UPP Bond 1 Issuer Plc
Results Presentation for year ended 31 August 2017




Investor Call 1100hrs 13 December 2017

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Unless otherwise stated, the figures in this presentation reflect the position as at 31 August 2017. In addition the presentation contains forward looking statements that reflect the current judgment of the management of the Obligors regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management's assumptions rely on its operational analysis and expectations for the operating performance of each of Obligor's assets based on their historical operating performance and management expectations as described herein.

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

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2. UPP Group
3. Consolidated AssetCo Performance 2016/17
4. Update on the Higher Education Sector
5. Forecast Performance 2017/18
6. Other Matters
7. Summary

1. Highlights of the year ended 31 August 2017

Sean O’Shea (Chief Executive Officer)

Business Highlights

- Occupancy for 2016/17 of 99.9% (2015/16: 99.9%)
- Turnover £62.7m, up by 2.3%, reflecting RPI linked annual term rental income increases
- EBITDA for 2016/17 is £40.9m (2016: £39.7m)
- Both Historic and Projected Annual Debt Service Coverage Ratios comfortably above lock-up triggers post year end
- Strong demand has continued into 2017/18 with all of the seven AssetCos achieving 100% occupancy
- Term rental income predicted to increase by 1.7% compared to 2017

Sean O'Shea, Chief Executive Officer

"The results for UPP Bond 1 Holdings Limited for the financial year ended 31 August 2017 underline the continuing strength of the unique partnerships model developed by UPP. It is clear that investing in on-campus, accommodation infrastructure assets offer stable, long-term returns based on accretive RPI linked revenues. The year saw an increase in turnover of 2.3% to £62.7m and as a result EBITDA was up by 3.2% to £40.9m. For the second year in a row, occupancy stood at 99.9% which represents an excellent achievement in what is becoming an ever more competitive, global higher education market place.

It is particularly pleasing to see confirmation from the Department for Education that the Higher Education Initial Participation Rate – measuring first time entrants between 17-30 years – has reached its highest ever level at 49% and that a record number of 18 year olds are applying to university. This trend is despite the predicted fall in the number of 18-20 year olds as part of the wider birth rate and highlights a continued recognition by young people of the value of a university education, both personally and for society in general. We believe that universities will continue to see the benefits of providing students with the best facilities, as well as those of doing so in bespoke, long-term partnerships with UPP."

2. Overview of UPP Group

Sean O’Shea (Chief Executive Officer)

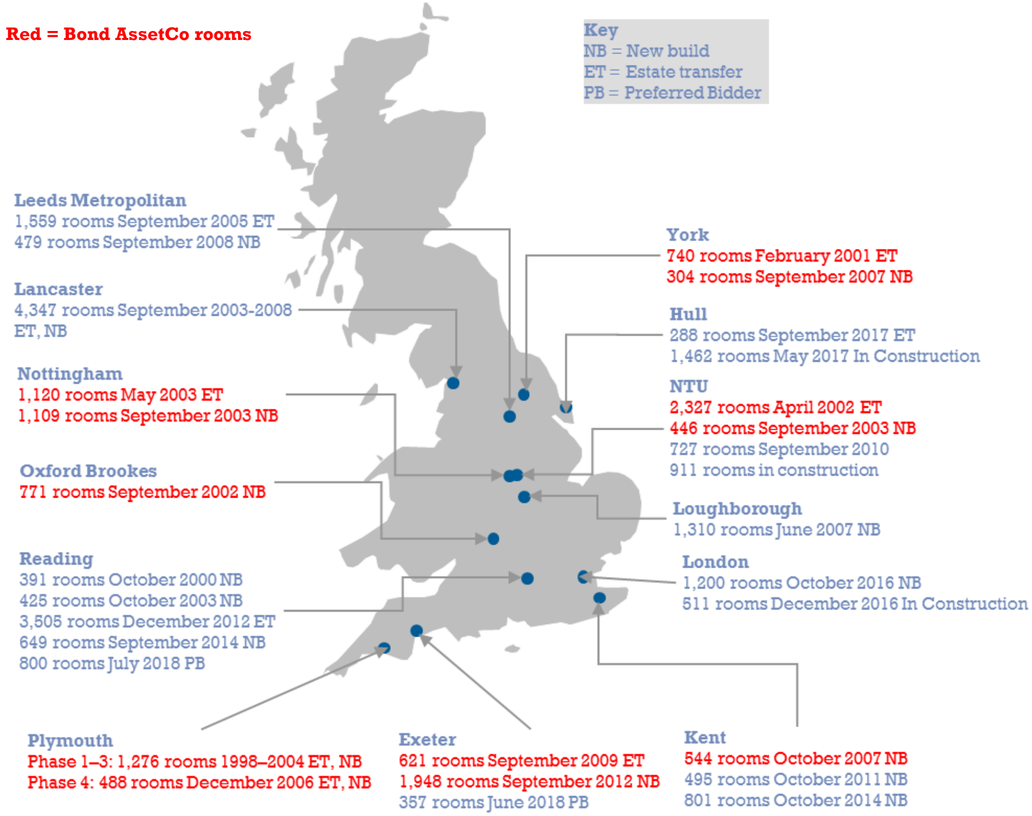
UPP Group Overview

- UPP is the leading developer and operator of high quality on-campus residential accommodation and asset management services in partnership with the universities.
- Operating for two decades, UPP has raised in excess of £2.5bn for our partner universities, helping them to provide a step change in the quality of their academic and research infrastructure.
- UPP delivers a fully integrated service to universities encompassing the funding, design, construction and long-term operation of student accommodation, creating valuable and stable infrastructure cash-flows.
- Demand risk is managed through a combination of a robust commercial architecture, specialist operational staff and detailed market intelligence.

UPP Group in figures

- Average occupancy of between 99-100% across the portfolio since inception.
- Well over 32,000 rooms under management or in construction with 15 partner universities.
- In excess of 3,000 rooms at preferred bidder stage and a potential transaction pipeline of c.10,000 identified as coming to market over the next 18 months.

UPP Group Portfolio



Components of the Business Model

- Infrastructure located in heart of campus
- Long term, stable, RPI linked rental income with ability to pass-through costs, e.g. utilities, insurances and changes in law
- Insulation from property value volatility
- Significant student demand (>supply) and long term restrictive covenants on universities (e.g. minimum student/bed ratio) mitigates demand risk
- Robust marketing and allocation obligations on the partnering university
- Fixed price contracts for FM services
- Pass through of credit and void risk to university once license agreement signed
- Alignment of long-term commercial interests between university and UPP Group

UPP Group Strategy

Our Mission is a simple one;

"To create exceptional academic infrastructure and support services in long term partnership with great universities."

The UPP Group strategy is based on long-term partnerships, supporting universities in improving the quality of their physical infrastructure and services to students. Our approach is research driven and selective recognising those institutions best placed for success in an ever more competitive global Higher Education market. In aligning the interests of universities, investors and UPP, our unique approach provides security in the delivery of revenues and in turn, expected returns.

Our new strategy will:

- To grow the value of the Group over time focusing on the quality of revenues and the overall investment proposition
- To increase the number of partners we work with and the size of our portfolio in a selective and controlled manner
- To deepen the existing relationships we enjoy with our current partners
- To deliver great services to students on behalf of our partners
- To invest in the wellbeing of our people and keep them safe in the workplace
- To develop new and innovative ways of funding infrastructure projects
- To find innovative solutions for the non-residential requirements of our partners
- Secure the economic benefits of ever more effective procurement

3. Consolidated AssetCo Performance 2016/17

Richard Bienfait (Chief Financial Officer)

Consolidated AssetCo performance 2016/17

£000's	Aug 17	Aug 16	Movement
Turnover	62,697	61,309	2.3%
Cost of sales	(18,961)	(18,718)	1.3%
Gross profit	43,736	42,591	2.7%
Gross profit margin	69.8%	69.5%	
Operating expenses	(2,829)	(2,939)	(3.7%)
EBITDA pre sinking fund	40,907	39,652	3.2%
EBITDA margin	65.2%	64.7%	
Sinking fund	(4,024)	(3,799)	5.9%
EBITDA	**36,883**	**35,853**	**2.9%**

- Occupancy for 2017 at 99.9% (2016: 99.9%)
- Payments to subordinated debt loan notes of £8.84m (2016: £10.24m)

Consolidated AssetCo performance 2016/17

£000's	Aug 17	Aug 16
Turnover	62,697	61,309
Cost of sales	(18,961)	(18,718)
Operating expenses [1]	(2,829)	(2,939)
EBITDA	40,907	39,652
CAFDS adjustment [2]	(4,844)	(4,059)
CAFDS [3]	36,063	35,593
Debt service	(26,390)	(25,725)
Ratio	**1.37**	**1.38**
Lock up	1.15	1.15
Default	1.05	1.05

1 Overheads excludes sinking fund costs.
2 CAFDS adjustment: deduct sinking fund deposit and add interest income.
3 CAFDS: Cash available for debt service.

Consolidated AssetCo performance 2016/17

£000's	Alcuin	Broadgate	Kent	NTU	Oxford	Plymouth	Exeter	Bond	Total
EBITDA[1]	4,642	7,406	2,235	7,976	3,255	5,919	9,522	(48)	40,907
CAFDS adjustment [2]	(597)	(815)	(115)	(1,485)	(117)	(592)	(1,123)	-	(4,844)
CAFDS [3]	4,045	6,591	2,120	6,491	3,138	5,327	8,399	(48)	36,063
Debt service	(2,886)	(4,834)	(1,572)	(5,051)	(2,246)	(3,857)	(5,944)	-	(26,390)
2016/17 ratio	**1.40**	**1.36**	**1.35**	**1.29**	**1.40**	**1.38**	**1.41**	**-**	**1.37**
2015/16 ratio	1.38	1.38	1.39	1.33	1.38	1.36	1.45	-	1.38

1 EBITDA before sinking fund expenditure
2 CAFDS adjustment: deduct sinking fund deposit and add interest income.
3 CAFDS: Cash available for debt service.

4. Update on the Higher Education Sector

Jon Wakeford (Director of Strategy)

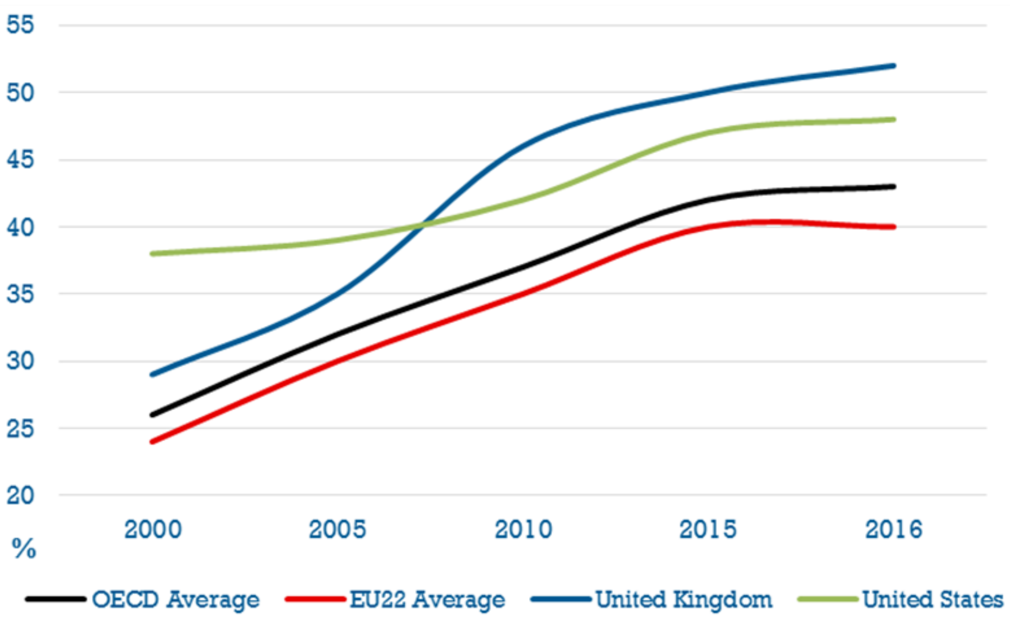
Long term demand and supply

Demand for purpose built residential accommodation remains robust, characterised by a continuing structural undersupply of suitable housing stock.

Data from the OECD identifies that globally the number of 25-34 years olds with a tertiary education is set to more than double to 300 million by 2030 with the number of globally mobile students increasing fivefold over the last four decades.

The comparative graph (right) identifies trends in educational attainment since 2000 and underlines the growth in demand In the UK this has witnessed the proportion of those completing degree level qualifications increase from 29% to 52%.

Educational Attainment Trends 2000-2016 (Source: OECD)



Anti-cyclical Demand Characteristics

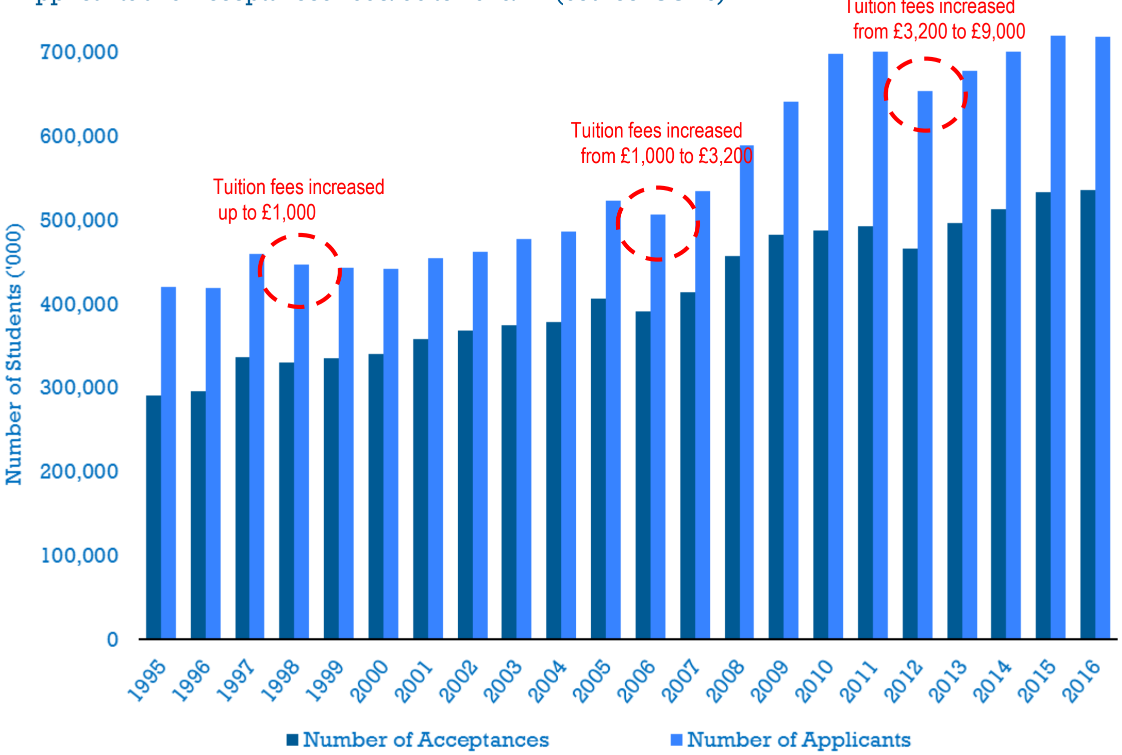
The UK remains the top destination for HE outside the US. There are currently 31 UK institutions in the top 200 of The Times Higher Education World University Rankings for 2018 and 12 within the top 100.

UCAS longitudinal data underlines how the demand for UK Higher Education has grown to date despite both a higher tuition fee cap and the effect a declining birth rate of 18-24 year olds.

The chart (right) identifies a pattern of strong demand in applicant numbers and acceptances issued by institutions.

Over the period 2012/13 to 2016/17 applicant numbers increased by a CAGR of 2.6%. Over the same period EU student numbers have increased by 5.6% and non EU students by 4.2%

Applicants and Acceptances 1995/96 to 2016/17 (Source: UCAS)

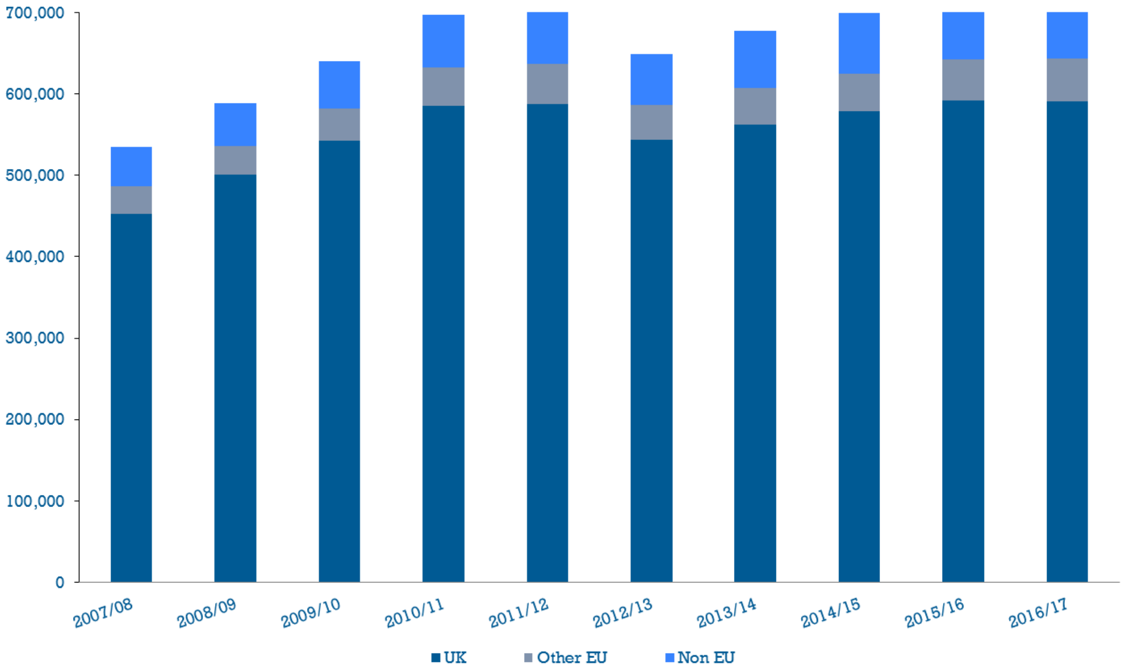


Stable Long Term Demand

For 2017/18 main scheme data identifies;

- 649,700 people applied to full-time courses
- Total applicant numbers fell by 3.7% on the same point in the 2016/17 cycle
- By the end of the 2017 Cycle this fall had narrowed to 2.6% a total of 699,850 applicants
- Main scheme applicants from the EU are were down 5% however whilst those from outside of the EU increased by 2.2%
- This appears to reflect a one year decline in applicants as an immediate response to Brexit and an upturn in international students driven by a fall in the value of sterling based on the same
- Acceptances for 2017/18 remained steady at 533,890 the second highest figure on record

Educational Attainment Trends 2000-2016 (Source: OECD)



Growth Outperforming the Sector

Over the period 2000/01 to 2015/16 the potential demand pool for residential accommodation grew by 530,000 students.

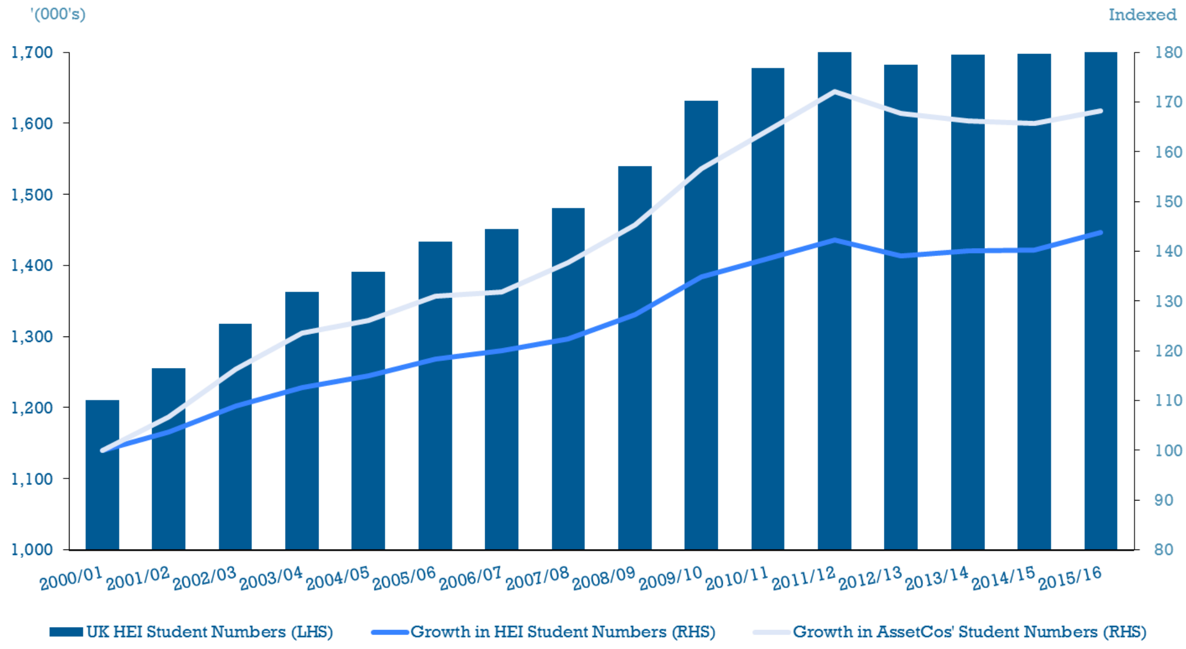
Full time enrolment across the sector has continued to grow at a CAGR of 2% over the last decade despite a fall in the birth rate of 18-20 year olds.

Offsetting this decline, the participation rate of first time entrants between 17-30 years has reached its highest ever level at 49% - with the rate for 18 year olds at a record high.

The UPP Bond 1 portfolio continues to benefit from the selective approach of the Group and has outperformed average rates of growth across the sector.

The chart (right) identifies a CAGR of 3.5% for UPP Bond 1 institutions compared to 2.5% for the sector as whole.

Full-Time Student Numbers 2000/01 to 2014/15 (UPP Bond 1 v's HEI Sector Indexed) (Source: HESA)



Changes in UK Higher Education

BREXIT

- Currently impact on the sentiment of EU students to study in the UK
- The current administration has committed to loan funding of current applicants and students
- EU students represent just one in twenty undergraduate students

Higher Education and Research Act

- Act received Royal Assent in May 2017
- Office for Students to replace HEFCE led by Sir Michael Barber
- Focus on issues of competition, quality and value for money for students
- Enabling legislation for more private providers of HE to enter the system

Politics and Policy

- Government attention has turned to student debt and sector funding.
- Immediate scrapping of the proposed rise in tuition fees with repayment threshold increased to £25,000
- A further review of funding to be undertaken during the course of 2018

Visa Regulation

- International recruitment will continue to be closely monitored by the Home Office
- Whilst this may impact on numbers at some institutions it will also increase the certainty of matriculation
- Universities are likely to given greater responsibility for students recruited

5. Forecast Performance 2017/18

Richard Bienfait (Chief Financial Officer)

Forecast consolidated AssetCo performance 2017/18

Projected summarised consolidated performance

£000's	Aug 18	Aug 17
Turnover	64,004	62,697
Projected costs	(26,354)	(26,634)
CAFDS	37,650	36,063
Debt service	(27,678)	(26,390)
Projected ratio	1.36	1.37
Lock up	1.15	1.15
Default	1.10	1.10

Forecast highlights

- Occupancy for the year currently standing at 100.0% across all seven sites
- Rental income projected to increase by 1.7%
- Projected ADSCR ratio of 1.36 compared to lock up ratio of 1.15

6. Other Matters

Richard Bienfait (Chief Financial Officer)

7. Summary

Richard Bienfait (Chief Financial Officer)

Summary

- We are reporting a very healthy financial performance for 2016/17
- We believe we have a strong trading position for 2017/18
- UPP Bond Group portfolio currently 100% occupied for 2017/18
- Our business model provides an attractive, stable and predictable cash generation
- UPP's shareholders are long term investors to the sector and are highly supportive of the UPP model
- UPP continues to have a market leading position