UPP Bond 1 Limited Half Year Summary

For the six months ended 29 February 2016

This Half Year summary is being published by UPP Bond 1 Limited ("The Group Agent")

On behalf of UPP Bond 1 Holdings Limited ("HoldCo"), UPP Bond 1 Issuer Plc ("Issuer"), UPP (Alcuin) Limited, UPP (Broadgate Park) Holdings Limited, UPP (Kent Student Accommodation) Limited, UPP (Nottingham) Limited, UPP (Oxford Brookes) Limited, UPP (Exeter) Limited and UPP (Plymouth Three) Limited ("The AssetCos") (together the "Obligors") pursuant to the Common Terms Agreement ("CTA").

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DISCLAIMER

Forward Looking Statements

Unless otherwise stated, the figures in the Summary reflect the position as at 29 February 2016. In addition the Summary contains forward looking statements that reflect the current judgement 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 Investor Report has not been reviewed by the Obligors' auditors.

Note on Higher Education Sector

This document includes information derived from third party reports or publicly available information. This information has not been independently verified and no representation is being made as to the accuracy fairness and completeness. Notwithstanding, the third party sources of information generally state that the information is derived from reliable sources.

THIS REPORT 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 OR ANY OTHER MEMBER OF THE UPP GROUP NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED ON IN CONNECTION WITH, ANY CONTRACT OR COMMITMENT WHOMSOEVER.

Half Year Summary

Unless otherwise defined herein, capitalised terms have the meanings given in the Prospectus for the £5,000,000,000 multicurrency programme for the issuance of senior secured notes dated 5 March 2013 ("the Programme"), and as updated on 1 December 2014.

General overview: UPP Bond 1 Holdings Limited

1.0

UPP Bond 1 Holdings Limited

Results for the six months ended 29 February 2016

Financial highlights for the six months ended 29 February 2016

£'000	Feb 2016	Feb 2015**	Change %	Previously Reported Feb 2015***
Turnover	30,232	29,300	3.2%	25,685
Gross profit	20,728	20,127	3.0%	17,490
EBITDA*	19,402	18,843	3.0%	16,295
EBITDA margin*	64.2%	64.3%		63.4%

** EBITDA before sinking fund expenditure*

*** Includes results for UPP (Exeter) Limited from 1 September 2014*

**** Previously reported last year including UPP (Exeter) Limited from 9 December 2014*

Business highlights (includes results for UPP (Exeter) Limited from 1 September 2014)

- Occupancy for 2015/16 of 99.9% (2014/15: 99.7%)
- Turnover of £30.2m up 3.2% on a like for like basis
- Consistent EBITDA margins year on year
- Operating cash flow of £29.3m
- Historic and Projected Annual Debt Service Coverage Ratios comfortably above lock up triggers
- Full room nominations at Exeter and Oxford Brookes for 2016/17 academic year meaning 28% of rental receipts have been secured

Sean O'Shea, Group Chief Executive Officer

"We are pleased to report another strong performance with increases in both turnover and EBITDA for the first six months ended 29 February 2016. Our continued sector leading occupancy levels, illustrate the strength and security of the UPP business model, including the ongoing demand for high quality, affordable on campus accommodation.

The UK maintains its reputation within the global higher education market as evidenced by the record number of people – domestic and international - entering institutions across the country during the 2015/16 academic year. We expect demand for the next academic year to remain strong, with early application figures even higher compared to the same point last year. We continue to look for opportunities with both existing and potential new partners over the coming months and remain confident about our prospects and ability to further strengthen our market leading position."

Enquiries

UPP	Gabriel Behr	Group Finance Director	Tel: 020 7398 7200
	Jon Wakeford	Group Director of Strategy and Communications	

1.1 Summary of the UPP Group business

UPP Group (defined as UPP Group Holdings Limited and its subsidiaries) is the largest provider of on-campus residential and non-residential accommodation and infrastructure to universities in the United Kingdom and currently has c.30,000 student rooms in under management and/or development with 14 partner universities, of which 11,673 are rooms operated by the AssetCos.

The key features of UPP Group's cash generative business model, based on bespoke partnerships with the universities, including the seven AssetCos, are:

- An integrated service model for universities encompassing the funding, design, construction and operation of student accommodation
- A business model underpinned by long term contracts (typically in excess of 40 years) with all partner universities
- Annual rent increases for the life of the project linked to the Retail Price Index ("RPI")
- UPP benefits from a restrictive covenant regime that limits long term competing university supply in order to maintain healthy demand dynamics
- UPP establishes partnerships with leading institutions, targeted on the basis of its own rigorous selectivity criteria
- Accommodation is always located on, or very near to, campus, which is the preferred location for target cohorts of first year domestic and international undergraduate and postgraduate students
- Average occupancy over the last five years has been in excess of 99.5% across the AssetCos
- Credit and void risk is passed to the university partner once a student of the university enters into a student residence agreement
- The university partner markets UPP accommodation at the agreed rent concurrent to its own stock
- Each AssetCo has the ability to pass cost increases in utilities, insurances and those resulting from a change of law through to student rents to the extent that they are not covered by the annual RPI linked uplift
- Facilities management costs are subject to five yearly benchmarking exercises

1.2 Summary of bond issuance

On 5 March 2013, UPP Bond 1 Issuer Plc issued a £382.1m secured bond listed on the Irish Stock Exchange. The bond was secured against the income from the properties at the universities of York, Nottingham, Nottingham Trent, Kent, Oxford Brookes and Plymouth ("the AssetCos"). UPP Bond 1 Holdings Limited is a wholly owned subsidiary of UPP Group and was set up to be the intermediate holding Company for the six AssetCos.

This issuance comprised two tranches:

- £307.1m 4.9023% Amortising Fixed Rate Bond due 2040
- £75.0m 2.7921% Amortising Index Linked Bond due 2047

On 9 December 2014, the Group acquired UPP (Exeter) Limited from UPP Group Limited. On the same day, UPP Bond 1 Issuer Plc issued a new tranche of £149.7m 1.037% amortising index linked secured notes, listed on the Irish Stock Exchange. These funds were on-lent to UPP (Exeter) Limited to enable that company to repay its bank facilities and associated costs. This tranche is due 2049.

Proceeds of both issuances, along with a tranche of unsecured subordinated debt, were utilised to:

- Repay existing senior bank facilities owed by the seven AssetCos
- Fund the payment of break costs crystallised on the termination of the interest rate and RPI hedging arrangements in place with the current bank funders
- Prefund a debt service reserve account for the new bond issuance
- Purchase minority interest shareholdings held by two of the university partners in the relevant AssetCos
- Fund the costs associated with the transaction

Interest and principal repayments are due on February and August each year.

All notes issued under the Programme benefit from security granted by the AssetCos specified below, in respect of seven student accommodation concessions granted by seven English universities, namely:

- University of York – UPP (Alcuin) Limited
- University of Nottingham – UPP (Broadgate Park) Holdings Limited
- University of Kent – UPP (Kent Student Accommodation) Limited
- Nottingham Trent University – UPP (Nottingham) Limited
- Oxford Brookes University – UPP (Oxford Brookes) Limited
- Plymouth University – UPP (Plymouth Three) Limited
- University of Exeter – UPP (Exeter) Limited

Clifton campus at Nottingham Trent University, where UPP provides 4,413 students with accommodation.

Higher education sector & trading update

2.0

2.1 The higher education sector

The global higher education (HE) sector continues to grow with student numbers surging as institutions around the world vie for the best students in an ever more competitive market. The number of young people aged 25-34 with a HE qualification increased by nearly 45% between 2005 and 2013 in OECD and G20 countries, and is expected to keep increasing in the coming decade. While on average, only 14% of the young people in these countries had a tertiary qualification in 2005, more than 45% are expected to have a HE qualification in 2030 if the growth of the last decade is sustained.[1]

With the world becoming ever more interconnected, students are increasingly globally mobile and looking to study in a country other than their own, creating a rise in cross border activity within the HE market. Since 1975, the number of students enrolled outside of their country of citizenship has increased dramatically from 0.8 million worldwide to 4.5 million in 2012.[2]

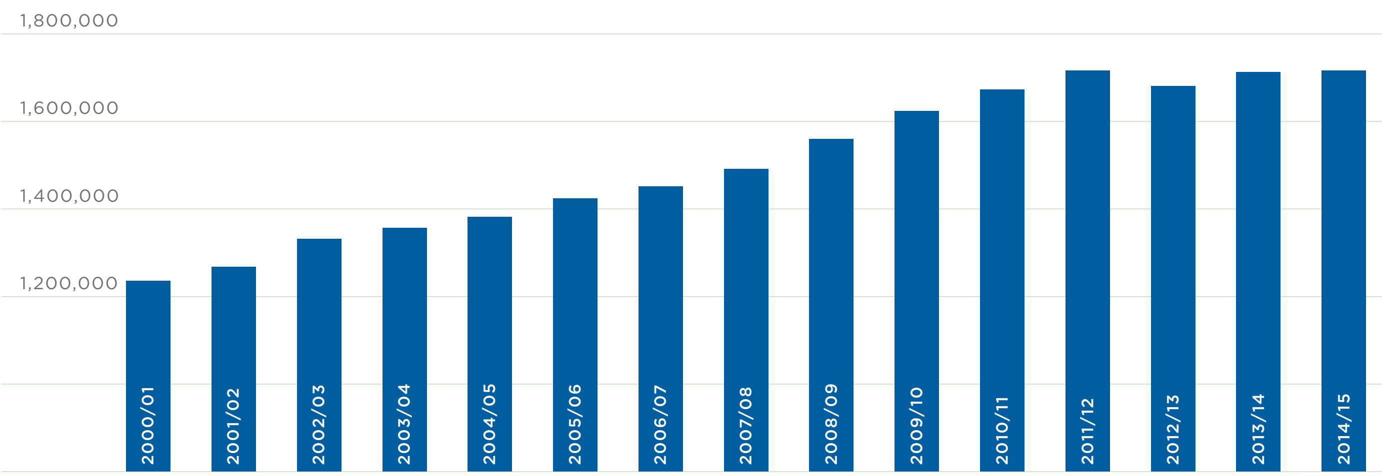
The UK remains one of the top destinations for HE within the context of an increasingly competitive global market place. Institutions across the country continue to retain world-class status, helping the UK achieve a 10.3% share of the global student market, making it second only to the US and the number one in Europe.[3] The Times Higher Education World University Rankings for 2015/16 ranked 34 UK institutions in the top 200 (up from 29 in 2014/15) and 16 within the top 100 (up from 11 in 2014/15), providing further evidence of the UK's position as a leading global HE brand.[4]

The UK sector continues to attract growing numbers of international and domestic students. It has seen strong rates of historic growth with full time student enrolments increasing by 40.2% between the academic years 2000/01 and 2014/15. Nearly 487,000 extra students enrolled in 2014/15 than was the case in 2000/01, with the UK full-time student population growing to approximately 1.7 million.[5]

The global HE sector continues to be a significant contributor to economic growth in its own right. Recent analysis of 14,870 HE institutions across 78 countries over six decades reveals that doubling the number of universities in a region results in a 4.7% increase in gross domestic product per capita in that region within five years, on average.[6]

1. *OECD (April 2015) – Education indicators in focus: How is the global talent pool changing (2013, 2030)*
2. *OECD (2014a) - Education at a Glance 2014*
3. *OECD (2015) "Education at a Glance"*
4. *The Times Higher Education World University Rankings 2015/16*
5. *Higher Education Statistics Agency: Higher Education Student Enrolments and Qualifications Obtained at Higher Education Providers in the United Kingdom 2014/15*

Full time student enrolments from 2000/01 to 2014/15 in the UK



Source: HESA

Within the UK in 2011/12 alone, universities across the UK generated a total of £73 billion in output. They directly contributed over £36.4 billion to UK GDP, and off-campus expenditure of international students and visitors contributed a further £3.5 billion. This means that, in total, universities contributed nearly £40 billion to UK GDP, equivalent to 2.8% of GDP in 2011/12. Universities directly employed 378,250 people, and a further 373,794 full-time equivalent (FTE) jobs in other sectors of the economy were dependent on expenditure of universities. This accounts for 757,268 FTE jobs throughout the economy and is equivalent to 2.7% of all UK employment in 2011/12.[7]

6. *Centre for Economic Performance, The London School of Economics & Political Science: The Economic Impact of Universities: Evidence from Across the Globe – March 2016*

7. *Universities UK (2014): The impact of universities on the UK economy – April 2014*

8. *UCAS' End of Cycle Report – published 16 December 2015*

Academic demand: International & Domestic

Demand for UK HE continues to increase albeit at a slightly slower rate than those seen during the earlier part of the decade. It should be noted however that the total number of people – accepted applicants - entering HE each year remains at higher levels than before the introduction of the increased £9,000 tuition fee cap in 2012/13. Accepted applicants for the 2015/16 academic year were 532,265, up 14%. This represents an increase of 67,355 students since 2012/13.

The number of people entering HE during the 2015/16 academic year represents a 3.1% increase (16,100) on the previous year and the highest number of students ever recorded. Most accepted students are from the UK (463,700), an increase of 2.8% year on year and the highest number placed by UCAS. Acceptances from other EU countries rose by 11% to 29,300, and 39,000 students were accepted from outside the EU, up 1.9% on the previous year.

In 2015/16, young people in England became 3% more likely to enter HE and this, plus a one-year uptick of 2% in the 18 year old population, has pushed the number of UK 18 year olds placed up 5% to a record 235,400.[8]

In light of the forthcoming EU referendum in June 2016, a number of views continue to be expressed regarding how the HE sector might be impacted in terms of demand were the UK to leave the European Union (EU). To date, university leaders in the UK have underlined their strong support for continued membership of the EU arguing that it supports more effective international collaboration and enhances research and teaching. Others suggest that the potential exit of the EU could impact the number of students enrolling in institutions across the UK from the EU (excluding the UK). However, whilst there is much uncertainty, it is unlikely that the UK's reputation as a global HE brand would be affected should the UK no longer be a member of the EU.

Academic demand indicators for 2016/17

On the 3 February 2016, UCAS published analysis of full-time undergraduate applications considered 'on time' for the 15 January 2016 deadline - the first reliable indicator of demand for UK HE in the 2016/17 academic year.

At this stage in the cycle, UCAS announced that 593,720 people have applied to courses in the UK for 2016/17 - compared to 592,290 at the same point last year. This represents the fourth consecutive year of growth since the increase in tuition fees; nearly 10% higher compared to the same point during the 2012/13 cycle.

UK applicant numbers (495,940) have decreased slightly (-0.3%), due to fewer English applicants (-1%) mostly aged between 20 and 34. The number of applicants from Northern Ireland has risen by 2%, and by 1% from Scotland and from Wales. EU applicants (excluding UK) increased by 6% compared to the previous cycle, to 45,220.

There is a 2.2% decline in the UK 18 year old population this year, and while applicant numbers from this age group have increased by 1%, growth is smaller than in recent cycles. There is a 5% decrease in applications from those aged 20-24 year olds. Application rates for UK 18 year olds – which take into account annual population changes – are at record levels, rising for England, Scotland and Wales and unchanged for Northern Ireland.[9]

[9] *UCAS Undergraduate applicant releases for 2016 cycle – published 3 February 2016*

UCAS: Applicants for all courses by domicile group (15 January deadline)

Applicant Domicile	2012/13	2013/14	2014/15	2015/16	2016/17
England	424,800	383,840	394,330	408,300	411,420
Northern Ireland	19,130	18,290	19,590	19,550	20,040
Scotland	39,760	39,170	39,950	41,080	45,100
Wales	21,290	20,880	20,440	21,010	21,000
UK	504,980	461,180	474,310	489,940	497,550
EU (excluding UK)	40,790	36,210	37,990	39,780	42,720
Not EU	37,760	42,640	46,510	50,290	52,020
Total	583,530	540,020	558,820	580,000	592,290

Student accommodation demand

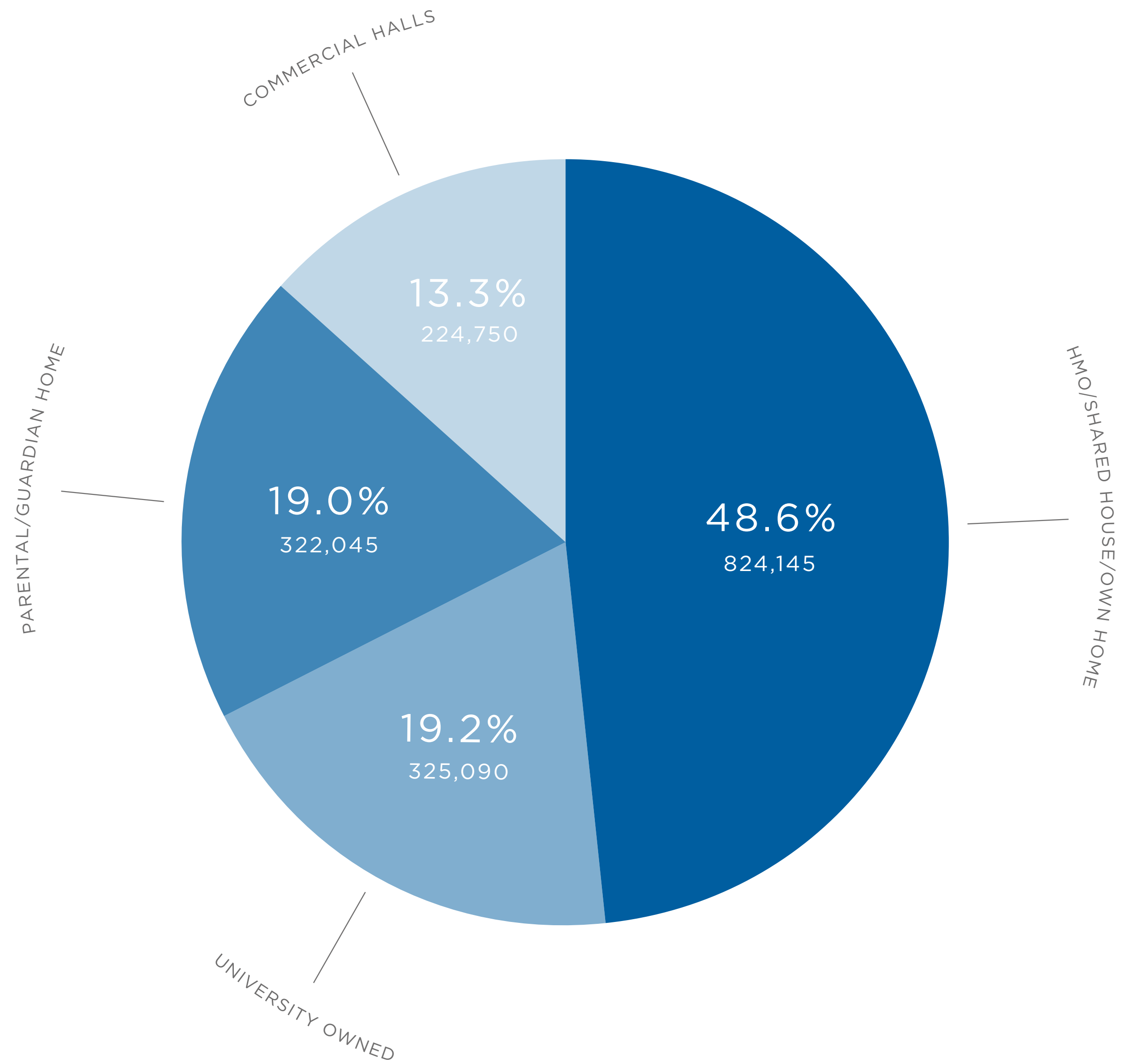
Residential accommodation supply for students in the UK HE sector has not kept pace with the growth in student numbers which has taken place over the last 15 years. Student enrolment has grown at more than twice the rate of accommodation supply, with the privately rented sector continuing to face a tougher regulatory, taxation and planning environment.

The direct let student accommodation market continues to attract a significant number of new entrants and institutional investors continue to increase their exposure to the relatively mature student housing sector. A large proportion of investment opportunities coming to market in the first quarter of 2016 have taken the form of forward funding for developments in larger university cities.

In 2014/15, there were an estimated 824,000 students in the UK living in houses of multiple occupation. A significant proportion of these students continue to express a preference for accommodation on campus given sufficient supply, the right product and at the right price.

The UK HE estate is also in need of considerable investment, currently carrying a backlog maintenance requirement of some £5 billion. Given that approximately 25% of the estate is in need of either complete refurbishment or redevelopment, there also remains a growing economic rationale for estate transfer transactions, as universities seek to do more with less, and differently.

[10.] *HEFCE Estates Management Statistics*



Market Composition 2015: Student Residential (HESA/UPP Market Data)

2.2 Trading Update

The demand dynamics identified in Section 2.0 have been reflected in the performance of the AssetCos in the current year with occupancy of 99.9% being achieved. With costs largely in line with modelled expectations, annual debt service cover ratios for each AssetCo are comfortably in excess of any potential trigger events.

Strong demand for residential accommodation is expected to continue into the forthcoming academic year and in the early stages in the annual letting cycle, applications for rooms are marginally behind the same point in the previous year.

As at 22 April 2016, the AssetCos have secured 3,172 Signed Residences Agreements for the academic year 2016/17 compared to 3,248 with the same date last year. Full reservation requests have been received and agreed ahead of the academic year 2016/17 at the University of Exeter and Oxford Brookes University, representing 28% of AssetCo accommodation. In the case of Oxford Brookes, the University benefits from a controlled rent mechanism which is directly linked to the prevailing rate of RPI as at the start of the academic year.

A small number of discounts targeted at particular cohorts of returning students have been budgeted at the two AssetCos in Nottingham for 2016/17 which has been case in the three previous financial years. These discounts amount to circa £401,000, about 1.5% of total rents of circa £26m across the two AssetCos.

Rents for the academic year 2016/17 have now been confirmed at six out of the seven AssetCos. Against a background of RPI at 1.09%, plus some requirement to recover energy overspends from previous years, average rent increases across all room types will be in the region of 2%.

University of Exeter where UPP provides over 2,500 students with accommodation.

Financial highlights

of the six months ended 29 February 2016

3.0

Highlights of the consolidated results of UPP Bond Holdings 1 Limited were:

- Occupancy of 99.9% achieved across the seven AssetCos
- Turnover of £30.2m, up 3.2% on a like for like basis
- EBITDA before sinking fund of £19.4m
- Like for like increase in EBITDA before sinking fund of 3.0%
- Healthy cash balance of £44.4m made up largely of liquidity reserve accounts and amounts payable to the holder of subordinated loan notes

For the period from 1 September 2015 through to 29 February 2016, the Bond portfolio has performed in line with expectations. The historic ADSCR of 1.37 for the 12 month period to 29 February 2016 was comfortably above lock up triggers set at 1.15.

To aid comparison, performance for 2015 is shown including UPP (Exeter) Limited for the full period. For the period ended 28 February 2015, the reported figures included those for UPP (Exeter) Limited from 9 December 2014, being the date that AssetCo joined the HoldCo. These reported figures are also shown for reference.

Occupancy for the 2015/16 academic year has been secured at 99.9% across the portfolio; as such rental receipts are now fixed for the year as are the majority of costs with the exception of utilities. As a result performance was above modelled expectations.

3.1 AssetCo Consolidated Profit and Loss Account for the six months ended 29 February 2016

	Feb 2016	Feb 2015*	Change %	Previously Reported Feb 2015**
	£'000			£'000
Turnover	30,232	29,300	3.2%	25,685
Cost of sales	(9,504)	(9,173)	3.6%	(8,195)
Gross profit	20,728	20,127	3.0%	17,490
Gross profit margin	68.6%	68.7%		68.1%
Overheads	(1,306)	(1,269)	2.9%	(1,179)
EBITDA before sinking fund expenditure	19,422	18,858	3.0%	16,311
EBITDA margin	64.2%	64.4%		63.5%
Sinking Fund expenditure	(867)	(1,120)	(21.4%)	(1,061)
EBITDA	18,555	17,738	4.5%	15,250

**Includes results for UPP (Exeter) Ltd from 1 September 2014 to aid comparison*

***Previously reported figures include UPP (Exeter) Ltd from 9 December 2014*

Financial highlights are:

- Turnover up 3.2%, primarily due to RPI linked rental increases.
- Occupancy for 2015/16 of 99.9% (2014/15: 99.4%)
- Strong gross and EBITDA margins in line with expectations
- Strong operating cash flow period to February 2016 of £29.3m (Feb 2015: £28.2m)

Turnover is defined as rental receipts from students net of contractual amounts deducted by University partners for taking credit and void risk, incentives offered to returning students, plus commercial and vacation income derived from other activities at each AssetCo, together with any payments or receipts under the relevant Inflation Linked swaps.

Turnover increased by 3.2% on a like for like basis primarily due to contractual rental increases which are above the underlying RPI increases for the relevant period of 2.39%. For the six months to 29 February 2016, occupancy was 99.9% across the portfolio which is in excess of modelled expectations. Turnover for the period is £30.2m.

Cost of sales is made up of facilities management costs, staff costs and utilities which increased by 3.6%. This includes additional costs for Wi-Fi at Broadgate Park and Nottingham due to an upgrade in the service provision which will be recovered in the rents set for 2016/17.

Overheads have increased by 2.9% to £1.3m due to RPI increases on management fees and provision for one off costs, partially offset by lower audit and tax fees.

Overall EBITDA before sinking fund grew by 3.0% to £19.4m (Feb 2015: £18.9m).

Sinking fund costs consist of items throughout the accommodation that reach the end of their economic life and require replacement. While sinking fund expenditure is highly predictable and modelled in line with the relevant replacement period for each item, they are not necessarily comparable from one year to the next. In addition, some sinking fund items are capital in nature as opposed to being expensed through the Profit and Loss account. Accordingly, the amount charged to the Profit and Loss account, while visible, can vary substantially between years and as such EBITDA before sinking fund expenditure is the preferred key performance indicator.

3.2 Update on Latent Defect at Exeter accommodation

As disclosed in the UPP Bond 1 Limited Investor Report issued on 15 December 2015, a latent defect in the newly built accommodation at the AssetCo, University of Exeter has been identified relating to the external panel detailing around buildings. Since that date, the UPP Group has undertaken further intrusive investigative works on a representative sample of four blocks to identify the underlying cause of the defect. This has indicated that the defect is more extensive than originally thought. The UPP Group now believes that the external panel detailing on the remaining 15 blocks may be affected in a similar way.

It remains the case that the defect identified does not currently affect the operation of the accommodation which continues to be fully occupied at modelled rents. A programme of works is being developed with the contractor, and the affected buildings continue to be subject to a strict monitoring regime on a regular basis to ensure there remains no risk to health and safety. The view of the Group is that the liability for rectification of the latent defect lies firmly with the contractor and the directors of the Company have and will continue to robustly apply the rights of the AssetCo under the original construction contract to ensure resolution of this issue.

On the basis of having considered the facts and circumstances of the case at this time, and having taken legal advice, the directors of the AssetCo do not believe this matter will have a material adverse effect on the AssetCo. UPP will continue to update investors on the progress of these works in each six monthly report or should anything material change.

Ratio calculations

4.0

As set out in Paragraph 2 of Part 2 of Schedule 9 of the CTA the ratio calculations as at 29 February 2016 are:

4.1 Historic Senior DSCR (for the 12 months to 29 February 2016)

£'000	Consolidated
Turnover	60,168
Cost of sales	(18,494)
Overheads	(2,388)
EBITDA pre sinking fund	**39,286**
Sinking fund	(3,269)
EBITDA	**36,017**
CAFDS adjustment[1]	(607)
CAFDS	35,410
Debt service	25,763
Historic Senior DSCR	**1.37**

4.2 Projected Senior DSCR (for the 12 months to 28 February 2017)

£'000	Consolidated
Turnover	61,226
Cost of sales	(18,991)
Overheads	(2,578)
EBITDA pre sinking fund	**39,657**
Sinking fund	(3,947)
EBITDA	**35,710**
CAFDS adjustment[1]	(243)
CAFDS	35,467
Debt service	26,244
Projected Senior DSCR	**1.35**

4.3 Historic AssetCo DSCR

UPP (Alcuin) Limited	1.39
UPP (Broadgate Park) Limited	1.33
UPP (Kent Student Accommodation) Limited	1.39
UPP (Nottingham) Limited	1.35
UPP (Oxford Brookes) Limited	1.39
UPP (Plymouth Three) Limited	1.36
UPP (Exeter) Limited	1.42

4.4 Projected AssetCo DSCR

UPP (Alcuin) Limited	1.36
UPP (Broadgate Park) Limited	1.32
UPP (Kent Student Accommodation) Limited	1.36
UPP (Nottingham) Limited	1.33
UPP (Oxford Brookes) Limited	1.37
UPP (Plymouth Three) Limited	1.34
UPP (Exeter) Limited	1.39

[1] *The Cash Available for Debt Service (CAFDS) adjustment adds back sinking fund expenditure and deducts the sinking fund deposit to get to the net sinking fund cash position in the year. Interest receivable is also added to get to the final CAFDS figure.*

Compliance Certificate

To: U.S. Bank Trustees Limited as Issuer Security Trustee and the Issuer Note Trustee and any Private Placement Noteholder (or its representative)

c.c. Bishopsfield Capital Partners Limited as Monitoring Adviser

From: UPP Bond 1 Limited ("the Group Agent")
UPP Bond 1 Issuer PLC as the Issuer ("the Issuer")

Date: 28 April 2016

Dear Sirs

Common Terms Agreement dated 5 March 2013 between, among others, the Issuer, the AssetCos, the Issuer Security Trustee and the Issuer Note Trustee.

Common Terms Agreement dated 5 March 2013 between, among others, the Issuer, the AssetCos, the Issuer Security Trustee and the Issuer Note Trustee.

Capitalised terms not defined in this certificate have the meaning given to them in the Common Terms Agreement.

1. We refer to the Common terms Agreement. This Compliance Certificate is delivered by the Issuer and the Group Agent pursuant to:
   (a) Paragraph 7.3 of Part 1 of Schedule 6; and
   (b) Paragraph 2 of Part 1 of Schedule 7
2. We confirm that the ratios (together the "Ratios") are as detailed in the tables below:

Historic Ratios	Historic for Relevant Calculation Period/Date	
	Applicable Ratio	Actual Ratio
UPP (Alcuin) Limited	1.15	1.39
UPP (Broadgate Park) Limited	1.15	1.33
UPP (Kent Student Accommodation) Limited	1.15	1.39
UPP (Nottingham) Limited	1.15	1.35
UPP (Oxford Brookes) Limited	1.15	1.39
UPP (Plymouth Three) Limited	1.15	1.36
UPP (Exeter) Limited	1.15	1.42
Senior DSCR	1.15	1.37

Projected Ratios	Projected for Relevant Calculation Period/Date	
	Applicable Ratio	Actual Ratio
UPP (Alcuin) Limited	1.15	1.36
UPP (Broadgate Park) Limited	1.15	1.32
UPP (Kent Student Accommodation) Limited	1.15	1.36
UPP (Nottingham) Limited	1.15	1.33
UPP (Oxford Brookes) Limited	1.15	1.37
UPP (Plymouth Three) Limited	1.15	1.34
UPP (Exeter) Limited	1.15	1.39
Senior DSCR	1.15	1.35

3. We confirm that historic ratios have been calculated using the most recently available financial information required to be provided by the relevant AssetCo under Schedule 8 (Covenants of the AssetCos) of the Common Terms Agreement and delivered together with this Compliance Certificate.

4. We confirm that all forward-looking financial ratio calculations and projections:
   (a) have been made on the basis of assumptions made in good faith and arrived at after due and careful consideration;
   (b) are consistent and updated by reference to the most recently available financial information required to be produced by the AssetCos under Schedule 8 (Covenants of AssetCos) to the Common Terms Agreement and delivered together with this Compliance Certificate; and
   (c) are consistent with the Accounting Standards (insofar as such Accounting Standards reasonably apply to such calculations and projections).

5. We set out below the computation of the following Ratios set out in Paragraph 2 above for your information:
   (a) Historic AssetCo DSCR means, in respect of any AssetCo as at 29 February 2016 ("the Test Date"), the ratio of:
      i. the aggregated Net Cash Flow in respect of such AssetCo for the 12 months ("the Test Period"): ended on 29 February 2016: to
      ii. the AssetCo Debt Service Requirement in respect of such AssetCo for the Test Period ended on 29 February 2016.

   (b) Historic Senior DSCR means, as at the Test Date, the ratio of:
      i. the aggregated Net Cash Flow in respect of all AssetCos for the Test Period ended on 29 February 2016: to
      ii. the aggregated AssetCo Debt Service Requirement in respect of all AssetCos for the Test Period ended on 29 February 2016.

   (c) Projected AssetCo DSCR means, in respect of any AssetCo as at the Test Date, the ratio of:
      i. the aggregated Net Cash Flow in respect of such AssetCo projected for the Test Period immediately following 29 February 2016; to
      ii. the AssetCo Debt Service Requirement of such AssetCo projected for the Test Period immediately following such 29 February 2016.

   (d) Projected Senior DSCR means, as at the Test Date, the ratio of:
      i. the aggregated Net Cash Flow in respect of all AssetCos projected for the Test Period immediately following 29 February 2016; to
      ii. the aggregated AssetCos Debt Service Requirement in respect of all AssetCos projected for the Test Period immediately following such 29 February 2016

6. We also confirm that:
   (a) to the best of the knowledge and belief of the signatories to this Compliance Certificate having made all due enquiries, no Default has occurred;
   (b) to the best of the knowledge and belief of the signatories to this Compliance Certificate having made all due enquiries, no Monitoring Trigger Event has occurred,
   (c) to the best of the knowledge and belief of the signatories to this Compliance Certificate having made all due enquiries, no Lock-Up Event has occurred;
   (d) to the best of the knowledge and belief of the signatories to this Compliance Certificate having made all due enquiries, the Group is in compliance with the Hedging Policy; and
   (e) this Compliance Certificate is accurate in all material respects.

Yours faithfully,

Gabriel Behr
Group Finance Director

For and on behalf of UPP Bond 1 Issuer PLC

Julian Benkel
Group Director, Compliance and Company Secretary

For and on behalf of UPP Bond 1 Limited

Transition to new UK GAAP, FRS 102

5.0

A new accounting framework was introduced in the UK in March 2013 with mandatory adoption for companies with accounting periods beginning on or after 1 January 2015. As the UPP companies have a financial year ended 31 August, the first period of adoption is 31 August 2016, with a requirement to restate the previous financial year (31 August 2015) in line with the new framework for the comparative period. UPP has chosen to adopt FRS 102. Prior to this UPP reported under UK GAAP and was not required to report under FRS 25 and 26, the standards relating to the disclosure and measurement of financial instruments.

In discussion with the auditors of the group, Grant Thornton UK LLP, UPP is very well progressed with the transition to FRS 102 and has completed the majority of the work ahead of the adoption date. However, a number of issues are actively being discussed with the auditors with discussions likely to be ongoing for the remainder of the financial year. Based on the work undertaken to date, it has become clear that there will be little change to underlying operational reporting with the UPP Bond group.

In brief material changes identified to date of the financial reporting of the UPP Bond group are:

- **Presentation of Principal Asset**
  A typical UPP partnership arrangement is likely to be classified as a service concession arrangement under FRS 102 section 34, giving rise to the principal asset being reflected as an intangible asset, subject to annual impairment. However, transitional relief is available for arrangements in place at 1 September 2014 and therefore there has been no change to the classification of the principal asset within the UPP Bond group.

- **Recognition of fair value of derivative instruments**
  As stated above the UPP Bond group has previously not been required to account for the fair value of its derivative instruments, primarily the RPI swaps entered into in March 2013. Under FRS 102 sections 11 & 12 these fair values are now required to be accounted for as a financial liability or asset as applicable. As at 29 February 2016 this fair value, adjusted for credit valuations, is £1.4m whilst the corresponding figure for 28 February 2015 was £9.3m.

  Where the criteria for hedge accounting are met the movement in these fair values is taken to a hedge reserve and not reflected in the Income Statement (previously the Profit & Loss account). Where the criteria for hedge accounting are not met, the movement in these fair values are reflected through the Income Statement.

- **Recognition of deferred tax**
  A deferred tax asset or liability is recognised in respect of the fair value of the derivative instruments and a deferred tax liability in respect of the revaluation uplift to the principal asset.

- **Recognition of debt at amortised cost**
  Under FRS 102, basic financial instruments are measured at amortised cost using the effective interest method, with interest expense recognised on the basis of the effective interest method. All of the secured senior notes and unsecured loan notes have been assessed to be fall within the criterion of being classified as basic.

The financial impact of the last three changes has been detailed in note 22 of the attached unaudited financial statements for the period ended 29 February 2016. As stated these financial statements are unaudited and have been subject to only a high level review by our auditors.

UPP Bond 1 Holdings Limited

Unaudited consolidated financial statements
For the six months ended 29 February 2016

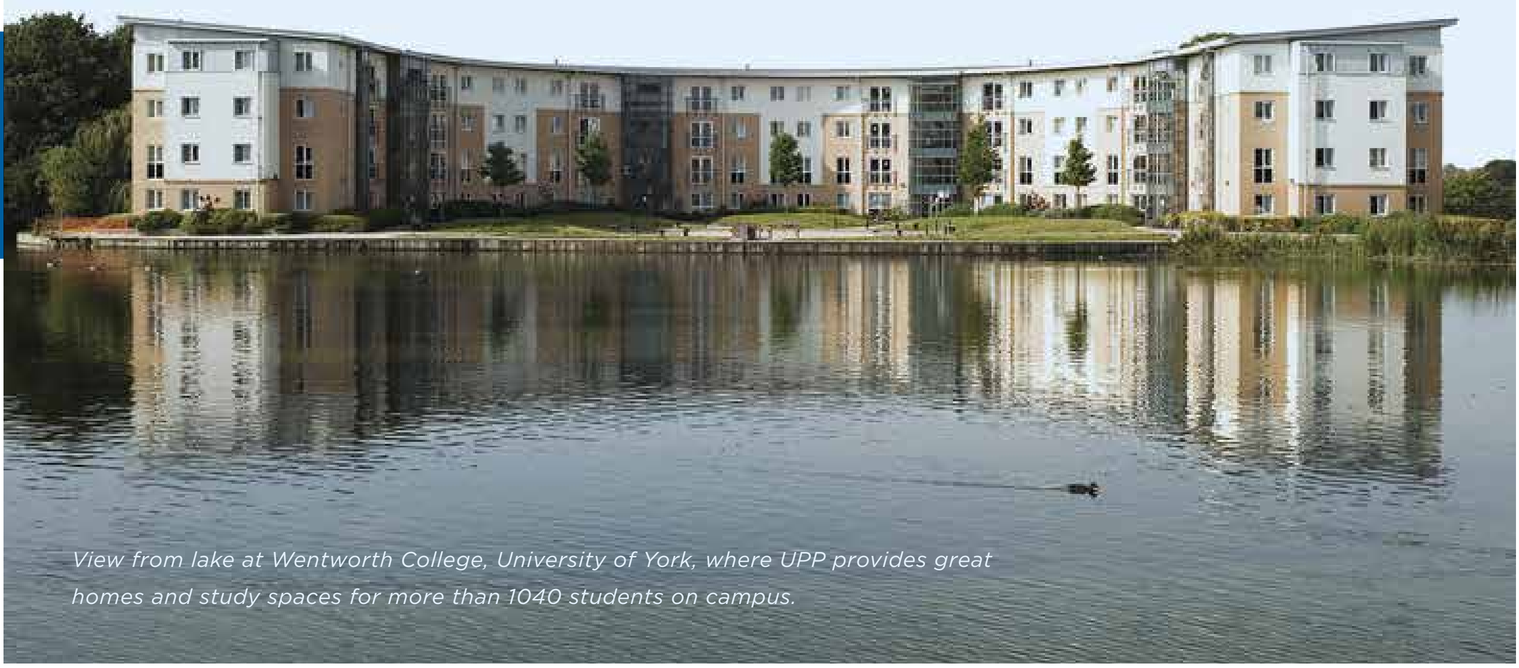
APPENDIX 1

Basis of reporting

The company commenced trading on 5 March 2013 by acquiring six subsidiary companies from its parent company, UPP Group Limited. The company acquired an additional company UPP (Exeter) Limited on 9 December 2014.

The company's principal activity is that of a holding company for its subsidiary undertakings.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 September 2014 and this is the first period in which the financial statements have been prepared under FRS 102. The details and impact of the transition is set out in note 22.



View from lake at Wentworth College, University of York, where UPP provides great homes and study spaces for more than 1040 students on campus.

Group income statement

	Notes	Unaudited Six months ended 29 February 2016 £'000	Unaudited Six months ended 28 February 2015 £'000
Turnover	5	**30,232**	25,685
Cost of sales		**(9,504)**	(8,196)
Gross profit		**20,728**	17,489
Operating expenses		**(5,267)**	(4,802)
Operating profit	7	**15,461**	12,687
Interest receivable & similar income	8	**65**	94
Interest payable & similar charges	9	**(18,455)**	(14,437)
Loss on ordinary activities before taxation		**(2,929)**	(1,656)
Tax charge on loss on ordinary activities		**(370)**	(379)
Loss for the financial period		**(3,299)**	(2,035)

The above results all relate to continuing operations.

Group statement of comprehensive income

	Unaudited	Unaudited
	Six months ended 29 February 2016	Six months ended 28 February 2015
	£'000	£'000
Loss for the financial period	(3,299)	(2,035)
Fair value movements on RPI swaps	5,806	5,996
Deferred tax on fair value of RPI swaps	(1,045)	(1,079)
Deferred tax on revaluation of principal asset	258	182
Actuarial gain relating to pension scheme*	-	-
Deferred tax attributable to actuarial gain*	-	-
Total other comprehensive income	5,019	5,099
Total comprehensive income for the period	1,720	3,064

* Year end adjustment only

Group statement of changes in equity

Attributable to owners of the parent

	Share capital	Re-valuation reserve	Other reserve	Cash flow hedge reserve	Profit & loss account	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 September 2014	36,849	4,696	(17,112)	(10,530)	(19,699)	(5,796)
Shares issued in period	18,721	-	-	-	-	18,721
Loss for the financial period	-	-	-	-	(2,035)	(2,035)
Other comprehensive income	-	182	-	4,917	-	5,099
Balance at 28 February 2015	55,570	4,878	(17,112)	(5,613)	(21,734)	15,989
At 1 March 2015	55,570	4,878	(17,112)	(5,613)	(21,734)	15,989
Loss for the financial period	-	-	-	-	(2,497)	(2,497)
Other comprehensive income	-	(252)	-	52	-	(200)
At 31 August 2015	55,570	4,626	(17,112)	(5,561)	(24,231)	13,292
At 1 September 2015	55,570	4,626	(17,112)	(5,561)	(24,231)	13,292
Loss for the financial period	-	-	-	-	(3,299)	(3,299)
Other comprehensive income	-	258	-	4,761	-	5,019
Balance at 29 February 2016	**55,570**	**4,884**	**(17,112)**	**(800)**	**(27,530)**	**15,012**

Other reserve

Other reserve relates to deferred tax liability on fair value adjustments arising on business combinations.

Group statement of financial position

Company registration number: 08253967

	Notes	**Unaudited 29 February 2016 £'000**	Unaudited 28 February 2015 £'000
Fixed assets			
Intangible assets	10	**135,969**	138,993
Tangible assets	11	**546,572**	549,836
		682,541	688,829
Current assets			
Debtors: amounts falling due within one year	12	**1,350**	3,110
Debtors: amounts falling due after one year	13	**258**	1,683
Cash at bank and in hand		**44,362**	41,766
		45,970	46,559
Creditors: amounts falling due within one year	14	**(62,548)**	(51,811)
Net current liabilities		**(16,578)**	(5,252)
Total assets less current liabilities		**665,963**	683,577
Creditors: amounts falling due after more than one year	15	**(632,423)**	(648,663)
Net assets excluding pension liability		**33,540**	34,914
Provisions for liabilities	16	**(18,528)**	(18,925)
Net assets		**15,012**	15,989
Capital and reserves			
Called up share capital	17	**55,570**	**55,570**
Revaluation reserve		**4,884**	**4,878**
Other reserve		**(17,112)**	**(17,112)**
Cash flow hedge reserve		**(800)**	**(5,613)**
Profit and loss account		**(27,530)**	**(21,734)**
Total equity		**15,012**	**15,989**

Group statement of cash flows

	Notes	Unaudited Six months ended 29 February 2016 £'000	Unaudited Six months ended 28 February 2015 £'000
Net cash flow from operating activities	18(a)	**27,620**	23,713
Investing activities			
Interest received		**65**	94
Interest paid		**(17,870)**	(8,853)
Hedging termination payments		**-**	(45,015)
Costs associated with issue of debt		**-**	(6,519)
Cash balances acquired with subsidiary undertakings		**-**	8,445
Payments to acquire tangible fixed assets		**-**	(70)
Net cash flow from investing activities		**(17,805)**	(51,918)
Financing activities			
Cash outflow from repayment of senior bank debt		**-**	(102,299)
Cash outflow from repayment of fixed rate debt		**(2,565)**	(2,125)
Cash outflow from repayment of index linked debt		**(2,139)**	(2,179)
Cash outflow from repayment of subordinated debt		**-**	(17,407)
Cash inflow from increase in index linked debt		**-**	149,700
Cash inflow from increase in subordinated debt		**-**	21,309
Net cash flow from financing activities		**(4,704)**	46,999
Increase in cash and cash equivalents		**5,111**	18,794
Cash and cash equivalents at 1 September 2015		**39,251**	22,972
Cash and cash equivalents at 29 February 2016	18(b)	**44,362**	41,766

Notes to the unaudited consolidated financial statements

1. Company information

UPP Bond 1 Holdings Limited is a limited liability company incorporated in England. The registered office is 40 Gracechurch Street, London, EC3V 0BT.

2. Basis of preparation

These interim financial statements have been prepared in accordance with The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for all derivative instruments and revaluation of fixed assets as specified in the accounting policies below. The Group has chosen to adopt Section 11 and 12 of FRS 102 in respect of financial instruments as available under Section 11 of FRS 102.

The Group has chosen to apply transitional relief under Section 35.10 (i) Service concession arrangements – Accounting by operators and as a result it shall account for all its tangible assets which meet the definition of service concession arrangements under Section 34 and were entered into before the date of transition, using the same accounting policies being applied at the date of transition to FRS 102. This transitional relief applies to all of the Group's principal assets as at 29 February 2016. All of the Group's principal assets meet the definition of service concession arrangements under Section 34.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 September 2014 and this is the first period in which the financial statements have been prepared under FRS 102. The transition to FRS 102 has resulted in a number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening equity and profit for the comparative period are explained in note 22.

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

Going concern

The directors have reviewed the group's projected profits and cash flows which they have prepared on the basis of a detailed analysis of the group's finances, contracts and likely future demand trends. After consideration of these projections the directors consider that the group will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

Basis of consolidation

The non-statutory consolidated financial statements consolidate the financial statements of UPP Bond 1 Holdings Limited and its subsidiaries using the acquisition method from the date control passes to the group.

The directors consider the acquisition of subsidiary undertakings by way of a share for share exchange and cash purchase of minorities from the parent company on 5 March 2013 and 9 December 2014 a series of transactions and not individual transactions.

On this basis, the directors have concluded that acquisition accounting must be applied as overall the series of transactions do not qualify for merger accounting and have prepared these financial statements accordingly.

Where the company has used merger relief or group reconstruction relief to account for an investment in a subsidiary the difference between the fair value of the equity issues and the value of the equity issued after applying merger relief or group reconstruction relief is reinstated as another reserve on consolidation.

3. Judgements and key sources of estimation uncertainty

The preparation of 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 on-going 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:

Revaluation of the principal assets

The group has adopted a policy to revalue the principal asset every five years with an interim valuation performed in year three of the cycle and in other years if there is evidence that the value has changed significantly. The Group engages independent valuation specialists to determine the fair value of the assets every five years, with a directors' valuation performed at any other interim period. The valuation technique employed by both the independent valuers and directors is based on a discounted cash flow model as there is a lack of comparable market data due to the specific nature of the property assets. The determined fair value of the principal assets is most sensitive to the estimated rental growth, discount rate as well as the long term occupancy rates.

Valuation of RPI swaps

UPP Bond 1 Issuer Plc, one of the Group companies, entered into derivative financial instruments, being RPI swaps, to manage the Group's exposure to RPI.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently re-measured to their fair value at each reporting date. The fair value of RPI swaps are based on mark to market valuations adjusted for credit risk. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the profit or loss unless hedge accounting is applied, in which case, any portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

Goodwill useful economic life

The Group establishes a reliable estimate of the useful economic life of goodwill arising on business combinations. Goodwill attributed to subsidiary undertakings is amortised on a straight line basis over the remaining lease period on the principal asset held by each subsidiary. This period of amortisation is greater than 20 years but represents the period over which each subsidiary undertaking acquired will continue to generate operating cash flows. For further details refer to note 10.

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 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 to which the asset belongs. The recoverable amount of an asset or cash generating unit 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 re-valued amount where the impairment loss of a re-valued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Deferred taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Defined benefit pension scheme

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. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds in the respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Presentation of the principal asset

Rent receivable is generated from the group's interests in university accommodation.

These interests fall within the scope of Section 34 of FRS 102, however, due to the transitional relief adopted in relation to service concession arrangements, the Group continues to account for all its principal assets applying the policies under the extant UK GAAP, FRS 5 (Application Note F).

Each year the group applies judgement in assessing the status of these interests, in accordance with the provisions of FRS 5 (Application Note F), assessing the balance of the significant risks and rewards of ownership of the asset. The appropriate balance sheet treatment of these interests is to treat the asset as a finance receivable asset where the company does not have the majority of significant risks and rewards. Where it does, the asset is treated as a tangible fixed asset.

The directors consider the balance of the risks and rewards lies with the group and therefore the assets are treated as tangible fixed assets.

Hedge accounting

The Group has chosen to apply hedge accounting for all hedging instruments which are in a qualifying hedging relationship under FRS 102 Section 12. Significant judgement is exercised in concluding 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 Section 12.

Credit risk

To mitigate the risk of inflation movements impacting on the Group's ability to service the fixed rate secured senior notes UPP Bond 1 Issuer Plc, a company within the Group, has entered into RPI swaps with external counterparties that rank ahead of payments to the subordinated debt holders.

There is a cross collateralisation agreement in place allowing the pooling of each of the bond participants' surplus cash (after operating expenses and relevant on-loan debt service), which can be used to support any underperforming bond participants.

4. Principal accounting policies

(a) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of the tangible fixed assets, less any residual value, over the expected useful economic lives of the assets concerned once construction is complete. The principal rates of depreciation used for this purpose are:

Assets for use in operating leases –
annuity method over the term of the lease

The economic benefit of the principal assets for use in operating leases is the return on assets invested into the financing arrangement with the relevant university. The annuity method takes into account the cost of capital notionally invested in the principal asset. Notional interest calculated using the relevant company's actual weighted cost of capital and depreciation combined will give an approximately constant charge to revenue.

The group has adopted a policy to revalue the principal asset every five years with an interim valuation performed in year three of the cycle and in other years if there is evidence that the value has changed significantly. The surplus or deficit on the book value of the historical asset is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves.

(b) Income recognition

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

(c) Financial liabilities

Loans, secured and unsecured notes

Loans, secured and unsecured notes are initially measured at fair value, net of transaction costs. They are then subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash flows through the effected life of the financial liability, or (where appropriate) a shorter year, to the net carrying amount on initial recognition.

Where the financial liability has variable cash flows, such as the index linked bonds, the estimated cash flows are revisited each reporting year and then discounted using the original effective interest rate with any gain or loss taken to profit or loss.

(d) Finance costs

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

Financing costs also include losses or gains arising on the change in fair value of hedging instruments that are recognised in profit or loss.

(e) Hedge accounting

The Group has entered into inflation linked swaps ('RPI swaps') with external parties to hedge its exposure to changes in inflation and the ability of the Group to service its fixed rate debt obligations. All RPI swaps are initially measured at fair value on the date the contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement except where the derivative is designated as a hedging instrument and the hedge meets the criteria for hedge accounting.

The Group adopts hedge accounting for all its RPI swaps which are in a cash flow hedging relationship which meets the qualifying criteria for hedge accounting under Section 12. The Group accounts as follows for its qualifying cash flow hedges:

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
(i) the cumulative gain or loss on the hedging instrument and
(ii) the cumulative change in fair value on the hedged item

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (ie the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a)) shall be recognised in other comprehensive income;

(c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss;

(f) Debt issue costs

The debt issue costs incurred have been offset against the related debt and will be charged to finance costs at a constant rate on the carrying value of the debt. If it becomes clear that the related debt will be redeemed early then the charge to finance costs will be accelerated.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as define above, net of outstanding bank overdrafts.

(h) Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(i) Taxation

(i) Current tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets that arise from trading operations of the Group are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

A deferred tax liability is recognised on any tangible fixed assets revaluations. The corresponding movements in deferred tax are recognised in the same component of income as the transaction it relates to.

The Group has decided to make the election to be taxed under Regulation 9 in relation to derivative financial instruments and as a result a deferred tax is recognised on the carrying value of any derivative instruments. Any deferred tax movements are recognised in other comprehensive income, where hedge accounting is applied for the underlying derivative instrument or in the profit and loss account where hedge accounting is not applied.

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.

(j) Related party transactions

The group is a wholly owned subsidiary of UPP Group 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, from the date that the group was acquired by UPP Bond 1 Holdings Limited.

(k) Defined contribution pension scheme

Contributions to employees' personal pension arrangements during the period are charged to the profit and loss account as incurred. For eligible employees, contributions are made to employees' personal pension schemes, based on a predetermined percentage of individuals' salaries.

(l) Defined benefit pension scheme

The group makes contributions to the Nottinghamshire County Council Pension Fund ("NCCPF") in respect of 57 employees at UPP (Nottingham) Limited.

The cost of providing benefits under the defined benefit plan is determined by using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

(m) Segment information (continued)

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

The principal activity of the group is that of the operation of student accommodation under the University Partnership Programme ('UPP'). Management consider that there is only one operating segment, as this is the lowest level at which discrete financial information is available. All of the company's income is generated from UK operations.

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

5. Turnover

Turnover represents income, on the basis of accounting policy 4(b), excluding VAT, attributed to the provision of student accommodation.

6. Directors' remuneration

The immediate subsidiary undertaking, UPP Bond 1 Limited, paid fees of £5,665 (2015: £5,900) to Structured Finance Management Limited in respect of services performed in connection with the management of the affairs of the group for the period up to 29 February 2016.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel.

No directors or other key management personnel of the group received payment for services performed in relation to the management of the group other than already mentioned above.

7. Operating profit

The operating profit is stated after charging:

	Unaudited	Unaudited
	Six months ended 29 February 2016	Six months ended 28 February 2015
	£'000	£'000
Depreciation	**1,436**	1,213
Amortisation of goodwill	**1,638**	1,774

8. Interest receivable and similar income

	Unaudited	Unaudited
	Six months ended 29 February 2016	Six months ended 28 February 2015
	£'000	£'000
Bank interest	**65**	94

9. Interest payable and similar charges

	Unaudited	Unaudited
	Six months ended 29 February 2016	Six months ended 28 February 2015
	£'000	£'000
Financial liabilities measured at amortised cost		
Fixed rate senior secured notes	**9,127**	8,712
Index-linked senior secured notes	**3,299**	761
Unsecured loan notes	**7,630**	6,639
	20,056	16,112
Financial liabilities measured at fair value through profit or loss		
Fair value movement on RPI swaps	**(2,056)**	(2,104)
Interest on net defined pension liability *	**-**	-
Amortisation of debt issue costs	**455**	429
	18,455	14,437

*year end adjustment only

10. Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 September 2015 and at 29 February 2016	145,035
Amortisation	
At 1 September 2015	(7,428)
Charge for the period	(1,638)
At 29 February 2016	**(9,066)**
Net book value	
At 29 February 2016	**135,969**
At 31 August 2015	**138,993**

Goodwill arose on the acquisition of UPP (Alcuin) Limited, UPP (Broadgate Park) Holdings Limited, UPP (Kent Student Accommodation) Limited, UPP (Nottingham) Limited, UPP (Oxford Brookes) Limited, UPP (Plymouth Three) Limited and UPP (Exeter) Limited by UPP Bond 1 Limited, a subsidiary undertaking, and is the difference between the consideration given and the fair value of the net assets acquired.

Goodwill is amortised on a straight line basis over the remaining lease period on the principal asset held by each of the subsidiaries which expire between 2048 and 2058. This period of amortisation is greater than 20 years but represents the period over which the subsidiary undertaking acquired will continue to generate operating cash flows.

11. Tangible fixed assets

	Assets for use in operating leases
	£'000
Cost or valuation	
At 1 September 2015 and at 29 February 2016	**550,604**
Depreciation	
At 1 September 2015	(2,596)
Charge during the period	(1,436)
At 29 February 2016	**(4,032)**
Net book value	
At 29 February 2016	**546,572**
At 31 August 2015	549,836

Assets used in operating leases were independently valued by Jones Lange LaSalle ("JLL"), Chartered Surveyors, on an existing use basis at 31 August 2014.

The historic cost of tangible assets held at valuation is as follows:

	Assets for use in operating leases
	£'000
At 29 February 2016	**541,290**
At 31 August 2015	544,110

A latent defect in the newly built accommodation at the site owned by UPP (Exeter) Limited has been identified relating to the external panel detailing around buildings. Since that date, the Group has undertaken further intrusive investigative works on a representative sample of four blocks to identify the underlying cause of the defect. This has indicated that the defect is more extensive than originally thought. The Group now believes that the external panel detailing on the remaining 15 blocks may be affected in a similar way.

It remains the case that the defect identified does not currently affect the operation of the accommodation which continues to be fully occupied at modelled rents. A programme of works is being developed with the contractor, and the affected buildings continue to be subject to a strict monitoring regime on a regular basis to ensure there remains no risk to health and safety. The view of the Group is that the liability for rectification of the latent defect lies firmly with the contractor and the directors of the Company have and will continue to robustly apply the rights of UPP (Exeter) Limited under the original construction contract to ensure resolution of this issue.

The directors of the Group have considered all of the facts above and do not believe that there is any impairment required to the carrying value of the tangible fixed asset.

12. Debtors: amounts falling due within one year

	Unaudited	Unaudited
	29 February 2016	28 February 2015
	£'000	£'000
Trade debtors	**-**	2
VAT receivable	**28**	33
Amounts owed by subsidiary companies	**40**	1,688
Prepayments and accrued income	**1,282**	1,387
	1,350	3,110

13. Debtors: amounts falling due after one year

	Unaudited	Unaudited
	29 February 2016	28 February 2015
	£'000	£'000
Deferred tax asset on fair value of RPI swaps	**258**	1,683

14. Creditors: amounts falling due within one year

	Unaudited	Unaudited
	29 February 2016	28 February 2015
	£'000	£'000
Fixed rate senior secured notes	**3,041**	2,431
Index linked senior secured notes	**4,121**	4,102
Trade creditors	**2,016**	1,939
Amounts owed to related parties	**2,355**	2,355
Amounts owed to immediate parent company	**36,912**	25,750
Accruals and deferred income	**14,103**	15,234
	62,548	51,811

15. Creditors: amounts falling due after more than one year

	Unaudited	Unaudited
	29 February 2016	28 February 2015
	£'000	£'000
Fixed rate senior secured notes	**297,251**	300,364
Index-linked senior secured notes	**225,083**	226,098
Unsecured loan notes	**131,896**	136,462
Derivative financial instruments	**1,434**	9,352
Less: unamortised debt issue costs	**(16,079)**	(17,080)
	639,585	655,196
Less: included in creditors amounts falling due within one year	**(7,162)**	(6,533)
	632,423	648,663

	Unaudited	Unaudited
	29 February 2016	28 February 2015
	£'000	£'000
Maturity of debt		
Repayable within one year or on demand	**7,162**	6,533
Repayable in more than one year but less than two years	**9,354**	8,073
Repayable in more than two years but less than five years	**33,189**	32,277
Repayable in more than five years	**605,959**	625,393
Less: unamortised debt issue costs	**(16,079)**	(17,080)
	639,585	655,196
Less: included in creditors amounts falling due within one year	**(7,162)**	(6,533)
	632,423	648,663

Senior secured notes

On 5 March 2013 one of the group's subsidiary undertakings, UPP Bond 1 Issuer plc, issued £307,100,000 of fully amortising fixed rate senior secured notes and £75,000,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange. The proceeds of this issuance were on-lent on the same terms and conditions to six other subsidiary undertakings to enable them to repay their previous bank facilities and associated costs.

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

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

On the same day the group entered into derivative financial instruments, being RPI swaps. This is to manage the exposure to RPI movements on the underlying portion of revenue streams generated by the group used to repay the fixed rate senior secured notes.

On 9 December 2014 UPP Bond 1 Issuer plc, issued £149,700,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange. The proceeds of this issuance were on-lent on the same terms and conditions to UPP (Exeter) Limited to enable the company to repay their previous bank facilities and associated costs.

The index-linked senior secured notes are fully amortising by 2049 with a real interest rate of 1.037% increasing semi-annually by RPI. The notional amount of these notes at issuance was £149,700,000 with repayments commencing in February 2015.

The senior notes above are secured under a debenture deed. Under the terms of the debenture, the finance provider, UPP Bond 1 Issuer plc, has security by way of a first legal mortgage over all estates or interests in the leasehold properties and buildings and fixtures on those properties, as well as security over all other assets of the group by way of fixed and floating charges.

Unsecured loan notes

UPP Group Limited has provided unsecured loan notes of £146,669,000 (£21,308,000 issued on 9 December 2014) to the group. These loan notes bear interest at 13.5% and are repayable by 2057. Payment of interest is subject to the group passing lock up tests and availability of cash reserves.

Derivative financial instruments

	Cash flow hedge reserve	Profit & loss account	Total
	£'000	£'000	£'000
Fair value of RPI SWAPs at 1 September 2015	6,782	2,514	9,296
Fair value movement in the period	(5,806)	(2,056)	(7,862)
Fair value of RPI SWAPs at 29 February 2016	**976**	**458**	**1,434**
Deferred tax asset on fair value of RPI SWAPs at 1 September 2015	(1,221)	(452)	(1,673)
Movement in the period	1,045	370	1,415
Deferred tax asset on fair value of RPI SWAPs at 29 February 2016	**(176)**	**(82)**	**(258)**
Fair value at 1 September 2015, net of deferred tax	5,561	2,062	7,623
Fair value at 29 February 2016, net of deferred tax	**800**	**376**	**1,176**

16. Provisions for liabilities

	Pension liability	Deferred tax liability	Total
	£'000	£'000	£'000
At 1 September 2015	1,021	17,765	18,786
Recognised in other comprehensive income	-	(258)	(258)
At 29 February 2016	**1,021**	**17,507**	**18,528**

17. Called up share capital

	29 February 2016	28 February 2015
	£'000	£'000
Issued, allotted, called up and fully paid		
55,570,408 Ordinary shares of £1 each	**55,570**	55,570

On 15 October 2012 the company issued 1 ordinary share of £1 each at par. On 16 January 2013 the company issued 49,999 ordinary shares of £1 each at par for cash consideration.

On 5 March 2013 the company issued 32,884,298 ordinary shares of £1 each at par in exchange for the issued share capital in six subsidiary undertakings owned by UPP Group Limited. On the same day the company also issued 3,914,429 ordinary shares of £1 each at par for cash consideration.

On 9 December 2014 the company issued 18,721,682 ordinary shares of £1 each at par in exchange for the issued share capital in UPP (Exeter) Limited owned by UPP Group Limited.

18. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	Unaudited Six months ended 29 February 2016	Unaudited Six months ended 28 February 2015
	£'000	£'000
Operating profit	**15,461**	12,687
Depreciation	**1,436**	1,213
Goodwill amortisation	**1,638**	1,774
Increase in debtors due within one year	**(924)**	(994)
Increase in creditors due within one year	**10,009**	9,033
Net cash inflow from operating activities	**27,620**	23,713

(b) Cash and cash equivalents comprise the following:

	At 29 February 2016	**At 28 February 2015**
	£'000	£'000
Cash at bank and in hand	**30,407**	28,657
Short term deposits	**13,955**	13,109
Cash and cash equivalents	**44,362**	41,766

19. Financial risk management

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group, which relate to interest, inflation and liquidity risks as well as demand and portfolio risk which arise in the normal course of the Group's business.

Interest rate risk

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

Inflation rate risk

The Group 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.

To mitigate the risk of inflation movements impacting on the Group's ability to service the fixed rate tranche of the bond debt the Group has entered into RPI swaps all initially entered into on 5 March 2013, details of which are as follows:

- a 27 year RPI swap with Royal Bank of Canada commencing in February 2014 and finishing in February 2040
- a 27 year RPI swap with Mitsubishi UFJ Securities International plc commencing in February 2014 and finishing in February 2040
- a 27 year RPI swap with Barclays Bank plc commencing in February 2014 and finishing in February 2040

The notional amounts swapped for each year have been determined with reference to a percentage of the fixed rate bond servicing costs, and split equally over the three hedge counterparties. On each of these swap arrangements the external hedge counterparty pays or receives a fixed amount and the company pays or receives a floating amount.

RPI swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Due to limitations on the application of hedge accounting, volatility has been introduced into the income statement as market value movements are not fully offset by movements in the underlying hedged item within each period and/or hedging items do not meet the qualifying criteria of being separately identifiable and reliably measurable. We note however, that these limitations within Section 12 do not impact the Group's cash flow position. The reasons for entering into RPI swaps remain commercially sound that is they are intended to be held to maturity in order to reduce volatility in the Group's cash flows.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing and by investing cash assets safely and profitably. The maturity of borrowings is set out in note 15 to the financial statements.

The following table indicates the contractual cash flow maturities of the Group's financial instruments:

	As at 29 February 2016					
	Effective Interest rate %	Carrying Amount	Cash flows	<1 year	1 - 5 years	5 years & over
		£'000	£'000	£'000	£'000	£'000
Fixed rate senior secured notes	5.2%	289,324	298,247	3,613	25,036	269,598
Index linked senior secured notes issued 5 March 2013	6.05%	76,972	79,227	-	-	79,227
Index linked senior secured notes issued 9 December 2014	4.42%	139,959	145,236	4,459	23,151	117,626
Unsecured loan notes issued 5 March 2013	9.25%	110,988	125,361	-	-	125,361
Unsecured loan notes issued 9 December 2014	12.07%	20,908	21,309	-	-	21,309
Derivative financial instruments		1,434	21,963	234	1,367	20,362
		639,585	551,194	8,306	49,554	633,483

Demand risk

The Group is subjected to risks arising from occupancy voids and lack of nominations by the university partners which can lead to uncertain revenues. This risk is managed by cementing relationships with the university, improved marketing of accommodation and improved third party revenues to compensate for any shortfalls in rental income.

Portfolio risk

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

20. Financial instruments

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

	Carrying amount At 29 February 2016	Carrying amount At 28 February 2015
	£'000	£'000
Financial liabilities		
Financial liabilities measured at amortised cost:		
Fixed rate senior secured noted	**301,372**	304,466
Index-linked senior secured notes	**220,981**	222,555
Unsecured loan notes	**130,780**	135,788
Trade creditors	**2,015**	1,938
Other related party loans	**39,267**	28,105
Total financial liabilities measured at amortised cost	**694,415**	692,852
Financial liabilities measured at fair value through profit or loss		
Derivative financial liabilities	**1,434**	9,352

21. Parent undertaking and controlling party

The group is wholly owned by UPP Group Limited, a company itself a wholly owned subsidiary of UPP Group Holdings Limited.

UPP Group Holdings Limited is controlled by a 60% stake held by PGGM Vermogensbeheer BV ("PGGM"), a company incorporated in The Netherlands.

It is the directors' opinion that PGGM is the ultimate controlling party.

22. Transition to FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014.

The impact from the transition to FRS 102 is as follows:

Reconciliation of equity at 1 September 2014 and 31 August 2015

	1 September 2014	31 August 2015
	£'000	£'000
Equity shareholder funds as previously stated	18,934	25,703
Recognition of RPI swaps	(17,452)	(9,296)
Deferred tax asset on fair value of RPI swaps	3,141	1,673
Deferred tax liability on revaluation of property	(18,142)	(17,765)
Amortised cost of financial liabilities	7,723	12,977
Equity shareholder funds under FRS 102	(5,796)	13,292

Reconciliation of total comprehensive income for the half year ended 28 February 2015

	28 February 2015
	£'000
Total comprehensive income for the half year ended 28 February 2015 as previously stated	(6,535)
Fair value movement on RPI swaps	8,100
Decrease in deferred tax on fair value of RPI swaps	(1,458)
Decrease in deferred tax liability on revaluation of property	182
Decrease in carrying value of financial instruments under amortised cost	2,775
Total comprehensive income for the half year ended 28 February 2015 under FRS 102	3,064

22. Transition to FRS 102 (continued)

The following were changes in accounting policies arising from the transition to FRS 102:

Derivative financial instruments

The Group was not previously required to recognise the RPI swaps on the balance sheet. Instead the effects of these derivative financial instruments were recognised in profit or loss on settlement and any net interest payable was accrued.

Under FRS 102, derivative financial instruments are classified as other financial instruments and are recognised as a financial asset or a financial liability, at fair value, when an entity becomes party to the contractual provisions of the instrument.

On the adoption of the requirements of FRS 102 Section 11 and 12, derivative financial liabilities of £17,452,000 have been recognised in the statement of financial position at the date of transition, 1 September 2014. At 31 August 2015, the fair values of the financial liabilities were £9,296,000.

In accordance with the accounting policy in note 4 the difference between the fair values of £8,155,000 has been recognised in profit and loss for the period for those RPI swaps where hedge accounting is not adopted or in other comprehensive income where a policy of hedge accounting is adopted.

Deferred tax

Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach. Consequently deferred tax has been recognized on all fair value re-measurements and on all fair value adjustments arising on business combinations (other than goodwill). There are no adjustments required on business combinations arising prior to transition.

Consequently an additional provision of £18,142,000 has been recognised on 1 September 2014 with respect to tangible assets revaluations, with £17,112,000 being recognised in other reserve as fair value adjustment on business combinations and £1,030,000 being recognised in the revaluation reserve, on fair value adjustments on post-acquisition tangible assets revaluations.

The provision as at 31 August 2015 has been reduced by £377,000 to a total of £17,765,000; with the decrease of £182,000 in the period ended 28 February 2015 charged to other comprehensive income and accumulated in the revaluation reserve.

Deferred tax asset of £3,141,000 was recognised on 1 September 2014 in relation to the fair value recognition of the RPI swaps. The deferred tax asset provision as at 31 August 2015 had decreased to £1,673,000. The decrease of £1,458,000 in the period ended 28 February 2015 has been charged as follows:

- £379,000 to the profit and loss account in relation to those RPI swaps for which hedge accounting is not adopted.
- £1,079,000 to other comprehensive income in relation to those RPI swaps which qualify for hedge accounting and hedge accounting is adopted.

Amortised cost for financial liabilities

Under FRS 102, basic financial instruments are measured at amortised cost using the effective interest method, with interest expense recognised on the basis of the effective interest method. Under the previous UK GAAP, UPP had a policy of amortising its long term debt instruments using a 'constant' rate method which results in different carrying values for the debt instruments.

Consequently, on adoption of FRS 102, the following adjustments were made to the carrying values of the Group long term debt instruments as at 1 September 2014:

- Fixed rate senior secured notes – a decrease of the liability by £173,000 with a further decrease of £160,000 in the year ended August 2015
- Index-linked senior secured notes - an increase of the liability by £189,000 and a decrease of £330,000 in the year ended August 2015
- Unsecured loan notes – a decrease of the liability by £7,739,000 with a further decrease of £4,765,000 in year ended August 2015.

All movements in the period to 28 February 2015, an aggregate of £2,775,000, were charged to the profit and loss account.

Transitional relief

On transition to FRS 102 from previous UK GAAP, the group has taken advantage of transitional relief as follows:

Service concession arrangements

The Group has chosen to apply transitional relief under Section 35.10 (i) Service concession arrangements – Accounting by operators and as a result it shall account for all its tangible assets which meet the definition of service concession arrangements under Section 34 and were entered into before the date of transition, using the same accounting policies being applied at the date of transition to FRS 102. This transitional relief applies to all of the Group's principal assets as at 29 February 2016.

Business combinations

The group has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

Investments in subsidiaries

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.

Hedge accounting

UPP has adopted hedge accounting policies for all its hedging relationships existing on the date of transition which meet the qualifying criteria for hedge accounting to be applied under FRS 102 paragraph 12.19.

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