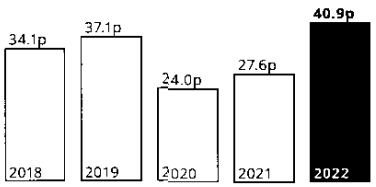
FRIDAY
ACD2V6QB
A67 29/09/2023 #83
COMPANIES HOUSE

HOME FOR SUCCESS

THE UNITE GROUP PLC
Annual Report and Accounts 2022

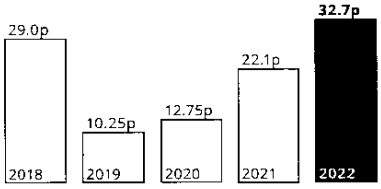
Unite provides high-quality homes to students from the UK and around the world. Together, we are committed to raising standards in the student accommodation sector for our customers, investors and people

FINANCIAL HIGHLIGHTS



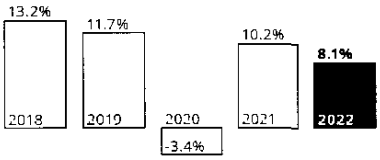
Adjusted earnings per share[1, 2] (p)

40.9p



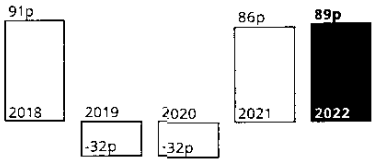
Dividend per share (p)

32.7p



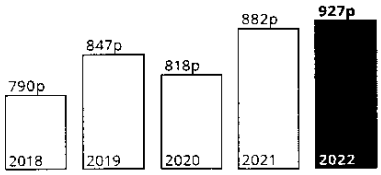
Total accounting return[1] (%)

8.1%



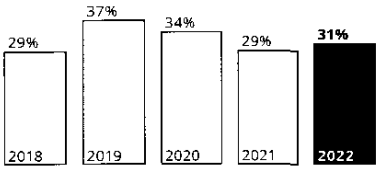
IFRS basic earnings per share (p)

89p



EPRA NTA per share[1, 3] (p)

927p



Loan-to-value ratio[1] (%)

31%

OPERATIONAL HIGHLIGHTS

- **Return to full occupancy in 2022/23, strong demand for 2023/24**
- **Best-in-class operating platform supports continued earnings growth in 2023**
- **Successful project deliveries in 2022, four committed developments for delivery in 2023–2026**
- **Shortage of quality student homes creates significant opportunities to grow our platform**
- **Rental growth more than offsetting the impact of rising property yields**
- **Sustainability strategy delivering a positive impact through People and Places**

1. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial highlights are based on the European Public Real Estate Association (EPRA) best practice recommendations and these performance measures are published as they are intended to help users in the comparability of these results across other listed real estate companies in Europe. The metrics are also used internally to measure and manage the business and to align to the performance related conditions for Directors' remuneration. See note 8 for calculations and reconciliations.
2. Adjustment made to EPRA EPS to remove the impact of the LSAV performance fee and abortive acquisition costs. Further details are provided in notes 2 and 8.
3. 2018 based on EPRA NAV as previously reported.

OUR 2022 ANNUAL REPORT AT A GLANCE

OUR PURPOSE-LED STRATEGIC APPROACH

04
Read more

Our purpose, Home for Success, is fundamental to everything we do at Unite. It means providing a safe and welcoming home where students from the UK and all over the world can achieve their aspirations.

WHY INVEST IN UNITE

Read more

We are the UK's largest owner, manager and developer of purpose-built student accommodation, serving the UK's world-leading Higher Education sector.

CONTENTS

STRATEGIC REPORT

01 Highlights
02 Our 2022 Annual Report at a glance
04 Being purpose-led
05 Who we are
06 Our purpose
08 Business model
06 Why invest in Unite
14 Chief Executive's review
20 Market overview
24 Our strategic objectives
30 Key performance indicators
32 Financial review
46 Sustainability and non-financial reporting
66 Section 172
69 TCFD
77 Risk management

CORPORATE GOVERNANCE

88 Chair's introduction to Governance
90 Board of Directors
94 Board statements
97 Board leadership and purpose
105 Division of responsibilities
107 Board activities
115 Nomination Committee
119 Audit & Risk Committee
125 Sustainability Committee
128 Health & Safety Committee
131 Remuneration Committee
164 Directors' Report
167 Statement of Directors' Responsibilities

FINANCIAL STATEMENTS

169 Independent auditor's Report
179 Consolidated income statement
179 Consolidated statement of comprehensive income
180 Consolidated balance sheet
181 Company balance sheet
182 Consolidated statement of changes in shareholders' equity
183 Company statement of changes in shareholders' equity
184 Consolidated statement of cash flows
185 Notes to the financial statements

OTHER INFORMATION

244 Financial record
245 Glossary
248 Company information

View our 2022 Annual Report & Accounts online at: **unitegroup.com/investors/reports-and-presentations**

Page references are shown throughout for links to important content

BUSINESS MODEL

08
Read more

We align our portfolio to the best locations and strongest Universities. Our scale allows us to deliver value-for-money to customers, alongside sector-leading returns.

We delivered a strong operational performance in 2022, with earnings and dividends surpassing their pre-pandemic levels on the back of a return to full occupancy and improving rental growth.

Under our sustainability strategy, we focus on making a positive impact through People and Places. We continue to make progress on our objective of being a net zero carbon business by 2030, and have committed 1% of our annual profits to social initiatives.

CHIEF EXECUTIVE'S REVIEW

14

CHAIR'S INTRODUCTION TO GOVERNANCE

88
Read more

The business has had a strong 2022 performance, built on our best-in-class operating platform and affordable and well-located portfolio, but ultimately delivered through the hard work and commitment of our people serving our customers. This has helped deliver the strong recovery in our operational performance with 99% occupancy and our financial performance, with earnings and dividends above their pre-pandemic peak.

BEING PURPOSE-LED

HOME FOR SUCCESS

Home for Success means providing a home where students from the UK and all over the world can achieve their aspirations. It is also our commitment to be a valued partner to Universities, and a workplace where our people can grow, belong and succeed.

Our corporate strategy is underpinned by our strategic objectives, our values and our brand promises.

STRATEGIC OBJECTIVES

- DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES
- ATTRACTIVE RETURNS FOR SHAREHOLDERS
- A RESPONSIBLE AND RESILIENT BUSINESS

Read more about our **three strategic objectives** on **pages 24–29**

VALUES

- KEEPING US SAFE
- CREATING ROOM FOR EVERYONE
- DOING WHAT'S RIGHT
- RAISING THE BAR TOGETHER

Read more about our **values** on **pages 98–99**

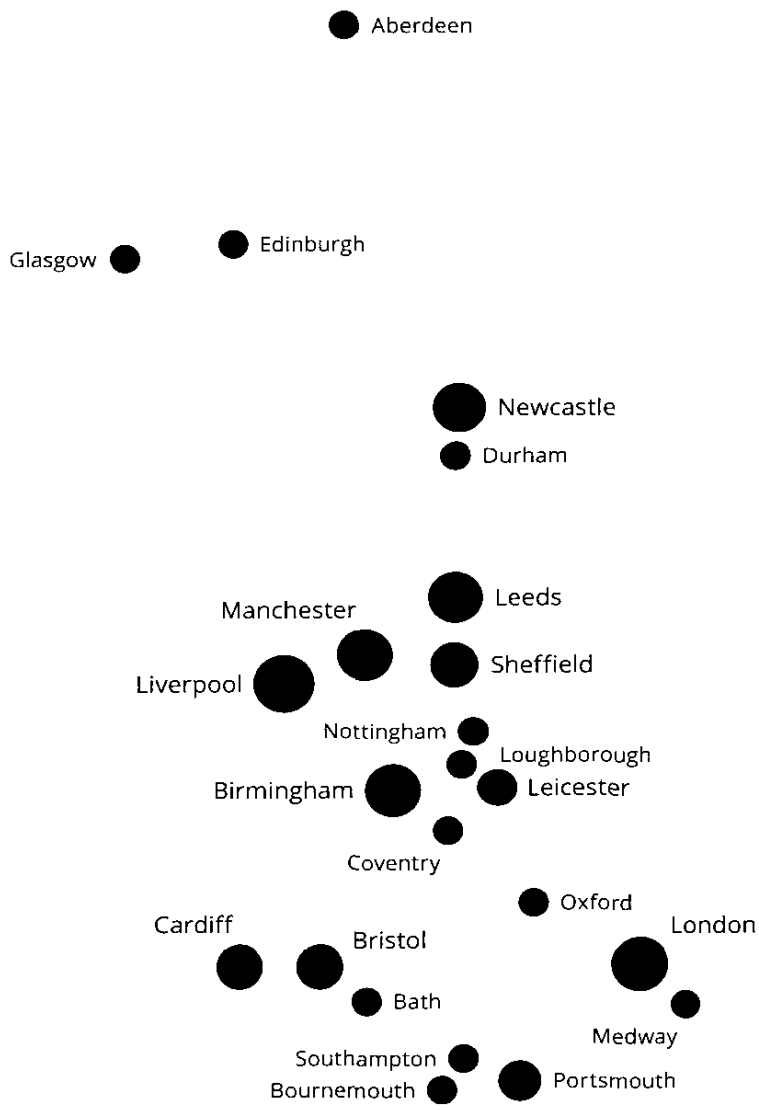
BRAND PROMISES

- PROVIDE A SPACE TO GROW AND THRIVE
- PROVIDE A PLACE TO BELONG
- BE THERE WHEN YOU NEED US

WHO WE ARE

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

2022 rank	CITY	COMPLETED BEDS (22/23)
1	London	12,574
2	Liverpool	5,975
3	Manchester	5,639
4	Birmingham	5,582
5	Leeds	5,533
6	Bristol	4,085
7	Newcastle	3,763
8	Cardiff	3,481
9	Sheffield	2,798
10	Portsmouth	2,706
	Top 10	**52,136**
	Total	**69,737**



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

Properties
157
Operate in 23 cities and towns across England, Scotland and Wales

Beds
70,000
In properties across the UK

University partners
>60
Work alongside University partners to deliver their accommodation needs

OUR PURPOSE

A HOME FOR SUCCESS

A safe and welcoming home where students can learn and thrive. That's the promise at the heart of everything we do at Unite.

Home for Success is our purpose, and part of our DNA. It's our commitment to providing a place where students from all over the world can achieve their ambitions. It's also our commitment to be a valued partner to Universities, and a workplace where our team can grow, belong and succeed.

It's fundamental to everything we do.

STUDENT WELLBEING

The cost-of-living crisis, coupled with the aftermath of the pandemic, meant that supporting students mattered more than ever.

In response, we partnered with experts to help students with financial planning, access to employment, and where needed, support to stay safe and well. Our team members are trained in mental health, available 24/7, and collaborate closely with University partners on student wellbeing.

Through the Unite Foundation, we continued our commitment to helping care leavers and estranged students gain a University education that would otherwise be out of reach.

DIVERSITY AND INCLUSION

We're creating a culture where everyone is welcome and able to thrive, no matter their background.

This year we launched our new learning and development Academy to help our teams reach their career goals. Employee forums gave a voice to diverse perspectives from across the business and led to enhanced family leave policies.

The Living Black at University Commission brought the industry together to make student accommodation a more inclusive space, and our head offices took part in the 10,000 Black Interns programme.

COMMUNITY AND ENVIRONMENT

When it comes to sustainability, our ambition is to lead the sector. Each year, we commit 1% of our annual profits to social initiatives.

We're working towards becoming a net zero carbon business by 2030, finding ways to use fewer resources, and future-proofing our buildings through investments in energy initiatives and sourcing 100% renewable energy.

Being a good neighbour matters to us. We partner with a range of charities to help vulnerable young people in our local areas and support our team to engage in our local communities.

BUSINESS MODEL

WHAT WE DO

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

High-quality, value-for-money portfolio

We align our portfolio to the best locations and strongest Universities. Value-for-money is central to our customer offer and we provide an all-inclusive fixed price and added services which deliver a hassle-free experience to students.

BEDS
70,000
in 157 properties across the UK

Best-in-class operating system

Our scale and PRISM technology platform allow us to deliver the best all-round customer experience for students, alongside sector-leading operating margins.

We are leaders in sustainability, health, safety and student welfare in the student accommodation sector.

CUSTOMER NPS
+38

Committed and talented people

Our teams are central to delivering our purpose of providing a 'Home for Success' for students. Staff training is focused on student welfare and peer support provided by Resident Ambassadors.

EMPLOYEES
1,900

Unrivalled customer insight

The customer is at the heart of everything we do and we invest significant time into understanding the wants and needs of students through regular research and insight.

31
year track record in student accommodation

New investment opportunities

We source opportunities for new acquisitions and developments in the strongest University markets to support the future growth of our business.

100%
of development pipeline in the strongest university cities

Robust and flexible balance sheet

We nurture strong relationships with our shareholders, co-investment partners and debt providers to ensure continued access to capital.

LOAN-TO-VALUE RATIO
31%

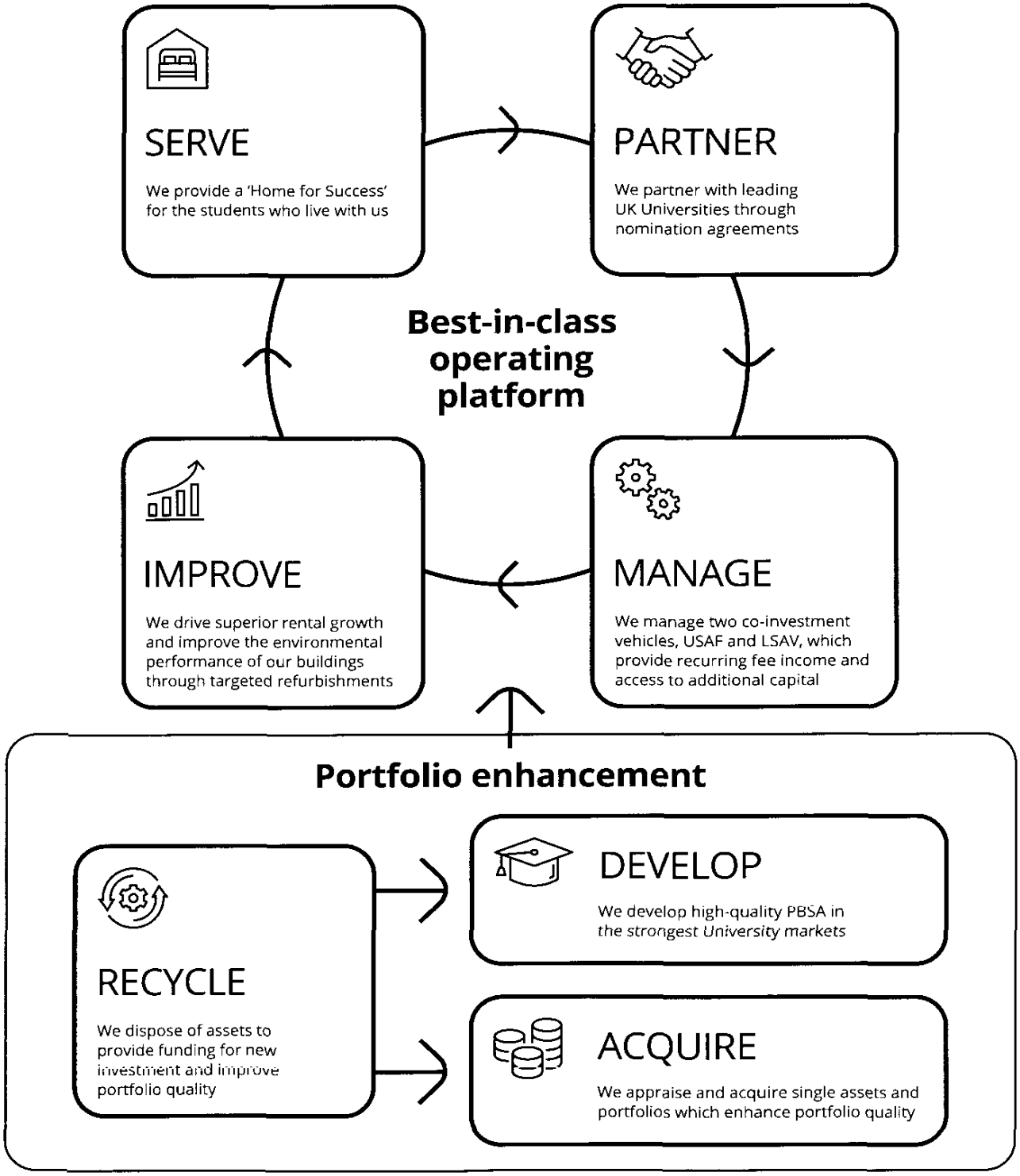
Partnerships with the strongest Universities

We partner with Universities to deliver their long-term accommodation strategies. Our Higher Education Engagement team work closely with Universities to identify new opportunities for University partnerships.

52%
of beds let under nomination agreements

HOW WE DO IT

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



BUSINESS MODEL continued

THE VALUE WE CREATE

STUDENTS

Key issues

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

How we engaged

Our front-line property teams engage with students on a day-to-day basis, supplemented by peer-to-peer support provided by our Resident Ambassadors. We also engage with students using our MyUnite app and social media channels.

This is complemented by our customer research programme which includes surveys on specific issues, including student views on climate change.

Value creation in 2022

- Increased peer-to-peer support for students through our Resident Ambassador programme
- Supported the award of accommodation scholarships to 100 students through the Unite Foundation
- Re-launch of our Leapskills programme for school leavers in partnership with UCAS

Priorities for 2023

We remain focused on delivering a Home for Success for the students who live with us. In 2023, we are focused on improving the customer experience through a range of initiatives. This will include testing new design concepts for our bedrooms, kitchens and amenity spaces ahead of a roll-out in our new developments and refurbishment projects. We are also investing to upgrade our PRISM technology platform to deliver an improved end-to-end experience for students from the point of booking, through their time with us and ultimately when they leave.

OUR PEOPLE

Key issues

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

How we engaged

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

We hold regular 'Unite Live' sessions with our CEO and key senior leaders to provide business updates with the opportunity to ask questions.

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

Value creation in 2022

- One off payment to help with cost-of-living pressures
- Launch of our Diversity, Equity, Belonging & Wellbeing strategy, We are US
- Launch of the Academy offering a personalised, tailored, learning experience for our teams
- Enhanced leave for non-birthing parents

Priorities for 2023

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

In 2023 we will focus on delivering on our talent agenda by investing in our learning and development programmes through The Academy and continuing our focus on diversity, equity, inclusion and belonging.

UNIVERSITIES

Key issues

- Student welfare
- Operational performance
- Health and safety

How we engaged

Through our Higher Education Engagement team, we meet regularly with leaders across the UK University sector. We engage at various levels in institutions for discussions ranging from strategic planning to day-to-day operational requirements.

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

Value creation in 2022

- Provided 37,000 beds to Universities for the 2022/23 academic year
- Delivered University partnership developments for University of Bristol and King's College London
- Publication of 'Living Black at University' report

Priorities for 2023

Supporting the growth ambitions of our University partners through nomination agreements and strategic partnerships.

To progress these objectives, we have increased the resource allocated to strategic engagement with Universities regarding their accommodation estates.

COMMUNITIES

Key issues

- Trust and transparency
- Land use
- Local investment and job creation

How we engaged

Our operational teams are active in their communities through our Company-wide volunteering programme.

We relaunched our Positive Impact programme in 2022, which includes awards for projects undertaken by employees aimed at delivering measurable benefits in their local communities.

We also engage actively with local stakeholders for our development projects to ensure the design of our buildings, public spaces and community facilities meet their needs.

Value creation in 2022

- Employment for 1,400 people in our local communities
- Invested £13 million in initiatives to reduce our environmental impact
- 124 hours of employee volunteering in the year

Priorities for 2023

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

In addition, we will continue to engage with local authorities and local communities around new development activity, such as our proposed development in Paddington, to explain how the community benefits from creating new, high-quality student accommodation.

SUPPLIERS

Key issues

- Quality
- Performance and efficiency
- Risk management

How we engaged

The business embarked on a procurement programme in 2022 which redesigned and centralised our procurement approach with an initial focus on estates, facilities management, and technology.

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

Value creation in 2022

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

Priorities for 2023

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

We also plan to publish our Sustainable Construction Framework during the year, which will inform the way in which we procure net zero developments in the future.

INVESTORS

Key issues

- Financial performance
- Strategic direction
- Sustainability and risk management

How we engaged

We engaged regularly with investors around our financial results as well as through ad-hoc events, such as property tours, investor conferences and meetings.

Key themes for engagement during the year were our response to higher inflation and increased interest rates. These discussions informed our decision to reduce investment activity and delay some parts of our development pipeline.

We also sought feedback from investors ahead of our pilot build-to-rent (BTR) investment. Feedback was supportive on testing our capabilities in the BTR sector and we subsequently completed our debut BTR acquisition in October 2022.

Value creation in 2022

- Delivered 99% occupancy and rental growth of 3.5%
- 48% growth in adjusted EPS
- Total accounting return of 8.1%
- Full year dividend per share of 32.7p

Priorities for 2023

Delivering growth in EPS, through rental growth and resilience in operating margins, while ensuring a robust capital structure.

We aim to achieve this through a strong sales performance for 2023/24, ongoing cost discipline and management of interest rate risk.

See our **s172 statement** on **page 66**

WHY INVEST IN UNITE

SUSTAINABLE GROWTH

Sector leader in UK student accommodation delivering attractive returns

STRUCTURALLY GROWING SECTOR

Demographic growth

The UK's 18-year-old population is set to grow by 19% by 2030, supporting demand for an additional c.140k undergraduate places at current participation rates.

Rising Higher Education participation

2022/23 saw a record share of 18-year-olds applying to University, demonstrating young people's recognition of the opportunities and life experience that University provides. Demand for postgraduate courses also continues to grow, as reflected in a 37% increase in postgraduate intake over the past three years.

Growing international demand

The UK Government remains committed to the target of at least 600,000 international students studying in the UK each year with a particular focus on attracting more students from Africa, the Middle East and Asian countries outside of China.

18-year-old participation rate in 2022/23

37.5%

See **pages 22–29** for more information

HIGH-QUALITY PORTFOLIO

Aligned to the strongest Universities

Our portfolio is increasingly focused on the UK's leading Universities, where we see the strongest prospects for student number growth, through our new investment activity and disciplined capital recycling.

Value-for-money

We offer students a hassle-free living experience, with support on hand when it is needed. Our pricing is inclusive of utilities, Wi-Fi, contents insurance and maintenance.

Investing to enhance our operational estate

There is a multi-year opportunity to enhance rents and reduce operational costs through investments in our customer proposition and the energy efficiency of our buildings.

Share of the rental portfolio by value in Russell Group cities

94%

See **pages 62–69** for more information

BEST-IN-CLASS OPERATING PLATFORM

Over 60 University partnerships

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

Passionate frontline teams

Service excellence is delivered by our passionate front-line team of 1,400 employees. This brings together our experience of over 30 years of operating in the student accommodation sector.

Sector-leading operating margins

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

Number of beds let under nomination agreements for 2022/23

37,000

See **pages 56–61** for more information

HIGH VISIBILITY OVER RETURNS

Targeting attractive total *returns of 8.5–10% p.a.*

Achieved through recurring earnings, rental growth and development profits.

Growing dividends

As a REIT, we target sustainable growth in dividends for our investors. We distribute 80% of our recurring earnings each year as dividends.

Sustainable rental growth

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

Accretive development activity

Proven ability to drive earnings and development profits through our in-house development team. 5,000 bed secured pipeline focused on the strongest student markets.

Total accounting returns over the past 10 years

13.2% p.a.

See **pages 70–73** for more information

SUBSTANTIAL GROWTH OPPORTUNITIES

Market share gains *from HMO sector*

Almost one million students live in houses of multiple occupancy, providing a significant opportunity.

Development of 1,500–2,000 beds per annum

Investment focused on the strongest 8–10 markets in the UK, with increasing opportunities in London and major regional cities.

New University partnerships

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

Emerging young professional market

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

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

1.8 million

See **pages 20–26** for more information

LEADERSHIP IN SUSTAINABILITY

Net zero carbon

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

Energy-efficient homes

80% of our portfolio already achieves an EPC rating of A–C with asset-level plans to reach 100%.

1% of profits commitment

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

Unite Foundation

Through our financial commitment, the charity we founded provides scholarships for estranged and care-experienced students throughout the course of their studies by addressing housing fragility.

Target reduction in Scope 1 and 2 carbon emissions by 2030

56%

See **pages 34–55** for more information

CHIEF EXECUTIVE'S REVIEW

EARNINGS AHEAD OF PRE-PANDEMIC LEVELS

Supported by our best-in-class operating platform, people and portfolio

"Despite the challenging economic environment, the business remains well-positioned thanks to increasing student numbers and growing demand for high-quality, purpose-built student accommodation across our markets."

Richard Smith
Chief Executive Officer

Financial highlights[1]	2022	2021
Adjusted earnings	**£163.4m**	£110.1m
Adjusted EPS	**40.9p**	27.6p
IFRS profit before tax	**£358.0m**	£343.1m
IFRS basic EPS	**88.9p**	85.9p
Dividend per share	**32.7p**	22.1p
Adjusted EPS yield	**4.6%**	3.4%
Total accounting return	**8.1%**	10.2%
EPRA NTA per share	**927p**	882p
IFRS net assets per share	**945p**	880p
Loan to value	**31%**	29%

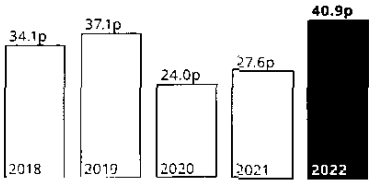
1 See glossary for definitions and note 7 for alternative performance measure calculations and reconciliations. A reconciliation of profit before tax to EPRA earnings and adjusted earnings is set out in note 7 of the financial statements.

The business has performed strongly in 2022, delivering an increase in earnings and dividends to above their pre-pandemic peak. This reflects the strength of our best-in-class operating platform, the commitment of our teams and the appeal of our affordable, well-located portfolio.

Earnings and dividend ahead of their pre-pandemic peak

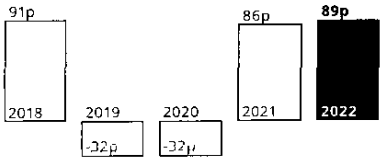
The business delivered a strong recovery in financial performance in 2022, with adjusted earnings of £163.4 million and adjusted EPS of 40.9p, both up 48% year-on-year. This reflects an increase in occupancy to 99% and rental growth of 3.5% for the 2022/23 academic year (2020/21: 94% and 2.3%, respectively). IFRS profit before tax of £358.0 million and EPS of 88.9p also reflects the valuation growth of our property portfolio during the year. We have proposed a final dividend of 21.7p which, if approved, makes 32.7p for the full year, representing a payout ratio of 80% of adjusted EPS, underlining our confidence in future business performance.

Total accounting returns for the year were 8.1%, underpinned by a 5% increase in EPRA NTA per share to 927p. Our LTV ratio increased to 31% during the year, reflecting the positive impact of rental growth in our property valuations and the increase in net debt to fund our investment activity. This provides the financial headroom to deliver our committed development pipeline and pursue new growth opportunities.



Adjusted earnings per share[1, 2] (p)

40.9p



IFRS basic earnings per share (p)

89p

Positive outlook for 2023/24

We see strong demand for student accommodation, which is reflected in our excellent progress with reservations for the 2023/24 academic year. Across the Group's entire property portfolio, 83% of rooms are now sold for the 2023/24 academic year, significantly ahead of the prior year as well as pre-pandemic levels (2022/23: 67%).

In our strongest markets, we have seen an increasing number of students looking to secure accommodation earlier in the sales cycle than previous years. This early customer interest reflects the appeal of our all-inclusive, fixed-price offer and lower availability in the houses in multiple occupation (HMO) sector as some landlords choose to leave the market in response to rising costs and increasing regulation. We have also seen increased demand from universities, following more cautious behaviour during the pandemic, who see quality accommodation as a key part of their proposition to prospective students.

As a result of this strong demand and the need to offset cost pressures in our business, we now expect to deliver rental growth of 6–7% for 2023/24 (previously at least 5%).

Value-for-money

We recognise the cost-of-living pressures faced by students and parents and are confident that our fixed price, all-inclusive offer will continue to provide value-for-money compared to alternative options in the purpose-built student accommodation (PBSA) and HMO sectors. Our pricing is comparable in cost to HMOs once bills are included. This is before allowing for the price certainty on utilities and additional product and service features that we provide, such as on-hand maintenance teams and 24/7 security, in locations close to campus.

Given increases in energy prices, we estimate that students living in HMO will pay over £900 per year for their utilities, Wi-Fi and contents insurance. Thanks to our scale and forward purchasing of utilities, these same services will cost the Company less than £600 for the 2022/23 academic year. These savings equate to around two weeks' rent, which we pass on to students through a single price, fixed at the time of booking, giving our customers certainty over their living costs.

We also recently launched our 'Financial Support to Stay' pilot in partnership with Aldi supermarket, which will see food vouchers distributed to students most in need of financial support, as decided by their university. This pilot scheme will collaborate with universities, including Liverpool John Moores University, Middlesex University, Birmingham City University and the University of Westminster.

Inflation protection

Like many businesses, inflation is creating cost pressures in parts of our operations and development supply chains. Yet, the business is well protected from these impacts through the inflation-hedging characteristics of our income and risk management through cost hedging.

Our rooms are either resold each year on a direct-let basis or repriced based on RPI, CPI or fixed rental inflators under our multi-year nomination agreements. The combination of these open market and contractual rental increases supports rental growth of 6–7% across our total portfolio for the 2023/24 academic year.

Our utility costs are fully hedged through 2023 and 65% for 2024, but costs are increasing as the benefit of cheaper hedges pre-dating the war in Ukraine expire. We are also seeing increased pressure on staffing costs for our frontline teams, driven by competition for staff in similar service sectors, as well as our commitment to being a Real Living Wage employer. We have honoured the 10% increase in the Real Living Wage for 2023 and provided an additional £500 in financial support to our frontline property teams during 2022 in recognition of the cost-of-living challenges facing our staff. These cost pressures have been partially mitigated by the restructuring of the Group's operational business during the first half of the year, which delivered an annualised £2 million saving in staff costs.

Despite these cost increases, we have delivered an improvement in our EBIT margin to 67.9% in 2022 (2021: 62.3%) thanks to our strong income performance. We are targeting further margin growth to 70% in 2023, driven by the increase in occupancy secured for the 2022/23 academic year and a positive outlook for rental growth for 2023/24.

1. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial highlights are based on the European Public Real Estate Association (EPRA) best practice recommendations and these performance measures are published as they are intended to help users in the comparability of these results across other listed real estate companies in Europe. The metrics are also used internally to measure and manage the business and to align to the performance related conditions for Directors' remuneration. See note 8 for calculations and reconciliations.
2. Adjustment made to EPRA EPS to remove the impact of the LSAV performance fee and abortive acquisition costs. Further details are provided in notes 2 and 8

CHIEF EXECUTIVE'S REVIEW continued

HOME FOR SUCCESS

OUR STRATEGIC OBJECTIVES

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES

ATTRACTIVE RETURNS FOR SHAREHOLDERS

A RESPONSIBLE AND RESILIENT BUSINESS

Strategic overview

Our best-in-class operating platform provides us with strong foundations to adapt to evolving student needs and deliver an enhanced customer experience. There are also significant opportunities to invest in our well-located and affordable estate to drive rental growth and improve the environmental performance of our buildings.

Our strategy is focused on three key objectives, which will deliver value for our range of stakeholders:

- Delivering for our customers and universities
- Attractive returns for shareholders
- Being a responsible and resilient business

Delivering for our customers and universities

We have a best-in-class operating platform in the student accommodation sector, underpinned by our PRISM operating platform, passionate frontline teams and sector-leading student support. We introduced a new operating model during the year, meaning all our properties are now staffed 24/7, 365 days a year, so that students can access in-person support when they need it. We have also made various service enhancements, including further improvements to student support in collaboration with our Higher Education partners as well as digital upgrades to better enable our customers to self-serve the services they need. In addition, we are investing to upgrade PRISM over the next 12–18 months, which will deliver an improved customer experience alongside cost savings through greater efficiency.

The success of our customer initiatives is reflected in an increase in our Net Promoter Score to +38 for the class of 2022 (2021: +35). For those buildings where we delivered major refurbishments during the year, NPS scores improved by an average of more than 50 points. We have also seen a significant increase in our retention of direct-let customers for 2023/24 and have secured demand from universities for an additional 5,000 beds under nomination agreements compared to the same stage in the prior year.

Our long-term university relationships remain a key differentiator for Unite and a source of potential growth opportunities. This is reflected in over 60% of our development pipeline by cost being underpinned by university partnerships. For developments completing in 2022, 78% were let under nomination agreements for an average of nine years with the University of Bristol and King's College London.

We continue to evolve the customer offer in our properties to better appeal to the different customer segments who live with us. There is a significant opportunity to attract more non-first year students who have historically chosen to stay in the HMO sector given their desire for greater independence. We successfully extended our postgraduate trials in six buildings for the 2022/23 academic year and also deliberately tailored our three major refurbishments in Manchester to different segments: UK undergraduates, postgraduates and international students.

Attractive returns for shareholders

We achieved a return to full occupancy for the 2022/23 academic year, as market conditions normalised following the disruption of the previous two years during the Covid-19 pandemic. This supported rental growth of 3.5% for the 2022/23 academic year and an improvement in our EBIT margin to 67.9% (2021: 62.3%). We also delivered total accounting returns of 8.1% for the year, driven by our recurring earnings and the positive impact of rental growth on our property valuations (2021: 10.2%).

The quality, location and scale of our portfolio is key to delivering attractive, sustainable returns for our shareholders. During the year, we made disposals totalling £339 million (Unite share: £256 million) at a blended yield of 5.7% to enhance our overall portfolio quality and fund reinvestment into the improvement of our estate. These proactive sales have reduced our footprint from 25 to 23 markets and completes the disposals of non-strategic assets identified following our acquisition of Liberty Living in 2019.

The proceeds were partially redeployed to increase our investment in USAF, which increased our share of the fund's portfolio by £177 million at an effective acquisition yield of 5.1% and takes our ownership share to 28%. The Group also successfully delivered £275 million in developments and major asset management projects in the year at a blended yield of 6.2%. The schemes were delivered in line with budget and all are fully let for the 2022/23 academic year.

We are committed to four development projects, requiring £200 million in future capex and expected to deliver a yield on cost of 6.7%. We are also reviewing future development starts to ensure projects deliver earnings accretion in an environment of higher funding costs. However, given the strength of demand from students and universities, we expect to commit to further developments during 2023.

Q&A

with Karan Khanna Chief Customer Officer, Unite

Karan leads the operational and commercial functions for Unite, working with his team to enhance the student experience, deliver commercial performance and raise brand awareness. He joined the business in June 2021 from InterContinental Hotels Group, where he served as managing director for the UK and Ireland. Here, Karan explains some of the focus areas for the year.

Q: How has Unite delivered value for customers during the cost-of-living crisis?

A: Our costs are very competitive when compared to other forms of student accommodation. We offer a simple, fixed rent that includes utilities, Wi-Fi, maintenance, security, and insurance, so students have certainty on cost. Due to our scale, we purchase utilities on competitive terms, so we can also offer students significant savings on their bills.

Looking beyond costs, the value we offer to students is about the experience we create. We want to offer a home where they feel happy, secure, and able to be at their best. Our students – some of whom are away from home for the first time – may need support, so last year we moved to a 24/7 model – which means our trained team are there for students any time they need us.

Q: So, what investments have been made in supporting students' wellbeing?

A: We recognise the pressures facing today's students and have taken a number of actions to improve the wellbeing of students in our properties.

A new framework – Support to Stay – has been designed in partnership with universities to help students maximise their success despite any medical, physical or mental health difficulties they may be experiencing.

Student wellbeing is also a core focus for our front-line team members. Alongside a dedicated student support team, we also have a Resident Ambassador programme so students can provide peer-to-peer support to one another.

Right now, we know that financial wellness is top of mind for students. That's why we joined forces with financial planning experts, Blackbullion, to offer students practical tools to help them manage their money.

Q: Do you see student expectations evolving?

A: Definitely. Today's students have high expectations of their accommodation experience – they want more than just a room to sleep in.

Gen Z expects a seamless digital journey, and we connect with them throughout their time with us through our MyUnite app. Recent enhancements to the app include customer notifications, digital check-out, and also a dedicated space for student welfare.

We continue to invest in making our buildings great spaces for students to thrive. Last year this included two new properties and three major refurbishments, with the buildings benefiting from social spaces, karaoke rooms, cinema rooms and gyms.

Sustainability sits at the heart of all developments to ensure they remain fit for the future. This year's projects incorporated improved insulation, solar panels and air source heat pumps to reduce carbon emissions and improve their EPC ratings.

Q: Are you investing in your team and platform to create a better experience for students?

A: Yes, and this is a top priority for us. Last year saw the launch of The Academy, which delivers tailored learning experiences for all employees – especially focused on student safety and wellbeing.

Customer data shows that social connections matter greatly, so alongside a Higher Education partner we are also trialling how we can use data and technology to place students in flats with the people they will most likely get along with best.

Looking ahead, we are teaming up with an award-winning design agency to create the next generation accommodation experience which we will be rolling out shortly.

Q: Finally, what actions have you taken to keep buildings fire safe for students?

A: We were one of the first companies to take action to remove Aluminium Composite Material (ACM) cladding from our buildings and continue to survey our estate and undertake any necessary remedial work, putting the safety of our students at the heart of what we do.

We have a dedicated fire safety team of four people with extensive experience in risk management. But we recognise that educating students on fire safety also plays a part. That's why we hold an annual fire safety education week – which last year included live events hosted by the fire service.

For more about this project, go online to:
unitegroup.com/partnerships/insights

CHIEF EXECUTIVE'S REVIEW continued

Being a responsible and resilient business

Our sustainability strategy is focused on delivering a positive impact through our People and Places initiative. This is driven by the social contribution we make to the students who live with us, our employees and local communities as well as our progress in minimising our impact on the environment.

We continue to make progress towards our objective of becoming a net zero carbon business by 2030. During the year, we invested £13 million in energy initiatives to reduce consumption, save carbon and ensure ongoing compliance with regulations, up from £3 million in 2021. This contributed to a further improvement in the EPC ratings of our portfolio during the year, with 80% of the portfolio now A–C rated (2021: 57%).

We are committed to donating 1% of our annual adjusted earnings to social initiatives. These initiatives will be closely aligned to our purpose of providing a Home for Success for students and supporting wider participation in Higher Education. This includes the Unite Foundation, the charitable trust founded by Unite to provide free accommodation for care leavers and estranged students while at university. The Foundation marked its tenth anniversary this year and, to mark the milestone, Unite provided financial support for 100 new student scholarships for the 2022/23 academic year as well as home starter kits for over 200 additional students. Over 600 students have now benefited from scholarships during the Foundation's 10-year history.

Higher Education Policy

The Government concluded its consultation on Higher Education policy in 2022, which emphasised a focus on investing in the UK's world-class universities, enabling high-quality outcomes for graduates and making sure that Higher Education remains accessible to all. Going forwards, the Office for Students (OfS) will be responsible for monitoring minimum standards for Higher Education providers based on continuation and completion of courses as well as graduate progression. Application of these standards is in its early days and the OfS will initially work with providers to understand the context for any underperformance. We are confident that our strategic alignment to high- and mid-ranked universities positions us to successfully navigate any risks from restrictions on low-value courses.

International students contribute an estimated £29 billion to the UK economy each year and provide a vital source of funding for universities. However, international students and their impact on migration remains topical, with attention currently focused on the number of dependents coming to the UK with students. Given our product is focused on single-occupancy bedrooms, we see relatively limited risk in the event of more restrictive visa rules for dependents.

Opportunities for growth

The outlook for student accommodation remains positive, with structural factors continuing to drive a demand/supply imbalance for our product. Demographic growth will see the population of UK 18-year-olds increase by 140,000 (19%) by 2030. Application rates to university have also grown steadily over recent years, reflecting the value young adults place on a higher level of education and the life experience and opportunities it offers.

This backdrop creates significant opportunities to grow the business in the UK student accommodation sector through development and targeted acquisitions in our strongest markets and partnerships with universities.

The HMO sector, which provides homes to over one million students, is increasingly expensive due to rising mortgage costs for landlords and utility costs for tenants. We expect these cost pressures to only grow for private landlords given increasing regulation around the quality of homes and environmental performance standards through EPC certification. We expect this to further reduce the availability of private rented homes over time, increasing demand for the purpose-built, sustainable accommodation we provide.

We believe that there is also an exciting opportunity to grow our platform in the wider living sector by catering to the growing number of young professional renters living in major UK cities. We already serve this market through the 9,000 postgraduate students who live with us each year. In September, we acquired a pilot build-to-rent (BTR) property in Stratford, East London for £71 million. The pilot offers the opportunity to test our operational capability in the sector and understand the potential synergies with our core student business through increased customer retention and cost efficiencies in areas such as maintenance and procurement. Early signs are positive, with new lettings and renewals achieving average rental uplifts of 11%. The property is set to be fully integrated into our operating platform from Q2 2023 and our initial review suggests we have the capabilities to operate effectively and efficiently in the BTR sector.

Positive Outlook

We are confident in the outlook for the business, which remains positive, reflecting the underlying strength of student demand, our alignment to high-quality universities and the capabilities of our best-in-class operating platform.

We have seen a strong start to the 2023/24 sales cycle, reflecting the appeal of our high-quality portfolio and fixed-price, all-inclusive offer, which provides students with significant savings and certainty on their bills. We now expect to deliver rental growth of 6–7% for the 2023/24 academic year, enabling us to offset cost pressures and improve our EBIT margin to 70% for 2023. Growing income also offers support to our property valuations as the market adjusts to an environment of higher funding costs. As a result, we expect to deliver 5–8% growth in adjusted EPS in 2023 and a total accounting return of 8–10% before the impact of property yield movements.

There remains a clear need for new high-quality, affordable student accommodation to support the growth of our university partners. We are exploring a variety of routes to fund new growth, while ensuring we maintain a robust and resilient balance sheet. Despite pressures from higher funding and operating costs, we remain confident in our ability to grow earnings and deliver attractive total accounting returns for shareholders.

Richard Smith
Chief Executive Officer
28 February 2023

Q&A

with Helene Murphy Group People Director, Unite

Helene became Group People Director in January 2021, with a renewed vision for the People function. Leading all aspects of the People strategy, Helene has brought her experience from international start ups and multi-national organisations to Unite. Here, Helene shares more about Unite's ambition to deliver a Home for Success for our employees.

Q: As the cost-of-living crisis took hold, what did Unite do to support employees?

A: We are extremely conscious of the pressures that the cost-of-living crisis is having on our people – but especially the lowest paid in our business.

As the conversations around cost-of-living grew, we discussed the ways we could support our employees and introduced additional financial wellbeing measures such as educational webinars and new financial support providers. An additional one-off payment of £500 was also made to support our people.

We also announced our highest ever pay award, following a tiered approach by salary with 95% of our employees receiving 5% or more, and our lowest earners being awarded 10%, reaffirming our long-standing commitment to being a Real Living Wage employer.

Q: How do you ensure that employees grow and develop with the business?

A: In late 2022, we were proud to launch The Academy; a fresh approach to employee lifelong learning, delivering a combination of online learning, bitesize modules, and face-to-face learning for all.

Continuing to invest in our people, we launched bespoke Institute of Leadership and Management (ILM) programmes, supporting our leaders and managers to become focused, high-achieving, and knowledgeable leaders.

Q: What progress was made in Diversity, Equity, Inclusion and Belonging in 2022?

A: I am excited to have launched our first diversity, equity, inclusion and belonging (DEIB) and wellbeing strategy: We are US, which outlines our plan for the next three years.

Our employee forum, Culture Matters, has been integral in embedding our strategic vision. They have sponsored a more inclusive and equitable culture, and in 2022 the forum headed the reform of our family leave policies, promoting more inclusive language and first of its kind benefits for those who experience child-loss. We have bolstered our diverse talent pipelines through sponsorship of National Student Pride and programmes such as #10000BlackInterns, a charitable organisation which provides internships to students from Black heritage backgrounds – both under-represented groups in the labour market.

We also launched a new DEIB learning programme under The Academy, designed to give our employees the knowledge and skills they need to become more consciously inclusive.

Delivering a Home for Success is not just about looking inwardly at our employees and students, but also considering the impact we have on our stakeholders and wider communities. We have made important strides forward in DEIB and Wellbeing in 2022, and look forward to continuing this journey in 2023.

Q: Finally, how do you recognise employees for a job well done?

A: The Stars Awards is the hottest date on the Unite calendar, and I was really proud to host them this year. We recognised our colleagues who go above and beyond in categories such as teamwork, leadership, safety and wellbeing, allyship, and sustainability. The event showcased our commitment to our values, with feedback praising its inclusivity and the opportunity to engage with other teams.

For more about this project, go online to:
unitegroup.com/partnerships/insights

MARKET OVERVIEW

MARKET TRENDS

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

STRUCTURAL TRENDS

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

GROWING DEMAND FOR HIGHER EDUCATION

Full-time student numbers in UK Higher Education have grown by 545,000 (32%) over the past 10 years, driven by a combination of rising participation rates and international growth.

Application rates to university by UK school leavers are now at their highest ever level, reflecting the value young adults place on a higher level of education and the life experience and opportunities it offers. International student numbers have also continued to grow thanks to increased demand from non-EU markets such as China and India, which has more than offset a reduction in EU student numbers post-Brexit.

Looking forward, we anticipate strong growth in student numbers over the next decade. This reflects significant demographic growth, which will see the population of UK 18-year-olds increase by 140,000 (19%) by 2030.

What it means for Unite

- Increased demand for purpose-built student accommodation from students and university partners
- Opportunities for new development in markets benefiting from the strongest growth in student numbers

SUPPORTIVE GOVERNMENT POLICY

UK Higher Education Policy recognises the global standing of the UK's universities which attract students from all over the world, conduct vital research, and generate enormous benefits for our economy and our society.

The Skills for Jobs White Paper, published in 2021, underlines the Government's commitment to widening participation in post-18 education and strengthening the global standing of the UK Higher Education sector. The Higher Education sector regulator, the Office for Students (OfS), is separately reviewing the quality of Higher Education provision and value-for-money for students and the taxpayer. This may lead to the introduction of minimum standards for Higher Education providers based on course completion rates and the share of students going on to employment or further study.

What it means for Unite

- Potential for stronger growth in student numbers for those universities and cities delivering highly-valued teaching, better employment prospects for graduates and high-quality research
- We are confident that our strategic alignment to high and mid-ranked universities positions us to successfully navigate future changes to the Government's Higher Education Policy

We expect supply of competing student accommodation to remain constrained given universities' desire to focus their investment on their academic estates and increasing regulation for private landlords.

UNIVERSITY OUTSOURCING

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

The Covid-19 pandemic has increased the operational and financial challenges faced by universities and there is a growing appetite for partnerships with leading operators of student accommodation.

What it means for Unite

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

FOCUS ON QUALITY, SUSTAINABLE HOUSING

The number of households living in the private rented sector in England and Wales has more than doubled over the past 20 years. As a result, Government Policy in the private rented sector is focused on ensuring that homes are of good quality and safe for tenants. The Government estimates that over a fifth of privately rented homes are in poor condition and launched a consultation in the second half of 2022 on whether minimum standards should be introduced in the sector.

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

What it means for Unite

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

MARKET OVERVIEW

MARKET TRENDS continued

CYCLICAL TRENDS

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

ECONOMIC OUTLOOK

The UK saw a significant slowdown in economic activity during 2022 and is expected to enter a short technical recession during 2023. This reflects a combination of geo-political uncertainty created by the war in Ukraine, lower business confidence and declines in real household income as a result of rising inflation. Inflation is expected to moderate during 2023 as the impact of higher utility prices reduces.

Demand for Higher Education has historically proven to be non-cyclical with increased application rates for university during periods of economic weakness.

What it means for Unite

- Inflation has a positive impact on rental growth through the c.33% of our beds under nomination agreements with contractual uplifts linked to RPI or CPI. In addition, we have the opportunity to re-price our remaining beds on an annual basis
- We will monitor the impact of inflationary pressures on our student customers and their guarantors to ensure we continue to offer affordable, value-for-money accommodation
- We expect increases in operating costs and overheads in 2023, particularly around utility and staff costs, which we will mitigate through operational efficiencies and utilities hedging as well as higher income growth for the 2023/24 academic year

FUNDING CONDITIONS

In response to high inflation, central banks have significantly increased interest rates over the past year. Liquidity has also reduced in debt and equity capital markets resulting in above-average borrowing spreads for companies and limited capital raising activity.

We saw a slowdown in investment volumes for PBSA assets in the second half of 2022 given the more challenging funding environment for potential purchasers. Despite these short-term pressures, the PBSA sector's fundamentals are likely to continue to attract significant levels of institutional capital over the medium term.

Our portfolio currently yields 4.8%, which offers attractive returns given the positive outlook for rental growth.

What it means for Unite

- We anticipate an increase in our cost of debt from 3.4% in 2022 to 3.6% in 2023
- It is possible we will see a rise in valuation yields for PBSA in 2023, albeit any negative impact on property valuations will be offset by the strong outlook for rental growth
- We are reviewing our future investment plans to ensure investment activity delivers earnings accretion and attractive total accounting returns
- We expect attractive opportunities to emerge for new acquisitions and developments given the funding constraints faced by some PBSA owners and developers

However, the business is not immune to pressures created by inflation and higher interest rates.

COMPETING SUPPLY

There has been a steady slowdown in new supply of PBSA from a peak of 30,000-35,000 beds p.a. in 2017-2019 to only 19,000 beds delivered in 2022. This reflects delays to development deliveries resulting from the pandemic as well as tighter financial conditions for developers.

The stock of student housing in the HMO sector is also expected to reduce as a result of increasing regulation for private landlords. This includes increasing Minimum Energy Efficiency Standards (MEES) which will require rental properties to achieve EPC ratings of at least C by 2027 and B by 2030. This will result in additional costs for HMO landlords and may see many choose to exit the market, which we expect to be reflected in higher rents for students living in HMOs.

What it means for Unite

- Tight supply conditions and healthy student *demand are supportive of strong occupancy* for the 2023/24 academic year
- Lower supply and increasing costs in the HMO sector create an opportunity to retain more first year customers who might otherwise move into the HMO sector
- Reducing construction activity in the PBSA sector and wider economy is likely to result in a reduction in land pricing and construction costs over time
- Slowing development activity will create significant demand/supply imbalances in stronger markets, which increase the attractiveness of development activity

CONSTRUCTION COSTS

Strong construction market activity following the pandemic and energy-driven material price increases have driven high levels of recent build cost inflation, as reflected in the BCIS forecast for 7.9% UK price increases in 2022.

A recessionary environment in 2023 suggests that the market has peaked post-pandemic and is entering a new phase. Input cost prices for key materials such as concrete, steel and wood have fallen from their highs in the summer of 2022. Contractors also anticipate more competitive tendering for projects as the volume of new work reduces.

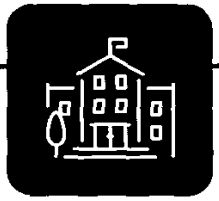
This is expected to contribute to build-cost inflation subsiding to lower levels in 2023 and 2024.

What it means for Unite

- Higher development costs for projects in our *development pipeline, where we are yet to* commit to fixed-price build contracts. This presents challenges for the viability of new development, particularly when combined with higher funding costs
- These challenges have caused us to delay the delivery of certain projects in our development *pipeline while we seek to improve returns*
- We are targeting higher returns on new development activity to reflect the higher funding cost environment, which will require a reduction in land values or build costs as well as potentially increased rents

OUR STRATEGIC OBJECTIVES

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES



The key pillars of our strategy reflect our commitment to deliver long-term value for our range of stakeholders. This means providing a Home for Success for students and universities, delivering attractive returns for shareholders and ensuring we deliver a positive impact for the environment, our people and communities.

STRATEGIC FOCUS

- Delivering a best-in-class student experience
- Investment to enhance our physical estate
- Investment in our digital capabilities and technology platform
- Segmentation of our product and service

PROGRESS IN 2022

- Moved to new operating model with 24/7 on-property staffing
- Further improved student support developing a Higher Education-aligned framework
- Launched digital check-out, customer notifications MyPerks and student welfare self-serve via our app
- Opened two new properties, Campbell House and Hayloft Point, and fully refurbished three properties in Manchester
- Delivered enhancements in our Service and Emergency Contact Centre availability for students and guarantors

24/7

on property staffing

NEW PROPERTIES

opened in 2022: Campbell House and Hayloft Point

OBJECTIVES FOR 2023

- Build great frontline leaders and teams, attracting the right talent, fully trained and engaged
- Deliver an enhanced digital experience through continued investment in our technology platforms
- Deliver Morriss House development in Nottingham for the 2023/24 academic year

LINKS TO PERFORMANCE

- Student Net Promoter Score
- Higher Education Net Promoter Score
- Customer retention
- New nomination agreements and university partnerships
- Social advocacy

1 Further analysis of operational KPIs can be found on page 30 and in the Financial review on pages 32–34.

OUR STRATEGIC OBJECTIVES continued

ATTRACTIVE RETURNS FOR SHAREHOLDERS

99%

occupancy for the 2022/23 academic year

1,489 NEW BEDS

through development completions and refurbishments

STRATEGIC FOCUS

- Sustainable growth in earnings
- Delivery of attractive total accounting returns
- Increasing portfolio alignment to the strongest universities
- Sourcing new growth opportunities through development and university partnerships
- Disciplined capital management with new capital to pursue growth opportunities

PROGRESS IN 2022

- Achieved 99% occupancy and 3.5% rental growth for the 2022/23 academic year
- EBIT margin increased to 67.9%
- Delivered 1,489 new beds through development completions and refurbishments
- Secured planning approval for our Jubilee House development in Stratford
- £339 million (Unite share: £256 million) of disposals, increasing portfolio quality

OBJECTIVES FOR 2023

- Deliver new funding to support the Group's growth activities
- Improve returns on uncommitted schemes in the development pipeline
- Identify new investment opportunities through development and university partnerships
- Review investment activity into the estate and identify opportunities for accretive refurbishments

LINKS TO PERFORMANCE

- Earnings per share
- NTA per share
- Total accounting return
- Like-for-like rental growth
- Earnings before interest and taxes (EBIT) margin
- Loan-to-value (LTV)

1 Further analysis of operational KPIs can be found on page 30 and in the Financial review on pages 32–34.

OUR STRATEGIC OBJECTIVES continued

CREATING A RESPONSIBLE AND RESILIENT BUSINESS

STRATEGIC FOCUS

- *Becoming net zero carbon across our operations* and developments by 2030
- Ensuring compliance with future EPC regulations
- Supporting wider access to Higher Education through the Unite Foundation and the Leapskills programme
- Providing opportunities for people to develop and grow
- Increasing the diversity of our leadership teams
- Maintaining our proactive approach to fire safety

PROGRESS IN 2022

- *Delivered energy-efficient capital projects* representing over £13 million in total investment
- Increased the proportion of buildings achieving A-C *EPC ratings from 57% to 80%*
- Created The Academy to give tailored learning experiences for all our employees
- Launched our Diversity, Equity, Inclusion, Belonging and Wellbeing strategy
- Introduction of enhanced family leave policies
- Increasing diversity within our leadership team
- Completed fire safety works for the replacement of HPL cladding on 6 high-rise properties

80%

of buildings achieving A-C EPC ratings

THE ACADEMY

was created to give tailored learning experiences for all our employees

OBJECTIVES FOR 2023

- Enhance the Group's reputation with key stakeholders
- Deliver lasting improvements in environmental performance through capital projects and student engagement
- Increase engagement and ownership by employees around sustainability objectives
- Continue to progress fire safety improvement projects

LINKS TO PERFORMANCE

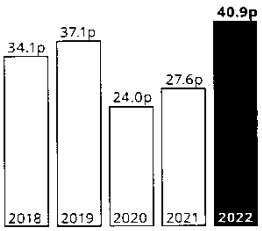
- Carbon emissions
- Energy and water intensity
- EPC ratings
- Employee engagement
- Investment in social initiatives
- Gender and ethnic diversity
- Unite Foundation scholarships
- Global Real Estate Sustainability Benchmark (GRESB) rating
- Number of reportable accidents

1 Further analysis of operational KPIs can be found on page 30 and in the Financial review on pages 32-34

KEY PERFORMANCE INDICATORS

The business delivered a strong performance in 2022

FINANCIAL KPIs



Adjusted earnings per share[1] (p)

40.9p

Link to remuneration

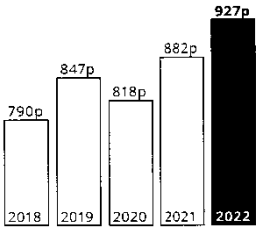
Bonus and LTIP

Measure

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

Performance in 2022

The business delivered a strong operational performance in 2022, with adjusted earnings of 40.9p, up 48% year-on-year, surpassing their pre-pandemic level. This reflects an increase in occupancy to 99% and rental growth of 3.5% for the 2022/23 academic year.



EPRA NTA per share[2] (p)

927p

Link to remuneration

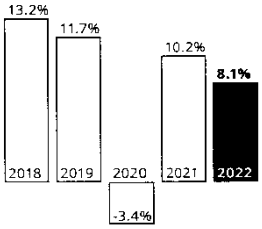
Bonus and LTIP

Measure

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

Performance in 2022

The NTA increase has been driven by an increase in the value of the Group's property portfolio (largely due to rental growth), development surpluses and retained profits.



Total accounting return (%)

8.1%

Link to remuneration

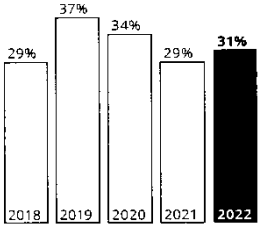
Bonus and LTIP

Measure

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

Performance in 2022

Growth in EPRA NTA was the key component of the total accounting return delivered in the year, alongside dividends paid of 26.6p.



Loan-to-value ratio (%)

31%

Link to remuneration

Bonus

Measure

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

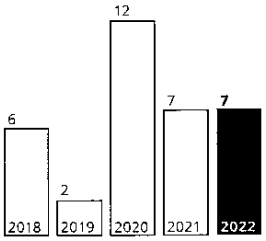
Performance in 2022

The increase in LTV during the year was primarily driven by expenditure on our development pipeline, the acquisition of units in USAF and capital expenditure on our rental properties, which more than offset the impact of disposals and property valuation increases during the year.

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

2 2018 based on EPRA NAV as previously reported

OPERATIONAL KPIs



Safety (Number of accidents)

7

Link to remuneration

Taken into consideration

Measure

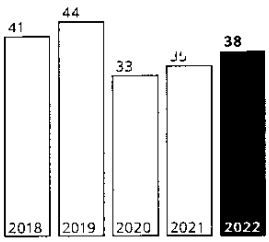
The number of RIDDOR reportable accidents in our health and operations each year acts as an indicator of our health and safety management.

Performance in 2022

There were seven reportable incidents in 2022. Four reports comprised of incidents or accidents that resulted in our employees being absent from work for over seven days. There were no significant trends in terms of causation.

Priorities going forward

Our focus for 2023 will be improving our safety culture, colleague engagement and competence. We will ensure our people have the tools they need to work effectively while continuing to review our health and safety training courses, alongside our learning and development team.



Customer satisfaction

38

Link to remuneration

Bonus

Measure

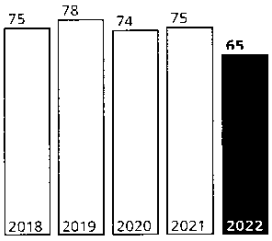
Customer Net Promoter Score (NPS) provides a commercially relevant customer experience measure, based on an annual externally provided survey.

Performance in 2022

The Net Promoter Score for our 2022 student arrival check-in was 38, a 3 point improvement year-on-year, after adjusting for properties that were non comparable due to cladding remediation works. An improvement in the score followed the launch of our new operating model and further training being delivered in our Class of 22 programme, to give our teams the tools for a service excellence experience.

Priorities going forward

With the business embedding the new operating model and continued investment in training frontline teams, further improvement in NPS is anticipated.



Employee engagement

65

Link to remuneration

Bonus

Measure

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

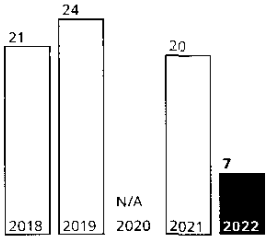
Performance in 2022

Employee engagement for 2022 was 65, a 10 point reduction year-on-year. 2022 was a challenging year for our people, in part due to cost-of-living pressures, but also as a result of implementing our new operating model and above average employee turnover.

Priorities going forward

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

Bi-annual surveys will be undertaken, supplemented by a number of other engagement channels including Unite Live, Senior Manager Briefings and Class of 23 events.



Higher Education trust

7

Link to remuneration

Bonus

Measure

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

Performance in 2022

The Net Promoter Score for 2022 was 7, a 13 point reduction year-on-year. 2022 was a year of transition for the relationship management approach with universities as we implemented changes to our operational structures at city level. Our partners still commented positively on Unite's response and sector leadership during the pandemic and the organisation's ability to react in support of students and wider stakeholders.

Priorities going forward

With new leaders in place, we are committed to building back our strong working relationships with Universities.

FINANCIAL REVIEW

IMPROVED OCCUPANCY FOR 2022/23

"We delivered a strong financial performance in 2022 with earnings and dividends surpassing their pre-pandemic level driven by a return to full occupancy, improving rental growth and investment into our estate."

Joe Lister
Chief Financial Officer

OPERATIONS REVIEW

We achieved occupancy of 99% across our total portfolio for the 2022/23 academic year (2021/22: 94%, 2020/21: 88%), reflecting strong student demand and significantly less disruption from the Covid-19 pandemic than the previous two academic years.

Undergraduate student intake for 2022/23 was flat at 563,000 (2021/22: 562,000), although significantly up from the last pre-pandemic year in 2019/20 (541,000), as universities adjusted their offer making after two years of teacher assessed grades. We saw the highest ever admissions for UK students and non-EU students, up 1% and 15% from the previous year. However, this was offset by the continued reduction in EU student numbers following Brexit and the loss of home fee status for students from the EU.

The recovery to pre-pandemic occupancy levels for the 2022/23 academic year was helped by the return to examinations for UK school leavers, which led to a more normal distribution of grades and therefore students between universities. The normalisation of travel conditions during 2022 has allowed international students to return to studying in the UK despite some localised travel restrictions in China.

Occupancy by type and domicile by academic year

		Direct let				
	Nominations	UK	China	EU	Non-EU	Total
2019/20	57%	16%	15%	4%	6%	98%
2020/21	53%	16%	11%	4%	4%	88%
2021/22	51%	21%	13%	3%	6%	94%
2022/23	**52%**	**24%**	**14%**	**2%**	**7%**	**99%**

Strong rental growth

Annual rents increased by 3.5% on a like-for-like basis for 2022/23 (2021/22: 2.3%), reflecting average increases of 4.0% through nomination agreements and 3.1% average increases in direct-let rents. On a like-for-like basis, for beds sold in both 2021/22 and 2022/23, rental growth was 4.5%. Occupancy was broadly consistent across our wholly-owned portfolio, USAF and LSAV.

We started the 2022/23 sales cycle cautiously in late 2021, with the Omicron variant and 'Plan B' Covid-19 restrictions in place, and initially prioritised securing occupancy over rental growth. During the second half of the sales cycle, we saw the pace and pricing of lettings strengthen as concerns around the Omicron variant eased and associated restrictions were gradually lifted.

2022/23 rental growth and occupancy	Rental growth[1]	Occupancy[2]
Nomination agreements	**4.0%**	
Direct-let	**3.1%**	
Total	**3.5%**	**99%**

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

We have maintained a high proportion of income let to universities, with 36,611 beds sold (52% of total) for 2022/23 under nomination agreements (2021/22: 37,359 and 51%). The slight increase in the percentage of beds under nomination agreements reflects greater confidence from universities, as demand for accommodation has normalised following the pandemic and the disposal of a number of primarily direct-let properties during 2022.

The unexpired term of our nomination agreements is 6.3 years, slightly down from 6.7 years in 2021/22. A balance of nomination agreements and direct-let beds provides the benefit of having income secured by universities, as well as the ability to offer rooms to rebookers and postgraduates and determine market pricing on an annual basis. We expect to maintain nomination agreements at around 50–55% of beds going forward.

63% of our nomination agreements, by income, are multi-year and therefore benefit from annual fixed or inflation-linked uplifts based on RPI or CPI. The remaining agreements are single year, and we achieved a renewal rate of 75% on these agreements for 2022/23 (2021/22: 74%). Together, nomination agreements delivered rental uplifts of 4.0% for 2022/23 and are expected to support overall rental growth of 6–7% for 2023/24.

Agreement length	Beds 2022/23	% Income 2022/23
Single year	**14,210**	**39%**
2–5 years	**9,107**	**27%**
6–10 years	**5,491**	**14%**
11–20 years	**6,003**	**15%**
20+ years	**1,800**	**5%**
Total	**36,611**	**100%**

UK students account for 72% of our customers for 2022/23 (2021/22: 70%), making up a large proportion of the beds under nomination agreements with universities. This represents a significant increase in our weighting to UK students, which stood at only 60% immediately prior to the pandemic, and reflects our success in attracting students from the HMO sector. In addition, 25% and 3% of our customers come from non-EU and EU countries respectively (2021/22: 25% and 5%), reflecting the relative appeal of our all-inclusive, hassle-free product when compared with alternatives in the private-rented sector.

Postgraduates continue to make up around 25% of our direct-let customer base and rebookers accounted for 23% of our direct-let bookings for the 2022/23 academic year (2021/22: 20%), reflecting the proactive retention campaign in our properties. The growing share of postgraduate and non-first year undergraduate students in our properties supports our strategy of increasing segmentation of our customer offer.

Positive outlook for 2023/24

Applications data for the 2023/24 academic year is encouraging, with total applications down 2% on 2022/23 but still 5% ahead of pre-pandemic levels. We continue to see strongest demand for the high- and mid-tariff universities to which we align our portfolio. Application rates remain strong for UK 18-year-olds at 41.5% and there continues to be significant unmet demand for university places, as demonstrated by the nearly 200,000 unplaced students in 2022/23. Applications from international students are 3% higher for 2023/24, with 4% growth from non-EU markets more than offsetting a 2% reduction in EU applicants.

Demand for the Group's accommodation has continued to be strong through the sales cycle to date. Across the Group's entire property portfolio 83% of rooms are now sold for the 2023/24 academic year, significantly ahead of the prior year and pre-pandemic levels (2022/23: 67%). We have seen increased early demand from universities who see quality accommodation as a key part of their proposition to prospective students. Current reservations under nomination agreements account for 54% of available beds for 2023/24, up 6 percentage points versus the same stage in the 2022/23 sales cycle.

In our strongest markets, we have also seen an increasing number of students looking to secure accommodation earlier in the sales cycle than previous years and a significant increase in the level of rebookers who now make up 28% of direct-let reservations (2022/23: 23%). This is supportive of our guidance for full occupancy and rental growth of 6–7% for the 2023/24 academic year.

FINANCIAL REVIEW continued

OPERATIONS REVIEW continued

Operating costs

The war in Ukraine and other macro-economic factors contributed to inflationary cost pressures during the year. We are partially protected but not immune from the effects of inflation on our cost base, thanks to our hedging policies and proactive steps to deliver efficiencies through technology and a review of our operating model. Inflationary pressures, combined with higher marginal costs from increased occupancy, resulted in a 9% increase in property operating costs during 2022.

Staff costs increased by £1.2 million due to underlying wage increases and the cost-of-living payment made to employees, partially offset by savings following the implementation of our new 24/7 operating model during the year. Our new operating model was implemented in July, with all properties now staffed 24/7 so that students can access in-person support when they need it. Each property now has a general manager, responsible for all aspects of safety, performance and student experience in their property.

We hedge our utility costs in advance of letting rooms, providing visibility over our cost base at the point of sale. This policy helped limit utility cost increases to 4% or £0.9 million during the year. Our utility costs are fully hedged through 2023 and 65% for 2024.

Summer cleaning costs increased by £1.8 million as we returned to a full summer lettings cycle, which delivered incremental income of £10.3 million. Around 15% of the incremental summer income and costs were attributable to the Commonwealth Games in Birmingham where we provided accommodation to support services, including the police. Reflecting the increased summer activity and overall occupancy, marketing costs increased by £0.9 million during the year.

Central and other costs increased by £3.0 million due to inflationary cost increases in respect of buildings insurance, reactive maintenance, broadband and council tax/HMO licences, as well as targeted investment in learning and development to support our new operating model.

Property operating expenses breakdown	2022 £m	2021 £m	Change
Staff costs	**(29.6)**	(28.4)	5%
Utilities	**(22.8)**	(21.9)	4%
Summer cleaning	**(5.1)**	(3.3)	55%
Marketing	**(6.7)**	(5.8)	16%
Central costs	**(11.3)**	(9.7)	15%
Other	**(23.2)**	(21.8)	7%
Property operating expenses	**(98.7)**	**(90.9)**	**9%**

PROPERTY REVIEW

Our property portfolio saw a 4.4% increase in valuations on a like-for-like basis during the year (Unite share: 4.0%), driven principally by rental growth. The see-through net initial yield of the portfolio was 4.7% at 31 December 2022 (December 2021: 4.9%). After disposals and new openings, this reflects like-for-like yield compression of 2 basis points in the year. LSAV reported the largest valuation growth (+5.6%) within the Group, reflecting the strength of rental growth from its predominantly London-based portfolio.

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

£m	Valuation 31 Dec 2022	Rental growth	Yield movement	Other[2]	Total
Wholly-owned	**3,623**	111	(6)	1	106
LSAV	**1,921**	101	(4)	5	102
USAF	**2,888**	117	29	(19)	127
Total (Gross)	**8,432**	**329**	**19**	**(13)**	**335**
Total (Unite share)	**5,397**				**185**

% capital growth				
Wholly-owned	3.6%	(0.2)%	0.0%	3.4%
LSAV	5.6%	(0.2)%	0.2%	5.6%
USAF	4.2%	1.1%	(0.7)%	4.6%
Total (Gross)	**4.3%**	**0.3%**	**(0.2)%**	**4.4%**
Total (Unite share)				**4.0%**

1. Excludes leased properties and losses on disposals
2. Other includes changes to operating cost assumptions and income adjustments on reversionary assets.

The proportion of the property portfolio that is income generating is 96% by value, up from 94% at 31 December 2021. Properties under development have decreased to 4% of our property portfolio by value (31 December 2021: 6%), following the completion of our developments at Hayloft Point in London and Campbell House in Bristol during the year.

The PBSA investment portfolio is 40% weighted to London by value on a Unite share basis, which is expected to rise to 45% *on a built-out basis following completion of our secured development pipeline.*

PROPERTY REVIEW continued

Development and university partnership activity

The combination of growing student demand, slowing supply of new purpose-built student accommodation and a shrinking HMO sector creates significant opportunities for new development. There is widespread acknowledgement from universities and local authorities of the need for new student accommodation to relieve pressure on housing supply. As a result, the current market environment offers the strongest opportunity for new development in recent years.

Our current development pipeline includes 4,863 beds, with a total development cost of £850 million, of which 2,239 beds or 63% by development cost will be delivered in central London.

We reviewed our development activity during the year in light of interest rate increases and higher build cost inflation. We have deferred starts on some developments, enabling us to improve returns through reductions in land prices in some cases and greater certainty over build costs. The improvement in funding markets in recent months also supports greater earnings accretion from our pipeline.

Reflecting this improved outlook, we have recently committed to complete our Lower Parliament Street and Abbey Lane schemes in time for the 2025/26 academic year. We are now committed to four development schemes, totalling 2,123 beds and £339 million in total development costs. The £200 million of costs to complete these projects is fully funded from the Group's cash and available credit facilities, which totalled £397 million at 31 December 2022.

We also expect to commit to further development activity during 2023 through a combination of schemes in our secured pipeline and new opportunities at attractive returns.

Completed schemes

During the year, we completed our developments of Hayloft Point and Campbell House, together comprising 1,351 beds at a cost of £229 million and a development yield of 6.0%. Both schemes are fully let for the 2022/23 academic year. Campbell House is fully let to the University of Bristol under a 15-year nomination agreement and two-thirds of the total beds at Hayloft Point are let to King's College London under a 5-year nomination agreement. Both schemes have achieved BREEAM Excellent ratings and EPC A ratings and are fully electric, with no gas reliance, supporting our commitment to net zero carbon by 2030.

Committed schemes

The Group is committed to four development schemes: Derby Road and Lower Parliament Street in Nottingham, Abbey Lane in Edinburgh and Jubilee House in Stratford. The schemes have a total development cost of £339 million, delivering a blended yield on cost of 7.0% for the PBSA elements.

Our £60 million Derby Road development, offering 705 new beds, will complete for the 2023/24 academic year and is located adjacent to the University of Nottingham campus. We are trialling an enhanced design for the common areas, which we expect to improve customer experience and our ability to offer a Home for Success.

In January 2022, we added Lower Parliament Street, a 271-bed direct-let scheme in Nottingham city centre, to our pipeline. We expect to deliver the fully-consented scheme for the 2025/26 academic year.

At Abbey Lane in Edinburgh, we are planning to deliver a segmented development offering 298 beds in cluster-flats as well as 66 two- and three-bed clusters in a separate block. These smaller flats will be available for postgraduate students, university staff and other young professionals. We are targeting completion for the 2025/26 academic year.

In December 2022, the Group acquired the land for our Jubilee House scheme for £73 million. The student accommodation element of the fully-consented scheme is expected to be delivered in time for the 2026/27 academic year, with construction due to start in the second quarter of 2023. The development will be delivered as a university partnership, with over half of the beds let under a nomination agreement. The mixed-use scheme will also deliver 65,000 square feet of academic space, let for an initial 35-year term to the Secretary of State for Levelling Up, Housing and Communities.

Secured pipeline

The remaining 2,740 beds in our secured pipeline are uncommitted schemes with negligible future capital commitments. We are reviewing the expected returns from these schemes, and will commit to them only where there is a meaningful spread between development yields and funding costs to adequately compensate for the risk of new development. Where planning has not been secured, we have been working with land vendors and our contractors to re-visit development costs to improve returns in response to higher funding costs. Given positive progress with this activity, we expect to commit to further schemes at attractive returns during the course of 2023.

New development opportunities

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

Reflecting increased funding costs, we are seeking higher prospective returns on new direct-let schemes at around 7.5–8.0% in provincial markets and 6.5–7.0% in London. We have lower hurdle rates for developments that are supported by universities or where another developer is undertaking the higher-risk activities of planning and construction. For new schemes, increasing rental growth in our strongest markets is supporting development viability. We also expect moderating build-cost inflation and the opportunity to renegotiate land prices to further enhance returns.

University partnerships pipeline

We continue to make progress with our strategy of delivering growth through strategic partnerships with universities where student numbers are growing fastest. Universities increasingly view the availability of high-quality and affordable accommodation as a barrier to their recruitment and an important factor for students when considering where to study. Reflecting the financial and operational constraints faced by universities, there is a growing appetite for strategic partnerships to address this need.

We have agreed to provide a temporary college for Durham University at our 348-bed Rushford Court site in Durham, while an existing college is redeveloped by the university. Subject to planning, there will be additional welfare and common areas to support college living. Following completion of the redevelopment works at Hild Bede college, it is expected that Rushford Court will become Durham's eighteenth college for a 30-year period, further strengthening our partnership with the university.

We intend to deliver our three future London schemes as university partnerships, in line with requirements in the London Plan for the majority of new beds to be leased to a Higher Education provider. Our two Bristol schemes will be delivered as partnerships with the university, building on our existing city-wide agreement with the university, and helping to address an acute shortage of student accommodation in Bristol.

In addition, we are in active discussions with a range of high-quality universities for new partnerships which we are looking to progress over the next 12–18 months. These include discussions around stock transfer and refurbishment of existing university accommodation as well as new development both on- and off-campus. Our existing university relationships through nomination agreements, best-in-class operating platform and development capability, as well as access to capital, provides us with a unique opportunity to deepen these partnerships.

FINANCIAL REVIEW continued

PROPERTY REVIEW continued

Secured development and partnerships pipeline

£m	Type[1]	Target delivery	Secured beds/units No.	Total completed value £m	Total development costs £m	Capex in period £m	Capex remaining £m	Forecast NTA remaining £m	Forecast yield on cost %
Committed development									
Derby Road, Nottingham	DL	2023	705	88	60	28	18	14	8.2%
Lower Parliament Street, Nottingham	DL	2025	271	44	36	8	28	9	7.3%
Abbey Lane, Edinburgh	DL	2025	431	73	51	8	40	19	7.0%
Jubilee House, East London[3]	UPT	2026	716	237	192	78	114	39	6.1%
Total Committed			**2,123**	**442**	**339**	**122**	**200**	**81**	**6.7%**
Uncommitted development									
Temple Quarter, Bristol	UPT	2025	595		85	19	63		7.3%
Freestone Island, Bristol[2]	UPT	2026	622		79	1	78		7.0%
Meridian Square, East London[2]	UPT	2027	951		194	3	191		6.4%
TP Paddington, London[2]	UPT	2027	572		153	2	147		6.3%
Total Uncommitted			**2,740**		**511**	**25**	**479**		**6.6%**
Total pipeline			**4,863**		**850**	**147**	**679**		**6.7%**

1. Direct let (DL), University partnership (UPT).
2. Subject to obtaining planning consent
3. Yield on cost assumes sale of academic space for c.£65 million

Asset management

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

In September, we completed three asset management schemes in Manchester. Investment across the three projects totalled £46 million in aggregate and delivered a 7% yield on cost. The projects delivered new accommodation, refurbished existing rooms and enhanced the environmental performance of the properties. The upgraded assets are fully let for the 2022/23 academic year and support our segmentation strategy, with the three buildings targeted at different market segments according to their designs.

We have a pipeline of further asset management opportunities which support £35–50 million p.a. of future investment activity (Unite share).

Disposals

We continue to manage the quality of the portfolio and our balance sheet leverage by recycling capital through disposals. During the year, the Group completed £339 million of disposals (Unite share: £256 million) at a blended 5.7% yield, which completed the disposal programme set out at the time of our acquisition of Liberty Living in 2019. The disposals saw the Group exit less attractive markets in Reading and Bedford and certain smaller, less operationally efficient assets. The disposals were priced in line with prevailing book value after deductions for associated transaction costs and required fire safety works.

We will continue to recycle capital from disposals to maintain LTV around our 30–35% target range. The level of planned disposals will adjust to reflect capital requirements for our development and asset management activity as well as market pricing.

Acquisitions

During the first half of the year, Unite increased its investment in USAF with the acquisition of £141 million of units through participation in an equity raise and the acquisition of existing units in the secondary market, increasing our stake to 28.2% (31 December 2021: 22.0%). This investment equated to an increase in Unite's see-through GAV of £177 million at an effective property yield of 5.1%, supporting the earnings growth delivered during the year.

We continue to review potential acquisition opportunities alongside our other uses of capital. We are focused on opportunities in our strongest markets aligned to high-quality universities, where we see the ability to deliver attractive and sustainable rental growth over the long term.

Build-to-rent

In October, the Group acquired 180 Stratford, a 178-unit (319 bed) purpose build-to-rent (BTR) asset in Stratford, East London for £71 million. The acquisition will enable the Group to test its operational capability to extend its accommodation offer to young professionals and retain them as customers as they move on to the next stage in their lives. The property adds to the Group's significant existing presence in the Stratford market, where Unite already operates 1,700 student beds and has two further student developments in its secured pipeline. The acquisition of 180 Stratford will increase Unite's scale in the Stratford market to around 3,700 beds.

Since acquiring the asset, we have begun transferring operational management onto our platform and have significantly advanced our understanding of BTR operations. There are opportunities to leverage our existing operating platform to deliver cost efficiencies and use our BTR product to retain student customers seeking a more independent living experience. Rental growth to date has been significantly ahead of our acquisition assumptions, with new lettings and renewals 11% above previous rental levels. We plan to complete a rolling refurbishment of the building, including new common space and the creation of new units during 2023 and 2024, which will provide further rental upside.

We do not expect to increase our capital commitment to BTR in the short term. Instead, we are considering opportunities to increase the scale of our BTR operations through co-investment with institutional investors, where Unite would act as asset manager. Subject to identifying suitable opportunities, such a structure would enhance returns for the Group while limiting capital requirements as we develop our understanding of the opportunity in the BTR sector.

Fire safety

The Government has proposed a Building Safety Bill, covering building standards, which is likely to result in more stringent fire safety regulations. Fire safety remains a critical part of our health and safety strategy, and we have a proven track record of leading the sector on fire safety standards through our proactive approach. Our buildings are all safe to operate and we will continue to make future investments in fire safety, as required, to comply with Government regulations.

We have identified 37 properties with High-Pressure Laminate (HPL) cladding, or requiring other fire safety improvements across our estate. We have completed the remediation works for 10 properties (six of which completed during the year) and are currently carrying out the remaining replacement works with activity prioritised according to our risk assessments. We spent £50.5 million (Unite share: £19.4 million) on fire safety capex during the year and have made a further provision for £71.8 million (Unite share: £28.2 million) of future remediation works. At the year-end, the total outstanding provision for cladding remediation works was £113.3 million (Unite Share: £59.2 million), the costs for which will be incurred over the next two years.

We are seeking to mitigate the costs of cladding replacement through claims from contractors under build contracts, where appropriate. We have already recovered £28 million (Unite share: £20 million) through successful claims and ultimately expect to recover 50–75% of total replacement costs over time. This is not reflected in our balance sheet due to uncertainty over the timing of any recoveries.

FINANCIAL REVIEW continued

FINANCIAL PERFORMANCE

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

EPRA and adjusted earnings

We delivered a strong operating performance in 2022, with adjusted earnings increasing by 48% to £163.4 million (2021: £110.1 million), reflecting an increase in rental income and broadly stable costs, including interest, when compared to the prior year. Adjusted EPS also increased by 48% to 40.9p (2021: 27.6p).

	2022 £m	2021 £m
Rental income	**339.7**	282.7
Property operating expenses	**(98.7)**	(90.9)
Net operating income (NOI)	**241.0**	**191.8**
NOI margin	***70.9%***	*67.8%*
Management fees	**17.4**	15.9
Overheads	**(27.7)**	(31.5)
Finance costs	**(63.0)**	(63.3)
Development and other costs	**(5.8)**	(2.8)
LSAV performance fee	**–**	41.9
EPRA earnings	**161.9**	**152.0**
LSAV performance fee	**–**	(41.9)
Abortive acquisition costs	**1.5**	–
Adjusted earnings	**163.4**	**110.1**
Adjusted EPS	**40.9p**	**27.6p**
EPRA EPS	**40.5p**	**38.1p**
EBIT margin	***67.9%***	*62.3%*

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

Sales, rental growth and profitability

Rental income increased by £57.0 million to £339.7 million, up 20%, as a result of higher occupancy, rental growth and the removal of pandemic-related restrictions and rental discounts. Like-for-like rental income, excluding the impact of acquisitions, disposals and development completions, increased by 23% during the year.

This exceeded the 14% increase in operating expenses for like-for-like properties, primarily driven by increased utility costs as a result of higher occupancy, increased staff costs and greater investment into marketing to drive sales for the 2022/23 academic year.

Total net operating income increased by 26% to £241.0 million, translating to an increase in NOI margin to 70.9% (2021: 67.8%).

£m	FY 2022 Wholly owned £m	FY 2022 Share of fund/JV £m	FY 2022 Total £m	FY 2021 Wholly owned £m	FY 2021 Share of fund/JV £m	FY 2021 Total £m	YoY change £m	YoY change %
Rental Income								
Like-for-like properties	**223.6**	**87.3**	**310.9**	184.7	68.1	252.8	58.1	23.0%
Non-like-for-like properties	**18.1**	**10.7**	**28.8**	24.1	5.8	29.9	(1.1)	
Total rental income	**241.7**	**98.0**	**339.7**	**208.8**	**73.9**	**282.7**	**57.0**	**20.2%**
Property operating expenses								
Like-for-like properties	**(66.0)**	**(24.6)**	**(90.6)**	(58.6)	(21.1)	(79.7)	(10.9)	13.7%
Non-like-for-like properties	**(6.0)**	**(2.1)**	**(8.1)**	(9.1)	(2.1)	(11.2)	3.1	
Total property operating expenses	**(72.0)**	**(26.7)**	**(98.7)**	**(67.7)**	**(23.2)**	**(90.9)**	**(7.8)**	**8.6%**
Net operating income								
Like-for-like properties	**157.6**	**62.7**	**220.3**	126.1	46.9	173.1	47.2	27.3%
Non-like-for-like properties	**12.1**	**8.6**	**20.7**	15.0	3.8	18.7	2.0	
Total net operating income	**169.7**	**71.3**	**241.0**	**141.1**	**50.7**	**191.8**	**49.2**	**25.7%**

Overheads decreased by £3.8 million, reflecting lower performance related pay as well as underlying cost control. Recurring management fee income from joint ventures increased to £17.4 million (2021: £15.9 million), driven by higher NOI and property valuations in USAF and LSAV. Our EBIT margin improved to 67.9% (2021: 62.3%) or 68.4% excluding the impact of non-recurring restructuring costs relating to the implementation of our new 24/7 operating model.

We are targeting an improvement in our adjusted EBIT margin to 70% in 2023, driven by higher occupancy, rental growth and further efficiencies over time in areas such as staff costs, procurement and the enhanced use of technology.

Finance costs were held broadly flat at £63.0 million in 2022 (2021: £63.3 million), with reduced borrowings offsetting the increase in our average cost of debt to 3.4% (2021: 3.0%). £6.4 million of interest costs were capitalised during the year (2021: £5.2 million) in relation to our development pipeline.

Development (pre-contract) and other costs increased to £5.8 million (2021: £2.8 million), reflecting a non-recurring tax credit of £2.8 million in the prior year and non-recurring abortive acquisition costs.

FINANCIAL REVIEW continued

FINANCIAL PERFORMANCE continued

IFRS earnings

IFRS profit before tax increased to £358.0 million in the year (2021: £343.1 million), driven by the increase in adjusted earnings of £53.3 million, a revaluation gain net of losses on disposal of £119.2 million (2021: £182.2 million) and £70.7 million from the positive revaluation of interest rate swaps on the back of rising interest rates (2021: £6.7 million).

	2022 £m	2021 £m
Adjusted earnings	**163.4**	**110.1**
LSAV performance fee	–	41.9
Abortive acquisition costs	**(1.5)**	–
EPRA earnings	**161.9**	**152.0**
Valuation gains/(losses) and loss on disposal	**119.2**	182.2
Changes in valuation of interest rate swaps and debt break costs	**70.7**	6.7
Non-controlling interest and other items	**6.2**	2.2
IFRS profit before tax	**358.0**	**343.1**
Adjusted earnings per share	**40.9p**	27.6p
IFRS basic earnings per share	**88.9p**	85.9p

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

EPRA NTA growth

EPRA net tangible assets (NTA) per share, our key measure of NAV, increased by 5% to 927p at 31 December 2022 (31 December 2021: 882p). EPRA net tangible assets were £3,715 million at 31 December 2022, up £183 million from £3,532 million a year earlier.

The main drivers of the £183 million increase in EPRA NTA and 45 pence increase in EPRA NTA per share were revaluation gains on investment properties driven by rental growth and higher occupancy, development surpluses and retained profits, which more than offset the impact of losses on disposals and a further provision for fire safety capex.

	£m	Diluted pence per share
EPRA NTA as at 31 December 2021	**3,532**	**882**
Rental growth	123	31
Yield movement	(12)	(3)
Fire safety capex	(20)	(5)
Development surplus	46	11
Disposals and associated transaction costs	(17)	(4)
Retained profits/other	63	15
EPRA NTA as at 31 December 2022	**3,715**	**927**

IFRS net assets increased by 7% in the year to £3,792.1 million (31 December 2021: £3,527.8 million), principally driven by positive revaluation movements and retained profits. On a per share basis, IFRS NAV increased by 7% to 945p.

Property portfolio

The valuation of our property portfolio at 31 December 2022, including our share of properties assets held in USAF and LSAV, was £5,690 million (31 December 2021: £5,287 million). The £403 million increase in portfolio value reflects the valuation movements outlined above, a £177 million increase in the Group's share of USAF, acquisition of a BTR investment property for £71 million, £256 million of completed disposals, and capital expenditure and interest capitalised on developments of £284 million.

Summary balance sheet

£m	31 December 2022 Wholly-owned £m	Share of fund/JV £m	Total £m	31 December 2021 Wholly-owned £m	Share of fund/JV £m	Total £m
Rental properties	**3,623**	**1,773**	**5,396**	3,323	1,542	4,865
Rental properties (leased)	**90**	**–**	**90**	98	–	98
Properties under development	**204**	**–**	**204**	324	–	324
Total property	**3,917**	**1,773**	**5,690**	3,745	1,542	5,287
Net debt	**(1,210)**	**(524)**	**(1,734)**	(1,030)	(492)	(1,522)
Lease liability	**(90)**	**–**	**(90)**	(94)	–	(94)
Other assets/(liabilities)	**(97)**	**(54)**	**(151)**	(107)	(32)	(139)
EPRA net tangible assets	**2,520**	**1,195**	**3,715**	**2,514**	**1,018**	**3,532**
IFRS NAV	**2,597**	**1,195**	**3,792**	**2,510**	**1,018**	**3,528**
LTV			**31%**			**29%**

Total accounting return

Growth in EPRA NTA was the key component of the 8.1% total accounting return delivered in the year (2021: 10.2%), alongside dividends paid of 26.6p (2021: 19.25p). Our adjusted EPS yield (measured against opening NTA) increased to 4.6% in the year (2021: 3.4%), reflecting the growth in recurring earnings.

We expect to deliver a total accounting return of 8–10% in 2023 before the impact of any property yield movements. This reflects our guidance for growing recurring earnings and strong rental growth for the 2023/24 academic year.

Cash flow and net debt

The Operations business generated £134.1 million of net cash in 2022 (2021: £108.1 million) and net debt increased to £1,734 million (2021: £1,522 million). The key components of the movement in net debt were:

- Disposal proceeds of £256 million
- Operational cash flow of £141 million on a see-through basis
- The acquisition of units in USAF for (£141 million)
- Total capital expenditure of (£355 million)
- Dividends paid of (£94 million)
- A (£19 million) outflow for other items

In 2023, we expect see-through net debt to increase as planned capital expenditure on investment and development activity will exceed anticipated asset disposals.

Debt financing and liquidity

During the year, we witnessed a significant increase in Government bond yields, as well as credit spreads for publicly traded debt, as markets reacted to higher inflation and a tightening of monetary policy by central banks. In the period immediately following the UK's mini-budget in September 2022, new borrowing costs rose to prohibitive levels for new investment activity.

Encouragingly, there has been a significant easing in funding market conditions over recent months and lenders remain supportive of the Group and the student accommodation sector.

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

FINANCIAL REVIEW continued

FINANCIAL PERFORMANCE continued

We are focused on maintaining a robust and flexible balance sheet and will continue to use leverage to support our growth and enhance risk-adjusted returns. However, higher borrowing costs mean we are likely to reduce our use of debt over time by accessing other forms of funding, such as new equity and co-investment where appropriate, as well as disposals.

Key debt statistics (Unite share basis)	31 Dec 2022	31 Dec 2021
See-through net debt	**£1,734m**	£1,522m
LTV	**31%**	29%
Net debt: EBITDA ratio	**7.3**	8.3
Interest cover ratio	**3.7**	2.8
Average debt maturity	**4.1 years**	5.0 years
Average cost of debt	**3.4%**	3.0%
Proportion of investment debt at fixed rate	**97%**	90%

LTV increased to 31% at 31 December 2022 (31 December 2021: 29%), primarily driven by expenditure on our development pipeline, the acquisition of £141 million of units in USAF and capital expenditure on the investment portfolio, which more than offset the impact of disposals and valuation increases in the period.

With greater focus on the earnings profile of the business, we continue to monitor our interest cover and net debt to EBITDA ratios. In 2022, interest cover improved to 3.7x (2021: 2.8x) and net debt to EBITDA reduced to 7.3x (2021: 8.3x), reflecting the improved operational performance of the business. We are targeting to maintain an ICR ratio of >3.0x and improve our net debt to EBITDA ratio to 6–7x.

The Unite Group has maintained investment grade corporate ratings of BBB (Stable outlook) from Standard & Poor's and Baa2 (Positive outlook) from Moody's, reflecting Unite's robust capital position, cash flows and track record.

Funding activity

As at 31 December 2022, the wholly-owned Group had £397 million of cash and debt headroom (31 December 2021: £421 million), comprising of £29 million of drawn cash balances and £368 million of undrawn debt (2021: £96 million and £325 million respectively).

During the year, the Group extended its sustainability-linked revolving credit facility by £150 million to £600 million, on terms in line with the existing facility. The facility maturity has been extended by a year to March 2026, which may be extended by a further year at Unite's request, subject to lender consent.

During the year, LSAV raised a new £400 million syndicated loan for a term of five years, using the proceeds to pay down existing facilities approaching maturity. The £100 million L&G loan facility in LSAV matured in January 2023 and was fully repaid from existing reserves.

USAF has agreed terms for a new £400 million secured loan to refinance its existing £380 million bond maturity in June 2023. We expect to complete the refinancing in the second quarter of 2023 at significantly improved pricing levels compared to the second half of 2022.

Interest rate hedging arrangements and cost of debt

Our average cost of debt based on current drawn amounts has increased to 3.4% (31 December 2021: 3.0%). At the year end, 97% of the Group's debt was subject to fixed or capped interest rates (31 December 2021: 90%), providing protection against future changes in interest rates. Based on our hedging position and market interest rates, we currently expect a cost of debt of 3.6% for FY2023 and 3.8% for FY2024.

Our average debt maturity is 4.1 years (31 December 2021: 5.0 years) and we will continue to proactively manage our debt maturity profile and diversify our lending base. In addition, the Group has £300 million of forward starting interest rate swaps at rates meaningfully below prevailing market levels with a weighted average maturity of just under 11 years.

Dividend

We are proposing a final dividend payment of 21.7p per share (2021: 15.6p), making 32.7p for the full year (2021: 22.1p) and representing a 48% increase compared to 2021. The final dividend will be fully paid as a Property Income Distribution (PID) of 21.7p, which we expect to fully satisfy our PID requirement for the 2022 financial year.

Subject to approval at Unite's Annual General Meeting on 18 May 2023, the dividend will be paid in either cash or new ordinary shares (a 'scrip dividend alternative') on 26 May 2023 to shareholders on the register at close of business on 14 April 2023. The last date for receipt of scrip elections will be 4 May 2023.

During 2022, scrip elections were received for 15.4% and 2.8% of shares in issue for the 2021 final dividend and 2022 interim dividend respectively. Further details of the scrip scheme, the terms and conditions and the process for election to the scrip scheme are available on the Company's website.

We plan to distribute 80% of adjusted EPS as dividends for the 2023 financial year.

Tax and REIT status

The Group holds REIT status and is exempt from tax on its property business. During the year, we recognised a corporation tax charge of £0.9 million (2021: £2.8 million credit).

Funds and joint ventures

The table below summarises the key financials at 31 December 2022 for our co-investment vehicles.

	Property assets £m	Net debt £m	Other assets £m	Net assets £m	Unite share of NTA £m	Total return	Maturity	Unite share
USAF	2,888	(725)	(120)	2,043	575	4.7%	Infinite	28%
LSAV	1,921	(639)	(41)	1,241	620	8.9%	2032	50%

Property valuations increased by 4.6% and 5.6% for USAF and LSAV respectively over the year, on a like-for-like basis, driven by rental growth with yields broadly stable.

During the year, Unite increased its investment in USAF through the acquisition of £141 million of units through participation in an equity issue and acquisition of existing units in the secondary market. In aggregate, the purchases increased Unite's ownership of USAF to 28.2% (31 December 2021: 22.0%).

USAF is a high-quality, large-scale portfolio of 28,000 beds in leading university cities. The fund has positive future prospects through rental growth and investment opportunities in asset management initiatives in its existing portfolio. Unite is currently engaging with unit holders in its role as fund manager to determine the best way to fund both USAF's ongoing capital requirements and continued growth.

Fees

During the year, the Group recognised net fees of £17.4 million from its fund and asset management activities (2021: £57.8 million). The reduction reflects the recognition of a £41.9 million non-recurring performance fee from LSAV in 2021. Growth in property valuations and NOI over the past 12 months together contributed to growth in recurring fee income received from USAF and LSAV.

	2022 £m	2021 £m
USAF asset management fee	**12.6**	12.0
LSAV asset and property management fee	**4.8**	3.9
LSAV performance fee	**–**	41.9
Total fees	**17.4**	**57.8**

Joe Lister
Chief Financial Officer
28 February 2023

SUSTAINABILITY AND NON-FINANCIAL REPORTING

MAKING A POSITIVE IMPACT THROUGH PEOPLE AND PLACES

"We have always tried to make a real positive impact, from our founding principle of providing safe, secure and affordable accommodation, through 10 years supporting the Unite Foundation, to our 2030 net zero carbon targets."

Richard Smith
Chief Executive Officer

Operating sustainably is crucial to our long term success, which is why making Unite a responsible and resilient business is one of our strategic objectives. To help us achieve this, particularly in relation to environmental and social issues, we've created a new sustainability framework focused on "creating a positive impact, through People and Places". Key ambitions include targets to be net zero carbon by 2030, invest 1% of profit in social initiatives, and create a consciously inclusive and equitable workplace that is representative of wider society and helps everyone fulfil their potential. Some of our achievements are set out below.

Progress made through 2022

Making a positive impact through People

- Launched new learning academy and delivered over 19,000 hours of training to employees
- Committed to invest 1% of profit in social initiatives aligned with our purpose, and delivered a £2.0 million investment in 2022
- Launched our new Support to Stay student support framework including our Winter Wellbeing programme to help vulnerable students through the cost-of-living crisis
- Relaunched our Leapskills programme reaching over 10,000 young people in 2022
- Relaunched our Positive Impact programme, achieving Bronze awards across all properties
- Announced a bumper intake of 100 new Unite Foundation scholars to celebrate its 10th anniversary

Making a positive impact through Places

- Completed detailed surveys of all properties and developed property-level asset transition plans, identifying c.£100 million of energy efficiency investments required to hit our 2030 net zero target
- Deployed £13 million on energy efficiency measures in the year, expected to deliver a c.5% cut in energy consumption
- Appointed dedicated Sustainability Construction Manager in a new role to help our Development Team hit our sustainability targets
- Started development of a new Sustainable Construction Framework including full life cycle carbon assessment (LCA) of all new developments
- Provided head office space for charity Streets of Growth on a peppercorn rent in our new Hayloft Point development

Our ambition is to make a real positive impact:

- Invest 1% of profit in social initiatives
- Equitable representation of minority groups
- 60:40 (male:female) senior management gender split by 2025
- 75% of managerial vacancies filled internally
- Zero reportable accidents and incidents
- Employee engagement score of 80 or higher
- Net zero carbon by 2030:
  - SBTi validated 1.5°C carbon target of a 56% cut in scope 1+2 emissions by 2030
  - CRREM-based operational energy efficiency target for a 28% cut in energy intensity by 2030
  - RIBA 2030 Climate Challenge-aligned targets for new-build embodied carbon and energy
  - RE100 commitment to buy 100% renewable electricity by 2030
- BREEAM Excellent for all new developments

To deliver on our ambition to make a real difference in the areas that are most materially significant to us we've developed our new sustainability framework:

Making a positive impact through People and Places

PEOPLE

Everyone is unique. Everyone is important. Everyone deserves to be safe, respected and included, and to be their best selves. At Unite, we strive to make that happen whether you stay with us or work with us.

Opportunities for people to develop and grow

We're giving employees and students the support they need to grow and succeed. To do their best work, discover their passions and be their best selves.

Wellbeing – employees and students

We aspire to build a mindful culture, where supporting the mental, physical, financial and social wellbeing of students and employees is a priority for everyone.

Diversity, equity & inclusion

We're creating a culture where being different is valued. A culture where our people and students can thrive and there's room for everyone, no matter what their background, identity or circumstances.

Health & safety

We don't take shortcuts when it comes to health and safety. We work hard to make our people and the students who live with us safe and supported.

PLACES

We want to create places that deliver a positive impact on our people, our communities and the planet. We're aiming for net zero carbon buildings, finding ways to use fewer resources, and helping build strong communities in and around our properties.

Tackling climate change

We're playing our part in keeping global warming below 1.5°C, reducing greenhouse gas emissions from operations and new buildings in line with science based carbon targets and to be net zero carbon by 2030.

Greener, sustainable buildings

We're designing, constructing and managing our buildings to be sustainable, support nature, and provide a healthy inspiring environment for those who work or live there.

Responsible use of resources

Reducing resource consumption and waste, working with suppliers to improve circularity, and helping students and staff adopt life-long sustainable behaviours.

Playing an active role in local communities

We're ensuring our actions have a positive impact on the communities and environments around us.

OUR APPROACH

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

Transparency and disclosure

We're committed to transparency when it comes to our sustainability targets, reporting progress and disclosing performance.

Operating with integrity

We do the right thing, always operating with integrity and expecting the highest standards.

The United Nations Sustainable Development Goals (UN SDGs) (see more details at https://sdgs.un.org/goals) set out the most important sustainability topics globally, and provide a framework to help focus attention and action where it is most needed. Our ambition to create a positive impact through People and Places is specifically aligned with 9 of the 17 UN SDGs where we are best positioned to support the goals and underlying targets, as indicated by the SDG icons on the graphic above.

PEOPLE

Everyone is unique. Everyone is important. Everyone deserves to be safe, respected and included, and a chance to be their best selves. At Unite, we strive to make that happen whether you stay with us or work with us.

Opportunities for people to grow and develop

We're giving employees and students the support they need to grow and succeed. To do their best work, discover their passions and be their best selves.

LIFELONG LEARNING

In 2022, we launched our learning Academy with a commitment to provide our employees with lifelong learning opportunities. It's been designed to help everyone realise their potential, following a pathway to success based on five *core principles*:

- Talent: giving employees the power to realise their potential
- Learning: providing knowledge and skills within their role
- Development: building confidence to achieve
- Mentoring: share expertise and experience new perspectives
- Leadership: for their future career at Unite, and beyond

Through 2022, we provided over 19,600 hours of learning and development to employees covering a range of personal and professional development.

As part of our commitment to lifelong learning, in 2022 we offered four one-year industrial placements to students as part of their degree programme, as well as nine internships as part of the 10,000 Black Interns programme. These eight-week long placements spanned a range of areas including finance, procurement, HR and sustainability. Our apprenticeship programme also continued, with 54 apprentices working across the business through 2022 in roles including finance, estates, legal and energy management – an increase of 35 compared to 2021.

These programmes help build the skills, knowledge and confidence of participants, helping get their career off to the best possible start while also helping Unite identify, attract and retain the diverse talent we need to succeed.

CASE STUDY

INVESTING IN LIFELONG LEARNING FOR OUR TEAMS

Launch of The Academy

The Academy launched in October 2022 to enable on-the-job learning and development for every Unite employee, at every career stage. Lifelong learning can be accessed in the form of workshops, online courses, skill sessions, leadership programmes, mentoring and coaching.

As a part of it, in May last year, Unite launched its Grow Beyond leadership programmes, which includes Institute of Leadership & Management courses. Our Rising and Inspiring Leader six month fast-track programmes have supported our General Managers and Regional Leadership teams in transitioning into their new roles post consultation.

Victoria Andrews, Account Support Supervisor who is enrolled on the level 3 Grow Beyond leadership programme for aspiring leaders said: "I'm really glad I'm able to take part in my ILM course – it's helping me to develop and grow as a supervisor in my current role and I've enjoyed being able to meet other people in the Company through this."

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

EMPLOYEE VOICE

Our employee engagement forum, Culture Matters, is designed to put the employee voice front and centre in supporting the shaping of our People strategy. It provides a forum for two-way communication between the senior leadership team and the wider Company, involving and engaging employees through consultation, enabling them to contribute to the success of the business. Representatives *from across the business are elected to sit on our Culture* Matters forum, giving every colleague an opportunity to shape our People strategy and create an inclusive environment where people can fulfil their true potential. The Culture Matters forum is overseen by Ilaria del Beato, our independent Non-Executive Director for Workforce Engagement, who attends the quarterly sessions ensuring direct Board-level oversight. Culture Matters also includes a number of Employee Resource Groups supporting specific groups and topics including people of colour, women, LGBTQ+ colleagues, and employee wellbeing. More details are included in our Section 172 reporting (see page 66) and the Board Leadership and Purpose section of the Governance Report (see page 97).

HELPING YOUNG PEOPLE SUCCEED AT UNIVERSITY

Providing a Home for Success means helping young people access Higher Education, providing the best possible support throughout their studies, and signposting to opportunities when they complete their studies. The Unite Foundation has been facilitating access to university for students from care backgrounds or who are estranged from their family for 10 years.

In 2022, we relaunched our Leapskills programme, aiming to help students make a successful transition from school into independent living at university. Working closely with the University and Colleges Admissions Service (UCAS) we launched an interactive game reaching more than 25,000 prospective students with resources and content designed to help build resilience, navigate new relationships, and manage finances while at university.

We also launched a partnership collaboration with Startup Sherpas (see https://startupsherpas.org for more information) providing students with support to get their own business ideas and innovations off the ground.

CASE STUDY

DOING THE RIGHT THING FOR OUR COMMUNITIES

Unite Foundation 10th anniversary

The Unite Foundation offers a unique accommodation scholarship for care leavers and estranged young people at university.

Since its inception, 10 years ago, we're proud to have been its partner and principal corporate donor after setting up the charity. To date, a total of 614 care leavers and estranged students have been supported in accessing Higher Education through the Unite Foundation.

This year, to celebrate its 10-year milestone, the Foundation announced an expanded cohort of 100 new scholarship students, with our support. All new scholarship students were provided with a welcome pack worth £200. For students who were eligible, but unsuccessful in their application for a scholarship, Unite provided over £10,000 to give each student a £50 gift card to support them in making their house a home.

Unite's financial contributions to the Foundation form part of our commitment to donate 1% of annual profits to social initiatives.

Since inception, the Unite Foundation has flourished into a wholly-independent charity, currently partnering with 26 universities across the country.

For more about this project, go online to:
unitegroup.com/sustainability/leapskills

PEOPLE continued

Diversity, Equity, Inclusion, and Belonging

We're creating a culture where being different is valued. A culture where our people and students can thrive *and there's room for everyone, no matter what their* background, identity, or circumstances.

This year has been about creating our foundations, setting our goals for the next three years, and continuing to listen to the needs of our employees.

In April we launched our first Diversity, Equity, Inclusion, Belonging (DEIB) and Wellbeing strategy, We are US, which details our ambitions for 2022–2025, what we want to achieve, and how we are going to achieve it. At the heart of this is a focus on instinctive inclusion, creating a place where our people and students thrive and are at the heart of who we are and what we do every day. Key ambitions include achieving a 40:60 female:male gender split in senior management by 2025, and building a data-led understanding of wider diversity metrics so we can work towards a workforce that is truly representative of the communities we work in at every level.

We have continued to focus on two-way communication, through our employee forum, Culture Matters. Together, we have undergone a policy review process, which has highlighted the need for broader scoping policies, that better reflect the diversity of Unite. We have consulted the forum on the most meaningful ways to communicate, and ensured that our representatives are developed in their knowledge of business, finance, policy, and soft skills. One year on, it is evident in our agenda items that the business understands the importance of employee consultation, in order to deliver impactful and meaningful projects that land in the right way.

We have kept the messaging of DEIB and Wellbeing consistent, and started to build the knowledge of our employees. Utilising employee engagement, we used the responses from our annual DEIB and Wellbeing survey to influence the construction of our learning programme, improve our communications, and set out the behaviours expected of our employees, and senior leaders.

Looking forward to 2023, we will continue to work closely with our Culture Matters forum to ensure policies and procedures on important topics, such as family leave to support our DEIB ambitions.

CASE STUDY

LIVING BLACK AT UNIVERSITY

In February 2022, Unite published its "Living Black at University" Report, based on a research commissioned by Unite and carried out by Halpin Partnership that looked into the experience of Black students in UK student accommodation – the first report of its kind.

In response, Unite called on universities and student accommodation providers to collaborate across the Higher Education sector and take meaningful action in order to address those issues.

Unite launched a national commission, drawing from key national organisations and professional bodies. The initiative aims to support the higher education and private student accommodation sectors' response to the report, aligning with Unite's strong emphasis on social impact and its value of "creating room for everyone".

The commission have shared a number of free, accessible resources and toolkits with the wider Higher Education sector whilst Unite continues to bring insights on the subject to sector conferences. In partnership with Newcastle University, Unite hosted a cultural services trial and will host a Living Black at University conference in 2023.

For more about this project, go online to:
unitegroup.com/living-black-at-university

Wellbeing

We aspire to build a mindful culture, where supporting the mental, physical, financial and social wellbeing of students and employees is a priority for everyone.

We recognise our responsibility to create happier, healthier workplaces. Throughout 2022, we focused on four pillars of wellbeing: social, mental, physical and financial. We have developed a range of employee benefits to support these pillars including flexible working, eyecare vouchers and Medicash scheme, Employee Assistance programme, optional childcare vouchers and the opportunity to purchase additional annual leave. Engagement with our Culture Matters forum and focus groups through 2022 has helped us to understand the ongoing needs and expectations of our employees, and informed the development of a comprehensive new employee support framework which we'll be launching in Q2 2023.

In 2015, we were the first student accommodation provider to pay the Real Living Wage, a commitment we still make today. Recognising the strain that the cost-of-living crisis is having on our employees, we've committed to increase salaries in line with the requirements of the Real Living Wage in 2023, and paid all of our employees an additional £500 bonus in autumn 2022.

See **pages 56–61** for more information

Life at university can be challenging for young people in many ways, and so in 2022 we launched our Support to Stay programme to structure a proactive approach to supporting our students, whilst also being responsive to situations and experiences which challenge their wellbeing (e.g. mental, social, financial). We've partnered with Blackbullion (see https://www.blackbullion.com for more information) to provide students with sector-leading tools and advice to help students manage their finances; and we've invested in training to help staff identify and respond to a range of student needs including recognising the signs and symptoms of mental health difficulties, handling disclosures, and supporting students with disabilities, and are expanding opportunities to include first aid and mental health first aid.

CASE STUDY

HELPING STUDENTS FEEL WELL AND WELCOME

Resident ambassadors and mental health resources

We're championing an inclusive culture where our customers and people prioritise their wellbeing.

Our Resident Ambassador programme was relaunched this year. It has been designed to help new students settle in, make new friends, build confidence and improve their employability.

Our updated student support structure includes Support to Stay, a framework that we've developed in alignment with universities' initiatives to keep students on track and give them the best opportunity for success.

Unite and Bournemouth University are collaborating on a data-sharing approach to improve the allocation of suitable accommodation to students. The aim is to support students' welfare during their stay. Roundtable events have been held and results of our work will set the sector's best practice. Part of this important work includes guidance around safeguarding students, privacy and how we deal with critical incidents and signposts.

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

PEOPLE continued

Health and Safety

Health and Safety is at the core of everything we do. We are committed to providing a safe and secure workplace for our people and making sure our customers are safe and supported. Further details of progress are contained in the Health and Safety Committee Report in the *Governance section (page 128).*

In 2022, we introduced a new operating model based on an in-depth assessment of our customers' needs and expectations. This new model means that all our buildings have 24/7 staff presence, 365 days a year, across both frontline and management staff. 2022 also saw the launch of our Support to Stay framework which aims to provide a supportive living environment to help students fulfil their potential, despite any medical, physical or mental health difficulties.

Throughout 2022, we also continued to uphold our commitment to being leaders in fire safety standards, through a proactive, risk-based approach, which is embedded across our entire business, to ensure that students and our employees are kept safe. We have a dedicated fire safety team which has welcomed three new managers this year, bringing in knowledgeable and experienced professionals from the fire safety and fire authority sectors to continue to drive improvement, and progress significant projects, whilst ensuring we continue to deliver on our safe and secure promise during a rapidly changing fire safety and building safety landscape. We also undertook an independent fire safety organisational audit, the findings of which will help us continually improve our fire safety management processes, helping ensure it meets the highest standards.

CASE STUDY

FIRE SAFETY MANAGER AWARD 2022

Championing Fire safety

Last year, our Group Fire Safety Manger Emily Argent won Fire Safety Manager of the Year at the Women in Fire Safety awards, which honour the outstanding achievements and contributions of all women within the fire safety industry.

Emily, who comes from a background of construction and fire safety, was praised by multiple fire and rescue services. Commenting on Emily's work, the National Fire Chiefs Council (NFCC) described Emily's approach as "what we wish all organisations would do" and "the dream".

Emily was recognised for the way she ignites passion with key stakeholders and brings people together in a genuinely collaborative approach to ensure effective solutions are implemented to help keep our students and colleagues safe.

Speaking of her award, Emily said: "I'm absolutely elated about the fact I've won Fire Safety Manager of the Year, especially when I'm up against some absolutely phenomenal women within the industry who I look up to myself. Fire Safety is a passion for me. Unite is really great at looking after and nurturing that passion and that's what I love about working for Unite. In addition to that, I get to work with who I consider to be the best in the industry and that includes my absolutely amazing team."

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

PLACES

We want to create places that deliver a positive impact on our people, our communities and the planet. We're aiming for net zero carbon buildings, finding ways to use fewer resources, and helping build stronger communities in and around our properties.

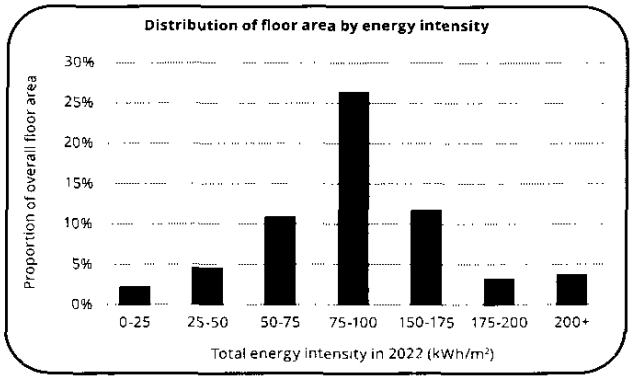
Tackling climate change

We're playing our part in keeping global warming below 1.5°C, reducing greenhouse gas emissions from operations and new buildings in line with science-based carbon targets to be net zero carbon by 2030.

Existing properties

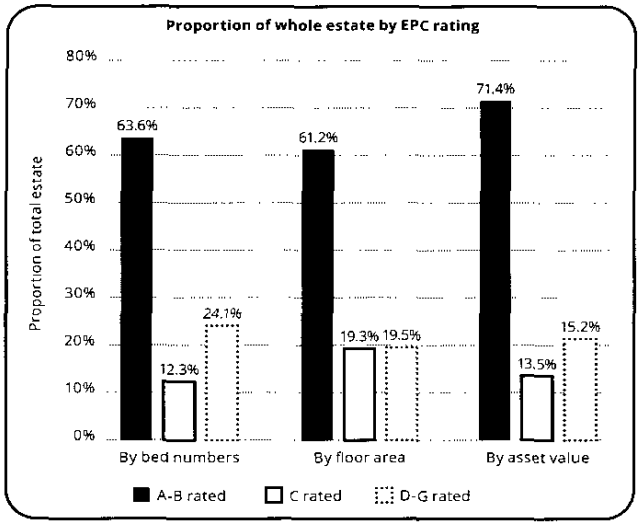
In 2021, we set out our ambition and approach to tackling climate change in our Net Zero Carbon Pathway document (see unitegroup.com/sustainability/our-net-zero-pathway) including science-based carbon targets aligned with a 1.5°C limit to global warming, in line with the Paris Climate Agreement. In 2022, we completed detailed site surveys and modelling of every property in the estate, creating building specific Asset Transition Plans that set out the measures needed to deliver the required energy, carbon and EPC improvements. This provides a full picture of the c.£100 million of capital investment required to hit our 2030 net zero carbon targets, including our energy intensity target linked to CRREM (the Carbon Risk Real Estate Monitor tool).

The chart below shows the portion of total floor achieving different levels of energy intensity (consumption per square metre of floor space) in 2022. As on page 60, 2022 whole estate average energy intensity was 117.9kWh/m², slightly above the CRREM pathway benchmark for 2022 of 113.6 (v1.093).



We've invested c.£20 million in energy initiatives in the past two years, achieving a 6.5% cut in absolute energy consumption from our 2019 base year (see pages 60–61 for more details of our energy and carbon performance). This investment has helped us achieve significant improvements in EPC ratings, with 61% of total floor area now A-B rated and a further 19% of floor area C rated as shown on the chart, compared to 35% and 22% respectively in 2021.

We have c.£7 million of capital investment in energy efficiency planned for 2023, including LED lighting, air-source heat pumps, and improved heating controls, and are exploring options to bring more of our purchased electricity under long-term corporate power purchase agreements (cPPAs) to meaningfully decarbonise our energy supply.



New developments

2022 saw the recruitment of a new Sustainability Construction Manager role in our Development team to steer our development pipeline towards our 2030 targets. In-house modelling using the OneClick LCA (life cycle assessment) software package has given us our best-ever understanding of embodied carbon and the options open to us to reduce. We will publish our Sustainable Construction Framework later in 2023 to help deliver our net zero carbon development ambition.

Working closely with our supply chain, this LCA work has allowed us to achieve significant reductions in embodied carbon of new developments. Our Campbell House development achieved a figure of 817kgCO_2e/m² (RIBA stages A-C) compared to the RIBA 030 Climate Challenge target of 1,000kgCO_2e/m² for 2020 and 800kgCO_2e/m² for 2025.

In 2023, we will continue to collaborate with leading industry bodies around themes of embodied carbon, circular economy and operational energy performance.

PLACES continued

Greener, sustainable buildings

We're designing, constructing and managing our buildings to be sustainable, support nature, and provide a healthy, inspiring environment for those who work or live there.

We have targeted BREEAM Excellent for all new buildings since 2017 as well as an EPC A rating to help ensure they achieve the levels of performance we demand across areas including energy efficiency, material selection, biodiversity, health and wellbeing, and safety.

- Campbell House, our latest BREEAM Excellent, EPC A-rated development in our home city of Bristol, includes over 400 student bedrooms in a new purpose-built block, as well as the sensitive redevelopment of the original Bristol Royal Infirmary building dating from the 1730s to accommodate 431 students. The development makes use of air source heat pumps for domestic hot water, networked smart-controllers on all heating, and on-site solar panels to achieve levels of energy performance we need to support our environmental targets. See case study on page 57 for more details.
- 2022 also saw major refurbishment of two large sites in Manchester, New Medlock Way and Parkway Gate, which included over £3 million of energy efficiency improvements to building fabric and services, including new insulation and glazing, air-source heat pump, solar panels and building control improvements.

Responsible use of resources

We're reducing resource consumption and waste, working with suppliers to improve circularity, and helping students and staff adopt life-long sustainable behaviours.

We're working hard to cut water use, reduce waste and improve recycling across our estate, and to engage with our supply chain to quantify and decrease the impact of products and services we consume. In 2022, we retendered our waste and recycling contracts, ensuring that our new suppliers would be able to support our transition to a more circular supply chain.

Playing an active role in local communities

We want to ensure that our activity brings real benefits to local communities, undertaking detailed community engagement as part of any new development.

We've collaborated with local youth intervention charity Streets of Growth at our new Hayloft Point development in central London, providing them with their first ever permanent and dedicated space on a peppercorn rent. Here, they can deliver a real positive impact for marginalised young people in Tower Hamlets and the Isle of Dogs through their street intervention model. Built on the former site of The Boar's Head, a sixteenth century playhouse, the space includes a fully equipped theatre space which Streets of Growth use for workshops and an ongoing partnership with The British Bangladeshi Fashion Council.

Our Positive Impact scheme has been developed in conjunction with the NUS and provides a framework to help employees support their communities and adopt sustainable behaviours, including recycling and donations to charity. 2022 was a milestone year, with 100% of our properties achieving bronze awards, and teams across the business working towards silver and gold awards by setting up long-term projects and collaborations within their local community to deliver real social or environmental benefit.

WE CONTINUED OUR PARTNERSHIP WITH THE BRITISH HEART FOUNDATION THROUGHOUT 2022

Total raised in donations in 2022: £213,162

Total bags donated in 2022: 15,108

Our commitment to invest 1% of profit (on an Adjusted Earnings basis) in social initiatives represents a target of £1.6 million for 2022 so we are pleased to have invested a total of over £2.0 million during 2022 in this area. This includes our contribution to the Unite Foundation, investment in the Leapskills programme, and the value of spaces we provide in our buildings such as Hayloft Point.

Through various initiatives including our ongoing partnership with the British Heart Foundation and the provision of rooms in Central London free of charge to IntoUniversity for their summer schools, in-kind donations have totalled over £260,000. We are working with leading social impact organisation B4SI to better understand the impact of our investment in this activity, so that we can target effort where it delivers the greatest societal benefit and quantify the impact achieved.

CASE STUDY

HAYLOFT POINT

A major investment in a prime location

London is an area of key strategic importance for Unite. The capital is the UK's largest student market, and suffers from a shortage of purpose-built student accommodation.

Hayloft Point, costing £187 million, is our newest flagship property located in the heart of central London. The development reached practical completion in September 2022, and was fully let in its first year.

The 24-storey, 29,000 square feet development in Aldgate contains 920 beds and offers proximity to prestigious university campuses. The building boasts facilities including a cinema, karaoke rooms, gyms and study spaces.

As part of our commitment to being an active part of our communities, we partnered with youth intervention charity, Streets of Growth. The charity is utilising two floors of the building to offer production, filmmaking and textile activities to young people.

Hayloft Point is built on the location of a sixteenth century playhouse, so we worked closely with the Museum of London Archaeology (MOLA) to ensure findings of national significance were preserved within the footprint of the development.

Due to strong university relationships, Unite is well placed to operate in London, and our development team has extensive experience navigating the complex planning environment in the city. We have entered into a five-year nomination agreement at Hayloft Point with King's College London, covering just over 67% of beds in the building.

Following the development of Hayloft Point, we are now the capital's largest owner, manager, and developer of purpose-built student accommodation, with over 11,500 beds across the city and 2,400 more beds in our development pipeline.

For more about this project, go online to:
unitegroup.com/sustainability/positive-impact

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

OUR APPROACH

Our goal is to lead on sustainability and raise standards in the living sector. Our governance and processes ensure that working responsibly and sustainably isn't optional, that we always operate with integrity and transparency. More details can also be found in the Sustainability Committee Report (page 125), and wider Governance Section of this report (page 88).

Transparency and disclosure

We're committed to transparency when it comes to our sustainability targets, performance reporting and disclosure.

We have worked hard to ensure that we are addressing our most significant environmental and social risks and issues, and targeting the areas that can deliver the greatest positive impact. This includes aligning where possible with established third-party frameworks or recognised commitments that help ensure we are setting suitably ambitious targets and have credible plans in place to achieve them, whether it is alignment with the UN SDGs, climate targets in line with the SBTi and CRREM, our commitment to the Real Living Wage, or the use of BREEAM for new developments. Similarly, we're committed to disclosure of our approach and progress in line with recognised standards and frameworks, and so in 2022 continued to disclose to the Global Real Estate Sustainability Benchmark (GRESB) (www.gresb.com) and CDP (www.cdp.net), retaining our four-star GRESB rating and achieving a B rating under CDP. We also disclose in line with the EPRA sBPR and TCFD guidelines. Looking forward to 2023, we anticipate that the UK Government's proposed Sustainability Disclosure Requirements will bring further clarity and consistency. Note that as we operate only in the UK we are not subject to the requirements of the EU SFDR. We publish details of executive remuneration (page 131) and pay gap reporting (search for "Unite Integrated Solutions" at https://gender-pay-gap.service.gov.uk).

The Group is a Real Estate Investment Trust or REIT and as such is exempt from tax on its property business. Further details are included in the Tax and REIT status note on page 197.

Operating with integrity

We strive to always do the right thing, operate with integrity and expect high standards from our employees and suppliers.

Our Code of Conduct and Modern Slavery Statement, together with other key governance policies on our website, set out how we expect our employees and suppliers to behave. We work closely with our supply chain partners to ensure we are properly managing environmental and social risks and have developed a new suppliers code of conduct which all supplies will need to commit to and follow from 2023 onwards (see unitegroup.com/sustainability/policies-documentation for more details).

Since 2021, our Executive team's remuneration has been linked to our environmental and social performance targets and, in 2022, we introduced sustainability targets for a portion of the bonus scheme for all employees, linked to our Positive Impact awards.

The table below sets out some key performance indicators that linked to our 2022 sustainability targets.

	Performance			
KPI	*2020*	*2021*	*2022*	*2021–22 change*
Total social investment	£1.8 million	£1.8 million	£2.0 million	10% increase
Positive impact awards	Programme suspended due to pandemic	Programme suspended due to pandemic	100% bronze	Programme relaunched
Scope 1+2 (market based) absolute emissions (tonnesCO_2e/yr)	21,086.0	13,178.0	12,957.7	1.7% decrease
Average energy intensity (kWh/m²/year)	106.7	113.4	115.6	1.9% increase
EPC ratings by floor area	A–B C D–G 35.1% 22.1% 42.8%	A–B C D–G 35.1% 21.8% 43.1%	A–B C D–G 61.2% 19.3% 19.5%	23.6% increase in A–C rated floor area
GRESB rating	81****	85****	84****	1 point drop
Water consumption per m² floor area (m³/bed)	36.6	40.1	45.5	13.4% increase
% of electricity from renewable sources	74.0%	99.9%	99.9%	no change
Investment in energy efficiency	–	£3 million	£13 million	£10 million increase

CASE STUDY

SUSTAINABLE DEVELOPMENT IN A KEY STRATEGIC CITY

Campbell House, Bristol

Unite's newest Bristol property, named after one of Bristol's first Black ward sisters, is situated in the heart of the city on the site of a former Georgian hospital.

Campbell House covers 109,000 square feet, following an investment by Unite of £44 million. The property spans six storeys and provides beds for 431 students.

The new accommodation – which is named after Princess Campbell – provides a host of amenities for students, including a gym, cinema, karaoke room, dedicated study spaces, as well as indoor and outdoor social spaces.

Campbell House has been developed in partnership with the University of Bristol, which Unite has a long-standing relationship with. A 15-year nomination agreement has been agreed to provide beds for its students, covering 95% of the rooms at Campbell House.

As part of the Group's commitment to sustainability, the site has been built with extensive solar panelling, as well as air-source heat pumps, and the ability to link into the district heating network. There is also extensive cycle storage – with enough space for residents and their guests to store a bike. The development has achieved a BREEAM "Excellent" rating.

Bristol is one of our key strategic cities where the company is well-positioned to meet demand from the city's 60,000 students. Home to two prestigious Higher Education institutions, the University of Bristol and the University of the West of England (UWE), our range of accommodation provides plenty of options.

Campbell House adds to Unite's Bristol portfolio making it our sixth largest city by bed numbers with opportunity to further expand our Bristol portfolio through 1,300 beds in our secured development pipeline.

For more about this project, go online to:
unitegroup.com/sustainability/our-net-zero-pathway

NON-FINANCIAL INFORMATION STATEMENT

The table below summarises how we comply with non-financial performance reporting requirements. Relevant policies and statements are available online at www.unitegroup.com.

Description of the business model	Details of who we are, how we operate and the value we create can be found on page 8 onwards	
Employees	Our new Diversity, Equity, Inclusion, Belonging and Wellbeing strategy is focused on providing opportunities for all	p50
	The Academy provides learning opportunities to enhance knowledge, skills and development	p48
	Our employee engagement forum, Culture Matters, puts the employee voice front and centre	p49
	Our Whistleblowing Policy enables employees to raise a concern in confidence	p103
	Gender diversity and pay gaps across the Group. Our full Gender Pay Gap Report can be found on our website and at: **https://gender-pay-gap.service.gov.uk/Employer/KDcxuKgH**	p63 & p155
	Our Board Diversity Policy seeks to enhance the overall diversity of the Board and ensures an appropriate and diverse mix of skills, experience and knowledge	p116
Anti-corruption and bribery	Our Anti-bribery Policy confirms our zero-tolerance approach to bribery and corruption and outlines employee responsibilities. Read our policy at **unitegroup.com**	
Our policies	All of our public policies are available on our website, **unitegroup.com**	
Human rights	We operate a zero-tolerance approach to slavery to ensure it does not occur anywhere within our business or supply chain. We carry out due diligence on all third parties we work with. Read our Modern Slavery statement and Code of Ethics at **unitegroup.com**	

Policy, due diligence and outcomes	The policies included in this non-financial information statement contain further details (as cross referenced herein) of the policy, due diligence conducted and policy outcomes, which also include the following:	
	Risk management detailing our risk management framework and risk review process	p80
	Principal risks and uncertainties considering both internal and external risks, the potential impact and details of risk mitigation in place	p82
	Viability statement considering the viability of the Group for the next three-year period	p81
	Audit & Risk Committee Report	p119
	Group Health & Safety Policy which details the Group's commitment to the health & safety of our employees, students and visitors to our site	
	Non-financial KPIs relevant to the Company's business	p31
Social matters	Our Resident Ambassador programme provides peer-to-peer support for students	p51
	Our Positive Impact programme encourages our people and teams to work with local stakeholders on community impact initiatives	p54
	Market overview focusing on demographic trends	p20
	The Group is the principal supporter of the Unite Foundation, the only charity that provides a home at university for estranged and care-experienced students	p49
	Our response to the cost-of-living crisis including a one-off payment	p97
Environmental matters	Our sustainability strategy sets out clear objectives and our progress in respect of environmental, social and governance matters	p46
	TCFD	p69
	Our Net Zero Carbon Pathway sets out our pledge to be net zero carbon by 2030. Read more at **unitegroup.com/sustainability/our-net-zero-pathway**	

SUSTAINABILITY DATA REPORTING INCLUDING SECR AND EPRA SBPR

Energy and carbon reporting

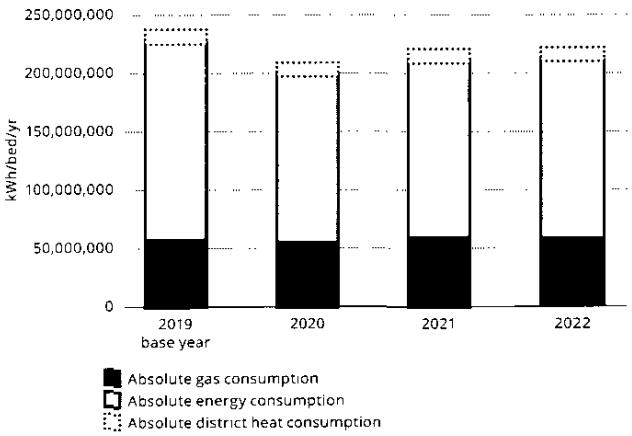
2022 saw a return to near normal levels and patterns of occupancy following the disruption caused by the Covid-19 pandemic and lockdowns over 2020 and 2021. This brought a corresponding increase in demand for energy and water in our buildings. This drove absolute total energy consumption up by 0.3% vs 2021, which combined with the impacts of disposals and openings saw a 1.9% increase in energy intensity on a floor area basis. A small reduction in gas use was achieved due to deployment of air source heat pumps in the year, which also contributed partly to the increase in electricity use. Compared to our 2019 base year, however, both absolute energy consumption and energy consumption per bed were lower, by 6.5% and 5.4% respectively.

As part of our ongoing commitment to reduce energy consumption in line with our net zero carbon target, and building on the £3 million we invested in 2021 on energy and water efficiency, 2022 saw us invest a further c.£13 million on measures including air source heat pump retrofits, networked heating controls, building management system improvements and building fabric improvements as part of major renovations. These measures are expected to deliver a c.5% reduction in our future energy consumption.

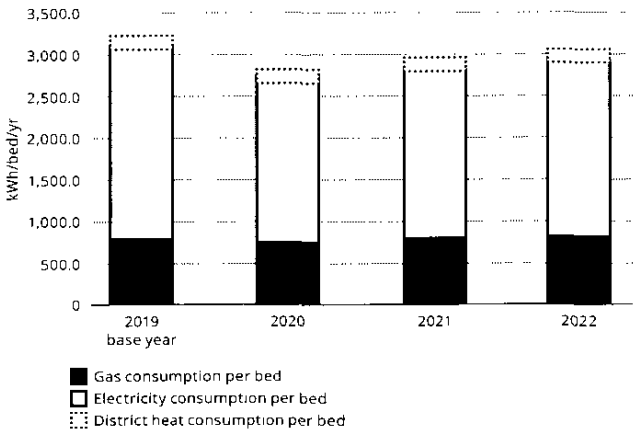
We remain on track to meet our SBTi validated 2030 green house gas target of a 56% reduction in combined Scope 1 and 2 (market-based) emissions. Our 2022 Scope 1 and 2 (location-based) emissions fell driven by reductions in grid carbon intensity, while Scope 1 and 2 (market-based) emissions rose slightly due to increased district heat use. All Scope 1 and 2 emissions arise in the UK.

Scope 3 emissions increased by 50% compared to 2021. This is due to completion of two new builds in 2022 (compared to none in 2021) which contributed to Scope 3 Category 2 emissions ("capital goods"), and the disposal of six buildings during 2022 that were previously built by Unite and so contribute to our Scope 3 Category 11 emissions ("use of sold products") compared to none in 2021.

Absolute utilities consumption



Utilities consumption per bed



SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

	2019 as reported	2019 new base year*	2020			2021			2022		
ESTATE DATA	Data	Data	Data	Change vs 2019 base year	Change vs prior year	Data	Change vs 2019 base year	Change vs prior year	Data	Change vs 2019 base year	Change vs prior year
Year-end bed numbers	49,992	73,990	75,531	2.08% ▲	51.09% ▲	76,171	2.95% ▲	0.85% ▲	69,290	-6.35% ▼	-9.03% ▼
Pro rata bed numbers	49,242	73,240	74,193	1.30% ▲	50.67% ▲	74,303	1.45% ▲	0.15% ▲	72,387	-1.16% ▼	-2.58% ▼
Pro rata floor area (m²)	1,400,011	1,931,148	1,962,411	1.62% ▲	40.17% ▲	1,945,560	0.75% ▲	-0.86% ▼	1,915,339	-0.82% ▼	-1.55% ▼

* Including Liberty Living.

	2019 as reported	2019 new base year*	2020			2021			2022		
ENERGY & WATER USE	Consumption	Consumption	Consumption	Change vs 2019 base year	Change vs prior year	Consumption	Change vs 2019 base year	Change vs prior year	Consumption	Change vs 2019 base year	Change vs prior year
Natural gas											
Absolute (kWh)	39,616,444	57,414,070	55,587,055	-3.2% ▼	40.3% ▲	59,170,049	3.1% ▲	6.4% ▲	58,816,746	2.4% ▲	-0.6% ▼
Relative to bed numbers (kWh/bed)	*804.5*	*783.9*	*749.2*	*-4.4%* ▼	*-6.9%* ▼	*796.3*	*1.6%* ▲	*6.3%* ▲	*812.5*	*3.6%* ▲	*2.0%* ▲
Relative to floor area (kWh/m²)	28.3	29.7	28.3	-4.7% ▼	0.1% ▲	30.4	2.3% ▲	7.4% ▲	30.7	3.3% ▲	1.0% ▲
Electricity											
Absolute (kWh)	106,148,132	167,593,224	141,656,529	-15.5% ▼	33.5% ▲	149,211,285	-11.0% ▼	5.3% ▲	150,944,907	-9.9% ▼	1.2% ▲
Relative to bed numbers (kWh/bed)	2,155.7	2,288.3	1,909.3	-16.6% ▼	-11.4% ▼	2,008.1	-12.2% ▼	5.2% ▲	2,085.2	-8.9% ▼	3.8% ▲
Relative to floor area (kWh/m²)	75.82	86.78	72.18	-16.8% ▼	-4.8% ▼	76.7	-11.6% ▼	6.2% ▲	78.8	-9.2% ▼	2.8% ▲
Renewable electricity											
As % of overall electricity purchased	60.9%	61.1%	74.0%	21.2% ▲	21.5% ▲	99.9%	38.8% ▲	25.9% ▲	99.9%	38.8% ▲	0.0% ▲
Heat											
Absolute (kWh)	11,775,682	11,775,682	12,091,340	2.7% ▲	2.7% ▲	12,312,277	4.6% ▲	1.8% ▲	11,672,055	-0.9% ▼	-5.2% ▼
Relative to bed numbers (kWh/bed)	239.14	160.78	162.97	1.4% ▲	-31.9% ▼	165.7	3.1% ▲	1.7% ▲	161.2	0.3% ▲	-2.7% ▼
Relative to floor area (kWh/m²)	8.41	6.10	6.16	1.0% ▲	-26.7% ▼	6.3	3.8% ▲	2.7% ▲	6.1	-0.1% ▼	-3.7% ▼
TOTAL ENERGY (gas + electricity + heat)											
Absolute (kWh)	157,540,259	236,782,977	209,334,924	-11.6% ▼	32.9% ▲	220,693,611	-6.8% ▼	5.4% ▲	221,433,708	-6.5% ▼	0.3% ▲
Relative to bed numbers (kWh/bed)	3,199.33	3,232.99	2,821.48	-12.7% ▼	-11.8% ▼	2,970.2	-8.1% ▼	5.3% ▲	3,059.0	-5.4% ▼	3.0% ▲
Relative to floor area (kWh/m²)	112.5	122.6	106.7	-13.0% ▼	-5.2% ▼	113.4	-7.5% ▼	6.3% ▲	115.6	-5.7% ▼	1.9% ▲
Water											
Absolute (m³)	1,954,648	3,037,827	2,723,396	-10.4% ▼	39.3% ▲	2,980,075	-1.9% ▼	9.4% ▲	3,291,267	8.3% ▲	10.4% ▲
Relative to bed numbers (m³/bed)	39.7	41.5	36.7	-11.5% ▼	-7.5% ▼	40.1	-3.3% ▼	9.3% ▲	45.5	9.6% ▲	13.4% ▲
Relative to floor area (m³/m²)	1.4	1.6	1.4	-11.8% ▼	-0.6% ▼	1.5	-2.6% ▼	10.4% ▲	1.7	9.2% ▲	12.2% ▲

* Including Liberty Living.

Energy consumption: energy data reported is predominantly half-hourly meter data (90.3% and 81.2% respectively for electricity and gas), with remainder being billing data (7.4% and 17.5% respectively) and a small number of estimates (2.3% and 1.3% respectively) where neither meter or billing data is yet available, in which case the previous year's data for that site and month is used. District heating data is 85.5% billing with 14.5% estimates.

Boundaries: Energy and water consumption reported is whole building including all that used by students, as our all-inclusive billing means these contribute directly to Scope 1 and 2 emissions rather than Scope 3. Energy and emissions are reported along operational control lines (not equity share lines) and includes all Unite Group plc entities, including 100% of all buildings operated by Unite regardless of ownership.

GREENHOUSE GAS EMISSIONS	2019 as reported Emissions	2019 new base year* Emissions	2020 Emissions	2020 Change vs 2019 base year	2020 Change vs prior year[1]	2021 Emissions	2021 Change vs 2019 base year	2021 Change vs prior year[1]	2022 Emissions	2022 Change vs 2019 base year	2022 Change vs prior year[1]
Total Scope 1 emissions											
Absolute (tonnes CO_2e)	7,397	10,669	10,392	-2.6% ▼	40.5% ▲	11,009	3.2% ▲	5.9% ▲	10,905	2.2% ▲	-0.9% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.150	0.146	0.140	-3.9% ▼	-6.8% ▼	0.148	1.7% ▲	5.8% ▲	0.151	3.4% ▲	1.7% ▲
Relative to floor area (kg CO_2e/m^2)	5.3	5.5	5.3	-4.2% ▼	0.2% ▲	5.7	2.4% ▲	6.9% ▲	5.7	3.1% ▲	0.6% ▲
Total Scope 2 emissions (location based)											
Absolute (tonnes CO_2e)	29,205	44,910	35,113	-21.8% ▼	20.2% ▲	33,784	-24.8 ▼	-3.8% ▼	31,204	-30.5% ▼	-7.6% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.593	0.613	0.473	-22.8% ▼	-20.2% ▼	0.455	-25.9% ▼	-3.9% ▼	0.431	-29.7% ▼	-5.2% ▼
Relative to floor area (kg CO_2e/m^2)	20.9	23.3	17.9	-23.1% ▼	-14.2% ▼	17.4	-25.3% ▼	-3.0% ▼	16.3	-29.9% ▼	-6.2% ▼
Total Scope 2 emissions (market based)											
Absolute (tonnes CO_2e)	3,128	18,833	10,694	-43.2% ▼	241.9% ▲	2,170	-88.5% ▼	-79.7% ▼	2,052	-89.1% ▼	-5.4% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.064	0.257	0.144	-43.9% ▼	126.9% ▲	0.029	-88.6% ▼	-79.7% ▼	0.028	-89.0% ▼	-2.9% ▼
Relative to floor area (kg CO_2e/m^2)	2.2	9.8	5.4	-44.1% ▼	143.9% ▲	1.1	-88.6% ▼	-79.5% ▼	1.1	-89.0% ▼	-3.9% ▼
Total Scope 1+2 emissions (location based)											
Absolute (tonnes CO_2e)	36,602	55,579	45,504	-18.1% ▼	24.3% ▲	44,793	-19.4% ▼	-1.6% ▼	42,110	-24.2% ▼	-6.0% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.743	0.759	0.613	-19.2% ▼	-17.5% ▼	0.603	-20.6% ▼	-1.7% ▼	0.582	-23.3% ▼	-3.5% ▼
Relative to floor area (kg CO_2e/m^2)	*26.1*	*28.8*	*23.2*	*-19.4% ▼*	*-11.3% ▼*	*23.0*	*-20.0% ▼*	*-0.7% ▼*	*22.0*	*-23.6% ▼*	*-4.5% ▼*
Total Scope 1+2 emissions (market based)											
Absolute (tonnes CO_2e)	10,524	29,502	21,086	-28.5% ▼	100.4% ▲	13,178	-55.3% ▼	-37.5% ▼	12,958	-56.1% ▼	-1.7% ▼
Relative to bed numbers (tonnes CO_2e/bed)	*0.214*	*0.403*	*0.284*	*-29.4% ▼*	*33.0% ▲*	*0.177*	*-56.0% ▼*	*-37.6% ▼*	*0.179*	*-55.6% ▼*	*0.9% ▲*
Relative to floor area (kg CO_2e/m^2)	7.5	15.3	10.7	-29.7% ▼	42.9% ▲	6.8	-55.7% ▼	-37.0% ▼	6.77	-55.7% ▼	-0.1% ▼
Total verifiable Scope 3 emissions											
Absolute (tonnes CO_2e)	9,859	15,134	12,422	-17.9% ▼	26.0% ▲	15,330	1.3% ▲	23.4% ▲	13,913	-8.1% ▼	-9.2% ▼
Relative to bed numbers (tonnes CO_2e/bed)	0.200	0.207	0.167	-19.0% ▼	-16.4% ▼	0.206	-0.2% ▼	23.2% ▲	0.192	-7.0% ▼	-6.8% ▼
Relative to floor area (kg CO_2e/m^2)	7.0	7.8	6.3	-19.2% ▼	-10.1% ▼	7.9	0.5% ▲	24.5% ▲	7.3	-7.3% ▼	-7.8% ▼
Total non-verifiable Scope 3 emissions											
Absolute (tonnes CO_2e)	113,963	113,145	66,924	-49.7% ▼	-41.3% ▼	50,448	-62.1% ▼	-24.6% ▼	84,562	-36.5% ▼	67.6% ▲
Relative to bed numbers (tonnes CO_2e/bed)	2.3	1.8	0.9	-50.4% ▼	-61.0% ▼	0.7	-62.7% ▼	-24.7% ▼	1.2	-35.7% ▼	72.1% ▲
Relative to floor area (kg CO_2e/m^2)	81.4	68.9	34.1	-50.5% ▼	-58.1% ▼	25.9	-62.4% ▼	-24.0% ▼	44.1	-36.0% ▼	70.3% ▲
Total of verifiable and non-verifiable Scope 3 emissions											
Absolute (tonnes CO_2e)	123,822	148,279	79,346	-46.5% ▼	-35.9% ▼	65,778	-55.6% ▼	-17.1% ▼	98,475	-33.6% ▼	49.7% ▲
Relative to bed numbers (tonnes CO_2e/bed)	2.5	2.0	1.1	-47.2% ▼	-57.5% ▼	0.9	-56.3% ▼	-17.2% ▼	1.4	-32.8% ▼	53.7% ▲
Relative to floor area (kg CO_2e/m^2)	*88.4*	*76.8*	*40.4*	*-47.3% ▼*	*-54.3% ▼*	*33.8*	*-56.0% ▼*	*-16.4% ▼*	*51.4*	*-33.0% ▼*	*52.1% ▲*

* Including Liberty Living.

1. As reported data not base year data.

GHG calculation methodology: GHG emissions have been calculated in accordance with HM Government's "Environmental Reporting Guidelines: including streamlined energy and carbon *reporting March 2019 (Updated Introduction and Chapters 1 and 2)" and the GHG Protocol's* "A corporate Accounting and Reporting Standard (Revised Edition)". Energy consumption data was multiplied by the relevant emissions factor to calculate Scope 1 and 2 emissions.

Scope 1 emissions include gas consumed in properties, and fuel consumed in business vehicles.

Scope 2 emissions include grid electricity consumption, and district heating consumption in properties.

Verifiable Scope 3 emissions include Category 1 (Purchased goods and services – water, calculated using water meter and billing data), Category 3 (Fuel and energy-related activities including T&D and WTT emissions, calculated using same energy data used for Scope 1 and 2 emissions), Category 6 (Business travel – including direct and indirect (WTT and T&D) emissions from flights (including RF), and rail travel, calculated using data provided by travel booking partners), where verifiable data sources exist.

Non-verifiable Scope 3 emissions *include Category 1 (Purchased goods and services* – operation and management of real estate assets, calculated using QUANTIS Scope 3 evaluator tool based on spend), Category 2 (Capital goods – new properties, calculated using a detailed embodied carbon assessment of a real and representative new-build property, Category 5 (Waste Generated in Operations calculated using QUANTIS Scope 3 *evaluator tool based on spend), and Category 7 (Employee commuting calculated using* QUANTIS Scope 3 evaluator tool), where insufficient data is available to verify.

Emissions factors: emission factors used are the relevant factors from the "UK Government emission conversion factors for greenhouse gas company reporting (2022 data set)". Scope 2 emissions are calculated using the UK national average grid emissions factor, whilst Scope 2 emissions are calculated using our supplier Npower's contractual emissions factor which is zero for all electricity purchased under our Group supply contract as 100% is backed by REGOs. We disclose detailed asset-by-asset consumption to CDP and GRESB (Global Real Estate Sustainability Assessment).

Independent verification: all energy, water and carbon data in tables above for 2022 and all previous years reported, including year-on-year changes, has undergone independent verification by SGS UK Ltd to a level of "Reasonable Assurance" against the requirements of ISO 14064-3:2006 (excluding "non-verifiable" Scope 3 emissions as explained above), details will be published via our website https://www.unitegroup.com/sustainability.

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

Sustainability data reporting

The table below sets out further detail and data on our sustainability performance, aligned with the European Public Real Estate Association Best Practice Sustainability Reporting Guidelines (EPRA sBPR).

EPRA Sustainability Performance Measures – Environment

EPRA sBPR Code	EPRA sBPR Performance Measure	Data	Units	Commentary
Elec-Abs	Total electricity consumption	150,944.9	MWh/yr	100% grid supplied and REGO backed (zero carbon under GHG Protocol Corporate Reporting rules for market-based Scope 2 emissions). c.20% purchased via corporate Power Purchase Agreement (cPPA) with a windfarm in Scotland. Includes all energy consumed across the portfolio including all tenant energy use. Also see SECR table on pages 60–61.
Elec-LfL	Like-for-like total electricity consumption	2021: 147,064.8 2022: 149,980.1	MWh/yr	As above, but only data from sites in scope for the whole of 2022 and 2021. Increase of c2.5% vs 2021 is impact of Covid-related under-consumption in 2021. Also see SECR table on pages 60–61.
DH&C-Abs	Total district heating & cooling consumption	11,672.1	MWh/yr	100% of district heating consumption from non-renewable sources (e.g. gas CHP). No district cooling. Includes all energy consumed across the portfolio including all tenant energy use. Also see SECR table on pages 60–61.
DH&C-LfL	Like-for-like total district heating & cooling consumption	2021: 12,312.3 2022: 11,672.1	MWh/yr	As above, but only data from sites that were in scope for the whole of 2022 and 2021. Decrease of c5.2% vs 2021 reflects the reduced heating demand through 2022 (the warmest year on record in the UK), and lack of any cooling load (buildings are naturally ventilated).
Fuels-Abs	Total fuel consumption	58,816.7	MWh/yr	100% of this fuel use is non-renewable grid supplied natural gas. Includes all energy consumed across the portfolio including all tenant energy use. Also see SECR table on pages 60–61.
Fuels-LfL	Like-for-like total fuel consumption	58,816.7	MWh/yr	As above, but including only data from sites that were in scope for the whole of 2022 and 2021. Increase of c1.5% vs 2021 is impact of Covid related under-consumption in 2021. Also see SECR table on pages 60–61.
Energy-Int	Building energy intensity	3,059.0	kWh/bed/yr	Sum total of Electricity + District Heat + Natural gas consumption per bed per year (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 60–61.
Energy-Int	Building energy intensity	115.6	kWh/m²/yr	Sum total of Electricity + District Heat + Natural gas consumption per m² floor area per year (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 60–61.
GHG-Dir-Abs	Total direct green house gas (GHG) emissions (Scope 1)	10,905.4	metric tonnes CO_2e/yr	Scope 1 emissions, calculated using natural gas consumption data and UK DEFRA/BEIS emissions factors. Includes all emissions across the whole of Unite's portfolio including tenant energy use. Also see SECR table on pages 60–61.
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (location based Scope 2)	31,204.3	metric tonnes CO_2e/yr	Scope 2 location-based emissions, calculated using grid electricity consumption data and district heating consumption data and relevant UK DEFRA/BEIS emissions factor. Includes all emissions across the whole of Unite's portfolio including tenant energy use. Also see SECR table on pages 60–61.
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (market based Scope 2)	2,052.3	metric tonnes CO_2e/yr	Scope 2 market-based emissions, calculated using supplier's contractual emissions factor for grid electricity (zero as 100% REGOs backed), and relevant UK DEFRA/BEIS emissions factor for district heating. Includes all emissions across the whole Unite Students portfolio including tenant energy use. Also see SECR table on pages 60–61.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + LOCATION based scope 2)	0.582	metric tonnes CO_2e/bed/yr	Scope 1 + location-based 2 emissions, as described above divided by total number of beds in the portfolio. Also see SECR table on pages 60–61.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + MARKET based scope 2)	0.179	metric tonnes CO_2e/bed/yr	Scope 1 + market-based 2 emissions, as described above, divided by total number of beds in the portfolio. Also see SECR table on pages 60–61.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + LOCATION based scope 2)	22.0	metric tonnes CO_2e/m²/yr	Scope 1 + location-based 2 emissions, as described above, divided by total floor area (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 53–54.
GHG-Int	Greenhouse gas (GHG) emissions intensity (Scope 1 + MARKET based scope 2)	6.8	metric tonnes CO_2e/m²/yr	Scope 1 + market-based 2 emissions, as described above, divided by total floor area (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 53–54.

EPRA Sustainability Performance Measures – Environment

EPRA sBPR Code	EPRA sBPR Performance Measure	Data	Units	Commentary
Water-Abs	Total water consumption	3,291,266.8	m^3/yr	All water consumed is municipal mains water supply for domestic use (sanitary and cooking use). Includes all water consumed across the portfolio including all tenant water use. Also see SECR table on pages 60–61.
Water-LfL	Like-for-like total water consumption	2021: 2,953,277.0 2022: 3,264,582.6	m^3/yr	As above, but including only data from sites that were in scope for the whole of 2022 and 2021. Increase of c5.7% vs 2021 is impact of Covid related under-consumption in 2021. Also see SECR table on pages 60–61.
Water-Int	Building water intensity	45.5	m^3/bed/yr	Consumption divided by total number of beds in the portfolio. Also see SECR table on pages 60–61.
Water Int	Building water intensity	1.7	m^3/m^2/yr	Consumption divided by total m^2 of floor area per year (pro rata treatment of acquisitions/ openings/ disposals). Also see SECR table on pages 60–61.
Waste-Abs	Total weight of waste by disposal route	Recycling: 149.9 tonnes (42.4%) Energy from waste: 203.3 tonnes (57.6%)	Metric tonnes/ yr and % of waste by disposal route	During 2022 we appointed new waste contractors, and so have incomplete data for commercial waste through 2022. Data reported has been calculated based on 25 sites served by one individual contractor who was able to provide completed data on commercial waste generated by Unite (excluding student generated household waste), extrapolating it up on a "per bed" basis across the whole estate.
Waste-LfL	Like-for-like total weight of waste by disposal route	Not available due to changes of process and data	Metric tonnes/ yr and % of waste by disposal route	It is not possible to provide like-for-like comparison here as prior to 2022 commercial waste collections also included a significant proportion of student generated household waste. From 2022 onwards, new collection arrangements mean we can report pure commercial waste as a separate figure (as reported here), which cannot be compared with previous year's data.
Cert-Tot	Type and number of sustainably certified assets	BREEAM New Construction: Excellent: 14 properties, Very Good: 7 Properties, Good: 1 Property BREEAM In Use, Very Good: 1 Property, Good: 2 Properties	Total number by certification/ rating/ labelling scheme	

EPRA Sustainability Performance Measures – Social

EPRA sBPR Code	EPRA sBPR Performance Measure	Data	Units	Commentary
Diversity-Emp	Employee gender diversity	Board: 60.0% male, 40.0% female Management: 68.2% male, 31.8% female All other employees: 54.1% male, 45.9% female Overall totals: 54.5% male, 45.5% female	Percentage of employees	Details of gender breakdown at different levels in the business can be found on page 65 of this report.
Diversity-Pay	Gender pay ratio	Management: Mean pay gap 21.9%, median pay gap 19.6% All other employees: Mean pay gap 5.7%, median pay gap 6.2%	Ratio	Our full Gender Pay Gap Report can be found at https://gender-pay-gap.service.gov.uk/Employer/KDcxuKgH although this statutory reporting operates across a different time period (Apr-Mar) than our annual reporting cycle (Jan-Dec) so is not directly comparable.
Emp-Training	Training and development	11.0 hours per FTE	Average hours	A total of 19,693 hours of training were delivered in 2022, across a total of 1,798 FTE employees.

SUSTAINABILITY AND NON-FINANCIAL REPORTING continued

EPRA Sustainability Performance Measures – Social

EPRA sBPR Code	EPRA sBPR Performance Measure	Data	Units	Commentary
Emp-Dev	Employee performance appraisals	100%	Percentage of employees	All employees set annual objectives with their line manager then also formally review these at the end of the reporting period. Line managers are expected to hold regular, ideally monthly, 1-to-1 personal development and performance review meetings.
H&S-Emp	Employee health and safety	Accident Frequency Rate per 100,000 hours worked = 0.22 (based on 7 RIDDOR reportable accidents in year) Minor injury frequency rate per 100,000 hours worked = 4.6 (based on 145 minor injuries in year) Fatalities = zero	Total number and rate	
H&S-Asset	Asset health and safety assessments	100%	Percentage of assets	**Fire:** An independent third party undertaken annual fire safety risk assessments of all properties in line with regulations and fire standards. Any gaps are collated and managed through to completion based on risk rating. Avon Fire and Rescue service have been appointed as our primary authority to consult on all fire safety matters. **Asbestos:** Properties are assessed for any asbestos-containing materials (ACM) to manage in line with the UK Control of Asbestos Regulations (CAR) 2012. If present, a programme of mitigation is introduced by a third-party independent contractor who is responsible for safe and compliant remediation or removal and disposal in compliance with all appropriate legislation. **Building Mechanical Assets:** Building services are maintained in line with current regulations e.g. passenger and goods lifts are covered under UK Lifting Operations and Lifting Equipment Regulations (LOLER). Equipment is subject to periodic thorough examination and inspection by competent third-party contractors. All remedial action identified within the report are managed through to completion. **Building Electrical Assets:** Our safety procedures align with relevant legislation, i.e. The Electricity at Work Regulations and The Provision and Use of Work Equipment Regulations, to ensure we cover all UK statutory requirements to manage danger arising from working on/near, testing, or operating electrical equipment and systems. **Gas safety:** We have responsibilities under the Gas Safety (Installation and Use) regulations to undertake safety inspections on all gas appliances and associated equipment, to ensure gas fittings and flues are maintained in a safe condition. Gas appliances are serviced at least annually and we maintain the record of the gas safety checks.
H&S-Comp	Asset health and safety compliance	0 incidents		No incidence of H&S non-compliance against regulations or voluntary codes.
Comty-Eng	Community engagement, impact assessments and development programmes	See commentary		All sites liaise and engage with local stakeholders including local communities, emergency services, partner universities, local authorities etc. We also engage as a business with key stakeholders including local communities, as described in our Stakeholder Engagement statement on pages 66, 102 and 104 of this report.

EPRA Sustainability Performance Measures – Governance

EPRA sBPR Code	EPRA sBPR Performance Measure	Data	Units	Commentary
Gov-Board	Composition of the highest governance body	Number of Executive Board members: 2 Number of Non-Executive Board members: 7 + 1 chair Number of Non-Executive Board members who are independent: 7 Average tenure of governing body: 7 years Number of independent/ Non-Executive Board members with competencies relating to environmental and social topics: 5 of the Board members sit on the Sustainability Committee		See pages 88 onwards of this Annual Report for more details on composition of the Board.
Gov-Select	Nominating and selecting the highest governance body	See commentary		Board appointments, succession plans and diversity are set out on pages 115 onwards of this Annual Report in the Nomination Committee's Report.
Gov-Col	Process for managing conflicts of interest	See commentary		Details are set out on page 165 of this Annual Report.

Gender split for EPRA

	Male	Male %	Female	Female %	Total
Board	6	60.0%	4	40.0%	**10**
Management	30	68.2%	14	31.8%	**44**
All other employees	945	54.1%	801	45.9%	**1,746**
Total	**975**	**54.5%**	**815**	**45.5%**	**1,790**

SECTION 172

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

Meeting the needs and expectations of our stakeholders is fundamental to delivery of our purpose, Home for Success. The Board of Directors confirm that for the year ended 2022, it has acted to promote the success of the Company for the benefit of the members, having regard to the interest of stakeholders in their decision-making, as further detailed below.

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

Acting in the long-term interests of the business and all our stakeholders is central to the Board's decision-making process and shapes the Group's strategy. To help the Board understand our wider stakeholder relationships and inform the Board's decision-making, the Board receives regular updates from the Executive team, as well as the wider senior leadership team. In all decision-making, the potential impact on our stakeholders is taken into account, together with the likely consequences of these decisions in the long term and also the desirability of the Company maintaining a reputation for high standards of business conduct as set out in our Code of Ethics. You can read more about our principal decision-making as further detailed on pages 109–113 and our whistleblowing programme as detailed on page 103.

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

The interests of our employees

As a service business, providing homes for 70,000 young people, who are often living away from home for the first time, the Board recognises the importance of our employees and the role they play in delivering our Home for Success purpose. Following the formation of our employee engagement forum, Culture Matters in 2021, the Board receives regular feedback through our Non-Executive Director for Workforce Engagement, Ilaria del Beato, who attends the Culture Matters meetings, as well as regular updates from our Group People Director, ensuring consideration is given to employee needs and concerns. The Board also understands employees' views through our employee surveys as well as "Unite Live" sessions with our CEO and senior leaders enabling employees to ask questions directly. Our commitment to employee engagement can be seen by our regular employee engagement surveys where we take the feedback received and turn it into meaningful action.

The need to act fairly between members of the Company

The Board recognises that acting fairly in the interests of all shareholders increases investor confidence, reduces our cost of capital and ensures good governance. This also supports the ability of the business to invest and grow through access to capital when it is required. We provide all investors with equal access to information through our public reporting for financial results and trading statements, as well as additional disclosures in areas such as sustainability through our corporate website. Our Annual General Meeting also provides an opportunity for all shareholders to have their say. We engage regularly with investors at conferences and ad-hoc meetings, which address investor groups from a range of markets and of differing sizes. The Chair of the Board engages with shareholders on governance matters and the Chair of the Remuneration Committee engaged with stakeholders through the 2021/2022 remuneration consultation process.

The Board had oversight of the Company's investor roadshow held in May 2022, focused on progress around our sustainability strategy. This roadshow included meetings with our existing top 10 investors to understand their future sustainability expectations. The Board received positive feedback overall on the progress made through the Group's sustainability strategy, particularly around its SBTi-validated targets for achieving net zero carbon by 2030. Investor feedback contributed to the evolution of how our sustainability strategy is communicated, following approval from the Sustainability Committee, with a new focus on People and Places to better highlight the social impact delivered by the Group.

Further information on **employee engagement** can be found on **pages 97–103** and **shareholder engagement** on **page 104**

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

Our customers

Our purpose, Home for Success, is to provide a safe and welcoming home for students to engage, learn and thrive at university, while preparing them for life beyond. Our regular student surveys provide opportunities for students to provide direct and frank feedback so that we can understand what is important to them during their time living with us and also on wider topics. The Board reviews the Net Promoter Score from our student surveys which help the Board decide where to invest in customer service and property enhancements to ensure we deliver value-for-money for our customers.

Student safety is our utmost priority and in response to customer needs, we introduced a new operating model so that all our buildings have 24/7 staff presence, 365 days a year across both frontline and management staff.

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

University partners

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

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

Our Higher Education Engagement team and Student Support team meets regularly with university leaders and teams at various levels enabling us to discuss this strategic planning as well as day-to-day operational requirements. This feedback is shared with our Board who in turn consider our strategies for delivering value to universities. Our Student Support team also engage and have collaborative relationships with Higher Education institutions and provide the Board with insight into trends and specific themes relating to student wellbeing across the Higher Education sector.

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

Suppliers

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

Our impact on the community and the environment

Home for Success is about creating a sense of belonging and community in our properties and beyond and we're ensuring our actions have a positive impact. To maximise the value we create for communities and ensure our ability to continue to operate and grow within them, we seek to play an active role in local communities and build trusted, long-term relationships with community partners. This can be seen in our development activity where we actively engage with local communities to ensure the design of our buildings, public spaces and community facilities also meets their needs. Our Positive Impact programme encourages our people and teams to work with local stakeholders on community impact initiatives.

As a responsible business, our wider stakeholders demand we proactively manage environmental, social and governance risks. Moreover, we understand the significant contribution that property makes to global carbon emissions and how essential it is that we play our part in the fight against climate change.

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

Engagement around environmental impact comes indirectly through feedback from investors, students, universities and local communities, all of which is considered by the Board. During the year, the Sustainability Committee considered the Group's communication of the sustainability strategy and feedback received from internal and external stakeholders. Following review, we launched an updated and more engaging communication framework.

Further information on our **sustainability strategy** can be found on **pages 125–127**

SECTION 172 continued

We have highlighted some key decisions demonstrating how the Board has taken Section 172 matters into account in decision-making:

Our 2023 pay award	Employee wellbeing is at the heart of the business and following the rise of utility prices and interest rates, the Board listened to employee concerns and recognised the need for the business to do what it can to further support our people. The Board had oversight of the Remuneration Committee's decision to make a significant pay award to employees, effective 1 January 2023. This is our highest ever pay award, following a tiered approach by salary; with 95% of our employees receiving 5% or more, and our lowest earners being awarded 10.1%. In addition, employees were also given a £500 one-off payment in August 2022, in addition to a wider support package.
Supporting a safe and secure transition to university with our new operating model	We considered how best to structure and align our frontline teams in order to retain our market-leading position. As student safety is our utmost priority, we needed to introduce an operating model where all our buildings have a 24/7 staff presence, 365 days a year. In doing so, the Board supported the decision for a formal employee consultation to approve our new operating model. Further details of this decision can be found on page 97.
Acquisition of 180 Stratford, a 178-unit purpose-built build-to-rent property in Stratford, East London	The Board considered the potential impact of investing in the build-to-rent sector on our stakeholders including investors and local communities, together with the likely consequences of the decision in the long term. In doing so the Board recognised that the acquisition would enable the Group to test its operational capability to extend its accommodation offer to young professionals and retain them as customers as they move on to the next stage in their lives. The Board therefore approved the acquisition of a pilot build-to-rent investment property in Stratford, East London using proceeds of disposals made in the year. The decision did not impact the Group's 2022 earnings guidance or meaningfully impact future financial prospects.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

We have complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations, recommended disclosures, 2021 implementation guidance, and supplemental disclosures for non-financial groups in this section and other parts of this Annual Report where cross referenced.

We undertook a comprehensive materiality assessment of sustainability topics and issues in 2020, and have continued to engage with key stakeholders to ensure we stay focused on the most important issues, and report on them in line with their views and our own commitments. During 2022 we held a sustainability roadshow for investors, to update them on the Group's climate performance and priorities, and hear their views on our sustainability strategy and performance, particularly regarding our commitments on climate change. The Board also considers feedback on our ambition and performance from investors, students, universities, employees and local communities, to ensure we remain focused on the most material issues. This ongoing process of stakeholder engagement, feedback, and materiality assessment directly informed our first sustainability strategy published in 2020 and its evolution into our approach to sustainability reporting detailed on pages 56 and 58–65; it continues to guide our approach while planning, implementing, and reporting on our sustainability strategy and progress.

Governance

Our Chief Executive has overall responsibility for our climate-related risks and opportunities with ongoing oversight of climate-related issues delegated to the Sustainability Committee, a sub-Committee of the Board. Our Sustainability Committee meets four times per year to maintain Board oversight of environmental, social and governance issues, and hold the business to account for performance in this area including the management of climate-related risk. Climate risk and performance, including our plans for achieving and progress towards our 2030 net zero carbon target, are reviewed by the Committee. Further details of the Committee's activity during the year are set out in the Sustainability Committee Report on page 125. The Board also undertakes a twice-yearly formal risk review (see pages 77–87) which includes climate-related risks.

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

Our performance against the annual sustainability investment budget is reported as a standalone spend category showing detailed performance against budgeted levels on a monthly basis. During 2022 the Board specifically considered climate risk through the transition costs of meeting future EPC standards and exposure to utility prices, when it appraised a potential major acquisition.

The Remuneration Committee sets performance objectives linked to all employees' bonuses and incentive schemes, with a number of climate and sustainability metrics including GRESB rating, energy intensity, EPC ratings and our employee Positive Impact scheme contributing to overall remuneration. Details of the Executive Director bonus and LTIP components, including the weighting and targets can be found on page 132. Performance against the 2022 bonus targets can be found on page 152.

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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

UNITE GROUP PLC BOARD

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

INFORMING ↓ ↑ REPORTING

The Board delegates specific climate matters to its Committees:

SUSTAINABILITY COMMITTEE

- 4 meetings in 2022
- Oversees development and implementation of our Sustainability Strategy and recommends any changes to the Board
- Reports progress to the Board quarterly with input from across the Group
- Chaired by Dame Shirley Pearce with 3 Non-Executive Director members
- Attended by Group Chair, CEO, Investment and Sustainability Director, Head of Sustainability, Group People Director and Group Communications Director

REMUNERATION COMMITTEE

- 3 meetings in 2022
- Chaired by Elizabeth McMeikan with 3 Non-Executive Director members
- Engages with shareholders to inform target setting, including climate-related objectives
- Supports the Sustainability Strategy by aligning remuneration and incentive targets to the Strategy

AUDIT AND RISK COMMITTEE

- 5 meetings in 2022
- Chaired by Ross Paterson with 3 Non-Executive Director members
- Ensures climate risk and opportunities are effectively identified, mitigated and managed
- Oversees preparation of the Group's financial disclosures and Annual Report

INFORMING ↓ ↑ REPORTING

CHIEF EXECUTIVE AND EXECUTIVE COMMITTEE

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

INFORMING ↓ ↑ REPORTING

PROPERTY LEADERSHIP TEAM

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

CUSTOMER LEADERSHIP TEAM

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

INFORMING ↓ ↑ REPORTING

ENERGY AND ENVIRONMENT TEAM

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

Strategy

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

Time periods:

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

(M) ***Medium term:*** *3–10 years – Covers the period to our* 2030 net zero carbon target, asset transition plans and other regulatory deadlines such as EPC B in 2029 and the useful life of building fit out.

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

Risk	Acute physical	
	Heat Stress	Flooding
Description	Rising average and frequency of heatwaves could make our buildings uncomfortably hot during the summer months.	Increased rainfall increases the risk of both flash flooding and rivers bursting banks.
Impacts	We may be required to relocate those customers living in excessively hot rooms at our expense or otherwise compensate for disruption. Sustained increases in temperature may mean we are unable to let buildings during the summer without active cooling or investment in passive cooling technologies.	The impact of a flood could be significant to a single property, either from temporary disruption to our customers and operations teams, or damage to the building itself and the plant and machinery within. In the most extreme scenario, a flood may damage the plant room of a building requiring temporary closure whilst repairs are completed. Operations may also be impacted by flooding elsewhere that disrupts supply chains or communications even if individual properties are not directly affected.
Time period	(M) (L)	(S) (M) (L)
Financial risks and opportunities	c.£15 million of summer short term lettings income at risk of increased cooling costs. Higher temperatures during winter may reduce the heating requirement of our buildings.	The geographic diversity of the portfolio means that flood damage is unlikely to be material in the context of the Group. Closure of a building for a year due to flood damage could cost up to £12 million of lost net income. A risk assessment using Environment Agency and Scottish Environmental Protection Agency flood risk data found that approximately 10% of the total portfolio has a High (1 in 76–100 years) or Very High (1 in <75 years) risk of flooding. Increased flooding risk will be reflected in the premiums charged by the Group's insurers.
Scenario methodology	We compared forecast temperatures during the summer under 1.5°C, 2°C and 4.5°C scenarios using the RCP8.5 projections versus the 1981–2010 baseline. The datasets used for this analysis were extracted from the UKCP18 data published by the Met Office Hadley Cell GCMs (HadREM3-GA705).	We compared forecast rainfall during the winter under 1.5°C, 2°C and 4.5°C scenarios using the RCP8.5 projections versus the 1981–2010 baseline. The datasets used for this analysis were extracted from the UKCP18 data published by the Met Office Hadley Cell GCMs (HadREM3-GA705).
Mitigation and adaptation activities	We routinely monitor building temperature and ensure comfortable temperatures are maintained at all times as part of Student welfare. New development schemes and larger asset management programmes are designed to ensure appropriate temperatures are maintained.	We reviewed the flood risk of the portfolio during 2021 in partnership with our insurers and will continue to do so. We maintain flood response plans at higher risk properties. New development schemes and potential acquisitions are reviewed for flood risk and appropriate mitigations put in place where necessary to reduce risk to an acceptable level. This includes working with local government and the Environment Agency to quantify and then mitigate the risk.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

Risk	Transition			
	Technology	Reputation	Policy and legal	Market risk, commodity and resource efficiency
Description	Risk that sufficient improvements to an individual asset's performance cannot be achieved at the pace or scale required for the transition to a low carbon economy.	Our 2021 student survey highlighted climate change as the number one priority for students, we expect climate change to continue and to be of increasing importance for University partners, investors and other stakeholders.	Regulation and Government Policy will continue to evolve and increase minimum standards.	We face market risk through energy pricing and increased costs if our use of energy is not mitigated through efficiency investment.
Impacts	Individual assets' operating costs, asset value and liquidity may be adversely impacted if they do not meet evolving regulatory standards such as future Minimum Energy Efficiency Standards (MEES) for Energy Performance Certificates (EPCs), or market or shareholder expectations such as decarbonisation in line with the CRREM pathways.	Our leadership in the sector may be recognised by our customers and partners providing additional business opportunities or income benefits from our leadership in sustainability. Failure to at least meet stakeholder expectations could be detrimental to business performance through many channels including our ability to secure nomination agreements and increased financing costs.	Regulations may require increases in scale or pace of investment in decarbonisation. Introduction of mandatory carbon pricing could impact the viability of our development pipeline and increase ongoing operating costs of the existing portfolio. Failure to meet minimum standards could also have significant reputational impacts, as set out in Principal Risk 8 on page 85.	Rapid changes in commodity prices make planning and forecasting financial performance increasingly challenging. Increases in utility prices seen in 2022 could have a significant impact on the Group's financial performance if sustained and we have seen utility cost per bed increase from £380 in 2020/21 to £470 in 2021/22. We have seen valuers start to reflect increased utility costs in asset valuations and would expect further downwards pressure on valuations if energy efficiency is not improved to offset this.
Time period	M L	S M L	M L	S M L
Financial risks and opportunities	We plan to invest c.£100 million to support our sustainability targets. We target our sustainability investments to pay back in 10 years or less on an undiscounted basis. A "green premium" to asset values has not yet manifested in the PBSA sector. It is anticipated that a "brown discount" will take effect over the next 3-5 years if assets are at risk of failing EPC MEES or expectations on energy and carbon.	Not usefully quantifiable with existing data.	The UK Government has set a legally binding net zero target of 2050. Under our more ambitious strategy, we expect to spend £100 million on our transition to net zero carbon by 2030. It will not be lawful to let any property not meeting EPC C by 2027 or B by 2029. 20% of our portfolio is rated D or below, implying around a £100 million risk to income across the whole portfolio if not addressed. The portion of the portfolio rated C or above has increased by 23% during the year due to portfolio changes, including completed developments, refurbishment and disposals, and a change in classification of PBSA for EPC certificates.	We spend around £37 million per year on utilities, being our second largest category of spend after people. We expect our utility costs to grow by around 10%, p.a. over the next two years due to rising prices. We have targeted a 10 year payback on our sustainability investment, implying c.£10 million p.a. savings on our £100 million of total planned investment. If utility prices remain high then the potential savings from this investment will also increase.

Risk	Transition			
	Technology	Reputation	Policy and legal	Market risk, commodity and resource efficiency
Scenario methodology	We assess individual assets against the CRREM 1.5°C pathways for UK multifamily residential energy consumption and carbon emissions (on a market-based Scope 2 basis), and have reviewed all EPCs against relevant EPC MEES targets in England and Wales and in Scotland. These have been compared against current asset performance, and expected performance after the implementation of planned capital investment over the next 7 years set out in our asset transition plans.	Not assessed	Not assessed	Not assessed
Mitigation and adaptation activities	Delivery of our 2030 net zero target, in conjunction with our asset transition plans are expected to avoid asset stranding. We will monitor progress against these plans and take corrective action where required. We plan to invest around £100 million in our *sustainability strategy by 2030.*	We actively engage with our customers, University partners, suppliers and investors to explain and seek feedback on our sustainability performance and goals in addition to understanding their requirements and *expectations.*	We engage with Government and our advisory teams to understand likely future legislation and the impacts that it might have on Unite. This gives us the greatest amount of time possible to adapt to new regulation ahead of introduction. Our planned investment in sustainability initiatives will get all of our buildings up to minimum efficiency standards for letting. Our sustainability and legal teams, with support from our expert advisors, routinely monitor upcoming and proposed regulation to ensure we remain compliant.	We forward purchase our utilities so that we have price certainty when putting rooms on sale, allowing us to confidently set prices at an appropriate level to reflect the costs which we face. Around 20% of our electricity is secured through a corporate power purchase agreement, giving us certainty of supply over the medium term. We are actively exploring opportunities to add to this given the compelling environmental and financial impacts.

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

The Group has potentially significant opportunity to benefit from the actions it has taken to address climate change. Improving resource efficiency, particularly where services are included in the rent, could generate cost savings and potentially increase asset values. If students recognise and value our sustainability performance, we may benefit from increased sales or a reduction in marketing costs. Our use of low carbon energy sources will reduce the impact of any future carbon pricing or taxation. Equity and debt capital may be more readily available, or at lower cost, if we can meet and exceed market sustainability requirements.

During 2022, climate risks and opportunities were tracked as part of our financial planning relating to utility costs where varying levels of usage could have an impact on our financial performance as energy supply and commodity costs became a major geo-political issue. Our 2023 budget and planning include further assessments of our exposure to utility costs and the potential to mitigate cost increases through capital investments in energy initiatives.

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

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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

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

We assessed flooding and heat stress exposure of our portfolio under scenarios based upon the Intergovernmental Panel for Climate Change RCP scenarios consistent with 1.5°C, 2.0°C and 4.5°C temperature rises. The analysis showed that under a 4.5°C scenario, heat waves, as defined by the Met Office, become increasingly regular during the Summer and the risk of flooding increases from a 1 in c.250 year event to a 1 in c.200 year event, with a marginal change in frequency under 1.5°C and 2.0°C scenarios. Overall the outputs give us confidence in the resilience of our strategy under a 2.0°C or lower temperature rise scenario, whilst we recognise that our strategy and adaptation measures may need to evolve in the long term, particularly under a 4.5°C scenario.

Under a 4.5°C scenario, our analysis demonstrates that changes to our strategy and financial planning will be required as flooding and heat stress losses become more likely. This will likely include divestment of assets which are less resilient to extreme heat and rainfall, or investment to limit the impact of flooding and coastal surge. This scenario could also result in changes to our customers' behaviour and supply chain partners' viability, including business failures or supply chain disruption. Increased due diligence in supply chain selection will be required, particularly considering the sourcing of construction materials which may be processed or manufactured in countries where the effects of climate change are more extreme.

We will continue to assess potential risks in due diligence for future acquisitions and to make appropriate adaptations, where required, to our portfolio. We have assessed the business's exposure to transition risks and believe the business's strategy to deploy capital into highly efficient properties and make upgrades to our existing assets, whilst selling lower performing assets, leaves us well-placed to meet the requirements of the net zero transition. We consider our strategy to be resilient under both 1.5°C and 4.5°C scenarios.

Risk management

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

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

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

The process for assessing, identifying and managing climate-related risks is the same as for all principal risks with responsibility sitting with the Board and is described on pages 77–87. Details of how we identify, assess and manage climate-related risks are covered in Principal Risks 8 and 9 on page 85 which includes a description of the principal climate -related risks and uncertainties facing the Group.

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

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

Investment and divestment – review of sustainability risks for investment decisions is undertaken by the Investment Committee. Geographical location plays an important part in the identification of physical risks during the due diligence process, for example through the use of flood and overheating risk assessments, and transition risks are identified through reviewing energy efficiency ratings, existing plant and machinery, construction type and an estimate of the investment required to deliver energy intensity targets aligned to our net zero operational commitment. Where a risk is identified, we develop appropriate mitigation strategies in the case of new developments or reflect the risk in acquisition pricing if the risk is capable of mitigation to an acceptable level.

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

Metrics and targets

We are committed to transitioning to net zero carbon in alignment with the UK Government's 2050 target and with the goals of the Paris Agreement. Our sustainability strategy includes a net zero carbon commitment by 2030. This is built on our science based targets approved by the SBTi, and a commitment under the RE100 scheme to purchase 100% renewable electricity by 2030. We published our net zero pathway during 2021 setting out the action we will take over the coming decade. As a residential landlord, our customers' energy use is included within our Scope 2 emissions, this gives us significant opportunity to reduce both our and our customers' impact on the environment. Our strategy includes ambitious climate-related targets:

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

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

Our 2030 net zero carbon target covers both our operations and development activity. Our operations targets covers Scope 1 and 2 emissions from our buildings, including all building energy used by our student tenants, as well as selected Scope 3 emissions as per the BBP Climate Change Commitment. Our development target covers Scope 3 emissions arising from the construction of new buildings, including embodied energy and construction activity, and a focus on making new buildings net zero carbon in operation. This target applies to properties delivered for us by our supply chain partners on a design-and-build, and new build properties purchased on a forward-funded basis from other developers. Further detail is available in our Net Zero Carbon Pathway. The board have not approved interim targets for reporting in the 2022 ARA but these will be considered for future periods.

Additional **climate-related KPIs** and details of **our performance** can be found on **page 56**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES continued

We have c.£7 million of capital investment in energy efficiency planned for 2023, including LED lighting, air source heat pumps and improved heating controls, and are exploring options to bring more of our purchased electricity under long-term power purchase agreements to meaningfully decarbonise our energy supply.

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

Our Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, including comparison to prior years, are externally verified to a reasonable level of assurance and are disclosed on pages 53–65. These disclosures include both absolute and relative measures to aid comparability in our performance.

We review our performance against the metrics set out above on an ongoing basis as part of our business performance. Investment into sustainability measures is made with reference to these metrics and our individual asset transition plans have been developed to support our Net Zero Carbon Pathway. Should performance diverge from the required trajectory to 2030, we will assess and potentially accelerate interventions required to deliver our Net Zero Carbon Pathway.

Cross industry, climate related metrics

TCFD Metric	*Amount or reference*
GHG Emissions	See page 61
Transition risks	20% of investment property portfolio EPC D rated or below
Physical risks	100% of investment property portfolio
Opportunities	100% of investment property portfolio
Capital deployment	£13 million in 2022, £100 million planned to 2030
Internal carbon prices	Not yet adopted
Remuneration	See remuneration report on pages 131–166

RISK MANAGEMENT

RESILIENT AND AGILE

Our approach to risk management enabled us to position the business in light of unprecedented levels of change in the last few years

"Identifying and managing the principal internal and external risks associated with the delivery of our strategic objectives is key to our success."

Joe Lister
Chief Financial Officer

REFLECTING ON 2022

- We aligned our principal risks to our strategy and corporate objectives
- Continued with our cladding and fire safety works
- Engaged with leaders in the HE sector to understand emerging risks
- Tracked and ran scenarios for the changing economic backdrop

OUR PRIORITIES FOR 2023

- Manage the risks arising from macroeconomic factors
- Monitor and influence the impact of political risks on the HE sector
- Further refine our risk management in our operational and support functions
- Continue to enhance our IT infrastructure and security

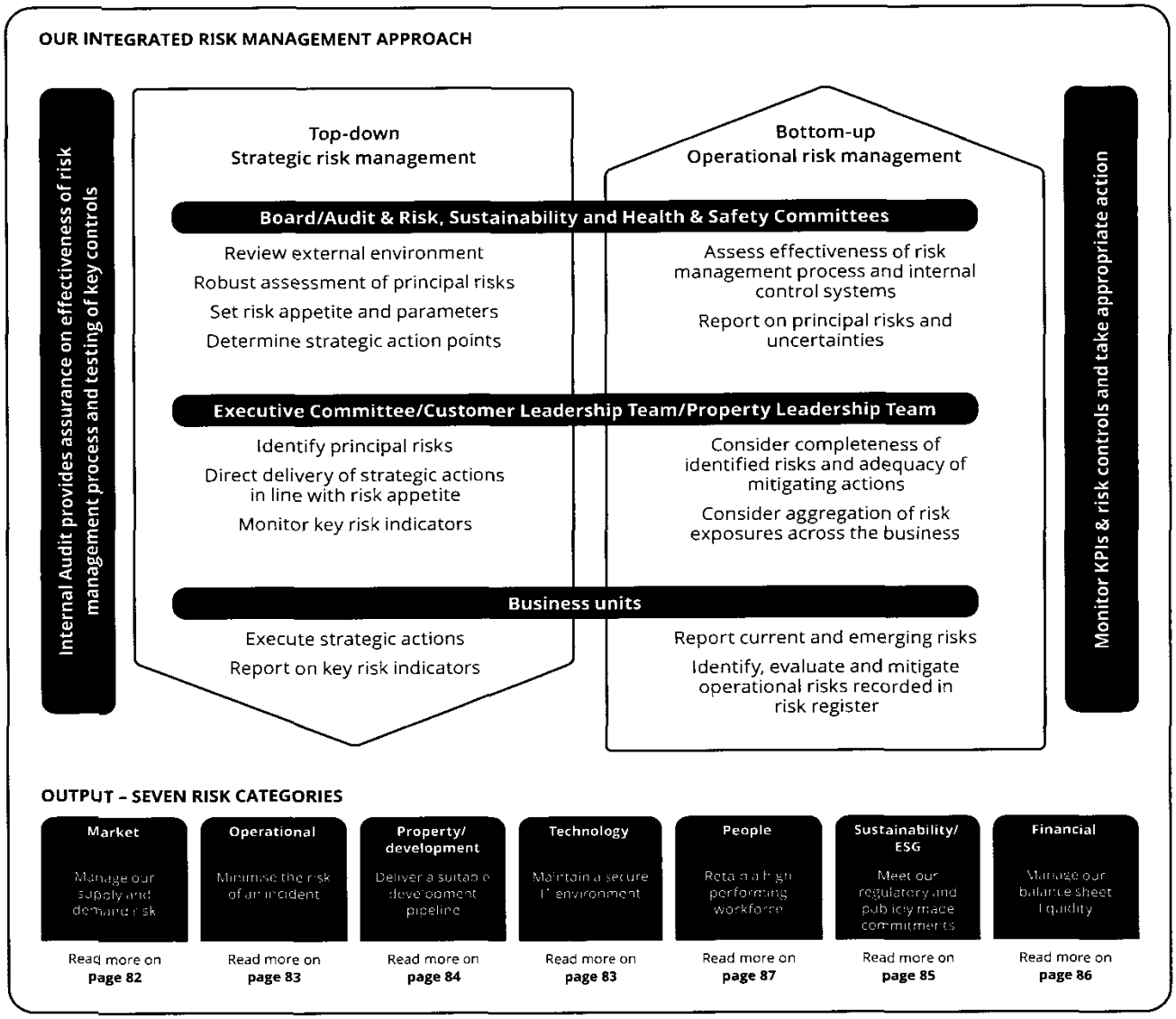
Governance

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

Risk management

Our integrated risk management approach combines a top-down strategic view with a bottom-up operational view, the output from this approach is a number of strategic risks under 7 categories.

RISK MANAGEMENT continued



The Board conducts a twice-yearly dedicated risk review. As part of this focused risk review, the Board undertakes its assessment of the principal risks facing the Group, taking account of those that would threaten our business model, future performance, solvency or liquidity as well as the Group's strategic objectives. The Board considers both internal and external factors when assessing our risks. Through 2020 and 2021 Covid-19 was a key consideration for us; in 2022 and looking ahead to 2023, whilst Covid-19 is still a consideration, there are a number of other macroeconomic and political factors. In summary, we have considered the following when assessing our principal risks.

- A world emerging from a global pandemic with a series of lockdowns impacting on trade, travel and people's lives.
- A disrupted UK labour market with low unemployment and high vacancies leading to recruitment challenges and pay increases.
- The war being waged by Russia against Ukraine that has led to unprecedented sanctions on Russia; consequential global shortages of goods, notably oil and gas; and price increases for all forms of fuel together with a shortage of goods usually exported from Ukraine.
- Increased levels of inflation.
- Recent increases in interest rates.
- Political change with two changes in UK Prime Minister during 2022.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Our risk appetite

The Group's risk appetite is considered a fundamental part of the Board's strategy setting and annual budget – it does not happen in isolation. Our risk appetite is underpinned by our objective of being a responsible and resilient business whilst delivering for our customers, our people and universities with attractive returns for our shareholders.

During the year, the Board continued to regularly review and assess our risk appetite with a primary focus on the resilience of the business and its agility. This considered both threats to – and opportunities in – our business as well as wider macro risk developments impacting the PBSA sector and the broader Higher Education sector, property market and economy.

Our overall risk appetite in the year was broadly unchanged from the previous financial year. Whilst the impact of the pandemic is now known and reducing, other macroeconomic factors are extant and the Board continues to take a prudent approach to risk and opportunity.

Stress testing/scenario planning and our Strategic Plan

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

During 2022, this scenario planning continued to closely monitor external factors and the Board developed a wide range of scenarios and stress tests to assess our preparedness and ability to withstand adverse market conditions.

Creating the right corporate culture for effective risk management

The Group's risk management framework is designed to identify the principal and emerging risks, ensure that risks are being appropriately monitored, controls are in place and required actions have clear ownership with requisite accountability.

The organisation has an open and accountable culture, led by an experienced leadership team.

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

OUR RISK MANAGEMENT FRAMEWORK

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

The Board

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

Owned by the Board and its Committees.

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

Risk management

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

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

Policies and controls

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

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

People and culture

Embedded risk management culture

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

OUR KEY RISK INDICATORS

Our service platform	Our properties	University partnerships
Safety	Gross asset value	Safety
Customer satisfaction	Asset age	Higher Education trust
Employee engagement	Occupancy	Customer satisfaction
	Rental growth	% nominations

Robust assessment of principal risks

The Directors confirm that they have conducted a robust assessment of the principal and emerging risks facing the Group, including those that would threaten the Group's business model, future performance, solvency or liquidity. The process for how the Board determined these risks is explained above and these risks are set out on pages 82–87.

Viability statement

The Directors have assessed the viability of the Group over a three year period to December 2025, taking account of the Group's current position and the potential impact of its principal risks. The Directors consider the three year lookout period to be the most appropriate as this aligns with the Group's own strategic planning period combined with the levels of planning certainty that can be derived from the development pipeline.

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

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

- Rental growth reduced to 2% p.a., reflecting principal risks 1–4
- Cost growth of 4% p.a., allowing for further sustained increases in utility and other costs
- Yield expansion of 50bps, approximately a 10% decline in asset values
- Interest costs of 6% on all new and refinancing activity, reflecting principal risk 10
- No further development commitments, disposals or acquisitions, reflecting principal risks 6 and 7

The result of this scenario showed a significant deterioration in forecast performance, with earnings and NTA significantly reduced (to 41p and 21p respectively) in 2025 whilst leverage increased substantially to 40%. Despite the significant contraction in the size of the business over the forecast period, the business would remain viable under such a scenario.

We considered whether the Group's climate change principal risk would impact our assessment of the Group's viability but concurred that as we have committed to invest £100m to achieve our science-based net zero target by 2030, this mitigated the risk sufficiently for this viability assessment. Following the United Kingdom leaving the European Union, Brexit, we have seen the proportion of EU students approximately halve to less than 5% of all students. With EU students no longer qualifying for home fee status, and facing full international fees, a significant recovery in numbers is considered unlikely. Since Brexit, growth in UK and non-EU students has more than made up for the decline in EU students, with the Group achieving 99% occupancy for the 2022/23 academic year and a strong outlook for 2023/24. Brexit is not therefore expected to impact the longer term viability of the Group.

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

- short-term debt covenant compliance;
- the Group's ability to arrange new debt/replace expiring debt facilities; and
- any adverse interest rate movements.

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

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

The outlook and future prospects beyond the viability period for the business remains strong, reflecting the underlying strength of student demand, our alignment to the strongest universities and the capabilities of our best-in-class operating platform. There are significant growth opportunities for the business created by the ongoing shortage of high quality and affordable purpose-built student accommodation, universities need to deliver an exceptional student experience through their accommodation and the growing awareness of the benefits of PBSA among non-1st-year students. In particular, we see opportunities for new developments and University partnerships, building on the strength of our enhanced reputation in the sector.

Based on their assessment and the mitigating actions available, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to December 2025.

Read our **Financial review** on **pages 32–45**

PRINCIPAL RISKS AND UNCERTAINTIES continued

Summary of principal risks and uncertainties

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

PRINCIPAL RISK

MARKET

1 Risk description:
- A reduction in demand driven by macroeconomic factors.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Offer market leading customer service to address any potential reduction in demand ensuring we sell without compromising price	• Changes in Government Policy on Higher Education funding • *Immigration Policy changes* affecting international students • Longer term impact of Brexit on EU students studying in the UK	• Loss of income • Reduction in demand affecting *yield and asset values*	• Maintain dialogue with Government and Higher Education providers • Ongoing monitoring of Government Higher Education and immigration Policy • Invest in developing markets to attract a wider demographic

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

Maintain our property portfolio to a high *standard to ensure* enduring relationships with the high and mid ranked universities, and consistently drive sales performance	• Increased blended learning; more students remain at home • Increased regulation over rents • London weighting on loans and grants removed • Further education overtakes Higher Education • Lack of investment in the quality of our product offering	• More competition and reduced demand for year-round student accommodation in the longer-term resulting in lower profitability and asset values	• Regularly review our portfolio to ensure we have a quality portfolio, appropriately sized and in the right locations

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

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

PRINCIPAL RISK

OPERATIONAL

4 Risk Description:
- Major health and safety (H&S) incident in a property or a development site.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Minimise the risk of an incident that could impact the safety of our customers, contractors and employees	• Catastrophic fire or other incident at a property • Incident at construction site involving Unite employees or third party contractors	• Fatality or injury • Reputational damage and loss of trust in Unite as reliable partner	• Board supervised Health & Safety Committee in place • Highly skilled and experienced H&S team in place • Customer Leadership Team and Property Leadership Team focused on H&S • Expert external assurance on development safety risk and preparing for Building Safety Act, Fire Safety Act changes • Visible leadership for Safety & Wellbeing driven by our senior leaders • Use of audits and external consultants • Comprehensive cladding replacement programme underway

PRINCIPAL RISK

TECHNOLOGY

5 Risk Description:
- Significant loss of personal or confidential data or disruption to the corporate systems either through cyber attack or internal theft/error.
- The risk of falling victim to a cyber attack – either targeted or random.

Maintain a secure IT footprint that discourages attacks and informs us when issues have been detected	• Lack of security controls in place in the IT landscape • Inadequate incident response plan • Increase in phishing activity • PC security update failures – patches not deployed to all machines	• Significant loss of personal or confidential data or disruption to the corporate systems • Reputational and/or financial damage with increased scrutiny including sanctions and fines	• Defined governance structure for information security • Technical security controls aligned to SANS CIS Critical Security Controls and certified under CyberEssentials+ scheme • Full suite of awareness activities • Agreed Information Security Strategy & Technical Security Roadmap • Information security and data protection policies in place • Scheduled internal phishing campaigns • Mimecast intercepts potentially harmful emails • Monitoring of emerging cyber threats • Information security incident management procedures in place

PRINCIPAL RISKS AND UNCERTAINTIES continued

PRINCIPAL RISK

PROPERTY & DEVELOPMENT

6 Risk description:
- Inability to secure the best sites on the right terms.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Deliver a suitable development pipeline	• Challenging planning environment • Increased regulation in construction design • Land scarcity and increased competition for the best sites	• Lost revenue where schemes are delayed whilst consents are agreed • Reputation/brand damage when works are late/ongoing when students in occupation • Inability to deliver the planned growth	• Consult and lobby at a national and local level to promote the benefits of student accommodation • Cautious control of external fees, converting any STP deals to options may allow sites and consents to continue • Comprehensive due diligence is completed on unconditional sites prior to purchase, including seeking a pre-application assessment from the relevant local authority • Clear planning and stakeholder consultation programme • Planning underway to ensure that we are ready for impact of the Building Safety Act • Using mixed use sites strategically to gain positive outcomes

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

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

PRINCIPAL RISK

SUSTAINABILITY (more information about our Climate and Sustainability risks is included on pages 69–76)

8 Risk description:
- Failure to meet external, public commitments and regulatory requirements made in respect ESG.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
To meet external public commitments and regulatory requirements made in respect of ESG	• Lack of understanding of the commitment made and the component parts • Lack of awareness or understanding of the Regulatory requirements that *the company/USAF/LSAV is* obliged to meet • No clear plan to deliver the required outputs • Lack of engagement from the stakeholders on delivery of the commitments	• Non-compliance with regulations – regulatory action/fines/penalties may follow • Brand damage with resultant loss of revenue • Loss of investor confidence/ trust • Increased costs as we fail to manage the requirements and plan ahead • Potential reduction in Group credit ratings	• Formal business policies in place and updated regularly • Effective communication and reporting internally to increase engagement and track progress, and externally to keep stakeholders appraised of ambition and progress • Ongoing stakeholder consultation and dialogue to ensure strategy and reporting are aligned • Sustainability Strategy and Group Board Sustainability Committee well established • Governance structure in place with clear Board oversight for climate related issues • Monitor performance against key ESG targets

9 Risk description:
- Failure to meet external, public commitments and regulatory requirements in respect of climate and wider factors.
- Failure to identify, mitigate or prepare for impact of climate change.

Mitigate or prepare for the impact of climate related physical and transition risks	• Extreme weather events (flooding, high wind, heat waves) the occurrence of which are outside of our control. • Increasing legislative burden (EPC Minimum Energy Efficiency Standards, Energy Saving Opportunity Scheme, Taskforce on Climate- Related Financial Disclosures, more stringent planning requirements and building regulations etc) • Increasing, volatile and unpredictable energy, carbon *and water costs* • Increasing stakeholder expectation • Insufficient prioritisation of investment • Supply chain risks not managed	• Damage to property • Injury to people • Disruption to supply chain • Increased insurance costs • Increased capital costs • *Potential for compensation* payments being required • Regulatory action/fines/ penalties • Brand damage with resultant loss of revenue • Loss of investor confidence/ trust • *Asset stranding/value* write-downs; inability to dispose of assets that do not meet regulatory compliance standards	• Procurement decisions consider environmental and climate change performance • Utilities purchasing strategy to purchase only 100% REGO backed renewable electricity • Incident management plan/ procedures in place to react to extreme weather incidents efficiently and effectively • Active horizon scanning for new/ changes to legislation • Governance structure in place with clear Board oversight for climate related issues • Monitor performance against key ESG targets

PRINCIPAL RISKS AND UNCERTAINTIES continued

PRINCIPAL RISK

FINANCIAL

10 **Risk description:**

- *Risk that borrowing costs rise rapidly, increasing the cost of debt and we are not able to achieve the lowest funding cost within risk tolerances.*
- Risk that we are unable to renew or secure funding to meet committed or intended business plans, potentially leading to our having to slow development, defer capital expenditure or cut dividends.
- *Risk that we fail to comply with contracted loan agreement covenants.*

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Manage our balance sheet liquidity within tolerable levels and maintain compliance with our debt covenants	• High rates of inflation caused by oil prices, labour shortages, supply chain disruption and/or other factors • Reduced access to capital markets due to external factors e.g. global financial crisis • Significant reduction in *revenue or other adverse* business event affecting the market's perception of Unite risk and future performance • Significant reduction in property valuations or increase in debt	• Increased financing costs leading to reduced profitability and property values (through resulting expansion of valuation yields and lower valuations) • Possible forced sales at below valuation • Slowdown in development *activity* • Breach of debt covenant could lead to an event of default followed by repayment demand	• Movements in interest rates and the impact of different outcomes are considered at the Capital Strategy Committee • Hedge strategy is approved by the Board each year • Minimum hedge ratio of 75% is defined in the Group's capital operating guidelines. Most debt is *fixed rate or hedged with swaps* or caps • Revolving Credit Facility to provide liquidity headroom • Property Leadership Team routinely reviews capital commitment • Maintain good relationships with lenders • We manage the balance sheet ratios defined in capital operating guidelines • Annual funding strategy approved by the Board • Monitoring of debt covenants across a range of income scenarios and risks • Increasing attention on interest cover covenants, with six monthly monitoring

PRINCIPAL RISK

PEOPLE

11 Risk description:

- Loss of talent and capability, especially our high performing people or our people with specialist/industry knowledge and people with specialist/industry knowledge & contacts.
- Lack of strategic leadership capability to deliver a challenging business strategy in the next five years.

Objective	Events that may trigger the risk	Potential impact	How we monitor and negotiate
Retain a high performing workforce with suitable succession plans	• Lack of leadership development • Lack of managed succession planning and opportunity for career advancement • Ad-hoc/uncoordinated training plans • Lack of or poor performance management • An insufficient pool of diverse and capable people • Cost-of-living crisis driving wage inflation	• Inability to deliver challenging business strategy in next five years • High attrition rates, increasing costs • Reputational impact of not meeting diversity and inclusion targets • Loss of capability and knowledge from the business impacting on service levels • Increased recruitment and wage costs	• Highly skilled and experienced HR lead team • Academy launched; training co-ordination and central tracking to ensure consistency • Performance framework in development • New learning and development programme established and rolled out with seven cohorts following one of four levels of leadership pathways • External partners in place to support high volumes of recruitment and candidates • Culture Matters engagement forum launched • Talent review process for succession planning for key roles

The Strategic Report on pages 1–87 was approved on 28 February 2023 by the Board and is signed on its behalf by:

Richard Smith
Chief Executive Officer

CHAIR'S INTRODUCTION TO GOVERNANCE

A STRONG PERFORMANCE IN 2022

Board Governance overseeing delivery of strong operational and financial performance

"The business has had a strong 2022 performance, built on our best-in-class operating platform and affordable and well-located portfolio, but ultimately delivered through the hard work and commitment of our people serving our customers. This has helped deliver the strong recovery in our operational performance with 99% occupancy and our financial performance, with earnings and dividends above their pre-pandemic peak."

Richard Huntingford
Chair

BOARD FOCUS AREAS IN 2022

- **Delivering for our customers and universities:** investment in our platform and service enhancements
- **Attractive returns for our shareholders:** balancing occupancy, with affordability and rental growth, alongside new developments and disposals
- **Delivering a positive impact:** implementing our sustainability strategy, through People and Places, with the social contribution we make to students living with us and reducing our environmental impact
- **Safety:** ensuring a safe and secure home, with a focus especially on fire safety and student mental health and wellbeing

Read more about the **key activities of the Board** on **pages 107–108**

Our governance and risk management framework focuses on our three strategic objectives, helping ensure we continue to bring value for all our stakeholders. The Board oversees how we deliver for our customers and universities, ensuring appropriate levels of investment in our operating and technology platform along with service enhancements, especially in student welfare. The Board also ensures the ongoing delivery of attractive returns for our shareholders, carefully balancing optimal occupancy with affordability and rental growth. These returns depend on the quality, location and scale of our portfolio and the Board ensures we develop new properties in the right cities, balanced with appropriate disposals, which this year saw us open two new properties (Hayloft Point, London and Campbell House, Bristol) whilst reducing our footprint from 25 to 23 markets.

Our governance and risk framework ensures we do all this responsibly and sustainably, delivering a positive impact through People and Places.

The safety of our customers and employees is one of our key risks and a key governance area for the Board. In 2022, the Board oversaw the introduction of our new operating model, with our people on site 24/7/365, and the introduction of our new Support to Stay framework, providing a supportive living environment for students. This is especially important with increasing mental health issues for students following the pandemic. The Board has also overseen our fire safety and cladding remediation programme, ensuring appropriate investment across the portfolio. The Health and Safety Committee Report on page 128 details further our safety governance.

The Board's focus on our values and specifically "doing what's right" and "raising the bar together" continues as we implement our sustainability strategy. Through the detailed work of the Sustainability Committee, we oversee our progress towards becoming a net zero carbon business by 2030, having invested £14 million in 2022 in energy initiatives to reduce consumption, save carbon and ensure ongoing compliance with regulations as well as further improvement in the EPC ratings of our portfolio. For more detail, see the Sustainability Report on page 46 and the Sustainability Committee Report on page 125.

Through 2022, the Nomination Committee continued to review our Board composition and succession planning, ensuring we have the right mix of skills and expertise across the higher education, real estate, finance, retail and hospitality sectors. With Elizabeth McMeikan coming up for nine years on the Board in 2023, the Committee conducted a search for a new Non-Executive Director, leading to the appointment of Nicky Dulieu in September 2022. Nicky brings a wealth of listed company Board experience as well as extensive consumer-facing executive experience, adding significant value to the Board. I would like to thank Elizabeth for her passion for the business and sound judgement during her nine years with Unite, especially as Chair of our Remuneration Committee and Senior Independent Director. Nicky will take over as Remuneration Committee Chair and Senior Independent Director on 1 March 2023 following Elizabeth's departure.

The Board continues to see increasing demand for student accommodation in the UK, with supply constrained due to slowing PBSA development and a shrinking HMO sector. Affordability, especially with increasing cost-of-living pressures, continues to be key for students, parents and universities and the Board oversees how we deliver safe and secure, high-quality, value-for-money homes for our customers, many of whom are living away from home for the first time.

With this increasing demand, the Board continues to explore opportunities to grow the business in UK PBSA through development, targeted acquisitions and partnerships with universities. Alongside this, the Board continues to explore exciting opportunities for growth in the wider living sector catering to young professional renters living in major UK cities. Our pilot BTR acquisition in Stratford, East London in September 2022 provides us the opportunity to test our operational capability in this sector and understand potential synergies with our core PBSA business. This will help the Board inform our next steps as we explore growth in PBSA and the wider living sector.

The following pages explain how our governance has supported us through 2022 and how it will continue to support our growth and sustainability in the longer-term.

Richard Huntingford
Chair
28 February 2023

FURTHER INFORMATION

Health and Safety Committee Report on **page 128**
Sustainability Report on **page 46**
Sustainability Committee Report on **page 125**
Board engagement on **page 102**
Stakeholder engagement on **page 104**

BOARD OF DIRECTORS

Richard Huntingford
Chair

N

Years on the Board: 3

Richard joined the Board on 1 December 2020 and became Chair on 1 April 2021.

Relevant skills, experience and contribution

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

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

External appointments

- Future plc (Chair)

Richard Smith
Chief Executive Officer

N H S

Years on the Board: 11

Richard became Chief Executive Officer in June 2016 after working as Unite's Managing Director of Operations since 2011 and joining the business as Deputy Chief Financial Officer in 2010.

Relevant skills, experience and contribution

Prior to Unite, Richard spent 19 years in the transport industry, working in the UK, Europe, Australia and North America. Richard spent 14 years at National Express Group where he held a range of senior finance, strategy and operations roles, including Group Development Director and Chief Financial Officer, North America.

Richard continues to lead the successful development, communication and implementation of the Group's strategy, providing clear and valued leadership and delivery of the Group KPIs. His engagement with our investors helps ensure our strategy is well understood and valued. His operational expertise has helped ensure the business's resilience and ongoing delivery through the challenges of Covid-19 and more recent economic uncertainty, whilst ensuring the Group continues to be well-placed for growth.

External appointments

- Industrials REIT Limited (Non-Executive Director)

Joe Lister
Chief Financial Officer

Years on the Board: 14

Joe joined Unite in 2002 and was appointed Chief Financial Officer in January 2008 having previously held a variety of roles including Investment Director and Corporate Finance Director.

Relevant skills, experience and contribution

Joe has continued to lead the design and delivery of the Group's sustainable growth and financial performance and his deep experience of our business and especially our funding arrangements was critical in helping us navigate the challenges of Covid-19 and the more recent economic uncertainty.

Together with Richard Smith, Joe ensures the development and communication of the Group's ongoing performance and strategy with our investors. Joe is the Executive Board lead for our sustainability strategy, our property portfolio and our Information Systems and Technology (this includes Board responsibility for information security and data protection).

External appointments

- Helical PLC (Non-Executive Director)

Committee key

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

Elizabeth McMeikan

Senior Independent Director

N (R) H

Years on the Board: 9

Elizabeth was appointed a Non-Executive Director in February 2014 and became the Senior Independent Director of Unite in January 2018. Elizabeth will retire from the Board after nine years of service on 28 February 2023.

Relevant skills, experience and contribution

Elizabeth has significant experience in customer-focused businesses previously working at Tesco and Colgate Palmolive, where she was successful in driving growth through an understanding of customer needs and an innovative marketing approach. Previously she was Senior Independent Director of JD Wetherspoon plc and Chair of Moat Homes Ltd, a leading housing association in the South East.

Elizabeth has brought her extensive consumer-focused experience, both as an executive and also on the boards of other FTSE companies, to help oversee the design and development of our customer proposition and enhanced customer service. As Senior Independent Director of Unite, Elizabeth supports the Chair in the effective running of the Board, and as Chair of the Remuneration Committee, has helped ensure the Executive Directors' and broader senior leadership's remuneration is aligned to the long-term sustainable success of the Group.

External appointments

- Custodian REIT plc (Senior Independent Director)
- Dalata Hotel Group Plc (Non-Executive Director)
- Fresca Group Ltd (Non-Executive Director)
- McBride plc (Senior Independent Director)
- Nichols plc (Non-Executive Director)

Ross Paterson

Non-Executive Director

N (A) R S

Years on the Board: 6

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

Relevant skills, experience and contribution

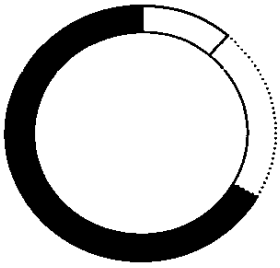
Ross is a former Chief Financial Officer of Stagecoach Group and Non-Executive Director of Virgin Rail Group Holdings Limited. Ross has experience in finance, business development and legal gained from his finance role at Stagecoach Group.

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

External appointments

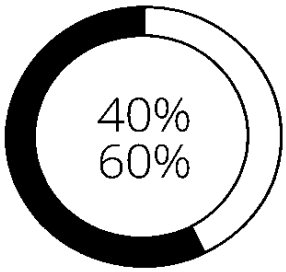
- Institute of Chartered Accountants of Scotland (Business Policy Panel member)

Composition of the Board



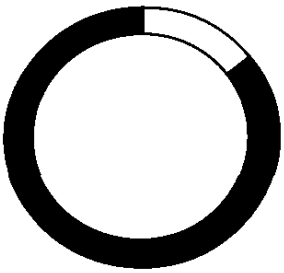
- Chair 1
- Executive Directors 2
- Non-Executive Directors 7

Gender diversity



- Female 4
- Male 6

Independence



- Non-Executive Directors 1
- Independent Non-Executive Directors 7

BOARD OF DIRECTORS continued

Ilaria del Beato
Non-Executive Director

N A H S

Years on the Board: 5

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

Relevant skills, experience and contribution

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

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

External appointments

- Frasers Property UK (CEO)

Dame Shirley Pearce
Non-Executive Director

N R H S

Years on the Board: 4

Dame Shirley joined the Board in November 2019 as a Non-Executive Director and Chairs our Sustainability Committee.

Relevant skills, experience and contribution

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

Dame Shirley brings her wide-ranging and hands-on experience in the Higher Education sector to the Board. This is especially critical at a time of ongoing change in the sector, where her insight and knowledge of Higher Education and broader policy initiatives help inform the Board on our strategic direction. As Chair of the Sustainability Committee, Shirley helps ensure appropriate oversight of our sustainability strategy.

External appointments

- Committee on Standards in Public Life (Independent member)
- Higher Education Quality Assurance Panel for the Ministry of Education in Singapore
- Royal Anniversary Trust (Trustee)
- HCA (Advisory Board member)
- Association of University Administrators AUA (Hon President)

Thomas Jackson
Non-Executive Director

N S

Years on the Board: 4

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

Relevant skills, experience and contribution

Thomas has been the head of CPP Investments' UK real estate business since 2015 and is responsible for CPP Investments' entry into a number of new real estate sectors, including student housing, life sciences and the build-to-rent sector. In addition to sitting on the Board of The Unite Group PLC, Thomas also sits on a number of CPP Investments' office, retail and logistics joint venture boards. Beyond the UK, Thomas is also responsible for CPP Investments' real estate investment activity in Germany and the CEE regions. Thomas originally joined CPP Investments in 2011 and was instrumental in its transaction activity in Spain, the Nordics and India.

Prior to joining CPP Investments, Thomas was a Vice President in the real estate investment banking team at Macquarie bank and focused on M&A transactions within the UK and European public and private real estate companies.

Thomas brings wide-ranging real estate experience, not only from the student housing sector, but also his wider build-to-rent, retail and logistics real estate experience to the Board. His international experience will also be invaluable for the Board, helping provide a wider perspective on developments in real estate as the Board progresses further its strategic thinking.

External appointments

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

Committee key

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

Professor Sir Steve Smith
Non-Executive Director

N A R H

Years on the Board: 3

Professor Sir Steve joined the Board on 1 April 2020.

Relevant skills, experience and contribution

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

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

Sir Steve's extensive experience in the Higher Education sector contributes to how the Board navigates a changing Higher Education sector. In addition, his hands-on knowledge and insight into how universities operate help us develop stronger university partnerships. Sir Steve also Chairs our Health and Safety Committee and his on-campus knowledge helps us ensure our approach to safety is well aligned with our customers, universities, employees and wider stakeholders.

External appointments

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

Nicky Dulieu
Non-Executive Director

N A R

Years on the Board: 1

Nicky joined the Board on 1 September 2022 and will replace Elizabeth McMeikan as Senior Independent Director and Chair of the Remuneration Committee with effect from 1 March 2023.

Relevant skills, experience and contribution

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

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

External appointments

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

Chris Szpojnarowicz
Company Secretary

Years with Unite: 9

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

Relevant skills, experience and contribution

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

External appointments

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

BOARD STATEMENTS

Under the UK Corporate Governance Code, the Board is required to make a number of statements. These statements are set out below:

COMPLIANCE WITH THE CODE

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
The Unite Group PLC is listed on the London Stock Exchange and is subject to the requirements of the UK Corporate Governance Code 2018 (the "Code"). The Board is required to apply the principles of the Code and to either comply with the provisions of the Code or, where it does not, explain the reasons for non-compliance. The code is available at www.frc.org.uk.	The Board considers that the Company has, throughout the year ended 31 December 2022, applied the principles and complied with the provisions set out in the Code except in relation to Provision 38: alignment of Executive Director pension contributions with the workforce (see explanation on page 133 of the Directors' Remuneration Report).	Details on how the Company has applied the principles and complied with the provisions can be found throughout this Corporate Governance section of the Annual Report. The table below on page 96 details where disclosure against the principles of the Code can be found in this Corporate Governance Report.

LISTING RULE - BOARD DIVERSITY

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
In accordance with the requirements of the new Listing Rule 9.8.6R(9) which applies to accounting periods starting on or after 1 April 2022, the Board is required to provide a statement as to whether it has met certain targets related to gender and ethnic diversity at Board level. The Board has chosen to provide these disclosures on a voluntary basis this year.	The Board confirm that as at 31 December 2022, 2 out of 3 diversity targets were met: 1. 40% of the Board were women. 2. One of the senior Board positions (the Senior Independent Director) was held by a woman. 3. None of the Directors were from an ethnic minority background.	More details on the Company's compliance with the Listing Rules relating to Board diversity amongst the Board and executive management can be found on pages 115–118.

GOING CONCERN

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
The Board is required to confirm that the Group has adequate resources to continue in operation for the foreseeable future.	After making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these financial statements.	More details on the Going Concern statement can be found on pages 185–186.

VIABILITY STATEMENT

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
The Board is required to assess the viability of the Company taking into account the current position and the potential impact of the principal risks and uncertainties set out on pages 82–87.	Taking account of the Company's current position and principal risks, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to December 2025.	More details on the Viability statement can be found on page 81.

PRINCIPAL AND EMERGING RISKS FACING THE GROUP

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
The Board is required to confirm that it has carried out a robust assessment of the principal and emerging risks facing the Company and include a description of these principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	A robust assessment of the principal and emerging risks facing the Company was undertaken during the year, including those arising from climate change and those that would threaten its business model, future performance, solvency or liquidity, together with an assessment of the procedures to identify emerging risks.	Information around key risks and risk management processes and how they are being managed or mitigated can be found on pages 77–87 and on page 122 of the Audit & Risk Committee Report.

RISK MANAGEMENT AND INTERNAL CONTROL

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
The Board is required to monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness.	The Board conducted a review of the effectiveness of the internal controls, supported by the work of the internal audit team and their reports to the Audit & Risk Committee. No significant weaknesses were identified through the course of the reviews.	Details on the systems of risk management and internal control and the review of their effectiveness can be found on pages 77–87 and 122–123.

FAIR, BALANCED AND UNDERSTANDABLE

REQUIREMENT	BOARD STATEMENT	MORE INFORMATION
The Board should confirm that it considers the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.	The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.	See the Audit & Risk Committee Report on pages 119–124.

BOARD STATEMENTS continued

COMPLIANCE WITH THE CODE

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

BOARD LEADERSHIP AND COMPANY PURPOSE	PAGE
A. Long-term sustainable success and contribution	Pages 10-13, 16, 47 and 66-69
B. Purpose, values and culture	Pages 97-100
C. Resources and control framework	Pages 77-87 and 100
D. Engagement with shareholders and stakeholders	Pages 10-11, 54, 66-68, 102 and 104
E. Workforce policies and practices	Pages 10, 19, 50, 56, 100

DIVISION OF RESPONSIBILITIES	PAGE
F. Board leadership	Pages 97-104
G. Board composition and responsibilities	Page 105
H. Role and commitment of Non-Executive Directors	Page 105
I. Board effectiveness	Page 114

COMPOSITION, SUCCESSION AND EVALUATION	PAGE
J. Board appointments, succession plans and diversity	Pages 115-117
K. Board experience, skills and knowledge	Pages 90-92, 105 and 114-116
L. Board evaluation	Page 114

AUDIT, RISK AND INTERNAL CONTROL	PAGE
M. Internal and external audit - independence and effectiveness	Page 123
N. Fair, balanced and understandable	Pages 119-124
O. Risk management and internal controls	Pages 77-87 and 122

REMUNERATION	PAGE
P. Remuneration policies and practices - long-term strategy and success	Pages 133-163
Q. Development of policy on remuneration	Pages 131,133 and 137-140
R. Judgement and discretion	Pages 132, 138, 141-158

BOARD LEADERSHIP AND PURPOSE

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

Our purpose – Home for Success

The Board has defined our purpose: to create a Home for Success for all our students by building communities within our properties where students can succeed both professionally and personally. Our purpose describes our shared commitment and motivation and contributes to the delivery of our strategic objectives by informing the development of our business model and strategy, operating practices, approach to risk and how we engage with our stakeholders.

Home for Success is about providing the right home experience for all the tens of thousands of students that come to live with us each year from across the world and to enable them to achieve whatever goals and ambitions they aspire to. The Board oversees our service proposition and how we keep our students safe and secure. This led to the introduction of a new operating model across all our properties providing a 24/7 staff presence, 365 days a year.

Our purpose of Home for Success and "doing what's right" led to the Board's decision to give 90% of our employees a £500 one-off payment to help with the rising cost-of-living pressures. This is in addition to a wider package of support provided to employees.

We awarded our largest ever annual pay increase in January 2023 of 10% to the majority of our operational team members and team leaders. We have proudly been a Real Living Wage employer for many years – the first in our sector – and this increase means that 90% of our employees will be paid in excess of the new 2023 Real Living Wage rates. For our operations management and support teams we introduced a sliding scale pay award, starting from 3% for a small number of our leadership roles, rising to 10.1% for the lowest paid. Overall, this amounts to an average pay award of 8.6% to all eligible employees across the business, with 95% of our people receiving a 2023 pay increase of 5% or more.

Home for Success is also about ensuring the right platform for our University partners by understanding their long-term aspirations, accommodation requirements and evolving expectations around student welfare. This means our offer is built around the priorities of students and universities alike. Our focus on our Home for Success purpose and our support to students throughout the pandemic was recognised when we were named Student Accommodation Operator of the Year at the leading property sector awards, RESI. We also won Operator of the Year at Property Week's 2022 Student Accommodation Awards. This award recognised the financial support we provided to students affected by Covid-19 closures and our efforts to tackle inequality in the student accommodation sector.

With our people being at the heart of our business, the Board's focus on Home for Success is also about ensuring an environment whereby our employees can grow, develop, succeed and belong. The Board is driven by our commitment to develop diverse and inclusive teams, filled with positive energy and new ideas. We provide a range of career pathways and make opportunities for progression available to all, which was demonstrated by the high number of internal promotions as part of our new operating model launched in 2022.

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

Our values, people and culture

We remain committed to our purpose, continuing to evolve through our stakeholder engagement and our people. The Board's ambition is to have a "One Team" culture, where our values can reflect the mindset, behaviours and attitudes we aspire to role model across the business. These continue to shape our culture, our ambitions, the things we believe in and how we act. They connect us and drive our behaviours. As we progress on our journey, we do so with an enhanced commitment to doing what's right. This goes beyond regulatory compliance and relates to all aspects of the business including the impact on our people and communities.

Through our Culture Matters employee forum (founded in 2021), our employees' voice remains front and centre ensuring dialogue between the Board and the wider Company, engaging employees and enabling them to contribute to the success of our business. Ilaria del Beato, our Designated Non-Executive Director for Workforce Engagement, attends the forum meetings and provides feedback to the Board to inform its decision-making (more details on Ilaria's role and activities this year can be found on page 102). This feedback helps inform how we develop greater gender and ethnic diversity in our senior leadership and create a more diverse workforce.

How the Board monitors our culture

Our culture defines what makes Unite a great place to work and a great Company to do business with and forms the fundamental basis for our governance. The Board monitors corporate culture through interaction and dialogue with our people though our Designated Non-Executive Director for Workforce Engagement and also through regular employee engagement surveys and site visits. This Board's interaction takes place through the organisation, helping ensure our values and culture are well understood and giving our people the opportunity for frank and open feedback and the sharing of different views.

Our employee surveys help measure engagement through their participation rates as well as the feedback received across the broad range of topics surveyed. During 2022, members of the Board visited Bristol and Manchester and met with regional and local managers and team leaders. Our Higher Education trust score monitors how universities view us and provides insight on our culture from our external stakeholders. Our initiatives undertaken to support our values, mentioned on pages 97–99, reflects our values-led culture.

OUR VALUES

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

CREATING ROOM FOR EVERYONE

Being authentic and striving for a truly diverse and inclusive environment

Unite is a business that strives to be welcoming and inclusive to all and where every individual is respected and valued. The Board has zero tolerance of any form of discrimination and embraces cultural diversity to provide a positive working environment that enables everyone to be their true selves, creating a sense of belonging for everyone.

Our first Diversity, Equity, Inclusion, Belonging and Wellbeing strategy, We are US, was launched in 2022. The strategy is authentic to Unite and was built after listening and learning across the business. It lays out our three-year plan, recognising our responsibility to create healthier and happier workplaces, in which we can all strive for more equitable and sustainable futures.

Our values in action

- 40% female/60% male gender split in leadership team
- 60% of managerial roles filled internally
- 614 Foundation scholars supported since 2012 and 296 scholars graduated
- 9 interns joined us on an 8-week paid placement as part of the 10,000 Black Interns programme
- Partnered with UCAS to showcase our Leapskills programme across three cities
- Commitment of 1% annual profits to social initiatives every year
- Launch of Instinctive Inclusion, our first Diversity, Equity, Inclusion, Belonging and Wellbeing strategy

KEEPING US SAFE

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

The Board believes we are at our best when everyone around us is at their best. Looking after everyone's wellbeing, both physically and mentally remains the Board's key priority. Safety is not just something else we do, it is part of everything we do and is woven through the entire business and culture.

Our values in action

- 7 Reporting of injuries, diseases and dangerous occurrence regulations (RIDDOR) accidents
- New operating model across our properties ensuring 24/7 staff presence, 365 days a year
- Launch of Support to Stay framework
- Introduction of Student and Parent Safety leaflets at check-in
- Student welfare training across the operational business

For more about our ***culture and values****, go online to:*
unitegroup.com/cultureandvalues

DOING WHAT'S RIGHT

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

Being a responsible business is part of our DNA. The Board always looks to do the right thing in the right way, creating trust for all our stakeholders and the communities we operate in. This drives the Board's actions and decisions as demonstrated by the Board's leadership in the decision to give around 90% of our employees a £500 one-off payment to help with the rising cost-of-living pressures. The Board challenges the status quo when needed and takes accountability for its actions.

Our values in action

- Net zero carbon commitment by 2030
- Real Living Wage employer
- Gold Investor in people accreditation
- Over £99 million invested in replacement of cladding
- Increased participation in social programmes including Leapskills and Unite Foundation, which celebrated its 10th anniversary
- Partnership with the British Heart Foundation
- Participation in the Positive Impact programme
- Partnered with Streets of Growth, a youth intervention charity

RAISING THE BAR TOGETHER

Continuously focused on improving the way things are done

The Board's ambition is to constantly strive to be better, by embracing an inquisitive mindset and exploring the potential of our people's own development. This does not mean constantly trying new ideas but focusing on our own expertise and building on that. The Board uses clear insight and data to help inform us and understand what really matters to students, driving efficiency, effectiveness and a great customer experience every time.

Our values in action

- +38 Customer satisfaction NPS
- Student Accommodation Operator of the Year 2022 at the REIS awards
- Alternatives Specialist award at the EG Awards in recognition of our "commitment to doing what's right" and our response during Covid-19
- Service improvements driven by employee feedback
- Maintained a GRESB 4-star rating
- Roll out of the Resident Ambassadors programme

BOARD LEADERSHIP AND PURPOSE continued

Forward Together and "Class of 22"

Following the launch of our new 24/7/365 operating model in June 2022, we brought employees together for our Forward Together events. These events focused on sharing our plans and strategy to deliver on our core purpose, Home for Success, and creating opportunities for all through our People Strategy.

The Board was keen to build upon the 2021 Fresh Start events to reinvigorate our purpose, values and culture and update our teams on our strategy. To support this, the business ran "Class of 22" events across 5 cities, with everyone across the business invited. The Board's focus for these events was to prepare our teams for the 22/23 academic year student arrivals and working together to build a world-class customer offering.

Unite Live

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

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

Board oversight

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

During 2022, the Board resumed in-person meetings and ensured there was opportunity to listen and hear directly from the leadership team, the wider business and our stakeholders. Through 2022, the Board engaged with our employees and stakeholders on the impact of the rising cost-of-living pressures, as well as our environmental and social impact.

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

The Board is also responsible for:

- Assessing, monitoring and promoting the Company's culture, and ensuring that this closely aligns with its purpose, values and strategy (see pages 98–99, Our Values and Culture).
- Ensuring the necessary resources are in place for the business to meet its strategic objectives.
- Establishing workplace policies and business practices that align with the Company's culture and values and support its strategy (see pages 102–103).
- Overseeing the implementation of a robust controls framework to allow effective management of risk, with this oversight delegated to the Audit & Risk Committee (see pages 119–124).
- Effective succession planning for key senior personnel, much of which is delegated to the Nomination Committee (see pages 115–118).

The Board has ultimate responsibility to Unite's shareholders for all the Group's activities as well as a broader responsibility to consider the views of other key stakeholders. These include our customers, universities, employees, suppliers and the communities we operate in, as well as considering environmental and social issues when making decisions. All of the Board's significant decisions are considered having regard to Section 172 and specifically the likely consequences of these decisions in the long-term and their impact on our stakeholders. Pages 66–68 highlight how the Board has sought to effectively consider and engage with our shareholders and wider stakeholders.

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

Board Committees

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

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

N NOMINATION COMMITTEE

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

© **Richard Huntingford**
Elizabeth McMeikan*
Ilaria del Beato
Nicky Dulieu
Richard Smith
Ross Paterson
Shirley Pearce
Professor Sir Steve Smith
Thomas Jackson

See **Committee report** on **pages 115–118**

A AUDIT & RISK COMMITTEE

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

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

See **Committee report** on **pages 119–124**

R REMUNERATION COMMITTEE

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

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

See **Committee report** on **pages 131–163**

H HEALTH & SAFETY COMMITTEE

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

© **Professor Sir Steve Smith**
Elizabeth McMeikan*
Ilaria del Beato
Richard Smith
Shirley Pearce

See **Committee report** on **pages 128–130**

S SUSTAINABILITY COMMITTEE

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

© **Shirley Pearce**
Ilaria del Beato
Richard Smith
Ross Paterson
Thomas Jackson

See **Committee report** on **pages 125–127**

© Committee Chair

* Elizabeth McMeikan will retire as a Non-Executive Director on 28 February 2023

** Nicky Dulieu has been appointed as Chair of the Remuneration Committee effective 1 March 2023.

BOARD LEADERSHIP AND PURPOSE continued

How the Board operates and stakeholder engagement

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

Meetings usually take place throughout the UK or in our operating cities and enable the Board to meet employees and learn about their experiences with Unite. Meetings resumed in person this year with the flexibility of hybrid meetings to allow for increased participation from across the business, including senior leaders who are regularly invited to attend meetings and present to the Board. These meetings provide the Board, and in particular the Non-Executive Directors, with direct and open access to leaders throughout the Group and helps build a culture of openness and directness. In addition, external experts are also invited to present to the Board (such as university Vice-Chancellors, institutional investors and property valuers) to give the Directors a broader and independent perspective and to increase knowledge and development.

Stakeholder engagement on pages 66–68 explains how the Board engages and measures the views of our key stakeholders and the outcomes from this engagement.

FURTHER INFORMATION

Stakeholder engagement on **pages 66–68**
Wellbeing strategy on **page 50**
Positive Impact programme on **page 10**
Remuneration Committee on **pages 131–163**

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

The Board has designated one of its Non-Executive Directors (Ilaria del Beato) to help ensure the views and concerns of the workforce are brought to the Board and taken into account following the framework of "listen, reflect and represent". The Board chose Ilaria since she is a CEO at a real estate group and thus well placed to understand current challenges faced by employees. Ilaria is also a member of our Sustainability Committee which covers ESG, including social impact, as part of its remit.

Her role includes:

- attending the Culture Matters forum;
- monitoring our employee engagement surveys and actions arising;
- soliciting the views of employees on remuneration structures and processes across the Group;
- collaborating with our Group People Director, the Senior Belonging, Equity and Engagement Manager and the wider People team who also hear the views of the workforce directly; and
- providing feedback to the Board on people concerns and the results of surveys and other liaison.

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

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

This chosen engagement mechanism continues to be the subject of feedback from the workforce in determining that it is an appropriate and effective mechanism for engagement and is included in the annual agenda of the Culture Matters forum.

Workforce engagement has led to shaping the Board's decision-making which included the launch of our first Diversity, Equity, Inclusion, Belonging (DEIB) and Wellbeing strategy. Through 2022, the Board's decisions were primarily focused on our people as well as safety and wellbeing. See page 10 on how we engaged with our people in 2022. Our engagement resulted in the following:

- An EDI survey completed by employees to better understand their needs and assess our progress.
- *The expansion of the DEIB and Wellbeing team to assist* with the implementation and embedding of the DEIB and Wellbeing strategy into the culture of our business. See more on page 50.
- Launch of the Academy and our first Diversity, Equity, Inclusion and Belonging course for all employees.
- The Board continued to support flexibility in our ways of *working. See more on page 51 on enhancing the health* and wellbeing of our employees and students.
- Ongoing participation in the Positive Impact programme (see more on pages 10 and 54 about this programme).

The Board, through the detailed work of the Remuneration Committee, also monitors pay and practices across the wider workforce with the Group People Director attending these meetings to update on workforce initiatives and offer an employee perspective to the Committee's deliberations. See more on page 134.

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

Investment in workforce

The Company invests in our people, conscious that we can *only deliver a home for our students, and ultimately our* purpose of Home for Success, through our people. Our people are a key stakeholder and how we engage with them and measure this is set out on pages 10, 31 and 49–51.

OUR DIVERSITY, EQUITY, INCLUSION, BELONGING AND WELLBEING STRATEGY LAUNCHED IN 2022

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

The Academy was launched in 2022 and provides employees with a personalised and tailored learning experience. Training has been rolled out throughout the business across diversity, equity, inclusion and belonging, student support, sustainability and leadership, including the launch of our ninth leadership development cohort.

We refreshed our corporate induction during 2022 providing information about the business, roles and properties so that each new joiner has everything they *need to succeed at Unite.*

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

Whistleblowing programme

The Board annually reviews our whistleblowing programme and the nature of concerns raised. Our Whistleblowing Policy and a clear explanation as to how employees can raise a concern in confidence, is readily available and published on our intranet. This includes raising a concern via an independent third-party if someone feels this is necessary. Concerns raised are then investigated by the Company Secretary and escalated as appropriate.

BOARD LEADERSHIP AND PURPOSE continued

Section 172 of the Companies Act 2006 (Section 172)

Section 172 requires the Directors to take into consideration the interests of stakeholders in their decision-making. In particular, Section 172(1) states that regard should be had to the long-term consequences of decisions; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the impact of the Company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Company. Pages 66–67 explain how this was considered during 2022. Further, page 68 explains Board activity and decision-making during the year which flowed from our stakeholder engagement and how this is aligned to our strategic objectives.

How we engage with our investors

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

INSTITUTIONAL INVESTORS

Investors attend our year-end and half-year results presentations which resumed in person this year.

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

We held an investor roadshow in May dedicated to sustainability. This included meetings with our largest investors, updating our progress around our sustainability strategy and learning more about the future sustainability expectations of our investors.

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

The Board is made aware of the views of major shareholders concerning the Company through, among other means, regular analyst and broker briefings and shareholder surveys. These will continue throughout 2023. The Chair, Richard Huntingford, also reaches out to the top 20 shareholders each year.

RETAIL INVESTORS

Our 2022 Annual General Meeting resumed in person allowing shareholders the opportunity to attend and to raise questions of the Board. In addition, shareholders were invited to ask questions via email in advance of the meeting.

All resolutions put to the 2022 AGM received overwhelming support from our shareholders. The results of voting are available at: www.unitegroup.com/investors/agm. There were no resolutions with less than 80% voting in favour and therefore Code Provision 4 did not apply.

DEBT INVESTORS

Bond holders
Bond holders are invited to an annual meeting with senior management and Treasury to update them on performance and business strategy. Other discussions are held with bond holders on specific topics as required, such as ESG and our sustainability strategy.

Lenders
Regular dialogue is maintained with our key relationship lenders, through meetings or conference calls with our CFO and Treasury team. Our Treasury team also actively engages with new and potential lenders. During 2022, engagement with our lenders focused on addressing our financing commitments more generally.

Credit Rating Agencies
During the year, business and financial updates were provided by our Treasury team to Standard & Poor's and Moody's who reaffirmed our investment grade corporate rating of BBB with a stable outlook and Baa2 with a positive outlook, respectively.

INSTITUTIONAL INVESTORS: c.750

PRIVATE INVESTORS: c.450

NUMBER OF LISTED BONDS: 5

NUMBER OF EQUITY INVESTORS: c.1,200

The Company continues to offer a scrip dividend alternative to shareholders, which enables them to opt for shares rather than cash with no dealing costs or stamp duty. The scheme was renewed for a further three years at the 2021 Annual General Meeting. Full details are available on our website. The Company has frequent discussions with shareholders on a range of issues affecting its performance, both following the Company's announcements and in response to specific requests. The Company regularly seeks feedback among its shareholders, the investor community more broadly and its wider stakeholders.

DIVISION OF RESPONSIBILITIES

Composition of the Board

The composition of the Board is set out in the table on page 91.

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

With effect from close of business on 28 February 2023, Elizabeth McMeikan, the Senior Independent Director of the Company and Chair of the Remuneration Committee, will retire from the Board after nine years of service. Elizabeth's insight, experience and commitment has been invaluable to the Board over the last nine years and we wish her the very best for the future.

All of the Directors (except for Elizabeth McMeikan) offer themselves for election or re-election at the Annual General Meeting, to be convened this year on 18 May 2023, in accordance with the requirements of the Code. Brief biographies of all the Directors and their skills, experience and contribution to the long-term sustainable success of the Company, are set out on pages 90–93. Following the individual performance evaluations of each of the Directors seeking election or re-election, it is confirmed that the performance of each of these Directors continues to be effective and that they each demonstrate commitment to the role and add value and relevant experience to the Board.

Independence

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

Roles

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

Role: Chair

Richard Huntingford's principal responsibilities are:

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

Role: Chief Executive

Richard Smith has responsibility for:

- establishing, in conjunction with the Chair, the strategic objectives of the Group, for approval by the Board;
- implementing the Group's business plan and annual budget; and
- the overall operational and financial performance of the Group.

Role: Senior Independent Director

As Senior Independent Director, Elizabeth McMeikan's (and, going forwards from 1 March 2023, Nicky Dulieu's), principal responsibilities are to:

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

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

Time commitment

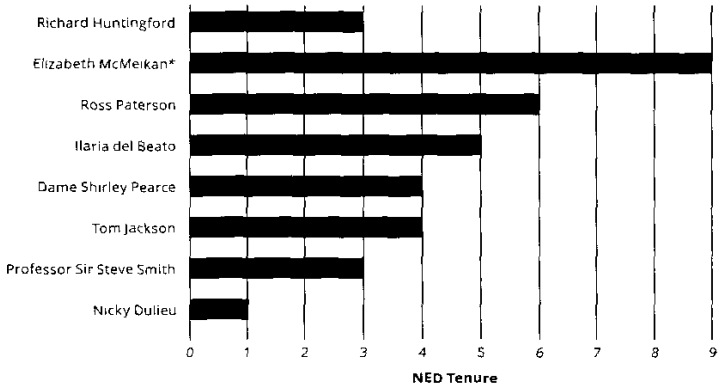
Non-Executive Directors are expected to commit approximately 20 days per annum to the business of the Group. We have reviewed the responsibilities of all Directors and are satisfied that they can fully fulfil this commitment.

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

DIVISION OF RESPONSIBILITIES continued

Board tenure

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



* Elizabeth McMeikan retires from the Board on 28 February 2023.

Professional advice and training

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

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

Board induction

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

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

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

Spotlight on Nicky Dulieu, our new Non-Executive Director

"As part of my induction I was keen to visit Bristol, the original home of Unite, and see some of the very first Unite properties as well as the very latest ones. I also had the opportunity to meet our front-line teams, hearing first-hand about their experiences of working with our student customers and universities. I am passionate about creating an environment supporting young people's growth and development and it is good to see how Home for Success supports this for our customers and employees."

BOARD ACTIVITIES

Board activities in 2022

Directors' attendance at meetings

● Attend
○ Didn't attend

	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	Health & Safety Committee	Sustainability Committee
		See Committee report on pages 119–124	See Committee report on pages 131–163	See Committee report on pages 115–118	See Committee report on pages 128–130	See Committee report on pages 125–127
	NUMBER OF MEETINGS 8	NUMBER OF MEETINGS 5	NUMBER OF MEETINGS 3	NUMBER OF MEETINGS 3	NUMBER OF MEETINGS 4	NUMBER OF MEETINGS 4
CHAIR/INDEPENDENT						
Richard Huntingford 01 December 2020	●●●●●●●●	—	—	●●●	—	—
EXECUTIVE DIRECTORS						
Joe Lister 02 January 2008	●●●●●●●●	—	—	—	—	—
Richard Smith 01 January 2012	●●●●●●●●	—	—	●●●	●●●●	●●●●
INDEPENDENT DIRECTORS						
Elizabeth McMeikan[1] 01 February 2014	●●●●●●●●	—	●●●	●●●	●●●●	—
Ross Paterson 21 September 2017	●●●●●●●●	●●●●●	●●●	●●●	—	●●●●
Ilaria del Beato 01 December 2018	●●●●●●●●	●●●●●	—	●●●	●●●●	●●●●
Dame Shirley Pearce 01 November 2019	●●●●●●●●	—	●●●	●●●	●●●●	●●●●
Professor Sir Steve Smith 01 April 2020	●●●●●●●●	●●●●●	●●●	●●●	●●●●	—
Nicky Dulieu[2] 01 September 2022	●●○	●	●○	●○	—	—
NON-INDEPENDENT DIRECTORS						
Thomas Jackson 29 November 2019	●●●●●●●●	—	—	●●●	—	●●●●

1. Retiring on 28 February 2023.
2. Nicky Dulieu was appointed to the Board in September 2022 and unable to attend the November 2022 meetings due to existing prior commitments

BOARD ACTIVITIES continued

2022 Board activities table

2022

	Governance	Strategy	Financial & risk management	People	Operational and commercial
FEBRUARY	Approval of Annual Report	Property valuer market review	Preliminary results final dividend	Remuneration review	City strategy and proposed property acquisition
MARCH	IR review and feedback	Group strategy deep dive	Debt review	Review of Board composition and succession planning	Employee and student engagement update
MAY	Annual General Meeting External auditor effectiveness review	People strategy update	Risk and assurance H1 review and H2 preview		Cladding review
JULY	Listing Rules update		Interim results Interim dividend Principal and emerging risk review	Plans for our 2022 Board evaluation	
SEPTEMBER	Environmental performance and sustainable investment	Property, development and asset management strategy	Interims feedback	Student welfare review	Investment market update
NOVEMBER	Board & Committee evaluation feedback	Strategy execution update Technology implementation update	Budget 2023 themes Defence planning	Workforce engagement update from Designated Non-Executive Director for Workforce Engagement	Customer and operations update Building Safety Act update
DECEMBER	Whistleblowing review	Annual tax strategy and tax review	Principal and emerging risks review 2023 budget approval	Pay award and bonus scheme	Unite Foundation update

Board decision-making during 2022

STRATEGIC OBJECTIVE

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES

BOARD'S GOVERNANCE ROLE	LINK TO PRINCIPAL RISK	WHAT THE BOARD DID IN 2022 AND ITS DECISION-MAKING
Safety, health and wellbeing: Governance to ensure the health, safety, wellbeing and security of our customers is paramount. During 2022, this has *continued with a particular* focus on student support and fire safety.	**Operational risk** Major health and safety incident in a property or a development site Read more on **page 83**	The Board reviews the safety of our students, visitors and employees, as well as contractors at our development sites, at each Board meeting. • **Student support:** the Board is committed to ensuring the business provides the right support to help students fulfil their potential. During 2022, the Board reviewed and approved our Support to Stay framework to provide a supportive living environment to students, despite medical, physical or mental health difficulties. Further information about our Support to Stay framework can be found on page 51. • **Fire safety:** the Board and the Health and Safety Committee review and challenge our fire safety programme, a critical part of our health and safety strategy. The Board is committed to the business being a leader in fire safety standards through a proactive, risk-based approach embedded across the business and ensuring that students and our employees are kept safe. The Board also oversees our cladding remediation programme and related spending. Read more about **Health & Safety Committee Report** on **pages 128–130**
Ensuring our product is affordable and provides good value-for-money for our customers.	**Market risks** Demand reduction: driven by value-for-money/affordability Read more on **page 82**	Board analysis of the Higher Education accommodation sector, and ensuring we continue to offer an affordable and value-for-money product. Board analysis of our customer offer and how we service undergraduate first year students through lettings to universities under nomination agreements. Also, considering the opportunities to tailor our customer proposition to better meet the needs of returning students seeking greater independence and postgraduate and international students who may be willing to pay a premium for a higher level of service. Board approval and oversight of our pilot purpose-built build-to-rent property in Stratford, East London to test our operational capability to extend our accommodation offer to young professionals and retain them as customers as they move on to the next stage in their lives. Read more about **Operations review** on **pages 32–34**

BOARD ACTIVITIES continued

Board decision-making during 2022 continued

STRATEGIC OBJECTIVE

DELIVERING FOR OUR CUSTOMERS AND UNIVERSITIES continued

BOARD'S GOVERNANCE ROLE	LINK TO PRINCIPAL RISK	WHAT THE BOARD DID IN 2022 AND ITS DECISION-MAKING
Governance to ensure our best-in-class operating platform delivers for our customers and University partners.	**Market risks** Supply and demand Read more on **page 82**	Through our direct engagement with VCs and other levels of management within universities, the Board is able to take into account the views of these stakeholders as well as monitoring and measuring our performance. Board oversight that our operating platform and our customer facing operational apps (such as the MyUnite app) deliver: • a robust booking system; • an improved and scalable platform for revenue management *and customer engagement;* • enhanced service levels for both universities and students; and • market differentiation. Read more about **Operations review** on **pages 32–34** Read more about **Stakeholder engagement** on **pages 66–68**
Ensuring our "safe and secure" promise extends to keeping our customers' and employees' personal data safe and secure.	**Technology risk** Information Security and Cyber threat Read more on **page 83**	Board review of our technology and information security and its governance.

STRATEGIC OBJECTIVE

ATTRACTIVE RETURNS FOR SHAREHOLDERS

BOARD'S GOVERNANCE ROLE	LINK TO PRINCIPAL RISK	WHAT THE BOARD DID IN 2022 AND ITS DECISION MAKING
Property/development pipeline: Board scrutiny of city and site selection for new developments against a backdrop of increasing competition for the best sites. Governance of developments/ acquisitions to ensure they run to budget and schedule and are earnings accretive.	Property/ development risk Read more on **page 84**	Board oversight of: 1. Delivery of our two new 2022 properties: 920-bed Hayloft Point (London) and 431-bed Campbell House (Bristol), with a combined total development cost of £235 million. 2. The £65 million refurbishment of three existing properties in Manchester. 3. Our build-to-rent pilot, the acquisition of 180 Stratford, a 178-unit purpose-built build-to-rent property in Stratford, East London. Read more about **Development and partnership activity** on **pages 36–39**
Disposals: Board governance of our portfolio recycling as we increase our exposure to the UK's best universities, while generating capital to invest in further development activity.	Property/ development risk Read more on **page 84**	Board oversight of the sale of 11 properties and £306 million of assets to enhance our overall portfolio quality and fund reinvestment into the improvement of our estate and entry into the build-to-rent market. Read more about **Disposals** on **page 39**
Dividend Policy: Board governance role in framing of our Dividend Policy.	Financing risk Read more on **page 86**	Board focus on dividend payments with a payout ratio of 80% of adjusted EPS.

BOARD ACTIVITIES continued

Board decision-making during 2022 continued

STRATEGIC OBJECTIVE

A RESPONSIBLE AND RESILIENT BUSINESS

BOARD'S GOVERNANCE ROLE	LINK TO PRINCIPAL RISK	WHAT THE BOARD DID IN 2022 AND ITS DECISION-MAKING
Sustainability and ESG: as a listed plc and responsible/trusted business, our wider stakeholders demand we proactively manage environmental, social and governance risks. The Board oversees the setting and *implementation of our* sustainability strategy, which has the overarching ambition for Unite to clearly lead the student housing sector on sustainability issues and be in the leading pack of real estate companies in the wider sector.	Sustainability/ESG risk Read more on **page 85**	The Board continued its oversight of our sustainability strategy and Net Zero Carbon Pathway, built on science-based targets validated by the SBTi, to achieve our objective of becoming net zero carbon across both the Company's operations and development activities by 2030. Further information can be found within our Sustainability Report on pages 46–65. The Board also interrogated our ongoing ESG regulatory and reporting compliance. The Board considered the Board's specific climate change risks, identifying them across: Regulatory risk; Physical risk; Transition risk; and Stakeholder risk. The Board considered the impact of these risks and oversees the assurance of the corresponding risk management.
Fire safety: proactive Board oversight of improvements in fire safety and demonstrating leadership on cladding remediation.	Operational risk Major health and safety incident in a property or a development site Read more on **page 83**	The Board oversaw the Group being one of the first companies to take action to remove Aluminium Composite Materials (ACM) cladding and later High-Pressure Laminate (HPL) cladding on our properties and the governance of our cladding remedial plan and the investment to be incurred over the next 12–36 months implementing this plan.
Employee wellbeing: governance to ensure the health, safety, wellbeing and security of our 1,000 employees is paramount.	Operational risk Major health and safety incident in a property or a development site Read more on **page 83**	The Board has designated one of its Non-Executive Directors (Ilaria del Beato) to help ensure the views and concerns of the workforce are brought to the Board and taken into account. The Board continues to monitor our Culture Matters forum which puts the employee voice front and centre and consulting on strategic change.
Diversity and inclusion		The Board also has oversight of our Diversity, Equity, Inclusion, Belonging (DEIB) and Wellbeing initiatives. We expanded our DEIB and Wellbeing team following the development of our DEIB and Wellbeing strategy and embedding diversity, equity, inclusion, belonging and wellbeing into the culture of the business through a learning and development programme. Read more about **employee wellbeing** and **DEIB initiatives** under **Workforce engagement** on **pages 50, 103 and 126**

STRATEGIC OBJECTIVE

A RESPONSIBLE AND RESILIENT BUSINESS continued

BOARD'S GOVERNANCE ROLE	LINK TO PRINCIPAL RISK	WHAT THE BOARD DID IN 2022 AND ITS DECISION-MAKING
Higher Education Government Policy: Continued focus on potential Higher Education Government Policy changes.	**Market risk** Supply and demand Read more on **page 82**	Ongoing Board monitoring of Higher Education Government Policy and its impact for PBSA and universities more widely.
Covenants' compliance: Group Board oversight of our Covenants' compliance.	**Financing risk** Read more on **page 86**	The Board monitors Covenants' compliance across a range of income/stress scenarios to ensure that if any risks emerge, the Board is ready to identify further action and work with lenders well in advance. Covenant compliance also has oversight in the Audit & Risk Committee and by the external audit review of our Covenant compliance through the Going Concern process. Read more about **Financial review** on **pages 32–45**
Capital structure: Group Board focus on a strong and flexible capital structure, which can adapt to market conditions, and reducing and diversifying the cost of funding.	**Financing risk** Read more on **page 86**	Board oversight of our capital structure, including the £450 million sustainability-linked unsecured revolving credit facility. Read more about **Financial review** on **pages 32–45**
Leadership development and succession planning/ talent pipeline.	**Market risk** Supply and demand Read more on **page 82**	The Nomination Committee focuses on Board succession and diversity as well as our broader talent pipeline and leadership development. Read more about **succession planning/talent pipeline** on **pages 115–118**

BOARD ACTIVITIES continued

2022 performance evaluation

Each year the Board, its Committees and Directors are evaluated, considering (among other things) the balance of skills, experience, independence and knowledge on the Board, its diversity (including gender), how it works together as a unit and other factors relevant to its effectiveness. The Company's Policy is to conduct an externally facilitated evaluation every third year. During 2022, the evaluation was conducted internally. The previous external evaluation was in 2020 and the next external evaluation is expected to be during 2023.

Board and Committee evaluation process

The Board and its Committees completed an anonymous online questionnaire using Thinking Board, provided by Independent Audit Limited that addressed a broad range of issues and which enabled it to provide comments on a range of matters. The questions covered Board and Committee performance, culture, the content and scope of topics covered at Board and Committee meetings, the nature and dynamics of Director contributions at meetings and Chair of the meetings. The questions set were consistent with previous years to provide comparative results. There were separate questionnaires for the Audit, Remuneration, Health & Safety, Nomination and Sustainability Committees. The conclusions were discussed by the Board and each Committee at their meetings in Q4 of 2022.

Conclusion from this year's Board and Committee evaluation

The general conclusion was that the Board and its Committees continue to work effectively and operate to a high standard. Key areas of strength included the skills and experience of the Non-Executive Directors both to challenge and support the Executive team, and contributions to Board discussion and decision-making. The consensus is that the Board is effectively developing and reviewing its wider business strategy while considering stakeholders and incorporating ESG into the Board's strategic decision-making. The Board's decision making continues to align around our Purpose and Values. The Directors believe that the Board fulfils its role relating to strategy, risk, governance and oversight of operational and financial performance well. The key areas where there are opportunities for further development include:

- continuing organisation oversight, with a particular regard to succession planning and meeting more of the wider leadership team;
- a better understanding of risks and mitigation around IT, data and cyber security and how this may inform our strategy and more generally understanding how our risks link to our strategy;
- a better understanding of our people issues and data for improved organisational insight; and
- upskilling in fast developing areas such as Technology, Sustainability and net zero.

The Board and each of its Committees reviewed the suggestions and outcomes of the Board evaluation and have developed an implementation plan. The Board also considered its and the Committees' current composition. Richard Smith was added as a member of the Nomination Committee (effective 1 February 2022) so as CEO he could share his views on the Board's structure, size and composition and helping ensure the Board has the right balance of skills, diversity and experience. Following Nicky Dulieu's appointment as a Non-Executive Director, she was appointed to the Remuneration, Audit and Risk Committee and Nomination Committee. Nicky will replace Elizabeth McMeikan as Chair of the Remuneration Committee following Elizabeth's retirement from the Board. Nicky brings a wealth of experience and proven track record as a Non-Executive Director.

Progress against the 2021 Board evaluation recommendations

2021 BOARD EVALUATION RECOMMENDATIONS	2022 PROGRESS AGAINST THESE RECOMMENDATIONS
1 Create more opportunities for the Board members to spend more in-person time and meet more of the wider leadership team	The Board meetings during 2022 were held in-person with informal time together outside of the meetings. In addition, members of the leadership team were invited to join Board meetings and will continue to be invited throughout 2023.
2 Non-Executive Director interaction with key stakeholders	The Chair of the Remuneration Committee engaged with stakeholders through the 2021/22 remuneration consultation process. Our Non-Executive Director for Workforce Engagement has regular interaction with employees through our Culture Matters forum.
3 Develop the Board's insight and ability to challenge how technology and data should drive our strategy	Following detailed discussions, the Board approved our Technology and Data Roadmap in 2021 and during 2022 we entered the initial implementation phase of our new IT infrastructure.
4 Organisation oversight	The Board held dedicated succession planning and talent mapping sessions throughout the year, including insights into key people data, our culture and values.

NOMINATION COMMITTEE

PEOPLE GOVERNANCE

Diversity and succession planning continues as the Committee's primary focus

"The Nomination Committee's focus was on the composition of the Board and succession planning this year, leading to the Board appointment of Nicky Dulieu in September 2022."

Richard Huntingford
Chair

COMMITTEE MEMBERSHIP

Richard Huntingford
Chair of the Nomination Committee

Elizabeth McMeikan*
Senior Independent Director

Ross Paterson
Non-Executive Director

Ilaria del Beato
Non-Executive Director

Dame Shirley Pearce
Non-Executive Director

Thomas Jackson
Non-Executive Director

Professor Sir Steve Smith
Non-Executive Director

Richard Smith
Chief Executive Officer
(Joined the Committee on 1 February 2022)

Nicky Dulieu
Non-Executive Director
(Joined the Committee on 1 September 2022)

Nomination Committee Chair's overview

The Committee is focused on succession planning, with emphasis on growing the diversity of the Board. It also monitors ongoing executive succession planning and our talent and leadership development.

Composition

The Committee consists of all the Non-Executive Directors including Nicky Dulieu, who was appointed as a Non-Executive Director with effect from 1 September 2022. Richard Smith also joined the Committee in early 2022 as the Committee felt it important that the Chief Executive is a member of the Committee for Board composition and wider leadership succession discussions and planning.

NUMBER OF MEETINGS
3

ATTENDANCE
See page 107

* Elizabeth McMeikan will retire as a Non-Executive Director on 28 February 2023.

NOMINATION COMMITTEE continued

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

Role of the Nomination Committee

The role of the Committee is to:

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

Review of Board composition and succession planning

At the start of 2022 and conscious of the tenure of longer standing Non-Executive Directors, a dedicated sub-committee was created to oversee the search for a new Non-Executive Director with assistance from an external search consultancy, MWM Consulting. MWM is a signatory to the Enhanced Voluntary Code of Conduct for Executive Search Firms and has no other connection with the Company or any individual Directors. Following an extensive search, Nicky Dulieu was appointed as a Non-Executive Director on 1 September 2022, bringing wide-ranging consumer and finance experience to the Board.

The Committee believes the Board currently has the correct balance of skills, experience, independence and knowledge, however, notes that additional diversity would strengthen the Board. Consequently, in late 2022 the Committee started the search for an additional Non-Executive Director who brings additional diversity to the Board. MWM Consulting has also been appointed to support this search.

Board succession planning for executive roles is also considered by the Committee, looking to ensure the business has a deep, diverse and inclusive talent pipeline for future Board appointments. As an integral part of executive succession planning, the Committee oversees our talent mapping to ensure we are growing and nurturing our talent and developing our high-performers' potential. Our diversity and inclusivity initiatives (outlined below) are aligned with this succession planning.

Diversity and inclusion

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

The Board continues to oversee the development and growth of our Culture Matters forum created in 2021 to ensure the employee voice is "front and centre" in supporting the shaping of our People strategy and consulting on strategic change. Through listening and learning from across the business, we launched our first Diversity, Equity, Inclusion, Belonging and Wellbeing strategy, We are US, in 2022. This strategy is authentic to the business and recognises our responsibility to create healthier and happier workplaces, striving for more equitable and sustainable futures.

Board Diversity Policy

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

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

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

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

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

As described above, Nicky Dulieu was appointed to the Board on 1 September 2022 and the Board is in the process of recruiting a further Non-Executive Director to bring additional diversity to the Board.

Board and senior leadership diversity

The Company voluntarily reports our Board and executive management diversity data, as at 31 December 2022, in accordance with the new UK Listing Rules targets and associated disclosure requirements.

As of 31 December 2022, the Board comprised 40% women, one of the four senior positions on the Board was held by a woman and there were no Directors from an ethnic minority background. Following Elizabeth McMeikan's departure on 28 February 2023, the Board will comprise 33% women and one of the four senior positions on the Board will continue to be held by a woman, following the appointment of Nicky Dulieu as Senior Independent Director with effect from 1 March 2023.

The Board is fully committed to ensuring diversity at all levels of the Company. As set out in last year's Annual Report, the Nomination Committee has been working to build a pipeline of diverse candidates with a view to complying with the Parker Review's recommendation that each FTSE 250 Board should have at least one director of colour by 2024. The Company was promoted to the FTSE 100 in June 2022 and this, combined with the new UK Listing Rules targets, has underlined the importance of the Company's efforts in this area. The Board expects to make further progress against the Listing Rules targets over the course of 2023 (including in light of the ongoing recruitment of another Non-Executive Director).

Gender identity and ethnicity as at 31 December 2022

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

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	100%	4	7	87.5%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	1	12.5%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

NOMINATION COMMITTEE continued

Approach to data collection

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

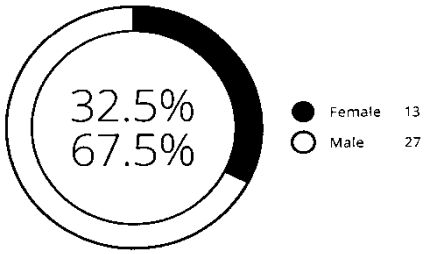
Each Director and member of the executive management team is asked to complete a standard form questionnaire on a confidential and voluntary basis, through which the individual self-reports on their ethnicity and gender identity (or can specify that they do not wish to provide such data). The criteria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

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

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

Gender diversity for the purposes of the UK Corporate Governance Code

Gender diversity



As of 31 December 2022, the number of women in the Executive Committee and their direct reports (including the Company Secretary as required by the Code) was 13 (out of a total of 40) representing 32.5% of this Group. Following some structural changes during 2022, the size of this Group has reduced, however, we are looking to grow the percentage of women in leadership positions.

	Male	Female	Total
Executive Committee and Company Secretary	6	2	8
Direct Reports	21	11	32
Total	27	13	40
Total (%)	**67.5%**	**32.5%**	**100%**

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

Richard Huntingford
Chair – Nomination Committee
28 February 2023

AUDIT & RISK COMMITTEE

FINANCIAL GOVERNANCE

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

"During 2022, the Committee continued to focus on the quality and integrity of the financial statements alongside its oversight of risk and internal controls."

Ross Paterson
Chair

COMMITTEE MEMBERSHIP

Ross Paterson
Chair of the Audit & Risk Committee

Ilaria del Beato
Non-Executive Director

Nicky Dulieu
Non-Executive Director

Professor Sir Steve Smith
Non-Executive Director

NUMBER OF MEETINGS
5

ATTENDANCE
100%

Audit & Risk Committee Chair's overview

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

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

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

AUDIT & RISK COMMITTEE continued

The Audit & Risk Committee undertook a review of its effectiveness in August 2022. The review found that the Audit & Risk Committee is working effectively. The review identified areas in which we can strengthen our performance and these are reflected in the Committee's priorities for 2023.

During 2022, the Audit & Risk Committee undertook a full evaluation exercise of the Deloitte audit approach to ascertain the effectiveness of the external audit function. Further to the completion of the evaluation of the external audit process, we are satisfied with both the auditor's independence and audit approach and have recommended to the Board that Deloitte be re-appointed as auditor in 2023.

Following the 2021 appointment of a Group Risk & Assurance Director, all oversight of internal audit and risk management are now insourced. Whilst internal, we still consider the team to be independent of management with a direct line of communication to the Audit & Risk Committee. As is usual with an internal team, there are still areas where it is appropriate to engage third parties to undertake specific pieces of work and the relationship with PricewaterhouseCoopers (PwC) has been maintained.

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

Role of the Audit & Risk Committee

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

The key objectives of the Audit & Risk Committee are:

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

Composition of the Audit & Risk Committee

The members of the Audit & Risk Committee are set out on page 101 of this Corporate Governance statement. The Audit & Risk Committee members are all independent Non-Executives and have been selected with the aim of providing the wide range of financial and commercial expertise necessary to fulfil the Audit & Risk Committee's duties. The Board considers that as a chartered accountant with substantial experience in senior finance roles, including as Chief Financial Officer of a UK-listed company, I have recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector.

Audit & Risk Committee meetings

The Audit & Risk Committee met five times during the year and attendance at those meetings is shown on page 107 of this Corporate Governance statement. Meetings are scheduled to coincide with key dates in the financial reporting cycle and a forward agenda is agreed by the Committee and reviewed on an ongoing basis.

Meetings are attended, by invitation, by the Chair of the Board, the Chief Financial Officer, the Group Finance Director and the Group Risk & Assurance Director.

I also invite our external auditor, Deloitte, to most meetings. The Audit & Risk Committee regularly meets separately with Deloitte without others being present. Deloitte meets the Group Risk & Assurance Director to receive an update on any audit findings and how risks are being managed; Deloitte considers the impact of these on its approach to its work.

Main activities of the Audit & Risk Committee during the year

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

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

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

As discussed above, the effectiveness of the external audit function was considered during 2022. During the evaluation process the Audit & Risk Committee considered: the independence and objectivity of the external auditor; the make-up and quality of the audit team; the proposed audit approach and the scope of the audit; the execution of the audit and the quality of the audit report to the shareholders; as well as ultimately the fee structure.

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

The Audit & Risk Committee has considered the Department for Business, Energy & Industrial Strategy (BEIS) consultation white paper: "Restoring trust in audit and corporate governance" published in March 2021 and the Government's response to the consultation responses published in May 2022. The Queen's Speech on May 10th 2022 included plans for a Draft Audit Reform Bill and whilst there is no timetable setting out when the Bill will be published, the Audit & Risk Committee will continue to review the potential impact on the Group with management.

Financial reporting

The primary focus of the Audit & Risk Committee, in relation to financial reporting in respect of the year ended 31 December 2022, was to review with both management and the external auditor the appropriateness of the half-year and annual financial statements concentrating on:

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

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

- A review of what fair, balanced and understandable means for Unite.
- The high level of input from the Chief Executive Officer and Chief Financial Officer with early opportunities for the Board to review and comment on the Annual Report.
- Ensuring consistency in the reporting of the Group's performance and management information (as described on pages 24–29), risk reviews (as described on pages 77–87), business model and strategy (as described on pages 8–11 and 30–31).
- A cross-check between Board Minutes and the Annual Report is undertaken to ensure that reporting is balanced.
- Whether information is presented in a clear and concise manner, illustrated by appropriate KPIs to facilitate shareholders' access to relevant information.

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

Significant issues considered by the Committee

After discussion with both management and the external auditor, the Committee determined that the key risk of misstatement of the Group's 2022 financial statements related to:

- Property valuations
- Joint venture accounting

Further information about property valuations can be found below and joint venture accounting can be found on the next page.

AUDIT & RISK COMMITTEE continued

Property valuations

The Group's principal assets are investment properties and investment properties under development that are either owned on balance sheet or in USAF or LSAV. The investment properties are carried at fair value based on an appraisal by the Group's external valuers who carry out the valuations in accordance with the RICS Red Book valuation guide, taking into account transactional evidence during the year. The valuation of property assets involves significant judgement and changes in the core assumptions could have a significant impact on the carrying value of these assets. The Committee noted that the 31 December 2022 valuations involved an increased level of judgement considering heightened macroeconomic uncertainty with higher UK inflation and interest rates.

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

Prior to finalising the 2022 accounts, the Committee met with members of the Group's valuer panel and challenged them on the basis of their valuations and their core assumptions, including the yield for each property, rental growth and forecast costs.

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

The external auditor explained the audit procedures to test the valuation of investment and development properties and the associated disclosures. The Committee met with a Deloitte real estate specialist who was involved in the audit. On the basis of the audit work, the external auditor reported no inconsistencies or misstatements that were material in the context of the financial statements as a whole. Further analysis and detail on asset valuations is set out on pages 35–39.

Joint venture accounting

Two of Unite's significant assets are its investments in USAF and LSAV which the Group has historically accounted for as joint ventures.

The Group reports under IFRS 10–12 which provides guidance on how an investor should account for its interests in other entities, including a definition of control and guidance on how to classify and account for jointly controlled arrangements. During the year, management undertook a detailed review of its classification for both USAF and LSAV, and following that analysis concluded that both USAF and LSAV should continue to be treated as joint ventures. The Audit & Risk Committee considered this and agreed there was no material change and accordingly it was appropriate to continue to account for USAF and LSAV as joint ventures under IFRS 11, with Unite recording its 28.15% share of the results and net assets of USAF as a joint venture using equity accounting and likewise 50% for LSAV.

Other issues considered by the Committee

Accounting for the cost of cladding remediation

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

Risk management

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

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

The Audit & Risk Committee considered the work of the Executive through the year and has approved both the Group's Risk Management Framework, and the Group's assessment of its principal risks and uncertainties, as set out on pages 79-87.

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

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

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

Internal controls

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

Internal audit

The Group used the internal Group Risk & Assurance team for internal audit services through the year. The team embedded third line of defence audits in our operations, developing a framework of Operational Compliance Audits for our rental properties. The property audits are designed with a focus on safety and, where there are gaps identified, action plans are developed and monitored. The results are shared with our Customer Leadership Team to enable the sharing of best practice and drive improvements across all of our operations where themes are identified. In addition to this, the team completed three other pieces of internal audit work. The first was over compliance with UK Data Protection regulations and the efficient operation of the data protection team; the second was over the use and management of video and voice recording equipment in our rental properties (CCTV, Bodyworn Cameras and SoloProtect (personal voice recording equipment that is used when lone working)); the third was on the management of asbestos in our student properties.

Overall, the conclusion of all audits was that there were no significant issues and controls were well designed, but noted there were some areas of improvement to be made to maximise controls and operational efficiency, which management is in the process of implementing.

External audit

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

For the 2022 financial year, the significant risks identified were in relation to valuation of properties, classification of joint ventures and management override. These focus areas were discussed at the Audit & Risk Committee and it was agreed that they should be the principal areas of focus as they represent the areas with the greatest level of judgement and materially impact the overall performance of the Group. These risks are tracked through the year and we challenged the work done by the auditor to test management's assumptions and estimates around these areas.

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

For the 2022 financial year, the Audit & Risk Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good. We hold private meetings with the external auditor at each Audit & Risk Committee meeting to provide additional opportunity for open dialogue and feedback from the Audit & Risk Committee and the auditor without management being present. Matters typically discussed include:

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

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

AUDIT & RISK COMMITTEE continued

Independence and external audit tender

The Audit & Risk Committee considers the re-appointment of the external auditor (including the rotation of the audit partner which is required every five years) each year and also assesses its independence on an ongoing basis. 2022 is the eighth year during which Deloitte has been the Group's external auditor.

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

As discussed above, the Committee undertook an assessment of Deloitte's effectiveness, its processes, audit quality and performance in May 2022 following completion of the 2021 audit.

The Audit & Risk Committee also regularly considers when it next intends to complete a competitive tender process for the Company's external audit. As noted above, the Audit & Risk Committee remains satisfied with Deloitte's effectiveness and independence. In view of this, the Audit & Risk Committee does not currently anticipate that it will conduct an audit tender before 2024 in respect of the 2025 financial year for which a tender would be required in accordance with applicable law and regulations. The Audit & Risk Committee considers this to be in the best interests of the Company's shareholders for the reasons outlined above and will keep this decision under review.

The Committee confirms compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit & Risk Committee Responsibilities) Order 2014.

Non-audit services

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

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

During the year, Deloitte was appointed to undertake non-audit services. Fees for non-audit work performed by Deloitte for the year ended 31 December 2022 were £0.1 million (2021: £0.1 million). The non-audit fees related to the work undertaken by Deloitte LLP in its role as external auditor to the Group for the review of the half-year report. Further disclosure of the non-audit fees incurred during the year ended 31 December 2022 can be found in note 2.6 to the consolidated financial statements on page 200. Accordingly, the Audit & Risk Committee was satisfied that both the work performed by Deloitte LLP, and the level of non-audit fees paid to it, were appropriate and did not raise any concerns in terms of Deloitte LLP's independence as auditor to the Group.

The Audit & Risk Committee approved the fees for audit services for 2022 after a review of the level and nature of work to be performed, including additional audit procedures required as a result of changes in the regulatory environment, and after being satisfied by Deloitte that the fees were appropriate for the scope of the work required.

Audit & Risk Committee evaluation

The Audit & Risk Committee's activities formed part of the evaluation of Board effectiveness performed in the year. Details of this process can be found under "Performance evaluation".

Ross Paterson
Chair – Audit & Risk Committee
28 February 2023

SUSTAINABILITY COMMITTEE

SUSTAINABILITY GOVERNANCE

A responsible and sustainable business, doing the right thing through People and Places

"It has been inspiring to see the intensity of action right across the business in the implementation of our sustainability strategy this year."

Dame Shirley Pearce
Chair

COMMITTEE MEMBERSHIP

Dame Shirley Pearce
Chair of the Sustainability Committee

Richard Smith
Chief Executive Officer

Ilaria del Beato
Non-Executive Director

Ross Paterson
Non-Executive Director

Tom Jackson
Non-Executive Director

NUMBER OF MEETINGS
4

ATTENDANCE
100%

The sustainability strategy forms a key component of our business planning and is central to delivering our Home for Success purpose and our values, especially "doing what's right". *The Sustainability Committee reviews the Group's* performance against its targets and ambitions to ensure Unite is a responsible and resilient business, keeping in mind the paramount importance of our responsibility to stakeholders and the wider community. Our commitment to transparency can be seen through our sustainability-related targets and ongoing disclosure of our performance.

2022 highlights and progress

- Continued implementation of the sustainability strategy with regular reviews of our sustainability targets and performance of the business.
- Oversight of the asset transition plans, produced for *each of our properties in 2022 and, a review of our* sustainable investment approach.
- Oversight of our commitment to donate 1% of annual profits to social initiatives including additional funding for the Unite Foundation scholars 2022/23 academic year as well as the Group's ongoing investment in the Leapskills programme for school leavers. We also made progress in the development of our community investment performance metrics which will launch in 2023, aligned to the Societal Impact (B4SI) Framework.
- Supported the launch of our first Diversity, Equity, Inclusion, Belonging (DEIB) & Wellbeing strategy and participation in the 10,000 Black Interns programme.

SUSTAINABILITY COMMITTEE continued

Through the Committee's oversight, the business reviewed the framework for communicating our sustainability strategy and determined to communicate the essential elements of the sustainability strategy in terms of impact on People and Places.

Our people

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

The Sustainability Committee oversees that the sustainability strategy is being embedded across the business, with engagement sessions with managers, "Unite Live" sessions with employees and The NUS Positive Impact programme. This programme is a collaboration between the business and the National Union of Students aimed at helping students adopt lasting sustainable living habits through wellbeing, community and social impact initiatives and comprised of a network of champions across the operation and support side of the business.

Our employee forum, Culture Matters, has become a very valuable forum for understanding and engaging with employees, offering two-way communication between the senior leadership team and the wider business by way of elected representatives. Through our Designated Non-Executive Director for Workforce Engagement, the Sustainability Committee receives regular updates on our people. Through this engagement, the Sustainability Committee helped oversee the launch of the Group's first Diversity, Equity, Inclusion, Belonging and Wellbeing strategy, We are US, in 2022. The strategy is authentic to Unite and sets out clear objectives to deliver our Home for Success purpose and our value of "creating room for everyone". Full details of our DEIB & Wellbeing strategy can be found on page 50.

Our continued commitment to employee engagement can be seen by our regular employee engagement surveys and addressing concerns raised by all teams. The feedback of these surveys is presented to the Sustainability Committee which monitors the process for identifying and addressing concerns raised by the employees. Through engagement with the Sustainability Committee, the Academy was launched in October 2022 providing tailored learning and development opportunities for employees to enhance their knowledge and skills.

The Sustainability Committee is keen to ensure the wellbeing, both physically and mentally of everyone across the business remains one of the Board's key priorities. Safety is part of everything we do and is woven through the entire business and culture with further details on page 52.

Our places

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

The Sustainability Committee is keen to ensure the continued implementation of the sustainability strategy and its ambitions and targets become "business as usual" for our employees and is intrinsically aligned with Home for Success.

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

Step one – reduce absolute carbon emissions by cutting operational energy use

To support our targeted energy reductions, the Sustainability Committee has overseen the £10 million of energy initiatives delivered in the year including EPC improvements and the launch of a student behavioural change pilot, MyFootprint. This is a data-led energy reduction pilot using data to drive change and set expectations at the individual customer level. Further information can be found on page 59.

Step two – decarbonisation of our energy supply through investment in renewable energy

We already source around 25% of our annual electricity supply from a Scottish wind farm under a corporate power purchase agreement and continue to review options for further power purchase agreements in the future, as part of our commitment to source 100% renewable power by 2030.

Step three – reducing embodied carbon of new buildings

The Sustainability Committee reviews and has oversight of our developing sustainable construction framework including the application of alternative design and construction approaches such as modular construction, the use of lower carbon materials including timber and cement-replacements, and a focus on cutting construction activity-related emissions.

The Sustainability Committee also monitors how our science-based target reductions in carbon emissions will be delivered through a significant reduction in energy use and property specific asset transition plans, which were completed during 2022. These asset transition plans specify the physical improvements to building fabric and services and their impact on carbon emissions, energy consumption, utility costs and EPC compliance in accordance with Minimum Energy Electricity Standard (MEES) targets. For new developments, the Sustainability Committee has initially targeted at least a 33% reduction in the embodied carbon of new buildings (from the materials and construction process) with a view to achieving a 48% reduction by 2030 to achieve the RIBA 2030 Climate Challenge benchmark of 625kgCO_2, where possible. In addition, the Committee is looking towards a 75% reduction in operational energy use on completed schemes again in line with the RIBA 2030 benchmarks.

Our approach

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

With input from the Sustainability Committee, the business continues its compliance with the Taskforce on Climate-related Financial Disclosures (TCFD) and maintained a stable Global ESG Benchmark for Real Assets (GRESB) rating, with the business ranked second among listed residential real estate companies. The Sustainability Committee notes that while the GRESB rating was just below the Threshold target set for the financial year, positive progress was made in a number of areas. The MSCI rating has also been reconfirmed at AA in the 2022 review (2021: AA).

Alongside Governance, oversight of compliance with EPC regulations remains a key focus for the Sustainability Committee and the tightening of minimum standards to "B" by 2030 in England and Wales, and "C" by 2027 (2025 in Scotland). Following the UK Government's official update to the EPC methodology, 80% of the Group's floorspace is rated A–C, and 100% is fully compliant with current regulations. The Sustainability Committee steered the completion of asset transition plans for every property which helped determine the investment required to ensure ongoing EPC compliance, alongside reductions in energy consumption, carbon emissions and utility costs. These investments include a variety of improvement measures such as LED lighting, heating controls and air source heat pumps.

During 2022, the Group reviewed our revolving credit facility and the three KPIs linked to our environmental and social initiatives, namely: (1) targeted reductions in Scope 1 & 2 carbon emissions, (2) improvements in the % of assets with an A–C EPC rating and (3) the value of social investments made by the business, including the Unite Foundation. We extended the revolving credit facility by a period of 12 months to ensure continued alignment with our wider sustainability commitments.

Key focus areas for 2023

Looking ahead to 2023, the Sustainability Committee will:

- Continue to oversee the embedding and implementation of the sustainability strategy with regular reviews of sustainability targets, performance and investment activity linked to sustainability-related objectives.
- Oversee increased engagement with employees around sustainability, with a view to enabling them to play a greater role in delivering the Group's sustainability objectives.
- Monitor and oversee the student behavioural change pilot, MyFootprint.
- Oversee the ongoing commitment to invest 1% of annual profits into social initiatives.

Dame Shirley Pearce
Chair – Sustainability Committee
28 February 2023

HEALTH & SAFETY COMMITTEE

HEALTH AND SAFETY GOVERNANCE

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

"The health & safety of our people and customers remains our top priority. Following the introduction of our new operating model in 2022, all our properties now have 24/7 staff presence, 365 days a year."

Professor Sir Steve Smith
Chair

COMMITTEE MEMBERSHIP

Professor Sir Steve Smith
Chair of the Health & Safety Committee

Richard Smith
Chief Executive Officer

Dame Shirley Pearce
Non-Executive Director

Elizabeth McMeikan
Senior Independent Director

Ilaria del Beato
Non-Executive Director

NUMBER OF MEETINGS
4

ATTENDANCE
100%

2022 highlights

Student safety and support

We introduced a new operating model in 2022, which means that all our buildings have our people on site 24/7/365 days a year. 2022 also saw the launch of our Support to Stay framework, providing a supportive living environment to help students fulfil their potential, regardless of any medical, physical or mental health difficulties.

Health and safety training

We reviewed our health and safety training courses and worked alongside our learning and development team to develop a new Fire Marshall course and Incident Response online learning. We continued to deliver health, safety, security, fire and wellbeing training courses to our existing employees and new starters. Alongside this, we continued our mandatory e-learning modules for all employees.

Third-party H&S and security inspections

We continued our programme of H&S and security inspections throughout our buildings, with this now overseen by our Group Risk & Assurance team.

Contractor forum

We launched our new cross-functional Contractor Forum meetings, an initiative to drive greater safety collaboration and an improved safety culture for all those working at our development sites and within the construction industry more generally.

Safety award

We launched our new Safety Award, encouraging contractors to submit innovative safety ways of working at our development sites.

Fire safety

Fire safety team

We have a dedicated Fire Safety team, whose sole focus is fire safety. This team welcomed three new managers this year, bringing in valuable hands-on knowledge and experience from fire authorities. This hands-on experience ensures we can continue to deliver on our Safe and Secure promise, during a rapidly changing fire and building safety regulatory environment.

Our Fire Safety team also work closely with Fire and Rescue services, local authorities, the Department for Levelling Up, Housing and Communities, as well as fire safety experts, to provide advice and guidance through the life of our buildings, from development design through to disposal. These relationships have grown stronger through 2022 and with the increasingly complex and dynamic regulatory environment, we expect this to continue through 2023.

Authority inspection activity

During 2022, we experienced an increase in inspection activity by Fire Authorities and local authorities alongside the Department for Levelling Up, Housing and Communities prior to the coming into force of the Building Safety Act 2022. These inspections have been helpful and collaborative, allowing us to better understand responsibilities and helping ensure we are ready for the Building Safety Act and evolving fire safety legislation. The Health and Safety Committee oversaw the progress of this inspection activity throughout the year.

Fire Safety Regulations and Fire Safety Act 2022

The introduction of the Fire Safety Act 2022 and Fire Safety Regulations 2022 this year highlighted the best practice approach taken by Unite in our day-to-day fire safety activities, with few minor changes being required to ensure compliance with this newly introduced legislation. This approach was overseen by the Committee to ensure effective and efficient adoption of changes, alongside challenging existing approaches.

Fire risk assessments

All our properties continue to be confirmed as safe to operate by our external third-party accredited fire risk assessors as part of the comprehensive annual fire risk assessment completed at every property. This reflects the robust fire safety and fire impairment management across our portfolio, as well as the continued proactive surveying and remediation of our external façades, smoke control systems, passive fire protection and fire doors. The Committee continues to drive improvement on the completion of fire risk assessment actions, with changes in national approach adopted to drive further improvements in 2023.

Fire impairment management

The Committee oversaw the ongoing fire impairment remedial work, which is predominantly the remediation of smoke control systems, external façades and passive fire protection. Recognising Unite's values and commitment to "doing what's right" and the emerging challenges highlighted by the national building safety crisis, we launched a dedicated Fire Impairment team in 2022, whose focus is the remediation of non-external façade-related impairments. This team works alongside another newly created team, the Special Projects team, whose dedicated focus is remediating external façades. The work of these teams has led to significant improvements in the fire safety of our properties.

Health and wellbeing in our workplace

Recognising the changing and challenging workplace environment after the pandemic, we adapted our wellbeing communication strategies during 2022 to ensure our employees are getting the information they need regarding the health and wellbeing benefits we offer and the support available. This resulted in our new employee support framework, designed with our people's wellbeing in mind and based upon employee feedback through structured conversations, focus groups and surveys as well as our employee forum, Culture Matters. This framework is being rolled out in the first half of 2023 and includes resources to promote better mental, physical, financial and social wellbeing and encourages and empowers our people to take ownership of their health and wellbeing.

Our focus for 2023

The Committee continues to oversee the governance of health and safety practices across the business. We will continue to prioritise the safety of our customers, people, properties and our workplace and strive to deliver our value "Keeping uS Safe". Through upskilling our frontline teams and establishing core standards for safety and security, our people can assist to deliver our Safe and Secure promise. Safety and Student Welfare continues as a priority as we work closely with our University partners to help students deal with the pressures of university living.

2023 safety priorities

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

HEALTH & SAFETY COMMITTEE *continued*

Safety in our development activity

2022 saw another busy whilst safe year of development activity, with:

- the completion of the refurbishment of three properties in Manchester (Parkway Gate, Kincardine Court and New Medlock House). This £65 million upgrade improved the fire safety and sustainability of these properties, as well as creating an additional 100 beds. All three properties were completed in time for the start of the 2022/23 academic year; and
- the delivery of two new properties (the 920-bed Hayloft Point in London and 431-bed Campbell House in Bristol) with a combined total development cost of £235 million.

Our comprehensive approach to safety across our development and refurbishment activity, resulted in 0 RIDDOR reportable injuries and 26 minor incidents in 2022. This represents good safety performance against the industry norm and is well within our Unite internal benchmarks.

Development safety – 2022 in review

- **Site safety/Covid-19** – continued to work alongside our contractors to ensure our sites are safe to operate, together with Covid-19 testing and personal protective equipment in place.
- **Wellbeing** – reviewed our wellbeing offering for construction operatives and engaged with external providers to improve mental health and wellbeing awareness across our development sites. The British Safety Council is conducting a Wellbeing Gap Analysis which we will implement later in 2023.
- **Safety reporting** – encouraged safety observation reporting, with a particular focus on near miss reporting which is especially helpful for creating an improved Safety culture.
- **Safety Audits** – we enhanced our safety audits across our development and refurbishment projects with a more challenging metric. This seeks to push our contractors to achieve industry-leading standards which far exceed statutory compliance. All sites inspected under this revised performance metric have exceeded statutory compliance and helps to reinforce our Safe and Secure promise.

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

KPI calculated as No of incidents worked x 100,000 hours/hours worked.

Professor Sir Steve Smith
Chair – Health and Safety Committee
28 February 2023

REMUNERATION COMMITTEE

REMUNERATION GOVERNANCE

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

"The Committee's decision-making during 2022 has been framed by the Group's broader performance context. The cost-of-living crisis has been a key area of focus for us, and our decisions around executive remuneration have sought to acknowledge the pressures faced by colleagues, customers and other stakeholders."

Elizabeth McMeikan
Chair

COMMITTEE MEMBERSHIP

Elizabeth McMeikan
Chair of the Remuneration Committee

Nicky Dulieu
Non-Executive Director

Ross Paterson
Non-Executive Director

Dame Shirley Pearce
Non-Executive Director

Professor Sir Steve Smith
Non-Executive Director

NUMBER OF MEETINGS
3

ATTENDANCE
See page 107

As in previous years, this report is split into three sections: this Annual Statement, the Policy Report and the Annual Report on Remuneration. Our Remuneration Policy was last submitted to shareholders at the 2022 AGM, with the Committee very pleased to receive 97.83% votes in favour. No changes are being proposed to the policy this year; however, we have reproduced the Policy Report in full over pages 137–147 for both ease of reference and in order to provide context to the decisions taken by the Committee during the year.

2022 performance and reward

As always, the Committee's decisions around executive remuneration for FY22 have been framed by the Group's broader performance context.

2022 was another strong year for Unite with progress made against each of our key strategic objectives. The Group continues to deliver attractive returns for shareholders, with financial highlights including a 48% increase in both earnings and dividends, a 5% increase in EPRA NTA, and an overall total accounting return of 8.1%. Unite's record in delivering for customers and universities is evidenced by a return to full occupancy and a 3-point increase in customer NPS, with the Group having made a range of service enhancements (including around student welfare support) during the year. On delivering a positive impact, the Group has continued to progress its Sustainability Strategy and move closer towards its objective of becoming a net zero business by 2030, with material investments in energy initiatives contributing to improvements in EPC ratings across the portfolio.

REMUNERATION COMMITTEE continued

Finally, Unite has continued to demonstrate its commitment to the health and safety of employees, visitors and students, with management working proactively to address issues faced and ensure there is a strong safety culture across the Group.

In addition to the above successes, there have also been challenges for the Group, with year-on-year falls in Higher Education trust and employee engagement scores driven by factors including the implementation of a new operating model and above average employee turnover. These outcomes have commensurately impacted incentive outcomes for 2022, and will be areas of particular focus for the 2023 annual bonus. Ongoing cost-of-living pressures faced by Unite's stakeholders have also been a key area of focus, and the Committee has been pleased with the executive team's leadership in this area, in particular around the support provided to our dedicated and hardworking frontline colleagues (further details on which are included throughout this report).

Salaries

As disclosed in last year's report, following a comprehensive review and reflecting positive feedback received in consultation with shareholders, Executive Director salaries were increased by the first of a planned two-stage rebasing of 10.6% (CEO) and 7.0% (CFO) with effect from 1 January 2022. These increases took into account the considerable increase in size, scale and complexity of the Group since base pay levels had last been reviewed, and in respect of the CEO, the discount which had been applied to his salary relative to that of his predecessor back in 2016. Salary increases across the Group averaged 3.0% in 2022, with higher increases applied to entry level salaries reflecting our commitment to being an accredited Real Living Wage employer and the rates set by the Living Wage Foundation.

Annual bonus

The annual bonus scheme was operated in line with the policy for Executive Directors in 2022. Following a review of performance against the targets set at the start of the year, the Committee has confirmed that Executive Directors will each receive bonuses of 36.0% of maximum (equating to 50.4% out of a maximum of 140% of salary). This overall outcome reflects mixed results against both financial and non-financial targets set at the start of the year, with full payouts recorded under both the LTV and customer satisfaction metrics, and an EPS outturn just above Threshold, but with zero payouts recorded under the other performance measures. The Committee has reviewed this outcome in the context of overall Group performance and believes that although some of the bonus targets were particularly stretching this year, the outcome is both fair and appropriate. Further details, including bonus targets and outcomes are included on page 152.

Long-term incentives

Following the publication of TAR results by comparators with March 2022 year-ends, the Committee confirmed the final vesting of the 2019 LTIP awards as 36.8%, in line with the estimate set out in last year's report.

LTIP awards made in April 2020 reached the end of their performance period as at 31 December 2022. These awards were based equally on absolute EPS, relative TSR and relative TAR, with Unite's performance for both the TAR and TSR elements compared to the constituents of the FTSE350 Real Estate Supersector Index. Over the three-year performance period Unite's relative TSR ranked just below median versus the comparator group (equating to 0% vesting), whilst EPS performance was below the threshold target (0% vesting). Vesting of the relative TAR element will be finalised following the publication of comparator results over the coming months, with the latest interim performance assessment suggesting that Unite is currently ranked just below median. Overall estimated vesting of the 2020 LTIP is therefore 0%. Further details are included on page 153.

Also during the year, Executive Directors were each granted an award under the LTIP in April 2022 which will vest based on performance over the three financial years to 31 December 2024. As disclosed in last year's report, the Committee resolved to introduce two relevant sustainability metrics linked to the Group's new strategy – operational energy intensity and EPC ratings – for these awards, alongside absolute EPS, relative TSR and relative TAR. Any award vesting will required to be held for an additional two-year period. Further details on the number of shares granted and targets are included on page 158.

Overall pay outcomes for 2022

Taken as a whole, the Committee is satisfied that overall pay outcomes in respect of the year ended 31 December 2022 are appropriate and accordingly we have not applied any discretion to this year's incentive outcomes.

Implementation of the policy in 2023

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

Salaries

In summary, Executive Directors will each receive a 3.0% salary increase with effect from 1 January 2023, with implementation of the higher increases set out in last year's report delayed until a more appropriate time.

In January 2023 it had been intended that Executive Directors would receive the second (and final) of their phased salary increases. At its December meeting, the Committee satisfied itself that the qualifying conditions set out in last year's report around continued strong performance and personal contributions had been achieved by each of Richard Smith and Joe Lister, and that the planned increases would ordinarily have been fully warranted.

However, noting the cost-of-living pressures facing both colleagues and customers, Executive Directors indicated a preference – supported by the Committee – that their January salary increases instead be aligned with those awarded to other senior leaders. Accordingly, salaries of both Executive Directors have instead been increased by 3.0% with effect from 1 January 2023, in line with the increase for other senior management, and below the average increase across the Group of 8.6%. In practice, the Group has sought to target the available increase in salary budget at those colleagues most impacted by inflationary pressures, in particular our front-line employees, with over 95% of the workforce receiving a salary increase of 5% or more. Unite remains committed to being an accredited Real Living Wage employer and has implemented the rates set by the Living Wage Foundation (8.1% in London and 10.1% across the rest of the UK), with tiered salary increases across the rest of the organisation.

The Committee views this as a further example of Executive Directors' principled leadership and commitment to the Group's values, in particular "Doing what's right". Acknowledging the strong support received last year from shareholders on the proposed Executive Director salaries, and recognising that the rationale for these increases remains valid, the Committee has resolved that it will retain the flexibility to implement the previously-disclosed full-year percentage increases – 10.6% for the CEO and 7.0% for the CFO – at a future date within the next 18 months. Any such increases would again be dependent on the Committee satisfying itself of the continued strong performance and personal contributions from both Executive Directors.

Pension

Executive Directors will continue to receive a pension scheme contribution, a cash allowance of equivalent cost to the Company or a combination of both. With effect from 1 January 2023, total employer pension contributions will be further reduced to an equivalent of up to 11% of salary for both Executive Directors. This represents the final planned reduction in Executive Director pension contribution levels and brings both the CEO and CFO in line with the offering available to the wider employee population.

Annual bonus

There will be no changes to the maximum opportunities, performance metrics or weightings under the annual bonus for 2023, with the Committee satisfied that the current blend of financial and non-financial measures supports the Group's strategy and reinforces its values. For both the financial and non-financial elements, targets have been set to be challenging relative to business plan. Further details are included on page 159.

Long-term incentives

As with the annual bonus, there will be no change to the operation of the long-term incentive in 2023. Executive Directors will each receive an award of up to 200% of salary delivered through a combination of the PSP and ESOS, with the actual award levels to be approved by the Committee closer to the date of grant, taking into account the share price at that time, as compared to the share price used to determine awards over the last few LTIP cycles. The Committee is not proposing any changes to the performance metrics used for the 2023 LTIP, which will continue to include the two sustainability metrics introduced last year. Further details are included on pages 159–160.

REMUNERATION COMMITTEE continued

Workforce remuneration considerations

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

This year the Committee has been particularly mindful of ongoing cost-of-living pressures and has supported a range of management proposals to help those employees most impacted by rising prices and interest rates. In August 2022, around 90% of employees received a one-off £500 payment. Originally intended as an early release of the 2022 annual bonus scheme, it was subsequently agreed that this amount would be paid in addition to the normal bonus to recognise the excellent work of our employees. Additionally, and as noted above, the available increase in the 2023 salary budget was targeted towards those colleagues most impacted by inflationary pressures, with over 95% of colleagues receiving a salary increase of 5% or more, and with planned increases for the Executive Directors being postponed until a more appropriate time.

In November 2022, our Designated Non-Executive Director for Workforce Engagement facilitated a discussion at the Culture Matters employee forum on the topic of remuneration. Further details on the session, feedback received and subsequent actions is included on page 102 and 138.

We have continued to review and disclose both the statutory CEO pay ratios and additional ratios looking at both fixed pay and pay excluding long-term incentives. This year, the headline ratio of CEO total remuneration to the median employee, has fallen from 56:1 to 33:1, driven primarily by the lower bonus outcome for 2022 and the nil estimated vesting under the 2020 LTIP. The Committee remains satisfied that the year-on-year fluctuations mainly reflect differences in the structure of pay at different levels of seniority.

Finally, details of our gender diversity and pay gaps across the Group are provided on pages 63 and 155, with the Committee pleased to note a further modest improvement in both the mean and median gender pay gaps in 2022. The Committee also noted from the analysis the increase in female representation in the upper quartile this year, and took this as evidence of the Group's 2022–25 diversity, equity, inclusion, belonging and wellbeing strategy starting to produce positive results. As for most companies, there is still work for Unite to do in this space and our 2022 Gender Pay Gap Report therefore references an updated action plan to further progress activity in this area over the short- and medium-term.

Committee changes

Nicky Dulieu joined the Unite Board with effect from 1 September 2022, and is currently a member of the Remuneration, Audit and Risk and Nominations Committees. Fees paid to Nicky are in line with the fees paid to the other Non-Executive Directors, as disclosed on page 151.

After nine years on the Board, I will be stepping down with effect from 28 February 2023. I am delighted that Nicky, who brings with her significant experience in chairing the remuneration committees of other FTSE-listed companies, will take over as Chair of the Remuneration Committee at that time.

Looking ahead

The Committee will continue to monitor market developments throughout the 2023 AGM season and will consider the appropriateness of any emerging trends for Unite. I hope that you find this report a clear account of the Committee's decisions for the year; my successor, Nicky, would be happy to answer any questions you may have at the upcoming AGM.

Elizabeth McMeikan
Chair – Remuneration Committee
28 February 2023

Overview of Unite remuneration policy and implementation

	REMUNERATION IN RESPECT OF 2022	OVERVIEW OF REMUNERATION POLICY	IMPLEMENTATION OF POLICY IN 2023
Base salary	• Salaries increased with effect from 1 January 2022, as follows: – CEO = £522,500 (+10.6%) – CFO = £411,250 (+7.0%) See **page 150**	• Reviewed from time to time, with reference to salary levels for similar roles at comparable companies, to individual contribution to performance; and to the experience of each Executive. See **page 141**	• Salaries increased with effect from 1 January 2023, as follows: – CEO = £538,175 (+3.0%) – CFO = £423,588 (+3.0%) See **page 159**
Pension, benefits	• Pension contributions (or equivalent cash allowance) at a maximum of 14% of salary for CEO and CFO. • Benefits in line with policy. See **page 150**	• For existing Executive Directors: commitment to phase down contributions (or equivalent cash allowance) to the workforce rate by 1 January 2023. • For new Executive Director appointees: company pension contributions aligned with the broader workforce (currently 11% of salary). • Benefits typically consist of the provision of a company car or a car allowance, and private health care insurance. See **page 141**	• Pension contributions (or equivalent cash allowance) reduced to a maximum of 11% of salary for CEO and CFO with effect from 1 January 2023. • No change to benefits for 2023. See **page 159**
Annual bonus	• Annual bonuses of 50.4% of salary for each Executive Director (36.0% of maximum opportunity). • 50% of these amounts will be deferred in Unite shares for two years. See **page 152**	• Maximum annual bonus opportunity for all Executive Directors of 140% of salary. • Performance measures typically include both financial and non-financial metrics, as well as the achievement of individual objectives. • 50% of any bonus earned is deferred in shares for two years. • Malus and clawback provisions apply. See **page 142**	• Maximum annual bonus opportunities of 140% of salary. • 2023 bonuses to be based: – 25.0% on adjusted EPS – 25.0% on TAR per share – 20.0% on Loan to Value – 7.5% on customer satisfaction – 7.5% on university reputation – 7.5% on employee engagement – 7.5% on GRESB rating See **page 159**
LTIP	• 2019 LTIP final vesting confirmed at 36.8%. • 2020 LTIP final vesting to be finalised once comparator TAR results are published. Expected total vesting of 0% based on: – Relative TSR ranking just below median compared to the constituents of the FTSE350 Real Estate Index – 2022 adjusted EPS below the threshold target – Estimated relative TAR ranking just below median compared to the constituents of the FTSE350 Real Estate Index See **page 153**	• Maximum award size for all Executive Directors of 200% of salary in normal circumstances (up to 300% of salary in exceptional circumstances). • Awards vest subject to performance over a three-year period. Vested shares are typically subject to an additional two-year holding period. • Malus and clawback provisions apply. See **page 143**	• Awards of up to 200% of salary to be made to each Executive Director in 2023. • Performance to be measured over the period 1 January 2023 to 31 December 2025. Awards based: – 28% on adjusted EPS – 28% on relative TAR – 28% on relative TSR – 8% on operational energy intensity – 8% on EPC ratings – Two-year holding period will apply to all vested shares See **page 159**

REMUNERATION COMMITTEE continued

2022 Remuneration at a glance

2022 Single total figure of remuneration for current Executive Directors

	Salary (£)	Taxable benefits (£)	Pension (£)	Annual bonus (£)	LTIP (£)	Other (£)	Total (£)
Richard Smith	522,500	16,123	59,550	263,340	0	4,498	866,011
Joe Lister	411,250	16,854	46,918	207,270	0	0	682,292

2022 Annual bonus outcomes

Measure	Weight	*Threshold* 30% of max	*On-target* 50% of max	*Maximum* 100% of max	Actual	Outcome (% of max)
Adjusted EPS	25.0%	40.5p	42.5p	44.5p	40.9p	34%
TAR per share	25.0%	75.2p	83.6p	96.1p	71.2p	0%
Loan to Value	20.0%	35.0%	34.1%	32.0%	31.0%	100%
Customer satisfaction	7.5%	36	37	38	38	100%
University reputation	7.5%	21	22	23	7	0%
GRESB rating	7.5%	85	86	88	84	0%
Employee engagement	7.5%	73	75	77	65	0%

Executive	Max opportunity (% of salary)	Overall outcome (% of maximum)	Overall outcome (% of salary)	Overall outcome (£)
Richard Smith	140.0%	36.0%	50.4%	263,340
Joe Lister	140.0%	36.0%	50.4%	207,270

2020–2022 LTIP outcomes

Measure	Weight	Threshold 25% vest	Stretch 100% vest	Actual	Vesting (% of max)
2022 Adjusted EPS	1/3	51.1p	58.7p	40.9p	0.0%
Relative TSR performance	1/3	Median -17.4%	Upper quartile -2.7%	Just below median -19.8%	0.0%
Relative TAR performance	1/3	Median	Upper quartile	Current estimate*: Just below median	0.0%

Executive	Estimated* *overall vesting* (% of maximum)	Estimated* *interests* vesting	Date vesting*	Estimated* *value (incl.* dividends)
Richard Smith	0.0%	0	23 April 2023 (holding period applies until 23 April 2025)	£0
Joe Lister		0		£0

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

Overview of remuneration across the Group

ELIGIBILITY	ELEMENT OF PAY	ELEMENT OF PAY
Employees at all levels	Salary	Salaries are generally reviewed annually, taking into account Company and individual performance, experience and responsibilities. As an accredited Living Wage employer, all of Unite's employees receive at least the voluntary living wage rate.
	Benefits	Employees across all levels of the business are eligible for the Company-funded Health Cash Plan and an enhanced Company sick pay scheme. All employees have free 24/7 access to our employee assistance programme which provides counselling and support to employees with everyday situations and more serious concerns including up to 12 face-to-face sessions per issue per year. Life assurance cover is provided for all eligible employees at 4 x annual salary and employees can access a range of deals and discounts through our discount providers. We offer employees 25 days annual leave a year plus bank holidays and also operate a holiday purchase scheme to allow employees to purchase up to an extra week of annual leave each year. Employees can support their chosen charities by participating in our charity match or give-as-you-earn schemes. We also offer financial support to our employees through season ticket loans, student rental discounts and the bike to work scheme and employee service is recognised with long-service awards.
	Pension	All employees can participate in the Unite Group Personal Pension scheme, with an alternative cash pension allowance available in certain circumstances. Our pension offering was reviewed and improved with effect from 1 January 2020, with all employees eligible to receive a Company contribution of up to 11% of salary, subject to their own contribution level.
	SAYE	We encourage all employees to become shareholders in Unite by participating in the SAYE scheme, under which participants save monthly over 3 years with the option to acquire shares at a discount at the end of the savings period. Currently c.15% of eligible employees participate in the SAYE.
	Annual bonus – cash	All employees are eligible to participate in the annual bonus scheme, with outcomes based on both Company performance and personal contribution. Maximum opportunities, performance measures and weightings vary by grade; metrics are similar across all levels to support delivery of our strategy.
Executive Directors and other senior leaders	Long-term incentive	Executive Directors and other senior leaders may be invited to participate in the LTIP each year. Performance conditions are consistent for all participants, but award sizes vary.
Executive Directors only	Annual bonus – deferred	Currently only Executive Directors are required to defer a proportion of their bonus into Unite shares, which supports shareholder alignment.
	Shareholding guidelines	While all employees are strongly encouraged to become shareholders to allow them to share in the success of the Group, currently only Executive Directors are subject to formal shareholding guidelines (both in-post and post-exit).

REMUNERATION COMMITTEE continued

Engaging with our employees on executive remuneration

In November 2022, our Designated Non-Executive Director for Workforce Engagement, the Group People Director and the Committee's independent advisor facilitated a discussion at the Culture Matters employee forum on the topic of remuneration. The session touched on the structure, role and remit of the Remuneration Committee at Unite and how current performance measures and overall pay policy help to support our strategy and values. Additionally, the forum was given an introduction to how pay practices for Executive Directors are aligned with those across the broader employee population (with reference to the table on page 137), with a subsequent discussion around some of the main differences – for example, the weighting on short- vs. long-term performance and the balance of financial and non-financial measures at different levels of the organisation. Throughout the session, forum members were invited to provide comments, questions and input, and there followed a constructive conversation around the role of remuneration at Unite.

The Remuneration Committee was apprised of the session at its December meeting, and discussed some of the main themes arising and possible follow-on actions. As an example, forum members had queried why there are currently no explicit measures in either the short- or long-term incentive around the value of "Keeping us safe". Given the importance of health, safety and wellbeing to the Group, the Committee continues to believe that such metrics should form part of its discretionary assessment of overall performance, and inform whether any downwards discretion should be applied to formulaic outcomes. Taking on board the feedback from the employee forum, we have included some commentary in the section on the 2022 annual bonus (see page 152) around how the Committee has considered this matter in confirming bonus outcomes this year.

The Committee is pleased with the feedback received from the employee forum and the insights gained from the session. We are keen to build further on this engagement during the forthcoming year, and have committed to reviewing relevant sections of the Directors' Remuneration Report with the forum at a meeting later in 2023.

How remuneration supports our strategy

	Captured in...		Strategic objectives supported		
2023 incentive measures	**Annual bonus**	**LTIP**	**Delivering for our customers and universities**	**Attractive returns for shareholders**	**A responsible and resilient business**
Earnings Per Share (EPS)	✓	✓		✓	
Total Accounting Return (TAR)	✓ Absolute	✓ Relative		✓	
Loan To Value (LTV)	✓				✓
Total Shareholder Return (TSR)		✓ Relative		✓	
Customer satisfaction	✓		✓		
University reputation	✓		✓		
Employee engagement	✓		✓		✓
GRESB rating	✓				✓
EPC Ratings		✓			✓
Operational energy intensity		✓			✓

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

In accordance with the Regulations, the following sections of the Remuneration Report are subject to audit: the Single total figure of remuneration for Directors and accompanying notes (pages 150–151), Scheme interests awarded during the financial year (page 158), Payments to past directors (page 158), Payments for loss of office (page 158) and the statement of Directors' shareholdings and share interests (pages 161–162). The remaining sections of the report are not subject to audit.

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

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

REMUNERATION COMMITTEE continued

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

- References to financial years have been updated where appropriate;
- References to changes to the 2019 Remuneration Policy have been removed;
- Legacy wording around the requirement to defer a % of annual bonus only if shareholding guidelines have not been met has been removed from the "Shareholding guidelines" section;
- Pay-for-performance charts have been updated to reflect 2023 salaries and pension contributions; and
- New Non-Executive Director service contract dates have been added.

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

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

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

This section of the report sets out the policy which the Company asked shareholders to approve at the 2022 AGM and which came into effect from that date.

Policy table

Function	Operation	Opportunity	Performance metrics
Base salary To recognise the individual's skills and experience and to provide a competitive base reward.	Base salaries are reviewed from time to time, with reference to salary levels for similar roles at comparable companies, to individual contribution to performance; and to the experience of each Executive.	Any base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Group. In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity) the Committee has discretion to make appropriate adjustments to salary levels to ensure that they remain market competitive.	None
Pension To provide an opportunity for executives to build up income upon retirement.	All Executives are either members of The Unite Group Personal Pension scheme or receive a cash pension allowance. Salary is the only element of remuneration that is pensionable.	Existing Executive Directors receive a Company pension contribution or an equivalent cash allowance. Company contribution levels will be reduced from 1 January 2022 and 1 January 2023 to an equivalent of up to 14% and 11% of salary respectively. For future Executive Director appointees, the maximum Company pension contribution will be aligned to that offered to a majority of employees across the Group in percentage of salary terms (currently 11% of salary).	None
Benefits To provide non-cash benefits which are competitive in the market in which the executive is employed.	Executives receive benefits which consist primarily of the provision of a company car or a car allowance, and private health care insurance, although can include any such benefits that the Committee deems appropriate.	Benefits vary by role and individual circumstances; eligibility and cost is reviewed periodically. The Committee retains the discretion to approve a higher cost in certain circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in insurance premiums).	None
SAYE To encourage the ownership of shares in Unite.	An HMRC approved scheme whereby employees (including Executive Directors) may save up to the maximum monthly savings limit (as determined by prevailing HMRC guidelines) over a period of three years. Options granted at up to a 20% discount.	Savings are capped at the prevailing HMRC limit at the time employees are invited to participate.	None

REMUNERATION COMMITTEE continued

Function	Operation	Opportunity	Performance metrics
Annual bonus To incentivise and reward strong performance against financial and non-financial annual targets, thus delivering value to shareholders and being consistent with the delivery of the strategic plan.	Performance measures, targets and weightings are set at the start of the year. At the end of the year, the Remuneration Committee determines the extent to which targets have been achieved. From the 2022 annual bonus onwards, 50% of any bonus payable will be deferred for two years. Deferral is generally by an allocation of shares in the Company, which are generally held in the Employee Share Ownership Trust. Awards under the Performance Related Annual Bonus are subject to malus and clawback provisions, further details of which are included as a note to the policy table.	For Executive Directors, the maximum annual bonus opportunity is 140% of base salary. Up to 30% of maximum will be paid for Threshold performance under each measure and up to 50% of maximum will be paid for on-target performance. A payment equal to the value of dividends which would have accrued on vested deferred bonus shares will be made following the release of awards to participants, either in the form of cash or as additional shares. It is the Committee's current intention to make any dividends payments in the form of shares.	Performance is assessed on an annual basis, as measured against specific objectives set at the start of each year. Financial measures will make up at least 70% of the total annual bonus opportunity in any given year. The remainder will be split between non-financial metrics and personal/ team objectives according to business priorities, with the weighting on the latter being no more than 20% of the total annual bonus opportunity. The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards (including down to zero) to ensure alignment of pay with performance, e.g., in the event of one of the targets under the bonus being significantly missed or unforeseen circumstances outside management control. The Committee also considers measures outside the bonus framework (e.g. Health & Safety) to ensure there is no reward for failure. For 2023, financial metrics and non-financial metrics will make up 70% and 30% of the total annual bonus opportunity respectively. Further details of the measures, weightings and targets applicable are provided on page 159.

Function	Operation	Opportunity	Performance metrics
LTIP To drive sustained long-term performance that supports the creation of shareholder value.	The LTIP comprises a Performance Share Plan (PSP) and an Approved Employee Share Option Scheme (ESOS). The ESOS is used to deliver a proportion of the LTIP in a tax-efficient manner, and is subject to the same performance conditions as awards made under the PSP. Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate and no less stretching than the first cycle. Awards under the LTIP are subject to malus and clawback provisions, further details of which are included as a note to the policy table.	The LTIP provides for an award up to a normal aggregate limit of 200% of salary for Executive Directors, with an overall limit of 300% of salary in exceptional circumstances. The current intention is to grant each Executive Director awards equivalent to 200% of salary. Awards may include a grant of HMRC approved options not exceeding £6k per annum, valued on a fair value exchange. A payment equal to the value of dividends which would have accrued on vested shares will be made following the release of awards to participants, either in the form of cash or as additional shares. It is the Committee's current intention to make any future dividends payments in the form of shares.	Vesting of LTIP awards is subject to continued employment and performance against relevant metrics measured over a period of at least three years. The Committee will select performance measures ahead of each cycle to ensure that they continue to be linked to the delivery of the Company strategy. Under each measure, threshold performance will result in up to 25% of maximum vesting for that element, rising on a *straight-line to full vesting*. If no entitlement has been earned at the end of the relevant performance period, awards will lapse. A proportion of vested awards may, at the discretion of the Committee, be subject to a holding period following the end of a three-year vesting period. The Committee's current intention is that all awards will be required to be held for an additional two-year period post-vesting. As under the Performance Related Annual Bonus, the Committee has discretion to adjust the formulaic LTIP outcomes to ensure alignment of pay with performance, i.e. to ensure the outcome is a true reflection of the performance of the Company. Details of the measures and targets to be used for 2023 LTIP awards are included in the Annual Report on Remuneration on page 160.

REMUNERATION COMMITTEE continued

Notes to the policy table

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

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

Performance measure selection and approach to target setting

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

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

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

Remuneration Policy for other employees

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

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

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

Shareholding guidelines

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

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

In order to monitor and enforce the post-exit shareholding requirement, the Committee has established an internal policy document detailing which shares are covered, the valuation methodology, the holding mechanism and any discretions available. In summary, this post-exit requirement will apply to any LTIP awards or deferred bonus share awards granted on or after 9 May 2019 (being the date of approval of the 2019 Policy), with shares deposited into a Nominee Account until such time that the required post-exit shareholding level has been achieved (calculated annually). Shares held in the Nominee Account will generally be held for a period of not less than 2 years from the date an individual ceases employment as a Director of the Group.

Malus and clawback

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

Non-Executive Director remuneration

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

The Non-Executive Directors are not eligible to participate in the Company's performance-related bonus plan, long-term incentive plans or pension arrangements.

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

NED	Date of service contract
E McMeikan	13 November 2013
R Paterson	21 September 2017
I Beato	20 July 2018
S Pearce	14 October 2019
T Jackson	29 November 2019
S Smith	14 October 2019
R Huntingford	26 October 2020
N Dulieu	5 August 2022

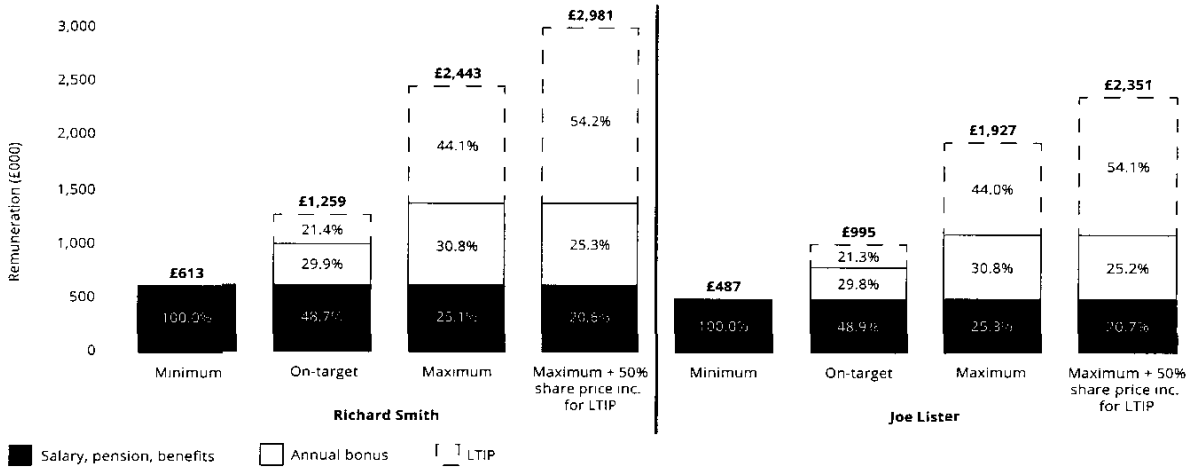
Function	*Operation*	*Opportunity*	*Performance metrics*
Fees To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	Fee levels are reviewed annually, with any adjustments typically effective 1 January in the year following review. The fees paid to the Chair are determined by the Committee, whilst the fees of the Non-Executive Directors are determined by the Board. Additional fees are payable for acting as Senior Independent Director and as Chair of any of the Board's Committees (Audit & Risk, Remuneration, Nomination, Health & Safety, Sustainability). Fee levels are benchmarked against sector comparators and FTSE-listed companies of similar size and complexity. Time commitment and responsibility are taken into account when reviewing fee levels. Expenses incurred by the Chair and the Non-Executive Directors in the performance of their duties (including taxable travel and accommodation benefits) may be reimbursed or paid for directly by the Company, as appropriate.	Non-Executive Director fee increases are applied in line with the outcome of the annual fee review. Fees for the year commencing 1 January 2023 are set out in the Annual Report on Remuneration. It is expected that increases to Non-Executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	None

REMUNERATION COMMITTEE continued

Pay for performance scenarios

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

Potential reward opportunities are based on Unite's Remuneration Policy, applied to the base salaries effective 1 January 2023. Pension contributions reflect the agreed reduction to a maximum of 11% of salary effective 1 January 2023. The annual bonus and LTIP are based on the maximum opportunities set out under the Remuneration Policy, being 140% of salary under the annual bonus and a 2023 LTIP grant of 200% of salary. Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant, and the projected value is based on the face value at award rather than vesting (i.e. the scenarios exclude the impact of any share price movement over the period). The exception to this is the last scenario which, in line with the requirements of the UK Corporate Governance Code, illustrates the maximum outcome assuming 50% share price appreciation for the purpose of LTIP value.



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

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

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

	Salary	Benefits (based on FY22)	Pension	2023 maximum annual bonus	2023 LTIP award face value
CEO	£538,175	£16,123	11% of salary	140% of salary	200% of salary
CFO	£423,588	£16,854	11% of salary	140% of salary	200% of salary

Approach to recruitment remuneration

External appointment to the Board

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

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

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

Internal promotion to the Board

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee and Board will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements. With regards to pension contributions, as above, this would be aligned to that offered to a majority of employees across the Group at the time of promotion to the Board. The Remuneration Policy for other employees is set out on page 144. Incentive opportunities for below Board employees are typically no higher than Executive Directors, but measures may vary to provide better line-of-sight.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Remuneration Committee will utilise the policy as set out in the table on page 145. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director and/or as Chairman of the Board's Committees.

REMUNERATION COMMITTEE continued

Service contracts and treatment for leavers and change of control

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

Executive	Date of service contract
J Lister	28 March 2002
R Smith	28 September 2011

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

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

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

External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may accept external appointments as Non-Executive Directors of other companies and retain any fees received. Joe Lister was appointed as a Non-Executive Director on the Board of Helical Plc effective 1 September 2018 and received a fee of c.£61k in respect of his service for 2022. Richard Smith was appointed as a Non-Executive Director on the Board of Industrials REIT (formerly Stenprop Limited) effective 4 November 2020 and received a fee of c.£45k in respect of his service for 2022.

Consideration of conditions elsewhere in the Company

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

Consideration of shareholder views

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

Annual Report on Remuneration

The following section provides details of how Unite's Remuneration Policy was implemented during the financial year ended 31 December 2022 and how it will be implemented in 2023.

Remuneration Committee membership in 2022

The primary role of the Committee is to:

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

The Committee's terms of reference are set out on the Company's website. As of 31 December 2022, the Remuneration Committee comprised five independent Non-Executive Directors.

- *Elizabeth McMeikan (Committee Chair)*
- Ross Paterson
- Dame Shirley Pearce
- Professor Sir Steve Smith
- Nicky Dulieu

Certain Executives, including Richard Smith (Chief Executive) and Helene Murphy (Group People Director), are invited to attend meetings of the Committee, and the Company Secretary, Christopher Szpojnarowicz, acts as secretary to the Committee. Richard Huntingford and Thomas Jackson are also invited to attend meetings. No individuals are involved in decisions relating to their own remuneration. The Remuneration Committee convened three times during the year and details of members' attendance at meetings are provided in the Corporate Governance section on page 107.

Key activities of the Remuneration Committee in 2022 included:

- Reviewed and approved the Executive Directors' performance against 2019 LTIP targets and approved vesting;
- Approved the Directors' Remuneration Report for 2021;
- Determined the Executive Directors' bonus and LTIP performance targets for 2022 in line with the strategic plan and approved grant of awards under the LTIP in April 2022;
- Considered remuneration market trends and corporate governance developments;
- Reviewed the CEO pay ratio and gender pay data and disclosures;
- Reviewed the principles for, and implementation of, group-wide pay awards and approved the delay of planned salary increases for Executive Directors;
- Considered feedback from the Culture Matters forum; and
- Commenced preparation of the 2022 Directors' Remuneration Report.

REMUNERATION COMMITTEE continued

Advisors

Ellason LLP was appointed as the independent remuneration advisor to the Committee effective 1 January 2021 and retained during the year. The Committee undertakes due diligence periodically to ensure that Ellason is independent and that the advice provided is impartial and objective. During 2022, Ellason provided independent advice including updates on the external remuneration environment, performance testing for long-term incentive plans and Directors' Remuneration Report drafting support. Ellason reports directly to the Chair of the Remuneration Committee and does not advise the Company on any other issues. Their total fees for the provision of remuneration services to the Committee in 2022 were £37,050 (2021: £43,113) on the basis of time and materials.

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

Summary of shareholder voting at AGMs

The following table shows the results of the advisory vote on the 2021 Annual Report on Remuneration and the binding vote on the Directors' Remuneration Policy at the 2022 AGM:

	2021 Annual Report on Remuneration		Directors' Remuneration Policy	
For (including discretionary)	354,173,687	97.05%	357,032,859	97.83%
Against	10,765,117	2.95%	7,905,945	2.17%
Total votes cast (excluding withheld votes)	**364,938,804**		**364,938,804**	
Votes withheld	1,761,682		1,761,682	
Total votes cast (including withheld votes)	**366,700,486**		**366,700,486**	

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received for 2021 and 2022 by each Executive Director who served in the year ended 31 December 2022:

£		Salary	Taxable benefits Note 1	Pension Note 2	Annual bonus Note 3	LTIP Note 4	Other Note 5	Total single figure	Total fixed	Total variable
R Smith	**2022**	**522,500**	**16,123**	**59,550**	**263,340**	**0**	**4,498**	**866,011**	**598,173**	**267,838**
	2021	472,313	17,242	65,613	484,688	387,898	0	1,427,754	555,168	872,586
J Lister	**2022**	**411,250**	**16,854**	**46,918**	**207,270**	**0**	**0**	**682,292**	**475,022**	**207,720**
	2021	384,441	17,269	53,406	394,513	315,748	2,483	1,167,860	455,117	712,744

1. Taxable benefits for 2022 consist primarily of company car or car allowance and private health care insurance. The figures above include car benefits of £15,000 for Messrs. Smith and Lister.
2. Pension figures include contributions to the UNITE Group Personal Pension Scheme and cash allowances, where applicable. Pension contributions were reduced to a maximum of 14% of salary with effect from 1 January 2022.
3. Annual bonus figures reflect the full amount earned in respect of the relevant financial year, including any amounts which are required to be deferred.
4. 2021 figures: Vesting of 2019 awards was confirmed as 36.8% of maximum following the publication of comparator full-year results. The LTIP figures shown are based on the market price on the date of vesting (24 July 2022) of 1,207.0p. These amounts have been revised from last year's report to reflect the actual vesting outcome and share price on the date of vesting.
   2022 figures: For the 2020 awards, vesting of the relative TAR element will be finalised following the publication of comparator results over the coming months, with Unite currently estimated to rank below median. Overall anticipated vesting of the 2020 awards used in this single figure is therefore 0% of maximum. See following sections for further details.
   2021 LTIP figures include the value of dividends for vested awards which will be paid as additional shares. Awards in the form of HMRC-approved options are valued based on the embedded gain at vesting (i.e. subtracting the applicable exercise price) and attract no dividends.
5. "Other" includes the embedded value of SAYE options at grant.

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

The table below sets out a single figure for the total remuneration received for 2021 and 2022 by each Non-Executive Director who served in the year ended 31 December 2022:

£		Base fee	Committee Chair/SID fees	Taxable benefits[2]	Total single figure
Note 1				Note 2	
R Huntingford[i]	**2022**	**231,750**	**–**	**–**	**231,750**
	2021	181,110	–	74	181,184
E McMeikan	**2022**	**50,925**	**16,595**	**269**	**67,789**
	2021	49,440	16,120	39	65,599
R Paterson	**2022**	**50,925**	**10,600**	**39**	**61,564**
	2021	49,440	10,300	3	59,743
I Beato	**2022**	**50,925**	**–**	**45**	**50,970**
	2021	49,440	–	3	49,443
S Pearce[ii]	**2022**	**50,925**	**10,600**	**45**	**61,570**
	2021	49,440	8,279	3	57,722
T Jackson[iii]	**2022**	**–**	**–**	**–**	**–**
	2021	–	–	17	17
S Smith	**2022**	**50,925**	**10,600**	**50**	**61,575**
	2021	49,440	10,300	49	59,789
N Dulieu[iv]	**2022**	**20,508**	**–**	**0**	**20,508**
	2021	–	–	–	–

1. Relevant changes in Non-Executive Directors and responsibilities as follows:
   i. Richard Huntingford joined the Board as Chair Designate on 1 December 2020 and assumed the role of Chair on 1 April 2021.
   ii. Dame Shirley Pearce became Chair of the Sustainability Committee with effect from 12 March 2021.
   iii. Reflecting the Relationship Agreement with CPPIB Holdco, Thomas Jackson does not receive any fees in respect of his Non-Executive Director position with Unite.
   iv. Nicky Dulieu joined the Board on 1 September 2022. An administrative error, which resulted in an overpayment of fees in 2022, has since been corrected and will be reflected as a deduction to the single figure for 2023.
2. Taxable benefits relate primarily to certain travel expenses.

REMUNERATION COMMITTEE continued

Incentive outcomes for the year ended 31 December 2022 (audited)

Annual bonus in respect of 2022 performance

The maximum bonus opportunity for each Executive Director in 2022 was 140% of base salary, with Threshold and On-target performance paying 30% and 50% of maximum respectively under each performance measure. The 2022 annual bonus was based on an additive combination of financial (weighted 70%) and non-financial (30%) metrics, with a new measure, employee engagement, added to coincide with the rollout of a new People strategy across the Group, and to reflect the increasing importance of engaging the workforce to help deliver against an ambitious strategy. Further details, including the targets set and performance against each of the metrics, are provided in the tables below:

			Threshold	On-target	Maximum		
	Measure	Weight	30% of max	50% of max	100% of max	Actual	Outcome (% of max)
Financial	Adjusted EPS	25.0%	40.5p	42.5p	44.5p	40.9p	34%
(70%)	TAR per share	25.0%	75.2p	83.6p	96.1p	71.2p	0%
	Loan to Value	20.0%	35.0%	34.1%	32.0%	31.0%	100%
Non-financial	Customer satisfaction	7.5%	36	37	38	38	100%
(30%)	University reputation	7.5%	21	22	23	7	0%
	GRESB rating	7.5%	85	86	88	84	0%
	Employee engagement	7.5%	73	75	77	65	0%

Executive	Overall outcome (% of maximum)	Overall outcome (% of salary)	Overall outcome (£)
Richard Smith	36.0%	50.4%	£263,340
Joe Lister	36.0%	50.4%	£207,270

The Committee notes that Unite's GRESB rating was just below the Threshold target set for the financial year despite ranking 2nd out of 9 companies in the European Listed Residential Property peer-group and with positive progress made in a number of areas. In finalising the outcome under this element, the Committee considered the findings of an independent review of the GRESB rating by Longevity Partners which illustrated that the impact of the return to near pre-pandemic occupancy levels on energy consumption had more than offset the gains made elsewhere in the GRESB assessment. With input from the Sustainability Committee, the Committee considered whether an adjustment to targets was justified in this instance but concluded, on balance, that the original target range should stand and that there should be no payout under this element.

There will likewise be no payout under either the University reputation or the employee engagement metrics, with results coming in below the Threshold targets set at the start of the financial year. The Committee reviewed the reasons for the movement in scores, and noted that the implementation of a new operating model and above average employee turnover had, amongst other factors, contributed to these outcomes. The Committee is satisfied that the overall bonus outcome for 2022 reflects these challenges and is confident in the executive team's plans for improvement going forward.

Prior to finalising the annual bonus outcome, the Committee received a report from Professor Sir Steve Smith, Chair of the Health and Safety Committee, detailing the Group's 2022 operational incident and fire safety performance, providing an update on the cladding remediation programme and associated safety metrics, as well as details on changes to the Safe and Secure team and the launch of the Group's Support to Stay Framework. The Committee's conclusion aligned with that in the report, namely that the executive team has continued to work proactively to address any challenges faced and to ensure that health and safety remains Unite's number one priority.

Having taken the above into account, the Committee is satisfied that the overall bonus outcome of 50.4% of salary (cf. a maximum of 140% of salary) in respect of 2022 is appropriate. In line with the new policy, 50% of the annual bonuses earned by Executive Directors will be satisfied in Unite shares, deferred for 2 years.

Vesting of deferred bonus shares granted in respect of the 2019 annual bonus

In accordance with the Remuneration Policy at the time, Richard Smith and Joe Lister were each awarded shares, deferred for 2 years, in respect of the portion of their bonus earned for the 2019 financial year in excess of 100% of salary. The mandatory 2-year deferral period for these awards ended on 27 February 2022. The value of these deferred bonuses was captured in the 2019 single figure of remuneration.

Executive	Interests held	Interests vesting	End of deferral period
Richard Smith	5,067	5,067	27 February 2022
Joe Lister	4,124	4,124	

Confirmation of 2019 LTIP vesting (vested on performance to 31 December 2021)

In last year's report, the Committee provided an estimate for the vesting of the 2019 LTIP awards. Following the publication of TAR results by comparators with March 2022 year-ends, the Committee was able to assess this element of the LTIP, with Unite's TAR of 17.8% coming in between median (12.4%) and upper quartile (28.7%) over the 3-year performance period. The resulting vesting outcome was 49.9% of maximum for the relative TAR element which, when combined with the outcomes for the relative TSR (60.5% of maximum) and EPS (0% of maximum) elements, resulted in an overall vesting outcome for the 2019 LTIP of 36.8% of maximum.

Values included in the 2021 single figure of remuneration table for both Richard Smith and Joe Lister have been updated to reflect the revised number of shares vesting, as well as the actual share price on 24 July 2022 of 1,207.0p.

Executive	Interests held	Confirmed vesting %	Interests vesting	Date vesting
Richard Smith	85,747	36.8%	31,553	24 July 2022
Joe Lister	69,890		25,718	

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

Awards in 2020 were made under the LTIP, consisting of the Unite Group Performance Share Plan (PSP) and the Unite Group Approved Employee Share Option Scheme (ESOS). Vesting of the awards was dependent on three equally-weighted measures over a three-year performance period: absolute EPS, relative TSR and relative TAR, with Unite's performance for both the TSR and TAR elements compared to the constituents of the FTSE350 Real Estate Supersector Index. There was no retest provision. Further details, including vesting schedules and performance against each of the metrics, are provided in the table below:

Measure	Weight	Targets	Outcome	Vest %
2022 Adjusted EPS	1/3	0% vesting below 51.1 pence 25% vesting for 51.1 pence 100% vesting for 58.7 pence or more; Straight-line vesting between these points	40.9 pence	0.0%
TSR ranking vs. constituents of the FTSE350 Real Estate Supersector Index	1/3	0% vesting below median 25% vesting for performance in line with median 100% vesting for performance in line with upper quartile or above; Straight-line vesting between these points	-19.8%: below median (-17.4%)	0.0%
TAR ranking vs. constituents of the FTSE350 Real Estate Supersector Index	1/3	0% vesting below median 25% vesting for performance in line with median 100% vesting for performance in line with upper quartile or above; Straight-line vesting between these points	*Estimated:* below median	*Estimated:* 0.0%
		Total estimated LTIP vesting (sum product of weighting and vest %)		**0.0%**

REMUNERATION COMMITTEE continued

Vesting of the relative TAR element will be finalised following the publication of comparator results over the coming months, with Unite currently estimated to rank below median, equating to 0% vesting under this element, and overall. No discretion has been exercised in respect of the 2020 LTIP to-date; the Committee will confirm this position once final vesting of the relative TAR element has been approved later in 2023.

Executive	Interests held	Estimated vesting %	Estimated interests vesting	Date vesting	Assumed market price	Estimated value...	...of which, value due to share price growth
	Note 1						
Richard Smith	118,129	0.0%	0	After TAR assessment (June/July)	n/a	£0	n/a
Joe Lister	96,256		0			£0	n/a

1. In each case, interests held includes 746 HMRC-approved options under the ESOS.

Percentage change in remuneration of Directors and employees

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

Executive Director remuneration includes base salary, taxable benefits and annual bonus (where eligible). Non-Executive Director remuneration includes base fee and any additional fees paid, and taxable benefits. In 2022, we have transitioned to presenting pay for all employees using the increase in the earnings of employees on a full-time equivalent basis. Previously the analysis excluded part-time employees. Growth rates are based on a consistent set of employees, i.e. the same individuals appear in the 2022 and 2021 populations for the 2022 analysis and so on.

Director[1]	Basic salary/total fee			Taxable benefits[2]			Annual bonus[3]		
Note 1	2021–22	2020–21	2019–20	2021–22	2020–21	2019–20	2021–22	2020–21	2019–20
R Smith	**10.6%**	11.1%	(6.9)%	**(6.5)%**	6.4%	0.0%	**(45.7)%**	n/m	(100.0)%
J Lister	**7.0%**	11.1%	(6.9)%	**(2.4)%**	(1.3)%	3.4%	**(47.5)%**	n/m	(100.0)%
R Huntingford	**28.0%**	266.3%	n/a	**(100.0)%**	n/m	n/a	**n/a**	n/a	n/a
E McMeikan	**3.0%**	11.1%	(7.3)%	**589.6%**	(70.5)%	(60.2)%	**n/a**	n/a	n/a
R Paterson	**3.0%**	11.1%	(7.3)%	**1,190.0%**	(71.1)%	100.0%	**n/a**	n/a	n/a
I Beato	**3.0%**	11.1%	(7.3)%	**1,400.0%**	n/m	(100.0)%	**n/a**	n/a	n/a
S Pearce	**6.6%**	29.7%	(7.3)%	**1,400.0%**	(71.1)%	100.0%	**n/a**	n/a	n/a
T Jackson	**n/a**	n/a	n/a	**(100.0)%**	n/m	n/a	**n/a**	n/a	n/a
S Smith	**3.0%**	17.0%	n/a	**2.0%**	n/m	n/a	**n/a**	n/a	n/a
N Dulieu	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
All employees	**3.6%**	2.9%	4.4%	**3.2%**	2.3%	2.3%	**(52.8)%**	285.0%	(67.8)%

1. Changes in Directors and responsibilities during the 2021 and 2022 financial years which are relevant to the calculations above are as follows:
   - Richard Huntingford joined the Board as Chair Designate on 1 December 2020 and assumed the role of Chair on 1 April 2021.
   - Dame Shirley Pearce became Chair of the new Sustainability Committee from 12 March 2021.
   - Nicky Dulieu joined the Board with effect from 1 September 2022.
2. For Executive Directors, taxable benefits consist primarily of company car or car allowance and private health care insurance. For Non-Executive Directors, taxable benefits relate primarily to certain travel expenses and accommodation which, given the relatively small numbers involved, can produce sizeable % changes from year to year.
3. The figures shown are reflective of any bonus earned during the respective financial year. Non-Executive Directors are not eligible to participate in the annual bonus scheme.

Relative importance of spend on pay

The table below shows shareholder distributions (i.e. dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 December 2021 and 31 December 2022, along with the percentage change in both.

	2022 £m	2021 £m	% change 2021-22
Total employee pay expenditure	**65.8**	65.0	1.2%
Distributions to shareholders	**96.4**	68.0	41.8%

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

Relationship between the remuneration of the CEO and all employees

There is strong alignment between the Company's approach to remuneration for Executive Directors and other employees (see page 137 for details).

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

- We used the most recent gender pay gap data from 5 April 2022 to rank the hourly rates of all UK employees. From this initial ranking we identified those individuals positioned at P25, P50 and P75, as well as the immediate employees either side of P25, P50 and P75.
- Employees selected as P25, P50 and P75 were checked to confirm that they were employed for the whole of the 2022 financial year.
- Total FTE remuneration for each of these individuals was then calculated to 31 December 2022 on the same basis as used in the single figure table for our CEO. All figures are total amounts paid to full-time employees covering the whole 2022 financial year. Overtime pay, where received during the year, has been excluded so that the figures are comparable with the Chief Executive.
- In reviewing the employee pay data, the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the employee pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies.

The Committee notes that the statutory CEO pay ratios have largely fallen in 2022 as compared to 2021, with the ratio of CEO total remuneration to the median employee, for example, moving from 56:1 to 33:1. This change reflects both a c.39% fall in the CEO's single figure of remuneration – driven primarily by the lower bonus outcome for 2022 and the nil estimated vesting under the 2020 LTIP – and a c.2% increase to the equivalent employee figure.

Reflecting that a significant proportion of the CEO's remuneration is linked to Group performance and share price movements over the longer-term – and as a result that changes in the headline ratios may be volatile – the Committee also reviews ratios for salary and salary plus annual bonus. Participation in the Group's long-term incentives is currently limited to c.50 senior leaders, with none of the individuals identified as P25, P50 and P75 in this group. On the other hand, the significant majority of our employees are eligible to participate in annual bonus arrangements – and so the Committee considers this ratio, as well as the ratio comparing just salaries, to provide helpful additional context. Having reviewed these additional data points, the Committee is satisfied that the fluctuation in the headline ratios this year reflects appropriate differences in the structure of remuneration at different levels of seniority.

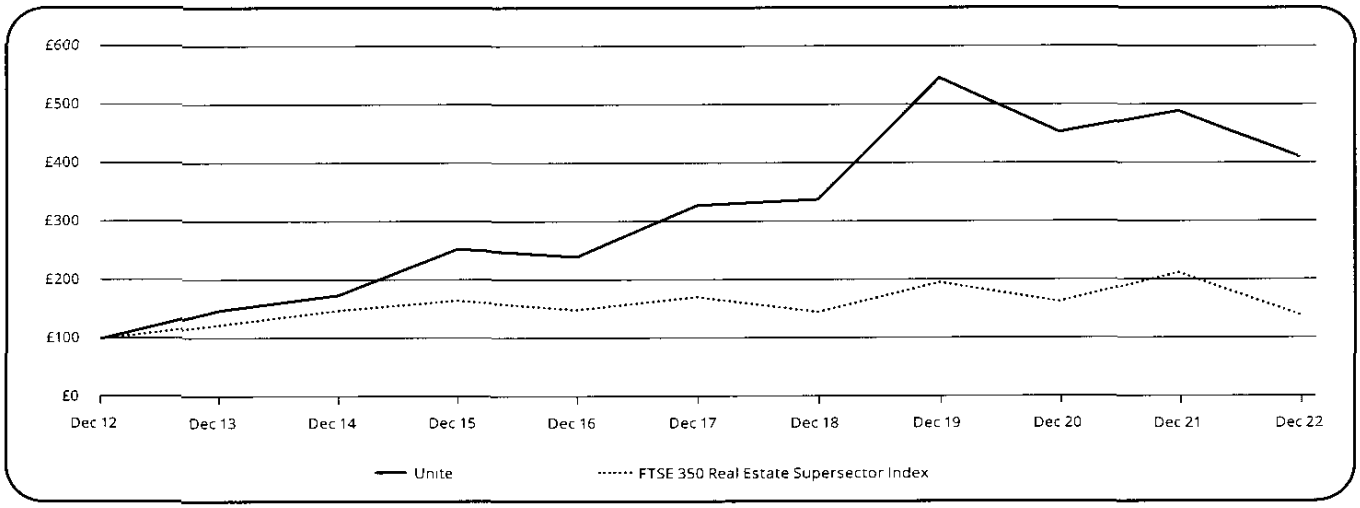
REMUNERATION COMMITTEE continued

CEO pay ratio	2022	2021	2020	2019
		Note 1		
Methodology used	**B**	B	B	B
Average number of employees	**1,889**	1,900	1,756	1,450
Ratio of CEO single figure total remuneration:				
– To employee at the 25th percentile	**39:1**	58:1	44:1	113:1
– To employee at the 50th percentile	**33:1**	56:1	38:1	96:1
– To employee at the 75th percentile	**23:1**	43:1	29:1	70:1
Ratio of CEO base salary plus annual bonus figure:				
– To employee at the 25th percentile	**37:1**	42:1	21:1	49:1
– To employee at the 50th percentile	**32:1**	40:1	18:1	41:1
– To employee at the 75th percentile	**24:1**	31:1	14:1	30:1
Ratio of CEO base salary figure:				
– To employee at the 25th percentile	**26:1**	22:1	22:1	25:1
– To employee at the 50th percentile	**23:1**	22:1	19:1	21:1
– To employee at the 75th percentile	**17:1**	17:1	14:1	15:1
Additional details				
CEO total single figure (£000)	**866**	1,428	934	2,336
CEO base salary (£'000)	**523**	472	425	457
Employees total pay and benefits (£000)				
– at the 25th percentile	**22.4**	24.4	21.2	20.6
– at the 50th percentile	**25.9**	25.3	24.6	24.4
– at the 75th percentile	**37.7**	32.8	32.0	33.5
Employees base salary (£000)				
– at the 25th percentile	**20.0**	21.1	19.6	18.1
– at the 50th percentile	**23.2**	21.8	22.6	21.7
– at the 75th percentile	**30.4**	28.5	29.4	29.6

1. 2021 CEO single figure of remuneration has been trued-up from last year's report to reflect the final vesting outcome and actual market price on the date of vesting for 2019 LTIP awards, with ratios updated accordingly.

Review of past performance

The following graph charts the TSR of the Company and the FTSE350 Real Estate Supersector Index over the ten-year period from 1 January 2013 to 31 December 2022. Whilst there is no comparator index or group of companies that truly reflects the activities of the Group, the FTSE350 Real Estate Index (the constituent members of which are all property holding and/or development companies or real estate investment trusts within the UK), was chosen as it reflects trends within the UK property market generally and tends to be the index against which analysts judge the performance of the Company. The table below details the Chief Executive's single figure of remuneration over the same period.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	M Allan	M Allan	M Allan	M Allan R Smith	R Smith	R Smith	R Smith	R Smith Note 1	R Smith Note 2	R Smith Note 3
CEO single figure of remuneration (£000)	£1,944	£2,987	£2,382	£223 £1,239	£1,456	£2,131	£2,336	£934	£1,428	**£866**
Annual bonus outcome (% of maximum)	84.0%	89.4%	88.2%	n/a 43.4%	63.6%	74.3%	80.9%	n/a	73.3%	**36.0%**
LTIP outcome (% of maximum)	83.1%	95.2%	100.0%	n/a 100.0%	96.1%	81.9%	97.1%	33.33%	36.8%	**0.0%**

1. *2020 annual bonus scheme was cancelled for Executive Directors in April 2020.*
2. 2021 CEO single figure of remuneration has been trued-up from last year's report to reflect the final vesting outcome and market price on the date of vesting for 2019 LTIP awards.
3. 2022 CEO single figure and LTIP outcome are based on an estimate of the vesting of the TAR element, see pages 153–154 for further details.

REMUNERATION COMMITTEE continued

Scheme interests awarded in 2022 (audited)

LTIP

In April 2022, Executive Directors were granted awards under the LTIP with a face value of 200% of their respective salaries. Any awards vesting for performance will be subject to an additional two-year holding period.

Executive	Date of grant	Shares over which awards granted	Market price at date of award	Face value
		Note 1		
Richard Smith	10 April 2022	93,672	1,121.0p	£1,050,063
Joe Lister		73,823		£827,556

1. Combination of HMRC-approved options under the ESOS (535) and nil cost options under the PSP calculated using a share price of 1,121.0p, being the closing mid-market price on the day the awards were calculated.

Vesting of these awards is dependent on the achievement of three-year performance targets set out in the table below. In addition to absolute Adjusted EPS, relative TAR and relative TSR, the Committee introduced two sustainability metrics linked to the Group's strategy for awards made in 2022, with the rationale set out in last year's report.

Measure	Weight	Threshold (25% vesting)	Stretch (100% vesting)
2024 Adjusted EPS	28.0%	48.5 pence	53.6 pence
TSR ranking vs. constituents of the FTSE350 Real Estate Supersector Index (2022–2024)	28.0%	In line with median	In line with upper quartile
TAR per share ranking vs. constituents of the FTSE350 Real Estate Supersector Index (2022–2024)	28.0%	In line with median	In line with upper quartile
Operational energy intensity: cumulative reduction; 2024 vs 2019 baseline (kWh/m²)	8.0%	6.3% cumulative reduction	12.6% cumulative reduction
EPC ratings: % of floorspace A–C rated in 2024	8.0%	67% of floorspace	79% of floorspace

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

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

Deferred annual bonus

Reflecting the previous policy under which the 2021 annual bonus operated, and having already reached their respective share ownership guidelines, Executive Directors each received the first 100% of salary of their 2021 bonus awards in cash, with the remainder (2.6% of salary) deferred in shares for two years, as follows:

Executive	Date of grant	Shares over which awards granted	Market price at date of award	Date of vesting
Richard Smith	24 February 2022	1,235	977.0p	24 February 2024
Joe Lister		1,005		

SAYE

During 2022, Richard Smith entered into a new savings contract under the SAYE plan. Details of all outstanding awards under this plan are included in the table on page 163.

Exit payments made in the year (audited)

There have been no exit payments during the year ended 31 December 2022.

Payments to past Directors (audited)

There have been no payments (2021: £nil) in excess of the de minimis threshold to former Directors during the year ended 31 December 2022 in respect of their former roles as Directors. The Company has set a de minimis threshold of £5,000 under which it would not report such payments.

Implementation of Executive Director Remuneration Policy for 2023

Base salary

As detailed in the Annual Statement on page 133, Executive Directors will each receive a 3.0% salary increase with effect from 1 January 2023, with implementation of the higher increases set out in last year's report delayed until a more appropriate time. This decision acknowledges the cost-of-living pressures facing both colleagues and customers, and means that salary increases for Richard Smith and Joe Lister will be aligned with those awarded to other senior leaders.

Executive	Base salary from 1 January 2022	Base salary from 1 January 2023	Percentage increase
Richard Smith	£522,500	**£538,500**	3.0%
Joe Lister	£411,250	**£423,588**	3.0%

The average salary increase across the Group in 2023 will be 8.6%, with the available increase in salary budget targeted at those colleagues most impacted by inflationary pressures, in particular our front-line employees. Unite remains committed to being an accredited Real Living Wage employer and has implemented the rates set by the Living Wage Foundation (8.1% in London and 10.1% across the rest of the UK), with tiered salary increases across the rest of the organisation.

Pension

Executive Directors will continue to receive a pension scheme contribution, a cash allowance of equivalent cost to the company or a combination of both. With effect from 1 January 2023, total employer pension contributions will be further reduced to an equivalent of up to 11% of salary for both Executive Directors. This represents the final planned reduction in Executive Director pension contribution levels and brings both the CEO and CFO in line with the offering available to the wider employee population.

Annual bonus

For 2023, the maximum bonus opportunity for each executive will be 140% of salary, with threshold and target performance paying 30% and 50% of maximum respectively under each performance measure.

	Corporate measures	Weighting
Financial	Adjusted EPS	25.0%
70%	TAR per share	25.0%
	Loan to Value (LTV)	20.0%
Non-financial	Customer satisfaction	7.5%
30%	Higher Education reputation	7.5%
	Employee engagement	7.5%
	GRESB rating	7.5%

The Committee is not proposing any changes to the performance metrics used under the annual bonus for 2023, and remains satisfied that the current blend of financial and non-financial measures supports the Group's strategy and reinforces Unite values.

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

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

LTIP

During 2023, Executive Directors will each receive an award of up to 200% of salary delivered through a combination of the PSP and ESOS, with vesting dependent on the achievement of three-year performance targets. Actual award levels will be approved by the Committee closer to the date of grant and will take into account the share price at that time, as compared to the share price used to determine awards over the last few LTIP cycles.

REMUNERATION COMMITTEE continued

The Committee is not proposing any changes to the performance metrics used for the 2023 LTIP, which will continue to include the two sustainability metrics introduced last year. Targets for the relative TSR, TAR and operational energy intensity measures are set out in the table below.

Targets for the EPS and EPC ratings measures will be disclosed in a market announcement no later than the date of grant for these awards (expected to be in April 2023). The delay to target-setting for the EPS metric reflects the rapidly changing macroeconomic environment and a revised timetable for the internal sign-off of a new 5-year plan. In respect of the EPC metric, the Committee is keen to review recent changes to the underlying measurement methodology to ensure the target range set is both appropriately stretching and reflects our longer-term sustainability ambitions.

		Threshold	Stretch
Measure	**Weight**	**25% vesting**	**100% vesting**
2025 Adjusted EPS	28.0%	To be disclosed no later than the date of grant	
TSR ranking vs. constituents of the FTSE350 Real Estate Supersector Index (2023–2025)	28.0%	In line with median	In line with upper quartile
TAR per share ranking vs. constituents of the FTSE350 Real Estate Supersector Index (2023–2025)	28.0%	In line with median	In line with upper quartile
Operational energy intensity: cumulative reduction; 2025 vs 2019 baseline (kWh/m²)	8.0%	9.4% cumulative reduction	15.7% cumulative reduction
EPC ratings: % of floorspace A–C rated in 2025	8.0%	To be disclosed no later than the date of grant	

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

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

Implementation of Non-Executive Director Remuneration Policy for 2023

Chair and Non-Executive Director Fees

During the final quarter of 2022, the Board undertook its annual review of Non-Executive Director fees. Following consideration of salary increases across the Group and indicative fee increases at sector and FTSE comparators, the Board determined that the basic fee should be increased by 3.0% from £50,925 to £52,453 and that additional fees should be increased by a similar rate. The Committee, in considering similar factors, determined that the fee payable to the Chair of the Board should be increased by a similar rate from £231,750 to £238,703. Each of these fee increases is in line with senior management and below the average increase applied to the broader employee population.

A summary of the fee increases, which are effective 1 January 2023, is set out in the table below:

Position		2022 fees	2023 fees
Base fees			
Chair		£231,750	**£238,703**
Non-Executive Director		£50,925	**£52,453**
Additional fees			
Senior Independent Director		£5,995	**£6,175**
Audit & Risk Committee Chair		£10,600	**£10,900**
Remuneration Committee Chair		£10,600	**£10,900**
Nomination Committee Chair	Note 1	n/a	**n/a**
Health and Safety Committee Chair		£10,600	**£10,900**
Sustainability Committee		£10,600	**£10,900**

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

Directors' interests (audited)

A table setting out the beneficial interests of the current Directors and their families in the share capital of the Company as at 31 December 2022 is set out below. None of the Directors has a beneficial interest in the shares of any other Group company. Since 31 December 2022, there have been no changes in the Directors' interests in shares.

	Ordinary shares of 25p each at 31 December 2022	Ordinary shares of 25p each at 31 December 2021
R Smith	**372,959**	295,586
J Lister	**581,006**	518,006
R Huntingford	**10,350**	10,135
E McMeikan	**7,980**	7,824
R Paterson	**8,312**	8,312
I Beato	**1,724**	1,724
S Pearce	**1,186**	1,163
T Jackson	**0**	0
S Smith	**0**	0
N Dulieu	**0**	n/a

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

Share price information

As at 31 December 2022 the middle market price for ordinary shares in the Company was 910.0p per share. During the course of the year, the market price of the Company's shares ranged from 791.5p to 1,207.0p per ordinary share.

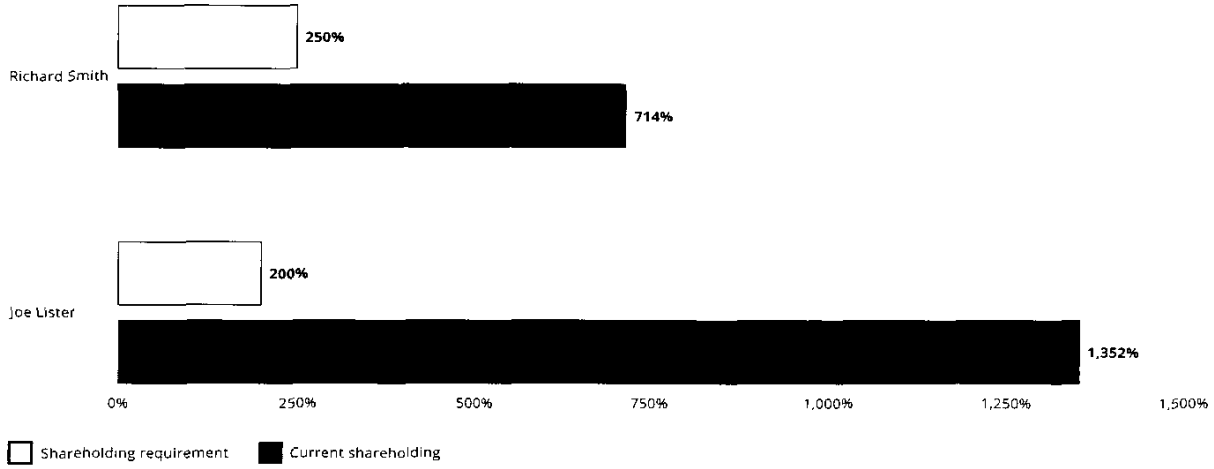
Executive Directors' shareholding requirements (audited)

The table below shows the shareholding of each Executive Director against their respective shareholding requirement as at 31 December 2022:

	Interests							
	Owned outright	Subject to deferral/ holding period		Unvested and/or subject to perf. conditions		Shareholding requirement % of salary/ base fee	Current shareholding % of salary/ base fee	Requirement met
		Shares/ nil-cost options	Options/ HMRC options	Shares/ nil-cost options	Options/ HMRC options			
		Note 1					Note 2	
R Smith	372,959	69,332	450	297,590	1,760	250%	714%	Yes
J Lister	581,006	56,476	450	239,648	1,760	200%	1,352%	Yes
R Huntingford	10,350						41%	
E McMeikan	7,980						143%	
R Paterson	8,312						149%	
I Beato	1,724						31%	
S Pearce	1,186						21%	
T Jackson	0						n/a	
S Smith	0						0%	
N Dulieu	0						0%	

1. Includes shares subject to a holding period under the LTIP and deferred bonus shares, where applicable. Excludes SAYE options.
2. Based on share price as at 31 December 2022 of 910.0p. Shares subject to deferral/holding periods are taken on a "net of tax" basis for the purposes of the current shareholding calculation.

REMUNERATION COMMITTEE continued



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

Deferred bonus

Executive	Interests held at 01.01.22	Granted during the year	Lapsed during the year	Vested during the year	Interests held at 31.12.22	End of deferral period
Richard Smith	5,067	–	–	5,067	–	27.02.22
	–	1,235	–	–	1,235	24.02.24
Joe Lister	4,124	–	–	4,124	–	27.02.22
	–	1,055	–	–	1,055	24.02.24

LTIP awards

Executive	Plan	Interests held at 01.01.22	Interests awarded during the year	ESOS exercise price	Interests vested during the year	Interests lapsed during the year	Interests outstanding at 31.12.22	Period of qualifying conditions
					Note 1			
Richard Smith	PSP	85,190	–	–	31,349	53,841	–	24.07.19–24.07.22
	ESOS	557	–	1,076.0p	204	353	–	
	PSP	117,383	–	–	–	–	117,383	23.04.20–23.04.23
	ESOS	746	–	803.5p	–	–	746	
	PSP	87,070	–	–	–	–	87,070	12.04.21–12.04.24
	ESOS	479	–	1,083.5p	–	–	479	
	PSP	–	93,137	–	–	–	93,137	10.04.22–10.04.25
	ESOS	–	535	1,121.0p	–	–	535	
Joe Lister	PSP	69,333	–	–	25,514	43,819	–	24.07.19–24.07.22
	ESOS	557	–	1,076.0p	204	353	–	
	PSP	95,510	–	–	–	–	95,510	23.04.20–23.04.23
	ESOS	746	–	803.5p	–	–	746	
	PSP	70,850	–	–	–	–	70,850	12.04.21–12.04.24
	ESOS	479	–	1,083.5p	–	–	479	
	PSP	–	73,288	–	–	–	73,288	10.04.22–10.04.25
	ESOS	–	535	1,121.0p	–	–	535	

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

SAYE

Executive	Options held at 01.01.22	Granted during the year	Exercised during the year	Option price per share	Options held at 31.12.22	Maturity date
					Note 1	
Richard Smith	2,122	–	–	848.0p	2,122	01.12.22
	–	2,098	–	857.6p	2,098	01.12.25
Joe Lister	1,266	–	1,266	710.8p	–	01.12.21
	1,182	–	–	760.8p	1,182	01.12.23
	913	–	–	985.2p	913	01.12.24

1. As at year-end, Richard Smith held 2,122 options under the 2019 scheme which had matured but not yet been exercised.

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

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

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

Elizabeth McMeikan
Chair – Remuneration Committee
28 February 2023

DIRECTORS' REPORT

As at 31 December 2022, the Company had received notifications from the following companies and institutions of themselves and their clients holding 3% or more of the issued share capital of the Company. The Company has not received any further notifications since that date through to 28 February 2023.

SHARE CAPITAL

Shareholder	Percentage of share capital
Canada Pension Plan Investment Board (CA)	18.26
BlackRock Inc	8.40
APG Asset Management NV (NL)	5.76
Norges Bank Investment Management	5.35
The Vanguard Group Inc	3.93
Royal London Asset Management Ltd (UK)	3.91

Share capital

At the date of this report, there are 400,293,418 ordinary shares of 25p each in issue, all of which are fully paid-up and quoted on the London Stock Exchange.

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

- 865,069 – Unite share scrip scheme;
- 138,017 – pursuant to the exercise of options under Unite Group PLC Savings Related Share Option Scheme;
- 164,811 – pursuant to the exercise of options under Unite Group PLC Performance Share Plan; and
- 11,360 – pursuant to the exercise of options under Unite Group PLC Approved Scheme.

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

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

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

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

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

Authority to issue shares

The Directors may only issue shares if authorised to do so by the Articles of Association or the shareholders in general meeting. At the Company's Annual General Meeting held on 12 May 2022, shareholders granted an authority to the Directors to allot ordinary shares up to an aggregate nominal amount of £33,262,527 (which represented one-third of the nominal value of the issued share capital of the Company as at 23 March 2022). In accordance with guidelines issued by the Investment Association, this resolution also granted the Directors authority to allot further equity securities up to the aggregate amount of £33,262,527 (representing one-third of the nominal value of the issued share capital of the Company as at 23 March 2022). This additional authority was only permitted for fully pre-emptive rights issues. As at 31 December 2022, the shares that had been allotted were to satisfy awards under the Company's share schemes and the scrip scheme shares. As this authority is due to expire on 11 August 2023, shareholders will be asked to renew and extend the authority, given to the Directors at the last Annual General Meeting, to allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company for the purposes of Section 551 of the Companies Act 2006. Further details on the resolution will be provided in the Notice of this year's Annual General Meeting and its explanatory notes.

Disapplication of pre-emption rights

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

Change of control

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

Going concern and viability statement

The going concern statement and viability statement are set out on pages 185–186 and page 81 respectively and are incorporated into this Directors' Report by reference.

Independent auditor and Disclosure of information to auditors

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

Directors' conflicts of interest

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

Political donations

No political donations, contributions or expenditure were made during the year ended 31 December 2022.

Indemnities

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

Research and development

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

Branches outside the UK

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

Appointment and replacement of Directors

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

DIRECTORS' REPORT continued

Disclosures required under Listing Rule 9.8.4R

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

INFORMATION REQUIRED UNDER LR 9.8.4R		REFERENCE
(1)	Amount of interest capitalised and tax relief	Note 3.1, page 201
(2)	Publication of unaudited financial information	N/A
(4)	Details of long-term incentive schemes	Pages 153 and 158–160
(5)	Waiver of emoluments by a Director	N/A
(6)	Waiver of future emoluments by a Director	N/A
(7)	Non-pre-emptive issues of equity for cash	N/A
(8)	Item (7) in relation to major subsidiary undertakings	N/A
(9)	Parent participation in a placing by a listed subsidiary	N/A
(10)	Contracts of significance	N/A
(11)	Provision of services by a controller shareholder	N/A
(12)	Shareholder waiver of dividends	N/A
(13)	Shareholder waiver of future dividends	N/A
(14)	Agreements with controlling shareholders	N/A

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

Other information incorporated by reference

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

- Results and dividend on pages 40 and 224
- Greenhouse Gas Emissions and Energy Consumption Disclosures on pages 61–65
- Financial instruments and financial risk management on page 77 and Section 4 of the notes to the financial statements on page 213
- Future developments on pages 36–37
- Employment of disabled persons/employee involvement on page 50
- Workforce engagement on page 103
- Engagement with customers, partners, suppliers and others on pages 10–11

The Corporate Governance Report (which includes details of Directors who served throughout the year) on pages 88–166, the Statement of Directors' responsibilities on page 167 and details of post balance sheet events on page 232 are incorporated into this Directors' Report by reference.

Management Report

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

Annual General Meeting

The Annual General Meeting of the Company will be held at the Company's registered office at South Quay, Temple Back, Bristol, BS1 6FL at 9.30am on 18 May 2023. We request that shareholders who do wish to attend in person preregister their intention to attend to help us manage numbers. Shareholders are encouraged to monitor our website at https://www.unitegroup.com/investors/agm and London Stock Exchange announcements for any updates regarding the Annual General Meeting arrangements.

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

This report was approved by the Board on 28 February 2023 and signed on its behalf by

Christopher Szpojnarowicz
Company Secretary
28 February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

The Directors confirm that:

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

R S Smith — Director
J J Lister — Director

28 February 2023

FINANCIAL STATEMENTS

CONTENTS

169 Independent auditor's Report

179 Consolidated income statement

179 Consolidated statement of *comprehensive income*

180 Consolidated balance sheet

181 Company balance sheet

182 Consolidated statement of changes in shareholders' equity

183 Company statement of changes in shareholders' equity

184 Consolidated statement of cash flows

185 Notes to the financial statements

INDEPENDENT AUDITOR'S REPORT

To the members of Unite Group PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of The Unite Group PLC (the "Parent Company") and its subsidiaries (the "Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

2. Basis for opinion

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

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

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

INDEPENDENT AUDITOR'S REPORT continued

To the members of Unite Group PLC

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • *Investment property and development property valuation; and* • *Accounting for Joint Ventures.* Within this report, key audit matters are identified as follows: Newly identified · Increased level of risk · Similar level of risk · Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £38.0m which was determined on the basis of net assets. However, we use a lower materiality threshold of £8.1m for balances which impact EPRA earnings.
Scoping	Our Group audit scope comprises the audit of Unite Group Plc as well as the Group's joint ventures: The Unite UK Student Accommodation Fund (USAF) and The London Student Accommodation Vehicle (LSAV). All audit work was completed by the Group audit team.
Significant changes in our approach	There were no significant changes to our approach from the prior year.

4. Conclusions relating to going concern

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

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

- Obtaining an understanding of the relevant controls over the going concern process, including management's process to formulate the cashflow forecasts as well as the Board approval process;
- Understanding the financing facilities available to the Group and Parent Company, including the associated covenants;
- Assessing the outcome of the reverse stress testing performed by management;
- Challenging the revenue assumptions, for the outturn of the 2022/23 academic year and the assumptions for the 2023/24 academic year. For the 2023/24 academic year specifically, we assessed the Group's current forward sales bookings and UCAS application data to forecast occupancy assumptions for reasonableness;
- Challenging the cost assumptions within the forecasts, including consideration of previously incurred costs, the impact of cost inflation, and assumptions made relating to expected future costs associated with climate change legislation;
- Challenging the likelihood of downside scenarios arising relative to reverse stress tests with reference to the income and cost assumptions. This included reference to the occupancy rates achieved during the previous academic years which were negatively impacted by lockdown requirements and restrictions in university in-person teaching;
- Determining the sufficiency of the Group's liquidity and headroom positions with reference to borrowing facility agreements, including the consideration of the availability of undrawn down facilities as well as facilities due to expire within the going concern period of assessment;
- Testing the arithmetical accuracy of the models used to prepare the Group's forecast and related scenarios; and
- Assessing the appropriateness of the Group's disclosure concerning the going concern basis of preparation.

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

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

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

5. Key audit matters

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

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

5.1. Investment property and investment property under development valuations

Key audit matter description	The Group's principal assets are investment properties (2022: £3,713.7m; 2021: £3,192.8m) and investment properties under development (2022: £202.7m; 2021: £324.1m). The Group also holds investments in its joint ventures, USAF and LSAV, with their principal assets also being investment properties. The investment properties are carried at fair value based on an appraisal by the Group's external valuers. Valuations are carried out at six-monthly intervals for the Group and quarterly for the joint ventures in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (the Red Book), taking into account transactional evidence during the year. The valuation is underpinned by a number of estimates and assumptions as it requires the estimation of property yields, occupancy and property management costs. A small change in these assumptions could have a significant impact on the valuation of the properties and there is an associated fraud risk due to the risk of management override of controls relating to the valuation process. With regards to the valuation of the USAF and LSAV properties, small changes could also have a significant impact on a key input to the calculation of a performance fee if the payout hurdle rate is achieved as this is based on the net asset values of the funds. Valuations are also impacted by cladding remediation requirements and expectations relating to climate change legislative requirements. With regards to the investment properties under development, additional estimation is required to forecast discounted cash flows with a deduction for construction costs to complete. Refer to page 119 (Audit & Risk Committee Statement), section 3.1: Wholly owned property assets and section 3.4: Investments in joint ventures. Critical accounting judgements and key sources of estimation uncertainty disclosures relating to investment property and development property valuation are set out in Sections 1 and 3.1.
How the scope of our audit responded to the key audit matter	We carried out the following audit procedures in response to the identified key audit matter: **Understanding the properties and relevant controls:** • Obtained an understanding of and tested the relevant controls over the investment property and development property valuation processes. • Met with key management to enhance our knowledge of the portfolio and to understand their internal valuation process, the development appraisal process and to identify any key properties of interest. **Data provided to the valuer** • Challenged the accuracy, completeness and consistency of the information provided to the external valuers; this work included testing a sample of income and tenancy data back to Group management information which we had tested for accuracy and completeness. • Tested on a sample basis the forecast cost to complete against budget and costs incurred to date. **External valuation** • Assessed the objectivity, competence and capability of the Group's valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. • We obtained the external valuation reports and, along with our valuation specialists within our Deloitte Real Assets Advisory team, met with the external valuer to discuss the results of their work on a sample of properties, as well as their views of the broader market. • Understood and challenged the assumptions used in relation to key drivers such as rental income and growth, occupancy, yields and property management costs including comparing them to the trends at the end of the year and the following year's budget. • With the assistance of our valuation specialists, benchmarked the assumptions used against market data, including relevant transactions. • Specifically challenged the valuers as to whether any special assumptions had been made and how they approach the impact of climate change in the valuations. • Assessed the valuation methodology used and considered compliance with the Red Book guidance. We also tested the integrity of the model used by the external valuer.

INDEPENDENT AUDITOR'S REPORT continued

To the members of Unite Group PLC

5.1. Investment property and investment property under development valuations continued

	• Reconciled the external valuation reports to underlying financial records to test for completeness and accuracy within the Group's financial statements. • Compared the property specific assumptions to assess whether there is consistency within the portfolio as well as consistency with related assumptions used in other estimates. **Disclosures** • Assessed the appropriateness of the Group's valuation disclosures, including the related sensitivities.
Key observations	We are satisfied with the approach and methodology adopted in valuing the property portfolio and consider the investment property and development property valuations to be suitable for inclusion in the financial statements at 31 December 2022.

5.2. Accounting for Joint ventures

Key audit matter description	A significant proportion of the Group's assets is held within USAF and LSAV, jointly owned entities that are accounted for under the equity method as joint ventures (2022: £1,226.6m; 2021: £1,044.1m), on the basis that Unite does not control the entities. At 31 December 2022 Unite had a 28% (2021: 22%) ownership of USAF and 50% (2021: 50%) ownership of LSAV, and acts as manager of both joint venture vehicles. Due to the complexity of the contractual arrangements, and the Group's role as manager of the joint venture vehicles, the assessment of control involves judgements around a number of significant factors, *particularly with regard to USAF. USAF is a multi-investor fund with an Advisory Committee and the Group's* ownership stake is subject to change. In accordance with the requirements of IFRS 10 Consolidated Financial Statements, there is a need to assess control with regards to the ability to direct relevant activities, to have exposure to variable returns and the ability to use power to affect returns at each reporting period. Management has assessed (in line with the prior year) that the Group does not have control over USAF and LSAV, but has joint control. Consequently management has accounted for the joint ventures under the equity method rather than consolidating them within the Group's financial statements. Refer to page 119 (Audit & Risk Committee Statement) and section 3.4: Investments in joint ventures. The critical accounting judgement disclosure relating to accounting for joint ventures is set out in Section 1.
How the scope of our audit responded to the key audit matter	Our audit procedures focused on assessing the activities of the businesses, understanding the contractual agreements in place and identifying the methodology applied by management in reaching their business decisions. This was done in order to consider the appropriateness of the classification of these arrangements as joint ventures in accordance with the requirements of IFRS. With regards to both USAF and LSAV (the funds), we have: • Obtained an understanding of the relevant controls over the accounting for joint ventures; • Assessed how the key activities of the fund impact returns to the Group and challenged management's own consideration of these vwfactors in their application of IFRS, including whether there was evidence of contradictory evidence; • Assessed the three key factors relating to control in accordance with the judgement required under IFRS 10. This included whether Unite had exercised control over the funds; and • Reviewed the fund agreements in the year to confirm that there have been no changes to the USAF fund agreement and to assess the changes to the LSAV fund agreement following the extension of the fund in the year. For the changes to the LSAV fund agreement we considered whether these changes impacted the key factors to assess control. Given the particular focus on USAF, we have: • Assessed the role of the USAF Advisory Committee including activities which it is responsible for as set out by the fund agreement; • Assessed whether the Group has the sole power to direct the activities that are likely to most significantly affect the returns of USAF in the future, and therefore whether Unite does have control of USAF; and • Evaluated the impact of changes to the percentage ownership of the fund and whether this impacts Unite's power and control.
Key observations	We are satisfied with management's conclusion that there have been no changes to the role played by the Group as investor and asset/development manager, or to the USAF fund agreement and that the increase in ownership does not impact control. *We are satisfied with management's conclusion that the Group does not have control of the Joint Ventures.* Therefore, treatment as joint ventures is considered to be appropriate.

6. Our application of materiality

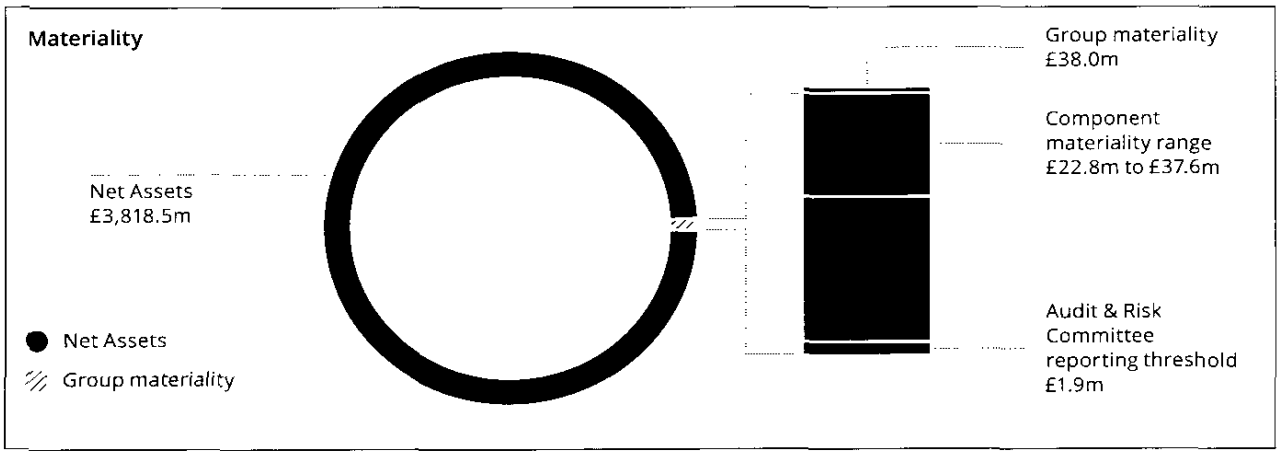
6.1. Materiality

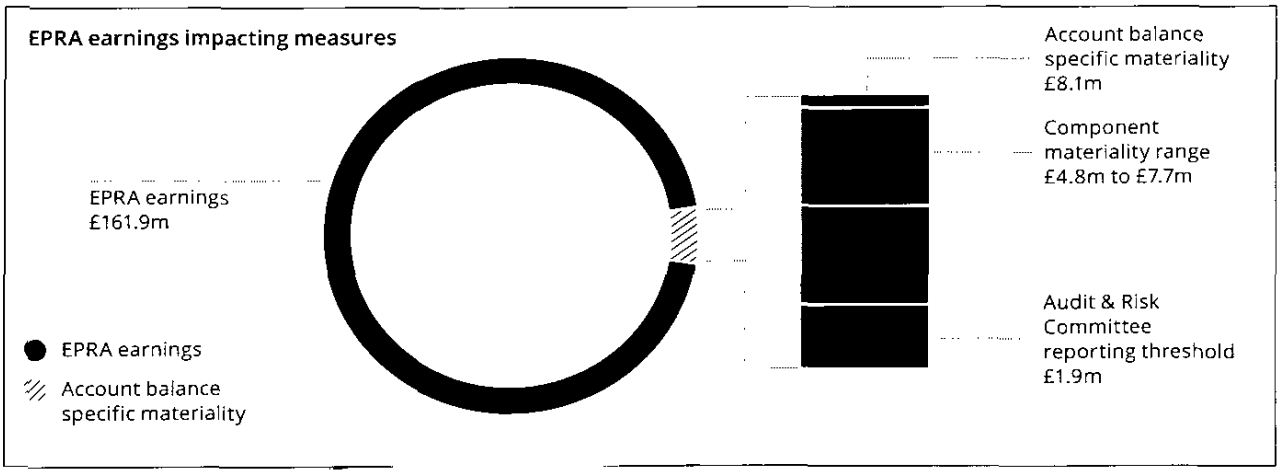
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our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

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

	Group financial statements	Parent Company financial statements
Materiality	£38.0m (2021: £35.5m)	£37.6m (2021: £31.2m)
Basis for determining materiality	1% of net assets	1% of net assets
Rationale for the benchmark applied	We consider net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders.	As the parent holding company the principal activity is to hold the investments in subsidiaries. Therefore, the net assets balance is considered to be the key driver of the Company's performance and the most relevant benchmark for materiality.

In addition to net assets, we consider the European Public Real Estate (EPRA) earnings to be a critical financial performance measure for the Group and we applied a lower threshold of £8.1m (2021: £5.5m) based on 5% (2021: 5%) of that measure for testing of all balances impacting this financial performance measure.





INDEPENDENT AUDITOR'S REPORT continued

To the members of Unite Group PLC

6.2. Performance materiality

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

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2021: 70%) of Group materiality	70% (2021: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. our risk assessment, including our assessment of the Group's overall control environment, and that we consider it appropriate to rely on controls over a number of business processes; and b. our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £1.9m (2021: £1.8m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

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

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

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

7.2. Our consideration of the control environment

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

We also tested relevant controls relating to the valuation of investment and development property, given the significance of this balance to the Group.

In addition, we have obtained an understanding of the relevant controls such as those relating to the financial reporting cycle, and those in relation to our other key audit matters.

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

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

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

- Determined whether each general IT control, individually or in combination with other controls, was appropriately designed to address the risk;
- Obtained sufficient evidence to assess the operating effectiveness of the controls across the full audit period; and
- Performed additional procedures where required if there were exceptions to the operation of those controls, including relevant mitigating controls.

7.3. Our consideration of climate-related risks

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

As part of our identification of key audit matters, as detailed in section 5.1 above, we consider there to be a risk in relation to climate change as part of the valuation of investment properties and investment properties under development. There is a risk that the valuation does not include the relevant assumptions around climate change, principally, capital expenditure required to bring the properties up to a certain environmental standard, to the extent assumed by a third party when determining fair value.

We have reviewed the disclosures in the principal risk section of the Annual Report and consider that management has appropriately disclosed the current risk that has been identified.

8. Other information

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

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

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

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

We have nothing to report in this regard.

9. Responsibilities of Directors

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

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

INDEPENDENT AUDITOR'S REPORT continued
To the members of Unite Group PLC

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

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

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

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

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

11.2. Audit response to risks identified

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

13. Corporate Governance statement

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

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

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 94;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 81;
- the Directors' statement on fair, balanced and understandable set out on page 95;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 95;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 77; and
- the section describing the work of the Audit & Risk Committee set out on pages 119–124.

INDEPENDENT AUDITOR'S REPORT continued

To the members of Unite Group PLC

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

14.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit & Risk Committee, we were appointed by the Board on 10 June 2015 to audit the financial statements for the year ending 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2015 to 31 December 2022.

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

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

16. Use of our report

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (ESEF RTS). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

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

Statutory Auditor
London, United Kingdom

28 February 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Rental income	2.4	**241.7**	209.0
Other income	2.4	**17.6**	57.9
Total revenue		**259.3**	**266.9**
Cost of sales		**(70.3)**	(64.4)
Expected credit losses		**(1.7)**	(3.3)
Operating expenses		**(31.0)**	(36.3)
Results from operating activities before gains/(losses) on property		**156.3**	**162.9**
Loss on disposal of property		**(15.6)**	(12.0)
Net valuation gains/(losses) on property (owned and under development)	3.1	**112.7**	116.9
Net valuation losses on property (leased)	3.1	**(9.3)**	(11.1)
Profit before net financing gains/(costs) and share of joint venture profit		**244.1**	**256.7**
Loan interest and similar charges	4.3	**(29.3)**	(34.2)
Interest on lease liability	4.3	**(8.1)**	(8.5)
Mark to market changes on interest rate swaps	4.3	**70.7**	10.9
Swap cancellation fair value settlements and loan break costs	4.3	**–**	(4.2)
Finance gains/(costs)		**33.3**	(36.0)
Finance income	4.3	**0.2**	–
Net financing gains/(costs)		**33.5**	**(36.0)**
Share of joint venture profit	3.4b	**80.4**	122.4
Profit before tax		**358.0**	**343.1**
Current tax	2.5a	**(0.7)**	0.9
Deferred tax	2.5a	**(0.9)**	0.5
Profit for the year		**356.4**	**344.5**
Profit for the year attributable to			
Owners of the Parent Company		**355.1**	342.4
Non-controlling interest		**1.3**	2.1
		356.4	**344.5**
Earnings per share			
Basic	2.2c	**88.9p**	85.9p
Diluted	2.2c	**88.7p**	85.7p

All results are derived from continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Profit for the year		**356.4**	**344.5**
Mark to market movements on hedging instruments	4.5a	**–**	16.2
Hedges reclassified to profit or loss		**–**	(0.9)
Share of joint venture mark to market movements on hedging instruments	3.4b	**4.7**	0.6
Other comprehensive income for the year		**4.7**	**15.9**
Total comprehensive income for the year		**361.1**	**360.4**
Attributable to			
Owners of the parent company		**359.8**	358.3
Non-controlling interest		**1.3**	2.1
		361.1	360.4

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

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

CONSOLIDATED BALANCE SHEET

At 31 December 2022

	Note	2022 £m	2021 £m
Assets			
Investment property (owned)	3.1	**3,623.4**	3,095.1
Investment property (leased)	3.1	**90.3**	97.7
Investment property (under development)	3.1	**202.7**	324.1
Investment in joint ventures	3.4b	**1,226.6**	1,044.1
Other non-current assets	3.3b	**21.5**	18.9
Interest rate swaps	4.2	**73.2**	–
Right of use assets	3.3a	**2.7**	3.6
Deferred tax asset	2.5d	**2.1**	3.0
Total non-current assets		**5,242.5**	**4,586.5**
Assets classified as held for sale	3.1	–	228.2
Interest rate swaps	4.2	–	6.1
Inventories	3.2	**12.8**	12.1
Trade and other receivables	5.2	**105.2**	108.8
Cash and cash equivalents	5.1	**38.0**	109.4
Total current assets		**156.0**	**464.6**
Total assets		**5,398.5**	**5,051.1**
Liabilities			
Interest rate swaps	4.2	–	(3.6)
Lease liabilities	4.6a	**(4.8)**	(4.9)
Trade and other payables	5.4	**(191.5)**	(200.7)
Current tax liability		**(0.8)**	(0.1)
Provisions	5.5	**(29.5)**	(33.5)
Total current liabilities		**(226.6)**	**(242.8)**
Borrowings	4.1	**(1,265.9)**	(1,162.0)
Lease liabilities	4.6a	**(87.5)**	(91.9)
Total non-current liabilities		**(1,353.4)**	**(1,253.9)**
Total liabilities		**(1,580.0)**	**(1,496.7)**
Net assets		**3,818.5**	**3,554.4**
Equity			
Issued share capital	4.8	**100.1**	99.8
Share premium	4.8	**2,162.0**	2,161.2
Merger reserve		**40.2**	40.2
Retained earnings		**1,483.6**	1,225.0
Hedging reserve		**6.2**	1.6
Equity attributable to the owners of the Parent Company		**3,792.1**	**3,527.8**
Non-controlling interest		**26.4**	26.6
Total equity		**3,818.5**	**3,554.4**

The financial statements of The Unite Group PLC, registered number 03199160, were approved and authorised for issue by the Board of Directors on 28 February 2023 and were signed on its behalf by:

R S Smith
Director

J J Lister
Director

COMPANY BALANCE SHEET

At 31 December 2022

	Note	2022 £m	2021 £m
Assets			
Investments in subsidiaries	3.5	**2,397.0**	2,143.5
Loans to Group undertakings	5.2	**2,076.9**	1,928.3
Interest rate swaps	4.2	**73.2**	–
Total non-current assets		**4,547.1**	**4,071.8**
Interest rate swaps	4.2	–	6.0
Trade and other receivables	5.2	**0.1**	0.1
Cash and cash equivalents		**0.7**	0.2
Total current assets		**0.8**	**6.3**
Total assets		**4,547.9**	**4,078.1**
Current liabilities			
Interest rate swaps	4.2	–	(3.6)
Amounts due to Group undertakings	5.4	**(70.3)**	(38.0)
Other payables	5.4	**(9.5)**	(6.4)
Total current liabilities		**(79.8)**	**(48.0)**
Borrowings	4.1	**(649.6)**	(542.2)
Interest rate swaps	4.2	–	–
Total non-current liabilities		**(649.6)**	**(542.2)**
Total liabilities		**(729.4)**	**(590.2)**
Net assets		**3,818.5**	**3,487.9**
Equity			
Issued share capital	4.8	**100.1**	99.8
Share premium	4.8	**2,162.0**	2,161.2
Merger reserve		**40.2**	40.2
Hedging reserve		**1.3**	1.5
Retained earnings		**1,514.9**	1,185.2
Total equity		**3,818.5**	**3,487.9**

Total equity is wholly attributable to equity holders of Unite Group plc. The profit of Unite Group plc in 2022 was £426.1 million (2021: £419.5m).

The financial statements of The Unite Group PLC, registered number 03199160, were approved and authorised for issue by the Board of Directors on 28 February 2023 and were signed on its behalf by:

R S Smith
Director

J J Lister
Director

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2022

	Note	Issued share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Hedging reserve £m	Attributable to owners of the Parent £m	Non-controlling interest £m	Total £m
At 1 January 2022		**99.8**	**2,161.2**	**40.2**	**1,225.0**	**1.6**	**3,527.8**	**26.6**	**3,554.4**
Profit for the year		–	–	–	**355.1**	–	**355.1**	**1.3**	**356.4**
Other comprehensive income for the year:									
Share of joint venture mark to market movements on hedging instruments	3.4b	–	–	–	–	**4.7**	**4.7**	–	**4.7**
Total comprehensive income for the year		–	–	–	**355.1**	**4.7**	**359.8**	**1.3**	**361.1**
Shares issued	4.8	**0.3**	**0.8**	–	–	–	**1.1**	–	**1.1**
Deferred tax on share-based payments		–	–	–	**0.3**	–	**0.3**	–	**0.3**
Fair value of share-based payments		–	–	–	**1.3**	–	**1.3**	–	**1.3**
Own shares acquired		–	–	–	**(1.7)**	–	**(1.7)**	–	**(1.7)**
Unwind of realised swap gain		–	–	–	–	**(0.1)**	**(0.1)**	–	**(0.1)**
Dividends paid to owners of the parent company	4.9	–	–	–	**(96.4)**	–	**(96.4)**	–	**(96.4)**
Dividends to non-controlling interest		–	–	–	–	–	–	**(1.5)**	**(1.5)**
At 31 December 2022		**100.1**	**2,162.0**	**40.2**	**1,483.6**	**6.2**	**3,792.1**	**26.4**	**3,818.5**

	Note	Issued share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Hedging reserve £m	Attributable to owners of the Parent £m	Non-controlling interest £m	Total £m
At 1 January 2021		99.5	2,160.3	40.2	949.0	(14.1)	3,234.9	25.1	3,260.0
Profit for the year		–	–	–	342.4	–	342.4	2.1	344.5
Other comprehensive income for the year:									
Mark to market movements on hedging instruments		–	–	–	–	16.2	16.2	–	16.2
Hedges reclassified to profit or loss		–	–	–	–	(0.9)	(0.9)	–	(0.9)
Share of joint venture mark to market movements on hedging instruments	3.4b	–	–	–	–	0.6	0.6	–	0.6
Total comprehensive income for the year		–	–	–	342.4	15.9	358.3	2.1	360.4
Shares issued	4.8	0.3	0.9	–	–	–	1.2	–	1.2
Deferred tax on share-based payments		–	–	–	0.3	–	0.3	–	0.3
Fair value of share-based payments		–	–	–	2.4	–	2.4	–	2.4
Own shares acquired		–	–	–	(1.3)	–	(1.3)	–	(1.3)
Unwind of realised swap gain		–	–	–	–	(0.2)	(0.2)	–	(0.2)
Dividends paid to owners of the parent company	4.9	–	–	–	(67.8)	–	(67.8)	–	(67.8)
Dividends to non-controlling interest		–	–	–	–	–	–	(0.6)	(0.6)
At 31 December 2021		**99.8**	**2,161.2**	**40.2**	**1,225.0**	**1.6**	**3,527.8**	**26.6**	**3,554.4**

The notes on pages 185–242 form part of the financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2022

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

	Note	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
At 1 January 2021		99.5	2,160.3	40.2	(13.3)	833.5	3,120.2
Profit and total comprehensive income for the year		–	–	–	15.0	419.5	434.5
Shares issued	4.8	0.3	0.9	–	–	–	1.2
Unwind of realised swap gain		–	–	–	(0.2)	–	(0.2)
Dividends to shareholders	4.9	–	–	–	–	(67.8)	(67.8)
At 31 December 2021		**99.8**	**2,161.2**	**40.2**	**1.5**	**1,185.2**	**3,487.9**

The notes on pages 185–242 form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	Group 2022 £m	Group 2021 £m
Net cash flows from operating activities	5.1	**160.2**	171.3
Investing activities			
Investment in joint ventures		**(144.6)**	–
Capital expenditure on properties		**(316.5)**	(95.9)
Acquisition of intangible assets		**(8.4)**	(3.2)
Acquisition of plant and equipment		**(1.3)**	(0.4)
Proceeds from sale of investment property		**234.1**	307.3
Interest received		**0.2**	–
Dividends received		**38.5**	37.1
Net cash flows from investing activities		**(198.0)**	**244.9**
Financing activities			
Proceeds from the issue of share capital		**1.1**	1.1
Payments to acquire own shares		**(1.7)**	(1.3)
Interest paid in respect of financing activities		**(43.6)**	(47.9)
Swap cancellation FV settlements and debt exit costs		**–**	(4.2)
Proceeds from non-current borrowings		**105.7**	147.0
Repayment of borrowings		**–**	(675.0)
Dividends paid to the owners of the parent company		**(85.1)**	(57.2)
Withholding tax paid on distributions		**(8.7)**	(7.0)
Dividends paid to non-controlling interest		**(1.3)**	(0.6)
Net cash flows from financing activities		**(33.6)**	**(645.1)**
Net decrease in cash and cash equivalents		**(71.4)**	**(228.9)**
Cash and cash equivalents at start of year		**109.4**	338.3
Cash and cash equivalents at end of year		**38.0**	**109.4**

Section 1: Basis of preparation

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

Basis of consolidation

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

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

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

Non-controlling interests are shown as a line item within equity and comprise the non-controlling interests in subsidiaries which are not directly or indirectly attributable to the Group. Non-controlling interests are assigned to one subsidiary as at both 31 December 2022 and 2021 (see note 3.4).

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

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

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

Measurement convention

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

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Directors have considered a range of scenarios for future performance through the 2022/23 and 2023/24 academic years. The impact of our ESG asset transition plans are included within the cash flows which have been modelled. The assessment includes a base case assuming cash collection and performance for the 2022/23 academic year remains in line with current expectations and sales performance for the 2023/24 academic year consistent with published guidance; and a reasonable worst case scenario where income for the 2023/24 academic year is impacted by reduced sales, equivalent to occupancy of around 90%. Under each of these scenarios, the Directors are satisfied that the Group has sufficient liquidity and will maintain covenant compliance over the next 12 months. To further support the Directors' going concern assessment, a "Reverse Stress Test" was performed to determine the level of performance at which adopting the going concern basis of preparation may not be appropriate. This involved assessing the minimum amount of income required to ensure financial covenants would not be breached. Within the tightest covenant, occupancy could fall to approximately 70% before there would be a breach. The Group has capacity for property valuations to fall by 35% before there would be a breach of the tightest LTV and gearing covenants. Were income or asset values to fall beyond these levels, the Group has certain cure rights, such that an immediate default could be avoided.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 1: Basis of preparation continued

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

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

Standards and interpretations effective in the current period

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

- IAS 16 Property, plant and equipment – proceeds before intended use
- IAS 37 (amendments) Onerous contracts – Cost of fulfilling a contract
- IFRS 3 (amendments) Business Combinations – Reference to the Conceptual Framework

Impact of accounting standards and interpretations in issue but not yet effective

At the date of approval of these financial statements there are a number of new standards and amendments to existing standards in issue but not yet effective. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new or amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 16 (amendments) Covid-19 related rent concessions beyond 30 June 2021
- IFRS 16 (amendments) Lease liability in a sale and leaseback
- IFRS 17 Insurance contracts
- IAS 8 Definition of accounting estimates
- IAS 12 Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 4 Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts – Extension of the temporary exemption from applying IFRS 9
- IAS 1 (amendments) Classification of liabilities as current or non-current
- IAS 1 (amendments) Non-current liabilities with Covenants
- IAS 1 (amendments) and IFRS Practice Statement 2 Disclosure of accounting policies
- IFRS Standards (annual improvements)

The impact of all other IFRS Standards not yet adopted is not expected to be material.

Critical accounting estimates and judgements

The Group's significant accounting polices are stated in the relevant notes to the Group financial statements.

The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

Critical accounting judgements

The areas which involve a high degree of judgement or complexity in applying the accounting policies of the Group are explained in more detail in the accounting policy descriptions in the related notes to the financial statements.

The areas where accounting judgements have the most significant impact on the financial statements of the Group are as follows:

- classification of joint venture vehicles (note 3.4)

Key sources of estimation uncertainty

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving the most sensitive estimates and assumptions that are significant to the financial statements are set out below and in more detail in the related notes:

- valuation of investment property and investment property under development (note 3.1)
- valuation of provisions for cladding remediation (note 5.5)

NOTES TO THE FINANCIAL STATEMENTS continued

Section 2: Results for the year

This section focuses on the results and performance of the Group and provides a reconciliation between the primary statements and EPRA performance measures. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, taxation, earnings and net tangible asset value (NTA) per share.

The Group uses EPRA earnings, adjusted earnings and NTA movement as key comparable indicators across other real estate companies in Europe. EPRA earnings, adjusted earnings and NTA movement are Alternative Performance Measures (APMs), further details of which are set out in section 8.

IFRS performance measures

	Note	2022 £m	2021 £m	2022 pps	2021 pps
Profit*	2.2b	**355.1**	342.4	**88.9p**	85.9p
Net assets*	2.3d	**3,792.1**	3,527.8	**945p**	880p

* Profit after tax represents profit attributed to the owners of the parent company, and net assets represents equity attributable to the owners of the parent company.

EPRA performance measures

	Note	2022 £m	2021 £m	2022 pps	2021 pps
EPRA earnings	2.2c	**161.9**	152.0	**40.5p**	38.1p
Adjusted earnings**	2.2c	**163.4**	110.1	**40.9p**	27.6p
EPRA NTA	2.3d	**3,715.2**	3,532.2	**927p**	882p

** Adjusted earnings are calculated as EPRA earnings after adding back abortive costs (2021: less the LSAV performance fee), in order to reflect the comparable performance of the Group's underlying operating activities.

2.1 Segmental information

The Board of Directors monitors the business along two activity lines, Operations and Property. The reportable segments for the years ended 31 December 2022 and 31 December 2021 are Operations and Property.

The Group undertakes its Operations and Property activities directly and through joint ventures with third parties. The joint ventures are an integral part of each segment and are included in the information used by the Board to monitor the business.

Detailed analysis of the performance of each of these reportable segments is provided in the following sections 2.2 to 2.3.

The Group's properties are located exclusively in the United Kingdom. The Group therefore has one geographical segment.

2.2 Earnings

EPRA earnings and adjusted earnings amends IFRS measures by removing principally the unrealised investment property valuation gains and losses such that users of the financials are able to see the extent to which dividend payments (dividend per share) are underpinned by earnings arising from purely operational activity. In 2022, in consideration of EPRA's focus on presenting clear comparability in results from recurring operational activities, EPRA earnings excludes abortive costs. In 2021, EPRA earnings was adjusted to remove the impact of the LSAV performance fee. Given the quantum of the LSAV performance fee, it was excluded from adjusted earnings to improve the comparability of results year-on-year. The reconciliation between profit attributable to owners of the parent company and EPRA earnings is available in note 2.2b.

The Operations segment manages rental properties, owned directly by the Group or by joint ventures. Its revenues are derived from rental income and asset management fees earned from joint ventures. The way in which the Operations segment adds value to the business is set out in the Operations review on pages 32–34. The Operations segment is the main contributor to adjusted earnings and adjusted EPS and these are therefore the key indicators which are used by the Board to monitor the Operations business.

The Board does not manage or monitor the Operations segment through the balance sheet and therefore no segmental information for assets and liabilities is provided for the Operations segment.

2.2a) EPRA earnings

2022

		Share of joint ventures		Group on EPRA basis
	Unite £m	USAF £m	LSAV £m	Total £m
Rental income	241.7	48.8	49.2	339.7
Property operating expenses	(72.0)	(15.9)	(10.8)	(98.7)
Net operating income	**169.7**	**32.9**	**38.4**	**241.0**
Management fees	21.4	(4.0)	-	17.4
Overheads	(26.4)	(0.7)	(0.6)	(27.7)
Interest on lease liabilities	(8.1)	-	-	(8.1)
Net financing costs	(33.4)	(7.7)	(13.8)	(54.9)
Operations segment result	**123.2**	**20.5**	**24.0**	**167.7**
Property segment result	**(1.2)**	-	-	**(1.2)**
Unallocated to segments	***(4.3)***	***(0.2)***	***(0.1)***	***(4.6)***
EPRA earnings	**117.7**	**20.3**	**23.9**	**161.9**
Abortive costs	1.5	-	-	1.5
Adjusted earnings	**119.2**	**20.3**	**23.9**	**163.4**

Included in the above is rental income of £18.1 million and property operating expenses of (£9.7 million) relating to sale and leaseback properties. Included in the above is rental income of £0.7 million and property operating expenses of (£0.2 million), relating to a build-to-rent property. The unallocated to segments balance includes abortive costs of (£1.5 million), the fair value of share-based payments of (£1.6 million), contributions to the Unite Foundation of (£0.6 million), deferred tax charge of (£0.2 million) and current tax charge of (£0.7 million). Depreciation and amortisation totalling (£7.8 million) is included within overheads.

2021

		Share of joint ventures		Group on EPRA basis
	Unite £m	USAF £m	LSAV £m	Total £m
Rental income	209.0	37.6	36.1	282.7
Property operating expenses	(67.7)	(13.0)	(10.2)	(90.9)
Net operating income	**141.3**	**24.6**	**25.9**	**191.8**
Management fees	19.1	(3.2)	-	15.9
Overheads	(30.7)	(0.3)	(0.5)	(31.5)
Interest on lease liabilities	(8.5)	-	-	(8.5)
Net financing costs	(38.5)	(6.7)	(9.6)	(54.8)
Operations segment result	**82.7**	**14.4**	**15.8**	**112.9**
Property segment result	**(2.2)**	-	-	**(2.2)**
Unallocated to segments	**83.9**	**(0.2)**	**(42.4)**	**41.3**
EPRA earnings	**164.4**	**14.2**	**(26.6)**	**152.0**
LSAV performance fee	(84.1)	-	42.2	(41.9)
Adjusted earnings	**80.3**	**14.2**	**15.6**	**110.1**

Included in the above is rental income of £16.3 million and property operating expenses of (£8.3 million) relating to sale and leaseback properties. The unallocated to segments balance includes the fair value of share-based payments of (£2.4 million), contributions to the Unite Foundation of (£1.0 million), LSAV performance fee of £41.9 million, deferred tax credit of £0.8 million and current tax credit of £2.0 million. Depreciation and amortisation totalling (£7.8 million) is included within overheads.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 2: Results for the year continued

2.2 Earnings continued

2.2b) IFRS reconciliation to EPRA earnings and adjusted earnings

EPRA earnings excludes movements relating to changes in values of investment properties (owned, leased and under development), profits/losses from the disposal of properties and swap/debt break costs which are included in the profit reported under IFRS. *EPRA earnings and adjusted earnings reconcile to the profit attributable to owners of the parent company as follows:*

	Note	2022 £m	2021 £m
Profit attributable to owners of the parent company		**355.1**	**342.4**
Net valuation (gains)/losses on investment property (owned)	3.1	**(112.7)**	(116.9)
Property disposals (owned)		**15.6**	12.0
Net valuation losses on investment property (leased)	3.1	**9.3**	11.1
Amortisation of fair value of debt recognised on acquisition		**(4.3)**	(4.3)
Share of joint venture (gains)/losses on investment property	3.4b	**(32.3)**	(88.7)
Share of joint venture property disposals	3.4b	**0.9**	0.3
Swap cancellation fair value settlements and loan break costs	4.3	**-**	4.2
Mark to market changes on interest rate swaps	4.3	**(70.7)**	(10.9)
Current tax relating to property disposals		**(0.2)**	1.1
Deferred tax	2.5d	**0.7**	0.3
Non-controlling interest share of reconciling items*		**0.5**	1.4
EPRA earnings	2.2a	**161.9**	**152.0**
Net LSAV performance fee	2.4	-	(41.9)
Abortive costs		**1.5**	-
Adjusted earnings	2.2a	**163.4**	**110.1**

* The non-controlling interest, arises as a result of the Company not owning 100% of the share capital of one of its subsidiaries, USAF (Feeder) Guernsey Limited. More detail is provided in note 3.4.

2.2c) Earnings per share

Basic EPS calculation is based on the earnings attributable to the equity shareholders of The Unite Group PLC and the weighted average number of shares which have been in issue during the year. Basic EPS is adjusted in line with EPRA guidelines in order to allow users to compare the business performance of the Group with other listed real estate companies in a consistent manner and to reflect how the business is managed on a day-to-day basis.

The calculations of basic and EPRA EPS and adjusted EPS for the year ended 31 December 2022 and 2021 are as follows:

	Note	*2022 £m*	*2021 £m*	*2022 pps*	*2021 pps*
Earnings					
Basic		**355.1**	342.4	**88.9p**	85.9p
Diluted		**355.1**	342.4	**88.7p**	85.7p
EPRA	2.2b	**161.9**	152.0	**40.5p**	38.1p
Diluted EPRA				**40.5p**	38.0p
Adjusted	2.2b	**163.4**	110.1	**40.9p**	27.6p
Diluted adjusted				**40.8p**	27.6p

	2022	2021
Weighted average number of shares (thousands)		
Basic	**399,581**	398,742
Dilutive potential ordinary shares (share options)	**584**	829
Diluted	**400,165**	399,571

Movements in the weighted average number of shares have resulted from the issue of shares arising from the employee share-based payment schemes and the scrip dividend.

In 2022, there were 19,015 options excluded from the potential dilutive shares that did not affect the diluted weighted average number of shares (2021: none).

2.3 Net assets

2.3a) EPRA NTA

EPRA NTA makes adjustments to IFRS measures by removing the fair value of financial instruments and the carrying value of intangibles. The reconciliation between IFRS NAV and EPRA NTA is available in note 2.3c.

The Group's Property business undertakes the acquisition and development of properties. The way in which the Property segment adds value to the business is set out in the Property review on pages 35–39.

2022

		Share of JVs		
	Unite £m	USAF £m	LSAV £m	Group on EPRA basis £m
Investment property (owned)	3,623.4	813.0	960.4	5,396.8
Investment property (leased)	90.3	–	–	90.3
Investment property (under development)	202.7	–	–	202.7
Total property portfolio	3,916.4	813.0	960.4	5,689.8
Debt on properties	(1,247.8)	(239.8)	(385.2)	(1,872.8)
Lease liabilities	(90.4)	–	–	(90.4)
Cash	38.0	35.6	65.6	139.2
Net debt	(1,300.2)	(204.2)	(319.6)	(1,824.0)
Other assets and (liabilities)	(78.3)	(33.6)	(20.4)	(132.3)
Intangibles per IFRS balance sheet	(18.3)	–	–	(18.3)
EPRA NTA	2,519.6	575.2	620.4	3,715.2
Loan to value*	32%	25%	33%	31%
Loan to value post IFRS 16	33%	25%	33%	32%

* LTV calculated excluding investment properties (leased) and the corresponding lease liabilities. LTV is an APM – see section 8.

2021

		Share of JVs		
	Unite £m	USAF £m	LSAV £m	Group on EPRA basis £m
Investment property (owned)*	3,323.3	632.0	909.5	4,864.8
Investment property (leased)	97.7	–	–	97.7
Investment property (under development)	324.1	–	–	324.1
Total property portfolio	3,745.1	632.0	909.5	5,286.6
Debt on properties	(1,139.7)	(201.0)	(336.6)	(1,677.3)
Lease liabilities	(93.8)	–	–	(93.8)
Cash	109.4	23.4	22.7	155.5
Net debt	(1,124.1)	(177.6)	(313.9)	(1,615.6)
Other assets and (liabilities)	(90.5)	(23.2)	(9.0)	(122.8)
Intangibles per IFRS balance sheet	(16.1)	–	–	(16.1)
EPRA NTA	2,514.4	431.2	586.6	3,532.2
Loan to value**	28%	28%	35%	29%
Loan to value post IFRS 16	30%	28%	35%	31%

* Investment property (owned) includes assets classified as held for sale in the IFRS balance sheet.

** LTV calculated excluding investment properties (leased) and the corresponding lease liabilities. LTV is an APM – see section 8.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 2: Results for the year continued

2.3 Net assets continued

2.3b) Movement in EPRA NTA during the year

Contributions to EPRA NTA by each segment during the year is as follows:

2022

	Note	Unite £m	Share of JVs USAF £m	Share of JVs LSAV £m	Group on EPRA basis Total £m
Operations					
Operations segment result	2.2a	123.2	20.5	24.0	167.7
Add back amortisation of intangibles	3.3b	5.9	–	–	5.9
Total Operations		129.1	20.5	24.0	173.6
Property					
Rental growth		117.1	0.5	32.6	150.2
Yield movement		(11.0)	2.2	(3.0)	(11.8)
Disposal losses (owned)		(15.6)	(0.9)	–	(16.5)
Investment property gains (owned)*		90.5	1.8	29.6	121.9
Investment property losses (leased)	3.1	(9.3)	–	–	(9.3)
Investment property gains (under development)	3.1	6.6	–	–	6.6
Pre-contract/other development costs	2.2a	(1.2)	–	–	(1.2)
Total Property		86.6	1.8	29.6	118.0
Unallocated					
Shares issued		1.1	–	–	1.1
Investment in joint ventures		(102.4)	122.0	(19.6)	–
Dividends paid		(96.4)	–	–	(96.4)
Abortive costs		(1.5)	–	–	(1.5)
Acquisition of intangibles	3.3b	(8.0)	–	–	(8.0)
Other		(3.3)	(0.3)	(0.2)	(3.8)
Total Unallocated		(210.5)	121.7	(19.8)	(108.6)
Total EPRA NTA movement in the year		5.2	144.0	33.8	183.0
Total EPRA NTA brought forward		2,514.4	431.2	586.6	3,532.2
Total EPRA NTA carried forward		2,519.6	575.2	620.4	3,715.2

The £3.3 million other balance within the unallocated segment includes the purchase of own shares of (£1.7 million), contributions to the Unite Foundation of (£0.6 million) and tax charges of (£0.9 million).

2021

	Note	Unite £m	Share of JVs USAF £m	Share of JVs LSAV £m	Group on EPRA basis Total £m
Operations					
Operations segment result	2.2a	82.7	14.4	15.8	112.9
Add back amortisation of intangibles	3.3b	6.1	–	–	6.1
Total Operations		88.8	14.4	15.8	119.0
Property					
Rental growth		17.4	4.5	25.8	47.7
Yield movement		49.2	12.7	44.6	106.5
Disposal losses (owned)		(12.0)	(0.3)	–	(12.3)
Investment property gains (owned)*		54.6	16.9	70.4	141.9
Investment property losses (leased)	3.1	(11.1)	–	–	(11.1)
Investment property gains (under development)	3.1	50.3	–	–	50.3
Pre-contract/other development costs	2.2a	(2.2)	–	–	(2.2)
Total Property		91.6	16.9	70.4	178.9
Unallocated					
Shares issued		1.2	–	–	1.2
Investment in joint ventures		(118.6)	(17.7)	136.3	–
Dividends paid		(67.8)	–	–	(67.8)
LSAV performance fee		84.1	–	(42.2)	41.9
Swap cancellation FV settlements and debt break costs	4.3	(4.2)	–	–	(4.2)
Acquisition of intangibles	3.3b	(3.3)	–	–	(3.3)
Other		0.7	(0.2)	(0.2)	0.3
Total Unallocated		(107.9)	(17.9)	93.9	(31.9)
Total EPRA NTA movement in the year		**72.5**	**13.4**	**180.1**	**266.0**
Total EPRA NTA brought forward		2,441.9	417.8	406.5	3,266.2
Total EPRA NTA carried forward		**2,514.4**	**431.2**	**586.6**	**3,532.2**

* Investment property gains (owned) includes gains on assets classified as held for sale in the IFRS balance sheet.

The £0.3 million other balance within the unallocated segment includes a tax credit of £2.8 million, the purchase of own shares of (£1.3 million) and contributions to the Unite Foundation of (£1.0 million).

NOTES TO THE FINANCIAL STATEMENTS continued

Section 2: Results for the year continued

2.3 Net assets continued

2.3c) Reconciliation to IFRS

To determine EPRA NTA, net assets reported under IFRS are amended to exclude the fair value of financial instruments, associated tax and the carrying value of intangibles.

To determine EPRA NRV, net assets reported under IFRS are amended to exclude the fair value of financial instruments, associated tax and real estate transfer tax.

To determine EPRA NDV, net assets reported under IFRS are amended to exclude the fair value of financial instruments, but include the fair value of fixed interest rate debt and the carrying value of intangibles.

The net assets reported under IFRS reconcile to EPRA NTA, NRV and NDV as follows:

2022

	NTA £m	NRV £m	NDV £m
Net assets reported under IFRS	**3,792.1**	**3,792.1**	**3,792.1**
Mark to market interest rate swaps	**(77.4)**	**(77.4)**	**–**
Unamortised swap gain	**(1.4)**	**(1.4)**	**(1.4)**
Mark to market of fixed rate debt	**–**	**–**	**154.7**
Unamortised fair value of debt recognised on acquisition	**19.5**	**19.5**	**19.5**
Current tax	**0.7**	**0.7**	**–**
Intangibles per IFRS balance sheet	**(18.3)**	**–**	**–**
Real estate transfer tax	**–**	***300.7***	**–**
EPRA reporting measure	**3,715.2**	**4,034.2**	**3,964.9**

2021

	NTA £m	NRV £m	NDV £m
Net assets reported under IFRS	**3,527.8**	**3,527.8**	**3,527.8**
Mark to market interest rate swaps	(2.4)	(2.4)	–
Unamortised swap gain	(1.5)	(1.5)	(1.5)
Mark to market of fixed rate debt	–	–	(50.4)
Unamortised fair value of debt recognised on acquisition	23.7	23.7	23.8
Current tax	0.7	0.7	–
Intangibles per IFRS balance sheet	(16.1)	–	–
Real estate transfer tax	–	277.5	–
EPRA reporting measure	**3,532.2**	**3,825.8**	**3,499.7**

2.3d) NTA, NRV and NDV per share

Basic NAV is based on the net assets attributable to the equity shareholders of Unite Group PLC and the number of shares in issue at the end of the year. The Board uses EPRA NTA to monitor the performance of the Property segment on a day-to-day basis.

	Note	2022 £m	2021 £m	2022 pps	2021 pps
Net assets					
Basic		**3,792.1**	3,527.8	**945p**	880p
EPRA NTA	2.3a	**3,715.2**	3,532.2	**928p**	885p
EPRA NTA (diluted)	2.3a	**3,718.3**	3,536.1	**927p**	882p
EPRA NRV	2.3c	**4,034.2**	3,825.9	**1,008p**	959p
EPRA NRV (diluted)		**4,037.3**	3,829.7	**1,006p**	955p
EPRA NDV	2.3c	**3,964.9**	3,499.7	**991p**	877p
EPRA NDV (diluted)		**3,968.0**	3,503.6	**989p**	874p

Number of shares (thousands)	2022	2021
Basic	**400,292**	399,140
Outstanding share options	**895**	1,687
Diluted	**401,187**	400,827

2.4 Revenue and costs

Accounting policies

The Group recognises revenue from the following major sources:

- Rental income
- Management and performance fees
- Acquisition fees

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of its service to a customer.

Rental income

Rental income comprises direct-lets to students and leases to universities and commercial tenants. This revenue is recognised in the income statement over the length of the tenancy period as the Group provides the services to its customers. Included in the rental contract is the use of broadband facilities and room cleaning services. The Group does not offer these services as stand-alone products. Under IFRS 15 the Group does not consider these services to be individually material and has, consequently, bundled these obligations as a single contract. The transaction prices for rental income are explicitly stated in each contract. A contract liability can result from payments received in advance, until the date at which control is transferred to the customer and at that point the revenue begins to be recognised over the tenancy period. Lease incentives are sometimes recognised on commercial units; these are recognised as an integral part of the total rental income and spread over the term of the lease.

Rental income is derived from contracts which are less than 12 months in length and the Group accordingly recognises this income in the Income Statement on a straight line basis in accordance with IFRS 16.

Management and performance fees

The Group acts as asset and property manager for USAF and LSAV and receives management fees in relation to these services. Revenue from these fees is recognised on a straight line basis over time as the joint ventures simultaneously receive and consume benefits as the Group performs its management obligations which are determined by the services provided over the course of each academic year, and this reflects the profile of activities being performed. Detailed calculations in order to determine the transaction prices for these revenue streams are held within the joint venture agreements.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 2: Results for the year continued

2.4 Revenue and costs continued

Management and performance fees continued

The Group is entitled to a USAF performance fee if the joint venture outperforms certain benchmarks. The Group recognises a USAF performance fee at a point in time in the year to which the fee relates. The Group initially assesses the probability of a fee being earned and its transaction price at half year and adjusts for any potential risks to receiving this income at year-end, when the achieved outturn is known. The USAF performance fee is settled within 12 months of the year to which the fee relates and the Group receives an enhanced equity interest in USAF as consideration for the performance fee.

The Group is entitled to an LSAV performance fee if the joint venture outperforms certain benchmarks over its life ending in 2032. The Group recognises an LSAV performance fee at an amount which is considered "highly probable" to become due based upon estimates of the future performance of the joint venture; such estimates include future rental income and the discount rate (yield). Prior to the maturity of the joint venture, the Group pro-rates the total LSAV performance fee over the life of the joint venture and recognises a cumulative catch-up to the currently completed term where sufficient certainty over outperformance of the benchmark is determined to exist.

As per IFRS 15, the estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The performance fee is variable and dependent on meeting specific performance targets. Accordingly where there is too much uncertainty over the cumulative outperformance of the benchmarks, particularly in earlier periods of the performance fee period, which cover each 10 year term of the venture, then no amounts of performance fee can be recognised as it is not highly probable that the performance fee will be earned.

Management and performance fees are presented in revenue net of the Group's share of the corresponding expense within the relevant fund.

At 31 December 2022, no amounts are deemed to meet the highly probable criteria and therefore we have not disclosed any future fees receivable from these ongoing contracts.

Acquisition fees

The Group receives acquisition fees from its joint venture partners. This revenue is linked to the acquisition of land or property and is therefore recognised at the point in time that control of the asset is transferred to the joint venture. The transaction price for this revenue stream is stipulated in the joint venture agreement as a percentage of the value of the acquisition. No such land or property acquisitions have occurred in 2022 or 2021.

The Group earns revenue from the following activities:

		Note	2022 £m	2021 £m
Rental income*	Operations segment	2.2a	**241.7**	209.0
Management fees	Operations segment		**17.6**	16.2
LSAV performance fee	Unallocated		**–**	41.9
			259.3	267.1
Impact of non-controlling interest on management fees			**(0.2)**	(0.2)
Total revenue			**259.1**	266.9

* EPRA earnings includes £339.7 million (2021: £282.7 million) of rental income, which is comprised of £241.7 million (2021: £209.0 million) recognised on wholly owned assets and a further £98.0 million (2021: £73.7 million) from joint ventures, which is included in share of joint venture profit/(loss) in the consolidated income statement.

The LSAV and USAF performance fees are constrained this year due to an inability to meet the highly probable criteria that the fees would be earned. In the year to 31 December 2021, the LSAV performance fee under the previous agreement crystallised and a total fee of £41.9 million was recognised.

The cost of sales included in the consolidated income statement includes property operating expenses of £70.3 million (2021: £64.4 million).

2.5 Tax

As a REIT, rental profits and gains on disposal of investment properties are exempt from corporation tax. The Group pays UK corporation tax on the profits from its residual business, including management fees received from joint ventures, together with UK income tax on rental income that arises from investments held by offshore subsidiaries in which the Group holds a non-controlling interest.

Accounting policies

The tax charge for the year is recognised in the income statement and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The current tax charge is based on tax rates that are enacted or substantively enacted at the year-end.

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. Temporary differences relating to investments in subsidiaries and joint ventures are not provided for to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

As a REIT, rental profits and gains on disposal of investment properties and property rich investments are exempt from corporation tax. As a result, no deferred tax provision has been recognised at the balance sheet date in respect of property assets or units in USAF and LSAV held by members of the REIT group.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 2: Results for the year continued

2.5 Tax continued

2.5a) Tax – income statement

The total taxation charge/(credit) in the income statement is analysed as follows:

	2022 £m	2021 £m
Corporation tax on residual business income arising in UK companies	**0.5**	1.0
Income tax on UK rental income arising in non-UK companies	**0.4**	0.3
Adjustments in respect of prior periods	**(0.2)**	(2.2)
Current tax charge/(credit)	**0.7**	**(0.9)**
Origination and reversal of temporary differences	**0.5**	(0.2)
Effect of change in tax rate	**–**	(0.2)
Adjustments in respect of prior periods	**0.4**	(0.1)
Deferred tax charge/(credit)	**0.9**	**(0.5)**
Total tax charge/(credit) in income statement	**1.6**	**(1.4)**

The movement in deferred tax provided is shown in more detail in note 2.5d.

In the income statement, a tax charge of £1.6 million arises on a profit before tax of £358.0 million. The taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual tax charge as follows:

	2022 £m	2021 £m
Profit before tax	**358.0**	**343.1**
Income tax using the UK corporation tax rate of 19% (2021: 19%)	**67.2**	65.2
Property rental business profits exempt from tax in the REIT Group	**(27.5)**	(18.4)
Property revaluations not subject to tax	**(25.8)**	(43.3)
Mark to market changes in interest rate swaps not subject to tax	**(13.4)**	(2.9)
Effect of indexation on investments	**0.1**	–
Effect of other permanent differences	**0.5**	0.2
Effect of tax deduction transferred to equity on share schemes	**0.3**	0.3
Rate difference on deferred tax	**–**	(0.2)
Prior year adjustments	**0.2**	(2.3)
Total tax charge/(credit) in income statement	**1.6**	**(1.4)**

As a UK REIT, the Group is exempt from UK corporation tax on the profits from its property rental business. Accordingly, the element of the Group's profit before tax relating to its property rental business has been separately identified in the reconciliation above.

No deferred tax asset has been recognised in respect of the Group's accumulated tax losses on the basis that they are not expected to be utilised in future periods. At 31 December 2022 these losses totalled £15.3 million (2021: £14.6 million).

Although the Group does not pay UK corporation tax on the profits from its property rental business, it is required to distribute 90% of the profits from its property rental business after accounting for tax adjustments as a Property Income Distribution (PID). PIDs are charged to tax in the same way as property income in the hands of the recipient. For the year ended 31 December 2022 the required PID is expected to be fully paid by the end of 2023.

2.5b) Tax – other comprehensive income

Within other comprehensive income a tax charge totalling £nil (2021: £nil) has been recognised representing deferred tax.

2.5c) Tax – statement of changes in equity

Within the statement of changes in equity a tax charge totalling £0.2 million (2021: £0.6 million credit) has been recognised representing deferred tax. An analysis of this is included below in the deferred tax movement table.

2.5d) Tax – balance sheet

The table below outlines the deferred tax (assets)/liabilities that are recognised in the balance sheet, together with their movements in the year:

2022

	At 31 December 2021 £m	Charged/ (credited) in income £m	Charged/ (credited) in equity £m	At 31 December 2022 £m
Investments	–	0.4	–	0.4
Property, plant and machinery and provisions	(1.2)	(0.1)	–	(1.3)
Share schemes	(1.8)	0.3	0.3	(1.2)
Tax value of carried forward losses recognised	–	0.3	(0.3)	–
Net tax assets	**(3.0)**	**0.9***	**–**	**(2.1)**

* The £0.9 million balance above includes tax movements totalling £0.2 million in respect of property, plant and machinery, share schemes and losses which are included in EPRA earnings and therefore not shown as a reconciling item in the IFRS reconciliation in note 2.2b. Removing them results in the £0.7 million movement shown in note 2.2b.

2021

	At 31 December 2020 £m	Charged/ (credited) in income £m	Charged/ (credited) in equity £m	At 31 December 2021 £m
Investments	–	–	–	–
Property, plant and machinery and provisions	(0.6)	(0.6)	–	(1.2)
Share schemes	(1.3)	(0.2)	(0.3)	(1.8)
Tax value of carried forward losses recognised	–	0.3	(0.3)	–
Net tax assets	**(1.9)**	**(0.5)***	**(0.6)**	**(3.0)**

* The £0.5 million balance above includes tax movements totalling £0.2 million in respect of property, plant and machinery, share schemes and losses which are included in EPRA earnings and therefore not shown as a reconciling item in the IFRS reconciliation in note 2.2b. Removing them results in the £0.3 million movement shown in note 2.2b.

The deferred tax asset at 31 December 2022 has been calculated based on the rate at which it is expected to reverse. On 24 May 2021, Finance Act 2021 was substantively enacted which contains provisions to increase the corporation tax rate to 25% from 1 April 2023. This rate change increases the deferred tax assets recognised at the year-end by £0.2 million.

As a REIT, disposals of investment property and property rich investments are exempt from tax and as a result no deferred tax liability has been recognised in relation to these assets.

Company

Deferred tax has not been recognised on temporary differences of £1.7 million (2021: £3.1 million) in respect of revaluation of subsidiaries and investment in joint ventures as it is considered unlikely that these investments will be divested.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 2: Results for the year continued

2.6 Audit fees

During the year, the Group obtained the following services from the Company's auditor and its associates:

	2022 £m	2021 £m
Fees payable to the Group's auditors for the audit of the parent company and consolidated financial statements	**0.5**	0.4
Fees payable to the Group's auditors for other services to the Group:		
– Audit of the financial statements of subsidiaries	**0.1**	0.1
Total audit fees payable to the Group's auditors	**0.6**	**0.5**
Audit-related assurance services	**0.1**	0.1
Other services	**–**	–
Total non-audit fees	**0.1**	**0.1**

Non-audit fees in both 2022 and 2021 relate entirely to services provided in respect of the half year review.

Details on the Company's policy on the use of the auditor for non-audit services is also set out in the Audit & Risk Committee Statement on pages 119–124.

No services were provided pursuant to contingent fee arrangements.

Section 3: Asset management

The Group holds its property portfolio directly and through its joint ventures. The performance of the property portfolio, whether wholly owned or in joint ventures, is the key factor that drives net asset value (NAV), one of the Group's key performance indicators. The following pages provide disclosures about the Group's investments in property assets and joint ventures and their performance over the year.

3.1 Wholly owned property assets

The Group's wholly owned property portfolio is held in four groups on the balance sheet at the carrying values detailed below.

In the Group's EPRA NTA all these groups are shown at market value, except where otherwise stated.

i) Investment property (owned)

These are assets that the Group intends to hold for a long period to earn rental income or capital appreciation. The assets are measured at fair value in the balance sheet with changes in fair value taken to the income statement.

ii) Investment property (leased)

These are assets the Group sold to institutional investors and simultaneously leased back. These right-of-use assets are measured at fair value in the balance sheet with changes in fair value taken to the income statement.

iii) Investment property (under development)

These are assets which are currently in the course of construction and which will be transferred to Investment property on completion. The assets are initially recognised at cost and are subsequently measured at fair value in the balance sheet with changes in fair value taken to the income statement.

iv) Investment property classified as held for sale

These are assets whose carrying amount will be recovered through a sale transaction rather than to hold for long-term rental income or capital appreciation. This condition is regarded as met only when the sale is highly probable and the investment property is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. The assets are measured at fair value in the balance sheet, with changes in fair value taken to the income statement. They are presented as current assets in the IFRS balance sheet.

Accounting policies

Investment property (owned) and investment property (under development)

Investment property (owned) and investment property (under development) are held at fair value.

The external valuation of property assets involves significant judgement and changes to the core assumptions: rental income, occupancy and property management costs, as well as estimated future costs, could have a significant impact on the carrying value of these assets. Further details of the valuation process are included below.

Construction and borrowing costs are capitalised if they are directly attributable to the acquisition and construction of a property asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use but stops if development activities are suspended. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general borrowings, to the average rate. During the year the average capitalisation rate used was 3.1% (2021: 3.1%).

The recognition of acquisitions of investment property and land occurs at the date when control passes to Unite. The recognition of disposals of investment property occurs on legal completion when control passes from Unite. In accordance with IFRS 15, gains/(losses) from the disposal of investment property are recognised at a point in time.

Contingent consideration receivables are recognised on disposals where the amount of additional consideration is readily identifiable. It is recognised at the constrained value determined by the amount that is highly probable to be receivable at the time of the disposal, and any subsequent change in value is recognised in profit or loss in the later period.

Investment property (leased)

The Group holds certain investment property under historic sale and leaseback arrangements, acting as an intermediate lessor and subleasing its right-of-use assets. For each leased property, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability (see note 4.6a) with respect to all lease arrangements in which it is the lessee. The right-of-use assets are initially measured at cost in accordance with IFRS 16 and subsequently at fair value in the balance sheet with changes in fair value taken to the income statement in accordance with IAS 40.

Valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by external, independent valuers, having an appropriate recognised professional qualification. The fair values are based on market values as defined in the RICS Appraisal and Valuation Manual, issued by the Royal Institution of Chartered Surveyors. CB Richard Ellis Ltd, Jones Lang LaSalle Ltd and Messrs Knight Frank LLP, Chartered Surveyors were the valuers in the years ended 31 December 2022 and 2021.

The valuations are based on:

- Information provided by the Group such as current rents, occupancy, operating costs, terms and conditions of leases and nomination agreements, capital expenditure, etc. This information is derived from the Group's financial systems and is subject to the Group's overall control environment.
- Assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yield and discount rates. These are based on their professional judgement and market observation.

The information provided to the valuers – and the assumptions and the valuation models used by the valuers – are reviewed by the Property Leadership Team and the CFO. This includes a review of the fair value movements over the year.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 3: Asset management continued

3.1 Wholly owned property assets continued

The fair value of the Group's wholly owned properties and the movements in the carrying value of the Group's wholly owned property portfolio during the year ended 31 December 2022 are shown in the table below.

2022

	Investment property (owned) £m	Investment property (leased) £m	Investment property (under development) £m	Total £m
At 1 January 2022	**3,095.1**	**97.7**	**324.1**	**3,516.9**
Additions	**71.1**	**–**	**–**	**71.1**
Cost capitalised	**38.6**	**1.9**	**187.7**	**228.2**
Interest capitalised	**0.5**	**–**	**5.9**	**6.4**
Transfer from investment property under development	**326.5**	**–**	**(326.5)**	**–**
Transfer from work in progress	**–**	**–**	**4.9**	**4.9**
Disposals	**(14.5)**	**–**	**–**	**(14.5)**
Valuation gains	**168.6**	**–**	**19.4**	**188.0**
Valuation losses	**(62.5)**	**(9.3)**	**(12.8)**	**(84.6)**
Net valuation gains/(losses)	**106.1**	**(9.3)**	**6.6**	**103.4**
Carrying and market value at 31 December 2022	**3,623.4**	**90.3**	**202.7**	**3,916.4**

The fair value of the Group's wholly owned properties and the movements in the carrying value of the Group's wholly owned property portfolio during the year ended 31 December 2021 are shown in the table below.

2021

	Investment property (owned) £m	Investment property (leased) £m	Investment property (under development) £m	Total £m
At 1 January 2021	3,614.7	101.8	187.2	3,903.7
Cost capitalised	43.1	7.0	79.3	129.4
Interest capitalised	–	–	5.2	5.2
Transfer from work in progress	–	–	2.1	2.1
Transfer to assets classified as held for sale	(228.2)	–	–	(228.2)
Disposals	(401.1)	–	–	(401.1)
Valuation gains	125.6	–	52.3	177.9
Valuation losses	(59.0)	(11.1)	(2.0)	(72.1)
Net valuation gains/(losses)	66.6	(11.1)	50.3	105.8
Carrying and market value at 31 December 2021	**3,095.1**	**97.7**	**324.1**	**3,516.9**

Total assets classified as held for sale at 31 December 2021 of £228.2 million are comprised entirely of investment property (owned). Assets classified as held for sale are reported within the operations segment, and represents a portfolio of properties intended to be sold within the next 12 months.

Included within investment properties at 31 December 2022 are £28.4 million (2021: £28.8 million) of assets held under a long leasehold and £0.1 million (2021: £0.1 million) of assets held under short leasehold.

Total interest capitalised in investment properties (owned) and investment properties under development at 31 December 2022 was £63.5 million (2021: £57.4 million) on a cumulative basis. Total internal costs capitalised in investment properties (owned) and investment properties under development was £81.7 million at 31 December 2022 (2021: £74.3 million) on a cumulative basis.

Investment property (under development) includes interests in land not currently under construction totalling £136.3 million (2021: £18.0 million).

Recurring fair value measurement

All investment and development properties are classified as Level 3 in the fair value hierarchy.

Class of asset	2022 £m	2021 £m
London – rental properties	**1,212.8**	849.8
Prime regional – rental properties	**1,105.6**	992.9
Major regional – rental properties	**1,130.0**	1,263.5
Provincial – rental properties	**103.9**	217.1
London – development properties	**91.9**	249.9
Prime regional – development properties	**32.4**	48.4
Major regional – development properties	**64.1**	25.8
London build-to-rent – rental properties	**71.1**	–
Prime regional build-to-rent – development properties	**14.3**	–
Investment property (owned)	**3,826.1**	**3,647.4**
Investment property (leased)	**90.3**	**97.7**
Market value (including assets classified as held for sale)	**3,916.4**	**3,745.1**
Investment property (classified as held for sale)	**–**	(228.2)
Market value	**3,916.4**	**3,516.9**

The valuations have been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book") based on net rental income, estimated future costs, occupancy, property management costs and the net initial yield or discount rate.

Where the asset is leased to a university, the valuations also reflect the length of the lease, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the market's general perception of the lessee's creditworthiness.

The resulting valuations are cross-checked against comparable market transactions.

For development properties, the fair value is usually calculated by estimating the fair value of the completed property (using the discounted cash flow method) less estimated costs to completion.

Fair value using unobservable inputs (Level 3)

	2022 £m	2021 £m
Opening fair value	**3,516.9**	3,903.7
Gains and (losses) recognised in income statement	**103.4**	105.8
Transfer to current assets classified as held for sale	**–**	(228.2)
Capital expenditure	**310.6**	136.7
Disposals	**(14.5)**	(401.1)
Closing fair value	**3,916.4**	**3,516.9**
Investment property (classified as held for sale)	–	228.2
Closing fair value (including assets classified as held for sale)	**3,916.4**	**3,745.1**

NOTES TO THE FINANCIAL STATEMENTS continued

Section 3: Asset management continued

3.1 Wholly owned property assets continued

Quantitative information about fair value measurements using unobservable inputs (Level 3)

2022

	Fair value £m	Valuation technique	Unobservable inputs	Range	Weighted average
London – rental properties	**1,212.8**	RICS Red Book	Net rental income (£ per week)	£208–£392	£308
			Estimated future rent increase (% p.a.)	2.0%–4.0%	3.0%
			Net initial yield/Discount rate (%)	3.7%–4.5%	3.9%
Prime regional – rental properties	**1,105.6**	RICS Red Book	Net rental income (£ per week)	£148–£243	£163
			Estimated future rent increase (% p.a.)	2.0%–5.0%	3.0%
			Net initial yield/Discount rate (%)	4.1%–6.2%	4.7%
Major regional – rental properties	**1,130.0**	RICS Red Book	Net rental income (£ per week)	£99–£178	£128
			Estimated future rent increase (% p.a.)	2.0%–3.0%	3.0%
			Net initial yield/Discount rate (%)	4.5%–7%	5.7%
Provincial – rental properties	**103.9**	RICS Red Book	Net rental income (£ per week)	£107–£156	£123
			Estimated future rent increase (% p.a.)	2.0%–3.0%	3.0%
			Net initial yield/Discount rate (%)	6.8%–21.5%	8.6%
London – development properties	**91.9**	RICS Red Book	Estimated cost to complete (£m)	£111.4m–£177.1m	£150.2m
			Net rental income (£ per week)	£183–£366	£248
			Estimated future rent increase (% p.a.)	3.0%	3.0%
			Net initial yield/Discount rate (%)	3.7%	3.7%
Prime regional – development properties	**32.4**	RICS Red Book	Estimated cost to complete (£m)	£17.5m–£58.3m	£44.7m
			Net rental income (£ per week)	£171–£235	£184
			Estimated future rent increase (% p.a.)	2.5%–3.0%	3.0%
			Net initial yield/Discount rate (%)	4.3%–5.0%	4.5%
Major regional – development properties	**64.1**	RICS Red Book	Estimated cost to complete (£m)	£18.2m–£28.4m	£21.1m
			Net rental income (£ per week)	£185–£287	£198
			Estimated future rent increase (% p.a.)	3.0%	3.0%
			Net initial yield/Discount rate (%)	4.9%–5.0%	4.9%
	3,740.7				
Investment property – build-to-rent	**71.1**	RICS Red Book	Net rental income (£ per week)	£359	£359
			Estimated future rent increase (% p.a.)	3.0%	3.0%
			Net initial yield/Discount rate (%)	3.9%	3.9%
Development property – build-to-rent	**14.3**	RICS Red Book	Estimated cost to complete (£m)	£12.8m–£20.4m	£15.6m
			Net rental income (£ per week)	£170–£614	£312
			Estimated future rent increase (% p.a.)	3.0%	3.0%
			Net initial yield/Discount rate (%)	3.9%–4.3%	4.03%
	3,826.1				
Investment property – leased	**90.3**	Discounted cash flows	Net rental income (£ per week)	£99–£191	£154
			Estimated future rent increase (% p.a.)	1%–3%	2%
			Discount rate (%)	6.3%	6.3%
Fair value at 31 December 2022	**3,916.4**				

2021

	Fair value £m	Valuation technique	Unobservable inputs	Range	Weighted average
London – rental properties	849.8	RICS Red Book	Net rental income (£ per week)	£191–£373	£291
			Estimated future rent increase (% p.a.)	3%–4%	4%
			Net initial yield/Discount rate (%)	3.7%–4.9%	3.9%
Prime regional – rental properties	992.9	RICS Red Book	Net rental income (£ per week)	£144–£235	£191
			Estimated future rent increase (% p.a.)	1%–4%	3%
			Net initial yield/Discount rate (%)	4.0%–6.3%	4.7%
Major regional – rental properties	1,263.6	RICS Red Book	Net rental income (£ per week)	£62–£173	£131
			Estimated future rent increase (% p.a.)	0%–4%	2%
			Net initial yield/Discount rate (%)	4.7%–7.0%	5.7%
Provincial – rental properties	217.1	RICS Red Book	Net rental income (£ per week)	£109–£188	£135
			Estimated future rent increase (% p.a.)	1%–4%	3%
			Net initial yield/Discount rate (%)	5.1%–14.2%	7%
London – development properties	249.9	RICS Red Book	Estimated cost to complete (£m)	£34.0m–£177.3m	£126.5m
			Net rental income (£ per week)	£185–£382	£289
			Estimated future rent increase (% p.a.)	3%	3%
			Net initial yield/Discount rate (%)	3.6%	3.6%
Prime regional – development properties	48.4	RICS Red Book	Estimated cost to complete (£m)	£7.1m–£64.3m	£35.9m
			Net rental income (£ per week)	£176–£258	£181
			Estimated future rent increase (% p.a.)	3%	3%
			Net initial yield/Discount rate (%)	4.0%	4%
Major regional – development properties	25.8	RICS Red Book	Estimated cost to complete (£m)	£33.9m–£45.2m	£42.1m
			Net rental income (£ per week)	£171–£213	£172
			Estimated future rent increase (% p.a.)	3%	3%
			Net initial yield/Discount rate (%)	5.0%	5%
Fair value at 31 December 2021	**3,647.4**				
Investment property (leased)	97.7	Discounted cash flows	Net rental income (£ per week)	£95–£185	£144
			Estimated future rent increase (% p.a.)	3%	3%
			Discount rate (%)	6.8%	6.8%
Fair value at 31 December 2021	**3,745.1**				

NOTES TO THE FINANCIAL STATEMENTS continued

Section 3: Asset management continued

3.1 Wholly owned property assets continued

Fair value sensitivity analysis

A decrease in net rental income or occupancy will result in a decrease in the fair value, whereas a decrease in the discount rate (yield) will result in an increase in fair value. There are inter-relationships between these rates as they are partially determined by market rate conditions. These two key sources of estimation uncertainty are considered to represent those most likely to have a material impact on the valuation of the Group's investment property within the next 12 months as a result of reasonably possible changes in assumptions used. The potential effect of such reasonably possible changes has been assessed by the Group and is set out below:

Class of assets	Fair value at 31 December 2022 £m	+5% change in estimated net rental income £m	-5% change in estimated net rental income £m	+25 bps change in nominal equivalent yield £m	-25 bps change in nominal equivalent yield £m
Rental properties					
London	1,212.8	1,272.9	1,152.7	1,138.9	1,297.1
Prime regional	1,105.6	1,160.5	1,051.2	1,049.4	1,168.9
Major regional	1,130.0	1,186.6	1,073.7	1,081.7	1,183.1
Provincial	103.9	109.2	98.7	100.9	107.2
Development properties					
London	91.9	95.9	86.6	85.6	97.6
Prime regional	32.4	38.5	35.1	35.0	38.8
Major regional	64.1	67.2	61.0	61.0	67.3
Build-to-rent					
London	71.1	76.0	68.8	68.1	77.3
Prime regional	14.3	15.1	13.7	13.6	15.4
Market value	3,826.1	4,021.9	3,641.5	3,634.2	4,052.7

3.2 Inventories

Accounting policies

Inventories are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. All costs directly associated with the purchase of land, and all subsequent qualifying expenditure is capitalised.

	2022 £m	2021 £m
Interests in land	11.4	10.8
Other stocks	1.4	1.3
Inventories	12.8	12.1

At 31 December 2022, the Group had interests in two pieces of land (2021: two pieces of land).

3.3 Right of use assets and other non-current assets

Accounting policies

Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability (see note 4.6a) with respect to all lease arrangements in which it is the lessee. Right of use assets are initially measured at cost, which comprises a value set equal to the lease liability, adjusted for prepaid or accrued lease payments and lease incentives. They are subsequently measured at this initial value less accumulated depreciation and impairment losses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment mainly comprise leasehold improvements at the Group's head office and London office as well as computer hardware at these sites.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

- Right of use assets — Shorter of lease and economic life
- *Property, plant and equipment* — *4–7 years*

Intangible assets

Intangible assets predominantly comprise computer software which allows customers to book online and processes transactions within the sales cycle. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. The assets are amortised on a straight-line basis over four to seven years, being the estimated useful lives of the intangible assets, from the date they are available for use. Amortisation is charged to the income statement within operating expenses.

3.3a) Right of use assets

	2022			2021		
	Buildings £m	**Other £m**	**Total £m**	**Buildings £m**	**Other £m**	**Total £m**
Cost						
At 1 January	**5.8**	**1.3**	**7.1**	5.8	1.4	7.2
Additions	**–**	**0.4**	**0.4**	–	0.4	0.4
Disposals	**(0.8)**	**(0.4)**	**(1.2)**	–	(0.5)	(0.5)
At 31 December	**5.0**	**1.3**	**6.3**	5.8	1.3	7.1
Amortisation						
At 1 January	**(2.9)**	**(0.6)**	**(3.5)**	(2.2)	(0.7)	(2.9)
Amortisation charge for the year	**(0.8)**	**(0.5)**	**(1.3)**	(0.7)	(0.4)	(1.1)
Disposal	**0.8**	**0.4**	**1.2**	–	0.5	0.5
At 31 December	**(2.9)**	**(0.7)**	**(3.6)**	(2.9)	(0.6)	(3.5)
Carrying value at 1 January	**2.9**	**0.7**	**3.6**	3.6	0.7	4.3
Carrying value at 31 December	**2.1**	**0.6**	**2.7**	**2.9**	**0.7**	**3.6**

The Group leases several assets including office equipment and vehicles. The average lease term is three years.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 3: Asset management continued

3.3 Right of use assets and other non-current assets continued

Approximately 44% of the leases expired in the current financial year (2021: 11%). The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right of use assets of £0.4 million in 2022 (2021: £0.4 million).

The maturity analysis of lease liabilities is presented in note 4.6a.

Details of interest on lease liabilities and total cash outflows for leases are presented in notes 4.3 and 5.1.

3.3b) Other non-current assets

The Group's other non-current assets can be analysed as follows:

	2022			2021		
	Property, plant and equipment £m	Intangible assets £m	Total £m	Property, plant and equipment £m	Intangible assets £m	Total £m
Cost						
At 1 January	**12.6**	**65.1**	**77.7**	12.1	61.8	73.9
Additions	**1.0**	**8.0**	**9.0**	0.5	3.3	3.8
At 31 December	**13.6**	**73.1**	**86.7**	12.6	65.1	77.7
Depreciation and amortisation						
At 1 January	**(9.8)**	**(48.9)**	**(58.7)**	(9.2)	(42.8)	(52.0)
Depreciation/amortisation charge for the year	**(0.6)**	**(5.9)**	**(6.5)**	(0.6)	(6.1)	(6.7)
At 31 December	**(10.4)**	**(54.8)**	**(65.2)**	(9.8)	(48.9)	(58.7)
Carrying value at 1 January	**2.8**	**16.2**	**19.0**	2.9	19.0	21.9
Carrying amount at 31 December	**3.2**	**18.3**	**21.5**	**2.8**	**16.2**	**18.9**

Intangible assets include £7.0 million (2021: £0.8 million) of assets not being amortised as they are not yet ready for use. Property, plant and equipment assets include £nil (2021: £nil) of assets not being depreciated as they are not ready for use. At 31 December 2022 the Group had capital commitments of £nil (2021: £nil) relating to intangible assets and £nil (2021: £nil million) relating to property, plant and equipment.

3.4 Investments in joint ventures (Group)

Accounting policies

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include joint ventures initially at cost subsequently, increased or decreased by the Group's share of total gains and losses of joint ventures on an equity basis. Interest free joint venture investment loans are initially recorded at fair value – the difference between the nominal amount and fair value being treated as an investment in the joint venture. The implied discount is amortised over the contracted life of the investment loan.

The Directors consider that the agreements integral to its joint ventures result in the Group having joint control over the key matters required to operate the joint ventures. A significant degree of judgement is exercised in this assessment due to the complexity of the contractual arrangements.

USAF and LSAV are jointly owned entities that are accounted for as joint ventures. Due to the complexity of the contractual arrangements and Unite's role as manager of the joint venture vehicles, the assessment of joint control involves judgements around a number of significant factors. These factors include how Unite as fund manager has the ability to direct relevant activities such as acquisitions, disposals, capital expenditure for refurbishments and funding whether through debt or equity. This assessment for USAF is complex because of the number of unit holders and how their rights are represented through an Advisory Committee. For some of the activities it is not clear who has definitive control of the activities: in some scenarios the Group can control, in others the Advisory Committee. However, for the activities which are considered to have the greatest impact on the returns of USAF, acquisitions and equity financing, it has been determined that the Group and the Advisory Committee has joint control in directing these activities and that on balance, it is appropriate to account for USAF as a joint venture. The assessment for LSAV is more straightforward because the Group and GIC each own 50% of the joint venture and there is therefore much clearer evidence that control over the key activities is shared by the two parties.

The Group has two joint ventures:

Joint venture	Group's share of assets/results 2022 (2021)	Objective	Partner	Legal entity in which Group has interest
The UNITE UK Student Accommodation Fund (USAF)	29.5%* (23.4%)*	Invest and operate student accommodation throughout the UK	Consortium of investors	UNITE UK Student Accommodation Fund, a Jersey Unit Trust
London Student Accommodation Venture (LSAV)	50% (50%)	Operate student accommodation in London and Birmingham	GIC Real Estate Pte, Ltd Real estate investment vehicle of the Government of Singapore	LSAV Unit Trust, a Jersey Unit Trust and LSAV (Holdings) Ltd, incorporated in Jersey

* Part of the Group's interest is held through a subsidiary, USAF (Feeder) Guernsey Limited, in which there is an external investor. A non-controlling interest therefore occurs on consolidation of the Group's results representing the external investor's share of profits and assets relating to its investment in USAF. The ordinary shareholders of Unite Group PLC are beneficially interested in 28.15% (2021: 22.0%) of USAF.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 3: Asset management continued

3.4 Investments in joint ventures (Group) continued

3.4a) Net assets and results of the joint ventures

The summarised balance sheets and results for the year, and the Group's share of these joint ventures are as follows:

2022

	USAF £m			LSAV £m		Total £m	
	Gross	MI	Share	Gross	Share	Gross	Share
Investment property	2,888.1	38.0	813.0	1,920.8	960.4	4,808.9	1,811.4
Cash	126.5	1.7	35.6	131.2	65.6	257.7	102.9
Debt	(851.9)	(11.2)	(239.8)	(770.4)	(385.2)	(1,622.3)	(636.2)
Swap assets/(liabilities)	3.2	-	0.9	6.6	3.3	9.8	4.2
Other current assets	126.5	1.7	35.6	16.4	8.2	142.9	45.5
Other current liabilities	(245.8)	(3.4)	(69.2)	(57.2)	(28.6)	(303.0)	(101.2)
Net assets	2,046.6	26.8	576.1	1,247.4	623.7	3,294.0	1,226.6
Non-controlling interest	-	(26.8)	-	-	-	-	(26.8)
Swap (liabilities)/assets	(3.2)	-	(0.9)	(6.6)	(3.3)	(9.8)	(4.2)
EPRA NTA	2,043.4	-	575.2	1,240.8	620.4	3,284.2	1,195.6
Profit for the year	124.2	1.3	26.1	106.0	53.0	230.2	80.4

2021

	USAF £m			LSAV £m		Total £m	
	Gross	MI	Share	Gross	Share	Gross	Share
Investment property	2,867.4	39.3	631.9	1,819.0	909.5	4,686.4	1,580.7
Cash	106.2	1.5	23.4	45.4	22.7	151.6	47.6
Debt	(912.1)	(12.5)	(201.0)	(673.0)	(336.5)	(1,585.1)	(550.0)
Swap assets/(liabilities)	0.5	-	0.1	(0.2)	(0.1)	0.3	-
Other current assets	106.6	1.5	23.5	22.0	11.0	128.6	36.0
Other current liabilities	(211.5)	(3.5)	(46.6)	(40.2)	(20.1)	(251.7)	(70.2)
Net assets	1,957.1	26.3	431.3	1,173.0	586.5	3,130.1	1,044.1
Non-controlling interest	-	(26.3)	-	-	-	-	(26.3)
Swap (liabilities)/assets	(0.5)	-	(0.1)	0.2	0.1	(0.3)	-
EPRA NTA	1,956.6	-	431.2	1,173.2	586.6	3,129.8	1,017.8
Profit for the year	146.9	2.1	34.2	172.2	86.1	319.1	122.4

Net assets and profit/(loss) for the year above include the non-controlling interest, whereas EPRA NTA excludes the non-controlling interest.

USAF and LSAV use derivatives to hedge their borrowings. These derivatives are designated in cash flow hedge relationships which are considered to be fully effective. The share of joint venture mark to market movements on hedging instruments is recognised in the Group's Other Comprehensive Income within the share of joint venture mark to market movements on hedging instruments. The total notional value of borrowings in hedge relationships at 31 December 2022 is £415.0 million (2021: £225.0 million). See note 4.5 for further details.

3.4b) Movement in carrying value of the Group's investments in joint ventures

The carrying value of the Group's investment in joint ventures increased by £182.5 million during the year ended 31 December 2022 (2021: £195.1 million increase), resulting in an overall carrying value of £1,226.6 million (2021: £1,044.1 million).

The following table shows how the increase has arisen:

	2022 £m	2021 £m
Recognised in the income statement:		
Operations segment result	**44.5**	30.2
Non-controlling interest share of Operations segment result	**1.3**	1.1
Management fee adjustment related to trading with joint venture	**4.0**	3.0
Net valuation gains/(losses) on investment property	**32.3**	88.7
Property disposals	**(0.9)**	(0.3)
Other	**(0.8)**	(0.3)
	80.4	122.4
Recognised in equity:		
Movement in effective hedges	**4.7**	0.6
Other adjustments to the carrying value:		
Profit adjustment related to trading with joint venture	**(4.0)**	(3.4)
Profit adjustment related sale of property to LSAV	**–**	(1.9)
Additional capital invested in LSAV	**–**	157.6
Additional capital invested in USAF	**140.9**	–
LSAV performance fee	**–**	(42.2)
USAF distributions received	**(19.8)**	(18.6)
LSAV distributions received	**(19.7)**	(19.4)
Increase in carrying value	**182.5**	**195.1**
Carrying value at 1 January	**1,044.1**	849.0
Carrying value at 31 December	**1,226.6**	**1,044.1**

3.4c) Transactions with joint ventures

The Group acts as asset and property manager for the joint ventures and receives management fees in relation to these services.

In addition, the Group is entitled to performance fees from USAF and LSAV if the joint ventures outperform certain benchmarks. The Group receives either cash or an enhanced equity interest in the joint ventures as consideration for the performance fee. The Group has recognised the following gross fees in its results for the year.

	2022 £m	2021 £m
USAF	**16.6**	15.2
LSAV	**4.8**	3.9
Asset and property management fees	**21.4**	**19.1**
LSAV performance fee	**–**	41.9
Investment management fees	**–**	**41.9**
Total fees	**21.4**	**61.0**

On an EPRA basis, fees from joint ventures are shown net of the Group's share of the cost to the joint ventures.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 3: Asset management continued

3.4 Investments in joint ventures (Group) continued

The Group's share of the cost to the joint ventures is £4.0 million (2021: £3.2 million), which results in management fees from joint ventures of £17.4 million being shown in the Operating segment result in note 2.2a (2021: £15.9 million).

During 2022, the Group did not sell any properties to LSAV or USAF (2021: two properties sold to LSAV for gross proceeds of £341.9 million). The proceeds and carrying value of the property are therefore recognised in profit on disposal of property and the cash flows in investing activities. The loss relating to the sales, associated disposal costs and related cash flows are set out below:

	Profit and loss	
	2022 £m	2021 £m
Included in loss on disposal of property (net of joint venture trading adjustment)	-	6.6
Loss on disposal of property	**-**	**6.6**

	Cash flow	
	2022 £m	2021 £m
Gross proceeds	-	341.9
Less amounts settled by transfer of property	-	(99.4)
Net cash flows included in cash flows from investing activities	**-**	**242.5**

As part of the disposal of properties to LSAV in 2021, the Group received an additional investment in the joint venture as non-cash consideration totalling £104.0 million (before costs of £4.6 million), and the settlement of the LSAV performance fee also resulted in a non-cash increase in its investment value of £53.6 million. The Group's relative interest in the joint venture remained unchanged.

3.5 Investments in subsidiaries (Company)

Accounting policies

In the financial statements of the Company, investments in subsidiaries are held at fair value. Changes in fair value are recognised in profit or loss and presented in retained earnings in equity.

Carrying value of investment in subsidiaries

The movements in the Company's interest in unlisted subsidiaries and joint ventures during the year are as follows:

	Investment in subsidiaries	
	2022 £m	2021 £m
At 1 January	**2,143.5**	1,826.7
Additions	**-**	-
Revaluation	**253.5**	316.8
At 31 December	**2,397.0**	**2,143.5**

The carrying value of investment in subsidiaries has been calculated using the equity attributable to the owners of the parent company from the consolidated balance sheet adjusted for the fair value of fixed rate loans. This includes investment property, investment property under development and swaps at a fair value calculated by a third party expert. All investment properties and investment properties under development are classified as Level 3 in the IFRS 13 fair value hierarchy and have been discussed on page 214. The fixed rate loans range between Level 1 and Level 2 in the IFRS 13 fair value hierarchy and have been discussed further on page 214.

Significant assumptions underlying the valuation of investment in subsidiaries are valuation of investment property and investment property under development, together with the value of borrowings and inter-company debt. A full list of the Company's subsidiaries and joint ventures can be found in note 9.

Section 4: Funding

The Group finances its development and investment activities through a mixture of retained earnings, borrowings and equity. The Group continuously monitors its financing arrangements to manage its gearing.

Interest rate swaps are used to manage the Group's risk to fluctuations in interest rate movements.

The following pages provide disclosures about the Group's funding position, including borrowings, gearing and hedging instruments; its exposure to market risks; and its capital management policies.

Accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, less any attributable transaction costs, and subsequently at amortised cost.

With the exception of investments in subsidiaries and derivative financial instruments, no other financial assets or liabilities have been classified as either fair value through profit or loss or fair value through other comprehensive income.

The accounting policies applicable to specific financial assets and liabilities, and financing costs, are set out in the relevant notes.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables.

The Accounting Policy is set out in full in note 5.2.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk. Further details of derivative financial instruments, including the relevant accounting policies, are disclosed in notes 4.2 and 4.5.

4.1 Borrowings

Accounting policies

Interest bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

The table below analyses the Group's borrowings which comprise bank and other loans by when they fall due for payment:

	Group – Carrying value		Company – Carrying value	
	2022 £m	2021 £m	2022 £m	2021 £m
Current				
In one year or less	–	–	–	–
Non-current				
In more than one year but not more than two years	**298.7**		–	–
In more than two years but not more than five years	**228.0**	419.2	**228.0**	121.3
In more than five years	**721.1**	719.0	**421.6**	420.9
	1,247.8	1,138.2	**649.6**	542.2
Unamortised fair value of debt recognised on acquisition	**18.1**	23.8	–	–
Total borrowings	**1,265.9**	**1,162.0**	**649.6**	**542.2**

In addition to the borrowings currently drawn as shown above, the Group has available undrawn facilities of £368.0 million (2021: £325.0 million). A further overdraft facility of £10.0 million (2021: £10.0 million) is also available.

The Group repaid only unsecured borrowing at 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 4: Funding continued

4.1 Borrowings continued

The carrying value and fair value of the Group's borrowings is analysed below:

	2022		2021	
Group	**Carrying value £m**	**Fair value £m**	**Carrying value £m**	**Fair value £m**
Level 1 IFRS fair value hierarchy	**875.0**	**759.3**	898.8	936.7
Other loans and unamortised arrangement fees	**372.8**	**333.8**	263.2	263.2
Total borrowings	**1,247.8**	**1,093.1**	**1,162.0**	**1,199.9**

	2022		2021	
Company	**Carrying value £m**	**Fair value £m**	**Carrying value £m**	**Fair value £m**
Level 1 IFRS fair value hierarchy	**275.0**	**344.5**	425.0	439.0
Other loans and unamortised arrangement fees	**374.6**	**333.8**	117.2	117.2
Total borrowings	**649.6**	**678.3**	**542.2**	**556.2**

The fair value of loans classified as Level 1 in the IFRS fair value hierarchy is determined using quoted prices in active markets for identical liabilities.

The following table shows the changes in liabilities arising from financing activities:

2022

Group	**At 1 January 2022**	**Financing cash flows**	**Fair value adjustments**	**Other changes**	**At 31 December 2022**
Borrowings	**1,162.0**	**107.0**	**(4.3)**	**1.2**	**1,265.9**
Lease liabilities	**96.8**	**(4.8)**	**–**	**0.3**	**92.3**
Interest rate swaps	**(2.5)**	**–**	**(70.7)**	**–**	**(73.2)**
Total liabilities from financing activities	**1,256.3**	**102.2**	**(75.0)**	**1.5**	**1,285.0**
Company					
Borrowings	**542.2**	**107.0**	**0.4**	**–**	**649.6**
Interest rate swaps	**(2.5)**	**–**	**(70.7)**	**–**	**(73.2)**
Total liabilities from financing activities	***539.7***	***107.0***	***(70.3)***	**–**	**576.4**

2021

Group	**At 1 January 2021**	**Financing cash flows**	**Fair value adjustments**	**Other changes**	**At 31 December 2021**
Borrowings	1,689.9	(563.8)	(4.3)	40.2	1,162.0
Lease liabilities	101.1	(13.2)	–	8.9	96.8
Interest rate swaps	23.6	(3.1)	(23.9)	0.9	(2.5)
Total liabilities from financing activities	**1,814.6**	**(580.1)**	**(28.2)**	**50.0**	**1,256.3**
Company					
Borrowings	1,066.6	(550.8)	(0.8)	27.2	542.2
Interest rate swaps	23.6	(3.1)	(23.9)	0.9	(2.5)
Total liabilities from financing activities	**1,090.2**	**(553.9)**	**(24.7)**	**28.1**	**539.7**

4.2 Interest rate swaps

The Group uses interest rate swaps to manage the Group's exposure to interest rate fluctuations. In accordance with the Group's Treasury Policy, the Group does not hold or issue interest rate swaps for trading purposes and only holds swaps which are considered to be commercially effective. The derivatives of the Company are the same as those of the Group, and the hedge accounting disclosures in note 4.5a are also relevant for the Company.

Accounting policies

Interest rate swaps are recognised initially and subsequently at fair value, with mark to market movements recognised in the income statement unless cash flow hedge accounting is applied.

The Group designates certain interest rate derivatives as hedging instruments. The interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to the interest risk of borrowings. At inception the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of changes in fair value of the interest rate swap is recognised in Other Comprehensive Income and presented under the heading of Hedging reserve in equity, limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the interest rate swap is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in Other Comprehensive Income and accumulated in the hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the hedging reserve is reclassified immediately to profit or loss.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The following table shows the fair value of interest rate swaps which at 31 December 2022 are not designated in accounting hedge relationships:

	2022 £m	2021 £m
Current	–	(2.5)
Non-current	**(73.2)**	–
Fair value of interest rate swaps	**(73.2)**	**(2.5)**

The fair value of interest rate swaps (a debit balance in 2022 and 2021) have been calculated by a third party expert, discounting estimated future cash flows on the basis of market expectations of future interest rates, representing Level 2 in the IFRS 13 fair value hierarchy. At 31 December 2022 the net asset fair value above comprises non-current assets of £73.2 million (2021: assets of £6.1 million and liabilities of £3.6 million).

NOTES TO THE FINANCIAL STATEMENTS continued

Section 4: Funding continued

4.3 Net financing (gains)/costs

Accounting policies

Net financing costs comprise interest payable on borrowings and interest on lease liabilities, less interest receivable on funds invested (both calculated using the effective interest rate method) and gains and losses on hedging instruments that are recognised in the income statement.

Recognised in the income statement:	2022 £m	2021 £m
Interest income	**(0.2)**	–
Finance income	**(0.2)**	–
Gross interest expense on loans	**39.5**	43.7
Interest capitalised	**(4.3)**	(5.2)
Amortisation of fair value of debt recognised on acquisition	**(5.9)**	(4.3)
Loan interest and similar charges	**29.3**	**34.2**
Interest on lease liabilities	**8.1**	8.5
Mark to market gains on interest rate swaps	**(70.7)**	(10.9)
Swap cancellation fair value settlements and loan break costs	**–**	4.2
Finance (gains)/costs	**(33.3)**	**36.0**
Net financing (gains)/costs	**(33.5)**	**36.0**

The average cost of the Group's wholly owned investment debt at 31 December 2022 is 3.3% (2021: 3.0%). The overall average cost of investment debt on an EPRA basis is 3.4% (2021: 3.0%).

4.4 Gearing

LTV is a key indicator that the Group uses to manage its indebtedness. The Group also monitors gearing, which is calculated using EPRA net tangible assets (NTA) and adjusted net debt. Adjusted net debt excludes IFRS 16 lease liabilities, the unamortised fair value of debt recognised on acquisition and mark to market of interest rate swaps as shown below.

The Group's gearing ratios are calculated as follows:

	Note	2022 £m	2021 £m
Cash and cash equivalents	5.1	**38.0**	109.4
Non-current borrowings	4.1	**(1,265.9)**	(1,162.0)
Lease liabilities	*4.6a*	**(92.3)**	(96.8)
Interest rate swaps	4.3	**73.2**	2.5
Net debt per balance sheet		**(1,247.0)**	**(1,146.9)**
Lease liabilities	*4.6a*	**92.3**	96.8
Unamortised fair value of debt recognised on acquisition	2.3c	**19.5**	23.8
Adjusted net debt		**(1,135.2)**	**(1,026.3)**
Reported net asset value	2.3c	**3,792.1**	3,527.8
EPRA NTA	2.3c	**3,715.2**	3,532.2
Gearing			
Basic (net debt/reported net asset value)		**33%**	33%
Adjusted gearing (adjusted net debt/EPRA NTA)		**31%**	29%
Loan to value	2.3a	**31%**	29%

4.5 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (primarily interest rate risk), credit risk and liquidity risk. The Group's Treasury Policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Details on credit risk can be found in note 5.3.

4.5a) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group holds its debt finance under both floating and fixed rate arrangements. The majority of floating debt is hedged through the use of interest rate swap agreements. The Group's Policy guideline has been to hedge 75%-95% of the Group's exposure for terms of approximately two to ten years.

At 31 December 2022, after taking account of interest rate swaps, 97% (2021: 89%) of the Group's borrowing was held at fixed rates. Excluding the £200 million (2021: £nil million) of swaps the fixed investment borrowing is at an average rate of 3.1% (2021: 3.1%) for an average period of 5.3 years (2021: 6.4 years), including all debt with current swaps the average rate is 3.3% (2021: 3.0%). In addition, Unite Group Plc has £300m forward starting interest rate swaps at rates meaningfully below prevailing market levels with weighted average maturity of 10.8 years.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates upon the issuance of forecast fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

As the critical terms of the hedge contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships has historically been the effect of the counterparty and the Group's own credit risk on the fair value of the hedge contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships. However, changes in anticipated draw down of debt in 2022 as a result of planned property disposals have meant that the hedged items were no longer expected to occur. As a result the hedge relationships were discontinued from 1 July 2021. Subsequent changes in fair value of the derivatives of £10.0 million were recognised directly in profit and loss. The amount accumulated in cash flow hedge reserve was reclassified to profit and loss.

The Group holds interest rate swaps and caps at 31 December 2022 against £nil (2021: £nil) of the Group's borrowings, designated in effective hedge relationships. The fair value of these instruments is net assets of £73.2 million (2021: £2.5 million) with £nil million maturing in 12 months.

Hedging instruments

	Applicable interest rates		Nominal amount		Carrying amount		Change in fair value	
	2022 %	2021 %	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Within one year	-	-	-	-	-	-	-	5.0
Between one and two years	-	-	-	-	-	-	-	2.5
Between two and five years	-	-	-	-	-	-	-	-
More than five years	-	-	-	-	-	-	-	8.6

NOTES TO THE FINANCIAL STATEMENTS continued

Section 4: Funding continued

4.5 Financial risk factors continued

Hedged items

	Nominal amount		Change in value		Hedging reserve – continuing		Hedging reserve – discontinued*	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Variable rate borrowings	-	-	-	(16.2)	-	-	-	1.6

* Balance in cash flow hedging reserve representing the unamortised value of the realised swap gain from hedging relationship for which hedge accounting is no longer applied.

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to profit or loss:

	Changes in OCI		Hedge ineffectiveness			Reclassified to P&L – discontinued		Reclassified to P&L – continuing		
	2022 £m	2021 £m	2022 £m	2021 £m	Line item in P&L	2022 £m	2021 £m	2022 £m	2021 £m	Line item in P&L
Variable rate borrowings	-	16.2	-	-	Mark to market movements on interest rate swaps	-	(1.1)	-	-	Mark to market movements on interest rate swaps

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is one-month SONIA (2021: SONIA). The Group will settle the difference between the fixed and floating interest rate on a net basis.

At the end of the current year and the previous year, the Group had no cash flow hedges in hedge relationships.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments as at 31 December 2022. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant the Group's loss for the year ended 31 December 2022 would increase by £1.4 million (2021: £4.0 million). The Group's sensitivity to interest rates has decreased mainly due to the lower amount of unhedged floating rate debt in place during the year.

4.5b) Credit risk on financial instruments

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and investments in these instruments, where the counterparties have minimum A- credit rating, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information including CDS price and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties in line with Board Policy.

Before accepting any new customer, the finance team uses external credit ratings to assess the potential customer's credit quality and defines credit limits by customer. Monitoring procedures are also in place to ensure that follow-up action is taken when ratings deteriorate. The Group does not hold any credit enhancements to cover its credit risks associated with its financial assets.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable;

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account collateral held by the Group).

Details of the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades are set out on note 5.3.

4.5c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

For development activities, the Group has a policy of raising substantially the full amount of equity required for each development before drawing debt against the development. The funding requirements of developments are therefore secured at the outset of works.

The Group has the following financial instruments which impact the liquidity risk of the Group either now or in the future:

- Financial assets including interest rate swaps, trade receivables, amounts due from joint ventures, other receivables and cash.
- Financial liabilities including borrowings, lease liabilities, interest rates swaps, trade payables, retentions on construction contracts for properties, other payables and accrued expenses.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 4: Funding continued

4.5 Financial risk factors continued

2022

	Weighted average effective interest rate %	Less than 1 month £m	1–3 months £m	3 months – 1 year £m	1–5 years £m	5+ years £m	Total £m	Carrying amount £m
Variable interest rate instruments	5.0	1.0	1.9	8.7	258.2	–	269.9	228.0
Fixed interest rate instruments	3.1	1.1	2.2	28.8	399.4	766.2	1,197.7	1,037.9
Lease liabilities	4.2	0.5	0.9	4.2	28.3	58.8	92.7	92.3
Trade and other payables	N/a	–	118.2	–	–	–	118.2	118.2
Total		2.6	123.2	41.7	685.9	825.0	1,678.5	1,476.4

2021

	Weighted average effective interest rate %	Less than 1 month £m	1–3 months £m	3 months – 1 year £m	1–5 years £m	5+ years £m	Total £m	Carrying amount £m
Variable interest rate instruments	2.0%	0.2	0.4	1.9	130.6	–	133.1	121.3
Fixed interest rate instruments	3.1%	1.1	2.2	28.5	415.5	786.4	1,233.7	1,040.7
Lease liabilities	4.2%	–	3.2	9.8	53.9	94.2	161.1	96.8
Trade and other payables	n/a	–	130.6	–	–	–	130.6	130.6
Total		1.3	136.4	40.2	600.0	880.6	1,658.5	1,389.4

The Company has £269.9 million of variable rate borrowings with a weighted average rate of 5.0% and £1,197.7 million of fixed rate borrowings with a weighted average rate of 3.1%. The maturity of the Company's borrowings is disclosed in note 4.1.

The Group has access to financing facilities as described below, of which £378.0 million were unused at the reporting date (2021: £335.0 million). The Group expects to meet its other obligations from operating cash flows.

	2022 £m	2021 £m
Unsecured bank overdraft facility, reviewed annually and payable at call:		
– amount used	–	–
– amount unused	10.0	10.0
	10.0	10.0
Unsecured committed bank loan facilities which may be extended by mutual agreement:		
– amount used	232.0	125.0
– amount unused	368.0	325.0
	600.0	450.0

4.5d) Covenant compliance

The Group monitors its covenant position and the forecast headroom available on a monthly basis. At 31 December 2022, the Group was in full compliance with all of its borrowing covenants.

The Group's unsecured borrowings carry several covenants. The covenant regime is IFRS based and gives the Group substantial operational flexibility, allowing property acquisitions, disposals and developments to occur with relative freedom.

	2022		2021	
	Covenant	**Actual**	**Covenant**	**Actual**
Gearing	**<1.50**	**0.34**	<1.50	0.30
Unencumbered assets ratio	**>1.70**	**3.12**	>1.70	3.25
Secured gearing	**<0.25**	**0.0**	<0.25	0.0
Development assets ratio	**<30%**	**4%**	<30%	7%
Joint venture ratio	**<55%**	**24%**	<55%	23%
Interest cover	**>2.00**	**6.71**	>2.00	5.49

The Group also has bonds which carry several covenants which the Group was also in full compliance with as set out below.

	2022		2021	
	Weighted covenant	**Weighted actual**	**Weighted covenant**	**Weighted actual**
Net gearing	**<60%**	**34%**	<60%	30%
Secured gearing	**<25%**	**0%**	<25%	0%
Unsecured gearing	**>1.67**	**2.89**	>1.67	2.79
Interest cover	**>1.75**	**3.50**	>1.75	3.31

NOTES TO THE FINANCIAL STATEMENTS continued

Section 4: Funding continued

4.6 Leases

4.6a) Lease liabilities

Accounting policies

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right of use asset (see note 3.1a) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate (since the rate implicit in the leases cannot be readily determined) of 4.17%.

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability whenever:

- The lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the period presented.

	Undiscounted cash flows		Carrying value	
Lease liabilities	**2022 £m**	**2021 £m**	**2022 £m**	**2021 £m**
Analysed as:				
Non-current			**87.5**	91.9
Current			**4.8**	4.9
Total lease liability			**92.3**	**96.8**
Lease liability maturity analysis				
Year 1	**10.5**	13.0	**4.8**	4.9
Year 2	**10.9**	13.3	**6.7**	5.4
Year 3	**11.8**	13.5	**6.7**	6.2
Year 4	**12.4**	13.4	**7.4**	6.7
Year 5	**13.3**	13.7	**7.9**	7.4
Onwards	**80.6**	94.2	**58.8**	66.2
Total	**139.5**	**161.1**	**92.3**	**96.8**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

4.6b) Lease receivables

The Group accounts for its tenancy contracts offered to commercial and individual tenants as operating leases.

Operating lease contracts with universities contain RPI uplifts and market review clauses.

The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease receivables

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2022 £m	2021 £m
Year 1	**218.7**	194.1
Year 2	**112.8**	78.8
Year 3	**73.8**	57.9
Year 4	**66.8**	52.0
Year 5	**58.5**	46.2
Onwards	**311.0**	239.0
Total	**841.6**	**668.0**

4.7 Capital management

The capital structure of the Group consists of shareholders' equity and adjusted net debt, including cash held on deposit. The Group's equity is analysed into its various components in the Statement of Changes in Equity. The components and calculation of adjusted net debt is set out in note 4.4. Capital is managed so as to continue as a going concern and to promote the long-term success of the business and to maintain sustainable returns for shareholders and joint venture partners.

The Group uses a number of key metrics to manage its capital structure:

- net debt (note 4.4)
- gearing (note 4.4)
- LTV (note 2.3a)
- weighted average cost of investment debt (note 4.5a)

In order to manage levels of adjusted gearing over the medium term, the Group seeks to deliver NAV growth and to recycle capital invested in lower performing assets into new assets and property developments. £339.0 million of property assets were sold in 2022 and we plan to sell £100-£150 million of property during 2023. The Group only commits to schemes where there is a meaningful spread between development yields and funding costs, on investments in its development and university partnerships pipeline. The Group does not commit to developing new sites until sufficient equity and funding to fulfil the full cost of the development is secure.

The Board monitors the ability of the Group to pay dividends out of available cash and distributable profits. Based on the assumption that no shareholders take up the scrip dividend, the full year dividend will be covered by operating cash flows. The full year dividend is expected to be £130.7 million compared to operating cash flow of £160.2 million.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 4: Funding continued

4.8 Equity

Accounting policies

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are deducted from the proceeds of the issue.

The Company's issued share capital has increased during the year as follows:

	2022			2021		
Called up, allotted and fully paid ordinary shares of £0.25p each	**No. of shares**	**Ordinary shares £m**	**Share premium £m**	**No. of shares**	**Ordinary shares £m**	**Share premium £m**
At 1 January	**399,139,636**	**99.8**	**2,161.2**	398,170,432	99.5	2,160.3
Shares issued (placing)	**-**	**-**	**-**	-	-	-
Shares issued (scrip dividend)	**865,069**	**0.2**	**(0.2)**	789,927	0.2	(0.2)
Shares issued (options exercised)	**312,520**	**0.1**	**1.0**	179,277	0.1	1.1
At 31 December	**400,317,225**	**100.1**	**2,162.0**	399,139,636	99.8	2,161.2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company's reserves are as follows:

- Called up share capital reserves contain the nominal value of the shares issued;
- Share premium reserves contain the excess consideration received above the nominal value of the shares issued;
- Merger reserves contain the excess in the value of shares issued by the Company in exchange for the value of shares acquired in respect of subsidiaries acquired (specifically on the acquisition of the Unilodge portfolio in June 2001);
- Hedging reserves contain the cumulative gains and losses on hedging instruments deemed effective; and
- Retained earnings contain the cumulative profits and losses of the Company net of dividends paid and other adjustments.

4.9 Dividends

Accounting policies

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

During the year, the Company paid the final 2021 dividend of £62.3 million – 15.6p per share – and an interim 2022 dividend of £43.9 million – 11.0p per share (2021: final 2020 dividend 12.75p and an interim dividend 6.5p).

After the year-end, the Directors proposed a final dividend per share of 21.7p – totalling £86.8 million (2021: 15.6p), bringing the total dividend per share for the year to 32.7p (2021: 22.1p). No provision has been made in relation to this dividend.

The Group has modelled tax adjusted property business profits for 2022 and 2023 and the PID requirement in respect of the year ended 31 December 2022 is expected to be satisfied by the end of 2023.

Section 5: Working capital

This section focuses on how the Group generates its operating cash flows. Careful management of working capital is vital to ensure that the Group can meet its trading and financing obligations within its ordinary operating cycle.

On the following pages you will find disclosures around the Group's cash position and how cash is generated from the Group's trading activities, and disclosures around trade receivables and payables.

Accounting policies

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

5.1 Cash and cash equivalents

The Group's cash position at 31 December 2022 was £38.0 million (2021: £109.4 million).

The Group's cash balances include £1.1 million (2021: £2.0 million) whose use at the balance sheet date is restricted by funding agreements to pay operating costs.

The Group generates cash from its operating activities as follows:

		Group	
	Note	2022 £m	2021 £m
Profit for the year		**356.4**	344.6
Adjustments for:			
Depreciation and amortisation		**7.8**	7.8
Fair value of share-based payments	6.1	**1.6**	2.4
Change in value of investment property (owned and under development)	3.1	**(112.7)**	(116.8)
Change in value of investment property (leased)	3.1	**9.3**	11.1
Net finance costs	4.3	**29.1**	34.2
Interest payments for leased assets	4.3	**8.1**	8.5
Mark to market changes in interest rate swaps	4.3	**(70.7)**	(10.9)
Swap break and debt exit costs	4.3	**–**	4.2
Loss on disposal of investment property (owned)		**15.6**	12.0
Share of joint venture profit	3.4b	**(80.4)**	(122.2)
Trading with joint venture adjustment		**4.0**	19.1
Tax charge/(credit)	2.5a	**1.6**	(1.5)
Cash flows from operating activities before changes in working capital		**169.7**	**192.5**
Decrease/(increase) in trade and other receivables		**3.6**	(52.5)
(Increase) in inventories		**(1.0)**	(2.9)
(Decrease)/increase in trade and other payables		**(10.7)**	34.2
Cash flows from operating activities		**161.6**	**171.3**
Tax paid		**(1.4)**	–
Net cash flows from operating activities		**160.2**	**171.3**

NOTES TO THE FINANCIAL STATEMENTS continued

Section 5: Working capital continued

5.1 Cash and cash equivalents continued

Cash flows consist of the following segmental cash inflows/(outflows): operations £134.1 million (2021: £108.1 million), property £29.6 million (2021: (£324.8 million)) and unallocated (£235.1 million) (2021: (£12.2 million)).

The unallocated amount includes a net cash outflow of dividends paid of £96.4 million (2021: £64.8 million), an outflow of £141.0 million due to the acquisition of units in USAF (2021: £nil) and £2.3 million of inflows from other items.

Dividends received by the Company from its subsidiary undertakings totalling £130.0 million (2021: £125.0 million) are non-cash distributions of reserves.

5.2 Trade and other receivables

Accounting policies

On the basis that trade receivables meet the business model and cash flow characteristics tests, they are initially recognised at transaction price and then subsequently measured at amortised cost.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to whether the tenant is a commercial organisation (including universities) or an individual student.

The expected loss rates are based on the payment profile for sales by academic year as well as the corresponding historical credit losses during the period. The historical rates are adjusted to reflect any current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding, however given the short period exposed to credit risk, the impact of macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within a reasonable period from the invoice date and failure to engage with the Group on alternative payment arrangements, amongst others are considered indicators of no reasonable expectation of recovery.

Other financial asset balances are assessed for expected credit losses based on the underlying nature of the asset, including maturity and age of the asset such as whether a longer term asset or a short term working capital balance is subject to regular settlement arrangements, using the 12 month ECL model. No credit losses have been recognised in respect of these balances.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to loans to Group undertakings. In this respect, the Company recognises lifetime ECL when there has been a significant increase in credit risk (such as changes to credit ratings) since initial recognition. However, if the credit risk on the loans have not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Company expects that the loans to Group undertakings will be repaid in full at maturity or when called. If the Group undertakings were unable to repay loan balances, the Company expects that in such circumstances the counterparty would negotiate extended credit terms with the Company. As such, the expected credit loss is considered immaterial. No change in credit risk is deemed to have occurred since initial recognition and therefore a 12-month expected credit loss has been calculated based on the assessed probability of default.

Trade and other receivables can be analysed as follows:

	Note	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Trade receivables		**31.8**	27.9	**–**	–
Amounts due from joint ventures		**46.9**	56.8	–	–
Prepayments and accrued income		**20.6**	15.3	–	–
Other receivables		**5.9**	8.8	**0.1**	0.1
Trade and other receivables (current)		**105.2**	**108.8**	**0.1**	**0.1**
Loans to Group undertakings (non-current)	5.6	**–**	–	**2,076.9**	1,928.3
Trade and other receivables (non-current)		**–**	**–**	**2,076.9**	**1,928.3**

The Group offers tenancy contracts to commercial (universities and retail unit tenants) and individual tenants based on the academic year. The Group monitors and manages the recoverability of its receivables based on the academic year to which the amounts relate. Rental income is payable immediately, therefore all receivables relating to tenants are past the payment due date.

We do not anticipate there to be any expected credit loss on amounts receivable from joint ventures as these remain highly profitable. Details of amounts due from Group undertakings to the Company are disclosed in note 5.6.

2022

	Ageing by academic year			
	Total £m	2022/23 £m	2021/22 £m	Prior years £m
Rental debtors				
Commercial tenants (past due)	**1.5**	**0.8**	**0.4**	**0.3**
Individual tenants (past due)	**45.9**	**33.9**	**2.8**	**9.2**
Expected credit loss carried	**(15.6)**	**(2.9)**	**(3.2)**	**(9.5)**
Trade receivables	**31.8**	**31.8**	**–**	**–**

2021

	Ageing by academic year			
	Total £m	2021/22 £m	2020/21 £m	Prior years £m
Rental debtors				
Commercial tenants (past due)	0.9	0.5	0.3	0.1
Individual tenants (past due)	41.9	31.3	3.7	6.9
Expected credit loss carried	*(14.9)*	*(4.3)*	*(3.6)*	*(7.0)*
Trade receivables	**27.9**	**27.5**	**0.4**	**–**

NOTES TO THE FINANCIAL STATEMENTS continued

Section 5: Working capital continued

5.2 Trade and other receivables continued

Movements in the Group's expected credit losses of trade receivables can be shown as follows:

	2022 £m	2021 £m
At 1 January	**14.9**	12.2
Expected credit loss charged to the income statement in the year	**1.7**	3.3
Receivables written off during the year (utilisation of expected credit loss)	**(1.0)**	(0.6)
At 31 December	**15.6**	**14.9**

The loss allowance for trade receivables is estimated as an amount equal to the lifetime expected credit loss (ECL). This loss has been estimated using the Group's history of loss for similar assets and takes into account current and forecast conditions.

The impact of credit losses is not considered significant in respect of the financial statements.

5.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's cash balances, the Group's receivables from customers and joint ventures and loans provided to the Group's joint ventures.

At the year-end, the Group's maximum exposure to credit risk was as follows:

	Note	2022 £m	2021 £m
Cash	5.1	**38.0**	109.4
Trade receivables	5.2	**31.8**	27.9
Amounts due from joint ventures	5.2	**46.9**	56.8
		116.7	**194.1**

5.3a) Cash

The Group operates investment guidelines with respect to surplus cash. Counterparty limits for cash deposits are largely based upon long-term ratings published by credit rating agencies and credit default swap rates. Deposits were placed with financial institutions with A- or better credit ratings.

5.3b) Trade receivables

The Group's customers can be split into two groups – (i) students (individuals) and (ii) commercial organisations including universities. The Group's exposure to credit risk is influenced by the characteristics of each customer.

5.3c) Joint ventures

Amounts receivable from joint ventures fall into two categories – working capital balances and investment loans. The Group has strong working relationships with its joint venture partners, and the joint ventures themselves have strong financial performance, retain net asset positions and are cash generative, and therefore the Group views this as a low credit risk balance. No impairment has therefore been recognised in 2022 or 2021.

5.4 Trade and other payables

Accounting policies

Trade payables are initially recognised at the value of the invoice received from a supplier (fair value) and subsequently at amortised cost. The carrying value of trade payables is considered approximate to fair value.

Trade and other payables due within one year can be analysed as follows:

	Group		Company	
	2022 £m	**2021 £m**	**2022 £m**	**2021 £m**
Trade payables	**33.2**	35.3	–	–
Retentions on construction contracts for properties	**5.4**	4.2	–	–
Amounts due to Group undertakings	–	–	**70.3**	38.0
Other payables and accrued expenses	**84.9**	96.6	**9.5**	6.4
Deferred income	**68.0**	64.6	–	–
Trade and other payables	**191.5**	**200.7**	**79.8**	**44.4**

Deferred income relates to rental income that has been collected in advance of it being recognised as income.

Included within accrued expenses is £nil of capital commitments, relating to investment properties under development (2021: £nil million).

5.5 Provisions

Accounting policies

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation and are discounted to present value where the effect is material.

During 2020, and in accordance with the Government's Building Safety Advice of 20 January 2020, we undertook a thorough review of the use of High-Pressure Laminate (HPL) cladding on our properties. We have identified 27 properties with cladding that needs replacing across our estate, due to legal or contractual obligations. We are continuing to carry out replacement works for properties with HPL cladding, with activity prioritised according to our risk assessments, starting with those over 18 metres in height. The remaining cost of replacing the cladding is expected to be £113.3 million (Unite Share: £59.2 million), of which £29.4 million is in respect of wholly owned properties. Whilst the overall timetable for these works is uncertain, we anticipate this will be incurred over the next 12-24 months. The regulations continue to evolve in this area and we will ensure that our buildings are safe for occupation and compliant with laws and regulations.

The Government's Building Safety Bill, covering building standards, was passed in April and has introduced more stringent fire safety regulations. We will ensure we remain aligned to fire safety regulations as they evolve and will continue to make any required investment to ensure our buildings remain safe to occupy. We have provided for the costs of remedial work where we have a legal obligation to do so. The amounts provided reflect the current best estimate of the extent and future cost of the remedial works required and are based on known costs and quotations where possible, and reflect the most likely outcome. However, these estimates may be updated as work progresses or if Government legislation and regulation changes.

We have not recognised any assets in respect of future claims.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 5: Working capital continued

5.5 Provisions continued

Management have performed a sensitivity analysis to assess the impact of a change in their estimate of total costs. A 20% increase in the estimated remaining costs would affect net valuation gains/losses on property in the IFRS P&L and would reduce the Group's NTA by 3.0 pence on a Unite share basis. Whilst provisions are expected to be utilised within two years, *there is uncertainty over this timing.*

The Group has recognised provisions for the cost of these cladding works as follows:

	Gross £m				Unite Share £m			
	Wholly owned	USAF	LSAV	Total	Wholly owned	USAF	LSAV	Total
At 31 December 2020	15.7	50.0	14.2	79.9	15.7	11.0	7.1	33.8
Additions	18.0	23.4	0.5	41.9	18.0	5.1	0.3	23.4
Utilisation	(0.2)	(17.1)	(12.5)	(29.8)	(0.2)	(3.8)	(6.3)	(10.3)
At 31 December 2021	**33.5**	**56.3**	**2.2**	**92.0**	**33.5**	**12.3**	**1.1**	**46.9**
Additions	**1.9**	**40.1**	**29.8**	**71.8**	**1.9**	**11.4**	**14.9**	**28.2**
Utilisation	**(5.9)**	**(40.8)**	**(3.8)**	**(50.5)**	**(65.9)**	**(11.5)**	**(1.9)**	**(19.4)**
Changes in ownership %	**–**	**–**	**–**	**–**	**–**	**3.5**	**–**	**3.5**
At 31 December 2022	**29.5**	**55.6**	**28.2**	**113.3**	**29.5**	**15.6**	**14.1**	**59.2**

5.6 Transactions with other Group companies

During the year, the Company entered into various interest-free, repayable on demand loans with its subsidiaries, the aggregate of which are disclosed in the cash flow statement. In addition, the Company was charged by Unite Integrated Solutions plc for corporate costs of £4.5 million (2021: £4.1 million). As a result of these intercompany transactions, the following amounts were due from/to the Company's subsidiaries at the year-end.

	2022 £m	2021 £m
Unite Holdings Limited	**131.1**	135.1
LDC (Holdings) Limited	**1,072.3**	937.7
Liberty Living Group plc	**873.5**	855.5
Amounts due from Group undertakings	**2,076.9**	**1,928.3**
Unite Integrated Solutions plc	**70.3**	38.0
Amounts due to Group undertakings	**70.3**	**38.0**

The Company has had a number of transactions with its joint ventures, which are disclosed in note 3.4c.

Section 6: Key management and employee benefits

The Group's greatest resource is its staff and it works hard to develop and retain its people. The remuneration policies in place are aimed to help recognise the contribution that Unite's people make to the performance of the Group.

On the following pages you will find disclosures around wages and salaries and share option schemes which allow employees of the Group to take an equity interest in the Group.

Accounting policies

The Group operates a defined contribution pension scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

6.1 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year (calculated on a monthly basis), analysed by category, was as follows:

	Number of employees	
	2022	**2021**
Managerial and administrative	**569**	509
Site operatives	**1,206**	1,288
	1,775	**1,797**

The aggregate payroll costs of these persons were as follows:

	2022 £m	**2021 £m**
Wages and salaries	**64.2**	62.6
Social security costs	**6.5**	6.1
Pension costs	**2.7**	2.4
Fair value of share-based payments	**1.6**	2.4
	75.0	**73.5**

The wages and salaries costs include redundancy costs of £0.8 million (2021: £0.5 million).

The total number of persons employed by the Group (including Directors) as at 31 December 2022 was 589 managerial and administrative and 1,175 site operatives.

6.2 Key management personnel

The remuneration of the Directors, including Non-Executive Directors, who are the key management personnel of the Group and Company, is set out below in aggregate for each of the applicable categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 145–163 which covers the requirements of schedule 5 of the relevant legislation.

	2022 £m	**2021 £m**
Short-term employee benefits	**2.0**	2.3
Post employment benefits	**0.1**	0.1
Share-based payment benefits	**–**	0.6
	2.1	**3.0**

NOTES TO THE FINANCIAL STATEMENTS continued

Section 6: Key management and employee benefits continued

6.3 Share-based compensation

A transaction is classified as a share-based transaction where the Group receives services from employees and pays for these in shares or similar equity instruments. The Group operates a number of share-based compensation schemes allowing employees to acquire shares in the Company.

6.3a) Share schemes

The Group operates the following schemes:
Long-Term Incentive Plan (LTIP), comprising the:

- Performance Share Plan (PSP); and
- HMRC Approved Employee Share Option Scheme (ESOS)

} Details can be found in the Directors' Remuneration Report

Save As You Earn Scheme (SAYE) — Open to employees, vesting periods of three years, service condition

6.3b) Outstanding share options

The table below summarises the movements in the number of share options outstanding for the Group and their average *exercise price*:

	Weighted average exercise price 2022	Number of options (thousands) 2022	Weighted average exercise price 2021	Number of options (thousands) 2021
Outstanding at 1 January	**£0.57**	**2,372**	£0.83	2,672
Forfeited during the year	**£3.09**	**(538)**	£1.77	(604)
Exercised during the year	**£2.52**	**(428)**	£2.37	(354)
Granted during the year	**£2.65**	**677**	£0.69	657
Outstanding at 31 December	**£0.19**	**2,083**	£0.57	2,371
Exercisable at 31 December	**£8.42**	**63**	£5.45	99

For those options exercised in the year, the average share price during 2022 was £10.34 (2021: £10.94).

For those options still outstanding, the range of exercise prices at the year-end was 0p to 1,121p (2021: 0p to 1,084p) and the weighted average remaining contractual life of these options was 3.8 years (2021: 2.2 years).

The Group funds the purchase of its own shares by the Employee Share Ownership Trust to meet the obligations of the LTIP and executive bonus scheme. The purchases are shown as "Own shares acquired" in retained earnings. *As at 31 December 2022 the number of shares held by the ESOT was 205,084 (2021: 209,954).*

The accounting is in accordance with the relevant standards. No further information is given as the amounts for share-based payments are immaterial.

Section 7: Post balance sheet events

There were no post balance sheet events.

Section 8: Alternative performance measures

The Group uses alternative performance measures ("APMs"), which are not defined or specified under IFRS. These APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board, and provide comparable information across the Group. The APMs below have been calculated on a see through/Unite share basis, as referenced to the notes to the financial statements. Reconciliations to equivalent IFRS measures are included in notes 2.2b and 2.2c. Definitions can also be found in the glossary.

Adjusted earnings reflects a more meaningful measure of the underlying earnings of the Group, excluding the non-recurring impact of one-off transactions, and therefore improve comparability.

Non-EPRA measures may not have comparable calculation bases between companies and therefore may not provide meaningful industry-wide comparability.

	Note	2022 £m	2021 £m
EBIT			
Net operating income	2.2a	**241.0**	191.8
Management fees	2.2a	**17.4**	15.9
Overheads	2.2a	**(27.7)**	(31.5)
		230.7	**176.2**
EBIT margin %			
Rental income	2.2a	**339.7**	282.7
EBIT	8	**230.7**	176.2
		67.9%	**62.3%**
EBITDA			
Net operating income	2.2a	**241.0**	191.8
Management fees	2.2a	**17.4**	15.9
Overheads	2.2a	**(27.7)**	(31.5)
Depreciation and amortisation		**7.8**	7.8
		238.5	**184.0**
Net debt			
Cash	2.3a	**139.2**	155.5
Debt on properties	2.3a	**(1,872.8)**	(1,677.3)
		(1,733.6)	**(1,521.8)**
EBITDA: Net debt			
EBITDA	8	**238.5**	184.0
Net debt	8	**(1,733.6)**	(1,521.8)
Ratio		**7.3**	**8.3**
Interest cover (Unite share)			
EBIT	8	**230.7**	176.2
Net financing costs	2.2a	**(54.9)**	(54.8)
Interest on lease liabilities	2.2a	**(8.1)**	(8.5)
Total interest		**(63.0)**	(63.3)
Ratio		**3.7**	**2.8**

NOTES TO THE FINANCIAL STATEMENTS continued

Section 8: Alternative performance measures continued

Reconciliation: IFRS profit before tax to EPRA earnings and adjusted earnings

	Note	2022 £m	2021 £m
IFRS profit before tax		**358.0**	**343.1**
Net valuation (gains)/losses on investment property (owned)	2.2b	**(145.0)**	(205.6)
Property disposals (owned)	2.2b	**16.5**	12.3
Net valuation losses on investment property (leased)	2.2b	**9.3**	11.1
Amortisation of fair value of debt recognised on acquisition	2.2b	**(4.3)**	(4.3)
Changes in valuation of interest rate swaps	2.2b	**(70.7)**	(10.9)
Swap cancellation fair value settlements and loan break costs	2.2b	**–**	4.2
Non-controlling interest, tax and other items		**(1.9)**	2.1
EPRA earnings		**161.9**	**152.0**
Net LSAV performance fee		**–**	(41.9)
Abortive costs		**1.5**	–
Adjusted earnings		**163.4**	**110.1**

Adjusted EPS yield

	2022	2021
Adjusted earnings (A)	**40.9p**	27.6p
EPRA NTA at 1 January (B)	**882p**	818p
Adjusted EPS yield (A/B)	**4.6%**	3.4%

Total accounting return

	Note	2022	2021
Opening EPRA NTA (A)	2.3d	**882.2p**	818.0p
Closing EPRA NTA	2.3d	**926.8p**	882.2p
Movement		**44.6p**	**64.2p**
H1 dividend paid	4.9	**15.6p**	12.8p
H2 dividend paid	4.9	**11.0p**	6.5p
Total movement in NTA (B)		**71.2p**	**83.5p**
Total accounting return (B/A)		**8.1%**	**10.2%**

EPRA Performance Measures

Summary of EPRA performance measures

	Note	2022 £m	2021 £m	2022	2021
EPRA earnings		**161.9**	152.0	**40.5p**	38.1p
Adjusted earnings (*)		**163.4**	110.1	**40.9p**	27.6p
EPRA NTA (diluted)		**3,718.3**	3,536.1	**927p**	882p
EPRA NRV (diluted)		**4,037.3**	3,829.7	**1,006p**	955p
EPRA NDV (diluted)		**3,968.0**	3,503.6	**989p**	874p
EPRA net initial yield				**4.6%**	4.0%
EPRA topped up net initial yield				**4.6%**	4.0%
EPRA like-for-like gross rental income				**23.0%**	4.7%
EPRA vacancy rate				**0.8%**	5.6%
EPRA cost ratio (including vacancy costs)				**33.4%**	38.8%
EPRA Cost ratio (excluding vacancy costs)				**32.3%**	36.8%

* Adjusted earnings calculated as EPRA earnings less LSAV performance fee income recognised and abortive costs.

EPRA like-for-like rental income (calculated based on total portfolio value of £8.5 billion)

£m	Properties owned throughout the period	Development property	Acquisitions and disposals	Total EPRA Earnings
2022				
Rental income	**310.9**	**5.3**	**23.5**	**339.7**
Property operating expenses	**(90.6)**	**(1.1)**	**(7.0)**	**(98.7)**
Net rental income	**220.3**	**4.2**	**16.5**	**241.0**
2021				
Rental income	252.8	–	29.9	282.7
Property operating expenses	(79.7)	–	(11.2)	(90.9)
Net rental income	**173.1**	**–**	**18.7**	**191.8**
Like-for-like net rental income (£m)	**47.2**			
Like-for-like net rental income (%)	**27.3%**			
Like-for-like gross rental income (£m)	**58.1**			
Like-for-like gross rental income (%)	**23.0%**			

NOTES TO THE FINANCIAL STATEMENTS continued

Section 8: Alternative performance measures continued

EPRA vacancy rate

	2022 £m	2021 £m
Estimated rental value of vacant space	**2.0**	13.8
Estimated rental value of the whole portfolio	**262.9**	246.5
EPRA vacancy rate	**0.8%**	**5.6%**

EPRA net initial yield

	2022	2021
Annualised net operating income (£m)	**256.9**	205.1
Property market value (£m)	**5,325.6**	4,864.8
Notional acquisition costs (£m)	**285.7**	254.3
	5,611.3	5,119.1
EPRA net initial yield (%)*	**4.6%**	**4.0%**
Difference in projected versus historical GOI	**0.1%**	
Unite net initial yield (%)	**4.7%**	

* No lease incentives are provided by the Group and accordingly the Topped Up Net Initial Yield measure is also 4.6% (2021: 4.0%).

EPRA cost ratio

	2022 £m	2021 £m
Property operating expenses	**72.0**	67.7
Overheads	**26.4**	30.7
Development/pre contract costs	**1.2**	2.2
Unallocated expenses*	**2.8**	0.5
	102.4	**101.1**
Share of JV property operating expenses	**26.7**	23.2
Share of JV overheads	**1.3**	0.8
Share of JV unallocated expenses*	**0.3**	0.4
	130.7	**125.5**
Less: Joint venture management fees	**(17.4)**	(15.9)
Total costs (A)	**113.3**	**109.6**
Group vacant property costs**	**(2.5)**	(4.1)
*Share of JV vacant property costs***	**(0.9)**	(1.4)
Total costs excluding vacant property costs (B)	**109.9**	**104.1**
Rental income	**241.7**	209.0
Share of JV rental income	**98.0**	73.7
Total gross rental income (C)	**339.7**	**282.7**
Total EPRA cost ratio (including vacant property costs) (A)/(C)	**33.4%**	**39%**
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	**32.4%**	**37%**

* 2022 excludes amounts in respect of abortive costs and 2021 excludes amounts in respect of the LSAV performance fee.

** *Vacant property costs reflect the per bed share of operating expenses allocated to vacant beds.*

Unite's EBIT margin excludes non operational expenses which are included within the EPRA cost ratio above.

The Group capitalises costs in relation to staff costs and professional fees associated with property development activity.

EPRA valuation movement (Unite share)

	Valuation £m	Change £m	%
Wholly owned	3,186.5	105.9	3.4
USAF	636.3	28.0	4.6
LSAV	960.4	50.8	5.6
Rental properties	4,783.2	184.7	4.0
Leased properties	90.3		
Build-to-rent properties	71.1		
Development completions for AY22/23	365.9		
Properties under development	202.8		
Properties held throughout the year	5,513.3		
Acquisitions	176.5		
Total property portfolio	5,689.8		

EPRA yield movement

	NOI yield	Yield movement (bps)		
	%	H1	H2	FY
Wholly owned	4.8	(14)	12	(2)
USAF	5.0	(20)	13	(7)
LSAV	4.1	(19)	19	0
Rental properties (Unite share)	4.7	(16)	14	(2)

Property related capital expenditure

	2022			2021		
	Wholly owned	Share of JVs	Group share	Wholly owned	Share of JVs	Group share
London	3.3	10.5	13.8	4.8	3.1	7.9
Prime regional	31.6	7.3	38.9	16.7	2.9	19.6
Major regional	16.5	11.2	27.7	8.1	10.8	18.9
Provincial	8.1	1.0	9.1	2.8	0.6	3.4
Total rental properties	59.5	30.0	89.5	32.4	17.4	49.8
Increase in beds	2.1	2.0	4.1	–	–	–
Acquisitions	1.3	–	1.3	–	–	–
Developments	193.0	–	193.0	81.4	–	81.4
Capitalised interest	6.3	–	6.3	5.2	–	5.2
Total property related capex	262.2	32.0	294.2	119.0	17.4	136.4

NOTES TO THE FINANCIAL STATEMENTS continued

Section 8: Alternative performance measures *continued*

EPRA loan to value

	2022 £m	31 Dec 2021 £m
Investment property (owned)	**5,396.8**	4,864.8
Investment property (under development)	**202.7**	324.1
Intangibles	**18.3**	16.1
Total property value and other eligible assets	**5,617.8**	**5,205.0**
Cash at bank and in hand	**139.2**	155.5
Borrowings	**(1,872.8)**	(1,677.3)
Net other payables	**(150.6)**	(138.9)
EPRA net debt	**(1,884.2)**	**(1,660.7)**
EPRA loan to value	**33.5%**	**31.9%**

Section 9: Company subsidiaries and joint ventures

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and equity accounted investments as at 31 December 2022 is disclosed below. Unless otherwise stated, the Group's ownership interest represents 100% of the ordinary shares, units or partnership capital held indirectly by Unite Group PLC. No subsidiary undertakings have been excluded from the consolidation. The Unite Foundation has a year-end of 30 September to facilitate academic year reporting. All other subsidiaries have a year-end of 31 December.

Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL

LDC (AIB Warehouse) Limited (04872419)**	LDC (Portfolio Five) Limited (06079581)
LDC (Alscot Road) Limited (06176428)**	LDC (Portfolio Four) Limited (04985603)**
LDC (Brunel House) Limited (09760628)**	LDC (Portfolio One) Limited (03005262)**
LDC (Camden Court Leasehold) Limited (05140620)	LDC (Portfolio) Limited (08419375)**
LDC (Camden Court) Limited (05082671)	LDC (Project 110) Limited (05083580)**
LDC (Causewayend) Limited (08895966)	LDC (Project 111) Limited (05791650)**
LDC (Chantry Court Leasehold) Limited (05140258)**	LDC (Radmarsh Road) Limited (05435290)**
LDC (Chaucer House) Limited (09898020)**	LDC (Skelhorne) Limited (09898132)**
LDC (Constitution Street) Limited (09210998)**	LDC (Smithfield) Limited (03373096)
LDC (Construction Two) Limited (04847268)	LDC (St Leonards) Limited (08895830)**
LDC (Euro Loan) Limited (06623603)**	LDC (St Pancras Way) GP1 Limited (07359501)
LDC (Ferry Lane 2) GP3 Limited (07503842)**	LDC (St Pancras Way) GP2 Limited (07359428)
LDC (Ferry Lane 2) GP4 Limited (07503913)**	LDC (St Pancras Way) GP3 Limited (07503268)
LDC (Ferry Lane 2) Holdings Limited (07504099) (50.0%)	LDC (St Pancras Way) GP4 Limited (07503251)
LDC (Finance) Limited (09760806)**	LDC (St Pancras Way) Holdings Limited (07360734)
LDC (Greetham Street) Limited (08895825)	LDC (St Pancras Way) Limited Partnership**
LDC (Gt Suffolk St) GP1 Limited (07274156)	LDC (St Pancras Way) Management Limited Partnership**
LDC (Gt Suffolk St) GP2 Limited (07274000)	LDC (St Vincent's) Limited (10218310)**
LDC (Gt Suffolk St) Holdings Limited (07353946)	LDC (Swindon NHS) Limited (04207502)**
LDC (Gt Suffolk St) Limited Partnership**	LDC (Tara House) Limited (09214177)
LDC (Gt Suffolk St) Management GP1 Limited (07354719)	LDC (Thurso Street) GP1 Limited (07199022)
LDC (Gt Suffolk St) Management GP2 Limited (07354728)	LDC (Thurso Street) GP2 Limited (07198979)
LDC (Gt Suffolk St) Management Limited Partnership**	LDC (Thurso Street) GP3 Limited (07434001)
LDC (Hampton Street) Limited (06415998)	LDC (Thurso Street) GP4 Limited (07434133)
LDC (Hillhead) Limited (06176554)	LDC (Thurso Street) Limited Partnership**
LDC (Holdings) Limited (02625007)*	LDC (Thurso Street) Management Limited Partnership**
LDC (Imperial Wharf) Limited (04541678)**	LDC (Ventura) Limited (04444628)
LDC (International House) Limited (10131352)**	LDC (Vernon Square) Limited (06444132)

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2022.

Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL

LDC (Kelham Island) Limited (05152229)	LDC (William Morris II) Limited (05999281)**
LDC (Leasehold A) Limited (04066933)**	Liberty Atlantic Point (Liverpool) Limited (03885187)**
LDC (Leasehold B) Limited (05978242)**	Liberty Heights (Manchester) Limited (07399622)**
LDC (Loughborough) Limited (04207522)**	Liberty Living (HE) Holdings Limited (10977869)**
LDC (Magnet Court Leasehold) Limited (05140255)	Liberty Living (LH Manchester) Limited (07120141)**
LDC (Millennium View) Limited (00890375)	Liberty Living (Liberty AP) Limited (03633307)**
LDC (MTF Portfolio) Limited (05530557)**	Liberty Living (Liberty PP) Limited (03991475)**
LDC (Nairn Street) GP3 Limited (07808933)	Liberty Living (LP Bristol) Limited (07242607)**
LDC (Nairn Street) GP4 Limited (07808919)	Liberty Living (LP Coventry) Limited (04330729)**
LDC (Nairn Street) Holdings Limited (07579402)**	Liberty Living (LP Manchester) Limited (04314013)**
LDC (New Wakefield Street) Limited (10436455)	Liberty Living (LQ Newcastle) Limited (04302869)**
LDC (Newgate) Limited (08895869)**	Liberty Living (LQ2 Newcastle) Limited (07298853)**
LDC (Old Hospital) Limited (09702143)**	Liberty Living Finance PLC (10979349)**
LDC (Oxford Road Bournemouth) Limited (04407309)**	Liberty Living Group Limited (BR020813)*/**
LDC (Portfolio 100) Limited (07989369)**	Liberty Living Investments 1 Limited Partnership**
LDC (Portfolio 20) Limited (08803996)**	Liberty Living Investments 2 Limited Partnership**
Liberty Living Investments 3 Limited Partnership**	Unite Finance One (Accommodation Services) Limited (04332937)
Liberty Living Investments GP1 Limited (09375866)**	Unite Finance One (Holdings) Limited (04316207)**
Liberty Living Investments GP2 Limited (09375868)**	Unite Finance One (Property) Limited (04303331)**
Liberty Living Investments GP3 Limited (10518849)**	Unite FM Limited (06807562)
Liberty Living Investments II Holdco 2 Limited (09574059)**	Unite For Success Limited (05157263)
Liberty Living Investments II Holdco Limited (08929431)**	Unite Holdings Limited (03148468)*/**
Liberty Living Investments II Limited (09680931)**	Unite Homes Limited (05140262)
Liberty Living Investments Limited (09375870)**	Unite Integrated Solutions PLC (02402714)
Liberty Living Investments Nominee 1 Limited (09375846)**	Unite Modular Solutions Limited (05140259)
Liberty Living Investments Nominee 2 Limited (09375849)**	Unite Rent Collection Limited (05982935)**
Liberty Living Investments Nominee 3 Limited (10519085)**	Unite Student Living Limited (06204135)
Liberty Living Limited (04055891)**	USAF GP No 11 Management Limited (07351883)
Liberty Living SpareCo Limited (04616115)**	USAF LP Limited (05860874)**
Liberty Living UK Limited (06064187)**	USAF Management Limited (05862721)
Liberty Park (Bristol) Limited (07615601)**	USAF Management 6 Limited (06225945)
Liberty Park (US Bristol) Limited (07615619)**	USAF Management 8 Limited (06387597)
Liberty Plaza (London) Limited (07745097)**	USAF Management 10 Limited (06714695)
Liberty Point (Coventry) Limited (04992358)**	USAF Management 11 Limited (07082782)
Liberty Point (Manchester) Limited (04828083)**	USAF Management 12 Limited (07365681)
Liberty Point Southampton (Block A) Limited (10314954)**	USAF Management 14 Limited (09232206)
Liberty Prospect Point (Liverpool) Limited (04637570)**	USAF Management 18 Limited (10219775)
Liberty Quay (Newcastle) Limited (05234174)**	USAF Management GP No.14 Limited (09130985)**
Liberty Quay 2 (Newcastle) Limited (07376627)**	USAF Management GP No.15 Limited (09749946)**
Liberty Severn Point (Cardiff) Limited (04313995)**	USAF Management GP No.16 Limited (09750068)**
Liberty Village (Edinburgh) Limited (10323566)**	USAF Management GP No.17 Limited (09750061)**
LL Midco 2 Limited (08998308)**	USAF Management No.18 Limited Partnership (28.1%)
LSAV (Angel Lane) GP3 Limited (08646359)**	LDC (Capital Cities Nominee No.1) Limited (05347228) (50.0%)
LSAV (Angel Lane) GP4 Limited (08646929)**	LDC (Capital Cities Nominee No.2) Limited (05359457) (50.0%)
LSAV (Aston Student Village) GP3 Limited (10498217)**	LDC (Capital Cities Nominee No.3) Limited (08792780) (50.0%)
LSAV (Aston Student Village) GP4 Limited (10498484)**	LDC (Capital Cities Nominee No.4) Limited (08792688) (50.0%)

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS continued

Section 9: Company subsidiaries and joint ventures continued

Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL

LSAV (Stapleton) GP3 Limited (08646819)**	LDC (Capital Cities) Limited (05347220) (50.0%)
LSAV (Stapleton) GP4 Limited (08647019)**	LDC (Ferry Lane 2) GP1 Limited (07359448) (50.0%)**
LSAV (Stratford) GP3 Limited (08751654)**	LDC (Ferry Lane 2) GP2 Limited (07359481) (50.0%)**
LSAV (Stratford) GP4 Limited (08751629)**	LDC (Ferry Lane 2) Limited Partnership (50.0%)**
LSAV (Wembley) GP3 Limited (08725127)**	LDC (Ferry Lane 2) Management Limited Partnership (50.0%)**
LSAV (Wembley) GP4 Limited (08725235)**	LDC (Stratford) GP1 Limited (07547911) (50.0%)**
LSAV Rent Collection Limited (08496230)**	LDC (Stratford) GP2 Limited (07547994) (50.0%)**
Stardesert Limited (04437102)	LDC (Stratford) Limited Partnership (50.0%)**
The Unite Foundation	LDC Capital Cities Two (GP) Limited (08790742) (50.0%)
Unite Accommodation Management Limited (06190905)**	LSAV (Angel Lane) GP1 Limited (08593689) (50.0%)**
Unite Accommodation Management 2 Limited (05193166)	LSAV (Angel Lane) GP2 Limited (08593692) (50.0%)**
Unite Accommodation Management 6 Limited (05077346)**	LSAV (Angel Lane) Limited Partnership (50.0%)**
Unite Accommodation Management 9 Limited (06190863)**	LSAV (Angel Lane) Management Limited Partnership (50.0%)**
Unite Accommodation Management 16 Limited (07061314)**	LSAV (Aston Student Village) GP1 Limited (10498478) (50.0%)
Unite Accommodation Management 18 Limited (08328484)	LSAV (Aston Student Village) GP2 Limited (10498481) (50.0%)
Unite Accommodation Management 19 Limited (08790504) (50.0%)	LSAV (Aston Student Village) Limited Partnership (50.0%)
Unite Accommodation Management 20 Limited (08790642)	LSAV (Aston Student Village) Management Limited Partnership (50.0%)
Unite Accommodation Management One Hundred Limited (07989080)**	LSAV (Stapleton) GP1 Limited (08593695) (50.0%)**
Unite Construction (Angel Lane) Limited (08792704)	LSAV (Stapleton) GP2 Limited (08593699) (50.0%)**
Unite Construction (Stapleton) Limited (09023406)	LSAV (Stapleton) Limited Partnership (50.0%)**
Unite Construction (Wembley) Limited (09023474)	LSAV (Stapleton) Management Limited Partnership (50.0%)**
Unite Finance Limited (04353305)*/**	LSAV (Stratford) Management Limited Partnership (50.0%)**
LSAV (Wembley) GP1 Limited (08635735) (50.0%)**	USAF GP No 6 Limited (05897755) (20.2%)
LSAV (Wembley) GP2 Limited (08636051) (50.0%)**	USAF GP No 8 Limited (06381914) (20.2%)
LSAV (Wembley) Limited Partnership (50.0%)**	USAF GP No 10 Limited (06714734) (20.2%)
LSAV (Wembley) Management Limited Partnership (50.0%)**	USAF GP No 11 Limited (07075210) (20.2%)
UNITE Capital Cities Holdings Limited (08801242) (50.0%)	USAF GP No 12 Limited (07368735) (20.2%)
Unite Capital Cities Limited Partnership (50.0%)	USAF GP No 14 Limited (09089977) (20.2%)
Unite Capital Cities Two Limited Partnership (50.0%)	USAF GP No 15 Limited (09585201) (20.2%)
USAF Management 16 Limited (07735741) (28.1%)**	USAF GP No.15A Limited (12644211) (28.1%)
USAF Management 17 Limited (05591986) (28.1%)**	USAF GP No.16A Limited (12644210) (28.1%)
USAF Management No. 14 Limited Partnership (28.1%)	USAF GP No.17A Limited (12644208) (28.1%)
USAF Management No. 15 Limited Partnership (28.1%)	USAF GP No 18 Limited (10219336) (20.2%)
USAF Management No. 16 Limited Partnership (28.1%)	USAF Holdings B Limited (06324325) (20.2%)
USAF Management No. 17 Limited Partnership (28.1%)	USAF Holdings C Limited (06381882) (20.2%)
USAF No.1 Limited Partnership (28.1%)	USAF Holdings H Limited (09089805) (20.2%)
USAF No.6 Limited Partnership (28.1%)	USAF Holdings I Limited (09581882) (20.2%)
USAF No.8 Limited Partnership (28.1%)	USAF Holdings J Limited (10215997) (20.2%)
USAF No.10 Limited Partnership (28.1%)	USAF Holdings Limited (05870107) (20.2%)
USAF No.11 Limited Partnership (28.1%)	USAF Nominee No.1 Limited (05855598) (20.2%)
USAF No.12 Limited Partnership (28.1%)	USAF Nominee No.1A Limited (05835512) (20.2%)
USAF No.14 Limited Partnership (28.1%)	USAF Nominee No.6 Limited (05855599) (20.2%)
USAF No.15 Limited Partnership (28.1%)	USAF Nominee No.6A Limited (05885802) (20.2%)
USAF No.15A Limited Partnership (28.1%)	USAF Nominee No.8 Limited (06381861) (20.2%)

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2022.

Registered office and principal place of business: South Quay House, Temple Back, Bristol, United Kingdom, BS1 6FL

USAF No.16A Limited Partnership (28.1%)	USAF Nominee No.17 Limited (12644192) (20.2%)
USAF No.17A Limited Partnership (28.1%)	USAF Nominee No.17A Limited (12644187) (20.2%)
USAF No.18 Limited Partnership (28.1%)	USAF Nominee No.18 Limited (10218595) (20.2%)
USAF No.11 Management Limited Partnership (28.1%)	USAF Nominee No.18A Limited (10219339) (20.2%)
Filbert Village Student Accommodation Limited Partnership (28.1%)	USAF RCC Limited (05983554) (20.2%)
LDC (Nairn Street) Limited Partnership (28.1%)	LSAV (No.1) Limited Partnership (50.0%)**
LDC (Nairn Street) Management Limited Partnership (28.1%)	LSAV (No.1) GP1 Limited (013184531) (50.0%)**
Filbert Village GP Limited (06016554) (20.2%)	LSAV (No.1) Nominee 1 Limited (013184589) (50.0%)**
LDC (Nairn Street) GP1 Limited (07580262) (20.2%)	LSAV (No.1) Management Limited Partnership (50.0%)**
LDC (Nairn Street) GP2 Limited (07580257) (20.2%)	LSAV (No.1) GP3 Limited (013184662)**
USAF Finance II Limited (08526474) (20.2%)	LSAV (No.1) Nominee 3 Limited (013184656)**
USAF GP No 1 Limited (05897875) (20.2%)	LSAV (Arch View) Limited Partnership (50.0%)**
USAF Nominee No.8A Limited (06381869) (20.2%)	LSAV (Arch View) GP1 Limited (013210709) (50.0%)**
USAF Nominee No.10 Limited (06714690) (20.2%)	LSAV (Arch View) Nominee 1 Limited (013210518) (50.0%)**
USAF Nominee No.10A Limited (06714615) (20.2%)	LSAV (Arch View) Management Limited Partnership (50.0%)**
USAF Nominee No.11 Limited (07075251) (20.2%)	LSAV (Arch View) GP3 Limited (013210526)**
USAF Nominee No.11A Limited(07075213) (20.2%)	LSAV (Arch View) Nominee 3 Limited (013210553)**
USAF Nominee No.12 Limited (07368733) (20.2%)	LSAV (Drapery Plaza) Limited Partnership (50.0%)**
USAF Nominee No.12A Limited (07368755) (20.2%)	LSAV (Drapery Plaza) GP1 Limited (013209904) (50.0%)**
USAF Nominee No.14 Limited (09231609) (20.2%)	LSAV (Drapery Plaza) Nominee 1 Limited (013209904) (50.0%)**
USAF Nominee No.14A Limited (09231604) (20.2%)	LSAV (Drapery Plaza) Management Limited Partnership (50.0%)**
USAF Nominee No.15 Limited (12644205) (20.2%)	LSAV (Drapery Plaza) GP3 Limited (013210206)**
USAF Nominee No.15A Limited (12644204) (20.2%)	LSAV (Drapery Plaza) Nominee 3 Limited (013209979)**
USAF Nominee No.16 Limited (12644201) (20.2%)	LSAV Management Holdings Limited (013305327)**
USAF Nominee No.16A Limited (12644197) (20.2%)	USAF Management GP No.18 Limited
LDC (180 Stratford) Limited**	LSAV Facility 1 Holdings Limited (50.0%)**
LSAV Facility 1 Management Holdings Limited**	Unite Capital Cities 3 GP1 Limited (50.0%)**
Unite Capital Cities 3 Limited Partnership (50.0%)**	Unite Capital Cities 3 Management Limited (50.0%)**
Unite Capital Cities 3 Nominee 1 Limited (50.0%)**	

* Held directly by the Company.

** Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Section 9: Company subsidiaries and joint ventures *continued*

Registered office and principal place of business: 13 Castle Street, St Helier, Jersey, JE4 5UT

LDC (Gt Suffolk St) Unit Trust	LSAV (Aston Student Village) Unit Trust (50.0%)
LDC (St Pancras Way) Unit Trust	LSAV (Holdings) Limited (50.0%)
LDC (Thurso Street) Unit Trust	LSAV (Trustee) Limited (50.0%)
LSAV (Jersey Manager) Limited	LSAV Unit Trust (50.0%)
Unite (Capital Cities) Jersey Limited	Unite Capital Cities Unit Trust (50.0%)
USAF Jersey Investments Limited	USAF Portfolio 18 Unit Trust (28.1%)
USAF Jersey Manager Limited	LDC (Nairn Street) Unit Trust (28.1%)
LDC (Ferry Lane 2) Unit Trust (50.0%)	Unite UK Student Accommodation Fund (20.2%)
LDC (Stratford) Unit Trust (50.0%)	LSAV (Arch View) Unit Trust (50.0%)
LSAV (Drapery Plaza) Unit Trust (50.0%)	

Registered office and principal place of business: Third Floor, La Plaiderie Chambers, St Peter Port, Guernsey, GY1 1WG

USAF Feeder Guernsey Limited (45.5%)	USAF Portfolio 16 Unit Trust (28.1%)
USAF Portfolio 15 Unit Trust (28.1%)	USAF Portfolio 17 Unit Trust (28.1%)

Registered office and principal place of business: Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2 EN

LSAV (GP) Limited (SC431844) (50.0%)	LSAV (Property Holdings) Limited Partnership (50.0%)

Registered office and principal place of business: Trident Chambers, Wickhams Cay, P.O. Box 146, Road Town, Tortola, British Virgin Islands

Liberty Park (Bedford) Limited	Liberty Plaza (Newcastle) Limited

Registered office and principal place of business: Third Floor, Barclays House, Victoria Street, Douglas, Isle of Man, IM1 2LE

Filbert Street Student Accommodation Unit Trust (28.1%)

Registered office and principal place of business: Room 507, Floor 5, Block 1, Building No. 10, Jintong Road West, Chaoyang District, Beijing, People's Republic of China

Unite Students Accommodation (Beijing) Business Service Company Limited

OTHER INFORMATION

CONTENTS

244 Financial Record
245 Glossary
248 Company Information

FINANCIAL RECORD

	2022	2021	2020	2019	2018
EPRA earnings (£m)	**161**	152	97	111	88
EPRA earnings per share (pence)	**40**	38	26	39	34
Adjusted earnings (£m)	**163**	110	93	105	88
Adjusted earnings per share (pence)	**41**	28	24	37	34
IFRS profit/(loss) before tax (£m)	**355**	342	(120)	(101)	246
IFRS profit/(loss) per share (pence)	**89**	86	(32)	(32)	91
EPRA net tangible assets (NTA)/net assets (NAV) (£m)[1]	**3,715**	3,532	3,266	3,087	2,085
EPRA NTA/NAV per share (pence)[1]	**927**	882	818	847	790
IFRS net assets (£m)	**3,792**	3,528	3,235	3,072	2,073
IFRS NAV per share (pence)	**945**	880	809	845	787
LTV (%)	**31%**	29%	34%	37%	29%
Managed portfolio value (£m)	**8,522**	8,108	7,838	7,702	4,994
Total accounting return (TAR)	**8.1%**	10.2%	-3.4%	11.7%	13.2%

1. *EPRA NTA for 2022, 2021, 2020 and 2019. EPRA NAV for 2018.*

GLOSSARY

Adjusted earnings	An alternative performance measure based on EPRA earnings, adjusted to remove the impact of abortive acquisition costs and the LSAV performance fee which was settled in 2021. The items have been excluded from adjusted earnings to improve the comparability of results year-on-year.
Adjusted earnings per share/EPS	The earnings per share based on adjusted earnings and weighted average number of shares in issue (basic).
Adjusted EPS yield	Adjusted EPS as a percentage of opening EPRA NTA (diluted).
Adjusted net debt	Net debt per the balance sheet, adjusted to remove IFRS 16 lease liabilities and the unamortised fair value of debt recognised on the acquisition of Liberty Living.
Basis points (BPS)	A basis point is a term used to describe a small percentage, usually in the context of change, and equates to 0.01%.
Diluted earnings/EPS	Where earnings values per share are used "basic" measures divide the earnings by the weighted average number of issued shares in issue throughout the period, whilst the diluted measure also takes into account the effect of share options which have been granted and which are expected to be converted into shares in the future.
Diluted NTA/NAV	Where NTA/NAV per share is used, "basic" measures divide the NTA/NAV by the number of shares issued at the reporting date, whilst the diluted measure also takes into account the effect of share options which have been granted and which are expected to be converted into shares in the future (both for the additional number of shares that will be issued and the value of additional consideration that will be received in issuing them).
Direct-let	Properties where short-hold tenancy agreements are made directly between Unite and the student.
EBITDA	The Group's adjusted EBIT, adding back depreciation and amortisation.
EPRA	The European Public Real Estate Association, who produce best practice recommendations for financial reporting.
EPRA cost ratio	The ratio of property operating expenses, overheads and management fees, against rental income, calculated on an EPRA basis.
EPRA earnings	EPRA earnings exclude movements relating to changes in values of investment properties, profits/losses from the disposal of properties, swap/debt break costs, interest rate swaps and the related tax effects.
EPRA earnings per share/EPS	The earnings per share based on EPRA earnings and weighted average number of shares in issue (basic).
EPRA like-for-like rental growth	The growth in rental income measured by reference to the part of the portfolio of the Group that has been consistently in operation, and not under development nor subject to disposal, and which accordingly enables more meaningful comparison in underlying rental income levels.
EPRA net tangible assets (NTA)	EPRA NTA includes all property at market value but excludes the mark to market of financial instruments, deferred tax and intangible assets. EPRA NTA provides a consistent measure of NAV on a going concern basis.
EPRA net tangible assets per share	The diluted NTA per share figure based on EPRA NTA.
EPRA net reinstatement value (NRV)	EPRA NRV includes all property at market value but excludes the mark to market of financial instruments, deferred tax and real estate transfer tax. EPRA NRV assumes that entities never sell assets and represents the value required to rebuild the entity.
EPRA net disposal value (NDV)	EPRA NDV includes all property at market value, excludes the mark to market of financial instruments but includes the fair value of fixed interest rate debt and the carrying value of intangible assets. EPRA NDV represents the shareholders' value in a disposal scenario.

GLOSSARY continued

EPRA net initial yield (NIY)	Annualised NOI generated by the Group's rental properties expressed as a percentage of their fair value, taking into account notional acquisition costs.
EPRA topped up net initial yield (NIY)	EPRA Net Initial Yield adjusted to include the effect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods or step rents).
EPRA vacancy rate	The ratio of the estimated market rental value of vacant spaces against the estimated market rental value of the entire property portfolio (including vacant spaces).
ESG	Environmental, Social and Governance.
Full occupancy	Fully occupancy is defined as occupancy in excess of 97%.
GRESB	*GRESB is a benchmark of the Environmental, Social and Governance (ESG) performance of real assets.*
Gross asset value (GAV)	The fair value of rental properties, leased properties and development properties.
The Group	Wholly owned balances plus Unite's interests relating to USAF and LSAV.
Group debt	Wholly owned borrowings plus Unite's share of borrowings attributable to USAF and LSAV.
HMO	Houses in multiple occupation, where buildings or flats are shared by multiple tenants who rent their own rooms and the property's communal spaces on an individual basis.
IFRS NAV per share	IFRS equity attributable to the owners of the parent company from the consolidated balance sheet divided by the total number of shares of the Parent Company in issue at the reporting date.
Interest cover ratio (ICR)	Calculated as EBIT divided by the sum of net financing costs and IFRS 16 lease liability interest costs.
Lease	Properties which are leased to universities for a number of years.
Like-for-like metrics	Like-for-like is the change in metric, on a gross basis, calculated using properties owned throughout the current and previous period.
Loan to value (LTV)	Net debt as a proportion of the value of the rental properties, excluding balances in respect of leased properties under IFRS 16. Prepared on a see-through basis. In the opinion of the Directors, this measure enables an appraisal of the indebtedness of the business, which closely aligns with key covenants in the Group's agreements.
Loan to value post IFRS 16	Net debt as a proportion of the value of the rental properties, including balances in respect of leased properties under IFRS 16. Prepared on a see-through basis.
LTV (EPRA)	Net debt as a proportion of the value of the rental properties including balances in respect of leased properties and all other assets and liabilities.
LSAV	The London Student Accommodation Joint Venture (LSAV) is a joint venture between Unite and GIC, in which both hold a 50% stake. LSAV has a maturity date of September 2032.
Major regional	Properties located in Aberdeen, Birmingham, Cardiff, Durham, Glasgow, Leeds, Leicester, Liverpool, Newcastle, Nottingham, Sheffield and Southampton.
Net asset value (NAV)	The total of all assets less the value of all liabilities at each reporting date.
Net debt (EPRA)	Borrowings net of cash. IFRS 16 lease liabilities are excluded from net debt on an EPRA basis. In the opinion of the Directors, net debt is a useful measure to monitor the overall cash position of the Group.
Net debt per balance sheet	Borrowings, IFRS 16 lease liabilities and the mark to market of interest rate swaps, net of cash.

Net debt to EBITDA	Net debt as a proportion of EBITDA.
Net financing costs (EPRA)	Interest payable on borrowings less interest capitalised into developments and finance income.
Net operating income (NOI)	The Group's rental income less property operating expenses.
NOI margin	The Group's NOI expressed as a percentage of rental income.
Nomination agreements	Agreements at properties where Universities have entered into a contract to reserve rooms for their students, usually guaranteeing occupancy. The Universities usually either nominate students to live in the building and Unite enters into short-hold tenancies with the students or the University enters into a contract with Unite and makes payment directly to Unite.
Provincial	Properties located in Bournemouth, Coventry, Loughborough, Medway, Portsmouth and Swindon.
Prime regional	Properties located in Bristol, Bath, Edinburgh, Manchester and Oxford.
Property operating expenses	Operating costs directly related to rental properties, therefore excluding central overheads.
Rental growth	Calculated as the year-on-year change in the average annual price for sold beds. In the opinion of the Directors, this measure enables a more meaningful comparison in rental income as it excludes the impact of changes in occupancy.
Rental income	Income generated by the Group from rental properties.
Rental properties	Investment properties (owned and leased) whose construction has been completed and are used by the Operations segment to generate NOI.
Rental properties (leased)/Sale and leaseback	Properties that have been sold to a third party investor then leased back to the Group. Unite is also responsible for the management of these assets on behalf of the owner.
Resident ambassadors	Student representatives who engage with students living in the property to create a community and sense of belonging.
See-through (also Unite share)	Wholly owned balances plus Unite's share of balances relating to USAF and LSAV.
TCFD	The Taskforce on Climate-related Financial Disclosures develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.
Total accounting return	Growth in diluted EPRA NTA per share plus dividends paid, expressed as a percentage of diluted EPRA NTA per share at the beginning of the period. In the opinion of the Directors, this measure enables an appraisal of the return generated by the business for shareholders during the year.
Total shareholder return	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional shares.
USAF/the fund	The Unite UK Student Accommodation Fund (USAF) is Europe's largest fund focused purely on income-producing student accommodation investment assets. The fund is an open-ended infinite life vehicle with unique access to Unite's development pipeline. Unite acts as fund manager for the fund, as well as owning a significant minority stake.
WAULT	Weighted average unexpired lease term to expiry.
Wholly owned	Balances relating to properties that are 100% owned by The Unite Group PLC or its 100% subsidiaries.

COMPANY INFORMATION

The Unite Group PLC

Executive Team
Richard Smith
Chief Executive Officer

Joe Lister
Chief Financial Officer

Registered Office
South Quay House, Temple Back, Bristol BS1 6FL

Registered Number in England
03199160

Company Secretary
Christopher Szpojnarowicz

Auditor
Deloitte LLP
1 New Street Square, London EC4A 3HQ

Financial Advisers
J.P. Morgan Cazenove
25 Bank Street, London E14 5JP

Numis Securities
45 Gresham Street, London EC2V 7BF

Registrars
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Financial PR Consultants
Powerscourt
1 Tudor Street, London EC4Y OAH

Find out more online at www.unitegroup.com

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP[illegible]

Printed by a CarbonNeutral® Company certified to ISO 14001 environmental management system.

Printed on material from well-managed, FSC™ certified forests and other controlled sources.

100% of the inks used are HP Indigo ElectroInk which complies with RoHS legislation and meets the chemical requirements of the Nordic Ecolabel (Nordic Swan) for printing companies, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be *recycled and the remaining 1% used to generate energy.*

The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.

Designed and produced by **emperor**
Visit us at **emperor.works**

UNITE
STUDENTS

The Unite Group PLC
South Quay House
Temple Back
Bristol BS1 6FL
+44 (0) 117 302 7000
info@unite-students.com

www.unitegroup.com
www.unitestudents.com