IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY UNITED STATES PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES (THE "**US**") OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE BONDS DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE US OR OTHER JURISDICTION AND THE BONDS DESCRIBED HEREIN MAY NOT BE OFFERED OR SOLD WITHIN THE US OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE BONDS DESCRIBED HEREIN ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS, AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US PERSON OR TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the Bonds described herein, investors must not be a US person. The Prospectus is being sent at your request and by accepting the e-mail and accessing the Prospectus, you shall be deemed to have represented to Investec Bank plc and Numis Securities Limited (together, the "**Joint Lead Managers"**) that (i) you are not a US person, (ii) your stated electronic mail address to which this e-mail has been delivered is not located in the US, its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and (iii) you consent to delivery of such Prospectus by electronic transmission. You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the issue of the Bonds described herein do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. In particular, except as indicated in the "*Subscription and Sale – Terms and Conditions of the Offer*" section in the Prospectus, no action has been taken by the Issuer, either of the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. If a jurisdiction requires that the issue of the Bonds described herein be made by a licensed broker or dealer and the Joint Lead Managers or any of their affiliates is a licensed broker or dealer in that jurisdiction, the issue of the Bonds described herein shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Prospectus has been sent to you in electronic format. You are reminded that documents transmitted *via* this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers, nor any person who controls them nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from any Joint Lead Manager.

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Any comments or statements made herein do not necessarily reflect those of the Joint Lead Managers, their subsidiaries or affiliates.

PROSPECTUS DATED 21 November 2012

The UNITE Group plc

(incorporated in England and Wales with registered number 3199160)

Issue of Sterling 6.125 per cent. Bonds due 2020

Issue price: 100 per cent.

The sterling denominated 6.125 per cent. Bonds due 2020 (the "**Bonds**") will be issued by The UNITE Group plc (the "**Issuer**"). The Bonds will bear interest from and including 12 December 2012 (the "**Issue Date**") at a rate of 6.125 per cent. per annum, payable semi-annually in arrear on 12 June and 12 December in each year up to and including 12 June 2020 (the "**Maturity Date**"). The total principal amount of the Bonds to be issued will be determined following a process of "bookbuilding" by Investec Bank plc and Numis Securities Limited (together, the "**Joint Lead Managers**") and will be set forth in an announcement which will be published by the Issuer by a Regulatory Information Service on or about 5 December 2012 (the "**Sizing Announcement**").

The Bonds will rank *pari passu* without any preference among themselves and they will (subject to Condition 3(a) (Negative Pledge)) constitute unsecured and unsubordinated obligations of the Issuer. See "*Terms and Conditions of the Bonds – Status*". The Bonds contain certain other financial covenants as further discussed in "*Terms and Conditions of the Bonds – Covenants*".

The Issuer may redeem the Bonds, in whole but not in part, at any time at par plus accrued interest in the event of certain tax changes. The Bonds may also be redeemed in whole by the Issuer, at its option, at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the relevant United Kingdom Government Stock plus a margin of 0.5 per cent., together with accrued interest. The Bonds are further subject to redemption at the option of the holders of the Bonds (the "**Bondholders**") as described in "*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption at the option of the Bondholders upon a Change of Control*".

Application will be made after the publication of the Sizing Announcement to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**UK Listing Authority**") for the Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Bonds to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**") and through the electronic order book for retail bonds ("**ORB**") of the London Stock Exchange. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (the "**MiFID**").

The denomination of the Bonds shall be £100. The Bonds will initially be represented by a global bond (the "**Global Bond**"), without interest coupons attached, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Interests in the Global Bond will be exchangeable for definitive Bonds ("**Definitive Bonds**") only in certain limited circumstances - see "*Summary of Provisions relating to the Bonds while in Global Form*".

An investment in the Bonds involves certain risks. Prospective Investors should have regard to the factors described under the heading "*Risk Factors*" in this Prospectus.

Joint Lead Managers

Investec **Numis Securities**

This Prospectus comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**") and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Bonds which, according to the particular nature of the Issuer and the Bonds, is necessary to enable Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In the context of any offer of Bonds that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Public Offer**"), the Issuer accepts responsibility in the United Kingdom for the content of this Prospectus in relation to any person (an "**Investor**") in the United Kingdom to whom an offer of any Bonds is made by any financial intermediary (including the Joint Lead Managers) (in each case, an "**Authorised Offeror**") where such offer is made during the period for which that consent is given and where the Offer is in compliance with all other conditions attached to the giving of that consent, as set out in the following paragraph. However, neither the Issuer nor either of the Joint Lead Managers has any responsibility for any of the actions of any Authorised Offeror (except for each Joint Lead Manager, respectively), including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to any such offer.

The Issuer has granted consent to the use of this Prospectus in connection with a Public Offer of any Bonds during the period commencing from, and including, 21 November 2012 until 12 noon (London time) on 5 December 2012 or such earlier time and date as may be agreed between the Issuer and the Joint Lead Managers and announced *via* a Regulatory Information Service (the "**Offer Period**") in the United Kingdom by (i) the Joint Lead Managers; (ii) Barclays Stockbrokers Limited, Brewin Dolphin Limited (trading as Stocktrade), Brown Shipley, Killik & Co LLP, NCL Investments Limited (trading as Smith and Williamson Securities), Pilling & Co Stockbrokers, Redmayne-Bentley LLP and Talos Securities Limited (trading as Selftrade) (the "**Specified Authorised Offerors**") (the addresses of the Specified Authorised Offerors are set out in "*Subscription and Sale – Terms and Conditions of the Offer*") and; (iii) any other Authorised Offeror, being a financial intermediary which satisfies the following conditions: (a) is authorised to make such offers under the MiFID; (b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules"**), including the Rules published by the Financial Services Authority (including its guidance for distributors in "the Responsibilities of Providers and Distributors for the Fair Treatment of Customers") from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by any person and disclosure to any potential investor; (c) complies with the restrictions set out under "*Subscription and Sale*" in this Prospectus which would apply as if it were a Joint Lead Manager; (d) ensures that any fee (and any commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to investors or potential investors; (e) holds all licenses, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under the Financial Services and Markets Act 2000; (f) complies with applicable anti-money laundering, anti-bribery and "know your client" Rules, and does not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies; (g) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Joint Lead Managers and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or any of the Joint Lead Managers in order to enable the Issuer and/or the Joint Lead Managers to comply with anti-money laundering, anti-bribery, and "know your client" Rules applying to the Issuer and/or Joint Lead Managers; and (h) does not, directly or indirectly, cause the Issuer or either of the Joint Lead Managers to breach any Rule or subject the Issuer or either of the Joint Lead Managers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction.

Any new information with respect to Specified Authorised Offerors unknown as of the date of this Prospectus will be published on *www.unite-group.co.uk/investors/bonds*.

Any Authorised Offeror who wishes to use this Prospectus in connection with a Public Offer is required, for the duration of the Offer Period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.

A Public Offer may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer or the Authorised Offerors.

Other than as set out above, neither the Issuer nor any of the Joint Lead Managers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Bonds. Any such offers are not made on behalf of the Issuer or by any of the Joint Lead Managers or Authorised Offerors and none of the Issuer, the Joint Lead Managers or the Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY OF THE BONDS FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE BONDS TO AN INVESTOR BY AN AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS ("THE TERMS AND CONDITION OF THE OFFER"). THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE JOINT LEAD MANAGERS) IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS AND, ACCORDINGLY, THIS PROSPECTUS DOES NOT CONTAIN SUCH INFORMATION. THE TERMS AND CONDITIONS OF THE OFFER SHALL BE PROVIDED TO INVESTORS BY THE RELEVANT AUTHORISED OFFEROR AT THE RELEVANT TIME. NONE OF THE ISSUER OR EITHER OF THE JOINT LEAD MANAGERS OR OTHER AUTHORISED OFFEROR HAS RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated into and form part of this Prospectus.

Neither of the Joint Lead Managers nor the Trustee (as defined below) nor the Agents has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by either of the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds. Neither of the Joint Lead Managers, the Trustee nor the Agents accepts liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

No person is or has been authorised by the Issuer, either of the Joint Lead Managers, the Trustee or the Agents to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, either of the Joint Lead Managers, the Trustee or the Agents.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers, the Trustee or the Agents that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each Investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any Investor in the Bonds of any information coming to their attention.

The Bonds have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States (the "**U.S.**") or to U.S. persons.

The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, to the circulation of this document in Jersey. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law.

This Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey. This document may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, or (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and company Directors etc. (Bailiwick of Guernsey) Law, 2000.

In particular, neither this Prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Bonds. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers, the Trustee and the Agents do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, except as indicated in the "*Subscription and Sale – Terms and Conditions of the Offer*" section below, no action has been taken by the Issuer, any of the Joint Lead Managers, the Trustee or the Agents which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. For a further description of certain restrictions on the offering and sale of the Bonds and on distribution of this document, see "*Subscription and Sale*" below.

This Prospectus has been prepared on the basis that any offer of Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") other than offers (the "**Permitted Public Offers**") which are made in the United Kingdom prior to the Issue Date, and once the Prospectus has been approved by the competent authority in the United Kingdom and published in accordance with the Prospectus Directive, will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Relevant Member State, from the requirement to publish a prospectus for offers of Bonds. Accordingly, any person making or intending to make an offer in that Relevant Member State of Bonds which are the subject of the offering contemplated in this Prospectus, other than the Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Issuer or any of the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer or the Joint Lead Managers have authorised, nor do they authorise, the making of any offer (other than the Permitted Public Offers) of Bonds in circumstances in which an obligation arises for the Issuer or any of the Joint Lead Managers to publish or supplement a prospectus for such offer.

In certain circumstances, Investors may hold interests in the Bonds through Euroclear UK & Ireland Limited (formerly known as CRESTCO Limited ("**CREST**") through the issuance of dematerialised depository interests ("**CREST Depository Interests**" or "**CDIs**") issued, held, settled and transferred through CREST, representing interests in the Bonds underlying the CDIs (the "**Underlying Bonds**"). CREST Depository Interests are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the "**CREST Depository**") pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated, the "**CREST Deed Poll**"). Neither the Bonds nor any rights attached thereto will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. Holders of CREST Depository Interests ("**CDI Holders**") will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. **Investors should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.**

The investment activities of certain persons are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

It is advisable that each potential Investor in the Bonds determines the suitability of that investment in light of its own circumstances. In particular, it is advisable that a potential Investor should not invest in the Bonds unless it is able to evaluate (either alone or with a financial adviser) how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact that the investment will have on the potential Investor's overall investment portfolio.

All references in this document to "**Sterling**" and "**£**" refer to the currency of the United Kingdom.

TABLE OF CONTENTS

SUMMARY

This summary is comprised of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary of this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding each Element. In this case, a short description of the Element is included in the summary and marked as "Not applicable".

Element	SECTION A - INTRODUCTIONS AND WARNINGS
A.1	This summary must be read as an introduction to this Prospectus and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole by the Investor. Where a claim relating to information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation hereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid Investors when considering whether to invest in the Bonds.
A.2	The Issuer has granted general consent for the use of this Prospectus in connection with any Public Offer of any Bonds during the period commencing from, and including, 21 November 2012 until 12 noon (London time) on 5 December 2012 or such earlier time and date as may be agreed between the Issuer and the Joint Lead Managers and announced *via* a Regulatory Information Service, in the United Kingdom by: (i) the Joint Lead Managers; (ii) the Specified Authorised Offerors; and (iii) any financial intermediary which: (a) is authorised to make such offers under the MiFID; (b) acts in accordance with the Rules; (c) complies with the selling restrictions applicable to the Bonds; (d) ensures that any fee (and any commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to investors or potential investors; (e) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under the FSMA; (f) complies with applicable anti-money laundering, anti-bribery and "know your client" Rules, and does not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies; (g) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Joint Lead Managers and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or any of the Joint Lead Managers in order to enable the Issuer and any of the Joint Lead Managers to comply with anti-money laundering, anti-bribery and "know your client" Rules applying to the Issuer and/or any of the Joint Lead Managers; and (h) does not, directly or indirectly, cause the Issuer or any of the Joint Lead Managers to breach any Rule or subject the Issuer or any of the Joint Lead Managers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction. Any new information unknown as of the date of this Prospectus with respect to the Specified Authorised Offerors will be published on *www.unite-group.co.uk/investors/bonds*.

	Any Authorised Offeror who wishes to use this Prospectus in connection with a Public Offer is required, for the duration of the Offer Period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto. **An Investor intending to acquire or acquiring any Bonds from an Authorised Offeror will do so, and offers and sales of the Bonds to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Joint Lead Managers) in connection with the offer or sale of the Bonds and, accordingly, this Prospectus will not contain such information. The Terms and Conditions of the Offer shall be provided by the relevant Authorised Offeror to the Investor at the relevant time. None of the Issuer or any of the Joint Lead Managers or other Authorised Offerors has any responsibility or liability for such information.**	
Element	**SECTION B - THE ISSUER**	
B.1	**Legal and commercial name:**	The UNITE Group plc
B.2	**Domicile and legal form, legislation under which the Issuer operates and its country of incorporation:**	The Issuer was incorporated and registered in England and Wales on 15 May 1996 under the Companies Act 1985 as a public limited company with number 3199160.
B.4b	**Description of any known trends affecting the Issuer and the industry in which it operates:**	A supply and demand imbalance persists in the student accommodation sector. University housing levels remain largely flat, while the private residential sector is facing increasing regulation and high demand from non-students. Access to capital and increasingly strict planning environment are constraining supply of new corporate purpose built student accommodation. In the broader private residential sector, the shortage of new housing stock and lack of mortgage availability have pushed rents higher over the last few years. At the same time, demand for higher education remains strong. Demand from school leavers is resilient and international demand is increasing, both of which are key customer groups for the Issuer. London has a particularly large full-time student market with a high proportion of international students but low accommodation supply ratio (with London's universities only able to supply accommodation to 34 per cent. of first year and international students, compared to a national average of 58 per cent.).
B.5	**If the Issuer is part of a Group, a description of the Group and the Issuer's position within the Group:**	The Issuer is the parent company of the Group. The Group also holds interests in certain co-investment vehicles, namely the UNITE UK Student Accommodation Fund, the UNITE Capital Cities and London Student Accommodation joint venture and the Oasis Capital Bank joint venture.

B.9	**Where a profit forecast or estimate is made, state the figure:**	Not applicable; no profit forecasts or estimates have been made by the Issuer.
B.10	**A description of the nature of any qualifications in the audit report on the historical financial information:**	Not applicable; there are no qualifications contained in the audit reports with respect to the Issuer's historical financial information.
B.12	**Selected historical key financial information:**	The following summary financial data as of, and for each of the years ended, 31 December 2010 and 2011 and as of, and for the six month periods ended 30 June 2011 and 2012 has been extracted, without any adjustment, from the Issuer's consolidated financial statements in respect of those dates and periods. There has been no material adverse change in the prospects of the Issuer since 31 December 2011 and there has been no significant change in the financial or trading position of the Group since 30 June 2012.

Consolidated Income Statement

	For the year ended 31 December		For the six months ended 30 June	
	2011	2010	2012	2011
	(£ million)		*(£ million, unaudited)*	
Revenue	**94.9**	**193.4**	**65.7**	**49.0**
Cost of sales	(62.7)	(147.0)	(38.7)	(26.0)
Operating expenses	(39.1)	(28.5)	(12.3)	(14.5)
Results from operating activities	(6.9)	17.9	14.7	8.5
Loss on disposal of property	(0.2)	(2.9)	(1.0)	(0.3)
Net valuation gains on property	7.7	15.4	11.6	6.6
Profit before net financing costs	**0.6**	**30.4**	**25.3**	**14.8**
Loan interest and similar charges	(8.7)	(13.8)	(5.3)	(4.3)
Mark to market changes in interest rate swaps	(10.6)	(18.6)	(3.9)	(5.0)
Finance costs	(19.3)	(32.4)	(9.2)	(9.3)
Finance income	0.8	0.9	0.5	0.4
Net financing costs	**(18.5)**	**(31.5)**	**(8.7)**	**(8.9)**
Share of joint venture profit	22.6	25.3	16.9	10.4
Profit before tax	**4.7**	**24.2**	**33.5**	**16.3**
Tax	(0.8)	(2.9)	-	-
Profit before tax	**3.9**	**21.3**	**33.5**	**16.3**
Profit for the period attributable to				
Owners of the parent company	2.1	19.6	32.5	15.3
Minority interest	1.8	1.7	1.0	1.0
	3.9	21.3	33.5	16.3
Earnings per share				
Basic	1.3p	12.2p	20.2p	9.5p
Diluted	1.3p	12.2p	20.2p	9.5p

Consolidated statement of comprehensive income

	For the year ended 31 December		For the six months ended 30 June	
	2011	2010	2012	2011
	(£ Million)		*(£ million, unaudited)*	
Profit for the period	**3.9**	**21.3**	**33.5**	**16.3**
Movements in effective hedges	(2.6)	0.5	0.5	(0.1)
Share of joint venture movements in effective hedges	0.1	0.1	1.0	0.6
Other comprehensive income for the period	(2.5)	0.6	1.5	0.5
Total comprehensive income for the period	**1.4**	**21.9**	**35.0**	**16.8**
Attributable to				
Owners of the parent company	(0.2)	20.2	34.0	15.8
Minority interest	1.6	1.7	1.0	1.0
	1.4	21.9	35.0	16.8

Consolidated balance sheet

	As at 31 December		As at 30 June
	2011	2010	2012
	(£ million)		*(£ million, unaudited)*
Assets			
Investment property	396.2	375.7	458.5
Property, plant and equipment	2.3	6.9	1.9
Investment in joint ventures	173.0	161.6	181.5
Joint venture investment loans	14.1	13.2	10.7
Intangible assets	4.5	5.8	3.7
Total non-current assets	**590.1**	**563.2**	**656.3**
Completed property	198.7	105.1	187.4
Properties under development	135.2	113.0	171.2
Inventories	8.4	2.7	6.8
Trade and other receivables	41.0	44.6	39.0
Cash and cash equivalents	16.8	23.8	21.1
Total current assets	**400.1**	**289.2**	**425.5**
Total assets	**990.2**	**852.4**	**1,081.8**
Liabilities			
Borrowings	(29.2)	(0.3)	(95.9)
Interest rate swaps	-	(0.2)	-
Trade and other payables	(84.4)	(52.8)	(90.0)
Provisions	(6.3)	-	-
Current tax creditor	(0.4)	(0.5)	(1.0)
Total current liabilities	**(120.3)**	**(53.8)**	**(186.9)**
Borrowings	(421.5)	(357.8)	(425.6)
Interest rates swaps	(39.0)	(37.1)	(31.3)
Provisions	(4.7)	-	(1.2)
Total non-current liabilities	**(465.2)**	**(394.9)**	**(458.1)**
Total liabilities	**(585.5)**	**(448.7)**	**(645.0)**

<table>
<tr><td></td><td></td><td>
<table>
<tr><td>Net assets</td><td>404.7</td><td>403.7</td><td>436.8</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Equity</td><td></td><td></td><td></td></tr>
<tr><td>Issued share capital</td><td>40.1</td><td>40.1</td><td>40.1</td></tr>
<tr><td>Share premium</td><td>249.0</td><td>249.0</td><td>249.0</td></tr>
<tr><td>Merger reserve</td><td>40.2</td><td>40.2</td><td>40.2</td></tr>
<tr><td>Retained earnings</td><td>72.8</td><td>70.4</td><td>102.8</td></tr>
<tr><td>Hedging reserve</td><td>(14.5)</td><td>(12.2)</td><td>(13.0)</td></tr>
<tr><td>Equity attributable to the owners of the parent company</td><td>387.6</td><td>387.5</td><td>419.1</td></tr>
<tr><td>Minority interest</td><td>17.1</td><td>16.2</td><td>17.7</td></tr>
<tr><td>Total equity</td><td>404.7</td><td>403.7</td><td>436.8</td></tr>
</table>
</td></tr>
<tr><td>B.13</td><td>Recent events particular to the Issuer’s solvency:</td><td>Not applicable; there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer’s solvency.</td></tr>
<tr><td>B.14</td><td>Extent to which the Issuer is dependent upon other entities within the Group:</td><td>Please see Element B.5 above. As the Group’s business is conducted through the members of the Group referenced in that Element, the Issuer is, accordingly, dependent upon those members of the Group.</td></tr>
<tr><td>B.15</td><td>Issuer’s principal activities:</td><td>UNITE is the UK’s leading developer and manager of student accommodation, with approximately 42,000 beds in 130 centrally located properties in 23 strong university cities across the UK.

Since its establishment in 1991, the Issuer has grown through a combination of organic growth, acquisitions and joint ventures. In 1999, the Issuer's ordinary shares were admitted to trading on the AIM Market of the London Stock Exchange, and moved to the main market of the London Stock Exchange the following year. The Issuer is now a member of the FTSE-250 index of companies, with a market capitalisation of approximately £425 million as at 20 November 2012 (being the latest practicable date prior to the issue of this document).

The Issuer's initial period of rapid growth was followed by a period of financial and operational consolidation during which a number of joint ventures were created allowing the Issuer to benefit from further capital investment. The Group is now focussed on delivering a more consistent, balanced return profile from recurring earnings, rental growth and development returns, whilst maintaining gearing at modest levels. The Issuer’s sole focus is currently on the UK student accommodation market.

The Issuer generates income from the management and operation of properties (which are either owned by the Issuer or through co-investment vehicles in which it has a substantial minority interest). The Issuer also benefits from development returns and capital growth through its property portfolio.

The strong locations of the properties managed by the Issuer,</td></tr>
</table>

		together with a long period of growth in demand for university places and shortage of high quality accommodation, has driven high occupancy rates and solid rental growth over the long term and supported valuations of the Issuer's properties.
B.16	**Control of the Issuer:**	Not applicable; the Issuer is not directly or indirectly owned or controlled.
B.17	**Credit ratings:**	Not applicable; neither the Issuer nor the Bonds are expected to be rated.
Element	**SECTION C – THE SECURITIES**	
C.1	**Type and class of Bonds:**	The 6.125 per cent. Bonds due 2020 will be issued in bearer form in the denomination of £100. The Bonds represent unsecured obligations of the Issuer. The ISIN for the Bonds is XS0856594642 and the Common Code is 085659464.
C.2	**Currency:**	Sterling.
C.5	**Transferability:**	Not applicable; there are no restrictions on the free transferability of the Bonds.
C.8	**Description of the Bonds:**	***Status of the Bonds****:* The Bonds constitute direct, unconditional and, subject to a negative pledge, unsecured obligations of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. ***Negative pledge***: The Bonds contain a negative pledge provision pursuant to which neither the Issuer nor any of its Subsidiaries may create or have outstanding any security interest over its present or future undertaking, assets or revenues to secure any guarantee or indemnity in respect of certain types of indebtedness without securing the Bonds equally and rateably, subject to certain exceptions. ***Financial covenants****:* For so long as any Bond or Coupon remains outstanding, the Issuer shall ensure that, (a) on a semi-annual basis, Net Debt as a percentage of Property Assets does not exceed 75 per cent. and (b) for each annual financial period, the ratio of Net See-through Operating Income to Net See-through Financing Costs for the same period will be at least 1.5. ***Events of Default****:* The Conditions contain Events of Default including those relating to (a) non-payment (b) breach of other obligations

		(c) cross-acceleration (d) enforcement proceedings (e) security enforcement (f) insolvency (g) winding-up (h) lack of authorisations and consents (i) illegality and (j) analogous events. The provisions include certain minimum thresholds and grace periods. ***Meetings of Bondholders***: The Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend or vote on the relevant resolution and Bondholders who voted in a manner contrary to the majority. ***Modification, waiver and substitution***: The Trustee may, without the consent of Bondholders, agree to (a) any modification of any of the provisions of the Trust Deed that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or (b) certain other modifications and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders or (c) determine without the consent of the Bondholders that any Event of Default or potential Event of Default shall not be treated as such or (d) the substitution of certain other entities as principal debtor under the Bonds in place of the Issuer, or of any previous substituted company. ***Governing law of the Bonds***: English law.
C.9	**Interest, maturity and early redemption provisions, yield and representatives of the Bondholders:**	**Please see Element C.8** ***Interest rate***: The Bonds bear interest from, and including, the Issue Date to, but excluding, the Maturity Date at the rate of 6.125 per cent. per annum payable semi-annually in arrear in equal instalments of £3.0625 per £100 in principal amount of the Bonds on 12 June and 12 December in each year commencing on 12 June 2013. ***Maturity date***: Unless previously purchased and cancelled in accordance with the Conditions, the Bonds will mature on 12 June 2020. ***Optional early redemption by Issuer for tax reasons***: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at par plus accrued interest in the event of certain tax changes caused by any change in, amendment to, or application or official interpretation of, the laws or regulations of the United Kingdom on or after the Issue Date.

		Optional early redemption by Issuer: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, on not less than 30 days' nor more than 60 days' notice, at any time at a price which is the higher of their principal amount and an amount calculated by reference to the yield of the 3.75 per cent. United Kingdom Government Treasury Stock due 2020 (or in certain circumstances, such other government stock as shall be recommended by a financial adviser for such purposes) plus a margin of 0.5 per cent., together with accrued interest. ***Optional early redemption by the Bondholders***: The Bonds may be redeemed at the option of the Bondholders at par plus accrued interest if a Change of Control Event occurs. If 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed pursuant to such option by the Bondholders, the Issuer may, at its option redeem all the remaining Bonds at par plus accrued interest. ***Indication of yield***: On the basis of the issue price of the Bonds being 100 per cent. of their principal amount, the yield of the Bonds is expected to be 6.125 per cent. on an annual basis. This is not an indication of future yield. ***Trustee***: U.S. Bank Trustees Limited
C.10	**Derivative component in the interest payment:**	**Please see Element C.9** Not applicable; the Bonds bear interest at a fixed rate and there is no derivative component in the interest payment.
C.11	**Listing and admission to trading:**	Application will be made after the publication of the Sizing Announcement to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange's Regulated Market and through the ORB market. Admission of the Bonds to trading is expected to be granted on or about 13 December 2012, subject only to the issue of the Global Bond.
Element	**SECTION D - RISKS**	
D.2	**Key information on the key risks that are specific to the Issuer:**	• The Group's turnover and the value of its properties is dependent, to a significant degree, on the rental and occupancy rates that can be achieved from the properties the Group owns or manages. Any reduction in the number of students studying in the UK (domestic or international) could reduce the Group's occupancy rates and/or restrict the Group's ability to maintain or

		increase rental rates. The number of students and/or their disposable income may be affected by a number of factors including changes in government policy and general economic factors. • The Group's revenue is dependent on the collection of rents from students. Defaults from customers may increase, particularly if the general UK economy suffers. • Any increase in the Group's costs, particularly the cost of utilities, without a corresponding increase in turnover, may reduce the Group's profits. • The valuation of the Group's properties may fall and there can be no guarantee that any sale of a property will necessarily realise the value at which such property is held in the Group's accounts. This may be as a result of a reduction in the rental rates achievable, or of other factors (including the performance of the UK economy).The Group's gearing magnifies the effect of falls in the value of the Group's properties. • Any failure to comply with covenants in the Group's banking facilities and borrowing arrangements could restrict the ability of the Group to borrow and/or require repayment of loans. In addition, the Group may not be able to refinance its existing banking facilities, or may only be able to do so on less favourable terms. • Property acquisition and development involves certain risks, including risks relating to liabilities associated with the property (such as latent liabilities, hazardous substances or structural issues) and risks of cost inflation, cost overruns and delays to completion. There is also a risk that a contractor may fail.
D.3	**Key information on the key risks that are specific to the Bonds:**	• The Bonds are subject to early redemption by the Issuer due to a change in law. • Defined majorities may be permitted to bind all the Bondholders with respect to modification and waivers of the terms and conditions of the Bonds, including with regard to substitution of the Issuer in certain circumstances. • A market for the Bonds may not develop, or may not be very liquid and such illiquidity may have a severely adverse affect on the market value of the Bonds. • Any realisation from a sale of the Bonds at any time prior to their maturity may be below the investment

		price paid for the Bonds. • The Bonds bear interest at a fixed rate and the Issuer will pay principal and interest on the Bonds in Sterling, which potentially exposes certain investors to interest rate risk and exchange rate risk respectively.
Element	**SECTION E - OFFER**	
E.2b	**Reasons for the Offer and use of proceeds:**	The offer of the Bonds is being made in order to raise funds for general corporate purposes and to diversify the funding base of the Issuer. The net proceeds of the issue of the Bonds, to be determined following completion of the Offer Period and set forth in the Sizing Announcement, will be used for the general corporate purposes of the Issuer.
E.3	**Terms and conditions of the Offer:**	The Offer Period will commence on 21 November 2012 and is expected to close at 12 noon (London time) on 5 December 2012 or such earlier time and date as may be agreed between the Issuer and the Joint Lead Managers and announced *via* a Regulatory Information Service. Investors will be notified by the relevant Joint Lead Manager or other Authorised Offeror of their allocations of Bonds and the settlement arrangement in respect thereof. Investors may not be allocated any or all of the Bonds for which they apply. The issue of the Bonds is subject to certain conditions precedent customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and auditor comfort letters satisfactory to the Joint Lead Managers) to be set out in a subscription agreement between the Issuer and the Joint Lead Managers. The minimum subscription per Investor is for a principal amount of £2,000 of the Bonds.
E.4	**Interests of natural and legal persons involved in the offer and issue of the Bonds, including conflicts of interest:**	So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Bonds.
E.7	**Estimated expenses charged to Investors by the Issuer or the Authorised Offerors:**	No expenses will be charged by the Issuer or any Joint Lead Manager to any Investor. Expenses may be charged by other Authorised Offerors; these are beyond the control of the Issuer and are not set by the Issuer. The expenses to be charged by Authorised Offerors not known to the Issuer as of the date of this Prospectus may vary depending on the size of the amount subscribed for and the Investor's arrangements with the relevant Authorised

		Offeror. The expenses to be charged by those Authorised Offerors not known to the Issuer as of the date of this Prospectus are unknown. The Issuer estimates that, in connection with the sale of Bonds to an Investor, the expenses charged by the Specified Authorised Offerors will be up to 1.75 per cent. of the aggregate principal amount of the Bonds sold to such Investor.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risks relating to the Group's existing business

Rental income and occupancy rates may fall

The Group's turnover and the value of the Group's properties is, to a significant degree, dependent on the rental and occupancy rates that can be achieved from the properties the Group owns or manages. The Group's occupancy rates have historically been over 95 per cent.

Any reduction in the number of students studying in the UK (domestic or international) could reduce the Group's occupancy rates and/or restrict the Group's ability to maintain or increase rental rates. The majority of the Group's properties are dependent on year-long rentals by students and are not held on long-term leases or nominations arrangements with universities.

Changes in Government policy on higher education (such as tuition fee increases or changes to immigration rules) may reduce the number of students and/or reduce the disposable income of students (and therefore the amount available to be spent on accommodation).

In addition, general UK economic conditions may influence the number of students and/or their disposable income. There may also be other factors that depress rents and/or occupancy rates, including local factors relating to particular properties/locations (such as increased competition in a particular location) or damage to the reputation of the Group.

Rental income is dependent on the stability of tenants and other counterparties

The Group's revenue is dependent on the collection of rents from students. Although the Group focuses on higher-quality properties that are likely to attract more affluent customers and obtains tenancy guarantees, defaults by customers may increase, particularly if the general UK economy suffers.

In addition, the net revenue generated from the Group's properties may depend on the financial stability of university clients with which the Group has direct contractual relationships. Clients may default on contract terms, such as rental payment and pre-let agreements, or the advance bookings of student accommodation.

An increase in the level of defaults might impact on the revenue generated from operations as well as property valuations.

Costs may increase

The Group's operating and other expenses could increase without a corresponding increase in turnover or rents. Factors which could increase operating and other expenses include increases in:

- the rate of inflation;
- staff and energy costs;
- property taxes and other statutory charges;
- insurance premiums; and
- the costs of maintaining properties.

Such increases could have a material adverse effect on the Group’s business, financial conditions or results of operations.

Real estate valuations may fall or be difficult to realise

The value of the Group's property portfolio may fall. This may be as a result of a reduction in the rental rates achievable in respect of certain or all properties, or of other factors. These factors may include general economic conditions, such as the availability of credit finance and the performance of the UK economy, or particular local factors such as competition. Further, the valuation of real estate is inherently subjective and there can be no guarantee that any sale by the Group of any of its properties will necessarily realise the value at which such property is held in the Group's accounts.

Real estate is illiquid and can be difficult to sell. In the event that the Group is unable to sell properties (whether to its own co-investment vehicles or other third parties), the Group may be unable to realise cash from its investments portfolio.

The Group may be required to repay, may not be able to draw down amounts under, and/or may not be able to refinance existing facilities

Whilst the Group has historically operated, and is currently operating, within its banking covenants, a future failure by the Group to comply with any of its financial covenants could result in an inability to drawdown further funds and/or acceleration of the Group's obligation to repay existing borrowings.

Whilst the Group has been successful in recent years in refinancing its banking facilities, and currently has sufficient headroom within existing facilities to refinance debt maturing in 2012 and 2013, in the longer term there is no guarantee that the Group will be able to refinance its existing banking facilities or, if available, that such financing will be obtained on terms favourable to the Group.

Any requirement to repay funds borrowed and/or inability to draw down further amounts or refinance existing debt might require the disposal of properties, which might in turn impact the Group’s returns from development and operations.

The Group's gearing magnifies the effect of falls in the value of the Group's properties

In recent years, the Issuer has successfully sought to reduce gearing through a strategy involving the disposal of certain assets and refinancing bank debt. However, like other businesses in the property investment and development sector, the Issuer's business continues to employ a reasonable level of gearing in order to maximise returns. This gearing is provided through funding received from a number of different banks pursuant to a number of debt facility agreements.

Whilst the use of borrowings should enhance the returns on the Group's invested capital when the value of the Group's underlying assets is rising, it may have the opposite effect where the value of underlying assets is falling, resulting in the volatility of the Group's results of operations. As a result, any fall in the value of the Group's properties may significantly reduce the Group's equity investment in those properties, meaning that the Group may not make a profit, or may incur a loss, on the sale of any asset.

Changes in interest rates may have an adverse impact on the Group

It is the Group's current policy to hedge a significant proportion of its interest rate exposure on debt secured against investment assets. However, an increase in interest rates might materially adversely affect the results of the Group's operations by increasing the financing cost of any unhedged portion of debt.

In addition, there can be no guarantee that the Group will be able to continue borrowing on similar terms to its current facilities. If interest rates on new facilities entered into are higher than the rates applicable to existing facilities, then the Group's profitability may be affected.

Property acquisition and development involves certain risks, including risks relating to liabilities associated with the property and risks of cost inflation, cost overruns and delays to completion

The acquisition of properties involves a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties. Whilst it is the Group's policy to always undertake sufficient and appropriate valuations and environmental and structural surveys in order to assess those risks, unexpected problems and latent liabilities or contingencies such as the existence of hazardous substances or other environmental liabilities may still emerge. Any such liabilities or unexpected problems might impact the value of the Group's assets and/or its ability to make returns from development activities.

In addition, property development and management involves certain risks, including construction cost inflation, cost overruns, delays to the completion of developments and reliance on third parties complying with their obligations. Any delays and/or cost overruns might impact on the Group's returns from development activities and its revenue generated from operations.

There is a risk that a contractor engaged by the Group might fail, as a result of general economic conditions or specific factors. In the event that a contractor failed, the Group's development activities might be delayed, which might impact the Group's returns from development activities and revenue generated from operations.

Co-investment partners may change their strategic aims

A significant proportion of the properties managed by the Issuer are held through co-investment vehicles in which the Issuer holds a significant minority equity interest.

There is a risk that, in the longer term, the Group's strategy and plans for a particular asset held by a co-investment vehicle may diverge from those of its co-investment partner, particularly if the identity or management of a co-investment partner changes. In such circumstances, it may negatively impact the ability to take strategic decisions regarding the operation, management or sale of such assets. This may impact on the value of the assets held within the co-investment vehicle and the Group's results from its operations.

In addition, although secondary trading of units of the UNITE UK Student Accommodation Fund ("**USAF**") is permitted, holders of units in USAF are entitled to require USAF to redeem units in the fund. If USAF is unable to find a buyer for a unit and is not able to fund any redemption requests from its own funds (either existing funds or new debt or equity) then it may be required to sell a property to fund that redemption request.

Fees received by the Issuer as property and asset manager of USAF are calculated in part by reference to the value of the assets and cash held by the fund. If USAF had to return cash and/or dispose of assets in order to satisfy calls by investors to redeem their units in the fund, the fees the Issuer receives as property and asset manager may fall.

Certain of the Group's co-investments are for fixed terms. In the event that the Group is not able to agree with its co-investment partner an appropriate exit or continuation of the co-investment, it may be necessary to sell properties held by that co-investment vehicle.

Changes in the Group's tax status or to tax legislation may affect the Company's ability to fulfil its commitments

Tax rules and their interpretation may change. Any change to the tax status of any member of the Group or to taxation legislation or its interpretation may affect the Issuer's ability to realise income and a return on any disposal of investments. Reduced income and capital returns on investments may have an adverse effect on the Issuer's ability to fulfil its commitments under the Bonds.

There is a risk of accidents causing personal injury at premises owned or managed by the Group, which could result in litigation against the Group and/or harm to the Group's reputation

There is a risk of accidents at premises owned by the Group, which could result in personal injury to tenants, people visiting the premises, employees, contractors or members of the public. The Group places great importance on health and safety and it has approved policies and procedures applicable to all its locations. In addition, the Group has public liability insurance in place which the Directors consider provides an adequate level of protection against third party claims. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and costs could have an adverse impact on the Group's reputation, business, financial condition or results of operations. In such instance, the Group's ability to put in place public liability insurance cover in the future may also be adversely affected.

Property investment may be affected by legal and regulatory changes

The risks incidental to the ownership of real estate include changes in relation to tax and landlord/tenant, environmental protection and safety and planning laws, as well as land use and building regulation standards.

If these laws and regulations are changed, or new obligations imposed, property development and investment may become more difficult or costly, and therefore have an adverse effect on the income from, and value of, any properties owned by the Issuer, including those in which it holds an interest through co-investment vehicles. New laws may be introduced which may be retrospective and affect existing planning consents.

In addition, investors should note that changes in the legal framework concerning planning rules in the UK may negatively influence the values of properties.

From time to time, regulations are introduced which can impact on the costs of property ownership and which can affect returns. In recent periods those have included provisions for the containment and management of asbestos in buildings, regulations concerning the provision of access for disabled persons, and provisions for the measurement and reporting of the energy efficiency of buildings.

Risks related to the Bonds generally

Structural Subordination of the Bonds

The Issuer is, in part, dependent upon receipt of funds from its subsidiaries in order to fulfil its obligations under the Bonds. The Bonds are (subject to Condition 3(a)) unsecured obligations of the Issuer. The obligations of the Issuer under the Bonds are therefore structurally subordinated to any liabilities of the Issuer's subsidiaries.

Risk of early redemption

In the event that a change in law results in the Issuer becoming obliged to increase the amounts payable under the Bonds pursuant to Condition 7, the Issuer may redeem the Bonds early pursuant to Condition 5(b). If the Issuer redeems the Bonds under such circumstances, the redemption price will be the principal amount of the Bonds plus any accrued interest. See "*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption for taxation reasons*". The Bonds may also be redeemed early at the option of the Issuer, on not less than 30 days' nor more than 60 days' notice, at any time at a price that is the higher of their principal amount and an amount calculated by reference to the yield of the 3.75 per cent. United Kingdom Government Treasury Stock due 2020 (or in certain circumstances, such other government stock as shall be recommended by a financial advisor for such purposes) plus a margin of 0.5 per cent., together with accrued interest. See "*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption at the option of the Issuer*". Further, if 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed pursuant to the put option by the Bondholders under Condition 5(d), the Issuer may redeem all the remaining Bonds at par plus accrued interest. See "*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption at the option of the Bondholders upon a Change of Control*".

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider investment risk in light of other investments available at that time.

Modification, waivers and substitution

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

EU Savings Directive

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

Change of law

The terms and conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Holding CREST Depository Interests

Investors may hold interests in the Bonds through CREST through the issuance of CDIs issued, held, settled and transferred through CREST representing interest in the Bonds underlying the CDIs. CDI Holders will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Bonds. The rights of CDI Holders to the Underlying Bonds are represented by the relevant entitlements against the CREST Depository which (through the CREST Nominee (as defined below)) holds interests in the Underlying Bonds. Accordingly, rights under the Underlying Bonds cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under the Underlying Bonds will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual (as defined below) and the CREST Rules (as defined below) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Bonds which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Bonds through the CREST International Settlement Links Service.

Potential investors should note that none of the Issuer, the Joint Lead Managers, the Trustee or any Paying Agents has any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Investors should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

For further information on the issue and holding of CDIs see the section "*Clearing and Settlement"*.

No formal credit ratings

The Bonds will not be assigned a credit rating by any rating agency on issue and nor does the Issuer currently have any intention of applying for a credit rating from any credit rating agency. However, one or more independent credit rating agencies may assign credit ratings to some or all of the Bonds prior to their redemption. Any such ratings may not reflect the potential impact of all risks relating to the market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Risks related to the market generally

The secondary market generally

The Bonds may have no established trading market when issued. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily, or at prices paid for them or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Bonds are sensitive to interest rate or market risk and are designed to meet the investment requirements of limited categories of investors. Illiquidity may have a severely adverse effect on the market value of the Bonds.

There is no guarantee that Investec Bank plc and Numis Securities Limited will remain as market-makers in respect of the Bonds. If no replacement market-maker were appointed in such circumstances, this could have an impact on an Investor's ability to sell the Bonds.

Yield

The indication of yield stated within this Prospectus applies only to investments made at (as opposed to above or below) the issue price of the Bonds. If an investor invests in the Bonds at a price other than the issue price of the Bonds, the yield on the investment will be different from the indication of yield on the Bonds as set out in this Prospectus.

Realisation from sale of the Bonds

If investors choose to sell the Bonds at any time prior to their maturity, the price received from such could be less than the original investment made by such investors. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer.

Interest rate risks

The Bonds bear interest at a fixed rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them. If interest rates start to rise then the income to be paid by the Bonds might become less attractive and the price upon any sale of the Bonds could fall. However, the market price has no effect on the income or redemption amounts under the Bonds upon maturity if investors hold the Bonds until maturity.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (a) the Investor's Currency-equivalent yield on the Bonds, (b) the Investor's Currency-equivalent value of the principal payable on the Bonds and (c) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Inflation

Inflation will reduce the real value of the Bonds over time which may affect the investors' purchasing power in other investments in the future and which may make the fixed interest rate on the Bonds less attractive in the future.

The Clearing Systems

Because the Global Bond may be held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Bonds will be represented by the Global Bond. Such Global Bond may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Bond, investors will not be entitled to receive Definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the Global Bond. While the Bonds are represented by the Global Bond, investors will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While the Bonds are represented by the Global Bond, the Issuer will discharge its payment obligations under such Bonds by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Bond.

Holders of interests in the Global Bond will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

DOCUMENTS INCORPORATED BY REFERENCE

The following sections of the below documents which have previously been published and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Prospectus:

(a) pages 45 to 87 of the audited consolidated annual financial statements of the Issuer, including the audit report thereon, for the financial year ended 31 December 2010;

(b) pages 64 to 101 of the audited consolidated annual financial statements of the Issuer, including the audit report thereon, for the financial year ended 31 December 2011; and

(c) the section headed "Consolidated income statement" through to the end of the announcement of the unaudited consolidated interim financial statements of the Issuer for the six months to 30 June 2012 published on 30 August 2012.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Information contained in the documents incorporated by reference into this Prospectus, which is not itself incorporated by reference, is either not relevant for investors or otherwise is covered elsewhere in this Prospectus. Copies of the documents incorporated by reference into this Prospectus can be obtained from the registered office of the Issuer and are published on the Issuer's website at *www.unite-group.co.uk*. The contents of the Issuer's website shall not form part of this Prospectus.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions substantially in the form in which they will be endorsed on the Bonds in definitive form (if issued):

The issue of Sterling denominated 6.125 per cent. Bonds due 2020 (the "**Bonds**") was authorised by a resolution of the board of directors of The UNITE Group plc (the "**Issuer**") passed on 13 November 2012 and a committee of the board of directors of the Issuer passed on 21 November 2012. The Bonds are constituted by a Trust Deed (the "**Trust Deed**") dated 12 December 2012 (the "**Issue Date**") between the Issuer and U.S. Bank Trustees Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the "**Bondholders**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the "**Coupons**"). Copies of the Trust Deed and of the Paying Agency Agreement (the "**Paying Agency Agreement**") dated on or around the Issue Date relating to the Bonds between the Issuer, the Trustee and the initial principal paying agent and paying agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the principal paying agent for the time being (the "**Principal Paying Agent**") and other paying agents for the time being. The principal paying agent and the paying agents for the time being are referred to below respectively as the "**Principal Paying Agent**" and the "**Paying Agents**" (which expression shall include the Principal Paying Agent). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

1 Form, Denomination and Title

(a) **Form and denomination**: The Bonds are serially numbered and in bearer form in the denomination of £100, each with Coupons attached on issue.

(b) **Title**: Title to the Bonds and the Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status

The Bonds and the Coupons constitute (subject to Condition 3(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 Covenants

(a) **Negative Pledge:** So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto, according to the Bonds and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either: (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders; or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Financial Covenants**: So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), the Issuer shall ensure that:

(i) as at any LTV Reference Date, Net Debt as a percentage of Property Assets does not exceed 75 per cent.;

(ii) as at and for the 12 month period ending on each Interest Coverage Reference Date, the ratio of Net See-through Operating Income to Net See-through Financing Costs will be at least 1.5.

(c) **Financial Information**: (i) as soon as they may become available, but in any event within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its audited annual Consolidated Financial Statements for such financial year, together with the report thereon of the Issuer's independent auditors, and (ii) within two months of the end of the first half of each financial year, the Issuer shall send to the Trustee a copy of its semi-annual Consolidated Financial Statements as at, and for the period ending on, the end of such period.

(d) **Compliance Certificate**: the Issuer shall, concurrently with the delivery of each of the annual and interim Consolidated Financial Statements referred to in Condition 3(c), provide to the Trustee a Directors' Certificate confirming compliance with each of the covenants contained in Condition 3(b) as at the most recent LTV Reference Date and the most recent Interest Coverage Reference Date, as the case may be.

(e) **Calculations:** In the event that IFRS changes from IFRS applicable as at the Issue Date, "Net Debt", "Property Assets", "Net See-through Operating Income" and "Net See-through Financing Costs" shall (for the purposes of the calculations in Condition 3(b) above) be adjusted so that the relevant amounts are determined on the same basis as if IFRS as at the Issue Date were still applicable. So long as any Bond remains outstanding, the Issuer shall prepare and publish, in its Consolidated Financial Statements, the breakdown of "Net operating income" of the Group on a see-through basis and "Net financing costs" of the Group on a see-through basis, each on a consistent basis with those respective items appearing under the Operations Segment in the Notes to the Issuer's annual Consolidated Financial Statements for the period ended 30 June 2012.

(f) **Definitions**:

In these Conditions:

"**Consolidated Financial Statements**" means the Issuer's audited annual consolidated financial statements or its unaudited half-year consolidated financial statements, as the case may be, including the relevant accounting policies and Notes to the accounts and in each case prepared in accordance with IFRS from time to time (and if there has been a change in accounting practices since the Issue Date, it shall be accompanied by a description of any change necessary for "Net Debt", "Property Assets", "Net See-through Operating Income" and "Net See-through Financing Costs" to reflect the same under IFRS as at the Issue Date);

"**Directors' Certificate**" means a certificate signed on behalf of the Issuer by two directors of the Issuer;

"**Group**" means the Issuer and its consolidated Subsidiaries taken as a whole;

"**IFRS**" means the generally accepted accounting practice and principles applicable to the business the Issuer conducts, currently International Financial Reporting Standards;

"**Interest Coverage Reference Date**" means 31 December in each year or such other date as at which the Issuer prepares its audited annual Consolidated Financial Statements;

"**LTV Reference Date**" means such annual or semi annual date or dates as at which the Issuer prepares its audited annual Consolidated Financial Statements or unaudited semi-annual Consolidated Financial Statements, as the case may be and as at the Issue Date those are 31 December and 30 June in each year;

"**Net Debt**" means, on any LTV Reference Date, total "Borrowings" (which, for the avoidance of doubt, includes Borrowings that are current liabilities and Borrowings that are non-current liabilities) less "Cash and cash equivalents", in each case as shown in the Consolidated Financial Statements for that LTV Reference Date;

"**Net See-through Financing Costs**" means, for any period, the Net financing costs of the Group on a see-through basis (excluding, for the avoidance of doubt, foreign exchange variances and movement in fair value of derivative financial instruments), as shown in the Consolidated Financial Statements for such period;

"**Net See-through Operating Income**" means, for any period, the "Net operating income" of the Group on a see-through basis, as shown in the Consolidated Financial Statements for such period;

"**Permitted Security Interest**" means:

(a) any Security Interest existing on assets at the time of their acquisition or securing Relevant Indebtedness of a person existing at the time that such person is merged into or consolidated with the Issuer or becomes a Subsidiary, provided that such Security Interest (i) was not created in contemplation of such acquisition, merger or consolidation or event and (ii) in the case of a merger or consolidation, does not extend to any assets or property of the Issuer or any Subsidiary, as the case may be (other than those of the person acquired and its Subsidiaries (if any));

(b) any Security Interest which is in existence prior to the Issue Date and any renewal or perfection undertaken on such Security Interest pursuant to an amendment, restatement or re-financing of the relevant underlying indebtedness; or

(c) any Security Interest mandatorily imposed by law.

"**Property Assets**" means, on any LTV Reference Date, "Total Non-current assets" plus "Completed Property" plus "Properties under development", in each case as shown in the Consolidated Financial Statements for that LTV Reference Date;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be (with the agreement of the issuer thereof), publicly quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

"**Subsidiary**" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and excludes any dormant subsidiary.

4 Interest

The Bonds bear interest from and including the Issue Date at the rate of 6.125 per cent. per annum (the "**Initial Interest Rate**"), payable semi-annually in arrear in equal instalments of £3.0625 per £100 in principal amount of Bonds on 12 June and 12 December in each year (each an "**Interest Payment Date**") commencing on 12 June 2013. Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year. The period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per £100 in principal amount of the Bonds. The amount of interest payable per £100 for any period shall, save as provided above in relation to equal instalments, be equal to the product of 6.125 per cent., £100 and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

5 Redemption and Purchase

(a) **Final redemption**: Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 12 June 2020 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) **Redemption for taxation reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to but excluding the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a Directors' Certificate stating that the obligation referred to in (i) above has arisen and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept and rely on such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (i) and (ii) above without liability to any person for so doing, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

(c) **Redemption at the option of the Issuer:** The Issuer may at any time, having given not less than 30 days' nor more than 60 days' irrevocable notice to the Bondholders in accordance with Condition 15 (which notice shall specify the date fixed for redemption (the "**Optional Redemption Date**")) redeem or purchase or procure that any of its Subsidiaries shall purchase, all (but not part only) of the Bonds for the time being outstanding at any time at the Redemption Price (as defined below) together with interest accrued to (but excluding) the Optional Redemption Date.

The "**Redemption Price**" shall be the higher of: (i) the principal amount outstanding of the Bonds; and (ii) the principal amount outstanding of the Bonds multiplied by the price (expressed as a percentage in relation to the principal amount outstanding of the Bonds) (as reported in writing to the Issuer and the Trustee by an independent financial adviser appointed by the Issuer and approved by the Trustee) at which the Gross Redemption Yield (if the Bonds were to remain outstanding to their original maturity) on the Bonds on the Calculation Date is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of 3.75 per cent. United Kingdom Government Treasury Stock due 2020 (or, where such financial adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend for such purposes) plus 0.5 per cent. For such purposes, "**Calculation Date**" means the date which is the second business day in London prior to the Optional Redemption Date and "**Gross Redemption Yield**" means, with respect to a security, the gross redemption yield on such security (as calculated by the financial adviser on the basis set out in the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005 and as further updated or amended) on a semi-annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places)).

Any notice given pursuant to this Condition 5(c) shall be irrevocable and shall specify the Optional Redemption Date. Upon the expiry of any such notice, the Issuer shall be bound to redeem or, as the case may be, purchase or procure the purchase of (and the Bondholders shall be bound to sell) the Bonds at the applicable Redemption Price on the Optional Redemption Date together with accrued interest as aforesaid unless previously redeemed or purchased. The Trustee shall rely absolutely and without further enquiry on the advice of any financial adviser appointed as provided in this Condition 5(c) and shall not be liable to any person for so doing.

(d) **Redemption at the option of the Bondholders upon a Change of Control**: If while any of the Bonds remains outstanding a Change of Control Event (as defined below) occurs (unless the Issuer has given notice under Condition 5(b) or Condition 5(c)):

(i) the Issuer shall promptly following the occurrence of the Change of Control Event and in any case not later than 10 days thereafter give notice (a "**Change of Control Event Notice**") to the Bondholders in accordance with Condition 15 and the Trustee specifying the nature of the Change of Control Event and the procedure for exercising the option contained in this Condition 5(d); and

(ii) the holder of each Bond will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the Put Date (as defined below) at its principal amount, together with any interest accrued up to (but excluding) the Put Date.

Such option may be exercised by the holder delivering its Bond(s), during business hours of the relevant Paying Agent on any business day falling within the period (the "**Put Period**") of 45 days after a Change of Control Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Notice**"). The Bond should be delivered together with all Coupons appertaining thereto maturing after the Put Date, failing which the Paying Agent will require payment from or on behalf of the Bondholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed by the Paying Agent to the Bondholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 10) at any time after such payment but before the expiry of 10 years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Bond and Change of Control Event Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered.

Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account (in the currency of the Bonds) in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt of the Bond at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 5(d) shall be treated as if they were Bonds. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Bonds on the Put Date at their principal amount, together with any interest accrued up to (but excluding) the Put Date unless previously redeemed or purchased.

If 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed or purchased pursuant to the foregoing provisions of this Condition 5(d), the Issuer may, on not less than 30 days' nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) given within 30 days after the Put Date redeem or, at the option of the Issuer, purchase (or procure the purchase of) all but not some only of the remaining outstanding Bonds at a redemption price equal to the principal amount thereof plus interest accrued to but excluding the date of such redemption or purchase.

For the purpose of this Condition 5(d):

A "**Change of Control Event**" shall occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), or any person(s) acting on behalf of such person(s), other than a Holding Company whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or any direct or indirect Holding Company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in:

(i) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer; or

(ii) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or

(iii) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect Holding Company of the Issuer; or

(iv) shares in the capital of any direct or indirect Holding Company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the direct or indirect Holding Company of the Issuer;

"**Holding Company**" means a holding company within the meaning of Section 1159 of the Companies Act 2006; and

"**Put Date**" means the day which is 10 days after the expiration of the Put Period provided that such day is a day (other than a Saturday or Sunday) on which banks are open generally for business in London, or, if not, the next such day.

The Trustee is under no obligation to ascertain whether a Change of Control Event or any event which could lead to the occurrence of or could constitute a Change of Control Event has occurred, and until it shall have actual knowledge or express notice pursuant to the Trust Deed and this Condition 5 to the contrary, the Trustee may assume that no Change of Control Event or other such event has occurred.

(e) **Notice of redemption**: All Bonds in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(f) **Purchase**: The Issuer and its Subsidiaries may at any time purchase the Bonds in the open market or otherwise at any price (provided that they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11.

(g) **Cancellation**: All Bonds which are (i) redeemed, or (ii) purchased by or on behalf of the Issuer or any Subsidiary of the Issuer and surrendered to the Principal Paying Agent for cancellation pursuant to Condition 5(f) shall forthwith be cancelled together with all unmatured Coupons attached thereto or surrendered therewith, and accordingly all such Bonds shall be forwarded to the Principal Paying Agent and cannot be held, reissued or sold.

6 Payments

(a) **Method of Payment**: Payments of principal and interest will be made against presentation and surrender of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a sterling account maintained by the payee with, a bank in the United Kingdom. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and surrender of the relevant Bond.

(b) **Payments subject to laws**: All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(c) **Surrender of unmatured Coupons**: Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

(d) **Payments on business days**: A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 6 falling after the due date. In this Condition, "**business day**" means a day on which commercial banks and foreign exchange markets are open for business in the relevant city.

(e) **Paying Agents**: The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) a Paying Agent having its specified office in London and/or any other major European city approved by the Trustee and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 2000 and (iv) a Paying Agent in a European Union member state other than the United Kingdom if and when applicable law in the United Kingdom requires a withholding or deduction for or on account of any Taxes (as defined below). Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders in accordance with Condition 15.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (the "**Taxes**") imposed, levied, collected, withheld or assessed by or within the United Kingdom or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and/or the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

(a) **Other connection**: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date**: more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(c) **Payment to individuals**: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) **Payment by another Paying Agent**: by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

"**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Conditions to "**principal**" and/or "**interest**" shall be deemed to include any additional amounts which may be payable under this Condition 7 or any undertaking given in addition to or substitution for it under the Trust Deed.

8 Events of Default

If any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: the Issuer fails to pay any interest on any of the Bonds when due and such failure continues for a period of 14 days; or

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed and, except where such default is, in the opinion of the Trustee, incapable of remedy, such default continues for 30 days after notice thereof shall have been given to the Issuer by the Trustee; or

(c) **Cross-Acceleration**: (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds £10,000,000 or its equivalent; or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 30 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and is not discharged or stayed within 30 days; or

(f) **Insolvency**: the Issuer or any of its Material Subsidiaries is (or could be deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a particular type of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries provided that in each case above the reference to "a particular type" of debt shall not include any debt less than £1,000,000 or its equivalent; or

(g) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except:

(A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Material Subsidiaries; or

(B) in the case of Material Subsidiaries only, for the purpose of a bona fide disposal for full value on an arm's length basis of all or substantially all of the business or operations (including the disposal of shares in a Material Subsidiary) of a Material Subsidiary; or

(h) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed, admissible in evidence in the courts of England is not taken, fulfilled or done; or

(i) **Illegality**: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or

(j) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 8,

In this Condition 8, "**Material Subsidiary**" means, at any time, any Subsidiary of the Issuer:

(a) whose:

(i) aggregate interest, fee and rental income (excluding intra-group items) represent not less than five per cent. of the aggregate interest and dividend income and fee, rental and other operating income of the consolidated financial position of the Group; or

(ii) total assets (excluding intra-group items) represent not less than five per cent. of the Total Assets of the Group,

calculated respectively by reference to the most recent annual audited financial statements (consolidated or, as the case may be, unconsolidated), or, where a Subsidiary is not otherwise required to produce audited financial statements, the latest finalised financial statements, of the relevant Subsidiary of the issuer and the then latest audited Consolidated Financial Statements of the Issuer,

provided that,

(A) in the case of a Subsidiary of the Issuer acquired or disposed of after the end of the financial period to which the then latest audited Consolidated Financial Statements of the Issuer relate, for the purpose of applying each of the foregoing tests, the reference to the Issuer's latest audited Consolidated Financial Statements shall, until Consolidated Financial Statements for the financial period in which the acquisition or disposal is made have been published, be deemed to be a reference to such financial statements as if such Subsidiary had been shown or excluded therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the Issuer; and

(B) in the case of a Subsidiary of the Issuer which permanently transfers the whole or substantially all of its business, undertaking and assets to a third party on arm’s length terms after the end of the financial period to which the then latest audited Consolidated Financial Statements of the Issuer relate, for the purpose of applying each of the foregoing tests, the reference to both the relevant Subsidiary’s and the Issuer's latest audited Consolidated Financial Statements shall, until Consolidated Financial Statements for the financial period in which the transfer is made have been published, be deemed to be a reference to such financial statements as if such transfer had been effected and shown therein by reference to their then latest relevant financial statements, adjusted as deemed appropriate by the Issuer; or

(b) to which is transferred the whole or substantially all of the business, undertaking and assets of another Subsidiary of the Issuer which, immediately prior to such transfer, is a Material Subsidiary, whereupon (A) the transferor Material Subsidiary shall immediately upon such transfer cease to be a Material Subsidiary and (B) the transferee Subsidiary of the Issuer shall immediately upon such transfer become a Material Subsidiary, provided that such transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (b) on the date on which the Consolidated Financial Statements of the Group for the financial period in which such transfer is made are published, but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after such date by virtue of the provisions of subparagraph (a) above.

The Trustee shall be entitled to rely upon a Directors' Certificate stating that a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

9 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10 Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in London subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

11 Meetings of Bondholders, Modification, Waiver and Substitution

(a) **Meetings of Bondholders**: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provision of the Trust Deed or the

Agency Agreement. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at any meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification and Waiver**: The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on all the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable and in accordance with Condition 15.

(c) **Substitution**: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

12 Enforcement

The Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such proceedings, steps or actions unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-fifth in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders or Couponholders on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

14 Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

15 Notices

Notices to Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in the United Kingdom. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition 15.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law

The Trust Deed, the Bonds and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Trust Deed and the Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Prospectus. The following is a summary of certain parts of those provisions.

1 Exchange

The Global Bond is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Bonds described below if the Global Bond is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Global Bond may surrender the Global Bond to or to the order of the Principal Paying Agent. In exchange for the Global Bond, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

"Exchange Date" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for general business in the city in which the specified office of the Principal Paying Agent is located and in the place where the relevant clearing system is located.

2 Payments

Payments of principal and interest in respect of Bonds represented by the Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Bond, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bonds. Condition 6(e)(iii) and Condition 7(d) will apply to the Definitive Bonds (if any) only. For the purpose of any payments made in respect of the Global Bond, Condition 6(d) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open in the financial centre of the currency of the Bonds.

3 Accountholders

For so long as all of the Bonds are represented by the Global Bond and the Global Bond is held on behalf of each person (other than such clearing system) who is for the time being shown in the records of the clearing system as the holder of a particular principal amount of such Bonds (each an "**Accountholder**") (in which regard any certificate or other document issued by the clearing system as to the principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal and interest on such principal amount of such Bonds, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the Global Bond in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant clearing system as the case may be, for its share of each payment made to the bearer of the Global Bond.

4 Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by Condition 15. Any such notice shall be deemed to have been given to the Bondholders on the second day after the day on which such notice is delivered to the relevant clearing system.

5 Prescription

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

6 Put Option

The Bondholders' put option in Condition 5(d) may be exercised by the holder of the Global Bond, giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Bond for endorsement of exercise within the time limits specified in Condition 5(d).

7 Meetings

The holder of the Global Bond shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each £100 in principal amount of Bonds at any meeting of the Bondholders.

8 Purchase and Cancellation

Cancellation of any Bond at the option of the Issuer following its purchase will be effected by reduction in the principal amount of the Global Bond.

9 Trustee's Powers

In considering the interests of Bondholders while the Global Bond is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond and may consider such interests as if such accountholders were the holder of the Global Bond.

CLEARING AND SETTLEMENT

Following their delivery into a clearing system, interests in Bonds may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Bonds. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

Investors should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the "**CREST Nominee**") in the Underlying Bonds. Pursuant to the CREST Manual (as defined below), Bonds held in global form by the Common Depositary may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Bonds will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Bond, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Bonds on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Bonds and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Bonds by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Bonds to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Bonds and will not require a separate listing on the London Stock Exchange.

Prospective subscribers for Bonds represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Bonds which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

(a) CDI Holders will not be the legal owners of the Underlying Bonds. The CDIs are separate legal instruments from the Underlying Bonds to which they relate and represent an indirect interest in such Underlying Bonds.

(b) The Underlying Bonds themselves (as distinct from the CDIs representing indirect interests in such Underlying Bonds) will be held in an account with a custodian. The custodian will hold the Underlying Bonds through a clearing system. Rights in the Underlying Bonds will be held through custodial and depositary links through the appropriate clearing systems. The legal title to the Underlying Bonds or to interests in the Underlying Bonds will depend on the rules of the clearing system in or through which the Underlying Bonds are held.

(c) Rights under the Underlying Bonds cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Bonds will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Bonds are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Bonds. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

(d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules (the "**CREST Rules**") (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.

(e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.

(f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0)207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI. The contents of the CREST website shall not form part of this Prospectus.

(g) Potential investors should note that CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDI's through the CREST International Settlement Links Service.

(h) Potential investors should note that none of the Issuer, the Joint Lead Managers, the Trustee or any Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

USE OF PROCEEDS

The offer of the Bonds is being made in order to raise funds for general corporate purposes and to diversify the funding base of the Issuer. The net proceeds of the issue of the Bonds, to be determined following completion of the Offer Period and set forth in the Sizing Announcement, will be used for the general corporate purposes of the Group.

The estimated total expenses incurred in connection with the transaction will be determined following completion of the Offer Period. However, at the date of this Prospectus the estimated total expenses to be incurred in connection with the offer and issue of Bonds is £473,000. This figure is calculated on the basis of the following estimates: (i) £15,000 of regulatory fees (including those related to listing and admission to trading) and (ii) £458,000 of other expenses.

DESCRIPTION OF THE ISSUER

Overview of the Issuer and its business

The UNITE Group plc is the UK's leading developer and manager of student accommodation, with approximately 42,000 beds in over 130 centrally located properties in 23 strong university cities across the UK.

Since its establishment in 1991, the Issuer has grown through a combination of organic growth, acquisitions and joint ventures. In 1999, the Issuer's ordinary shares were admitted to trading on the AIM Market of the London Stock Exchange, and moved to the main market of the London Stock Exchange the following year. The Issuer is now a member of the FTSE-250 index of companies, with a market capitalisation of approximately £425 million as at 20 November 2012 (being the latest practicable date prior to the issue of this document).

The Issuer's initial period of rapid growth was followed by a period of financial and operational consolidation during which a number of joint ventures were created allowing the Issuer to benefit from further capital investment. The Group is now focussed on delivering a more consistent, balanced return profile from recurring earnings, rental growth and development returns, whilst maintaining modest gearing levels. The Issuer’s sole focus is currently on the UK student accommodation market.

The Issuer generates income from the management and operation of properties (which are either owned by the Issuer or through co-investment vehicles in which it has a substantial minority interest). The Issuer also benefits from development returns and capital growth through its property portfolio.

The strong locations of the properties managed by the Issuer, together with a long period of growth in demand for university places and shortage of high quality accommodation, has driven high occupancy rates and solid rental growth over the long term and supported valuations of the Issuer's properties.

The UK student accommodation market

Full-time student numbers

Student numbers within the UK have grown for 20 years and doubled since 1991, driven by factors including government policy, demographics and global mobility. Over 1.65 million students now study full-time in the UK, including approximately 350,000 students from outside the UK, and student demand for places has outstripped availability for the last 10 years.

As anticipated, the tuition fee increases that came into effect in September 2012 resulted in a modest reduction in university applications of 7.7 per cent. However, demand for higher education remains strong and the overall number of applicants for 2012/13 exceeded acceptances by over 200,000.

International students

Education is currently the UK’s fifth largest service export. The strength of UK institutions, with 32 UK universities in the top 200 of The Times Higher Education’s World University Ranking, makes the UK an attractive place for international students to study. The UK is the second most popular destination for overseas students, after the United States of America, attracting approximately 350,000 students in 2011.

Between 2000 and 2009 there was a 76 per cent. increase in the number of international students studying abroad globally. During that time the proportion of international students in the UK increased from 11 per cent. to 13 per cent. Applications from non-EU international students (who make up 31 per cent. of the Issuer's direct let customer base) increased by 11 per cent. for the 2012/13 academic year over the 2011/12 academic year, demonstrating the continued appeal and strong global reputation of UK higher education institutions.

The global trend for studying abroad looks set to continue with the OECD forecasting that international mobility will more than double by 2025. The British Council has also projected substantial continued growth in international student numbers over the coming decade.

Supply and demand imbalance

A supply and demand imbalance persists in the student accommodation sector. In the period since 1991, during which student numbers have doubled, universities have generally been unable to fund the construction of sufficient of their own new student accommodation. This has greatly increased reliance on the private sector to provide their housing. University housing levels remain largely flat, while the private residential sector is facing increasing regulation and high demand from non-students. Access to capital and a strict planning environment are constraining the supply of new corporate purpose built student accommodation and in the broader private residential sector, the shortage of new housing stock and lack of mortgage availability have pushed rents higher over the last few years.

The London student market

London has three important characteristics that distinguish it from the wider UK market:

(a) a large full-time student market of approximately 274,000 students (amounting to more students than in the next five largest student markets combined);

(b) a low accommodation supply ratio, with London's universities only able to supply accommodation to 34 per cent. of first year and international students, compared to a national average of 58 per cent.; and

(c) a large and growing international student population of around 80,000 with high accommodation requirements and expectations.

The Issuer has built a substantial London student accommodation business in recent years, with 45 per cent. of its capital now invested in London and it will continue to focus its new development in the capital. The Group owns or co-owns 7,695 bed spaces in London, with 71 per cent. of the Issuer's London customers coming from outside the UK and 47 per cent. from outside the EU. Such customers are not impacted by fee changes for UK students.

Rent and occupancy outlook

(a) Demand

The Issuer's alignment with stronger universities, together with its over-indexing of non-EU international students who are not subject to the new fee caps (approximately 47 per cent. of the Issuer's nationwide customers come from outside the UK, with 31 per cent. from outside the EU), leaves the board of directors of the Issuer (the **"Board"**) confident about the deliverability of the Issuer's strategy. Demand from school leavers is resilient and international demand is increasing; both of which are key customer groups for the Issuer.

(b) Supply

The planning regime remains challenging and capital constraints are also limiting new supply. Development activity in the sector is focused on London, and provincial development can be constrained by limited availability of finance.

The Board estimates that approximately 15,000 new beds will be completed in London by 2015 (of which 20 per cent. are the Issuer’s developments), although this is still below forecast growth in demand in London over the same period.

The supply and demand imbalance is expected to be greatest at lower price points, where the Issuer is continuing to expand its offer.

(c) Rental growth

The continuing supply and demand imbalance illustrated above is expected to continue to drive high occupancy rates for the Issuer's properties which is supportive of rental growth. The Board believes that prospects are strongest in London and the stronger university cities where the supply and demand imbalance is greatest and there are higher numbers of international students.

Product and service offering

Service offering

The properties within the Issuer's operational portfolio are purpose-built, professionally managed and branded, offering students high-quality accommodation. The Issuer provides an all inclusive product offering, including a high-speed broadband service, 24 hour management presence, a choice of room size, full furnishing, code swipe card entry, CCTV, games rooms, vending machines, bike stores and laundry facilities. Rents are also an inclusive package of utilities and contents insurance cover. The Group maintains a leading web presence in the sector, enabling customers to view, book rooms and manage their accounts on-line, with a scalable platform to permit growth. The Issuer manages the maintenance of the Group's estate according to established operating standards, including those properties that are co-owned or managed by the Issuer on behalf of third parties. As a result, the Issuer’s properties tend to attract students who are from more affluent backgrounds (approximately 47 per cent.), and therefore have more disposable income.

The Issuer has commercial arrangements with universities in respect of approximately 54 per cent. of the rooms managed by the Issuer, with accommodation either leased to the educational institutions which then let individual units to students, or under nominations agreements (lasting up to 25 years) under which the Issuer lets accommodation direct to students, but with an institution typically guaranteeing a minimum rental income at agreed room rates. The remaining 46 per cent. of accommodation is let directly to students. The Group's operational team has a strong track record of ensuring high levels of occupancy of rooms as follows:

Academic Year	Occupancy	Rental Growth
2008/9	99%	9.5%
2009/10	97%	9.7%
2010/11	97%	3.1%
2011/12	99%	3.1%
2012/13	96%	3.0%(1)

(1) Note: estimated.

The Group has experienced a shift in buying patterns in respect of the 2012/3 academic year as a result of the new tuition fee regime. Most major phases of the annual sales cycle occurred later than in previous years and this trend has continued into the post A-level results phase, with both students and universities taking longer to confirm university places than has been the case historically. This disruption is likely to persist in 2013 as universities react to further refinements to Government policy but the Board expects that companies with the ability to adapt their business model and secure demand through strong sales and marketing, and enduring relationships with universities, will be able to maintain similar levels of occupancy to prior academic years.

The Group manages its debt by obtaining parental guarantees, requiring rent to be paid by direct debit termly in advance and/or obtaining security and rent deposits, where possible. As a result, the Group's bad debt is less than 0.5 per cent. of its total rent.

Geographical focus

The Issuer has focused its activity in the major university cities in the UK. London is the dominant market in the Issuer's operating portfolio representing 18 per cent. of beds and 45 per cent. of the value of its portfolio. The top 10 markets in which the Issuer manages beds, outlined below, represent 76 per cent. of the total managed portfolio. Each of the markets in the top 10 has at least two major universities and there are 12 Russell Group universities located in those cities.

Rank	**City**	**Managed Beds (12/13)**	**Share of Full Time Students**
1	London	7,695	2.8%
2	Sheffield	3,701	7.7%
3	Liverpool	3,349	9.3%
4	Leeds	3,113	6.1%
5	Bristol	2,861	7.6%
6	Manchester	2,331	3.7%
7	Glasgow	2,133	4.2%
8	Aberdeen	1,822	8.2%
9	Birmingham	1,822	3.3%
10	Leicester	1,678	5.9%

Strategy

Background

Having pioneered the private student accommodation sector in 1991, the Group used its first mover advantage to secure high quality sites and expand rapidly across the UK, growing from approximately 800 beds when the Group was quoted on AIM in 1999 to 31,000 rooms by 2006.

From 2006 to 2009, the Group underwent a period of operational and financial consolidation, during which it standardised its brand and operational platforms and established its co-investment model with the launch of the UNITE UK Student Accommodation Fund ("**USAF**").

The Issuer now operates approximately 42,000 rooms in 23 cities and is the market leader for private student accommodation, operating double the number of beds of its nearest competitor.

In recent years, the Issuer has remodelled its business and pursued a more focused strategy. The Issuer's strategy is to continue to grow recurring profit and cash flow through a combination of rental growth and cost efficiencies; increasing the Group's portfolio quality and weighting towards London through selective development and targeted disposals; and improving the Group's capital structure by diversifying its sources of capital and controlling leverage.

As a result, the Board believes that the Issuer is well placed to deliver a healthy, balanced return profile over the coming years.

Operations

Since 2010, the Group has adopted a strategy of growing significantly the recurring profits from its investment and management activities. The Issuer aims to achieve this through:

(a) Rental growth: The Issuer has a track record of consistent rental increases, driven by the supply and demand imbalance in respect of student accommodation in its chosen markets. As referred to above, the supply and demand imbalance driving this growth is expected to continue, giving potential for further rental increases.

(b) New openings: In 2012, the Group opened 1,825 new beds (74 per cent. in London) on time and to budget, which are now occupied for the 2012/13 academic year. The Issuer also has projects underway for another 1,514 beds in London to be opened for the 2014/15 academic year.

(c) Operating efficiencies: The Issuer has been carrying out a programme of driving operating efficiencies including the reduction of utilities costs, improved debt management and overheads savings. At the same time, service quality has been enhanced, with the Issuer achieving its highest ever customer satisfaction score in the survey it carried out in the first half of 2012.

In its interim results for the six months ended 30 June 2012, the Issuer reported that recurring profits from operations (net portfolio contribution) had doubled as compared to the previous equivalent period (six months to 30 June 2012: £14.4m, six months to June 2011: £7.2m), and increased significantly over the loss of £5.4 million made in the year ended 31 December 2008, demonstrating the success of this strategy to date. Currently, 98 per cent. by value of the Group's portfolio is income producing.

Investment

The Issuer aims to deliver consistent year on year growth in the value of its investment portfolio, primarily through increasing like-for-like net operating income from its portfolio. For the past few years, annual growth has been in the range of three to four per cent. per annum and the Group is seeking to maintain growth at around that level in the medium-term. The gross asset value of the Group's portfolio has increased from £796 million as at 31 December 2008 to £1,269 million as at 30 June 2012. This is supported by an active market in purpose built student accommodation, with reported transactions in excess of £800 million in the six months to 30 June 2012.

The Issuer aims to deliver capital growth through:

(a) London focus: As referred to above, in recent years the Issuer has increased the weighting of its portfolio towards London through selective development and targeted disposals. The Issuer currently has 45 per cent. of its capital invested in London and expects this to grow to over 50 per cent. by 2014.

(b) Quality portfolio and strong university alignment: The Issuer is focussing on maintaining and improving the quality and location of its properties through refurbishment and regular disposal of non-core assets, as well as targeting development activity in cities with stronger universities.

(c) Brand platform: The Group has improved its branded operating platform and focused on improving its customer service, and will continue to do so. The Group measures customer satisfaction bi-annually and recorded its highest score in 2012.

The Group has consistently outperformed the wider student accommodation sector and the Board believes that it remains well positioned to continue doing so as a result of its London focus, the high quality of its portfolio locations and university relationships, on-going opportunities for proactive asset management in the portfolio and its well-established brand platform.

Development

As referred to above, the Group opened 1,825 new beds on time and to budget, ready for the 2012/13 academic year. Of these, over three quarters are in London. The Issuer also has projects underway for another 1,514 beds to be opened for the 2014/15 academic year, all of which will be in London. All funding, planning consents and contractors are in place for these developments. After 2014, it is intended that between 1,000 and 1,500 beds in London will be developed each year in the LSAV joint venture.

In carrying out development work, the Issuer focuses on:

(a) Product mix, price point and location: The Group carefully selects a mix of product and price point appropriate for the locations of its properties.

(b) Yield on cost: The Issuer targets a 9 per cent. yield on cost for its development activities (and a 30 per cent. profit on cost). The 9 per cent. yield on cost target enhances the recurring earnings of the Group.

(c) Self-funding: The Issuer's strategy is that its development activities should be self-funding, through earnings and disposals rather than increasing the Group's gearing from its current level of 54 per cent. The Issuer's target is that less than 15 per cent. of its equity should, in future, be invested in development activities (currently less than 10 per cent. of the Group’s capital is invested in development).

Capital structure

Cash flows

The Issuer has achieved rental increases every year since it was admitted to trading on AIM and a consistently high occupancy rate, resulting in resilient and stable cashflows. This stability of cashflow has also flowed through to property valuations that are more consistent than the wider commercial real estate sector. In the period between mid 2007 and the end of 2009, the Issuer’s valuations fell by only 13 per cent. compared with the IPD real estate index that showed falls for that period of 44 per cent.

The Issuer’s current policy is to pay 25-50 per cent. of its net portfolio contribution as dividends and the Group intends to maintain this policy, which will allow cash to be retained within the Group.

Bank debt

As at 30 June 2012, the Group's net debt was £501 million, representing a loan-to-value ratio of 54 per cent. (down from 63 per cent. as at 31 December 2008). The Group is targeting a loan-to-value ratio of approximately 50 per cent. by the end of 2012.

The Group’s debt is provided by a number of different facilities with different lenders, typically secured against specific assets in the Group's property portfolio.

The Issuer's focus is on controlling gearing levels and extending debt maturities. The Group has a strong track record of managing its debt financing, having recently entered into a new £121 million 10 year facility with Legal & General, extending the maturity profile of the Issuer's debt from three to four years, helping to reduce the average cost of debt from 5.7 per cent. to 5.5 per cent. and diversifying the Group's sources of finance. In addition, a further £169 million of bank facilities were extended or arranged during the six months to 30 June 2012.

As at 30 June 2012, the Group had £150 million of undrawn committed facilities, sufficient to refinance all of its 2012 and 2013 debt maturities following the completion of the planned disposal programme. The Issuer is also continuing to make good progress with lenders to extend maturities for non-recourse facilities in USAF and other joint ventures that mature in 2013 and 2014.

The Issuer's banking facilities include loan to value and interest cover covenants that are measured at individual portfolio level. To date the Issuer has not breached these banking covenants and, as at 30 June 2012, the Group had significant headroom against both measures with sufficient headroom for property values to fall by over 20 per cent. and rents to fall by over 30 per cent. without breaching existing covenants.

Interest rate hedging

The Group's policy is to hedge a significant proportion of its exposure to interest rate movements and, as at 30 June 2012, 72 per cent. of investment debt was hedged, giving the Issuer security over the costs of its debt.

Co-investment vehicles

A number of the properties operated by the Issuer are owned by co-investment vehicles managed by the Group and in which the Group holds a significant minority equity interest.

These co-investment vehicles have separate senior debt facilities that are secured on the properties in those vehicles.

Co-investment vehicles

Of the 130 properties that the Group operates, 38 are owned by the Group, 13 are owned outright by third parties and 79 are owned by vehicles in which the Group has an equity interest, such as USAF.

UNITE UK Student Accommodation Fund

USAF is an open-ended non-listed real estate fund that focuses on acquiring and operating high quality student accommodation in the UK.

USAF is the largest specialist student accommodation fund. It currently holds a portfolio of 63 properties valued at over £1.2 billion (as at 30 June 2012) that are located in 20 markets across the UK providing over 21,000 bed spaces.

Established in December 2006, USAF initially raised equity capital totalling £370 million from UK and European institutional property investors. It was initially seeded with a £515 million portfolio comprising 31 properties acquired from the Issuer. USAF completed its most recent capital raising exercise in December 2009, raising £167 million of equity.

USAF has now grown to having over 100 investors. The Issuer is a major investor with a current co-investment stake of 16.3 per cent. The Issuer also acts as manager of USAF and operates its properties.

UNITE Capital Cities and London Student Accommodation joint venture

UNITE Capital Cities (**"UCC"**) is a joint venture with GIC Real Estate, the real estate investment arm of the Government of Singapore Investment Corporation (**"GIC"**). Established in 2005 to develop new properties, UCC currently holds a portfolio of 15 properties located in London and Edinburgh valued at over £385 million.

As announced on 14 September 2012, UCC, which had an original maturity date of March 2013, will be extended to a new maturity date of September 2022. In conjunction with the extension, the Issuer will be undertaking a portfolio repositioning and refinancing exercise for UCC in the coming years through the sale of approximately £100 million of UCC's existing assets (equivalent to approximately 25 per cent. of its total portfolio at 31 December 2011), in order to target UCC's remaining holdings on its highest quality London locations. The majority of the proceeds will be applied to de-leveraging the joint venture.

In addition, on 14 September 2012, the London Student Accommodation Joint Venture (**"LSAV"**) with GIC was announced. This 50:50 owned joint venture will seek to invest £330 million in development activity in

London over the coming years. It will be the primary vehicle through which the Issuer will undertake development activity in London and will have a right of first refusal over the Issuer's London development projects until such time as its capital investment targets are met.

The Issuer has a 30 per cent. holding in UCC, with GIC holding the remaining 70 per cent. As announced on 14 September 2012, the Issuer has recently agreed an option with GIC to increase its holding in UCC from 30 to 50 per cent. by 31 December 2016.

If the Issuer's stake in UCC reaches 50 per cent. by 31 December 2016, UCC will merge with LSAV.

Oasis Capital Bank joint venture

The joint venture between the Issuer and Oasis Capital Bank (**"OCB"**) was established in 2009 to develop three student accommodation properties in London that are now complete with a value of £190 million (as at 30 June 2012). OCB holds a 75 per cent. stake in the joint venture, with the Issuer holding the remaining 25 per cent.

Asset disposals

The Issuer has recently been undertaking a programme of disposals of non-core assets in order to reduce its gearing and re-position its portfolio into its strongest markets. In the first half of 2012 alone, the Issuer has exchanged contracts or completed on the disposal of £95 million of non-core assets, of which £48 million was on behalf of co-investment vehicles. The Issuer is on course to achieve asset sales of between £100 million to £150 million by December 2012.

Management of the Issuer

Board of directors of the Issuer

The directors of the Issuer are as follows:

Philip White CBE *(Non-executive Chairman)*

Phil was appointed Non-Executive Director in January 2009 and became Chairman in May 2009. The majority of Phil's executive career was spent in the public transport sector, during a period of deregulation and privatisation. He was Chief Executive of National Express Group plc from 1997 to 2006, leading the business through a period of considerable growth both in the UK and overseas. Phil is currently Non-Executive Chairman of Kier Group plc, Non-Executive Chairman of Lookers plc and a Non-Executive Director of Stagecoach Group plc.

Mark Allan *(Chief Executive)*

Mark was appointed Chief Executive in 2006 having previously served as Chief Financial Officer for three years. He joined the Group in 1999 and held a variety of roles in the business. Prior to that he worked at KPMG where he qualified as a Chartered Accountant and spent five years specialising in corporate finance. Mark is also a fellow of the Royal Institute of Chartered Surveyors.

Joe Lister *(Chief Financial Officer)*

Joe joined the Issuer in 2002. He was appointed as Chief Financial Officer in January 2008 having held a variety of roles within the Issuer prior to that, including Investment Director. Joe is responsible for the Group's finances and investment strategy. Prior to joining the Issuer, Joe qualified as a chartered accountant with PricewaterhouseCoopers.

Richard Simpson *(Managing Director of Property)*

Richard Simpson is Managing Director of Property for the Issuer. His role includes determining the strategic direction of the Group's nationwide property portfolio, and the acquisition and development of new property. Richard joined the Issuer in 2005 and in 2007 was appointed to the role of Property Director for the London Business. He took over responsibility for Property Development in 2009, creating and implementing a growth strategy within London and other key UK cities. Prior to his roles in property development, Richard had a six year career in the army.

Richard Smith ***(Managing Director of Operations)***

Richard was appointed as Managing Director of Operations for the Issuer in 2011. His role involves leading on the customer service provided to our 40,000 customers, and managing the maintenance and facilities management across the Group's property portfolio. He joined the Issuer as Deputy Chief Financial Officer in 2010. This role had a broad Finance and Operations remit, including overall responsibility for the Group's London operations. Prior to joining the Issuer Richard spent a total of 18 years in the transport industry; 13 of which were at National Express Group, where he held a range of senior finance, strategy and operations roles in the UK and overseas, including Group Development Director and Chief Financial Officer North America.

Stuart Beevor ***(Non-executive Director, Senior Independent Director and Chairman of the Remuneration Committee)***

Stuart was Managing Director of Grosvenor Fund Management Limited and a member of the Board of Grosvenor Group Limited, the international property group until 2011, which he joined in 2002. Prior to this, Stuart was Managing Director at Legal and General Property Limited, having previously held a number of roles dealing with development, investment, property management and unitised funds at Norwich Union.

Professor Sir Timothy Wilson ***(Non-executive Director and Chairman of the Nominations Committee)***

Tim was Vice-Chancellor of the University of Hertfordshire until 2010, preceded by an academic career with Leeds Metropolitan, Cranfield and De Montfort Universities. As well as serving on the Board of the Higher Education Funding Council for England (HEFCE), Tim was a Board member of East of England Development Agency for six years and Deputy Chair of the CBI Innovation, Science and Technology Committee. He has just published the Wilson Review, a government-commissioned review of UK University-industry collaboration.

Manjit Wolstenholme ***(Non-executive Director and Chair of Audit Committee)***

Manjit qualified as a Chartered Accountant with Coopers & Lybrand and her background includes roles as Director and Co-Head of Investment Banking at Dresdner Kleinwort Wasserstein, and Partner at Gleacher Shacklock. She is Chair of Albany Investment Trust and Senior Independent Director and Chair of the Remuneration Committee of Future plc. She is a Non-Executive Director and Chair of Audit Committee for Provident Financial, as well as Governor of Manchester Academic Health Science Centre.

Richard Walker ***(Non-executive Director and Chairman of the Health and Safety Committee)***

Richard was Senior Director at TalkTalk, responsible for the customer experience change programme. Prior to this, he was Chief Operating Officer of Carphone Warehouse UK, with responsibility for 750 stores, websites, direct sales and insurance services. Richard was previously Managing Director of Carphone Warehouse's European retail business and UK Sales Director. He holds a law degree from Nottingham University and trained as an Accountant with Coopers & Lybrand.

Addresses

The business address of each of the directors is The Core, 40 St Thomas Street, Bristol BS1 6JX.

Outside interests

The principal outside activities of the directors of the Issuer are as follows:

Name	Position	Principal Outside Interests
Philip White CBE	Non-executive Chairman	Chairman - Kier Group plc Chairman - Lookers plc Non-executive Director - Stagecoach Group plc
Mark Allan	Chief Executive	None
Joe Lister	Chief Financial Officer	None
Richard Simpson	Managing Director of Property	None
Richard Smith	Managing Director of Operations	None
Manjit Wolstenholme	Non-executive Director	Chair - Albany Investment Trust Non-executive Director - Future plc Non-executive Director – Provident Financial plc
Stuart Beevor	Non-executive Director	Greenwich Hospital Advisory Board member Consultant to a number of real estate investment committees
Richard Walker	Non-executive Director	None
Professor Sir Timothy Wilson	Non-executive Director	Non-executive Board member - College of Law Chair - Higher Education Better Regulation Group

Conflicts of interest

In respect of any director there are no actual or potential conflicts of interests between any duties they have to the Issuer and the private interests and/or other duties they may also have.

Board practices

Audit committee

(a) Composition

The Committee is comprised entirely of Non-Executive Directors. The current members are:

- Manjit Wolstenholme (Chair)
- Stuart Beevor
- Richard Walker

- Sir Timothy Wilson

At the invitation of the Chairman of the Committee, the Chairman, the Group Chief Financial Officer, the external auditors (KPMG) and representatives of senior management regularly attend Committee meetings. Committee members have the opportunity to meet privately with the external auditors as required.

(b) Role

The role of the Committee is to:

- review the actions and judgements of management in relation to the Group's financial statements, operating and financial reviews, preliminary announcements, interim reports and related formal statements;
- review the effectiveness of the Group's systems for internal financial control, financial reporting and risk management;
- review the Issuer's procedures for 'whistle blowing', ensuring that arrangements are in place by which staff may, in confidence, raise concerns about, amongst other things, improprieties in matters of financial reporting and financial control;
- consider annually whether there is a need for an internal audit function; and
- consider and make recommendations on the appointment, removal and remuneration of the external auditor.

Corporate governance

The Issuer is committed to the principles of corporate governance contained in the UK Corporate Governance Code and aims to comply with established best practice, whenever possible and where it is in the Issuer's best interests. As at the date of this document, the Issuer is in compliance with the provisions of the UK Corporate Governance Code.

Substantial shareholders

As at 20 November 2012 (being the latest practicable date prior to the issue of this document) the Issuer had received notifications from the following companies and institutions of the voting interests of themselves and their clients in three per cent. or more of the issued ordinary share capital of the Issuer:

Shareholder	Percentage of share capital
FMR LLL	9.74
Old Mutual Asset Managers (UK) Limited	5.34
Fortis Investment Management SA	5.18
APG European Pensionen Groep NV	5.17
J P Morgan Asset Management Holdings Inc.	4.92
Morgan Stanley Investment Management Limited	4.80
Perennial Investment Partners (Australia) Limited	4.75
Royal London Asset Management Limited	4.25
Legal & General Group plc	3.95
FIL Limited	3.66
Orange European Property Fund N.V.	3.62
Allianz SE	3.22

The Issuer is not aware of any person who, as at 20 November 2012 (being the latest practicable date prior to the publication of this document), directly or indirectly, jointly or severally, exercises or could exercise control over the Issuer, nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.

Share capital

As at 20 November 2012 (being the latest practicable date prior to the issue of this document), the issued and fully paid share capital of the Issuer was as follows:

Class of share	***Issued and fully paid***	
	Number	Nominal value
Ordinary shares of 25 pence each	160,455,544	£40,113,886

Group structure and objects

The Issuer was incorporated and registered in England and Wales on 15 May 1996 as a private limited company under the name Tracklynx Limited and with number 3199160. The Issuer was re-registered as a public limited company on 24 June 1998 with the name The LDC Group plc and on 17 February 1999 it changed its name to its current name. The principal legislation under which the Issuer operates is the Companies Act 2006.

The Issuer is domiciled in the UK with its registered office at The Core, 40 St Thomas Street, Bristol BS1 6JX. The telephone number of the Issuer's registered office is +44 (0)117 302 7000.

At a general meeting of the Issuer held on 18 May 2010, the Issuer resolved to amend its articles of association by deleting all the provisions of the Issuer's memorandum of association (including the objects) which, by virtue of the Companies Act 2006, were treated as provisions of the articles of association. Accordingly, the objects of the Issuer are unrestricted.

Subsidiary undertakings

The Issuer is the holding company of a group of companies, which hold the group's property assets. In addition, the Issuer directly or indirectly holds interests in various co-investment vehicles, as summarised above.

The table below shows the significant subsidiaries of the Issuer (being those that the Issuer considers are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses) as at the date of this Prospectus:

	Country of incorporation	Class of shares held	Ownership interest
LDC (Holdings) plc	England and Wales	Ordinary	100%
UNITE Holdings plc	England and Wales	Ordinary	100%
UNITE Integrated Solutions plc	England and Wales	Ordinary	100%
UNITE Modular Solutions Ltd	England and Wales	Ordinary	100%
USAF LP Ltd	England and Wales	Ordinary	100%
USAF Jersey Investments Ltd	Jersey	Ordinary	100%
UNITE (Capital Cities) Jersey Ltd	Jersey	Ordinary	100%
LDC (Imperial Wharf) Ltd	England and Wales	Ordinary	100%
UNITE Finance One (Property) Ltd	England and Wales	Ordinary	100%
USAF Feeder (Guernsey) Ltd	Guernsey	Ordinary	51%
OCB UNITE Property Holdings (Jersey) Ltd	Jersey	Ordinary	25%

Material contracts

Agreements relating to the UNITE UK Student Accommodation Fund

(a) *Trust Instrument*

USAF was established on 1 August 2006 as a Jersey unit trust by means of a trust instrument entered into between Mourant & Co. Trustees Limited (as the Trustee) and USAF Jersey Manager Limited (as the Trust Manager) as amended and restated on 3 April 2008.

The objects of USAF are to acquire and manage a diversified portfolio of institutional quality UK direct-let student accommodation properties. Portfolios of properties to be acquired by USAF must be at least 85 per cent, let on a weighted average basis and must have a weighted average year one net operating income yield of at least 5.5 per cent., based on market value unless waived by the advisory committee.

The Trust Instrument sets out the rights and obligations attaching to units in USAF. In particular, a unitholder may transfer its units.

Unitholders are entitled to request that their units be redeemed with effect from 30 June or 31 December in any year. Subject to availability of funds, such units shall be redeemed at 98 per cent., of the trust net asset value per unit, as adjusted for any subsequent issues or redemptions of units. Where there are insufficient funds available to redeem units in respect of which redemption requests have been made, the Trust Manager will endeavour to accommodate such requests through seeking purchasers for such units; increasing leverage (subject to the leverage restrictions of USAF); raising additional equity in USAF; and/or, where necessary, selling properties, subject to certain conditions. Where a property is to be sold to satisfy redemptions, it shall first be offered to the Issuer and, subject to the consent of USAF's advisory committee, shall be sold, if the Issuer elects, to the Issuer at its market value plus the notional SDLT (if any).

The Issuer shall be entitled to redeem its units on the same terms as other unitholders subject to maintaining a minimum combined ownership interest in USAF based on the following marginal ownership percentages: (a) 20 per cent. up to an aggregate net asset value of £300 million; (b) 10 per cent. for that part of aggregate net asset value from £300 million to £500 million; and (c) five per cent. for that part of aggregate net asset value greater than £500 million, provided that the Issuer must maintain an absolute minimum holding of 10 per cent. of the aggregate net asset value.

The Trustee may, at the direction of the Trust Manager, arrange borrowing on behalf of USAF, provided that borrowing may not exceed 60 per cent. of the aggregate market value of all properties owned (or the proportionate interest owned) by USAF, without the consent of USAF's advisory committee.

(b) *Property and Asset Management Agreement*

Pursuant to the terms of the Property and Asset Management Agreement dated 7 November 2006 between, inter alia, the Trustee, the Trust Manager, USAF Management Limited and UNITE Integrated Solutions plc (as the "**Property Manager**"), the Property Manager provides investment advice to the Trust Manager, as well as property and asset management services. The Property Manager's appointment may be terminated in accordance with the provisions of the Trust Instrument.

The Property Manager shall be entitled to the following fees in respect of the provision of its services: (a) an asset management fee equivalent to 0.60 per cent. per annum of the proportion of the market value of the properties owned by USAF and attributable to third party investors; (b) a cash management fee equal to 0.1 per cent. per annum of the average daily cash balance (excluding certain amounts) held by USAF; and (c) an acquisition fee of one per cent., of the acquisition price of any asset acquired by USAF from third parties other than the Issuer.

USAF will meet all the direct costs associated with the operation of properties held by USAF.

(c) *Acquisition and Development Pipeline Agreement*

Development Assets

Under the terms of the Acquisition and Development Pipeline Agreement dated 7 November 2006 (as amended by a deed of variation dated 3 April 2008) and between the Issuer, USAF and the Trust Manager, USAF agrees to purchase all UK direct-let student accommodation properties that have been developed and are owned by the Issuer or its associates (**"Development Assets"**), subject to such

Development Assets, individually or as a portfolio, satisfying USAF's investment and operating criteria and subject to USAF having sufficient funds. This does not apply to certain excluded properties.

The Issuer is obliged to notify the Trust Manager once the relevant Development Asset(s) meet(s) the investment and operating criteria. Subject to the satisfaction of certain conditions, including that USAF has sufficient funds in accordance with the Trust Instrument to complete the acquisition USAF will acquire the relevant Development Asset(s). The purchase price of the relevant Development Asset(s) will be its/their market value.

The Issuer may retain or dispose of a Development Asset to a third party if such Development Asset fails to meet the investment and operating criteria within 24 months of reaching practical completion. The obligation on the Issuer to sell Development Assets to USAF ceases when the Trust Manager determines that USAF no longer has sufficient funds available from the undrawn amounts committed by investors prior to completion of the proposed transaction, to meet the anticipated purchase price.

Acquisition Assets

The Issuer agrees to notify USAF of existing UK direct-let student accommodation properties that the Issuer has identified for potential acquisition by USAF from third parties (**"Acquisition Assets"**) and which meet the investment and operating criteria as soon as reasonably practicable. Subject to the foregoing and USAF having sufficient funds, USAF is obliged to acquire the Acquisition Asset once terms are agreed with the third party. If the Acquisition Asset does not meet the investment and operating criteria, and USAF has sufficient funds in accordance with the Trust Instrument, the approval for the acquisition by the advisory committee is required prior to USAF acquiring the Acquisition Asset, in the absence of such consent such Acquisition Asset may be acquired by the Issuer.

The Acquisition and Development Pipeline Agreement terminates on the earlier of the termination of USAF and the Property Manager ceasing to be an associate of the Issuer.

OCB Development joint venture

A joint venture was entered into in the form of a shareholders' agreement between (1) UNITE (Capital Cities) Jersey Limited (**"UCCJ"**), (2) OCB Education Solutions Ltd (**"OCBES"**) and (3) OCB UNITE Property Holdings Jersey) Limited (**"JVCo"**) on 11 August 2009 (the **"Joint Venture Agreement"**) whereby the principal joint venture entity is a newly incorporated Jersey resident private limited company, JVCo. Shares in JVCo are held by UCCJ and OCBES (the **"Joint Venture Shareholders"**) in the following proportions:

(i) UCCJ: 25 per cent.

(ii) OCBES: 75 per cent.

Under the terms of the Joint Venture Agreement, transfers of the shares in JVCo are not permitted to companies outside of the Group. Material default by a Joint Venture Shareholder results in the non-defaulting Joint Venture Shareholder having the right to acquire the interest of the defaulting shareholder.

Each Joint Venture Shareholder has the right to appoint an equal number of directors to the board of JVCo. Under the terms of the Joint Venture Agreement certain reserved matters must also be approved by OCBES. Where a matter to be considered by the board is a "Conflict Matter", the conflicted directors are precluded from voting.

In the case of a deadlock among the board:

(i) the matter in dispute is referred to the Chief Executive Officers of the Issuer and OCB for resolution; or

(ii) where the dispute is deemed to be a matter relating to the development of a property or to the day to day management of the business, the decision is to be referred to a third party expert.

Certain properties (the **"Properties"**) are held *via* a series of subsidiaries of JVCo. UNITE Integrated Solutions plc (**"UIS"**) is appointed as development and property and asset manager of the Properties. Under the Joint Venture Agreement, either Joint Venture Shareholder may call for a disposal of any or all of the Properties at any time after the third anniversary of the date of the Joint Venture Agreement.

Agreements relating to UCC and LSAV

(a) UNITE Capital Cities joint venture

UNITE Capital Cities is a joint venture with GIC Real Estate, the real estate investment arm of the Government of Singapore Investment Corporation ("**GIC**").

On 13 September 2012, LDC (Imperial Wharf) Limited and UNITE (Capital Cities) Jersey Limited (being wholly owned subsidiaries of the Issuer) entered into an Amended and Restated Unitholders' Agreement in relation to the UNITE Capital Cities Unit Trust ("**UCC**") pursuant to which the unitholders (including Euro Hall Private Limited, a subsidiary of Government of Singapore Investment Corporation (Realty) Pte Limited agreed (among other things) to extend the term of UCC to 13 September 2022, to use reasonable endeavours to equalise the ownership of UCC (such that the Issuer will seek to increase its ownership share from 30 per cent. to 50 per cent.) and to merge UCC with the LSAV Unit Trust.

On the same date, Mourant & Co. Trustees Limited (as managing trustee of UCC) entered into an Amended Trust Instrument in relation to UCC to include a mechanism by which the Issuer (through its subsidiaries) may equalise its ownership of UCC by a number of means, including the acquisition of units in UCC from GIC, the crystallisation and reinvestment of the Issuer's performance fee in UCC, the disposal of certain assets by UCC and the potential transfer by the Issuer at market value of the property known as Waterloo Road, London to UCC (that transaction being recorded in a Put Option and Asset Contract dated 13 September 2012 and made between LDC (Hampton Street) Limited (as seller), UNITE Capital Cities Limited Partnership (as buyer) and the Issuer (as guarantor of the seller)).

(b) London Student Accommodation Venture

On 13 September 2012, the following material contracts were entered into in connection with the formation of LSAV (a newly formed 50:50 joint venture between the Issuer and GIC):

(1) Trust Instrument constituting LSAV Unit Trust between LSAV (Trustee) Limited (as trustee) and LSAV (Jersey Manager) Limited (a wholly owned subsidiary of the Issuer) (as manager);

(2) Unitholders Agreement in relation to the LSAV Unit Trust made between UNITE (Capital Cities) Jersey Limited ("**UCCJL**", a wholly owned subsidiary of the Issuer) and Euro Hall Private Limited ("**Euro Hall**", a subsidiary of GIC);

(3) Shareholders' Agreement between UCCJL, Euro Fairview Private Limited (a subsidiary of GIC) and LSAV Holdings Limited (being the parent company of the trustee of the LSAV Unit Trust) and relating to LSAV Holdings Limited; and

(4) Limited Partnership Agreement between LSAV (GP) Limited (as general partner) and LSAV (Trustee) Limited (as trustee of LSAV Unit Trust) (as limited partner) constituting LSAV (Property Holdings) LP.

Pursuant to the above contracts each of UCCJL and Euro Hall has made a commitment to invest up to £100,000,000 (principally by way of subscription for units in LSAV Unit Trust) to finance the acquisition, development and management of student accommodation in London by the LSAV joint venture. The joint venture is for an initial term of 10 years. It is jointly controlled by subsidiaries of the Issuer and GIC with certain management functions being delegated to subsidiaries of the Issuer pursuant to the following management agreements (each dated 13 September 2012):

(1) Asset Management Agreement between (among others) LSAV (Property Holdings) LP, UNITE Integrated Solutions plc ("**UIS**") (as manager) and the Issuer. UIS is appointed to provide (among other things) asset management services, investment management services, property management services and administration services to the LSAV venture in return for which UIS receives an annual management fee equal to 0.5 per cent. of the aggregate value of the LSAV properties.

(2) Property Management Agreement between LSAV (GP) Limited, UIS (as manager) and the Issuer. UIS is appointed to provide property management services in respect of the LSAV properties in return for which UIS receives a management fee equal to 6.2 per cent. of the aggregate rental income paid in each quarter in respect of the LSAV properties.

(3) Development Management Agreement between LSAV (GP) Limited, UIS (as manager) and the Issuer. UIS is appointed to provide development management advice and services in respect of the LSAV properties in return for which UIS receives a management fee equal to approximately 4 per cent. of the development costs in respect of each development project undertaken by the LSAV joint venture.

(4) London Development Pipeline Agreement between UIS (as pipeline manager), the Issuer, LSAV (Property Holdings) LP and LSAV (GP) Limited. The agreement sets out the basis upon which the Issuer and UIS are obliged to source and offer development opportunities to the LSAV joint venture. During the period in which the LSAV joint venture has capital available to invest in the development of student accommodation properties, the agreement precludes the Issuer from acquiring, managing or developing student accommodation properties in London without first offering the opportunity to the LSAV joint venture. UIS receives a management fee equal to 1 per cent. of the anticipated development costs in respect of each development project to be undertaken by the LSAV joint venture.

On 13 September 2012, the Issuer (through a number of its wholly owned subsidiaries) entered into the following material contracts to sell, on a forward commitment basis, two of the Issuer's existing London development projects (following practical completion and stabilisation):

(1) Forward Unit Sale Agreement between UCCJL and USAF Jersey Investments Limited ("**USAFJIL**", a wholly owned subsidiary of the Issuer) (as sellers), LSAV (GP) Limited and LSAV Holdings Limited (as buyers), the Issuer (as guarantor of the sellers) and UIS (as developer) for the sale and purchaser of all the units in LDC (Ferry Lane 2) Unit Trust, being the holding vehicle for the property known as North Lodge, Tottenham Hale;

(2) Forward Unit Sale Agreement between UCCJL and USAFJIL (as sellers), LSAV (GP) Limited and LSAV Holdings Limited (as buyers), the Issuer (as guarantor of the sellers) and UIS (as

developer) for the sale and purchaser of all the units in LDC (Stratford) Unit Trust, being the holding vehicle for the property at Stratford City;

(3) Forward Share Sale Agreement between LDC (Ferry Lane 2) Holdings Limited (a wholly owned subsidiary of the Issuer) (as seller), LSAV (GP) Limited (as buyer) and the Issuer (as guarantor of the seller) for the sale and purchase of the entire issued share capital in LDC (Ferry Lane 2) GP1 Limited and LDC (Ferry Lane 2) GP2 Limited to LSAV GP for a nominal consideration of £2.

Bank facilities

The following are the Group's material banking facilities:

(a) Legal and General Pensions Limited - £120.8 million loan facility

On 30 April 2012, a term loan facility was entered into for the purposes of property financing. The borrower is LDC (Portfolio 100) Limited and the lender is Legal and General Pensions Limited. The total commitments under the facility are £120.8 million, and the maturity date of the facility is 30 April 2022.

The interest rate of the facility is fixed at 5.05 per cent. for the duration of the loan.

The facility contains no loan to value (**"LTV"**) covenant, but does have a Loan Service Cover covenant of 150 per cent. The loan will amortise to £109 million, with a 55 per cent. loan to value covenant, by 2022.

Additionally, the facility agreement contains representations, undertakings and events of default typical for loan facilities of this type.

(b) Nationwide Building Society - £100 million loan facility

A facility agreement relating to a sterling revolving loan facility for a maximum of £100 million was entered into on 20 April 2009 between (1) LDC (Portfolio Ten) Limited and (2) Nationwide Building Society (as original lender, arranger, agent and security trustee). The maturity date of the loan facility is 20 April 2014.

The interest rate applicable to loans advanced pursuant to the facility agreement is the aggregate of applicable margin, LIBOR and mandatory costs (if any) for the selected interest period. The margin is determined by the operation of a ratchet mechanism based on a loan to value ratio of the financed properties, subject to a minimum and maximum level.

The facility agreement contains certain financial covenants, which include:

(i) a loan to value covenant requiring the amount of the loans advanced to be no greater than 75 per cent, of the value of the financed properties:

(ii) an interest cover covenant requiring the cashflow attributable to the financed properties to be at least 130 per cent, of the finance costs attributable to the financed properties; and

(iii) an occupancy cover covenant requiring at least 80 per cent, of the rooms in the financed properties to be occupied.

Additionally, the facility agreement contains representations, undertakings and events of default typical for loan facilities of this type.

(c) HSH Nordbank AG and National Australia Bank - £100 million loan facility

On 20 April 2007, a revolving term loan facility of up to £100 million was entered into. The borrowers are: LDC (Hillhead) Limited; LDC (Bartholemew Rd) Limited; LDDC (Kelham Island) Limited; LDC (Ventura) Limited; LDC (Vernon Square) Limited; and LDC (Ferry Lane 2) Limited and the lenders are HSH Nordbank AG and National Australia Bank. The maturity date of the facility is 23 April 2014.

The interest rate applicable to loand advanced pursuant to the facility is the aggregate of applicable agreed maring, LIBOR and mandatory costs (if any) for the relevant interest period.

The facility contains a financial covenant as to interest cover which requires that the net rental income to be received by UNITE Accommodation Management 9 Limited in the twelve months following testing is not less than 105 per cent, of the interest (including any capitalised interest), fees and other amounts payable in respect of the facility in such period.

Additionally, the facility contains representations, undertakings and events of default typical for loan facilities of this type.

(d) BNP Paribas - £100 million loan facility

On 29 November 2010, a term loan facility was entered into for the purposes of property financing. The borrowers are LDC (Curzon Street) Limited; LDC (Hampton Street) Limited; and LDC (Nairn Street) Limited; and the lender is BNP Paribas. The total commitments under the facility are £100 million, and the maturity date of the facility is 30 November 2015.

The interest rate applicable to loans advanced pursuant to the facility is the aggregate of applicable agreed margin, LIBOR and mandatory costs (if any) for the relevant interest period.

The facility contains certain financial covenants including:

(i) LTV covenant of 70 per cent.; and

(ii) interest cover ratio (**"ICR"**) covenant of 130 per cent.

Additionally, the facility contains representations, undertakings and events of default typical for loan facilities of this type.

(e) National Westminster Bank plc - £82 million loan facility

On 28 February 2012, revolving term loan, working capital and overdraft facilities were entered into with National Westminster Bank plc (as lender).

The revolving term loan facility was entered into for the purposes of property financing. The borrowers are LDC (Mansfield) Management Limited Partnership and LDC (Holloway Road 3) Limited. The total commitments under the facility are £82 million, and the maturity date of the facility is 30 September 2015.

The facility includes various financial covenants including:

(i) a tangible net worth covenant of £250m;

(ii) LTV covenant of 65 per cent.; and

(iii) ICR covenant of 150 per cent.

The working capital facility was entered into for the purposes of providing short term working capital. The borrower is the Issuer. The total commitments under the facility are £10 million, and the maturity date of the facility is 28 February 2013.

(f) Barclays Bank plc - £67.4 million loan facility

On 17 September 2010, a term loan facility was entered into. The borrower is LDC (Gt Suffolk St) Limited Partnership acting by its general partners LDC (Gt Suffolk St) GP1 Limited and LDC (Gt Suffolk St) GP2 Limited and the lender is Barclays Bank plc. The total commitments under the facility are £67.4 million , and the maturity date of the facility is 28 September 2015.

The interest rate applicable to loans advanced pursuant to the facility is the aggregate of applicable agreed margin, LIBOR and mandatory costs (if any) for the relevant interest period.

The facility contains certain financial covenants including:

(i) a LTV covenant between 60 and 60 per cent. depending on the ICR covenant; and

(ii) an ICR of between 150 and 175 per cent. depending on the LTV covenant.

Additionally, the facility contains representations, undertakings and events of default typical for loan facilities of this type.

(g) KW UK Loan Partners Limited - £59.4 million loan facility

On 6 May 2002, a term loan facility was entered into. The borrower is UNITE Finance One (Property) Limited and the lender is KW UK Loan Partners Limited. The total commitments under the facility are £59.4 million , and the maturity date of the facility is 7 May 2013.

The interest rate applicable to loans advanced pursuant to the facility is the aggregate of applicable agreed margin, LIBOR and mandatory costs (if any) for the relevant interest period.

The facility contains certain financial covenants including:

(i) a LTV covenant of 75 per cent.; and

(ii) an ICR covenant of 120 per cent.

Additionally, the facility contains representations, undertakings and events of default typical for loan facilities of this type.

(h) HSBC Bank plc - £48.4 million loan facility

In 30 January 2012, a term loan facility was entered into. The borrower is LDC (St Pancras Way) Limited Partnership acting by its general partners LDC (St Pancras Way) GP1 Limited and LDC (St Pancras Way) GP2 Limited and the lender is HSBC Bank plc. The total commitments under the facility are £48.8 million , and the maturity date of the facility is 31 October 2016.

The interest rate applicable to loans advanced pursuant to the facility is the aggregate of applicable agreed margin, LIBOR and mandatory costs (if any) for the relevant interest period.

The facility contains certain financial covenants including:

(i) a LTV covenant of 70 per cent.; and

(ii) an ICR covenant of 130 per cent. until 30 January 2016, then increasing to 150 per cent.

Additionally, the facility contains representations, undertakings and events of default typical for loan facilities of this type.

(i) HSBC Bank plc - £37.7 million loan facility

On 18 January 2012, a term loan facility was entered into. The borrower is LDC (Project 110) Limited and the lender is HSBC Bank plc. The total commitments under the facility are £37.7 million , and the maturity date of the facility is 31 October 2016.

The interest rate applicable to loans advanced pursuant to the facility is the aggregate of applicable agreed margin, LIBOR and mandatory costs (if any) for the relevant interest period.

The facility contains certain financial covenants including:

(i) a LTV covenant of 70 per cent.; and

(ii) an ICR covenant of 130 per cent. until 18 January 2016, then increasing to 150 per cent.

Additionally, the facility contains representations, undertakings and events of default typical for loan facilities of this type.

SELECTED FINANCIAL INFORMATION

Consolidated Income Statement

For the year ended 31 December 2011

	2011 Excluding UMS £m	2011 UMS £m	2011 Total £m	2010 Excluding UMS £m	2010 UMS £m	2010 Total £m
Revenue	**83.5**	**11.4**	**94.9**	**186.2**	**7.2**	**193.4**
Cost of sales	(42.2)	(20.5)	(62.7)	(139.8)	(7.2)	(147.0)
Operating expenses	(27.2)	(11.9)	(39.1)	(23.7)	(4.8)	(28.5)
Results from operating activities	14.1	(21.0)	(6.9)	22.7	(4.8)	17.9
Loss on disposal of property	(0.2)	-	(0.2)	(2.9)	-	(2.9)
Net valuation gains on property	7.7	-	7.7	15.4	-	15.4
Profit before net financing costs	**21.6**	**(21.0)**	**0.6**	**35.2**	**(4.8)**	**30.4**
Loan interest and similar charges	(8.7)	-	(8.7)	(13.8)	-	(13.8)
Mark to market changes in interest rate swaps	(10.6)	-	(10.6)	(18.6)	-	(18.6)
Finance costs	(19.3)	-	(19.3)	(32.4)	-	(32.4)
Finance income	0.8	-	0.8	0.9	-	0.9
Net financing costs	**(18.5)**	**-**	**(18.5)**	**(31.5)**	**-**	**(31.5)**
Share of joint venture profit	22.6	-	22.6	25.3	-	25.3
Profit before tax	**25.7**	**(21.0)**	**4.7**	**29.0**	**(4.8)**	**24.2**
Tax	(0.8)	-	(0.8)	(2.9)	-	(2.9)
Profit before tax	**24.9**	**(21.0)**	**3.9**	**26.1**	**(4.8)**	**21.3**

Profit for the period attributable to

Owners of the parent company	23.1	(21.0)	2.1	24.4	(4.8)	19.6
Minority interest	1.8	-	1.8	1.7	-	1.7
	24.9	(21.0)	3.9	26.1	(4.8)	21.3
Earnings per share						
Basic	14.4p	(13.1p)	1.3p	15.2p	(3.0p)	12.2p
Diluted	14.0p	(13.1p)	1.3p	15.2p	(3.0p)	12.2p

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	2011 £m	2010 £m
Profit for the period	**3.9**	**21.3**
Movements in effective hedges	(2.6)	0.5
Share of joint venture movements in effective hedges	0.1	0.1
Other comprehensive income for the period	(2.5)	0.6
Total comprehensive income for the period	**1.4**	**21.9**
Attributable to		
Owners of the parent company	(0.2)	20.2
Minority interest	1.6	1.7
	1.4	21.9

Consolidated balance sheet

At 31 December 2011

	2011 £m	2010 £m
Assets		
Investment property	396.2	375.7
Property, plant and equipment	2.3	6.9
Investment in joint ventures	173.0	161.6
Joint venture investment loans	14.1	13.2
Intangible assets	4.5	5.8
Total non-current assets	**590.1**	**563.2**
Completed property	198.7	105.1
Properties under development	135.2	113.0
Inventories	8.4	2.7
Trade and other receivables	41.0	44.6
Cash and cash equivalents	16.8	23.8
Total current assets	**400.1**	**289.2**
Total assets	**990.2**	**852.4**
Liabilities		
Borrowings	(29.2)	(0.3)
Interest rate swaps	-	(0.2)
Trade and other payables	(84.4)	(52.8)
Provisions	(6.3)	-
Current tax creditor	(0.4)	(0.5)
Total current liabilities	(120.3)	(53.8)
Borrowings	(421.5)	(357.8)
Interest rates swaps	(39.0)	(37.1)
Provisions	(4.7)	-
Total non-current liabilities	**(465.2)**	**(394.9)**

Total liabilities	**(585.5)**	**(448.7)**
Net assets	**404.7**	**403.7**
Equity		
Issued share capital	40.1	40.1
Share premium	249.0	249.0
Merger reserve	40.2	40.2
Retained earnings	72.8	70.4
Hedging reserve	(14.5)	(12.2)
Equity attributable to the owners of the parent company	**387.6**	**387.5**
Minority interest	17.1	16.2
Total equity	**404.7**	**403.7**

Adjusted Net Assets and NAV per share

	2011			2010		
	Wholly owned £m	Share of JV's £m	Total £m	Wholly owned £m	Share of JV's £m	Total £m
Investment properties	396.2	400.1	796.3	375.7	391.1	766.8
Completed properties (at market value)	220.9	-	220.9	117.4	-	117.4
Rental properties	617.1	400.1	1,017.2	493.1	391.1	884.2
Properties under development (at market value)	189.1	0.2	189.3	137.8	0.2	138.0
Total property portfolio	**806.2**	**400.3**	**1,206.5**	**630.9**	**391.3**	**1,022.2**
Debt on rental properties (net of cash)	(393.7)	(212.1)	(605.8)	(267.9)	(212.5)	(480.4)
Debt on properties under development	(40.3)	-	(40.3)	(66.7)	-	(66.7)
	(434.0)	(212.1)	(646.1)	(334.6)	(212.5)	(547.1)
Other assets/(liabilities)	(39.9)	(6.0)	(45.9)	6.5	(7.1)	(0.6)
Adjusted net assets	**332.3**	**182.2**	**514.5**	**302.8**	**171.7**	**474.5**

Operations Segment result

2011

	UNITE	Share of joint ventures					Group on see through basis
	Total £m	USAF £m	UCC £m	USV £m	OCB £m	Total £m	Total £m
Rental income	63.6	17.8	8.1	3.0	3.1	32.0	95.6
Property operating expenses	(21.7)	(5.0)	(1.2)	(1.0)	(0.5)	(7.7)	(29.4)
Net operating income	**41.9**	**12.8**	**6.9**	**2.0**	**2.6**	**24.3**	**66.2**
Management fees	10.6	-	(0.5)	-	-	(0.5)	10.1
Operating expenses	(21.2)	(0.2)	(0.1)	-	(0.1)	(0.4)	(21.6)
	31.3	12.6	6.3	2.0	2.5	23.4	54.7
Operating lease rentals*	(12.6)	-	-	-	-	-	(12.6)
Net financing costs	(18.8)	(5.3)	(4.0)	(1.3)	(1.7)	(12.3)	(31.1)
Net portfolio contribution	**(0.1)**	**7.3**	**2.3**	**0.7**	**0.8**	**11.1**	**11.0**

2010

	UNITE	Share of joint ventures					Group on see through basis
	Total £m	USAF £m	UCC £m	USV £m	OCB £m	Total £m	Total £m
Rental income	63.5	14.9	7.1	2.7	0.8	25.5	89.0
Property operating expenses	(20.3)	(4.2)	(1.4)	(0.8)	(0.2)	(6.6)	(26.9)
Net operating income	**43.2**	**10.7**	**5.7**	**1.9**	**0.6**	**18.9**	**62.1**
Management fees	8.9	-	(0.5)	-	-	(0.5)	8.4
Operating expenses	(19.2)	(0.1)	(0.2)	-	(0.1)	(0.4)	(19.6)
	32.9	10.6	5.0	1.9	0.5	18.0	50.9
Operating lease rentals*	(12.1)	-	-	-	-	-	(12.1)
Net financing costs	(24.4)	(4.4)	(4.1)	(1.3)	(0.5)	(10.3)	(34.7)
Net portfolio contribution	**(3.6)**	**6.2**	**0.9**	**0.6**	**-**	**7.7**	**4.1**

*Operating lease rentals arise from properties which the Group has sold and is now leasing back. As these properties contribute to the Group's rental income, the Group consider these lease costs to be a form of financing.

Consolidated Income Statement

For the 6 months to 30 June 2012

	Unaudited 6 months to 30 June 2012 Total £m	Unaudited 6 months to 30 June 2011 Total £m
Revenue	**65.7**	**49.0**
Cost of sales	(38.7)	(26.0)
Operating expenses	(12.3)	(14.5)
Results from operating activities	14.7	8.5
Loss on disposal of property	(1.0)	(0.3)
Net valuation gains on property	11.6	6.6
Profit before net financing costs	**25.3**	**14.8**
Loan interest and similar charges	(5.3)	(4.3)
Mark to market changes in interest rate swaps	(3.9)	(5.0)
Finance costs	(9.2)	(9.3)
Finance income	0.5	0.4
Net financing costs	**(8.7)**	**(8.9)**
Share of joint venture profit	16.9	10.4
Profit before tax	**33.5**	**16.3**
Tax	-	-
Profit before tax	**33.5**	**16.3**
Profit for the period attributable to		
Owners of the parent company	32.5	15.3
Minority interest	1.0	1.0
	33.5	16.3
Earnings per share		

Basic	20.2p	9.5p
Diluted	20.2p	9.5p

Consolidated statement of comprehensive income

For the 6 months to 30 June 2012

	Unaudited 6 months to 30 June 2012 Total £m	Unaudited 6 months to 30 June 2011 Total £m
Profit for the period	**33.5**	**16.3**
Movements in effective hedges	0.5	(0.1)
Share of joint venture movements in effective hedges	1.0	0.6
Other comprehensive income for the period	1.5	0.5
Total comprehensive income for the period	35.0	16.8
Attributable to		
Owners of the parent company	34.0	15.8
Minority interest	1.0	1.0
	35.0	16.8

All movements above are shown net of deferred tax.

Consolidated balance sheet

At 30 June 2012

	Unaudited 6 months to 30 June 2012 Total £m	Unaudited 6 months to 30 June 2011 Total £m
Assets		
Investment property	458.5	396.8
Property, plant and equipment	1.9	6.6
Investment in joint ventures	181.5	169.0

Joint venture investment loans	10.7	13.7
Intangible assets	3.7	5.1
Total non-current assets	**656.3**	**591.2**
Completed property	187.4	106.6
Properties under development	171.2	170.1
Inventories	6.8	3.5
Trade and other receivables	39.0	35.7
Cash and cash equivalents	21.1	26.8
Total current assets	**425.5**	**342.7**
Total assets	**1,081.8**	**933.9**
Liabilities		
Borrowings	(95.9)	(0.3)
Interest rate swaps	-	(0.1)
Trade and other payables	(90.0)	(59.3)
Provisions	-	-
Current tax creditor	(1.0)	(0.3)
Total current liabilities	**(186.9)**	**(60.0)**
Borrowings	(425.6)	(417.1)
Interest rates swaps	(31.3)	(36.1)
Provisions	(1.2)	-
Total non-current liabilities	**(458.1)**	**(453.2)**
Total liabilities	**(645.0)**	**(513.2)**
Net assets	**436.8**	**420.7**
Equity		
Issued share capital	40.1	40.1
Share premium	249.0	249.0
Merger reserve	40.2	40.2
Retained earnings	102.8	86.2

Hedging reserve	(13.0)	(11.7)
Equity attributable to the owners of the parent company	**419.1**	**403.8**
Minority interest	17.7	16.9
Total equity	**436.8**	**420.7**

TAXATION

United Kingdom

The following summary of certain United Kingdom tax issues applies only to persons who are the beneficial owners of Bonds. It is based on a summary of the Issuer's understanding of current law and practice in the United Kingdom. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may therefore differ to that set out below or may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary only deals with the matters expressly set out below.

A. Interest on the Bonds

1 Withholding tax on the Bonds

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**"). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds continue to satisfy those requirements, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

Where the Bonds cease to satisfy the requirements to be treated as listed on a recognised stock exchange, interest on the Bonds may be paid without withholding or deduction on account of United Kingdom tax where (i) interest on the Bonds is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the person beneficially entitled to the interest is: (a) a company resident in the United Kingdom; or (b) a company not resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account the interest in computing its United Kingdom taxable profits; or (c) a partnership each member of which is a company referred to in (a) or (b) above or a combination of companies referred to in (a) or (b) above; or (d) falls into certain other limited classes of persons, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that one of the above exemptions is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax, or (ii) the Issuer has received a direction permitting payment without withholding or deduction from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). If interest were paid under deduction of United Kingdom income tax, Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable tax treaty.

2 Provision of information and Savings Directive

Bondholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the payee or beneficial owner of the interest) from any person in the

United Kingdom who either pays or credits interest to or receives interest for the benefit of a Bondholder who is an individual. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual resident in that other Member State or to (or for the benefit of) certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries), subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

3 Further United Kingdom Income Tax Issues

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding, irrespective of the residence of the Bondholder.

However, interest with a United Kingdom source properly received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

B. United Kingdom Corporation Tax Payers

In general, Bondholders which are within the charge to United Kingdom corporation tax (including non-resident bondholders whose Bonds are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Payers

Paragraphs 5 to 8 below do not apply to Bondholders who are subject to United Kingdom corporation tax.

4 Interest

Bondholders who are either individuals or trustees and are resident or ordinarily resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the Bonds.

5 Transfer (including redemption)

The Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

6 Accrued Income Scheme

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

7 Individual Savings Accounts

The Bonds will be qualifying investments for the stocks and shares component of an account (an "**ISA**") under the Individual Savings Account Regulations 1998 (the "**ISA Regulations**") provided that the Bonds continue to be treated as listed on a recognised stock exchange and provided that at the date the Bonds are first held under the account, the Bonds are not required to be re-purchased or redeemed within the period of five years from that date. Bondholders who acquire or hold their Bonds through an ISA and who satisfy the requirements for tax emption in the ISA Regulations will not be subject to United Kingdom tax on interest or other amounts received in respect of the Bonds.

The opportunity to invest in Bonds through an ISA is restricted to individuals. Individuals wishing to purchase the Bonds through an ISA should contact their professional advisers regarding their eligibility.

D. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT is payable on the issue or transfer by delivery of the Bonds or on their redemption.

SUBSCRIPTION AND SALE

Pursuant to a Subscription Agreement expected to be dated on or about 5 December 2012, the Joint Lead Managers are expected to agree with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Bonds on the Issue Date (as defined below) and to deliver the Bonds to the Authorised Offerors and/or Investors who have paid for them. The Issuer will pay to the Joint Lead Managers a management fee of up to 0.75 per cent. of the total principal amount of the Bonds subscribed and paid for and a distribution fee of 0.5 per cent. of such total principal amount. In addition, the Issuer will reimburse the Joint Lead Managers for certain of their expenses in connection with the offer and issue of the Bonds. The distribution fee may be shared between the Joint Lead Managers and the other Authorised Offerors. The Subscription Agreement will entitle the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The issue of Bonds shall not be underwritten by the Joint Lead Managers or any other person.

The Issuer and the Joint Lead Managers have agreed to comply with the selling restrictions set out below.

United States

The Bonds have not been and will not be registered under the Securities Act and the Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of U.S. persons. Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Bonds within the U.S. or to, or for the account or benefit of, U.S. persons.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Joint Lead Managers has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the United Kingdom from the time the Prospectus has been approved by the competent authority in the United Kingdom and published in accordance with the Prospectus Directive as implemented in the United Kingdom until the Issue Date or such later date as the Issuer may permit, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Lead Managers; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an Investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each of the Joint Lead Managers has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Jersey

Each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus, save to the extent that such Joint Lead Manager is authorised, or otherwise permitted, to do so pursuant to the Financial Services (Jersey) Law 1998 and/or the Control of Borrowing (Jersey) Order 1958.

Guernsey

Each of the Joint Lead Managers has represented, warranted and agreed that:

(a) the Bonds cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, and the regulations enacted thereunder, or any exemption therefrom; and

(b) the Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey. The Prospectus may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, or (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000.

Isle of Man

Each of the Joint Lead Managers has represented, warranted and agreed that the Bonds cannot be marketed, offered or sold in, or to persons resident in, the Isle of Man, other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 and the Regulated Activities Order 2011 or any exemption therefrom.

General

Save as described in the section "*Subscription and Sale - Terms and Conditions of the Offer*" below, no action has been taken by the Issuer or either of the Joint Lead Managers that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

Terms and Conditions of the Offer

The Bonds may be offered to the public in accordance with the following terms and conditions. The Bonds are expected to be admitted to trading through the ORB market of the London Stock Exchange on or about 13 December 2012.

(a) Offer Period:

The offer period is expected to open on 21 November 2012 and close at 12 noon (London time) on 5 December 2012 or such earlier time and date as may be agreed between the Issuer and the Joint Lead Managers and announced *via* a Regulatory Information Service (the "**Offer Period**").

Investors will be notified by the relevant Joint Lead Manager or other Authorised Offeror of their allocations of Bonds and the settlement arrangement in respect thereof. Investors may not be allocated any or all of the Bonds for which they apply.

The Bonds will be issued at the issue price (being 100 per cent. of the principal amount of the Bonds) and the aggregate principal amount of the Bonds to be issued will be specified in the Sizing Announcement to be published by the Issuer on a Regulatory Information Service following the end of the Offer Period.

The Issuer consents to the use of this Prospectus in connection with an offer of the Bonds only by the Authorised Offerors and they are only entitled to use this Prospectus during the Offer Period.

(b) Conditions to which the offer is subject:

The issue of the Bonds will be conditional upon the Subscription Agreement being signed by the Issuer and the Joint Lead Managers and will be made further to the terms of the Subscription Agreement. The Subscription Agreement will include certain customary conditions precedent for transactions of this type (including the delivery of legal opinions and auditors comfort letters satisfactory to the Joint Lead Managers and the execution of the Trust Deed) and if these conditions precedent are not satisfied, the Joint Lead Managers may be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Bonds.

(c) Description of the application process:

Investors intending to subscribe for any Bonds should apply through the Joint Lead Managers or other relevant Authorised Offeror in accordance with the procedures established by the Joint Lead Managers or such other Authorised Offeror. The Joint Lead Managers or such Authorised Offeror may reject any subscription in their absolute discretion.

No Bonds will be offered for sale after the end of the Offer Period, expected to be 12 noon (London time) on 5 December 2012.

The Issuer reserves the right (following agreement with the Joint Lead Managers) to end the Offer Period earlier. If so, the Issuer will publish this *via* a Regulatory Information Service.

Pursuant to anti-money laundering laws and regulations in force in the United Kingdom, the Joint Lead Managers and the Authorised Offerors or any of their authorised agents may require evidence in connection with any subscription for the Bonds, including further identification of the Investor, before any Bonds are allocated.

(d) Details of the minimum and/or maximum amount of application:

The minimum subscription per Investor is for a principal amount of £2,000 of the Bonds. There is no maximum amount of application.

(e) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

There will be no refund as Investors will not be required to pay for any Bonds until any application for the Bonds has been accepted and the Bonds allotted.

(f) Details of the method and time limits for paying up and delivering the Bonds:

The Bonds will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by the Joint Lead Managers. Investors will be notified by the Joint Lead Managers or other relevant Authorised Offeror (as applicable) of their allocations of Bonds (if any) and the settlement arrangements in respect thereof.

(g) Manner and date in which results of the offer are to be made public:

The aggregate principal amount of the Bonds to be issued will be determined by the Issuer on the basis of market conditions then prevailing, including supply and demand for the Bonds and other similar securities.

Once determined, the aggregate principal amount of the Bonds to be issued will be announced in the Sizing Announcement; such announcement is currently expected to be made on or around 5 December 2012.

(h) Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised:

Not applicable.

(i) Categories of potential Investors to which the Bonds are offered:

Offers may be made by the Joint Lead Managers and the Authorised Offerors to any person in the United Kingdom, Guernsey, Jersey and the Isle of Man during the Offer Period. Other than pursuant to Article 3(2) of the Prospectus Directive, the Bonds will not be offered to the public in any Member State other than in the United Kingdom. There is no reserve amount of Bonds applicable to any jurisdiction.

(j) Process for notification to Investors of the amount allotted and indication whether dealing may begin before notification is made:

Investors will be notified by the Joint Lead Managers or another relevant Authorised Offeror of their allocations of Bonds (if any) in accordance with the arrangements in place between the Joint Lead Managers or the relevant Authorised Offeror and the prospective Investor.

No steps have been taken to allow dealings in the Bonds prior to notification of the amount allotted.

(k) Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

No expenses or taxes upon issue will be allocated by the Issuer or any Joint Lead Manager to any Investor. Expenses may be charged by other Authorised Offerors; these are beyond the control of the Issuer and are not set by the Issuer. Such amounts may vary depending on the size of the amount subscribed for and the Investor's specific and/or existing arrangements with the relevant Authorised Offeror.

The Issuer estimates that, in connection with the sale of Bonds to an Investor, the expenses charged by the Specified Authorised Offerors will be around 1.75 per cent. of the aggregate principal amount of the Bonds sold to such Investor.

(l) Name(s) and address(es) of the placers in the various countries where the offer takes place:

Barclays Stockbrokers Limited
1 Churchill Place
London E14 5HP

Brewin Dolphin Limited (trading as Stocktrade)
12 Smithfield Street
London EC1A 9BD

Brown Shipley
3 Hardman Street
Manchester M3 3HF

Killik & Co LLP
46 Grosvenor Street
London W1K 3HN

NCL Investments Limited (trading as Smith and Williamson Securities)
25 Moorgate
London EC2R 6AY

Pilling & Co Stockbrokers
Henry Pilling House
Booth Street
Manchester M2 4AF

Redmayne-Bentley LLP
9 Bond Court
Leeds LS1 2JZ

Talos Securities Limited (trading as Selftrade)
Boatman's House
2 Selsdon Way
London E14 9LA

who, at the date of this Prospectus, are Specified Authorised Offerors who have each been appointed by the Issuer and the Joint Lead Managers to offer and distribute the Bonds in the United Kingdom, Guernsey, Jersey and the Isle of Man, in accordance with all prevailing regulatory requirements, during the Offer Period.

The Issuer has also granted consent to the use of this Prospectus in the United Kingdom during the Offer Period on the basis of the conditions described in the third and fourth paragraphs on page (i) of this Prospectus. None of the Issuer or the Joint Lead Managers has authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.

(m) Entities which have a firm commitment to act as intermediaries in secondary market trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:

The Joint Lead Managers will each be appointed as registered market makers through the ORB in respect of the Bonds from the date of admission of the Bonds to trading.

GENERAL INFORMATION

1 Authorisation

The issue of the Bonds was duly authorised by a resolution of the Board dated 13 November 2012 and by a committee of the Board dated 21 November 2012.

2 Listing and admission to trading

Application will be made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the London Stock Exchange's Regulated Market and through the ORB. Admission of the Bonds to trading and admission to listing on the Official List are both expected to occur on 13 December 2012.

The amount of expenses related to the admission to trading of the Bonds will be specified in the Sizing Announcement.

3 No material adverse or significant change

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2011 and there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2012.

4 Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

5 Auditors

The auditors of the Issuer and each of its subsidiaries are KPMG Audit plc, who has audited the Issuer's consolidated accounts, without qualification, in accordance with International Financial Reporting Standards for each of the two financial years ended on 31 December 2010 and 31 December 2011. KPMG Audit plc is a member of the Institute of Chartered Accountants in England and Wales. The auditors of the Issuer and each of its subsidiaries have no material interest in the Issuer or any member of the Group.

6 U.S. tax

The Bonds and Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

7 Documents available

For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London: A4.17

(a) the articles of association of the Issuer;

(b) the audited annual consolidated financial statements of the Issuer for the two consecutive financial years most recently ended, in each case together with the audit reports in connection therewith. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;

(c) the most recently published interim financial statements of the Issuer, together with the audit report or review report prepared in connection therewith (if any); and

(d) the Trust Deed and the Paying Agency Agreement.

The Prospectus will be published on the website of the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html*.

8 Yield

On the basis of the issue price of the Bonds of 100 per cent. of their principal amount, the yield of the Bonds is expected to be 6.125 per cent. on an annual basis. This is not an indication of future yield.

9 Clearing systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Bonds are expected to be accepted for settlement in CREST *via* the CDI mechanism. Interests in Bonds may also be held through CREST through the issuance of CDIs representing the Underlying Bonds. Investors should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus. The ISIN for the Bonds is XS0856594642 and the Common Code is 085659464.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

10 Joint Lead Managers transacting with the Issuer

Either of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

THE ISSUER

The UNITE Group plc
The Core
40 St Thomas Street
Bristol BS1 6JX

TRUSTEE

U.S. Bank Trustees Limited
Fifth Floor
125 Old Broad Street
London EC2N 1AR

PRINCIPAL PAYING AGENT

Elavon Financial Services Limited UK Branch
Fifth Floor
125 Old Broad Street
London EC2N 1AR

JOINT LEAD MANAGERS

Investec Bank plc
2 Gresham Street
London EC2V 7QP

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

LEGAL ADVISERS

To the Joint Lead Managers and the Trustee as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ

To the Issuer as to English law

Osborne Clarke
One London Wall
London EC2Y 5EB

AUDITORS TO THE ISSUER

KPMG Audit plc
15 Canada Square
London E14 5GL