



Registered No: 08255980

**UPP Bond 1 Issuer plc**  
**Annual report and financial statements**

**For the year ended 31 August 2025**

# UPP Bond 1 Issuer plc

## Report and financial statements

### for the year ended 31 August 2025



## Contents

Directors and advisors .....	1
Directors' report .....	2
Strategic report .....	5
Independent auditor's report to the members of UPP Bond 1 Issuer plc .....	14
Statement of comprehensive income .....	19
Statement of financial position .....	20
Statement of changes in equity .....	21
Statement of cash flows .....	22
Notes to the financial statements .....	23
1. Principal accounting policies .....	23
2. Directors' remuneration .....	28
3. Auditor's remuneration .....	28
4. Interest receivable and similar income .....	29
5. Interest payable and similar charges .....	29
6. Tax on loss on ordinary activities .....	30
7. Debtors: amounts falling due within one year .....	31
8. Loans to group undertakings .....	31
9. Debtors: amounts falling due after more than one year .....	32
10. Creditors: amounts falling due within one year .....	33
11. Creditors: amounts falling due after more than one year .....	33
12. Borrowings .....	33
13. Called up share capital .....	34
14. Financial risk management .....	35
15. Reconciliation of movements of liabilities to cash flows arising from financing activities ...	39
16. Subsequent events .....	39
17. Parent undertaking and controlling party .....	39

# **UPP Bond 1 Issuer plc Directors and advisors**



## **Directors**

M Bamford  
S Boorne  
E Hewitt  
CSC Directors (No.3) Limited

## **Secretary**

UPP Secretarial Services Limited

## **Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## **Registered office**

1<sup>st</sup> Floor  
12 Arthur Street  
London  
EC4R 9AB

# UPP Bond 1 Issuer plc

## Directors' report

### for the year ended 31 August 2025



The directors present their report and financial statements for the year ended 31 August 2025.

#### Principal activity

The principal activity of UPP Bond 1 Issuer plc ("the Company") is that of a financing company. It is not expected that the role of the Company will change in the foreseeable future.

#### Financial risk management objectives and policies

The Company's financial risk management objectives and policies are considered to be of strategic significance and are therefore detailed in the Strategic Report on pages 5 to 15.

#### Dividend

The directors did not declare any dividends for the year (2024: nil).

#### Directors

The directors holding office during the year to 31 August 2025 and subsequently are:

- M Bamford
- S Boorne
- E Hewitt
- CSC Directors (No.3) Limited

#### Statement of directors' responsibilities in respect of the strategic report, the directors' report, and the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK General Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

# UPP Bond 1 Issuer plc

## Directors' report

### for the year ended 31 August 2025 (continued)



#### Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website, [www.upp-ltd.com/investor-centre](http://www.upp-ltd.com/investor-centre). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

#### Disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### Qualifying Third Party Indemnity

During the year and up to the date of this report, the Company maintained liability insurance and third-party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities of the Company.

#### Independent auditors

KPMG LLP was reappointed as auditor of the Company during the year in accordance with section 487 of the Companies Act 2006.

In accordance with Section 489 of the Companies Act 2006, the auditor, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

# UPP Bond 1 Issuer plc

## Directors' report

### for the year ended 31 August 2025 (continued)



#### Corporate governance statement

The Company is ultimately responsible for maintaining effective risk management and internal control systems covering financial controls, financial reporting, and operational and compliance controls.

The Company's internal control systems are implemented and reviewed from an effectiveness perspective on a group-wide basis, covering the parent company UPP Bond 1 Limited, ultimate parent company UPP REIT Holdings Limited, and its subsidiaries ("the Group"). The Company recognises the importance of corporate governance and its contribution to promoting the long-term success of the Group. The risk management systems and internal control systems are designed to meet the Group's needs and to manage the risks to which it is exposed. This system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. UPP REIT Holdings Limited as the ultimate parent company to UPP Bond 1 Issuer PLC has overall responsibility for monitoring the effectiveness of these systems. The Board of the ultimate parent company ensures that procedures are in place for compliance with the Quoted Companies Alliance ('QCA') Code, including clear responsibilities, operating procedures, and delegated authority. These are regularly reviewed by the Group Executive Leadership Team as part of business performance management.

Risk oversight is the responsibility of the UPP Group Holdings Limited Board, with the Audit & Risk Committee monitoring the integrity of the financial reporting, reporting to the Board on any significant financial reporting issues or judgements contained therein. The Committee monitors the effectiveness of these controls and assesses any risks impacting the business's strategy, operations, or compliance. The Committee also oversees the relationship with the external auditor and assesses a more detailed review of risks that might adversely affect the business' strategy, operations and legislative compliance.

Managing risk is crucial to safeguarding the Group's viability and achieving its strategic goals. It has embedded a risk management culture that identifies and mitigates current and emerging risks whilst exploring potential opportunities arising from new events. The Group's risk management processes have been refreshed and aligned across the business to promote a joined-up approach to risk management with escalation and cascade of risks at all levels. Risk Champions have been allocated from functions and site level and attend a quarterly 'Risk Forum', where high level risks are cascaded down, emerging or compound risks escalated upwards and shared risks discussed. The Group's principal risk management systems comprise of a Top 25 risk register, which is reviewed annually during strategic planning, the Executive Top 10 risk register reviewed monthly and by the UPP Group Holdings Board quarterly, and risk registers at functional and site level. To assist with this process, we have developed a Risk Management App, to ensure a consistent approach and ease of monitoring and reporting risks. This app also enables us to view the 'Risk Universe' of all identified risks across the business at any point in time.

**On behalf of the Board**

A handwritten signature in black ink, appearing to read 'M Bamford'.

**M Bamford**  
**Director**

15 December 2025

# **UPP Bond 1 Issuer plc**

## **Strategic report**

### **for the year ended 31 August 2025**



#### **Results and review of the business**

The Company was incorporated on 16 October 2012 and commenced trading on 5 March 2013.

On 5 March 2013 the Company issued £307,100,000 of fully amortising fixed rate senior secured notes and £75,000,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange. The proceeds of this issuance were on-lent on the same terms and conditions to six fellow group companies to enable them to refinance their senior bank facilities and associated costs.

On 9 December 2014 the Company issued £149,700,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange, ranking pari-passu with the initial senior notes. The proceeds of this issuance were on-lent to a sister company, UPP (Exeter) Limited, to enable that company to refinance its senior bank facilities and some associated costs, see note 11. During the year, the seven fellow group companies have continued to meet their obligations under the on-loan agreements.

The directors of the Company have chosen to adopt Financial Reporting Standard 102 - The financial reporting standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and these financial statements have been produced on that basis.

The Company's loss for the year is £121k (2024: loss £980k). It is not expected that the role of the Company will change in the foreseeable future.

#### **Principal risks and uncertainties**

##### **Financial risk management objectives and policies**

The Company uses various financial instruments including equity, fixed rate and index-linked bonds, derivatives and cash. The main purpose of these financial instruments is to raise finance for the fellow group undertakings. All of the Company's financial instruments are of sterling denomination and the Company does not trade in financial instruments or derivatives. The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below.

##### **Credit risk**

Financial instruments which potentially expose the Company to credit risk consist primarily of cash and loans receivable from fellow group undertakings. Cash is deposited only with major financial institutions that satisfy certain credit criteria. The Company funds its financing activities through the provision of on-loan arrangements with seven fellow group undertakings. All payments due in the year under these on-loan arrangements were received.

Each fellow group company has an individual on-loan arrangement with the Company, however under the Common Term Agreements there is a cross collateralisation agreement in place allowing the pooling of each of the bond participants surplus cash (after operating expenses and relevant on-loan debt service), which can be used to support any underperforming bond participants. Further information is included in note 14.

##### **Liquidity risk**

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing and by investing cash assets safely and profitably. The Company prepares annual cash flow forecasts reflecting known commitments and anticipated payments received from its on-loan arrangements. The Company has available cash flow from these on-loan arrangements to fund present commitments.

The maturity of borrowings is set out in note 14 to the financial statements.

# **UPP Bond 1 Issuer plc**

## **Strategic report**

### **for the year ended 31 August 2025 (continued)**

#### **Principal risks and uncertainties (continued)**

##### **Interest rate risk**

The Company finances its operations through a mixture of equity and fixed rate and index-linked secured senior notes. Through the issue of fixed rate notes the Company has mitigated its exposure to interest rate fluctuations on that portion of its borrowings. The index-linked notes have a nominal fixed rate that is linked to RPI (see below). The funds raised from these instruments have been on-lent to fellow group undertakings under the same terms.

##### **Inflation rate risk**

The Company is financed through a mixture of fixed rate and index linked bonds which in turn have been on-lent to fellow group undertakings.

These fellow group undertakings all provide student accommodation and use rental income received to service the cost of these on-loans. Growth in rental income is linked to the movement in RPI and the fellow group undertakings manage the exposure to this index through a mix of inflation linked debt on-lent from this Company and the use of RPI swaps. The Company also has back-to-back external swaps which materially offset in fair value terms with the swaps with fellow group undertakings.

##### **Demand risk**

The Company is subject to the risk of one or more of the fellow group undertakings not being able to service the cost of their on-loan arrangement and consequently the Company defaulting on its own borrowings. These fellow group undertakings are subjected to risks arising from occupancy voids and low student recruitment approach by the university partners that can lead to uncertain revenues. This risk is managed by cementing relationships with the university, improved marketing of accommodation and improved third party revenues to compensate for any shortfalls in rental income. Additionally, there is a cross-collateralisation arrangement in place allowing the pooling of each of the bond participants' surplus cash, which can then be used to support any underperforming bond participants.

##### **Portfolio risk**

The assets of the fellow group undertakings are in the student market and any unexpected material decline in student numbers could impact upon financial performance and consequently the ability of these companies to repay loans made by the Company. These fellow group undertakings seek to mitigate this risk by building excellent long-term relationships with their university partners and ensuring up to date in depth market analysis is completed each year to enable each company to review its strategic position. The criteria with which the Group selects partners includes creditworthiness and a strong profile with which to attract students over the long term.

##### **Going concern**

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 2027, 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.



# UPP Bond 1 Issuer plc

## Strategic report

### for the year ended 31 August 2025 (continued)

#### Going concern (continued)

The Company's cash flows depend on other companies that operate within Bond I Holdings Limited group. A key feature of the contractual arrangements of those companies 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 2025/26 academic year, the companies within Bond 1 Holdings Group ('the Group') have secured sufficient occupancy for the Company to remain compliant with its financial covenants. Occupancy performance has been strong across six of the fellow group companies, with lower occupancy in the one company. Each fellow group company has an individual on-loan arrangement with the Company, however under the Common Term Agreements there is a cross collateralization agreement in place allowing the pooling of each of the bond participants surplus cash (after operating expenses and relevant on-loan debt service), which can be used to support any underperforming bond participants.

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 2025/26 and 2026/27 years remains low. The directors consider the costs of the entities within the Bond Group to be reasonably controllable and the Company's costs are limited to interest costs. 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. 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.

#### Climate Risk

The Board recognises the impact that its activities have on the natural environment and the likely impact of climate change. As part of its wider ESG strategy, the Company has committed itself to a high-level vision of respecting the environment and positively contributing to the communities within which we work. Sustainability initiatives enhance the resilience of our assets and represent the responsible course of action both for the Company and our Stakeholders. Engaging with employees and our supply chain, the Company seeks to facilitate a positive contribution to the community. The Board remain mindful of the risks relating to climate change and continue to consider how it might mitigate these risks in its decision making. During the year the Group published its annual Sustainability Report in accordance with Global Reporting Initiative standards, which can be found on its website at <https://upp-ltd.com/sustainability/>. Further details of the Company's approach to Climate Change can be found in the s.172 statement. The Company does not have any emissions as an entity and therefore is not required to report under SECR legislation.

#### Key performance indicators

The Company's principal activity is that of a financing company providing funding to seven fellow group undertakings by way of on-loan arrangements. The performance of these group undertakings is critical to the ability of this Company to service its own debt commitments.

The Company monitors the receipt of interest and loan repayments due on financing activities during the year.

	2025	2024
Interest income	17,326	17,269
Scheduled repayments of loans from fellow group undertakings for the year	16,993	15,923

The management doesn't use any Balance Sheet performance measures.

# **UPP Bond 1 Issuer plc**

## **Strategic report**

### **for the year ended 31 August 2025 (continued)**

#### **Section 172(1) Statement**

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in Section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on who influence the long-term success of the Company. As a subsidiary of UPP REIT Holdings Limited ('UPP'), the Company assesses stakeholder interests at the group level.

This S172 statement, explains how directors of UPP REIT Holdings Limited ('UPP'):

- Engaged with employees, suppliers, customers, regulators, and other stakeholders; and
- Considered employee interests, the importance of fostering business relationships with suppliers, customers, and others, and the effects of these on the principal decisions made by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to UPP, with the level of disclosure reflecting the size and complexity of the business.

#### **General confirmation of directors' duties**

The Board of UPP has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Schedule of Delegation sets out the approval process across the broader business.

When making decisions, each director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

#### **S172(1) (A) "The likely consequences of any decision in the long term"**

The directors understand the business and the evolving higher education environment within which the Company operates. Established in 1998, UPP operates a long-term partnership model which involves a high degree of alignment between the success of our university partners and the sector more generally. Directors understand that it is their responsibility to operate residential accommodation in a sustainable manner, not simply to ensure that the asset can revert to the university in good order at the end of each concession, but more widely because it seeks to reduce the impact of our activities on the natural environment and its resources, as well as the communities within which it operates. The Company operates in one sector only and it is within that context that it seeks to increase long-term value for shareholders, recognising that the long-term success of our business is dependent on our stakeholders and the external impact of our business activities on society.

The directors recognise how our operations are viewed by different parts of society and that some decisions they take today may not align with all stakeholder interests, however, we seek to actively engage with our stakeholders and articulate the basis of our decision making.

# **UPP Bond 1 Issuer plc**

## **Strategic report**

### **for the year ended 31 August 2025 (continued)**

#### **S172(1) (B) “The interests of the Company’s employees”**

The directors recognise that UPP employees are fundamental and core to our business and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment and wider wellbeing, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

#### **S172(1) (C) “The need to foster the Company’s business relationships with suppliers, customers and others”**

Delivering our strategy requires strong mutually beneficial relationships with our partners, customers, suppliers and Government. Our Business Code of Ethics has at its core our values – namely Sustainability, Partnership, Responsibility, Innovation and Community. Driven from the top of the business, the behaviours expected of all our teams are underpinned by our policies and working procedures which are, in turn, designed to guide us in how we act with integrity, judgement and good conscience. The Business Code of Ethics is reviewed by the Executive Leadership Team periodically and assessments are made of how and with whom we do business. We engage directly with our university partners through Board meetings of our Special Purpose Vehicles (SPVs) and through Partnership Board meetings. This provides the opportunities to discuss and assess the needs of customers in the context of the wider business strategy.

Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged.

#### **S172(1) (D) “The impact of the Company’s operations on the community and the environment”**

Sustainability sits at the heart of the UPP Business Strategy and the Company’s values. Driven by the Executive Leadership Team, sustainability initiatives are a critical part of the operating model, enhancing the resilience of our assets and representing the responsible course of action both for the Company, our Shareholders - who have a long-term investment - and for wider society.

In the current year, the UPP Group published its annual Sustainability Report, in accordance with Global Reporting Initiative standards, setting out our approach and commitments to people, place and plant. The Sustainability Report can be found here <https://upp-ltd.com/sustainability/>

The UPP Group has taken the formal step to be accountable on its Net Zero carbon footprint, publicly committing to achieving this by 2035 using the Science Based Targets initiative. Furthermore the UPP Group continues to report under GRESB (the Global Real Estate Sustainability Benchmark) improving our score to 95 per cent, representing a 2 per cent improvement on 2023/24. The Group also seeks to collaborate with our partner universities to share innovation and help them achieve their objectives, whilst engaging with employees and our supply chain will help facilitate a positive contribution to the communities within which we operate.

As part of the Company’s wider Environmental, Social and Governance (ESG) activities, the impact of our operations is reviewed as an important element of the regular monthly meetings of the Executive Leadership Team and as part of quarterly meetings of the UPP Group Holdings Limited Board.

# **UPP Bond 1 Issuer plc**

## **Strategic report**

### **for the year ended 31 August 2025 (continued)**

#### **S172(1) (E) “The desirability of the Company maintaining a reputation for high standards of business conduct”**

UPP has a vision to be the leading provider of campus accommodation in the UK, working as a true partner to universities. Maintaining a reputation for high standards of conduct in a single sector represents a critical element to achieving this. All of the transactions undertaken by the Company are pursued on an open book basis and typically through tenders advertised on the GOV.UK Find a Tender service. All transactions are independently assessed on the basis of value for money and contract award notices (Standstill Letters) are open to challenge.

A clear framework of expectations in relation to business conduct is in place and this is periodically reviewed and updated where required. These include published policies with respect to Anti-Bribery, Modern Slavery, Gifts and Hospitality and Code of Business.

The Board of UPP is informed and monitors compliance with these policies and relevant governance standards help assure that the decisions that are taken promote high standards of business conduct.

#### **S172(1) (F) “The need to act fairly as between members of the Company”**

The directors of the Company actively consider which course of action is most effective at delivering the UPP business strategy, after weighing all the relevant factors and with due consideration of the likely impact on stakeholders. In doing so our directors act fairly with the Company’s members, with the UPP Board, which includes shareholder representatives, informed and consulted around key Company decision making to ensure that UPP business strategy is most effectively pursued.

#### **Culture**

The UPP Board recognises its critical role in assessing and monitoring that our desired culture – expressed in our values – is reflected in the attitudes and behaviours of our teams. Moreover, it understands its role in demonstrating these, both through the activities we pursue and stakeholder relationships. The Code of Business Ethics, Gifts and Hospitality and Anti-Bribery Policies help everyone at UPP to act in line with these values and comply with relevant laws and regulations.

UPP is committed to the health, safety and wellbeing of our teams and the Company has a broad ESG workstream designed to help protect people and the environment and the communities within which we work. We also strive to maintain a diverse and inclusive culture.

The UPP Board considers the Company’s regular Peakon employee surveys to be one of its principal tools to measure employee engagement, motivation, affiliation and commitment to UPP. It provides insights into employee views and has a consistently high response rate. The Board also utilises this engagement to understand how survey outcomes are being leveraged to strengthen the culture and values of UPP. The UPP Group has an active and established Equality, Diversity and Inclusion network and is a member of Inclusive Employers, the UK’s first and leading membership organisation for employers looking to build inclusive workplaces.

# UPP Bond 1 Issuer plc

## Strategic report

### for the year ended 31 August 2025 (continued)

#### Stakeholder engagement (including employee engagement)

The UPP Board recognises the important role that UPP has to play in society and the Company as a member of the Group is deeply committed to public collaboration and stakeholder engagement. UPP only works in one sector – UK higher education – and in doing so also recognises that its interests align with many of the universities with which it works.

We have categorised our key stakeholders into six groups. Where appropriate, each group is considered to include both current and potential stakeholders:

- a. Employees
- b. Partners (Existing/Potential) and their students
- c. Shareholders
- d. Investors
- e. Government, Regulators, Policy Bodies
- f. Suppliers and Strategic Partners

The Company believes that it is critical that we work with all our stakeholders particularly given the ongoing changes taking place in how UK higher education is funded and delivered. The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company.

The Board regularly discusses issues concerning employees, university partners and their students, our shareholders, suppliers, sector regulators and the wider community and environment. This is performed on group-wide basis. It takes the needs of these stakeholders into account in its discussions and in its decision-making processes. In addition to this, the Board seeks to understand the interests and views of the Company's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and how we engage with each on a group wide-basis:

Stakeholders	Engagement
Employees	<p>Our employees are critical to the success of the Business.</p> <p>We aim to be a responsible employer in our approach to remuneration, paying a minimum of the Living Wage. We continue to engage with our teams across the country to ascertain which training and development opportunities should be made available to improve our productivity and to invest in the potential of individual employees. Examples of training run during the year include Mental Health Awareness training and Licence to Recruit recruitment and onboarding training.</p> <p>The Group has a well-established employee wellbeing programme which focuses not just on behavioural health and safety, but on the physical and emotional wellbeing of our teams. A wellbeing Portal is made available for all staff which provides a toolkit of resources, including a dedicated mental health helpline.</p> <p>We actively seek feedback from our teams and annual Performance and Development Reviews are used to ensure that a two-way dialogue on performance and development needs is maintained.</p> <p>A further approach taken is through regular Peakon engagement surveys to frequently assess and respond to employee engagement. This allows the Board to assess the success of our engagement, and employee participation represents a parent company key performance indicator.</p> <p>Feedback is also sought on the basis of monthly All-Team Video Conference calls with our Chief Executive Officer (CEO) and Executive Leadership Team. This provides an opportunity to share information with employees and a question and answer session enables any employee who wishes to join the call to ask any question to the CEO and the Executive Leadership Team. Annual Town Hall business strategy updates are also run at all sites with question and answer sessions held.</p>

# UPP Bond 1 Issuer plc

## Strategic report

### for the year ended 31 August 2025 (continued)

	<p>The Group seeks to create and inspire an inclusive culture with our intranet – Campus – which provides a platform for all our teams to share news and information across the Business.</p> <p>Our WrapUPP weekly all-employee email enables us to share news, announcements and reminders with our employees, all in one place, as well as activities happening across UPP and ways that teams can get involved.</p> <p>During the year the Group launched its first employee app – Connect UPP - which enables our employees to stay connected to UPP, carry out common tasks in one location and remain updated with the latest news and resources in one place.</p> <p>As part of the UPP Foundation – the independent charity funded by the Group – employees are encouraged to support a charity of their choice and the Foundation will match fund chosen fundraising events decided by the UPP Gives employee fundraising committee.</p> <p>The Group has established an active Equality, Diversity and Inclusion network and is a member of Inclusive Employers, the UK's first and leading membership organisation for employers looking to build inclusive workplaces.</p>
Partners (existing/potential)	<p>Partnership is one of the Group values and sits at the core of everything we do.</p> <p>The UPP model is based exclusively on establishing long-term relationships with UK universities to develop on-campus infrastructure utilising long dated bond debt in the form of publicly listed bonds or private placements.</p> <p>As a direct result of this long-term model, the interests of the Group and our university partners – and indeed the wider sector – are closely aligned.</p> <p>The Group seeks to engage with its partners on multiple levels. Typically, the Group will hold relationships at both senior and operational levels and on a variety of frequencies – day-to-day operational contact, as well as more formal pre-arranged meetings. These include Partnership Board meetings and formal special purpose vehicle (SPV) Board meetings depending on the specifics of each Project Agreement. In the case of the latter, these allow for engagement on the key risks facing each company and will have a set agenda.</p> <p>The Group has a dedicated function for engaging with our university partners which employs Partnership directors and is responsible for the long-term strategic management of the assets and relationships. We discuss all investment decisions with our partners and seek their input on a regular basis.</p> <p>We have implemented a governance framework including our Code of Business Ethics and policies on Anti-Bribery and Gifts and Hospitality.</p>

# UPP Bond 1 Issuer plc

## Strategic report

### for the year ended 31 August 2025 (continued)

Stakeholders	Engagement
Shareholders	The Board seeks to behave in a responsible manner towards both of its shareholders. It communicates information relevant to its shareholders on a regular basis and provides opportunities for shareholders to engage with its Executive Leadership Team. Such opportunities include quarterly Board meetings, Investment Committees and other Committees of the Board (e.g. Remuneration, Audit and Risk).
Investors	<p>The Group seeks to communicate with investors in a transparent manner and on a regular basis. In addition to fulfilling its reporting obligations for its listed entities on an annual and half-yearly basis, the Group seeks to provide investors with regular trading updates and information relating to demand for its assets. In the case of UPP Bond 1 Issuer Plc, it also communicates with investors via a Monitoring Advisor who annually reviews the performance of the assets and administers Group requests of investors and any relevant voting matters.</p> <p>The senior management of the UPP Group make themselves available to individual investors where information on a variety of topics is requested.</p>
Government, Regulators, Policy Bodies	<p>In our public affairs work, we also have close relationships with leading sector policy bodies such as Universities UK and the Higher Education Policy Institute. This enables us to understand the longer-term risks and issues to the sector and engage in future policy making.</p> <p>The UPP Foundation, the independent charity established and majority-funded by the Group, has a well-developed public affairs strategy and engages with Senior Officers of the Office for Students (OfS).</p>
Suppliers	<p>The Group works with a wide range of suppliers in the UK and elsewhere. We remain committed to being fair and transparent in our dealings with all of our suppliers.</p> <p>The Group has procedures requiring due diligence of suppliers as to their internal governance including, for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters. The Group has systems and processes in place to ensure suppliers are paid in a timely manner.</p>

On behalf of the Board



**M Bamford**  
**Director**  
**15 December 2025**



# Independent auditor's report

## To the members of UPP Bond 1 Issuer plc

### 1. Our opinion is unmodified

We have audited the financial statements of UPP Bond 1 Issuer plc ("the Company") for the year ended 31 August 2025 which comprise the Statement of comprehensive income, Statement of financial position, and the related notes, including the accounting policies in note 1.

#### In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Overview

**Materiality:** £5.67m (2024:£5.72m)  
financial statements as a whole 1% (2024: 1%) of Total Assets

#### Key audit matters 2025 vs 2024

<b>Recurring risks</b>	Valuation of derivative financial instruments	◀▶
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## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter is as follows (unchanged from 2024):

Key audit matter	The risk	Our response
<p><b>Valuation of derivative financial instruments:</b></p> <p>Derivative financial assets of £39.3 million (2024: £42.2 million)</p> <p>Derivative financial liabilities of £39.3 million (2024: £42.2 million)</p> <p><i>Refer to page 24 and 26 (accounting policy) and page 32,33,34,35,36,37 and 38 (financial disclosures).</i></p>	<p><b>Subjective valuation and quality of disclosure:</b></p> <p>The Company entered into derivative financial instruments, being RPI swaps, to manage its exposure to RPI market fluctuations. These swaps are ‘back-to-back’; the Company has external swaps, which are materially offset, in fair value terms, with swaps with its fellow group undertakings. The RPI swaps were valued at 31 August 2025 by an external valuer, Chatham Financials.</p> <p>The valuations of the swaps are based on market movements that can fluctuate in the year.</p> <p>The fair value is based on subjective assumptions with regards to the RPI inflation curves used to discount the underlying cash flows. The selection of inflation curves is judgemental.</p> <p>The Company also incorporates debt and credit valuation adjustments (CVA/DVA) to appropriately reflect both its own non-performance risk and the respective counterparty’s non-performance risk respectively in the fair value measurements of the swaps, which are subjective in nature.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of derivative financial instruments has some degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. However, we consider the likelihood of material misstatement does not rise to a significant level as these instruments are categorised as level 2 instruments in the fair value measurement hierarchy.</p>	<p><b>Our procedures included:</b></p> <p>With the assistance of our valuation specialists, our procedures included:</p> <ul style="list-style-type: none"> <li>— <b>Assessing valuer’s credentials:</b> We assessed the competence and capabilities of Chatham Financial (the external valuers) by considering their qualifications and market experience.</li> <li>— <b>Independent reperformance:</b> Our specialists performed independent valuation of the fair value of swaps using firm proprietary methodology. Independent testing over the CVA/DVA calculation was performed using the Monte Carlo simulation with various scenarios.</li> <li>— <b>Assessing transparency:</b> We assessed the adequacy of the company’s disclosures about the degree of estimation involved in arriving at the valuation of the derivatives.</li> </ul> <p><b>Our results</b></p> <p>In conclusion, we determined that the valuation of the derivative financial instruments falls within an acceptable range (2024: falls within the acceptable range), and we consider the resulting estimate to be unbiased (2024: unbiased).</p> <p>We found the disclosures in the financial statements in relation to the valuation of derivatives to be acceptable (2024: acceptable).</p>

3. Our application of materiality and an overview of the scope of our audit

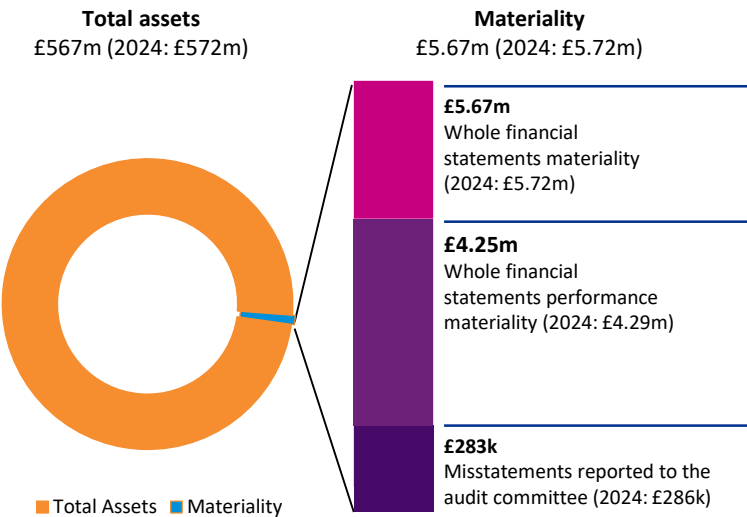
Materiality for the financial statements as a whole was set at £5.67m (2024: £5.72m), determined with reference to a benchmark of total assets, of which it represents 1% (2024: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £4.25m (2024: £4.29m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £283k (2024: £286k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Company’s internal control over financial reporting.



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

The risks that we considered most likely to adversely affect the Company’s available financial resources and metrics relevant to debt covenants over this period were:

- Reduction in collection of interest and capital repayments from fellow group companies affecting the Company’s ability to meet the interest and capital repayments to the bond investors; and
- Ability to comply with loan covenants that are based on debt service cover ratios of the fellow group companies, taking into consideration the cross-collateralisation arrangements.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company’s current and projected cash and facilities (a reverse stress test).

We considered whether the going concern disclosure in note 1(b) to the financial statements gives a full and accurate description of the Directors’ assessment of going concern, including the identified risks, dependencies, and related sensitivities.

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1(b) to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## 5. Fraud and breaches of laws and regulations – ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Considering remuneration incentive schemes and performance targets for management;
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of derivative financial instruments.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Company’s income primarily arises from periodic interest payments from fellow group undertakings and is recognised using the effective interest method, which is non-judgemental, straight forward and has limited opportunity for manipulation.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and journal entries made to unrelated accounts; and
- assessing significant accounting estimates for bias.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies’ legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, recognising the nature of the Company’s activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### *Strategic report and directors' report*

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## 7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 8. Respective responsibilities

### *Directors' responsibilities*

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## 9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Matthew Humphrey (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

15 December 2025

# UPP Bond 1 Issuer plc

## Statement of comprehensive income

### for year ended 31 August 2025



	Notes	2025 £'000	2024 £'000
Other operating income		1	1
<b>Operating profit</b>		<b>1</b>	<b>1</b>
Interest receivable and similar income	4	31,751	34,067
Interest payable and similar charges	5	(31,873)	(35,048)
<b>Loss on ordinary activities before taxation</b>		<b>(121)</b>	<b>(980)</b>
Tax on loss on ordinary activities	6	-	-
<b>Loss for the year attributable to owners of the parent</b>		<b>(121)</b>	<b>(980)</b>
<b>Total comprehensive loss for the year attributable to owners of the parent</b>		<b>(121)</b>	<b>(980)</b>

The above results all relate to continuing operations.

The notes on pages 23-39 form part of these financial statements

# UPP Bond 1 Issuer plc

## Statement of financial position

### as at 31 August 2025



	Notes	2025 £'000	2024 £'000
<b>Fixed assets</b>			
Loans to group undertakings	8	484,359	490,916
<b>Current assets</b>			
Debtors: due within one year	7	38,460	16,617
Debtors: due after more than one year	9	39,304	42,217
Cash at bank		15	20,256
		<b>77,779</b>	<b>79,090</b>
Creditors: amounts falling due within one year	10	(35,661)	(33,947)
<b>Net current assets</b>		<b>42,118</b>	<b>45,143</b>
Creditors: amounts falling due after more than one year	11	(523,668)	(533,129)
		<b>2,809</b>	<b>2,930</b>
<b>Share capital and reserves</b>			
Called up share capital	13	50	50
Capital contributions		6,580	6,580
Accumulated losses		(3,821)	(3,700)
		<b>2,809</b>	<b>2,930</b>

The financial statements were approved by the board and authorised for issue on 12 December 2025 and were signed on its behalf by:

**S Boorne**  
Director

**M Bamford**  
Director

**Registered no: 08255980**

The notes on pages 23-39 form part of these financial statements.

# UPP Bond 1 Issuer plc

## Statement of changes in equity

### as at 31 August 2025



	Share Capital £'000	Capital contributions £'000	Accumulated loss £'000	Total £'000
At 1 September 2024	50	6,580	(3,700)	2,930
Total comprehensive loss for the year	-	-	(121)	(121)
<b>Balance at 31 August 2025</b>	<b>50</b>	<b>6,580</b>	<b>(3,821)</b>	<b>2,809</b>

	Share Capital £'000	Capital contributions £'000	Accumulated loss £'000	Total £'000
At 1 September 2023	50	6,580	(2,720)	3,910
Total comprehensive loss for the year	-	-	(980)	(980)
<b>Balance at 31 August 2024</b>	<b>50</b>	<b>6,580</b>	<b>(3,700)</b>	<b>2,930</b>

The notes on pages 23-39 form part of these financial statements.

# UPP Bond 1 Issuer plc

## Statement of cash flows

### for the year ended 31 August 2025



	2025 £'000	2024 £'000
<b>Cash flows from operating activities</b>		
Loss for the year	(121)	(980)
Adjustments for:		
Net interest expense included in profit or loss	122	981
<b>Net cash generated from operating activities</b>	<b>1</b>	<b>1</b>
<b>Cash flows from investing activities</b>		
Increase in short-term deposits	(21,032)	-
Repayments of loans received from fellow group undertakings	16,993	15,923
<b>Net cash used in investing activities</b>	<b>(4,039)</b>	<b>15,923</b>
<b>Cash flows from financing activities</b>		
Repayment of senior secured notes	(16,993)	(15,923)
Proceeds of loans from fellow group undertakings	790	534
<b>Net cash used in financing activities</b>	<b>(16,203)</b>	<b>(15,389)</b>
		-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,241)</b>	<b>535</b>
Cash and cash equivalents at beginning of year	20,256	19,721
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>20,256</b>

The notes on pages 23-39 form part of these financial statements.



# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025



#### 1. Principal accounting policies

##### (a) Company information

UPP Bond 1 Issuer plc is a company registered and domiciled in England and Wales. The registered office is First Floor, 12 Arthur Street, London, England, EC4R 9AB.

##### (b) Basis of preparation

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments classified at fair value through the profit or loss.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The financial reporting standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

##### **New standards, interpretations and amendments not yet effective**

The Financial Reporting Council (FRC) has issued amendments to FRS 102 on 27 March 2024, as part of its 2024 periodic review, with the revised standard becoming effective for accounting periods beginning on or after 1 January 2026.

These changes include significant updates to lease accounting and revenue recognition, aligning more closely with International Financial Reporting Standards (IFRS). The Group is currently assessing the potential impact of these amendments.

The following principal accounting policies have been applied:

##### (c) Going Concern

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 2027, 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.

The Company's cash flows depend on other companies that operate within Bond I Holdings Limited group. A key feature of the contractual arrangements of those companies 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.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 1. Principal accounting policies (continued)

##### (c) Going Concern (continued)

For the 2025/26 academic year, the other companies that operate within the Bond 1 Holdings Limited group have secured sufficient occupancy for the Company to remain compliant with their financial covenants. Occupancy performance has been strong across six of the fellow group companies, with lower occupancy in the one company. Each fellow group company has an individual on-loan arrangement with the Company, however under the Common Term Agreements there is a cross collateralization agreement in place allowing the pooling of each of the bond participants surplus cash (after operating expenses and relevant on-loan debt service), which can be used to support any underperforming bond participants.

The directors anticipate that the entities' 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 2025/26 and 2026/27 years remain low. The directors consider the costs of the entities within the Bond Group to be reasonably controllable and the Company's costs are limited to interest costs. Whilst there are likely to be increased costs arising from inflationary pressures and geopolitical issues, 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. 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.

##### (d) Significant judgements and sources of estimation

###### **Judgement applied to classification of index-linked financial instruments**

The Company's index linked senior secured notes are fully amortising with both principal repayments and real interest adjusted semi-annually by the change in the RPI index. Management have concluded that despite both principal and interest being linked to RPI, these links are not leveraged because both principal and interest repayment obligations change in the same proportion and therefore the condition in paragraph 11.9(a) and (aA) relating to the classification of basic financial instruments is met and the Company's index linked financial instruments are classified as basic and carried at amortised cost.

###### **Estimation used to calculate the fair value of derivative financial instruments**

Derivative financial instruments comprise RPI swaps.

The fair value of these swaps is determined using discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, spot and forward rates, as well as option volatility.

In estimating the fair value of the RPI swaps, the Company incorporates credit valuation adjustments and debit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk, 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 Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 1. Principal accounting policies (continued)

##### (e) Financial assets

###### Loans to fellow group undertakings

Loans made to fellow group undertakings are initially measured at fair value plus transaction costs and then they are subsequently measured at amortised cost using the effective interest rate method less impairment.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### (f) Interest receivable and similar income

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

Interest receivable and similar income also include gains arising on the change in fair value of derivatives recognised. The Company has elected to show interest income in net operating cashflows in the cashflow statement.

##### (g) Financial liabilities

###### Loans, creditors and secured notes

Loans and secured notes are initially measured at fair value, net of transaction costs. They are then subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on the basis of 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 payments through the expected life of the financial liability, or (where appropriate) a shorter year, to the net carrying amount on initial recognition.

Where loans have been received at below market terms from fellow group undertakings at the direction of this Company's parent, the difference between the proceeds and fair value is taken to capital contributions within equity.

Where the financial liability has variable cash flows, such as the index linked bonds, the change in RPI is charged to the profit and loss in the period to which it relates.

Short term creditors are measured at the transaction price.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 1. Principal accounting policies (continued)

##### (h) Interest payable and similar charges

Financing costs, comprising interest payable on loans, secured notes and the costs incurred in connection with the arrangement of borrowings are recognised in profit or loss using the effective interest rate method.

Financing costs also include losses arising on the change in fair value arising on the change in fair value of derivatives recognised. The Company has elected to show interest payable in net operating cashflows in the cashflow statement.

##### (i) Derivative financial instruments

The Company entered into derivative financial instruments, being RPI swaps, to manage its exposure to RPI. This Company also has back-to-back external swaps which materially offset in fair value terms with the swaps with fellow group undertakings.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently re-measured to their fair value at each reporting date. The fair value of the derivatives has been determined on a transfer value basis, which takes into consideration the price the instrument could be replaced with by another one with the same remaining terms. To that end, a calibration of usual valuation models has been performed on the trade date for each derivative to determine an initial spread to be added onto market conditions applied at each year end. Those market interest rates and inflation curves for a replacement have been used, deriving future cash flows based on forward rates and discounting them to produce their reported value. The Company has used a third-party expert to assist with valuing such instruments.

The resulting gain or loss is recognised in the profit or loss immediately. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Company does not apply hedge accounting within these financial statements.

##### (j) Current and deferred tax

The tax charge for the year represents the sum of the tax currently payable and deferred tax based on the taxable profit for the year.

Deferred tax is recognised on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenditure in tax assessment in periods different from those in which they are recognised in the financial statements. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting year.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 1. Principal accounting policies (continued)

##### (k) 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 short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (l) Equity and reserves

Share capital represents the nominal value of the shares that have been issued.

Where loans have been received at below market terms from fellow group undertakings at the direction of this Company's parent, the difference between the proceeds and fair value is taken to capital contributions within equity.

Retained earnings include current and prior years' profit and loss since incorporation.

All transactions with owners of the parent are recorded separately within equity.

##### (m) 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 related party transaction exemption of FRS102.33.1A not to disclose related party transactions between two or more members of a group that are wholly owned by the group.

##### (n) Segment information

FRS 102 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ('CODM') as they are primarily responsible for the allocation of resources to segments and the assessment of the performance of each segment.

The principal activity of the Company is that of a financing company. Management consider that there is only one operating segment, as this is the lowest level at which discrete financial information is available. All of the Company's income is generated from UK operations.

The measurement policies the Company uses for segment reporting under FRS 102 are the same as those used in its financial statements.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 2. Directors' remuneration

The immediate parent company, UPP Bond 1 Limited, paid a fee of £6,426 (2024: £7,160) to CSC Directors (No.3) Limited in respect of services performed in connection with the management of the affairs of the Company for the year ended 31 August 2025.

No other directors of the Company received payment for services performed in relation to the management of the company. The Company does not remunerate its Directors directly. The directors provide services to a group of over 50 UK companies and therefore the amount of remuneration for the directors' qualifying services is clearly inconsequential and so has not been disclosed.

There are no employees in the Company (2024 - nil).

#### 3. Auditor's remuneration

The following amounts have been paid to the auditor of the company in respect of the services provided to the company:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	61	59
	<b>61</b>	<b>59</b>

These fees have been borne by its immediate parent company, UPP Bond 1 Limited, and included in the results of that company for the year.

**UPP Bond 1 Issuer plc**  
**Notes to the financial statements**  
**for the year ended 31 August 2025 (continued)**



**4. Interest receivable and similar income**

	<b>2025</b> <b>£'000</b>	<b>2024</b> <b>£'000</b>
<i>Finance assets held at amortised cost</i>		
Interest from on-loan agreements with fellow group undertakings calculated using the effective interest rate method	17,326	17,269
Indexation of index-linked on-loans	10,573	11,588
<b>Total effective interest receivable from on-loans</b>	<b>27,899</b>	<b>28,857</b>
Bank interest receivable	948	2
<b>Interest on finance assets held at amortised cost</b>	<b>28,847</b>	<b>28,859</b>
<i>Held at fair value through profit or loss</i>		
Fair value movement on derivative financial instruments	2,904	5,208
<b>Total interest receivable and similar income</b>	<b>31,751</b>	<b>34,067</b>

**5. Interest payable and similar charges**

	<b>2025</b> <b>£'000</b>	<b>2024</b> <b>£'000</b>
<i>Financial liabilities measured at amortised cost</i>		
Interest on secured bond notes, calculated using the effective interest rate method	17,326	17,269
Indexation of index-linked bonds	10,573	11,588
<b>Total effective interest payable on bond notes</b>	<b>27,899</b>	<b>28,857</b>
Interest paid on cash balances held on behalf of fellow group undertakings	929	2
Imputed interest on fair value of loans to fellow group undertakings, calculated using the effective interest method	132	636
<b>Interest on financial liabilities measured at amortised cost</b>	<b>28,960</b>	<b>29,495</b>
<i>Financial liabilities measured at fair value through profit or loss</i>		
Fair value movement on derivative financial instruments	2,913	5,553
<b>Total interest payable and similar charges</b>	<b>31,873</b>	<b>35,048</b>

**UPP Bond 1 Issuer plc**  
**Notes to the financial statements**  
**for the year ended 31 August 2025 (continued)**



**6. Tax on loss on ordinary activities**

**Taxation**

**(a) Recognised in the income statement**

	<b>2025</b> <b>£000</b>	<b>2024</b> <b>£000</b>
<i>Current tax expense</i>		
Current year	-	-
Total current tax	<u>-</u>	<u>-</u>
<i>Deferred tax expense</i>		
Current year	-	-
Total deferred tax	<u>-</u>	<u>-</u>
<b>Total tax in income statement</b>	<u><u>-</u></u>	<u><u>-</u></u>

**b) Reconciliation of effective tax rate**

	<b>2025</b> <b>£000</b>	<b>2024</b> <b>£000</b>
Profit / (Loss) on ordinary activities before tax for the year	<u><u>(121)</u></u>	<u><u>(980)</u></u>
Tax on profit / (loss) on ordinary activities using the UK corporation tax rate of 25% (2024: 25%)	(30)	(245)
<i>Effects of</i>		
Expenses not deductible for tax purposes	7,968	8,762
Non-taxable income	(7,938)	(8,517)
<b>Total tax in income statement</b>	<u><u>-</u></u>	<u><u>-</u></u>



# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 7. Debtors: amounts falling due within one year

	2025 £'000	2024 £'000
Fixed rate loans to fellow group undertakings*	10,562	9,994
Index linked loans to fellow group undertakings*	6,812	6,623
Amounts owed by parent company	54	-
Other receivables	21,032	-
	<b>38,460</b>	<b>16,617</b>

A six-month term deposit amounting to £21,032k (2024: nil) is presented under other receivables. The term deposit has a maturity of less than twelve months from the reporting date and is therefore classified as a current financial asset.

Amounts owed by group undertakings may or may not be repaid within 12 months but are disclosed as current as permitted by the Companies Act.

\*The terms and conditions of the loan receivables have been disclosed in note 8.

#### 8. Loans to group undertakings

	2025 £'000	2024 £'000
Fixed rate loans to fellow group undertakings	219,183	229,424
Index linked loans to fellow group undertakings	265,176	261,492
	<b>484,359</b>	<b>490,916</b>

##### Loans to fellow group companies

The loans to fellow group companies were made on 5 March 2013 from the proceeds of an issuance by the company of £307,100,000 of fully amortising fixed rate senior secured notes and £75,000,000 of fully amortising RPI index-linked senior secured notes. An additional £149,700,000 was made on 9 December 2014 from the proceeds of issuance by the company of fully amortising RPI index-linked senior secured notes. The proceeds of these loans enabled these fellow group companies to refinance their previous bank facilities and associated costs. The loan attracts the same interest as senior secured notes (note 12).

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 8. Loans to group undertakings (continued)

	2025 £'000
Brought forward at 1 September 2024	490,916
Interest charged	27,899
Interest received*	(16,705)
Movement on debtor <1yr	(758)
Capital repayments	(16,993)
<b>Carried forward at 31 August 2025</b>	<b>484,359</b>

The carrying amount of financial assets represents the maximum credit exposure. The Company's management assessed the recoverability of the loans to be repaid by reviewing the cash flow forecast prepared for the fellow group companies and did not identify any objective evidence of impairment. Management concluded that the credit risk is not significant and did not recognise impairment in relation to the loan receivables. Management has elected to disclose interest income and costs within operating cashflows due to the nature of the business.

These loans bear the same terms and conditions as the secured notes, see note 12.

\*This represents the interest received for the loan to group undertakings only and excludes cash received on deposit accounts.

#### 9. Debtors: amounts falling due after more than one year

##### Derivative financial instruments

	2025 £'000	2024 £'000
Derivative financial instruments	39,304	42,217

On 5 March 2013 the Company entered into RPI swaps with these fellow group companies, and the amount above reflects the fair value of these instruments at the year-end date. The RPI swap is for a period of 27 years from March 2013, commencing in February 2015 and finishing in February 2040.

These swaps bear the same terms and conditions as those disclosed in note 14.

Type	Valuation technique
Derivative instruments	The fair values of the derivative interest rate swap contracts and inflation swap contracts are estimated by discounting expected future cash flows using market interest rates and market inflation rates.

**UPP Bond 1 Issuer plc**  
**Notes to the financial statements**  
**for the year ended 31 August 2025 (continued)**



**10. Creditors: amounts falling due within one year**

	<b>2025</b> <b>£'000</b>	<b>2024</b> <b>£'000</b>
Fixed rate senior secured notes, net of transaction costs (see note 12)	10,562	9,994
Index linked senior secured notes, net of transaction costs (see note 12)	6,812	6,623
Loans from fellow group undertakings	18,287	17,330
	<b>35,661</b>	<b>33,947</b>

Included within loans from fellow group undertakings is a loan to fund debt service reserve balance that is sized to be adequate to cover the next six months of service costs of the senior secured notes. This amount is reviewed every six months and increased or decreased accordingly. Interest on these loans is paid at the rate at which the Company earns interest on the cash balances it holds.

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

	<b>2025</b> <b>£'000</b>	<b>2024</b> <b>£'000</b>
Fixed rate senior secured notes, net of transaction costs (see note 12)	219,183	229,424
Index linked senior secured notes, net of transaction costs (see note 12)	265,176	261,492
Derivative financial instruments (see note 14)	39,309	42,213
	<b>523,668</b>	<b>533,129</b>

**12. Borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate risk, see note 15.

On 5 March 2013 the Company issued £307,100,000 of fully amortising fixed rate senior secured notes and £75,000,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange. The proceeds of this issuance were on-lent on the same terms and conditions to six fellow group companies to enable them to repay their previous bank facilities and associated costs.

The fixed rate senior secured notes are fully amortising by 2040 and bear interest at 4.9023%, with repayments commencing on 30 August 2013.

The index-linked senior secured notes are fully amortising by 2047 with a real interest rate of 2.7291% increasing semi-annually by RPI. The notional amount of these notes at issuance was £75,000,000 and the principal amount repayable increases semi-annually by RPI. Repayments are scheduled to commence in August 2038.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 12. Borrowings (continued)

On the same day the Company entered into derivative financial instruments, being RPI swaps with three external counterparties. These instruments are mirrored with matching derivative instruments to the six fellow group undertakings. This is to manage the exposure of this Company to RPI movements from loan receipts from fellow group undertakings where revenue streams are sensitive to inflation rate risk. See note 14.

The fair values of these derivative instruments are included within Debtors: amounts falling due after more than one year and Creditors: amounts falling due after more than one year.

On 9 December 2014 the Company issued £149,700,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange, ranking pari-passu with the initial senior notes. The proceeds of this issuance were on-lent to a sister company, UPP (Exeter) Limited, to enable that company to refinance its senior bank facilities and some associated costs.

These index-linked senior secured notes are fully amortising by 2049 with a real interest rate of 1.037% increasing semi-annually by RPI. The principal amounts repayable increases semi-annually by RPI with repayments commencing in August 2015.

The senior secured notes issued are secured against the assets of the company and seven related undertakings (2024 – seven) all 100% owned by the parent company UPP Bond 1 Limited.

The Company has to adhere to financial covenants on the associated senior debt financial instruments, such as debt service cover ratio. All of the financial covenants have been met during the financial year.

#### 13. Called up share capital

	2025 £'000	2024 £'000
<b>Authorised, allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	50	50

The Ordinary shares have the rights and restrictions as set out in the amended Articles of Association of the Company.

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 14. Financial risk management

The use of financial instruments is managed under policies and procedures approved by the directors. These are designed to reduce the financial risks faced by the Company, which relate to credit, market and liquidity risks, which arise in the normal course of the Company's business.

##### Credit risk

Financial instruments which potentially expose the Company to credit risk consist primarily of cash and loans receivable from fellow group undertakings. Cash is deposited only with major financial institutions that are rated and their current rating is equivalent to Standard & Poor credit rating A+.

The Company funds its financing activities through the provision of on-loan arrangements with seven fellow group undertakings. All payments due in the year under these on-loan arrangements were received.

Each fellow group company has an individual on-loan arrangement with the Company, however under the Common Term Agreements there is a cross collateralisation agreement in place allowing the pooling of each of the bond participants surplus cash (after operating expenses and relevant on-loan debt service), which can be used to support any underperforming bond participants.

At the year-end date, the credit risk was concentrated with the seven fellow group undertakings. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Company's management assess the recoverability of the loans to be repaid by reviewing the cash flow forecast prepared for the fellow group companies and did not identify any indication of impairment. Management concluded that the credit risk is not significant and did not recognise impairment in relation to the loan receivables.

The loans to fellow group undertakings and derivatives assets are aged as follows and are not past due:

	2025 £'000	2024 £'000
Within one year	17,374	16,617
Between one and two years	18,231	17,656
Between two and five years	59,622	58,081
After more than five years	445,815	457,396
	<b>541,042</b>	<b>549,750</b>

##### Market risk

##### (a) Interest rate risk

Through the issue of fixed rate loan notes the Company has mitigated its exposure to interest rate fluctuations on that portion of its borrowings. The index-linked loan notes have a real fixed rate that is linked to RPI (see below).

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 14. Financial risk management (continued)

##### *(b) Inflation rate risk*

The Company funds its financing activities through the provision of fixed rate on-loan arrangements to six fellow group undertakings. The ability of the fellow group undertakings to repay these on-loans is sensitive to inflation rate risk as these fellow group undertakings provide student accommodation where the growth in rental income is linked to the movement in RPI.

To mitigate the risk of inflation movements impacting on the Company's ability to service the fixed rate tranche of the bond debt the Company has entered into RPI swaps and then issued onward RPI swaps to the fellow group undertakings that have entered into on-loan arrangements with the Company.

As at 31 August 2025, the Company has economically hedged this risk by carrying the following derivatives, all initially entered into on 5 March 2013, details of which are as follows:

##### *External hedge arrangements*

- a 27 year RPI swaps commencing in August 2013 and finishing in February 2040
- a 24 year RPI swaps commencing in June 2016 and finishing in February 2040
- a 27 year RPI swap commencing in March 2013 and finishing in February 2040

The notional amounts swapped for each year have been determined with reference to a percentage of the fixed rate bond servicing costs, and split equally over the hedge counterparties. On each of these swap arrangements the hedge counterparty pays or receives a fixed amount and the Company pays or receives a floating amount. Hedge accounting is not applied to these arrangements.

##### *Hedge arrangements with fellow group undertakings*

- a 26 year RPI swap with UPP (Alcuin) Limited commencing in February 2014 and finishing in February 2040
- a 26 year RPI swap with UPP (Broadgate Park) Holdings Limited commencing in February 2014 and finishing in February 2040
- a 26 year RPI swap with UPP (Kent Student Accommodation) Limited commencing in February 2014 and finishing in February 2040
- a 26 year RPI swap with UPP (Nottingham) Limited commencing in February 2014 and finishing in February 2040
- a 26 year RPI swap with UPP (Oxford Brookes) Limited commencing in February 2014 and finishing in February 2040
- a 26 year RPI swap with UPP (Plymouth Three) Limited commencing in February 2014 and finishing in February 2040

The notional amounts swapped for each year have been determined with reference to a percentage of the debt servicing costs of the fixed rate tranche of the relevant Company's on-loan agreement with the Company. On each of these swap arrangements the Company pays or receives a fixed amount and the fellow group undertaking pays or receives a floating amount. Hedge accounting is not applied to these arrangements.

##### *(b) Foreign currency risk*

The Company operates entirely in the UK and is not exposed to any foreign currency risks.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 14. Financial risk management (continued)

##### Liquidity risk

The Company prepares annual cash flow forecasts reflecting known commitments and anticipated payments received from its on-loan arrangements. The Company has available cash flow from these on-loan arrangements to fund present commitments.

##### Terms and debt repayment schedule

	Currency	Nominal interest rate (%)	Year of maturity	Book Value 2025 £'000
Fixed rate senior secured notes	£	4.9023%	2040	229,745
Index linked senior secured notes	£	2.7291%	2047	122,088
Index linked senior secured notes	£	1.0370%	2049	149,900
Loans from fellow group undertakings	£	4.9202%	On demand	18,287
Derivative financial instruments	£		2040	39,309
				<b>559,329</b>

##### Contractual maturities including derivatives

	2025 £'000
Repayable on demand	18,287
Within one year	17,374
Between one and two years	18,231
Between two and five years	59,622
After more than five years	445,815
	<b>559,329</b>

The loans from fellow group companies are to fund a debt service reserve account that is sized to be adequate to cover the next six months of service costs of both tranches of the senior secured notes. This amount is reviewed every six months and increased or decreased accordingly. Interest on these loans is paid at the rate at which the Company earns interest on the cash balances it holds.

##### Capital risk management

The Company maintains a debt service reserve account to cover the next six months of service costs of both tranches of the senior secured notes. The Company manages its capital to ensure it will be able to continue as a going concern.

# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 14. Financial risk management (continued)

##### Capital risk management (continued)

The Company's capital structure is as follows:

	2025 £'000	2024 £'000
Capital contributions	6,580	6,580
Equity	50	50
	<b>6,630</b>	<b>6,630</b>

##### Financial Instrument categories

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

	Carrying amount 2025 £000	Carrying amount 2024 £000
<b>Financial assets</b>		
<i>Financial assets held at amortised cost</i>		
Cash at bank and in hand	15	20,256
Other receivables (note 7)	21,032	-
Loans to fellow group undertakings (note 7/8)	501,733	507,533
Amounts owed by parent company	54	-
<i>Total financial assets held at amortised cost</i>	<b>522,834</b>	<b>527,789</b>
<i>Measured at fair value through profit and loss</i>		
Derivative financial instruments assets (note 9)	39,304	42,217
<b>Financial liabilities</b>		
<i>Financial liabilities measured at amortised cost:</i>		
Fixed rate senior secured noted (note 10/11)	229,745	239,418
Loans from fellow group undertakings (note 10)	18,287	17,330
Index linked senior secured notes (note 10/11)	271,988	268,115
<i>Total financial liabilities measured at amortised cost:</i>	<b>520,020</b>	<b>524,863</b>
<i>Measured at fair value through profit and loss</i>		
Derivative financial instruments liabilities (note 11)	39,309	42,213

The cash and cash equivalents disclosed above and in the statement of cash flows are all restricted cash. This cash is subject to be used only by SPVs in line with the service concession agreements and are therefore not available for general use by the other entities within the Group.



# UPP Bond 1 Issuer plc

## Notes to the financial statements

### for the year ended 31 August 2025 (continued)



#### 15. Reconciliation of movements of liabilities to cash flows arising from financing activities

	<b>Borrowings</b>
	<b>£'000</b>
<b>31 August 2024</b>	<b>524,863</b>
<b>Financing activities</b>	
New borrowings	790
Repayment of fixed rate debt	(9,994)
Repayment of index-linked debt	(6,999)
Interest paid	(17,601)
<b>Net cash flow (used in) financing activities</b>	<b>(33,804)</b>
Interest expense on financial liabilities	28,961
<b>31 August 2025</b>	<b>520,020</b>

The amounts above are related to interest payable on senior debt. Within the statement of cash flows, the interest paid is elected to be disclosed within operating cash flows, along with interest received from group undertakings. As a result, they have not been disclosed on a gross basis within the cash flow statement.

#### 16. Subsequent events

The Group has evaluated events that occurred subsequent to the reporting date up to the date of approval of these financial statements. Management has not identified any adjusting or non-adjusting events after the reporting period that would require disclosure or adjustment to the consolidated financial statements for the year ended 31 August 2025. Accordingly, no subsequent events have been reported.

#### 17. Parent undertaking and controlling party

The Company's immediate parent undertaking is UPP Bond 1 Limited, whose immediate parent company is UPP Bond 1 Holdings Limited. The parent company of UPP Bond 1 Holdings Limited is UPP Group Limited. UPP Group Limited is a wholly owned subsidiary of UPP Group Holdings Limited. UPP Group Holdings Limited is a wholly owned subsidiary of UPP REIT Holdings Limited.

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

UPP REIT Holdings Limited is controlled by a 60% stake held by Stitching Depository PGGM Infrastructure Fund ("PGGM") on behalf of its pension fund clients. PGGM is incorporated in The Netherlands.

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.

Copies of the UPP REIT Holdings Limited accounts can be obtained from [www.upp-ltd.com](http://www.upp-ltd.com), once they have been published.