

UPP Bond 1 Issuer PLC

Results presentation for year ended 31 August 2014

December 2014

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Unless otherwise stated, the figures in this presentation reflect the position as at 31 August 2014. In addition the presentation contains forward looking statements that reflect the current judgment of the management of the Obligors regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management’s assumptions rely on its operational analysis and expectations for the operating performance of each of Obligor’s assets based on their historical operating performance and management expectations as described herein.

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- Turnover up by 1.8% to £44.2m
- Occupancy at 100%
- Operating cash flow of £25.7m
- Stable gross and EBITDA margins
- Performance in-line with model demonstrating the predictable nature of the business and its cash-flows
- Results comfortably within all Initial and Projected ratio covenants

Sean O'Shea, Chief Executive Officer;

"I am delighted with the results for 2013/14 which once again demonstrates both increased turnover and sector leading occupancy across the AssetCos. Student demand remains robust with acceptances for the 2014/15 academic year up 4% with 500,000 new students receiving academic offers. These results underline the strength of UPP's bespoke, long term partnership approach and the stable cash flows it generates for investors. UPP continues to pursue its strategy for growth with a pipeline of opportunities which include existing and new partners - providing state of the art facilities designed for the very best student experiences."

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UPP is the leading developer and operator of quality residential accommodation and asset management services in partnership with the university sector

- Established in 1998, UPP has grown to become the UK's largest provider of on-campus residential and academic infrastructure
- UPP delivers a fully integrated service to universities encompassing the funding, design, construction and operation of student accommodation, creating valuable and stable infrastructure cash-flows.
- Demand risk is managed through a combination of a robust commercial architecture, specialist operational staff and detailed market intelligence.



UPP Group¹ in figures

Average occupancy across the portfolio in excess of 99.5% for the last 5 years

£138.5 million projected gross rent roll for 2014/15

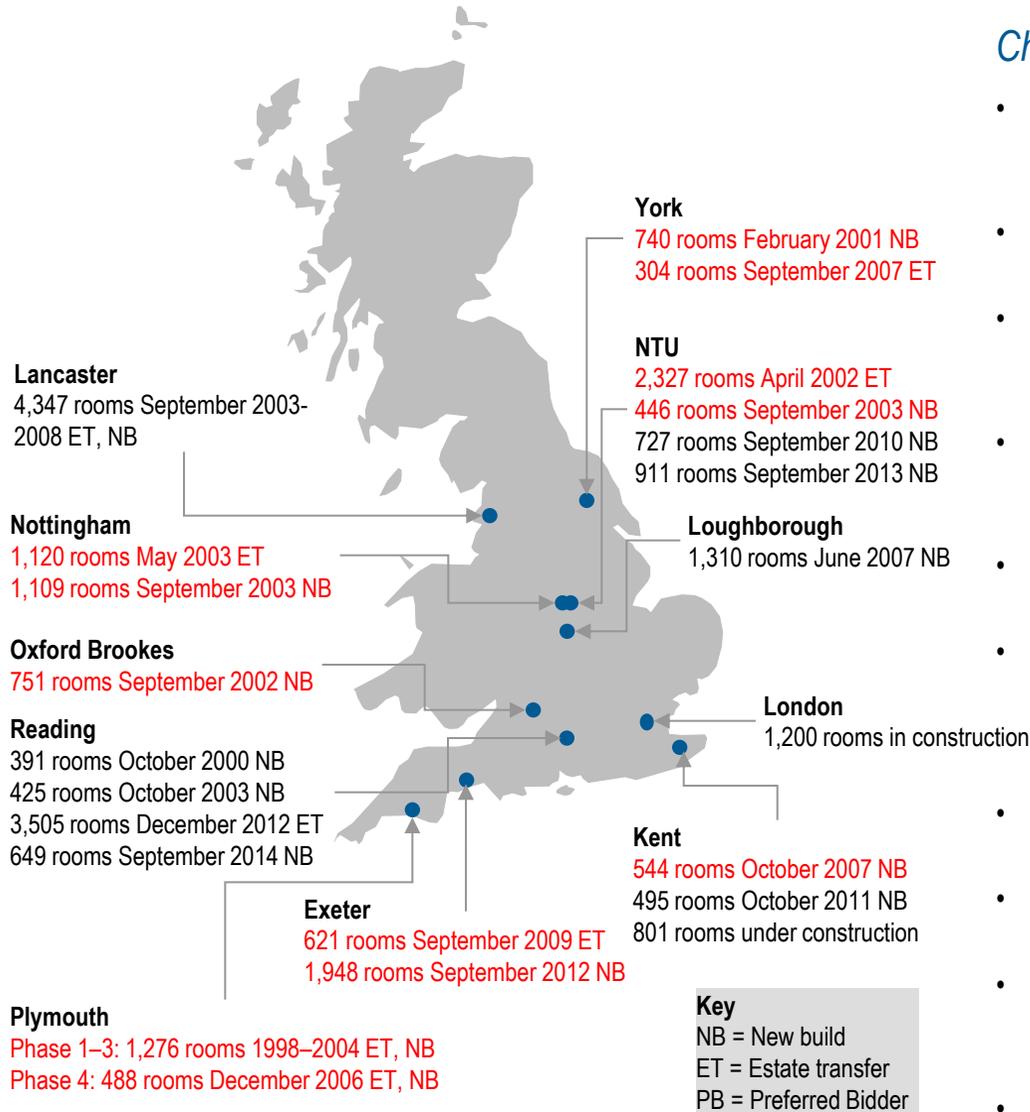
Projected gross rent roll of c.£150.8 million once fully built out

c.30,000 rooms under management or in construction with 14 partner universities,

With the accession of UPP (Exeter) Limited rooms operated by the AssetCos have increased from 9,104 to 11,673

Note:

¹ Includes 13 operational university projects



Characteristics of the portfolio

- Long term, stable, RPI linked rental income with ability to pass-through costs, e.g. utilities
- Located in heart of campus
- 30,000 rooms under operation or in construction with a further pipeline of circa 20,000 rooms identified
- 1,494 rooms under asset management agreements with Imperial College, London and the University of Bath
- Insulation from property value volatility
- Significant student demand (>supply) and long term restrictive covenants on universities (e.g. minimum student/bed ratio) mitigates any demand risk
- Robust marketing and allocation obligations on the partnering university
- Fixed price contracts for FM services
- Pass through of credit and void risk to university once license agreement signed
- Alignment of interests between university and UPP

The Group continues to successfully execute its strategy for growth, one based on our overarching mission

“To be the strategic partner of choice in the delivery of infrastructure and asset management services to UK universities.”

The UPP model is focused on long-term partnerships, supporting universities in improving the quality of their physical infrastructure and services to students. In aligning the interests of both parties, our unique approach provides security in the delivery of revenues and in turn, expected returns to investors.

Our strategy will:

- Grow the number of partnerships we have with selected universities
- Increase the number of student rooms under management
- Deepen the existing relationships we enjoy with our current partners
- Invest in our staff to ensure we deliver the best customer service
- Develop new and innovative ways of funding infrastructure projects
- Identify new revenue streams and increase the value of existing revenue streams
- Develop innovative solutions for the non-residential requirements of our partners
- Realise the economic benefits of ever more effective procurement

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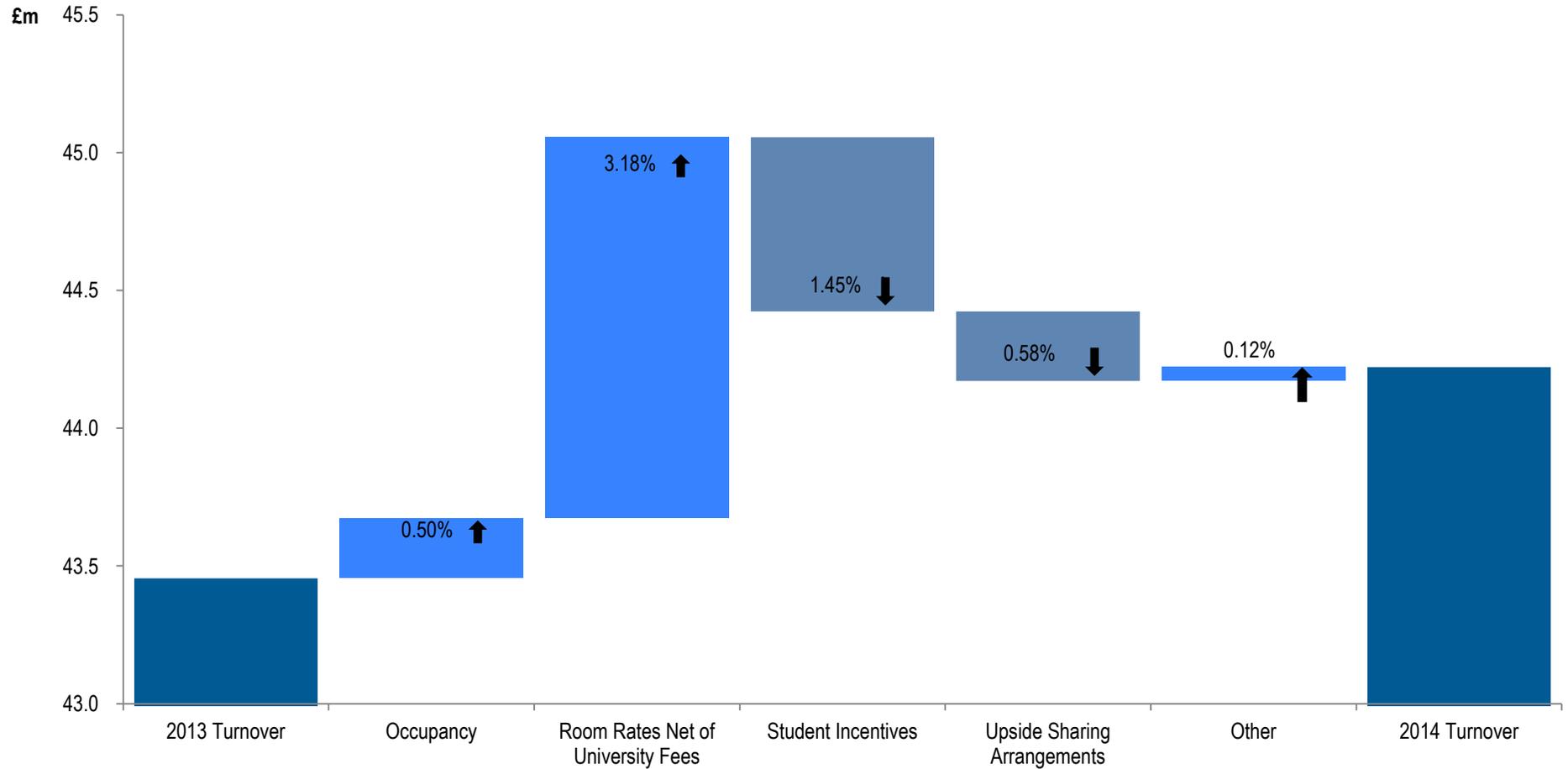
Year on year comparison

£000's	Y/e Aug-14	Y/e Aug-13	Movement
Turnover	44,222	43,455	1.8%
Cost of sales	(14,235)	(13,494)	(5.5%)
Gross profit	29,987	29,961	0.1%
Gross profit margin	67.8%	68.9%	-
Operating expenses	(2,096)	(1,928)	(8.7%)
EBITDA before sinking fund	27,891	28,033	0.5%
EBITDA margin	63.0%	64.6%	-
Sinking fund	(2,270)	(2,580)	12.0%
EBITDA	25,621	25,453	0.7%

Performance Highlights

- Occupancy for 2014 of 100% (2013: 99.5%)
- Turnover up 1.8%, primarily from RPI linked rental increase
- Operating cash flow for 2014 of £25.7m (2013: £26.5m)
- Operating expenses up £168k
- Stable gross and EBITDA margins
- Sub-debt returns made of £6.62m
- No performance or unavailability deductions

Turnover Bridge



Consolidated Asset Co performance 2013/14

Summarised consolidated performance

By AssetCo

£000's	Summarised consolidated performance			By AssetCo						
	2013/14	2012/13	Variance	Alcuin	Broadgate	Kent	Nottingham	Oxford	Plymouth	Bond 1 Holdings
Turnover	44,222	43,455	767	5,693	10,442	3,233	12,757	3,997	8,100	-
Cost of sales	(14,235)	(13,494)	(741)	(1,289)	(3,378)	(1,002)	(5,265)	(854)	(2,447)	-
Overheads*	(2,096)	(1,928)	(168)	(268)	(573)	(239)	(442)	(218)	(317)	(39)
EBITDA*	27,891	28,033	(142)	4,136	6,491	1,992	7,050	2,925	5,336	(39)
CAFDS adj	(1,820)	(1,567)	(253)	16	(548)	9	(699)	(30)	(607)	39
CAFDS	26,071	26,466	(395)	4,152	5,943	2,001	6,351	2,895	4,729	-
Debt service	20,091	18,087	2,004	3,127	4,619	1,542	5,241	2,158	3,405	-
Ratio	1.30	1.46		1.33	1.29	1.30	1.21	1.34	1.39	
Lock up	1.15									
Default	1.05									

* Overheads excludes sinking fund costs.

** CAFDS adjustment: deduct sinking fund deposit and add interest income.

*** CAFDS: Cash available for debt service.

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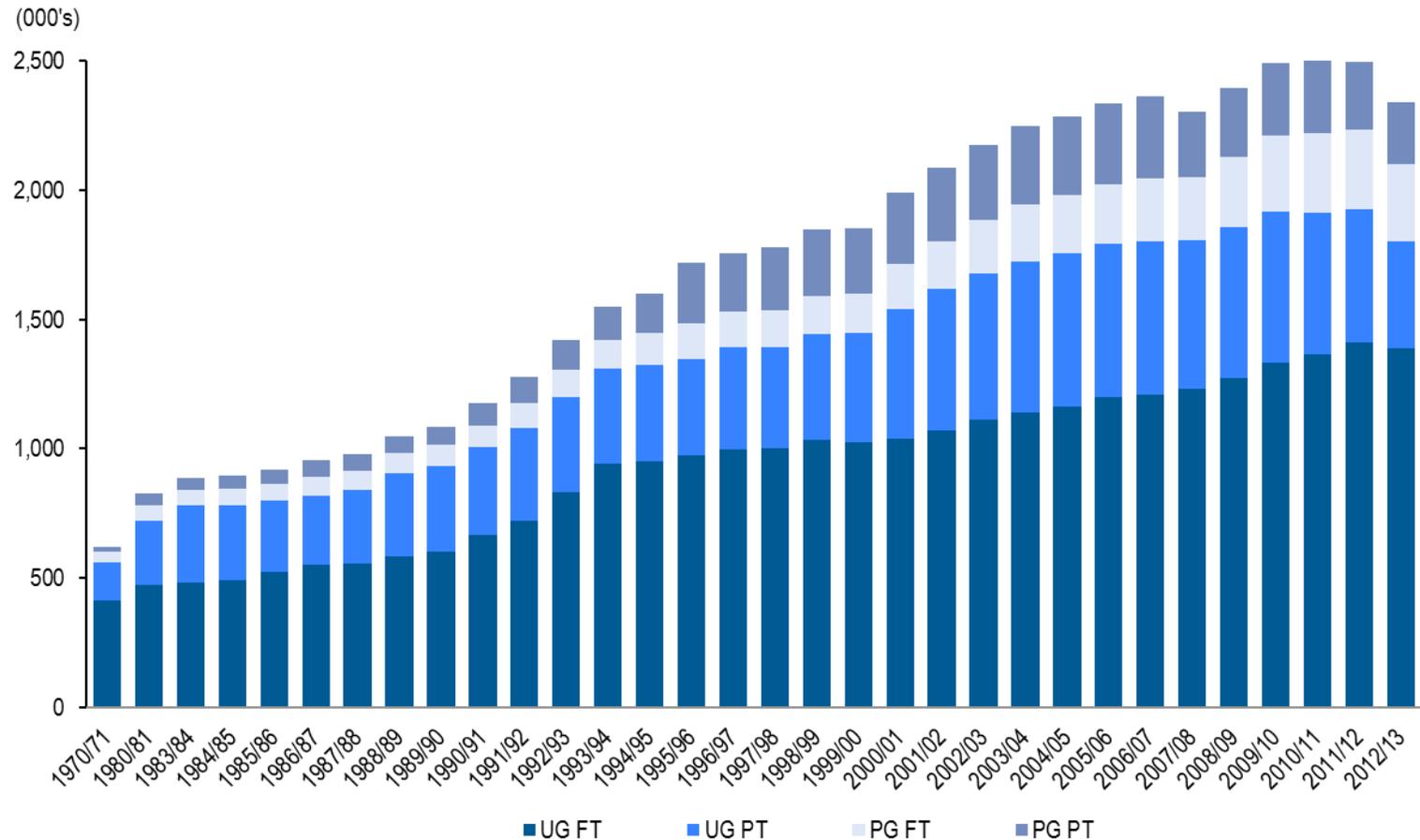
Historic long term demand

Historic Growth student enrolment 1970/71 to 2012/13 (Source: HESA Headcount Data)

The UK higher education sector continues to demonstrate robust demand characteristics. The sector remains a leading global brand, a key driver of economic growth and of innovation.

There are currently 29 UK institutions in the top 200 of the Times Higher Education World University Rankings for 2014/15 and 11 within the top 100.

The sector maintains its position as second only to the US in terms of global quality higher education and the number one HE destination in Europe.



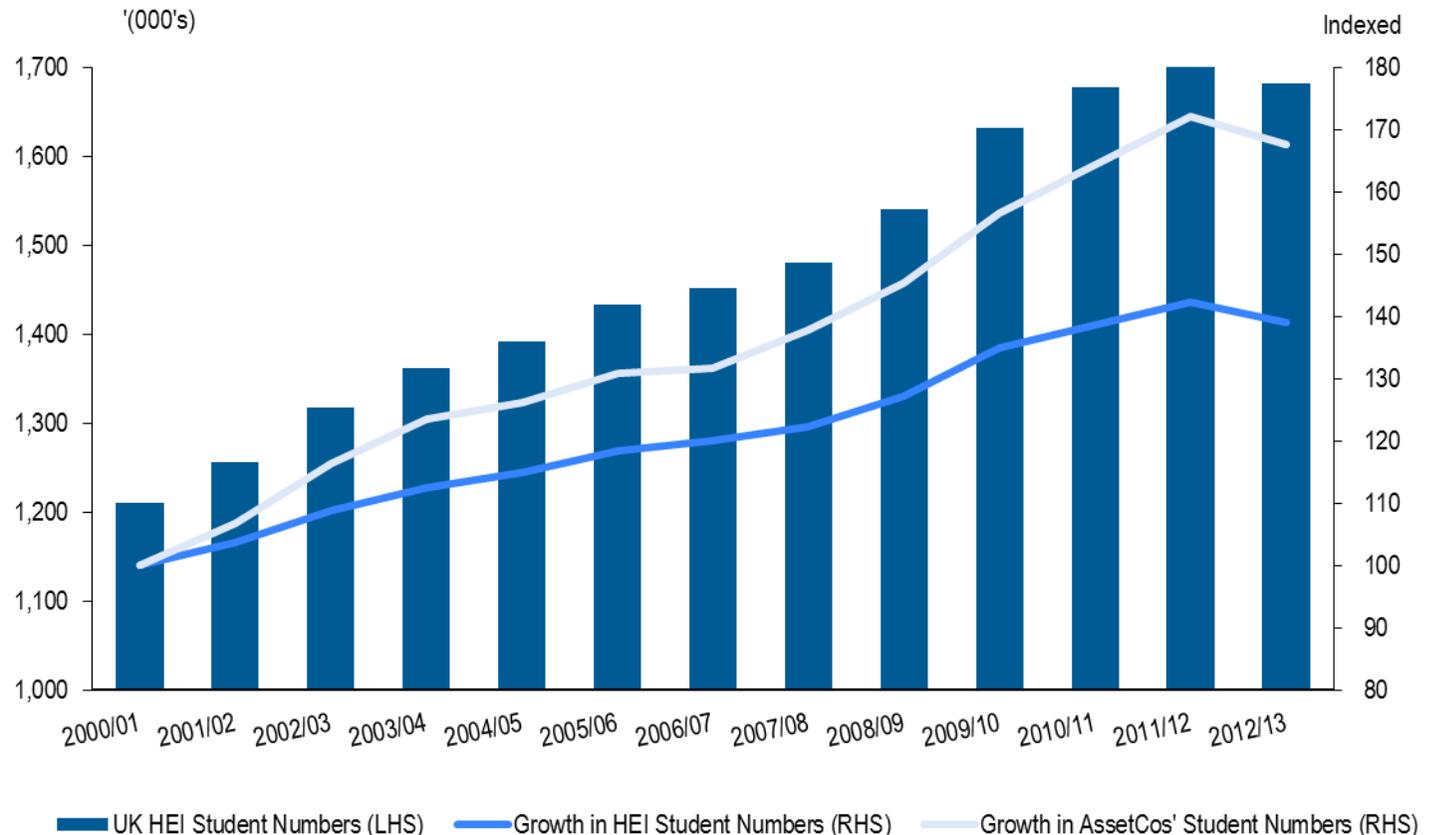
AssetCo Demand Outperforming the Sector

Growth in full time student enrolment 2000/01 to 2012/13 (Source: HESA Headcount Data)

Demand for Higher Education over the last decade has increased and growth in full time enrolment has seen the potential demand pool for residential accommodation grow from 1.2million to circa 1.7million over the period 2000/01 to 2012/13.

Full time enrolment saw a fall of 2.3% for the first year of the new £9,000 fee regime, however both applicant and acceptance numbers have increased thereafter.

The UPP Bond 1 portfolio has outperformed average rates of growth across the sector. The chart (right) identifies a CAGR of 4.4% for UPP Bond 1 institutions compared to 2.8% for the sector as whole.



Continuous anti-cyclical demand

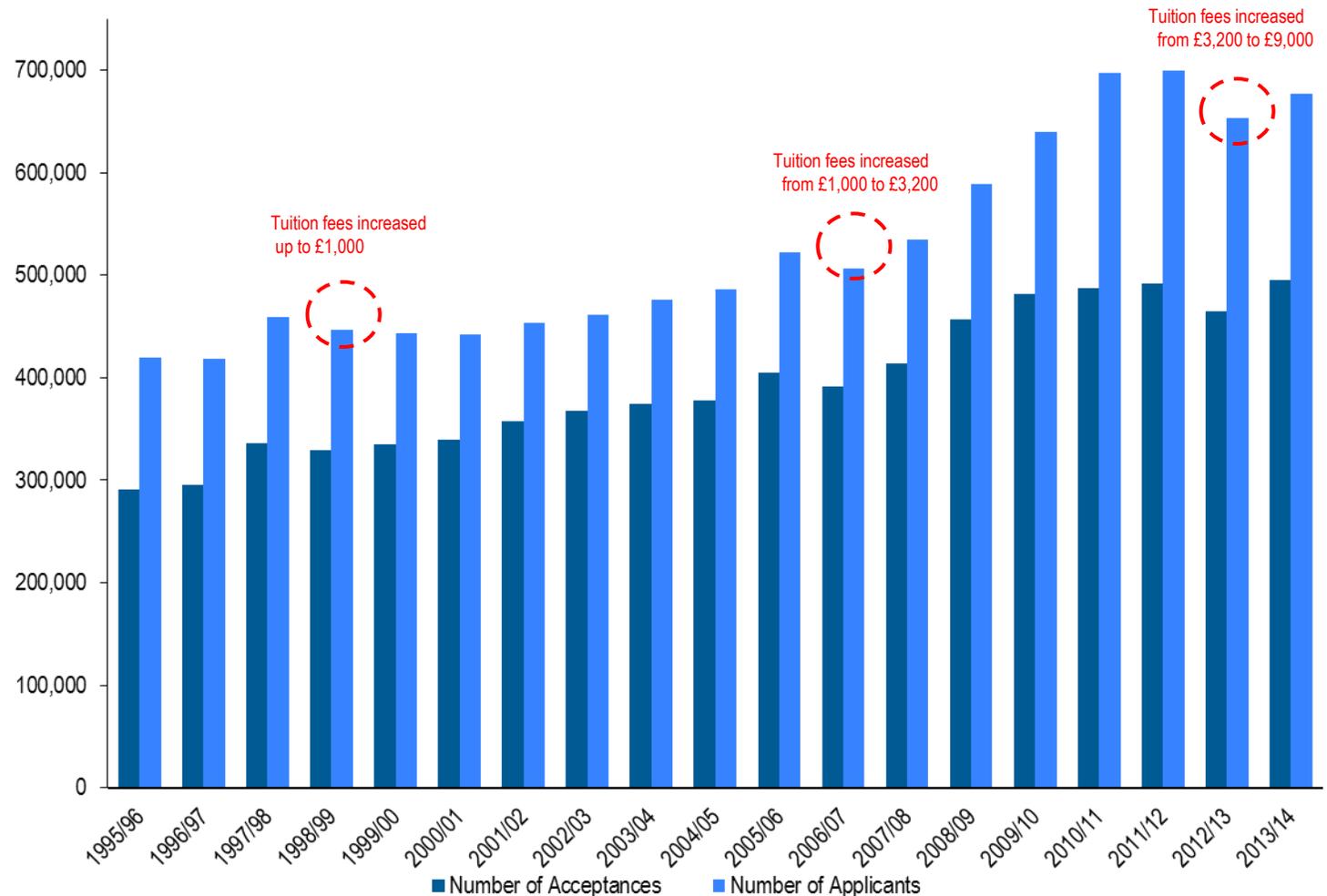
Applicants and Acceptances 1995/96 to 2013/14 (Source: UCAS End of Cycle)

Available longitudinal data identifies that, ahead of the increase in the tuition fee cap, there was a one year spike in applications for 2011/12.

This was followed by a decrease in applicant numbers in 2012/13.

However, 2013/14 and 2014/15 have seen a return to growth with total applicant numbers increasing by 3.1% and 4% respectively

This pattern has been replicated for each key tuition fee event.



Robust demand for 2014/15

Total applicants for all courses (2010-2014) by domicile (Source: UCAS 30 June 2014)

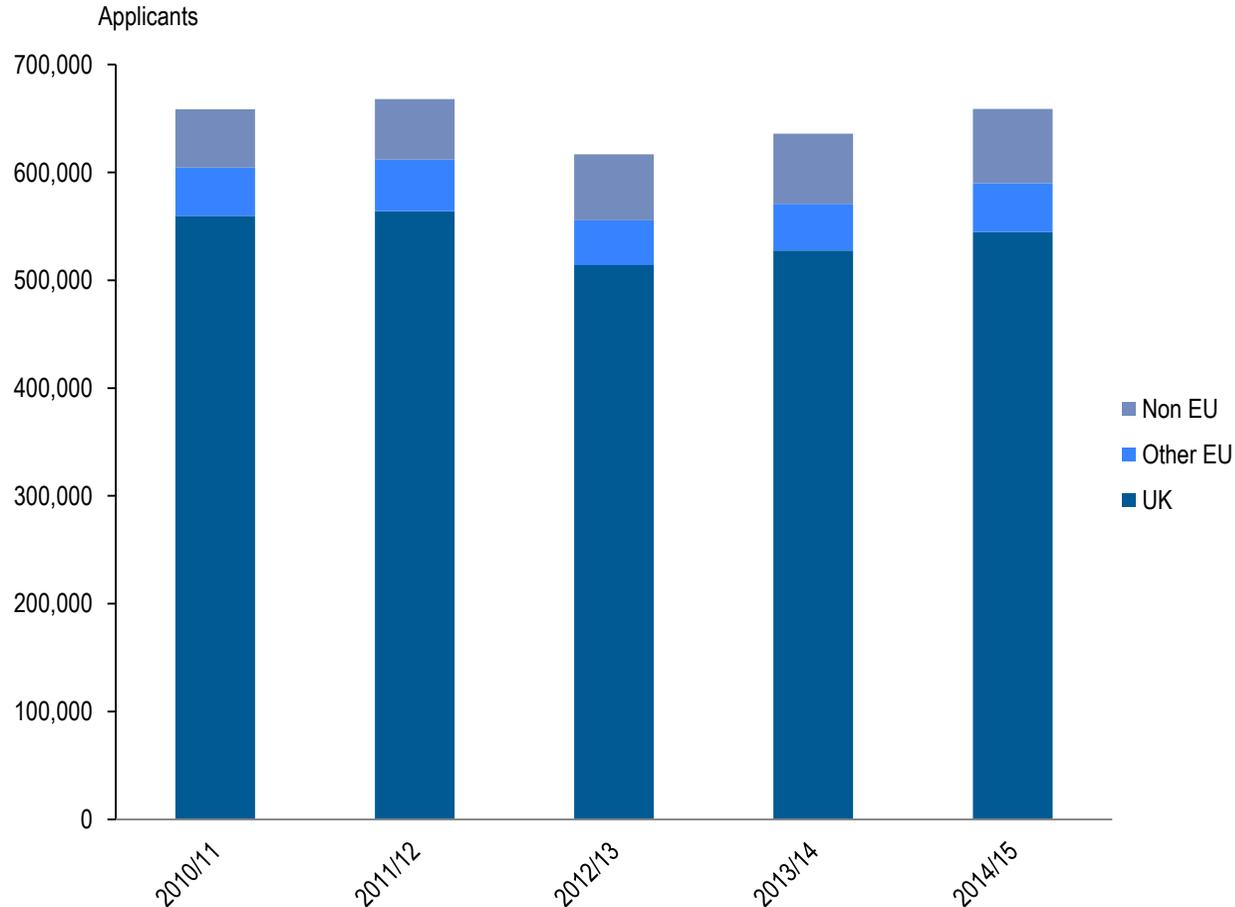
Demand for higher education has increased still further with applicant numbers up 4%

International applicant numbers increased by 6%

Acceptances for 2014/15 were 13% more than 2012/13 and only 1% lower than 2011/12*

UK/EU domiciled acceptances were up by 4% (18,600) on 2013/14

Acceptances to English institutions up by 4% (14,800) to 388,830



* September 23rd 2014 UCAS data reflecting the position recorded one month following A' level results.

Early indications for 2015/16 based on those applying for entry for subjects with a 15th October deadline;*

- Overall applicant numbers down overall by 3% on the same point in the 2014/15 cycle
- Applicants from the EU were up 2%
- Applicants from outside of the EU were up 1%
- November 2014 interim data more encouraging with total applicant numbers down just 2%, EU students up 4% and non EU students up 2%

It should be noted that interim data should be treated with caution as in recent cycles, applicant totals have increased by around 300 per cent between the November interim comparison point and the January deadline. The increase between this point and the January deadline has varied each cycle.

Longer term projections identify demand tracking the birth rate albeit flexed for social class participation

- 92,000 additional full-time HE places from 368,000 to 460,000 to meet demand to 2035**
- International student numbers studying in the UK projected to grow by 15-20% over the next five years. ***
- This would represent the equivalent of between 45,000 and 60,000 additional full-time students

* Source UCAS. Data includes Medicine, Dentistry, Veterinary courses and all courses at the universities of Oxford and Cambridge. Posted on 24th October 2013

**Source: "Robbins Revisited" – October 2013 – The Minister for State for Higher Education and Skills

*** International Education: Global Growth and Prosperity – The Department for Business, Innovation and Skills, (July 2013)

Student Recruitment

- The drive towards greater competition between institutions for students continues. The HEFCE “high grades” policy remains in place with nearly one-third of all new students falling within the pool of students from which universities can recruit on an unfettered basis. The recruitment margin provided to universities of 3% over and above core SNC targets also remains in place. Increasing competition has also led to an “arms race” of investment in facilities and incentives for students to capture academic demand. During the financial year this was underlined by the Bigger Economics report “Economic Impact of the Capital Investment Plans of the Russell Group Universities” (March 2014) which identified that Russell Group universities alone were looking to invest in excess of £9bn on capital investment projects to 2016/17.

Policy

- Over the course of the year clear policy differentiation has emerged between Labour and the Conservative parties with respect to higher education. The Conservative Party are seeking to continue with the existing fee and loan regime, albeit that they remain committed to removing Student Number Controls at publicly-funded higher education institutions in England by 2015/16. The expected impact – an estimated extra demand of up to 60,000 students each year – remains dependent on the outcome of the next election. Labour are currently proposing a policy of capping tuition fees at £6,000 per annum, however, at this time have not identified how the resulting estimated shortfall in excess of £2bn will be funded. In either situation, it is likely that the requirement to utilise the services of providers such as UPP will continue to increase across the sector.

Competitors

- During the financial year there has also been a significant increase in portfolio acquisition activity in the UK student accommodation market.. This has included Greystar, Avenue Capital and Campus Living Villages purchasing parts of the Opal portfolio; Sanctuary Students acquiring the Cosmopolitan HA portfolio of 4,700 rooms; the O’Flynn Group (parent company of Victoria Hall) being acquired by Blackstone; and the Pure Student Living, Alumno and Knightsbridge Westbourne portfolios coming to market in Q4 2014. This provides UPP with the potential opportunity to increase the size of its Group portfolio, however, it would only do so on the basis of its existing business model (i.e. in a close long-term partnership with an institution passing UPP’s selectivity process).

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Projected summarised consolidated performance

£m's	2014/15
Turnover	46.4
Projected Costs	(17.8)
CAFDS	25.9*
Debt Service	19.5
Projected ratio	1.32
Lock Up	1.15
Default	1.05

- Comfortably ahead of the Standard and Poors base case ratio of 1.26 for the same period
- Occupancy currently standing at 99.4% with five of the six AssetCos achieving 100%
- Rental income for 2014/15 is expected to be c.£46.4m (2014: £45m), an increase of 3.1%
- With the majority of AssetCo costs fixed for the remainder of the year, albeit with the significant exception of utility costs, the projected ADSCR outcome for the year is expected to be 1.32, in line with original modelled performance.
- Comfortably within covenants

*CAFDS: Cash available for debt service

- On 9th December 2014, UPP's project at the University of Exeter acceded into the Bond portfolio
- £149.7m of new secured index linked bonds issued for the repayment of existing bank facilities and associated costs
- The asset operates 2,569 rooms on behalf of the University of Exeter
- University of Exeter is ranked 7th in the 2015 Time Good University Guide and is now a member of the Russell Group of institutions
- Strong student applications and enrolment growth in recent years at 42% and 37% respectively
- Similar contract structure to existing portfolio with incentives to the University to assist in securing above model performance
- The addition of the University to the portfolio regarded as credit positive by both Moody's and S&P due to the quality of the accommodation, the reputation of the University, the greater capacity for collateralisation of surplus cash and increased portfolio diversification
- ADSCR profile in line with rest of the portfolio
- Demonstrates ability of the portfolio to grow under the Bond Programme

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- Favourable industry demand and supply characteristics remain
- UPP has a market leading position
- An attractive cash generating business model
- Strong trading position for 2014/15
 - UPP Group portfolio 99.4% occupied
 - Turnover forecast to grow by 3.1%
- New shareholders support the further expansion of the business
- A robust pipeline of new developments coming to market over the next 18months
- A Group well placed to exploit further growth opportunities
- A demonstrable capacity to expand the Bond Group