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Unite Group PLC (The)
27 February 2024

PRESS RELEASE

27 February 2024

THE UNITE GROUP PLC

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

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

RECORD EARNINGS, STRONG OUTLOOK FOR 2024/25 AND SIGNIFICANT GROWTH OPPORTUNITIES

Joe Lister, Chief Executive of Unite Students, commented:

"This is a strong set of results, driven by full occupancy, rental growth and substantial investment into our platform and portfolio. Our pipeline of developments, asset management projects and our new university partnership present a substantial growth opportunity for the business.

"The supply-demand imbalance of student accommodation is acute and continues to intensify. We play a leading role in tackling this shortage, easing pressure on the wider housing market and freeing up homes for families. Our development and asset management pipeline stands at a record £1.3 billion and we are taking an innovative approach to delivering more homes for students. University partnerships provide a compelling opportunity to deliver new, high-quality accommodation and our first joint venture with Newcastle University is only possible for a business of our reputation, scale and development expertise.

"We are trusted by students, parents and universities to deliver high-quality, safe and affordable accommodation where it is needed the most. Our strong leasing performance supports continued earnings growth in 2024 and we are confident that our all-inclusive offer, student support programmes and balanced approach to rental increases will continue to provide real value for money."

Year ended	**31 December 2023**	**31 December 2022**	**Change**
Adjusted earnings[1,3]	£184.3m	£163.4m	13%
Adjusted EPS[1,3]	44.3p	40.9p	8%
IFRS profit before tax	£102.5m	£350.5m	(71)%
IFRS diluted EPS	24.6p	87.6p	(72)%
Dividend per share	35.4p	32.7p	8%
Total accounting return[1]	2.9%	8.1%	
As at	**31 December 2023**	**31 December 2022**	**Change**
EPRA NTA per share[1]	920p	927p	(1%)
IFRS net assets per share	931p	944p	(1%)
Net debt: EBITDA	6.1x	7.3x	(1.2x)
Loan to value[2]	28%	31%	(3)ppts

HIGHLIGHTS

Full occupancy in 2023/24, strong demand for 2024/25

- 99.8% occupancy and 7.4% rental growth for the 2023/24 academic year (2022/23: 99.3% and 3.5%)
- Strong reservations for 2024/25 80% (2023/24: 83%)
- 44.3p adjusted EPS in 2023, +8% YoY (2022: 40.9p)

Sustained earnings growth from our best-in-class platform

- Confident in delivering rental growth of at least 6% for 2024/25 (previously at least 5%)
- Guidance for 3-5% growth in adjusted EPS in 2024 to 45.5-46.5p
- Targeting 10-12% Total Accounting Return (TAR) in 2024, before yield movement
- Earnings growth to accelerate from 2026 as development completions increase
- £26 million technology upgrade to enhance customer experience and EBIT margins from 2025

Housing supply unable to meet student demand

- Significant need for high-quality, affordable student homes
- New PBSA supply 60% below pre-pandemic levels and over 100,000 reduction in HMO beds available

Investment activity aligned to the strongest universities

- Delivery of £60 million Morriss House development in Nottingham at 8.5% yield on cost
- Rental portfolio enhanced through £24 million of refurbishments at a 9% yield on cost
- £197 million of disposals held for sale to improve portfolio quality (Unite share: £79 million)

Record £1.3 billion development pipeline in the strongest markets

- £569 million committed pipeline in Russell Group cities at 6.5% yield on cost
- £250 million joint venture agreed with Newcastle University announced in February
- Future development pipeline of £452 million at 6.7% yield on cost in cities with tightest supply
- New London scheme added to future pipeline for delivery in 2028
- Targeting £50-75 million p.a. of refurbishment projects at 8%+ yield on cost

Strong balance sheet underpinned by resilient valuations

- £5,510 million portfolio valuation (Unite share), up 1.2% on a like-for-like basis (2022: £5,397 million)
- 7.4% rental growth offsetting 31bps yield expansion
- TAR of 2.9% (2022: 8.1%), reflecting 1% reduction in NTA to 920p (2022: 927p)
- Continued investment in fire safety, resulting in 9p of new commitments net of claims
- Net debt: EBITDA reduced to 6.1x (2022: 7.3x), with LTV of 28% (2022: 31%)

Delivering on sustainability targets

- Significant improvement in EPC ratings, over 99% of portfolio now A-C rated (2022: 80%)

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 glossary for definitions.

2. Excludes IFRS 16 related balances recognised in respect of leased properties. See glossary for definitions.

3. Adjusted earnings and adjusted EPS remove the impact of SaaS implementation costs and abortive acquisition costs from EPRA earnings and EPRA EPS. See glossary for definitions and note 7 for calculations and reconciliations.

PRESENTATION

A live webcast of the presentation including Q&A will be held today at 8:30am GMT for investors and analysts and will be available via our website at https://www.unitegroup.com/ or on https://brrmedia.news/UTG_FY23. This will be available for playback after the event.

To register for the event or to receive dial-in details, please contact unite@powerscourt-group.com.

For further information, please contact:

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CHIEF EXECUTIVE'S REVIEW

The business has performed strongly in 2023, delivering record earnings and dividends. This reflects the strength of our best-in-class operating platform, the commitment of our teams and the ongoing appeal of our value-for-money proposition. We operate in a structurally growing sector underpinned by the attractiveness of the UK's Higher Education sector to domestic operate in a structurally growing sector, underpinned by the attractiveness of the UK's Higher Education sector to domestic and international students. The growing shortage of accommodation to meet this demand supports sustainable rental growth and our standing in the sector creates compelling investment opportunities for the business.

Record earnings and dividend

We delivered record occupancy during the year, supporting growth in adjusted earnings to £184.3 million and adjusted EPS of 44.3p, up 13% and 8% respectively year-on-year. The impact of rental growth, development completions and lower interest costs more than offset increases in operational costs during the year. The growth in adjusted EPS also reflects the increased share count following our capital raise in July 2023. IFRS profit before tax of £102.5 million and EPS of 24.6p (2022: £350.5 million and 87.6p) also reflect the valuation change of our property portfolio during the year. We have proposed a final dividend of 23.6p which, if approved, totals 35.4p for the full year, representing a payout ratio of 80% of adjusted EPS.

Total accounting returns for the year were 2.9%, with adjusted earnings offsetting a 1% decrease in EPRA NTA per share to 920p. Our LTV ratio reduced to 28% during the year, reflecting lower net debt following the capital raise in July and broadly stable property valuations. Net debt: EBITDA and ICR also improved to 6.1x and 4.6x respectively (2022: 7.3x and 3.7x). Our robust balance sheet provides the financial headroom to deliver our committed development pipeline and pursue new growth opportunities.

Our key financial performance indicators are set out below:

Financial highlights[1]	**2023**	**2022**
Adjusted earnings	£184.3m	£163.4m
Adjusted EPS	44.3p	40.9p
IFRS profit before tax	£102.5m	£350.5m
IFRS diluted EPS	24.6p	87.6p
Dividend per share	35.4p	32.7p
Adjusted EPS yield	4.8%	4.6%
Total accounting return	2.9%	8.1%
EPRA NTA per share	920p	927p
IFRS net assets per share	931p	944p
Loan to value	28%	31%

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.

Positive outlook for 2024/25

We continue to see strong demand for our well-located, value-for-money student accommodation at a time of declining numbers of Houses in Multiple Occupancy (HMOs), obsolescence in older university stock and lower levels of new supply. This is reflected in our strong progress with reservations for the 2024/25 academic year. Across the Group's entire property portfolio, 80% of rooms are now sold for the 2024/25 academic year, ahead of our typical leasing pace and slightly below the record reservation rates last year (2023/24: 83%).

We have seen increased demand from universities as they look to secure accommodation earlier in the sales cycle, resulting in nomination agreements for an additional 1% of beds for 2024/25 compared to the same stage of the 2023/24 sales cycle. These agreements deepen our relationships with universities and provide income security at rental levels comparable with direct-let sales.

Direct-let sales have also started well, with customers looking to secure accommodation early in the sales cycle. We have continued to see strong demand from UK students as our product grows in popularity with second- and third-year students who recognise the value of our all-inclusive product. 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 at least 6% for 2024/25 (previously at least 5%).

Providing value for money

We are committed to delivering value-for-money to our customers and increasing rents at a responsible and sustainable pace. 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.

Our rents are 7% more affordable in real terms than 2019 (based on CPI) and have grown in line with the student maintenance loan over the same period. Rental increases are a response to higher operating costs, particularly for utilities and staff, as well as our commitment to being a Real Living Wage employer.

Our pricing is comparable in cost to HMOs once bills are included. This is before allowing for the high-quality of our product and price certainty we provide on utilities and the additional product and service features we offer, such as on-hand maintenance teams and 24/7 security, high-speed Wi-Fi and contents insurance. Our rents have also grown by less than the wider private rental sector, which rose 10% in 2023 (source: Zoopla), and at a comparable rate to university owned accommodation (source: Cushman & Wakefield).

We also continue to make significant capital investment into our operating model and estate to improve the customer experience, as well as the safety and sustainability of our buildings. During 2023, we continued to enhance the service we offer to students through the embedding of our 24/7 operating model, the expansion of our Support to Stay programme for student wellbeing and the launch of a 24/7 mental health and wellbeing helpline in partnership with Endsleigh and Health Assured.

Growing shortage of high-quality student homes

Structural factors continue to drive a growing supply/demand imbalance for student accommodation. Demographic growth will see the population of UK 18-year-olds increase by 124,000 (16%) by 2030, supporting growing demand for UK Higher Education. Demand from international students also remains high, as reflected in the 23% growth in overseas students since 2019/20 (source: HESA).

Many university cities are facing housing shortages and our investment activity is focused on those markets with the most acute need. Since 2021, there has been an 8% reduction in the number of HMOs in England (source: Department for Levelling Up), equivalent to 100,000-150,000 fewer beds available for students to rent. Private landlords are choosing to leave the sector in response to rising mortgage costs and increasing regulation. New supply of PBSA is also down 60% on pre-pandemic levels, reflecting planning backlogs and viability challenges created by higher costs of construction and funding. Obsolescence of older university accommodation is also expected to increase due to building age and the need to operate buildings more sustainably. In many cities, property valuations are below replacement costs, further constraining new supply.

The combination of these factors has significantly increased demand for our accommodation in many cities and we expect this supply challenge to continue for a number of years.

Strategic overview

Our purpose is to deliver a Home for Success to allow students to make the most of their time at university. We also support the growth of the UK's Higher Education sector by delivering new high-quality homes that are affordable and sustainable. We achieve this by partnering with universities to deliver long-term growth and attractive returns for our shareholders.

Our strategy is focused on three key objectives to deliver our purpose:

- 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 24/7/365 operating platform in the student accommodation sector, underpinned by our PRISM technology platform, passionate customer-facing teams and sector-leading student support. We are currently in the process of a £26 million upgrade to our PRISM platform to enhance customer experience and deliver operational efficiencies, which will start to deliver in 2024 with the remainder in 2025.

The impact of our customer initiatives is reflected in an increase in our Net Promoter Scores to +42 for students at check-in (2022: +38) and +32 (2022: +7) with university partners. We are targeting further improvements in our customer experience during 2024. We have also seen an increase in our retention of direct-let customers for 2023/24 and the proportion of beds under nomination agreements rose to 53% (2022/23: 52%).

Our long-term university relationships remain a key differentiator for Unite and a significant source of potential growth opportunities. This is reflected in over 90% of our development pipeline by cost being underpinned by university partnerships, either through long-term nomination agreements or a joint venture in the case of our strategic partnership with Newcastle University.

Attractive returns for shareholders

We delivered full occupancy for the 2023/24 academic year and rental growth of 7.4%, reflecting improving market conditions. Total accounting returns were 2.9% for the year, reflecting adjusted earnings and broadly stable property valuations (2022: 8.1%). Strong rental growth offset the valuation impact of increases in property yields as the market adjusted to an environment of higher interest rates.

The quality and scale of our portfolio is key to delivering attractive, sustainable returns for our shareholders. We successfully delivered £84 million in development and major asset management projects in the year at a blended yield on cost of 9%. We continue to recycle capital with a focus on increasing alignment to the strongest universities and expect to complete the disposal of a £197 million portfolio in the first half of 2024 (Unite share: £79 million).

In July 2023, we raised £300 million in equity to accelerate our investment activity into development and asset management. We have fully allocated the proceeds and expect the transaction to enhance earnings and total returns as projects are delivered between 2024 and 2027. We are tracking further opportunities in London and strong regional markets at attractive returns and expect to add to our pipeline in 2024.

Being a responsible and resilient business

Our sustainability strategy is focused on delivering a positive impact for our stakeholders. 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 are proud to be a Real Living Wage employer and have honoured the recommended 10% increase for 2024 for our relevant employees.

We continue to make good progress towards our objective of becoming a net zero carbon business by 2030. During the year, we invested £8 million in energy initiatives to reduce consumption, save carbon and ensure ongoing compliance with regulations. This contributed to a further improvement in the EPC ratings of our portfolio during the year, with over 99% of the portfolio now A-C rated (2022: 80%). We have now reduced the energy intensity of our estate by 8% compared to our 2019 baseline. We also published our sustainable construction framework, setting out our approach to reducing the embodied carbon and whole life impact of our development pipeline by around half by 2030. Our most recent development completions demonstrate that we are on track to deliver this improvement by 2030.

Higher Education and housing policy

Higher Education is one of the UK's leading sectors, contributing £130 billion to the economy, delivering world class research and supporting employment of more than 750,000 people. Our universities attract young people from around the world for the quality of learning and life experience the UK offers.

International students are fundamental to the sector's health and contribute £42 billion to the UK economy. The Government recently reiterated its commitment to hosting 600,000 international students each year, with a focus on attracting the best and brightest. Changes to UK visa rules mean that from January 2024, postgraduate taught students can no longer be accompanied by their family members. We expect this change to particularly impact postgraduate student numbers from India and Nigeria, who are more likely to bring dependents, with a disproportionate impact on lower-ranked universities. Postgraduates from India and Nigeria accounted for less than 3% of our bookings for 2023/24. Moreover, our product offering is focused on single occupancy rooms, meaning we expect limited direct impact from the change.

The Renters Reform bill is expected to be introduced in late 2024 and will further increase regulatory requirements for HMO landlords. We expect the change to further reduce the availability of HMOs as more landlords will choose to leave the sector, increasing demand for the professionally managed, sustainable accommodation we provide. Purpose-built student accommodation is recognised as being different to traditional rental accommodation, with students seeking accommodation for one academic year, and has been excluded from the Bill's scope.

We are confident that our alignment to the strongest universities, high-quality portfolio and responsible approach to rent setting position us well to navigate potential changes in policy.

Management succession

I would like to extend my thanks to Richard Smith and acknowledge his significant achievements over the last eight years as CEO. He has been a driving force behind our successful strategy of aligning to the best universities and building Unite into a purpose-led, responsible business. I am excited to take over as CEO after 22 years with the business and look forward to working with the leadership team and all our colleagues to deliver the next stage of Unite's growth.

Opportunities for growth

We now have our largest ever development pipeline at £1.3 billion, focused on delivering new homes in the most supply constrained markets and aligned to the UK's strongest universities. It will deliver significant earnings and NTA growth over the next four years. The outlook for development is strong and we are tracking a number of further opportunities at attractive returns, which we will look to secure over the next 6-12 months.

Universities increasingly see access to high-quality and value-for-money accommodation as a barrier to growth. Funding challenges and competing priorities for capital are encouraging universities to partner with Unite to deliver new accommodation. This has become more pressing due to acute housing shortages post-pandemic and growing obsolescence in university estates. In February we announced our first joint venture with a university, to redevelop existing accommodation in partnership with Newcastle University. The agreement to deliver 2,000 new beds on the University's land highlights how Unite is uniquely positioned to address housing shortages.

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. Our pilot asset in Stratford has performed well during our first full year of ownership and is now fully integrated into our operational platform. We are exploring opportunities to grow our operational platform by partnering with co-investors.

Positive outlook for growth

We are confident in the outlook for the business. Student accommodation is structurally supported by growing demand for Higher Education and constrained supply, which supports long-term sustainable rental growth and creates significant investment opportunities to deliver new homes.

The strength of our relationships with universities, combined with our best-in-class operating platform, strong balance sheet and development expertise creates unrivalled opportunities for university partnerships both on- and off-campus. We are the provider of choice for universities seeking nominations agreements, which underpins over half of our letting activity each year and underwrites over 90% of our development pipeline. Our first joint venture with Newcastle University underlines these qualities and we are confident there is more to come as we help universities unlock potential housing supply on their campuses.

Strong reservations support rental growth of least 6% for the 2024/25 academic year. Despite ongoing cost pressures, this supports an improvement in our EBIT margin and 3-5% growth in adjusted EPS in 2024. We expect earnings growth to accelerate from 2026 as development completions increase.

Rental growth together with value creation through planning milestones, development and asset management supports total accounting returns of 10-12% in 2024, prior to yield movements.

OPERATIONS REVIEW

Full occupancy for 2023/24

We achieved occupancy of 99.8% across our total portfolio for the 2023/24 academic year (2022/23: 99.2%), reflecting the quality of our offer and university relationships, strong student demand and the shortage of supply in many markets.

We have been deliberate in aligning our portfolio to High and Medium tariff universities, where the number of accepted applicants grew slightly for the 2023/24 academic year. By contrast, lower tariff universities saw a 5% reduction in acceptances, continuing the trend of the past decade for a flight to quality. Our portfolio is 93% aligned to Russell Group markets, where the number of accepted students rose by 2% YoY and is now 7% above pre-pandemic levels. Overall, the undergraduate intake for 2023/24 reduced by 2% to 554,000 (2022/23: 563,000), but remained 2% higher than pre-pandemic levels.

Strong rental growth

Annual rents increased by 7.4% on a like-for-like basis for 2023/24 (2022/23: 3.5%), reflecting average increases of 7.7% for nomination agreements and 7.1% for direct-let tenancies. Rental growth from our nomination agreements exceeded the portfolio average despite the rental caps in place on many of our multi-year nomination agreements. This reflects our success in agreeing increased rental levels on renewals of single-year deals and new multi-year agreements where our university partners recognise the value our accommodation provides at a time of increasing costs. Continued enhancements to our service and product offering drove strong demand and supported the increase in our check-in NPS score to +42 (2022: +38). Occupancy was broadly consistent across our wholly-owned portfolio, USAF and LSAV, with limited availability in all markets.

2023/24 rental growth and occupancy	Rental growth[1]	Occupancy[2]
Nomination agreements	7.7%	
Direct let	7.1%	
Total	**7.4%**	**99.8%**

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 37,143 beds (53% of total) provided under nomination agreements for 2023/24 (2022/23: 36,611 and 52%). The increase in the percentage of beds under nomination agreements reflects universities' growing reliance on partners to meet their accommodation needs. We achieved our highest ever university NPS score of +32 (2022: +7), recognising our sector-leading student welfare offer, Support to Stay, and thought leadership in the sector.

The unexpired term of our nomination agreements is 5.8 years, down slightly from 6.3 years in 2022/23. 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 re-bookers and postgraduates and determine market pricing on an annual basis. We expect to maintain nomination agreements between 50-60% of beds going forward.

65% 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 89% with universities for 2023/24 (2022/23: 92%). As inflation reduces, index-linked agreements will move below their capped annual uplifts, meaning a return to historical levels of rental growth over time.

Agreement length	Beds 2023/24	% Income 2023/24
Single year	12,877	35%
2-5 years	6,535	19%
6-10 years	5,362	15%
11-20 years	6,581	16%
20+ years	5,788	15%
Total	**37,143**	**100%**

UK students account for 72% of our customers for 2023/24 (2022/23: 72%), making up a large proportion of the beds under nomination agreements with universities. This represents a significant increase in our weighting to UK students over recent years, compared to 60% immediately prior to the pandemic, and reflects our success in retaining second and third year students who might have historically moved into the HMO sector. In addition, 26% and 2% of our customers come from non-EU and EU countries respectively (2022/23: 25% and 3%).

Postgraduates make up around 20% of our direct-let customer base and re-bookers accounted for 43% of our direct-let bookings for the 2023/24 academic year (2022/23: 39%), reflecting the proactive retention campaign in our properties. The growing share of postgraduate and non-first year undergraduate students in our properties, who typically seek greater independence, supports our strategy of increasing the segmentation of our customer offer to capture market share from the traditional HMO sector.

Occupancy by type and domicile by academic year

		Direct let				
	Nominations	**UK**	**China**	**EU**	**Non-EU**	**Total**
2020/21	53%	16%	11%	4%	4%	88%
2021/22	51%	21%	13%	3%	6%	94%
2022/23	52%	24%	14%	2%	7%	99%
2023/24	53%	24%	13%	2%	8%	100%

Positive outlook for 2024/25

Applications data for the 2024/25 academic year is encouraging, with total applications flat on 2023/24 but still 6% ahead of pre-pandemic levels. We continue to see strongest demand for the high and mid-tariff universities to which we have aligned our portfolio. Application rates remain strong for UK 18-year-olds at 41.3% and there continues to be significant unmet demand for university places, as demonstrated by the nearly 200,000 unplaced students in 2023/24. Applications from international students are 1% higher for 2024/25, with 2% growth from non-EU markets more than offsetting a 3% reduction in EU applicants.

Demand for the Group's accommodation remains strong . Across the Group's entire property portfolio, 80% of rooms are now reserved for the 2024/25 academic year, which is ahead of our typical leasing pace. We have seen increased early demand from universities who see quality accommodation as a key part of their offer to prospective students. Current reservations under nomination agreements account for 55% of available beds for 2024/25, an increase of 2 percentage points compared to 2023/24.

In our strongest markets, we have also seen students looking to secure accommodation early in the sales cycle. Our nominations and direct-let sales performance is supportive of our guidance for full occupancy and rental growth of at least 6% for the 2024/25 academic year (previously at least 5%).

Technology upgrade to enhance customer experience and operating margins

We are in the process of upgrading our end-to-end technology systems to enhance customer experience and drive efficiencies which deliver margin improvement. The project is our largest investment in technology since the implementation of PRISM in 2016 and will deliver enhanced systems for customer relationship and property management, as well as improved booking and marketing platforms. The initial phase of upgrades has now been implemented, with the remaining elements of the programme expected to be delivered over the next 12-24 months. Around half of the total £26 million programme cost has already been incurred. We expect to achieve a payback of under 5 years on our investment through enhanced utilisation and cost efficiencies, which will increase our EBIT margin by around 1%, as benefits accrue from mid-FY2025.

Software as a Service accounting

Our technology upgrade project includes transitioning from traditional on-premises solutions to a predominantly cloud-based Software as a Service (SaaS) model. Following a review of our accounting treatment, implementation costs which were previously capitalised will now be recognised as an expense when incurred. £12.8 million of costs have already been expensed in 2022 and 2023, reflecting around half of the overall project costs. We expect to incur around £10 million of further implementation costs in FY2024 and the remaining £3 million in FY2025. To better reflect the underlying operating performance of the business, these implementation costs will be removed from adjusted earnings. Post implementation, technology license costs will be expensed on a recurring basis.

Following completion of the technology upgrade, we expect a reduction in annual depreciation and amortisation charges of around £3 million from FY2026 due to less intangible assets. The change has no impact on EPRA NTA, which excludes intangible assets. Further information is included within section 1 of the financial statements.

Operating costs

Inflation remained higher than expected through the year and resulted in our operating costs growing faster than initially expected. 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 discretionary spend. Inflationary pressures, combined with higher marginal costs from increased occupancy, resulted in a 14% increase in property operating costs during 2023.

Staff costs increased by £1.5 million due to underlying wage increases, driven by the pay award for 2023. 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 18% or £4.1 million during the year. Our utility costs are fully hedged through 2024 and 55% for 2025. As cheaper hedges put in place before the war in Ukraine expire, we expect the cost of utilities to increase by around 15% in 2024, equivalent to 1% growth in rental income. Reductions in power and gas prices would support margin improvement from 2025 if sustained at current levels.

Summer cleaning costs increased by £0.5 million as we enhanced our pre-check-in cleaning in response to student feedback, which supported the improvement in our NPS score. Marketing costs increased by £0.6 million, reflecting ongoing investment which supported the improvement in our NPS score. Marketing costs increased by £0.6 million, reflecting ongoing investment in our brand and commercial proposition.

Central and other costs increased by £7.5 million due to cost increases for buildings insurance, reactive maintenance, broadband, bad debt and council tax/HMO licences, as well as a c.£0.8 million full year impact of our BTR pilot in Stratford.

Property operating expenses breakdown	2023 £m	2022 £m	Change
Staff costs	(29.7)	(28.2)	5%
Utilities	(26.9)	(22.8)	18%
Summer cleaning	(5.7)	(5.1)	9%
Marketing	(7.3)	(6.7)	9%
Central costs	(16.8)	(14.4)	16%
Other	(26.6)	(21.5)	24%
Property operating expenses	**(113.0)**	**(98.7)**	**14%**

PROPERTY REVIEW

Our property portfolio saw a 1.7% increase in valuations on a like-for-like basis during the year (Unite share: 1.2%), as strong rental growth offset increases in property yields as the market adjusted to a higher interest rate environment. The see-through net initial yield of the portfolio was 5.0% at 31 December 2023 (December 2022: 4.7%), which reflects like-for-like yield expansion of 31 basis points in the year. Since June 2022, we have seen a total 40-60bps of yield expansion across our markets. The weaker valuation performance for LSAV reflects its higher London weighting when compared to USAF (85% and 14% by value respectively), where greater increases in property yields have had a more significant negative impact on valuations.

Breakdown of like-for-like capital growth[1,2]

£m	Valuation 31 Dec 2023	Rental growth	Yield movement	Other[3]	Total
Wholly-owned	3,748	301	(223)	(42)	36
LSAV	1,922	171	(166)	(4)	1
USAF	2,992	223	(121)	2	104
Total (Gross)	**8,662**	**695**	**(510)**	**(44)**	**141**
Total (Unite share)	**5,550**				**66**
% capital growth					
Wholly-owned		8.3%	(6.2)%	(1.2)%	1.0%
LSAV		8.9%	(8.6)%	(0.2)%	0.0%
USAF		7.7%	(4.2)%	0.1%	3.6%
Total (Gross)		**8.2%**	**(6.0)%**	**(0.5)%**	**1.7%**
Total (Unite share)					**1.2%**

1. Excludes leased properties and gains on disposals
2. Excludes NTA neutral re-allocation of fire safety provisions to Investment Property from Other assets/ (liabilities) on balance sheet
3. Other includes changes to operating cost assumptions and income adjustments on reversionary assets

The proportion of the property portfolio that is income generating is 97% by value, up from 96% at 31 December 2022. Properties under development have decreased to 3% of our property portfolio by value (31 December 2022: 4%), following the completion of our development at Morriss House in Nottingham, offsetting the impact of additional spend on our committed pipeline during the year. We expect the proportion of properties under development to grow as we commit to additional projects.

The PBSA investment portfolio is 38% weighted to London by value on a Unite share basis, which is expected to rise to 43% on a built-out basis following completion of our secured development pipeline.

Development and university partnership activity

The slowing supply of competing purpose-built student accommodation and an 8% decline in HMO supply over the last two years 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 in local communities. New supply of PBSA is down 60% on pre-pandemic levels, reflecting viability challenges created by higher build and funding costs. Planning timescales are also increasing as local authorities face significant backlogs, further constraining supply. Moreover, property valuations are now below replacement costs in many university cities, making new development less viable.

Positively, we saw build cost inflation moderate during the year on the back of lower material prices, though the availability of skilled labour remains tight.

These conditions, while challenging, play to the strengths of our development capabilities and well-capitalised balance sheet. As a result, the current market environment offers the strongest opportunity for new development in recent years.

Our development pipeline is aligned to the highest quality universities with 100% located in Russell Group cities. Development and university partnerships will be a significant driver of future growth in our earnings and EPRA NTA as we build out the pipeline. Our development pipeline now includes 7,327 beds, with a total development cost of £1,271 million, of which 2,741 beds or 53% by cost will be delivered in London. This will contribute £77 million (Unite share) of net operating income when complete.

The Building Safety Act is now in effect and addresses the safety of new residential accommodation, by adding three gateways to the design, build and occupation of new buildings. We expect these gateways will add around 6 months to PBSA development programmes, which will further slow new supply. Our appraisals and delivery targets fully reflect the expected impact of the Act.

We continue to see opportunities for new development and university partnership schemes at attractive returns and expect to add new opportunities to our pipeline during the year.

Completed schemes

During the year, we completed our 705-bed Morriss House scheme in Nottingham at a cost of £60 million. The development is fully let for the 2023/24 academic year, achieving a yield on cost of 8.5%. The project trialled a new design concept with enhanced communal areas and welcome desk, which has been well received by customers. The project's embodied carbon of c.800kg/m^2 is 33% below the RIBA baseline of 1,200kg/m^2 and ahead of annual milestones on our path towards net zero development from 2030. The scheme also achieved BREEAM Excellent and EPC A ratings and is fully electric, with no gas reliance.

Committed schemes

We are committed to five development schemes, totalling 2,954 beds and £569 million in total development costs. The £407 million of costs to complete these projects is fully funded from the Group's cash and available credit facilities. When complete, the projects will add a combined £37 million to net operating income.

Our £36 million Bromley Place development in Nottingham city centre will deliver 271 new beds for the 2024/25 academic year. We will deliver a higher specification product, with larger bedrooms and an enhanced design for the common areas, which we will target at the post-graduate market. We expect a significant reduction in embodied carbon, to around 670kgCO_2e/m^2, through adoption of low carbon construction materials and retaining elements of the existing building.

At Abbey Lane in Edinburgh, we are on-site and targeting completion for the 2025/26 academic year. We will deliver 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 and form part of our BTR pilot.

Construction is also underway at our Hawthorne House scheme in Stratford with the student accommodation element expected to be delivered in time for the 2026/27 academic year. The development will be delivered as a university partnership, with over half of the beds let under a nomination agreement for 10 years to an existing university partner.

At Marsh Mills, construction is underway and on track to deliver for the 2025/26 academic year. The 614 bed scheme will be 50% nominated by the University of Bristol on a long-term agreement. The site is adjacent to the University of Bristol's new Temple Quarter campus and will grow our portfolio in Bristol to 4,700 beds.

Our Meridian Square project in Stratford is set to be heard at planning committee in the coming weeks and we expect to acquire the site and start construction later in the year. We are targeting delivery of the 952-bed project for the 2027/28 academic year.

Future pipeline

There are an additional 2,373 beds in our secured pipeline for as yet uncommitted schemes with total development costs of £452 million. We expect to fund these schemes through a mix of disposals and new borrowing.

Planning is progressing well for our Freestone Island project in Bristol, which we expect to secure later in Q1 2024. Following planning, we will exercise our option to acquire the site this year for delivery for the 2026/27 academic year.

In September we announced our new Central Quay development in Glasgow, which aims to deliver 800 beds for the 2026/27 academic year. We have an option to acquire the land once planning is secured, which is targeted for the second quarter of 2024.

We have recently secured an option to acquire a 501-bed project in Elephant and Castle in London, which is well located for a number of leading London universities. The scheme is expected to be delivered in 2028, subject to planning.

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.

We are seeking prospective returns on new direct-let schemes at around 7.5-8.0% in regional 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, viability has been supported by strong recent rental growth and a stabilisation in build costs.

University partnerships pipeline

Co-investment in accommodation alongside a university has been an objective for the business for several years. In February 2024, we announced that Unite and Newcastle University have agreed to enter into a joint venture to develop c.2,000 beds at the University's Castle Leazes site for delivery in 2027 and 2028. The joint venture deepens our 20-year relationship with Newcastle University through a long-term strategic partnership. The Castle Leazes site currently provides c.1,250 beds and was built in 1969. Newcastle University has committed to close the existing accommodation on the site and commence demolition in the summer of 2024. Total development costs are expected to be c.£250 million with Unite expecting to commit c.£70 million in equity for a 51% stake. Newcastle University will own a 49% stake in the JV and contribute the Castle Leazes site on a 150-year lease, with remaining funding coming from new debt secured against the JV. To support the University's accommodation requirement during development, Unite has provided 1,600 beds on a four year nomination agreement. Entry into the joint venture is subject to planning approval. Planning submission is expected by the end of Q1, which would support formation of the JV before the end of 2024.

Building on this proof of concept, 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. We expect our agreement with Newcastle University to support further progress in other discussions. Our existing university relationships through nomination agreements, best-in-class operating platform and development capability, as well as access to capital, provide us with a unique opportunity to deepen these partnerships.

In addition, our four London developments will be delivered 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 projects will be delivered as partnerships with the University of Bristol, building on our existing city-wide agreement with the university and helping to address an acute shortage of student accommodation in the city.

Secured development and partnerships pipeline

	Type[1]	Target delivery	Secured beds/ units	Total completed value	Total devel. Costs	Capex in period	Capex remaining	Forecast NTA remaining	Forecast yield on cost
			no.	£m	£m	£m	£m	£m	%
Committed development									
Bromley Place, Nottingham	DL	2024	271	47	36	10	19	4	7.1%
Abbey Lane, Edinburgh	DL	2025	614	122	78	7	52	21	7.3%
Marsh Mills, Bristol	UPT	2025	401	74	62	4	49	6	7.1%
Hawthorne House, Stratford[3]	UPT	2026	716	238	194	14	102	33	6.1%
Meridian Square, Stratford[2]	UPT	2027	952	265	199	11	185	40	6.4%
Total Committed			**2,954**	**746**	**569**	**46**	**407**	**104**	**6.5%**
Future pipeline									
Freestone Island, Bristol[2]	UPT	2026	500		71		69		7.2%
Central Quay, Glasgow[2]	UPT	2027	800		97		97		7.2%
TP Paddington, London[2]	UPT	2028	572		157		152		6.4%
Elephant & Castle, London[2]	UPT	2028	501		127		127		6.5%
Total Future pipeline			**2,373**		**452**		**445**		**6.7%**
Castle Leazes, Newcastle[4]	JV	2027/28	2,000		250		250		7.3%
Total pipeline			**7,327**		**1,271**		**1,102**		**6.8%**
Total pipeline (Unite share)			**7,327**		**1,149**		**980**		**6.7%**

1. Direct-let (DL), University partnership (UPT)
2. Subject to obtaining planning consent
3. Yield on cost assumes the sale of academic space for £45 million
4. Unite share 51%. Yield on cost includes management fees in NOI and deducts development management fee from costs

Asset management

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

In September we completed three asset management schemes in London, Edinburgh and Birmingham. Investment across the three projects totalled £24 million in aggregate and delivered a 9% yield on cost. The projects delivered additional beds, refurbished existing rooms and enhanced the environmental performance of the properties. We have secured new nomination agreements for over half of the refurbished beds and achieved full occupancy for the 2023/24 academic year.

We have a significant pipeline of attractive asset management opportunities and will accelerate investment to c.£50 million (Unite share: £40 million) during 2024, improving the experience of around 5,000 students for the start of the 2024/25 academic year. We expect to further increase the level of asset management activity in 2025.

Disposals

We continue to manage the quality of the portfolio and our balance sheet leverage by recycling capital through disposals. We are holding £197 million of assets (Unite share: £79 million) for sale on our balance sheet, which are expected to complete in the second quarter. The disposals were priced at a blended 6.4% yield and in line with book value after deductions for fire safety works.

We will continue to recycle capital from disposals to maintain LTV around our c.30% target and net debt: EBITDA in the 6-7x range. The level of planned disposals will adjust to reflect capital requirements for our development and asset management activity as well as market pricing. We will target future disposals of around £100-150 million p.a. (Unite share).

Acquisitions

We continue to review potential acquisition and forward funding opportunities alongside our other uses of capital. We are tracking opportunities to acquire older, well-located assets with asset management potential at relatively attractive yields. We are focused on opportunities in our strongest markets aligned to high-quality universities, where we see the ability to deliver attractive rental growth over the long term.

Build-to-rent

During the year, we have transferred operational management of our pilot build-to-rent (BTR) asset in Stratford, London onto our operating platform. There are clear opportunities to leverage our existing operating platform to deliver cost efficiencies and use our BTR product to retain our student customers seeking a more independent living experience. Rental growth continues to outperform our assumptions from the time of acquisition, with new lettings during 2023 15% above previous rental levels. We are planning to commence a refurbishment of the building in 2024 to improve the customer experience and support higher rental levels.

We do not expect to increase our capital commitment to BTR in the short term. We continue to explore 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, this 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

Fire safety is a critical part of our health and safety strategy, and we have a track record of leading the sector on fire safety standards through our proactive approach. The Building Safety Act has introduced new requirements for provision of safety information, management of data and design gateways for new developments, and has been fully embedded in the day-to-day workings of the business. We will continue to make future investments in fire safety, as required, to comply with Government regulations.

During 2023 we completed fire safety improvements on 16 buildings across our estate. We prioritise remediation according to our risk assessments and have made additional provisions totalling £86.2 million (Unite share: £42.5 million) for works at a further 10 properties. In our year-end balance sheet, we have transferred the 2023 addition to provisions in respect of committed spend on fire safety and façade works taking place in AY 2024/25 to property valuations as a deduction to fair value, totalling £80.6 million (Unite share: £39.8 million). This change is NTA neutral with the reduction in property valuations offset by a reduction in other liabilities. We spent £78.5 million (Unite share: £39.3 million) on fire safety capex during the year. At the year end, the total outstanding provision for fire safety works was £42.3 million (Unite Share: £22.3 million), the costs for which will be incurred over the next two years.

During the year we reached agreement with contractors for recovery of £13.6 million (Unite share: £5.7 million) in relation to three buildings. In total we have now agreed settlements totalling £39.2 million (Unite share: £27.3 million). We ultimately expect to recover 50-75% of total cladding remediation costs through claims from contractors, although the settlement and recognition of these claims is likely to lag costs incurred to remediate buildings. We expect the remediation programme to complete in 2028 with net spend higher in the earlier years of the programme and reducing substantially from 2026.

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.

Earnings and adjusted earnings

We delivered a strong operating performance in 2023, with adjusted earnings increasing by 13% to £184.3 million (2022: £163.4 million), reflecting an increase in rental income and costs, with a reduction in finance costs, when compared to the prior year.

Adjusted EPS increased by 8% to 44.3p (2022: 40.9p), reflecting the increased share count following the capital raise in July.

	2023 £m	2022 £m
Rental income	369.5	339.7
Property operating expenses	(113.0)	(98.7)
Net operating income (NOI)	**256.5**	**241.0**
NOI margin	*69.4%*	*70.9%*
Management fees	16.9	17.4
Overheads	(33.1)	(33.8)
Finance costs	(55.1)	(63.0)
Development and other costs	(9.1)	(4.3)
EPRA earnings	**176.1**	**157.3**
SaaS implementation costs	8.2	4.6
Abortive acquisition costs	-	1.5
Adjusted earnings	**184.3**	**163.4**
Adjusted EPS	**44.3p**	**40.9p**
EPRA EPS	**42.4p**	**39.4p**
EBIT margin	*68.0%*	*67.9%*

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

IFRS profit before tax decreased to £102.5 million in the year (2022: £350.5 million), reflecting the increase in adjusted earnings of £20.9 million, a revaluation loss of £61.2 million (2022: £119.2 million profit) and a £17.2 million revaluation loss for interest rate swaps (2022: £70.7 million profit).

	2023 £m	2022 £m
Adjusted earnings	**184.3**	**163.4**
SaaS implementation costs	(8.2)	(4.6)
Abortive transaction costs	-	(1.5)
EPRA earnings	**176.1**	**157.3**
Valuation (losses)/gains and profit/(loss) on disposal	(61.2)	119.2
Changes in valuation of interest rate swaps and debt break costs	(17.2)	70.7
Non-controlling interest and other items	4.8	3.3
IFRS profit before tax	**102.5**	**350.5**
Adjusted earnings per share	44.3p	40.9p
IFRS diluted earnings per share	24.6p	87.6p

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

Sales, rental growth and profitability

Rental income increased by £29.8 million to £369.5 million, up 9%, as a result of higher occupancy, rental growth and the full-year impact of increased USAF ownership. Like-for-like rental income, excluding the impact of major refurbishments, acquisitions, disposals and development completions, increased by 7% during the year.

Operating expenses increased by 18% in for like-for-like properties, primarily driven by increased utility and staff costs due to the return to full occupancy throughout the year and increases in bad debt provisions, property maintenance and costs associated with commercial units within our buildings. The annualised impact of our increased USAF share contributed around 2% to the increase in operating expenses.

This resulted in a 6% increase in net operating income to £256.5 million (2022: £241.0m).

	FY 2023			FY 2022			YoY change	
£m	**Wholly-owned**	**Share of Fund/JV**	**Total**	**Wholly-owned**	**Share of Fund/JV**	**Total**	**£m**	**%**
Rental income								

Like-for-like properties	224.7	94.4	319.1	209.0	88.8	297.8	21.3	7%
Non-like-for-like properties	34.1	16.3	50.4	32.8	9.1	41.9	8.5	
Total rental income	**258.8**	**110.7**	**369.5**	**241.8**	**97.9**	**339.7**	**29.8**	**9%**
Property operating expenses								
Like-for-like properties	(71.7)	(27.8)	(99.5)	(62.0)	(22.2)	(84.2)	(15.3)	18%
Non-like-for-like properties	(8.2)	(5.3)	(13.5)	(10.0)	(4.5)	(14.5)	1.0	
Total property operating expenses	**(79.9)**	**(33.1)**	**(113.0)**	**(72.0)**	**(26.7)**	**(98.7)**	**(14.3)**	**14%**
Net operating income								
Like-for-like properties	152.9	66.6	219.5	146.9	66.7	213.6	5.9	3%
Non-like-for-like properties	26.1	10.9	37.0	22.8	4.6	27.4	9.6	
Total net operating income	**179.0**	**77.5**	**256.5**	**169.7**	**71.3**	**241.0**	**15.5**	**6%**

Overheads decreased by £0.8 million, reflecting underlying cost control. Recurring management fee income from joint ventures decreased to £16.9 million (2022: £17.4 million), driven by the annualised impact of our increased ownership share of USAF, partially offset by increased property valuations and NOI in USAF. Our EBIT margin increased slightly to 68.0% (2022: 67.9%), reflecting the offsetting impact of increases in rental income and operating costs.

We are targeting around a 50-100bps improvement in our EBIT margin in 2024, driven by rental growth, the impact of development and asset management, procurement savings and the enhanced use of technology as we seek to offset increases in utility and staff costs.

Finance costs reduced to £55.1 million in 2023 (2022: £63.0 million), reflecting lower borrowings following our equity raise and a reduction in our average cost of debt to 3.2% (2022: 3.4%) following the repayment of more expensive debt. £8.4 million of interest costs were capitalised during the year (2022: £6.3 million) in relation to our development pipeline.

Development (pre-contract) and other costs increased to £9.2 million (2022: £4.3 million), primarily reflecting accelerated recognition of share based payments for Richard Smith.

EPRA NTA growth

EPRA net tangible assets (NTA) per share, our key measure of NAV, decreased by 1% to 920p at 31 December 2023 (31 December 2022: 927p). EPRA net tangible assets were £4,015 million at 31 December 2023, a £300 million increase from £3,715 million in the prior year.

The main drivers of the £300 million increase in EPRA NTA and 7 pence decrease in EPRA NTA per share were our capital raise, and retained profits, which more than offset the impact of negative valuation movements on our investment and development portfolio, losses on disposals and a further provision for fire safety capex.

	£m	Diluted pence per share
EPRA NTA as at 31 December 2022	**3,717**	**927**
Investment portfolio	326	75
Yield movement	(336)	(77)
Net fire safety capex	(38)	(9)
Development deficit	(15)	(3)
Disposals and associated transaction costs	8	2
Capital raise	295	(4)
Retained profits/other	58	9
EPRA NTA as at 31 December 2023	**4,015**	**920**

IFRS net assets increased by 7% in the year to £4,067 million (31 December 2022: £3,788 million), principally driven by net proceeds from the capital raise and retained profits. On a per share basis, IFRS NAV decreased by 1% to 931p.

Property portfolio

The valuation of our property portfolio at 31 December 2023, including our share of property assets held in USAF and LSAV, was £5,770 million (31 December 2022: £5,690 million). The £85 million increase in portfolio value reflects the valuation movements outlined above, capital expenditure and interest capitalised on developments.

Summary balance sheet

	31 December 2023			31 December 2022		
	Wholly-owned £m	**Share of fund/JV £m**	**Total £m**	**Wholly-owned £m**	**Share of fund/JV £m**	**Total £m**
[illegible][1]	3,728	1,782	5,510	3,624	1,773	5,397

Rental properties [1]	3,728	1,782	5,510	3,624	1,773	5,397
Rental properties (leased)	85	-	85	90	-	90
Properties under development	175	-	175	203	-	203
Total property	3,988	1,782	5,770	3,917	1,773	5,690
Net debt	(1,030)	(541)	(1,571)	(1,210)	(524)	(1,734)
Lease liability	(84)	-	(84)	(90)	-	(90)
Other assets/(liabilities)	(49)	(51)	(100)	(95)	(56)	(151)
EPRA net tangible assets	**2,825**	**1,190**	**4,015**	**2,522**	**1,193**	**3,715**
IFRS NAV	**2,848**	**1,219**	**4,067**	**2,561**	**1,227**	**3,788**
LTV			*28%*			*31%*

1 Rental properties (owned) includes assets classified as held for sale in the IFRS balance sheet

Total accounting return

Dividends paid of 33.5p (2022: 26.6p) were the key component of the 2.9% total accounting return delivered in the year (2022: 8.1%), offsetting the small decrease in in EPRA NTA. Our adjusted EPS yield (measured against opening EPRA NTA) increased to 4.8% in the year (2022: 4.6%), reflecting the growth in recurring earnings.

We expect to deliver a total accounting return of 10-12% in 2024 before the impact of any property yield movements. This reflects our expectation of growing recurring earnings, continuing rental growth and delivery of our development and asset management pipeline.

Cash flow and net debt

The business generated £176 million of net cash in 2023 (2022: £134 million) and net debt reduced to £1,571 million (2022: £1,734 million). The key components of the movement in net debt were:

- Capital raise gross proceeds of £300 million
- Operational cash flow of £178 million on a see-through basis
- Total capital expenditure of £152 million on a see-through basis
- Dividends paid of £117 million
- A £46 million net outflow for other items

In 2024, we expect see-through net debt to increase as planned capital expenditure on investment and development activity will exceed anticipated property disposals.

Debt financing and liquidity

During the year, borrowing rates for new debt remained high, as markets adjusted to higher inflation and tightening of monetary policy by central banks. Encouragingly, funding conditions have improved over recent months as markets anticipate the end of the tightening cycle for monetary policy. Lenders remain supportive of the student accommodation sector and the Group, providing access to new funding when required.

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 in-place debt at higher prevailing market costs.

We are focused on maintaining a strong and flexible balance sheet and will continue to use leverage to support our growth and enhance risk-adjusted returns. In response to a higher interest rate environment, we have reduced our medium-term target LTV to c.30% on a built-out basis (previously 30-35%). We remain committed to active portfolio management through capital recycling and will continue to target disposals of around £100-150 million p.a. (Unite share).

Key debt statistics (Unite share basis)	31 Dec 2023	31 Dec 2022
See-through net debt	£1,571m	£1,734m
LTV	28%	31%
Net debt: EBITDA ratio	6.1	7.3
Interest cover ratio	4.6	3.7
Average debt maturity	3.8 years	4.1 years
Average cost of debt	3.2%	3.4%
Proportion of investment debt at fixed rate	100%	97%

LTV reduced to 28% at 31 December 2023 (31 December 2022: 31%), primarily driven by our £300 million capital raise, offsetting capital expenditure on our development pipeline and investment portfolio.

We continue to monitor our interest cover and net debt to EBITDA ratios. In 2023, interest cover improved to 4.6x (2022: 3.7x) and net debt to EBITDA reduced to 6.1x (2022: 7.3x), reflecting both the improved operational performance of the business and the impact of lower leverage. We aim to maintain an ICR ratio of 3.5-4.0x and a net debt to EBITDA ratio to 6-7x.

Following our capital raise, The Unite Group credit rating was upgraded to Baa1 (from Baa2) by Moody's and our BBB rating was moved to a positive outlook by Standard & Poor's, reflecting our lower leverage targets, robust capital position, cash flows and track record.

Funding activity

As at 31 December 2023, the wholly-owned Group had £579 million of cash and debt headroom (31 December 2022: £397 million), comprising of £29 million of drawn cash balances and £550 million of undrawn debt (2022: £29 million and £368 million respectively).

During the year, the Group extended the maturity on £450 million of its sustainability-linked revolving credit facility to March 2027, with the remaining £150 million due to mature in March 2026. In February 2024 we increased our revolving debt capacity by £150 million to a total of £750 million and added a further £150 million term loan. Both new facilities are on similar terms to our existing RCF and mature in 2027. The new loans increase investment capacity and provide flexibility to capitalise on growth opportunities.

We are progressing several funding options to refinance the £300 million Liberty Living bond, which matures in November 2024, including via debt capital markets and bank lending. The refinancing is fully pre-hedged and subject to market conditions we expect an all-in interest rate of around 4.5% on the replacement facility.

In January 2023, LSAV repaid the £100 million term loan from Legal & General as it matured using available cash in LSAV.

During the year, USAF entered into a new £400 million loan for a term of seven years with Legal & General, using the proceeds to pay down the bond maturing in June 2023. USAF has also agreed terms for a new £150 million secured loan to refinance its existing £150 million revolving credit facility.

Interest rate hedging arrangements and cost of debt

Our average cost of debt decreased to 3.2% (31 December 2022: 3.4%) following repayment of more expensive revolving debt after the capital raise. At the year end, 100% of the Group's debt was subject to fixed or capped interest rates (31 December 2022: 97%), providing protection against future changes in interest rates. Based on our hedging position, forecast drawings, planned refinancing and market interest rates, we currently expect an average cost of debt of 3.6% for FY2024 and 4.3% for FY2025. Reflecting an increased level of development activity, we expect a corresponding increase in capitalised interest in 2024 to around £15 million (2023: £8 million).

Our average debt maturity is 3.8 years (31 December 2022: 4.1 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 7.7 years.

Dividend

We are proposing a final dividend payment of 23.6p per share (2022: 21.7p), making 35.4p for the full year (2022: 32.7p) and representing an 8% increase compared to 2022. This represents a payout ratio of 80% of adjusted EPS. The final dividend will be fully paid as a Property Income Distribution (PID) of 23.6p, which we expect to fully satisfy our PID requirement for the 2023 financial year.

Subject to approval at Unite's Annual General Meeting on 16 May 2024, the dividend will be paid in either cash or new ordinary shares (a 'scrip dividend alternative') on 24 May 2024 to shareholders on the register at close of business on 19 April 2024. The last date for receipt of scrip elections will be 2 May 2024.

During 2023, scrip elections were received for 25.0% and 1.2% of shares in issue for the 2022 final dividend and 2023 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.

The Directors intend to propose an 'Enhanced Scrip Dividend alternative' at the 2024 Annual General Meeting. In offering the enhanced scrip dividend, the Directors' aim to encourage greater participation in the scrip scheme, and to retain additional capital in the business for investment in asset management and new development. The enhanced scheme would allow the scrip reference price to be set at a discount of up to 5% to the prevailing share price. If the shares are trading below 31 December 2023 NTA of 920p, the scrip will not be enhanced (i.e. 0% discount). The Company will engage with shareholders to gather feedback on the proposal and further detail will be provided in the notice of AGM.

We plan to distribute 80% of adjusted EPS as dividends for the 2024 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 £1.2 million (2022: £0.7 million charge).

Funds and joint ventures

The table below summarises the key financials at 31 December 2023 for our co-investment vehicles.

	Property assets £m	Net debt £m	Other liabilities £m	Net assets £m	Unite share of NTA £m	Total return	Maturity	Unite share
USAF	2,941	(800)	(80)	2,061	580	5.1%	Infinite	28%
LSAV	1,910	(631)	(60)	1,219	610	(1.9%)	2032	50%

Property valuations increased by 3.6% for USAF and were unchanged in LSAV over the year, on a like-for-like basis, reflecting positive rental growth, offset by the negative impact of rising property yields.

During the year, a £20 million (Unite share: £10 million) payment from LSAV to the Wholly Owned Group crystalised due to the increase in value of a London asset sold to LSAV in 2021, which achieved a performance target agreed at the time of sale.

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. USAF, in-line with other non-listed property funds, has received redemption requests which will be met from planned and future disposals to provide liquidity to its unitholders.

Fees

During the year, the Group recognised net fees of £16.9 million from its fund and asset management activities (2022: £17.4 million). The decrease in fee income is due to the full-year impact of the Group's increased USAF ownership, following the purchase of additional units in mid-2022.

	2023 £m	2022 £m
USAF asset management fee	12.1	12.6
LSAV asset and property management fee	4.8	4.8
Total fees	**16.9**	**17.4**

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, 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
- The strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Joe Lister	Michael Burt
Chief Executive	Chief Financial Officer

27 February 2024

Forward-looking statements

The preceding preliminary statement has been prepared for the shareholders of the Company, as a body, and for no other persons. Its purpose is to assist shareholders of the Company to assess the strategies adopted by the Company and the potential for those strategies to succeed and for no other purpose. The preliminary statement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic, regulatory and business circumstances occurring from time to time in the sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation. Nothing in the preliminary statement should be considered or construed as a profit forecast for the Group. Except as required by law, the Group has no obligation to update forward-looking statements or to correct any inaccuracies therein.

INTRODUCTION AND TABLE OF CONTENTS

These financial statements are prepared in accordance with IFRS. The Group uses alternative performance measures (APMs), which are not defined or specified under IFRS. These APMs, which are not considered a substitute for IFRS measures, provide additional helpful information and include measures based on the European Public Real Estate Association (EPRA) best practice recommendations. The metrics are used internally to measure and manage the business. The reconciliation between IFRS performance measures and EPRA performance measures can be found in section 2.2b for EPRA earnings and 2.3c for EPRA net tangible assets (NTA). The adjustments to the IFRS results are intended to help users in the comparability of these results across other listed real estate companies in Europe and reflect how the Directors monitor the business.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Rental income	2.4	**259.2**	241.7
Other income	2.4	**16.9**	17.6

Total revenue		**276.1**	259.3
Cost of sales		**(76.8)**	(70.3)
Expected credit losses		**(3.0)**	(1.7)
Operating expenses		**(41.6)**	(37.1)
Results from operating activities before gains/(losses) on property		**154.7**	150.2
Profit/(loss) on disposal of property		**11.8**	(15.6)
Net valuation (losses)/gains on property (owned and under development)	3.1	**(37.2)**	112.7
Net valuation losses on property (leased)	3.1	**(10.4)**	(9.3)
Profit before net financing (costs)/gains and share of joint venture profit		**118.9**	238.0
Loan interest and similar charges	4.3	**(19.8)**	(29.3)
Interest on lease liability	4.3	**(7.7)**	(8.1)
Mark to market changes on interest rate swaps	4.3	**(17.2)**	70.7
Finance (costs)/gains		**(44.7)**	33.3
Finance income	4.3	**1.3**	0.2
Net financing (costs)/gains		**(43.4)**	33.5
Share of joint venture profit	3.3b	**27.0**	80.4
Profit before tax		**102.5**	351.9
Current tax	2.5a	**(1.2)**	(0.7)
Deferred tax	2.5a	**2.3**	0.6
Profit for the year		**103.6**	351.8
Profit for the year attributable to			
Owners of the Parent Company		**102.5**	350.5
Non-controlling interest		**1.1**	1.3
		103.6	351.8
Earnings per share			
Basic	2.2c	**24.7p**	87.7p
Diluted	2.2c	**24.6p**	87.6p

All results are derived from continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Profit for the year		**103.6**	351.8
Share of joint venture mark to market movements on hedged instruments	3.3b	**(2.1)**	4.7
Other comprehensive income for the year		**(2.1)**	4.7
Total comprehensive income for the year		**101.5**	356.5
Attributable to			
Owners of the Parent Company		**100.4**	355.2
Non-controlling interest		**1.1**	1.3
		101.5	356.5

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 2023	Note	2023 £m	2022 £m
Assets			
Investment property (owned)	3.1	**3,694.3**	3,623.4
Investment property (leased)	3.1	**84.7**	90.3
Investment property (under development)	3.1	**174.7**	202.7
Investment in joint ventures	3.3b	**1,219.0**	1,226.6
Other non-current assets		**12.7**	15.4
Interest rate swaps	4.2	**56.0**	73.2
Right of use assets		**1.7**	2.7
Deferred tax asset	2.5d	**5.6**	3.6
Total non-current assets		**5,248.7**	5,238.0
Assets classified as held for sale	3.1	**25.7**	-
Inventories	3.2	**26.2**	12.8
Trade and other receivables		**132.8**	105.2
Cash and cash equivalents	5.1	**37.5**	38.0
Total current assets		**222.2**	156.0
Total assets		**5,470.9**	5,393.9
Liabilities			
Current borrowings	4.1	**(299.4)**	-
Lease liabilities		**(5.4)**	(4.8)
Trade and other payables		**(207.8)**	(191.5)
Current tax liability		**0.6**	(0.8)
Provisions	5.3	**(5.2)**	(29.5)
Total current liabilities		**(517.2)**	(226.6)
Borrowings	4.1	**(782.2)**	(1,265.9)
Lease liabilities		**(78.4)**	(87.5)
Total non-current liabilities		**(860.6)**	(1,353.4)
Total liabilities		**(1,377.8)**	(1,580.0)
Net assets		**4,093.1**	3,813.9
Equity			
Issued share capital	4.6	**109.4**	100.1
Share premium	4.6	**2,447.6**	2,162.0
Merger reserve		**40.2**	40.2
Retained earnings		**1,466.0**	1,479.0
Hedging reserve		**3.8**	6.2

Equity attributable to the owners of the Parent Company	**4,067.0**	3,787.5
Non-controlling interest	**26.1**	26.4
Total equity	**4,093.1**	3,813.9

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023

	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 2023		**100.1**	**2,162.0**	**40.2**	**1,479.0**	**6.2**	**3,787.5**	**26.4**	**3,813.9**
Profit for the year		-	-	-	102.5	-	102.5	1.1	**103.6**
Other comprehensive income for the year:									
Share of joint venture mark to market movements on hedged instruments	**3.3b**	-	-	-	-	(2.1)	(2.1)	-	**(2.1)**
Total comprehensive income for the year		**-**	**-**	**-**	**102.5**	**(2.1)**	**100.4**	**1.1**	**101.5**
Shares issued	**4.6**	9.3	285.6	-	-	-	294.9	-	**294.9**
Deferred tax on share-based payments		-	-	-	0.2	-	0.2	-	**0.2**
Fair value of share-based payments		-	-	-	2.2	-	2.2	-	**2.2**
Own shares acquired		-	-	-	(0.6)	-	(0.6)	-	**(0.6)**
Unwind of realised swap gain		-	-	-	-	(0.3)	(0.3)	-	**(0.3)**
Dividends paid to owners of the parent company	**4.7**	-	-	-	(117.3)	-	(117.3)	-	**(117.3)**
Dividends to non-controlling interest	**-**	-	-	-	-	-	-	(1.4)	**(1.4)**
At 31 December 2023		**109.4**	**2,447.6**	**40.2**	**1,466.0**	**3.8**	**4,067.0**	**26.1**	**4,093.1**

	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		-	-	-	350.5	-	350.5	1.3	**351.8**
Other comprehensive income for the year:									
Share of joint venture mark to market movements on hedged instruments	**3.3b**	-	-	-	-	4.7	4.7	-	**4.7**
Total comprehensive income for the year		**-**	**-**	**-**	**350.5**	**4.7**	**355.2**	**1.3**	**356.5**
Shares issued	**4.6**	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	**4.7**	-	-	-	(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**	**1,479.0**	**6.2**	**3,787.5**	**26.4**	**3,813.9**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Net cash flows from operating activities	5.1	**153.2**	154.1
Investing activities			
Investment in joint ventures		**-**	(144.6)
Capital expenditure on properties		**(135.3)**	(316.5)
Acquisition of intangible assets		**(1.8)**	(2.3)
Acquisition of plant and equipment		**(0.9)**	(1.3)
Proceeds from sale of investment property		**-**	234.1
Interest received		**1.3**	0.2
Dividends received		**27.3**	38.5
Net cash flows from investing activities		**(109.4)**	(191.9)
Financing activities			
Proceeds from the issue of share capital		**294.9**	1.1
Payments to acquire own shares		**(0.6)**	(1.7)
Interest paid in respect of financing activities		**(38.8)**	(43.6)
Proceeds from non-current borrowings		**-**	105.7
Repayment of borrowings		**(182.5)**	-
Dividends paid to the owners of the parent company		**(103.4)**	(85.1)
Withholding tax paid on distributions		**(12.0)**	(8.7)
Dividends paid to non-controlling interest		**(1.9)**	(1.3)
Net cash flows from financing activities		**(44.3)**	(33.6)
Net decrease in cash and cash equivalents		**(0.5)**	(71.4)
Cash and cash equivalents at start of year		**38.0**	109.4
Cash and cash equivalents at end of year		**37.5**	38.0

NOTES TO THE FINANCIAL STATEMENTS

Section 1: Basis of preparation

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2023 or 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies, and those for 2023 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2023 or 2022.

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 at least 12 months from the date of this report.

The Directors have considered a range of scenarios for future performance through the 2023/24 and 2024/25 academic years. This included a base case assuming cash collection and performance for the 2023/24 academic year remains in line with current expectations and sales performance for the 2024/25 academic year consistent with published guidance; and a reasonable worst-case scenario where income for the 2024/25 academic year is impacted by reduced sales, equivalent to occupancy of around 90%. The Directors considered the net (£295 million) current liability position of the Group and were satisfied that it could be met through available cash and undrawn debt. The impact of our ESG asset transition plans are included within the cashflows, which have been modelled to align with the Group's 2030 net zero carbon targets. 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 around 30% before there would be a breach of LTV and gearing covenants in facilities where such covenants exist. Were income or asset values to fall beyond these levels, the Group has certain cure rights, such that an immediate default could be avoided.

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.

Section 2: Results for the year

IFRS performance measures

	Note	2023 £m	2022 £m	2023 pps	2022 pps
Profit after tax	2.2b	**102.5**	350.5	**24.7p**	87.7p
Net assets	2.3c	**4,067.0**	3,787.5	**931p**	944p

EPRA performance measures

	Note	2023 £m	2022 £m	2023 pps	2022 pps
EPRA earnings	2.2b	**176.1**	157.3	**42.4p**	39.4p
Adjusted earnings*	2.2b	**184.3**	163.4	**44.3p**	40.9p
EPRA NTA	2.3d	**4,014.7**	3,716.7	**920p**	927p

* See glossary for definition and note 2.2b for reconciliation to IFRS measure.

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 2023 and 31 December 2022 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 financial statements are able to see the extent to which dividend payments (dividend per share) are underpinned by earnings arising from operational activity. In 2023 and 2022, software as a service costs, which were previously capitalised under the existing intangibles policy have been excluded from adjusted earnings (net of deferred tax), to align with the International Financial Reporting Interpretations Committee ('IFRIC') agenda decision in 2021. In consideration of EPRA's focus on presenting clear comparability in results from recurring operational activities, in 2022 adjusted earnings also excludes abortive costs relating to an aborted acquisition. The reconciliation between profit attributable to owners of the 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 11-15. 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 Groups financial performance.

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

2023

		Share of joint ventures		Group on EPRA basis
	Unite £m	USAF £m	LSAV £m	Total £m
Rental income	**259.2**	**57.5**	**52.8**	**369.5**
Property operating expenses	**(79.8)**	**(20.0)**	**(13.2)**	**(113.0)**
Net operating income	**179.4**	**37.5**	**39.6**	**256.5**
Management fees	**21.4**	**(4.5)**	**-**	**16.9**
Overheads	**(32.2)**	**(0.4)**	**(0.5)**	**(33.1)**
Interest on lease liabilities	**(7.7)**	**-**	**-**	**(7.7)**
Net financing costs	**(22.9)**	**(9.4)**	**(15.1)**	**(47.4)**
Operations segment result	**138.0**	**23.2**	**24.0**	**185.2**
Property segment result	**(2.7)**	**-**	**-**	**(2.7)**
Unallocated to segments	**(6.0)**	**(0.2)**	**(0.2)**	**(6.4)**
EPRA earnings	**129.3**	**23.0**	**23.8**	**176.1**
Software as a service costs	**8.2**	**-**	**-**	**8.2**

Adjusted earnings	137.5	23.0	23.8	184.3

Included in the above is rental income of £19.0 million and property operating expenses of £10.2 million relating to sale and leaseback properties. Included in the above is also rental income of £3.8m and property operating expenses of £1.2m relating to a build to rent property.

Unallocated to segments includes the fair value of share-based payments of (£3.4 million), costs due to leadership changes of (£2.9 million), contributions to the Unite Foundation and social causes of (£1.6 million), a deferred tax credit of £2.5 million and current tax charge of (£1.0 million).

Depreciation and amortisation totalling (£6.3 million) is included within overheads.

The software as a service costs are presented net of deferred tax of £2.8 million.

2.2a) EPRA earnings (continued)

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	(32.5)	(0.7)	(0.6)	(33.8)
Interest on lease liabilities	(8.1)	-	-	(8.1)
Net financing costs	(33.4)	(7.7)	(13.8)	(54.9)
Operations segment result	117.1	20.5	24.0	161.6
Property segment result	(1.2)	-	-	(1.2)
Unallocated to segments	(2.8)	(0.2)	(0.1)	(3.1)
EPRA earnings	113.1	20.3	23.9	157.3
Abortive costs	1.5	-	-	1.5
Software as a service costs previously capitalised	4.6	-	-	4.6
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. Also 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.

Unallocated to segments 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 credit of £1.3 million and current tax charge of (£0.7 million). Depreciation and amortisation totalling (£7.8 million) is included within overheads.

The software as a service costs capitalised under the existing intangibles policy in the prior year are presented net of deferred tax of £1.5 million.

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, 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	2023 £m	2022 £m
Profit attributable to owners of the parent company		**102.5**	350.5
Net valuation losses/(gains) on investment property (owned)	3.1	**37.2**	(112.7)
Property disposal (gains)/losses		**(11.8)**	15.6
Net valuation losses on investment property (leased)	3.1	**10.4**	9.3
Amortisation of fair value of debt recognised on acquisition		**(4.3)**	(4.3)
Share of joint venture losses/(gains) on investment property	3.3b	**21.9**	(32.3)
Share of joint venture property disposals	3.3b	**3.5**	0.9
Mark to market changes on interest rate swaps	4.3	**17.2**	(70.7)
Current tax relating to property disposals		**(0.1)**	(0.2)
Deferred tax	2.5d	**(0.2)**	0.7
Non-controlling interest share of reconciling items*		**(0.2)**	0.5
EPRA earnings	2.2a	**176.1**	157.3
Software as a service costs previously capitalised	2.4	**8.2**	4.6

Software as a service costs previously capitalised	[illegible]	[illegible]	[illegible]
Abortive costs		-	1.5
Adjusted earnings	2.2a	**184.3**	163.4

* 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 is calculated using 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, EPRA EPS and adjusted EPS for the year ended 31 December 2023 and 2022 are as follows:

	Note	2023 £m	2022 £m	2023 pps	2022 pps
Earnings					
Basic		**102.5**	350.5	**24.7p**	87.7p
Diluted		**102.5**	350.5	**24.6p**	87.6p
EPRA	2.2b	**176.1**	157.3	**42.4p**	39.4p
EPRA diluted				**42.2p**	39.3p
Adjusted	2.2b	**184.3**	163.4	**44.3p**	40.9p
Adjusted diluted				**44.2p**	40.8p

	2023	2022
Weighted average number of shares (thousands)		
Basic	**415,733**	399,581
Dilutive potential ordinary shares (share options)	**1,165**	584
Diluted	**416,898**	400,615

Movements in the weighted average number of shares have resulted from the issue of shares arising from the employee share-based payment schemes. In 2023, there were 16,505 options excluded from the potential dilutive shares that did not affect the diluted weighted average number of shares (2022: 19,015).

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.

2023		Share of JVs		Group on EPRA basis £m
	Unite £m	USAF £m	LSAV £m	
Investment property (owned)*	3,727.8	827.8	954.7	5,510.3
Investment property (leased)	84.7	-	-	84.7
Investment property (under development)	174.7	-	-	174.7
Total property portfolio	3,987.2	827.8	954.7	5,769.7
Debt	(1,067.6)	(243.5)	(337.0)	(1,648.1)
Lease liabilities	(83.8)	-	-	(83.8)
Cash	37.5	18.2	21.5	77.2
Net debt	(1,113.9)	(225.3)	(315.5)	(1,654.7)
Other assets and (liabilities)	(48.3)	(22.3)	(29.7)	(100.3)
EPRA NTA	2,825.0	580.2	609.5	4,014.7
Loan to value**	26%	27%	33%	28%
Loan to value post IFRS 16	28%	27%	33%	29%

* 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.

2022		Share of JVs		Group on EPRA basis
	Unite	USAF	LSAV	

	£m	£m	£m	£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	(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)	(95.1)	(33.6)	(20.4)	(149.1)
EPRA NTA	2,521.1	575.2	620.4	3,716.7
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.

2.3b) Movement in EPRA NTA during the year

Contributions to EPRA NTA by each segment during the year is as follows:

2023

			Share of joint ventures		Group on EPRA basis
	Note	Unite £m	USAF £m	LSAV £m	Total £m
Operations					
Operations segment result	2.2a	**137.8**	**23.3**	**24.1**	**185.2**
Add back amortisation of intangibles		**5.2**	**-**	**-**	**5.2**
Total Operations		**143.0**	**23.3**	**24.1**	**190.4**
Property					
Rental growth		**185.2**	**41.8**	**56.1**	**286.7**
Yield movement		**(215.9)**	**(34.4)**	**(85.7)**	**(339.6)**
Disposal gains/ (losses)		**11.8**	**(3.7)**	**0.3**	**8.4**
Investment property (losses)/gains (owned)*		**(18.9)**	**3.7**	**(29.3)**	**(44.5)**
Investment property losses (leased)	3.1a	**(10.4)**	**-**	**-**	**(10.4)**
Investment property losses (under development)	3.1a	**(6.6)**	**-**	**-**	**(6.6)**
Pre-contract/other development costs	2.2a	**(2.8)**	**-**	**-**	**(2.8)**
Total Property		**(38.7)**	**3.7**	**(29.3)**	**(64.3)**
Unallocated					
Shares issued		**294.9**	**-**	**-**	**294.9**
Investment in joint ventures		**27.3**	**(21.8)**	**(5.5)**	**-**
Dividends paid		**(117.3)**	**-**	**-**	**(117.3)**
Acquisition of intangibles		**(1.6)**	**-**	**-**	**(1.6)**
Share based payment charge		**(3.4)**	**-**	**-**	**(3.4)**
Other		**(0.4)**	**(0.2)**	**(0.2)**	**(0.8)**
Total Unallocated		**199.6**	**(22.0)**	**(5.7)**	**172.0**
Total EPRA NTA movement in the year		**303.9**	**5.0**	**(10.9)**	**298.0**
Total EPRA NTA brought forward		**2,521.1**	**575.2**	**620.4**	**3,716.7**
Total EPRA NTA carried forward		**2,825.0**	**580.2**	**609.5**	**4,014.7**

* Investment property gains (owned) includes gains on assets classified as held for sale in the IFRS balance sheet.

The £0.8 million other balance within the unallocated segment includes the purchase of own shares of (£0.6 million), contributions to the Unite Foundation and other social causes of (£1.6 million), tax credits of £1.1 million and other costs of (£0.3 million).

2022

			Share of joint ventures		Group on EPRA basis
	Note	Unite £m	USAF £m	LSAV £m	Total £m
Operations					

Operations segment result	2.2a	117.1	20.5	24.0	161.6
Add back amortisation of intangibles		5.9	-	-	5.9
Total Operations		123.0	20.5	24.0	167.5
Property					
Rental growth		117.1	0.5	32.6	150.2
Yield movement		(11.0)	2.2	(3.0)	(11.8)
Disposal losses		(15.6)	(0.9)	-	(16.5)
Investment property gains (owned)		90.5	1.8	29.6	121.9
Investment property losses (leased)	3.1a	(9.3)	-	-	(9.3)
Investment property gains (under development)	3.1a	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		(1.9)	-	-	(1.9)
Other		(1.8)	(0.3)	(0.2)	(2.3)
Total Unallocated		(202.9)	121.7	(19.8)	(101.0)
Total EPRA NTA movement in the year		6.7	144.0	33.8	184.5
Total EPRA NTA brought forward		2,514.4	431.2	586.6	3,532.2
Total EPRA NTA carried forward		2,521.1	575.2	620.4	3,716.7

The £2.3 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), tax credits of £0.1 million and other costs of (£0.1 million).

2.3c) Reconciliation to IFRS

To determine EPRA NTA, net assets reported under IFRS are adjusted 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 adjusted 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 adjusted 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:

2023

	NTA £m	NRV £m	NDV £m
Net assets reported under IFRS	**4,067.0**	**4,067.0**	**4,067.0**
Mark to market interest rate swaps	**(58.1)**	**(58.1)**	**-**
Unamortised swap gain	**(1.2)**	**(1.2)**	**(1.2)**
Mark to market of fixed rate debt	**-**	**-**	**35.0**
Unamortised fair value of debt recognised on acquisition	**15.2**	**15.2**	**15.2**
Current tax	**0.7**	**0.7**	**-**
Deferred tax	**0.4**	**0.4 .4**	**-**
Intangibles per IFRS balance sheet	**(9.3)**	**-**	**-**
Real estate transfer tax	**-**	**306.7**	**-**
EPRA reporting measure	**4,014.7**	**4,330.7**	**4,116.0**

2022

	NTA £m	NRV £m	NDV £m
Net assets reported under IFRS	3,787.5	3,787.5	3,787.5
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	10.5	10.5	10.5

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	(12.2)	-	-
Real estate transfer tax	-	300.7	-
EPRA reporting measure	3,716.7	4,029.6	3,960.3

2.3d) NAV, NTA, NRV and NDV per share

The Board uses EPRA NTA to monitor the performance of the Property segment on a day-to-day basis.

	Note	2023 £m	2022 £m	2023 pps	2022 pps
EPRA NTA	2.3a	**4,014.7**	3,716.7	**921p**	928p
EPRA NTA (diluted)		**4,018.6**	3,719.7	**920p**	927p
EPRA NRV	2.3c	**4,330.7**	4,029.6	**994p**	1,004p
EPRA NRV (diluted)		**4,334.6**	4,032.6	**992p**	1,005p
EPRA NDV		**4,116.0**	3,960.3	**944p**	987p
EPRA NDV (diluted)		**4,119.9**	3,963.3	**943p**	988p

Number of shares (thousands)	2023	2022
Basic	**435,855**	400,292
Outstanding share options	**1,165**	895
Diluted	**437,019**	401,187

2.4 Revenue and costs

The Group earns revenue from the following activities:

		Note	2023 £m	2022 £m
Rental income*	Operations segment	2.2a	**259.2**	241.7
Management fees	Operations segment		**17.1**	17.8
			276.3	259.5
Impact of non-controlling interest on management fees			**(0.2)**	(0.2)
Total revenue			**276.1**	259.3

* EPRA earnings includes £369.5 million (2022: £339.7million) of rental income, which is comprised of £259.2 million (2022: £241.7 million) recognised on wholly owned assets and a further £110.3 million (2022: £98.0 million) from joint ventures, which is included in share of joint venture profit in the consolidated income statement.

The cost of sales included in the consolidated income statement includes property operating expenses of £76.8 million (2022: £70.3 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.

2.5a) Tax - income statement

The total taxation charge/(credit) in the income statement is analysed as follows:

	2023 £m	2022 £m
Corporation tax on residual business income arising in UK companies	**1.0**	0.5
Income tax on UK rental income arising in non-UK companies	**0.4**	0.4
Adjustments in respect of prior periods	**(0.2)**	(0.2)
Current tax charge/(credit)	**1.2**	0.7
Origination and reversal of temporary differences	**(2.3)**	(1.0)
Effect of change in tax rate	**-**	-
Adjustments in respect of prior periods	**-**	0.4
Deferred tax charge/(credit)	**(2.3)**	(0.6)

Total tax charge/(credit) in income statement	**(1.1)**	0.1

The movement in deferred tax is shown in more detail in note 2.5d.

In the income statement, a tax charge of £1.2 million arises on a profit before tax of £102.5 million. The taxation charge that would arise at the standard rate of UK corporation tax is reconciled to the actual tax charge as follows:

	2023 £m	2022 £m
Profit before tax	**102.5**	351.9
Income tax using the UK corporation tax rate of 19% (2021: 19%)	**24.1**	67.0
Property rental business profits exempt from tax in the REIT Group	**(45.7)**	(28.4)
Property revaluations not subject to tax	**16.2**	(25.8)
Mark to market changes in interest rate swaps not subject to tax	**3.0**	(13.4)
Effect of indexation on investments	**-**	0.1
Effect of other permanent differences	**1.3**	0.5
Effect of tax deduction transferred to equity on share schemes	**0.2**	0.3
Rate difference on deferred tax	**-**	(0.4)
Prior year adjustments	**(0.2)**	0.2
Total tax charge/(credit) in income statement	**(1.1)**	0.1

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 2023 these losses totalled £15.3 million (2022: £15.3 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 2023 the required PID is expected to be fully paid by the end of 2022.

2.5b) Tax - other comprehensive income

Within other comprehensive income a tax charge totalling £nil (2022: £nil) has been recognised.

2.5c) Tax - statement of changes in equity

Within the statement of changes in equity a tax credit totalling £0.1 million (2022: £0.3 million charge) 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:

2023

	At 31 December 2022 £m	Charged/(credited) in income £m	Charged/(credited) in equity £m	At 31 December 2023 £m
Investments	**0.4**	**-**	**-**	**0.4**
Property, plant and machinery and provisions	**(2.8)**	**(2.1)**	**-**	**(4.9)**
Share schemes	**(0.9)**	**(0.4)**	**0.2**	**(1.1)**
Tax value of carried forward losses recognised	**-**	**0.2**	**(0.2)**	**-**
Net tax (assets)/liabilities	**(3.3)**	**(2.3)***	**-**	**(5.6)**

* The £2.3 million credit above includes tax movements totaling £2.5 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 £0.2 million movement shown in note 2.2b.

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)	(1.6)	-	(2.8)
Share schemes	(1.8)	0.3	0.6	(0.9)
Tax value of carried forward losses recognised	-	0.3	(0.3)	-

Net tax (assets)	(3.0)	0.6*	0.3	(3.3)

* The £0.6 million balance above includes tax movements totaling £1.3 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.

Section 3: Asset management

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.

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, and taking account of committed fire safety and external façade works as provided by Unite. CB Richard Ellis Ltd, Jones Lang LaSalle Ltd and Messrs Knight Frank LLP, Chartered Surveyors were the valuers in the years ended 31 December 2023 and 2022.

The Group has transferred the 2023 addition in respect of committed spend on fire safety and façade works taking place in 2024/ 2025 to property valuations, which is presented as a deduction to fair value below.

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 and capital expenditure. 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.

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 2023 are shown in the table below.

2023

	Investment property (owned) £m	**Investment property (leased) £m**	**Investment property (under development) £m**	**Total £m**
At 1 January 2023	**3,623.4**	**90.3**	**202.7**	**3,916.4**
Additions	**-**	**-**	**-**	**-**
Cost capitalised	**66.5**	**4.8**	**58.9**	**130.2**
Interest capitalised	**-**	**-**	**8.4**	**8.4**
Transfer from investment property under development	**88.7**		**(88.7)**	**-**
Transfer from work in progress	**-**	**-**	**-**	**-**
Transfer to assets held for sale	**(33.5)**	**-**	**-**	**(33.5)**
Disposals	**-**	**-**	**-**	**-**
Valuation gains	**121.1**	**-**	**32.4**	**153.5**
Valuation losses	**(151.7)**	**(10.4)**	**(39.0)**	**(201.1)**
Net valuation gains/(losses)	**(30.6)**	**(10.4)**	**(6.6)**	**(47.6)**

Committed fire safety and external facade works	**(20.2)**	**-**	**-**	**(20.2)**
Carrying and market value at 31 December 2023	**3,694.3**	**84.7**	**174.7**	**3,953.7**

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

Assets classified as held for sale at 31 December 2023 are comprised of £33.5 million of investment property (owned) less (£7.8 million) costs to sell - the amounts are presented net in the balance sheet at £25.7 million (£nil).

Assets classified as held for sale are reported within the Operations segment and represent a portfolio of properties (split across the Group and joint ventures) intended to be sold within the next 12 months.

Included within investment properties at 31 December 2023 are £11.7 million (2022: £28.4 million) of assets held under a long leasehold and £0.1 million (2022: £0.1 million) of assets held under short leasehold.

Total interest capitalised in investment properties (owned) and investment properties under development at 31 December 2023 was £66.4 million (2022: £63.5 million) on a cumulative basis.

Total internal costs capitalised in investment properties (owned) and investment properties under development was £77.1 million at 31 December 2023 (2022: £70.0 million) on a cumulative basis.

Investment property (under development) includes interests in land not currently under construction totalling £8.3 million (2022: £136.3 million).

Recurring fair value measurement

All investment and development properties are classified as Level 3 in the fair value hierarchy.

Class of asset	2023 £m	2022 £m
London - rental properties	**1,154.9**	1,212.8
Prime regional - rental properties	**1,156.0**	1,105.6
Major regional - rental properties	**1,246.0**	1,130.0
Provincial - rental properties	**104.0**	103.9
London - development properties	**86.2**	91.9
Prime regional - development properties	**57.0**	32.4
Major regional - development properties	**22.0**	64.1
London build-to-rent - rental properties	**66.9**	71.1
Prime regional build-to-rent - development properties	**9.5**	14.3
Investment property (owned)	**3,902.5**	3,826.1
Investment property (leased)	**84.7**	90.3
Market value (including assets classified as held for sale)	**3,987.2**	3,916.4
Investment property (classified as held for sale)	**(33.5)**	

Investment property (classified as held for sale)	(33.5)	-
Market value	**3,953.7**	3,916.4

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)

	2023 £m	**2022 £m**
Opening fair value	**3,916.4**	3,516.9
Gains and (losses) recognised in income statement	**(47.5)**	103.4
Transfer to current assets classified as held for sale	**(33.5)**	-
Capital expenditure	**138.5**	310.6
Committed fire safety and external facade works	**(20.2)**	-
Disposals	**-**	(14.5)
Closing fair value	**3,953.7**	3,916.4
Investment property (classified as held for sale)	**33.5**	-
Closing fair value (including assets classified as held for sale)	**3,987.2**	3,916.4

Quantitative information about fair value measurements using unobservable inputs (Level 3)

2023

	Fair value £m	Valuation technique	Unobservable inputs	**Range**	**Weighted average**
London - rental properties	**1,154.9**	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£206-£424 2%-4% 4.0%-4.7%**	**£324 3% 4.3%**
Prime regional - rental properties	**1,156.0**	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£152-£270 2%-5% 4.3%-6.7%**	**£189 3% 4.9%**
Major regional - rental properties	**1,246.0**	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£84-£189 2%-5% 4.9%-7.2%**	**£135 3% 5.7%**
Provincial - rental properties	**104.0**	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£103-£162 2%-3% 7.0%-21.7%**	**£136 3% 8.9%**
London - development properties	**86.2**	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£102.2m - £185.3m £304 3% 4.0%**	**£154.5m £304 3% 4.0%**
Prime regional - development properties	**57.0**	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£50.0m - £52.0m £234-£236 3% 4.4% - 5.2%**	**£51.4m £242 3% 4.7%**
Major regional - development properties	**22.0**	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£19.4m - £124.1m £214 3% 5.2%**	**£97.6m £214 3% 5.2%**
	3,826.1				
Investment property - build-to-rent	**66.9**	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£412 3% 4.1%**	**£412 3% 4.1%**
Development property - build-to-rent	**9.5**	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	**£12.6m £278 3% 4.4%**	**£12.6m £278 3% 4.4%**
	3,902.5				

Investment property (leased)	**84.7**	Discounted cash flows	Net rental income (£ per week) Estimated future rent increase (%) Discount rate (yield) (%)	**£106-£207** **1.8% - 2.7%** **6.3%**	**£168** **2.3%** **6.3%**
Fair value at 31 December 2023	**3,987.2**				

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) Estimated future rent increase (%) Net initial yield/discount rate (%)	£208 - £392 2.0% - 4.0% 3.7% - 4.5%	£308 3.0% 3.9%
Prime regional - rental properties	1,105.6	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	£148 - £243 2.0% - 5.0% 4.1% - 6.2%	£163 3.0% 4.7%
Major regional - rental properties	1,130.0	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	£99 - £178 2.0% - 3.0% 4.5% - 7.0%	£128 3.0% 5.7%
Provincial - rental properties	103.9	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	£107 - £156 2.0% - 3.0% 6.8% - 21.5%	£123 3.0% 8.6%
London - development properties	91.9	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	£111.4m-£177.1m £183 - £366 3.0% 3.7%	£150.2m £248 3.0% 3.7%
Prime regional - development properties	32.4	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	£17.5m - £58.3m £171 - £235 2.5% - 3.0% 4.3% - 5.0%	£44.7m £184 3.0% 4.5%
Major regional - development properties	64.1	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	£18.2m - £28.4m £185 - £287 3.0% 4.9% - 5.0%	£21.1m £198 3.0% 4.9%
	3,740.7				
Investment property - build-to-rent	71.1	RICS Red Book	Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/Discount rate (%)	£359 3.0% 3.9%	£359 3.0% 3.9%
Development property - build-to-rent	14.3	RICS Red Book	Estimated cost to complete (£m) Net rental income (£ per week) Estimated future rent increase (%) Net initial yield/discount rate (%)	£12.8m-£20.4m £170-£614 3.0% 3.9%-4.3%	£15.6m £312 3.0% 4.03%
	3,826.1				
Investment property (leased)	90.3	Discounted cash flows	Net rental income (£ per week) Estimated future rent increase (%) Discount rate (yield) (%)	£99 - £191 1.0% - 3.0% 6.3%	£154 2.0% 6.3%
Fair value at 31 December 2022	3,916.4				

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.

Class of assets	Fair value at 31 December 2023 £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

Class of assets	£m	£m	£m	£m	£m
Rental properties					
London	**1,154.9**	**1,234.0**	**1,116.3**	**1,110.6**	**1,247.6**
Prime regional	**1,156.0**	**1,213.6**	**1,098.8**	**1,099.7**	**1,218.9**
Major regional	**1,246.0**	**1,270.9**	**1,147.4**	**1,157.1**	**1,266.1**
Provincial	**104.0**	**110.8**	**100.2**	**102.5**	**108.7**
Development properties					
London	**86.2**	**91.4**	**80.9**	**79.9**	**92.4**
Prime regional	**57.0**	**59.7**	**54.3**	**54.2**	**60.1**
Major regional	**22.0**	**23.0**	**20.9**	**21.0**	**23.1**
Build-to-rent properties					
London	**66.9**	**70.2**	**63.7**	**63.5**	**70.8**
Prime regional	**9.5**	**10.0**	**9.0**	**9.0**	**10.1**
Market value	**3,902.5**	**4,083.6**	**3,691.4**	**3,697.5**	**4,097.8**

3.2 Inventories

	2023 £m	**2022 £m**
Interests in land	**25.3**	11.4
Other stocks	**0.9**	1.4
Inventories	**26.2**	12.8

At 31 December 2023 and 31 December 2022 Interests in land includes conditionally exchanged schemes.

3.3 Investments in joint ventures

The Group has two joint ventures:

Joint venture	Group's share of assets/results 2023 (2022)	Objective	Partner	Legal entity in which Group has interest
The UNITE UK Student Accommodation Fund (USAF)	29.5%* (29.5%*)	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 The Unite Group PLC are beneficially interested in 28.15% (2022: 28.15%) of USAF.

3.3a) 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:

2023

	USAF £m			**LSAV £m**		**Total £m**	
	Gross	**MI**	**Share**	**Gross**	**Share**	**Gross**	**Share**
Investment property	2,940.8	38.7	827.8	1,909.4	954.7	4,850.2	1,821.2
Cash	64.7	0.9	18.2	43.0	21.5	107.7	40.6
Debt	(865.0)	(11.4)	(243.5)	(674.0)	(337.0)	(1,539.0)	(591.9)
Swap assets/(liabilities)	1.4	-	0.4	3.6	1.8	5.0	2.2
Other current assets	12.4	0.2	3.5	(2.8)	(1.4)	9.6	2.3
Other current liabilities	(92.1)	(1.2)	(25.8)	(56.6)	(28.4)	(148.7)	(55.4)
Net assets	**2,062.2**	**27.2**	**580.6**	**1,222.6**	**611.2**	**3,284.8**	**1,219.0**

Non-controlling interest	-	(27.2)	-	-	-	-	(27.2)
Swap (assets)/liabilities	(1.4)	-	(0.4)	(3.6)	(1.7)	(5.0)	(2.1)
EPRA NTA	**2,060.8**	**-**	**580.2**	**1,219.0**	**609.5**	**3,279.8**	**1,189.7**
Profit for the year	**104.9**	**1.2**	**31.2**	**(10.8)**	**(5.4)**	**94.1**	**27.0**

* Investment property includes assets classified as held for sale in the IFRS balance sheet.

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 (assets)/liabilities	(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**

Net assets and profit for the year above include the non-controlling interest, whereas EPRA NTA excludes the non-controlling interest.

3.3b) Movement in carrying value of the Group's investments in joint ventures

The carrying value of the Group's investment in joint ventures decreased by £7.6 million during the year ended 31 December 2023 (2022: £182.5 million increase), resulting in an overall carrying value of £1,219.0 million (2022: £1,226.6 million). The following table shows how the increase has arisen.

	2023 £m	**2022 £m**
Recognised in the income statement:		
Operations segment result	**47.4**	44.5
Non-controlling interest share of Operations segment result	**1.3**	1.3
Management fee adjustment related to trading with joint venture	**4.5**	4.0
Net valuation (losses)/gains on investment property	**(21.9)**	32.3
Property disposals*	**(3.5)**	(0.9)
Ineffective swap	**(0.4)**	(0.4)
Other	**(0.4)**	(0.4)
	27.0	80.4
Recognised in equity:		
Movement in effective hedges	**(2.1)**	4.7
Other adjustments to the carrying value:		
Profit adjustment related to trading with joint venture	**(4.5)**	(4.0)
Additional capital invested in USAF	**-**	140.9

USAF distributions received	**(22.6)**	(19.8)
LSAV distributions received	**(5.4)**	(19.7)
Increase in carrying value	**(7.6)**	182.5
Carrying value at 1 January	**1,226.6**	1,044.1
Carrying value at 31 December	**1,219.0**	1,226.6

* Property disposals includes costs to sell relating to assets held for sale of £3.7 million at Unite share (£nil)

3.3c) 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.

	2023 £m	2022 £m
	16.6	
	4.8	
USAF	**21.4**	16.6
LSAV	**4.8**	4.8
Asset and property management fees	**21.4**	21.4
Total fees	**21.4**	21.4

On an EPRA basis, fees from joint ventures are shown net of the Group's share of the cost to the joint ventures.

The Group's share of the cost to the joint ventures is £4.5 million (2022: £4.0 million), which results in management fees from joint ventures of £16.9 million being shown in the Operating segment result in note 2.2a (2022: £17.4 million).

During 2023, the Group did not sell any properties to LSAV or USAF (2022: no properties sold to LSAV or USAF).

Section 4: Funding

4.1 Borrowings

The table below analyses the Group's borrowings which comprise bank and other loans by when they fall due for payment:

	Group - Carrying value	
	2023 £m	2022 £m
Current		
In one year or less, or on demand	**299.4**	-
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	**320.7**	228.0
In more than five years	**447.6**	721.1
	1,067.6	1,247.8
Unamortised fair value of debt recognised on acquisition	**14.0**	18.1
Total borrowings	**1,081.6**	1,265.9

In addition to the borrowings currently drawn as shown above, the Group has available undrawn facilities of £550.0 million (2022: £368.0 million). A further overdraft facility of £10.0 million (2022: £10.0 million) is also available.

The carrying value and fair value of the Group's borrowings is analysed below:

	2023	2022
	Carrying value	

	£m	Fair value £m	Carrying value £m	Fair value £m
Level 1 IFRS fair value hierarchy	**875.0**	**852.3**	875.0	759.3
Other loans and unamortised arrangement fees	**192.6**	**180.3**	372.8	333.8
Total borrowings	**1,067.6**	**1,032.6**	1,247.8	1,093.1

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:

2023

	At 1 January 2023	Financing cash flows	Fair Value adjustments	Other changes	At 31 December 2023
Borrowings	**1,265.9**	**(182.5)**	**(4.3)**	**2.5**	**1,081.6**
Lease liabilities	**92.3**	**(8.5)**	**-**	**-**	**83.8**
Interest rate swaps	**(73.2)**	**-**	**17.2**	**-**	**(56.0)**
Total liabilities from financing activities	**1,285.0**	**(191.0)**	**12.9**	**2.5**	**1,109.4**

2022

	at 31 December 2021	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

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 following table shows the fair value of interest rate swaps which at 31 December 2023 are not designated in accounting hedge relationships:

	2023 £m	2022 £m
Current	**-**	-
Non-current	**(56.0)**	(73.2)
Fair value of interest rate swaps	**(56.0)**	(73.2)

The fair value of interest rate swaps has 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 2023 the fair value above comprises non-current assets of £56.0 million (2022: non current assets of £73.2 million).

4.3 Net financing (gains)/costs

Recognised in the income statement:	2023 £m	2022 £m
Interest income	**(1.3)**	(0.2)
Finance income	**(1.3)**	(0.2)
Gross interest expense on loans	**32.5**	39.5
Amortisation of fair value of debt recognised on acquisition	**(4.3)**	(4.3)
Interest capitalised	**(8.4)**	(5.9)
Loan interest and similar charges	**19.8**	29.3

Interest on lease liabilities	**7.7**	8.1
Mark to market changes on interest rate swaps	**17.2**	(70.7)
Finance (gains)/costs	**44.7**	(33.3)
Net financing (gains)/costs	**43.4**	(33.5)

The average cost of the Group's wholly owned investment debt for the year ended 31 December 2023 is 2.7% (2022: 3.3%). The overall average cost of investment debt on an EPRA basis is 3.2% (2022: 3.4%).

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	2023 £m	2022 £m
Cash and cash equivalents	5.1	**37.5**	38.0
Current borrowings	4.1	**(299.4)**	-
Non-current borrowings	4.1	**(782.2)**	(1,265.9)
Lease liabilities		**(83.8)**	(92.3)
Interest rate swaps	4.2	**56.0**	73.2
Net debt per balance sheet		**(1,071.9)**	(1,247.0)
Lease liabilities		**83.8**	92.3
Unamortised fair value of debt recognised on acquisition	2.3c	**15.2**	19.5
Adjusted net debt		**(972.9)**	(1,135.2)
Reported net asset value	2.3c	**4,067.0**	3,787.5
EPRA NTA	2.3c	**4,014.7**	3,716.7
Gearing			
Basic (net debt/reported net asset value)		**26%**	33%
Adjusted gearing (adjusted net debt/EPRA NTA)		**24%**	31%
Loan to value	2.3a	**28%**	31%

4.5 Covenant compliance

The Group monitors its covenant position and the forecast headroom available on a monthly basis. At 31 December 2023, 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.

	2023		2022	
	Covenant	**Actual**	**Covenant**	**Actual**
Gearing	**<1.50**	**0.27**	<1.50	0.34
Unencumbered assets ratio	**>1.70**	**3.71**	>1.70	3.12
Secured gearing	**<0.25**	**0.0**	<0.25	0.0
Development assets ratio	**<30%**	**3%**	<30%	4%
Joint venture ratio	**<55%**	**23%**	<55%	24%
Interest cover	**>2.00**	**8.23**	>2.00	6.71

The Group also has bonds which carry several covenants which the Group was also in full compliance with as set out below.

	2023		2022	
	Weighted covenant	**Weighted actual**	**Weighted covenant**	**Weighted actual**

Net gearing	**<60%**	**28%**	<60%	34%
Secured gearing	**<25%**	**0%**	<25%	0%
Unsecured gearing	**>1.67**	**3.54**	>1.67	2.89
Interest cover	**>1.75**	**4.66**	>1.75	3.50

4.6 Equity

The Company's issued share capital has increased during the year as follows:

	2023			**2022**		
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	**400,317,225**	**100.1**	**2,162.0**	399,139,636	99.8	2,161.2
Shares issued (placing)	**33,149,172**	**8.6**	**286.3**	-	-	-
Shares issued (scrip dividend)	**2,232,001**	**0.6**	**(0.6)**	865,069	0.2	(0.2)
Shares issued (options exercised)	**156,144**	**0.1**	**(0.1)**	312,520	0.1	1.0
At 31 December	**435,854,542**	**109.4**	**2,447.6**	400,317,225	100.1	2,162.0

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.

4.7 Dividends

During the year, the Company paid the final 2022 dividend of £65.9 million - 21.7p per share - and an interim 2023 dividend of £51.4 million - 11.8p per share (2022: final 2021 dividend 15.6p and an interim dividend 11.0p).

After the year-end, the Directors proposed a final dividend per share of 23.6p (2022: 21.7p), bringing the total dividend per share for the year to 35.4p (2022: 32.7p). No provision has been made in relation to this dividend.

The Group has modelled tax adjusted property business profits for 2023 and 2024 and the PID requirement in respect of the year ended 31 December 2023 is expected to be satisfied by the end of 2024.

Section 5: Working capital

5.1 Cash and cash equivalents

The Group's cash position at 31 December 2023 was £37.5 million (2022: £38 million).

The Group's cash balances include £1.1 million (2022: £1.1 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:

	Note	**2023 £m**	**2022 £m**
Profit for the year		**103.6**	351.8
Adjustments for:			
Depreciation and amortization		**6.3**	7.8
Fair value of share-based payments		**3.4**	1.6
Change in value of investment property (owned and under development)	3.1	**37.2**	(112.7)
Change in value of investment property (leased)	3.1	**10.4**	9.3
Net finance costs	4.3	**18.5**	29.1
Interest payments for leased assets	4.3	**7.7**	8.1
Mark to market changes in interest rate swaps	4.3	**17.2**	(70.7)
(Gain)/Loss on disposal of investment property (owned)		**(11.8)**	15.6
Share of joint venture profit	3.3b	**(27.0)**	(80.4)
Trading with joint venture adjustment		**4.5**	4.0
Tax charge/(credit)	2.5a	**(1.1)**	1.6

Cash flows from operating activities before changes in working capital	**168.9**	163.6
Decrease/(increase) in trade and other receivables	**(24.8)**	3.6
(Increase) in inventories	**(13.5)**	(1.0)
(Decrease)/increase in trade and other payables	**24.4**	(10.7)
Cash flows from operating activities	**155.0**	155.5
Tax paid	**(1.8)**	(1.4)
Net cash flows from operating activities	**153.2**	154.1

Cash flows consist of the following segmental cash inflows/(outflows): Operations £178.0 million (2022: £134.1 million), Property (£354.0 million) (2022: £29.6 million) and Unallocated £175.5 million (2022: £235.1 million).

The Unallocated amount includes a net cash outflow of dividends paid of £117.3 million (2022: £96.4 million) and a cash inflow of £295.0 million (net of fees) as a result of the capital raise in July 2023.

5.2 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	2023 £m	2022 £m
Cash	5.1	**37.5**	38.0
Trade receivables		**34.8**	31.8
Amounts due from joint ventures		**49.4**	46.9
		121.7	116.7

5.2a) 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.

5.2b) 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.

5.2c) 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 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 2023 or 2022.

5.3 Provisions

During 2020, and in accordance with the Government's Building Safety Advice of 20 January 2020, the Group undertook a thorough review of the use of High-Pressure Laminate ('HPL') cladding on its properties. This identified 27 properties with HPL cladding that needed replacing across the estate, due to legal or contractual obligations.

The Group continue to carry out replacement works for properties with HPL cladding and those where there is a legal obligation to do so, with activity prioritised according to risk assessments, starting with those over 18 metres in height. The remaining cost of the works is expected to be £42.4 million (Unite Group Share: £22.5million), of which £5.2 million is in respect of wholly owned properties. Whilst the overall timetable for these works is uncertain, management anticipate this will be incurred over the next 12-24 months.

The Government's Building Safety Bill, covering building standards, was passed in April 2022 and has introduced more stringent fire safety regulations. The Group will ensure it remains aligned to fire safety regulations as they evolve and continue to make any required investment to ensure its buildings remain safe to occupy. The Group has provided for the costs of remedial work where there is 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.

The regulations continue to evolve in this area and Unite will ensure that its buildings are safe for occupation and compliant with laws and regulations.

The Group has transferred the 2023 addition in respect of committed spend on fire safety and facade works taking place in 2024/ 2025 to property valuations, which is presented as a deduction to fair value, see note 3.

The Group has not recognised any assets in respect of future claims, but expect to recover 50 - 75% of remediation costs through claims from contractors.

Management has 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 1.0 pence on a Unite Group share basis. Whilst provisions are expected to be utilised within the next year, 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 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)	(5.9)	(11.5)	(1.9)	(19.4)
Change 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**
Releases	(3.6)	(3.3)	-	(6.9)	(3.6)	(0.9)	-	(4.5)
Additions	21.3	51.5	22.2	95.0	21.3	14.5	11.1	46.9
Utilisation	(21.9)	(49.7)	(6.9)	(78.5)	(21.9)	(14.0)	(3.5)	(39.4)
Transferred to valuations	(20.1)	(48.2)	(12.3)	(80.6)	(20.1)	(13.6)	(6.2)	(39.9)
At 31 December 2023	**5.2**	**5.9**	**31.2**	**42.3**	**5.2**	**1.6**	**15.5**	**22.3**

Section 6: Post balance sheet events

On 19th February 2024 Unite announced that it had entered into a joint venture ('JV') framework agreement with Newcastle University for the development of 2,000 new student beds, subject to planning approval. Unite will act as development and asset manager to the JV with 51% ownership share. Total development costs are expected to be c.£250 million (Unite share: £128 million).

On 20th February 2024 Unite increased its debt capacity by an additional £150 million revolving credit facility and a further £150 million term loan. Both are on similar terms to the existing revolving credit facility and mature in 2027. The new facilities provide liquidity to satisfy the redemption of the £300 million Liberty Living bond, which matures in November 2024 and increases investment capacity.

Section 7: 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. The APMs below have been calculated on a see through/Unite Group 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 of the Group excludes the non-recurring impact of one-off transactions, improving comparability between reporting periods.

Non-EPRA measures may not have comparable calculation bases between companies and therefore may not provide meaningful industry-wide comparability.

	Note	2023 £m	2022 £m
EBIT			
Net operating income (NOI)	2.2a	**256.5**	241.0
Management fees	2.2a	**16.9**	17.4
Overheads	2.2a	**(22.1)**	(27.7)
		251.3	230.7
EBIT margin %			
Rental income	2.2a	**369.5**	339.7
EBIT	7	**251.3**	230.7
		68.0%	67.9%
EBITDA			
Net operating income (NOI)	2.2a	**256.5**	241.0
Management fees	2.2a	**16.9**	17.4
Overheads	2.2a	**(22.1)**	(27.7)
Depreciation and amortisation		**6.3**	7.8
		257.6	238.5

Net debt

Net debt

Cash	2.3a	**77.2**	139.2
Debt	2.3a	**(1,648.1)**	(1,872.8)
		(1,570.9)	(1,733.6)

EBITDA : Net debt			
EBITDA	7	**257.6**	238.5
Net debt	7	**(1,570.9)**	(1,733.6)
Ratio		**6.1**	7.5

Interest cover (Unite share)			
EBIT	7	**251.3**	230.7
Net financing costs	2.2a	**(47.4)**	(54.9)
Interest on lease liability/operating lease rentals	2.2a	**(7.7)**	(8.1)
Total interest		**(55.1)**	(63.0)
Ratio		**4.6**	3.7

Reconciliation: IFRS profit before tax to EPRA earnings and adjusted earnings

	Note	2023 £m	2022 £m
IFRS profit before tax		**102.5**	350.5
Net valuation losses/(gains) on investment property (owned)	2.2b	**59.1**	(145.0)
Property disposals	2.2b	**(8.3)**	16.5
Net valuation losses on investment property (leased)	2.2b	**10.4**	9.3
Amortisation of fair value of debt recognised on acquisition	2.2b	**(4.3)**	(4.3)
Changes in valuation of interest rate swaps	2.2b	**17.2**	(70.7)
Non-controlling interest, tax and other items		**(0.4)**	(0.5)
EPRA earnings		**176.1**	155.8
Software as a service costs		**8.2**	6.1
Abortive costs		**-**	1.5
Adjusted earnings		**184.3**	163.4

Adjusted EPS yield

	Note	2023	2021
Adjusted EPS (A)	2.2c	**44.3**	40.9p
	2.3d		
Opening EPRA NTA (B)		**927p**	882p
Adjusted EPS yield (A/B)		**4.8%**	4.6%

Total accounting return

	Note	2023	2022
Opening EPRA NTA (A)	2.3d	**927p**	882p
Closing EPRA NTA	2.3d	**920p**	927p
Movement		**(7p)**	45p
H1 dividend paid	4.9	**21.7p**	15.6p
	4.9		
H2 dividend paid		**11.8p**	11.0p
Total movement in NTA (B)		**25.9p**	71.6p
Total accounting return (B/A)		**2.9%**	8.1%

EPRA Performance Measures

Summary of EPRA performance measures

	2023 £m	2022 £m	2023	2022
EPRA earnings	**176.1**	155.8	**42.4p**	39.4p
Adjusted earnings	**184.3**	163.4	**44.3p**	40.9p
EPRA NTA (diluted)	**4,014.7**	3,716.7	**920p**	927p
EPRA NRV (diluted)	**4,330.7**	4,029.6	**992p**	1,005p
EPRA NDV (diluted)	**4,116.0**	3,960.3	**943p**	988p
EPRA net initial yield			4.8%	4.6%
EPRA topped-up net initial yield			4.8%	4.6%
EPRA like-for-like gross rental income			2.6%	23.0%
EPRA vacancy rate			0.3%	0.8%
EPRA cost ratio (including vacancy costs)			35.2%	33.4%
EPRA cost ratio (excluding vacancy costs)			34.9%	32.3%

* Adjusted earnings calculated as EPRA earnings less software as a service costs (in 2023 and 2022) and abortive costs (in 2022 only).

EPRA like-for-like rental income (calculated based on total portfolio value of £8.7 billion)

£m	Like for like properties	Development property	Other properties	Total EPRA
2023				
Rental income	319.0	18.7	31.8	369.5
Property operating expenses	(100.0)	(3.9)	(9.1)	(113.0)
Net rental income	**219.0**	**14.8**	**22.7**	**256.5**
2022				
Rental income	298.2	5.2	36.3	339.7
Property operating expenses	(86.3)	(1.0)	(11.4)	(98.7)
Net rental income	211.9	4.2	24.9	241.0
Like-for-like net rental income (£m)	**7.1**			
Like-for-like gross rental income (£m)	**20.8**			

*Other properties includes acquisitions, disposals, major refurbishments and changes in ownership.

EPRA vacancy rate

	2023 £m	2022 £m
Estimated rental value of vacant space	**0.9**	2.0
Estimated rental value of the whole portfolio	**283.9**	262.9
EPRA vacancy rate	**0.3%**	0.8%

EPRA net initial yield

	2023	2022
Annualised net operating income (£m)	278.3	256.9
Property market value (£m)	5,510.4	5,325.6
Notional acquisition costs (£m)	288.6	285.7

	5,799.0	5,611.3
Net initial yield (%) *	**4.8%**	4.6%
Difference in projected versus historical GOI	**0.2%**	0.1%
Unite net initial yield (%)	**5.0%**	4.7%

* No lease incentives are provided by the Group and accordingly the Topped Up Net Initial Yield measure is also 4.8%(2022: 4.6%).

EPRA cost ratio

	2023 £m	2022 £m
Property operating expenses	79.8	72.0
Overheads*	21.2	26.4
Development/pre contract costs	2.7	1.2
Unallocated expenses*	8.8	2.8
	112.5	102.4
Share of JV property operating expenses	33.2	26.7
Share of JV overheads	0.9	1.3
Share of JV unallocated expenses	0.4	0.3
	147.0	130.7
Less: Joint venture management fees	(16.9)	(17.4)
Total costs (A)	**130.1**	113.3
Group vacant property costs**	(0.8)	(2.5)
Share of JV vacant property costs**	(0.3)	(0.9)
Total costs excluding vacant property costs (B)	**129.0**	109.9
Rental income	259.2	241.7
Share of JV rental income	110.3	98.0
Total gross rental income (C)	**369.5**	339.7
Total EPRA cost ratio (including vacant property costs) (A)/(C)	**35.2%**	33.4%
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	**34.9%**	32.4%

* Excludes software as a service costs net of deferred tax (in 2023 and 2022) and abortive costs (in 2022 only).
** 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	**3,639.1**	**15.8**	**0.4%**
USAF	**827.8**	**14.9**	**1.8%**
LSAV	**954.7**	**(5.7)**	**(0.6%)**
Rental properties	**5,421.6**	**25.0**	**0.5%**
Leased properties	**84.7**		
Development completions for AY22/23	**88.7**		
Properties under development	**174.7**		
Properties held throughout the year	**5,769.7**		
Acquisitions	**-**		
Total property portfolio	**5,769.7**		

EPRA yield movement

	NOI yield	Yield movement (bps)		
	%	H1	H2	FY
Wholly owned	**5.1**	**12**	**19**	**31**
USAF	**5.3**	**10**	**11**	**21**
LSAV	**4.5**	**14**	**25**	**39**
Rental properties (Unite share)	**5.0**	**6**	**26**	**32**

Property related capital expenditure

	2023			2022		
	Wholly owned	Share of JVs	Group share	Wholly owned	Share of JVs	Group share
London	**4.3**	**20.5**	**24.8**	3.3	10.5	13.8
Prime regional	**19.3**	**4.8**	**24.1**	31.6	7.3	38.9
Major regional	**24.6**	**3.0**	**27.6**	16.5	11.2	27.7
Provincial	**5.2**	**1.3**	**6.5**	8.1	1.0	9.1
Total rental properties	**53.4**	**29.6**	**83.0**	59.5	30.0	89.5
Increase in beds	**-**	**-**	**-**	2.1	2.0	4.1
Acquisitions	**2.1**	**-**	**2.1**	1.3	-	1.3
Developments	**58.8**	**-**	**58.8**	193.0	-	193.0
Capitalised interest	**8.4**	**-**	**8.4**	6.3	-	6.3
Total property related capex	**122.7**	**29.6**	**152.3**	262.2	32.0	294.2

EPRA LTV

	2023 £m	2022 £m
Investment property (owned)	**5,510.4**	5,396.8
Investment property (under development)	**174.7**	202.7
Intangibles	**9.3**	18.3
Total property value and other eligible assets	**5,694.4**	**5,617.8**
Cash at bank and in hand	**77.2**	139.2
Borrowings	**(1,648.1)**	(1,872.8)
Net other payables	**(100.3)**	(150.6)
EPRA net debt	**(1,671.2)**	**(1,884.2)**
EPRA loan to value	**29.3%**	**33.5%**

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

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

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.

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.

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.

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 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

Resident ambassadors
Student representatives who engage with students living in the property to create a community and sense of belonging.

SaaS - Software as a Service
Software that allows users to connect to and use cloud-based software via remote access.

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

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.

management of these assets on behalf of the owner.

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

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