | | | | | 45% | |
| S Pearce | 2,893 | | | | | | 58% | |
| T Jackson | 0 | | | | | | N/A | |
| S Smith | 1,104 | | | | | | 22% | |
| N Dulieu | 3,314 | | | | | | 66% | |
| A Jain | 0 | | | | | | 0% | |

1. Includes shares subject to a holding period under the LTIP and deferred bonus shares, where applicable. Excludes SAYE options.
2. Based on share price as at 31 December 2023 of 1,044.0p. Shares subject to deferral/holding periods are taken on a 'net of tax' basis for the purposes of the current shareholding calculation.
3. As at the date of retiring from the Board on 28 February 2023.



## REMUNERATION COMMITTEE continued

### Directors' interests in shares and options under Unite Group incentives (audited)

#### Deferred bonus

| Executive | Interests held at 01.01.23 | Granted during the year | Lapsed during the year | Vested during the year | Interests held at 31.12.23 | End of deferral period |
|---|---|---|---|---|---|---|
| Richard Smith | 1,235 | | – | – | 1,235 | 24.02.24 |
| | – | 13,838 | – | – | 13,838 | 01.03.25 |
| Joe Lister | 1,055 | | | | 1,055 | 24.02.24 |
| | – | 10,891 | – | – | 10,891 | 01.03.25 |

#### LTIP awards

| Executive | Plan | Interests held at 01.01.23 | Interests awarded during the year | ESOS exercise price | Interests vested during the year | Interests lapsed during the year | Interests outstanding at 31.12.23 | Period of qualifying conditions |
|---|---|---|---|---|---|---|---|---|
| | | | | | Note 1 | | | |
| Richard Smith | PSP | 117,383 | – | – | 21,950 | 95,433 | – | 23.04.20– |
| | ESOS | 746 | – | 803.5p | 139 | 607 | – | 23.04.23 |
| | PSP | 87,070 | – | – | – | – | 87,070 | 12.04.21– |
| | ESOS | 479 | – | 1,083.5p | – | 479 | – | 12.04.24 |
| | PSP | 93,137 | – | – | – | – | 93,137 | 10.04.22– |
| | ESOS | 535 | – | 1,121.0p | – | 535 | – | 10.04.25 |
| | PSP | – | 113,946 | – | – | – | 113,946 | 06.04.23– |
| | ESOS | – | 635 | 943.5p | – | 635 | – | 06.04.26 |
| Joe Lister | PSP | 95,510 | – | – | 17,860 | 77,650 | – | 23.04.20– |
| | ESOS | 746 | – | 803.5p | 139 | 607 | – | 23.04.23 |
| | PSP | 70,850 | – | – | – | – | 70,850 | 12.04.21– |
| | ESOS | 479 | – | 1,083.5p | – | – | 479 | 12.04.24 |
| | PSP | 73,288 | – | – | – | – | 73,288 | 10.04.22– |
| | ESOS | 535 | – | 1,121.0p | – | – | 535 | 10.04.25 |
| | PSP | – | 89,656 | | – | – | 89,656 | 06.04.23– |
| | ESOS | – | 635 | 943.5p | – | – | 635 | 06.04.26 |

1. All awards vesting for performance during the year are subject to an additional two-year holding period.

## REMUNERATION COMMITTEE continued

### SAYE

| Executive | Options held at 01.01.23 | Granted during the year | Exercised during the year | Option price per share | Options held at 31.12.23 | Maturity date |
|---|---|---|---|---|---|---|
| | | | | | Note 1 | |
| Richard Smith | 2,122 | – | 2,122 | 848.0p | – | 01.12.22 |
| | – | 2,098 | – | 857.6p | 2,098 | 01.12.25 |
| Joe Lister | 1,182 | – | – | 760.8p | 1,182 | 01.12.23 |
| | 913 | – | – | 985.2p | 913 | 01.12.24 |
| | – | 1,251 | – | 741.2p | 1,251 | 01.12.26 |

1. As at year-end, Joe Lister held 1,182 options under the 2020 scheme which had matured but not yet been exercised.

Details of the qualifying performance conditions in relation to the above referred-to awards made in prior years are set out on previous pages or in earlier reports.

Awards made in prior years took the form of a combination of nil cost options under the PSP and HMRC-approved options under the ESOS. No variations have been made to the terms or conditions of any awards.

The Directors' Remuneration Report has been approved by the Remuneration Committee and signed on its behalf by:

**Nicky Dulieu**
Chair of the Remuneration Committee

27 February 2024

# DIRECTORS' REPORT

As at 31 December 2023, the Company had received notifications from the following companies and institutions of themselves and their clients holding 3% or more of the issued share capital of the Company. The Company has not received any further notifications since that date through to 27 February 2024.

## SHARE CAPITAL

| Shareholder | Percentage of share capital |
|---|---|
| Canada Pension Plan Investment Board | 16.65% |
| BlackRock Inc | 9.55% |
| Norges Bank Investment Management | 8.06% |
| APG Asset Management NV | 5.60% |
| The Vanguard Group Inc | 4.01% |
| Royal London Asset Management Ltd | 3.14% |

### Share capital

At the date of this report, there are 435,860,011 ordinary shares of 25p each in issue, all of which are fully paid up and quoted on the London Stock Exchange.

During the year and through to the date of this report, the following numbers of ordinary shares of 25p each were allotted and issued as follows:

- 33,149,172 – pursuant to the July 2023 capital raise and representing 32,693,930 placing shares, 441,989 retail offer shares and Director subscribed shares of 13,253 at a price of 905 pence per share.
- Unite Group share scrip dividend scheme 2,232,001.
- Pursuant to the exercise of options under Unite Group PLC Savings Related Share Option Scheme 119,338.
- Pursuant to the exercise of options under Unite Group PLC Performance Share Plan 71,880.
- Pursuant to the exercise of options under Unite Group PLC Approved Scheme 7,684.

The rights attaching to the Company's ordinary shares, as well as the powers of the Company's Directors, are set out in the Company's Articles of Association.

There are no restrictions on the transfer or voting rights of ordinary shares in the capital of the Company (other than those which may be imposed by law from time to time or as set out in the Company's Articles of Association).

The Directors have no authority to buy back the Company's shares.

In accordance with the Market Abuse Regulations, certain employees are required to seek approval to deal in the Company's shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfers of securities and/or voting rights. No person holds securities in the Company carrying special rights with regard to control of the Company. Unless expressly specified to the contrary, the Company's Articles of Association may be amended by special resolution of the shareholders.

### Authority to issue shares

The Directors may only issue shares if authorised to do so by the Articles of Association or the shareholders in general meeting. At the Company's Annual General Meeting held on 18 May 2023, shareholders granted an authority to the Directors to allot ordinary shares up to an aggregate nominal amount of £33,358,506 (which represented one-third of the nominal value of the issued share capital of the Company as at 28 March 2023). In accordance with guidelines issued by the Investment Association, this resolution also granted the Directors authority to allot further equity securities up to the aggregate amount of £33,358,506 (representing one-third of the nominal value of the issued share capital of the Company as at 28 March 2023). This additional authority was only permitted for fully pre-emptive rights issues. As at 31 December 2023, the shares that had been allotted were to satisfy awards under the Company's share schemes, the scrip dividend scheme and pursuant to the capital raise in July 2023. As this authority is due to expire on 17 August 2024, shareholders will be asked to renew and extend the authority, given to the Directors at the last Annual General Meeting, to allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company for the purposes of Section 551 of the Companies Act 2006. Further details on the resolution will be provided in the Notice of this year's Annual General Meeting and its explanatory notes.

### Disapplication of pre-emption rights

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Companies Act 2006 unless the shareholders have first waived their pre-emption rights. At the forthcoming Annual General Meeting, shareholders will be asked to pass two special resolutions to grant the Directors powers to disapply shareholders' pre-emption rights under certain circumstances. Further details on the resolutions will be provided in the Notice of this year's Annual General Meeting.

## DIRECTORS' REPORT continued

### Change of control

All of the Company's share schemes contain provisions relating to a change of control. Outstanding rewards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions. Other than certain of the Unite Group's banking facilities, there are no other significant agreements to which the Company is a party that affect, alter or terminate upon a change of control of the Company following a takeover bid. Nor are there any agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

### Going concern and viability statement

The going concern statement and viability statement are set out on page 183 and page 71 respectively and are incorporated into this Directors' Report by reference.

### Independent auditor and disclosure of information to auditors

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. A resolution to reappoint Deloitte as auditor of the Unite Group will be put to shareholders at the forthcoming Annual General Meeting.

### Directors' conflicts of interest

The Company has procedures in place for managing conflicts of interest. A Director must notify the Chair (and the Chair notifies the Chief Executive) if he/she becomes aware that he/she, or any of his/her connected parties, may have an interest in an existing or proposed transaction with the Company or the Unite Group. Directors have a continuing duty to update any changes to these conflicts.

### Political donations

No political donations, contributions or expenditure were made during the year ended 31 December 2023.

### Indemnities

There are no qualifying third-party indemnity provisions or qualifying pension scheme indemnity provisions for the benefit of any of the Directors.

### Research and development

The Company is not currently carrying on any activities in the field of research and development.

### Branches outside the UK

The Company does not have any branches outside of the UK.

### Appointment and replacement of Directors

The Company's Articles of Association provide that Directors may be appointed by the existing Directors or by the shareholders in a general meeting. Any person appointed by the Directors will hold office only until the next general meeting, notice of which is first given after their appointment and will then be eligible for re-election by the shareholders. A Director may be removed by the Company as provided for by applicable law and shall vacate office in certain circumstances as set out in the Articles of Association. In addition the Company may, by ordinary resolution, remove a Director before the expiration of his/her period of office and, subject to the Articles of Association, may by ordinary resolution appoint another person to be a Director instead. There is no requirement for a Director to retire on reaching any age.

## DIRECTORS' REPORT continued

### Disclosures required under Listing Rule 9.8.4R

For the purposes of LR 9.8.4C, the information required to be disclosed by LR 9.8.4R can be found in the following locations within the Annual Report:

| | Information required under LR 9.8.4R | Reference |
|---|---|---|
| (1) | Amount of interest capitalised and tax relief | Note 3.1, page 197 |
| (2) | Publication of unaudited financial information | N/A |
| (3) | Details of long-term incentive schemes | Pages 150, 155 and 158 |
| (4) | Waiver of emoluments by a Director | N/A |
| (5) | Waiver of future emoluments by a Director | N/A |
| (6) | Non-pre-emptive issues of equity for cash | Pages 96, 99 and 163 |
| (7) | Item (7) in relation to major subsidiary undertakings | N/A |
| (8) | Parent participation in a placing by a listed subsidiary | N/A |
| (9) | Contracts of significance | N/A |
| (10) | Provision of services by a controlling shareholder | N/A |
| (11) | Shareholder waiver of dividends | N/A |
| (12) | Shareholder waiver of future dividends | N/A |
| (13) | Agreements with controlling shareholders | N/A |

All the information referenced above is incorporated by reference into the Directors' Report.

### Other information incorporated by reference

The following information in the Strategic Report and financial statements is incorporated into this Directors' Report by reference:

- Results and dividend declaration on pages 46 and 219.
- Greenhouse gas emissions and energy consumption disclosures on pages 56 and TCFD/CFD disclosure on page 58.
- Financial instruments and financial risk management on page 72 and Section 4 of the notes to the financial statements on page 209.
- Future developments on pages 37–39.
- Employment of disabled persons/employee involvement is covered in our DEIB&W Policy on pages 95 and 111.
- Workforce engagement on page 94.
- Engagement with customers, partners, suppliers and others on pages 16 and 17.

The Corporate Governance Report (which includes details of Directors who served throughout the year) on pages 80–109, the Statement of Directors' responsibilities on page 166 and details of post balance sheet events on page 226 are incorporated into this Directors' Report by reference.

### Management Report

This Directors' Report together with the Strategic Report and other sections from the Annual Report forms the Management Report for the purposes of DTR 4.1.8 R.

### Annual General Meeting

The Annual General Meeting of the Company will be held at the Company's registered office at South Quay, Temple Back, Bristol, BS1 6FL at 9.30am on 16 May 2024. We request that shareholders who do wish to attend in person pre-register their intention to attend to help us manage numbers. Shareholders are encouraged to monitor our website at https://www.unitegroup.com/investors/agm and London Stock Exchange announcements for any updates regarding the Annual General Meeting arrangements.

Formal notice of the meeting is given separately and will be available on the Company's website at: unitegroup.com/investors.

This report was approved by the Board on 27 February 2024 and signed on its behalf by

**Christopher Szpojnarowicz**
Company Secretary

27 February 2024

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts and the Unite Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Unite Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Unite Group financial statements in accordance with IFRS as adopted by the UK (Adopted IFRS) and applicable law and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Accounting Standards including FRS 101 – Reduced Disclosure Framework ('United Kingdom Generally Accepted Practice').

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Unite Group and Parent Company and of their profit or loss for that period.

In preparing each of the Unite Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether they have been prepared in accordance with IFRSs as adopted by the UK (or in accordance with UK Generally Accepted Practice).
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Unite Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Unite Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

**Joe Lister**
Director

**Mike Burt**
Director

27 February 2024

# INDEPENDENT AUDITOR'S REPORT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### 1. Opinion

In our opinion:

- the financial statements of The Unite Group PLC (the Parent Company) and its subsidiaries (the Group) give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company balance sheets;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related sections 1 to 9.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in section 2.6 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Summary of our audit approach

| | |
|---|---|
| **Key audit matters** | The key audit matter that we identified in the current year was:<br>• *Investment property and Investment property under development property valuations.*<br>Within this report, key audit matters are identified as follows:<br>Similar level of risk |
| **Materiality** | The materiality that we used for the Group financial statements was £51 million which was determined on the basis of net assets. However, we use a lower materiality threshold of £8.8 million for balances which impact EPRA earnings. |
| **Scoping** | Our Group audit scope comprises the audit of The Unite Group Plc as well as Group's joint ventures: The Unite UK Student Accommodation Fund (USAF) and The London Student Accommodation Vehicle (LSAV). All audit work was completed by the Group audit team. |
| **Significant changes in our approach** | Last year our report included Accounting for Joint Ventures as a key audit matter which is not included this year. The reasoning for the change is detailed below in section 5. There were no other significant changes to our approach from the prior year. |

## INDEPENDENT AUDITOR'S REPORT continued

### 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the relevant controls over the going concern process, including management's process to formulate the cash flow forecasts as well as the Board approval process;
- Understanding the financing facilities available to the Group and Parent Company, including the associated covenants;
- Performing risk assessment procedures including a detailed consideration of the entity's business model, operations and financing;
- Obtaining an understanding of the base-case and reasonable worst case as well as evaluating any plans for future mitigating actions. Assessing the outcome of the reverse stress testing, this includes challenging the likelihood of downside scenarios arising relative to reverse stress tests with reference to the income and cost assumptions;
- Testing the arithmetical accuracy of the models used to prepare the Group's forecast and related scenarios;
- Assessing and challenging the forecasts and sensitivity in the context of compliance with the covenants associated with borrowings;
- Challenging the revenue assumptions, for the outturn of the 2023/24 academic year and the assumptions for the 2024/25 academic year. For the 2024/25 academic year specifically, we assessed the Group's current forward sales bookings and UCAS application data to forecast occupancy assumptions for reasonableness;
- Challenging the cost assumptions within the forecasts, including consideration of previously incurred costs, the impact of cost inflation, and assumptions made relating to expected future costs associated with climate change and fire-safety related legislation;
- Challenging the status of the refinancing activity in relation to the £300 million maturing within the going concern period;
- Determining the sufficiency of Group's liquidity and headroom positions with reference to borrowing facility agreements, including the consideration of the availability of undrawn down committed facilities; and
- Assessing the appropriateness of the Group's disclosure concerning the going concern basis of preparation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the prior year, our report included Accounting for Joint Ventures as a key audit matter which is not included this year. In the prior year there were changes to the Group's ownership percentage, specifically within USAF which increased the judgement relating to whether Unite Group had control or joint control. In the current year, no such changes have occurred and the level of judgement has decreased. Based on this, we no longer consider this to be a key audit matter.

## INDEPENDENT AUDITOR'S REPORT continued

### 5.1. Investment property and investment property under development valuations

| | |
|---|---|
| **Key audit matter description** | The Group's principal assets are investment properties (2023: £3,812.3 million; 2022: £3,713.7 million) and investment properties under development (2023: £174.6 million; 2022: £202.7 million). The Group also holds investments in its joint ventures, USAF and LSAV, with their principal assets also being investment properties.<br><br>The investment properties are carried at fair value based on an appraisal by the Group's external valuers. Valuations are carried out at six-monthly intervals for the Group and quarterly for the joint ventures in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards (the 'Red Book'), taking into account transactional evidence during the year and International Financial Reporting Standard 13 (Fair Value Measurement).<br><br>The valuation is underpinned by a number of estimates and assumptions as it requires the estimation of rental income and growth, property yields, occupancy and property management costs. Given the high level of estimation involved, we have determined that there is potential for fraud through possible manipulation of these key assumptions to the valuation.<br><br>Valuations are also impacted by refurbishment cost assumptions, including cladding and fire-safety remediation requirements and assumptions relating to climate change legislative requirements.<br><br>With regards to the investment properties under development, additional estimation is required to forecast discounted cash flows with a deduction for construction costs to complete.<br><br>Refer to page 114 (Audit & Risk Committee Statement, section 3.1: Wholly-owned property assets, section 3.4: Investments in joint ventures and section 5.5: fire-safety provision. Critical accounting judgements and key sources of estimation uncertainty disclosures relating to investment property and development property valuation are set out in Sections 1 and 3.1. |
| **How the scope of our audit responded to the key audit matter** | We carried out the following audit procedures in response to the identified key audit matter:<br><br>Understanding the properties and relevant controls:<br>• Obtained an understanding of and tested the relevant controls over the investment property and development property valuation processes.<br>• Performed enquiries with key management to enhance our knowledge of the portfolio and to understand their internal valuation process, the development appraisal process and to identify any key properties of interest.<br><br>Data provided to the valuer:<br>• Challenged the accuracy, completeness and consistency of the information provided to the external valuers; this work included testing a sample of income and tenancy data back to Group management information which we had tested for accuracy and completeness.<br>• Tested on a sample basis the forecast cost to complete against budget and costs incurred to date.<br><br>External valuation:<br>• Assessed the objectivity, competence and capability of the Group's valuers and reviewed their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work.<br>• We obtained the external valuation reports and, along with our valuation specialists within our Deloitte Real Assets Advisory team, met with the external valuer and made enquiries relating to the results of their work on a sample of properties, as well as their views of the broader market.<br>• Understood and challenged the assumptions used in relation to key drivers such as rental income and growth, occupancy, yields and property management costs including comparing them to the trends at the end of the year and the following year's budget.<br>• With the assistance of valuation specialists, benchmarked the assumptions used against market data, including relevant transactions.<br>• Challenged the valuers as to whether any special assumptions had been made and how they approach the impact of climate change and fire-safety remediation in the valuations.<br>• Assessed the valuation methodology used and considered compliance with the Red Book guidance. We also tested the integrity of the model used by the external valuer.<br>• Reconciled the external valuation reports to underlying financial records to test for completeness and accuracy within the Group's financial statements.<br>• Compared the property specific assumptions to assess whether there is consistency within the portfolio as well as consistency with related assumptions used in other estimates.<br><br>Disclosures<br>• Assessed the appropriateness of the Group's valuation disclosures, including the related sensitivities. |
| **Key observations** | We are satisfied with the approach and methodology adopted in valuing the property portfolio and consider the investment property and development property valuations to be suitable for inclusion in the financial statements at 31 December 2023. |

## INDEPENDENT AUDITOR'S REPORT continued

### 6. Our application of materiality

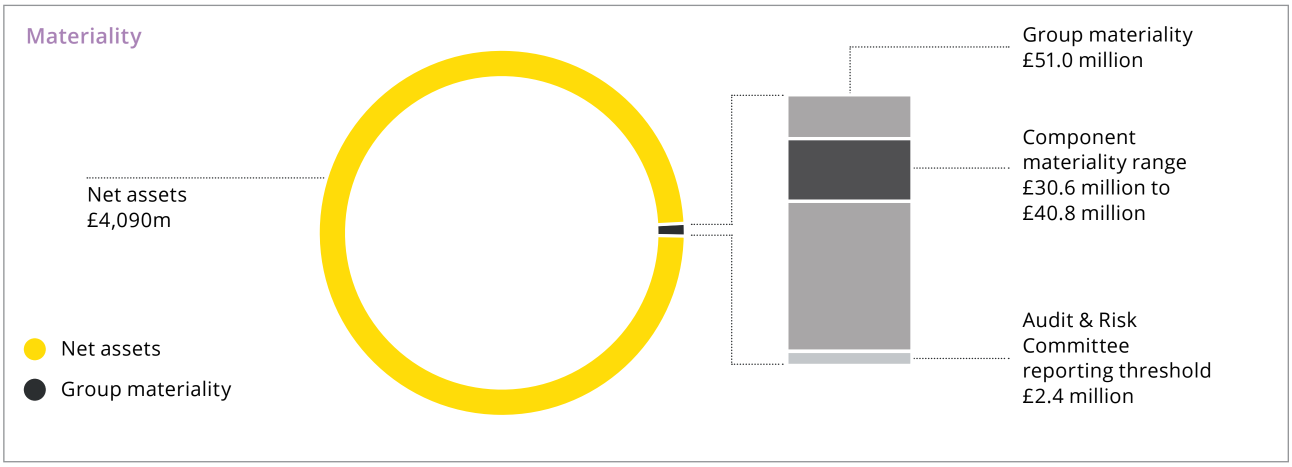
#### 6.1. Materiality

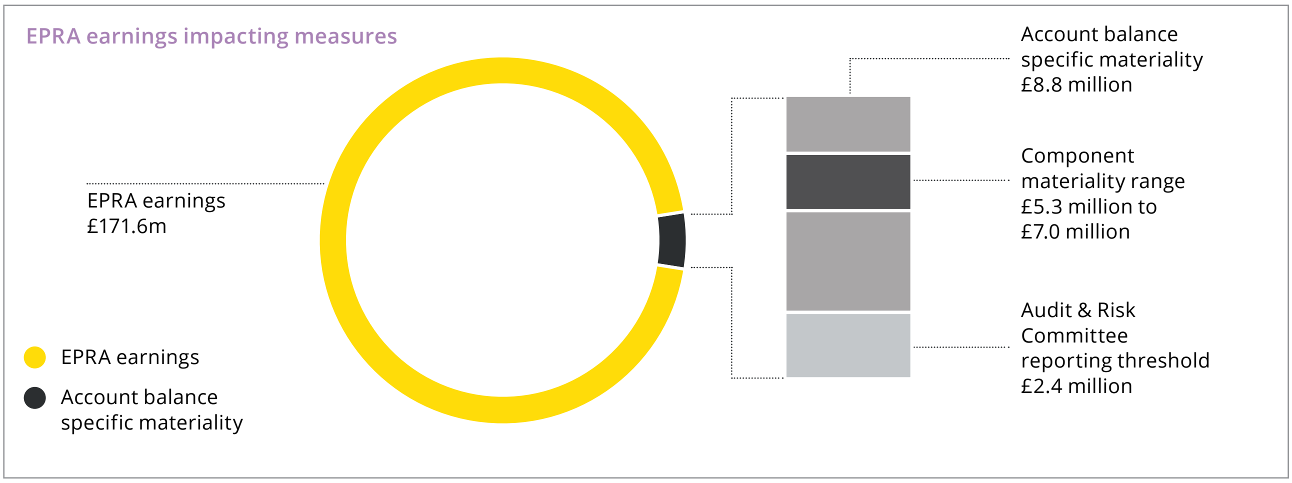
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Group financial statements | Parent Company financial statements |
|---|---|---|
| **Materiality** | £51.0 million (2022: £38.0 million) | £50.5 million (2022: £37.6 million) |
| **Basis for determining materiality** | 1.25% (2022: 1%) of net assets | 1.25% (2022: 1%) of net assets |
| **Rationale for the benchmark applied** | We consider net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders. | As the Parent Holding Company the principal activity is to hold the investments in subsidiaries. Therefore, the net assets balance is considered to be the key driver of the Parent Company's performance and the most relevant benchmark for materiality. |

In addition to net assets, we consider the EPRA earnings to be a critical financial performance measure for the Group and we applied a lower threshold of £8.8 million (2022: £8.1 million) based on 5% (2022: 5%) of that measure for testing of all balances impacting this financial performance measure.



## INDEPENDENT AUDITOR'S REPORT continued

### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

| | Group financial statements | Parent Company financial statements |
|---|---|---|
| **Performance materiality** | 70% (2022: 70%) of Group materiality | 70% (2022: 70%) of Parent Company materiality |
| **Basis and rationale for determining performance materiality** | In determining performance materiality, we considered the following factors:<br>a. our risk assessment, including our assessment of the Group's overall control environment, and that we consider it appropriate to rely on controls over a number of business processes; and<br>b. our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods. | |

### 6.3. Error reporting threshold

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £2.4 million (2022: £1.9 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### 7. An overview of the scope of our audit

### 7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The Group is audited by one audit team, led by the Senior Statutory Auditor. We engage with staff at the Group's Bristol head office, as the books and records for each entity within the Group are maintained at this location. The Group only operates within the United Kingdom – this includes The Unite Group plc and its related subsidiaries, as well as the two joint ventures, USAF and LSAV.

We audit all of the results of the Group together with USAF and LSAV, for the purposes of our Group audit. We have also tested the consolidation process to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

### 7.2. Our consideration of the control environment

From our understanding of the Group and after assessing relevant controls, we tested and relied on controls in performing our audit of rental income recorded within the Group's room booking system and the relevant controls relating to the valuation of investment property and investment property under development.

In addition, we have obtained an understanding of the relevant controls such as those relating to the financial reporting cycle.

The Group uses the following application systems for the recording and reporting of its financial statements:

- Oracle EBS – general ledger and room booking system;
- Portal Agent Desktop (PAD) – room booking portal used by students and implemented on top of Oracle EBS and therefore where revenue transactions are initiated; and
- HFM – used to prepare the Group consolidation at the Group's Head Office.

We involved IT specialists to assess the relevant controls over the three systems set out above. Working with IT specialists we identified and assessed relevant risks arising from each relevant IT system and the supporting infrastructure technologies based on the role of application in the Group's flow of transactions. We obtained an understanding of the IT environment as part of these risk assessment procedures. We further performed the following procedures:

- Determined whether each general IT control, individually or in combination with other controls, was appropriately designed to address the risk;
- Obtained sufficient evidence to assess the operating effectiveness of the controls across the reporting period; and
- Altered the nature, timing and extent of our procedures where required if we were unable to rely on controls.

## INDEPENDENT AUDITOR'S REPORT continued

### 7.3. Our consideration of climate-related risks

We have made enquiries of management to understand the processes in place to assess the potential impact of climate change on the business and the financial statements. Management consider climate change to be a principal risk which particularly impacts the cost of retrofitting rental accommodation to improve their sustainability credentials and comply with future regulations. These risks are consistent with those identified through our own risk assessment process.

As part of our identification of key audit matters, we consider there to be a risk in relation to climate change as part of the valuation of investment properties and investment properties under development. There is a risk that the valuation does not include the relevant assumptions around climate change to the extent assumed by a third-party when determining fair value.

We made enquiries of the valuer and management as to the assumptions included and considered their appropriateness with the assistance of our internal real estate specialists. In considering the disclosures presented as part of the Strategic Report, we engaged our climate specialists to assess compliance with the TCFD and CFD requirements and the recommendations made by both the Task Force and FRC as set out in their thematic reviews. We have also assessed whether these disclosures reflect our understanding of the Group's approach to climate. We have reviewed the disclosures in the principal risk section of the Annual Report and consider that management have appropriately disclosed the current risk that has been identified.

### 8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### 10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT continued

### 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

#### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the Group's internal legal counsel, the Directors and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: investment property and investment property under development valuations, owing to the potential manipulation and override by management of the controls relating to the valuation process. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's compliance with health and safety matters, including fire safety and fire cladding.

#### 11.2. Audit response to risks identified

As a result of performing the above, we identified the investment property and investment property under development valuations as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit & Risk Committee and internal and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### 12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

### 13. Corporate Governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' Statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 86;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 71;
- the Directors' Statement on fair, balanced and understandable set out on page 87;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 87;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 67; and
- the section describing the work of the Audit & Risk Committee set out on page 114.

# INDEPENDENT AUDITOR'S REPORT continued

## 14. Matters on which we are required to report by exception

### 14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

### 14.2. Directors' remuneration

Under the Companies Act 2006, we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

## 15. Other matters which we are required to address

### 15.1. Auditor tenure

Following the recommendation of the Audit & Risk Committee, we were appointed by the Board on 10 June 2015 to audit the financial statements for the year ending 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 31 December 2015 to 31 December 2023.

### 15.2. Consistency of the audit report with the additional report to the Audit & Risk Committee

Our audit opinion is consistent with the additional report to the Audit & Risk Committee we are required to provide in accordance with ISAs (UK).

## 16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

**Stephen Craig (Senior statutory auditor)**
For and on behalf of Deloitte LLP

Statutory Auditor
London, United Kingdom

27 February 2024

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| Rental income | 2.4 | **259.2** | 241.7 |
| Other income | 2.4 | **16.9** | 17.6 |
| **Total revenue** | | **276.1** | **259.3** |
| Cost of sales | | **(76.8)** | (70.3) |
| Expected credit losses | | **(3.0)** | (1.7) |
| Operating expenses | | **(41.6)** | (37.1) |
| **Results from operating activities before (losses)/gains on property** | | **154.7** | **150.2** |
| Profit/(loss) on disposal of property | | **11.8** | (15.6) |
| Net valuation (losses)/gains on property (owned and under development) | 3.1 | **(37.2)** | 112.7 |
| Net valuation losses on property (leased) | 3.1 | **(10.4)** | (9.3) |
| **Profit before net financing (costs)/gains and share of joint venture profit** | | **118.9** | **238.0** |
| Loan interest and similar charges | 4.3 | **(19.8)** | (29.3) |
| Interest on lease liability | 4.3 | **(7.7)** | (8.1) |
| Mark to market changes on interest rate swaps | 4.3 | **(17.2)** | 70.7 |
| **Finance (costs)/gains** | | **(44.7)** | **33.3** |
| Finance income | 4.3 | **1.3** | 0.2 |
| **Net financing (costs)/gains** | | **(43.4)** | **33.5** |
| Share of joint venture profit | 3.4b | **27.0** | 80.4 |
| **Profit before tax** | | **102.5** | **351.9** |
| Current tax | 2.5a | **(1.2)** | (0.7) |
| Deferred tax | 2.5a | **2.3** | 0.6 |
| **Profit for the year** | | **103.6** | **351.8** |
| **Profit for the year attributable to** | | | |
| Owners of the Parent Company | | **102.5** | 350.5 |
| Non-controlling interest | | **1.1** | 1.3 |
| | | **103.6** | 351.8 |
| **Earnings per share** | | | |
| Basic | 2.2c | **24.7** | 87.7 |
| Diluted | 2.2c | **24.6** | 87.6 |

All results are derived from continuing activities.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| **Profit for the year** | | **103.6** | **351.8** |
| Share of joint venture mark to market movements on hedging instruments | 3.4b | **(2.1)** | 4.7 |
| **Other comprehensive income for the year** | | **(2.1)** | **4.7** |
| **Total comprehensive income for the year** | | **101.5** | **356.5** |
| **Attributable to** | | | |
| Owners of the Parent Company | | **100.4** | 355.2 |
| Non-controlling interest | | **1.1** | 1.3 |
| | | **101.5** | 356.5 |

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

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

## CONSOLIDATED BALANCE SHEET

At 31 December 2023

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| **Assets** | | | |
| Investment property (owned) | 3.1 | **3,694.3** | 3,623.4 |
| Investment property (leased) | 3.1 | **84.7** | 90.3 |
| Investment property (under development) | 3.1 | **174.7** | 202.7 |
| Investment in joint ventures | 3.4b | **1,219.0** | 1,226.6 |
| Other non-current assets | 3.3b | **12.7** | 15.4 |
| Interest rate swaps | 4.2 | **56.0** | 73.2 |
| Right-of-use assets | 3.3a | **1.7** | 2.7 |
| Deferred tax asset | 2.5d | **5.6** | 3.6 |
| **Total non-current assets** | | **5,248.7** | **5,237.9** |
| Assets classified as held for sale | 3.1 | **25.7** | – |
| Inventories | 3.2 | **26.2** | 12.8 |
| Trade and other receivables | 5.2 | **132.8** | 105.2 |
| Cash and cash equivalents | 5.1 | **37.5** | 38.0 |
| **Total current assets** | | **222.2** | **156.0** |
| **Total assets** | | **5,470.9** | **5,393.9** |
| **Liabilities** | | | |
| Current borrowings | 4.1 | **(299.4)** | – |
| Lease liabilities | 4.6a | **(5.4)** | (4.8) |
| Trade and other payables | 5.4 | **(207.8)** | (191.5) |
| Current tax asset/(liability) | | **0.6** | (0.8) |
| Provisions | 5.5 | **(5.2)** | (29.5) |
| **Total current liabilities** | | **(517.2)** | **(226.6)** |
| Borrowings | 4.1 | **(782.2)** | (1,265.9) |
| Lease liabilities | 4.6a | **(78.4)** | (87.5) |
| **Total non-current liabilities** | | **(860.6)** | **(1,353.4)** |
| **Total liabilities** | | **(1,377.8)** | **(1,580.0)** |
| **Net assets** | | **4,093.1** | **3,813.9** |
| **Equity** | | | |
| Issued share capital | 4.8 | **109.4** | 100.1 |
| Share premium | 4.8 | **2,447.6** | 2,162.0 |
| Merger reserve | | **40.2** | 40.2 |
| Retained earnings | | **1,466.0** | 1,479.0 |
| Hedging reserve | | **3.8** | 6.2 |
| **Equity attributable to the owners of the Parent Company** | | **4,067.0** | **3,787.5** |
| Non-controlling interest | | **26.1** | 26.4 |
| **Total equity** | | **4,093.1** | **3,813.9** |

The financial statements of The Unite Group PLC, registered number 03199160, were approved and authorised for issue by the Board of Directors on 27 February 2024 and were signed on its behalf by:

**Joe Lister**
Director

**Mike Burt**
Director

## COMPANY BALANCE SHEET

At 31 December 2023

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| **Assets** | | | |
| Investments in subsidiaries | 3.5 | **2,450.8** | 2,397.0 |
| Loans to Group undertakings | 5.2 | **2,130.0** | 2,076.9 |
| Interest rate swaps | 4.2 | **56.0** | 73.2 |
| **Total non-current assets** | | **4,636.8** | **4,547.1** |
| Trade and other receivables | 5.2 | **–** | 0.1 |
| Cash and cash equivalents | | **0.7** | 0.7 |
| **Total current assets** | | **0.7** | **0.8** |
| **Total assets** | | **4,637.5** | **4,547.9** |
| **Current liabilities** | | | |
| Amounts due to Group undertakings | 5.4 | **(66.7)** | (70.3) |
| Other payables | 5.4 | **(9.1)** | (9.5) |
| **Total current liabilities** | | **(75.8)** | **(79.8)** |
| Borrowings | 4.1 | **(468.6)** | (649.6) |
| **Total non-current liabilities** | | **(468.6)** | **(649.6)** |
| **Total liabilities** | | **(544.4)** | **(729.4)** |
| **Net assets** | | **4,093.1** | **3,818.5** |
| **Equity** | | | |
| Issued share capital | 4.8 | **109.4** | 100.1 |
| Share premium | 4.8 | **2,447.6** | 2,162.0 |
| Merger reserve | | **40.2** | 40.2 |
| Hedging reserve | | **1.1** | 1.3 |
| Retained earnings | | **1,494.7** | 1,514.9 |
| **Total equity** | | **4,093.1** | **3,818.5** |

Total equity is wholly attributable to equity holders of The Unite Group PLC. The profit of The Unite Group PLC in 2023 was £97.2 million (2022: £426.1 million).

The financial statements of The Unite Group PLC, registered number 03199160, were approved and authorised for issue by the Board of Directors on 27 February 2024 and were signed on its behalf by:

**Joe Lister**
Director

**Mike Burt**
Director

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023

| | Note | Issued share capital £m | Share premium £m | Merger reserve £m | Retained earnings £m | Hedging reserve £m | Attributable to owners of the Parent £m | Non-controlling interest £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2023** | | **100.1** | **2,162.0** | **40.2** | **1,479.0** | **6.2** | **3,787.5** | **26.4** | **3,813.9** |
| Profit for the year | | **–** | **–** | **–** | **102.5** | **–** | **102.5** | **1.1** | **103.6** |
| Other comprehensive income for the year: | | | | | | | | | |
| Share of joint venture mark to market movements on hedging instruments | 3.4b | **–** | **–** | **–** | **–** | **(2.1)** | **(2.1)** | **–** | **(2.1)** |
| **Total comprehensive income for the year** | | **–** | **–** | **–** | **102.5** | **(2.1)** | **100.4** | **1.1** | **101.5** |
| Shares issued | 4.8 | **9.3** | **285.6** | **–** | **–** | **–** | **294.9** | **–** | **294.9** |
| Deferred tax on share-based payments | | **–** | **–** | **–** | **0.2** | **–** | **0.2** | **–** | **0.2** |
| Fair value of share-based payments | | **–** | **–** | **–** | **2.2** | **–** | **2.2** | **–** | **2.2** |
| Own shares acquired | | **–** | **–** | **–** | **(0.6)** | **–** | **(0.6)** | **–** | **(0.6)** |
| Unwind of realised swap gain | | **–** | **–** | **–** | **–** | **(0.3)** | **(0.3)** | **–** | **(0.3)** |
| Dividends paid to owners of the Parent Company | 4.9 | **–** | **–** | **–** | **(117.3)** | **–** | **(117.3)** | **–** | **(117.3)** |
| Dividends to non-controlling interest | | **–** | **–** | **–** | **–** | **–** | **–** | **(1.4)** | **(1.4)** |
| **At 31 December 2023** | | **109.4** | **2,447.6** | **40.2** | **1,466.0** | **3.8** | **4,067.0** | **26.1** | **4,093.1** |

| | Note | Issued share capital £m | Share premium £m | Merger reserve £m | Retained earnings £m | Hedging reserve £m | Attributable to owners of the Parent £m | Non-controlling interest £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | | 99.8 | 2,161.2 | 40.2 | 1,225.0 | 1.6 | 3,527.8 | 26.6 | 3,554.4 |
| Profit for the year | | – | – | – | 350.5 | – | 350.5 | 1.3 | 351.8 |
| Other comprehensive income for the year: | | | | | | | | | |
| Share of joint venture mark to market movements on hedging instruments | 3.4b | – | – | – | – | 4.7 | 4.7 | – | 4.7 |
| **Total comprehensive income for the year** | | **–** | **–** | **–** | **350.5** | **4.7** | **355.2** | **1.3** | **356.5** |
| Shares issued | 4.8 | 0.3 | 0.8 | – | – | – | 1.1 | – | 1.1 |
| Deferred tax on share-based payments | | – | – | – | 0.3 | – | 0.3 | – | 0.3 |
| Fair value of share-based payments | | – | – | – | 1.3 | – | 1.3 | – | 1.3 |
| Own shares acquired | | – | – | – | (1.7) | – | (1.7) | – | (1.7) |
| Unwind of realised swap gain | | – | – | – | – | (0.1) | (0.1) | – | (0.1) |
| Dividends paid to owners of the Parent Company | 4.9 | – | – | – | (96.4) | – | (96.4) | – | (96.4) |
| Dividends to non-controlling interest | | – | – | – | – | – | – | (1.5) | (1.5) |
| **At 31 December 2022** | | **100.1** | **2,162.0** | **40.2** | **1,479.0** | **6.2** | **3,787.5** | **26.4** | **3,813.9** |

The notes on pages 182–236 form part of the financial statements.

## COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023

| | Note | Issued share capital £m | Share premium £m | Merger reserve £m | Hedging reserve £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|
| **At 1 January 2023** | | **100.1** | **2,162.0** | **40.2** | **1.3** | **1,514.9** | **3,818.5** |
| Profit and total comprehensive income for the year | | **–** | **–** | **–** | **–** | **97.2** | **97.2** |
| Shares issued | 4.8 | **9.3** | **285.6** | **–** | **–** | **–** | **294.9** |
| Unwind of realised swap gain | | **–** | **–** | **–** | **(0.2)** | **–** | **(0.2)** |
| Dividends to shareholders | 4.9 | **–** | **–** | **–** | **–** | **(117.3)** | **(117.3)** |
| **At 31 December 2023** | | **109.4** | **2,447.7** | **40.2** | **1.1** | **1,494.7** | **4,093.1** |

| | Note | Issued share capital £m | Share premium £m | Merger reserve £m | Hedging reserve £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|
| At 1 January 2022 | | 99.8 | 2,161.2 | 40.2 | 1.5 | 1,185.2 | 3,487.9 |
| Profit and total comprehensive income for the year | | – | – | – | – | 426.1 | 426.1 |
| Shares issued | 4.8 | 0.3 | 0.8 | – | – | – | 1.1 |
| Unwind of realised swap gain | | – | – | – | (0.2) | – | (0.2) |
| Dividends to shareholders | 4.9 | – | – | – | – | (96.4) | (96.4) |
| **At 31 December 2022** | | **100.1** | **2,162.0** | **40.2** | **1.3** | **1,514.9** | **3,818.5** |

The notes on pages 182–236 form part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

| | | Group | |
|---|---|---|---|
| | Note | 2023 £m | 2022 £m |
| **Net cash flows from operating activities** | 5.1 | **153.2** | 154.1 |
| **Investing activities** | | | |
| Investment in joint ventures | | **–** | (144.6) |
| Capital expenditure on properties | | **(135.3)** | (316.5) |
| Acquisition of intangible assets | | **(1.8)** | (2.3) |
| Acquisition of plant and equipment | | **(0.9)** | (1.3) |
| Proceeds from sale of investment property | | **–** | 234.1 |
| Interest received | | **1.3** | 0.2 |
| Dividends received | | **27.3** | 38.5 |
| **Net cash flows from investing activities** | | **(109.4)** | **(191.9)** |
| **Financing activities** | | | |
| Proceeds from the issue of share capital | | **294.9** | 1.1 |
| Payments to acquire own shares | | **(0.6)** | (1.7) |
| Interest paid in respect of financing activities | | **(38.8)** | (43.6) |
| Proceeds from non-current borrowings | | **–** | 105.7 |
| Repayment of borrowings | | **(182.5)** | – |
| Dividends paid to the owners of the Parent Company | | **(103.4)** | (85.1) |
| Withholding tax paid on distributions | | **(12.0)** | (8.7) |
| Dividends paid to non-controlling interest | | **(1.9)** | (1.3) |
| **Net cash flows from financing activities** | | **(44.3)** | **(33.6)** |
| **Net decrease in cash and cash equivalents** | | **(0.5)** | **(71.4)** |
| Cash and cash equivalents at start of year | | **38.0** | 109.4 |
| **Cash and cash equivalents at end of year** | | **37.5** | **38.0** |

# NOTES TO THE FINANCIAL STATEMENTS

## Section 1: Basis of preparation

This section lays out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a particular note to the financial statements, the policy is described in the note to which it relates and has been clearly identified in a box.

### Basis of consolidation

The financial statements consolidate those of Unite Group PLC (the Company) and its subsidiaries (together referred to as the Group) and include the Group's interests in jointly controlled entities. The Company financial statements present information about the Company as a separate entity and not as a group.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 – Reduced disclosure framework (FRS 101), and the Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom (Adopted IFRS), in conformity with the Companies Act 2006, and approved by the Directors. On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes. The Company is also taking advantage of the FRS 101 disclosure exemptions from requirements of IFRS 7, IFRS 13 and IAS 1 including presenting a Company statement of cash flows.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

The Company is a public company limited by shares and is registered in England, United Kingdom, where it is also domiciled.

Subsidiaries are those entities controlled by the Company. Control exists when the Company has an existing right that gives it the current ability to direct the relevant activities of the subsidiary, has exposure or right to variable returns from its involvement in the subsidiary and has the ability to use its power to affect its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, such as property disposals and management fees, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's retained interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains except where the loss provides evidence of a reduction in the net realisable value of current assets or an impairment in the value of non-current assets.

Non-controlling interests are shown as a line item within equity and comprise the non-controlling interests in subsidiaries which are not directly or indirectly attributable to the Group. Non-controlling interests are assigned to one subsidiary as at both 31 December 2023 and 2022 (see note 3.4).

### Measurement convention

The financial statements are prepared on the historical cost basis except for investment property (owned), investment property (leased), investment property (under development), investments in subsidiaries and interest rate swaps all of which are stated at their fair value.

## NOTES TO THE FINANCIAL STATEMENTS continued

### Going concern

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

The Directors have considered a range of scenarios for future performance through the 2023/24 and 2024/25 academic years. This included a base case assuming cash collection and performance for the 2023/24 academic year remains in line with current expectations and sales performance for the 2024/25 academic year consistent with published guidance; and a reasonable worst-case scenario where income for the 2024/25 academic year is impacted by reduced sales, equivalent to occupancy of around 90%. The Directors considered the net (£295 million) current liability position of the Group and were satisfied that it could be met through available cash and undrawn debt. The impact of our ESG asset transition plans are included within the cash flows, which have been modelled to align with the Group's 2030 net zero carbon targets. Under each of these scenarios, the Directors are satisfied that the Group has sufficient liquidity and will maintain covenant compliance over the next 12 months. To further support the Directors' going concern assessment, a 'Reverse Stress Test' was performed to determine the level of performance at which adopting the going concern basis of preparation may not be appropriate. This involved assessing the minimum amount of income required to ensure financial covenants would not be breached. Within the tightest covenant, occupancy could fall to approximately 70% before there would be a breach. The Group has capacity for property valuations to fall by around 30% before there would be a breach of LTV and gearing covenants in facilities where such covenants exist. Were income or asset values to fall beyond these levels, the Group has certain cure rights, such that an immediate default could be avoided.

The Directors are satisfied that the possibility of such an outcome is sufficiently remote that adopting the going concern basis of preparation is appropriate.

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

### Standards and interpretations effective in the current period

During the year the following new and revised standards and interpretations have been adopted and have not had a material impact on the amounts reported in these financial statements:

- IFRS 17 Insurance contracts.
- IAS 1 (amendments) and IFRS Practice Statement 2 Disclosure of accounting policies.
- IAS 8 Definition of accounting estimates.
- IAS 12 Deferred tax related to assets and liabilities arising from a single transaction.

## Section 1: Basis of preparation continued

### Impact of accounting standards and interpretations in issue but not yet effective

At the date of approval of these financial statements there are a number of new standards and amendments to existing standards in issue but not yet effective. The Group has not adopted the new or amended standards in preparing these consolidated financial statements.

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- IAS 1 (amendments) Non-current liabilities with covenants and classification of liabilities as current or non-current.
- IFRS 16 (amendments) Lease liability in a sale and leaseback.
- IAS 7 and IFRS 7 (amendments) Disclosure of Supplier Finance Arrangements.
- IFRS 10 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The impact of all other IFRS Standards not yet adopted is not expected to be material.

### Critical accounting estimates and judgements

The Group's significant accounting policies are stated in the relevant notes to the Group financial statements.

The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

### Critical accounting judgements

The areas which involve a high degree of judgement or complexity in applying the accounting policies of the Group are explained in more detail in the accounting policy descriptions in the related notes to the financial statements.

The areas where accounting judgements have the most significant impact on the financial statements of the Group are as follows:

- Classification of joint venture vehicles (note 3.4).

### Key sources of estimation uncertainty

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving the most sensitive estimates and assumptions that are significant to the financial statements are set out below and in more detail in the related notes:

- Valuation of investment property and investment property under development (note 3.1).
- Valuation of provisions for cladding remediation (note 5.5).

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 2: Results for the year

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

The Group uses EPRA earnings, adjusted earnings and NTA movement as key comparable indicators across other real estate companies in Europe. EPRA earnings, adjusted earnings and NTA movement are Alternative Performance Measures (APMs), further details of which are set out in section 8.

### IFRS performance measures

| | Note | 2023 £m | 2022 £m | 2023 pps | 2022 pps |
|---|---|---|---|---|---|
| Profit* | 2.2b | **102.5** | 350.5 | **24.7p** | 87.7p |
| Net assets* | 2.3d | **4,067.0** | 3,787.5 | **931p** | 944p |

* Profit after tax represents profit attributed to the owners of the Company, and net assets represents equity attributable to the owners of the Company.

### EPRA performance measures

| | Note | 2023 £m | 2022 £m | 2023 pps | 2022 pps |
|---|---|---|---|---|---|
| EPRA earnings | 2.2c | **176.1** | 157.3 | **42.4p** | 39.4p |
| Adjusted earnings** | 2.2c | **184.3** | 163.4 | **44.3p** | 40.9p |
| EPRA NTA | 2.3d | **4,014.7** | 3,716.7 | **920p** | 927p |

** Adjusted earnings are calculated as EPRA earnings after adding back software as a service costs previously capitalised (net of deferred tax) and abortive costs (see note 2.2a) , in order to reflect the performance of the Group's underlying operating activities.

### 2.1 Segmental information

The Board of Directors monitors the business along two activity lines, Operations and Property. The reportable segments for the years ended 31 December 2023 and 31 December 2022 are Operations and Property.

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

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

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

### 2.2 Earnings

EPRA earnings and adjusted earnings amends IFRS measures by removing principally the unrealised investment property valuation gains and losses such that users of the financial statements are able to see the extent to which dividend payments (dividend per share) are underpinned by earnings arising from operational activity. In 2023 and 2022, software as a service costs, which were previously capitalised under the existing intangibles policy have been excluded from adjusted earnings (net of deferred tax), to align with the International Financial Reporting Interpretations Committee ('IFRIC') agenda decision in 2021. In consideration of EPRA's focus on presenting clear comparability in results from recurring operational activities, in 2022 adjusted earnings also excludes abortive costs relating to an aborted acquisition. The reconciliation between profit attributable to owners of the Company and EPRA earnings is available in note 2.2b.

The Operations segment manages rental properties, owned directly by the Group or by joint ventures. Its revenues are derived from rental income and asset management fees earned from joint ventures. The way in which the Operations segment adds value to the business is set out in the Operations review on pages 32–35. The Operations segment is the main contributor to adjusted earnings and adjusted EPS and these are therefore the key indicators which are used by the Board to monitor the Groups financial performance.

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

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 2: Results for the year continued

### 2.2 Earnings continued

### 2.2a) EPRA earnings

2023

| | Unite Students £m | Share of joint ventures USAF £m | Share of joint ventures LSAV £m | Group on EPRA basis Total £m |
|---|---|---|---|---|
| Rental income | **259.2** | **57.5** | **52.8** | **369.5** |
| Property operating expenses | **(79.8)** | **(20.0)** | **(13.2)** | **(113.0)** |
| **Net operating income** | **179.4** | **37.5** | **39.6** | **256.5** |
| Management fees | **21.4** | **(4.5)** | **–** | **16.9** |
| Overheads | **(32.2)** | **(0.4)** | **(0.5)** | **(33.1)** |
| Interest on lease liabilities | **(7.7)** | **–** | **–** | **(7.7)** |
| Net financing costs | **(22.9)** | **(9.4)** | **(15.1)** | **(47.4)** |
| **Operations segment result** | **138.0** | **23.2** | **24.0** | **185.2** |
| **Property segment result** | **(2.7)** | **–** | **–** | **(2.7)** |
| **Unallocated to segments** | **(6.0)** | **(0.2)** | **(0.2)** | **(6.4)** |
| **EPRA earnings** | **129.3** | **23.0** | **23.8** | **176.1** |
| Software as a service costs | **8.2** | **–** | **–** | **8.2** |
| **Adjusted earnings** | **137.5** | **23.0** | **23.8** | **184.3** |

Included in the above is rental income of £19.0 million and property operating expenses of £10.2 million relating to sale and leaseback properties. Included in the above is also rental income of £3.8 million and property operating expenses of £1.2 million, relating to a build to rent property.

Unallocated to segments includes the fair value of share-based payments of (£3.4 million), costs due to leadership changes of (£2.9 million), contributions to the Unite Foundation and social causes of (£1.6 million), a deferred tax credit of £2.5 million and current tax charge of (£1.0 million). Depreciation and amortisation totalling (£6.3 million) is included within overheads.

The software as a service costs are presented net of deferred tax of £2.8 million.

2022

| | Unite Students £m | Share of joint ventures USAF £m | Share of joint ventures LSAV £m | Group on EPRA basis Total £m |
|---|---|---|---|---|
| Rental income | 241.7 | 48.8 | 49.2 | 339.7 |
| Property operating expenses | (72.0) | (15.9) | (10.8) | (98.7) |
| **Net operating income** | **169.7** | **32.9** | **38.4** | **241.0** |
| Management fees | 21.4 | (4.0) | – | 17.4 |
| Overheads | (32.5) | (0.7) | (0.6) | (33.8) |
| Interest on lease liabilities | (8.1) | – | – | (8.1) |
| Net financing costs | (33.4) | (7.7) | (13.8) | (54.9) |
| **Operations segment result** | **117.1** | **20.5** | **24.0** | **161.6** |
| **Property segment result** | **(1.2)** | **–** | **–** | **(1.2)** |
| **Unallocated to segments** | **(2.8)** | **(0.2)** | **(0.1)** | **(3.1)** |
| **EPRA earnings** | **113.1** | **20.3** | **23.9** | **157.3** |
| Abortive costs | 1.5 | – | – | 1.5 |
| Software as a service costs previously capitalised | 4.6 | – | – | 4.6 |
| **Adjusted earnings** | **119.2** | **20.3** | **23.9** | **163.4** |

Included in the above is rental income of £18.1 million and property operating expenses of (£9.7 million) relating to sale and leaseback properties. Also included in the above is rental income of £0.7 million and property operating expenses of (£0.2 million), relating to a build-to-rent property.

Unallocated to segments includes abortive costs of (£1.5 million), the fair value of share-based payments of (£1.6 million), contributions to the Unite Foundation of (£0.6 million), a deferred tax credit of £1.3 million and current tax charge of (£0.7 million). Depreciation and amortisation totalling (£7.8 million) is included within overheads.

The software as a service costs capitalised under the existing Intangibles policy in the prior year are presented net of deferred tax of £1.5 million.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2.2 Earnings continued

#### 2.2b) IFRS reconciliation to EPRA earnings and adjusted earnings

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

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| **Profit attributable to owners of the Company** | | **102.5** | **350.5** |
| Net valuation losses/(gains) on investment property (owned) | 3.1 | **37.2** | (112.7) |
| Property disposals (owned) | | **(11.8)** | 15.6 |
| Net valuation losses on investment property (leased) | 3.1 | **10.4** | 9.3 |
| Amortisation of fair value of debt recognised on acquisition | | **(4.3)** | (4.3) |
| Share of joint venture losses/(gains) on investment property | 3.4b | **21.9** | (32.3) |
| Share of joint venture property disposals | 3.4b | **3.5** | 0.9 |
| Mark to market changes on interest rate swaps | 4.3 | **17.2** | (70.7) |
| Current tax relating to property disposals | | **(0.1)** | (0.2) |
| Deferred tax | 2.5d | **(0.2)** | 0.7 |
| Non-controlling interest share of reconciling items* | | **(0.2)** | 0.5 |
| **EPRA earnings** | 2.2a | **176.1** | **157.3** |
| Software as a service costs | 3.2 | **8.2** | 4.6 |
| Abortive costs | | **–** | 1.5 |
| **Adjusted earnings** | 2.2a | **184.3** | **163.4** |

* The non-controlling interest, arises as a result of the Company not owning 100% of the share capital of one of its subsidiaries, USAF (Feeder) Guernsey Limited. More detail is provided in note 3.4.

#### 2.2c) Earnings per share

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

The calculations of basic and EPRA EPS and adjusted EPS for the year ended 31 December 2023 and 2022 are as follows:

| | Note | 2023 £m | 2022 £m | 2023 pps | 2022 pps |
|---|---|---|---|---|---|
| **Earnings** | | | | | |
| Basic | | **102.5** | 350.5 | **24.7p** | 87.7p |
| Diluted | | **102.5** | 350.5 | **24.6p** | 87.6p |
| EPRA | 2.2b | **176.1** | 157.3 | **42.4p** | 39.4p |
| Diluted EPRA | | | | **42.2p** | 39.3p |
| Adjusted | 2.2b | **184.3** | 163.4 | **44.3p** | 40.9p |
| Diluted adjusted | | | | **44.2p** | 40.8p |

| | 2023 | 2022 |
|---|---|---|
| **Weighted average number of shares (thousands)** | | |
| Basic | **415,733** | 399,581 |
| Dilutive potential ordinary shares (share options) | **1,165** | 584 |
| Diluted | **416,898** | 400,165 |

Movements in the weighted average number of shares have resulted from the issue of shares arising from the capital raise in July 2023, employee share-based payment schemes and the scrip dividend.

In 2023, there were 16,505 options excluded from the potential dilutive shares that did not affect the diluted weighted average number of shares (2022: 19,015).

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 2: Results for the year continued

### 2.3 Net assets

#### 2.3a) EPRA NTA

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

The Group's Property business undertakes the acquisition and development of properties. The way in which the Property segment adds value to the business is set out in the Property review on pages 36–40.

2023

| | Unite Students £m | Share of JVs USAF £m | LSAV £m | See-through £m |
|---|---|---|---|---|
| Investment property (owned)* | **3,727.8** | **827.8** | **954.7** | **5,510.3** |
| Investment property (leased) | **84.7** | **–** | **–** | **84.7** |
| Investment property (under development) | **174.7** | **–** | **–** | **174.7** |
| **Total property portfolio** | **3,987.2** | **827.8** | **954.7** | **5,769.7** |
| Debt | **(1,067.6)** | **(243.5)** | **(337.0)** | **(1,648.1)** |
| Lease liabilities | **(83.8)** | **–** | **–** | **(83.8)** |
| Cash | **37.5** | **18.2** | **21.5** | **77.2** |
| **Net debt** | **(1,113.9)** | **(225.3)** | **(315.5)** | **(1,654.7)** |
| Other assets and (liabilities) | **(48.3)** | **(22.3)** | **(29.7)** | **(100.3)** |
| **EPRA NTA** | **2,825.0** | **580.2** | **609.5** | **4,014.7** |
| **Loan to value****| **26%** | **27%** | **33%** | **28%** |
| **Loan to value post IFRS 16** | **28%** | **27%** | **33%** | **29%** |

2022

| | Unite Students £m | Share of JVs USAF £m | LSAV £m | See-through £m |
|---|---|---|---|---|
| Investment property (owned) | 3,623.4 | 813.0 | 960.4 | 5,396.8 |
| Investment property (leased) | 90.3 | – | – | 90.3 |
| Investment property (under development) | 202.7 | – | – | 202.7 |
| **Total property portfolio** | **3,916.4** | **813.0** | **960.4** | **5,689.8** |
| Debt | (1,247.8) | (239.8) | (385.2) | (1,872.8) |
| Lease liabilities | (90.4) | – | – | (90.4) |
| Cash | 38.0 | 35.6 | 65.6 | 139.2 |
| **Net debt** | **(1,300.2)** | **(204.2)** | **(319.6)** | **(1,824.0)** |
| Other assets and (liabilities) | (95.1) | (33.6) | (20.4) | (149.1) |
| **EPRA NTA** | **2,521.1** | **575.2** | **620.4** | **3,716.7** |
| **Loan to value**** | **32%** | **25%** | **33%** | **31%** |
| **Loan to value post IFRS 16** | **33%** | **25%** | **33%** | **32%** |

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

** LTV calculated excluding investment properties (leased) and the corresponding lease liabilities. LTV is an APM – see section 8.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2.3 Net assets continued

### 2.3b) Movement in EPRA NTA during the year

Contributions to EPRA NTA by each segment during the year is as follows:

2023

| | Note | Unite Students £m | Share of JVs USAF £m | Share of JVs LSAV £m | See-through £m |
|---|---|---|---|---|---|
| **Operations** | | | | | |
| Operations segment result | 2.2a | 137.8 | 23.3 | 24.1 | 185.2 |
| Add back amortisation of intangibles | 3.3b | 5.2 | – | – | 5.2 |
| Total Operations | | 143.0 | 23.3 | 24.1 | 190.4 |
| **Property** | | | | | |
| Rental growth | | 185.2 | 41.8 | 56.1 | 286.7 |
| Yield movement | | (215.9) | (34.4) | (85.7) | (339.6) |
| Disposal gains/(losses) | | 11.8 | (3.7) | 0.3 | 8.4 |
| Investment property (losses)/gains (owned)* | | (18.9) | 3.7 | (29.3) | (44.5) |
| Investment property losses (leased) | 3.1 | (10.4) | – | – | (10.4) |
| Investment property losses (under development) | 3.1 | (6.6) | – | – | (6.6) |
| Pre-contract/other development costs | 2.2a | (2.8) | – | – | (2.8) |
| Total Property | | (38.7) | 3.7 | (29.3) | (64.3) |
| **Unallocated** | | | | | |
| Shares issued | | 294.9 | – | – | 294.9 |
| Investment in joint ventures | | 27.3 | (21.8) | (5.5) | – |
| Dividends paid | | (117.3) | – | – | (117.3) |
| Acquisition of intangibles | | (1.6) | – | – | (1.6) |
| Share-based payment charge | | (3.4) | – | – | (3.4) |
| Other | | (0.4) | (0.2) | (0.2) | (0.8) |
| Total Unallocated | | 199.6 | (22.0) | (5.7) | 172.0 |
| **Total EPRA NTA movement in the year** | | 303.9 | 5.0 | (10.9) | 298.0 |
| Total EPRA NTA brought forward | | 2,521.1 | 575.2 | 620.4 | 3,716.7 |
| **Total EPRA NTA carried forward** | | 2,825.0 | 580.2 | 609.5 | 4,014.7 |

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

The £0.8 million Other balance within the Unallocated segment includes the purchase of own shares of (£0.6 million), contributions to the Unite Foundation and other social causes of (£1.6 million), tax credits of £1.1 million and other costs of (£0.3 million).

## NOTES TO THE FINANCIAL STATEMENTS continued

### Section 2: Results for the year continued

#### 2.3 Net assets continued

#### 2.3b) Movement in EPRA NTA during the year continued

2022

| | Note | Unite Students £m | Share of JVs USAF £m | Share of JVs LSAV £m | See-through £m |
|---|---|---|---|---|---|
| **Operations** | | | | | |
| Operations segment result | 2.2a | 117.1 | 20.5 | 24.0 | 161.6 |
| Add back amortisation of intangibles | 3.3b | 5.9 | – | – | 5.9 |
| Total Operations | | 123.0 | 20.5 | 24.0 | 167.5 |
| **Property** | | | | | |
| Rental growth | | 117.1 | 0.5 | 32.6 | 150.2 |
| Yield movement | | (11.0) | 2.2 | (3.0) | (11.8) |
| Disposal losses | | (15.6) | (0.9) | – | (16.5) |
| Investment property gains (owned) | | 90.5 | 1.8 | 29.6 | 121.9 |
| Investment property losses (leased) | 3.1 | (9.3) | – | – | (9.3) |
| Investment property gains (under development) | 3.1 | 6.6 | – | – | 6.6 |
| Pre-contract/other development costs | 2.2a | (1.2) | – | – | (1.2) |
| Total Property | | 86.6 | 1.8 | 29.6 | 118.0 |
| **Unallocated** | | | | | |
| Shares issued | | 1.1 | – | – | 1.1 |
| Investment in joint ventures | | (102.4) | 122.0 | (19.6) | – |
| Dividends paid | | (96.4) | – | – | (96.4) |
| Acquisition of intangibles | 3.3b | (1.9) | – | – | (1.9) |
| Abortive costs | | (1.5) | – | – | (1.5) |
| Other | | (1.8) | (0.3) | (0.2) | (2.3) |
| Total Unallocated | | (202.9) | 121.7 | (19.8) | (101.0) |
| **Total EPRA NTA movement in the year** | | **6.7** | **144.0** | **33.8** | **184.5** |
| Total EPRA NTA brought forward | | 2,514.4 | 431.2 | 586.6 | 3,532.2 |
| **Total EPRA NTA carried forward** | | **2,521.1** | **575.2** | **620.4** | **3,716.7** |

The £2.3 million Other balance within the Unallocated segment includes the purchase of own shares of (£1.7 million), contributions to the Unite Foundation of (£0.6 million), tax credits of £0.1 million and other costs of (£0.1 million).

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2.3 Net assets continued

### 2.3c) Reconciliation to IFRS

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

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

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

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

2023

| | NTA £m | NRV £m | NDV £m |
|---|---|---|---|
| **Net assets reported under IFRS** | **4,067.0** | **4,067.0** | **4,067.0** |
| Mark to market interest rate swaps | **(58.1)** | **(58.1)** | **–** |
| Unamortised swap gain | **(1.2)** | **(1.2)** | **(1.2)** |
| Mark to market of fixed rate debt | **–** | **–** | **35.0** |
| Unamortised fair value of debt recognised on acquisition | **15.2** | **15.2** | **15.2** |
| Current tax | **0.7** | **0.7** | **–** |
| Deferred tax | **0.4** | **0.4** | **–** |
| Intangibles per IFRS balance sheet | **(9.3)** | **–** | **–** |
| Real estate transfer tax | **–** | **306.7** | **–** |
| **EPRA reporting measure** | **4,014.7** | **4,330.7** | **4,116.0** |

2022

| | NTA £m | NRV £m | NDV £m |
|---|---|---|---|
| **Net assets reported under IFRS** | **3,787.5** | **3,787.5** | **3,787.5** |
| Mark to market interest rate swaps | (77.4) | (77.4) | – |
| Unamortised swap gain | (1.4) | (1.4) | (1.4) |
| Mark to market of fixed rate debt | – | – | 154.7 |
| Unamortised fair value of debt recognised on acquisition | 19.5 | 19.5 | 19.5 |
| Current tax | 0.7 | 0.7 | – |
| Intangibles per IFRS balance sheet | (12.2) | – | – |
| Real estate transfer tax | – | 300.7 | – |
| **EPRA reporting measure** | **3,716.7** | **4,029.6** | **3,960.3** |

# NOTES TO THE FINANCIAL STATEMENTS continued

## Section 2: Results for the year continued

### 2.3 Net assets continued

### 2.3d) NTA, NRV and NDV per share

The Board uses EPRA NTA to monitor the performance of the Property segment on a regular basis.

| | Note | 2023 £m | 2022 £m | 2023 pps | 2022 pps |
|---|---|---|---|---|---|
| **Net assets** | | **4,067.0** | 3,787.5 | **931** | 944 |
| EPRA NTA | 2.3a | **4,014.7** | 3,716.7 | **921** | 928 |
| EPRA NTA (diluted) | 2.3a | **4,018.6** | 3,719.7 | **920** | 927 |
| EPRA NRV | 2.3c | **4,330.7** | 4,029.6 | **994** | 1,004 |
| EPRA NRV (diluted) | | **4,334.6** | 4,032.6 | **992** | 1,005 |
| EPRA NDV | 2.3c | **4,116.0** | 3,960.3 | **944** | 987 |
| EPRA NDV (diluted) | | **4,119.9** | 3,963.3 | **943** | 988 |

| **Number of shares (thousands)** | 2023 | 2022 |
|---|---|---|
| Basic | **435,855** | 400,292 |
| Outstanding share options | **1,165** | 895 |
| Diluted | **437,019** | 401,187 |

### 2.4 Revenue and costs

#### Accounting policies

The Group recognises revenue from the following major sources:

- Rental income
- Management and performance fees
- Acquisition fees

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of its service to a customer.

#### Rental income

Rental income comprises direct-lets to students and leases to universities and commercial tenants. This revenue is recognised in the income statement over the length of the tenancy period as the Group provides the services to its customers. Included in the rental contract is the use of utilities, broadband services and contents insurance. The Group does not offer these services as stand-alone products. Under IFRS 15 the Group does not consider these services to be individually material and has, consequently, bundled these obligations as a single contract. The transaction prices for rental income are explicitly stated in each contract. A contract liability can result from payments received in advance, until the date at which control is transferred to the customer and at that point the revenue begins to be recognised over the tenancy period. Lease incentives are sometimes recognised on commercial units; these are recognised as an integral part of the total rental income and spread over the term of the lease.

The Group recognises rental income derived from contracts over 12 months in length in the Income Statement on a straight-line basis in accordance with IFRS 16.

#### Management and performance fees

The Group acts as asset and property manager for USAF and LSAV and receives management fees in relation to these services. Revenue from these fees is recognised on a straight-line basis over time as the joint ventures simultaneously receive and consume benefits as the Group performs its management obligations which are determined by the services provided over the course of each academic year, and this reflects the profile of activities being performed. Detailed calculations in order to determine the transaction prices for these revenue streams are held within the joint venture agreements.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2.4 Revenue and costs continued

The Group is entitled to a USAF performance fee if the joint venture outperforms certain benchmarks. The Group recognises a USAF performance fee at a point in time in the year to which the fee relates. The Group initially assesses the probability of a fee being earned and its transaction price at half year and adjusts for any potential risks to receiving this income at year-end, when the achieved outturn is known. The USAF performance fee is settled within 12 months of the year to which the fee relates and the Group receives an enhanced equity interest in USAF as consideration for the performance fee.

The Group is entitled to a LSAV performance fee if the joint venture outperforms certain benchmarks over its life ending in 2032. The Group recognises an LSAV performance fee at an amount which is considered highly probable to become due based upon estimates of the future performance of the joint venture; such estimates include future rental income and the discount rate (yield). Prior to the maturity of the joint venture, the Group pro-rates the total LSAV performance fee over the life of the joint venture and recognises a proportion of the fee, only where sufficient certainty over outperformance of the benchmark is determined to exist.

As per IFRS 15, the estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The performance fee is variable and dependent on meeting specific performance targets. Accordingly where there is too much uncertainty over the cumulative outperformance of the benchmarks, particularly in earlier periods of the performance fee period, which cover each 10-year term of the venture, then no amounts of performance fee can be recognised as it is not highly probable that the performance fee will be earned.

Management and performance fees are presented in revenue net of the Group's share of the corresponding expense within the relevant fund.

At 31 December 2023, no amounts are deemed to meet the highly probable criteria and therefore we have not disclosed any future fees receivable from these ongoing contracts.

#### Acquisition fees

The Group receives acquisition fees from its joint venture partners. This revenue is linked to the acquisition of land or property and is therefore recognised at the point in time that control of the asset is transferred to the joint venture. The transaction price for this revenue stream is stipulated in the joint venture agreement as a percentage of the value of the acquisition. No such land or property acquisitions have occurred in 2023 or 2022.

The Group earns revenue from the following activities:

| | | Note | 2023 £m | 2022 £m |
|---|---|---|---|---|
| Rental income* | Operations segment | 2.2a | **259.2** | 241.7 |
| Management fees | Operations segment | | **17.1** | 17.8 |
| | | | **276.3** | 259.5 |
| Impact of non-controlling interest on management fees | | | **(0.2)** | (0.2) |
| **Total revenue** | | | **276.1** | 259.3 |

* EPRA earnings includes £369.5 million (2022: £339.7 million) of rental income, which is comprised of £259.2 million (2022: £241.7 million) recognised on wholly-owned assets and a further £110.3 million (2022: £98.0 million) from joint ventures, which is included in share of joint venture profit/(loss) in the consolidated income statement.

The cost of sales included in the consolidated income statement includes property operating expenses of £76.8 million (2022: £70.3 million).

## Section 2: Results for the year continued

### 2.5 Tax

As a REIT, rental profits and gains on disposal of investment properties are exempt from corporation tax. The Group pays UK corporation tax on the profits from its residual business, including management fees received from joint ventures, together with UK income tax on rental income that arises from investments held by offshore subsidiaries in which the Group holds a non-controlling interest.

#### Accounting policies

The tax charge for the year is recognised in the income statement and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The current tax charge is based on tax rates that are enacted or substantively enacted at the year-end.

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. Temporary differences relating to investments in subsidiaries and joint ventures are not provided for to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

As a REIT, rental profits and gains on disposal of investment properties and property rich investments are exempt from corporation tax. As a result, no deferred tax provision has been recognised at the balance sheet date in respect of property assets or units in USAF and LSAV held by members of the REIT Group.

### 2.5a) Tax – income statement

The total taxation charge/(credit) in the income statement is analysed as follows:

| | 2023 £m | 2022 £m |
|---|---|---|
| Corporation tax on residual business income arising in UK companies | **1.0** | 0.5 |
| Income tax on UK rental income arising in non-UK companies | **0.4** | 0.4 |
| Adjustments in respect of prior periods | **(0.2)** | (0.2) |
| **Current tax charge** | **1.2** | **0.7** |
| Origination and reversal of temporary differences | **(2.3)** | (1.0) |
| Effect of change in tax rate | **–** | – |
| Adjustments in respect of prior periods | **–** | 0.4 |
| **Deferred tax (credit)** | **(2.3)** | **(0.6)** |
| **Total tax (credit)/charge in income statement** | **(1.1)** | **0.1** |

The movement in deferred tax provided is shown in more detail in note 2.5d.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2.5 Tax continued

#### 2.5a) Tax - income statement continued

In the income statement, a tax charge of £1.2 million arises on a profit before tax of £102.5 million. The taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual tax charge as follows:

| | 2023 £m | 2022 £m |
|---|---|---|
| **Profit before tax** | **102.5** | **351.9** |
| Income tax using the UK corporation tax rate of 25% (2022: 19%) | **24.1** | 67.0 |
| Property rental business profits exempt from tax in the REIT Group | **(45.7)** | (28.4) |
| Property revaluations not subject to tax | **16.2** | (25.8) |
| Mark to market changes in interest rate swaps not subject to tax | **3.0** | (13.4) |
| Effect of indexation on investments | **–** | 0.1 |
| Effect of other permanent differences | **1.3** | 0.5 |
| Effect of tax deduction transferred to equity on share schemes | **0.2** | 0.3 |
| Rate difference on deferred tax | **–** | (0.4) |
| Prior year adjustments | **(0.2)** | 0.2 |
| **Total tax (credit)/charge in income statement** | **(1.1)** | **0.1** |

As a UK REIT, the Group is exempt from UK corporation tax on the profits from its property rental business. Accordingly, the element of the Group's profit before tax relating to its property rental business has been separately identified in the reconciliation above.

No deferred tax asset has been recognised in respect of the Group's accumulated tax losses on the basis that they are not expected to be utilised in future periods. At 31 December 2023 these losses totalled £15.3 million (2022: £15.3 million).

Although the Group does not pay UK corporation tax on the profits from its property rental business, it is required to distribute 90% of the profits from its property rental business after accounting for tax adjustments as a Property Income Distribution (PID). PIDs are charged to tax in the same way as property income in the hands of the recipient. For the year ended 31 December 2023 the required PID is expected to be fully paid by the end of 2024.

#### 2.5b) Tax – other comprehensive income

Within other comprehensive income a tax charge totalling £nil (2022: £nil) has been recognised.

#### 2.5c) Tax – statement of changes in equity

Within the statement of changes in equity a tax credit totalling £0.1 million (2022: £0.3 million charge) has been recognised representing deferred tax. An analysis of this is included below in the deferred tax movement table.

#### 2.5d) Tax – balance sheet

The table below outlines the deferred tax (assets)/liabilities that are recognised in the balance sheet, together with their movements in the year:

2023

| | At 31 December 2022 £m | Charged/ (credited) in income £m | Charged/ (credited) in equity £m | At 31 December 2023 £m |
|---|---|---|---|---|
| Investments | **0.4** | **–** | | **0.4** |
| Property, plant and machinery and provisions | **(2.8)** | **(2.1)** | | **(4.9)** |
| Share schemes | **(1.2)** | **(0.4)** | **0.5** | **(1.1)** |
| Tax value of carried forward losses recognised | **–** | **0.2** | **(0.2)** | **–** |
| **Net tax assets** | **(3.6)** | **(2.3)*** | **0.3** | **(5.6)** |

* The £2.3 million credit above includes tax movements totalling £2.5 million in respect of Property, plant and machinery, Share schemes, and Losses which are included in EPRA, which is why they are not included in the IFRS reconciliation in note 2.2b); removing them results in achieving the £0.2 million charge which is excluded as per EPRA's best practice recommendations.

## NOTES TO THE FINANCIAL STATEMENTS continued

### Section 2: Results for the year continued

#### 2.5 Tax continued

#### 2.5d) Tax – balance sheet

2022

| | At 31 December 2021 £m | Charged/ (credited) in income £m | Charged/ (credited) in equity £m | At 31 December 2022 £m |
|---|---|---|---|---|
| Investments | – | 0.4 | – | 0.4 |
| Property, plant and machinery and provisions | (1.2) | (1.6) | – | (2.8) |
| Share schemes | (1.8) | 0.3 | 0.3 | (1.2) |
| Tax value of carried forward losses recognised | – | 0.3 | (0.3) | – |
| Net tax assets | (3.0) | (0.6)* | – | (3.6) |

* The £0.6 million credit above includes tax movements totalling £1.3 million in respect of Property, plant and machinery, Share schemes, and Losses which are included in EPRA, which is why they are not included in the IFRS reconciliation in note 2.2b); removing them results in achieving the £0.7 million movement which is excluded as per EPRA's best practice recommendations.

The deferred tax liability at 31 December 2023 has been calculated based on the rate at which it is expected to reverse.

As a REIT, disposals of investment property and property rich investments are exempt from tax and as a result no deferred tax liability has been recognised in relation to these assets.

**Company**

Deferred tax has not been recognised on temporary differences of £1.7 million (2022: £1.7 million) in respect of revaluation of subsidiaries and investment in joint ventures as it is considered unlikely that these investments will be divested.

#### 2.6 Audit fees

During the year, the Group obtained the following services from the Company's auditor and its associates:

| | 2023 £m | 2022 £m |
|---|---|---|
| Fees payable to the Group's auditors for the audit of the Company and consolidated financial statements | **0.5** | 0.5 |
| Fees payable to the Group's auditors for other services to the Group: | | |
| – Audit of the financial statements of subsidiaries | **0.1** | 0.1 |
| **Total audit fees payable to the Group's auditors** | **0.6** | **0.6** |
| Audit-related assurance services | **0.1** | 0.1 |
| Other services | **–** | – |
| **Total non-audit fees** | **0.1** | **0.1** |

Non-audit fees in both 2023 and 2022 relate entirely to services provided in respect of the half year review.

Details on the Company's policy on the use of the auditor for non-audit services is also set out in the Audit & Risk Committee report on pages 114–119.

No services were provided pursuant to contingent fee arrangements.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 3: Asset management

The Group holds its property portfolio directly and through its joint ventures. The performance of the property portfolio, whether wholly-owned or in joint ventures, is the key factor that drives net asset value (NAV), one of the Group's key performance indicators. The following pages provide disclosures about the Group's investments in property assets and joint ventures and their performance over the year.

### 3.1 Wholly-owned property assets

The Group's wholly-owned property portfolio is held in four groups on the balance sheet at the carrying values detailed below.

In the Group's EPRA NTA all these groups are shown at market value, except where otherwise stated.

#### i) Investment property (owned)

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

#### ii) Investment property (leased)

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

#### iii) Investment property (under development)

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

#### iv) Investment property classified as held for sale

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

#### Accounting policies

**Investment property (owned) and investment property (under development)**

Investment property (owned) and investment property (under development) are held at fair value.

The external valuation of property assets involves significant judgement and changes to the core assumptions: rental income, occupancy and property management costs, as well as estimated future costs, could have a significant impact on the carrying value of these assets. Further details of the valuation process are included below.

Construction and borrowing costs are capitalised if they are directly attributable to the acquisition and construction of a property asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use but stops if development activities are suspended. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general borrowings, to the average rate. During the year the average capitalisation rate used was 6.4% (2022: 3.1%).

The recognition of acquisitions of investment property and land occurs at the date when control passes to Unite Group. The recognition of disposals of investment property occurs on legal completion when control passes from Unite Group. In accordance with IFRS 15, gains/(losses) from the disposal of investment property are recognised at a point in time.

Contingent consideration receivables are recognised on disposals where the amount of additional consideration is readily identifiable. It is recognised at the constrained value determined by the amount that is highly probable to be receivable at the time of the disposal, and any subsequent change in value is recognised in profit or loss in the later period.

**Investment property (leased)**

The Group holds certain investment property under historical sale and leaseback arrangements, acting as an intermediate lessor and subleasing its right-of-use assets. For each leased property, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability (see note 4.6a) with respect to all lease arrangements in which it is the lessee. The right-of-use assets are initially measured at cost in accordance with IFRS 16 and subsequently at fair value in the balance sheet with changes in fair value taken to the income statement in accordance with IAS 40.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 3: Asset management continued

### 3.1 Wholly-owned property assets continued

#### Valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by external, independent valuers, having an appropriate recognised professional qualification. The fair values are based on market values as defined in the RICS Appraisal and Valuation Manual, issued by the Royal Institution of Chartered Surveyors, and taking account of committed fire safety and external facade works as provided by Unite. CB Richard Ellis Ltd, Jones Lang LaSalle Ltd and Messrs Knight Frank LLP, Chartered Surveyors were the valuers in the years ended 31 December 2023 and 2022.

The Group has transferred the 2023 addition in respect of committed spend on fire safety and façade works taking place in 2024/2025 to property valuations, which is presented as a deduction to fair value below.

The valuations are based on:
Information provided by the Group such as current rents, occupancy, operating costs, terms and conditions of leases and nomination agreements and capital expenditure. This information is derived from the Group's financial systems and is subject to the Group's overall control environment.

Assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yield and discount rates. These are based on their professional judgement and market observation.

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

The fair value of the Group's wholly-owned properties and the movements in the carrying value of the Group's wholly-owned property portfolio during the year ended 31 December 2023 are shown in the table below.

| | Investment property (owned) £m | Investment property (leased) £m | Investment property (under development) £m | Total £m |
|---|---|---|---|---|
| At 1 January 2023 | 3,623.4 | 90.3 | 202.7 | 3,916.4 |
| Additions | – | – | – | – |
| Cost capitalised | 66.5 | 4.8 | 58.9 | 130.2 |
| Interest capitalised | – | – | 8.4 | 8.4 |
| Transfer from investment property under development | 88.7 | – | (88.7) | – |
| Transfer from work in progress | – | – | – | – |
| Transfer to assets held for sale | (33.5) | – | – | (33.5) |
| Disposals | – | – | – | – |
| Valuation gains | 121.1 | – | 32.4 | 153.5 |
| Valuation losses | (151.7) | (10.4) | (39.0) | (201.1) |
| Net valuation (losses) | (30.6) | (10.4) | (6.6) | (47.6) |
| Committed fire safety and external facade works | (20.2) | – | – | (20.2) |
| **Carrying and market value at 31 December 2023** | 3,694.3 | 84.7 | 174.7 | 3,953.7 |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 3.1 Wholly-owned property assets continued

#### Valuation process continued

The fair value of the Group's wholly-owned properties and the movements in the carrying value of the Group's wholly-owned property portfolio during the year ended 31 December 2022 are shown in the table below.

2022

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

Assets classified as held for sale at 31 December 2023 are comprised of £33.5 million of investment property (owned) less (£7.8 million) costs to sell – the amounts are presented net in the balance sheet at £25.7 million (£nil). Assets held for sale are reported within the Operations segment and represent a portfolio of properties (split across the Group and joint ventures) intended to be sold within the next 12 months.

Included within investment properties at 31 December 2023 are £11.7 million (2022: £28.4 million) of assets held under a long leasehold and £0.1 million (2022: £0.1 million) of assets held under short leasehold.

Total interest capitalised in investment properties (owned) and investment properties under development at 31 December 2023 was £66.4 million (2022: £63.5 million) on a cumulative basis.

Total internal costs capitalised in investment properties (owned) and investment properties under development was £77.1 million at 31 December 2023 (2022: £70.0 million) on a cumulative basis.

Investment property (under development) includes interests in land not currently under construction totalling £8.3 million (2022: £136.3 million).

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 3: Asset management continued

### 3.1 Wholly-owned property assets continued

#### Recurring fair value measurement

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

| Class of asset | 2023 £m | 2022 £m |
|---|---|---|
| London – rental properties | **1,154.9** | 1,212.8 |
| Prime regional – rental properties | **1,156.0** | 1,105.6 |
| Major regional – rental properties | **1,246.0** | 1,130.0 |
| Provincial – rental properties | **104.0** | 103.9 |
| London – development properties | **86.2** | 91.9 |
| Prime regional – development properties | **57.0** | 32.4 |
| Major regional – development properties | **22.0** | 64.1 |
| London build-to-rent – rental properties | **66.9** | 71.1 |
| Prime regional build-to-rent – development properties | **9.5** | 14.3 |
| **Investment property (owned)** | **3,902.5** | **3,826.1** |
| **Investment property (leased)** | **84.7** | **90.3** |
| **Market value (including assets classified as held for sale)** | **3,987.2** | **3,916.4** |
| Investment property (classified as held for sale) | **(33.5)** | – |
| **Market value** | **3,953.7** | **3,916.4** |

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

Where the asset is leased to a university, the valuations also reflect the length of the lease, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the market's general perception of the lessee's creditworthiness.

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

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

#### Fair value using unobservable inputs (Level 3)

| | 2023 £m | 2022 £m |
|---|---|---|
| Opening fair value | **3,916.4** | 3,516.9 |
| Gains and (losses) recognised in income statement | **(47.5)** | 103.4 |
| Transfer to current assets classified as held for sale | **(33.5)** | – |
| Capital expenditure | **138.5** | 310.6 |
| Committed fire safety and external facade works | **(20.2)** | – |
| Disposals | **–** | (14.5) |
| **Closing fair value** | **3,953.7** | **3,916.4** |
| Investment property (classified as held for sale) | **33.5** | – |
| **Closing fair value (including assets classified as held for sale)** | **3,987.2** | **3,916.4** |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 3.1 Wholly-owned property assets continued

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

2023

| | Fair value £m | Valuation technique | Unobservable inputs | Range | Weighted average |
|---|---|---|---|---|---|
| London – rental properties | 1,154.9 | RICS Red Book | Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £206–£424<br>2%–4%<br>4.0%–4.7% | £324<br>3%<br>4.3% |
| Prime regional – rental properties | 1,156.0 | RICS Red Book | Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £152–£270<br>2%–5%<br>4.3%–6.7% | £189<br>3%<br>4.9% |
| Major regional – rental properties | 1,246.0 | RICS Red Book | Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £84–£189<br>2%–5%<br>4.9%–7.2% | £135<br>3%<br>5.7% |
| Provincial – rental properties | 104.0 | RICS Red Book | Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £103–£162<br>2%–3%<br>7.0%–21.7% | £136<br>3%<br>8.9% |
| Prime regional – development properties | 57.0 | RICS Red Book | Estimated cost to complete (£m)<br>Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £50.0m–£52.0m<br>£234–£246<br>3%<br>4.4%–5.2% | £51.4m<br>£242<br>3%<br>4.7% |
| Major regional – development properties | 22.0 | RICS Red Book | Estimated cost to complete (£m)<br>Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £19.4m–£124.1m<br>£214<br>3%<br>5.2% | £97.6m<br>£214<br>3%<br>5.2% |
| | 3,826.1 | | | | |
| Investment property – build-to-rent | 66.9 | RICS Red Book | Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £412<br>3%<br>4.1% | £412<br>3%<br>4.1% |
| Development property – build-to-rent | 9.5 | RICS Red Book | Estimated cost to complete (£m)<br>Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Net initial yield/Discount rate (%) | £12.6m<br>£278<br>3%<br>4.4% | £12.6m<br>£278<br>3%<br>4.4% |
| | 3,902.5 | | | | |
| Investment property – leased | 84.7 | Discounted cash flows | Net rental income (£ per week)<br>Estimated future rent increase (% p.a.)<br>Discount rate (%) | £106–£207<br>1.8%–2.7%<br>6.3% | £168<br>2.3%<br>6.3% |
| **Fair value at 31 December 2023** | 3,987.2 | | | | |

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 3: Asset management continued

### 3.1 Wholly-owned property assets continued

### Quantitative information about fair value measurements using unobservable inputs (Level 3) continued

2022

| | Fair value £m | Valuation technique | Unobservable inputs | Range | Weighted average |
|---|---|---|---|---|---|
| London – rental properties | 1,212.8 | RICS Red Book | Net rental income (£ per week) | £208–£392 | £308 |
| | | | Estimated future rent increase (% p.a.) | 2.0%–4.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 3.7%–4.5% | 3.9% |
| Prime regional – rental properties | 1,105.6 | RICS Red Book | Net rental income (£ per week) | £148–£243 | £163 |
| | | | Estimated future rent increase (% p.a.) | 2.0%–5.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 4.1%–6.2% | 4.7% |
| Major regional – rental properties | 1,130.0 | RICS Red Book | Net rental income (£ per week) | £99–£178 | £128 |
| | | | Estimated future rent increase (% p.a.) | 2.0%–3.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 4.5%–7.0% | 5.7% |
| Provincial – rental properties | 103.9 | RICS Red Book | Net rental income (£ per week) | £107–£156 | £123 |
| | | | Estimated future rent increase (% p.a.) | 2.0%–3.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 6.8%–21.5% | 8.6% |
| London – development properties | 91.9 | RICS Red Book | Estimated cost to complete (£m) | £111.4m–£177.1m | £150.2m |
| | | | Net rental income (£ per week) | £183–£366 | £248 |
| | | | Estimated future rent increase (% p.a.) | 3.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 3.7% | 3.7% |
| Prime regional – development properties | 32.4 | RICS Red Book | Estimated cost to complete (£m) | £17.5m–£58.3m | £44.7m |
| | | | Net rental income (£ per week) | £171–£235 | £184 |
| | | | Estimated future rent increase (% p.a.) | 2.5%–3.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 4.3%–5.0% | 4.5% |
| Major regional – development properties | 64.1 | RICS Red Book | Estimated cost to complete (£m) | £18.2m–£28.4m | £21.1m |
| | | | Net rental income (£ per week) | £185–£287 | £198 |
| | | | Estimated future rent increase (% p.a.) | 3.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 4.9%–5.0% | 4.9% |
| | **3,740.7** | | | | |
| Investment property – build-to-rent | 71.1 | RICS Red Book | Net rental income (£ per week) | £359 | £359 |
| | | | Estimated future rent increase (% p.a.) | 3.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 3.9% | 3.9% |
| Development property – build-to-rent | 14.3 | RICS Red Book | Estimated cost to complete (£m) | £12.8m–£20.4m | £15.6m |
| | | | Net rental income (£ per week) | £170–£614 | £312 |
| | | | Estimated future rent increase (% p.a.) | 3.0% | 3.0% |
| | | | Net initial yield/Discount rate (%) | 3.9%–4.3% | 4.03% |
| | **3,826.1** | | | | |
| Investment property – leased | 90.3 | Discounted cash flows | Net rental income (£ per week) | £99–£191 | £154 |
| | | | Estimated future rent increase (% p.a.) | 1%–3% | 2% |
| | | | Discount rate (%) | 6.3% | 6.3% |
| **Fair value at 31 December 2022** | **3,916.4** | | | | |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 3.1 Wholly-owned property assets continued

#### Fair value sensitivity analysis

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

| Class of assets | Fair value at 31 December 2023 £m | +5% change in estimated net rental income £m | -5% change in estimated net rental income £m | +25 bps change in net initial yield £m | -25 bps change in net initial yield £m |
|---|---|---|---|---|---|
| **Rental properties** | | | | | |
| London | 1,154.9 | 1,234.0 | 1,116.3 | 1,110.6 | 1,247.6 |
| Prime regional | 1,156.0 | 1,213.6 | 1,098.8 | 1,099.7 | 1,218.9 |
| Major regional | 1,246.0 | 1,270.9 | 1,147.4 | 1,157.1 | 1,266.1 |
| Provincial | 104.0 | 110.8 | 100.2 | 102.5 | 108.7 |
| **Development properties** | | | | | |
| London | 86.2 | 91.4 | 80.9 | 79.9 | 92.4 |
| Prime regional | 57.0 | 59.7 | 54.3 | 54.2 | 60.1 |
| Major regional | 22.0 | 23.0 | 20.9 | 21.0 | 23.1 |
| **Build-to-rent** | | | | | |
| London | 66.9 | 70.2 | 63.7 | 63.5 | 70.8 |
| Prime regional | 9.5 | 10.0 | 9.0 | 9.0 | 10.1 |
| **Market value** | **3,902.5** | **4,083.6** | **3,691.4** | **3,697.5** | **4,097.8** |

### 3.2 Inventories

#### Accounting policies

Inventories are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. All costs directly associated with the purchase of land, and all subsequent qualifying expenditure is capitalised.

| | 2023 £m | 2022 £m |
|---|---|---|
| Interests in land | 25.3 | 11.4 |
| Other stocks | 0.9 | 1.4 |
| **Inventories** | **26.2** | **12.8** |

At 31 December 2023 and 31 December 2022 Interests in land includes conditionally exchanged schemes.

# NOTES TO THE FINANCIAL STATEMENTS continued

## Section 3: Asset management continued

### 3.2 Inventories continued

#### Accounting policies

**Leased assets**

The Group assesses whether a contract is or contains a lease at its inception. The Group recognises a right-of-use asset and a corresponding lease liability (see note 4.6a) with respect to all lease arrangements in which it is the lessee. Right-of-use assets are initially measured at cost, which comprises a value set equal to the lease liability, adjusted for prepaid or accrued lease payments and lease incentives. They are subsequently measured at this initial value less accumulated depreciation and impairment losses.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment mainly comprise leasehold improvements at the Group's head office and London office as well as computer hardware at these sites.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

- Right-of-use assets — Shorter of lease and economic life
- Property, plant and equipment — 4–7 years

**Intangible assets**

*Software-as-a-Service (SaaS) arrangements*

IAS 38 Intangible Assets – In March 2019, the IFRS Interpretations Committee (IFRIC), concluded that SaaS arrangements are likely to be service arrangements, rather than booked as intangible or leased assets, because the customer only has a right to use software on a supplier's cloud infrastructure. Therefore, the supplier controls the software and not the customer.

Intangible assets predominantly comprise of on-premises computer software which allows customers to book online and processes transactions within the sales cycle. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. The assets are amortised on a straight-line basis over four to seven years, being the estimated useful lives of the intangible assets, from the date they are available for use. Amortisation is charged to the income statement within overheads.

In 2023, the Group identified that a portion of costs capitalised in 2022 met the definition of SaaS arrangements and an adjustment of £6.1 million has been made to remove the amounts, which is reflected in 2022 adjusted earnings (net of deferred tax).

### 3.3 Right of use assets and other non-current assets

#### 3.3a) Right-of-use assets

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Buildings £m | Other £m | Total £m | Buildings £m | Other £m | Total £m |
| **Cost** | | | | | | |
| At 1 January | **5.0** | **1.3** | **6.3** | 5.8 | 1.3 | 7.1 |
| Additions | **–** | **–** | **–** | – | 0.4 | 0.4 |
| Disposals | **–** | **(0.5)** | **(0.5)** | (0.8) | (0.4) | (1.2) |
| At 31 December | **5.0** | **0.8** | **5.8** | 5.0 | 1.3 | 6.3 |
| **Amortisation** | | | | | | |
| At 1 January | **(2.9)** | **(0.7)** | **(3.6)** | (2.9) | (0.6) | (3.5) |
| Amortisation charge for the year | **(0.8)** | **(0.2)** | **(1.0)** | (0.8) | (0.5) | (1.3) |
| Disposals | **–** | **0.5** | **0.5** | 0.8 | 0.4 | 1.2 |
| At 31 December | **(3.7)** | **(0.4)** | **(4.1)** | (2.9) | (0.7) | (3.6) |
| Carrying value at 1 January | **2.1** | **0.6** | **2.7** | 2.9 | 0.7 | 3.6 |
| **Carrying value at 31 December** | **1.3** | **0.4** | **1.7** | **2.1** | **0.6** | **2.7** |

The Group leases several assets including office equipment and vehicles. The average lease term is three years.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 3.3 Right of use assets and other non-current assets continued

#### 3.3a) Right-of-use assets continued

Approximately 15% of the leases expired in the current financial year (2022: 44%). The expired contracts were not replaced and therefore, there were £nil additions in 2023 (2022: £0.4 million).

The maturity analysis of lease liabilities is presented in note 4.6a.

Details of interest on lease liabilities and total cash outflows for leases are presented in notes 4.3 and 5.1.

#### 3.3b) Other non-current assets

The Group's other non-current assets can be analysed as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Property, plant and equipment £m | Intangible assets £m | Total £m | Property, plant and equipment £m | Intangible assets £m | Total £m |
| **Cost** | | | | | | |
| At 1 January | **13.6** | **67.0** | **80.6** | 12.6 | 65.1 | 77.7 |
| Additions | **0.9** | **1.6** | **2.6** | 1.0 | 8.0 | 9.0 |
| Software as a service costs previously capitalised | **–** | **–** | **–** | – | (6.1) | (6.1) |
| At 31 December | **14.5** | **68.6** | **83.1** | 13.6 | 67.0 | 80.6 |
| **Depreciation and amortisation** | | | | | | |
| At 1 January | **(10.4)** | **(54.8)** | **(65.2)** | (9.8) | (48.9) | (58.7) |
| Depreciation/amortisation charge for the year | **(0.7)** | **(4.5)** | **(5.2)** | (0.6) | (5.9) | (6.5) |
| At 31 December | **(11.1)** | **(59.3)** | **(70.4)** | (10.4) | (54.8) | (65.2) |
| Carrying value at 1 January | **3.2** | **12.2** | **15.4** | 2.8 | 16.2 | 19.0 |
| **Carrying amount at 31 December** | **3.4** | **9.3** | **12.7** | **3.2** | **12.2** | **15.4** |

Intangible assets include £1.9 million (2022: £7.0 million) of assets not being amortised as they are not yet ready for use. Property, plant and equipment assets include £nil (2022: £nil) of assets not being depreciated as they are not ready for use. At 31 December 2023 the Group had capital commitments of £nil (2022: £nil) relating to intangible assets and £nil (2022: £nil) relating to property, plant and equipment.

### 3.4 Investments in joint ventures (Group)

#### Accounting policies

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include joint ventures initially at cost, subsequently increased or decreased by the Group's share of total gains and losses of joint ventures on an equity basis. Interest free joint venture investment loans are initially recorded at fair value – the difference between the nominal amount and fair value being treated as an investment in the joint venture. The implied discount is amortised over the contracted life of the investment loan.

The Directors consider that the agreements integral to its joint ventures result in the Group having joint control over the key matters required to operate the joint ventures. A significant degree of judgement is exercised in this assessment due to the complexity of the contractual arrangements.

USAF and LSAV are jointly owned entities that are accounted for as joint ventures. Due to the complexity of the contractual arrangements and Unite Group's role as manager of the joint venture vehicles, the assessment of joint control involves judgements around a number of significant factors. These factors include how Unite Group as fund manager has the ability to direct relevant activities such as acquisitions, disposals, capital expenditure for refurbishments and funding whether through debt or equity. This assessment for USAF is complex because of the number of unit holders and how their rights are represented through an Advisory Committee. For some of the activities it is not clear who has definitive control of the activities: in some scenarios the Group can control, in others the Advisory Committee. However, for the activities which are considered to have the greatest impact on the returns of USAF, acquisitions and equity financing, it has been determined that the Group and the Advisory Committee have joint control in directing these activities and that on balance, it is appropriate to account for USAF as a joint venture. The assessment for LSAV is more straightforward because the Group and GIC each own 50% of the joint venture and there is therefore much clearer evidence that control over the key activities is shared by the two parties.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 3: Asset management continued

### 3.4 Investments in joint ventures (Group) continued

The Group has two joint ventures:

| Joint venture | Group's share of assets/results 2023 (2022) | Objective | Partner | Legal entity in which Group has interest |
|---|---|---|---|---|
| The UNITE UK Student Accommodation Fund (USAF) | 29.5%* (29.5%)* | Operate student accommodation throughout the UK | Consortium of investors | UNITE UK Student Accommodation Fund, a Jersey Unit Trust |
| London Student Accommodation Venture (LSAV) | 50% (50%) | Operate student accommodation in London and Birmingham | GIC Real Estate Pte, Ltd Real estate investment vehicle of the Government of Singapore | LSAV Unit Trust, a Jersey Unit Trust and LSAV (Holdings) Ltd, incorporated in Jersey |

* Part of the Group's interest is held through a subsidiary, USAF (Feeder) Guernsey Limited, in which there is an external investor. A non-controlling interest therefore occurs on consolidation of the Group's results representing the external investor's share of profits and assets relating to its investment in USAF. The ordinary shareholders of Unite Group PLC are beneficially interested in 28.15% (2022: 28.15%) of USAF.

### 3.4a) Net assets and results of the joint ventures

The summarised balance sheets and results for the year, and the Group's share of these joint ventures are as follows:

2023

| | USAF £m | | | LSAV £m | | Total £m | |
|---|---|---|---|---|---|---|---|
| | Gross | MI | Share | Gross | Share | Gross | Share |
| Investment property* | 2,940.8 | 38.7 | 827.8 | 1,909.4 | 954.7 | 4,850.2 | 1,821.2 |
| Cash | 64.7 | 0.9 | 18.2 | 43.0 | 21.5 | 107.7 | 40.6 |
| Debt | (865.0) | (11.4) | (243.5) | (674.0) | (337.0) | (1,539.0) | (591.9) |
| Swap assets/(liabilities) | 1.4 | – | 0.4 | 3.6 | 1.8 | 5.0 | 2.2 |
| Other current assets | 12.4 | 0.2 | 3.5 | (2.8) | (1.4) | 9.6 | 2.3 |
| Other current liabilities | (92.1) | (1.2) | (25.8) | (56.6) | (28.4) | (148.7) | (55.4) |
| Net assets | 2,062.2 | 27.2 | 580.6 | 1,222.6 | 611.2 | 3,284.8 | 1,219.0 |
| Non-controlling interest | – | (27.2) | – | – | – | – | (27.2) |
| Swap (liabilities)/assets | (1.4) | – | (0.4) | (3.6) | (1.7) | (5.0) | (2.1) |
| **EPRA NTA** | 2,060.8 | – | 580.2 | 1,219.0 | 609.5 | 3,279.8 | 1,189.7 |
| **Profit for the year** | 104.9 | 1.2 | 31.2 | (10.8) | (5.4) | 94.1 | 27.0 |

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

## NOTES TO THE FINANCIAL STATEMENTS continued

### 3.4 Investments in joint ventures (Group) continued

#### 3.4a) Net assets and results of the joint ventures continued

2022

| | USAF £m | | | LSAV £m | | Total £m | |
|---|---|---|---|---|---|---|---|
| | Gross | MI | Share | Gross | Share | Gross | Share |
| Investment property | 2,888.1 | 38.0 | 813.0 | 1,920.8 | 960.4 | 4,808.9 | 1,811.4 |
| Cash | 126.5 | 1.7 | 35.6 | 131.2 | 65.6 | 257.7 | 102.9 |
| Debt | (851.9) | (11.2) | (239.8) | (770.4) | (385.2) | (1,622.3) | (636.2) |
| Swap assets/(liabilities) | 3.2 | – | 0.9 | 6.6 | 3.3 | 9.8 | 4.2 |
| Other current assets | 126.5 | 1.7 | 35.6 | 16.4 | 8.2 | 142.9 | 45.5 |
| Other current liabilities | (245.8) | (3.4) | (69.2) | (57.2) | (28.6) | (303.0) | (101.2) |
| Net assets | 2,046.6 | 26.8 | 576.1 | 1,247.4 | 623.7 | 3,294.0 | 1,226.6 |
| Non-controlling interest | – | (26.8) | – | – | – | – | (26.8) |
| Swap (liabilities)/assets | (3.2) | – | (0.9) | (6.6) | (3.3) | (9.8) | (4.2) |
| **EPRA NTA** | **2,043.4** | **–** | **575.2** | **1,240.8** | **620.4** | **3,284.2** | **1,195.6** |
| **Profit for the year** | **124.2** | **1.3** | **26.1** | **106.0** | **53.0** | **230.2** | **80.4** |

Net assets and profit/(loss) for the year above include the non-controlling interest, whereas EPRA NTA excludes the non-controlling interest.

USAF and LSAV use derivatives to hedge their borrowings. These derivatives are designated in cash flow hedge relationships which are considered to be fully effective. The share of joint venture mark to market movements on hedging instruments is recognised in the Group's Other Comprehensive Income within the share of joint venture mark to market movements on hedging instruments. The total notional value of borrowings in hedge relationships at 31 December 2023 is £415.0 million (2022: £415.0 million). See note 4.5 for further details.

#### 3.4b) Movement in carrying value of the Group's investments in joint ventures

The carrying value of the Group's investment in joint ventures decreased by £7.6 million during the year ended 31 December 2023 (2022: £182.5 million increase), resulting in an overall carrying value of £1,219.0 million (2022: £1,226.6 million).

The following table shows how the decrease has arisen:

| | 2023 £m | 2022 £m |
|---|---|---|
| **Recognised in the income statement:** | | |
| Operations segment result | **47.4** | 44.5 |
| Non-controlling interest share of Operations segment result | **1.3** | 1.3 |
| Management fee adjustment related to trading with joint venture | **4.5** | 4.0 |
| Net valuation (losses)/ gains on investment property | **(21.9)** | 32.3 |
| Property disposals* | **(3.5)** | (0.9) |
| Ineffective swap | **(0.4)** | (0.4) |
| Other | **(0.4)** | (0.4) |
| | **27.0** | **80.4** |
| **Recognised in equity:** | | |
| Movement in effective hedges (loss)/gain | **(2.1)** | 4.7 |
| **Other adjustments to the carrying value:** | | |
| Profit adjustment related to trading with joint venture | **(4.5)** | (4.0) |
| Additional capital invested in USAF | **–** | 140.9 |
| USAF distributions received | **(22.6)** | (19.8) |
| LSAV distributions received | **(5.4)** | (19.7) |
| **(Decrease)/increase in carrying value** | **(7.6)** | **182.5** |
| Carrying value at 1 January | **1,226.6** | 1,044.1 |
| **Carrying value at 31 December** | **1,219.0** | **1,226.6** |

* Property disposals includes costs to sell relating to assets held for sale of £3.7 million.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 3: Asset management continued

### 3.4 Investments in joint ventures (Group) continued

#### 3.4c) Transactions with joint ventures

The Group acts as asset and property manager for the joint ventures and receives management fees in relation to these services.

In addition, the Group is entitled to performance fees from USAF and LSAV if the joint ventures outperform certain benchmarks. The Group receives either cash or an enhanced equity interest in the joint ventures as consideration for the performance fee. The Group has recognised the following gross fees in its results for the year.

| | 2023 £m | 2022 £m |
|---|---|---|
| USAF | **16.6** | 16.6 |
| LSAV | **4.8** | 4.8 |
| **Asset and property management fees** | **21.4** | **21.4** |
| **Total fees** | **21.4** | **21.4** |

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

The Group's share of the management fees to the joint ventures is £4.5 million (2022: £4.0 million), which results in management fees from joint ventures of £16.9 million being shown in the Operating segment result in note 2.2a (2022: £17.4 million).

During 2023, the Group did not sell any properties to LSAV or USAF (2022: no properties sold to LSAV or USAF).

### 3.5 Investments in subsidiaries (Company)

**Accounting policies**

In the financial statements of the Company, investments in subsidiaries are held at fair value. Changes in fair value are recognised in profit or loss and presented in retained earnings in equity.

**Carrying value of investment in subsidiaries**

The movements in the Company's interest in unlisted subsidiaries and joint ventures during the year are as follows:

| | Investment in subsidiaries | |
|---|---|---|
| | 2023 £m | 2022 £m |
| At 1 January | **2,397.0** | 2,143.5 |
| Revaluation | **53.8** | 253.5 |
| **At 31 December** | **2,450.8** | **2,397.0** |

The carrying value of investment in subsidiaries has been calculated using the equity attributable to the owners of the Company from the consolidated balance sheet adjusted for the fair value of fixed rate loans. This includes investment property, investment property under development and swaps at a fair value calculated by a third-party expert. All investment properties and investment properties under development are classified as Level 3 in the IFRS 13 fair value hierarchy are discussed on page 210. The fixed rate loans range between Level 1 and Level 2 in the IFRS 13 fair value hierarchy are discussed further on page 210.

Significant assumptions underlying the valuation of investment in subsidiaries are valuation of investment property and investment property under development, together with the value of borrowings and inter-company debt. A full list of the Company's subsidiaries and joint ventures can be found in note 9.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 4: Funding

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

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

The following pages provide disclosures about the Group's funding position, including borrowings, gearing and hedging instruments; its exposure to market risks; and its capital management policies.

### Accounting policies

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, less any attributable transaction costs, and subsequently at amortised cost.

With the exception of investments in subsidiaries and derivative financial instruments, no other financial assets or liabilities have been classified as either fair value through profit or loss or fair value through other comprehensive income.

The accounting policies applicable to specific financial assets and liabilities, and financing costs, are set out in the relevant notes.

#### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables.

The Accounting Policy is set out in full in note 5.2.

#### Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk. Further details of derivative financial instruments, including the relevant accounting policies, are disclosed in notes 4.2 and 4.5.

### 4.1 Borrowings

#### Accounting policies

Interest bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

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

| | Group – Carrying value | | Company – Carrying value | |
|---|---|---|---|---|
| | **2023 £m** | **2022 £m** | **2023 £m** | **2022 £m** |
| **Current** | | | | |
| In one year or less | **299.4** | – | **–** | – |
| **Non-current** | | | | |
| In more than one year but not more than two years | **–** | 298.7 | **–** | – |
| In more than two years but not more than five years | **320.7** | 228.0 | **45.7** | 228.0 |
| In more than five years | **447.6** | 721.1 | **423.0** | 421.6 |
| | **1,067.6** | 1,247.8 | **468.7** | 649.6 |
| Unamortised fair value of debt recognised on acquisition | **14.0** | 18.1 | **–** | – |
| **Total borrowings** | **1,081.6** | **1,265.9** | **468.7** | **649.6** |

In addition to the borrowings currently drawn as shown above, the Group has available undrawn facilities of £550.0 million (2022: £368.0 million). A further overdraft facility of £10.0 million (2022: £10.0 million) is also available.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 4: Funding continued

### 4.1 Borrowings continued

The carrying value and fair value of the Group's borrowings is analysed below:

| Group | 2023 Carrying value £m | 2023 Fair value £m | 2022 Carrying value £m | 2022 Fair value £m |
|---|---|---|---|---|
| Level 1 IFRS fair value hierarchy | 875.0 | 852.3 | 875.0 | 759.3 |
| Other loans and unamortised arrangement fees | 192.6 | 180.3 | 372.8 | 333.8 |
| **Total borrowings** | **1,067.6** | **1,032.6** | **1,247.8** | **1,093.1** |

| Company | 2023 Carrying value £m | 2023 Fair value £m | 2022 Carrying value £m | 2022 Fair value £m |
|---|---|---|---|---|
| Level 1 IFRS fair value hierarchy | 275.0 | 268.4 | 275.0 | 344.5 |
| Other loans and unamortised arrangement fees | 193.7 | 180.3 | 374.6 | 333.8 |
| **Total borrowings** | **468.7** | **448.7** | **649.6** | **678.3** |

The fair value of loans classified as Level 1 in the IFRS fair value hierarchy is determined using quoted prices in active markets for identical liabilities.

The following table shows the changes in liabilities arising from financing activities:

2023

| Group | At 1 January 2023 | Financing cash flows | Fair value adjustments | Other changes | At 31 December 2023 |
|---|---|---|---|---|---|
| Borrowings | 1,265.9 | (182.5) | (4.3) | 2.5 | 1,081.6 |
| Lease liabilities | 92.3 | (8.5) | – | – | 83.8 |
| Interest rate swaps | (73.2) | – | 17.2 | – | (56.0) |
| **Total liabilities from financing activities** | **1,285.0** | **(191.0)** | **12.9** | **2.5** | **1,109.4** |
| **Company** | | | | | |
| Borrowings | 649.6 | (182.5) | 0.8 | 0.8 | 468.7 |
| Interest rate swaps | (73.2) | – | 17.2 | – | (56.0) |
| **Total liabilities from financing activities** | **576.4** | **(182.5)** | **18.0** | **0.8** | **412.7** |

2022

| Group | At 1 January 2022 | Financing cash flows | Fair value adjustments | Other changes | At 31 December 2022 |
|---|---|---|---|---|---|
| Borrowings | 1,162.0 | 107.0 | (4.3) | 1.2 | 1,265.9 |
| Lease liabilities | 96.8 | (4.8) | – | 0.3 | 92.3 |
| Interest rate swaps | (2.5) | – | (70.7) | – | (73.2) |
| **Total liabilities from financing activities** | **1,256.3** | **102.2** | **(75.0)** | **1.5** | **1,285.0** |
| **Company** | | | | | |
| Borrowings | 542.2 | 107.0 | 0.4 | – | 649.6 |
| Interest rate swaps | (2.5) | – | (70.7) | – | (73.2) |
| **Total liabilities from financing activities** | **539.7** | **107.0** | **(70.3)** | **–** | **576.4** |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 4.2 Interest rate swaps

The Group uses interest rate swaps to manage the Group's exposure to interest rate fluctuations. In accordance with the Group's Treasury Policy, the Group does not hold or issue interest rate swaps for trading purposes and only holds swaps which are considered to be commercially effective. The derivatives of the Company are the same as those of the Group, and the hedge accounting disclosures in note 4.5a are also relevant for the Company.

#### Accounting policies

Interest rate swaps are recognised initially and subsequently at fair value, with mark to market movements recognised in the income statement unless cash flow hedge accounting is applied.

The Group designates certain interest rate derivatives as hedging instruments. The interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to the interest risk of borrowings. At inception the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of changes in fair value of the interest rate swap is recognised in Other Comprehensive Income and presented under the heading of Hedging reserve in equity, limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the interest rate swap is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in Other Comprehensive Income and accumulated in the hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the hedging reserve is reclassified immediately to profit or loss.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The following table shows the fair value of interest rate swaps which at 31 December 2023 are not designated in accounting hedge relationships:

| | 2023 £m | 2022 £m |
|---|---|---|
| Current | – | – |
| Non-current | (56.0) | (73.2) |
| **Fair value of interest rate swaps** | **(56.0)** | **(73.2)** |

The fair value of interest rate swaps has been calculated by a third-party, discounting estimated future cash flows on the basis of market expectations of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy. At 31 December 2023 the fair value above comprises non-current assets of £56.0 million (2022: non-current assets of £73.2 million).

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 4: Funding continued

### 4.3 Net financing costs/(gains)

**Accounting policies**

Net financing costs comprise interest payable on borrowings and interest on lease liabilities, less interest receivable on funds invested (both calculated using the effective interest rate method) and gains and losses on hedging instruments that are recognised in the income statement.

| Recognised in the income statement: | 2023 £m | 2022 £m |
|---|---|---|
| Interest income | **(1.3)** | (0.2) |
| **Finance income** | **(1.3)** | **(0.2)** |
| Gross interest expense on loans | **32.5** | 39.5 |
| Amortisation of fair value of debt recognised on acquisition | **(4.3)** | (4.3) |
| Interest capitalised | **(8.4)** | (5.9) |
| **Loan interest and similar charges** | **19.8** | **29.3** |
| Interest on lease liabilities | **7.7** | 8.1 |
| Mark to market loss/(gain) on interest rate swaps | **17.2** | (70.7) |
| **Finance costs/(gains)** | **44.7** | **(33.3)** |
| **Net financing costs/(gains)** | **43.4** | **(33.5)** |

The average cost of the Group's wholly-owned debt at 31 December 2023 is 2.7% (2022: 3.3%). The overall average cost of debt on an EPRA basis is 3.2% (2022: 3.4%).

### 4.4 Gearing

LTV is a key indicator that the Group uses to manage its indebtedness. The Group also monitors gearing, which is calculated using EPRA net tangible assets (NTA) and adjusted net debt. Adjusted net debt excludes IFRS 16 lease liabilities, the unamortised fair value of debt recognised on acquisition and mark to market of interest rate swaps as shown below.

The Group's gearing ratios are calculated as follows:

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| Cash and cash equivalents | 5.1 | **37.5** | 38.0 |
| Current borrowings | 4.1 | **(299.4)** | – |
| Non-current borrowings | 4.1 | **(782.2)** | (1,265.9) |
| Lease liabilities | 4.6a | **(83.8)** | (92.3) |
| Interest rate swaps | 4.3 | **56.0** | 73.2 |
| **Net debt per balance sheet** | | **(1,071.9)** | **(1,247.0)** |
| Lease liabilities | 4.6a | **83.8** | 92.3 |
| Unamortised fair value of debt recognised on acquisition | 2.3c | **15.2** | 19.5 |
| **Adjusted net debt** | | **(972.9)** | **(1,135.2)** |
| Reported net asset value | 2.3c | **4,067.0** | 3,787.5 |
| EPRA NTA | 2.3c | **4,014.7** | 3,716.7 |
| **Gearing** | | | |
| Basic (net debt/reported net asset value) | | **26%** | 33% |
| Adjusted gearing (adjusted net debt/EPRA NTA) | | **24%** | 31% |
| Loan to value | 2.3a | **28%** | 31% |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 4.5 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (primarily interest rate risk), credit risk and liquidity risk. The Group's Treasury Policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Details on credit risk can be found in note 5.3.

### 4.5a) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group holds its debt finance under both floating and fixed rate arrangements. The majority of floating debt is hedged through the use of interest rate swap agreements. The Group's guideline has been to hedge 75%–95% of the Group's interest rate exposure for terms of approximately two to ten years.

At 31 December 2023, after taking account of interest rate swaps, 114% (2022: 97%) of the Group's borrowing was held at fixed rates, driven by lower borrowings as a result of the capital raise in July 2023. Excluding the £200 million (2022: £200 million) of swaps the fixed investment borrowing is at an average rate of 3.1% (2022: 3.1%) for an average period of 4.4 years (2022: 5.3 years), including all debt with current swaps the average rate is 2.7% (2022: 3.3%). Unite Group PLC has £300 million forward starting interest rate swaps at rates meaningfully below prevailing market levels with weighted average maturity of 7.7 years.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates upon the issuance of forecast fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

As the critical terms of the hedge contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships has historically been the effect of the counterparty and the Group's own credit risk on the fair value of the hedge contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships. However, changes in anticipated draw down of debt in 2022 as a result of planned property disposals have meant that the hedged items were no longer expected to occur. As a result the hedge relationships were discontinued from 1 July 2021 and the interest rate swaps are no longer designated as 'effective'.

The fair value of these instruments is assets of £56.0 million (2022: £73.2 million) with £nil maturing in 12 months (2022: £nil).

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 4: Funding continued

### 4.5 Financial risk factors continued

#### 4.5a) Interest rate risk continued

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is one-month SONIA (2022: one-month SONIA). The Group will settle the difference between the fixed and floating interest rate on a net basis.

At the end of the current year and the previous year, the Group had no cash flow hedges in hedge relationships.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments as at 31 December 2023. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant the Group's profit for the year ended 31 December 2023 would decrease by £1.7 million (2022: £1.4 million). The Group's sensitivity to interest rates has remained reasonably consistent year-on-year.

#### 4.5b) Credit risk on financial instruments

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and investments in these instruments, where the counterparties have minimum A- credit rating, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information including CDS prices and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties in line with Board Policy.

Before accepting any new customer, the finance team uses external credit ratings to assess the potential customer's credit quality and defines credit limits by customer. Monitoring procedures are also in place to ensure that follow-up action is taken when ratings deteriorate. The Group does not hold any credit enhancements to cover its credit risks associated with its financial assets.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable;

- When there is a breach of financial covenants by the debtor.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account collateral held by the Group).

Details of the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades are set out in note 5.3.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 4.5 Financial risk factors continued

#### 4.5c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

For development activities, the Group has a policy of raising substantially the full amount of equity required for each development before drawing debt against the development. The funding requirements of developments are therefore secured at the outset of works.

The Group has the following financial instruments which impact the liquidity risk of the Group either now or in the future:

- Financial assets including interest rate swaps, trade receivables, amounts due from joint ventures, other receivables and cash.
- Financial liabilities including borrowings, lease liabilities, interest rates swaps, trade payables, retentions on construction contracts for properties, other payables and accrued expenses.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

2023

| | Weighted average effective interest rate % | Less than 1 month £m | 1–3 months £m | 3 months – 1 year £m | 1–5 years £m | 5+ years £m | Total £m | Carrying amount £m |
|---|---|---|---|---|---|---|---|---|
| Variable interest rate instruments | **7.0%** | **0.3** | **0.6** | **2.6** | **57.9** | **–** | **61.5** | **46.5** |
| Fixed interest rate instruments | **3.1%** | **1.1** | **2.2** | **28.8** | **399.4** | **766.2** | **1,197.7** | **1,036.9** |
| Lease liabilities | **4.2%** | **1.1** | **2.3** | **10.2** | **54.5** | **66.8** | **134.9** | **83.8** |
| Trade and other payables | **N/A** | **–** | **134.0** | **–** | **–** | **–** | **134.0** | **134.3** |
| **Total** | | **2.5** | **139.1** | **41.6** | **511.8** | **833.0** | **2,361.1** | **1,302.2** |

2022

| | Weighted average effective interest rate % | Less than 1 month £m | 1–3 months £m | 3 months – 1 year £m | 1–5 years £m | 5+ years £m | Total £m | Carrying amount £m |
|---|---|---|---|---|---|---|---|---|
| Variable interest rate instruments | 5.0 | 1.0 | 1.9 | 8.7 | 258.2 | – | 269.9 | 228.0 |
| Fixed interest rate instruments | 3.1 | 1.1 | 2.2 | 28.8 | 399.4 | 766.2 | 1,197.7 | 1,037.9 |
| Lease liabilities | 4.2 | 0.5 | 0.9 | 4.2 | 28.3 | 58.8 | 92.7 | 92.3 |
| Trade and other payables | N/A | – | 118.2 | – | – | – | 118.2 | 118.2 |
| **Total** | | **2.6** | **123.2** | **41.7** | **685.9** | **825.0** | **1,678.5** | **1,476.4** |

The Company has £61.5 million (2022: £ 269.9 million) of variable rate borrowings with a weighted average rate of 7.0% and £1,197.7 million of fixed rate borrowings with a weighted average rate of 3.1% (2022: 3.1%). The maturity of the Company's borrowings is disclosed in note 4.1.

The Group has access to financing facilities as described below, of which £560.0 million were unused at the reporting date (2022: £378.0 million). The Group expects to meet its other obligations from operating cash flows.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 4: Funding continued

### 4.5 Financial risk factors continued

### 4.5c) Liquidity risk continued

| | 2023 £m | 2022 £m |
|---|---|---|
| **Unsecured bank overdraft facility, reviewed annually and payable at call:** | | |
| – amount used | **–** | – |
| – amount unused | **10.0** | 10.0 |
| | **10.0** | **10.0** |
| **Unsecured committed bank loan facilities which may be extended by mutual agreement:** | | |
| – amount used | **50.0** | 232.0 |
| – amount unused | **550.0** | 368.0 |
| | **600.0** | **600.0** |

### 4.5d) Covenant compliance

The Group monitors its covenant position and the forecast headroom available on a monthly basis. At 31 December 2023, the Group was in full compliance with all of its borrowing covenants.

The Group's unsecured borrowings carry several covenants. The covenant regime is IFRS based and gives the Group substantial operational flexibility, allowing property acquisitions, disposals and developments to occur with relative freedom.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Covenant | Actual | Covenant | Actual |
| Gearing | **<1.50** | **0.27** | <1.50 | 0.34 |
| Unencumbered assets ratio | **>1.70** | **3.71** | >1.70 | 3.12 |
| Secured gearing | **<0.25** | **0.0** | <0.25 | 0.0 |
| Development assets ratio | **<30%** | **3%** | <30% | 4% |
| Joint venture ratio | **<55%** | **23%** | <55% | 24% |
| Interest cover | **>2.00** | **8.23** | >2.00 | 6.71 |

The Group also has bonds which carry several covenants which the Group was also in full compliance with as set out below.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Weighted covenant | Weighted actual | Weighted covenant | Weighted actual |
| Net gearing | **<60%** | **28%** | <60% | 34% |
| Secured gearing | **<25%** | **0%** | <25% | 0% |
| Unsecured gearing | **>1.67** | **3.54** | >1.67 | 2.89 |
| Interest cover | **>1.75** | **4.66** | >1.75 | 3.50 |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 4.6 Leases

#### 4.6a) Lease liabilities

**Accounting policies**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset (see note 3.1a) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate (since the rate implicit in the leases cannot be readily determined) of 4.17%.

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability whenever:

- The lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the period presented.

| | Undiscounted cash flows | | Carrying value | |
|---|---|---|---|---|
| **Lease liabilities** | **2023 £m** | **2022 £m** | **2023 £m** | **2022 £m** |
| **Analysed as:** | | | | |
| Non-current | **121.3** | 129.0 | **78.4** | 87.5 |
| Current | **13.6** | 10.5 | **5.4** | 4.8 |
| **Total lease liability** | **134.9** | **139.5** | **83.8** | **92.3** |
| **Lease liability maturity analysis** | | | | |
| Year 1 | **13.6** | 10.5 | **5.4** | 4.8 |
| Year 2 | **13.5** | 10.9 | **7.4** | 6.7 |
| Year 3 | **13.7** | 11.8 | **7.9** | 6.7 |
| Year 4 | **13.5** | 12.4 | **8.8** | 7.4 |
| Year 5 | **13.8** | 13.3 | **8.8** | 7.9 |
| Onwards | **66.8** | 80.6 | **45.5** | 58.8 |
| **Total** | **134.9** | **139.5** | **83.8** | **92.3** |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

## NOTES TO THE FINANCIAL STATEMENTS continued

### Section 4: Funding continued

#### 4.6 Leases continued

#### 4.6b) Lease receivables

The Group accounts for its tenancy contracts offered to commercial and individual tenants as operating leases.

Operating lease contracts with universities contain RPI uplifts and market review clauses.

The lessee does not have an option to purchase the property at the expiry of the lease period.

*Maturity analysis of operating lease receivables*

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

| | 2023 £m | 2022 £m |
|---|---|---|
| Year 1 | **236.8** | 218.7 |
| Year 2 | **129.5** | 112.8 |
| Year 3 | **83.8** | 73.8 |
| Year 4 | **71.9** | 66.8 |
| Year 5 | **60.4** | 58.5 |
| Onwards | **273.6** | 311.0 |
| **Total** | **856.0** | **841.6** |

#### 4.7 Capital management

The capital structure of the Group consists of shareholders' equity and adjusted net debt, including cash held on deposit. The Group's equity is analysed into its various components in the Statement of Changes in Equity. The components and calculation of adjusted net debt is set out in note 4.4. Capital is managed so as to continue as a going concern and to promote the long-term success of the business and to maintain sustainable returns for shareholders and joint venture partners.

The Group uses a number of key metrics to manage its capital structure:

- Net debt (note 4.4)
- Gearing (note 4.4)
- LTV (note 2.3a)
- Weighted average cost of investment debt (note 4.5a)

In order to manage levels of adjusted gearing over the medium term, the Group seeks to deliver NAV growth and to recycle capital invested in lower performing assets to fund new investment. No property assets were sold in 2023. We plan to complete the sale of a £197 million portfolio of assets (£79 million Unite share) in the first half of 2024. The Group only commits to development schemes where there is a meaningful spread between development yields and funding costs. The Group does not commit to developing new sites until sufficient equity and funding to fulfil the full cost of the development is secured.

The Board monitors the ability of the Group to pay dividends out of available cash and distributable profits. Based on the assumption that no shareholders take up the final scrip dividend, the full year will be covered by operating cash flows. The full year dividend is expected to be £146.8 million compared to operating cash flow of £153.2 million.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 4.8 Equity

**Accounting policies**

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are deducted from the proceeds of the issue.

The Company's issued share capital has increased during the year as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| **Called up, allotted and fully paid ordinary shares of £0.25p each** | **No. of shares** | **Ordinary shares £m** | **Share premium £m** | **No. of shares** | **Ordinary shares £m** | **Share premium £m** |
| At 1 January | **400,317,225** | **100.1** | **2,162.0** | 399,139,636 | 99.8 | 2,161.2 |
| Shares issued (capital raise) | **33,149,172** | **8.6** | **286.3** | – | – | – |
| Shares issued (scrip dividend) | **2,232,001** | **0.6** | **(0.6)** | 865,069 | 0.2 | (0.2) |
| Shares issued (options exercised) | **156,144** | **0.1** | **(0.1)** | 312,520 | 0.1 | 1.0 |
| At 31 December | **435,854,542** | **109.4** | **2,447.6** | 400,317,225 | 100.1 | 2,162.0 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company's reserves are as follows:

- Called up share capital reserves contain the nominal value of the shares issued.
- Share premium reserves contain the excess consideration received above the nominal value of the shares issued.
- Merger reserves contain the excess in the value of shares issued by the Company in exchange for the value of shares acquired in respect of subsidiaries acquired (specifically on the acquisition of the Unilodge portfolio in June 2001).
- Hedging reserves contain the cumulative gains and losses on hedging instruments deemed effective.
- Retained earnings contain the cumulative profits and losses of the Company net of dividends paid and other adjustments.

### 4.9 Dividends

**Accounting policies**

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

During the year, the Company paid the final 2022 dividend of £65.9 million – 21.7p per share – and an interim 2023 dividend of £51.4 million – 11.8p per share (2022: final 2021 dividend 15.6p and an interim dividend 11.0p).

After the year-end, the Directors proposed a final dividend per share of 23.6p (2022: 21.7p), bringing the total dividend per share for the year to 35.4p (2022: 32.7p). No provision has been made in relation to this dividend.

The Group has modelled tax adjusted property business profits for 2023 and 2024 and the PID requirement in respect of the year ended 31 December 2023 is expected to be satisfied by the end of 2024.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 5: Working capital

This section focuses on how the Group generates its operating cash flows. Careful management of working capital is vital to ensure that the Group can meet its trading and financing obligations within its ordinary operating cycle.

On the following pages you will find disclosures around the Group's cash position and how cash is generated from the Group's trading activities, and disclosures around trade receivables and payables.

### Accounting policies

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 5.1 Cash and cash equivalents

The Group's cash position at 31 December 2023 was £37.5 million (2022: £38.0 million).

The Group's cash balances include £1.1 million (2022: £1.1 million) whose use at the balance sheet date is restricted by funding agreements to pay operating costs.

The Group generates cash from its operating activities as follows:

| | Note | Group 2023 £m | Group 2022 £m |
|---|---|---|---|
| Profit for the year | | **103.6** | 351.8 |
| Adjustments for: | | | |
| Depreciation and amortisation | | **6.3** | 7.8 |
| Fair value of share-based payments | 6.1 | **3.4** | 1.6 |
| Change in value of investment property (owned and under development) | 3.1 | **37.2** | (112.7) |
| Change in value of investment property (leased) | 3.1 | **10.4** | 9.3 |
| Net finance costs | 4.3 | **18.5** | 29.1 |
| Interest payments for leased assets | 4.3 | **7.7** | 8.1 |
| Mark to market changes in interest rate swaps | 4.3 | **17.2** | (70.7) |
| (Gain)/loss on disposal of investment property (owned) | | **(11.8)** | 15.6 |
| Share of joint venture profit | 3.4b | **(27.0)** | (80.4) |
| Trading with joint venture adjustment | | **4.5** | 4.0 |
| Tax (credit)/charge | 2.5a | **(1.1)** | 1.6 |
| **Cash flows from operating activities before changes in working capital** | | **168.9** | **163.6** |
| (Increase)/decrease in trade and other receivables | | **(24.8)** | 3.6 |
| Increase in inventories | | **(13.5)** | (1.0) |
| Increase/(decrease) in trade and other payables | | **24.4** | (10.7) |
| **Cash flows from operating activities** | | **155.0** | **155.5** |
| Tax paid | | **(1.8)** | (1.4) |
| **Net cash flows from operating activities** | | **153.2** | **154.1** |

Cash flows consist of the following segmental cash inflows/(outflows): Operations £178.0 million (2022: £134.1 million), Property (£354.0 million) (2022: £29.6 million) and Unallocated £175.5 million (2022: £235.1 million).

The Unallocated amount includes a net cash outflow of dividends paid of £117.3 million (2022: £96.4 million) and a cash inflow of £295.0 million (net of fees) as a result of the capital raise in July 2023.

Dividends received by the Company from its subsidiary undertakings totalling £80.0 million (2022: £130.0 million) are non-cash distributions of reserves.

### 5.2 Trade and other receivables

#### Accounting policies

On the basis that trade receivables meet the business model and cash flow characteristics tests, they are initially recognised at transaction price and then subsequently measured at amortised cost.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to whether the tenant is a commercial organisation (including universities) or an individual student.

The expected loss rates are based on the payment profile for sales by academic year as well as the corresponding historical credit losses during the period. The historical rates are adjusted to reflect any current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding, however given the short period exposed to credit risk, the impact of macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within a reasonable period from the invoice date and failure to engage with the Group on alternative payment arrangements, amongst others, are considered indicators of no reasonable expectation of recovery.

Other financial asset balances are assessed for expected credit losses based on the underlying nature of the asset, including maturity and age of the asset such as whether a longer-term asset or a short-term working capital balance is subject to regular settlement arrangements, using the 12-month ECL model. No credit losses have been recognised in respect of these balances.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to loans to Group undertakings. In this respect, the Company recognises lifetime ECL when there has been a significant increase in credit risk (such as changes to credit ratings) since initial recognition. However, if the credit risk on the loans have not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Company expects that the loans to Group undertakings will be repaid in full at maturity or when called. If the Group undertakings were unable to repay loan balances, the Company expects that in such circumstances the counterparty would negotiate extended credit terms with the Company. As such, the expected credit loss is considered immaterial. No change in credit risk is deemed to have occurred since initial recognition and therefore a 12-month expected credit loss has been calculated based on the assessed probability of default.

Trade and other receivables can be analysed as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2023 £m | 2022 £m | 2023 £m | 2022 £m |
| Trade receivables | | **34.8** | 31.8 | **–** | – |
| Amounts due from joint ventures | | **49.4** | 46.9 | **–** | – |
| Prepayments and accrued income | | **14.8** | 20.6 | **–** | – |
| Other receivables | | **33.8** | 5.9 | **–** | 0.1 |
| **Trade and other receivables (current)** | | **132.8** | **105.2** | **–** | **0.1** |
| Loans to Group undertakings (non-current) | 5.6 | **–** | – | **2,130.0** | 2,076.9 |
| **Trade and other receivables (non-current)** | | **–** | **–** | **2,130.0** | **2,076.9** |

The Group offers tenancy contracts to commercial (universities and retail unit tenants) and individual tenants based on the academic year. The Group monitors and manages the recoverability of its receivables based on the academic year to which the amounts relate. Rental income is payable immediately, therefore all receivables relating to tenants are past the payment due date.

## Section 5: Working capital continued

### 5.2 Trade and other receivables continued

We do not anticipate there to be any expected credit loss on amounts receivable from joint ventures as these remain highly profitable. Details of amounts due from Group undertakings to the Company are disclosed in note 5.6.

2023

| | Ageing by academic year | | | |
|---|---|---|---|---|
| | Total £m | 2023/24 £m | 2022/23 £m | Prior years £m |
| **Rental debtors** | | | | |
| Commercial tenants (past due) | **1.8** | **0.6** | **0.5** | **0.7** |
| Individual tenants (past due) | **51.4** | **39.5** | **3.7** | **8.2** |
| Expected credit loss carried | **(18.4)** | **(5.3)** | **(4.2)** | **(8.9)** |
| **Trade receivables** | **34.8** | **34.8** | **–** | **–** |

2022

| | Ageing by academic year | | | |
|---|---|---|---|---|
| | Total £m | 2022/23 £m | 2021/22 £m | Prior years £m |
| **Rental debtors** | | | | |
| Commercial tenants (past due) | 1.5 | 0.8 | 0.4 | 0.3 |
| Individual tenants (past due) | 45.9 | 33.9 | 2.8 | 9.2 |
| Expected credit loss carried | (15.6) | (2.9) | (3.2) | (9.5) |
| **Trade receivables** | **31.8** | **31.8** | **–** | **–** |

Movements in the Group's expected credit losses of trade receivables can be shown as follows:

| | 2023 £m | 2022 £m |
|---|---|---|
| At 1 January | **15.6** | 14.9 |
| Expected credit loss charged to the income statement in the year | **3.0** | 1.7 |
| Receivables written off during the year (utilisation of expected credit loss) | **(0.2)** | (1.0) |
| **At 31 December** | **18.4** | **15.6** |

The loss allowance for trade receivables is estimated as an amount equal to the lifetime expected credit loss (ECL). This loss has been estimated using the Group's history of loss for similar assets and takes into account current and forecast conditions.

The impact of credit losses is not considered significant in respect of the financial statements.

### 5.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's cash balances, the Group's receivables from customers and joint ventures and loans provided to the Group's joint ventures.

At the year-end, the Group's maximum exposure to credit risk was as follows:

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| Cash | 5.1 | **37.5** | 38.0 |
| Trade receivables | 5.2 | **34.8** | 31.8 |
| Amounts due from joint ventures | 5.2 | **49.4** | 46.9 |
| | | **121.7** | **116.7** |

## NOTES TO THE FINANCIAL STATEMENTS continued

### 5.3a) Cash

The Group operates investment guidelines with respect to surplus cash. Counterparty limits for cash deposits are largely based upon long-term ratings published by credit rating agencies and credit default swap rates. Deposits are placed with financial institutions with A- or better credit ratings.

### 5.3b) Trade receivables

The Group's customers can be split into two groups – (i) students (individuals) and (ii) commercial organisations including universities. The Group's exposure to credit risk is influenced by the characteristics of each customer.

### 5.3c) Joint ventures

Amounts receivable from joint ventures fall into two categories – working capital balances and investment loans. The Group has strong working relationships with its joint venture partners, and the joint ventures themselves have strong financial performance, retain net asset positions and are cash generative, and therefore the Group views this as a low credit risk balance. No impairment has therefore been recognised in 2023 or 2022.

### 5.4 Trade and other payables

#### Accounting policies

Trade payables are initially recognised at the value of the invoice received from a supplier (fair value) and subsequently at amortised cost. The carrying value of trade payables is considered approximate to fair value.

Group amounts are payable on demand.

Trade and other payables due within one year can be analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 £m** | **2022 £m** | **2023 £m** | **2022 £m** |
| Trade payables | **42.3** | 33.2 | **–** | – |
| Retentions on construction contracts for properties | **6.3** | 5.4 | **–** | – |
| Amounts due to Group undertakings | **–** | – | **66.7** | 70.3 |
| Other payables and accrued expenses | **85.4** | 84.9 | **9.1** | 9.5 |
| Deferred income | **73.8** | 68.0 | **–** | – |
| **Trade and other payables** | **207.8** | **191.5** | **75.8** | **79.8** |

Deferred income relates to rental income that has been collected in advance of it being recognised as income.

Included within accrued expenses is £nil of capital commitments, relating to investment properties under development (2022: £nil).

### 5.5 Provisions

#### Accounting policies

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation and are discounted to present value where the effect is material.

During 2020, and in accordance with the Government's Building Safety Advice of 20 January 2020, the Group undertook a thorough review of the use of High-Pressure Laminate ('HPL') cladding on its properties. This identified 27 properties with HPL cladding that needed replacing across the estate, due to legal or contractual obligations.

The Group continue to carry out replacement works for properties with HPL cladding and those where there is a legal obligation to do so, with activity prioritised according to risk assessments, starting with those over 18 metres in height. The remaining cost of the works is expected to be £42.3 million (Unite Group Share: £22.3 million), of which £5.2 million is in respect of wholly-owned properties. Whilst the overall timetable for these works is uncertain, management anticipate this will be incurred over the next 12–24 months.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 5: Working capital continued

### 5.5 Provisions continued

The Government's Building Safety Bill, covering building standards, was passed in April 2022 and has introduced more stringent fire safety regulations. The Group will ensure it remains aligned to fire safety regulations as they evolve and continue to make any required investment to ensure its buildings remain safe to occupy. The Group has provided for the costs of remedial work where there is a legal obligation to do so.

The amounts provided reflect the current best estimate of the extent and future cost of the remedial works required and are based on known costs and quotations where possible, and reflect the most likely outcome. However, these estimates may be updated as work progresses or if Government legislation and regulation changes.

The regulations continue to evolve in this area and Unite will ensure that its buildings are safe for occupation and compliant with laws and regulations.

The Group has transferred the 2023 addition in respect of committed spend on fire safety and façade works taking place in 2024/2025 to property valuations, which is presented as a deduction to fair value, see note 3.

The Group has not recognised any assets in respect of future claims, but expect to recover 50–75% of remediation costs through claims from contractors.

Management has performed a sensitivity analysis to assess the impact of a change in their estimate of total costs. A 20% increase in the estimated remaining costs would affect net valuation gains/losses on property in the IFRS P&L and would reduce the Group's NTA by 1.0 pence on a Unite Group share basis. Whilst provisions are expected to be utilised within the next year, there is uncertainty over this timing.

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

| | Gross £m | | | | Unite Group Share £m | | | |
|---|---|---|---|---|---|---|---|---|
| | Wholly-owned | USAF | LSAV | Total | Wholly-owned | USAF | LSAV | Total |
| At 31 December 2021 | 33.5 | 56.3 | 2.2 | 92.0 | 33.5 | 12.3 | 1.1 | 46.9 |
| Additions | 1.9 | 40.1 | 29.8 | 71.8 | 1.9 | 11.4 | 14.9 | 28.2 |
| Utilisation | (5.9) | (40.8) | (3.8) | (50.5) | (5.9) | (11.5) | (1.9) | (19.4) |
| Changes to ownership % | – | – | – | – | – | 3.5 | – | 3.5 |
| **At 31 December 2022** | **29.5** | **55.6** | **28.2** | **113.3** | **29.5** | **15.6** | **14.1** | **59.2** |
| Releases | **(3.6)** | **(3.3)** | **–** | **(6.9)** | **(3.6)** | **(0.9)** | **–** | **(4.5)** |
| Additions | **21.3** | **51.5** | **22.2** | **95.0** | **21.3** | **14.5** | **11.1** | **46.9** |
| Utilisation | **(21.8)** | **(49.7)** | **(6.9)** | **(78.4)** | **(21.8)** | **(14.0)** | **(3.5)** | **(39.3)** |
| Transferred to valuations | **(20.2)** | **(48.2)** | **(12.3)** | **(80.7)** | **(20.2)** | **(13.6)** | **(6.2)** | **(40.0)** |
| **At 31 December 2023** | **5.2** | **5.9** | **31.2** | **42.3** | **5.2** | **1.6** | **15.5** | **22.3** |

### 5.6 Transactions with other Group companies

During the year, the Company entered into various interest-free, repayable on demand loans with its subsidiaries, the aggregate of which are disclosed in the cash flow statement. In addition, the Company was charged by Unite Integrated Solutions plc for corporate costs of £4.8 million (2022: £4.5 million). As a result of these intercompany transactions, the following amounts were due from/to the Company's subsidiaries at the year-end.

| | 2023 £m | 2022 £m |
|---|---|---|
| Unite Holdings Limited | **126.6** | 131.1 |
| LDC (Holdings) Limited | **1,112.0** | 1,072.3 |
| Liberty Living Group plc | **891.4** | 873.5 |
| **Amounts due from Group undertakings** | **2,130.0** | **2,076.9** |
| Unite Integrated Solutions plc | **62.0** | 70.3 |
| **Amounts due to Group undertakings** | **62.0** | **70.3** |

The Company has had a number of transactions with its joint ventures, which are disclosed in note 3.4c.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 6: Key management and employee benefits

The Group's greatest resource is its staff and it works hard to develop and retain its people. The remuneration policies in place are aimed to help recognise the contribution that Unite Group's people make to the performance of the Group.

On the following pages you will find disclosures around wages and salaries and share option schemes which allow employees of the Group to take an equity interest in the Group.

### Accounting policies

The Group operates a defined contribution pension scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

### 6.1 Staff numbers and costs

The average number of persons employed by the Group (including Directors) and the Company during the year (calculated on a monthly basis), analysed by category, was as follows:

| | Number of employees | |
|---|---|---|
| | **2023** | **2022** |
| Managerial and administrative | **580** | 569 |
| Site operatives | **1,241** | 1,206 |
| | **1,821** | **1,775** |

The aggregate payroll costs of these persons were as follows:

| | 2023 £m | 2022 £m |
|---|---|---|
| Wages and salaries | **72.1** | 64.2 |
| Social security costs | **6.8** | 6.5 |
| Pension costs | **3.3** | 2.7 |
| Fair value of share-based payments | **3.4** | 1.6 |
| | **85.6** | **75.0** |

The wages and salaries costs include redundancy costs of £0.2 million (2022: £0.8 million) and costs due to senior leadership changes of £2.9 million (2022: £nil).

The total number of persons employed by the Group (including Directors) and Company as at 31 December 2023 was 528 managerial and administrative and 1,273 site operatives.

### 6.2 Key management personnel

The remuneration of the Directors, including Non-Executive Directors, who are the key management personnel of the Group and Company, is set out below in aggregate for each of the applicable categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 146–162 which covers the requirements of schedule 5 of the relevant legislation.

| | 2023 £m | 2022 £m |
|---|---|---|
| Short-term employee benefits | **2.4** | 2.0 |
| Post-employment benefits | **0.1** | 0.1 |
| Share-based payment benefits | **1.2** | – |
| | **3.7** | **2.1** |

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 6: Key management and employee benefits continued

### 6.3 Share-based compensation

A transaction is classified as a share-based transaction where the Group receives services from employees and pays for these in shares or similar equity instruments. The Group operates a number of share-based compensation schemes allowing employees to acquire shares in the Company.

### 6.3a) Share schemes

The Group operates the following schemes:

**Long-Term Incentive Plan (LTIP), comprising the:**

– Performance Share Plan (PSP); and

– HMRC Approved Employee Share Option Scheme (ESOS)

Details can be found in the Directors' Remuneration Report

**Save As You Earn Scheme (SAYE)**

Open to employees, vesting periods of three years, service condition

### 6.3b) Outstanding share options

The table below summarises the movements in the number of share options outstanding for the Group and their average exercise price:

| | Weighted average exercise price 2023 | Number of options (thousands) 2023 | Weighted average exercise price 2022 | Number of options (thousands) 2022 |
|---|---|---|---|---|
| Outstanding at 1 January | **£0.19** | **2,083** | £0.57 | 2,372 |
| Forfeited during the year | **£2.01** | **(765)** | £3.09 | (538) |
| Exercised during the year | **£4.91** | **(176)** | £2.52 | (428) |
| Granted during the year | **£2.95** | **800** | £2.65 | 677 |
| Outstanding at 31 December | **£0.18** | **1,942** | £0.19 | 2,083 |
| Exercisable at 31 December | **£5.80** | **78** | £8.42 | 63 |

For those options exercised in the year, the average share price during 2023 was £9.40 (2022: £10.34).

For those options still outstanding, the range of exercise prices at the year-end was 0p to 1,121p (2022: 0p to 1,121p) and the weighted average remaining contractual life of these options was 2.9 years (2022: 3.8 years).

The Group funds the purchase of its own shares by the Employee Share Ownership Trust to meet the obligations of the LTIP and executive bonus scheme. The purchases are shown as Own shares acquired in retained earnings.

As at 31 December 2023 the number of shares held by the ESOT was 209,954 (2022: 205,084).

The accounting is in accordance with the relevant standards. No further information is given as the amounts for share-based payments are immaterial.

## Section 7: Post balance sheet events

On 19 February 2024 Unite Students announced that it had entered into a joint venture ('JV') framework agreement with Newcastle University for the development of 2,000 new student beds, subject to planning approval. Unite will act as development and asset manager to the JV with 51% ownership share. Total development costs are expected to be c.£250 million (Unite share: £128 million).

On 20 February 2024 Unite increased its debt capacity by an additional £150 million revolving credit facility and a further £150 million term loan. Both are on similar terms to the existing revolving credit facility and mature in 2027. The new facilities provide liquidity to satisfy the redemption of the £300 million Liberty Living bond, which matures in November 2024 and increases investment capacity.

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 8: Alternative performance measures

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

Adjusted earnings of the Group excludes the non-recurring impact of one-off transactions, improving comparability between reporting periods.

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

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| **EBIT** | | | |
| Net operating income | 2.2a | **256.5** | 241.0 |
| Management fees | 2.2a | **16.9** | 17.4 |
| Overheads | 2.2a | **(22.1)** | (27.7) |
| | | **251.3** | **230.7** |
| **EBIT margin %** | | | |
| Rental income | 2.2a | **369.5** | 339.7 |
| EBIT | 8 | **251.3** | 230.7 |
| | | **68.0%** | **67.9%** |
| **EBITDA** | | | |
| Net operating income | 2.2a | **256.5** | 241.0 |
| Management fees | 2.2a | **16.9** | 17.4 |
| Overheads | 2.2a | **(22.1)** | (27.7) |
| Depreciation and amortisation | | **6.3** | 7.8 |
| | | **257.6** | **238.5** |
| **Net debt** | | | |
| Cash | 2.3a | **77.2** | 139.2 |
| Debt | 2.3a | **(1,648.1)** | (1,872.8) |
| | | **(1,570.9)** | **(1,733.6)** |

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| **EBITDA: Net debt** | | | |
| EBITDA | 8 | **257.6** | 238.5 |
| Net debt | 8 | **(1,570.9)** | (1,733.6) |
| **Ratio** | | **6.1** | **7.5** |
| **Interest cover (Unite Group share)** | | | |
| EBIT | 8 | **251.3** | 230.7 |
| Net financing costs | 2.2a | **(47.4)** | (54.9) |
| Interest on lease liabilities | 2.2a | **(7.7)** | (8.1) |
| Total interest | | **(55.1)** | (63.0) |
| **Ratio** | | **4.6** | **3.7** |

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 8: Alternative performance measures continued

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

| | Note | 2023 £m | 2022 £m |
|---|---|---|---|
| **IFRS profit before tax** | | **102.5** | 351.8 |
| Net valuation (gains)/losses on investment property (owned) | 2.2b | **59.1** | (145.0) |
| Property disposals (owned) | 2.2b | **(8.3)** | 16.5 |
| Net valuation losses on investment property (leased) | 2.2b | **10.4** | 9.3 |
| Amortisation of fair value of debt recognised on acquisition | 2.2b | **(4.3)** | (4.3) |
| Changes in valuation of interest rate swaps | 2.2b | **17.2** | (70.7) |
| Non-controlling interest, tax and other items | | **(0.4)** | (1.9) |
| **EPRA earnings** | | **176.1** | **155.8** |
| Software as a service costs | | **8.2** | 6.1 |
| Abortive costs | | **–** | 1.5 |
| **Adjusted earnings** | | **184.3** | **163.4** |

### Adjusted EPS yield

| | 2023 | 2022 |
|---|---|---|
| Adjusted earnings (A) | **44.3** | 40.9p |
| EPRA NTA at 1 January (B) | **927p** | 882p |
| Adjusted EPS yield (A/B) | **4.8%** | 4.6% |

### Total accounting return

| | Note | 2023 | 2022 |
|---|---|---|---|
| Opening EPRA NTA (A) | 2.3d | **927p** | 882p |
| Closing EPRA NTA | 2.3d | **920p** | 927p |
| **Movement** | | **(7p)** | **45p** |
| H1 dividend paid | 4.9 | **21.7p** | 15.6p |
| H2 dividend paid | 4.9 | **11.8p** | 11.0p |
| **Total movement in NTA (B)** | | **25.9p** | **71.6p** |
| **Total accounting return (B/A)** | | **2.9%** | **8.1%** |

### EPRA performance measures

#### Summary of EPRA performance measures

| | Note | 2023 £m | 2022 £m | 2023 | 2022 |
|---|---|---|---|---|---|
| EPRA earnings | | **176.1** | 155.8 | **42.4p** | 39.4p |
| Adjusted earnings* | | **184.3** | 163.4 | **44.3p** | 40.9p |
| EPRA NTA (diluted) | | **4,014.7** | 3,716.7 | **920p** | 927p |
| EPRA NRV (diluted) | | **4,330.7** | 4,029.6 | **992p** | 1005p |
| EPRA NDV (diluted) | | **4,116.0** | 3,960.3 | **943p** | 988p |
| EPRA net initial yield | | | | **4.8%** | 4.6% |
| EPRA topped up net initial yield | | | | **4.8%** | 4.6% |
| EPRA like-for-like gross rental income | | | | **2.6%** | 23.0% |
| EPRA vacancy rate | | | | **0.3%** | 0.8% |
| EPRA cost ratio (including vacancy costs) | | | | **35.2%** | 33.4% |
| EPRA cost ratio (excluding vacancy costs) | | | | **34.9%** | 32.3% |

* Adjusted earnings calculated as EPRA earnings less software as a service costs (in 2023 and 2022) and abortive costs (in 2022 only).

## NOTES TO THE FINANCIAL STATEMENTS continued

### EPRA performance measures continued

#### EPRA like-for-like rental income (calculated based on total portfolio value of £8.7 billion)

| £m | Like-for-like properties | Development property | Other properties* | Total EPRA Earnings |
|---|---|---|---|---|
| **2023** | | | | |
| Rental income | **319.0** | **18.7** | **31.8** | **369.5** |
| Property operating expenses | **(100.0)** | **(3.9)** | **(9.1)** | **(113.0)** |
| **Net rental income** | **219.0** | **14.8** | **22.7** | **256.5** |
| **2022** | | | | |
| Rental income | 298.2 | 5.2 | 36.3 | 339.7 |
| Property operating expenses | (86.3) | (1.0) | (11.4) | (98.7) |
| **Net rental income** | **211.9** | **4.2** | **24.9** | **241.0** |
| Like-for-like net rental income (£m) | 7.1 | | | |
| Like-for-like net rental income (%) | 3.4% | | | |
| Like-for-like gross rental income (£m) | 20.8 | | | |
| Like-for-like gross rental income (%) | 7.0% | | | |

* Other properties includes acquisitions, disposals, major refurbishments and changes in ownership.

#### EPRA vacancy rate

| | 2023 £m | 2022 £m |
|---|---|---|
| Estimated rental value of vacant space | **0.9** | 2.0 |
| Estimated rental value of the whole portfolio | **283.9** | 262.9 |
| **EPRA vacancy rate** | **0.3%** | **0.8%** |

#### EPRA net initial yield

| | 2023 | 2022 |
|---|---|---|
| Annualised net operating income (£m) | **278.3** | 256.9 |
| Property market value (£m) | **5,510.4** | 5,325.6 |
| Notional acquisition costs (£m) | **288.6** | 285.7 |
| | **5,799.0** | 5,611.3 |
| **EPRA net initial yield (%)*** | **4.8%** | **4.6%** |
| Difference in projected versus historical GOI | **0.2%** | 0.1% |
| **Unite Group net initial yield (%)** | **5.0%** | **4.7%** |

* No lease incentives are provided by the Group and accordingly the Topped Up Net Initial Yield measure is also 4.8% (2022: 4.6%).

## NOTES TO THE FINANCIAL STATEMENTS continued

## Section 8: Alternative performance measures continued

### EPRA Performance Measures continued

### EPRA cost ratio

| | 2023 £m | 2022 £m |
|---|---|---|
| Property operating expenses | **79.8** | 72.0 |
| Overheads* | **21.2** | 26.4 |
| Development/pre-contract costs | **2.7** | 1.2 |
| Unallocated expenses* | **8.8** | 2.8 |
| | **112.5** | **102.4** |
| Share of JV property operating expenses | **33.2** | 26.7 |
| Share of JV overheads | **0.9** | 1.3 |
| Share of JV unallocated expenses | **0.4** | 0.3 |
| | **147.0** | **130.7** |
| Less: Joint venture management fees | **(16.9)** | (17.4) |
| **Total costs (A)** | **130.1** | **113.3** |
| Group vacant property costs** | **(0.8)** | (2.5) |
| Share of JV vacant property costs** | **(0.3)** | (0.9) |
| **Total costs excluding vacant property costs (B)** | **129.0** | **109.9** |
| Rental income | **259.2** | 241.7 |
| Share of JV rental income | **110.3** | 98.0 |
| **Total gross rental income (C)** | **369.5** | **339.7** |
| **Total EPRA cost ratio (including vacant property costs) (A)/(C)** | **35.2%** | **33.4%** |
| **Total EPRA cost ratio (excluding vacant property costs) (B)/(C)** | **34.9%** | **32.4%** |

* Excludes software as a service cost net of deferred tax (in 2023 and 2022) and abortive costs (in 2022 only).

** Vacant property costs reflect the per bed share of operating expenses allocated to vacant beds.

Unite Group's EBIT margin excludes non-operational expenses which are included within the EPRA cost ratio above.

Unite Group capitalises costs in relation to staff costs and professional fees associated with property development activity.

### EPRA valuation movement (Unite Group share)

| | Valuation £m | Change £m | % |
|---|---|---|---|
| Wholly-owned | **3,639.1** | **15.8** | **0.4%** |
| USAF | **827.8** | **14.9** | **1.8%** |
| LSAV | **954.7** | **(5.7)** | **(0.6%)** |
| **Rental properties** | **5,421.6** | **25.0** | **0.5%** |
| Leased properties | **84.7** | | |
| Development completions for AY23/24 | **88.7** | | |
| Properties under development | **174.7** | | |
| **Properties held throughout the year** | **5,769.7** | | |
| Acquisitions | **–** | | |
| **Total property portfolio** | **5,769.7** | | |

# NOTES TO THE FINANCIAL STATEMENTS continued

## EPRA performance measures continued

### EPRA yield movement

| | NOI yield | Yield movement (bps) | | |
|---|---|---|---|---|
| | % | H1 | H2 | FY |
| Wholly-owned | **5.1** | **14** | **17** | **31** |
| USAF | **5.3** | **10** | **11** | **21** |
| LSAV | **4.5** | **14** | **25** | **39** |
| **Rental properties (Unite Group share)** | **5.0** | **13** | **18** | **31** |

### Property-related capital expenditure

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Wholly-owned | Share of JVs | Group share | Wholly-owned | Share of JVs | Group share |
| London | **4.3** | **20.5** | **24.8** | 3.3 | 10.5 | 13.8 |
| Prime regional | **19.3** | **4.8** | **24.1** | 31.6 | 7.3 | 38.9 |
| Major regional | **24.6** | **3.0** | **27.6** | 16.5 | 11.2 | 27.7 |
| Provincial | **5.2** | **1.3** | **6.5** | 8.1 | 1.0 | 9.1 |
| Total rental properties | **53.4** | **29.6** | **83.0** | 59.5 | 30.0 | 89.5 |
| Increase in beds | **–** | **–** | **–** | 2.1 | 2.0 | 4.1 |
| Acquisitions | **2.1** | **–** | **2.1** | 1.3 | – | 1.3 |
| Developments | **58.8** | **–** | **58.8** | 193.0 | – | 193.0 |
| Capitalised interest | **8.4** | **–** | **8.4** | 6.3 | – | 6.3 |
| **Total property-related capex** | **122.7** | **29.6** | **152.3** | **262.2** | **32.0** | **294.2** |

### EPRA loan to value

| | 2023 £m | 2022 £m |
|---|---|---|
| Investment property (owned) | **5,510.4** | 5,396.8 |
| Investment property (under development) | **174.7** | 202.7 |
| Intangibles | **9.3** | 18.3 |
| **Total property value and other eligible assets** | **5,694.4** | **5,617.8** |
| Cash at bank and in hand | **77.2** | 139.2 |
| Borrowings | **(1,648.1)** | (1,872.8) |
| Net other payables | **(100.3)** | (150.6) |
| **EPRA net debt** | **(1,671.2)** | **(1,884.2)** |
| **EPRA loan to value** | **29.3%** | **33.5%** |

## NOTES TO THE FINANCIAL STATEMENTS continued

### Section 9: Company subsidiaries and joint ventures

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and equity accounted investments as at 31 December 2023 is disclosed below. Unless otherwise stated, the Group's ownership interest represents 100% of the ordinary shares, units or partnership capital held indirectly by Unite Group PLC. No subsidiary undertakings have been excluded from the consolidation. The Unite Foundation has a year-end of 30 September to facilitate academic year reporting. All other subsidiaries have a year-end of 31 December.

| Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL | |
|---|---|
| Filbert Village GP Limited (06016554) (20.2%) | LDC (Gt Suffolk St) GP1 Limited (07274156)** |
| Filbert Village Student Accommodation Limited Partnership (28.1%) | LDC (Gt Suffolk St) GP2 Limited (07274000)** |
| LDC (180 Stratford) Limited (14254727)** | LDC (Gt Suffolk St) Holdings Limited (07353946)** |
| LDC (AIB Warehouse) Limited (04872419)** | LDC (Gt Suffolk St) Limited Partnership** |
| LDC (Alscot Road) Limited (06176428)** | LDC (Gt Suffolk St) Management GP1 Limited (07354719)** |
| LDC (Brunel House) Limited (09760628)** | LDC (Gt Suffolk St) Management GP2 Limited (07354728)** |
| LDC (Camden Court Leasehold) Limited (05140620)** | LDC (Gt Suffolk St) Management Limited Partnership** |
| LDC (Camden Court) Limited (05082671)** | LDC (Hampton Street) Limited (06415998)** |
| LDC (Capital Cities Nominee No.1) Limited (05347228) (50.%)** | LDC (Hillhead) Limited (06176554)** |
| LDC (Capital Cities Nominee No.2) Limited (05359457) (50.%)** | LDC (Holdings) Limited (02625007)* |
| LDC (Capital Cities Nominee No.3) Limited (08792780) (50.%)** | LDC (Imperial Wharf) Limited (04541678)** |
| LDC (Capital Cities Nominee No.4) Limited (08792688) (50.%)** | LDC (International House) Limited (10131352)** |
| LDC (Capital Cities) Limited (05347220) (50.%)** | LDC (Kelham Island) Limited (05152229)** |
| LDC (Causewayend) Limited (08895966)** | LDC (Leasehold A) Limited (04066933)** |
| LDC (Chantry Court Leasehold) Limited (05140258)** | LDC (Leasehold B) Limited (05978242)** |
| LDC (Chaucer House) Limited (09898020)** | LDC (Loughborough) Limited (04207522)** |
| LDC (Constitution Street) Limited (09210998)** | LDC (Magnet Court Leasehold) Limited (05140255)** |
| LDC (Construction Two) Limited (04847268)** | LDC (Millennium View) Limited (09890375)** |
| LDC (Euro Loan) Limited (06623603)** | LDC (MTF Portfolio) Limited (05530557)** |
| LDC (Ferry Lane 2) GP1 Limited (07359448) (50.%)** | LDC (Nairn Street) GP1 Limited (07580262) (20.2%) |
| LDC (Ferry Lane 2) GP2 Limited (07359481) (50.%)** | LDC (Nairn Street) GP2 Limited (07580257) (20.2%) |
| LDC (Ferry Lane 2) GP3 Limited (07503842)** | LDC (Nairn Street) GP3 Limited (07808933) |
| LDC (Ferry Lane 2) GP4 Limited (07503913)** | LDC (Nairn Street) GP4 Limited (07808919) |
| LDC (Ferry Lane 2) Holdings Limited (07504099) (50.%)** | LDC (Nairn Street) Holdings Limited (07579402)** |
| LDC (Ferry Lane 2) Limited Partnership (50.0%)** | LDC (Nairn Street) Limited Partnership (28.1%) |
| LDC (Ferry Lane 2) Management Limited Partnership (50.0%)** | LDC (Nairn Street) Management Limited Partnership (28.1%) |
| LDC (Finance) Limited (09760806)** | LDC (New Wakefield Street) Limited (10436455)** |
| LDC (Greetham Street) Limited (08895825)** | LDC (Newgate) Limited (08895869)** |

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS continued

| Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL | |
|---|---|
| LDC (Old Hospital) Limited (09702143)** | Liberty Living (LQ Newcastle) Limited (04302869)** |
| LDC (Oxford Road Bournemouth) Limited (04407309)** | Liberty Living (LQ2 Newcastle) Limited (07298853)** |
| LDC (Portfolio 100) Limited (07989369)** | Liberty Living Finance PLC (10979349)** |
| LDC (Portfolio 20) Limited (08803996)** | Liberty Living Group Limited (BR020813)*/** |
| LDC (Portfolio Five) Limited (06079581)** | Liberty Living Investments 1 Limited Partnership** |
| LDC (Portfolio Four) Limited (04985603)** | Liberty Living Investments 2 Limited Partnership** |
| LDC (Portfolio One) Limited (03005262)** | Liberty Living Investments 3 Limited Partnership** |
| LDC (Portfolio) Limited (08419375)** | Liberty Living Investments GP1 Limited (09375866)** |
| LDC (Project 110) Limited (05083580)** | Liberty Living Investments GP2 Limited (09375868)** |
| LDC (Project 111) Limited (05791650)** | Liberty Living Investments GP3 Limited (10518849)** |
| LDC (Radmarsh Road) Limited (05435290)** | Liberty Living Investments II Holdco 2 Limited (09574059)** |
| LDC (Skelhorne) Limited (09898132)** | Liberty Living Investments II Holdco Limited (08929431)** |
| LDC (Smithfield) Limited (03373096)** | Liberty Living Investments II Limited (09680931)** |
| LDC (St Leonards) Limited (08895830)** | Liberty Living Investments Limited (09375870)** |
| LDC (St Pancras Way) GP1 Limited (07359501)** | Liberty Living Investments Nominee 1 Limited (09375846)** |
| LDC (St Pancras Way) GP2 Limited (07359428)** | Liberty Living Investments Nominee 2 Limited (09375849)** |
| LDC (St Pancras Way) GP3 Limited (07503268)** | Liberty Living Investments Nominee 3 Limited (10519085)** |
| LDC (St Pancras Way) GP4 Limited (07503251)** | Liberty Living Limited (04055891)** |
| LDC (St Pancras Way) Holdings Limited (07360734)** | Liberty Living SpareCo Limited (04616115)** |
| LDC (St Pancras Way) Limited Partnership** | Liberty Living UK Limited (06064187)** |
| LDC (St Pancras Way) Management Limited Partnership** | Liberty Park (Bedford) Limited ** |
| LDC (St Vincent's) Limited (10218310)** | Liberty Park (Bristol) Limited (07615601)** |
| LDC (Stratford) GP1 Limited (07547911) (50.%)** | Liberty Park (US Bristol) Limited (07615619)** |
| LDC (Stratford) GP2 Limited (07547994) (50.%)** | Liberty Plaza (London) Limited (07745097)** |
| LDC (Stratford) Limited Partnership (50.%)** | Liberty Plaza (Newcastle) Limited ** |
| LDC (Swindon NHS) Limited (04207502)** | Liberty Point (Coventry) Limited (04992358)** |
| LDC (Tara House) Limited (09214177)** | Liberty Point (Manchester) Limited (04828083)** |
| LDC (Thurso Street) GP1 Limited (07199022)** | Liberty Point Southampton (Block A) Limited (10314954)** |
| LDC (Thurso Street) GP2 Limited (07198979)** | Liberty Prospect Point (Liverpool) Limited (04637570)** |
| LDC (Thurso Street) GP3 Limited (07434001)** | Liberty Quay (Newcastle) Limited (05234174)** |
| LDC (Thurso Street) GP4 Limited (07434133)** | Liberty Quay 2 (Newcastle) Limited (07376627)** |
| LDC (Thurso Street) Limited Partnership** | Liberty Severn Point (Cardiff) Limited (04313995)** |
| LDC (Thurso Street) Management Limited Partnership** | Liberty Village (Edinburgh) Limited (10323566)** |
| LDC (Ventura) Limited (04444628)** | LL Midco 2 Limited (08998308)** |
| LDC (Vernon Square) Limited (06444132)** | LSAV (Angel Lane) GP1 Limited (08593689) (50.%)** |
| LDC (William Morris II) Limited (05999281)** | LSAV (Angel Lane) GP2 Limited (08593692) (50.%)** |
| LDC Capital Cities Two (GP) Limited (08790742) (50.%) | LSAV (Angel Lane) GP3 Limited (08646359)** |
| Liberty Atlantic Point (Liverpool) Limited (03885187)** | LSAV (Angel Lane) GP4 Limited (08646929)** |
| Liberty Heights (Manchester) Limited (07399622)** | LSAV (Angel Lane) Limited Partnership (50.%)** |
| Liberty Living (HE) Holdings Ltd – Company Only (10977869)** | LSAV (Angel Lane) Management Limited Partnership (50.%)** |
| Liberty Living (LH Manchester) Limited (07120141)** | LSAV (Arch View) GP1 Limited (13210709) (50.%)** |
| Liberty Living (Liberty AP) Limited (03633307)** | LSAV (Arch View) GP3 Limited (13210526)** |
| Liberty Living (Liberty PP) Limited (03991475)** | LSAV (Arch View) LP (50.%)** |
| Liberty Living (LP Bristol) Limited (07242607)** | LSAV (Arch View) Management LP (50.%)** |
| Liberty Living (LP Coventry) Limited (04330729)** | LSAV (Arch View) Nominee 1 Limited (13210518) (50.%)** |
| Liberty Living (LP Manchester) Limited (04314013)** | LSAV (Arch View) Nominee 3 Limited (13210553)** |

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS continued

### Section 9: Company subsidiaries and joint ventures continued

**Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL**

| | |
|---|---|
| LSAV (Aston Student Village) GP1 Limited (10498478) (50.%) | Unite (Capital Cities) Jersey Ltd** |
| LSAV (Aston Student Village) GP2 Limited (10498481) (50.%) | Unite Accommodation Management 16 Limited (07061314)** |
| LSAV (Aston Student Village) GP3 Limited (10498217)** | Unite Accommodation Management 18 Limited (08328484)** |
| LSAV (Aston Student Village) GP4 Limited (10498484)** | Unite Accommodation Management 19 Limited (08790504) (50.%)** |
| LSAV (Aston Student Village) Limited Partnership (50.%) | Unite Accommodation Management 2 Limited (05193166)** |
| LSAV (Aston Student Village) Management Limited Partnership (50.%) | Unite Accommodation Management 20 Limited (08790642) (50.%)** |
| LSAV (Drapery Plaza) GP1 Limited (13209904) (50.%)** | Unite Accommodation Management 6 Limited (05077346)** |
| LSAV (Drapery Plaza) GP3 Limited (13210206)** | Unite Accommodation Management 9 Limited (06190863)** |
| LSAV (Drapery Plaza) LP (50.%)** | Unite Accommodation Management Limited (06190905)** |
| LSAV (Drapery Plaza) Management LP (50.%)** | Unite Accommodation Management One Hundred Limited (07989080)** |
| LSAV (Drapery Plaza) Nominee 1 Limited (13209909) (50.%)** | Unite Capital Cities 3 GP1 Limited (13913884) (50.%)** |
| LSAV (Drapery Plaza) Nominee 3 Limited (13209979)** | UNITE CAPITAL CITIES 3 LIMITED PARTNERSHIP (50.%)** |
| LSAV (GP) Limited (50.%) | Unite Capital Cities 3 Management Limited (13913891) (50.%)** |
| LSAV (Holdings) Limited (50.%) | Unite Capital Cities 3 Nominee 1 Limited (13913890) (50.%)** |
| LSAV (Jersey Manager) Limited** | UNITE Capital Cities Holdings Limited (08801242) (50.%)** |
| LSAV (No.1) GP1 Limited (13184531) (50.%)** | Unite Capital Cities Limited Partnership (50.%)** |
| LSAV (No.1) GP3 Limited (13184662)** | Unite Capital Cities Two Limited Partnership (50.%) |
| LSAV (No.1) LP (50.%)** | UNITE Construction (Angel Lane) Limited (08792704)** |
| LSAV (No.1) Management LP (50.%)** | UNITE Construction (Stapleton) Limited (09023406)** |
| LSAV (No.1) Nominee 1 Limited (13184589) (50.%)** | UNITE Construction (Wembley) Limited (09023474)** |
| LSAV (No.1) Nominee 3 Limited (13184656)** | Unite Finance Limited (04353305)*/** |
| LSAV (Property Holdings) LP (50.%) | Unite Finance One (Accommodation Services) Limited (04332937)** |
| LSAV (Stapleton) GP1 Limited (08593695) (50.%)** | Unite Finance One (Holdings) Limited (04316207)** |
| LSAV (Stapleton) GP2 Limited (08593699) (50.%)** | Unite Finance One (Property) Limited (04303331)** |
| LSAV (Stapleton) GP3 Limited (08646819)** | Unite FM Limited (06807562)** |
| LSAV (Stapleton) GP4 Limited (08647019)** | UNITE For Success Limited (05157263)** |
| LSAV (Stapleton) Limited Partnership (50.%)** | Unite Holdings Limited (03148468)*/** |
| LSAV (Stapleton) Management Limited Partnership (50.%)** | UNITE Homes Limited (05140262)** |
| LSAV (Stratford) GP3 Limited (08751654)** | Unite Integrated Solutions plc (02402714) |
| LSAV (Stratford) GP4 Limited (08751629)** | Unite Modular Solutions Limited (05140259)** |
| LSAV (Stratford) Management Limited Partnership (50.%)** | Unite Rent Collection Limited (05982935)** |
| LSAV (Trustee) Limited (50.%) | UNITE Student Living Limited (06204135)** |
| LSAV (Wembley) GP1 Limited (08635735) (50.%)** | Unite Students Accommodation (Beijing) Business Service Company Limited** |
| LSAV (Wembley) GP2 Limited (08636051) (50.%)** | USAF Finance II Limited (08526474) (20.2%) |
| LSAV (Wembley) GP3 Limited (08725127)** | USAF GP No 1 Limited (05897875) (20.2%) |
| LSAV (Wembley) GP4 Limited (08725235)** | USAF GP No 10 Limited (06714734) (20.2%) |
| LSAV (Wembley) Limited Partnership (50.%)** | USAF GP No 11 Limited (07075210) (20.2%) |
| LSAV (Wembley) Management Limited Partnership (50.%)** | USAF GP No 11 Management Limited (07351883) |
| LSAV FACILITY 1 HOLDINGS LIMITED (13913388) (50.%)** | USAF GP No 12 Limited (07368735) (20.2%) |
| LSAV FACILITY 1 MANAGEMENT HOLDINGS LIMITED (13913371)** | USAF GP No 14 Limited (09089977) (20.2%) |
| LSAV Management Holdings Limited (13305327)** | USAF GP No 15 Limited (09585201) (20.2%) |
| LSAV Rent Collection Limited (08496230)** | USAF GP No 18 Limited (10219336) (20.2%)** |
| Stardesert Limited (04437102)** | USAF GP No 6 Limited (05897755) (20.2%) |
| The UNITE Foundation | USAF GP No 8 Limited (06381914) (20.2%) |

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS continued

| Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL | |
|---|---|
| USAF GP No.15A Limited (12644211) (28.1%) | USAF No.12 Limited Partnership (28.1%) |
| USAF GP No.16A Limited (12644210) (28.1%) | USAF No.14 Limited Partnership (28.1%) |
| USAF GP No.16B Limited (14707370) (28.1%)** | USAF No.15 Limited Partnership (28.1%) |
| USAF GP No.17A Limited (12644208) (28.1%) | USAF No.15A Limited Partnership (28.1%) |
| USAF GP No.17B Limited (14707101) (28.1%)** | USAF No.16A Limited Partnership (28.1%) |
| USAF GP No.19 Limited (14707096) (20.2%)** | USAF No.16B Limited Partnership (28.1%)** |
| USAF Holdings K Limited (14700139) (20.2%)** | USAF No.16B Nominee 1 Limited (14707400) (20.2%)** |
| USAF Holdings B Limited (06324325) (20.2%) | USAF No.16B Nominee 2 Limited (14707390) (20.2%)** |
| USAF Holdings C Limited (06381882) (20.2%) | USAF No.17A Limited Partnership (28.1%) |
| USAF Holdings H Limited (09089805) (20.2%) | USAF No.17B Limited Partnership (28.1%)** |
| USAF Holdings I Limited (09581882) (20.2%) | USAF No.17B Nominee 1 Limited (14707108) (20.2%)** |
| USAF Holdings J Limited (10215997) (20.2%)** | USAF No.17B Nominee 2 Limited (14707114) (20.2%)** |
| USAF Holdings Limited (05870107) (20.2%) | USAF No.18 Limited Partnership (28.1%)** |
| USAF Jersey Investments Ltd** | USAF No.19 Limited Partnership (28.1%)** |
| USAF Jersey Manager Ltd | USAF No.6 Limited Partnership (28.1%) |
| USAF LP Limited (05860874)** | USAF No.8 Limited Partnership (28.1%) |
| USAF Management 10 Limited (06714695) | USAF Nominee No.1 Limited (05855598) (20.2%)** |
| USAF Management 11 Limited (07082782) | USAF Nominee No.10 Limited (06714690) (20.2%)** |
| USAF Management 12 Limited (07365681) | USAF Nominee No.10A Limited (06714615) (20.2%)** |
| USAF Management 14 Limited (09232206) | USAF Nominee No.11 Limited (07075251) (20.2%)** |
| USAF Management 16 Ltd (07735741) (28.1%)** | USAF Nominee No.11A Limited (07075213) (20.2%)** |
| USAF Management 17 Ltd (05591986) (28.1%)** | USAF Nominee No.12 Limited (07368733) (20.2%)** |
| USAF Management 18 Limited (10219775)** | USAF Nominee No.12A Limited (07368755) (20.2%)** |
| USAF Management 6 Limited (06225945) | USAF Nominee No.14 Limited (09231609) (20.2%)** |
| USAF Management 8 Limited (06387597) | USAF Nominee No.14A Limited (09231604) (20.2%)** |
| USAF Management GP No.14 Limited (09130985)** | USAF Nominee No.15 Limited (12644205) (20.2%)** |
| USAF Management GP No.15 Limited (09749946)** | USAF Nominee No.15A Limited (12644204) (20.2%)** |
| USAF Management GP No.16 Limited (09750068)** | USAF Nominee No.16 Limited (12644201) (20.2%)** |
| USAF Management GP No.17 Limited (09750061)** | USAF Nominee No.16A Limited (12644197) (20.2%)** |
| USAF Management GP No.18 Limited (12410758)** | USAF Nominee No.17 Limited (12644192) (20.2%)** |
| USAF Management Limited (05862721) | USAF Nominee No.17A Limited (12644187) (20.2%)** |
| USAF Management No. 14 Limited Partnership (28.1%) | USAF Nominee No.18 Limited (10218595) (20.2%)** |
| USAF Management No. 15 Limited Partnership (28.1%) | USAF Nominee No.18A Limited (10219339) (20.2%)** |
| USAF Management No. 16 Limited Partnership (28.1%) | USAF Nominee No.19 Limited (14706129) (20.2%)** |
| USAF Management No. 17 Limited Partnership (28.1%) | USAF Nominee No.19A Limited (14706126) (20.2%)** |
| USAF Management No. 18 Limited Partnership (28.1%)** | USAF Nominee No.1A Limited (05835512) (20.2%)** |
| USAF Management No.19 Limited (14707093) (28.1%) | USAF Nominee No.6 Limited (05855599) (20.2%)** |
| USAF No.1 Limited Partnership (28.1%) | USAF Nominee No.6A Limited (05885802) (20.2%)** |
| USAF No.10 Limited Partnership (28.1%) | USAF Nominee No.8 Limited (06381861) (20.2%)** |
| USAF No.11 Limited Partnership (28.1%) | USAF Nominee No.8A Limited (06381869) (20.2%)** |
| USAF No.11 Management Limited Partnership (28.1%) | USAF RCC Limited (05983554) (20.2%) |

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS continued

### Section 9: Company subsidiaries and joint ventures continued

**Registered office and principal place of business: 13 Castle Street, St Helier, Jersey, JE4 5UT**

| | |
|---|---|
| LDC (Gt Suffolk St) Unit Trust | LSAV (Aston Student Village) Unit Trust (50.0%) |
| LDC (St Pancras Way) Unit Trust | LSAV (Holdings) Limited (50.0%) |
| LDC (Thurso Street) Unit Trust | LSAV (Trustee) Limited (50.0%) |
| LSAV (Jersey Manager) Limited | LSAV Unit Trust (50.0%) |
| Unite (Capital Cities) Jersey Limited | Unite Capital Cities Unit Trust (50.0%) |
| USAF Jersey Investments Limited | USAF Portfolio 18 Unit Trust (28.1%) |
| USAF Jersey Manager Limited | LDC (Nairn Street) Unit Trust (28.1%) |
| LDC (Ferry Lane 2) Unit Trust (50.0%) | Unite UK Student Accommodation Fund (20.2%) |
| LDC (Stratford) Unit Trust (50.0%) | LSAV (Arch View) Unit Trust (50.0%) |
| LSAV (Drapery Plaza) Unit Trust (50.0%) | |

**Registered office and principal place of business: Third Floor, La Plaiderie Chambers, St Peter Port, Guernsey, GY1 1WG**

| | |
|---|---|
| USAF Feeder Guernsey Limited (45.5%) | USAF Portfolio 16 Unit Trust (28.1%) |
| USAF Portfolio 15 Unit Trust (28.1%) | USAF Portfolio 17 Unit Trust (28.1%) |

**Registered office and principal place of business: Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN**

| | |
|---|---|
| LSAV (GP) Limited (SC431844) (50.0%) | LSAV (Property Holdings) Limited Partnership (50.0%) |

**Registered office and principal place of business: Trident Chambers, Wickhams Cay, P.O. Box 146, Road Town, Tortola, British Virgin Islands**

| | |
|---|---|
| Liberty Park (Bedford) Limited | Liberty Plaza (Newcastle) Limited |

# **FINANCIAL RECORD** (unaudited)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| EPRA earnings (£m) | **176** | 157 | 152 | 97 | 111 |
| EPRA earnings per share (pence) | **42** | 39 | 38 | 26 | 39 |
| Adjusted earnings (£m) | **184** | 163 | 110 | 93 | 105 |
| Adjusted earnings per share (pence) | **44** | 41 | 28 | 24 | 37 |
| IFRS profit/(loss) before tax (£m) | **103** | 351 | 342 | (120) | (101) |
| IFRS profit/(loss) per share (pence) | **25** | 88 | 86 | (32) | (32) |
| EPRA net tangible assets (NTA) (£m) | **4,015** | 3,717 | 3,532 | 3,266 | 3,087 |
| EPRA NTA per share (pence) | **920** | 927 | 882 | 818 | 847 |
| IFRS net assets (£m) | **4,067** | 3,788 | 3,528 | 3,235 | 3,072 |
| IFRS NAV per share (pence) | **931** | 944 | 880 | 809 | 845 |
| LTV (%) | **28%** | 31% | 29% | 34% | 37% |
| Managed portfolio value (£m) | **8,663** | 8,522 | 8,108 | 7,838 | 7,702 |
| Total accounting return (TAR) | **2.9%** | 8.1% | 10.2% | (3.4%) | 11.7% |

## GLOSSARY

| | |
|---|---|
| **Adjusted earnings** | An alternative performance measure based on EPRA earnings, adjusted to remove the impact of abortive acquisition costs and the LSAV performance fee which was settled in 2021. The items have been excluded from adjusted earnings to improve the comparability of results year-on-year. |
| **Adjusted earnings per share/EPS** | The earnings per share based on adjusted earnings and weighted average number of shares in issue (basic). |
| **Adjusted EPS yield** | Adjusted EPS as a percentage of opening EPRA NTA (diluted). |
| **Adjusted net debt** | Net debt per the balance sheet, adjusted to remove IFRS 16 lease liabilities and the unamortised fair value of debt recognised on the acquisition of Liberty Living. |
| **Basis points (BPS)** | A basis point is a term used to describe a small percentage, usually in the context of change, and equates to 0.01%. |
| **Diluted earnings/EPS** | Where earnings values per share are used basic measures divide the earnings by the weighted average number of issued shares in issue throughout the period, whilst the diluted measure also takes into account the effect of share options which have been granted and which are expected to be converted into shares in the future. |
| **Diluted NTA/NAV** | Where NTA/NAV per share is used, basic measures divide the NTA/NAV by the number of shares issued at the reporting date, whilst the diluted measure also takes into account the effect of share options which have been granted and which are expected to be converted into shares in the future (both for the additional number of shares that will be issued and the value of additional consideration that will be received in issuing them). |
| **Direct-let** | Properties where short-hold tenancy agreements are made directly between Unite Students and the student. |
| **EBITDA** | The Group's adjusted EBIT, adding back depreciation and amortisation. |
| **EPRA** | The European Public Real Estate Association, who produce best practice recommendations for financial reporting. |
| **EPRA cost ratio** | The ratio of property operating expenses, overheads and management fees, against rental income, calculated on an EPRA basis. |
| **EPRA earnings** | EPRA earnings exclude movements relating to changes in values of investment properties, profits/losses from the disposal of properties, swap/debt break costs, interest rate swaps and the related tax effects. |
| **EPRA earnings per share/EPS** | The earnings per share based on EPRA earnings and weighted average number of shares in issue (basic). |
| **EPRA like-for-like rental growth** | The growth in rental income measured by reference to the part of the portfolio of the Group that has been consistently in operation, and not under development nor subject to disposal, and which accordingly enables more meaningful comparison in underlying rental income levels. |
| **EPRA net tangible assets (NTA)** | EPRA NTA includes all property at market value but excludes the mark to market of financial instruments, deferred tax and intangible assets. EPRA NTA provides a consistent measure of NAV on a going concern basis. |
| **EPRA net tangible assets per share** | The diluted NTA per share figure based on EPRA NTA. |
| **EPRA net reinstatement value (NRV)** | EPRA NRV includes all property at market value but excludes the mark to market of financial instruments, deferred tax and real estate transfer tax. EPRA NRV assumes that entities never sell assets and represents the value required to rebuild the entity. |
| **EPRA net disposal value (NDV)** | EPRA NDV includes all property at market value, excludes the mark to market of financial instruments but includes the fair value of fixed interest rate debt and the carrying value of intangible assets. EPRA NDV represents the shareholders' value in a disposal scenario. |
| **EPRA net initial yield (NIY)** | Annualised NOI generated by the Group's rental properties expressed as a percentage of their fair value, taking into account notional acquisition costs. |

## **GLOSSARY** continued

| | |
|---|---|
| **EPRA topped up net initial yield (NIY)** | EPRA Net Initial Yield adjusted to include the effect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods or step rents). |
| **EPRA vacancy rate** | The ratio of the estimated market rental value of vacant spaces against the estimated market rental value of the entire property portfolio (including vacant spaces). |
| **ESG** | Environmental, Social and Governance. |
| **Full occupancy** | Full occupancy is defined as occupancy in excess of 97%. |
| **GRESB** | GRESB is a benchmark of the Environmental, Social and Governance (ESG) performance of real assets. |
| **Gross asset value (GAV)** | The fair value of rental properties, leased properties and development properties. |
| **The Group** | Wholly-owned balances plus Unite Group's interests relating to USAF and LSAV. |
| **Group debt** | Wholly-owned borrowings plus Unite Group's share of borrowings attributable to USAF and LSAV. |
| **HMO** | Houses in multiple occupation, where buildings or flats are shared by multiple tenants who rent their own rooms and the property's communal spaces on an individual basis. |
| **IFRS NAV per share** | IFRS equity attributable to the owners of the Parent Company from the consolidated balance sheet divided by the total number of shares of the Parent Company in issue at the reporting date. |
| **Interest cover ratio (ICR)** | Calculated as EBIT divided by the sum of net financing costs and IFRS 16 lease liability interest costs. |
| **Lease** | Properties which are leased to universities for a number of years. |
| **Like-for-like metrics** | Like-for-like is the change in metric, on a gross basis, calculated using properties owned throughout the current and previous period. |
| **Loan to value (LTV)** | Net debt as a proportion of the value of the rental properties, excluding balances in respect of leased properties under IFRS 16. Prepared on a see-through basis. In the opinion of the Directors, this measure enables an appraisal of the indebtedness of the business, which closely aligns with key covenants in the Group's agreements. |
| **Loan to value post IFRS 16** | Net debt as a proportion of the value of the rental properties, including balances in respect of leased properties under IFRS 16. Prepared on a see-through basis. |
| **LTV (EPRA)** | Net debt as a proportion of the value of the rental properties including balances in respect of leased properties and all other assets and liabilities. |
| **LSAV** | The London Student Accommodation Joint Venture (LSAV) is a joint venture between Unite Group and GIC, in which both hold a 50% stake. LSAV has a maturity date of September 2032. |
| **Major regional** | Properties located in Aberdeen, Birmingham, Cardiff, Glasgow, Leeds, Leicester, Liverpool, Newcastle, Nottingham, Sheffield and Southampton. |
| **Net asset value (NAV)** | The total of all assets less the value of all liabilities at each reporting date. |
| **Net debt (EPRA)** | Borrowings net of cash. IFRS 16 lease liabilities are excluded from net debt on an EPRA basis. In the opinion of the Directors, net debt is a useful measure to monitor the overall cash position of the Group. |
| **Net debt per balance sheet** | Borrowings, IFRS 16 lease liabilities and the mark to market of interest rate swaps, net of cash. |
| **Net debt to EBITDA** | Net debt as a proportion of EBITDA. |
| **Net financing costs (EPRA)** | Interest payable on borrowings less interest capitalised into developments and finance income. |

## GLOSSARY continued

| | |
|---|---|
| **Net operating income (NOI)** | The Group's rental income less property operating expenses. |
| **NOI margin** | The Group's NOI expressed as a percentage of rental income. |
| **Nomination agreements** | Agreements at properties where universities have entered into a contract to reserve rooms for their students, usually guaranteeing occupancy. The universities usually either nominate students to live in the building and Unite Students enters into short-hold tenancies with the students or the university enters into a contract with Unite Students and makes payment directly to Unite Students. |
| **Provincial** | Properties located in Bournemouth, Coventry, Loughborough, Medway, Portsmouth and Swindon. |
| **Prime regional** | Properties located in Bath, Bristol, Durham, Edinburgh, Manchester and Oxford. |
| **Property operating expenses** | Operating costs directly related to rental properties, therefore excluding central overheads. |
| **Rental growth** | Calculated as the year-on-year change in the average annual price for sold beds. In the opinion of the Directors, this measure enables a more meaningful comparison in rental income as it excludes the impact of changes in occupancy. |
| **Rental income** | Income generated by the Group from rental properties. |
| **Rental properties** | Investment properties (owned and leased) whose construction has been completed and are used by the Operations segment to generate NOI. |
| **Rental properties (leased)/ Sale and leaseback** | Properties that have been sold to a third-party investor then leased back to the Group. Unite Group is also responsible for the management of these assets on behalf of the owner. |
| **Resident ambassadors** | Student representatives who engage with students living in the property to create a community and sense of belonging. |
| **SaaS** | Software-as-a-Service is a licensing and distribution model used to deliver cloud-based software applications to users over the Internet. |
| **See-through (also Unite Group share)** | Wholly-owned balances plus Unite Group's share of balances relating to USAF and LSAV. |
| **TCFD** | The Task Force on Climate-related Financial Disclosures develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. |
| **Total accounting return** | Growth in diluted EPRA NTA per share plus dividends paid, expressed as a percentage of diluted EPRA NTA per share at the beginning of the period. In the opinion of the Directors, this measure enables an appraisal of the return generated by the business for shareholders during the year. |
| **Total shareholder return** | The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional shares. |
| **USAF/the fund** | The Unite UK Student Accommodation Fund (USAF) is Europe's largest fund focused purely on income-producing student accommodation investment assets.<br><br>The fund is an open-ended infinite life vehicle with unique access to Unite Group's development pipeline. Unite Group acts as fund manager for the fund, as well as owning a significant minority stake. |
| **WAULT** | Weighted average unexpired lease term to expiry. |
| **Wholly-owned** | Balances relating to properties that are 100% owned by The Unite Group PLC or its 100% subsidiaries. |

# COMPANY INFORMATION

## THE UNITE GROUP PLC

**Executive Team**

Joe Lister
Chief Executive Officer

Mike Burt
Chief Financial Officer

**Registered Office**

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**Registered Number in England**

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**Company Secretary**

Christopher Szpojnarowicz

**Auditor**

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