

The heart of
student living

UNITE

The UK's leading developer and manager of student accommodation

Preliminary Results

Year ended 31 December 2010



Highlights

- Adjusted NAV up 11% to 295pps
 - Stabilised portfolio values up 5%
 - £25m of development profit recognised
- Net Portfolio Contribution increased to £4.1m
 - Rental and occupancy growth
 - NOI margin constant
- Good development progress
 - Secured London pipeline up to 2,800 beds
 - All funding and planning in place for 2012 schemes
 - Accretive to future NAV and earnings
- Strong reservations position for 2011/12
 - 62% as at 28 February
 - Rental growth expected in line with 2010 (3.1%)
- Intend to reinstate dividend during 2011

	31 Dec 2010	31 Dec 2009
Adjusted NAV	295p	265p
NPC	£4.1m	£0.6m
Reservations	62%	59%
Secured beds:		
- 2011	1,277	-
- 2012-14	2,793	900
	4,070	900
Adjusted gearing	71%	92%

* Reservations as at 28 Feb



Strategy and market

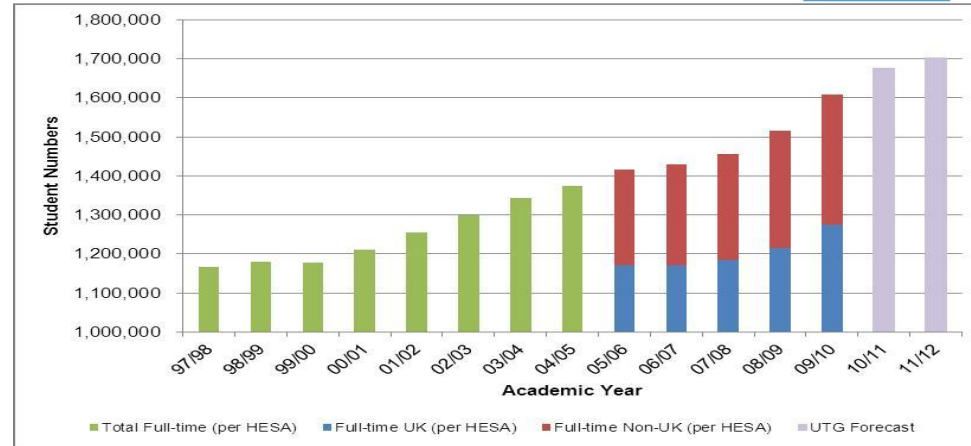
Market view

- Demand for purpose built accommodation will remain strong for foreseeable future
 - 160,000 more applicants than places 2010
 - Capital and planning constraints will limit new supply
 - Important to understand variations at city level

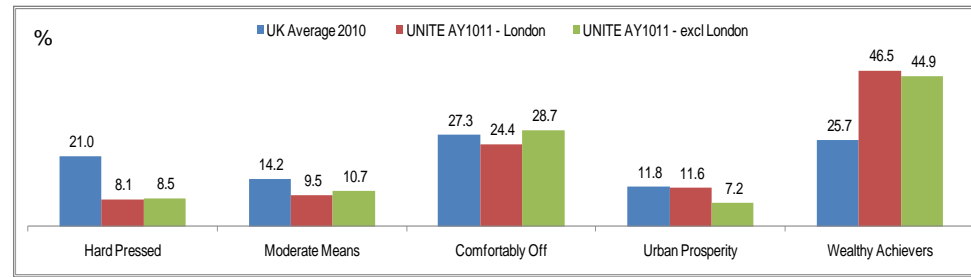
- UNITE customer base particularly resilient to funding changes
 - 46% of customers non-UK
 - UK customer base affluent
 - Only 5% of portfolio revenue in “at risk” category

- Immigration policy considered low risk
 - Focus on non-degree study
 - Government assurances to Universities
 - UNITE has 719 customers at private colleges, of which less than 400 considered in “at risk” category

Full time student number growth

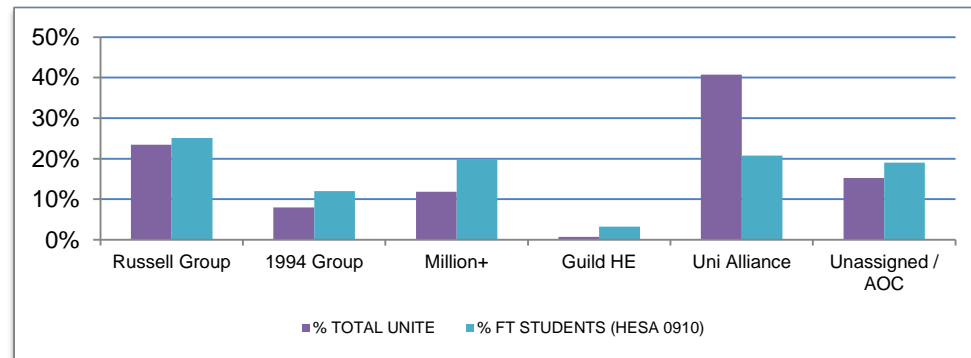


UNITE UK customer base % of total



Source: CACI Limited

UNITE customer base by university grouping



Strategy

- Effectively aligned to market dynamics
 - Investment focused in strongest student locations, particularly London
 - Financial capacity and in-house expertise to undertake attractive developments
 - Half of London development pipeline positioned at value end of spectrum
- Intent to grow NPC and NAV sustainably over time
 - Portfolio well positioned for continued rental growth
 - Numerous accretive asset management opportunities over time
 - Selective development activity accretive to future NAV and earnings
- Will hold greater proportion of portfolio in future
 - Supports growth in NPC
 - Increases London weighting to c.50%
 - Congruent with USAF objectives
- Visibility of NPC growth supports reinstatement of dividend in 2011



Financial review

Financial highlights

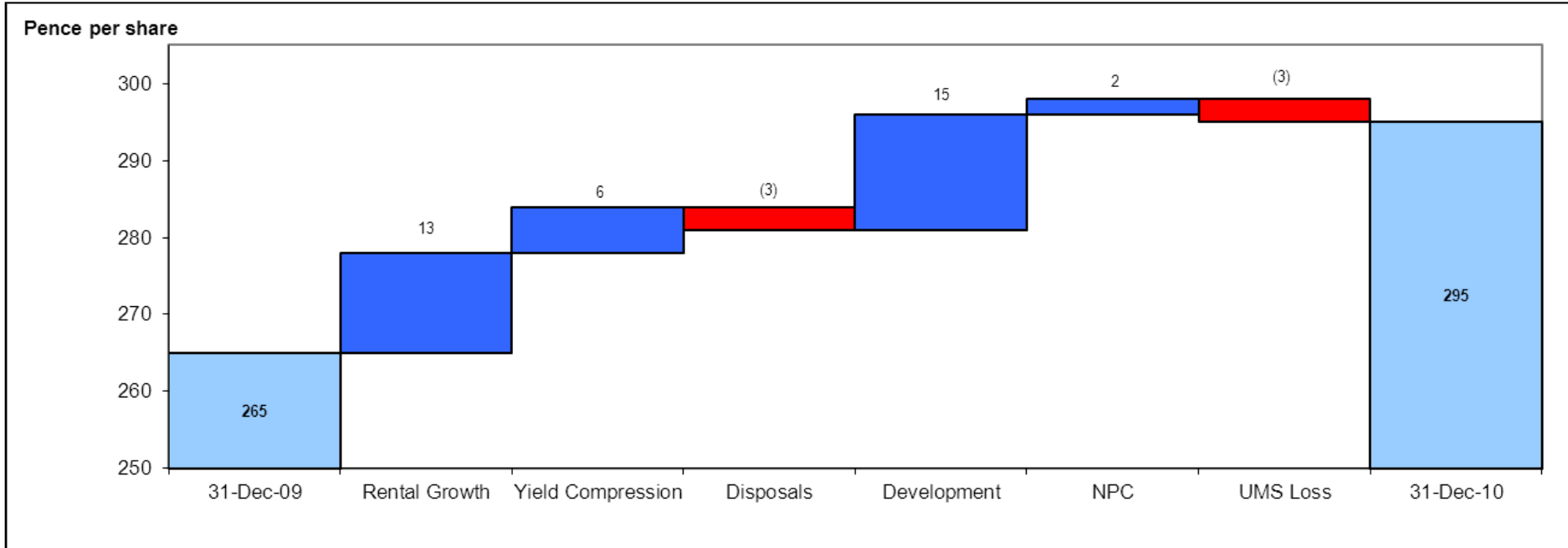
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	2010	2009
Income Statement		
Net portfolio contribution	£4.1m	£0.6m
Adjusted profit /(loss)	£2.4m	(£28.7m)
Profit / (loss) before tax	£19.6m	(£34.9m)
Balance Sheet		
NAV (adjusted, fully diluted per share)	295pps	265pps
Adjusted net debt	£335m	£390m
Adjusted gearing	71%	92%
See-through gearing	115%	133%

NAV bridge

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Constituents of NAV

	Typical NOI yield	31 December 2010			31 December 2009		
		Wholly owned £'m	Share of JVs £'m	Total £'m	Wholly owned £'m	Share of JVs £'m	Total £'m
<i>Investment portfolio</i>							
London	6.25%	162	172	334	245	113	358
Major Provincial	6.5%	204	179	383	259	155	414
Provincial	6.75%	127	40	167	121	36	157
		493	391	884	625	304	929
Development		138	-	138	39	31	70
Property portfolio		631	391	1,022	664	335	999
Adjusted Net Debt		335	212	547	390	171	561
Adjusted LTV		53%	54%	54%	59%	51%	56%
Total managed beds		8,267	31,472	39,739	10,150	28,112	38,262

- 38% capital invested in London
 - Will increase to approximately 50% on completion of pipeline
- £154m of assets to be stabilised

Net Portfolio Contribution

	2010 £'m	2009 £'m	% change
Total income	188.9	164.3	15%
UNITE share of rental income	89.0	81.9	9%
<i>UNITE's share</i>	<i>47%</i>	<i>50%</i>	
UNITE's share of operating costs	(26.9)	(24.7)	9%
UNITE's NOI	62.1	57.2	9%
<i>NOI margin</i>	<i>70%</i>	<i>70%</i>	
Fees from JVs	8.4	5.9	42%
Overhead	(19.6)	(19.5)	1%
Finance costs ¹	(46.8)	(43.0)	9%
Net portfolio contribution	4.1	0.6	

- Rental growth and additional beds driving top line growth
- Cost pressure from utilities offset by efficiencies in operating model
- Finance costs reflect higher level of investment debt and finance leases and higher cost of debt
- Growth in fee income with AUM up from £1.6bn to £1.9bn



¹Finance costs include net interest (£34.7m) and lease payments (£12.1m) on sale and leaseback assets

Income Statement

	2010 £'m	2009 £'m
Net Portfolio Contribution	4.1	0.6
Development pre-contract costs	(3.2)	(0.7)
Development trading profits/write-downs	6.9	(15.3)
UMS loss due to surplus capacity	(4.8)	(1.1)
Swap break costs	-	(9.6)
Restructuring costs	-	(3.0)
Other	(0.6)	0.4
Adjusted profit/(loss)	2.4	(28.7)
Valuation movement / loss on disposal	29.3	(20.2)
Mark-to-market movement	(7.9)	12.4
Deferred tax	(4.2)	1.6
IFRS reported profit / (loss)	19.6	(34.9)



Investment portfolio

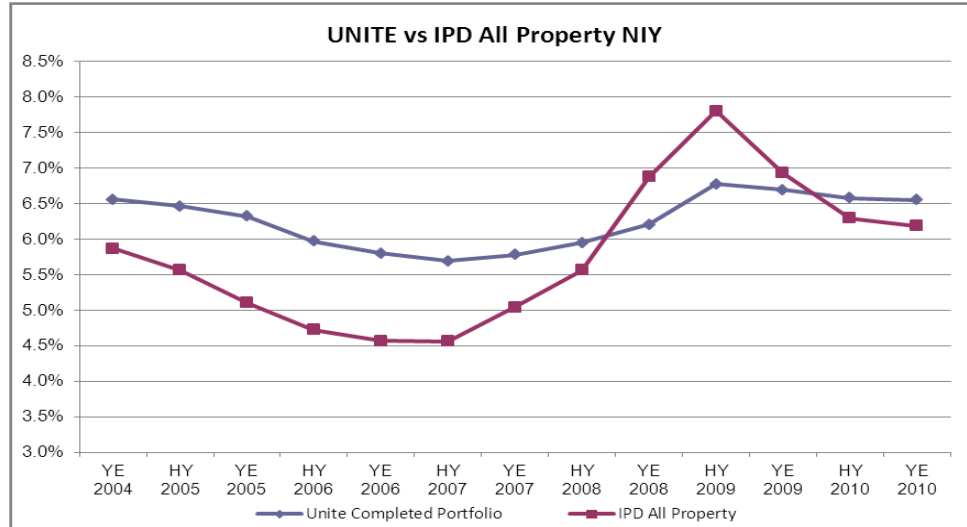
Valuation factors

- Yield compression of 13bps across portfolio
 - Portfolio average yield of 6.6%
 - Yield range widening
- Rental growth of 3.1%
- Value-add opportunities continuing to emerge
 - £6m capex in 2010 delivered £7m NAV uplift (UNITE share £3m)

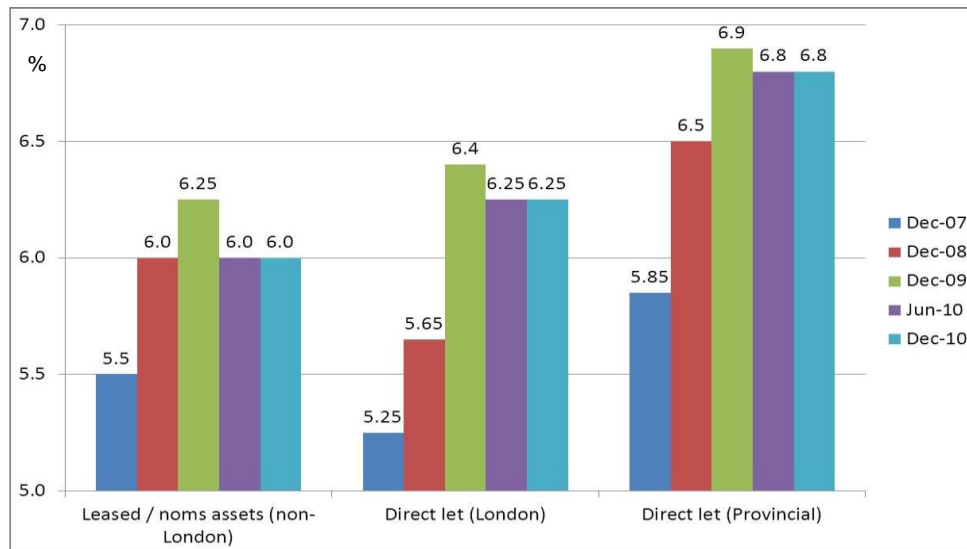
Market factors

- Investment transactions up to c. £385m (2009: £170m)
 - Non-UNITE c. £213m (2009: £40m)
- Investor appetite strongest for prime assets
 - London
 - University agreements
 - 50-75 basis points keener yields than provincial direct let

Relative yield performance



Typical stabilised yields



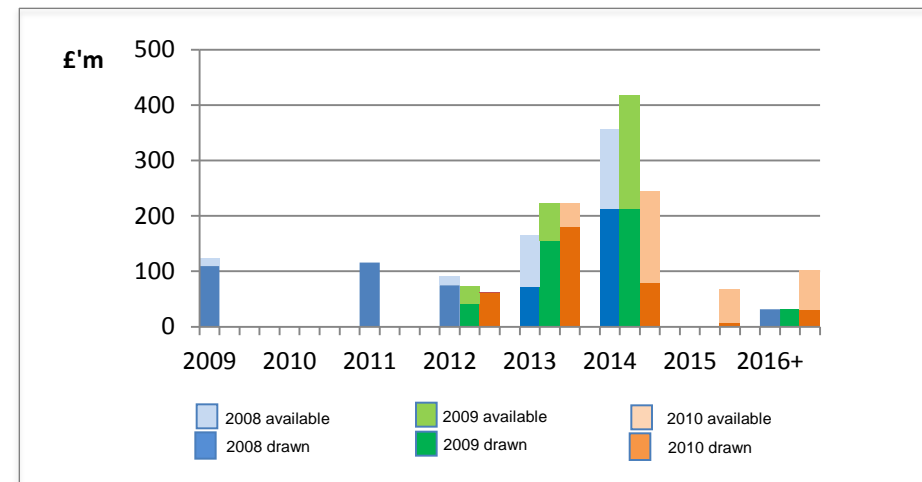
Capital structure

- Financing position remains robust
 - Net debt and gearing at sustainable levels
- Banks remain supportive of student accommodation
- Debt maturities extended
 - £65m of new development facilities
 - £120m of debt extended
 - 2013 and 2014 maturities reduced by 28% to £260m
- Covenant headroom continues to improve

Key debt statistics

	Dec 10	Dec 09
Net debt	£335m	£390m
Net gearing	71%	92%
See through gearing	115%	133%
Adjusted LTV	53%	59%
Average cost of debt		
-UNITE	6.8%	6.6%
-USAF	5.0%	5.4%
-UCC	5.5%	5.5%

Debt maturity profile



Built-out Balance Sheet

- Balance sheet headroom to complete development plan
- Debt facilities in place to complete secured pipeline – £231m of undrawn capacity
- Completing development programme will keep gearing within target range
 - Secured pipeline 105%
 - Target pipeline (+1,200 beds) 117%
- Further development beyond 4,000 bed target will be funded by recycling capital through selective disposals

	31 Dec 2010	Development pipeline	Built out
	£'m	£'m	£'m
Property	631	303	934
Share of JV's NAV	172		172
Cash headroom	83	(39)	44
Borrowings	(418)	(195)	(613)
Net debt	(335)	(234)	(569)
Other	6	-	6
NAV	474	69	543
NAV per share	295p	43p	338p
<i>Adjusted gearing</i>	71%		105%

Co-investment vehicles

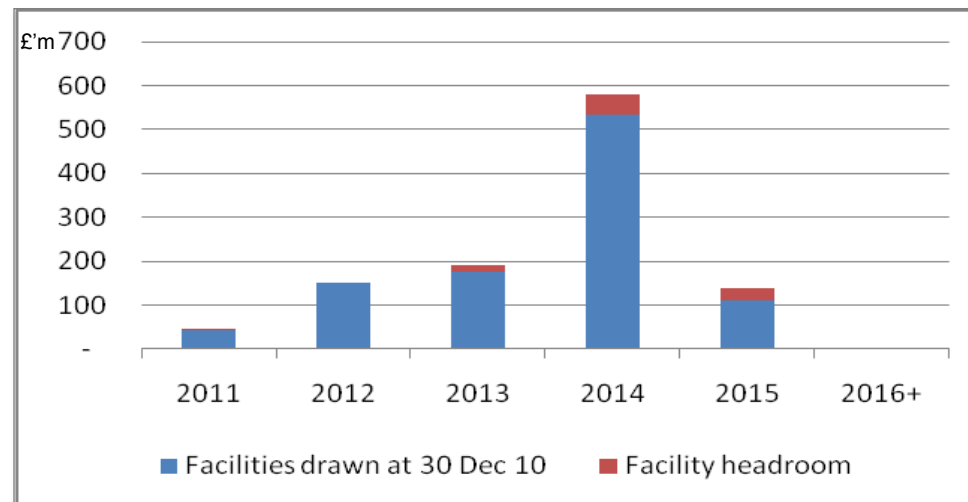
- USAF: established track record, size, diversification
 - Acquired £170m of property in 2010
 - Portfolio valued £1.25bn
 - £30m units traded at 2.1% premium

- Longer term strategies for JVs a priority for 2011
 - UCC, OCB and USV

- Plan to extend debt maturities on key facilities during 2011 and 2012

	USAF	UCC	USV	OCB
31 December 2010	£'m	£'m	£'m	£'m
GAV (£'m)	1,231	379	63	180
Borrowing / others (£'m)	(595)	(252)	(44)	(102)
Adjusted NAV (£'m)	636	127	19	78
2010 total return	11%	8%	19%	n/a
LTV	51%	67%	71%	57%
UNITE stake	16%	30%	51%	25%
Management fees (£'m)	5.3	2.8	-	0.4

Debt maturity profile – co-investment vehicles





Operational review

Development pipeline

	Beds	Completed value £'m	Total development cost £'m	Capex in period £'m	Capex remaining £'m	NAV remaining £'m	Stabilised yield on cost
2011	1,277	100	85	36	26	6	8.3%
2012	1,341	172	127	37	90	29	9.2%
2013-14	1,452	152	118	-	118	34	9.0%
Total	4,070	424	330	73	234	69	9.0%

- Secured London pipeline increased to 2,800 bed spaces
 - All required funding and planning consents in place for 2012 projects
- On track to grow secured pipeline further
 - Additional 1,200 beds in 2011 with existing capital, in line with plan
 - Plan to allocate further £100m to £150m in 2012 (c.1,500 beds), to be funded by selective disposals
- Increased transaction activity in London student development market
 - c. £280m of non-UNITE transactions (estimated completed value) in year (2009: £nil)
 - Focused on sites with existing/expected consents. No increase in forecast supply

UNITE Modular Solutions

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- £4.8 million loss due to surplus capacity
 - £4.6 million arose in first half
- Pipeline of third party opportunities enhanced
 - Two contracts secured
 - Healthy pipeline of other opportunities
 - Student accommodation, budget hotel and residential sectors
- Improved outlook for 2011
 - Forecast production up 50% to 1,800 modules
 - Production weighted to second half
 - EBITDA marginally positive for full year
- Ownership stake under review in short to medium term



Summary and outlook

- Good progress against all strategic objectives
 - Growth in NAV and NPC
 - Development pipeline growing
 - Effective capital and liability management
- Business and strategy well positioned for future
 - Strong and diverse portfolio supports rental growth outlook
 - Attractive customer profile
 - Increasing ownership share of portfolio will drive NPC and London focus
 - Accretive development opportunities remain
- Intend to reinstate dividend during 2011

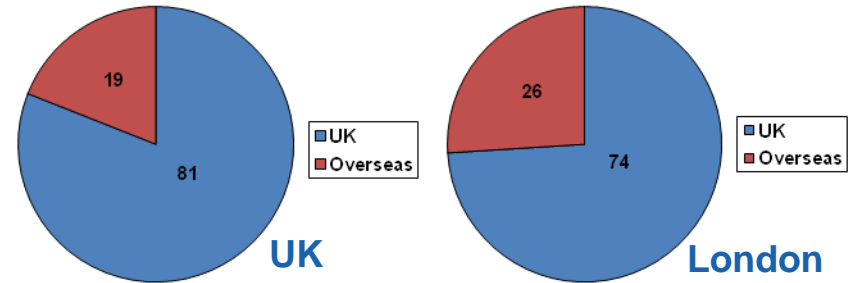




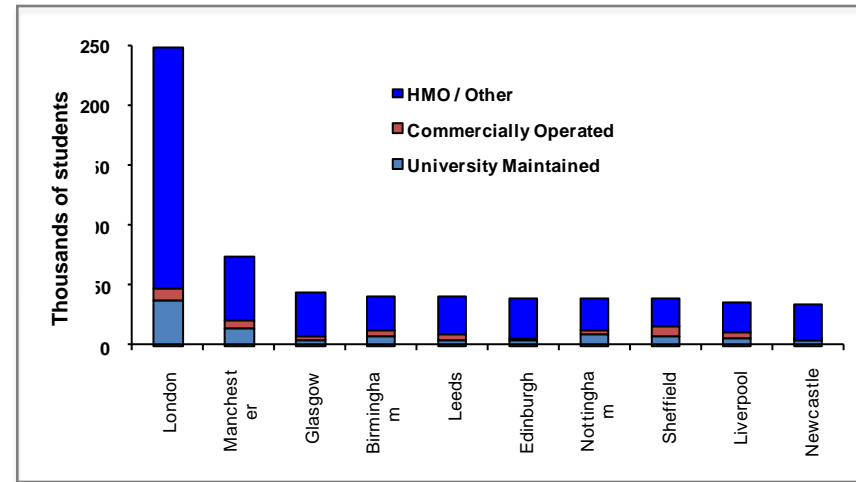
The London student market

- London has three important characteristics that distinguish it from the wider UK market
 - A full time student population (266,000) that is larger than the next five largest student markets combined
 - An incredibly low supply ratio. London's Universities can only supply 36% of the bed spaces required to meet their accommodation 'guarantee' (all first year and international students) compared to a national average of c. 65%
 - A large international student population (c. 70,000) with high accommodation requirements and expectations
- UNITE has built a substantial London student accommodation business in recent years.
 - For academic year 2010/11 UNITE will operate over 6,000 bed spaces in London

Proportion of International HESA – All Students



Top 10 UK Markets



Differentiating the student experience

UNITE's accommodation and offer

- Prime student locations
- Online booking and payment
- Multi-lingual telephone booking line
- Flat shares for up to 8 people
- Single & double occupancy studios
- Group booking facility
- Dedicated management teams
- No hidden costs (rents inclusive of utilities, internet & insurance)

Brand value

- Dedicated sales & marketing functions
- Strong relationships with 50+ Universities
- Affinity partnerships with leading student brands
- Award winning research
- Strong on-line booking system



Our top 10 markets

2010 Rank	2009 Rank	City	Completed Beds (10/11)	Completed Beds (09/10)	FT Student Numbers (09/10)	Projected Market Share
1	1	London	6,586	5,327	284,036	2.3%
2	2	Sheffield	3,734	3,734	46,325	8.1%
3	3	Liverpool	3,372	3,372	40,720	8.3%
4	4	Leeds	3,137	3,137	52,371	6.0%
5	5	Bristol	2,857	3,036	38,561	7.4%
6	6	Manchester	2,595	2,595	79,406	3.3%
7	7	Birmingham	1,832	1,832	53,103	3.4%
8	8	Aberdeen	1,821	1,821	21,735	8.4%
9	9	Leicester	1,685	1,685	28,588	5.9%
10	10	Portsmouth	1,402	1,402	17,582	8.0%



See through balance sheet and income statement

	Wholly owned £'m	USAF £'m	UCC £'m	USV £'m	OCB £'m	Total £'m
Balance sheet						
Rental Properties	493	201	114	31	45	884
Properties under development	138	-	-	-	-	138
Net debt on completed properties	(335)	(94)	(74)	(20)	(24)	(547)
Other assets/(liabilities)	7	(3)	(2)	(2)	(1)	(1)
Adjusted net assets	303	104	38	9	20	474
Income statement						
Rental income	63.5	14.9	7.1	2.67	0.8	89.0
Costs	(20.3)	(4.1)	(1.4)	(0.9)	(0.2)	(26.9)
Net operating income	43.2	10.8	5.7	1.8	0.6	62.1
Management fees	8.9		(0.5)	-	-	8.4
Operating/corporate expenses	(19.2)	(0.1)	(0.2)	-	(0.1)	(19.6)
Finance costs	(36.5)	(4.5)	(4.1)	(1.2)	(0.5)	(46.8)
Net Portfolio contribution	(3.6)	6.2	0.9	0.6	-	4.1
Development segment & other	(1.7)	-	-	-	-	(1.7)
Adjusted profit	(5.3)	6.2	0.9	0.6	-	2.4

Debt facilities

On-balance sheet

	Facility Amount	Drawn	Maturity	LTV @ 31 Dec
<i>Investment</i>	£'m	£'m		
Bank of Ireland	100	100	2013	58%
Nationwide	100	17	2014	19%
HSH / Nordbank	66	43	2014	75%
BNPP/Fortis	29	29	2016	70%
Others	104	103	2012-22	75%
	<u>399</u>	<u>292</u>		
<i>Development</i>				
BNPP/Fortis	71	-	2016	
HSH / Nordbank	59	-	2014	
Barclays	67	7	2015	
RBS	70	29	2013	
Others	31	31	2012-18	
Total	<u>298</u>	<u>67</u>		
Investment & Development	<u>697</u>	<u>359</u>		

Co-investment vehicles

	Facility	Drawn	Maturity	LTV
<u>USAF</u>				
Lloyds	115	115	2012	51%
HSH / Abbey	106	106	2013	44%
CMBS	280	280	2014	52%
Santander	62	50	2015	50%
HSBC	75	62	2015	50%
	<u>638</u>	<u>612</u>		51%
<u>UCC</u>				
- HSH	100	84		
- BNP Paribas	100	84		
- OCB	67	57		
- Maybank	33	28		
Syndicated facility	<u>300</u>	<u>253</u>	2014	67%
<u>OCB</u>				
Barclays	33	32	2011	64%
RBS	35	30	2013	62%
HSH	50	40	2013	49%
	<u>118</u>	<u>102</u>		57%
<u>USV</u>				
Natixis	12	10	2011	76%
Lehmans CMBS	35	35	2012	70%
	<u>47</u>	<u>45</u>		71%

Co-investment vehicles – key terms

USAF

UCC

OCB JV

	USAF	UCC	OCB JV
History:	Multi investor fund formed Dec 06	JV with GIC formed March 05	JV with OCB formed August 09
Strategy:	<ul style="list-style-type: none"> UK direct let student accommodation Exclusivity over UNITE pipeline 	<ul style="list-style-type: none"> London & Edinburgh focus Build a £350m+ portfolio Development led 	<ul style="list-style-type: none"> Build and operate 3 London assets
Capitalisation:	<ul style="list-style-type: none"> £1bn 50-60% LTV 	<ul style="list-style-type: none"> Target £350m+ GAV 70% LTV 	<ul style="list-style-type: none"> Target c. £200m GAV 60% LTV
Format:	Open ended, infinite life	Closed ended, 8 year fund	Closed ended, 5 year JV
UNITE stake:	16.3%	30%	25%
UNITE role:	Co-investing property & asset manager	Co-investing property, asset, and development manager	Co-investing property, asset and development manager
Fees:	AM fee: 60bps of GAV	AM fee : 50 bps GAV	AM fee: 70bps GAV DM fee: 5% build cost
Promote:	25% over 9% total return payable annually in units	20% over 15% total return payable at exit	Capped at £2.5m payable at exit based on milestone achievements

NNNAV

	Dec 2010 £m	Dec 2009 £m
Net assets	387	366
Valuation gains not recognised on properties held at cost	37	18
Fair value of fixed rate debt	(6)	(6)
Deferred tax	-	-
NNNAssets	<u>418</u>	<u>378</u>
NNNAV per share	261pps	237pps