



spring 2009

update

Welcome to the spring edition of update

Despite the economic downturn we entered the New Year in a strong position, with occupancy rates at almost 100% across all of our sites. During last year we completed exciting projects with the University of Kent and Loughborough University, and welcomed students into further schemes at the University of Plymouth and Lancaster University. And last year's launch of our first regional office at Leeds has been followed more recently by the opening of our second regional office, in Nottingham.

During 2009 we will be putting the wheels in motion on a range of major new projects over the coming years with our newest partners at King's College London and the University of Exeter. This brings our total number of partners to 12, and we are in detailed discussions with other universities regarding a number of possible schemes.

And, just this month we celebrated our topping out ceremony with Leeds Metropolitan University. The 479 rooms, designed to our award-winning Eco Residence model, opens to students at the start of the academic year.

The current market and climate are challenging, but at UPP we have been able to make the right decisions to continue securing funding for our projects and reduce the impact the recession has on our share of the sector.

Even so, this is no time for complacency – rather, it is a time for consideration and careful planning, which our university partners will recognise as well as any business. In the same way, we are carefully considering how we can help universities best position themselves. Our financial model, which is risk-free for the university, offers an extremely logical way for finance directors to secure funds for investment university-wide. And, we have exciting plans to

unveil later on in the year that will shape the way we operate in the future both with our current and potential partners.

All this means that, whatever economic challenges the UK has to face, we look to the next months with optimism for both UPP and our partners.



1,300 room scheme at Loughborough University



Sean O'Shea, Chief Executive

inthisissue

- New partnerships
- The Partner's View - University of Kent
- A word on the economy

oureexistingpartners

University of Kent
Lancaster University
Leeds Metropolitan University
Loughborough University
University of Nottingham, Broadgate Park
Nottingham Trent University
Oxford Brookes University
University of Plymouth
University of Reading
University of York

ournewpartners

University of Exeter
King's College London



Artist's impression of King's College Hall

New partnerships

King's College London

We are pleased to announce our new partnership with King's College London, where we have been selected to fund and redevelop the King's College Hall accommodation, estimated at over £50 million.

The main focus of the project will be the creation of sustainable accommodation providing 771 new rooms. This will follow the formula of our award-winning Eco Residence designs, which are already in place at Lancaster, Leeds Metropolitan and Kent universities.

The Eco Residence, on the Denmark Hill campus, will comprise of a mix of studio and en-suite bedrooms. It will be constructed from sustainable timber frames, which are manufactured off-site, meaning less waste in the construction process. The Eco Residence will feature energy-saving systems to help students to live in a more sustainable way, and the carbon footprint of each build is 30% less than the norm. We anticipate that construction will begin in the summer of 2009.

In addition, we will be refurbishing 68 rooms at The Platanes, an existing Victorian building on the site. Work on this part of the project is due to begin late 2009 with handover expected in September 2010.

King's College will be the fourth scheme to use our Eco Residence model, showing that universities are becoming increasingly committed to sustainability.

Sean O'Shea Chief Executive, UPP

University of Exeter

Last year we announced that we had been selected as preferred bidders in a new partnership with the University of Exeter. Under the scheme, worth £120 million, we will take over the running of some 1,000 existing rooms at Lafrowda, Rowe and St German's, on the Streatham Campus, while securing planning permission to build more than 1,400 new rooms which will use the sustainable Eco Residences design.

This will enable the university to concentrate its funds on academic investment while also being able to improve and increase student accommodation. Further, this investment will mean the university will be able to house more students on campus and relieve pressure on the local housing markets.

The accommodation is part of a £450 million investment programme by the university, which also includes extensive redevelopment of current academic facilities. By allowing UPP to fund, build, and manage the accommodation stock, the university is freeing itself up financially and logistically to focus on the rest of the estate, and the wider issues affecting the university community.

Jeremy Lindley, Director of Finance at the University of Exeter, said: "The university is a tremendous asset for the city of Exeter and is worth more than £300 million a year to the local economy. The fact that we are still able to invest during troubled economic times will also help to protect local jobs.

"However, we also recognise that we have a big impact on the availability of housing in Exeter. Many students live in rented houses and this puts them in direct competition with local families. We want to free up rented accommodation for local families by providing students with an alternative on campus."

"We pride ourselves on providing more than just buildings – we tailor our offering to suit the needs and priorities of the university and its students."

Clive Crawford Company Founder, UPP



Artist's impression of Birk's Hall, University of Exeter



The Partner's View



Peter Czarnomski, Director of Estates at the University of Kent, shares his views on working in partnership with UPP.

Attracting postgraduates is a key strategic driver for the University of Kent. Increasing our residential capacity through our partnership with UPP has enabled the university to develop its first postgraduate College, which is also the first new college constructed in 35 years. Woolf College, funded, built and operated by UPP, provides 544 new bedrooms, as well as a 470-seat lecture theatre and seminar rooms. This new college will help the university attract the best postgraduates.

UPP was able to access the capital funding to bring about the creation of not only new premium student accommodation, but also first rate academic facilities. Since Woolf College opened, we have obtained almost 100% occupancy by postgraduate students in all our rooms, thus creating a truly postgraduate community. Our excellent performance in the RAE, combined with our ability to offer first class accommodation, have undoubtedly contributed to significantly increased application levels this year.



University of Kent's 470-seat lecture theatre, at Woolf College

Our accommodation is based on UPP's pioneering Eco Residence model, which makes it some of the most sustainable in the country. Given the Government's targets for zero carbon, this has again helped position us at the forefront of the sector at a time when sustainability is a growing concern. In February 2009, the Carbon Trust confirmed certification of the University of Kent under the Carbon Trust Standard, one of only eight universities in the UK to be certified.



A typical single room

For us, partnering with UPP means that we have been able to respond quickly to a changing market, access vital funding, and develop a scheme at no risk to the university with a partner who will provide the facilities management service for the duration of the lease while the university retains the freehold.

With continued prudent financial management and an improved market offering, the future is looking bright for the University of Kent.

A word on the economy



With the UK in the full clutch of a recession, there is no doubt that 2009 will be a tough year for businesses; it will be more difficult to gain funding and many of our competitors will struggle to complete debt-based deals. At UPP, however, we are cautiously confident that our unique partnership model and relationships with key financial institutions will allow us to buck the trend.

And, despite the doom and gloom, student numbers are set to rise and the student accommodation sector is gaining more prominence as an asset class.

We have repeatedly demonstrated our ability to raise finance in challenging banking conditions; last year alone we managed to raise in excess of £300 million bringing our total investment in the HE sector to more than £1 billion. We have also put measures in place to ensure continued transparency with key banks and our 12 university partners in order to preserve their ongoing commitment to UPP.

Ultimately, the big question mark over the HE sector is how much funding will be made available to them in the future. There is continued debate surrounding the possibility of gaining extra funding through increased tuition fees, however this cannot be relied upon as a definite source of future funding.



Faculty of Education building, University of Plymouth, UPP's longest-standing partner



Pioneering Eco Residences scheme at Lancaster University

UPP procure funding without recourse to the university's balance sheet or the public purse. This means universities are free to invest in other facilities, thereby enabling HE institutions to strengthen their market position. By transferring risk to those who are best placed to deal with it, universities can focus their attention on their core strengths, while we handle the rest.

With student numbers on the rise, occupancy levels of more than 99.5% across all our sites and healthy rental income from student accommodation, we look positively towards 2009. We are confident that our innovative partnership model, and excellent reputation in the sector, will enable us to continue striving towards our ambitious business objectives.

For us, driving forward, but cautiously, is the key to 2009. The economic crisis is creating far more wariness than recent years, but an organisation that can run its projects as efficiently as possible, and one which moulds its business model to satisfy the needs of potential new partners and funders, will stay on track.

Gabriel Behr, Group Finance Director

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