



Building futures for students

UPP REIT Holdings Limited

Condensed consolidated interim financial statements
for the six months ended 29 February 2024

Registered No. 123688



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Half year highlights

£116.7 million gross rental income

Gross rental income increased by 9.5 per cent to £116.7 million, reflecting annual rental increases.

£65.5 million in EBITDA

EBITDA grew by 13.8 per cent from £57.5 million, primarily driven by revenue growth.

£19.6 million asset investment

The beginning of the financial year 2023/24 saw a continuing focus on the long-term strategic management of assets under operation with the completion of the financial year 2022/23 programme of asset investment works totalling £19.6 million across the portfolio.

We Invest in People Gold status

UPP has been re-accredited with We Invest In People Gold status, further demonstrating the Group's commitment to being a great place to work.

90.4% of residents would recommend UPP accommodation

Continued to deliver high quality services to students, with customer satisfaction surveys completed so far this financial year showing that 90.4% of residents would recommend UPP accommodation to future students, compared to 88.7% at the same point in the previous year.

A strong growth pipeline

UPP and the University of Exeter are working together to reach Financial Close on the University's Clydesdale and Birks Residential Project – the largest and most innovative on-campus Passivhaus scheme in the sector. The Group has also been shortlisted as one of three bidders for a major campus redevelopment project for the University of Manchester and is in advanced discussions with Durham University to take forward the refurbishment of their Hild Bede college and develop new accommodation.

Bold commitments for people, place and planet

UPP has published its second annual GRI compliant sustainability report with good progress being made towards the Group's 2030 targets (see page 5).

Recognition for health and safety excellence

The Royal Society for the Prevention of Accidents re-accredited UPP with a Gold award for a seventh consecutive year, with the Group being Highly Commended in the Facilities Management Industry Sector category.

Shortlisted for prestigious industry awards

UPP was shortlisted for Student Accommodation Operator of the Year at the RESI Awards 2024, the ESG category at this year's Partnerships Awards, and for Property Company of the Year (Large) and PropTech Innovator of the Year at Property Week's 2024 Property Awards.

Directors and advisors

Directors	Robert McClatchey Elaine Hewitt Mark Bamford Stuart Bousfield (appointed 16 April 2024) Kai Chen Chilei Kao Natasha Mol-Knechtel (resigned 16 April 2024) Brian Welsh
Secretary	Sanne Secretaries Limited
Registered office	IFC 5 St. Helier Jersey JE1 1ST



Strategic report

for the six months ended 29 February 2024



Strategic report

for the six months ended 29 February 2024

The Directors present their report and financial statements for the six months ended 29 February 2024.

Principal activity and business review

UPP REIT Holdings Limited (‘the Company’) (ISIN – JE00BF5PSP50) is a close-ended UK REIT and the Parent of the UPP REIT Holdings Limited Group (‘the Group’) and UPP Group Holdings Limited, trading as ‘UPP’. The Company was incorporated on 18 April 2017 and admitted to the Official List of The International Stock Exchange (TISE) on 28 February 2018.

The Company’s principal activities are those of an investment holding company and the provision of treasury management facilities. The principal activity of its subsidiary undertakings is the design, funding, construction and operation (facilities management), of residential and academic accommodation for UPP.

The results for the six months ended 29 February 2024 continue to demonstrate the resilience of the UPP business model, which delivers returns based on stable, long-term revenues.

During the period, the Group saw revenue increase by 9.5 per cent with contractual rental increases applied across the portfolio. EBITDA grew by 13.8 per cent to £65.5 million (2022/23: £57.5 million), with higher FM and utility costs offset by overhead savings. The loss for the period decreased to £1.8 million (2022/23: £22.3 million) due to lower RPI linked financing costs and lower tax charges.

The beginning of the financial year saw a continuing focus on the long-term strategic management of assets under operation, including defect management. The Group completed a further major programme of asset investment works at the beginning of the 2023/24 financial year with the 2022/23 programme totalling £19.6 million across the portfolio.

UPP and the University of Exeter are working together to reach Financial Close on the University’s Clydesdale and Birks Residential Project – the largest and most innovative on-campus Passivhaus scheme in the sector. The Group has also been shortlisted as one of three bidders for a major campus redevelopment project for the University of Manchester and is in advanced discussions with Durham University to take forward the refurbishment of their Hild Bede college and develop new accommodation.

In February 2024, the Group published its second annual sustainability report, setting out the progress made in the 2022/23 financial year towards its 2030 environmental, social and governance targets. The report, ‘Building Sustainable Futures’, demonstrates tangible steps forward on our sustainability journey and has been published in accordance with Global Reporting Initiative standards.



Achievements over the 2022/23 financial year include:

- » gaining verification of net zero carbon targets by the Science Based Targets Initiative (SBTi)
- » recycling 40 per cent of waste at source and sending only 3 per cent of waste to landfill
- » a reduction in Scope 1, 2 & 3 emissions by 487tCO₂e compared with 2021/22
- » partnering with Architype, a multi-award-winning sustainable architectural practice, to support sustainable campus development
- » £521,825 of social value generated in 2022/23. In the last two years over £1 million of social value has been created towards a target of £6 million by 2030
- » the UPP Foundation announced funding of £160,000 for eight innovative pilot projects with charities and universities, on diverse topics including student mental health, energy, biodiversity and student transition into university
- » 15 per cent of UPP people trained as Mental Health First Aiders
- » £42,000 raised for charity and 716 volunteering hours delivered by UPP people
- » a new supply chain charter on environmental and ethical procurement

The full report is available to read [here](#).

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

UPP has been re-accredited with We Invest In People Gold status and in March the Company won a prestigious RoSPA Award, being Highly Commended in the Facilities Management Industry Sector category. Demonstrating UPP's commitment to Health & Safety excellence, the RoSPA Awards is the largest occupational health and safety awards programme in the UK and receives around 2,000 entries every year. This year is the seventh consecutive year that UPP has been awarded a RoSPA Gold award or higher. The Group was also shortlisted for several awards, including Student Accommodation Operator of the Year at the RESI Awards 2024, the ESG category at this year's Partnerships Awards and for Property Company of the Year (Large) and PropTech Innovator of the Year at Property Week's 2024 Property Awards.



Market update

UK Higher Education (HE) continues to see strong rates of academic demand both domestically and from overseas. The UK remains a key destination for international students, with UCAS identifying that nearly 90 per cent find the UK a positive place to study, whilst more than three-quarters (77 per cent) applied on the strength of its strong reputational record. Whilst applicant numbers experienced a spike during 2021 and 2022 reflecting the changes made to awarding grades, domestic undergraduate demand for university remains strong and well above comparable UCAS data for 2020.

Data for the end of the 2023 application cycle identified that in total 752,025 people applied to universities, a decrease of 1.3 per cent (9,715 students) compared to 2022 but 7.1 per cent above 2019. Of this number 554,465 were accepted (-1.5 per cent on the previous year). The long-term projected increase in the 18-year-old population continues, with the overall entry rate for UK 18-year-olds at 35.8 per cent this year, which is lower than the immediately preceding years but above the 2019 entry rate of 34.1 per cent. Broken down by nation, the 2023 entry rates were: 36.6 per cent in England, 38.2 per cent in Northern Ireland, 29.9 per cent in Wales and 29.4 per cent in Scotland.

Whilst demand for places decreased for the 2023 cycle, UK 18-year-olds were still keen to apply with 324,575 applicants – down from 330,780 in 2022 (-1.9 per cent). This still proved significantly higher than the pre-pandemic total of 280,815 in 2019 (+15.6 per cent). Overall, 271,735 UK 18-year-olds gained a place which is 2.0 per cent lower than last year but 12.5 per cent higher than the pre-pandemic year of 2019. In total the number of 18-year-old applicants from all domiciles, decreased by 4,915 (1.9 per cent) to 385,480, but 58,805 extra applicants than was the case five years ago – an increase of almost one-fifth (18.0 per cent).

In terms of international demand, the total number of applicants increased in the 2023 cycle, from 149,840 to 152,100. The increase of 2,260 (1.5 per cent) was driven by applicants from outside the EU. Applicant numbers from the latter have fallen for three years since the completion of Brexit by more than 29,000 or 55.7 per cent to 23,135. Whilst this was expected on the basis of post-Brexit modelling, the sector has still had to pivot towards non-EU demand which has continued to increase. Applicant numbers from outside to the EU have increased every year since 2016, and in 2023 almost 129,000 applied – an increase of 3,145 or 2.5 per cent year on year. For the 2023 academic year the UK saw the highest number of accepted applicants on record from India (+7.3 per cent), Pakistan (+17.6 per cent) and Singapore (+5.8 per cent).

The Government ended the Student Dependant visa route in January 2024. This measure prevents most international Postgraduate Taught students from bringing family members and is expected to have an effect on the number of international student applications. However, after a positive review from the Migration Advisory Committee (MAC) of the Graduate Route, the Government has decided it will now remain in place, although there will be more regulation to ensure standards are met.

Turning to the 2024 cycle – applicants for the academic term 2024/25 – the table on the next page identifies applicants at the UCAS January deadline which represents approximately 90 per cent of those who will apply through this cycle.





Applicants for all courses by domicile group (31 January 2024 deadline only)

App. Domicile	2019	2020	2021	2022	2023	2024
England	373,740	373,860	415,470	416,400	405,130	402,240
Northern Ireland	17,910	17,400	18,780	17,750	17,020	16,690
Scotland	43,340	42,530	49,360	44,140	40,420	41,410
Wales	18,850	18,430	21,120	21,020	19,100	18,880
UK	453,840	452,220	504,730	499,310	481,670	479,220
EU (excluding UK)	43,890	43,030	25,740	20,820	20,500	19,890
Non-EU	63,690	73,080	85,890	90,590	94,410	95,480
Total	561,420	568,330	616,360	610,720	596,580	594,590

The data identifies that total applicant numbers were down year on year by 0.3 per cent to 594,590. This was a fall of just over 1,990, however, this remains higher than the 2020 cycle with its change in approach to awarding moving to centre assessed grades.

In terms of the key demand cohorts for UPP accommodation, UK applicant numbers were down 0.5 per cent to 479,220, a fall of 2,450. As with overall numbers, these figures remain 6.0 per cent higher than 2020, and the fourth highest total on record. English applicant numbers were down 0.7 per cent (-2,890) year on year to 402,240. Focusing on 18-year-olds, our primary market, applicant numbers from this cohort rose by 0.8 per cent to 372,200 and students aged under 21 increased by 0.6%. With high tariff institution applications also increasing, demand from key cohorts continues to rise.

Applicants from the EU continue to decline – if more gradually than in recent years – by 3.0 per cent to 19,890. As in other years, an increase in students from outside the EU more than compensated for this, increasing by 1,070 (1.1 per cent) potential students. In terms of the origin of this demand, January's data identifies that applicants from China rose by 3.3 per cent for 2024/25 to 28,620. The number of applicants from Canada and Turkey have continued their upward trajectory at 14.0 per cent and 37.6 per cent respectively, with 5,370 applicants collectively, both reaching new highs.

Notwithstanding a slight recalibration in applicant numbers following the unprecedented demand during the Covid pandemic, in general, UCAS is projecting that demand from UK 18-year-olds will continue on an upward trajectory for the rest of the decade, as will international demand, in line with the UK's International Student Strategy. In its recent long-term forecast entitled *The Journey to a Million*, UCAS has underlined this trend, projecting an increase in applicant numbers of more than 230,000 between the academic year 2022 and 2030, potentially taking annual applicant numbers to 997,500.

Based on this evidence, it appears that demand for UK HE will remain strong. This should maintain the robust levels of demand for the accommodation operated by UPP witnessed to date. Given this, it is the view of the Directors of UPP that the Group is positioned to continue to deliver strong operational performance from a portfolio of assets that are central to the operations of its university partners, and that the ongoing investment performance of the Company will remain robust.

Consolidated financial statements

for the six months ended 29 February 2024



Condensed consolidated statement of profit or loss

for the six months ended 29 February 2024

	Note	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Rental and other income	5	116,704	106,564
Cost of sales		(36,491)	(34,151)
Gross profit		80,213	72,413
Operating expenses	6	(35,434)	(35,768)
Operating profit		44,779	36,645
Finance income	8	8,958	13,607
Senior financing interest	9	(49,756)	(63,601)
Other interest payable & similar charges	9	(5,403)	(5,917)
Finance cost total		(55,159)	(69,518)
Loss on ordinary activities before taxation		(1,422)	(19,266)
Tax on loss on ordinary activities	10	(350)	(3,022)
Loss for the financial period		(1,772)	(22,288)
Loss for the financial period attributable to:			
Non-controlling interests		(3,040)	(4,279)
Owners of the parent		1,268	(18,009)
Loss for the financial period		(1,772)	(22,288)

The above results all relate to continuing operations.

The notes on pages 16 to 41 form part of these financial statements.



Condensed consolidated statement of other comprehensive income

for the six months ended 29 February 2024

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Loss for the financial period	(1,772)	(22,288)
Items that are or may be reclassified subsequently to profit and loss		
Fair value movements on swaps	1,192	51,071
	1,192	51,071
Total other comprehensive income for the period	1,192	51,071
Total comprehensive income for the period	(580)	28,783

**Other comprehensive income for the period attributable
to:**

Non-controlling interests	(84)	605
Owners of the parent	1,276	50,466
Total	1,192	51,071

**Total other comprehensive income for the period
attributable to:**

Non-controlling interests	(3,124)	(3,674)
Owners of the parent	2,544	32,457
Total	(580)	28,783

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Profit/(loss) per share (in GBP)		
Basic	1.2	(17.7)
Diluted	1.2	(17.7)

The notes on pages 16 to 41 form part of these financial statements.

Condensed consolidated statement of financial position

as at 29 February 2024

	Note	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment		5,630	6,316
Service concession arrangements - Intangible assets	11	1,519,339	1,539,314
Service concession arrangements - Financial assets	15	149,554	145,103
Other intangible assets		115,617	115,583
Total non-current assets		1,790,140	1,806,316
Current assets			
Trade and other receivables	13	9,821	12,505
Service concession arrangements - Financial assets	15	6,154	8,475
Cash at bank and in hand	23	181,811	163,600
Total current assets		197,786	184,580
Total assets		1,987,926	1,990,896

	Note	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Equity and liabilities			
Liabilities			
Non-current liabilities			
Borrowings	16	1,795,915	1,801,786
Derivative financial instruments	16	115,169	114,449
Employee benefit obligations		(178)	(178)
Total non-current liabilities		1,910,906	1,916,057
Current liabilities			
Borrowings	16	54,366	58,133
Trade and other payables	14	7,527	8,502
Accrual and deferred income	14	54,451	44,499
Provisions	19	12,512	14,961
Total current liabilities		128,856	126,095
Total liabilities		2,039,762	2,042,152

	Note	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Equity			
Called-up share capital		1,032	1,032
Share premium account		473,485	473,485
Capital reserves	20	23,428	23,428
Cash flow hedge reserve	20	(94,334)	(95,610)
Retained earnings	20	(426,345)	(427,613)
Equity attributable to owners of the Parent Company		(22,734)	(25,278)
Non-controlling interest		(29,102)	(25,978)
Total equity		(51,836)	(51,256)

The notes on pages 16 to 41 form part of these financial statements. The financial statements were approved and authorised for issue by the Board on 14 June 2024 and were signed on its behalf by:

Mark Bamford
Director



Condensed consolidated statement of changes in equity

for the six months ended 29 February 2024

	Attributable to equity holders of the Parent Company							Non-controlling interest £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Capital reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Shareholders' equity £'000			
At 1 September 2022	1,032	473,485	23,428	(137,293)	(373,155)	(12,503)	(18,820)	(31,323)	
Loss for the financial period	-	-	-	-	(18,009)	(18,009)	(4,279)	(22,288)	
Other comprehensive income	-	-	-	50,466	-	50,466	605	51,071	
Total comprehensive income	-	-	-	50,466	(18,009)	32,457	(3,674)	28,783	
Transactions with owners									
Dividends paid	-	-	-	-	-	-	-	-	
At 28 February 2023	1,032	473,485	23,428	(86,827)	(391,164)	19,954	(22,494)	(2,540)	
At 1 March 2023	1,032	473,485	23,428	(86,827)	(391,164)	19,954	(22,494)	(2,540)	
Loss for the financial period	-	-	-	-	(20,420)	(20,420)	(3,573)	(23,993)	
Other comprehensive income	-	-	-	(8,783)	371	(8,412)	89	(8,323)	
Total comprehensive income	-	-	-	(8,783)	(20,049)	(28,832)	(3,484)	(32,316)	
Transactions with owners									
Dividends paid	-	-	-	-	(16,400)	(16,400)	-	(16,400)	
At 31 August 2023	1,032	473,485	23,428	(95,610)	(427,613)	(25,278)	(25,978)	(51,256)	
At 1 September 2023	1,032	473,485	23,428	(95,610)	(427,613)	(25,278)	(25,978)	(51,256)	
Loss for the financial period	-	-	-	-	1,268	1,268	(3,040)	(1,772)	
Other comprehensive income	-	-	-	1,276	-	1,276	(84)	1,192	
Total comprehensive income	-	-	-	1,276	1,268	2,544	(3,124)	(580)	
Transactions with owners									
Dividends paid	-	-	-	-	-	-	-	-	
At 29 February 2024	1,032	473,485	23,428	(94,334)	(426,345)	(22,734)	(29,102)	(51,836)	

The notes on pages 16 to 41 form part of these financial statements.

Condensed consolidated statement of cash flows

for the six months ended 29 February 2024

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Loss for the financial period	(1,772)	(22,288)
Adjustments for:		
Tax on loss on ordinary activities	350	3,022
Net interest expense	46,201	55,911
Amortisation of service concession arrangements	19,975	20,095
Depreciation	675	722
Amortisation of computer software	56	52
Operating profit	65,485	57,514
(Decrease)/increase in provisions	(2,449)	15
Decrease/(increase) in debtors due within one year	1,951	(1,185)
Increase/(decrease) in creditors due within one year	10,768	10,823
Net cash inflow from operating activities	75,755	67,167
Investing activities		
Interest received	4,604	8,671
Payments for concession arrangements	(744)	(2,180)
Payments to acquire tangible fixed assets	(131)	(327)
Interest received on finance receivables	3,740	-
Net cash flow used in investing activities	7,469	6,164

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Financing activities		
Interest paid	(28,014)	(26,712)
Senior debt repayments	(35,157)	(26,677)
Dividends paid	-	-
Interest paid on financial liabilities	(1,564)	(1,659)
Lease payments	(278)	(294)
Net cash flow used in financing activities	(65,013)	(55,342)
Increase in cash and cash equivalents	18,211	17,989
Cash and cash equivalents at 1 September	163,600	167,818
Cash and cash equivalents at 29(28) February	181,811	185,807

The notes on pages 16 to 41 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 14 June 2024 and were signed on its behalf by:

Mark Bamford
Director

Notes to the financial statements

for the six months ended 29 February 2024



Notes to the condensed consolidated interim financial statements

for the six months ended 29 February 2024

1. General information

UPP REIT Holdings Limited ('the Company') is a closed-ended UK REIT and the parent of the UPP REIT Holdings Group ('the Group'). The Company was incorporated on 18 April 2017. As a result of the Group restructuring in February 2018, the Company became the Parent Company of UPP Group Holdings Limited, trading as University Property Partnerships ('UPP').

The consolidated financial statements of UPP REIT Holdings Limited and its subsidiaries (the Group) for the year ended 31 August 2023 were authorised for issue in accordance with a resolution of the Directors on 9 February 2024. UPP REIT Holdings Limited is private company limited by shares and incorporated on 18 April 2017 in Jersey, with a company number 123688. The company is listed on The International Stock Exchange and the shares are not traded. The registered office is IFC 5, St. Helier, Jersey, JE1 1ST.

The Group's principal activity is the development, funding, construction and operation (including facilities management) of student accommodation under University Property Partnerships.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the UK (UK-adopted international accounting standards) and in accordance with the Companies (Jersey) Law 1991.

The financial statements have been prepared on the historical cost basis except for derivative instruments that have been measured at fair value. The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these Group financial statements.

The financial statements are presented in Sterling (£) which is the Group's functional and presentation currency, rounded to the nearest thousand. The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Group elected not to present Company's financial statements as it is not a requirement under the Companies (Jersey) Law 1991.

These interim financial statements of the Group have been prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 August 2023 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant with regard to any changes in the Group's financial position and performance since the last annual financial statements.

The accounting policies and methods of computation applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 August 2023.

These interim financial statements for the six months ended 29 February 2024 were authorised for issue by the Company's Board of Directors on 14 June 2024.

Going concern

Notwithstanding a consolidated loss of £1,772k and a net liabilities position of £51,836k for the period ended 29 February 2024, 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 Group to continue as a going concern by preparing a cash flow forecast through to 31 August 2025, modelling a severe but plausible downside scenario that demonstrates that the Group 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 Group's contractual arrangements is that University counterparties bear the risk on in-year rental income once students have contracted for the rooms. In addition, there are contractual mechanisms in place that allow for rental uplifts as a result of inflation.

For the 2023/24 academic year the group has secured sufficient lettings to remain compliant with funding covenants. The directors anticipate that the Group's university counterparties will meet their payment obligations as they fall due, even in the severe but plausible downside scenario and, as a result, the risk around revenues leading to non-compliance with financial covenants for the 2023/24 year remains low. The directors consider the Group's costs to be reasonably controllable and, 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 market for student accommodation remain supportive to the long-term success of the business.

The Group's net liabilities position is driven in part by the Group's Service Concession Agreement assets being carried at amortised cost rather than fair value. In addition, index linked borrowing uplifts have occurred as a result of an increase in RPI, resulting in the Group moving into a net liabilities position. The Group's borrowings are contractually long-dated and the Group's modelling described above shows that the Group is expected to have sufficient funding to meet these obligations as they arise, even in a plausible downside scenario. Furthermore, the Group is in a net current asset position with sufficient liquidity to cover its obligations.

On this basis, the directors are confident that the Group 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.



3. Judgements and key sources of estimation uncertainty

The preparation of interim financial statements requires management to exercise judgement in applying the Group'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 ongoing basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

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

Estimates in relation to valuation of RPI and IR swaps

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently remeasured to their fair value at each reporting date.

Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these financial instruments is determined using widely accepted valuation techniques including 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.

The Group incorporates credit and debit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements.

In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

The Group has used a third-party expert to assist with valuing derivative instruments.

Estimates in relation to impairment of non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

For goodwill or assets under construction, the impairment loss recognised for all assets is reversed in a subsequent period only if the reasons for the impairment loss have ceased to apply.

Estimates in relation of defined benefit pension plan valuation

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases and is updated annually by qualified third part actuarial consultants. Management undertakes an annual update to the valuation on the basis of materiality.

The below are in relation to key judgements made by management in the period:

Judgement of fair value level classification

Although the Group has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilise Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of 29 February 2024, the Group has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Group has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Judgement in hedge accounting for inflation swaps

The Group has chosen to apply hedge accounting for all hedging instruments which are in a qualifying hedging relationship under IFRS 9. Significant judgement is exercised in concluding that the forecasted cash flows that are hedged items are highly probable. Also a judgement is exercised in relation to the fact, that future inflationary increases or decreases in rent receivable from university partners are separately identifiable and reliably measurable components of the rental income which ensures the inflation component of rental income and the related RPI swaps are in a hedging relationship which meets the qualifying criteria for hedge accounting under IFRS 9.6.9.1(c).

4. Segment information

For management purposes the Group is organised into business units based on their services and has three reportable segments as follows:

- » Special Purpose Vehicles (SPVs) – performing development, funding, construction and operation of student accommodation under the University Property Partnerships
- » UPP Residential Services Limited (URSL) – providing facilities management services to SPVs
- » UPP Projects Limited (UPL) – securing long-term, bespoke partnership agreements to design, build and finance student accommodation and related academic infrastructure

The Group's management monitors the operating results of its segments separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the condensed consolidated interim financial statements.

Transfer prices between operating segments are set on an arm's length basis.

All segments operate and perform all transactions in the United Kingdom.

Adjustments and eliminations include financing, general Group management and REIT level tax charges that are not considered by management as a separate reporting segment.



	Note	SPVs £'000	URSL £'000	UPL £'000	Total segments £'000	Adjustments and eliminations £'000	Consolidated £'000
Unaudited six months ended 28 February 2023							
Rental and other income - external		114,378	2,326	-	116,704	-	116,704
Rental and other income - internal	A	-	12,951	-	12,951	(12,951)	-
Cost of sales	B	(35,844)	(10,653)	(1,063)	(47,560)	11,069	(36,491)
Gross profit		78,534	4,624	(1,063)	82,095	(1,882)	80,213
Operating expenses	B	(19,580)	(1,100)	(477)	(21,157)	(14,277)	(35,434)
Operating profit		58,954	3,524	(1,540)	60,938	(16,159)	44,779
Finance income		6,003	-	-	6,003	2,955	8,958
Senior financing interest		(49,756)	-	-	(49,756)	-	(49,756)
Other interest payable and similar charges	C	(28,745)	-	-	(28,745)	23,342	(5,403)
Finance cost total		(78,501)	-	-	(78,501)	23,342	(55,159)
Segment (loss)/profit on ordinary activities before taxation		(13,544)	3,524	(1,540)	(11,560)	10,138	(1,422)
Tax on loss on ordinary activities		-	-	-	-	(350)	(350)
Segment (loss)/profit for the financial year		(13,544)	3,524	(1,540)	(11,560)	9,788	(1,772)
Total assets	D	1,922,370	38,969	17,509	1,978,848	9,078	1,987,926
Total liabilities	D	2,379,338	28,057	36,874	2,444,269	(404,507)	2,039,762

	Note	SPVs £'000	URSL £'000	UPL £'000	Total segments £'000	Adjustments and eliminations £'000	Consolidated £'000
Unaudited six months ended 28 February 2023							
Rental and other income - external		104,605	1,959	-	106,564	-	106,564
Rental and other income - internal	A	-	12,690	-	12,690	(12,690)	-
Cost of sales	B	(32,416)	(8,829)	-	(41,245)	9,926	(31,319)
Gross profit		72,189	5,820	-	78,009	(2,764)	75,245
Operating expenses	B	(28,356)	(3,037)	(558)	(31,951)	(6,649)	(38,600)
Operating profit		43,833	2,783	(558)	46,058	(9,413)	36,645
Finance income		11,411	2	-	11,413	2,194	13,607
Senior financing interest		(63,601)	-	-	(63,601)	-	(63,601)
Other interest payable and similar charges	C	(5,917)	-	-	(5,917)	-	(5,917)
Finance cost total		(69,518)	-	-	(69,518)	-	(69,518)
Segment (loss)/profit on ordinary activities before taxation		(14,274)	2,785	(558)	(12,047)	(7,219)	(19,266)
Tax on loss on ordinary activities		-	-	-	-	(3,022)	(3,022)
Segment (loss)/profit for the financial year		(14,274)	2,785	(558)	(12,047)	(10,241)	(22,288)
Total assets	D	1,924,336	58,335	13,459	1,996,130	33,355	2,029,485
Total liabilities	D	2,472,093	41,166	28,046	2,541,305	(509,280)	2,032,025

Notes to the segment information:

A. Rental and other income

Adjustments and eliminations represent intercompany transactions that are eliminated on consolidation. Those transactions are mainly held between URSL and each SPV. There is also an elimination of UPL income that represents internal revenue from any new development projects. This income is eliminated against the SPV's assets.

B. Cost of sales and operating expenses

Adjustments and eliminations represent intercompany transactions that are eliminated on consolidation. Those transactions are mainly transactions held between URSL and each SPV. The adjustments and eliminations line also represents administrative costs that are not allocated to any of the segments.

C. Other interest payable and similar charges

Adjustments and eliminations mainly represent financing costs payable to Shareholders that are not allocated to any of the segments.

D. Total assets and total liabilities

Adjustments and eliminations related to total assets mainly represent assets related to the Group management companies (such as UPP Group Limited) and represent goodwill and cash allocated to those companies.

Adjustments and eliminations related to total liabilities represent mainly UPP Bond I Issuer PLC liabilities and accruals and trade creditors related to Group management activities.

5. Turnover

Turnover represents the amounts derived from the provision of services, which fall within the Group's ordinary activities, stated net of value added tax.

The Group operates in four main areas of activity – that of the provision of student accommodation, construction services, the provision of facilities management services and management and development services.

Group turnover arises wholly in the UK and is split as below:

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Student accommodation rental income	114,442	104,605
Facilities management services	2,262	1,959
	116,704	106,564



In the following table, revenue from contracts with customers is disaggregated by service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 4).

		SPVs £'000	URSL £'000	UPL £'000	Total segments £'000	Adjustments and eliminations £'000	Consolidated £'000
Unaudited six months ended 29 February 2024	Note						
Student accommodation rental income		114,378	-	-	114,378	-	114,378
Facilities management services		-	2,326	-	2,326	-	2,326
Facilities management services - intragroup		-	12,951	-	12,951	(12,951)	-
Total		114,378	15,277	-	129,655	(12,951)	116,704
Revenue as reported in Segments	4	114,378	15,277	-	129,655	(12,951)	116,704

		SPVs £'000	URSL £'000	UPL £'000	Total segments £'000	Adjustments and eliminations £'000	Consolidated £'000
Unaudited six months ended 28 February 2023	Note						
Student accommodation rental income		104,605	-	-	104,605	-	104,605
Facilities management services		-	1,959	-	1,959	-	1,959
Facilities management services - intragroup		-	12,690	-	12,690	(12,690)	-
Total		104,605	14,649	-	119,254	(12,690)	106,564
Revenue as reported in Segments	4	104,605	14,649	-	119,254	(12,690)	106,564



The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Unaudited 29 February 2024 £'000	31 August 2023
Receivables, which are included in 'Trade and other receivables'	1,803	5,373
Contract assets, which are included in 'Service Concession Arrangements'	155,708	153,578
Contract liabilities, which are included in 'Accruals and deferred income'	(26,193)	(2,469)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers. This will be recognised as revenue when the service is provided and is expected to be recognised as revenue in next financial year. The whole amount of contract liability balance at the beginning of the period was recognised as revenue during the year.

The Group issues invoices for rental services to universities on regular basis as per agreement with university (which varies from quarterly to three times per year). The invoices for rental services are raised upfront for the period agreed with the universities. The payments are typically done within 1 month from the issuance of the invoice.

The Group issues invoices for facilities management services on a monthly basis after the services were performed. The payments are typically done within 1 month from the issuance of the invoice.

During the construction phase, the service concession grantor gives the Group non-cash consideration in the form of an intangible asset being a licence to charge users of the public service, in exchange for construction services. Therefore, there are no revenue cash flows or invoicing activities in relation to construction services revenue.



6. Operating expenses

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Amortisation of Service Concession Arrangements	19,975	20,095
Depreciation of property, plant and equipment	675	722
Amortisation of computer software	56	52
Salaries and other employee costs recognised in operating expenses	7,428	7,789
External consultancy	1,650	1,217
Insurance	1,293	1,211
Auditor remuneration (audit and non-audit fees)	606	674
Other administrative costs	3,751	4,008
	35,434	35,768

7. Staff costs

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Wages and salaries	14,935	15,123
Social security costs	2,000	1,816
Pension costs - defined contribution	1,245	969
	18,180	17,908

The above salary costs are presented on the 'Cost of sales' and 'Operating expenses' lines.

8. Interest and similar income

	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Interest received on cash balances	4,615	2,047
Interest income on finance receivable	4,343	7,334
Finance gain on fair value movements on swaps	-	4,226
	8,958	13,607

9. Interest and similar expense

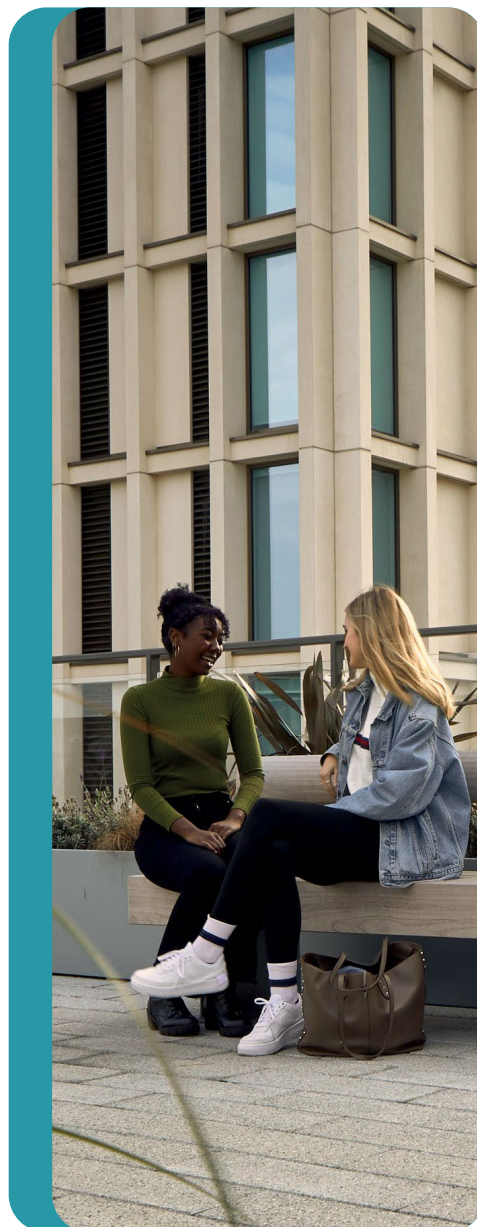
	Unaudited six months ended 29 February 2024 £'000	Unaudited six months ended 28 February 2023 £'000
Financial liabilities at amortised cost		
Interest payable on fixed-rate senior secured notes	23,356	21,360
Interest payable on index-linked facilities	26,400	42,241
Subordinated loan note interest	2,651	3,332
Interest expense on finance receivable	841	2,585
Financial liabilities measured at fair value		
Fair value movements on swaps	1,911	-
	55,159	69,518



10. Tax on loss on ordinary activities

UPP REIT Holdings Limited is a Real Estate Investment Trust ('REIT'). As a result, the deferred tax accrued to the date of conversion in respect of assets and liabilities of the qualifying property rental business has been released due to the relevant temporary differences no longer being taxable on reversal.

Additionally, providing it meets a number of defined conditions, the Group is not liable to UK corporation tax on profits and gains from qualifying property rental business. Non-qualifying profits and gains continue to be subject to UK corporation tax as normal. During the period ended 29 February 2024 the Group forecast that it would breach the REIT test related to excess financing for the full financial year and accordingly a tax charge on ordinary activities of £350k (2023: £3,022k) was recognised, being the proportion of the forecast final tax charge relating to the financial period. The forecast breach has occurred as a result of RPI related uplifts on certain funding facilities and is a result of the current high inflationary environment.



11. Intangible assets – service concession arrangements

	Service concession arrangements £'000
Cost	
At 1 September 2023	1,790,544
Additions	-
At 29 February 2024	1,790,544
Amortisation	
At 1 September 2023	251,230
Charge during the period	19,975
At 29 February 2024	271,205
Net book value	
At 29 February 2024	1,519,339
At 1 September 2023	1,539,314
Cost	
At 1 September 2022	1,790,544
At 31 August 2023	1,790,544
Amortisation	
At 1 September 2022	211,159
Charge during the period	40,071
At 31 August 2023	251,230
Net book value	
At 31 August 2023	1,539,314
At 31 August 2022	1,579,385

12. Leases

Property, Plant and Equipment comprises owned and leased assets that do not meet the definition of investment property. The Group lease land and buildings for its office space.

Right-of use assets

	Leasehold property £'000
Balance at 1 September 2023	3,005
Additions	-
Depreciation charge	(221)
Balance at 29 February 2024	2,784

Lease liabilities maturity analysis – contractual undiscounted cash flows

	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Less than one year	556	556
One to two years	417	556
Two to five years	1,298	1,159
More than five years	1,182	1,947
Total undiscounted lease liabilities	3,453	4,218

The lease for one office space runs for a period of 10 years, commenced in November 2021 and expires in December 2031.

Lease liabilities included in the statement of financial position

	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Current	556	556
Non-current	2,903	2,449
Total undiscounted lease liabilities	3,459	3,005

Amounts recognised in profit or loss

	Unaudited period ended 29 February 2024 £'000	Unaudited period ended 26 February 2023 £'000
Interest on lease liabilities	(380)	(512)
Depreciation charge	(221)	(449)

Amounts recognised in statements of cash flows

	Unaudited period ended 29 February 2024 £'000	Unaudited period ended 28 February 2023 £'000
Total cash outflow for leases	(278)	(449)

13. Current trade and other receivables

	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Trade debtors	1,803	5,374
VAT recoverable	-	261
Prepayments and accrued income	8,018	6,870
	9,821	12,505

14. Current trade and other payables

	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Trade creditors	3,592	5,002
Other taxes and social security	3,935	3,500
Accruals and deferred income	54,451	44,499
	61,978	53,001

15. Financial assets

	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Financial assets at amortised cost		
Financial receivable – service concession arrangements	155,708	153,578
Trade and other receivables	1,803	5,374
Cash at bank and in hand	181,811	163,600
	339,322	322,552
Total current	189,768	176,577
Total non-current	149,554	145,975

The service concession arrangement asset includes net finance costs of £1,119k (2023: £1,119k).

The carrying amount of the financial assets that have been pledged as collateral for liabilities, including amounts that have been reclassified in accordance with paragraph 3.3.23(a) of IFRS 9.

The terms of the finance agreement provide that the lender will seek repayment of the finance only to the extent that sufficient funds are generated by specific assets financed and will not seek recourse to the Company in any other form.



16. Financial liabilities

	Unaudited 29 February 2024 £'000	31 August 2023 £'000
Financial liabilities at amortised cost		
Senior debt	704,248	713,672
Senior index linked debt	1,015,939	1,017,662
Non-recourse bank debt finance	77,245	77,293
Secured subordinated loan notes	49,390	48,112
Lease liabilities	3,459	3,180
Trade and other payables	3,592	5,002
Derivatives designated as hedging instruments		
Interest rate swaps	14,252	8,243
RPI swaps	81,186	88,387
Derivatives not designated as hedging instruments		
RPI swaps	19,731	17,819
	1,969,042	1,979,370
Total current	57,958	63,135
Total non-current	1,911,084	1,916,235

Senior debt

The senior debt facilities above are secured under a number of debenture deeds. Under the terms of the debentures, the finance providers have security by way of a first legal mortgage over all estates or interests in any freehold or leasehold properties and buildings, finance receivable assets and fixtures on those properties.

On 5 March 2013 a Group subsidiary, UPP Bond 1 Issuer PLC, issued £307,100k of fully-amortising fixed-rate senior secured notes and £75,000k 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 £75,000k and repayments are scheduled to commence in August 2038.

On 9 December 2014, UPP Bond 1 Issuer PLC issued £149,500k of fully-amortising index-linked senior secured notes, also listed on the Irish Stock Exchange. Proceeds of this issuance were on-lent on the same terms and conditions to a fellow Group undertaking to enable that company to repay its short-term senior bank facility and associated costs.

The senior secured notes issued are secured against the assets of UPP Bond 1 Issuer PLC and the other wholly-owned subsidiaries of UPP Bond 1 Limited.

Fixed rate debt

On 5 June 2007 a Group subsidiary entered into £181,040k fixed rate loan, repayable on 31 March 2042 with principal repayments commenced on March 2009. The interest rate is fixed via a swap at a rate of 5.67%.

On 6 June 2007 Group subsidiary entered into £59,247k fixed rate loan, repayable on 31 August 2039 with principal repayments commenced on 28 February 2010. The interest rate is fixed via a swap at a rate of 5.23%.

On 31 December 2011 a Group subsidiary entered into £186,475k fixed rate loan, repayable on 31 August 2051 with principal repayments commenced on 30 November 2012. The interest rate is fixed via a swap at a rate of 5.26%.

On 30 August 2013 a Group subsidiary entered into £33,310k fixed rate loan, repayable on 31 August 2039 with principal repayments commenced on 29 February 2012. The interest rate is fixed via a swap at a rate of 4.386%.

On 30 August 2013 a Group subsidiary entered into £19,948k fixed rate loan, repayable on 31 August 2041 with principal repayments commenced on 30 November 2011. The interest rate is fixed via a swap at a rate of 3.978%.

On 1 September 2011 Group subsidiary entered into £36,626k fixed rate loan, repayable on 30 September 2051 with principal repayments commenced on 28 February 2015. The interest rate is fixed via a swap at a rate of 5.03%.

Senior index-linked debt

On 14 October 2013, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully-amortising by August 2056 with a real interest rate of 2.322% increasing semi-annually with RPI. The notional amount of this facility was £40,497k and repayments commenced in February 2016.

On 4 July 2014, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully amortising by August 2057 with a real interest rate of 1.792% increasing semi-annually with RPI. The notional amount of this facility was £113,816k and repayments commenced in February 2017.

On 7 April 2016, a Group subsidiary issued £67,300k 1.030% RPI index-linked loan notes. The proceeds of this issuance were used to repay the existing senior bank debt funding. The loan notes are fully-amortising by August 2049 with a real interest rate of 1.0302% increasing semi-annually with RPI. The notional amount of this facility is £67,322k and repayments commenced on 28 August 2016.

On 21 December 2016, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully-amortising by August 2062 with a real interest rate of 0.16% increasing semi-annually with RPI. The notional amount of this facility was £86,809k and repayments commenced in February 2020.

On 25 May 2017, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully amortising by February 2058 with a real interest rate of 0.45% increasing semi-annually with RPI. The notional amount of this facility was £127,636k and repayments commenced in February 2020.

On 5 February 2018, a Group subsidiary issued £63,000k of fully-amortising index-linked loan notes in two tranches. The facility is fully-amortising by August 2062 with a real interest rate of 0.207% – Tranche A and 1.203% – Tranche B, increasing semi-annually with RPI. The notional amount of this facility was £63,000k and repayments commenced in February 2018.

On 28 June 2018, a Group subsidiary issued £15,761k of fully-amortising index linked loan notes. The facility is fully-amortising by August 2065 with a real interest rate of 0.044% increasing semi-annually with RPI. The notional amount of this facility was £37,185k and repayments commenced in February 2021.

On 10 January 2019 a Group subsidiary issued £50,841k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2066 with a real interest rate of 0.2% increasing semi-annually by RPI. The notional amount of these notes at issuance was £50,841k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

On 28 February 2019 a Group subsidiary issued £10,546k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2065 with a real interest rate of 0.080% increasing semi-annually by RPI. The notional amount of these notes at issuance was £10,546k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in February 2021.

On 28 August 2019 a Group subsidiary issued £9,992k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2065 with a real interest rate of 0.100% increasing semi-annually by RPI. The notional amount of these notes at issuance was £9,992k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in February 2021.

On 28 August 2019 a Group subsidiary issued £39,939k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2066 with a real interest rate of 0.21% increasing semi-annually by RPI. The notional amount of these notes at issuance was £39,939k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

On 1 September 2019 a Group subsidiary issued £38,405k of fully amortising RPI index linked loan notes. The index linked senior loan note is fully amortised by 2066 with a real interest rate of 0.2% increasing semi-annually by RPI. The notional amount of these notes at issuance was £38,405k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in February 2022.

On 28 April 2020 a Group subsidiary issued £24,521k of fully amortising RPI index linked loan notes. The index linked senior loan note is fully amortised by 2066 with a real interest rate of 0.23% increasing semi-annually by RPI. The notional amount of this note at issuance was £24,521k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

On 29 December 2020 a Group subsidiary issued £9,777k of fully amortising RPI index linked loan notes. The index linked senior loan note is fully amortised by 2066 with a real interest rate of 0.25% increasing semi-annually by RPI. The notional amount of this note at issuance was £9,777k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

On 30 September 2020 a Group subsidiary entered into a £35,000k revolving loan facility with termination date on 30 September 2023. This facility expired on 30 November 2023 following an extension. The interest rate was based on SONIA Compound Daily Rate increased by 3.25% margin. The Group is in advanced negotiations to implement a replacement facility.

These facilities above are secured under a number of debenture deeds. Under the terms of the debentures, the finance providers have security by way of a first legal mortgage over all estates or interests in any freehold or leasehold properties and buildings, finance receivable assets and fixtures on those properties.

Non-recourse finance facilities

The finance providers only have recourse over the assets of the company or companies on which they are providing finance, with no recourse to other Group companies.

The key terms of the facilities are:

- » Fixed through an IR swap 4.695%, plus margin until Sept 2017, 5.910% thereafter with a final repayment date of September 2044
- » Income-strip debt with an effective interest rate of 6.95%. Repayable in March 2061

Secured subordinated loan notes

The subordinated loan note funding has been provided by Nottingham Trent University, the University of Reading, the University of Hull and the University of London.

The loan notes are subject to the same security as the senior debt facilities but are subordinated to the right of payment of senior debt providers. The weighted average rate is 11.12% per annum for a weighted average period of 39 years. The final repayment dates on the subordinated loan notes range between August 2048 and August 2069.



17. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Group uses RPI swaps to manage some of the inflation-related risk in relation to revenue. These contracts are not designated as cash flow hedges and are entered into for the period consistent with the length of the service concession arrangement contract.

Cash flow hedges

The Group uses RPI swaps and IR swaps to manage some of the inflation risk in relation to the Group's revenue and to manage interest rate risk in relation to the debt costs. The derivative contract lengths are aligned with the length of the service concession arrangement contract in relation to the RPI swaps and with the length of the debt contracts in relation to IR swaps.

Due to the nature, timing and hedging relationship the Group qualified all the IR swaps hedges to the same risk category. Due to the nature, timing and hedging relationship the Group qualified all the RPI swap hedges to the same risk category.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by performing qualitative assessment of hedge effectiveness due to a match of critical terms and quantitative assessment of hedge effectiveness on the basis of the mark to market value and mark to market hypothetical value.

In these hedge relationships, the main sources of ineffectiveness are changes in the cash flow timing of the hedged transactions.

	Unaudited 29 February 2024 £'000		31 August 2023 £'000	
	Assets	Liabilities	Assets	Liabilities
IR swaps designated as hedging instrument	-	(14,252)	-	(8,243)
RPI swaps designated as hedging instrument	-	(81,186)	-	(88,387)
RPI swaps not designated as hedging instruments	-	(19,731)	-	(17,820)
	-	(115,169)	-	(114,450)

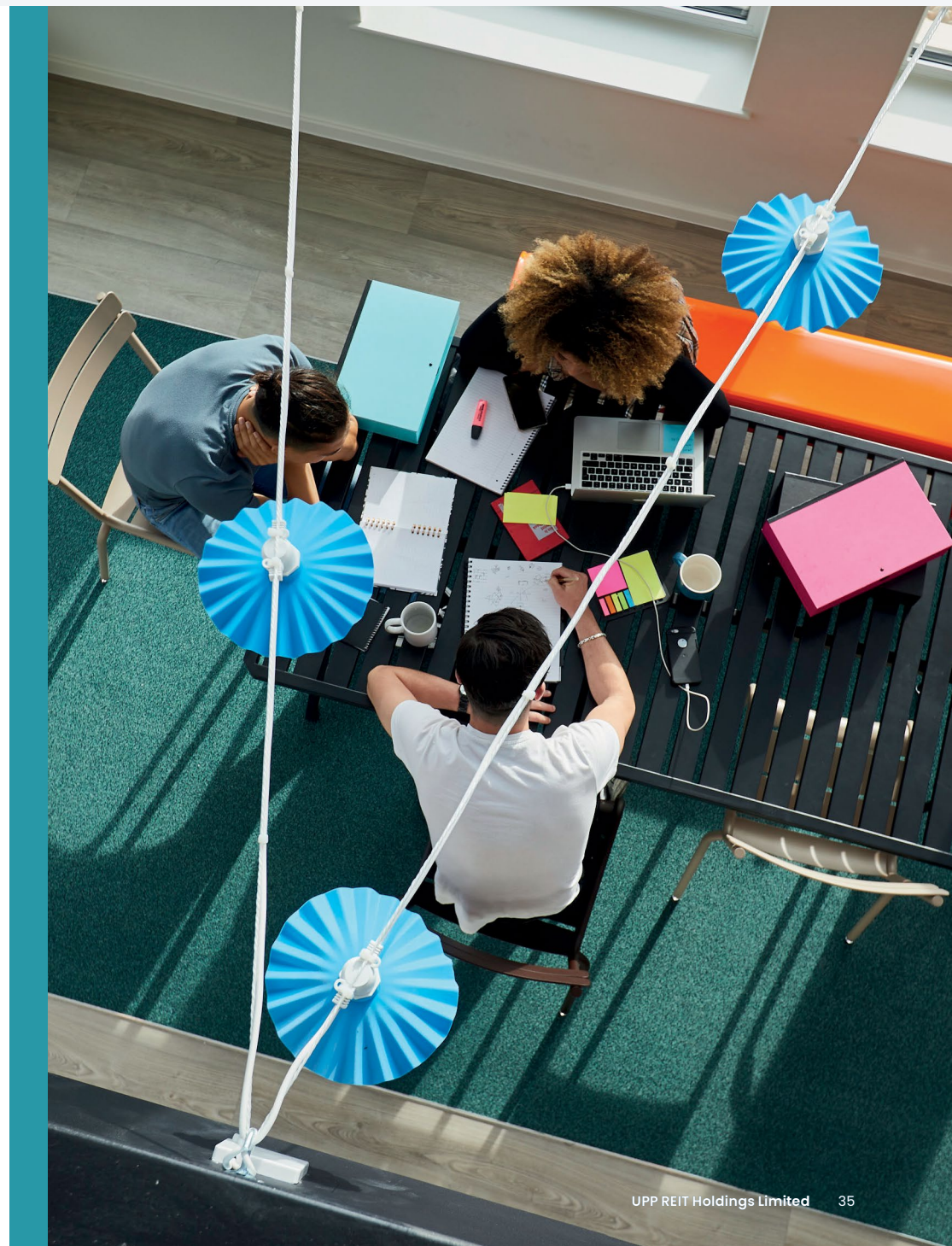
The Group chooses to adopt hedge accounting for all its derivative financial instruments which meet the qualifying criteria for hedge accounting and reflect all movements in the fair value of these derivative financial instruments through the cash flow hedge reserve as follows:

	Unaudited 29 February 2024 £'000		31 August 2023 £'000	
	Fair value of derivatives used for hedging			
Creditors: amounts falling due after one year		(95,438)		(96,630)
Debtors: amounts falling due after one year		-		-
Movement in fair value of derivatives used for hedging				
Recognised profit/(loss) through other comprehensive income:				
Owners of the Parent		1,276		41,683
Non-controlling interest		(84)		694
Fair value of derivatives not used for hedging				
Creditors: amounts falling due after more than one year		(19,731)		(17,820)
Debtors: amounts falling due after one year		-		-
Movement in fair value of derivatives not used for hedging				
Recognised profit through the income statement		(1,911)		3,427

The amount of movement in fair value of derivatives used for hedging recognised through OCI includes a £2,852k of hedge inefficiency, which has been recognised through Profit or Loss.

The amounts at the reporting date relating to items designated as hedged items were as follows:

	29 February 2024 £'000	31 August 2023 £'000
Interest rate risk		
Cash flow hedge reserve	(8,554)	35,175
RPI risk		
Cash flow hedge reserve	7,363	7,202



18. Fair value measurement

The following table provides the fair-value measurement and hierarchy of the Group's financial assets and liabilities:

	29 February 2024 £'000		31 August 2023 £'000	
	Book value	Significant observable inputs Level 2	Book value	Significant observable inputs Level 2
Financial assets				
Derivatives designated as hedging instruments				
RPI swaps	-	-	-	-
Derivatives not designated as hedging instruments				
RPI swaps	-	-	-	-
Financial assets at amortised cost				
Financial receivable - service concession arrangements	155,708	136,269	153,578	136,515
Trade and other receivables	1,803	*	5,374	*
Cash at bank and in hand	181,811	*	163,600	*
	339,322		322,552	
Financial liabilities				
Borrowings				
Senior fixed debt	704,248	722,506	713,672	731,882
Senior index-linked debt	1,015,939	799,503	1,017,662	811,476
Non-recourse bank debt finance	77,245	81,690	77,293	81,305
Secured subordinated loan notes	49,390	23,044	48,112	22,940
Lease liabilities	3,459	3,459	3,180	3,180
Derivatives designated as hedging instruments				
Interest rate swaps	14,252	14,252	8,243	8,243
RPI swaps	81,186	81,186	88,387	88,387
Derivatives not designated as hedging instruments				
RPI swaps	19,731	19,731	17,819	17,819
Financial liabilities at amortised cost				
Trade and other payables	3,592	*	5,002	*
	1,969,042		1,979,370	

* The fair values for financial instruments such as short-term trade receivables and payables are a reasonable approximation of fair value

18.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique
Derivative instruments	The fair values of the derivative IR swap contracts and RPI swap contracts are estimated by discounting expected future cash flows using market interest rates and market inflation rates and option volatility.
Financial receivables – service concession arrangements	The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements due to the short-term nature of these instruments.
Trade and other receivables	
Cash at bank and in hand	
Trade and other payables	
Borrowings	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

19. Provisions for liabilities

	Dipidations £'000	Cladding £'000	Total £'000
At 1 September 2023	90	14,871	14,961
Provisions made during the year	15	-	15
Provisions used during the year	-	(2,464)	(2,464)
At 29 February 2024	105	12,407	12,512
At 1 September 2022	60	15,040	15,100
Provisions made during the year	30	5,007	5,037
Provisions used during the year	-	(5,176)	(5,176)
At 31 August 2023	90	14,871	14,961

In a prior year, following detailed inspections, the Group identified various remediation works that needed to be addressed at buildings of the University of Kent and Nottingham Trent University. Accordingly, provisions of £7,500k and £2,400k respectively were recognised. During the current year £2,400k works were performed and expensed and for remaining provisions investigation works have continued and the Group consider that the provisions remain appropriate. Additionally, in a prior year the Group identified certain maintenance related remediation works required at a number of sites managed by a Group entity resulting in a provision of £4,907k being recognised. Provisions have been recognised as the directors believe the Group has a present obligation, it is probable that transfer of economic benefit will be required and the obligation can be reliably estimated.

Contingent liability

During a prior year it was identified that further remedial works may be required at buildings at the University of Kent by the Group. Investigations are at an early stage, with the scope and responsibility for these works still to be established. As the value of these works cannot currently be reliably estimated and it is possible, but not probable that economic outflow may occur, it is appropriate to disclose these works as a contingent liability.



20. Reserves

Capital reserve

The £1,043k of capital contributions relate to capital contributions by The Alma Mater Fund LP, a previous shareholder. These have been received in cash and are non-refundable. £16,037k relates to capital contributions made by the previous shareholders of the Group to fund the liabilities previously accrued under the long term incentivisation scheme and are the contingent consideration that arose on the purchase of shares in UPP Projects Limited in 2008. All of these contributions have been received in cash and are non-refundable. £6,348k of the capital contributions relate to subordinated debt acquired by the Group in September 2012 from Barclays European Infrastructure Fund II LP, again a previous shareholder.

Cash flow hedge reserve

Cash flow hedge reserve record the fair-value movements on the Group's derivative financial instruments and the deferred tax associated with these.

Profit and loss account

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

21. Related party transactions

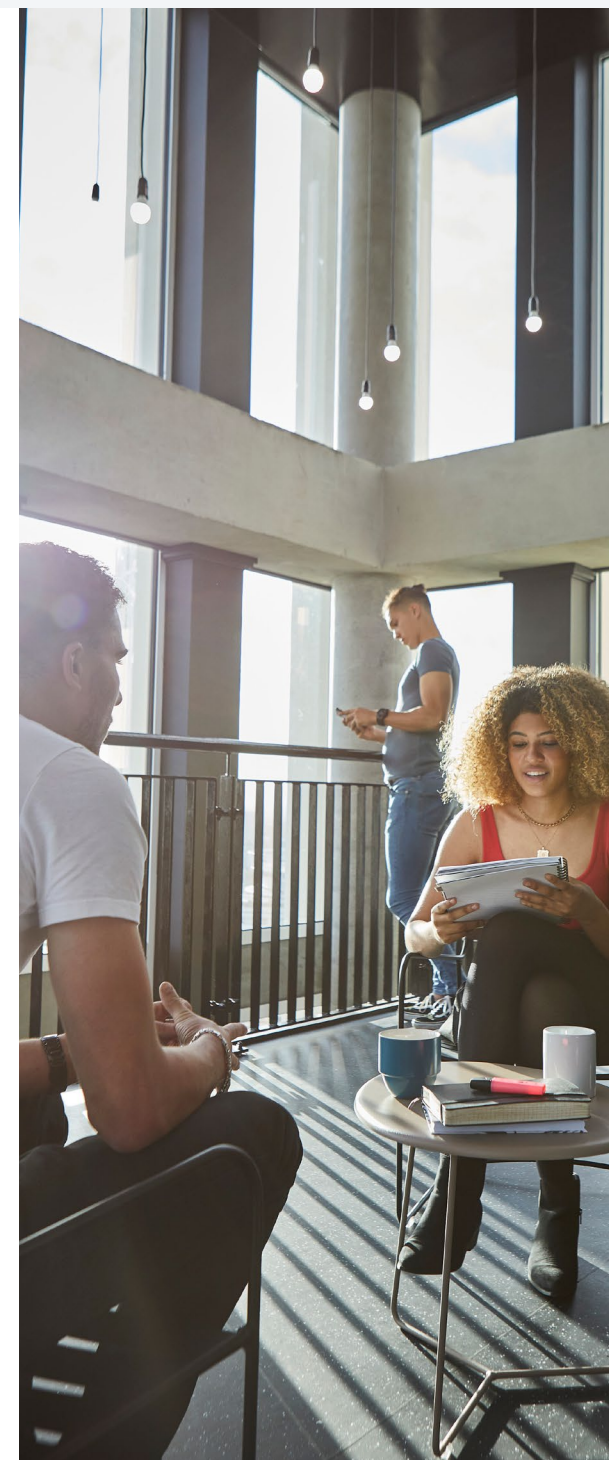
As at 29 February 2024, the Directors consider that, during the year, Nottingham Trent University, the University of Reading, the University of London and the University of Hull are the only related parties of the Group by virtue of their shareholdings in the Company: UPP (Clifton) Holdings Limited, UPP (Byron House) Holdings Limited, UPP (Reading I) Holdings Limited, UPP (Cartwright Gardens) Holdings Limited, UPP (Duncan House) Holdings Limited and UPP (Hull) Holdings Limited respectively.

During the six months ended 29 February 2024, the Group received an income of £6,791k (six months ended 28 February 2023: £4,709k) from Nottingham Trent University in respect of services provided by UPP (Clifton) Holdings Limited and UPP (Byron House) Holdings Limited and incurred costs of £100k (six months ended 28 February 2023: 56k) in respect of services provided by the University.

During the six months ended 29 February 2024, the Group received an income of £18,248k (six months ended 28 February 2023: £16,696k) from University of Reading in respect of services provided by UPP (Reading I) Holdings Limited and incurred costs of £2,549k (six months ended 28 February 2023: £1,617k) in respect of services provided by the University of Reading.

During the six months ended 29 February 2024, the Group received income of £10,148k (six months ended 28 February 2023: £8,961k) in respect of services provided by UPP (Cartwright Gardens) Holdings Limited and UPP (Duncan House) Holdings Limited and incurred costs of £153k (six months ended 28 February 2023: £nil) in respect of services provided by the University of London.

During the six months ended 29 February 2024, the Group received income of £6,244k (six months ended 28 February 2023: £5,601k) in respect of services provided by UPP (Hull) Holdings Limited and incurred costs of £211k (six months ended 28 February 2023: £40k) in respect of services provided by the University of Hull.



22. Investments

The Company owns 100% of the issued share capital in UPP Group Holdings Limited, which itself owns 100% of the issued share capital of UPP Group Limited.

Details of the trading subsidiaries in which UPP Group Limited holds 20% or more of the nominal value of any class of share capital (or effective interest in), and which are included within the consolidated results of these financial statements, are as follows:

The proportion of voting rights held is in line with the proportion of shares held.

Entity	Proportion	Shares held class	Nature of Business
UPP (Alcuin) Limited	100%	Ordinary	Student accommodation
UPP (Exeter 4) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (Exeter 4) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Broadgate Park) Holdings Limited	100%	Ordinary	Student accommodation
UPP (Byron House) Holdings Limited	80%	Ordinary	Student accommodation
UPP (Cartwright Gardens) Holdings Limited	85%	Ordinary	Student accommodation
UPP (Clifton) Holdings Limited	80%	Ordinary	Student accommodation
UPP (Duncan House) Holdings Limited	85%	Ordinary	Student accommodation
UPP (East Park) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (East Park) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Exeter 2) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (Exeter 2) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Exeter) Limited	100%	Ordinary	Student accommodation
UPP (Hull) Holdings Limited	90%	Ordinary	Student accommodation
UPP (Kent Student Accommodation II) Holdings Limited	100%	Ordinary	Student accommodation
UPP (Kent Student Accommodation) Limited	100%	Ordinary	Student accommodation
UPP (Kent Turing) Holdings Limited	100%	Ordinary	Student accommodation
UPP (Lancaster) Holdings Limited	100%	Ordinary	Student accommodation
UPP (Loughborough Student Accommodation) Holdings Limited	100%	Ordinary	Student accommodation
UPP (Nottingham) Limited	100%	Ordinary	Student accommodation
UPP (Oxford Brookes) Limited	100%	Ordinary	Student accommodation
UPP (Plymouth Three) Limited	100%	Ordinary	Student accommodation
UPP (Reading 1) Holdings Limited	80%	Ordinary	Student accommodation
UPP (Swansea 2) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (Swansea 2) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Swansea) Holdings Limited	100%	Ordinary	Student accommodation
UPP Leeds Student Residences Limited	100%	Ordinary	Student accommodation
UPP Loring Hall Limited	100%	Ordinary	Student accommodation

Entity	Proportion	Shares held class	Nature of Business
UPP Bond 1 Issuer plc	100%	Ordinary	Provision of senior secured bond funding
UPP Projects Limited	100%	Ordinary	Partnerships development for the provision of student accommodation
UPP Residential Services Limited	100%	Ordinary	Provision of facility management services
UPP Group Holdings Limited	100%	Ordinary	Holding company
UPP Group Limited	100%	Ordinary	Holding company
UPP (MidCo) Limited	100%	Ordinary	Holding company



23. Cash and cash equivalents

	29 February 2024	31 August 2023
	£'000	£'000
Cash at bank and in hand	181,335	161,849
Short-term deposits	476	1,751
Cash and cash equivalents	181,811	163,600

The cash and cash equivalents disclosed above and in the statement of cash flows include £169,406k as at 29 February 2024 (£147,745k as at 31 August 2023) of restricted cash. This cash is subject to be used only by SPVs in line with the service concession agreements and is therefore not available for general use by the other entities within the Group.

24. Parent undertaking and controlling party

The Group and the Company is controlled by a 60% stake held by Stichting Depository PGGM Infrastructure Funds ("PGGM"), on behalf of their fund clients. This entity is incorporated in The Netherlands.





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