UPP Bond 1 Holdings Limited

Results Presentation for the year ended
31 August 2024

Investor Call 16 December 2024

Disclaimer

This presentation is being distributed by UPP Bond 1 Limited (‘The Group Agent’) pursuant to the terms of Schedule 9 Part 1 of the Common Terms agreement (‘CTA’). Unless otherwise stated, this Investor Report comments on historic performance of the Group for the period up to 31 August 2024. Included within this Investor Report is the non–statutory consolidated audited Financial Statements of the Group as specified in Schedule 9 Part 1 of the CTA. Defined terms used in this document have the same meanings as set out in the Master Definitions Schedule of the CTA.

Unless otherwise stated, the figures in this presentation reflect the position as at 31 August 2024. In addition, the presentation contains forward-looking statements that reflect the current judgment of the management of the Obligors regarding conditions that it expects to exist in the future. Forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management’s assumptions rely on its operational analysis and expectations for the operating performance of each of Obligor’s assets based on their historical operating performance and management expectations as described herein.

Factors beyond management’s control could cause events to differ from such assumptions and actual results to vary materially from the expectations discussed herein. Investors are cautioned that the assumptions and forecast information included herein are not fact and should not be relied upon as being necessarily indicative of future results and are cautioned not to place undue reliance on such assumptions and forecast information.

It should also be noted that the information in this presentation has not been reviewed by the Obligors' auditors.

This presentation is not intended as an offer for sale or subscription of, or solicitation of any offer to buy or subscribe, any security of UPP Bond 1 Issuer PLC nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whomsoever.

Agenda

1. Executive Summary
2. Key Business Developments
3. Market Update
4. AssetCos Financial Review 2023/24
5. Forecasting 2024/25
6. Sinking Fund Budget
7. Conclusion
8. Monitoring Adviser’s Report
9. Any Other Business/Questions

upp

1.0

Executive Summary

Elaine Hewitt, Chief Executive Officer

Executive Summary - Results

- Turnover up by 6.7%, reflecting RPI-linked annual term rental income increases
- Strong EBITDA growth of 6.8% due to higher revenue and recovery of remedial costs at Plymouth
- Occupancy for 2023/24 of 97.9%
- A significant programme of asset investment works totalling £7.3 million across the Bond portfolio
- 2023/24 Annual Debt Service Coverage Ratios comfortably above lock-up triggers
- Annual credit rating assessments of A- (stable outlook) and Baa1 (stable outlook)

Turnover

£79.6m

FY 23 - £74.6m

EBITDA

£51.5m

FY 23 - £48.3m

ADSCR

1.45

FY 23 – 1.26

Occupancy

97.9%

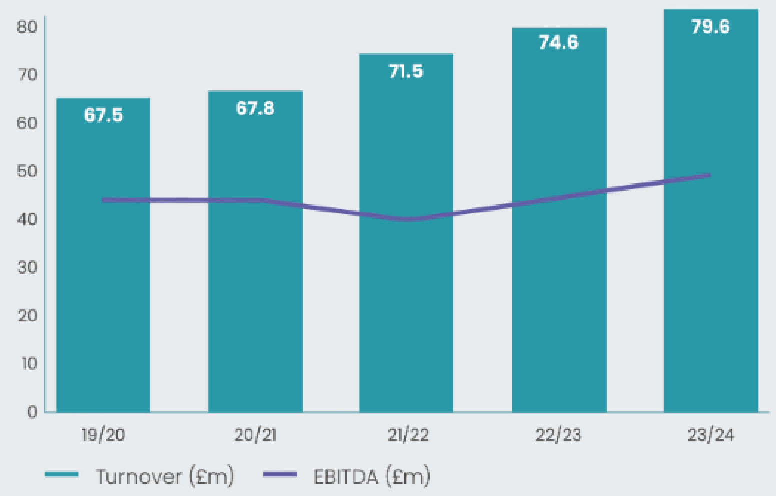
FY 23 – 99.7%

Customer satisfaction

87.4%

FY 23– 86.5%

Resilient financial performance



Executive Summary – Specific Matters

Kent AssetCo

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.

Plymouth AssetCo

The Plymouth AssetCo reported under a Trigger Level 2, Phase 2 Monitoring Event with subsequent enhanced reporting as required by the Monitoring Services Agreement until 1 March 2024 when it exited enhanced monitoring.

2.0

Key Business Developments

Elaine Hewitt, Chief Executive Officer

upp

Business Progress

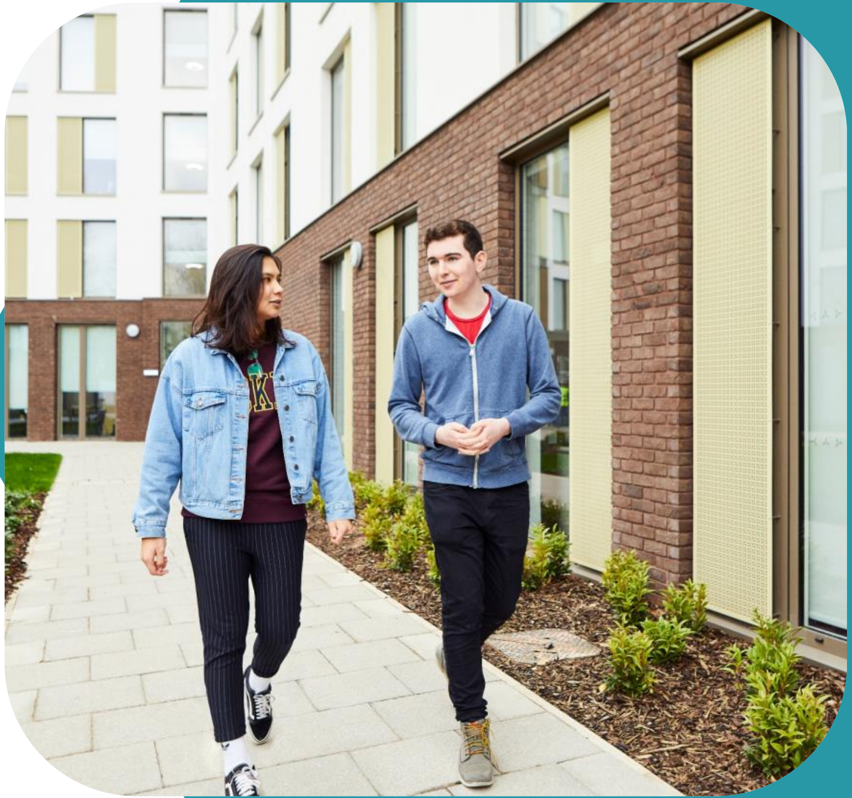
Growing the business

- In May 2024, UPP Group was selected to be the Preferred Bidder to work in partnership with Durham University to develop a new accommodation block and refurbish existing accommodation.
- One of the key drivers for this project for both Durham University and Durham City is to increase the proportion of students living in high quality Durham University owned or managed accommodation.

Business Progress

Delivering on commitments to people, place and planet

- In October, UPP Group achieved a GRESB score of 93% for 2023/24.
- UPP Group reached Financial Close on its inaugural sustainability-linked loan - a 3 year, £110m RCF facility, financed by Deutsche Bank.
- Following the publication of our second GRI compliant sustainability report, we are progressing well against the 2030 sustainability targets set out by UPP Group:
    - A recycling rate of 46% achieved against a target of 45%
    - Energy consumption reduced by 2.5%
    - Achieved over 2.5% of our 10% BNG target
    - High level carbon reduction plan approved with Architype's fabric first assessment completed
    - Water Automatic Meter Reading (AMR) installed for 99% of supplies
    - Achieved the water efficiency target of 6%
    - New consolidated water supply contract awarded
    - Achieved ISO14001 recertification



Business Progress

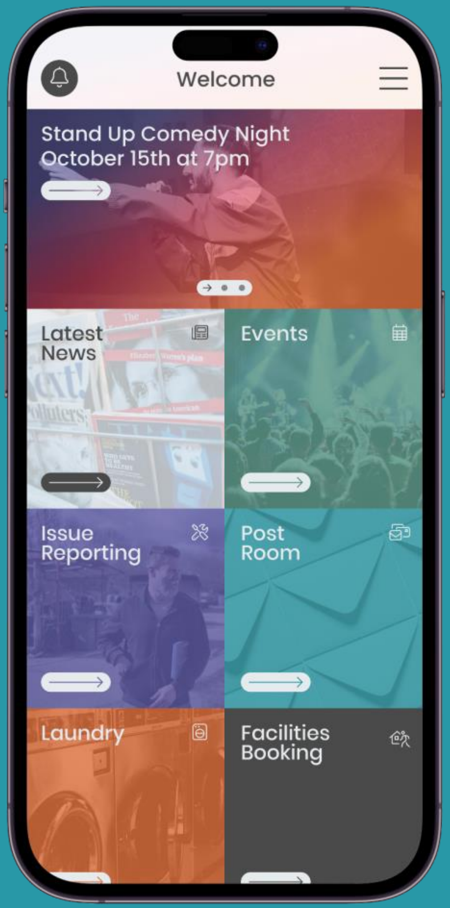
Investing in our assets

- Undertook a further major programme of asset investment works.
- Works totalled circa £7.3 million across the UPP Bond 1 portfolio.
- Some of the highlights included:
    - Bathroom works at Hampden Hall and Simpsons Hall and 25 kitchens in other properties in the Nottingham AssetCo.
    - A phased replacement of kitchens in the Alcuin, Broadgate Park, Exeter and Plymouth AssetCos.
    - Around 70 en-suite bathrooms being fully refurbished in the Plymouth AssetCo.

Business Progress

Innovation to enhance the student experience

- Continued to deliver high quality services to students, as evidenced by customer satisfaction scores of 87.4%.
- UPP's student-facing smartphone application Home@Halls continues to have a positive impact on our residents and our business.
- Over 32,000 students have been registered in the app, marking a 20% increase compared to the previous academic year.



3.0

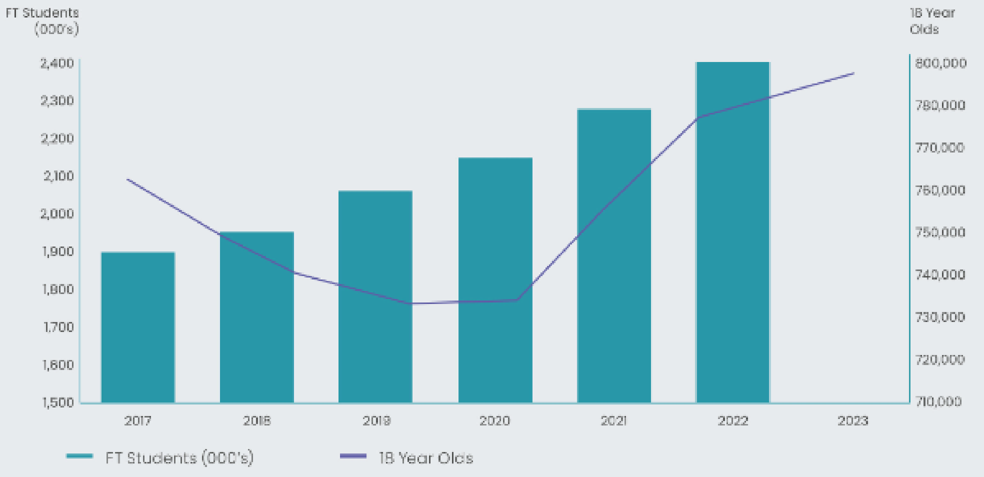
Market Update

Simon Boorne
Chief Investment Officer

Demand for Higher Education

- Applicant data by UCAS identifies that 656,770 applicants were seeking a university place for the academic year 2024/25.
- This is a decrease of 10,890 applicants year on year but 18,740 higher than the pre-pandemic year of 2019/20.
- The application rate for UK 18-year-olds reached 41.9% which is lower than last year, but 3.0% higher than the pre pandemic level of 38.9% in 2019/20.
- Applications from European Union (EU) students continue to fall with a 4.2% decline.
- Demand from outside the EU has fallen by 1.4%.
- 135,470 international students applied.
- UCAS acceptances tracked 1% ahead of last year.
- Overall number of acceptances driven by UK 18-year-olds have increased by 3% to 277,790.
- Overall there were 498,340 acceptances (all ages, all domiciles).
- More students have secured a place at higher tariff universities, 175,690 this year compared with 162,930 (+7.8%) in 2023.
- Medium tariff institutions have accepted 161,470 applicants (-0.5%) and lower tariffs have accepted 161,190 applicants (-4.4%).

Figure 2.21 UK full-time HE enrolment (y-axis) relative to the number of 18-year-olds in the UK (z-axis) 2018/19-2023/24



Source: HESA (Headcount) ONS

Demand for Higher Education

- UK applicant numbers continue to remain positive and have grown by over 15,000 (3.0%) in the last six years.
- Post-Brexit demand from EU students has fallen by -4.1% (930 students, to 21,470 for 2024).
- Over the last six years EU applicant numbers have fallen by 28,840 (57.3%).
- The same period non-EU international applicant numbers were up 32,320 or 39.6% to 114,000, showing a net increase in international applicant demand of 3,480.
- UPP remain confident both in the robust nature of domestic and international demand for UK Higher Education and therein for residential accommodation.

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

App. Domicile	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
England	418,940	427,290	456,190	458,980	446,530	438,110
Northern Ireland	18,520	18,150	19,390	18,430	17,630	17,190
Scotland	47,110	47,250	52,710	47,860	44,130	45,040
Wales	21,470	21,330	23,330	23,500	21,320	20,960
UK	506,040	514,020	551,620	548,780	529,600	521,300
EU (excluding UK)	50,310	49,350	28,120	23,160	22,400	21,470
Non-EU	81,680	89,420	102,280	111,720	115,650	114,000
Total	638,030	652,790	682,010	683,650	667,650	656,770

Source: UCAS

upp

Residential Demand for AssetCos

- The 'All Years Students to Bed Ratio' has remained static year on year, at 3.2:1.
- This represents the strongest demand ratio in the last six years.
- The first-year ratio has remained at 1.4:1.
- These figures are underpinned by the continued increase in higher education by 18-year-olds.

All Students	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23*	Change 21/22 to 22/23	Five Year Change
Total Demand Pool	108,455	111,180	116,960	124,715	130,095	130,440	0.3%	23.1%
Number of Beds	38,804	38,203	39,911	39,911	40,142	40,187	0.0%	3.6%
Students:Bed Ratio	2.8	2.9	2.9	3.1	3.2	3.2	0.0	0.5

First Years	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23*	Change 21/22 to 22/23	Five Year Change
Total Demand Pool	47,015	47,915	51,045	53,140	56,995	56,090	-1.6%	19.3%
Number of Beds	38,804	38,203	39,911	39,911	40,142	40,187	0.0%	3.6%
Students:Bed Ratio	1.2	1.3	1.3	1.3	1.4	1.4	0.0	0.2

*22/23 figures produced using latest available data

University of York

York

740 NB

Rooms February 2001

303 ET

Rooms September 2007

Key

ET Estate transfer

NB New build

University of Nottingham

Nottingham

1,133 ET

Rooms May 2003

1,138 NB

Rooms September 2003

Key

ET Estate transfer

NB New build

upp

University of Kent

Kent

544 NB

Rooms October 2007

Key

ET Estate transfer

NB New build

Nottingham Trent University

Nottingham Trent

446 NB

Rooms September 2003

2,324 ET

Rooms April 2002

Key

ET Estate transfer

NB New build

Oxford Brookes University

Oxford Brookes

750 NB

Rooms September 2002

20 NB

Rooms September 2016

Key

ET Estate transfer

NB New build

University of Plymouth

Plymouth

Phase 1-3:

1,276 ET NB

Rooms 1998-2004

Phase 4:

488 ET NB

Rooms December 2006

Key

ET Estate transfer

NB New build

upp

University of Exeter

Exeter

2,569 ET NB

2009-2012

Key

ET Estate transfer

NB New build

4.0

Consolidated AssetCo Performance 2023/24

Mark Bamford, Chief Financial Officer

Bond consolidated finance summary

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	79,573	74,592	6.7
Cost of sales	(26,460)	(22,908)	(15.5)
Gross profit	53,113	51,684	2.8
Overheads	(4,027)	(3,416)	(17.8)
Remedial costs	(160)	-	(100.0)
Reimbursement of remedial costs	2,610	-	100.0
EBITDA (pre Sinking fund)	51,536	48,268	6.8
Sinking fund	(7,342)	(7,612)	3.5
EBITDA	44,194	40,656	8.7
Ratio	1.45	1.26	15.1

- Turnover increased by 6.7% to £79.6 million primarily due to contractual inflation uplifts. Occupancy at 97.9% for the year, compared to 99.7% in 2022/23.
- Cost of sales increased by 15.5% to £26.5 million mostly due to increases in wholesale utilities prices and contractual uplifts in FM fees.
- Overheads excluding remedial costs increased due to higher insurance costs.
- Remedial costs increased in 2023/24 due to initial spending at the Kent AssetCo.
- Sinking fund investment programme spend of c.£7.3 million was slightly lower than 2022/23, due to current year investment requirements.
- EBITDA increased by 6.8% reflecting the increases in turnover and the recovery of remedial costs at Plymouth.
- 2023/24 historic debt service cover ratio ("Ratio") of 1.45, improved on 2022/23 ratio of 1.26 due to improved EBITDA performance.

Bond consolidated finance summary

Debt service cover ratio analysis

Ratio	Alcuin	BGP	Exeter	Kent	NTU	Oxford	Plymouth	Consol
23/24 Historic	1.43	1.23	1.41	1.28	1.41	1.59	1.87	1.45
24/25 Projected	1.58	1.53	1.47	(1.49)	1.17	1.67	1.38	1.28

- Movement on Kent in the forward ratio is a result of anticipated remedial works
- Improvement in the historic Plymouth ratio is driven by the one-off recovery of asset remedial costs
- Fall in the NTU projected ratio is driven by occupancy challenges at that AssetCo
- Other ratios impacted by contractual rent uplifts

Occupancy analysis

(%)	Alcuin	BGP	Exeter	Kent	NTU	Oxford	Plymouth	Consol
23/24 Historic	100.0	92.7	100.0	100.0	97.1	100.0	100.0	97.9
24/25 Budgeted	99.5	99.5	99.5	99.5	99.5	100.0	99.5	99.5
24/25 Forecast	100.0	99.5	100.0	100.0	81.0	100.0	99.5	95.3

- Projected consolidated occupancy is affected by lower than budgeted rates at NTU
- NTU has been affected by lower undergraduate recruitment levels
- All other SPVs are projected to perform in line or better than budget

Alcuin – Finance update

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	7,959	7,634	4.3
Cost of sales	(2,097)	(1,482)	(41.4)
Overheads	(352)	(289)	(21.8)
EBITDA (pre-sinking fund)	5,510	5,863	(6.0)
Sinking fund	(810)	(622)	(30.2)
EBITDA	4,700	5,241	(10.3)
Ratio	1.43	1.34	
Headroom	1,049	661	

- Occupancy was 100% for the year (2022/23: 100%).
- Turnover increased by 4.3% due to impact of higher RPI inflation on rental income, partially offset by RPI swap costs.
- EBITDA pre-sinking fund has decreased year on year by £353k, largely due to increases in utility costs and FM costs.
- Sinking fund investment increased by £188k with this year's investment programme including the renewal of 18 kitchens and 13 boilers.
- 2023/24 Ratio performance was 1.43, with a healthy headroom to lock-up. Lower sinking fund cash spend and increased cash interest income contributed to improved ratio performance.
- 2024/25 Forecast: Occupancy at 100%.
- 2024/25 Forecast: Ratio at 1.58 with the increase largely driven by contractual rent increases.

Broadgate Park – Finance update

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	14,246	13,735	3.7
Cost of sales	(5,689)	(4,734)	(20.2)
Overheads	(896)	(762)	(17.6)
EBITDA (pre sinking fund)	7,661	8,239	(7.0)
Sinking fund	(680)	(1,524)	55.4
EBITDA	6,981	6,715	4.0
Ratio	1.23	1.20	
Headroom	454	318	

- Occupancy was 92.7% for the year (2022/23: 98.5%), with the fall driven by a decline in international students registering for their course and lower university recruitment through clearing.
- Turnover increased by 3.7% due to the impact of higher RPI inflation on rental income, offset by RPI swap costs and lower occupancy.
- Cost of sales increased by £955k largely due to the impact of rising utilities costs and contractual increases to FM costs.
- EBITDA pre sinking fund decreased by 7.0%, driven by increases in utilities, FM and insurance costs.
- Sinking fund investment decreased following significant investment in the prior year. Current year spend included the renewal of 28 kitchens and extensive re-decoration and re-carpeting.
- 2023/24 Ratio performance was 1.23, with a healthy headroom to lock-up.
- 2024/25 Forecast: Occupancy forecast at 99.5% with improvements in the credit and void position anticipated.
- 2024/25 Forecast: Ratio at 1.53, with the increase largely driven by contractual rental increases and an improved occupancy position.

Exeter – Finance update

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	18,402	16,875	9.0
Cost of sales	(5,526)	(5,165)	(7.0)
Overheads	(332)	(352)	5.7
EBITDA (pre sinking fund)	12,544	11,358	10.4
Sinking fund	(1,518)	(922)	64.6
EBITDA	11,026	10,436	5.7
Ratio	1.41	1.26	
Headroom	2,175	892	

- Occupancy was 100% for the year (2022/23: 100%).
- Turnover increased by 9.0% reflecting the impact of higher RPI inflation on rental income.
- Cost of sales increased by £361k due to the impact of rising utilities and FM costs.
- EBITDA pre sinking fund has increased by £1,186k primarily due to higher rental income growth relative to the increase in utilities costs.
- Sinking fund investment increased by 64.6% reflecting significant investment, including phased kitchen replacement works.
- 2023/24 ratio performance was 1.41, with a healthy headroom to lock-up.
- 2024/25 Forecast: Occupancy at 100%.
- 2024/25 Forecast: Ratio at 1.47

Kent – Finance update

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	4,762	4,373	8.9
Cost of sales	(1,396)	(1,183)	(18.0)
Overheads	(722)	(372)	(94.1)
Remedial costs	(160)	-	(100.0)
EBITDA (pre sinking fund)	2,484	2,818	(11.9)
Sinking fund	(359)	(565)	36.5
EBITDA	2,125	2,253	(5.7)
Ratio	1.28	1.34	
Headroom	235	303	

- Occupancy was 100.0% (2022/23: 100.0%) for the year.
- Turnover increase of 8.9% is due to the impact of higher RPI inflation on rental income.
- EBITDA pre sinking fund decreased year on year primarily due to rental uplifts being offset by higher utilities costs and overhead spend on the planned remediation project.
- Sinking fund investment decreased following completion of kitchen replacements in the prior year; this year's spend included flooring replacement and redecoration.
- The prior year accounts included a provision of £7,500k made for future asset remediation works, spend of £6,100k is anticipated in financial year 2024/25.
- 2023/24 Ratio performance was 1.28, with a healthy headroom to lock-up.
- 2024/25 Forecast: Occupancy at 100%.
- 2024/25 Forecast: Ratio is predicted at (1.49). This drop relative to 2023/24 is due to the significant investment in asset remediation works forecast.

Nottingham Trent – Finance update

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	17,525	16,342	7.2
Cost of sales	(6,798)	(6,221)	(9.3)
Overheads	(605)	(411)	(47.2)
EBITDA (pre sinking fund)	10,122	9,710	4.2
Sinking fund	(2,260)	(2,008)	(12.5)
EBITDA	7,862	7,702	2.1
Ratio	1.41	1.23	
Headroom	1,645	501	

- Occupancy was 97.1% for the year (2022/23: 99.8%) after lower undergraduate recruitment levels.
- Turnover increased by 7.2% due to the impact of higher RPI inflation on rental income, partially offset by RPI swap costs.
- Cost of sales increased by £577k due to increases in utilities and FM costs.
- EBITDA pre sinking fund decreased year on year by £412k primarily due to rental uplifts being offset by increases in utilities costs.
- Sinking fund investment has slightly increased year on year; it reflects a continued significant investment programme including bathroom works at Hampden and Simpson Halls and 25 kitchens in other properties.
- 2023/24 ratio performance was 1.41, with a healthy headroom to lock-up.
- 2024/25 Forecast: Occupancy at 81.0%, due to lower undergraduate recruitment levels and a lower uptake of accommodation marketed by the university.
- 2024/25 Forecast: Ratio at 1.17, with contractual rental increases offset by lower occupancy.

Oxford Brookes – Finance update

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	5,893	5,761	2.3
Cost of sales	(1,363)	(1,271)	(7.2)
Overheads	(351)	(296)	(18.6)
EBITDA (pre sinking fund)	4,179	4,194	(0.4)
Sinking fund	(665)	(659)	(0.9)
EBITDA	3,514	3,535	(0.6)
Ratio	1.59	1.48	
Headroom	1,104	784	

- Occupancy was 100% (2022/23: 100%) for the year.
- Turnover increased by 2.3% due to the impact of higher RPI inflation on rental income, partially offset by higher RPI swap costs.
- Cost of sales increased by 7.2% predominantly due to higher utilities and FM costs.
- EBITDA pre sinking fund was in line with the prior year due to rental uplifts offset by higher operating costs.
- Sinking fund spend was in line year-on-year reflecting continuing investment, including boiler replacement and re-carpeting.
- 2023/24 Ratio performance was 1.59, with a healthy headroom to lock-up.
- 2024/25 Forecast: Occupancy at 100%.
- 2024/25 Forecast: Ratio at 1.67.

Plymouth – Finance update

£000's	2023/24 Actual	2022/23 Actual	Change %
Turnover	10,786	9,871	9.3
Cost of sales	(3,592)	(2,860)	(25.6)
Overheads	(628)	(665)	5.6
Recovery of asset remedial costs	2,610	-	100.0
EBITDA (pre sinking fund)	9,176	6,346	44.6
Sinking fund	(1,050)	(1,311)	19.9
EBITDA	8,126	5,035	61.4
Ratio	1.87	1.17	
Headroom	3,209	112	

- Occupancy was 100.0% for the year (2022/23: 100.0%).
- Turnover increased by 9.3% due to the impact of higher RPI inflation on rental income, partially offset by RPI swap costs.
- Cost of sales increased by £732k driven by increases in utilities and FM costs.
- EBITDA pre sinking fund has increased year on year by £2,830k following recovery of asset remedial costs.
- Sinking fund investment decreased year-on-year by c.20% following significant spend in the prior year. Current year spend included kitchen and bathroom refurbishment.
- 2023/24 ratio performance was 1.87, significantly higher than the prior year following the recovery of remedial costs.
- 2024/25 Forecast: Occupancy at 99.5%.
- 2024/25 Forecast: Ratio at 1.38, returning to usual levels following cost recovery in the current year.

5.0

UPP Bond 1 Holdings Limited Forecast 2024/25

Mark Bamford, Chief Financial Officer

Bond consolidated – 2024/25 Forecast

£000's	2024/25 Forecast	2023/24 Actual	Change %
Turnover	86,536	79,573	8.8
Cost of sales	(27,947)	(26,460)	(5.6)
Gross profit	58,589	53,113	10.3
Overheads	(3,597)	(4,027)	10.7
Remedial costs	(6,100)	(160)	3,712.5
Recovery of remedial costs	-	2,610	(100.0)
EBITDA (pre sinking fund)	48,892	51,536	(5.1)
Sinking fund	(8,056)	(7,342)	(9.7)
EBITDA	40,836	44,194	(7.6)
Ratio	1.28	1.45	

- Occupancy levels are forecast to be 100% at Alcuin, Exeter, Kent and Oxford Brookes; 99.5% at Broadgate Park and Plymouth; and 81.0% at NTU due to lower undergraduate recruitment levels and a lower uptake of accommodation marketed by the university.
- Turnover is forecast to increase by 8.8% primarily due to the impact of higher RPI inflation on rental income and reduced RPI swap costs.
- Cost of sales increase of 5.6% is due to higher facilities management and employment cost increases.
- Forecast EBITDA pre sinking fund of £48.9 million is slightly adverse to Financial Year 2023/24 primarily due to over £6 million of forecast asset remedial spend at the Kent SPV more than offsetting the significant growth in rental income.
- 2024/25 Sinking fund investment is forecast to increase by 9.7 per cent on 2023/24 actual spend.
- 2024/25 Debt Service Cover Ratio is forecast to be 1.28 (see "2024/25 Projected Ratios" on Slide 25 for more detail).

6.0

2024/25 Sinking Fund Budget

Mark Bamford, Chief Financial Officer

2024/25 Sinking Fund Budget

- Table details 2024/25 Sinking fund budget spend with comparison to 2023/24 P&L spend.
- In the case of each AssetCo, our focus continues to be developing plans in conjunction with university partners; and ensuring value for money and effective timing of investment.

£000's	Alcuin	BGP	Exeter	Kent	NTU	Oxford	Plymouth	Total
2023/24 P&L actual	810	680	1,518	359	2,260	665	1,050	7,342
2024/25 Budget	788	1,471	1,395	716	1,818	485	1,383	8,056

7.0

Conclusion

Elaine Hewitt, Chief Executive Officer

Conclusion

In summary:

- The fundamentals of the market remain robust and long-term demand is positive.
- UPP Bond 1 AssetCos continue to demonstrate strong performance.
- The wider programme of asset investment works across the Bond portfolio has been designed to further support demand and improve the experience of students.
- Our commitments to sustainability and delivering a fantastic student experience remain core to UPP's approach.
- We will continue to work closely with University partners to maximise the performance of the portfolio.

8.0

Monitoring Adviser's Report

Arthur Moerman, Bishopsfield Capital Partners

9.0

Questions