

Registered No: 08253967

UPP Bond 1 Holdings Limited
Unaudited financial statements

For the six months ended 29 February 2024

UPP Bond 1 Holdings Limited

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Principal activity

UPP Bond 1 Holdings Limited (“the Company”) is the parent company of UPP Bond 1 Holdings Limited group (“the Group”). The Company’s principal activity is that of a holding company for its subsidiary undertakings. The principal activity of the subsidiary undertakings is the operation of student accommodation and the provision of related facilities management services for seven AssetCos; consisting of 11,731 rooms (2023: 11,699).

UPP Bond 1 Holdings Limited

Statement of comprehensive income

for six months ended 29 February 2024

| | Notes | Unaudited Six months ended 29 February 2024 £'000 | Unaudited Six months ended 28 February 2023 £'000 |
|-------------------------------------------------------------------------------------|-------|------------------------------------------------------------------|------------------------------------------------------------------|
| Operating expenses | | (11) | - |
| Operating loss | | (11) | - |
| Interest receivable & similar income | 6 | 24,066 | 23,340 |
| Interest payable & similar charges | 7 | (25,578) | (22,364) |
| Impairment of receivables | 10 | (24,066) | (3,841) |
| Loss on ordinary activities before taxation | | (25,589) | (2,865) |
| Tax charge on profit on ordinary activities | 8 | - | - |
| Loss for the financial period | | (25,589) | (2,865) |
| Total comprehensive loss for the period attributable to owners of the parent | | (25,589) | (2,865) |

The above results all relate to continuing operations.

The notes on pages 6 to 13 form part of these financial statements.

UPP Bond 1 Holdings Limited

Statement of financial position

As at 29 February 2024

| | | Unaudited 29 February 2024 £'000 | 31 August 2023 £'000 |
|---------------------------------------------------------|-------|-------------------------------------------|----------------------------|
| | Notes | | |
| Fixed assets | | | |
| Investments | 9 | <u>55,570</u> | <u>55,570</u> |
| | | 55,570 | 55,570 |
| Current assets | | | |
| Debtors: amounts falling due after one year | 10 | <u>169,297</u> | <u>169,297</u> |
| | | 169,297 | 169,297 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | | (52) | (41) |
| | | <u>224,815</u> | <u>224,826</u> |
| Total assets less current liabilities | | 224,815 | 224,826 |
| Creditors: amounts falling due after more than one year | 11 | <u>(404,507)</u> | <u>(378,929)</u> |
| | | <u>(179,692)</u> | <u>(154,103)</u> |
| Net liabilities | | | |
| Share capital and reserves | | | |
| Called up share capital | 12 | 55,570 | 55,570 |
| Profit and loss account | | <u>(235,262)</u> | <u>(209,673)</u> |
| | | <u>(179,692)</u> | <u>(154,103)</u> |

Company registration number: 08253967

The notes on pages 6 to 13 form part of these financial statements.

UPP Bond 1 Holdings Limited

Statement of changes in equity

for the six months ended 29 February 2024

Attributable to owners of the parent

| | Share capital | Profit & loss account | Total equity |
|------------------------------------|------------------|-----------------------------|------------------|
| | £'000 | £'000 | £'000 |
| At 1 September 2022 | 55,570 | (184,508) | (128,938) |
| Profit for the financial period | - | (2,865) | (2,865) |
| Balance at 28 February 2023 | 55,570 | (187,373) | (131,803) |
| At 1 March 2023 | 55,570 | (187,373) | (131,803) |
| Profit for the financial period | - | (22,300) | (22,300) |
| At 31 August 2023 | 55,570 | (209,673) | (154,103) |
| At 1 September 2023 | 55,570 | (209,673) | (154,103) |
| Loss for the financial period | - | (25,589) | (25,589) |
| Balance at 29 February 2024 | 55,570 | (235,262) | (179,692) |

The notes on pages 6 to 13 form part of these financial statements.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

1. Company information

UPP Bond 1 Holdings Limited is a private company limited by shares incorporated in England. The registered office is First Floor, 12 Arthur Street, London, EC4R 9AB.

2. Basis of preparation

These interim financial statements have been prepared in accordance with The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£) which is the Company's functional currency, rounded to the nearest thousand.

For the purpose of these financial statements and the relevant notes provided the comparative period is for the six-months ended 28 February 2023 for the Statement of Comprehensive Income and 31 August 2023 for the Statement of Financial Position.

Going concern

Notwithstanding net liabilities of £179,692k (31 August 2023: £154,103k) the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In preparing these financial statements, the directors have considered the impact of the current inflationary environment on the ability of the Company to continue as a going concern by preparing a cash flow forecast through to 31 August 2025, modelling a severe but plausible downside scenario that demonstrates that the Company is expected to have sufficient funds to meet its obligations as they fall due over the period of at least 12 months from the date of approval of the financial statements.

A key feature of the Company's subsidiaries contractual arrangements with the universities is that the university counterparty bears the risk of in-year rental income collection once students have been contracted for the rooms. In addition, there are contractual mechanisms in place that allow for rental uplifts as a result of inflation.

For the 2023/24 academic year, the Company's subsidiaries have secured sufficient occupancy to remain compliant with its financial covenants. The directors anticipate that the Company's university counterparties will meet their payment obligations as they fall due, even in the severe but plausible downside scenario and, as a result, the risk around revenues leading to non-compliance with financial covenants for the 2023/24 year remains low. The directors consider the Company's costs to be reasonably controllable and, whilst there are likely to be increased costs arising from inflationary pressures, these are either likely to be offset by cost savings elsewhere or not considered sufficient to threaten the viability of the business.

The directors believe that the fundamentals of the student accommodation market remain supportive of the long-term success of the business. The directors received a letter of support and confirmation from the Company's parent undertaking, UPP Group Limited, that financial support will be provided to the Company, such that it is able to meet its liabilities as they fall due, in connection with the last statutory accounts and that letter of support continues in effect over the period covered by these interim financial statements and for the rest of the financial year.

On this basis, the directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

2. Basis of preparation (continued)

Basis of consolidation

The Company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, as the company forms part of a larger group for which UPP REIT Holdings Limited produces consolidated financial statements. However, the Company voluntarily prepares separate consolidated interim financial statements. These accounts present information about the Company as an individual undertaking and not about its group.

Cash flow statement

The Company has taken advantage of the exemption available under FRS 102.9.3 and has not prepared a cash flow statement by virtue of being a small company.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions are reviewed on an on-going basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving the most sensitive estimates and assumptions that are significant to the financial statements are set out below:

Impairment of non-financial assets (note 9)

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates, the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss unless the asset is carried at a re-valued amount where the impairment loss of a re-valued asset is a revaluation decrease.

An impairment loss recognised for all assets and is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

4. Principal accounting policies

(a) Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

(b) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Impairment is determined by making an estimate of the likely recoverable value of short-term debtors by considering factors such as the credit rating, the aging profile and the historic experience of the respective debtor.

(c) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 95 days from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(d) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(e) Interest bearing loans and borrowings

Subordinated loan notes are initially measured at fair value, net of transaction costs. They are then subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability, or (where appropriate) a shorter year, to the net carrying amount on initial recognition.

(f) Interest payable and similar charges

Interest payable & similar charges, comprising interest payable on subordinated loan notes and the costs incurred in connection with the arrangement of borrowings are recognised in the income statement using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument unless the capital instrument is subsequently carried at fair value in which case the initial issue costs are expensed in the profit and loss account.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

4. Principal accounting policies (continued)

(g) Interest receivable and similar income

Interest income is recognised in profit and loss as it accrues, using the effective interest method.

(h) Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax is calculated on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Group relief is only accounted for to the extent that a formal policy is in place at the reporting period end. Where no policy is in place, current and deferred tax is measured before benefits which may arise from a formal group relief policy.

(i) Related party transactions

The Company is a wholly owned subsidiary of UPP Group Holdings Limited and as such the Company has taken advantage of the terms of FRS 102.33.1A not to disclose related party transactions which are eliminated on consolidation.

5. Directors' remuneration

The immediate subsidiary undertaking, UPP Bond 1 Limited, paid fees of £1,893 (2023: £1,545) to Intertrust Management Limited in respect of services performed in connection with the management of the affairs of the Company for the period up to 29 February 2024.

No other directors of the Group received payment for services performed in relation to the management of the Group (2023 - £nil).

Other than the directors there are no other key management personnel in this Company.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

6. Interest receivable and similar income

| | Unaudited six months ended 29 February 2024 £'000 | Unaudited six months ended 28 February 2023 £'000 |
|------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------|
| Interest from unsecured loan notes | <u>24,066</u> | <u>23,340</u> |

7. Interest payable and similar charges

| | Unaudited six months ended 29 February 2024 £'000 | Unaudited six months ended 28 February 2023 £'000 |
|--------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------|
| Interest due on unsecured loan notes | <u>25,578</u> | <u>22,364</u> |

8. Tax on loss on ordinary activities

With effect from 1 March 2018, ultimate parent company of the Company has elected for Real Estate Investment Trust ("REIT") status to apply to the Company. As a result, the Company no longer pays income tax on profits and gains from qualifying property rental business providing it meets certain conditions. Non-qualifying profits and gains continue to be subject to income tax as normal.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

9. Investments

| Company | Unaudited Interest in subsidiary undertakings £'000 |
|-----------------------------------------------|-----------------------------------------------------------------|
| At 31 August 2023 and 29 February 2024 | <u>55,570</u> |

The company ultimately owns 100% of the issued ordinary share capital in the companies listed below. All of these companies are registered in England and Wales.

| Subsidiary undertaking | Nature of business |
|------------------------------------------|------------------------------------|
| UPP (Alcuin) Limited | Provision of student accommodation |
| UPP (Broadgate Park) Holdings Limited | Provision of student accommodation |
| UPP (Kent Student Accommodation) Limited | Provision of student accommodation |
| UPP (Nottingham) Limited | Provision of student accommodation |
| UPP (Oxford Brookes) Limited | Provision of student accommodation |
| UPP (Plymouth Three) Limited | Provision of student accommodation |
| UPP (Exeter) Limited | Provision of student accommodation |
| UPP Bond 1 Issuer plc | Financing company |
| UPP Bond 1 Limited | Treasury management company |

The fixed asset investment value above represents the carrying value of the Company's investment in its subsidiary undertakings. The Company has not identified any indicators of impairment during the period.

10. Debtors: amounts falling due after one year

| | Unaudited 29 February 2024 £'000 | 31 August 2023 £'000 |
|--------------------------------------|-------------------------------------------|----------------------------|
| Amounts owed by subsidiary companies | <u>169,297</u> | <u>169,297</u> |

Amounts owed by subsidiary companies relate to the unsecured loan notes with UPP Bond 1 Limited. These loan notes bear interest at 13.75% and 14% and are repayable by 2057. Payment of interest is subject to the Group passing lock up tests and availability of cash reserves.

During the period an impairment loss of £24,066k (29 February 2023: £3,841k) was recognised as the discounted anticipated future cashflows attributable to the receivable were less than the carrying amount.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

11. Creditors: amounts falling due after more than one year

| | Unaudited 28 February 2024 | 31 August 2023 |
|-----------------------------------|----------------------------------|-------------------|
| | £'000 | £'000 |
| Unsecured loan notes | <u>404,507</u> | <u>378,929</u> |
| Maturity of debt | | |
| Repayable in more than five years | <u>404,507</u> | <u>378,929</u> |

Unsecured loan notes

UPP Group Limited has provided unsecured loan notes of £146,669,000. These loan notes bear interest at 13.5% and are repayable by 2057. Payment of interest is subject to the Group passing lock up tests and availability of cash reserves.

12. Called up share capital

| | Unaudited 29 February 2024 | 31 August 2023 |
|--------------------------------------------------------------------------------------------|----------------------------------|-------------------|
| | £'000 | £'000 |
| Issued, allotted, called up and fully paid 55,570,408 Ordinary shares of £1 each | <u>55,570</u> | <u>55,570</u> |

13. Financial instruments

The carrying amounts of financial instruments by categories shown in the statement of financial position are as follows:

| | Unaudited 29 February 2024 | 31 August 2023 |
|----------------------------------------------------------------|----------------------------------|-------------------|
| | £000 | £000 |
| Financial assets | | |
| <i>Financial assets measured at amortised cost:</i> | | |
| Unsecured loan notes | <u>169,297</u> | <u>169,297</u> |
| <i>Total financial assets measured at amortised cost:</i> | <u>169,297</u> | <u>169,297</u> |
| Financial liabilities | | |
| <i>Financial liabilities measured at amortised cost:</i> | | |
| Accruals | - | 22 |
| Other related party loans | 52 | 19 |
| Unsecured loan notes | <u>404,507</u> | <u>378,929</u> |
| <i>Total financial liabilities measured at amortised cost:</i> | <u>404,512</u> | <u>378,970</u> |

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 29 February 2024

14. Parent undertaking and controlling party

The Company is wholly owned by UPP Group Limited, a company itself a wholly owned subsidiary of UPP Group Holdings Limited, in turn wholly owned by UPP REIT Holdings Limited.

The parent undertaking of the largest group of which the Company is a member and of which group accounts are prepared is UPP REIT Holdings Limited.

UPP REIT Holdings Limited is controlled by a 60% stake held by Stichting Depository PGGM Infrastructure Funds ("PGGM"), incorporated in The Netherlands.

Copies of the UPP REIT Holdings Limited accounts can be obtained from www.upp-ltd.com, once they have been published.

The parent undertaking of the smallest group of which the Company is a member and for which Group accounts are prepared is UPP Bond 1 Holdings Limited.

Copies of the UPP Bond 1 Holdings Limited accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ once they have been filed.