



INVESTOR TOUR

Stratford ONE

4 December 2014

AGENDA

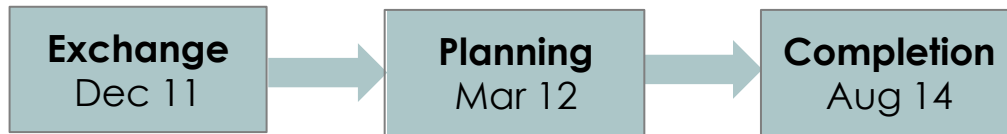
14:45	Welcome	Mark Allan
14:50	Stratford ONE <ul style="list-style-type: none">▪ Development Story▪ Lettings Story and University Partnerships	Richard Simpson Kevin Williamson
15:00	Development Update	Richard Simpson
15:30	Earnings Progression	Joe Lister
15:35	Q&A	
15:45	Property Tour	
16:30	Close	
16:45	Drinks at The Cow, Stratford	



STRATFORD ONE



DEVELOPMENT STORY



Customer	<ul style="list-style-type: none"> ▪ Vibrant local amenity ▪ Excellent transport links ▪ Emerging HE location ▪ Home for Success product at affordable price point
Timing	<ul style="list-style-type: none"> ▪ First mover advantage – large scale development in a location with limited supply
Partnering – off market	<ul style="list-style-type: none"> ▪ Strong partnerships forged with Westfield, ODA / LLDC and HS1 – led to second transaction (Angel Lane)
Engagement	<ul style="list-style-type: none"> ▪ Planning value add (50% height added during discussions)



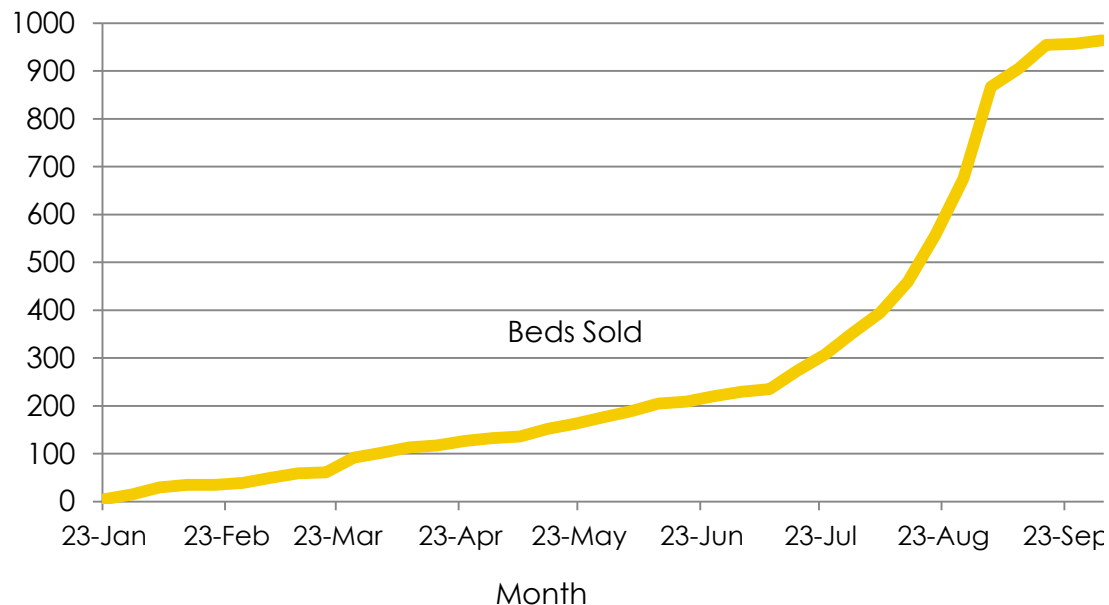
- Scheme delivered on time, to budget and to a great quality
- Fully let in its first year of operation
- GDV: **£108 million**
- TDC: **£64.4 million** (£64.3k pb)
- DY: **11.2%**



▪ Stabilised in opening year:

- Net income: **£7.2 million** (in line with target)
- Occupancy: **99%**
- Wide range of University partnerships
- Affordable price point: **c.£175pw**

Stratford ONE Sales by Week (Cumulative)



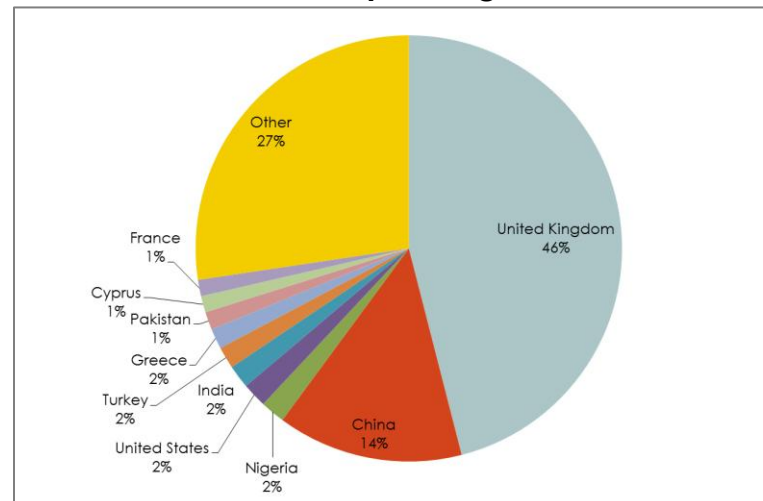
- International customers: 54%
- 76 countries represented
- Year of study:
 - 48% 1st year undergraduate
 - 30% 2nd / 3rd / 4th year undergraduate
 - 22% Postgraduate
- Over 60 Universities represented
- Nominations agreements in place over 50% of beds with:



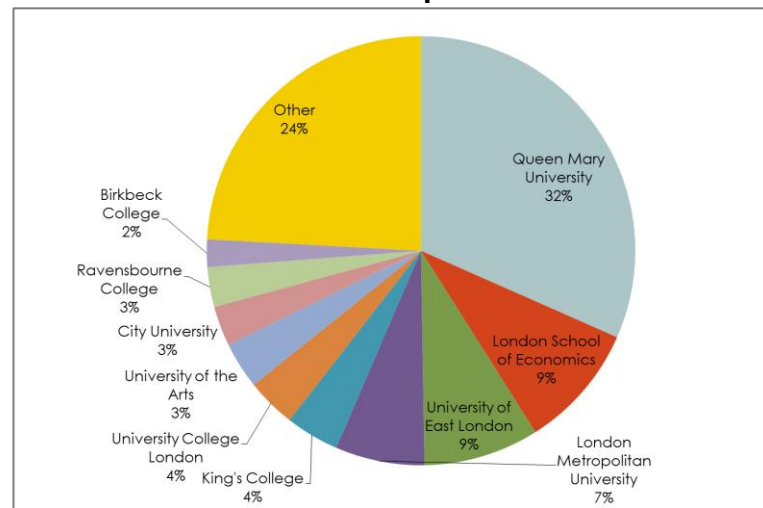
- Potential future agreements:



Country of Origin



Universities Represented





DEVELOPMENT UPDATE

London

- Not currently viable due to strong residuals for other property uses
- Land prices up by 15% pa driven by residential values growth and increased risk appetite
- Increased planning costs: CIL disproportionately high for PBSA increasing planning costs on average by £6k per bed
- Construction costs increasing at c.5% pa but reliant on contractor relationship
- We would develop further in London if market conditions become more supportive
- New supply beyond 2017 is limited across the market

Rest of UK

- Land price a small proportion of TDC (typically 10%-20%) so land inflation and planning related land costs such as CIL less sensitive to project viability
- Build cost most important input – currently running at 3%-4% pa inflation
- Partnering with main contractors and supply chain is key
- 60% of build cost items on pre-agreed rates with supply chain, minimising disruptive impact of increasing contractor activity
- Secured pipeline on track to deliver in line with target returns
- Further selective development opportunities still available and good progress being made



THE PIPELINE

	Target delivery	Secured beds	Total completed value (£m)	Total development costs (£m)	Capex in H1 2014 (£m)	Capex remaining (£m)	Forecast NAV remaining (£m)	Forecast yield on cost
Regional wholly owned								
Trenchard Street, Bristol	2015	483	35	26	7	16	2	9.7%
Greetham Street, Portsmouth	2016	836	54	42	1	41	12	9.3%
Causewayend, Aberdeen	2016	399	28	20	-	20	6	9.5%
Newgate Street, Newcastle	2016	606	42	31	-	31	11	9.6%
St Leonard's, Edinburgh	2016	550	50	38	1	37	12	9.5%
Tara House, Liverpool	2017	605	45	35	-	35	10	9.5%
Constitution Street, Aberdeen	2017	658	60	44	-	44	16	9.5%
Total regional wholly owned		4,137	314	236	9	224	69	9.5%
LSAV								
Angel Lane, London	2015	759	84	54	11	25	15	9.3%
Stapleton, London	2016	862	109	85	34	50	17	8.8%
Wembley, London	2016	696	62	49	9	39	9	8.8%
Total LSAV		2,317	255	188	54	114	41	9.0%
Unite share of LSAV		-	128	94	27	57	21	9.0%
Total pipeline (Unite share)		6,454¹	442	330	36	281	90	9.3%

¹ Includes 100% of LSAV beds

- Pipeline expected to add 45p to NAV and 15p to EPS



ANGEL LANE, STRATFORD

Exchange
Aug 12

Planning
Mar 13

Completion
Summer 15

Scheme

- 759 beds in Stratford Olympic Park, London

Relationship

- Acquired site from Westfield following success of Stratford ONE

Customer

- Increasingly favoured HE location: UEL, Loughborough, Glasgow, UCL, KCL at Canada Water

Engagement

- Planning relationship with LLDC
- Working in partnership with Westfield

Partnership

- Framework contractor selected early to de-risk construction



GREETHAM STREET, PORTSMOUTH

Exchange
May 14

Planning
Sep 14

Completion
Summer 16

Scheme	<ul style="list-style-type: none"> 836 beds in Portsmouth city centre
Relationship	<ul style="list-style-type: none"> Site acquired from Portsmouth City Council who valued our long standing presence in the city
Customer	<ul style="list-style-type: none"> Located 500m from University campus in a favoured area for accommodation High quality design with significant communal space
Engagement	<ul style="list-style-type: none"> Proposal supported by local community – scheme enhanced
Partnership	<ul style="list-style-type: none"> Design worked up in conjunction with the University and now discussing potential nominations Framework contractor selected early to de-risk the build and optimise design



CAUSEWAYEND, ABERDEEN

Exchange
Jan 14

Planning
Nov 14

Completion
Summer 16

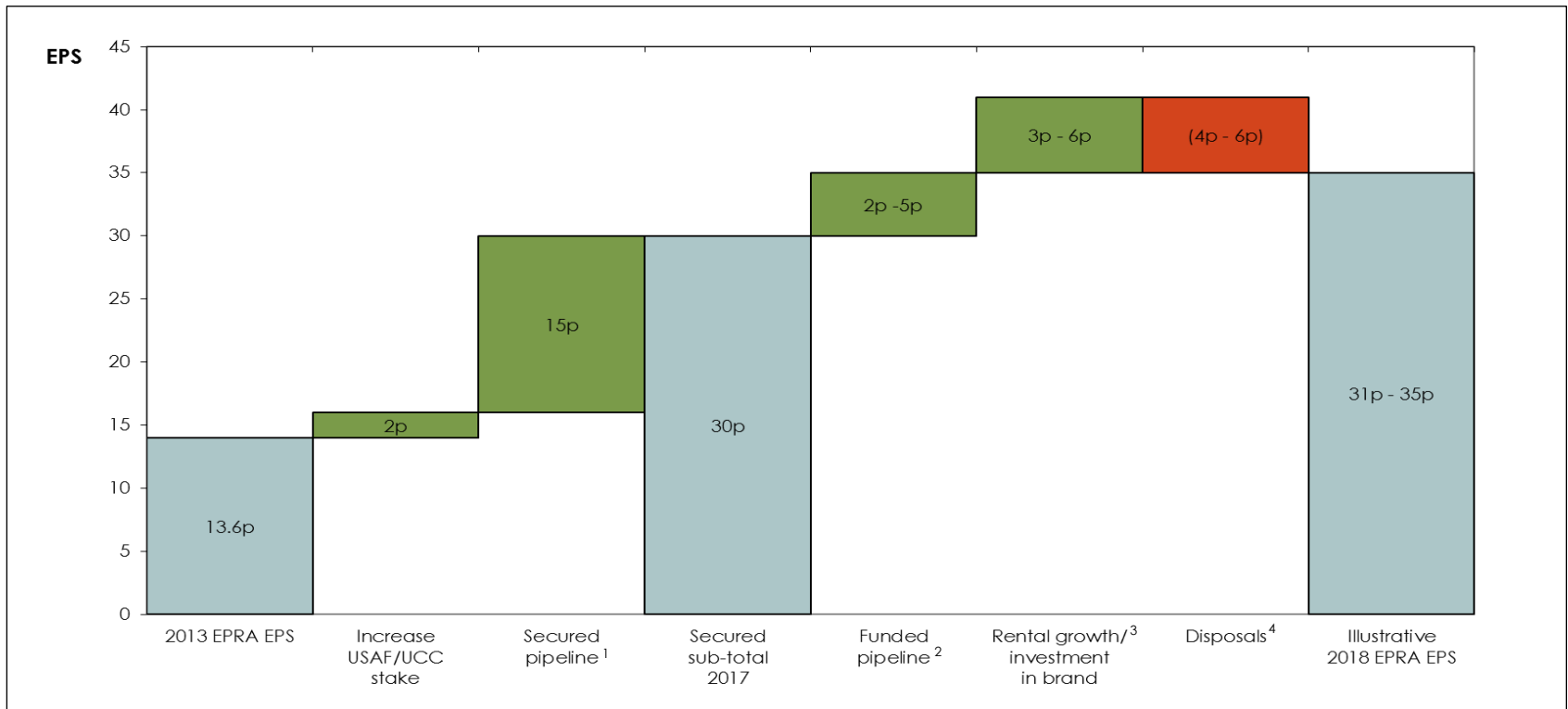
Scheme	<ul style="list-style-type: none">▪ 399 beds in central Aberdeen
Relationship	<ul style="list-style-type: none">▪ Acquired site from Aberdeen City Council▪ Longstanding operational presence in the city helped the selection process
Customer	<ul style="list-style-type: none">▪ Site forms a derelict listed school building in city centre close to Aberdeen University
Engagement	<ul style="list-style-type: none">▪ Support for the proposals obtained from the University and local community groups
Partnership	<ul style="list-style-type: none">▪ Framework contractor selected early to de-risk construction



EARNINGS PROGRESSION

ILLUSTRATIVE EARNINGS PROGRESSION

- Increasing proportion of pipeline now secured
- Illustrative Earnings demonstrates building blocks of growth – not profit forecast
- Prospect of dividend growth outstripping earnings growth



¹ Secured pipeline refers to schemes on p8

² Funded pipeline refers to additional schemes assumed to be acquired in H1 2015

³ Rental growth range of 2%-4% modelled

⁴ Disposals of £50m pa modelled

