

UPP (Broadgate Park) Limited

Annual Report and Financial Statements

Year Ended

31 August 2024

Company Number 04647260

UPP (Broadgate Park) Limited

Company Information

| | |
|---------------------|--|
| Directors | M C Bamford S A Boorne M J Burton |
| Registered number | 04647260 |
| Registered office | 1st Floor 12 Arthur Street London EC4R 9AB |
| Independent auditor | KPMG LLP Chartered Accountants & Statutory Auditor 15 Canada Square London E14 5GL |

UPP (Broadgate Park) Limited

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UPP (Broadgate Park) Limited

Strategic Report For the Year Ended 31 August 2024

Business review

The project comprises the operation of a new build and estate transfer of 2,258 student residential accommodation bedrooms within the University of Nottingham main campus. The Company's principal activity is the operation of student accommodation and the provision of related facilities management services under the University Property Partnerships, in partnership with the University of Nottingham.

The level of business, achieving budgeted occupancy, and the year-end financial position were in accordance with the directors' expectations. The directors anticipate that the future level of activity will be in accordance with their expectations and consider that the project will yield returns in line with current forecasts.

The UK Higher Education (HE) sector continues to maintain its reputation as a leading global destination for students. Applicant data published by UCAS following the 30 June 2024 main scheme deadline identifies that 656,760 applicants were seeking a university place for the academic year 2024/25. This was a decrease of 10,890 applicants year on year but is 18,730 applicants higher than the pre-pandemic year of 2019/20. In terms of the key demand cohort for the Company's accommodation (i.e. first year undergraduates), the overall application rate for UK 18-year-olds reached 41.9% which is lower than last year but 3.0% points higher than the pre pandemic level of 38.9% in 2019/20. Applications from EU students continue to fall with a 4% decline and demand from outside the EU has also marginally fallen by 1% or the equivalent of 1,650 less applicants with 135,470 international students having applied by the main scheme deadline.

UCAS acceptances tracked 1 per cent ahead of last year (at the 28 days after Clearing measuring point) with the overall number of acceptances driven by UK 18-year-olds which have increased by 3% to 277,790 and overall there have been 498,340 acceptances (all ages, all domiciles). More students have secured a place at higher tariff universities, 175,690 this year compared with 162,930 (+7.8%) in 2023, whilst medium tariff institutions have accepted 161,470 applicants (-0.5%) and lower tariffs have accepted 161,190 applicants (-4.4%).

New bed spaces entering the supply of PBSA are slowing, as higher land values, high inflation, rising capital costs and onerous planning requirements take their toll. Further inertia has been exerted by the temporary decommissioning of a significant volume of PBSA for building safety remediation works. CBRE has stated that they expect that supply will continue to be limited and that any new supply will be focused on a few towns and cities which have strong occupancy records and where viability is less challenging. On this basis, the overall demand outlook appears positive especially given that the Office for National Statistics is projecting an increase of 180,000 18 year olds in the population between 2020 and 2030.

As detailed in the Principal risks and uncertainties section, the Board continues to closely monitor demand and inflation risk and its impact on the Company.

Principal risks and uncertainties

Financial risk management objectives and policies

The Company uses various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. All of the Company's financial instruments are of Sterling denomination and the group 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.

UPP (Broadgate Park) Limited

Strategic Report (continued) For the Year Ended 31 August 2024

Principal risks and uncertainties (continued)

Inflation risk

The Company funds its financing activities through the provision of student accommodation and rental income received on this accommodation. Growth in rental income is linked to the movement in RPI and the Group manages the exposure to this index through a mix of inflation-linked debt and the use of RPI swaps to hedge a portion of the fixed rate debt servicing costs. The Company is monitoring the current inflationary environment very closely, especially the impact on its cost base. The contractual mechanisms relating to rental income increases and the controllable nature of most costs provide means of managing this risk.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing and to invest cash assets safely and profitably. The Company's facility agreements require adequately funded reserve accounts which provide further mitigation against liquidity risk.

Demand risk

The Company is subject to revenue risk arising from potential occupancy voids where no nomination is in place and counterparty credit risk where a nomination is in place from the university partner. While the Company operates with the benefit of various contractual rights that support high levels of occupancy, the supply of purpose built student accommodation is showing some limited increases providing increased competition focused on price, quality and location.

Portfolio risk

The assets of the Company are in the student market and reduced student numbers could impact upon financial performance. The Company seeks to mitigate this risk by building excellent long term relationships with its university partner and ensuring up to date in depth market analysis is completed each period to enable the Company to review its strategic position.

Financial key performance indicators

The following are considered by the directors to be indicators of performance of the Company that are not necessarily evident from the financial statements but provide insight into the quality of underlying cash flows for the borrowers.

| | 2023/24 | 2022/23 |
|--|----------------|----------------|
| Average Applications : Acceptance ratio | 8.8:1 | 7.9:1 |
| Average core demand pool (no. of students) | 28,290 | 28,260 |

The indicators above are directly related to performance of the university partner of the Company and any changes in these statistics may potentially affect the performance of the Company and in turn, the economic viability of this company.

The directors also monitor the occupancy levels of the student accommodation facilities.

| | 2023/24 | 2022/23 |
|---|----------------|----------------|
| Average occupancy across the facilities | 92.3% | 98.5% |

The target occupancy level is in line with budget, as such the directors are satisfied that the noted above occupancy levels exceed tolerable limits for the recovery of credit extended to the Company.

UPP (Broadgate Park) Limited

Strategic Report (continued) For the Year Ended 31 August 2024

This report was approved by the board and signed on its behalf by:



.....
M C Bamford
Director

Date: 11 December 2024

UPP (Broadgate Park) Limited

Directors' Report For the Year Ended 31 August 2024

The directors present their report and the financial statements for the year ended 31 August 2024.

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and of the profit or loss of the Company for that period. 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.

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.

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 2026, modelling a severe but plausible downside scenario that demonstrates that the Company is expected to have sufficient funds to meet its obligations as they fall due over the period of at least 12 months from the date of approval of the financial statements.

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

UPP (Broadgate Park) Limited

Directors' Report (continued) For the Year Ended 31 August 2024

Going concern (continued)

For the 2024/25 academic year, the Company has secured sufficient occupancy to remain compliant with its financial covenants. The directors anticipate that the Company's university counterparties will meet their payment obligations as they fall due, even in the severe but plausible downside scenario and, as a result, the risk around revenues leading to non-compliance with financial covenants for the 2024/25 year remains low. The directors consider the Company's costs to be reasonably controllable and, whilst there are likely to be increased costs arising from inflationary pressures and geopolitical issues, these are likely to be offset by inflationary increases in rental income and cost control measures and are not 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.

Results and dividends

The profit for the year, after taxation, amounted to £986k (2023 - £458k).

The directors did not declare any dividends for the year (2023 - £Nil).

Directors

The directors who served during the year were:

M C Bamford
S A Boorne
M J Burton

Future developments

Occupancy for the 2024/25 financial year has been forecasted at 100% which has met the directors' expectations.

Qualifying third party indemnity provisions

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.

Financial risk management objectives and policies

The Company's financial risk management objectives and policies are considered to be of strategic significance and therefore detailed in the Strategic Report on page 1.

UPP (Broadgate Park) Limited

Directors' Report (continued) For the Year Ended 31 August 2024

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment as auditor of the Company in accordance with section 487 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
M C Bamford
Director

Date: 11 December 2024

UPP (Broadgate Park) Limited

Independent Auditor's Report to the Members of UPP (Broadgate Park) Limited

Opinion

We have audited the financial statements of UPP (Broadgate Park) Limited ("the Company") for year ended 31 August 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2024 and of its profit 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 have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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 realistic. They have conducted 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 approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusion, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

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.

UPP (Broadgate Park) Limited

Independent Auditor's Report to the Members of UPP (Broadgate Park) Limited (continued)

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 to 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; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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 service concession arrangements and 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 contracts with universities with fixed periodic payments, and revenue is recognised over time but which is non-judgemental, straight forward and limited opportunity for manipulation.

We identified a fraud risk related to certain bonus accruals in response to potential opportunity, incentive and/or pressure to meet the EBITDA measure that generates the bonus pot of the incentive bonus scheme.

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, including assessing the estimates related to elements of the EBITDA linked to the fraud risk on bonus accruals.

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 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.

UPP (Broadgate Park) Limited

Independent Auditor's Report to the Members of UPP (Broadgate Park) Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of noncompliance 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: property laws and building legislation, health and safety, employment laws, anti-bribery, other worker laws, 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 noncompliance or fraud and cannot be expected to detect non-compliance with all laws or regulation.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially or inconsistent with the financial statements or our audit knowledge, Based solely on that work:

- 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.

UPP (Broadgate Park) Limited

Independent Auditor's Report to the Members of UPP (Broadgate Park) Limited (continued)

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, 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.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for 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.

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.



Craig Steven-Jennings (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 11 December 2024

UPP (Broadgate Park) Limited

Statement of Comprehensive Income For the Year Ended 31 August 2024

| | Note | 2024 £000 | 2023 £000 |
|--|------|--------------|--------------|
| Turnover | 4 | 14,143 | 13,662 |
| Cost of sales | | (12,095) | (11,449) |
| Gross profit | | 2,048 | 2,213 |
| Administrative expenses | | (1,392) | (2,129) |
| Operating profit | | 656 | 84 |
| Interest receivable and similar income | 7 | 330 | 374 |
| Profit before tax | | 986 | 458 |
| Tax on profit | 8 | - | - |
| Profit for the financial year | | 986 | 458 |
| Total comprehensive income for the year | | 986 | 458 |

There was no other comprehensive income for 2024 (2023 - £Nil).

The above results all relate to continuing operations.

The notes on pages 14 to 22 form part of these financial statements.

UPP (Broadgate Park) Limited

Balance Sheet As at 31 August 2024

| | Note | 2024 £000 | 2023 £000 |
|--|------|---------------|---------------|
| Current assets | | | |
| Debtors | 9 | 16,084 | 15,477 |
| Cash at bank and in hand | | 366 | 448 |
| | | <u>16,450</u> | <u>15,925</u> |
| Creditors: amounts falling due within one year | 10 | (14,377) | (14,838) |
| Net current assets | | <u>2,073</u> | <u>1,087</u> |
| Total assets less current liabilities | | <u>2,073</u> | <u>1,087</u> |
| Net assets | | <u>2,073</u> | <u>1,087</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Profit and loss account | 13 | 2,073 | 1,087 |
| Total equity | | <u>2,073</u> | <u>1,087</u> |

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



.....
M C Bamford
Director

Date: 11 December 2024

The notes on pages 14 to 22 form part of these financial statements.

UPP (Broadgate Park) Limited

Statement of Changes in Equity For the Year Ended 31 August 2024

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|--------------|
| | £000 | £000 | £000 |
| At 1 September 2023 | - | 1,087 | 1,087 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 986 | 986 |
| At 31 August 2024 | - | 2,073 | 2,073 |

Statement of Changes in Equity For the Year Ended 31 August 2023

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|--------------|
| | £000 | £000 | £000 |
| At 1 September 2022 | - | 629 | 629 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 458 | 458 |
| At 31 August 2023 | - | 1,087 | 1,087 |

The notes on pages 14 to 22 form part of these financial statements.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

1. General information

UPP (Broadgate Park) Limited is a private limited company incorporated in England, with company number 04647260. The registered office is 1st Floor, 12 Arthur Street, London, EC4R 9AB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of UPP (Broadgate Park) Holdings Limited as at 31 August 2024 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

2. Accounting policies (continued)

2.3 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 2026, modelling a severe but plausible downside scenario that demonstrates that the Company is expected to have sufficient funds to meet its obligations as they fall due over the period of at least 12 months from the date of approval of the financial statements.

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

For the 2024/25 academic year, the Company has secured sufficient occupancy to remain compliant with its financial covenants. The directors anticipate that the Company's university counterparties will meet their payment obligations as they fall due, even in the severe but plausible downside scenario and, as a result, the risk around revenues leading to non-compliance with financial covenants for the 2024/25 year remains low. The directors consider the Company's costs to be reasonably controllable and, whilst there are likely to be increased costs arising from inflationary pressures and geopolitical issues, these are likely to be offset by inflationary increases in rental income and cost control measures and are not 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.

2.4 Turnover

Rent receivable is recognised on a straight line basis of the amount receivable in respect of the rental period. Amounts received in advance are included within deferred income.

2.5 Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

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

2.8 Debtors

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

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

2.9 Cash and cash equivalents

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

2.10 Creditors

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

2.11 Related party transactions

The Company is a wholly-owned subsidiary of UPP (Broadgate Park) Holdings Limited which is a wholly-owned subsidiary of the ultimate parent company UPP REIT Holdings Limited and as such the Company has taken advantage of the terms of FRS 102.33.1A not to disclose related party transactions which are eliminated on consolidation.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

There are no significant judgements to disclose for the current year.

4. Turnover

Turnover represents income, on the basis of accounting policy 2.4, excluding VAT, attributed to the provision of student accommodation.

| | 2024 £000 | 2023 £000 |
|-------------------------------------|--------------|--------------|
| Provision of students accommodation | 14,143 | 13,662 |

All turnover arose within the United Kingdom.

5. Auditor's remuneration

| | 2024 £000 | 2023 £000 |
|--|--------------|--------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 17 | 18 |

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

6. Employees

Staff costs were as follows:

| | 2024 | 2023 |
|-------------------------------------|--------------|-------------|
| | £000 | £000 |
| Wages and salaries | 1,710 | 1,534 |
| Social security costs | 154 | 134 |
| Cost of defined contribution scheme | 81 | 77 |
| | 1,945 | 1,745 |

Key management personnel

The Group 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 inconsequential and so has not been disclosed.

The average monthly number of employees, including the directors, during the year was as follows:

| | 2024 | 2023 |
|--|-------------|-------------|
| | No. | No. |
| Site managers | 6 | 7 |
| Administration, maintenance and cleaning | 59 | 52 |
| | 65 | 59 |

7. Interest receivable and similar income

| | 2024 | 2023 |
|--------------------------|-------------|-------------|
| | £000 | £000 |
| Bank interest receivable | 330 | 374 |

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

8. Taxation

There is no current or deferred tax charge in the current or prior year.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - lower than) the standard rate of corporation tax in the UK of 25% (2023 - 21.50%). The differences are explained below:

| | 2024 £000 | 2023 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 986 | 458 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 21.50%) | 247 | 98 |
| Effects of: | | |
| Non-taxable income | 20 | - |
| Exempt property rental profits in the year | (165) | (18) |
| Group relief | (102) | (80) |
| Total tax charge for the year | - | - |

Factors that may affect future tax charges

UPP REIT Holdings Limited is a Real Estate Investment Trust ("REIT"). As a result, the Company no longer pays UK corporation tax on profits and gains from qualifying property rental business providing it meets certain conditions. Non-qualifying profits and gains continue to be subject to UK corporation tax as normal.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

9. Debtors

| | 2024 £000 | 2023 £000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 20 | 209 |
| Amounts owed by group undertakings | 15,871 | 14,528 |
| Other debtors | 174 | 716 |
| Prepayments and accrued income | 19 | 24 |
| | <u>16,084</u> | <u>15,477</u> |

The amounts owed by group undertakings are interest free and repayable on demand.

10. Creditors: amounts falling due within one year

| | 2024 £000 | 2023 £000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 13,226 | 13,025 |
| Accruals | 1,151 | 1,813 |
| | <u>14,377</u> | <u>14,838</u> |

The amounts owed to group undertakings are interest free and repayable on demand.

11. Financial instruments

| | 2024 £000 | 2023 £000 |
|--|-----------------|-----------------|
| Financial assets | | |
| Financial assets measured at amortised cost | <u>16,437</u> | <u>39,943</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(14,377)</u> | <u>(38,880)</u> |

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income and amounts owed by group undertakings which is repayable on demand.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and accruals.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

12. Share capital

| | 2024 £000 | 2023 £000 |
|---|--------------|--------------|
| Authorised, allotted, called up and fully paid | | |
| 2 Ordinary shares of £1.00 each | - | - |

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.

13. Reserves

Profit and loss account

The reserve consists of current and prior year profit and loss.

14. Commitments under operating leases

At 31 August 2024 the Company had future minimum lease payments due under non-cancellable operating leases as follows:

| | 2024 £000 | 2023 £000 |
|--|----------------|--------------|
| Not later than 1 year | 6,578 | 6,584 |
| Later than 1 year and not later than 5 years | 27,376 | 33,955 |
| Later than 5 years | 87,811 | 87,811 |
| | 121,765 | 128,350 |

UPP (Broadgate Park) Limited leases the assets from which it derives its income from UPP (Broadgate Park) Holdings Limited, its parent entity. Rent consists of a base rent as outlined above and a contingent rent. During the year ended 31 August 2024 contingent rent of £Nil (2023 - £399k) was payable.

UPP (Broadgate Park) Limited

Notes to the Financial Statements For the Year Ended 31 August 2024

15. Controlling party

The Company's immediate parent undertaking (Broadgate Park) Holdings Limited.

UPP (Broadgate Park) Holdings Limited is wholly-owned by UPP Bond 1 Limited, a wholly-owned subsidiary of UPP Bond 1 Holdings Limited.

UPP Bond 1 Holdings Limited is a wholly-owned subsidiary of 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 of which group accounts are prepared is UPP REIT Holdings Limited.

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

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

The parent undertaking of the smallest group of which the Company is a member and for which Group accounts are prepared is UPP (Broadgate Park) Holdings Limited.

Copies of the UPP (Broadgate Park) Holdings Limited accounts can be obtained from Companies House, once they have been filed.