

## PRESS RELEASE

12 April 2023

### THE UNITE GROUP PLC

('Unite Students', 'Unite', the 'Group', or the 'Company')

### TRADING UPDATE AND Q1 FUND VALUATIONS

Unite Students, the UK's leading owner, manager and developer of student accommodation, today announces an update on current trading and quarterly property valuations for the Unite UK Student Accommodation Fund ('USAF') and the London Student Accommodation Joint Venture ('LSAV') as at 31 March 2023.

#### **Richard Smith, Unite Students Chief Executive Officer, commented:**

"We continue to make strong progress with bookings for the 2023/24 academic year with 90% of rooms already sold, demonstrating the strength of student demand and the attractiveness of our fixed-priced all-inclusive offer. Reservations are significantly ahead of recent sales cycles, reflecting strong demand from both new and existing students as well as new nomination agreements with universities. This progress reinforces our confidence in delivering rental growth of 6-7% for the 2023/24 academic year. Rental growth also continues to support our property valuations as the market adjusts to a higher funding cost environment.

The supply of purpose-built student accommodation cannot keep pace with growing student demand at the same time as HMO landlords are leaving the sector. We are therefore tracking a number of new development opportunities at attractive returns, which we are uniquely positioned to deliver through our university relationships and development capability."

#### **2023/24 lettings performance**

We have seen continued strong progress in sales since our preliminary results with 90% of rooms now sold for the 2023/24 academic year (2022/23: 78%). Demand remains strong from both University partners and students booking accommodation on a direct-let basis with reservations ahead of 2022/23 in almost all markets.

This is supportive of our guidance for full occupancy and rental growth of 6-7% for the 2023/24 academic year (2022/23: 99% and 3.5%).

#### **Development pipeline**

The Group is committed to four development schemes, totalling £339 million of cost and delivering a blended yield on cost of 6.7% for the PBSA elements. The £200 million remaining costs to complete these projects will be funded through the Group's cash and committed debt headroom of £437 million at 31 March.

Since our preliminary results we have made good progress in further improving the returns on our uncommitted pipeline of four schemes through reductions in land prices, in some cases, and greater certainty over build costs. We are also tracking a pipeline of other new development opportunities offering attractive returns. We hope to commit to a number of these schemes during 2023.

#### **Funding update**

USAF has agreed terms, and been granted full credit approval, for a new £400 million secured loan to refinance the £380 million June 2023 USAF bond maturity. Based upon prevailing market interest rates, we expect an all-in cost of debt of approximately 5.0-5.5%. This is consistent with our guidance for a 3.6% cost of debt in 2023 on a see-through basis.

#### **Quarterly fund valuations**

At 31 March 2023, USAF's property portfolio was independently valued at £2,888 million, unchanged on a like-for-like basis during the quarter.

LSAV's property portfolio was independently valued at £1,918 million, reflecting a (0.1%) decrease on a like-for-like basis during the quarter.

The valuation movement in the quarter is driven by increased rental growth with offsetting increases in property yields.

The USAF and LSAV portfolios are now valued at weighted average yields of 5.1% and 4.2% respectively, increased by 5 and 10bps respectively from 31 December 2022.

	Drivers of LfL capital growth (Q1)				
	Valuation December 2022	Valuation March 2023	Rental growth	Yield movement	Total
USAF	£2,888m	£2,888m	1.0%	(1.0%)	0.0%
LSAV	£1,921m	£1,918m	2.4%	(2.5%)	(0.1%)

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**About Unite Students**

Unite Students is the UK's largest owner, manager and developer of purpose-built student accommodation (PBSA) serving the country's world-leading higher education sector. We provide homes to 70,000 students across 157 properties in 23 leading university towns and cities. We currently partner with over 60 universities across the UK.

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

We are committed to raising standards in the student accommodation sector for our customers, investors and employees. This is why our Sustainability Strategy, launched in 2021, includes a commitment to become net zero carbon across our operations and developments by 2030.

Founded in 1991 in Bristol, the Unite Group is an award-winning Real Estate Investment Trust (REIT), listed on the London Stock Exchange. For more information, visit Unite Group's corporate website [www.unitegroup.com](http://www.unitegroup.com) or the Unite Students' site [www.unitestudents.com](http://www.unitestudents.com)

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