University Partnerships Programme

UPP Bond 1 Issuer PLC
Results presentation for period ended 31 August 2013

December 2013

Building a sustainable future through university partnerships

Disclaimer

This presentation is being distributed by UPP Bond Issuer1 ("The Group Agent") Limited pursuant to the terms of Schedule 9 Part 1 of the Common Terms agreement ('CTA'). Unless otherwise stated, this Investor Report comments on historic performance of the Group for the period up to 31 August 2013. Included within this Investor Report is the non–statutory consolidated audited Financial Statements of the Group as specified in Schedule 9 Part 1 of the CTA. Defined terms used in this document have the same meanings as set out in the Master Definitions Schedule of the CTA.

Unless otherwise stated, the figures in this presentation reflect the position as at 31 August 2013. In addition the presentation contains forward looking statements that reflect the current judgment of the management of the Obligors regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management's assumptions rely on its operational analysis and expectations for the operating performance of each of Obligor's assets based on their historical operating performance and management expectations as described herein.

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

are cautioned not to place undue reliance on such assumptions and forecast information.

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

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

Agenda

Highlights of the year ended 31 August 2013

- Turnover up by 3.8% to £43.5m
- Occupancy remained above 99.5%
- Operating cash flow of £26.5m
- Stable gross and EBITDA margins
- Performance in-line with model demonstrating the predictable nature of the business and its cash-flows
- Results comfortably within all Initial and Projected ratio covenants

Sean O'Shea, Chief Executive Officer;

> "I am pleased with the maiden results for UPP Bond 1 Holdings Limited which highlight not only the resilience in student demand following the increase in tuition fees for the 2012/13 academic year but also the cash generative nature of the business model. This strength and resilience of demand has continued into 2013/14, with occupancy of 100% secured across both the AssetCos and the rest of UPP's portfolio."

Agenda

1. Highlights of the year ended 31 August 2013
2. **UPP Group**
3. Consolidated AssetCo Performance 2012/13
4. Update on the Higher Education Sector
5. Forecast Performance 2013/14
6. Summary

UPP Group Overview

UPP is the leading developer and operator of quality residential accommodation and asset management services in partnership with the university sector

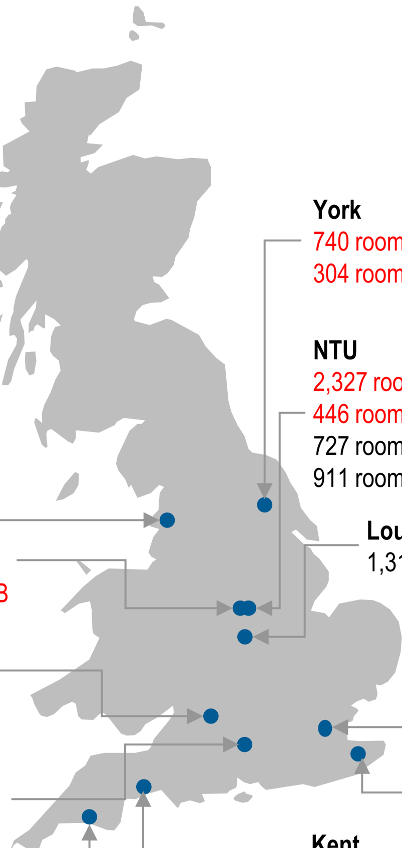
- Established in 1998, UPP has grown to become the UK's largest provider of on-campus residential and academic infrastructure
- UPP delivers a fully integrated service to universities encompassing the funding, design, construction and operation of student accommodation, creating valuable and stable infrastructure cash-flows.
- Demand risk is managed through a combination of a robust commercial architecture, specialist operational staff and detailed market intelligence.

UPP Group[1] in figures

Average occupancy across the portfolio in excess of 99.5% for the last 5 years
£129.0 million projected gross rent roll for 2013/14E
Projected gross rent roll of c.£147 million once fully built out
c.29,000 rooms under management or in construction, a further c.1,200 rooms at preferred bidder stage and over 20,000 rooms in pipeline

Note:
1 Includes the 13 operational university projects

UPP Group Portfolio



York
740 rooms February 2001 NB
304 rooms September 2007 ET

NTU
2,327 rooms April 2002 ET
446 rooms September 2003 NB
727 rooms September 2010 NB
911 rooms September 2013 NB

Loughborough
1,310 rooms June 2007 NB

London
1,200 rooms at PB

Kent
544 rooms October 2007 NB
495 rooms October 2011 NB
801 rooms in construction

Lancaster
4,347 rooms September 2003-2008 ET, NB

Nottingham
1,120 rooms May 2003 ET
1,109 rooms September 2003 NB

Oxford Brookes
751 rooms September 2002 NB

Reading
391 rooms October 2000 NB
425 rooms October 2003 NB
3,505 rooms December 2012 ET
649 rooms in construction

Exeter
621 rooms September 2009 ET
1,948 rooms September 2012 NB

Plymouth
Phase 1–3: 1,276 rooms 1998–2004 ET, NB
Phase 4: 488 rooms December 2006 ET, NB

Key
NB = New build
ET = Estate transfer
PB = Preferred Bidder

Characteristics of the portfolio

- Long term, stable, RPI linked rental income with ability to pass-through costs, e.g. utilities
- Located in heart of campus
- 27,273 rooms under operation or in construction; 1,200 additional rooms at PB and a further 20,000 in pipeline
- 1,494 rooms under asset management agreements with Imperial College, London and the University of Bath
- Insulation from property value volatility
- Significant student demand (>supply) and long term restrictive covenants on universities (e.g. minimum student/bed ratio) mitigates any demand risk
- Robust marketing and allocation obligations on the partnering university
- Fixed price contracts for FM services
- Pass through of credit and void risk to university once license agreement signed
- Alignment of interests between university and UPP

UPP Group Strategy

The Group has a clearly defined strategy for growth, one based on our overarching mission

"To be the strategic partner of choice in the delivery of infrastructure and asset management services to UK universities."

The UPP model is focused on long-term partnerships, supporting universities in improving the quality of their physical infrastructure and services to students. In aligning the interests of both parties, our unique approach provides security in the delivery of revenues and in turn, expected returns to investors.

Our strategy will:

- Grow the number of partnerships we have with selected universities
- Increase the number of student rooms under management
- Deepen the existing relationships we enjoy with our current partners
- Invest in our staff to ensure we deliver the best customer service
- Develop new and innovative ways of funding infrastructure projects
- Identify new revenue streams and increase the value of existing revenue streams
- Develop innovative solutions for the non-residential requirements of our partners
- Realise the economic benefits of ever more effective procurement

Agenda

1. Highlights of the year ended 31 August 2013
2. UPP Group
3. **Consolidated AssetCo Performance 2012/13**
4. Update on the Higher Education Sector
5. Forecast Performance 2013/14
6. Summary

Consolidated AssetCo performance 2012/13

Pro forma year on year comparison

£000's	Y/e Aug-13	Y/e Aug-12	Movement
Turnover	43,455	41,851	3.8%
Cost of sales	13,494	12,666	6.5%
Gross profit	29,961	29,185	2.7%
Gross profit margin	68.9%	69.7%	-
Operating expenses	1,875	2,050	(8.5%)
EBITDA before sinking fund	28,086	27,135	3.5%
EBITDA margin	64.6%	64.8%	-
Sinking fund	2,580	2,907	(11.2%)
EBITDA	**25,506**	**24,228**	**5.3%**

Performance Highlights

- Occupancy for 2013 of 99.5% (2012: 99.9%)
- Turnover up 3.8%, primarily from RPI linked rental increase
- Operating cash flow for 2013 of £26.5m (2012: £25.9m)
- Operating expenses down £175k
- Stable gross and EBITDA margins
- Sub-debt returns made of £1.96m
- No performance or unavailability deductions

Consolidated AssetCo performance 2012/13

Summarised consolidated performance

By AssetCo

£000's	Actual	Model	Variance	Alcuin	Broadgate	Kent	Nottingham	Oxford	Plymouth
Turnover	43,455	43,427	28	5,492	10,719	3,134	12,430	3,848	7,832
Cost of sales	(13,494)	(13,172)	(322)	(1,257)	(3,378)	(936)	(4,772)	(793)	(2,358)
Overheads*	(1,875)	(1,862)	(13)	(251)	(620)	(143)	(361)	(154)	(346)
EBITDA	**28,086**	**28,393**	**(307)**	**3,984**	**6,721**	**2,055**	**7,297**	**2,901**	**5,128**
CAFDS adj**	(1,621)	(1,546)	(75)	(190)	(633)	(20)	(162)	1	(617)
CAFDS***	26,465	26,847	(381)	3,794	6,088	2,035	7,135	2,902	4,511
Debt service	18,087	18,087	-	3,041	4,032	1,371	4,315	2,282	3,046
Ratio	**1.46**	**1.48**		**1.25**	**1.51**	**1.48**	**1.65**	**1.27**	**1.48**
Lock up	1.15								
Default	1.05								

* Overheads excludes sinking fund costs.

** CAFDS adjustment: deduct sinking fund deposit and add interest income.

*** CAFDS: Cash available for debt service.

Agenda

1. Highlights of the year ended 31 August 2013
2. UPP Group
3. Consolidated AssetCo Performance 2012/13
4. **Update on the Higher Education Sector**
5. Forecast Performance 2013/14
6. Summary

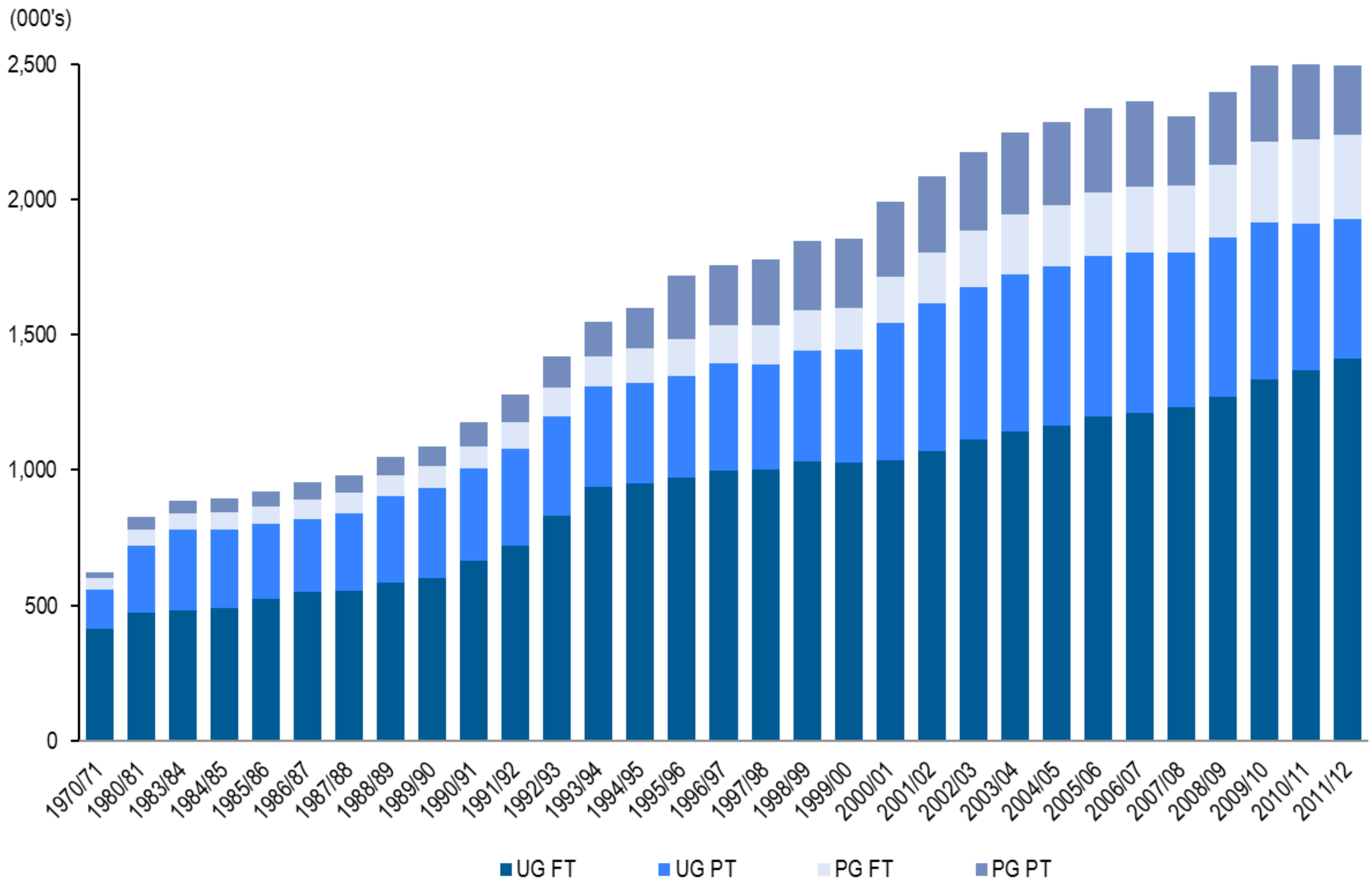
Historic long term demand

The UK higher education sector continues to demonstrate robust demand characteristics. The sector remains a leading global brand, a key driver of economic growth and of innovation.

There are currently 31 UK institutions in the top 200 of the Times Higher Education World University Rankings for 2013/14 and 11 within the top 100.

The sector remains second only to the US in terms of global quality higher education and the number one HE destination in Europe.

Historic Growth student enrolment 1970/71 to 2011/12 (Source: HESA Headcount Data)

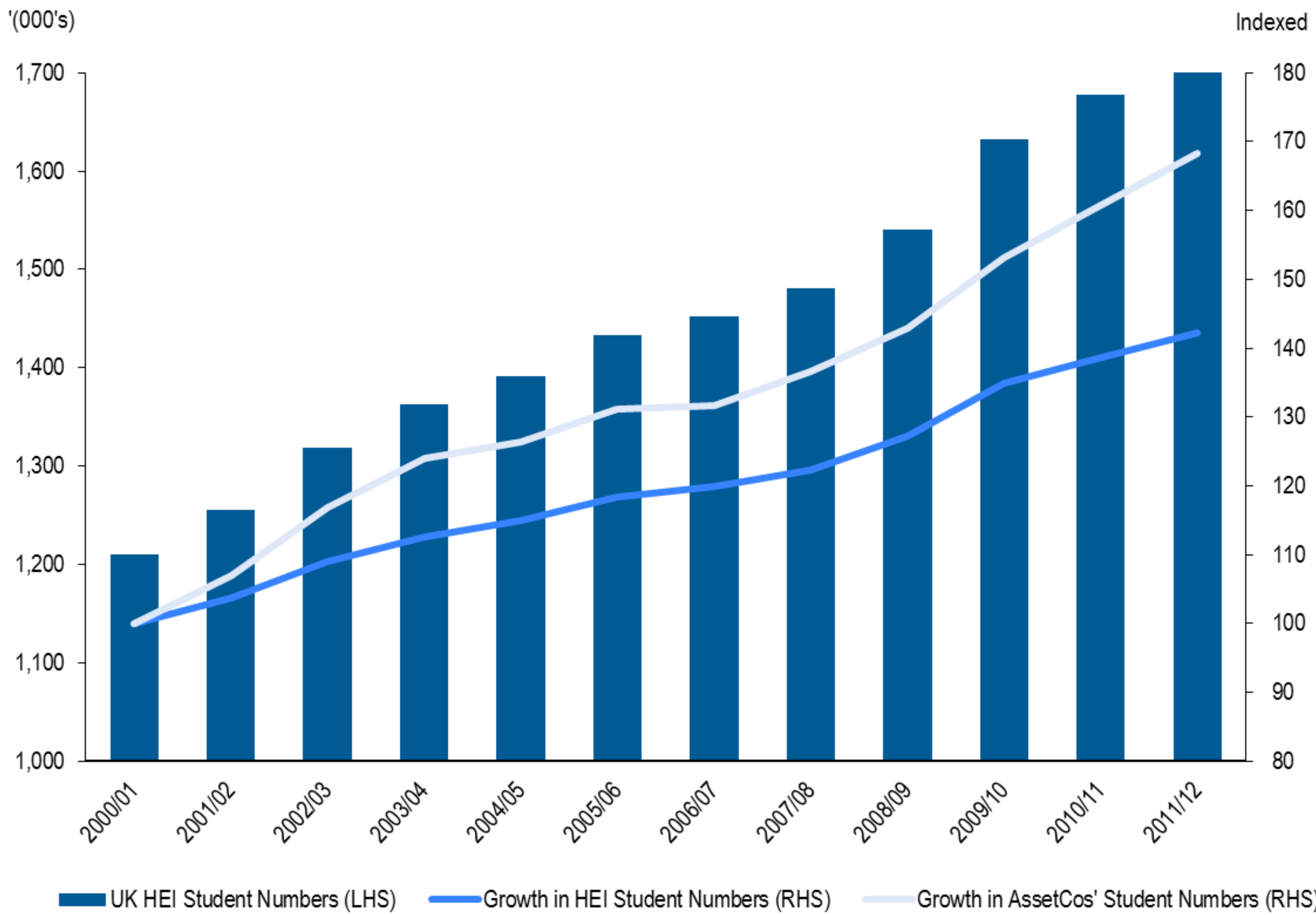


AssetCo Demand Outperforming the Sector

Demand for Higher Education over the last decade has increased and growth in full time enrolment has seen the potential demand pool for residential accommodation grow from 1.2million to 1.7million over the period 2000/01 to 2011/12.

AssetCo Partner universities selected to compose the UPP Bond 1 portfolio have outperformed average rates of growth across the sector. The chart (right) identifies a CAGR of 4.8% for UPP Bond 1 institutions compared to 3.3% for the sector as whole.

Growth in full time student enrolment 2000/01 to 2011/12 (Source: HESA Headcount Data)



Continuous anti-cyclical demand

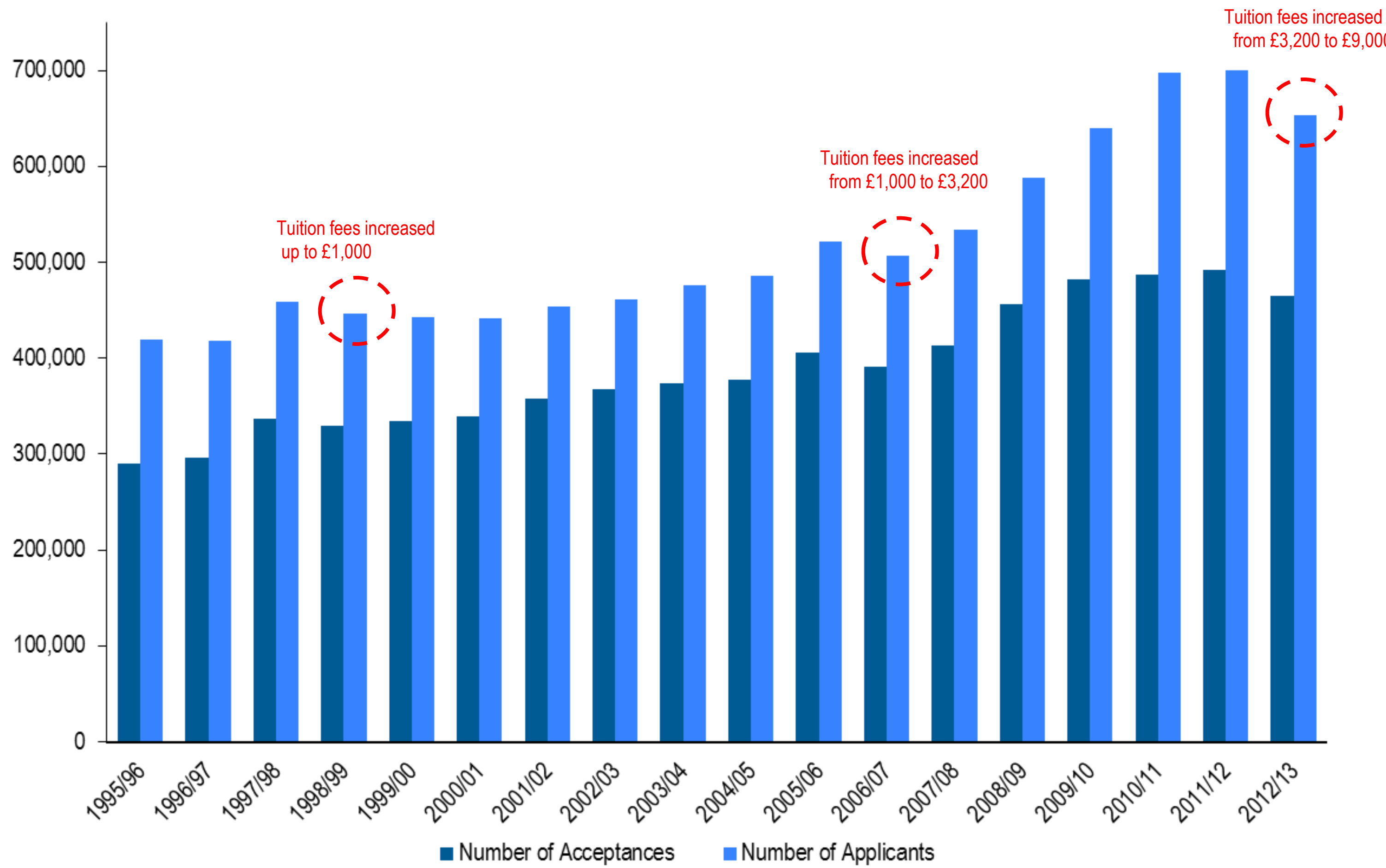
Available longitudinal data identifies that, ahead of the increase in the tuition fee cap, there was a one year spike in applications for 2011/12.

This was followed by a decrease in applicant numbers in 2012/13.

However, 2013/14 saw a return to growth with total applicant numbers increasing by 3.1%

This pattern has been replicated for each key tuition fee event.

Applicants and Acceptances 1995/96 to 2012/13 (Source: UCAS End of Cycle)



Robust demand for 2013/14

Total applicants for all courses (2006-2013) by domicile (Source: UCAS 30 June 2013)

Demand for higher education remains robust for 2013/14.*

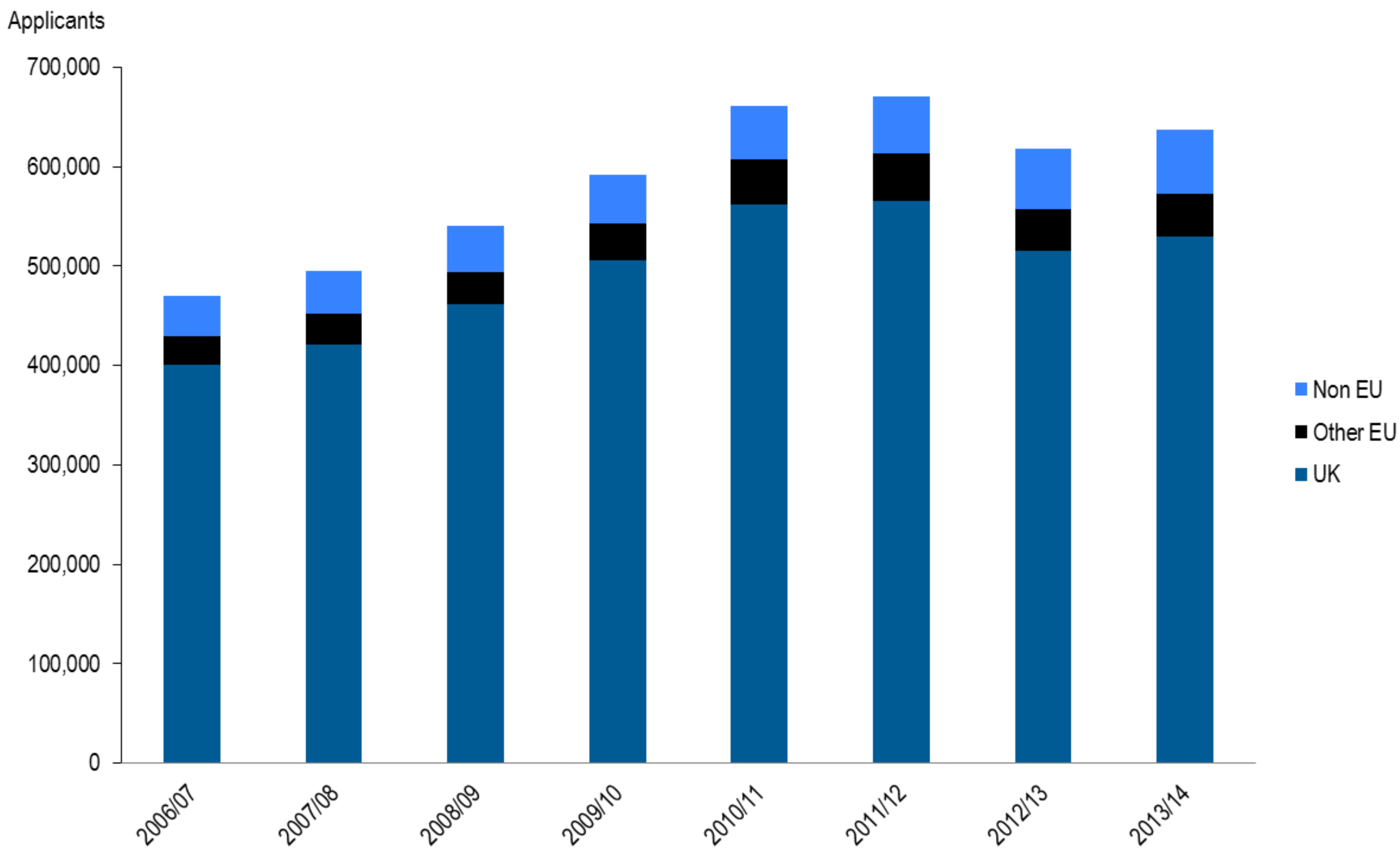
.

Applicant numbers are returning toward their 2010/11 levels following a decline on the introduction of the new £9k tuition fee cap.

UK/EU domiciled acceptances were up by 9% (37,000) on 2012

Continuing growth of Non-EU applicants

Acceptances to English institutions up by 10% (34,580) to 375,000



* September 20th 2013 UCAS data reflecting the position recorded one month following A' level results.

Favourable long term demand predictions

Early indications for 2014/15 based on those applying for entry for subjects with a 15th October deadline;*

- Applicant numbers up 2% on the same point in the 2013/14 cycle
- Applicants from outside of the UK were up 10%

Longer term projections identify demand tracking the birth rate albeit flexed for social class participation

- 92,000 additional full-time HE places from 368,000 to 460,000 to meet demand to 2035**
- International student numbers studying in the UK projected to grow by 15-20% over the next five years. ***
- This would represent the equivalent of between 45,000 and 60,000 additional full-time students

* Source UCAS. Data includes Medicine, Dentistry, Veterinary courses and all courses at the universities of Oxford and Cambridge. Posted on 24th October 2013
**Source: "Robbins Revisited" – October 2013 – The Minister for State for Higher Education and Skills
*** International Education: Global Growth and Prosperity – The Department for Business, Innovation and Skills, (July 2013)

University Partnerships Programme

Opportunities in a changing sector

Competition

- The drive towards greater competition between institutions for students continues. For the academic term 2013/14 the widening of the "core and margin" approach to student recruitment saw one-third of all new entrant places open to competiton between universities. For the current academic year HEFCE have also allowed institutions a recruitment margin of 3% over and above their core SNC figure. Underlining this approach, the Office for Fair Trading announced during October of 2013 that it was launching a call for information on the provision of undergraduate education in England, looking at competition and how institutions deliver value for money.

Student Numbers

- In its Autumn Statement during November 2013 the current administration announced that the government will remove the cap on student numbers at publicly-funded higher education institutions in England by 2015-16. This would enable institutions to expand their provision to meet demand from an estimated 60,000 young people each year. For 2014-15, the Government is proposing a significant increase the cap for HEFCE-funded institutions by 30,000, allowing those institutions that want to begin expanding straight away to do so, and encouraging competition.

Regulation

- With the introduction of new private operators of Higher Education the sector is looking to defend the value of the UK brand and ensure that quality is maintained.
- HEFCE's Regulatory Partnership Group published the Operating Framework for Higher Education in England in July 2013. This document explains how higher education providers in England are held to account and regulated.
- The key element of this Framework will be a detailed register of designated higher education providers and a database of publicly available information about them

Financing

- Currently HEFCE is consulting on the framework for the Financial Memorandum for universities. HEFCE has stated that the existing methodology for consent to borrowing by HEI's is in need of revision as the annualised servicing cost approach is no longer suitable as banks are now "generally lending on shorter timescales."
- The Minister for Universities and Science has noted that the key drivers of the consultation are to manage the risks around financial commitments and sustaining confidence in universities in the capital markets.

University Partnerships Programme

Agenda

Forecast consolidated AssetCo performance 2013/14

Projected summarised consolidated performance

£m's	2013/14
Turnover	44.8
Projected Costs	(18.4)
CAFDS	26.4*
Debt Service	20.1
Projected ratio	**1.31**
Lock Up	**1.15**
Default	**1.05**

- Comfortably ahead of the Standard and Poors base case ratio of 1.26 for the same period
- Occupancy confirmed at 100% across the AssetCos
- Turnover for 2013/14 is expected to be c.£44.8m (2013: £43.5m), an increase of 3.0%
- With the majority of AssetCo costs fixed for the remainder of the year, albeit with the significant exception of utility costs, the projected ADSCR outcome for the year is expected to be 1.31, in line with original modelled performance.
- Comfortably within covenants

*CAFDS: Cash available for debt service

Agenda

Summary

- Favourable industry demand and supply characteristics remain
- UPP has a market leading position
- An attractive cash generating business model
- Strong trading position for 2013/14
  - UPP Group portfolio 100% occupied
  - Turnover forecast to grow by 3.0%
- New shareholders support the further expansion of the business
- A robust pipeline of new developments coming to market over the next 18months
- A Group well placed to exploit further growth opportunities