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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR IMMEDIATE RELEASE.

3 July 2019

THE UNITE GROUP PLC (THE “COMPANY” OR “UNITE”) ACQUISITION OF LIBERTY LIVING GROUP PLC

The Unite Group plc (together with its subsidiary undertakings, the “**Group**”) today announces that it has agreed to acquire Liberty Living Group Plc (together with its subsidiary undertakings, “**Liberty Living**”) from Liberty Living Holdings Inc. (“**CPPIB Holdco**”), a wholly owned subsidiary of Canada Pension Plan Investment Board (“**CPPIB**”) (the “**Acquisition**”). The Liberty Living portfolio (defined below) is a high quality portfolio of purpose built student accommodation comprising 24,021 beds and was independently valued at £2.2 billion as at 31 May 2019.

The Acquisition has been priced on a NAV-for-NAV basis (subject to certain adjustments) for a total consideration of £1.4 billion. The consideration is comprised of a combination of cash and shares that will result in CPPIB Holdco receiving a stake of 20% in the Enlarged Group upon Completion.

Unite also today announces a proposed placing of 26,353,664 new ordinary shares (the “**Placing**”) to part fund the cash component of the Acquisition consideration.

Transaction highlights

- A transformative acquisition which:
 - Leverages Unite’s scalable and best-in-class operating platform (PRISM) to deliver £15m of annual cost synergies from 2021
 - Sustains Unite’s medium term rental growth outlook
 - Delivers material earnings accretion from 2020 onwards and enhances Unite’s earnings yield
- Liberty Living is a high quality portfolio and is complementary to Unite’s focus on well located properties and strong earnings visibility
 - 82% of the Liberty Living portfolio is aligned to high and mid-ranked universities
 - 51% of the Liberty Living portfolio is let under nomination agreements (for the 2018/19 academic year) with a 6 year WAULT
 - Adds exposure to new Russell Group universities in Southampton and Cardiff
- Operational enhancements to be delivered by combining the best of both businesses
 - Integration phase will leverage university relationships and best practices from Liberty Living’s operations

- Opportunities to further strengthen Unite’s product and service proposition, including a more tailored customer offer and enhanced talent and skills
- Total consideration of £1.4 billion on a NAV-for-NAV basis (subject to certain adjustments), comprising cash of £0.8 billion and shares of £0.6 billion
 - CPPIB Holdco to receive approximately 72.6 million new Unite shares representing 20% of the Enlarged Group upon Completion (based on a Unite adjusted EPRA NAV per share of 827 pence as at 31 March 2019¹)
 - Approximately £240 million to be raised from the net proceeds of a proposed placing of 26.4 million new Unite shares and approximately £310 million to be drawn from Unite’s existing financing facilities and cash resources to part fund the cash consideration
 - As part of the transaction, the Unite Student Accommodation Fund (“USAF”) will acquire Liberty Living’s properties in Cardiff for cash consideration of £253 million
- Conservatively financed Acquisition
 - LTV for the Enlarged Group immediately following Completion is expected to be approximately 40% with a target of 35% following planned disposals
 - Enlarged Group disposal plan of £150-200 million per annum over the next three years
 - Ensures capacity to maintain c.2,000 bed annual development run-rate
- Unite plans to maintain its 85% dividend payout ratio for the Enlarged Group
- Unite will enter into a Relationship Agreement with CPPIB Holdco and Thomas Jackson will join the Board as a Non-Executive Director upon Completion of the Acquisition. CPPIB Holdco have agreed to a 12 month lock-up from the date of Completion
- The Acquisition is a Class 1 transaction for Unite under the Listing Rules and accordingly requires the approval of Shareholders
 - Unite expects to publish a shareholder circular later today to convene a general meeting for approval of the Acquisition on 23 July 2019
- Completion of the Acquisition is conditional upon CMA clearance
- Completion is anticipated to occur by the end of Q3 2019

Richard Smith, Chief Executive Officer of Unite, commented:

“This is a transformative acquisition which brings together the best of two companies with a wealth of expertise and experience in delivering for students and university partners. By combining two highly complementary portfolios, the enlarged group will be well positioned to meet the growing need for affordable, high quality student accommodation in university towns and cities where demand is strong.

This, combined with our best-in-class operating platform, will mean more choice for universities and an enhanced service and welfare offer for students.

¹ After adjustments for development pipeline credit, deferred tax and mark-to-market of debt and swaps

Backed by a conservative capital structure, this acquisition accelerates and extends our earnings growth and provides opportunities to further enhance total shareholder returns.”

Presentation for analysts and investors

A presentation for analysts and investors will be held this morning at 8:30 a.m. at the offices of Numis Securities, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT. Due to security restrictions, all attendees must pre-register their attendance by contacting unite@powerscourt-group.com. Photo I.D. will be required on arrival.

The presentation will also be accessible via a live audiocast available at www.unite-group.co.uk/investors. Alternatively, dial-in details are available on request.

The person responsible for making this announcement on behalf of the Company is Chris Szpojnarowicz, Company Secretary.

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J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**" or "**JPMC**") is acting as joint financial adviser to Unite in connection with the Acquisition. Numis Securities Limited ("**Numis Securities**" or "**Numis**") is acting as joint financial adviser and sole sponsor to Unite in connection with the Acquisition. JPMC and Numis (together the "**Banks**") are acting as joint bookrunners in connection with the proposed Placing.

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This announcement may contain "**forward-looking statements**" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "**aim**", "**anticipate**", "**target**", "**expect**", "**estimate**", "**intend**", "**plan**", "**goal**", "**believe**", "**seek**", "**may**", "**could**", "**outlook**" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are or may be beyond the control of Unite and/or Liberty Living and which could cause actual results of trends to differ materially, including, but not limited to, domestic and global economic business conditions; market-related risks such as fluctuations in interest rates; the policies and actions of governmental and regulatory authorities; the effect of competition, inflation and deflation; the effect of legislative, fiscal, tax and regulatory developments in the jurisdictions in which Unite and Liberty Living and its respective affiliates operate; the effect of volatility in the equity, capital and credit markets on profitability and ability to access capital and credit; a decline in credit ratings of Unite and/or Liberty Living; the effect of operational risks; an unexpected decline in turnover, rental income or the value of all or part of Unite's or Liberty Living's property portfolio; any limitations of internal financial reporting controls; and the loss of key personnel. Any forward-looking statements made in this announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

No statement in this announcement is intended to be a profit forecast, and no statement in this announcement should be interpreted to mean that earnings or earnings per share of Unite or Liberty Living for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share of Unite or Liberty Living.

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Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

Unite Group plc – Proposed Acquisition of Liberty Living

1. Introduction

Unite announces that it has agreed to acquire Liberty Living Group Plc (together with its subsidiary undertakings, "**Liberty Living**") from Liberty Living Holdings Inc, ("**CPPIB Holdco**"), a wholly owned subsidiary of Canada Pension Plan Investment Board ("**CPPIB**") (the "**Acquisition**"). The Liberty Living portfolio is a high quality portfolio of purpose built student accommodation comprising 24,021 beds and was independently valued at £2.2 billion as at 31 May 2019. The Acquisition has been priced on a NAV-for-NAV basis (subject to certain adjustments) for a total consideration of £1.4 billion.

CPPIB Holdco is the sole shareholder of Liberty Living and, in consideration for the Acquisition, CPPIB Holdco will receive new Ordinary Shares in Unite representing a stake of 20% in the Enlarged Group and total cash consideration of £0.8 billion upon Completion. The cash consideration in connection with the Acquisition will be financed from the net proceeds of a proposed placing (the "**Placing**"), the acquisition of Liberty Living's Cardiff properties by USAF for £253 million and Unite's existing debt facilities and cash resources. The LTV for the Enlarged Group immediately following Completion is expected to be approximately 40% with a target of 35% following planned disposals.

The Acquisition represents a transformative opportunity to combine two complementary and high quality portfolios to drive meaningful earnings accretion and improve visibility of earnings. The Acquisition will reinforce Unite's position as a leading operator of PBSA in the UK, deliver significant benefits of scale as the Liberty Living portfolio is integrated onto Unite's best-in-class operating platform, sustain medium term rental growth prospects and strengthen Unite's university relationships. It is expected that the Acquisition will deliver annual cost synergies of approximately £15 million from 2021 onwards. The Directors believe that the Acquisition will enhance financial and income returns and will be materially earnings accretive from 2020 onwards.

Unite is to acquire Liberty Living excluding: (i) all of Liberty Living's properties in Cardiff, which are to be acquired by USAF; and (ii) Liberty Living's international properties in Germany and Spain (the "**Target Liberty Living Group**"). Liberty Living's two international properties will not be acquired by Unite or USAF in connection with the Acquisition. The Target Liberty Living Group, which comprises 20,541 beds across 43 properties, was independently valued at £1.9 billion as at 31 May 2019. Liberty Living's Cardiff properties, which comprise 3,480 beds across eight properties, were independently valued at £253 million as at 31 May 2019. Unite's portfolio², which comprises 48,815 beds across 122 properties, was independently valued at £3.2 billion as at 31 March 2019 on a see-through basis.

Subject to the satisfaction or waiver of certain conditions, completion of the Acquisition ("**Completion**") is expected to occur by the end of the third quarter of 2019.

Upon Completion, CPPIB Holdco will have the right to appoint one non-executive director to the board of directors of Unite (the "**Board**"), in connection with its 20% shareholding in the Enlarged Group. CPPIB Holdco has nominated Thomas Jackson to join the Board as a non-executive director effective from Completion. The Directors believe that CPPIB, through CPPIB Holdco, will be a supportive, long-term shareholder of the Enlarged Group and welcome the skills and experience that Thomas Jackson will bring to the Board.

Due to its size, the Acquisition is classified as a Class 1 transaction for Unite under the Listing Rules and accordingly requires the approval of Shareholders. The Acquisition is conditional on, among other things, such approval being obtained. Accordingly, a General Meeting will be convened for 10:30 a.m. on 23 July 2019 at the offices of Numis Securities Limited, The London

² Represents Unite's wholly owned property portfolio together with its see-through interest in USAF and LSAV and leased beds

Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT. The Notice of General Meeting is set out in a circular which is expected to be published later today.

Completion of the Acquisition is also conditional upon: (i) the receipt of clearance from the Competition and Markets Authority (the "**CMA**") in respect of the Acquisition; and (ii) approval being given for admission of the Consideration Shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities ("**Admission**"). The Acquisition will not proceed if the conditions are not satisfied or waived (if applicable).

2. Reasons for the Acquisition

The Acquisition represents a transformative opportunity for Unite to utilise its best-in-class operating platform (PRISM) to operate a larger, complementary portfolio. The Board believes that the Acquisition will deliver significant strategic and financial benefits to Unite, including:

- **Reinforce Unite's position as a leading operator in the UK PBSA sector:** Following the Acquisition, Unite will operate a portfolio comprising approximately 73,000 beds across 173 properties in 27 university towns and cities across the UK with a total portfolio value of approximately £5.2 billion³. The Acquisition is expected to provide benefits of scale through the operation of a significantly larger portfolio with increased opportunities to grow recurring earnings.
- **High quality and complementary portfolio:** The Liberty Living portfolio includes attractive, geographically diverse properties, predominantly aligned to high and mid-ranked university institutions, which complement Unite's existing portfolio. The Acquisition will result in Unite operating a combined portfolio of high quality properties across various major university towns and cities.
- **Strengthen relationships with universities:** Liberty Living has strong relationships with a range of universities with 51% of beds in the Liberty Living portfolio let under nominations agreements for the 2018/19 academic year. The Acquisition provides opportunities to deepen Unite's key university relationships and for further university partnerships. In addition, the Liberty Living portfolio contains a broad product range, including lower price points in certain towns and cities.
- **Sustainable rental growth:** The addition of the Liberty Living portfolio supports Unite's medium-term rental growth outlook of 3.0-3.5% per annum. This reflects the high quality nature of the Liberty Living portfolio, which has high occupancy levels, positive rental growth prospects and good income visibility through beds let under nomination agreements.
- **Significant cost synergies:** The Board believes that the Acquisition presents opportunities for the Enlarged Group to realise both operating and overhead cost synergies through the removal of duplicate costs and by leveraging existing city teams. Unite has a best-in-class operating platform in PRISM which can deliver significant efficiency savings as a result of increased scale. It is expected that annual cost synergies of approximately £15 million will be realised from the financial year ending 31 December 2021. These cost savings equate to a reduction of approximately 25% of Liberty Living's total current cost base (approximately 30% when taking into account

³ Based on Unite property values as at 31 March 2019 (including Unite's see-through interest in USAF and LSAV) and Liberty Living property values as at 31 May 2019 (including Unite's see-through interest in Liberty Living's Cardiff properties via USAF)

planned disposals). The Board believes there are further opportunities to enhance earnings and the Enlarged Group's EBIT margin target of 74% through procurement savings and asset management initiatives. The Board expects that the realisation of the synergies will result in one-off implementation costs of approximately £6 million to be recognised in the twelve month period post-Completion.

- **Accelerate earnings growth:** The Board believes the Acquisition will be materially accretive to earnings from the year ending 31 December 2020 onwards. As a result of anticipated EPS accretion, Unite is targeting to deliver an EPS yield of approximately 6% in 2021. The Acquisition supports Unite's aim of delivering low double-digit total accounting returns and Unite is planning to maintain its dividend payout ratio of 85% of EPRA EPS for the Enlarged Group.

3. Financial effects of the Acquisition

The Liberty Living portfolio is being acquired for a total consideration of £1.4 billion. As at 31 May 2019, the Liberty Living portfolio was independently valued at £2.2 billion. The Acquisition will result in Unite acquiring the Target Liberty Living Group, comprising 20,541 beds with a portfolio value of £1.9 billion (and EPRA NAV of £1.2 billion⁴), and USAF acquiring Liberty Living's Cardiff properties, comprising 3,480 beds with a portfolio value of £253 million. As a result of the Acquisition, Unite will operate a portfolio of 72,836 beds with a total portfolio value of approximately £5.2 billion⁵.

The Board remains confident in a rental growth outlook of 3.0-3.5% for 2019/20 and 2020/21 for the Enlarged Group, given the combined quality of the Unite and Liberty Living portfolios and their alignment with the UK's strongest universities. As a result of the Acquisition, the Board believes there is the opportunity to enhance Unite's EBIT margin target of 74%.

The Board expects that the Acquisition, taking into account the Placing and the Consideration Shares, to be materially accretive to earnings from the year ending 31 December 2020. As a result of the quality and predictable nature of earnings and outlook for the Enlarged Group's business, Unite is planning to maintain its dividend payout ratio of 85% of EPRA EPS.

The Board expects the Acquisition will support Unite's target of delivering low double-digit total accounting returns, with an increased weighting towards the income component, targeting an EPS yield of approximately 6% in 2021. It is expected that the Acquisition will be broadly neutral on a NAV per share basis.

Unite is focused on maintaining balance sheet strength. The Acquisition and the Placing will result in an LTV of approximately 40% for the Enlarged Group immediately after Completion (based on a balance sheet date as at 31 March 2019). The Board expects that LTV will reduce over time to a target of 35% through rental growth and planned disposals. The financing of the Acquisition ensures capacity to maintain a development run-rate of approximately 2,000 beds per annum.

The Acquisition is expected to reduce Unite's average cost of debt to approximately 3.5%⁶. As a result of the Acquisition, Moody's has affirmed Unite's and Liberty Living's Baa2 credit rating and

⁴ The Target Liberty Living Group NAV includes various intercompany balances as a result of Liberty Living's Cardiff and international properties which are not being acquired by Unite (the Cardiff properties are to be acquired by USAF). These intercompany balances as at 31 March 2019 represented net assets of approximately £124 million and will be cleared at the point of Completion

⁵ Based on Unite property values as at 31 March 2019 (including Unite's see-through interest in USAF and LSAV) and Liberty Living property values as at 31 May 2019 (including Unite's see-through interest in Liberty Living's Cardiff properties via USAF)

⁶ Based on Unite's cost of debt of 3.8% and Liberty Living's cost of debt of 2.9%.

changed the outlook from stable to positive. Standard & Poor's credit rating outlook is expected to be published shortly.

4. Summary information on Liberty Living

Overview

Established in 2000, the Liberty Living group is a leading owner and operator of privately owned PBSA in the UK. The Liberty Living portfolio is a geographically diverse portfolio of high quality, modern and well-maintained properties, which consists of 24,021 beds across 51 properties in 19 university towns and cities across the UK, with 82% of the portfolio aligned to high and mid-ranked universities⁷. Liberty Living currently maintains relationships with 35 universities and other education providers through 53 separate agreements.

The Liberty Living portfolio has maintained an average 99% occupancy rate over the three years ended 31 August 2018. For the 2019/20 academic year, the Liberty Living portfolio has reservations for 85% of the beds in its portfolio as at 31 May 2019. The Liberty Living portfolio was valued at £2.2 billion as at 31 May 2019, representing a 5.3% net initial yield⁸.

Ownership

The Liberty Living group was established in August 2000 to invest in the student accommodation sector in the UK. In March 2015, CPPIB Holdco acquired the Liberty Living portfolio and operating platform for total consideration of approximately £1.1 billion. CPPIB Holdco has subsequently grown the portfolio through a number of selective acquisitions.

CPPIB is a professional global investment management organisation. CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At 31 March 2019, the Canada Pension Fund had a value of C\$392 billion.

Acquisitions and disposals

Since its establishment, Liberty Living has grown through a combination of organic growth and selective acquisitions. Liberty Living has focused on the acquisition and refurbishment of existing properties rather than the construction and development of new properties.

In August 2015, Liberty Living acquired five properties with a total of 2,153 beds from Student Castle for consideration of £330 million. From 1 September 2015 to 31 March 2019, Liberty Living acquired individual properties or portfolios for £853 million in aggregate, comprising 9,439 beds across 22 properties, while also disposing of 1,591 beds across seven properties.

In March 2017, Liberty Living acquired Union State, a portfolio of 13 operational student accommodation properties comprising 6,484 beds, and one office block in south London, from funds managed by Blackstone for total consideration of £465 million. The Union State portfolio included 5,534 beds across 11 properties located in the UK and a further 950 beds across two properties located in Bremen and Valencia.

The following table provides an overview of the evolution of the Liberty Living portfolio at the end of the financial years ended 31 August 2016, 2017 and 2018:

⁷ Calculated as the number of beds aligned to high- and mid-ranked universities as a percentage of total beds aligned to universities ranked in the 2019 Times University Rankings

⁸ Independent valuation by Knight Frank LLP

	<u>Number of beds</u>	<u>Aggregate property valuation</u>
		(£ million)
Financial year ended 31 August 2016	19,757	1,639
Financial year ended 31 August 2017	23,700	2,046
Financial year ended 31 August 2018	23,701	2,068

Portfolio

The following table sets out where the properties in the Liberty Living portfolio are located, the number of properties and the number of beds as at 31 May 2019:

	<u>Number of properties as at 31 May 2019</u>	<u>Number of beds as at 31 May 2019</u>
Aberdeen	4	599
Bedford.....	1	517
Birmingham.....	4	1,572
Bristol	1	263
Coventry.....	2	817
Edinburgh.....	1	532
Glasgow	2	646
Leeds	2	1,177
Leicester.....	2	1,564
Liverpool.....	4	2,369
London	5	1,506
Manchester	5	2,681
Medway.....	1	1,106
Newcastle	4	2,205
Nottingham	1	598
Sheffield	1	499
Southampton	2	1,233
Wolverhampton	1	657
Target Liberty Living Group total	43	20,541
Cardiff ⁽¹⁾	8	3,480
Liberty Living portfolio total⁽¹⁾ ..	51	24,021

(1) Liberty Living's Cardiff properties are to be acquired by USAF and managed by Unite, conditional on Completion

The Liberty Living portfolio also includes a commercial building in Wyvil Court, London with development potential.

The Liberty Living portfolio predominantly consists of high quality and modern properties comprising mostly ensuite rooms offered at mid-market price points. As at 31 May 2019, 85% of

rooms in the Liberty Living portfolio are cluster flat ensuite bedrooms, 10% are studio bedrooms and the remaining 5% are bedrooms with shared bathrooms.

The Liberty Living portfolio has a strong rate of re-bookings with 16% of beds for the 2018/19 academic year booked by students who have previously stayed in the Liberty Living portfolio. The beds in the Liberty Living portfolio are available at different price points to beds in the Unite portfolio, offering a broader and more affordable product range.

University relationships

Liberty Living currently maintains relationships with 35 universities and other education providers through 53 separate agreements. 82% of the Liberty Living portfolio is aligned to high and mid-ranked universities. For the 2018/19 academic year, 51% of the beds in the Liberty Living portfolio are let under nomination agreements and 49% are direct lets to students. Liberty Living has nomination agreements in place with, amongst others, Cardiff University, the University of Manchester, the University of Birmingham and the University of Leeds.

The weighted average unexpired lease term of Liberty Living's nominations agreements is 6 years. The following table provides an overview of the expiration dates (from the start of the 2018/19 academic year) of all Liberty Living's nomination agreements as a percentage of income from nominations agreements for the 2018/19 academic year:

Agreement length	Beds	Income for the 2018/19 academic year
		(£ million)
Single year	4,343	24.4
2-10 years	5,778	34.6
11-20 years	1,425	8.8
20+ years.....	727	6.4
Total	12,273	74.1

Summary and operating financial review

As at 31 May 2019, the Liberty Living portfolio was valued at £2.2 billion with a LTV ratio of 37%. Liberty Living benefits from a diversified financing structure consisting of a £250 million term bank loan due November 2022, a £150 million revolving credit facility due November 2022, £300 million bonds due 2024 and £300 million bonds due 2029.

Target Liberty Living Group

Pursuant to the Acquisition, Unite will acquire the whole of the Target Liberty Living Group.

The Target Liberty Living Group comprises 20,541 beds with a portfolio value of £1.9 billion as at 31 May 2019. The following table sets out the number of beds, occupancy, rental and other income, net operating income, EBIT margin and EPRA earnings as key performance indicators of the Target Liberty Living Group for the periods indicated:

	Year to 31 August		
	2018	2017	2016
Number of beds	20,220	20,220	16,687
Occupancy (%)	98.2	98.1	99.8
Rental and other income (£ million)	130.9	116.3	102.3
Net operating income (£ million)	91.1	82.1	73.7
EBIT margin (%)	58.7	61.9	65.0
EPRA earnings (£ million)	31.7	(74.9)	(18.4)

The rental and other income figures and net operating income figures included in the table above exclude the rent generated by Liberty Living's eight Cardiff assets. The 2018 figures also do not include income generated by two Leicester properties which were acquired subsequent to Liberty Living's 31 August 2018 financial year end. EPRA earnings were negative for the Target Liberty Living Group for the years ended 31 August 2016 and 2017 primarily as a result of the financing structure in place at the time which resulted in significant net interest costs. Liberty Living was refinanced in November 2017 with £600m of bonds due in 2024 and 2029.

The following table provides an overview of the property valuation, EPRA net initial yield, EPRA NAV and LTV in relation to the properties owned by the Target Liberty Living Group as at the dates indicated:

	As at 31 March 2019	As at 31 August		
		2018	2017	2016
Property valuation (£ million)	1,935	1,816	1,775	1,426
EPRA net initial yield (%)	5.3	5.4	5.6	5.7
EPRA NAV (£ million)	1,205 ⁹	1,069	(87)	17
LTV (%)	42	46	113	105

The Target Liberty Living Group has been independently valued by Knight Frank LLP.

The LTV for the Target Liberty Living Group is higher than for the Liberty Living portfolio as the Cardiff assets are not included within the LTV ratio but the overall level of indebtedness remains the same. The LTV ratios are high in 2016 and 2017 as a result of Liberty Living's previous financing structure.

The increase in EPRA NAV as at 31 August 2018 as compared to 31 August 2017 was due primarily to a reduction in the debt on properties of the Target Liberty Living Group following the refinancing of Liberty Living's debt in November 2017.

Liberty Living portfolio

⁹ The Target Liberty Living Group NAV includes various intercompany balances as a result of Liberty Living's Cardiff and international properties which are not being acquired by Unite (the Cardiff properties are to be acquired by USAF). These intercompany balances as at 31 March 2019 represented net assets of approximately £124 million and will be cleared at the point of Completion.

Following Completion, in addition to wholly owning the Target Liberty Living Group, Unite will gain a see-through interest in Liberty Living's Cardiff properties that are to be acquired by USAF. Unite's current interest in USAF is 25% but this will reduce to 23% when the equity from USAF's equity raise in May 2019 is fully drawn. Unite's interest in the Cardiff properties will be included in its EPRA adjusted results which are on a see-through basis. The financial information below relating to the Liberty Living portfolio includes the full contribution from Liberty Living's Cardiff properties to be acquired by USAF.

The Liberty Living portfolio comprises 24,021 beds and was independently valued at £2.2 billion as at 31 May 2019, of which 3,480 beds with a value of £253 million as at 31 May 2019 correspond to Liberty Living's Cardiff properties. The Liberty Living portfolio consisted of 23,701 beds, 23,700 beds and 19,757 beds for the years ended 31 August 2018, 2017 and 2016, respectively and delivered an average occupancy rate of 99% during the three years to 31 August 2018. Over the same period, the Liberty Living portfolio generated £148.4 million of rental and other income for the year ended 31 August 2018, £132.3 million for the year ended 31 August 2017 and £117.6 million for the year ended 31 August 2016.

Liberty Living introduced a dynamic pricing model for the first time in the 2018/19 academic year which although led to a very high occupancy figure meant that the rental income was slightly behind expectations. The pricing model has been successfully updated for the 2019/20 sales cycle which is tracking in-line with expectations with positive rental growth expectations and high occupancy targeted for the end of the sales cycle. For the 2019/20 academic year the Liberty Living portfolio has reservations for 85% of the beds in its portfolio as at 31 May 2019 (compared to 91% as at 31 May 2018 for the 2018/19 academic year and 88% as at 31 May 2017 for the 2017/18 academic year).

The Liberty Living portfolio had an aggregate property valuation of £2,188 million, £2,068 million, £2,046 million and £1,639 million as at 31 March 2019 and 31 August 2018, 2017 and 2016, respectively. The EPRA NAV of the Liberty Living portfolio as at 31 March 2019 was £1,365 million.

5. Synergies, integration and disposals strategy

Synergies

The Board believes that the Acquisition presents the opportunity for significant cost synergies and that the Enlarged Group can expect to achieve aggregate annual cost synergies of approximately £15 million from the financial year ending 31 December 2021.

Based on the due diligence process undertaken in advance of the Acquisition, experience of integrating properties and portfolios and the benefits of scale that are expected to result from the Acquisition, Unite management has identified the following recurring cost synergies:

- *Central overhead cost synergies:* The Enlarged Group will benefit from a single corporate overhead structure and cost synergies are expected to be realised through the streamlining and removal of duplicate current central overhead costs following integration. Central overhead cost synergies are expected to account for approximately £13 million of the identified annual synergies.
- *Operating cost synergies:* The increase in the size of the Enlarged Group's portfolio is expected to provide scale benefits at a city and asset level, including leveraging existing city teams, thereby reducing the overall cost per bed of the Enlarged Group, as well as enabling a reduction in operating costs per bed for the Liberty Living portfolio. Operating cost synergies are expected to account for approximately £2 million of the identified annual synergies.

Approximately £4 million of the identified cost synergies are expected to be realised in the year ending 31 December 2020. No material cost synergies are expected to be realised in the financial year ending 31 December 2019 given that the Acquisition is not expected to complete until the end of the third quarter of 2019.

The expected aggregate annual cost synergies of approximately £15 million are equivalent to 12.3% of the pro forma total cost base of the Enlarged Group for the year ended 31 December 2018 of £122 million.

The Board expects that the realisation of approximately £15 million of cost synergies would result in one-off costs for implementation of approximately £6 million to be recognised in the twelve month period post-Completion.

Integration

The Board expects the migration of properties in the Liberty Living portfolio onto Unite's operating platform to be completed by the end of the second quarter of 2020, with physical re-branding of the properties planned to be completed in time for the start of the 2020/21 academic year. The Board expects that back office functions of Liberty Living, including human resources and accounting functions, to be incorporated into the existing back office functions of Unite during the second half of 2020.

The integration of Unite and Liberty Living creates an opportunity for Unite to strengthen its product and service offering and to deliver additional operational enhancements through identifying best practices from Liberty Living's operations and harnessing its capabilities and skills. Unite will also roll-out its "Home for Success" customer proposition across the combined portfolio of the Enlarged Group, including providing access to the "My Unite" app and welfare services for students.

Unite's management has experience of integrating portfolios and properties into the business and Unite's PRISM operating platform is well-positioned to drive scale efficiencies and cost savings. As a result, the Board is confident that the integration of the Liberty Living portfolio can be achieved without significant disruption to the management and operations of the Enlarged Group.

Disposals strategy

Portfolio optimisation through disposals will remain an important part of Unite's strategy following the Acquisition as it enhances portfolio quality whilst providing financing capacity to deliver the development and university partnerships pipeline and pursue future investment opportunities. As such, Unite intends to dispose of approximately £150-200 million of assets per annum during the next three years, which is in-line with historical levels. This disciplined approach to portfolio optimisation is also expected to underpin Unite's ability to sustain rental growth over a longer-time horizon.

6. Current trading and prospects

Trading in 2019 is in-line with the Board's expectations. For the 2019/20 academic year, Unite has reservations for 88% of its portfolio (compared to 87% this time last year for the 2018/19 academic year). The level of reservations supports Unite's confidence in a rental growth outlook of 3.0-3.5% for the 2019/20 academic year and a positive medium-term outlook.

As at 31 March 2019 Unite's portfolio was independently valued at £3,060 million (on a see-through basis) (£2,968 million as at 31 December 2018 on a see-through basis). The increase was primarily the result of positive rental growth, a very small amount of yield compression for London assets and progress on development properties. As at 31 March 2019 Unite's EPRA NAV per share was 815 pence (31 December 2018: 790 pence).

Unite is on track to open three new development properties comprising 2,390 beds in 2019, with approximately 70% of these beds secured by nomination agreements. Unite secured resolution to grant planning permission for the 913-bed Middlesex Street development scheme on 19 June 2019 (subject to approval from the Greater London Authority).

Unite continues to identify new development and university partnership opportunities and currently has one London and three regional development sites under offer. Unite has a pipeline of around 10 active discussions for new university partnerships across a range of different models including off-campus developments, stock transfer and third-party management arrangements.

USAF successfully raised £250 million in new equity in May 2019, part of which was used to acquire three properties in Portsmouth and Leeds from Unite for £105 million (Unite share £81 million), representing a net initial yield of 5.5%. The fundraising means that USAF will retain additional investment capacity following the acquisition of Liberty Living's Cardiff properties.

The UK Higher Education sector continues to perform well. The initial applications data for the 2019/20 academic year is encouraging, with overall applications up by 0.4% with growing participation rates and increased numbers of international students more than offsetting the impact of the demographic decline that is expected to continue until 2021. The Augar Review of Post-18 Education and Funding was published in May and contained recommendations including a reduction in tuition fees to £7,500 per annum with lost fee income for Universities topped-up by the Government. The Board believes that the proposals are supportive of continued student demand but note that clarity is required from Government as to when and if these proposals are implemented.

7. Dividend policy

As a result of the quality and predictable nature of earnings and outlook for the Enlarged Group's business, Unite is planning to maintain its dividend payout at 85% of EPRA EPS.

8. Principal terms of the Acquisition

Acquisition perimeter

The Acquisition encompasses the Target Liberty Living Group, which comprises all of Liberty Living excluding: (i) all of Liberty Living's properties in Cardiff, which are to be acquired by USAF, conditional on completion of the Acquisition; and (ii) Liberty Living's international properties in Germany and Spain.

Sale and Purchase Agreement

On 3 July 2019, Unite, CPPIB Holdco and CPP Investment Board Real Estate Holdings Inc. entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which CPPIB Holdco has conditionally agreed to sell Liberty Living to Unite. The Acquisition has been priced on a NAV-for-NAV basis (subject to certain adjustments as at 31 March 2019).

The total consideration is to be satisfied at Completion by a payment in cash to CPPIB Holdco of approximately £800 million and the issue to CPPIB Holdco of approximately 72.6 million Consideration Shares (representing consideration of £580 million¹⁰ based on a Unite adjusted EPRA NAV per share of 827 pence as at 31 March 2019¹¹), which will result in CPPIB Holdco receiving, upon Completion, a shareholding of 20% in the Enlarged Group.

¹⁰ After taking into account dividend equalisation adjustments

¹¹ After adjustments for development pipeline credit, deferred tax and mark-to-market of debt and swaps

The consideration structure for the Acquisition has been calculated on a NAV-for-NAV basis as at 31 March 2019 with certain agreed adjustments applied to the NAVs of Unite and the Liberty Living portfolio. The adjustments relate to, in respect of the share exchange ratio, transaction-related goodwill, development pipeline credit, deferred tax liabilities, the mark-to-market valuation of debt and swaps and, in respect of the cash component, the value of the aggregate costs incurred by Unite and CPPIB Holdco in relation to the Acquisition as compared to estimated costs and stamp duty savings. CPPIB Holdco will be entitled, without adjustment to the consideration, to receive a cash dividend from Liberty Living reflecting the payment of Unite's final dividend in respect of the year ended 31 December 2018, interim dividend in respect of the period ended 30 June 2019 (once announced) and any other dividends declared by Unite with a record date prior to Completion. An adjustment will be made to the purchase price if Completion occurs prior to the record date for the 2019 interim dividend.

Completion of the Acquisition is conditional upon, amongst other things:

- the approval of the Acquisition (as a Class 1 transaction under the Listing Rules) by Shareholders passing the Resolution at the General Meeting;
- the receipt of clearance from the CMA in respect of the Acquisition; and
- approval being given for Admission of the Consideration Shares.

The Acquisition will not proceed if the conditions are not satisfied or waived (if applicable) on or before the date which is 18 months after the date of the Sale and Purchase Agreement. Additionally, CPPIB Holdco will have the right to terminate the SPA if the approval of the Acquisition by Shareholders passing the Resolution at the General Meeting is not received within 3 months of the date of the Sale and Purchase Agreement.

The Sale and Purchase Agreement may be terminated by Unite if it becomes aware that any of CPPIB Holdco's warranties was or has become untrue or misleading, where such breach would be likely to result in Unite being entitled to recover damages exceeding £140 million or if a material adverse change occurs in respect of the Target Liberty Living Group which would result in a liability, cost or remedy, or reduction in value of Liberty Living of at least £140 million. The Sale and Purchase Agreement may be terminated by CPPIB Holdco where Unite has not complied with its obligations at Completion, or where a material adverse change occurs with respect to Unite which would result in a liability, cost or remedy, or reduction in value of Unite of at least £220 million.

CPPIB Holdco has given fundamental title and capacity warranties (in respect of which its liability is limited to the total consideration for the Acquisition) and certain business and tax warranties (in respect of which, its liability is limited to £1, save in the case of fraud) in favour of Unite under the Sale and Purchase Agreement. In addition, CPPIB Holdco has agreed to indemnify Unite against certain liabilities.

Unite has given fundamental capacity warranties and warranties in relation to the issue of the Consideration Shares in favour of CPPIB Holdco under the Sale and Purchase Agreement.

Unite has obtained warranty and indemnity insurance in respect of warranties contained in the Sale and Purchase Agreement and indemnities contained in the tax deed, subject to certain specified limitations agreed with the insurers.

Pursuant to the terms of the Sale and Purchase Agreement, Unite has agreed to pay a break fee of £7.5 million to CPPIB Holdco if the Acquisition does not complete, except in circumstances where (i) the CMA prohibits the Acquisition, or (ii) Unite and CPPIB Holdco mutually agree not to proceed with Completion, which, in the case of (i) or (ii), would result in no break fee being payable, or (iii) Unite and CPPIB Holdco agree that it is likely that the CMA will prohibit the Acquisition or

require remedies that would substantially alter the economics of the Acquisition, in which case a lower break fee of £5 million is payable to CPPIB Holdco.

The Company anticipates that Completion will occur by the end of the third quarter of 2019, subject to the receipt of CMA approval. Following Completion, Liberty Living will be a wholly-owned subsidiary of Unite.

The acquisition of Liberty Living's Cardiff properties by USAF is conditional on the conditions to the Acquisition having been satisfied.

Relationship Agreement

Unite and CPPIB Holdco have agreed the terms of a relationship agreement to be entered into upon Completion (the "**Relationship Agreement**") to govern CPPIB Holdco's holding of Ordinary Shares and the continuing relationship between the parties following Completion.

Pursuant to the terms of the Relationship Agreement, for so long as CPPIB Holdco holds Ordinary Shares representing at least 10% of Unite's issued share capital, CPPIB Holdco shall be entitled to appoint one non-executive director to the Board. CPPIB Holdco has nominated Thomas Jackson to join the Board as a non-executive director effective from Completion.

The Relationship Agreement contains lock-up provisions pursuant to which CPPIB Holdco undertakes for a period of 12 months from the date of Completion, subject to certain exceptions, that neither it, nor any of CPPIB Holdco's affiliates will dispose in any way, or agree to dispose in any way, of its interests in any Ordinary Shares.

9. Financing of the Acquisition

The total consideration for the Acquisition will be financed through: (i) cash consideration of approximately £800 million (of which £253 million will be the consideration payable by USAF for its acquisition of Liberty Living's properties in Cardiff); and (ii) the issuance to CPPIB Holdco of the Consideration Shares representing 20% of the Enlarged Share Capital following Completion.

The total costs and expenses payable by Unite are estimated to be approximately £24 million (£7 million in connection with the Placing and £17 million in connection with the Acquisition).

Cash consideration

Unite proposes to finance the cash consideration for the Target Liberty Living Group of approximately £550 million using approximately £240 million from the net proceeds of the Placing (after taking into account expenses related to the Acquisition and Placing) and Unite's existing debt facilities and cash resources for approximately £310 million. The cash consideration for the acquisition of Liberty Living's Cardiff properties by USAF will be £253 million. The proposed financing mix will maintain Unite's balance sheet strength and result in a LTV ratio of approximately 40% immediately following Completion.

Prior to launch of the proposed Placing, the Company consulted with a significant number of its Shareholders to gauge their feedback as to the transaction and the terms of the Placing. Feedback from this consultation was supportive and as a result the Board has chosen to proceed with the proposed Placing to part finance the Acquisition through an equity raise which will ensure the Enlarged Group LTV ratio is limited to approximately 40% immediately following Completion. The Placing will be structured as an accelerated bookbuild to minimise execution and market risk. The Board intends to apply the principles of pre-emption when allocating Placing Shares to those investors that participate in the Placing. The Placing Shares will be issued pursuant to the allotment and disapplication of pre-emption authorities that Shareholders granted to the Company

at its annual general meeting on 9 May 2019. The Placing Shares will be entitled to the interim dividend for the six months ended 30 June 2019 that Unite expects to declare at the announcement of the Company's interim results that are scheduled for release on 23 July 2019.

The Company intends to apply approximately £240 million from the net proceeds of the Placing to fund part of the consideration of the Acquisition. The net proceeds of the Placing will be placed on deposit pending Completion. If Completion does not occur, the Acquisition would not proceed but Unite would be in receipt of the net proceeds of the Placing. In such circumstances, the Company intends to retain the net proceeds of the Placing for use in connection with its development and university partnership pipeline or for general commercial activities, or a combination thereof.

Consideration Shares

Subject to Completion, Consideration Shares will be issued in connection with the Acquisition. Under the terms of the Sale and Purchase Agreement, the Company will publish a prospectus in relation to the Admission of the Consideration Shares (the "**Prospectus**") which will be filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. The Company expects to publish the Prospectus following receipt of clearance from the CMA, expected to be by the end of Q3 2019.

Applications will be made to the FCA and to the London Stock Exchange for Admission of the Consideration Shares. It is currently expected that Admission of the Consideration Shares will become effective following Completion at 8.00 a.m. on the date of Completion.

The Consideration Shares will be issued and credited as fully paid up and will rank *pari passu* in all respects with the Ordinary Shares then in issue, including the right to receive dividends or distributions made, paid or declared after the date of issue of the Consideration Shares. The Consideration Shares will be issued in uncertificated form.

10. Publication of a Shareholder Circular and General Meeting

It is expected that a Shareholder Circular will be published later today including a notice of General Meeting to be held at 10:30 a.m. on 23 July 2019 at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT.

Due to its size, the Acquisition is classified as a Class 1 transaction for Unite under the Listing Rules and accordingly requires the approval of Shareholders. The Resolution will be proposed as an ordinary resolution requiring a simple majority of votes in favour. If the Resolution is not passed, the Acquisition will not complete.

EXPECTED TIMETABLE OF EVENTS

2019

Announcement of the Acquisition	3 July 2019
Publication and posting of the Circular, the Notice of General Meeting and the Form of Proxy	Expected to be on 3 July 2019
Date of Admission of the Placing Shares	5 July 2019
Latest time and date for receipt of Forms of Proxy	10:30 a.m. on 19 July 2019
Voting Record Date	6:00 p.m. on 19 July 2019
General Meeting	10.30 a.m. on 23 July 2019
Expected date of publication of the Prospectus	By the end of Q3 2019
Expected date of completion of the Acquisition	By the end of Q3 2019
Expected date of Admission of the Consideration Shares	8.00 a.m. two days after Completion
Consideration Shares issued and credited to CREST account of CPPIB Holdco	As soon as practicable after Admission

Notes

Each of the times and dates above are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service. References to time in this announcement are to London time, unless otherwise stated.

APPENDIX – DEFINITIONS

The following words and expressions shall have the following meanings in this announcement unless the context otherwise requires:

"Acquisition"	the proposed acquisition by Unite of Liberty Living from CPPIB Holdco
"Admission"	the admission of the Consideration Shares or the Placing Shares, as applicable, to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"Board"	the board of Directors of the Company
"CMA"	the Competition and Markets Authority
"Circular"	the circular to be published by Unite in connection with the Acquisition, containing the Notice of General Meeting
"CPPIB"	Canada Pension Plan Investment Board, a Canadian federal Crown corporation established under the Canada Pension Plan Investment Board Act of Canada
"CPPIB Holdco"	Liberty Living Holdings Inc., a company incorporated in Canada with registered number 911455-6 whose principal place of business is at One Queen Street East Suite 2500, M5C 2W5 Toronto ON, Canada
"Company"	The Unite Group plc, a public limited company incorporated under the laws of England and Wales, with company number 03199160 and its registered office in South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL
"Completion"	the completion of the Acquisition for the purposes of the Sale and Purchase Agreement in accordance with its terms (and references to "complete" shall be construed accordingly)
"Consideration Shares"	72,582,286 Ordinary Shares of 25 pence each in the capital of the Company to be issued to CPPIB Holdco in part consideration for the Acquisition
"CREST"	the system of paperless settlement of trades in listed securities of which Euroclear UK & Ireland Limited is the operator
"direct lets"	a student accommodation provider enters into an assured shorthold tenancy directly with a student without a university's contractual involvement
"Directors"	the directors of Unite
"Enlarged Group"	the enlarged group following Completion, or, if the Acquisition does not complete, Unite (as the context requires)

"EPRA"	European Public Real Estate Association
"EPS"	earnings per share
"EPS yield"	EPS in a given year divided by NAV per share at the beginning of the year
"FCA"	the Financial Conduct Authority
"Form of Proxy"	the form of proxy accompanying the Circular for use by Unite Shareholders in connection with the General Meeting
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"General Meeting"	the general meeting of Unite to be held at 10:30 a.m. on 23 July 2019 at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT, or any adjournment thereof
"Government"	the government of the United Kingdom
"J.P. Morgan Cazenove"	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
"Liberty Living"	Liberty Living Group Plc, a public limited company incorporated under the laws of Jersey, with company number FC035728 and its registered office at 47 Esplanade, St Helier, St Helier, Jersey, JE1 0BD, and its subsidiary undertakings (as defined in the Companies Act 2006), from time to time
"Liberty Living portfolio"	Liberty Living, including those properties in Cardiff which are to be acquired by USAF, but excluding Liberty Living's international properties in Bremen, Germany, and Valencia, Spain
"Listing Rules"	the listing rules of the FCA made pursuant to Part 6 of the FSMA, as amended from time to time
"London Stock Exchange"	London Stock Exchange plc
"LSAV"	London Student Accommodation Joint Venture
"LTV"	loan to value
"NAV"	net asset value
"nominations agreements"	agreements between a university or other education provider and a student accommodation provider that comprise nominations agreements, residential leases and referral agreements
"Non-Executive Directors"	Phil White, Elizabeth McMeikan, Ross Paterson, Sir Tim Wilson, Richard Akers and Ilaria del Beato

"Notice of General Meeting"	the notice for the General Meeting as set out on in the Circular
"Numis"	Numis Securities Limited
"occupancy"	academic year occupancy, from September of a calendar year to May of the following calendar year, excluding the three-month period from June until August in such following calendar year
"Official List"	the Official List of the FCA
"Ordinary Shares"	ordinary shares of 25 pence each in the capital of the Company
"PBSA"	purpose built student accommodation
"Placing"	the proposed placing of 26,353,664 new Ordinary Shares
"Placing Shares"	the Ordinary Shares to be issued by Unite pursuant to the Placing
"Prospectus"	the prospectus to be published by Unite relating to Admission of the Consideration Shares to be issued pursuant to the Acquisition
"Prospectus Rules"	the prospectus rules of the FCA made pursuant to Part 6 of the FSMA, as amended from time to time
"Regulatory Information Service"	the Regulatory News Services of the London Stock Exchange
"REIT"	real estate investment trust
"Relationship Agreement"	the relationship agreement to be entered into upon Completion, agreed between Unite and CPPIB Holdco
"Resolution"	the ordinary resolution to approve the Acquisition to be proposed at the General Meeting, the full text of which is set out in the Notice of General Meeting at the end of the Circular
"Sale and Purchase Agreement"	the sale and purchase agreement between Unite and CPPIB Holdco (among other persons) for the acquisition of the entire issued share capital of Liberty Living Group plc dated 3 July 2019
"Shareholders"	the holders of Unite Shares
"Sponsor"	Numis
"Target Liberty Living Group"	Liberty Living excluding: (i) all of Liberty Living's properties in Cardiff, which are to be acquired by USAF; and (ii) Liberty Living's international properties in Bremen, Germany, and Valencia, Spain
"Unite"	The Unite Group plc, a public limited company incorporated under the laws of England and Wales, with

	company number 03199160 and its registered office in South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL, and its subsidiary undertakings (as defined in the Companies Act 2006), from time to time
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"USAF"	Unite UK Student Accommodation Fund
"WAULT"	Weighted average unexpired lease term

RISK FACTORS

Risks relating to the Acquisition

- Completion of the Acquisition is subject to the satisfaction of conditions which, if not satisfied, may result in the Acquisition not proceeding, and in which case Unite might be liable to pay a break fee to CPPIB Holdco
- If Completion of the Acquisition does not occur, Unite may not be able to deploy the Placing proceeds quickly or at all into alternative acquisitions or development or university partnership opportunities which will impact earnings per share
- There can be no assurance that the CMA will not require remedies as a condition to Completion
- The value of the Target Liberty Living Group may be less than the consideration paid which has been determined by reference to the NAV of the Liberty Living portfolio as at 31 March 2019
- The Enlarged Group may fail to realise, or it may take longer than expected to realise, the expected benefits of the Acquisition
- The Enlarged Group may experience difficulties in integrating Unite and Liberty Living
- Acquisition-related costs may exceed Unite's expectations
- Following Completion, the indebtedness and financial leverage of Unite will increase
- Shareholders will have a reduced ownership and voting interest in the Enlarged Group than they currently have in Unite
- CPPIB Holdco will hold a significant stake in Unite from Completion and its interests may differ from those of other Shareholders

Risks relating to Unite which result from or that will be impacted by the Acquisition

- The Enlarged Group is exposed to demand risk for accommodation and a potential fall in occupancy
- Changes to current Government policy on Higher Education and immigration could affect the overall number of students pursuing courses of study and reduce the demand for student accommodation in the Enlarged Group's properties
- Increased competition between universities, including from non-UK universities, may affect the demand for places at the UK universities served by the Enlarged Group

- Demand for accommodation provided by the Enlarged Group may be affected by increasing competition between operators, increasing levels of development of student accommodation and the availability of alternative forms of accommodation
- Rental income is dependent on the financial stability of tenants and other counterparties
- Operating expenses may increase that are not offset through an equivalent increase in rents
- Property valuations may fall
- Economic conditions in the United Kingdom may have a negative impact on the Enlarged Group's business and the value of the Enlarged Group's property portfolio
- Real estate illiquidity may restrict the Enlarged Group's ability to sell properties
- There is a risk that properties in Unite's portfolio or the Liberty Living portfolio may have been constructed with materials that endanger occupants
- Changes in the tax status of the Enlarged Group, including loss of REIT status, or to tax legislation may adversely affect the Enlarged Group's ability to fulfil its commitments
- The Enlarged Group's reputation could be damaged
- The decision of the UK to leave the EU may have a negative effect on the Enlarged Group's business
- The Enlarged Group may not be able to maintain or increase the rental rates for its properties, which may have a material adverse impact on the Enlarged Group's business, financial condition and results of operations and on the value of the Enlarged Group's properties
- The rental income generated by the Enlarged Group's properties depends in part on successfully maintaining relationships with, and the financial stability of the educational institutions with which the Enlarged Group has direct contractual relationships
- The Enlarged Group depends on key information technology and communication systems which may fail or be subject to disruption or become obsolete

Risks relating to the Placing Shares

- The value of an investment in the Placing Shares may go down as well as up and any fluctuations may be material and may not reflect the underlying value of assets held by Unite
- The market price for the Placing Shares may decline below the Placing Price
- Any future issue of Ordinary Shares will further dilute the holdings of shareholders and could adversely affect the market price of the Placing Shares
- Admission of the Placing Shares may not occur when expected

Further information on key risks relating to the Acquisition, key risks relating to Unite which result from or that will be impacted by the Acquisition and key risks relating to the Placing Shares are available on the Company's website at www.unite-group.co.uk/investors.