UPP Bond 1 Limited **Investor Report**

For the year ended 31 August 2023

Building Futures

UPP Bond 1 Holdings Limited is part of the UPP Group "UPP", the UK's leading provider of on-campus residential and academic accommodation infrastructure. Every day, UPP supports over 35,000 students on their journey through higher education, working with our university partners to create an amazing student experience.

At Group level, we have 15 long-term bespoke partnerships with leading UK universities and have invested over £3.5bn in the UK higher education sector since 1998, providing a home from home to over half a million students.

Our unique, long-term partnership approach enables our university partners to develop their estates whilst reinvesting in their core services of teaching and research. We design, build, finance and operate (DBFO) new residential and academic infrastructure, and complete estate transfers of existing accommodation, for concession periods ranging from 40 years to 125 years. Our projects are structured to be efficient, robust and of high-credit quality which enables us to secure investment grade debt to support our financing requirements. Sustainability is a clear focus for UPP, from pioneering sustainable Passivhaus building design to establishing the UPP Foundation in order to support access to education for all. By providing comfortable, safe and affordable accommodation, we aim to deliver the very best student experience in partnership with universities.

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2022/23 highlights

UPP Bond 1 Holdings Limited

Turnover

£74.6m

FY 22 - £71.5m

EBITDA

£48.3m

FY 22 - £44.2m

ADSCR

1.26

FY 22 – 1.22

Occupancy

99.7%

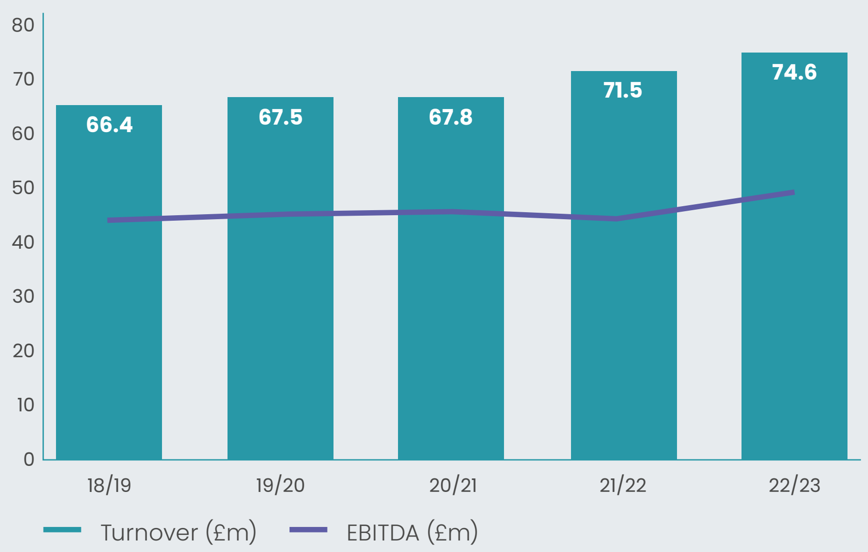
FY 22 – 99.8%

Customer satisfaction

86.5%

FY 22 – 85.0%

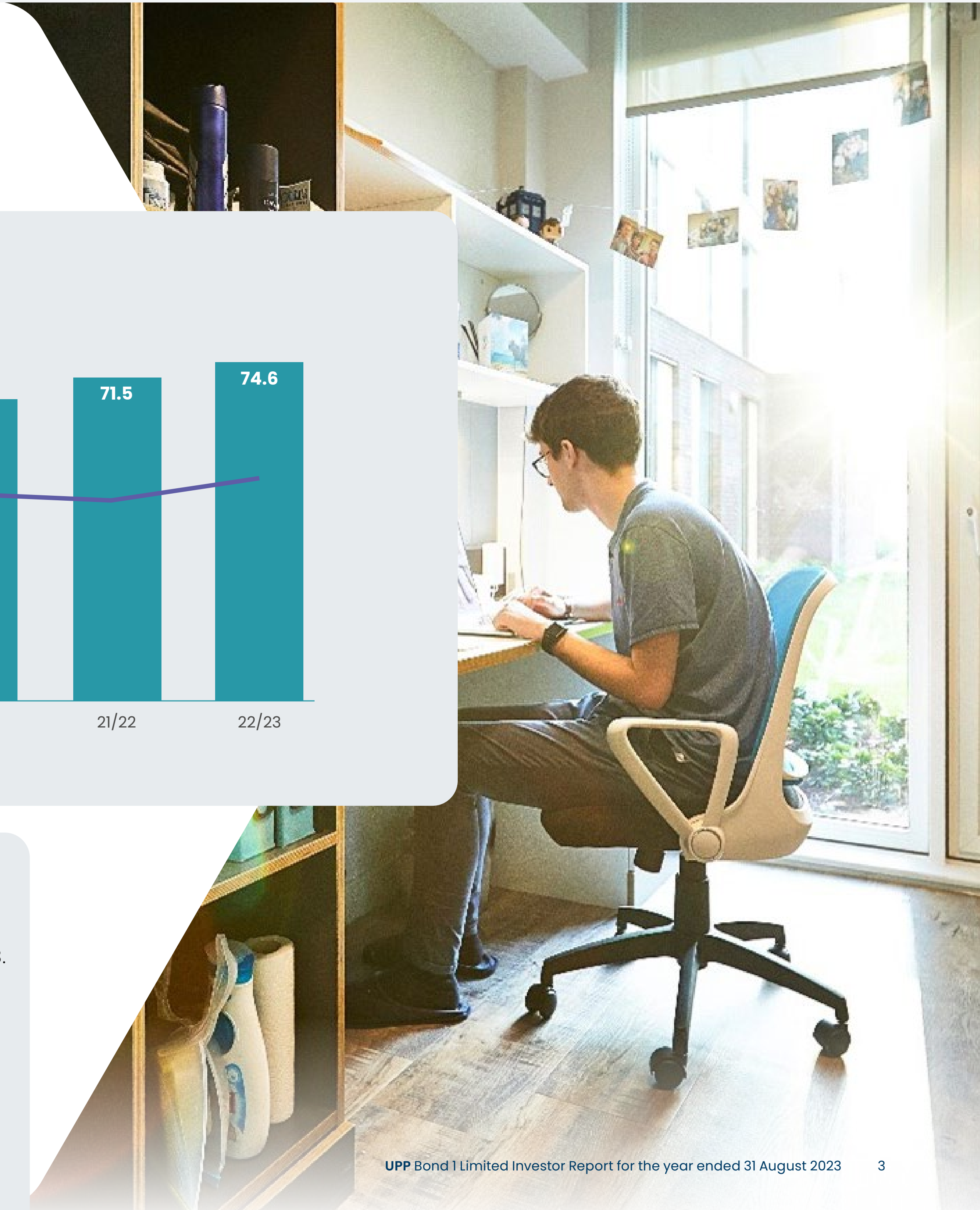
Resilient financial performance



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 2023.

The date of this Investor Report is 14 December 2023.

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.



1.0
General overview

1.0 General overview

Introduction from the Chief Executive Officer

The results for UPP Bond 1 Holdings Limited for the financial year ended 31 August 2023 demonstrate the resilience of the UPP business model in the context of continually challenging macro-economic conditions. Turnover increased by 4.3 per cent year on year to £74.6 million, with gross profit increasing by 0.7 per cent to £51.7 million. EBITDA has also increased to £48.3 million, largely as a result of the conclusion of remedial works and associated costs incurred at the Plymouth AssetCo in 2021/22 – an investment in defect management.

At UPP we have an increasing focus on environmental and social sustainability for the benefit of our university partners, our student residents and our people. Having publicly committed to achieving net zero carbon by 2035 (in line with the Science Based Targets initiative), we went on to publish our first annual Sustainability Report in June 2023. The report sets out our authentic and ambitious approach to being a purpose-led business that prioritises sustainability across the three elements of ESG (Environment, Social and Governance). Published in accordance with Global Reporting Initiative (GRI) standards, it sets out our long-term sustainability goals and tracks our performance across all material topics.

"2022/23 demonstrates the resilience of the UPP business model in the context of continually challenging macro-economic conditions."

Looking ahead to 2023/24, occupancy is forecast to exceed 98 per cent. Whilst applicant numbers to UK universities have reduced slightly this year, they remain higher than pre-pandemic levels and demand for student accommodation remains strong, reflective of the strong medium-term outlook for the sector from both a domestic and international perspective and driven by the continuing undersupply of accommodation in the marketplace.

The assets composing UPP Bond 1 Holdings have benefited from a significant programme of investment works during the financial year and remain well positioned, offering a wide range of accommodation, priced on an inclusive basis, with services delivered by our experienced operational teams.

Elaine Hewitt
Chief Executive Officer

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1.0 General overview

UPP Bond 1 Holdings Limited

UPP Bond 1 Holdings Limited announces its results for the year ended 31 August 2023.

Audited financial highlights for the year ended 31 August 2023

£'000	Year ended 31 August 2023	Year ended 31 August 2022	Change %
Turnover	74,592	71,496	4.3%
Gross profit	51,684	51,305	0.7%
EBITDA*	48,268	44,179	9.3%
EBITDA margin*	64.7%	61.8%	
Historic ADSCR	1.26	1.22	3.3%

*EBITDA before sinking fund expenditure and release of provisions

Business highlights

- Occupancy for 2022/23 of 99.7 per cent (2021/22 of 99.8 per cent)
- Turnover up by 4.3 per cent, reflecting RPI-linked annual term rental income increases
- Strong EBITDA growth of 9.3 per cent following asset remedial costs at Plymouth in the prior year
- A significant programme of asset investment works totalling £7.6 million across the Bond portfolio
- Customer satisfaction scores of 86.5 per cent (2021/22 85.0 per cent) when residents were asked whether they would recommend UPP accommodation to future students
- 2022/23 Annual Debt Service Coverage Ratios comfortably above lock-up triggers
- Annual credit rating assessments of BBB+ (positive outlook) and Baa1 (stable outlook)

Looking forward

- 2023/24 forecast occupancy to exceed 98 per cent across the portfolio
- Nominations received from Exeter, Oxford Brookes, Plymouth and Kent
- Annual Debt Service Coverage Ratios forecast for 2023/24 to improve on 2022/23, remaining comfortably above lock-up triggers
- Committed to achieving net zero carbon by 2035 using the Science Based Targets initiative

1.0 General overview

1.1 Summary of the UPP Group business

UPP is the UK's leading provider of on-campus residential and academic accommodation infrastructure and currently has over 35,000 student rooms in operation through long-term partnerships with 15 leading UK universities, of which 11,731 are rooms operated by the asset companies ('the AssetCos') within the UPP Bond 1 ringfence.

The key features of the UPP's robust 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
- Rents mostly linked to the Retail Price Index ('RPI') increasing for the length of the project
- A restrictive covenant regime that limits long-term competing university supply in order to maintain project demand dynamics
- Established partnerships with leading, demand secure institutions, targeted on the basis of their 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
- Average occupancy over the last six years in excess of 99 per cent across UPP as a whole and the AssetCos of UPP Bond 1
- Credit and void risk is passed to the university partner ensuring revenue stability within each financial year. Universities are able to nominate the relevant accommodation ahead of the academic year.
- The university partner markets UPP accommodation at the agreed rent on at least an even-handed basis with its own stock
- Cost increases in utilities, insurances and those resulting from a change of law flow through to rents to the extent that they are not covered by the annual RPI-linked uplift
- Facilities management costs are subject to benchmarking exercises at regular intervals

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 that sit within the six AssetCos of the intermediary holding company of UPP Bond 1 Holdings Limited ("the Bond Group") which is a wholly-owned subsidiary of UPP Group Holdings Limited.

This issuance comprised of 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 Bond Group acquired UPP (Exeter) Limited from UPP Group 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

2.0 Trading update

2.1 Business developments

The principal activities of the Bond Group during the year continued to be the operation, including facilities management ('FM'), of residential and academic accommodation trading as UPP. The results for the financial year ending 31 August 2023 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 Bond Group saw like for like turnover increase by 4.3 per cent to £74.6 million (2021/22: £71.5 million) with contractual rental increases being applied across the portfolio. Gross profit also grew by 0.7 per cent to £51.7 million (2021/22: £51.3 million). EBITDA increased by 9.3 per cent to £48.3 million, reflecting the underlying performance and the completion of £3.7 million of remedial spend incurred in the prior year at the Plymouth AssetCo. Operational performance remained strong. The Bond Group achieved 99.7 per cent occupancy (2021/22: 99.8 per cent) for the full financial year.

Year highlights

In October 2022, UPP was selected as the preferred bidder to deliver the design, development, financing and operation of the University of Exeter's Clydesdale and Birks Residential Project – a truly leading-edge residential campus development scheme.

The project will develop a significant number of new student rooms and refurbish existing bedrooms at Birks Grange. 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. UPP and the University are working together to reach Financial Close.

UPP continues to benefit from a strong pipeline of growth opportunities and bidding activity during the financial year including the submission of final tenders for a number of projects with potential new partners.

In March, UPP won a prestigious RoSPA Award, being awarded a Commended in the Facilities Management Industry Sector Award. Demonstrating UPP's commitment to Health & Safety excellence, the RoSPA Awards is the largest occupational health and safety awards programme in the UK and receives around 2,000 entries every year. This year is the sixth consecutive year that UPP has been awarded a RoSPA Gold award or higher.

As part of UPP's ongoing commitment to sustainable development, the Group entered into a collaboration agreement with award-wining sustainable architectural practice Architype in June where we will work together with our existing and potential new partners to develop proposals to sustainably transform campuses.

The announcement came shortly after the publication of UPP's first GRI compliant sustainability report. Entitled Building Sustainable Futures, the report sets out UPP's pledges to:

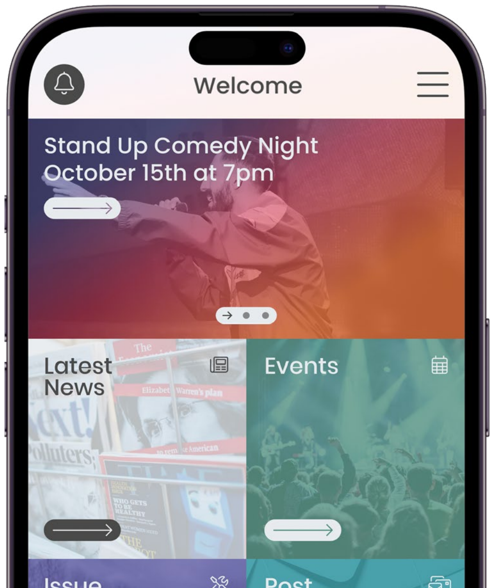
- Reduce carbon emissions by 50% across scopes 1 & 2 by 2030 and be fully Net Zero across scopes 1,2 and 3 by 2035 – externally validated by the Science Based Targets initiative (SBTi)
- Ensure there is zero waste to landfill by 2030
- Create £6 million of social value through volunteering schemes, supporting vulnerable people into employment at UPP, and charitable fundraising
- Invest over £3 million into the sector-leading UPP Foundation over the decade
- Guarantee all of its strategic suppliers sign up to its ethical Procurement Charter

In the last financial year £1.2 million was invested in sustainability related projects across the UPP portfolio, 47 per cent of which relates to Bond 1 AssetCos. This investment was largely focused on lighting and heating improvements designed to drive down energy use and carbon footprint over the long term.

2.0 Trading update

2.1 Business developments continued

A new version of UPP's student-facing smartphone application Home@Halls was launched in August and successfully rolled out during the 2023/24 academic year student intake, with positive feedback from both partners and residents. The new version of the app enriches the student experience by providing residents with easy access to key information and events in their accommodation, alongside more streamlined processes to manage maintenance issues, deliveries, inventories, and inspections. Over 27,000 students have been registered in the app, marking a 20 per cent increase compared to the previous academic year. In addition to usage across UPP's portfolio, the University of Kent has been the first university to adopt the app for non-UPP accommodation.



The business undertook its annual programme of asset investment works totalling £7.6 million across the Bond portfolio. This included a second phase of refurbishment at Hampden Hall in the Nottingham AssetCo comprising 84 bedrooms and 14 kitchens, including new heating and electrical services. A phased replacement of kitchens also took place in the Broadgate Park AssetCo, alongside a programme of window replacement to improve energy performance. Further works to accommodation in the Plymouth AssetCo saw around 100 en-suite bathrooms being fully refurbished. These projects took place during the course of the summer vacation period and were completed on time and budget.

The year has continued to see the wider UPP 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.

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.

Leadership appointments

Following the appointment of Mark Bamford as Chief Financial Officer in October 2022, two further appointments to the Executive Leadership Team were made during the financial year. Deborah Prince joined UPP as Chief Marketing Officer in November 2022. Bringing broad experience across Marketing and Communication Strategies, Public Affairs and Corporate Social Responsibility, Deborah joined UPP from NHS Property Services, where she was responsible for producing and delivering a customer strategy for one of Europe's largest property companies with assets worth over £3 billion.

In June 2023, Simon Boorne was promoted to Executive Group Investment Director. Simon has responsibility for the investment process from origination and deal execution, through to value creation for operational assets including finance-raising, debt funder stakeholder management, and portfolio management. Simon has driven major growth for UPP since joining in 2013, having structured and executed transactions worth over £1 billion.

He has also introduced new financial structures to the business, including an award-winning debt overlay deal. Before joining UPP, Simon worked for Grant Thornton UK LLP within the Government and Infrastructure Advisory team, advising private and public sector clients on PPP/PFI's across a range of sectors.

£7.6m

spent on asset investment works

4.3%

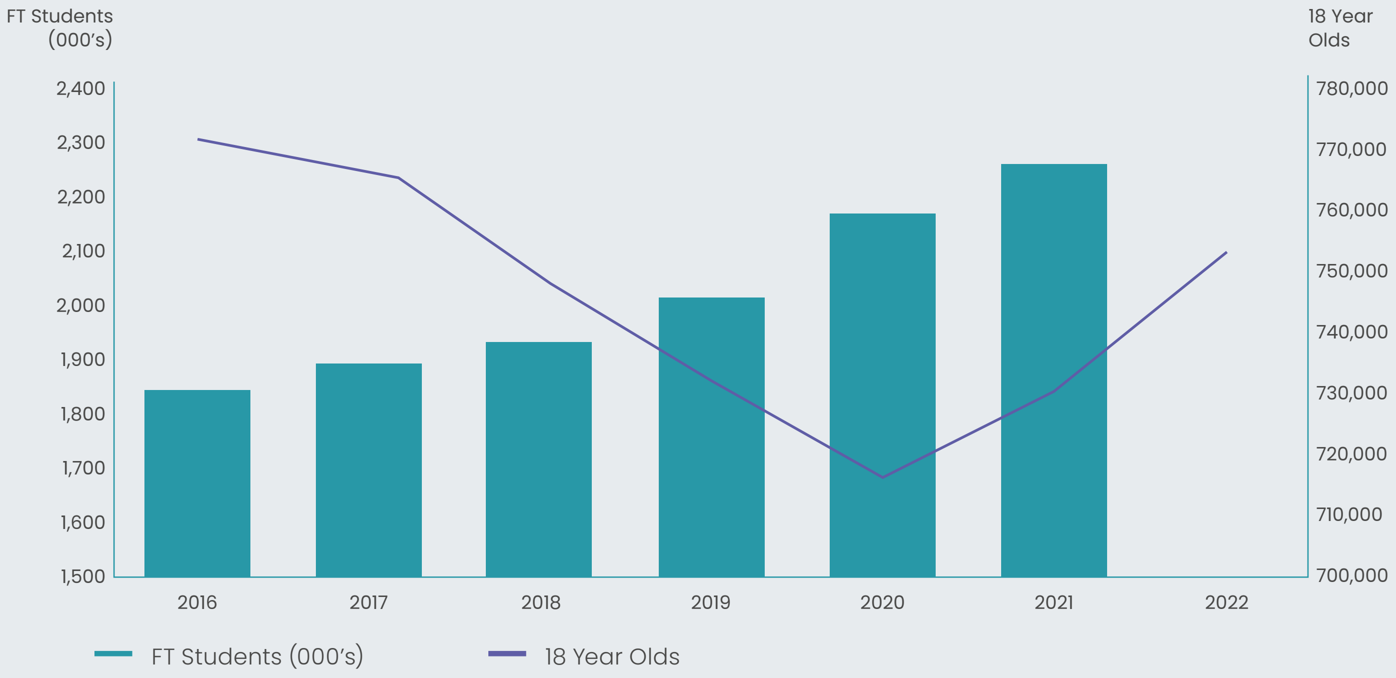
increase in turnover compared to FY 21/22

2.2 Market 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 2022 application cycle identified that a record number of students applied to university or college in 2022, up 2.1 per cent on last year, with a corresponding increase in placed students (up 0.2 per cent). 761,740 people applied to universities in 2022/23, an increase of 2 per cent on 2021, with 563,175 accepted (+0.2 per cent).

Of those UK 18-year-olds gaining a place, 72 per cent secured their first-choice university or college (down from 78 per cent). As the sector moved away from the Centre Assessment Grade approach to student evaluation, the plan for 2022 was to grade at a mid-point between 2019 and 2021 to begin reversing the 'grade inflation' of the previous two years when examinations were cancelled. Before 2022, the number of applicants achieving the top A level grades almost doubled in 2021 compared to 2020 to 19,595 and represented a near quadrupling from pre-pandemic levels (5,655 in 2019).

Figure 2.21 UK full-time HE enrolment (y-axis) relative to the number of 18-year-olds in the UK (z-axis) 2016/17-2021/22



Source: HESA (Headcount) ONS

2.0 Trading update

2.2 Market overview continued

Ahead of the 2023/24 academic year, applicant numbers as of the UCAS Main Scheme Deadline (30 June 2023) were slightly lower than the two preceding years which were inflated in part by the Centre Assessment Grading approach which saw more students achieve higher grades. In total 667,660 applicants applied for a place at university, which is 2.3 per cent lower than last year but 4.6 per cent higher than the pre-Pandemic levels for 2019/20, representing an additional 29,630 applicants. The overall 18-year-old application rate fell to 42.1 per cent from 44.1 per cent but remains 4.3 percentage points higher than five years ago. For the largest population of 18-year-olds across the nations of the UK – English applicants – growth in the participation rates over the last six years has been even stronger at 4.9 percentage points to 43.0 per cent.

In general, the trend in UK applicant numbers continues to remain positive. Over the last six years applicant numbers have grown by over 18,000 or 3.5 per cent.

Figure 2.22 Applicants for all courses by domicile group (30 June 2023 deadline)

App. Domicile	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
England	421,610	418,940	427,290	456,190	458,980	446,530
Northern Ireland	19,310	18,520	18,150	19,390	18,430	17,630
Scotland	48,710	47,110	47,250	52,710	47,860	44,130
Wales	21,830	21,470	21,330	23,330	23,500	21,320
UK	511,460	506,040	514,020	551,620	548,770	529,610
EU (excluding UK)	50,130	50,650	49,650	28,400	23,160	22,400
Non-EU	75,380	81,340	89,130	102,000	111,720	115,650
Total	636,970	638,030	652,800	682,020	683,650	667,660

Source: UCAS

International applicant demand is comprised of EU and non-EU students. Post-Brexit demand from EU students has seen a fall in line with projected modelling by HEPI and London Economics in 2017. EU numbers fell by -3.3 per cent in the 2023 cycle, the equivalent of 760 students, to 22,400. Over the last five years EU applicant numbers have fallen by 27,730 or 55.3 per cent. However, over the same period non-EU international applicant numbers were up 40,270 or 53.4 per cent to 115,650, showing a net increase in international applicant demand of 12,540.

Early indications of demand for the 2024/25 academic year suggest that applicant numbers will continue to remain strong. 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.

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 UPP to secure and deliver transactions coming to market, based on its unique selective approach to forming strong partnerships.

3.0

Financial Highlights for the year ended 31 August 2023

3.0 Financial Highlights for the year ended 31 August 2023

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

- Occupancy for 2023 at 99.7 per cent (2021/22: 99.8 per cent)
- Turnover increased to £74.6 million which is a 4.3 per cent increase on 2022
- EBITDA before sinking fund and release of provisions of £48.3 million (2021/22: £44.2 million)
- Cash balance of £46.0 million, made up largely of liquidity reserve accounts and short-term working capital requirements
- Payments to subordinated debt loan notes of £9.6 million (2021/22: £10.3 million)
- Annual credit rating assessments of BBB+ (positive outlook) and Baa1 (stable outlook)

For the year ended 31 August 2023, the UPP Bond portfolio had a historic annual debt service coverage ratio ('ADSCR') for the period of 1.26, 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 99.7 per cent, performance for the year was again strong, with a subordinated debt loan notes distribution of £9.6 million made shortly after the year ended 31 August 2023.

The Bond Group made a loss before tax for the year of £82.2 million (2021/22: £20.0 million). Of this loss, £67.6 million (2021/22: £40.1 million) is attributable to interest on subordinated debt, of which £9.6 million (2021/22: £10.3 million) was paid at end of the financial year. A further £30.0 million (2021/22: £21.2 million) relates to index linked uplifts on senior debt.

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 2023.

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 2 Monitoring Event with subsequent enhanced reporting as required by the Monitoring Services Agreement.

The resilient financial performance of the Bond Group has been validated through the in-year annual credit rating assessments of both S&P and Moody's. S&P affirmed the BBB+ credit rating but revised their outlook from 'stable' to 'positive'. Moody's affirmed the Baa1 rating with 'stable' outlook.

3.0 Financial Highlights for the year ended 31 August 2023

3.1 AssetCo Consolidated Profit and Loss account for year ended 31 August 2023

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000	Change %
Turnover	74,592	71,496	4.3%
Cost of sales	(22,908)	(20,191)	(13.5%)
Gross profit	51,684	51,305	0.7%
Gross profit margin	69.3%	71.8%	
Operating expenses	(3,416)	(3,368)	(1.4%)
Remedial costs	-	(3,758)	100.0%
EBITDA before sinking fund expenditure	48,268	44,179	9.3%
EBITDA margin	64.7%	61.8%	
Sinking fund expenditure	(7,612)	(7,722)	1.4%
EBITDA after sinking fund expenditure*	40,656	36,457	11.5%

*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, offset in part by growth in RPI swap costs.

Cost of sales, which is made up of facilities management ('FM') costs, employee costs and utilities, increased by 13.5 per cent (2021/22: 1.6 per cent increase) during the year. This increase in costs is due to significant rises in wholesale utility costs, contractual increases in FM and employee costs primarily linked to RPI.

Operating expenses before remedial costs increased slightly on 2021/22 with fire safety remediation costs seen in the prior year at Plymouth. A provision for these costs was recognised in the FY 21 statutory accounts and noted in the Investor Report.

EBITDA margin before sinking fund expenditure has improved on last year at 64.7 per cent (2021/22: 61.8 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 fairly 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 2024 for the seven AssetCos

- Occupancy for the year is forecast to exceed 98 per cent across the AssetCos
- Rental income is forecast to increase by 8.6 per cent due to RPI related contractual uplifts when compared to the previous year
- Projected ADSCR ratio of 1.30 compared to lock-up ratio of 1.15

AssetCo occupancy is forecast to exceed 98 per cent for the 2023/24 academic year for the seven AssetCos, resulting in expected rental income, net of contractual university fees, of circa £82.3 million. This represents an underlying rental increase of 8.6 per cent on 2022/23, primarily driven by RPI related uplifts.

Facilities management and employment costs are forecast to increase by 12.9 per cent, in line with contractual lags on inflation.

Utilities costs are forecast to increase by 6.5 per cent on cost levels in 2022/23 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, several programmes are in place to drive reduced consumption.

The Projected Senior ADSCR as at 31 August 2024 is 1.30. Anticipated costs relating to asset remediation at Kent have contributed to this Asset Co being projected to be below the lock up ratio. These works are now anticipated to take place during 2024/25. The Group consider the impact of this to be that the Asset Co will continue in enhanced monitoring.

3.3 Operational performance, sinking fund and defect remedial works

FM services are provided by UPP's 100 per cent-owned subsidiary, UPP Residential Services Limited (URSL). Services are well delivered to ensure the continued attractiveness of the accommodation and to maximise occupancy for future years. This is evidenced by our Customer Satisfaction rating of 86.5 per cent.

High service levels are reflected in the performance of the FM provider. During the financial year ended 31 August 2023, URSL only suffered £7k of deductions (2021/22: £9k) and this reflects the high standards set in previous years.

Sinking fund expenditure is managed by URSL. In total, £7.6 million (2021/22: £7.7 million) was invested by the AssetCos to maintain the quality of the accommodation.

In the prior year intrusive survey works identified defects in the cladding on the Woolf halls of residence under the UPP (Kent Student Accommodation 1) Limited AssetCo. Works are being scoped, with detailed examination underway of the most effective means of remediation. Further reviews undertaken during the year indicate that the asset remains safe to occupy, whilst the right technical solution is identified. 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 was recognised in the financial statements for these works in the prior year and continues to be recognised going forward. The Asset Co has budgeted to spend c.£1 million of this provision during financial year 2023/24.

4.0

Ratio Calculations

4.0 Ratio calculations

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 2023 are:

4.1 Historic AssetCo DSCR

UPP (Alcuin) Limited	**1.34**
UPP (Broadgate Park) Holdings Limited	**1.20**
UPP (Kent Student Accommodation) Limited	**1.34**
UPP (Nottingham) Limited	**1.23**
UPP (Oxford Brookes) Limited	**1.48**
UPP (Plymouth Three) Limited	**1.17**
UPP (Exeter) Limited	**1.26**

4.2 Projected AssetCo DSCR

UPP (Alcuin) Limited	**1.39**
UPP (Broadgate Park) Holdings Limited	**1.37**
UPP (Kent) Student Accommodation) Limited	**0.84**
UPP (Nottingham) Limited	**1.28**
UPP (Oxford Brookes) Limited	**1.57**
UPP (Plymouth Three) Limited	**1.21**
UPP (Exeter) Limited	**1.31**

4.3 Historic senior DSCR

1.26

4.4 Projected senior DSCR

1.30

The Historic Senior DSCR and Projected Senior DSCR have been calculated as per the definition in the CTA. As per Part 4 of this Schedule (Lock-up Events), the Historic Senior DSCR and Projected Senior DSCR does not give rise to a Lock-up Event under Paragraph 1.1.

4.5 Current hedging policy

On 5 March 2013, the Bond 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 2023 the Bond 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 Bond Group incorporates credit valuation adjustments and debit value adjustments to appropriately reflect both its own nonperformance 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 Bond 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 Bond 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 Bond 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 Bond 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 Bond 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 £9.6 million (2022: £10.3 million) was distributed to UPP Group Limited for the year to 31 August 2023.

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 accurate in materially 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

5.0

Monitoring adviser addendum

5.0 Monitoring adviser addendum

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

This Monitoring Adviser Addendum refers to matters arising during the period from 1 September 2022 through 31 August 2023 unless otherwise stated herein.

All defined terms in this Monitoring Adviser 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.

A. Background

Bishopsfield Capital Partners Limited ('Bishopsfield' or 'BCP'), as Monitoring Adviser ('MA'), is required[1] to prepare an addendum (the 'MA Addendum') to the Annual Investor Report in relation to the Issuer's note programme (the 'Programme') commenting whether it agrees with the matters stated in the Annual Investor Report.

The MA Addendum is also required to identify:

- MA Direction Matters and ISC Recommendation Matters decided during the year; and
- any other information which the Monitoring Adviser considers relevant to Holders including any material findings arising from its monitoring obligations.

5.0 Monitoring adviser addendum

B. Executive Summary

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 with the matters stated in the Issuer's Annual Investor Report[2].

» 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 99.7% for the 2022/23 academic year.

EBITDA, before sinking fund payments and release of provisions, was £48.3m (up 9.3% on the previous year) on turnover of £74.6m (up 4.3% on the previous year).

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 was related to cladding remedial works required at the Francis Drake halls of residence. This escalated into a Trigger Level 2, Phase 2 Monitoring Trigger Event on 1 September 2022. We expect Plymouth to come out of the stress monitoring regime following calculation of the financial ratios at the 28 February 2024 Test Date.

» UPP (Kent Student Accommodation) Limited ('Kent') since 15 December 2020 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 2023. We note that the issues in Kent are well identified, the anticipated stress conditions being caused by the cashflow impact at the time the remedial works will be implemented.

We are in regular communication with UPP's senior management to discuss the implications for each AssetCo and the Issuer.

Topics discussed in the period have included:

» Inflationary pressures and the impact on each AssetCo's performance;

» Anticipated remedial works planned for the Kent AssetCo;

» Occupancy and liquidity projections for the 2023/2024 academic year; and

» Management of summer 2023 sinking fund works.

A Distribution of approximately £9.6m was announced in relation to the last academic year and this was reported to have been paid on 31 August 2023. A Compliance Certificate dated 31 August 2023 was received in respect of this Distribution.

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

During September 2023, we visited UPP (Exeter) Limited's ('Exeter') Property at the University of Exeter. The Site Visit is summarised in Section D. The Site Visit focused on planned and ongoing sinking fund activities and day-to-day operations.

[1]Under the terms of the Monitoring Services Agreement dated 5 March 2013 ('MSA')

[2]First draft delivered 9 November 2023.

5.0 Monitoring adviser addendum

B. Executive Summary continued

The Issuer provided three Compliance Certificates during the twelve months ended 31 August 2023 which showed the following Financial Ratios:

Historic Ratios	Applicable Ratio	Dec 2022 CC	Apr 2023 CC	Aug 2023 CC
Historic AssetCo DSCR: Alcuin	1.15x	1.45x	1.48x	1.32x
Historic AssetCo DSCR: Broadgate Park	1.15x	1.27x	1.18x	1.21x
Historic AssetCo DSCR: Kent	1.15x	1.30x	1.32x	1.38x
Historic AssetCo DSCR: NTU	1.15x	1.28x	1.21x	1.21x
Historic AssetCo DSCR: Oxford	1.15x	1.27x	1.23x	1.40x
Historic AssetCo DSCR: Plymouth	1.15x	0.46x	0.64x	1.25x
Historic AssetCo DSCR: Exeter	1.15x	1.41x	1.35x	1.24x
Historic Senior DSCR	1.15x	1.22x	1.20x	1.26x

Historic Ratios	Applicable Ratio	Dec 2022 CC	Apr 2023 CC	Aug 2023 CC
Projected AssetCo DSCR: Alcuin	1.15x	1.29x	1.55x	1.36x
Projected AssetCo DSCR: Broadgate Park	1.15x	1.22x	1.30x	1.41x
Projected AssetCo DSCR: Kent	1.15x	1.14x	(0.84)x	0.84x
Projected AssetCo DSCR: NTU	1.15x	1.17x	1.29x	1.44x
Projected AssetCo DSCR: Oxford	1.15x	1.33x	1.51x	1.56x
Projected AssetCo DSCR: Plymouth	1.15x	1.13x	1.16x	1.21x
Projected AssetCo DSCR: Exeter	1.15x	1.29x	1.27x	1.31x
Projected Senior DSCR	1.15x	1.23x	1.20x	1.34x

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

The improvement of the Historic Senior DSCR and Projected Senior DSCR at the 31 August 2023 Test Date illustrates the general improvement in performance across AssetCos and increased rental income.

5.0 Monitoring adviser addendum

C. MA Proposal Requests received

The Monitoring Adviser considered two MA Proposal Requests during the year to 31 August 2023:

1. 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.

2. 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.

The forementioned MA Proposal Requests were mentioned in our previous MA Addendum.

5.0 Monitoring adviser addendum

D. Monitoring under Normal Conditions[3]

1. Regular updates

1.1 Management Meetings

BCP holds regular Management Meetings with the Issuer, typically on a monthly basis. BCP most recently met with Management on 16 November 2023. Discussions focused on:

- The competitive landscape and changes to the higher education sector (from a macro, regulatory and policy perspective).
  - The positive demographics (rising non-EU demand offsetting the decline in EU applicants).
  - Challenges with recruitment across the higher education sector where universities maintained tariff levels amidst A level examinations returning to pre-pandemic arrangements.
  - High inflationary pressures continuing to impact costs, especially utilities, placing pressure on accommodation providers to limit rental uplift.
- AssetCo performance and demand
  - Management commented that demand across all AssetCos was robust. AssetCos reported 99.7% occupancy for 2022/23 with improved performance across the majority of the portfolio.
  - All accommodation is on track to be full for the current 2023/24 year except UPP (Nottingham) Limited ('NTU') and Broadgate Park properties.
  - Nominations were received from Exeter, Oxford Brookes, Plymouth, and Kent.
  - Pressure observed at NTU. This AssetCo has been most impacted by the fall in the proportion of top A level grades awarded in the move back to examinations from teacher assessed grades.
  - UPP is currently focused on rent setting for 2024/25. As the annual RPI-linked increase in the rental rate is based off indexation for the previous August in each year, with inflation falling in the UK this may lead to some challenging discussions with the universities.
- Operating financial performance (versus budget) was reviewed with overall outcome expected to be broadly in line with budget.
- The anticipated remedial works at the Kent AssetCo and Enhanced Monitoring situations at Kent and Plymouth (these are discussed in Section E below).
- Plymouth and Kent claim status.

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

5.0 Monitoring adviser addendum

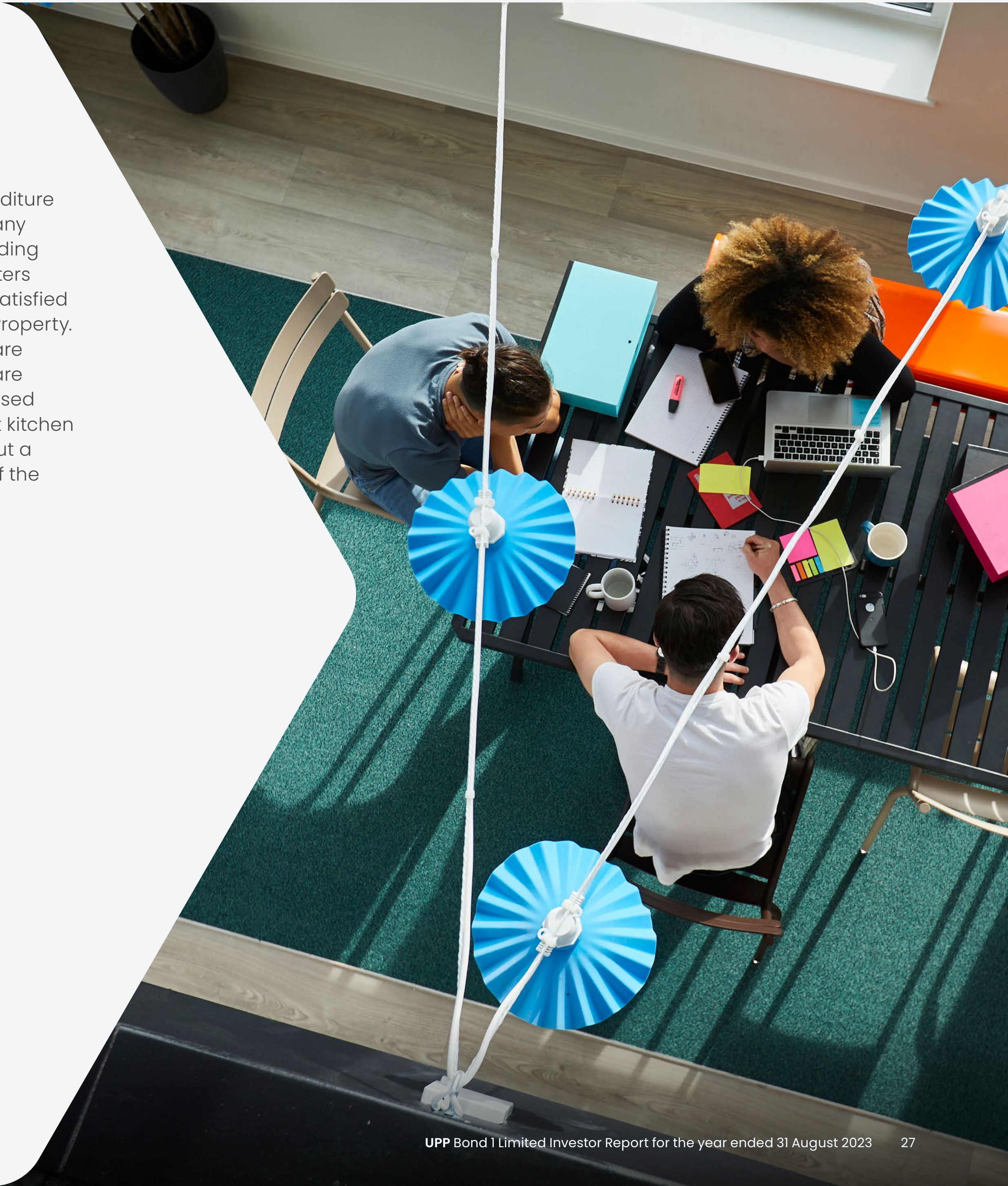
D. Monitoring under Normal Consitions continued

1.2 Property Visits

BCP conducted a Site Visit at the University of Exeter during September 2023 prior to the student intake for the 2023/24 academic year.

During the Site Visit, UPP informed us of the strong demand that they have seen for the 2023/24 academic year with standard rooms being booked earlier in the cycle compared to the previous academic year. BCP met both the regional and local staff at Exeter who demonstrated knowledge and awareness of both local and national UPP practices and procedures.

We discussed AssetCo planned maintenance and lifecycle expenditure over the coming twelve months, any major capital expenditure (exceeding £500,000), and various other matters arising. BCP confirm that we are satisfied with the current condition of the Property. BCP observed that the buildings are generally in good condition and are operating well. We witnessed phased bedroom refurbishment, and that kitchen renewal was underway throughout a handful of the buildings as part of the respective lifecycle plan.



5.0 Monitoring adviser addendum

D. Monitoring under Normal Consitions continued

2. Cash Management and Operating Budget

2.1 Management Meetings

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

Bishopsfield reviewed the Operating Budgets for the 12 months commencing 1 September 2023 and found the reviewed Operating Budgets to be reasonable.

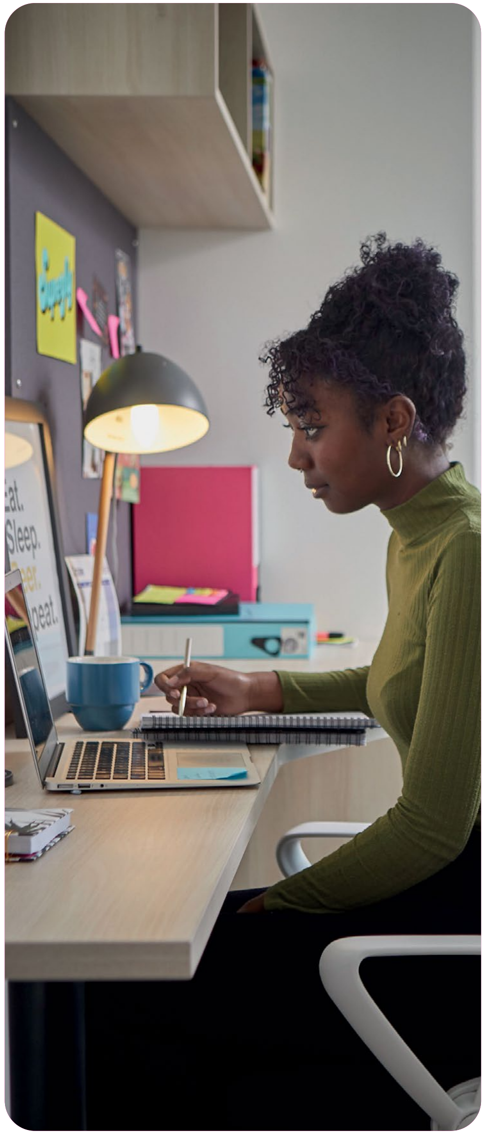
UPP's inflation assumptions for 31 August 2023 and 2024, respectively, were 9.30% and 4.70%, reflecting the Oxford Economics June 2023 forecast. Inflationary pressures remain apparent for the 2023/24 academic year, and we are mindful of the impact of the index linked uplifts on senior debt service. We note that the Historic ADSCR is forecast to be 1.34x. It is budgeted that higher senior debt service costs will be outpaced by the increase in RPI-linked rental income.

URSL costs have increased significantly. This is driven by indexation as these costs are contractually linked. Utility costs have risen, most notably for Broadgate Park, as UPP have seen an increase in contract rates where energy is procured through its University partners. The Issuer has communicated to Bishopsfield that they are taking a conservative approach to utility costs. Furthermore, insurance costs are up on the previous year due to expiry of UPP's 3-year insurance on 1 October 2023 and the significant uplift in rates in the current market to those previously precured.

3 Sinking Fund Review

Following Bishopsfield's review of the Lifecycle Report presented during summer 2023, we can confirm that all Sinking Fund Reserve Accounts had excess funds available as of 28 February 2023 and 31 August 2023 relative to the Sinking Fund Required Amounts.

BCP has reviewed the projected expenditure identified by URSL and believes that it is reasonable given the information available to us about the condition and plans for each asset. We note that the Issuer has provided a ten-year projection upon request as this was not included in the Lifecycle Report.



E. Monitoring under Stress Conditions[4]:

For further information and updates on the Monitoring Trigger Events, we recommend readers review the MA Trigger Level Reports, which are available on UPPs website.

1. UPP (Plymouth Three) Limited

The original Trigger Level 2, Phase 1 Event was prompted in September 2019 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 Plymouth Properties, with the aim of improving student satisfaction and ensuring stable and full long-term occupancy and Net Cash Flow generation. The occupancy observed over the last two years (99.66% and 99.89% respectively) and forecast for the 2023/24 academic year (99%) indicate that both the Robbins and Gilwell Properties are operating and performing well.

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 2021/22 Financial Year causing continuation of the Trigger Level 2, Phase 1 Monitoring Event.

UPP anticipates that the Trigger Level 2, Phase 2 Monitoring Trigger Event will cease following calculation of the financial ratios at the 28 February 2024 Test Date. This is expected to be the second consecutive Test Date where the Test Periods are no longer materially impacted by costs related to the remedial works at Francis Drake, which were completed ahead of the 2022/23 academic year and in line with the original budget.

The observed ratios during the twelve months to 31 August 2023 (being the two most recent Test Dates) for Plymouth are as follows:

Test Date	Historic AssetCo DSCR	Historic Occupancy reported (for the most recent academic year)	Occupancy used for Projected AssetCo DSCR for following academic year	Projected AssetCo DSCR	Reference Source
28 February 2023	0.64x	99.89% (2022/23 academic year)	99% (2023/24 academic year)	1.16x	Half Year Management Accounts Compliance Certificate (27 Apr 2023)
31 August 2023	1.25x	99.89% (2022/23 academic year)	99% (2023/24 academic year)	1.21x	Distribution Compliance Certificate (31 Aug 2023)

[4]As defined in Schedule 1, Part 2 of the MSA

[5]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.

5.0 Monitoring adviser addendum

D. Monitoring under Stress Conditions continued

2. UPP (Kent Student Accommodation) Limited

The original Trigger Level 2, Phase 1 Event was prompted in September 2020 by the forecast that the Kent accommodation was likely to be materially under-occupied through the 2020/21 academic year. The situation at Kent was precipitated by the Covid-19 pandemic impact on demand for post-graduate accommodation and led to the accommodation being only 67.4% occupied through the 2021/21 Financial Year. Occupancy has since recovered to 100% in 2022/23.

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. We are working closely with management to understand the budgetary implications of the potential remedial works. A total provision of £7.5 million (relating to the potential works) was recognised in the August 2022 financial statements for the 2023/24 Financial Year. Further clarity as to the timings of these remedial works in the 2024/25 Financial Year will be sought over the next few months.

UPP management have advised an intent to submit an MA Proposal Request related to these works in due course. 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 observed ratios during the twelve months to 31 August 2023 (being the two most recent Test Dates) for Kent are as follows:

Test Date	Historic AssetCo DSCR	Historic Occupancy reported (for the most recent academic year)	Occupancy used for Projected AssetCo DSCR for following academic year	Projected AssetCo DSCR	Reference Source
28 February 2023	1.32x	100% (2022/23 academic year)	99% (2023/24 academic year)	(0.84)x	Half Year Management Accounts Compliance Certificate (27 Apr 2023)
31 August 2023	1.38x	100% (2022/23 academic year)	99.5% (2023/24 academic year)	0.84x	Distribution Compliance Certificate (31 Aug 2023)

We continue to recommend that actual Net Cash Flow received across Kent remains closely monitored through the 2023/24 Financial Year. In addition, we will closely monitor the status of the anticipated cladding-related remedial works and the impact that associated costs will have on reported financial ratios as well as the actual index-linked debt costs.

6.0

AssetCo Summaries

UPP (Alcuin) Limited, University of York

Key

ET Estate transfer

NB New build

York

740 NB

Rooms February 2001

303 ET

Rooms September 2007

Historic Senior Debt Service Cover Ratio (DSCR)

	2023 £000's
EBITDA after sinking fund per profit and loss	**5,241**
Add:	
Sinking fund expenditure	622
Interest receivable	173
Deduct:	
Sinking fund deposit	(1,269)
Total movement	**(474)**
Total cash available for debt service	**4,767**
Debt service	
Interest	2,078
Fixed rate debt principle repayment	1,492
Total debt service	**3,570**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.34
Headroom over default	1,019
Headroom over lock up	661

The Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the Common Terms Agreement ('CTA').

6.0 AssetCo summaries

UPP (Alcuin) Limited, University of York continued

Key metrics

Area	Metric	2023	2022
Site operations	Occupancy	**100.0%**	100.0%
Finance	EBITDA*	**£5.2 million**	£4.3 million
	ADSCR	**1.34**	1.45
Health and safety	Injury incident rate	**-**	-
Environment**	Scope 1 emissions tCO_2 (Tonnes of CO_2)	**728**	885
	Scope 2 emissions tCO_2	**168**	246
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. Current year information represents the best available forecast at the current time.

Sinking fund

The sinking fund spend for the year was £622k (2022: £1,190k), with the movement between years relating to the replacement cycle of the assets. Annual spend is not directly comparable year on year. The number noted above is calculated under the definition of sinking fund expenditure in the Common Terms Agreement, the number noted in Section 1 of this report is the audited profit and loss figure.

Outlook for the new financial year

The Company has forecast occupancy of 100 per cent for 2023/24. Rents for the academic year 2024/25 will be set during Q2 of 2023/24.

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 20 institutions in the UK by the Sunday Times Good University Guide 2024 having risen two places in the most recent ranking to 15 - its highest position since 2015. York is also within the top 150 universities globally in the Times World University rankings for 2024.

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 moved its academic structure to a semester model in 2023-24 to better align with universities abroad and streamline incoming and outgoing student exchanges. Each semester consists 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 2023. 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 second successive gold award in the Teaching Excellence Framework in 2023.

Occupying a 500-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. The £45 million York Institute for Safe Autonomy opened in 2022 with a 'living lab' to test innovations such as driverless car technology and robotics. In line with its strategy until 2030, the University continue to invest in facilities across both campuses and a new student centre is due to open in September 2025 as a base for students' union clubs and societies, with a roof garden and large events space.

Academic demand at the University remains strong with over six applications for every place, and a growth of 18.1 per cent in UCAS applications over the last five years and application grew by 9.2% in 2022 alone. The University of York is one of the fastest growing institutions in the UK, increasing full time student numbers by 27% in the five years up to 2021.
The overseas (non-UK) population at the University of York has grown by 96 per cent in the last five years and now makes up 25 per cent of the total population.

Overall, the student body has become less localised due to strong recruitment from overseas. Consequently, the demand pool for accommodation has grown substantially too, with nearly 3,800 above the level seen in 2016/17 and now stands at 17,450. The all-year demand pool and first year demand pool sit comfortably above the UK average at 2.9:1 and 1.4:1 respectively.

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

6.0 AssetCo summaries

UPP (Broadgate Park) Holdings Limited, University of Nottingham

Key

ET Estate transfer

NB New build

Nottingham

1,133 ET

Rooms May 2003

1,138 NB

Rooms September 2003

Historic Senior Debt Service Cover Ratio (DSCR)

	2023 £000's
EBITDA after sinking fund per profit and loss	**6,715**
Add:	
Sinking fund expenditure	1,524
Interest receivable	339
Deduct:	
Sinking fund deposit	(1,608)
Total movement	**255**
Total cash available for debt service	**6,970**
Debt service	
Interest	3,854
Fixed rate debt principle repayment	1,930
Total debt service	**5,784**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.20
Headroom over default	897
Headroom over lock up	318

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

UPP (Broadgate Park) Holdings Limited, University of Nottingham continued

Key metrics

Area	Metric	2023	2022
Site operations	Occupancy	**98.5%**	98.9%
Finance	EBITDA*	**£6.7 million**	£7.9 million
	ADSCR	**1.20**	1.27
Health and safety	Injury incident rate	**-**	-
Environment**	Scope 1 emissions tCO_2 (Tonnes of CO_2)	**548**	908
	Scope 2 emissions tCO_2	**705**	545
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. Current year information represents the best available forecast at the current time.

Sinking fund

Sinking fund expenditure for the year was £1,524k (2022: £1,098k). The movement between years relates to the replacement cycle of the assets. Levels of annual spend are not directly comparable year on year. The number noted above is calculated under the definition of sinking fund expenditure in the Common Terms Agreement, the number noted in Section 1 of this report is the audited profit and loss figure.

Outlook for the new financial year

The Company has forecast occupancy of 97.5 per cent for 2023/24. Rents for the academic year 2024/25 will be set during Q2 of 2023/24.

University outlook

The Sunday Times Good University Guide 2024 ranks the University of Nottingham at 32nd and is ranked 130th in the world by the Times World University Rankings. The University of Nottingham, a Russell Group institution, continues to be one of the most popular destinations for students in the UK.

Applications continue to increase for this University – which receives more than 10,000 additional UCAS applications per annum than it did five years ago. The University receives well over 57,000 applications each year and has almost eight students chasing each academic place. Only five British universities took more undergraduates in 2022.

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 in a long-term process of upgrading its residential stock on this campus beginning with the renovation of Florence Boot Hall which reopened in 2023.

The University also has plans 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 and the innovation park there is expected to be operational in spring 2024 and the business school will relocate there in 2025.

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. The student population has risen by over 6,000 in the last five years, with almost 1,800 additional students arriving from outside of the UK and EU. The residential demand pool has increased by nearly as much as the overall growth in numbers, rising by more than 5,000 between 2016/17 and 2021/22. The first-year pool has increased by more than 2,000 since 2016/17 to 11,785 which is one of the largest first year demand pools in the UK. The student to bed ratio now sits at 3.2:1, comfortably above the UK average and 0.4:1 higher than in 2016/17. The first year SBR has increased this year from 1.2 to 1.4:1.

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

6.0 AssetCo summaries

UPP (Kent Student Accommodation) Limited, University of Kent

Key

ET Estate transfer

NB New build

Kent

544 NB

Rooms October 2007

Historic Senior Debt Service Cover Ratio (DSCR)

	2023 £000's
EBITDA after sinking fund per profit and loss	**2,253**
Add:	
Sinking fund expenditure	565
Interest receivable	90
Deduct:	
Sinking fund deposit	(728)
Total movement	**(73)**
Total cash available for debt service	**2,180**
Debt service	
Interest	1,159
Fixed rate debt principle repayment	473
Total debt service	**1,632**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.34
Headroom over default	466
Headroom over lock up	303

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

6.0 AssetCo summaries

UPP (Kent Student Accommodation) Limited, University of Kent continued

Key metrics

Area	Metric	2023	2022
Site operations	Occupancy	**100%**	100%
Finance	EBITDA*	**£2.3 million**	£2.5 million
	ADSCR	**1.34**	1.30
Health and safety	Injury incident rate	**-**	5,556
Environment**	Scope 1 emissions tCO_2 (Tonnes of CO_2)	**298**	328
	Scope 2 emissions tCO_2	**107**	106
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. Current year information represents the best available forecast at the current time.

Sinking fund

The sinking fund expenditure for the year was £565K (2022: £428k). This movement between years relates to the variable replacement cycle of the assets. Annual spend is not directly comparable year on year. The number noted above is calculated under the definition of sinking fund expenditure in the Common Terms Agreement, the number noted in Section 1 of this report is the audited profit and loss figure.

Outlook for the new financial year

The Company has forecast occupancy of 100 per cent for 2023/24. Rents for the academic year 2024/25 will be set during Q2 of 2023/24.

University outlook

The University of Kent was ranked 52 in the Sunday Times Good University Guide ranking for 2024 falling four places from 48. 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 silver 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 has benefitted from £1.15 million of funding from the Office for Students to upgrade facilities at 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 several 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 5,393 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 £3m 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, the University of Kent's demand pool has fallen this year. Since 2016/17, the non-UK population has decreased in number by 1,310 to 3,275, whilst the UK population has fallen by just over 1,000 to 12,475. However, 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 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

6.0 AssetCo summaries

UPP (Nottingham) Limited, Nottingham Trent University

Key
ET Estate transfer
NB New build

Nottingham Trent

446 NB
Rooms September 2002

2,324 ET
Rooms April 2002

Historic Senior Debt Service Cover Ratio (DSCR)

	2023 £000's
EBITDA after sinking fund per profit and loss	7,702
Add:	
Sinking fund expenditure	2,453
Interest receivable	379
Deduct:	
Sinking fund deposit	(2,945)
Pension costs	(65)
Total movement	(178)
Total cash available for debt service	7,524
Debt service	
Interest	4,098
Fixed rate debt principle repayment	2,009
Total debt service	6,107
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.23
Headroom over default	1,112
Headroom over lock up	501

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

UPP (Nottingham) Limited, Nottingham Trent University continued

Key metrics

Area	Metric	2023	2022
Site operations	Occupancy	**99.8%**	100.0%
Finance	EBITDA*	**£7.7 million**	£8.3 million
	ADSCR	**1.23**	1.28
Health and safety	Injury incident rate	**1,754**	3,794
Environment**	Scope 1 emissions tCO_2 (Tonnes of CO_2)	**928**	1,524
	Scope 2 emissions tCO_2	**847**	805
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. Current year information represents the best available forecast at the current time.

Sinking fund

The sinking fund spend for the year was £2,453k (2022: £1,777k). The movement between years relates to the replacement cycle of the assets. Annual spend is not comparable year on year. The number noted above is calculated under the definition of sinking fund expenditure in the Common Terms Agreement, the number noted in Section 1 of this report is the audited profit and loss figure.

Outlook for the new financial year

The Company has forecast occupancy of 95.3 per cent for 2023/24. Rents for the academic year 2024/25 will be set during Q2 of 2023/24..

University outlook

Nottingham Trent University (NTU) is a two-time winner of the Sunday Times Good University Guide "Modern University of the Year" for 2018 and 2023 and is currently ranked 43rd in the 2024 Guide. The University continues to be one of the largest recruiters of undergraduates in the UK enrolments even following a decrease in acceptances this year. The University received 43,620 UCAS applications in 2022 with an application to acceptances ratio of 5.75:1. Over the last five years the University has seen applications rise by an additional 6,545 per annum and acceptances have increased by 2,365 to 10,605 with only two other institutions accepting more in 2022.

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 opened 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 as well as science and technology.

Each campus provides its own residential accommodation and given the local market dynamics most of the rooms offered by NTU are reserved for new first year students. First year students for 2024 are guaranteed accommodation if they accept a place at the University and request their room by the end of August.

Nottingham Trent University has grown significantly in recent years, with 2,490 more full-time students for the 2021/22 compared to the previous year. Overall, the student body has grown by 11,270 students since 2016/17, a 44 per cent increase. The non-UK population has grown by 91% in five years but still only makes up 15% of the NTU student body. The all-year demand pool has increased by 54% in the last five years, 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 2.0:1 respectively, and only 48 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

Key

ET Estate transfer

NB New build

Oxford Brookes

750 NB

Rooms September 2002

20 NB

Rooms September 2016

Historic Senior Debt Service Cover Ratio (DSCR)

	2023 £000's
EBITDA after sinking fund per profit and loss	**3,535**
Add:	
Sinking fund expenditure	659
Interest receivable	105
Deduct:	
Sinking fund deposit	(777)
Total movement	**(13)**
Total cash available for debt service	**3,522**
Debt service	
Interest	1,612
Fixed rate debt principle repayment	769
Total debt service	**2,381**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.48
Headroom over default	1,022
Headroom over lock up	784

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

6.0 AssetCo summaries

UPP (Oxford Brookes) Limited, Oxford Brookes University continued

Key metrics

Area	Metric	2023	2022
Site operations	Occupancy	**100.0%**	100.0%
Finance	EBITDA*	**£3.5 million**	£2.8 million
	ADSCR	**1.48**	1.27
Health and safety	Injury incident rate	**-**	10,526
Environment**	Scope 1 emissions tCO_2 (Tonnes of CO_2)	**344**	380
	Scope 2 emissions tCO_2	**167**	185
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. Current year information represents the best available forecast at the current time.

Sinking fund

Sinking fund expenditure for the year was £659k (2022: £940k). The movement between years relates to the replacement cycle of the assets. Annual spend is not directly comparable year on year. The number noted above is calculated under the definition of sinking fund expenditure in the Common Terms Agreement, the number noted in Section 1 of this report is the audited profit and loss figure.

Outlook for the new financial year

The Company has forecast occupancy of 100 per cent for 2023/24. Rents for 2024/25 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 57 to 61 in the 2024 Guide. Whilst the University remains among the leading post-1992 institutions in these overall rankings, its progress up the table has stalled. The University is following what it refers to as a "personalisation" initiative with respect to learning, however, National Student Survey results from 2022, indicates 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 2022, the University attracted more than 18,600 UCAS applications and acceptances to Kent increased by 6.8% to 4,325 giving a main scheme application to acceptance ratio of 5.7:1. About a third of its students come from independent or grammar schools — the largest proportion among post-1992 universities. Oxford Brookes is known for its focus on preparing students for the workplace and helps to secure placements, internship and employment opportunities.

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 being redeveloped for housing and courses are due to be transferred to the main campus in Headington including English, communications, philosophy and sport. 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 with two new buildings housing Stem subjects and the creative industries due to open during the 2024/25 academic year at the main Headington campus.

Student numbers at Oxford Brookes University have increased by 130 between 2016/17 and 2021/22 representing an increase of just 1 per cent. Non-UK student numbers have increased by 11 per cent over the last five years, despite a fall in the EU students since Brexit. The core residential demand pool has increased by 360 for 2021 despite a fall in the headline full-time student numbers as the proportion of non-UK students rises. 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.

All students who firmly accept an offer or are Insurance applicants are guaranteed a place in halls. 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.

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

6.0 AssetCo summaries

UPP (Plymouth Three) Limited, University of Plymouth

Key

ET Estate transfer

NB New build

Plymouth

Phase 1-3:

1,276 ET NB

Rooms 1998-2004

Phase 4:

488 ET NB

Rooms December 2006

Historic Senior Debt Service Cover Ratio (DSCR)

	2023 £000's
EBITDA after sinking fund per profit and loss	**5,035**
Add:	
Sinking fund expenditure	1,311
Interest receivable	251
Deduct:	
Sinking fund deposit	(1,431)
Total movement	**131**
Total cash available for debt service	**5,166**
Debt service	
Interest	2,894
Fixed rate debt principle repayment	1,501
Total debt service	**4,395**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.17
Headroom over default	551
Headroom over lock up	112

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

6.0 AssetCo summaries

UPP (Plymouth Three) Limited, University of Plymouth continued

Key metrics

Area	Metric	2023	2022
Site operations	Occupancy	**100.0%**	99.9%
Finance	EBITDA*	**£5.0 million**	£1.3 million
	ADSCR	**1.17**	0.46
Health and safety	Injury incident rate	**3,571**	3,636
Environment**	Scope 1 emissions tCO_2 (Tonnes of CO_2)	**1,129**	832
	Scope 2 emissions tCO_2	**383**	346
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. Current year information represents the best available forecast at the current time.

Ratio performance

The performance of the ratio relative to lock up in the prior year was driven by the £3.7 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 £1,311k (2022: £1,662k). The movement between years relates to the replacement cycle of the assets. Annual spend is not directly comparable year on year. The number noted above is calculated under the definition of sinking fund expenditure in the Common Terms Agreement, the number noted in Section 1 of this report is the audited profit and loss figure.

Outlook for the new financial year

The Company has forecast occupancy of 99.9 per cent for 2023/24. Rents for the academic year 2024/25 will be set during Q2 of 2023/24.

University outlook

The University of Plymouth has seen its ranking in the Times Good University Guide for 2024 rise by 4 places to 70. As part of this specific guide, this rise is attributed to an improved completion rate and student: staff ratio. 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.

The University remains an 'anchor institution' and plays a key role in the economy of Southwest England. InterCity Place, Plymouth's 11-storey health building, opened in September 2023 for training nurses, midwives and allied health professionals. The Babbage Building also opened for 2023 and offers students new engineering and design facilities. These new facilities follow the opening of a new brain research and imaging centre in 2021 at Plymouth Science Park.

Ucas applications to Plymouth have increased substantially between 2018 and 2022 with a 33 per cent increase to 23,520 which reflects an expanded curriculum, with ten new courses starting in 2021, a further 24 for 2022 and five more 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 over the last two years due to a boost in first year recruitment. Despite this increase, overall student numbers have reduced by 9 per cent over the last five years. Non-UK numbers have risen by 22 per cent over the last five years but UK numbers have fallen by 13 per cent. The core residential demand pool has also fallen by 13 per cent in the last five years to 10,135.

Despite the decline in demand, the student to bed ratio has increased substantially from 3.5 in 2016/17 to 5.7 in 2021/22 due to all the University's nomination agreements with private providers ending thus reducing the supply. The first-year ratio is over twice the national average, and the all-year ratio is nearly three times the national average.

There are 1,764 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 July.

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

6.0 AssetCo summaries

UPP (Exeter) Limited, University of Exeter

Key

ET Estate transfer

NB New build

Exeter

2,569 ET NB

2009-2012

Historic Senior Debt Service Cover Ratio (DSCR)

	2023 £000's
EBITDA after sinking fund per profit and loss	**10,436**
Add:	
Sinking fund expenditure	1,221
Interest receivable	321
Deduct:	
Sinking fund deposit	(1,957)
Total movement	**(415)**
Total cash available for debt service	**10,021**
Debt service	
Interest	1,608
Fixed rate debt principle repayment	6,330
Total debt service	**7,938**
Annual Debt Service Cover Ratio (ADSCR) calculations	
ADSCR – default	1.05
ADSCR – lock up	1.15
ADSCR – actual	1.26
Headroom over default	1,686
Headroom over lock up	892

Historic Senior Debt Service Cover Ratio has been calculated as per the definition in the Common Terms Agreement.

UPP (Exeter) Limited, University of Exeter continued

Key metrics

Area	Metric	2023	2022
Site operations	Occupancy	**100%**	100%
Finance	EBITDA*	**£10.4 million**	£9.5 million
	ADSCR	**1.26**	1.41
Health and safety	Injury incident rate	**3,158**	3,571
Environment**	Scope 1 emissions tCO_2 (Tonnes of CO_2)	**1,115**	1,432
	Scope 2 emissions tCO_2	**440**	560
FM performance	Performance deductions	**£4k**	£1k
	Availability deductions	**£3k**	None

* EBITDA after sinking fund expenditure

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

Sinking fund

The sinking fund expenditure for the year was £1,221k (2022: £1,484k). The movement between years relates to the replacement cycle of the assets. Levels of annual spend are not comparable year on year. The number noted above is calculated under the definition of sinking fund expenditure in the Common Terms Agreement, the number noted in Section 1 of this report is the audited profit and loss figure.

Outlook for the newfinancial year

The Company has forecast occupancy of 100 per cent for 2023/24. Rents for the academic year 2024/25 will be set during Q2 of 2023/24.

University outlook

The University of Exeter has become one of the most popular universities in the UK over the last decade and for 2024 the Sunday Times have voted it runner up for University of the Year as it was the previous year. In the ranking Exeter has risen two places to eleventh place with small improvements to their completion rate and good honours, both of which it is placed in the top 10. The University remains in the top 200 institutions in the world according to The QS World University Rankings and The Times World University Rankings and is a member of the Russell Group of institutions, further reinforcing its world-class reputation.

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.

Ucas applications to Exeter have fallen slightly for 2022 but at 40,425 remain at a high level. Due to heavy recruitment during the years with Teacher Assessed Grading, Exeter have had to rebalance their recruitment for 2022 by taking far fewer recruits and reduced their undergraduate intake by 26 per cent.

Since the 2016/17 academic year the University of Exeter has seen its total full-time student population grow by 32 per cent, with local students increasing by 38 per cent and students from outside the southwest of England region by 31 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 for 2021, aided by a 12 per cent increase in postgraduates as well as a 5 per cent increase in undergraduates. Non-EU students have grown exceedingly quickly in the last five years by 57 per cent whilst EU numbers have fallen by 15% as the whole sector sees substantial declines post-Brexit. Overall, the non-UK student population has grown by 38 per cent. The overall student to bed ratio of 3.7:1 is well above national averages and far higher than five years previously when it stood at 3.1:1.

Exeter has been working to reduce the pressure on accommodation in the City, with a number of new student residences becoming operational over recent years providing a further 1,500 student bedrooms, taking the current accommodation stock to approximately 6,500 rooms. UPP's West Park project, which is due to reach Financial Close in 2024, will increase this number by a further 1,700 student bedrooms and see 300 existing rooms refurbished over the coming years.

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/

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upp-ltd.com