

Unite UK Student Accommodation Fund

INVESTMENT POLICY AND OBJECTIVES

The Funds investment policy is to combine attractive current income with long term capital growth by acquiring and managing a diversified portfolio of institutional quality direct let students accommodation properties within the UK. We provide a home for over 29,000 students in 76 purpose built properties across 20 of the UK's strongest university town and cities. Its portfolio consists of 76 properties with a current market value of £2.8bn. The investment objective is to generate a target return of 7.0% - 8.0% pa.

INVESTOR CONSTITUENCY

The Fund is open to UK and overseas tax-exempt and tax-paying expert investors.

Fund details	
Type of fund	Property Unit Trust
Residence	Jersey
Launch date	15-Dec-06
Open/closed-ended	Open-ended*
Earliest date of winding up	Not applicable**
Year-end	31-Dec
NAV (GBPm)	1900.5

Source: UNITE Integrated Solutions plc

Management/professional advisors	
Trust Manager	USAF Jersey Manager Limited*
Property advisor	UNITE Integrated Solutions plc*
Fund Manager	James Watts
Operator	Mazars Corporate Finance Limited
Administrator	Sanne Fund Administration Limited
Auditors	Deloitte

Source: UNITE Integrated Solutions plc

	Unite UK Student Accommodation Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
3 months	0.5	2.2	2.2	1.8
Year-to-date	0.5	2.2	2.2	1.8
12 months	-1.6	2.5	2.5	0.7
3 years+	3.0	2.7	2.4	1.1
5 years+	5.6	4.6	4.1	3.2
10 years+	10.5	6.8	6.4	5.9

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions	
Maximum development exposure	The value of non-income producing assets should not exceeds 10% of the Fund's total portfolio value
Maximum speculative development exposure	Nil
Maximum lot-size holding as a standing investment	All properties acquired must be at least 85% let
Maximum lot-size holding permitted at purchase	None specified
Maximum exposure to limited partnerships	None specified
Maximum exposure to joint ventures	None specified
Maximum exposure to closed and open-ended property unit trusts	None specified

Source: UNITE Integrated Solutions plc

Portfolio distribution %			
	Unite UK Student Accommodation Fund	Retail	Total
North West	9.7	0.0	9.7
Yorkshire & Humberside	13.0	0.1	13.0
South West	8.8	0.1	8.9

Scotland	9.4	-	9.4
East Midlands	8.6	0.0	8.6
Rest of London*	13.8	0.0	13.8
West Midlands	6.9	0.0	6.9
Midtown	-	-	-
South East	9.8	0.0	9.8
City	-	-	-
West End	-	-	-
Eastern	-	-	-
North East	6.1	0.0	6.2
Wales	8.4	-	8.4
Northern Ireland	-	-	-
Other	-	-	-
Cash	-	-	5.2
Overall	94.5	0.3	100.0

Source: UNITE Integrated Solutions plc

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	76	2,755.8	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	76	2,755.8	100.0

Source: UNITE Integrated Solutions plc

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Emily Bowes	London	Other	121.1	4.4
The Plaza	Leeds	Other	98.0	3.6
Sidney Webb House	London	Other	87.1	3.2
Bliethehale Court	London	Other	84.5	3.1
Piccadilly Point	Manchester	Other	77.7	2.8
Greetham Street	Portsmouth	Other	72.9	2.6
Grand Central	Liverpool	Other	72.6	2.6
Sky Plaza	Leeds	Other	69.0	2.5
New Medlock House	Manchester	Other	61.6	2.2
St Peters	Nottingham	Other	58.5	2.1
10 largest investments as % of portfolio			802.9	29.1

Source: UNITE Integrated Solutions plc

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	1	1.6	0.1
2.5 - 5	0	0.0	0.0
5-10	6	51.2	1.9
10-25	21	365.9	13.3
25 - 50	33	1261.0	45.8
50 - 100	14	955.1	34.7
100-150	1	121.1	4.4
Over 150	0	0.0	0.0
Total	76	2755.8	100.0
Average lot size		36.3	

Source: UNITE Integrated Solutions plc

Property Yield		Voids as % of ERV	
Net initial yield	5.25%	Investments	10.03%
Nominal equivalent yield	-	Developments	0.00%
True equivalent yield	-	Total	10.03%
Net reversionary yield	-		

Source: UNITE Integrated Solutions plc

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	0.5	0.6
Retail warehousing	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	0.0	0.0
Industrial	0.0	0.0
Other	99.5	99.4
Overall	100.0	100.0

Source: UNITE Integrated Solutions plc

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	0.7	-	-	0.1	-	11.1	-	117.6
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	-	-	-	-	-	-	-	-
Industrial	-	-	-	-	-	-	-	-
Other	136.9	-	-	15.2	-	17.6	-	111.1
Overall	137.7	-	-	15.5	-	11.1	-	111.1

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: UNITE Integrated Solutions plc

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

The unexpired term of leases

Years	% of rent passing
20 years or greater	0.0
15 years or greater, but less than 20	4.8
10 years or greater, but less than 15	0.0
5 years or greater, but less than 10	6.1
Less than 5 years	89.1

Source: UNITE Integrated Solutions plc

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: UNITE Integrated Solutions plc

Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
380	3.5%	2.2	0	0.0%	0
185	4.0%	4.2	0	0.0%	0
125	2.8%	4.2	0	0.0%	0
85	1.93%	4.2	0	0.0%	0

Bid/offer spread	1.3%	1.3%	0.0%	0.0%	0.0%	0.0%
Net asset value (GBP)	1.414	1.368	1.359	1.365	1.340	1.377
Quarterly distribution (GBP)	0.0042	0.0200	0.0000	0.0000	0.0000	0.0000
Yield	4.2%	4.4%	3.2%	1.8%	1.5%	0.0%

Source: UNITE Integrated Solutions plc

Net asset value

The Trust's NAV per unit is re-calculated by the Trust Manager each quarter within five working days of the quarterly revaluation of the property portfolio.

The Trust's fixed rate debt and any other financial instruments are marked to market each quarter and included in the re-calculation of its NAV on the basis of their market values. Performance fees are estimated and accrued and therefore also reflect in the quarterly re-calculation of the Trust's net asset value.

Distributions

The Fund distributes its income on a quarterly basis within 20 business days of quarter end.

Distributions of income are made gross of income tax to UK residents and to overseas residents qualifying under the Non-Resident Landlord's Scheme.

Minimum investment/disinvestment

Minimum initial investment: No minimum

Minimum additional investment: No minimum

Minimum holding: No minimum

* Including amounts due in respect of a subscription agreement.

Redemption of units

Unitholders may request the Fund to redeem all or part of their holdings on a semi-annual basis. Notice must be given at least 90 days prior to a calendar half-year end, and redemption requests will be effective on the first calendar half year-end following the expiry of the notice period (the 'Redemption Effective Date'). If the Fund has insufficient liquidity to satisfy redemption requests in full, these will be met on a pro-rata basis, as and when liquid assets become available.

During the 180-days following the Redemption Effective Day (the 'Primary Redemption Period') the Trust Manager will determine which liquid assets can be made available. The Trust will not be obliged to sell properties during the Primary Redemption Period.

On expiry of the Primary Redemption Period, the Trust Manager will be obliged to use its reasonable endeavours to satisfy redemptions by increasing borrowings, raising additional capital or by selling properties. The Trust Manager will not be obliged to sell properties representing more than 10% of the Trust's gross asset value within any four consecutive quarterly periods, or to sell any property within four years of its acquisition by the Trust.

Termination

It is intended that the Fund will have an infinite life. A vote to terminate would require a 80% majority.

Taxation

Capital Gains Tax

Since it is registered in Jersey, the fund is not subject to UK capital gains tax. Those investors who are subject to tax may be liable to capital gains tax on the redemption or sale of their units in the fund.

Income Tax

Distributions of income are made gross of income tax to UK residents and to overseas residents qualifying under the Non-Resident Landlord's Scheme.

Stamp duty reserve tax

The fund's registration in Jersey means that the issue and transfer of units do not attract SDRT.

Charges

Annual fees

The Trust Manager, Trustee, Administrator and Operator are entitled to annual fees for their services.

The Property Manager is entitled to:

- 1) an asset management fee equivalent to 0.44bps NAV and 5.6% of NOI per annum.
- 2) A cash management fee equivalent to 0.10% pa of the Trusts average daily balances

Performance fees

Unite is entitled to a performance fee equivalent to 25% of the investment performance of the Trust in excess of a Priority Return to unit holders of 9% pa. The performance related participation is payable annually based on NAV and distributions for the preceding 12 months (adjusted for any cumulative underperformance) in the form of units in the Trust (at a price based on NAV at the most recent valuation date prior to issue).

Acquisition Fees

The Property Manager is entitled to receive an acquisition fee equal to 1.0% of the gross acquisition cost of any property acquired other than from Unite. (Amounts payable will be net of any third party introductory or agency fees).

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	67	29.2
1% or greater but less than 2%	13	18.0
2% or greater but less than 4%	4	10.1
4% or greater but less than 8%	2	12.3
Greater than 8.0%	2	30.4
Total	88	100.0
Major investors		
Largest holder	1	22.0
Three largest holders	3	37.3
Five largest holders	5	46.1
Ten largest holders	10	56.2
Internal/external investors		
Internal	1	22.0
External	87	78.0

Source: UNITE Integrated Solutions plc

Liquidity						
Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
Issues and redemptions						
Units in issue as at start of period	1,159,879,660	1,183,481,191	1,190,608,121	1,194,109,155	1,369,874,805	1,369,874,805
Units issued during period	23,601,531	7,126,930	3,501,034	175,765,650	-	-
Units redeemed during period	-	-	0	0	0	0
Units in issue at end of period	1,183,481,191	1,190,608,121	1,194,109,155	1,369,874,805	1,369,874,805	1,369,874,805
Unit transfers						
Matched bargains	112,661,422	49,010,358	109,649,246	124,204,052	39,909,704	16,120,007
Matched bargains %*	9.5%	4.1%	9.2%	9.1%	2.9%	1.2%

* as % of units in issue at the end of the period

Source: UNITE Integrated Solutions plc

Note

Unite Students is the UK's largest owner, manager and developer of purpose-built student accommodation, serving the country's world-leading Higher Education sector. We provide homes to 76,000 students across 180 properties in 27 leading University towns and cities. We currently partner with over 60 Universities across the UK.

Our people are driven by a common purpose: to provide a 'Home for Success' for the students who live with us. Unite's accommodation is safe and secure, high quality and affordable. Students live predominantly in ensuite study bedrooms, with rents covering all bills, insurance, 24-hour security and high-speed Wi-Fi. We also hold a five-star British Safety Council audit rating.

Founded in 1991 in Bristol, Unite Group is an award-winning Real Estate Investment Trust (REIT), listed on the London Stock Exchange and a member of the FTSE 250 Index. Unite is invested in and operates two specialist funds and joint ventures with institutional investment partners: the £3 billion Unite UK Student Accommodation Fund (USAF) and the £1 billion London Student Accommodation Vehicle (LSAV).

For more information, visit:

Unite's corporate website www.unite-group.co.uk

The student site www.unitestudents.com