UPP Bond 1 Limited Investor Report

For the year ended 31 August 2022

This annual Investor Report is delivered pursuant to Schedule 9 Part 1 of the Common Terms Agreement ('CTA') and covers the year ended 31 August 2022.

The date of this Investor Report is 15 December 2022.

Unless otherwise defined herein, capitalised terms have the meanings given in the Prospectus for the £5,000,000,000 multicurrency programme for the issuance of senior secured notes dated 5 March 2013, and as updated on 1 December 2014.

Full year summary

1.0

General overview

Photo credit: Robert Greshoff

GENERAL OVERVIEW

UPP Bond 1 Holdings Limited

UPP Bond 1 Holdings Limited announces its results for the year ended 31 August 2022

Audited financial highlights for the year ended 31 August 2022

£'000	Year ended 31 August 2022	Year ended 31 August 2021	Change %
Turnover	71,496	67,806	5.4%
Gross profit	51,305	47,936	7.0%
EBITDA*	44,179	45,113	(2.1%)
EBITDA margin*	61.8%	66.5%	
Historic ADSCR	1.22	1.22	

*EBITDA before sinking fund expenditure and release of provisions

Business highlights

- Occupancy for 2021/22 of 99.8 per cent (2020/21 of 96.6 per cent)
- Turnover up by 5.4 per cent, reflecting higher occupancy and RPI-linked annual term rental income increases
- Gross profit increasing in line with turnover
- Completed significant works at Plymouth, focused on protecting UPP's cost position
- Historic Annual Debt Service Coverage Ratios comfortably above lock-up triggers
- 2022/23 budgeted occupancy in excess of 99 per cent across the portfolio
- A significant programme of asset investment works totalling £7.7m across the Bond portfolio
- Customer satisfaction scores of 88.9 per cent when residents were asked whether they would recommend UPP accommodation to future students
- Committed to achieving net zero carbon by 2035 via the Science Based Targets initiative

GENERAL OVERVIEW

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Elaine Hewitt, Chief Executive Officer commented:

“Despite challenging macro-economic conditions, the results for UPP Bond 1 Holdings Limited for the financial year ended 31 August 2022 continue to underline the robust nature of the UPP business model, with turnover up by 5.4 per cent year on year to £71.5 million and gross profit increasing by 7 per cent to £51.3 million. EBITDA reduced slightly, with a margin of 62 per cent, reflecting remedial costs incurred at the Plymouth AssetCo – an investment on defect management aimed at protecting our position in the long term.

At UPP we have a strong focus on environmental awareness and action, driven not just by our own ambition but by the concerns and priorities of our students and university partners. This year we took the formal step to be accountable on our Net Zero carbon footprint, publicly committing to achieving this by 2035 via the Science Based Targets initiative. Furthermore, the Group continued to report under GRESB (the Global Real Estate Sustainability Benchmark) and saw its performance increase by 9 per cent to 75 per cent.

Whilst the impact of inflation is likely to create an increase in our short to medium-term cost base, we are actively seeking to mitigate these effects.

Looking forward, occupancy for 2022/23 is budgeted to be in excess of 99 per cent with projected outturns likely to exceed this. This reflects strong market conditions both for domestic and international long-term demand. The outlook is underpinned by a growing number of 18-year-olds requiring an extra 350,000 higher education places by 2030 and a continuing structural undersupply of accommodation in the marketplace. The assets composing UPP Bond 1 Holdings remain well positioned for current market conditions, offering a wide range of accommodation, priced on an all-inclusive basis, with services delivered by our experienced operational teams.”

Enquiries

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"Whilst the impact of inflation is likely to create an increase in our short to medium-term cost base, we are actively seeking to mitigate these effects."

1.1. Summary of the UPP Group business

UPP Bond 1 Issuer Plc is part of UPP Group (defined as UPP REIT Holdings Limited and its subsidiaries) which is the UK's leading provider of on-campus residential and academic accommodation infrastructure and currently has over 36,000 student rooms in operation through long-term partnerships with 15 leading UK universities, of which 11,693 are rooms operated by the asset companies ('the AssetCos') within the UPP Bond 1 ringfence.

The key features of UPP Group's cash-generative business model, based on bespoke partnerships with universities including the seven AssetCos, are:

- An integrated service model for universities encompassing the funding, design, construction and operation of student accommodation
- A business model underpinned by long-term contracts (typically in excess of 40 years) with all partner universities
- Annual rent increases for the life of the project, mostly linked to the Retail Price Index ('RPI')
- A restrictive covenant regime that limits long-term competing university supply in order to maintain project demand dynamics
- Established partnerships with leading institutions, targeted on the basis of its own rigorous selectivity criteria
- Accommodation always located on, or very near to, campus, which is the preferred location for target cohorts of first-year domestic and international undergraduate and postgraduate students
- Typical occupancy above 99.0 per cent
- Credit and void risk are passed to the university partner
- The university partner markets UPP accommodation at the agreed rent concurrent to its own stock
- Each AssetCo has the ability to pass cost increases in utilities, insurances and those resulting from a change of law through to student rents to the extent that they are not covered by the annual RPI-linked uplift
- Facilities management costs are subject to five-yearly benchmarking exercises

1.2. Summary of bond issuance

On 5 March 2013, UPP Bond 1 Issuer Plc issued a £382.1 million secured bond listed on the Irish Stock Exchange ('ISE'). The Bond was secured against the income from the properties at the universities of York, Nottingham, Nottingham Trent, Kent, Oxford Brookes and Plymouth. UPP Bond 1 Holdings Limited is a wholly-owned subsidiary of UPP Group Holdings Limited and was set up to be the intermediate holding company for the six AssetCos.

This issuance comprised two tranches:

- 307.1 million 4.9023 per cent amortising fixed rate bond due 2040
- £75.0 million 2.7291 per cent amortising index-linked bond due 2047

On 9 December 2014, the Group acquired UPP (Exeter) Limited from UPP Group Holdings Limited. On the same day, UPP Bond 1 Issuer Plc issued a new tranche of £149.7 million 1.037 per cent amortising index-linked secured notes, listed on the ISE. These funds were on-lent to UPP (Exeter) Limited to enable that company to repay its bank facilities and associated costs. This tranche is due in 2049.

Proceeds of the issuances, along with a tranche of unsecured subordinated debt, were utilised to:

- Repay existing senior bank facilities owed by the seven AssetCos
- Fund the payment of break costs crystallised on the termination of the interest rate and RPI hedging arrangements in place with the current bank funders
- Prefund a debt service reserve account for the new bond issuance
- Purchase minority interest shareholdings held by two of the university partners in the relevant AssetCos
- Fund the costs associated with the transaction

Interest and principal repayments are due in February and August each year.

2.0

Trading update

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TRADING UPDATE

Business developments

2.1. Business developments

The principal activities of the Company during the year continue to be the construction and operation, including facilities management ('FM'), of residential and academic accommodation trading as UPP. During the financial year 2021/22 the wider UPP Group has continued to grow the number of beds under operation with existing partners.

The results for the financial year ending 31 August 2022 continue to demonstrate the resilience of the UPP business model, which delivers returns based on stable, long-term, RPI-linked revenues. During the period, the Company saw like for like turnover increase by 5.4 per cent to £71.5 million (2020/21: £67.8m) with contractual rental increases being applied across the portfolio. Gross profit also grew by 7.0 per cent to £51.3 million (2020/21: £47.9 million). EBITDA fell slightly compared to the previous financial year with a margin at 62 per cent (2020/21: 66 per cent), reflecting remedial costs of £3.8 million incurred at the Plymouth AssetCo. Operational performance remained strong following the return to in-person teaching. UPP Bond 1 Holdings achieved 99.8 per cent occupancy (2020/21: 96.6 per cent) for the full financial year.

At the beginning of the financial year, during September 2021, student residents moved into 578 new high-quality rooms completed as part of the final phase of the East Park project. Phase one of the East Park project, located on the University's Streatham Campus, was completed during September 2020, with students occupying 604 new rooms. Both phases were completed by VINCI Construction UK. With the second phase now complete, the overall project has delivered 1,182 new rooms, comprising a mixture of standard, en-suite and enhanced accessible bedrooms, as well as study and social spaces and outdoor areas with views of the Campus and the City of Exeter beyond. UPP designed, built and financed the project and now operate the accommodation through a full facilities management service, with the scheme achieving a BREEAM Excellent rating. The completion and occupation of the second phase of the project on time and on budget increased the number of rooms under operation to more than 4,100. The investment totalling £139.7 million was composed of £125.1 million of index-linked debt financing with a tenor of circa 48 years from Pension Insurance Corporation with UPP Group and its Shareholders providing £14.6 million of subordinated debt and equity. PIC's investment in East Park is the sixth it has completed with UPP on a bilateral basis, taking the total it has invested directly in UPP schemes to circa £530 million – further evidence that student accommodation remains a resilient asset class for investors.

In October, UPP successfully started delivering first-line reactive maintenance services to Keynes and Turing Colleges at the University of Kent. Under the agreement, which will remain in place for the remainder of the existing partnership into the 2060s, all reactive maintenance services are now delivered by UPP Residential Services. This extends the arrangement already in place at Woolf College and has resulted in a more streamlined process for students to report faults and receive support as they now have a single point of contact for all reactive maintenance issues through the Company's student App home@halls.

The year has continued to see the wider Group focusing on the long-term strategic management of assets under operation, including defects management. The Directors continue to review opportunities for additional equity investment in the AssetCos to enhance the accommodation offering.

The business undertook a further major programme of asset investment works during the year totalling £7.7 million across the Bond portfolio. This included significant refurbishment work on town houses in the Alcuin AssetCo, refurbishment of Hampden Halls in the Nottingham AssetCo and significant window replacement at Broadgate Park. In addition, following the temporary remedial works at Francis Drake halls of residence in Plymouth, which were completed prior to students arriving for the 2021 academic year to ensure that the building was safe for occupation, the AssetCo entered into a building contract with Kier Construction Limited to undertake further required remedial works. Conditional consent for the works were set out in a Monitoring Adviser Recommendation dated 23 December 2021 and subsequent, related recommendations dated 25 February 2022 and 31 March 2022. These works were completed on time and to budget during the summer of 2022.

In March 2022 the business committed to the Science Based Targets initiative (SBTi) Net-Zero Standard. SBTi is a global initiative publicly declaring, setting, and implementing scientifically based greenhouse gas emissions reduction targets in order to reach the Paris Agreement target of keeping the global temperature increase to 1.5°C. The Net-Zero Standard is the world's first and leading framework for corporate net-zero target setting in line with climate science and provides a common, robust, and science-based understanding of net-zero on an independently assured basis.

The science-based targets will enable the business to reduce its carbon emissions and provide tangible metrics by which our success can be measured. In addition to carbon reduction, the business has ambitious and innovative plans in place to address issues such as waste and water management as well as biodiversity. In line with this commitment, the Group has opted to voluntarily disclose Scope 1 and 2 emissions in line with the Streamlined Energy Carbon Reporting regime.

In terms of key changes to the Executive Leadership Team during the financial year, Mark Swindlehurst, Managing Director Asset Management left the business in February and Henry Gervaise-Jones, Chief Financial Officer, left at the end of April. Interim replacements were immediately appointed to the Executive team assuming their responsibilities in full.

New appointments to the executive leadership team were also made during August. The Company announced that Mark Bamford would join the business in October as Chief Financial Officer. Mark joins UPP from Thames Water where he was in roles of Group Financial Controller and Finance Director Operations and Capital Delivery since 2017. Mark has 25 years' experience in the telecommunications, utilities, financial and professional services sectors. Before joining Thames Water, Mark spent six years at Arqiva, the UK communications and broadcasting infrastructure company, in the role of Finance Director and Director, Wireless Infrastructure Management.

Shortly after the financial year end, UPP was selected as the preferred bidder to deliver the design, development, financing and operation of the University of Exeter's Clydesdale & Birks Residential Project – a truly leading-edge campus development scheme. The project will develop over 1,700 new student rooms, refurbish 300 existing bedrooms at Birks Grange and create a new grounds compound for the University. The scheme will deliver the largest and most innovative on-campus Passivhaus scheme in the sector which will set a high benchmark for truly sustainable student accommodation development in the future.

The appointment of UPP will see a widening and deepening of UPP's existing partnership with Exeter – one stretching back well over a decade. During that time, UPP has developed, and now operates, well over 4,000 rooms on campus and this latest transaction further cements the positive collaboration between the partnership. Once the new scheme is delivered, UPP will be operating more than 6,000 rooms on the University's Streatham Campus.

UPP and the University are working to reach financial close which is targeted for the summer of 2023. Following this, construction will immediately commence with the first phase of the development due to become operational for the 2025/26 academic year. The remaining bedrooms will be finished to welcome students into the wholly completed development in September 2026.

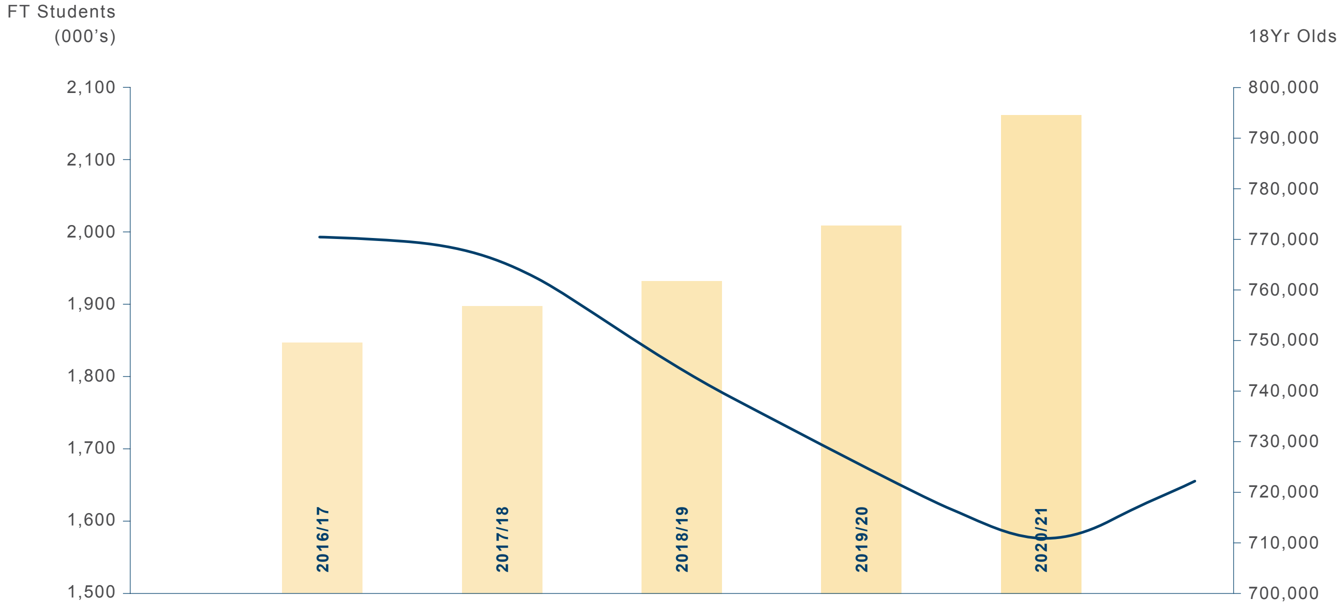
In summary, the view of the Directors remains that its business model is robust and that it is well positioned to continue to deliver strong operational performance from a portfolio of assets that are central to the operations of its university partners.

2.2. General overview

In terms of developments in UK Higher Education (HE), the sector continues to see strong rates of academic demand both domestically and from overseas. UCAS data for the end of the 2021 application cycle identified that in total 606,645 people across the UK applied to universities in 2021/22, an increase of 5 per cent on 2020, with 492,005 accepted (+1 per cent). As the 18-year-old population continues to increase, 7 per cent more UK 18-year-olds were placed (27,235 up from 257,895 in 2020).

Of those gaining a place, 81 per cent secured their first-choice university or college (up from 76 per cent). Overall, 38.3 per cent of UK 18-year-olds gained a place in 2021 (up from 37 per cent in 2020 and 34.1 per cent in 2019). Continuing with the Centre Assessment Grade approach to student evaluation, the number of applicants achieving the top A level grades almost doubled compared to 2020 to 19,595 from 12,735 – a near quadrupling from pre-pandemic levels (5,655 in 2019).
As a result, more than 103,000 UK young people were accepted at higher tariff providers (those requiring in excess of 154 UCAS points) – up 11 per cent from 92,650 in 2020.

Figure 2.21 UK full-time HE enrolment (y-axis) relative to the number of 18-year-olds in England (z-axis) 2016/17-2020/21



Source: HESA (Headcount) ONS

2.2. General overview (continued)

Internationally, whilst a total of 142,925 people of all ages applied (-5 per cent on 2020), acceptances were up 1 per cent year on year to 70,005. This movement was composed of 111,255 people from outside the EU, an increase of 12 per cent, with 54,030 accepted (+2 per cent). In terms of EU applicants, as predicted by post-Brexit modelling, 31,670 people applied, a large fall of 40 per cent with 16,025 accepted (-50 per cent).

Unconditional offer-making fell from a high of 15.7 per cent of all offers made in 2020 to 3.3 per cent in 2021, with 'conditional unconditional offers' all but eliminated within this cycle. The data evidenced strong demand from young people in the UK, coupled with enduring international appeal. UCAS noted that its recent optimistic forecast for a million applicants per annum by 2026 appeared very much on track.

Ahead of the 2022/23 academic year, applicant numbers as of the UCAS Main Scheme Deadline (30 June 2022) continued to show positive signs.

In total 683,650 applicants applied for a place at university, a fraction higher than the number that did so year on year. Applications increased by 1,549 or 0.2 per cent. By the 2022 deadline there were 46,000 more applicants than the same point five years earlier, an increase of 7.3 per cent. Importantly, the overall 18-year-old application rate rose to 44.1 per cent up from 43.3 per cent year on year. Over the last five academic years the application rate for this cohort has risen more than six percentage points. For the largest population of 18-year-olds across the nations of the UK – English applicants – growth has been even stronger at just under 7 per cent to 44.9 per cent.

UK applicant numbers for all age groups at this point were down by 0.5 per cent to 548,780 a fall of 2,840 applicants. This decline was based on falls in applicants from Scotland and Northern Ireland, however encouragingly, English applicant numbers were up by 2,790 (+0.6 per cent). In general, the trend in UK applicant numbers continues to remain positive. Over the last five years applicant numbers have grown by well over 37,000 or 7.3 per cent.

International applicant demand is composed of EU and non-EU students. Post-Brexit demand from EU students has seen a sharp fall in line with projected modelling by HEPI and London Economics in 2017. Year on year, EU numbers fell by -18 per cent in the 2022 cycle, the equivalent of 4,960 students to 23,160. Over the last five years EU applicant numbers have fallen by 26,970 or 53.8 per cent. However, over the same period non-EU international applicant numbers were up 9 per cent to 111,720. Given recent changes to the UK Tier 1 post-study work visa regime and the publication of the UK's International Education Strategy in March 2019, international applicant numbers from outside of the EU have grown significantly, by 48.2 per cent or an extra 36,340 students.

Figure 2.22 Applicants for all courses by domicile group (30 June 2022 deadline)

App. Domicile	2018/19	2019/20	2020/21	2021/22	2022/23
England	421,610	418,940	427,290	456,190	458,980
Northern Ireland	19,310	18,520	18,150	19,390	18,430
Scotland	48,710	47,110	47,250	52,710	47,860
Wales	21,830	21,470	21,330	23,330	23,500
UK	**511,460**	**506,040**	**514,020**	**551,620**	**548,780**
EU (excluding UK)	50,130	50,650	49,650	28,400	23,160
Non-EU	75,380	81,340	89,130	102,000	111,720
Total	**636,970**	**638,030**	**652,790**	**682,010**	**683,650**

Source: UCAS

Early indications of demand for the academic term 2023/24 provide indications that trends in applicant numbers will continue to remain strong. The first comparable data point for the coming academic year, namely the 15 October deadline, identifies a decrease overall of 5 per cent in undergraduate applicants seeking to study at Oxford, Cambridge or in medicine, dentistry or veterinary courses. In terms of domicile, applicant numbers from the UK were down 5 per cent, the equivalent of 2,000 students year on year. The number of UK 18-year-olds who had applied by the deadline was also down, but only by 3.2 per cent, with 38,660 applicants compared to 39,920 in 2022. In the case of English undergraduates, who represent the key cohort for residential demand in UPP residences, the fall was only 2 per cent.

Demand from international 18-year-olds continues to appear encouraging, with applicant numbers up by 1 per cent, albeit that demand from the EU continues to decline. At the 15 October deadline EU demand was down by 8 per cent. However, because of the differential in size between the respective populations, the net impact is a 1 per cent overall fall in international applicants.

2.2. General overview (continued)

Overall, demand at this deadline is down from 2022, however, it should be borne in mind that this reflects the anomalous increases of the previous two academic years where examinations were replaced by Centre Assessed Grades. Applicant numbers in key cohorts are still ahead of 2021 year on year. UCAS have identified that in the context of a growing UK 18-year-old demographic a number of factors are likely to be impacting on demand. These include the return of examinations, but also pressures on the cost-of-living. It should also be noted that this deadline typically represents only about 10 per cent of the total number of applicants in a cycle.

On this basis, the Directors remain confident both in the robust nature of domestic and international demand for UK HE and therein for residential accommodation. We also remain confident in the capacity of the Company to secure and deliver transactions coming to market, based on its unique selective approach to partnerships.

3.0

Financial highlights

For the year ended 31 August 2022

Photo credit: Robert Greshoff

FINANCIAL HIGHLIGHTS

Highlights of the audited consolidated results of UPP Bond 1 Holdings Limited were:

- Occupancy for 2022 at 99.8 per cent (2021: 96.6 per cent)
- Turnover increased to £71.5 million which is a 5.4 per cent increase on 2021
- EBITDA before sinking fund and release of provisions of £44.2 million (2021: £45.1 million)
- Cash balance of £52.7 million, made up largely of liquidity reserve accounts and short-term working capital requirements
- Payments to subordinated debt loan notes of £10.3 million (2021: £6.7 million)

For the year ended 31 August 2022, the UPP Bond portfolio had a historic annual debt service coverage ratio (‘ADSCR’) for the period of 1.22, compared to a lock-up ADSCR of 1.15.

Rental income was fixed at the start of the academic year along with a significant proportion of the costs which are subject to contractual RPI increases. With occupancy secured at 99.8 per cent, performance for the year was again strong, with a subordinated debt loan notes distribution of £10.3 million made shortly after the year ended 31 August 2022.

The Group made a loss for the year of £15.6 million (2021: £40.6 million). Of this loss, £40.1 million (2021: £42.1 million) is attributable to interest on subordinated debt, of which £10.3 million (2021: £6.7 million) was paid shortly after the end of the 2021/22 financial year. The year-end figures also included a provision of £7.5 million for remedial works at Kent where expenditure is expected in FY 23/24.

Consolidated profit and loss results for the seven AssetCos, UPP Bond 1 Limited, UPP Bond 1 Holdings Limited and UPP Bond 1 Issuer Plc are presented below for the financial year ended 31 August 2022.

As detailed in the prior year Investor Report, during the year the Kent AssetCo continued to report under a Trigger Level 2, Phase 1 Monitoring Event with subsequent enhanced reporting as required by the Monitoring Services Agreement. In addition, the Plymouth AssetCo continued to report under a Trigger Level 2, Phase 1 Monitoring Event with subsequent enhanced reporting as required by the Monitoring Services Agreement. After the year end, the Plymouth AssectCo transitioned into a Trigger Level 2, Phase 2 Monitoring Trigger Event.

3.1. AssetCo consolidated profit and loss account for year ended 31 August 2022

	Year ended 31 August 2022	Year ended 31 August 2021	Change %
	£'000	£'000	
Turnover	71,496	67,806	5.4%
Cost of sales	(20,191)	(19,870)	1.6%
Gross profit	51,305	47,936	7.0%
Gross profit margin	*71.8%*	*70.7%*	
Operating expenses	(7,126)	(2,822)	152.5%
EBITDA before sinking fund expenditure	44,179	45,114	(2.1%)
EBITDA margin	61.8%	66.5%	
Sinking fund expenditure	(7,722)	(7,967)	(3.1%)
EBITDA after sinking fund expenditure*	36,457	37,147	(1.9%)

* EBITDA before provisions

Turnover is defined to include rental receipts from students net of contractual amounts deducted by university partners for taking credit and void risk, upside sharing arrangements, commercial and vacation income derived from other activities at each asset company ('the AssetCos'), together with any receipts under the relevant RPI-linked swaps. The main driver of turnover growth is the annual RPI-linked increase in the rental rate and higher occupancy across the Bond portfolio.

Cost of sales, which is made up of facilities management ('FM') costs, employee costs and utilities, increased by 1.6 per cent (2021: 1.9 per cent increase) during the year. This increase in costs is due to contractual increases in FM and employee costs primarily linked to RPI.

Operating expenses increased significantly on the prior year, driven by fire safety remediation costs at Plymouth. A provision for these costs was recognised in the prior year statutory accounts and noted in the Investor Report. A further provision of £7.5 million has been recognised in the statutory accounts relating to remediation works at Kent as noted in section 3.3 below.

EBITDA margin before sinking fund expenditure was 61.8 per cent (2021: 66.5 per cent).

Sinking fund costs are made up of items throughout the accommodation that reach the end of their economic life and require replacement. While sinking fund expenditure is predictable and modelled in line with the relevant replacement period for each item, it is not necessarily comparable from one year to the next.

Details of the ratio calculations and comments on each individual AssetCo are included in Appendix 1. The Profit and Loss and Balance Sheet of each AssetCo have not been included in this document as they are published separately.

3.2. Forecast financial highlights for the year ended 31 August 2023 for the seven AssetCos

- Occupancy for the year is budgeted to be 99.1 per cent across the AssetCos
- Rental income is projected to increase by 4.8 per cent due to RPI related contractual uplifts when compared to the previous year
- Projected ADSCR ratio of 1.23 compared to lock-up ratio of 1.15

AssetCo occupancy is budgeted as 99.1 per cent for the 2022/23 academic year for the seven AssetCos, resulting in expected rental income, net of contractual university fees, of circa £73.1 million. This represents underlying rental increase of 4.8 per cent on 2021/22, primarily driven by RPI related uplifts. All of the AssetCos are budgeted to achieve 99 per cent occupancy, with the exception of Oxford Brookes which is budgeted at 100 per cent. Occupancy projections are positive for the financial year 2022/23 with projected outturn tracking higher than budgeted.

Facilities management and employment costs are budgeted to increase by 4.89 per cent, in line with contractual lags on inflation.

Utilities costs are budgeted to increase by 19.1 per cent on cost levels in 2021/22 as a result of volatility in wholesale markets. The AssetCos within the Bond have varying procurement arrangements with some contracting directly with university partners and others purchasing directly. Close engagement with university partners on procurement strategy and consumption has taken place to ensure that forecasts are regularly updated. Additionally, a number of programmes are in place to drive reduced consumption.

The Projected Senior ADSCR as at 31 August 2023 is 1.23. Anticipated legal costs relating to asset remediation at Kent and Plymouth have contributed to these AssetCos being projected to be below the Monitoring Trigger Event Threshold. The Group consider the impact of this to be that both AssetCos will continue in enhanced monitoring.

3.3. Operational performance, sinking fund and defect remedial work

FM services are provided by UPP's 100 per cent-owned subsidiary, UPP Residential Services Limited (URSL). Services are delivered to the highest level possible to ensure the continued attractiveness of the accommodation and to maximise occupancy for future years. This is evidenced by our Customer Satisfaction rating of 88.9%.

This targeting of high service levels is reflected in the performance of the FM provider. During the financial year ended 31 August 2022, URSL suffered one deduction for poor performance at Exeter and availability deductions for one room at Kent and this reflects the high standards set in previous years.

Sinking fund expenditure is managed by URSL. In total, £7.7 million (2021: £7.9 million) was invested by the AssetCos to maintain the quality of the accommodation.

In addition to the works at Francis Drake (outlined above), intrusive survey works have also identified defects in the cladding on the Woolf halls of residence under the UPP (Kent Student Accommodation 1) Limited AssetCo. Remedial works are being scoped currently and like with UPP (Plymouth Three) Limited, the UPP (Kent Student Accommodation 1) Limited AssetCo is seeking recovery of any costs and losses associated with remediating the Woolf halls of residence from the original building contractor. A provision of £7.5 million has been recognised in the financial statement for these works.

4.0

Ratio calculations

Photo credit: Robert Greshoff

As set out in Paragraph 2 of Part 2 of Schedule 9 of the Common Terms Agreement ('CTA'), the ratio calculations for the year ended 31 August 2022 are:

4.1. Historic AssetCo DSCR

UPP (Alcuin) Limited	1.45
UPP (Broadgate Park) Holdings Limited	1.27
UPP (Kent Student Accommodation) Limited	1.30
UPP (Nottingham) Limited	1.28
UPP (Oxford Brookes) Limited	1.27
UPP (Plymouth Three) Limited	0.46
UPP (Exeter) Limited	1.41

4.2. Projected AssetCo DSCR

UPP (Alcuin) Limited	1.29
UPP (Broadgate Park) Holdings Limited	1.22
UPP (Kent Student Accommodation) Limited	1.14
UPP (Nottingham) Limited	1.17
UPP (Oxford Brookes) Limited	1.33
UPP (Plymouth Three) Limited	1.13
UPP (Exeter) Limited	1.29

4.3. Historic senior DSCR

1.22

4.4. Projected senior DSCR

1.23

The Historic Senior DSCR and Projected Senior DSCR have been calculated as per the definition in the CTA.

As per paragraph 1.1 of Part 4 of Schedule 9 of the CTA, neither the Historic Senior DSCR nor the Projected Senior DSCR give rise to a Lock-up Event.

4.5. Current hedging policy

On 5 March 2013, the Group entered into three inflation-linked swaps (RPI swaps) to reduce its exposure to inflation on the revenue streams generated by the AssetCos. These swaps are sized to cover 80.0 per cent of the anticipated debt service costs on the fixed rate tranche of the Bond, in line with the Hedging Policy outlined in Schedule 13 of the CTA.

Receipts and payments on the RPI swaps are recognised as they are incurred over the life of the arrangement.

For the year ended 31 August 2022 the Group has recognised derivatives at fair value. Derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative. In estimating the fair value of the RPI swaps, the Group incorporates credit valuation adjustments and debit value adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements, which are subjective in nature and require significant judgement. In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

In recognising this fair value, the Group has considered the contractual rent basis of each of the AssetCos – and whether the criteria is met to utilise hedge accounting – and ascertained that for four out of the six AssetCos that have entered into inflation-linked swaps, the hedge accounting criteria had been met and movements in the fair value of these derivatives are taken through reserves rather than the profit and loss.

The Directors of the Group consider that the underlying contractual arrangements with UPP (Kent Student Accommodation) Limited and UPP (Plymouth Three) Limited, and their respective university partners, did not meet these criteria and therefore hedge accounting could not be utilised and any movements in fair value of the inflation-linked swaps will be recognised within the profit and loss account of each AssetCo. We note, however, that these limitations within Section 12 of FRS 102 in the application of hedge accounting do not impact the Group's cash flow position. The reasons for entering into RPI swaps remain commercially sound – that is they are intended to be held to maturity in order to reduce volatility in the Group's cash flows.

4.6. Distributions made

In accordance with the terms of the Loan Note Instrument dated 5 March 2013 – entered into by UPP Bond 1 Holdings Limited and UPP Group Limited – and the terms of the CTA, an amount of £10.3 million (2021: £6.7 million) was distributed to UPP Group Limited for the year to 31 August 2022.

4.7. Confirmation

As per paragraph 3.3.4 of Schedule 9 of the CTA, this confirms that:

a) The Investor Report attached herein is materially accurate in all respects; and

b) No Default, Senior DSCR Enforcement Event, Lock-up Event or Monitoring Trigger Event has occurred and is continuing except as already notified or as outlined herein;

c) The Group is in compliance with the Hedging Policy.

Signed for and on behalf of UPP Bond 1 Issuer Plc

Mark Bamford
Chief Financial Officer

Photo credit: Robert Greshoff

5.0

Monitoring adviser addendum

£5 billion Multicurrency Programme for the Issuance of Senior Secured Notes

Monitoring adviser addendum

A. Background

UPP Bond 1 Issuer PLC (the 'Issuer') has prepared its Annual Investor Report for the year ended 31 August 2022 in relation to the Issuer's note programme (the 'Programme'). Bishopsfield Capital Partners Limited ('Bishopsfield' or 'BCP'), as Monitoring Adviser, is required under the terms of the Monitoring Services Agreement ('MSA') dated 5 March 2013 to prepare an addendum to the Annual Investor Report (the 'MA Addendum') commenting, inter alia, on whether on the basis of information obtained by the Monitoring Adviser in the performance of the Services, and in accordance with the Monitoring Adviser Standard, it agrees with the matters stated in the Annual Investor Report. The MA Addendum is also required to identify:

- MA ('Monitoring Adviser') Direction Matters and ISC ('Issuer Secured Creditor') Recommendation Matters decided during the year to which the Annual Investor Report relates (see Section C below); and
- any other information which the Monitoring Adviser considers relevant to Holders including any material findings arising from its monitoring obligations described in Paragraph 1.3 (Property Visits) of Schedule 1 (Monitoring Services), Part 1 (Monitoring under Normal Conditions) of the MSA (see Section D below), and Part 2 (Monitoring under Stress Conditions) of the MSA (see Section E below).

This MA Addendum refers to matters arising during the period from 1 September 2021 through 31 August 2022 unless otherwise stated herein.

All defined terms in this MA Addendum are with reference to (i) defined terms in the Issuer Transaction Documents; (ii) defined terms within relevant (to that defined term) MA Proposal Requests; and (iii) as defined herein.

B. Executive summary

Bishopsfield has reviewed the Issuer's Annual Investor Report. On the basis of the information provided and discussions held with the Issuer's management in the ongoing undertaking of the Monitoring Adviser Services, Bishopsfield agrees the matters stated in the Issuer's Annual Investor Report.

There are presently three tranches of notes outstanding:

- £307.1m 4.9023% Amortising Fixed Rate Bond due 2040;
- £75m 2.7921% Amortising Index-Linked Bond due 2047; and
- £149.7m 1.037% Amortising Index-Linked Bond due 2049.

Occupancy across the seven AssetCos was reported at 99.8% for the 2021/22 academic year.

EBITDA, before sinking fund payments and release of provisions, was £44.2m on turnover of £71.5m.

Monitoring has been conducted under stress conditions relative to:

- UPP (Plymouth Three) Limited ('Plymouth') since 1 September 2019 following the occurrence of a Trigger Level 2, Phase 1 Monitoring Trigger Event. This escalated into a Trigger Level 2, Phase 2 Monitoring Trigger Event on 1 September 2022.
- UPP (Kent Student Accommodation) Limited ('Kent') since 15 December 2020 following the occurrence of a Trigger Level 2, Phase 1 Monitoring Trigger Event.

Following such events, there are certain actions required from ParentCo and the relevant AssetCo. This is discussed in Section E of this MA Addendum.

Normal condition monitoring was conducted through the year relative to all other matters arising.

The Covid-19 pandemic continued to present several challenges to the UK student accommodation sector. We remained in regular communication with UPP's senior management throughout the period to discuss the implications for each AssetCo and the Issuer. Topics discussed have included:

- Health and safety arrangements for students and staff;
- Payment of rent and implications for the relevant operating budgets;
- Inflationary pressures and the impact on each AssetCo's performance;
- Occupancy and liquidity projections for the 2022/2023 academic year; and
- Management of summer 2022 sinking fund works.

UPP's response to the Covid-19 pandemic and some of the medium- term consequences arising (including changes to the timings for A-Level results) are discussed in the relevant sections below.

One Distribution of approximately £10.3m was announced in relation to the last academic year and this was reported to have been paid on 1 September 2022. A Compliance Certificate dated 31 August 2022 was received in respect of this Distribution.

There were five MA Proposal Requests received and recommended by Bishopsfield during the reference period. These are summarised in Section C of this MA Addendum.

During September 2022, we visited UPP (Alcuin) Limited's ('Alcuin') Property at the University of York. The Site Visit is summarised in Section D of this MA Addendum. The Site Visit focused on planned and recently undertaken sinking fund activities and the impact of the Covid-19 pandemic.

In addition, we undertook Site Visits to the Kent and Plymouth Properties as part of our Enhanced Monitoring programme.

The Issuer provided three Compliance Certificates during the twelve months ended 31 August 2022:

- Compliance Certificate dated 16 December 2021 in relation to Audited Financial Statements for the year ended 31 August 2021 ('Dec 2021 CC');
- Compliance Certificate dated 28 April 2022 in relation to unaudited semi-annual Financial Statements for the first half of the financial year ending 31 August 2022 (i.e., for the six months ending 28 February 2022) ('Apr 2022 CC'); and
- Compliance Certificate dated 31 August 2022 in relation to a Distribution reported by the Issuer to have been made on 1 September 2022 (the 'Aug 2022 CC').

The three referenced Compliance Certificates reported the following Financial Ratios (noting that the October 2022 MA Proposal Requests received restated, in effect, some of the Financial Ratios reported):

Historic Ratios	Applicable Ratio	Dec 2021 CC	Apr 2022 CC	Aug 2022 CC
Historic AssetCo DSCR: Alcuin	1.15x	1.24x	1.25x	1.44x
Historic AssetCo DSCR: Broadgate Park	1.15x	1.15x	1.22x	1.28x
Historic AssetCo DSCR: Kent	1.15x	0.57x	0.92x	1.35x
Historic AssetCo DSCR: NTU	1.15x	1.19x	1.23x	1.35x
Historic AssetCo DSCR: Oxford	1.15x	1.21x	1.22x	1.29x
Historic AssetCo DSCR: Plymouth	1.15x	1.08x	0.59x	0.53x
Historic AssetCo DSCR: Exeter	1.15x	1.52x	1.43x	1.41x
Historic Senior DSCR	1.15x	1.26x	1.17x	1.25x

Projected Ratios	Applicable Ratio	Dec 2021 CC	Apr 2022 CC	Aug 2022 CC
Projected AssetCo DSCR: Alcuin	1.15x	1.39x	1.43x	1.27x
Projected AssetCo DSCR: Broadgate Park	1.15x	1.35x	1.42x	1.24x
Projected AssetCo DSCR: Kent	1.15x	1.54x	1.61x	1.31x[1]
Projected AssetCo DSCR: NTU	1.15x	1.35x	1.43x	1.23x
Projected AssetCo DSCR: Oxford	1.15x	1.36x	1.39x	1.16x
Projected AssetCo DSCR: Plymouth	1.15x	0.48x	0.95x	1.18x[2]
Projected AssetCo DSCR: Exeter	1.15x	1.35x	1.41x	1.30x
Projected Senior DSCR	1.15x	1.24x	1.36x	1.25x[3]

Note: the AssetCos are each defined in the body of this MA Addendum

The tables above highlight the more challenging financial circumstances observed and anticipated at several AssetCos with continued Trigger Events observed at Kent and Plymouth. We further note the impact that the general deterioration of many AssetCo's performance has had on the Historic Senior DSCR and Projected Senior DSCR. These changes primarily result from matters commented on elsewhere in this MA Addendum.

[1] The October 2022 MA Proposal Request related to Kent confirmed that the Projected AssetCo DSCR for Kent would have been 1.12x with the revised Operating Budget; we note the actual reported Projected AssetCo DSCR for Kent in the December 2022 Investor Report is 1.14x

[2] The October 2022 MA Proposal Request related to Plymouth confirmed that the Projected AssetCo DSCR for Plymouth would have been 1.12x with the revised Operating Budget; we note the actual reported Projected AssetCo DSCR for Plymouth in the December 2022 Investor Report is 1.13x

[3] The October 2022 MA Proposal Requests related to Kent and Plymouth confirmed that the Projected Senior DSCR would have been 1.24x with the revised Operating Budget; we note the actual reported Projected Senior DSCR in the December 2022 Investor Report is 1.23x

C. MA Proposal Requests received

The Monitoring Adviser considered five MA Proposal Requests during the year to 31 August 2022:

1. Plymouth Francis Drake Remediation Works. On 20 December 2021, ParentCo sought consent for UPP (Plymouth Three) Limited to:
   a. Enter into certain documents related to the remediation works, including a JCT building contract with Kier Construction Limited;
   b. Incur exceptional expenditure of c£4.7m (of which c£3.5m was budgeted during the 2021/22 Financial Year) to undertake the remediation works; and
   c. Progress a potential negligence claim (to the pre-action protocol stage) against Balfour Beatty plc in respect of recovering costs associated with the remediation works.

   Bishopsfield confirmed the voting categorisation of the MA Proposal Request as an MA Direction Matter and made a conditional MA Recommendation that the Issuer Security Trustee approves the MA Proposal Request on behalf of the ISC. The conditions were (i) provision of a report to the Holders should the remediation works become materially delayed and (ii) requirement for the AssetCo to seek further approval for any spending of over 5% above the approved budgeted expenditure. The remediation works were undertaken during the anticipated period and were completed on time and on budget. We received a copy of a Certificate of Completion issued by Plymouth City Council relative to Building Regulation compliance dated 7 July 2022.

   The remediation works were monitored on our behalf by Paul Nash Consulting; We received regular reporting and undertook two site visits enabling clear visibility relative to progress on site, quality of workmanship and financial management performance.

2. Plymouth Francis Drake Remediation Document delivery date extension until 31 March 2022. On 25 February 2022, ParentCo sought consent for UPP (Plymouth Three) Limited to deliver certain remediation documents relative to the remediation works referenced in (1) above later than anticipated in the original MA Proposal Request. The remediation documents in question were certain collateral warranties.

   Bishopsfield confirmed the voting categorisation of the MA Proposal Request as an MA Direction Matter and made a conditional MA Recommendation that the Issuer Security Trustee approves the MA Proposal Request on behalf of the ISC.

3. Plymouth Francis Drake Remediation Document delivery date extension until 22 April 2022. On 30 March 2022, ParentCo sought consent for UPP (Plymouth Three) Limited to deliver certain remediation documents relative to the remediation works referenced in (1) above later than anticipated in the original MA Proposal Request. The remediation documents in question were certain collateral warranties.

   Bishopsfield confirmed the voting categorisation of the MA Proposal Request as an MA Direction Matter and made a conditional MA Recommendation that the Issuer Security Trustee approves the MA Proposal Request on behalf of the ISC. The conditions included delivery of a daily update on the progress of the various remediation document discussions and no Distribution being made prior to August 2022. The outstanding remediation documents were subsequently delivered prior to the revised deadline.

4. Kent Potential Claim. On 26 October 2022, ParentCo sought consent for UPP (Kent Student Accommodation) Limited to pursue a claim for negligence against Balfour Beatty Regional Construction Limited relative to certain defects that have been identified at the Kent Property. In addition, the MA Proposal Request sought consent for (i) ParentCo and Kent to enter into an Indemnity whereby ParentCo indemnifies Kent relative to costs arising in pursuing the claim and (ii) for the 2022/2023 Operating Budget to be increased to cover said costs.

   Bishopsfield confirmed the voting categorisation of the MA Proposal Request as an MA Direction Matter and made a conditional MA

Recommendation that the Issuer Security Trustee approves the MA Proposal Request on behalf of the ISC. The conditions included delivery of the signed Indemnity Agreement which was received on 28 October 2022.

5. Plymouth Potential Claim. On 26 October 2022, ParentCo sought consent for UPP (Plymouth Three) Limited to pursue a claim for negligence against Balfour Beatty Construction (SW) Limited relative to certain defects that have been identified at the Plymouth Property. In addition, the MA Proposal Request sought consent for (i) ParentCo and Plymouth to enter into an Indemnity whereby ParentCo indemnifies Plymouth relative to costs arising in pursuing the claim and (ii) for the 2022/23 Operating Budget to be increased to cover said costs.

   Bishopsfield confirmed the voting categorisation of the MA Proposal Request as an MA Direction Matter and made a conditional MA Recommendation that the Issuer Security Trustee approves the MA Proposal Request on behalf of the ISC. The conditions included delivery of the signed Indemnity Agreement which was received on 28 October 2022.

D. Monitoring under Normal Conditions[4]:

1. REGULAR UPDATES

1.1. Management Meetings

In addition to the 15 November 2021 Management Meeting discussed in our previous MA Addendum, and the regular communications and meetings that have occurred throughout the period, two further Management Meetings have been conducted:

Bishopsfield met with Management on 9 June 2022. Discussions primarily focused on:

- The competitive landscape, impact of the pandemic and likely changes to the higher education sector (from a macro-, regulatory and policy perspective). These were discussed in UPP's half year report.
- Demand: AssetCos reported 99.5% occupancy for 2021/22 with improved / consistent performance across all AssetCos with continued positive feedback to the various enhanced sinking fund works undertaken during summer 2021/22.
- Demand for 2022/23 academic year:
  - Management commented that demand across all AssetCos was robust but with the delayed admissions process causing some disruption. In addition, the return to results-dependent offers means some universities may become more dependent on clearing.
- Operating financial performance (versus budget) was reviewed with overall outcome expected to be broadly in line with budget. A particular focus was on securing materials to support sinking fund expenditure and management of utility costs.
- We discussed inflation assumptions; this was an area of heightened management focus, and we noted management's intent to continue to rely on Oxford Economics forecasts to support projected expenditure modelling. Rates at the time were forecast at 9.9% for August 2022, falling to 3.3% in 2023.
- We discussed management changes, noting, in particular, the departure of Henry Gervais-Jones and Mark Swindlehurst since the start of 2022.
- The Enhanced Monitoring situations at Kent and Plymouth (these are discussed in Section E below).

[4] Each heading follows the relevant heading in Schedule 1, Part 1 of the MSA

Bishopsfield met with Management on 16 November 2022. Discussions focused on:

- Competitive landscape
  - The challenging outlook for 2023/24 (as discussed by UPP elsewhere in the Investor Report).
  - The positive demographics (rising 18-year-old population and strong international demand)
  - The changing regulatory and planning environment.
  - High inflation impacting costs, especially utilities, and placing pressure on accommodation providers to limit rental uplift.
  - Continued development focus in major tertiary education cities and Universities.
- AssetCo performance
  - All accommodation on track to be full for the current year except UPP (Broadgate Park) Holdings Limited ('Broadgate Park').
  - Particular pressure observed and anticipated at UPP (Nottingham) Limited ('NTU') Properties.
  - UPP is focused on rent setting for 2023/24 which is leading to challenging discussions against the backdrop of the indexation covenants within the relevant direct agreement.
  - UPP is collaborating with local staff, Universities, and students to manage utility costs; management remarked that the impact of rising costs remains unclear at this time.
  - Management commented that it is looking for savings across the business whilst managing costs prudently.
- Plymouth and Kent remediations and claims
  - Management updated us relative to the matters covered in the recent MA Proposal Requests; we requested a clarificatory update for Bondholders further outlining the process.
  - Management discussed the contemplated (Kent) and completed (Plymouth) Remediation Works (as defined in the MA Proposal Request dated October 2022 in relation to Kent).
  - BCP stressed all relevant parties must be supportive of the Kent remediation works strategy to ensure building safety, including fire authorities, insurers, and the University of Kent.
- We discussed various administrative matters arising and were updated relative to UPP senior management changes.

1.2. FM Provider

FM services are provided by UPP Residential Services Limited ('URSL'). URSL has provided the information that Bishopsfield has requested largely in a timely manner; the information related primarily to the Site Visits and regular reporting on the UPP (Exeter) Limited ('Exeter') Property remediations, and Plymouth Property exceptional works being conducted and certain questions / clarifications arising during the Operating Budget review.

1.3. Property Visits

1.3.1. University of York

BCP conducted a Site Visit at the University of York during October 2022.

Prior to financial close a comprehensive lifecycle report was produced by WSP and dated October 2012 (the 'WSP Report'). We continue to rely on the WSP Report, together with a Life Cycle Report produced by URSL.

BCP met both the regional and local staff at both Alcuin and URSL. Staff demonstrated knowledge and awareness of both local and national UPP practices and procedures. We examined the condition of the properties in conjunction with the comments made in the WSP Report in this instance and in connection with any major capital expenditure (exceeding £500,000), planned maintenance and lifecycle expenditure over the next 12 months, material disputes, breaches and deductions, litigations and claims and other matters that were brought to our attention. We were satisfied with the current condition subject to subsequent clarifications of certain matters identified.

We were made aware of some issues raised by the University with Alcuin regarding recently installed showers in certain blocks; we understand that Alcuin is working with the University and relevant students to remediate the water leakage arising.

We discussed AssetCo planned maintenance and lifecycle expenditure over the coming twelve months, material disputes, breaches and deductions, litigations and claims and various other matters arising and are satisfied with the current condition.

We met with representatives from the University of York who voiced broad satisfaction with the state of the relationship with UPP.

1.3.2. University of Plymouth

Bishopsfield conducted Site Visits to Plymouth's accommodation at the University of Plymouth on 1 April, 26 July and 9 September 2022. These Site Visits were scheduled to (i) to view the completed defect remediation works undertaken at the Plymouth's Francis Drake Property and (ii) view the additional Sinking Funds Works undertaken following approval of the August 2019 MA Proposal Request.

During our visit to the Robbins and Gilwell Halls (9 September) we were accompanied by a WSP representative; WSP has supported us in reviewing the enhancement works undertaken over the last four years.

During the Francs Drake Hall visits (1 April and 26 July) we were accompanied by Paul Nash who has supported us from a technical perspective in our monitoring of the remediation works.

1.3.3. University of Kent

BCP conducted a Site Visit to Kent's Woolf College at the University of Kent during September 2022 to view the enhancement works undertaken through the last 12 months and gain an improved understanding of the identified remediation works that UPP contemplate during the 2023/24 academic year (which UPP anticipate being the subject of an MA Proposal Request in spring 2023).

During the visit we met with University of Kent staff and also Kent management; the extent of the enhancement works was evident and the improved occupancy as well as feedback from the University emphasise the positive reaction. We have enlisted support from Paul Nash Consulting to inform our review of the contemplated remediation works and specifically informing our review of the ongoing fire safety of the Property.

2. CASH MANAGEMENT AND OPERATING BUDGET

2.1. Collections

The Monitoring Adviser is required to review ParentCo's Bi-Annual Cash Management Report.

Based upon the summary information presented, Bishopsfield is comfortable that the relevant payments are being made in a timely manner and in accordance with the relevant On-Loan Agreement and other Transaction Documents.

2.2. Operating Budget

The Monitoring Adviser is required to review the Operating Budget of ParentCo and each AssetCo at least annually. Bishopsfield reviewed the Operating Budgets for the 12 months commencing 1 September 2022 and found the reviewed Operating Budgets to be reasonable based upon the information available to us at such time and:

- The performance and financial condition of the business of each applicable AssetCo and the Group; and
- Historic expenditure of the relevant AssetCo or the Group; and
- The debt service requirements of each AssetCo to the Issuer; and
- Compliance with the terms of the relevant On-Loan, if applicable.

UPP's inflation assumptions for 31 August 2022 and 2023, respectively, were 11.9% and 5.6% reflecting the Oxford Economics July 2022 forecast. In considering the inflation assumptions we were mindful of the bond debt indexation and the potential impact of this on debt service and therefore the AssetCo DSCRs over the February and August 2023 Test Dates. We will monitor actual observations against the forecasts. In addition, we reviewed the potential impact of inflation on utility costs; the most material projected impact is forecast at the Kent and UPP (Oxford Brookes) Limited ('Oxford Brookes') Properties.

We note that the Operating Budgets for Plymouth and Kent were subsequently increased through MA Proposal Requests. The relevant MA Proposal Requests indicated that, had the Operating Budgets been presented with the higher amounts, the Projected AssetCo DSCR for each AssetCo would have been materially lower (as referenced previously in this MA Addendum). The relevant Projected AssetCo DSCRs for 31 August 2022 have been updated in the Issuer's Compliance Certificate included in this report to reflect this change.

3. INVESTOR REPORTING

The Issuer is required to publish an Annual Investor Report within 120 days following its financial year end – i.e., prior to 29 December 2022 for the recently ended financial year. In addition, the Issuer or ParentCo must provide a draft of said Annual Investor Report to BCP not less than 30 Business Days prior to the proposed date of publication.

Bishopsfield has reviewed the Issuer's draft Annual Investor Report[5]. On the basis of the information provided and discussions held with the Issuer's management in the ongoing undertaking of the Monitoring Adviser Services, Bishopsfield agrees the matters stated in the Issuer's draft Annual Investor Report, noting that we have not yet had sight of the relevant audited financial statements for the year-ended 31 August 2022.

This document forms the MA Addendum that BCP is required to issue as an addendum to the Issuer's Annual Investor Report.

4. SINKING FUND REVIEW

The Monitoring Adviser is required to review the Lifecycle Report provided against the sufficiency of the each AssetCo's sinking fund reserves held in the relevant Sinking Fund Reserve Account to meet Projected Lifecycle Maintenance Costs.

Lifecycle Reports can be prepared by the FM Provider (URSL) or an independent and suitably qualified property consultant. The Lifecycle Reports reviewed to date have been prepared by URSL.

The Lifecycle Report should report on lifecycle maintenance costs projected to be required over the following 60 months to maintain the condition of each Relevant Property in good working order, of a quality consistent with those of alternative accommodation available in respect of the relevant university and consistent good industry practice. URSL has provided ten-year projections. Following Bishopsfield's review of the Lifecycle Report presented during summer 2022, using a Test Date of 28 February 2022 and a subsequent review of the balances at 31 August 2022, for calculations of the Sinking Fund Required Amounts, we can confirm that all Sinking Fund Reserve Accounts had excess funds available as of 28 February 2022 and 31 August 2022 relative to the Sinking Fund Required Amounts.

The Monitoring Adviser has reviewed the projected expenditure identified by URSL and believe that it is reasonable given the information available to us about the condition and plans for each asset noting, in particular, the exceptional Sinking Fund expenditure undertaken during summer 2021 and the continued investment in 'refresh' works at several Properties which, in effect, accelerate implementation of future Sinking Fund works.

E. Monitoring under Stress Conditions[6]:

In accordance with Paragraph 1.4 of Part 1 of Schedule 10 of the CTA, a Trigger Level 2, Phase1 Monitoring Trigger Event is crystalised if an AssetCo does not exhibit Projected AssetCo DSCR or Historic AssetCo DSCR on a Test Date of equal to or greater than 1.05:1, and the Projected Senior DSCR and Historic Senior DSCR is greater than 1.15:1 on that Test Date.

If the relevant Historic AssetCo DSCR or relevant Projected AssetCo DSCR does not recover consistently (i.e., over two consecutive Test Dates) above 1.05:1 following a 3-year period of a Trigger Level 2, Phase1 Monitoring Trigger Event subsisting, this gives rise to a Trigger Level 2, Phase 2 Monitoring Trigger Event[7].

[5] Initial draft received 11 November 2022; final draft received 2 December 2022
[6] As defined in Schedule 1, Part 2 of the MSA
[7] As described in Paragraph 5.1 of Schedule 1 Part 2 of the MSA

1. UPP (Plymouth Three) Limited

The ratios at the 30 August 2019 Test Date in the Compliance Certificate dated 30 August 2019 were:

Ratio	Ratio	Lock-Up	Default
Historic AssetCo DSCR[8]	0.53x	Level 1: 1.15	Level 2: 1.05
Projected AssetCo DSCR[8]	1.06x	Level 1: 1.15	Level 2: 1.05
Historic Senior DSCR	1.29x	1.15	1.05
Projected Senior DSCR	1.29x	1.15	1.05

Following a Trigger Level 2, Phase 1 Monitoring Trigger Event, the MSA requires:

- ParentCo and the relevant AssetCo to prepare a remedial plan, including a proposed cure period and specific and measurable milestones (including appropriate timeframes for achieving such milestones) to rectify such underperformance including, without limitation to increase revenues or reduce indebtedness (the 'Performance Objectives'); and
- The Monitoring Adviser to actively engage with ParentCo and the relevant AssetCo, consulting and commenting on the remedial plan.

The draft remedial plan was discussed with BCP during September and October 2019; following such consultation, the remedial plan was presented to BCP and is being implemented by the relevant UPP parties. Updates to the remedial plan have been presented periodically through the last two years reflecting specific circumstances arising in relation to progress of remedial works at Robbins and Gilwell Halls and the more recently identified cladding defects identified at Francis Drake Hall.

BCP is required to provide a quarterly review report to the Issuer, the Issuer Security Trustee and the Issuer Secured Creditors stating its views and analysis of the Trigger Level 2, Phase 1 Monitoring Trigger Event. We are, in addition, required to meet with the officers or other appropriate personnel of the relevant University who shall provide information reasonably required by us for the purposes of making an assessment of the reasons for the relevant AssetCo failing to achieve the expected business and financial performance standards, to the extent that the under-performance is attributable to any matter concerning the University or the arrangements between the relevant University and the AssetCo and ParentCo.

We have received quarterly reports from ParentCo providing an update on implementation; in response, BCP has submitted thirteen quarterly review reports providing detailed commentary and analysis of progress achieved during the 2019/20, 2020/21 and 2021/22 academic years. We recommend readers review these reports.

[8] AssetCo DSCR = Plymouth AssetCo DSCR

Robbins & Gilwell Halls of Residence

The original Trigger Level 2, Phase 1 Event was prompted by under-performance at two of the Plymouth Properties: Robbins Hall and Gilwell Hall of Residence. UPP management took the decision to invest significant sums in both of these Plymouth Properties, with the aim of improving student satisfaction and ensuring stable and full long-term occupancy and Net Cash Flow generation. About £2.9 million has been invested through the last four years, improving both the physical appearance and efficiency of the buildings, as well as their marketability.

The occupancy observed through the last two years (99.60% and 99.66% respectively) and forecast for the 2022/23 academic year indicate that both the Robbins and Gilwell Properties are performing well. Against a 2022/23 forecast of 99%, we are now advised occupancy to be at 99.9%. We note however that the University of Plymouth representatives with whom we have met through the last three years continue to indicate that these two Plymouth Properties are amongst the last to fill up with question-marks arising over their relative value-for-money. We continue to monitor demand across all Plymouth Properties for the 2022/23 academic year and into the 2023/24 academic year to understand the corporate strategy for these assets and the long-term impact of the investments made by Plymouth in the relevant Plymouth Properties and the impact of other macro-considerations on long-term demand and operational costs.

We have received support from WSP relative to the Robbins and Gilwell works. We undertook a Site Visit on 9 September 2022 and received a preliminary technical report indicating:

- The investment works are in hand with significant works and expenditure completed.
- The identified maintenance works have largely been addressed – obviously, more on-going defects show due to wear and tear plus the weather.
- A programme of fire prevention works is being instituted with the highest buildings receiving fire compartment works as well as fire door works.
- The overall programme of improvement and refurbishment works appears to be executed in an integral manner rather than piecemeal so that the overall perception is that refurbished areas look improved.

In response to the preliminary comments from WSP, UPP has indicated to the MA that all works are complete. UPP management have further confirmed the other observations, which they regard as (mostly) relating to maintenance and housekeeping items are being actioned locally with the site team.

Francis Drake Hall

In 2021 certain defects were identified at one of the other Plymouth Properties, referred to as Francis Drake Hall. Remedying these defects has incurred significant expense (circa £4.5 million) for Plymouth AssetCo through the 2021/2022 Financial Year causing continuation of the Trigger Level 2, Phase 1 Monitoring Event.

As discussed in section C of this Addendum, this matter was the subject of an MA Proposal Request dated 20 December 2021, that sought and obtained approval to undertake and fund the remedial works and for entering into various associated documents to facilitate the appointment of the necessary contractors and consultants. Francis Drake Hall remained almost fully occupied through the remedial works which were completed during July 2022 (on time) and in line with the original budget.

We have received technical support from Paul Nash (as described in the December 2021 MA Proposal Request) throughout the remedial work activity and have visited the site twice during the works. The overall remediation project was completed on time and broadly on budget. We received a copy of a Certificate of Completion issued by Plymouth City Council relative to Building Regulation compliance dated 7 July 2022.

We are also comforted that there has been minimal disruption to student occupants and that no material health and safety incidents have been reported.

UPP sought consent during October 2022 to pursue a claim against the original contractor; during the 2022/23 academic year, management has budgeted for the legal costs associated with the claim.

Progress on the key performance indicators for this element of the remediation plan is as follows:

Ref	Performance Indicator Description	Status	MA Comment
1	Optimise occupancy throughout remedial works	Francis Drake Hall remained almost fully occupied	Francis Drake Hall remained almost fully occupied Francis Drake Hall remained fully occupied; the Property received strong demand for the 2022/23 academic year
2	Complete remedial works prior to start of 2022/23 academic year within budget	Programme delivered on target and on budget	All works have now been finalized with no material issues. This was independently monitored by the MA with support from Paul Nash (as described in the December 2021 MA Proposal Request)
3	Provide regular reporting to MA	Reporting provided in a timely manner	Initial enhancements requested to reporting were implemented
4	Maintain student satisfaction through remedial works	No material complaints reported	We note that the one student complaint that has been notified to the MA did not relate to the works
5	Maintain relations with the University of Plymouth	Reported to be positive	The MA held a call with senior facilities and accommodation management from the University of Plymouth on 25/2/2022 and a meeting on 6/9/2022 which provided comfort
6	Ensure that students, staff and other parties' health and safety is managed and protected	No material issues reported	Health and Safety was reported on as part of the regular monthly reporting

The progress against each Key Milestone identified in the December 2021 MA Proposal Request was tracked and reported on in our quarterly MA Trigger Level Reports.

Financial Ratios

The observed ratios during the twelve months to 31 August 2022 are as follows:

Test Date	Historic AssetCo DSCR[8]	Historic Occupancy reported (for the most recent academic year)	Occupancy used for Projected AssetCo DSCR for following academic year	Projected AssetCo DSCR[8]	Reference Source
31 August 2021	1.08x	99.7% (2020/21 academic year)	99% (2021/22 academic year)	0.48x	Audited Accounts Compliance Certificate (16 Dec 2021)
28 February 2022	0.59x	99.96% (2021/22 academic year)	99% (2022/23 academic year)	0.95x	Half Year Management Accounts Compliance Certificate (28 Apr 2022)
31 August 2022	0.53x	99.96% (2021/22 academic year)	99% (2022/23 academic year)	1.18x[9]	Distribution Compliance Certificate (31 Aug 2022)
31 August 2022	0.48x	99.7% (2021/22 academic year)	99.9% (2022/23 academic year)	1.13x	Audited Accounts Compliance Certificate (15 Dec 2022)

We note that the projected Debt Service payments through the 2022/23 Financial Year are forecast to rise due to the impact of inflationary pressures on the indexed bond payments. This was one factor that adversely impacted the Projected AssetCo DSCR reported as of 31 August 2022.

We continue to monitor closely actual Net Cash Flow (or Cash Flow available for Debt Service ('CFADS')) received across the Plymouth AssetCo Properties to inform and understand:

- How the Francis Drake Hall related remediation costs are applied, from a timing perspective, when calculating the Plymouth Historic AssetCo DSCR;
- the impact of material increases in actual costs and expenses incurred, relative to the Plymouth AssetCo Operating Budget, on the Plymouth Projected AssetCo DSCR; and
- the impact of timing differences between when indexation is applied to key revenue and cost lines (including Plymouth AssetCo Debt Service) as the financing transitions through the changing inflationary circumstances we are presently observing.

[8] AssetCo DSCR = Plymouth AssetCo DSCR

[7] The October 2022 MA Proposal Request related to UPP Plymouth confirmed that the Projected AssetCo DSCR for the Plymouth AssetCo would have been 1.12x with the revised Operating Budget; we note the actual reported Projected AssetCo DSCR for the Plymouth AssetCo in this Investor Report is 1.13x

As with all AssetCo's, we monitor student demand closely; across the various Plymouth Properties, we are observing specific feedback relative to the Works that have been undertaken at Robbins Hall and Gilwell Hall of Residence to inform our analysis of the robustness of future Gross Revenues and Operating Budgets. We are also following up on feedback from WSP report to inform whether we recommend incorporating any actions arising from any WSP recommendations into the updated remedial plan.

As referenced in the Background section above, the migration of the Plymouth AssetCo MA Trigger Level Reporting to Trigger Level 2, Phase 2 requires the MA to agree any update to the remedial plan within a period of twelve months. In engaging with the Plymouth AssetCo and ParentCo, we will review the various matters referenced above and the requirements of the MSA to inform our consideration. This report remains under discussion; we note however that we anticipate this becoming more defined as we move through the coming months and marketing plans for 2023/24 become developed.

Our understanding of ParentCo's current remedial plans indicates Plymouth AssetCo returning to Monitoring under Normal Conditions once compliance has been demonstrated on the 28 February 2024 Test Date.

2. UPP (Kent Student Accommodation) Limited

As highlighted in our last MA Addendum, UPP management identified to us that the Kent accommodation was likely to be materially under-occupied through the 2020/21 academic year. This resulted in a Trigger Level 2, Phase 1 Monitoring Trigger Event occurring as at the 31 August 2020 Test Date when the Projected AssetCo DSCR[10] fell to 0.63x. In common with the situation arising relative to Plymouth, certain actions then arose, that led to the development of a remedial plan that introduced certain performance objectives, against which we have proceeded to monitor the Kent performance through the last Financial Year.

The situation at Kent was precipitated by the Covid-19 pandemic impact on demand for post-graduate accommodation. As the 2020/21 academic year admissions unfolded through September 2020 in parallel with increased government restrictions on travel, non-UK post-graduates chose not to, or found it challenging to travel and take up accommodation. This led to the Kent accommodation being only 67.4% occupied through the 2021/21 Financial Year.

UPP and the University anticipated that the post graduate students would arrive for on-campus learning in January 2021 leading to improved occupancy for the lent and trinity terms; the government-imposed travel restrictions during December 2020, followed by the national lockdown imposed in January 2021 restricted movement to the point that occupancy remained at the same level as during the Advent term.

The following table shows the status of each of the Performance Objectives as of 31 August 2022 that were developed to optimise Net Cash Flow and stable occupancy for the 2022/23 academic year (these include two additional Performance Objectives relating specifically to additional Sinking Fund ('SF') works completed prior to the commencement of the 2021/22 academic year at items 13 and 14). These Performance Objectives have been refined for the coming year to form the basis for ongoing monitoring of the Kent performance as it plans for the 2023/24 academic year and our latest MA Trigger Level Report (dated 2 December 2022) comments on the status of these most recent Performance Objectives.

[10] AssetCo DSCR = Kent AssetCo DSCR

Ref	Performance Objective Description	Status	MA Comment
1	Monthly monitoring of academic year 2022/23 activity via M&A forum from Nov 2021 through Sep 2022	Nov 21-Sep 22	UPP reports that activities and timelines are being monitored with monthly meetings taking place
2	Rent setting complete for academic year 2022/23	31 December 2021	UPP reports rents were set in December 2021
3	Booking portal open for academic year 2022/23 applications	17 January 2022	UPP reports that the booking portal was opened on time
4	Returner campaign designed and agreed	17 December 2021	UPP reports that the campaign has been designed and agreed and the activity launched
5	Monitor bookings via University of Kent (the 'University') feeds	Ongoing	UPP indicate that booking levels are being monitored via daily information feeds
6	University complete supply and demand proforma (inc. returner target)	31 January 2022	UPP report that this exercise was completed in January 2022 and is being reviewed monthly. Unlike last year, the University has a campus-wide target that includes Woolf College
7	UPP to undertake 'post-graduate ('PG') test' to inform supply and demand assessment	31 January 2022	UPP report that the test was undertaken and meets required level. PG allocation is 80% of previous inhouse PG performance
8	Returner offers released from 1 March 2022	1 March 2022	Returner offers are reported to have been released later than planned on 14 March 2022. However, UPP report that both the University and UPP are satisfied with the number of returners
9	Targeted number of returners secured for campus	31 May 2022	UPP report that both the University and UPP are satisfied with the achieved number of returners, which has been agreed at the same level as AY2021/22
10	Unconditional Firm ('UF') offers released from May	31 May 2022	UPP report that UF offers are being released in June to align with broader communications across other accommodation, with acceptance and turnaround in line with defined Administration Arrangements. 92 UF offers were reported to have been made as of 31 May 2022
11	Conditional Firm ('CF') offers released from August	31 May 2022	Action completed

Ref	Performance Objective Description	Status	MA Comment
12	Clearing accommodation application open	17 August 2022	UPP report that all available accommodation has been made available to UG applicants through clearing
13	Completion of revised Sinking Fund works prior to academic year 2021/22 intake	30 September 2021	UPP report that all relevant works have been completed
14	University / student feedback on the Revised Sinking Fund works undertaken	30 November 2021	UPP report that feedback has been positive and will be used to inform further kitchen upgrades planned for summer 2022

Each section of the above table references a section of the Trigger Level Report.

As noted elsewhere in this MA Addendum, UPP management anticipate undertaking some works related to remedying certain cladding-related defects identified at the Kent Property. These remedial works are presently planned to commence in September 2023; UPP management have advised an intent to submit an MA Proposal Request related to these works in spring-2023. Separately and as referenced previously, UPP sought consent during October 2022 to pursue a claim against the original contractor; during the 2022/23 academic year, management has budgeted for the legal costs associated with the claim and anticipates that any remediation costs will occur during the 2023/24 academic year.

The projected cash flow and occupancy information provided by UPP in relation to the Kent AssetCo, by half years ending 28 February (H1) and 31 August (H2)) is as follows:

Financial Year	CFADS (H1)	CFADS (H2)	Aggregate Projected CFADS	Occupancy Rate
2021/22	£1,153k	£995k	£2,149k	100.0%
2022/23	£897k	£955k	£1,852k	100.0%

The actual 2021/22 CFADS is down 3.4% (or £76k) on the level provided in August 2022 reducing the reported Historic AssetCo DSCR[10] from 1.35x to 1.30x. This change is primarily driven by small increases to actual reported costs, including higher debt service costs on the index-linked debt.

The forecast 2022/23 CFADS is some £270k lower than that advised in August 2022 triggering a reduction in the Projected AssetCo DSCR[10] from 1.31x to 1.14x. This change is primarily driven by increased costs associated with pursuing the claims referenced in the October 2022 MA Proposal Request related to Kent.

Looking at rent cash flows for the current year, UPP continues to forecast broadly consistent half yearly rent receipts through both halves of the academic year. We will review with UPP the actual rental cash flows observed at the end of the financial year to inform our reflections on this approach.

Student satisfaction with the significant number of kitchen enhancements and other accelerated SF works undertaken during summer 2021 and 2022 continues to be positively received. This should contribute to positive demand for rooms for the 2023/24 academic year.

We will work closely with management to understand the potential budgetary implications of the contemplated 2023/24 cladding-related remedial works as these may influence the projected ratios reported for the February 2023 Test Date.

The following table summarises the ratios reported relative to the last twelve months for Kent:

Test Date	Historic AssetCo DSCR[10]	Historic Occupancy reported (for the most recent academic year)	Occupancy used for Projected AssetCo DSCR for following academic year	Projected AssetCo DSCR[10]	Reference Source
31 August 2021	0.57x	68% (2020/21 academic year)	99% (2021/22 academic year)	1.54x	Audited Accounts Compliance Certificate (16 Dec 2021)
28 February 2022	0.92x	99.6% (2021/22 academic year)	99% (2022/23 academic year)	1.61x	Half Year Management Accounts Compliance Certificate (28 Apr 2022)
31 August 2022	1.35x	99.6% (2021/22 academic year)	99% (2022/23 academic year)	1.31x[11]	Distribution Compliance Certificate (31 Aug 2022)
31 August 2022	1.30x	99.6% (2021/22 academic year)	100% (2022/23 academic year)	1.14x	Audited Accounts Compliance Certificate (15 Dec 2022)

We undertook a Site Visit to the University and the Kent Property on 5 September 2022. We met with the University during the Site Visit, which emphasised that take-up for the Woolf accommodation remains strong and that the kitchen enhancements undertaken through summer 2021 are being well received, which bodes well for the kitchen and other enhancements performed during summer 2022.

We continue to recommend that actual Net Cash Flow received across Kent remains closely monitored through the 2022/23 Financial Year to ensure that we can assess the true impact of the additional SF works on marketability and student satisfaction. In addition, we will closely monitor the contemplated cladding-related remedial works and the impact that associated costs may have on reported financial ratios as well as the actual index-linked debt costs.

Presently, ParentCo's remedial plan projects returning to Monitoring under Normal Conditions in respect of Kent once compliance has been demonstrated on either the 31 August 2023 Test Date or a later Test Date following completion of the referenced cladding works.

[11] The October 2022 MA Proposal Request related to Kent confirmed that the Projected AssetCo DSCR for Kent would have been 1.12x with the revised Operating Budget; we note the actual reported Projected AssetCo DSCR for Kent in this Investor Report is 1.14x

[10] AssetCo DSCR = Kent AssetCo DSCR

The Monitoring Adviser has prepared this MA Addendum based upon information received by the Monitoring Adviser. This MA Addendum has not been prepared on the basis of any information that has been identified as inside information. The Monitoring Adviser has no responsibility for the adequacy or accuracy of any of the information or documentation provided to it in connection with the Monitoring Adviser Services and may act on the opinion or advice of, or a certificate or any information from, advisers or experts. In preparing this MA Addendum, the Monitoring Adviser has performed only those services it is obliged to carry out in accordance with the Monitoring Services Agreement and has done so in accordance with the Monitoring Adviser Standard. The Monitoring Adviser is not a fiduciary and is not liable for any loss, liability, claim, expense or damage suffered or incurred by any Noteholders, any other Issuer Secured Creditor, the Issuer, the ParentCo, any AssetCo or any other Transaction Party with respect to the performance of its obligations under the MSA or the Issuer Deed of Charge, save for any loss suffered by the Bondholders resulting from its fraud, gross negligence or wilful default.

The Monitoring Adviser makes no representation or warranty, express or implied, that the documentation and opinions referred to herein, or the information contained or the assumptions on which they are based are accurate, complete or up to date in each case other than the opinions of the Monitoring Adviser as at the date of this MA Addendum based upon such information. The Monitoring Adviser has no obligation to update any such opinions other than in accordance with its obligations under the MSA.

This MA Addendum is not a recommendation or inducement to buy, sell or hold any securities (including those issued by UPP Bond 1 Issuer PLC).

6.0

AssetCo summaries

Appendix 1

Photo credit: Robert Greshoff

UPP (Alcuin) Limited, University of York

Historic Senior Debt Service Cover Ratio (DSCR)

	2022
	£000's
EBITDA after sinking fund per profit and loss	**4,326**
Add:	
Sinking fund expenditure	**1,190**
Interest receivable	**11**
Deduct:	
Sinking fund deposit	**(409)**
Total movement	**792**
Total cash available for debt service	**5,118**
Debt service	
Interest	**2,096**
Fixed rate debt principle repayment	**1,432**
Total debt service	**3,528**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	**1.05**
ADSCR – lock up	**1.15**
ADSCR – actual	**1.45**
Headroom over default	**1,060**
Headroom over lock up	**1,413**

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the CTA.

York

740 ROOMS FEBRUARY 2001 **NB**
304 ROOMS SEPTEMBER 2007 **ET**

ET – Estate Transfer
NB – New Build

UPP (Alcuin) Limited, University of York

Key metrics

Area	Metric	2022	2021
Site operations	Occupancy	**100.0%**	100.0%
Finance	EBITDA*	**£4.3 million**	£4.9 million
	ADSCR	**1.45**	1.24
Health and safety	Injury incident rate	**0.00**	0.00
Environment**	Scope 1 emissions tCO2 (Tonnes of CO2)	**662**	536
	Scope 2 emissions tCO2	**187**	249
FM performance	Performance deductions	**None**	None
	Availability deductions	**None**	None

*EBITDA after sinking fund expenditure

**Comparative information has been updated to reflect finalised billing data and updated conversion factors. Current year information represents the best available forecast at the current time.

Sinking fund

The sinking fund spend for the year was £1,190k (2021: £397k), with the movement between years relating to the replacement cycle of the assets. Annual spend is not directly comparable year on year.

Outlook for the new financial year

The Company has budgeted occupancy of 99.0 per cent for 2022/23. Rents for the academic year 2023/24 will be set during Q2 of 2022/23.

University outlook

The University of York is a world-class institution and a member of the Russell Group of universities. It was recently ranked within the top 10 institutions in the UK by the Sunday Times Good University Guide 2024 having risen eight places in the most recent ranking. It is also within the top 200 universities globally in the QS World University rankings for 2023.

This improvement was driven by an impressive performance in the latest Research Excellence Framework (REF 2021), where 93% of the University's research was rated world-leading or internationally excellent. The University is moving its academic structure to a semester model from 2023-24 to better align with universities abroad and streamline incoming and outgoing student exchanges. Each semester will consist of one week's induction, 11 weeks of teaching and four weeks for assessments.

Rates of student satisfaction held up well at York during the pandemic and have continued to do so in 2022. The University maintains a top-40 position for satisfaction with the wider undergraduate experience, whilst its efforts to develop employability skills have seen it secure a gold in the Teaching Excellence Framework in 2018.

Occupying a 200-acre parkland campus, York is one of only a handful of UK universities to operate a collegiate system. These student communities' cross year groups and academic disciplines, and colleges are the bases for accommodation, social activities, sports competition and support networks with more than £750 million spent on expanding facilities over the last two decades. A new management school building opened in 2021 and new residential accommodation opened in 2022. In line with its strategy until 2030, the University continue to invest in facilities across both campuses.

Academic demand at the University remains strong with nearly six applications for every place, with a growth of 8.1 per cent in applications over the last five years. Applications to York increased by about 11 per cent in 2021 whilst full time enrolments increased by the same amount. The University of York is one of the fastest growing institutions in the UK, increasing full time student numbers by more than one third in the last five years and by 13 per cent in the last year alone. For 2020/21, student numbers increased by 2,235, two-thirds of which are those domiciled outside of the UK. The non-UK population at the University of York has grown by 72 per cent in the last five years and now makes up 29 per cent of the total population.

Overall, the student body has become less localised due to strong recruitment from the rest of the UK and overseas. Consequently, the demand pool for accommodation has grown substantially too, up just under 1,700 on last year and nearly 4,400 above the level seen in 2015/16. The all-year demand pool and first year demand pool now sit comfortably above the UK average at 2.8:1 and 1.4:1 respectively.

For information on the University of York's strategy (2030);
https://features.york.ac.uk/strategy/index.html

UPP (Broadgate Park) Holdings Limited, University of Nottingham

Historic Senior Debt Service Cover Ratio (DSCR)

	2022
	£000's
EBITDA after sinking fund per profit and loss	**7,870**
Add:	
Sinking fund expenditure	**1,098**
Interest receivable	**21**
Deduct:	
Sinking fund deposit	**(1,771)**
Total movement	**(652)**
Total cash available for debt service	**7,218**
Debt service	
Interest	**3,866**
Fixed rate debt principle repayment	**1,805**
Total debt service	**5,671**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	**1.05**
ADSCR – lock up	**1.15**
ADSCR – actual	**1.27**
Headroom over default	**694**
Headroom over lock up	**1,262**

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the CTA.

Nottingham

1,120 ROOMS MAY 2003 **ET**
1,109 ROOMS SEPTEMBER 2003 **NB**

ET – Estate Transfer
NB – New Build

UPP (Broadgate Park) Holdings Limited, University of Nottingham

Key metrics

Area	Metric	2022	2021
Site operations	Occupancy	**98.9%**	91.0%
Finance	EBITDA*	**£7.9 million**	£6.3 million
	ADSCR	**1.27**	1.15
Health and safety	Injury incident rate	**0**	8,451
Environment**	Scope 1 emissions tCO2 (Tonnes of CO2)	**527**	504
	Scope 2 emissions tCO2	**733**	731
FM performance	Performance deductions	**None**	None
	Availability deductions	**None**	None

*EBITDA after sinking fund expenditure

**Comparative information has been updated to reflect finalised billing data and updated conversion factors. Current year information represents the best available forecast at the current time.

Sinking fund

Sinking fund expenditure for the year was £1,098k (2021: £1,146k). The movement between years relates to the replacement cycle of the assets. Levels of annual spend are not directly comparable year on year.

Outlook for the new financial year

The Company has budgeted occupancy of 99.0 per cent for 2022/23. Rents for the academic year 2023/24 will be set during Q2 of 2022/23.

University outlook

The Sunday Times Good University Guide 2023 describes the University of Nottingham as "an internationally-minded university in the throes of a new phase of growth". Ranked 28 in this guide, and 114 in the world by the QS World University Rankings, Nottingham continues to be one of the most popular destinations for students in the UK.

Applications continue to increase for this University – which now receives nearly 8,000 more applications per annum than it did five years ago. The University receives well over 55,000 applications each year and has more than seven students chasing each academic place. Only four British universities took more undergraduates in 2021 and there was another 3 per cent increase in applications during the most recent admissions cycle.

The University witnessed improved results in the most recent Research Excellence Framework (REF 2021) —with 90 per cent of the work submitted rated world-leading or internationally excellent. Student satisfaction has, however, yet to recover from the decline that affected most universities during the pandemic. Declining scores in the latest NSS in 2022, saw Nottingham outside the top 100 for satisfaction with teaching quality and only just inside it for student experience at 95.

Nottingham is one of the UK's pioneers in overseas campuses – in China and Malaysia – with undergraduates encouraged to transfer between campuses and, with thousands of international students coming to the city, the university markets itself as a global institution.

Nottingham's 330-acre University Park campus is one of the most attractive in the UK, seizing several environmental awards in recent years. The University is a long-term process of upgrading its residential stock on this campus beginning with the renovation of Florence Boot Hall which is due to reopen in 2023. First-year undergraduates are currently guaranteed one of 11,200 residential places. The University also has plan for further expansion. This will include a new campus at the foot of Nottingham Castle to give the University more of a presence in the city centre. The Castle Meadow site was bought in 2021 for the Business School and Digital Nottingham, the university's civic, research and innovation hub.

Between 2012/13 and 2014/15, student numbers at the University of Nottingham fell, however, since then numbers have increased to well above 2012 levels. Enrolments have risen by over 5,000 in the last five years, 600 of which were from outside of the UK (all growth from outside of the EU). The University is now home to 20,335 18-20-year-olds. The residential demand pool has increased by nearly as much as the overall growth in numbers, rising by more than 5,000 between 2015/16 and 2020/21. The first-year pool has increased by 2,000 since 2015/16 but has started to settle to around 11,000, one of the largest first year demand pools in the UK. The student to bed ratio now sits at 3.0:1, nearly 50 per cent above the UK average and 0.2:1 higher than in 2015/16. The first year SBR has slightly decreased this year to 1.2:1. The University does not need to rely on any returning students and will likely be able to allow some "leakage" into the private sector in Nottingham.

For information on the University of Nottingham's strategy;
https://www.nottingham.ac.uk/strategy/home.aspx

UPP (Kent Student Accommodation) Limited, University of Kent

Historic Senior Debt Service Cover Ratio (DSCR)

	2022
	£000's
EBITDA after sinking fund per profit and loss	**2,460**
Add:	
Sinking fund expenditure	**428**
Interest receivable	**6**
Deduct:	
Sinking fund deposit	**(745)**
Total movement	**(311)**
Total cash available for debt service	**2,149**
Debt service	
Interest	**1,159**
Fixed rate debt principle repayment	**489**
Total debt service	**1,648**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	**1.05**
ADSCR – lock up	**1.15**
ADSCR – actual	**1.30**
Headroom over default	**253**
Headroom over lock up	**417**

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the CTA.

Kent

544 ROOMS OCTOBER 2007 **NB**

ET – Estate Transfer
NB – New Build

UPP (Kent Student Accommodation) Limited, University of Kent

Key metrics

Area	Metric	2022	2021
Site operations	Occupancy	**99.6%**	67%
Finance	EBITDA*	**£2.5 million**	£1.1 million
	ADSCR	**1.30**	0.57
Health and safety	Injury incident rate	**5,556**	8,696
Environment**	Scope 1 emissions tCO2 (Tonnes of CO2)	**333**	271
	Scope 2 emissions tCO2	**101**	142
FM performance	Performance deductions	**None**	None
	Availability deductions	**£8k**	None

*EBITDA after sinking fund expenditure

**Comparative information has been updated to reflect finalised billing data and updated conversion factors. Current year information represents the best available forecast at the current time.

Sinking fund

The sinking fund expenditure for the year was £428K (2021: £515k). This movement between years relates to the variable replacement cycle of the assets. Annual spend is not directly comparable year on year.

Outlook for the new financial year

The Company has budgeted occupancy of 99.0 per cent for 2022/23. Rents for the academic year 2023/24 will be set during Q2 of 2022/23.

University outlook

The University of Kent was ranked 48 in the Sunday Times Good University Guide ranking for 2023 falling two places from 46. Operating a college-based system with academic as well as residential facilities, the Canterbury campus has six colleges, with every student attached to a college which becomes the epicentre of their social lives whilst at university. Organised in this way, Kent has secured gold in the Teaching Excellence Framework and this is supported by a strong performance in the Research Excellence Framework (REF).

Kent's 300-acre Canterbury campus overlooking the City is benefiting from £1.15 million of funding from the Office for Students to upgrade facilities for its natural sciences division. Hi-spec teaching laboratories for computing and the £18.8 million economics building which opened in 2019, are among the new developments. The Kent and Medway Medical School, a collaboration with Canterbury Christ Church University, opened in September 2020, with Pears building providing a GP simulation suite, a 150-seat lecture theatre, seminar rooms and social spaces.

As with a number of universities, Kent has suffered from declining rates of student satisfaction in recent years, however with the return to in-person teaching in 2022/23 and lecture capture technology in place, it is expected that this will improve the on-campus experience.

A modern £3 million hub in the Park Wood student village on the Canterbury campus includes a shop, café/bar and dance studios. The Pavilion outdoor playing fields complex opposite is also the site of the cycle hub. The Sports Centre near the heart of the Canterbury campus has a fitness suite, strength and conditioning training area and three multipurpose sports halls among its facilities. The Medway Park Premier membership gives students access to local sports and leisure centre.

With 5,233 residential spaces at the Canterbury campus, all first-year undergraduates are guaranteed accommodation assuming that they apply by the deadline and by living in university accommodation, they also get free access to sports. A £3 million hub opened in 2018 in the Park Wood student village on the Canterbury campus, which includes a shop, café/bar and dance studios. The local housing market remains characterised by an overall lack of private rented supply for students, a restrictive planning environment and only two direct-let operators of purpose-built student accommodation.

In terms of residential demand, this year the University of Kent's demand pool has fallen for the third year in a row. Overall, student numbers have fallen by just 10 this year, with UK students increasing and non-UK students decreasing. Since 2015/16, the non-UK population has decreased in number by just over 1,210, remaining level at 4,400 until 2017/18 and then reducing substantially in the last three years. The first-year population this year has marginally increased, with the population largely levelling out. Despite the fall in student numbers and the demand pool in the last year, the student to bed ratio is still above national averages and is roughly in line with the ratio recorded last year at 2.3:1.

For information on the University of Kent's strategy (2025):
https://www.kent.ac.uk/strategy

UPP (Nottingham) Limited, Nottingham Trent University

Historic Senior Debt Service Cover Ratio (DSCR)

	2022
	£000's
EBITDA after sinking fund and pension costs per profit and loss	**8,327**
Add:	
Sinking fund expenditure	**1,777**
Interest receivable	**23**
Deduct:	
Sinking fund deposit	**(2,317)**
Pension costs	**(35)**
Total movement	**(552)**
Total cash available for debt service	**7,775**
Debt service	
Interest	**4,106**
Fixed rate debt principle repayment	**1,979**
Total debt service	**6,085**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	**1.05**
ADSCR – lock up	**1.15**
ADSCR – actual	**1.28**
Headroom over default	**778**
Headroom over lock up	**1,386**

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the CTA.

Nottingham Trent

2,327 ROOMS APRIL 2002 **ET**
446 ROOMS SEPTEMBER 2003 **NB**

ET – Estate Transfer
NB – New Build

UPP (Nottingham) Limited, Nottingham Trent University

Key metrics

Area	Metric	2022	2021
Site operations	Occupancy	**100.0%**	100.0%
Finance	EBITDA*	**£8.3 million**	£7.6 million
	ADSCR	**1.28**	1.19
Health and safety	Injury incident rate	**3,794**	4,082
Environment**	Scope 1 emissions tCO2 (Tonnes of CO2)	**887**	1,116
	Scope 2 emissions tCO2	**925**	775
FM performance	Performance deductions	**None**	None
	Availability deductions	**None**	None

*EBITDA after sinking fund expenditure

**Comparative information has been updated to reflect finalised billing data and updated conversion factors. Current year information represents the best available forecast at the current time.

Sinking fund

The sinking fund spend for the year was £1,777k (2021: £2,009k). The movement between years relates to the replacement cycle of the assets. Annual spend is not comparable year on year.

Outlook for the new financial year

The Company has budgeted occupancy of 99.0 per cent for 2022/23. Rents for the academic year 2023/24 will be set during Q2 of 2022/23.

University outlook

Nottingham Trent University (NTU) was chosen as the Sunday Times Good University Guide “Modern University of the Year” for 2023 improving its overall post-pandemic ranking by 28 places to 42. The University continues to be one of the largest recruiters of undergraduates in the UK and enrolments have continued to increase. The University still receive nearly 47,000 applications each year with more than five students chasing each academic place. Over the last five years the University has seen applications rise by more than 10,600 per annum the equivalent of 28.6 per cent.

Amongst the attractions of NTU is a gold rating in the Teaching Excellence Framework and a sector leading reputation for the number of students on year-long work placements. Whilst the University has redoubled its efforts with respect to improving student experience initiatives, research has also been an area of focus. NTU has improved its position by 26 places in the Sunday Times research quality index, and this, the publication reports, is based on improved results in the latest Research Excellence Framework (REF 2021) compared with the previous national assessment in 2014. The output from REF 2021 saw 83 per cent of the University's submissions rated world-leading or internationally excellent. Top performers include law, engineering and allied health, dentistry, nursing and pharmacy each with at least 98 per cent of their submissions rated in these categories.

Over the last two decades NTU has continued to invest in capital projects to ensure that they have the correct platform for delivering excellent student experiences. The City campus is the largest and is located in the centre of Nottingham. A new building for the School of Art and Design is scheduled to open close to Newton and Arkwright in 2023. Approximate 50 per cent of the University's population study and live on this campus, whilst the Clifton campus, three miles outside the City, caters for arts and humanities subjects and well as science and technology.

Each campus provides its own residential accommodation and given the local market dynamics most of the 6,200 rooms offered by NTU are reserved for new first year students. Students are guaranteed accommodation if they apply by mid-June whilst international students are given until the end of July in each cycle.

Currently, Nottingham Trent University is amongst the fastest growing and best-performing institutions in the UK, with 3,000 more students for the 2020/21 compared to the previous year. Overall, the student body has grown by 10,435 students since 2015/16 or 44 per cent. The non-UK population has grown by 91 per cent in five years but still only makes up 14 per cent of the NTU student body. The all-year demand pool has increased by 52%, above the growth in student numbers due to faster student number growth from outside of the East Midlands. Both the all-year SBR and first year SBR are nearly double the national average at 4.3:1 and 1.8:1 respectively, and only 55 per cent of the first-year population can currently be housed in university accommodation.

For information on Nottingham Trent University's strategy
https://www.ntu.ac.uk/about-us/university-reimagined

UPP (Oxford Brookes) Limited, Oxford Brookes University

Historic Senior Debt Service Cover Ratio (DSCR)

	2022
	£000's
EBITDA after sinking fund per profit and loss	**2,807**
Add:	
Sinking fund expenditure	940
Interest receivable	6
Deduct:	
Sinking fund deposit	(764)
Total movement	**182**
Total cash available for debt service	**2,989**
Debt service	
Interest	1,612
Fixed rate debt principle repayment	735
Total debt service	**2,347**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.27
Headroom over default	289
Headroom over lock up	524

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the CTA.

Oxford Brookes

750 ROOMS SEPTEMBER 2002 **NB**
20 ROOMS SEPTEMBER 2016 **NB**

ET – Estate Transfer
NB – New Build

UPP (Oxford Brookes) Limited, Oxford Brookes University

Key metrics

Area	Metric	2022	2021
Site operations	Occupancy	**100.0%**	100.0%
Finance	EBITDA*	**£2.8 million**	£3.0 million
	ADSCR	**1.27**	1.21
Health and safety	Injury incident rate	**10,526**	20,833
Environment**	Scope 1 emissions tCO2 (Tonnes of CO2)	**444**	347
	Scope 2 emissions tCO2	**210**	176
FM performance	Performance deductions	**None**	None
	Availability deductions	**None**	None

*EBITDA after sinking fund expenditure

**Comparative information has been updated to reflect finalised billing data and updated conversion factors. Current year information represents the best available forecast at the current time.

Sinking fund

Sinking fund expenditure for the year was £940k (2021: £605k). The movement between years relates to the replacement cycle of the assets. Annual spend is not directly comparable year on year.

Outlook for the new financial year

The Company has budgeted occupancy of 100.0 per cent for 2022/23. Rents for 2023/24 will be set in October 2023 as part of the controlled rent.

University outlook

The position of Oxford Brookes in the Times Good University Guide has slipped slightly year on year from 54 to 57 for 2023. Whilst the University remains among the leading post-1992 institutions in these overall rankings, its progress up the table has stalled according to the Guide. The University is following what it refers to as a “personalisation” initiative with respect to learning, however, National Student Survey results from 2022, indicate that satisfaction with teaching quality has yet to fully recover as has its score for satisfaction with the wider undergraduate experience.

For the academic year 2021, the University attracted more than 20,000 applications and its main scheme application to acceptance ratio improved from 5.2:1 to 6.0:1. This represented a 5.7 per cent improvement on the previous year. Whilst applications had been falling – by a third between 2016 and 2019 – applications are now continuing to rise. Higher offer rates and the use of now banned “conditional unconditional” offers in 2019 ensured that the decline in enrolments had been marginal. More than a third of its students come from independent or grammar schools — the largest proportion among post-1992 universities. It remains in the top 40 institutions for completion, however its retention is below its expected benchmark, given its overall academic profile.

In terms of research quality, results for the latest Research Excellence Framework (REF 2021) indicate that the proportion of work judged to be world-leading or internationally excellent grew from 60 per cent to 70 per cent. More than 400 researchers in 15 subject areas were entered submissions and whilst this represented a 40 per cent increase on the previous national assessment in 2014, the University lost ground on the greater overall improvement across the sector.

The University has four campuses. The engineering base at Wheatley is to be redeveloped for housing and courses are due to be transferred to the main campus in Headington, in particular education, English, communications, philosophy and sport. Currently, however, this has been temporarily delayed. Oxford Brookes has a strategy to expand its degree apprenticeship provision for 2035 including a 25 per cent increase in the number of 'employer led' students. In support of this strategy, Oxford Brookes continues to make significant capital investment with a £220 million programme continuing until 2025. This has already provided specialist computing equipment for the Faculty of Health and Life Sciences at Headington.

Student numbers at Oxford Brookes University have increased by 750 between 2015/16 and 2020/21. In the past two years student numbers have increased by 1,115 after a slight fall in the population between 2016/17 and 2018/19. Non-UK student numbers have followed a similar trend to overall figures, with a slight reduction between 2015/16 and 2018/19 and then saw a bounce back to above previous levels. Non-UK student numbers have increased by 5 per cent, all coming from outside of the EU. The core residential pool has again increased by 1,000 this year, almost twice the increase in student numbers, reflecting these demographic trends. The first-year demand pool has also increased by almost 5 per cent, suggesting positive signs for demand the next two years. The all-year and first-year student to bed ratios at the University are below the national average due to recent increases in bed numbers, at 1.8:1 and 0.8:1 respectively, albeit that this ratio has remained roughly consistent over the last five years.

Firm and insurance choice students are guaranteed one of Oxford Brookes' 4,376 rooms. This has also been the case for clearing students in recent years, although they are not covered by the guarantee. The City Council continues to enforce strict controls on the number of students each university is permitted to house in the private rented sector within Oxford. The University now has permission to add another 600 places to the 1,300 already available in its student village.

For more information on Oxford Brookes University's strategy;
https://www.brookes.ac.uk/about-brookes/strategy/

UPP (Plymouth Three) Limited, University of Plymouth

Historic Senior Debt Service Cover Ratio (DSCR)

	2022
	£000's
EBITDA after sinking fund per profit and loss	**1,280**
Add:	
Sinking fund expenditure	**1,662**
Interest receivable	**15**
Deduct:	
Sinking fund deposit	**(1,038)**
Total movement	**639**
Total cash available for debt service	**1,919**
Debt service	
Interest	**2,901**
Fixed rate debt principle repayment	**1,309**
Total debt service	**4,210**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	**1.05**
ADSCR – lock up	**1.15**
ADSCR – actual	**0.46**
Headroom over default	**(2,922)**
Headroom over lock up	**(2,501)**

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the CTA.

Plymouth

PHASE 1-3: 1,276 ROOMS 1998-2004 **ET, NB**
PHASE 4: 488 ROOMS DECEMBER 2006 **ET, NB**

ET – Estate Transfer
NB – New Build

UPP (Plymouth Three) Limited, University of Plymouth

Key metrics

Area	Metric	2022	2021
Site operations	Occupancy	**99.9%**	99.7%
Finance	EBITDA*	**£1.3 million**	£4.3 million
	ADSCR	**0.46**	1.08
Health and safety	Injury incident rate	**3,636**	8,197
Environment**	Scope 1 emissions tCO2 (Tonnes of CO2)	**819**	1,180
	Scope 2 emissions tCO2	**436**	396
FM performance	Performance deductions	**None**	None
	Availability deductions	**None**	None

*EBITDA after sinking fund expenditure

**Comparative information has been updated to reflect finalised billing data and updated conversion factors. Current year information represents the best available forecast at the current time.

Ratio performance

The performance of the ratio relative to lock up was driven by the £3.8 million cost of remedial works at the Francis Drake building, as noted in Section 3.3.

Sinking fund

The sinking fund expenditure for the year was £1,662k (2021: £1,018k).

Outlook for the new financial year

The Company has budgeted occupancy of 99.0 per cent for 2022/23. Rents for the academic year 2023/24 will be set during Q2 of 2022/23.

University outlook

The University of Plymouth has seen its ranking in the Times Good University Guide for 2023 fall by 16 places to 74, almost reversing the 18 place gains made in the preceding two years. As part of this specific guide, this fall is attributed to a fall in its research quality index. As with Oxford Brookes University whilst more than 75 per cent of the University's submission to the Research Excellence Framework (REF 2021) were deemed world-leading or internationally excellent, the scale of overall improvement across the sector left Plymouth comparatively adrift in this ranking. In addition, pre-pandemic the University's scores for student satisfaction with teaching quality lay just outside the top 20, however, Plymouth has fallen 25 places in the Times rankings to 66= in the bottom half of its analysis.

Notwithstanding this, the University remains an ‘anchor institution’ and plays a key role in the economy of Southwest England. After an organizational redesign – including 600 redundancies and a £700 million drop in fee income – the University has announced plans for a £100 million campus development and thirty new courses. A new centre for nursing and health education is also in progress in Plymouth, where the University is the largest provider of training for nursing, midwifery and health professionals.

A new engineering and design building is currently being developed to the west of the city-centre campus, providing a new home for the School of Engineering, Computing and Mathematics and increasing the capacity of the School of Art, Design and Architecture.

The most recent admissions data for Plymouth identified the largest increase for more than a decade for 2021/22. Admissions increased by more than 12 per cent based on an expanded curriculum, with ten new courses starting in 2021, a further 24 for 2022 and five more are planned for 2023. Plymouth’s priority is to recruit more UK undergraduates and degree apprentices before carrying out plans for substantial increases in both postgraduate and international students by 2030. The University expects to have 1,000 students taking higher or degree apprenticeships by 2023.

After eight years of consistent year-on-year decline, student numbers have finally seen an increase due to a boost in first year recruitment in 2020/21. Despite this increase, overall student numbers have reduced by 14 per cent over the last five years. Non-UK numbers have fallen at a slower rate (9 per cent) but have grown for the last two years. The subsequent fall in the demand pool has, therefore, been much less significant, with nearly half the rate of decline of student numbers due to a large fall in students studying in partnership colleges elsewhere across Devon and Cornwall. These college students are not included in the demand pool due the localised nature of the student body and none would be studying on campus.

The demand pool has fallen by 1,475 students between 2014/15 and 2019/20 although student numbers have reduced by 2,505. Despite the decline in demand, the student to bed ratio has increased substantially due to all of the University’s nomination agreements with private providers ending. The first-year ratio is over twice the national average, and the all-year ratio is nearly three times the national average.

There are 1,754 residential places at the University of Plymouth. Applicants holding a firm choice place with the university are guaranteed residential accommodation in one of the managed halls if they apply by early June.

For the University of Plymouth’s latest strategy (2030):
https://www.plymouth.ac.uk/uploads/production/document/path/15/15835/UoP_Strategy_2030_web.pdf

UPP (Exeter) Limited, University of Exeter

Historic Senior Debt Service Cover Ratio (DSCR)

	2022
	£000's
EBITDA after sinking fund per profit and loss	**9,463**
Add:	
Sinking fund expenditure	**1,484**
Interest receivable	**19**
Deduct:	
Sinking fund deposit	**(837)**
Total movement	**666**
Total cash available for debt service	**10,129**
Debt service	
Interest	**1,487**
Index-linked debt principle repayment	**5,692**
Total debt service	**7,179**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	**1.05**
ADSCR – lock up	**1.15**
ADSCR – actual	**1.41**
Headroom over default	**1,874**
Headroom over lock up	**2,592**

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the CTA.

Exeter

2,569 ROOMS 2009-2012 **ET, NB**

ET – Estate Transfer
NB – New Build

UPP (Exeter) Limited, University of Exeter

Key metrics

Area	Metric	2022	2021
Site operations	Occupancy	**100%**	100%
Finance	EBITDA*	**£9.5 million**	£10.0 million
	ADSCR	**1.41**	1.52
Health and safety	Injury incident rate	**3,571**	6,481
Environment**	Scope 1 emissions tCO2 (Tonnes of CO2)	**1,071**	1,023
	Scope 2 emissions tCO2	**499**	570
FM performance	Performance deductions	**£1k**	None
	Availability deductions	**None**	None

*EBITDA after sinking fund expenditure

**Comparative information has been updated to reflect finalised billing data and updated conversion factors. Current year information represents the best available forecast at the current time.

Sinking fund

The sinking fund expenditure for the year was £1,484k (2021: £1,075k). The movement between years relates to the replacement cycle of the assets. Levels of annual spend are comparable year on year.

Outlook for the new financial year

The Company has budgeted occupancy of 99.0 per cent for 2022/23. Rents for the academic year 2023/24 will be set during Q2 of 2022/23.

University outlook

The University of Exeter has become one of the most popular universities in the UK over the last decade and for 2023 the Sunday Times have voted it runner up for University of the Year. In the ranking Exeter has risen 35 places to reach the top 25 for student satisfaction with the undergraduate experience and 28 places to 66 for how students rate teaching quality. The University remains in the top 200 institutions in the world according to The QS World University Rankings 2023 and is a member of the Russell Group of institutions, further reinforcing its world-class reputation.

Exeter has risen in this ranking by eight places to 13 and applications continue to increase. For 2021 applications were up by 8.6 per cent to 41,695 with full-time enrolment increasing by 9.0 per cent year on year, the equivalent of an extra 2,480 extra students. Since 2012 the University has increased its annual enrolment by well over 9,000 students to 26,900, an increase of 52.7 per cent.

The majority of the University's students are based at its Streatham Campus in which the University continue to invest. Recent developments include £20 million investment in the Harrison Building for the School of Engineering and a further £139.7 million with UPP to develop its 1,182 bed East Park Residence.

Exeter achieved gold in the Teaching Excellence Framework, attracting praise for "optimum" contact hours and class sizes as well as for involving business and industry experts in its teaching. In the recent Research Excellence Framework (REF 2021), nearly half of Exeter's extensive submission was assessed as world-leading with the best results in clinical medicine, psychology and education, and this has driven its progress in the various university rankings.

Since the 2015/16 academic year the University of Exeter has seen its total student population grow by 31 per cent, with local students increasing by 44 per cent and students from outside the southwest of England region by 28 per cent. The demand pool has grown at a similar rate over the same period, aided by a sizable 10 per cent increase for 2021. The first-year demand pool has grown at an even faster rate, aided by a 15 per cent increase in postgraduates as well as a 9 per cent increase in undergraduates. Non-EU and EU students have grown exceedingly quickly in the last five years, by 25% and 53 per cent respectively. Overall, the non-UK student population has grown by 38 per cent. The overall student to bed ratio is 3.9:1, well above national averages and far higher than five years previously.

Exeter has been working to reduce the pressure on accommodation in the City, with Moberly and Spreytonway student residences becoming operational, on campus, in September 2020 and East Park having now reached practical completion ahead of the academic year 2021/22. This provides a further 1,500 student bedrooms taking the current accommodation stock to approximately 6,500 rooms. The Exeter student to bed ratio is 3.5:1, well above national averages and far higher than the five years prior. All first years who apply in time are guaranteed a room.

Exeter has set out its ten-year plan in Strategy 2030, vowing to pour its energy into addressing the challenges of our time: climate change, healthcare provision and social justice. For information on the University of Exeter's strategy (2030): https://www.exeter.ac.uk/about/strategy2030/

www.upp-ltd.com