UPP Bond 1 Limited Half Year Summary

For the six months ended 28 February 2015

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This Investor Report 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 and UPP (Plymouth Three) Limited ("The AssetCos") (together the "Obligors") pursuant to the Common Terms Agreement ("CTA").

Basis of Preparation

This Investor Report is being published by UPP Bond 1 Limited ("The Group Agent") *pursuant to the terms of Schedule 9 Part 1 of the Common Terms Agreement ('CTA'). Unless otherwise stated, this Investor Report comments on historic performance of the Group for the six months ended 28 February 2015. Included within this Investor Report is the non–statutory consolidated audited Financial Statements of the Group as specified in Schedule 9 Part 1 of the CTA. Defined terms used in this document have the same meanings as set out in the Master Definitions Schedule of the CTA.*

Important Note Regarding Confidentiality

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Forward Looking Statements

This Investor Report contains forward looking statements that reflect the current judgment of the management of the Obligors regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management's assumptions rely on its operational analysis and expectations for the operating performance of each of Obligor's assets based on their historical operating performance and management expectations as described herein. Factors beyond management's control could cause events to differ from such assumptions and actual results to vary materially from the expectations discussed herein. Investors are cautioned that the assumptions and forecast information included herein are not fact and should not be relied upon as being necessarily indicative of future results and are cautioned not to place undue reliance on such assumptions and forecast information. It should also be noted that the information in this Investor Report has not been reviewed by the Obligors' auditors.

Note on Higher Education Sector & University Information

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 are derived from reliable sources.

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 pro forma results for the six months ended 28 February 2015

UPP Bond 1 Holdings Limited announces its results for the six months ended 28 February 2015

Pro forma financial highlights for the six months ended 28 February 2015

£'000	Existing 6 assets Feb 2015	Existing 6 assets Feb 2014	Change %	Exeter Feb 2015**	Total Feb 2015
Turnover	22,724	21,985	3.4%	2,961	25,685
Gross profit	15,393	14,768	4.2%	2,097	17,490
EBITDA *	14,292	13,681	4.5%	2,003	16,295
EBITDA margin *	62.9%	62.2%		67.7%	63.4%

** EBITDA before sinking fund expenditure*

*** UPP (Exeter) Limited from 9th December 2014*

Business highlights

- Occupancy for 2014/15 of 99.4%
- Underlying turnover excluding new AssetCo increased by 3.4%
- Consistent EBITDA margins year on year
- Operating cash flow of £23.6m (£21.6m excluding Exeter) for the six month period
- Historic and Projected Annual Debt Service Coverage Ratios comfortably above lock up triggers
- Accession of new AssetCo at University of Exeter and issuance of a new tranche of £149.7m of index linked secured notes
- Full room nominations at Exeter, Plymouth and Oxford Brookes for 2015/16 academic year meaning 43% of rental receipts have been secured.

Sean O'Shea, Chief Executive Officer

"With year on year increases in turnover, gross profit and EBITDA, the results for UPP Bond 1 Holdings Limited for the six months ended 28 February 2015 are extremely pleasing. They once again emphasise the strength and security of the UPP business model, which is underpinned by robust demand for higher education as well as secure and predictable cash-flows.

The UK HE sector continues to demonstrate growing demand from domestic and international applicants and with more than 512,000 people placed into higher education during the 2014 cycle. This record breaking result has translated itself into positive trends in terms of reservations both for the current and forthcoming academic years. With the addition of a further 2,569 study bedrooms at UPP (Exeter) Limited, UPP Bond 1 Holdings Limited looks well set to continue delivering indexed linked revenue growth alongside a stable cost base."

Enquiries

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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 nearly 30,000 student rooms in under management and/or development with 14 partner universities, of which 11,673 are rooms operated by the AssetCos.

UPP Group is a private Company 60% of which is owned by PGGM Vermogensbeheer B.V., the Dutch pension fund manager and the remaining 40% by the Peoples Bank of China.

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

- 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 detailed and 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 alongside its own stock and on an even handed basis
- 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 ("the Issuer") issued a £382.1m debut secured notes listed on the Irish Stock Exchange. The Notes were 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 ("Holdco") is a wholly owned subsidiary of UPP Group and was incorporated to be the intermediate holding Company for the six AssetCos.

This issuance comprised two tranches:

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

On 9 December 2014 ("Exeter Accession Date"), the HoldCo Group acquired UPP (Exeter) Limited ('Exeter') from UPP Group Ltd. On the Exeter Accession Date, the Issuer issued a new series of £149.7m of index linked Secured Notes due 2049, listed on the Irish Stock Exchange. The proceeds of these notes were used to advance a new On-Loan to Exeter to facilitate the repayment of its outstanding financial indebtedness and associated costs.

Exeter operates 2,569 rooms on behalf of the University of Exeter. The AssetCo has been operating since 2009 and the first full year of operations was the 2012/13 academic year. It has a record of strong demand as it has been fully occupied since the beginning of operations, including academic year 2014/15.

The University of Exeter is one of the most popular universities in the UK. It was named University of the Year by the Sunday Times in 2013 and is ranked 7th in the 2015 Sunday Times Good University Guide. Exeter is within the top 150 institutions globally and in August 2012, it accepted an invitation to join the Russell Group of

institutions, further reinforcing this reputation. In 2012/13, the University enrolled a total of 17,555 full time students and has witnessed strong rates of enrolment growth since 2007/08 at 6.6% per annum (CAGR); the equivalent of an extra 5,000 students per year. Exeter has a much larger proportion of full time students and therefore residential demand, than the national average with 89% of students enrolled in this mode compared to 65% nationally.
The University has been one of the leading beneficiaries of a more competitive HE sector and underpinning this has been an investment of more than £400 million over the last five years, in teaching, research, social and residential facilities at its Streatham Campus.

The new AssetCo passed all the acceding asset tests for entry into the Bond Programme included associated ratings and ADSCR tests.

Proceeds of both issuances, along with tranches 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 Notes 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 & 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

On the Exeter Accession Date, UPP (Exeter) Limited became an indirect wholly subsidiary of Holdco. Therefore, its performance is separated from the existing six AssetCos to enable like for like comparisons.

Higher education sector & business developments

2.0

2.1 The higher education sector

According to UNESCO, global higher education (HE) continues to grow, with student numbers surging as institutions around the world vie for the best students in an ever more competitive market[1]. This growth has been driven by increasing demand for advanced skills and structural changes in educational systems. This looks set to continue with the number of 25-34 year-olds with a higher education degree across OECD and G20 countries projected to increase from 129 million in 2010 to 204 million by 2020[2].

The UK HE sector continues to benefit from these dynamics and remains a leading global brand. It also represents a key element of both the national and local economies, generating an estimated £73.1billion in direct and secondary outputs each year. The UK holds a 13% market share of global HE, making it second only to the US in terms of global quality and the number one HE destination in Europe. There are currently 29 UK institutions in the top 200 of the Times Higher Education World University Rankings for 2014/15 and 11 within the top 100.

The UK sector has seen strong rates of historic growth, with full time student enrolments increasing by 40.1% between the academic years 2000/01 to 2013/14 – the equivalent of an extra 486,000 students per annum. Data from the Higher Education Statistics Agency ("HESA") identifies that the full-time United Kingdom student population grew to 1.70 million for 2013/14. This represents the equivalent of a compound annual growth rate of 2.6 % since 2000/01.

The current administration continues to push through reforms aimed at opening higher education to far greater competition between institutions for students. Tuition fees have now replaced recurrent grant income as the largest single source of institutional funding whilst the HEFCE "High Grades" policy continues to allow institutions to recruit as many students, with grades of ABB or above, as they wish. For the academic year 2014/15 a further 30,000 student places were made available and this resulted in over half a million people being placed in higher education via UCAS.

Whilst there will remain some policy uncertainty in the run up to, and immediate aftermath of, the 2015 General Election, this is very unlikely to impact the fundamental demand dynamics underpinning the UPP business model, with the sector appearing set for another period of competitive expansion. The quality of the experience offered to students and the pricing of tuition fees relative to course quality and institutional reputation, will prove critical to the success of each university.

Academic Demand:

Domestic:

The recovery in UK student applicant numbers following the introduction of the increased £9,000 tuition fee cap for the academic year 2012/13 continues. For the forthcoming academic year 2015/16 total applicant numbers have risen by 2% - in absolute terms an extra 11,900 potential students. Since 2012/13 applicant numbers have therefore increased by 47,700 and now sit at 608,160, more than 3,500 higher than the record year 2011/12.

For 2014/15 total UK applicant numbers were up 3.2% on the same point in the 2013/14 cycle and for 2015/16 applicant numbers have increased again, year on year, by approximately 7,000 or 1.4%. English student numbers increased by 1.0%, whilst Scottish applicants exhibited the largest rate of growth at 10.0%.

The table below provides the most recent comparative applicant data by domicile, covering the period 2010/11 to the same point in the current 2015/16 cycle. The data indicates that applicant numbers continue to grow following the increase in the tuition fee cap in all domicile areas of the UK with the exception of Wales.

[1] *UNESCO Institute for Statistics - Global Flow of Tertiary-Level Students*

[2] *OECD (2013) "Education at a Glance 2013 - OECD indicators", OECD Publishing;*

Annual UCAS Applicant Data by Domicile (February 2015)

Applicant Domicile	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
England	429,550	438,910	396,280	404,850	418,820	421,230
N. Ireland	18,620	19,420	18,600	19,780	19,730	20,260
Scotland	39,730	41,000	40,420	40,690	41,860	45,900
Wales	21,290	22,020	21,610	20,940	21,540	21,500
Other EU	37,470	42,330	37,450	38,940	40,920	43,820
Non EU	38,170	40,970	46,100	49,190	53,400	53,460
Total	584,820	604,650	560,460	574,380	596,260	608,160

In January 2015 UCAS released the 2014 Application End of Cycle Report[3]. The data identifies that UCAS placed 512,400 people into higher education during the cycle, an increase of 16,800 (3.4%) and the highest number recorded to date. This was driven by an increase in total applicants (3.3% to 699,700). The proportion of applicants accepted remained the same as 2013 at 73.2%.

Acceptances during the 2014 cycle increased from all UK countries. Acceptances to students from the UK increased to 447,500 in 2014, up 13,800 (3.2%) from 2013 and the highest number placed through UCAS to date. There have also been increases in the number of placed applicants from all age groups in the UK to the highest recorded levels.

Acceptances for the 18 and 19 year old age groups have increased by around 2.0%, despite a falling population. The proportional increases in acceptances for older age groups were larger; increasing by 4.1% to 80,000 for 20-24 year olds and, for those aged 25 and over, 8.6% to 52,300.

The proportion of the 18 year old population who entered higher education increased by over one percentage point in both England (30.4%) and Wales (27.1%). In both countries these entry rates, calculated using the latest revised population estimates, represent the highest ever proportion of young people entering higher education.

It should also be noted that more than 60,000 students were placed into HE through Clearing. The total placed through both Clearing routes was 61,300, an increase of 4,200 (7.4%) on 2013 and the highest number ever placed through the Clearing routes.

International:

The number of students enrolled outside their country of citizenship has continued to increase, more than doubling over the last decade to 4.3million. OECD data identifies the scale of this growth - between 1995/96 and 2011/12 university entry rates rose by more than 20 percentage points across OECD countries from 39% to 60%[4].

The most recent applicant data for the academic year 2015/16 identifies an increase in EU (excluding UK) students of 7.1% on the same point during the 2014/15 cycle. In turn, applicant numbers for 2014/15 were up 5.1% (1,980 applicants) on the preceding academic year. Since the academic term 2012/13 applicant numbers from the EU have increased by circa 6,400.

The most recent acceptances data for the 2014/15 cycle saw EU acceptances increase by 1,900 to 26,400, representing a 7.6% increase on 2013/14. This was driven by both an increase in applicants and a relatively large increase in the acceptance rate of 1.7% to 56.3%.

The number of student applicants from outside the EU has also continued to increase following the introduction of the £9,000 tuition fee cap. The latest data for the academic year 2015/16 identifies a 3.8% increase on 2014/15 the equivalent of an extra 2,060 student applicants. In turn the preceding year also witnessed an increase on 2013/14 of 8.6% or more than 3,000 extra students. Acceptances data continues to tell a similar positive story, with acceptances for the 2014 cycle increasing to 38,500, a year on year increase of 2.8% - the highest number of accepted applicants from these countries.

The latest data sources therefore appear to reflect a sector that is continuing to grow in spite of the introduction of the higher fee cap. Indeed, it is interesting to note that under the new system, in 2014/15 the most disadvantaged young people were over 10.0% more likely to enter higher education than in 2013/14; a third more likely than just five years ago; and 40.0% more likely to attend higher tariff institutions.

[3] *"2013 Application Cycle: End of Cycle Report" UCAS Analysis and Research, December 2013*

[4] *OECD (2013) "Education at a Glance 2013 - OECD indicators"*

2.1 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 99.4% 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 whilst early in the annual letting cycle, applications for rooms are marginally ahead of the same point in the previous year.

As at 01 April 2015, the AssetCos have secured approximately 490 additional Signed Residences Agreements for the academic year 2015/16 compared with the same date last year. Full reservation requests have been received and agreed ahead of the academic year 2015/16 at the University of Exeter, Oxford Brookes University and Plymouth University, representing 43% 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 2015/16 which has been case in the two previous financial years. These discounts amount to circa £484k, less than 2% of total rents of circa £26m across the two AssetCos.

Rents for the academic year 2015/16 have now been confirmed at all of the AssetCos. Against a background of RPI at 2.39%, plus some requirement to recover energy overspends from previous years, average rent increases across all room types will be in the region of 2.7%

Financial highlights

For the six months ended 28 February 2015

3.0

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

- Occupancy of 99.4% achieved across the seven AssetCos
- Turnover of £25.7m
- Like with like increase in turnover of 3.4%
- EBITDA before sinking fund of £16.3m
- Like with like increase in EBITDA before sinking fund of 4.2%
- Healthy cash balance of £41.8m made up largely of liquidity reserve accounts and amounts payable to the holder of subordinated loan notes

For the period from 1 September 2014 through to 28 February 2015, the Bond portfolio has performed in line with expectations. The historic ADSCR of 1.33 (1.57 including Exeter) for the 12 month period to 28 February 2015 was comfortably above lock up triggers set at 1.15.

To aid comparison performance is shown for the existing six AssetCos excluding Exeter for the six months to February 2015 against the same period in 2014. Results for Exeter for the period are shown from the 9 December 2014, and then the total for all seven AssetCos.

Occupancy for the 2014/15 academic year has been secured at 99.4% 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 in line with modelled expectations.

3.1 AssetCo Consolidated pro forma Profit and Loss Account for the six months ended 28 February 2015

	6m ended 28 Feb 2015	Unaudited pro forma 6m ended 28 Feb 2014	Change %	Exeter AssetCo Period 9 Dec 2014 to 28 Feb 2015	All AssetCos 6m ended 28 Feb 2015
	£'000	£'000		£'000	£'000
Turnover	22,724	21,985	3.4%	2,961	25,685
Cost of sales	(7,331)	(7,217)	1.6%	(864)	(8,195)
Gross profit	15,393	14,768	4.2%	2,097	17,490
Gross profit margin	*67.7%*	*67.2%*		*70.8%*	*68.1%*
Overheads	(1,086)	(1,087)	(0.1%)	(93)	(1,179)
EBITDA before sinking fund expenditure	14,307	13,681	4.6%	2,014	16,311
EBITDA margin	63.0%	62.2%		67.7%	63.5%
Sinking Fund expenditure	(1,037)	(986)	5.2%	(24)	(1,061)
EBITDA	13,270	12,695	4.5%	1,980	15,250

Financial highlights are:

- Underlying turnover on the existing six AssetCos up 3.4%, primarily due to RPI linked rental increases.
- Occupancy for 2015 of 99.4% (2014: 100%)
- Strong gross and EBITDA margins in-line with expectations.
- Strong operating cash flow for the six months to 28 February 2015 of £21.6m (Feb 2014: £19.6m), increasing to £23.6m including Exeter.

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.

Underlying turnover increased by 3.4% primarily due to contractual rental increases which are above the underlying September 2013 RPI of 2.3% and incorporate some historic cost recovery of utilities over expenditure.

For the 2014/15 academic year, occupancy is 99.4% across the portfolio which is in excess of modelled expectations. Including the acceded AssetCo at Exeter, turnover for the period is £25.6m.

Cost of sales is made up of facilities management costs, staff costs and utilities which increased by 1.6% for the six existing AssetCos. Though facilities management costs have increased by September 2013 RPI of 2.3%, this has been offset by lower costs on utilities due to savings achieved through efficient procurement.

Overheads have remained stable year on year at £1.1m, increasing slightly with the addition of Exeter to £1.2m.

Overall EBITDA before sinking fund grew by 4.6% to £14.3m (Feb 2014: £13.7m) on the existing AssetCos demonstrating robust margins. Including Exeter, EBITDA before sinking fund was £16.3m.

Ratio calculations

As set out in Paragraph 2 of Part 2 of Schedule 9 of the CTA the ratio calculations as at 28 February 2015 are:

4.0

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.

4.1 Historic Senior DSCR (for the 12 months to 28 February 2015):

£000's	Existing 6 assets	Exeter	Consolidated
Turnover	44,961	13,154	58,115
Cost of sales	(14,313)	(3,642)	(17,955)
Overheads	(2,056)	(345)	(2,401)
EBITDA pre sinking fund	**28,592**	**9,167**	**37,759**
Sinking fund	(2,811)	(544)	(3,355)
EBITDA	**25,781**	**8,623**	**34,404**
CAFDS adjustment[1]	384	140	524
CAFDS	26,165	8,763	34,928
Debt service	19,708	2,531	22,239
Historic Senior DSCR	**1.33**	**3.46**	**1.57**

4.2 Projected Senior DSCR (for the 12 months to 28 February 2016):

£000's	Consolidated
Turnover	59,490
Cost of sales	(18,613)
Overheads	(2,528)
EBITDA pre sinking fund	**38,349**
Sinking fund	(4,083)
EBITDA	**34,266**
CAFDS adjustment[1]	275
CAFDS	34,541
Debt service	25,873
Projected Senior DSCR	**1.34**

4.3 Historic AssetCo DSCR:

UPP (Alcuin) Limited	1.34
UPP (Broadgate Park) Limited	1.29
UPP (Kent Student Accommodation) Limited	1.35
UPP (Nottingham) Limited	1.31
UPP (Oxford Brookes) Limited	1.37
UPP (Plymouth Three) Limited	1.36
UPP (Exeter) Limited[2]	3.46

4.4 Projected Senior DSCR (for the 12 months to 28 February 2016):

UPP (Alcuin) Limited	1.35
UPP (Broadgate Park) Limited	1.29
UPP (Kent Student Accommodation) Limited	1.33
UPP (Nottingham) Limited	1.32
UPP (Oxford Brookes) Limited	1.37
UPP (Plymouth Three) Limited	1.33
UPP (Exeter) Limited	1.37

[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.

[2] The Historic AssetCo DSCR for UPP (Exeter) Ltd is distorted by only incorporating debt service from 9 December 2014 to 28 February 2015.

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. UPP Bond 1 Issuer PLC as the Issuer
Bishopsfield Capital Partners Limited as Monitoring Adviser

From: UPP Bond 1 Limited

Date: 13 April 2015

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.

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 is a Compliance Certificate.
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	1.34
UPP (Broadgate Park) Limited	1.15	1.29
UPP (Kent Student Accommodation) Limited	1.15	1.35
UPP (Nottingham) Limited	1.15	1.31
UPP (Oxford Brookes) Limited	1.15	1.37
UPP (Plymouth Three) Limited	1.15	1.36
UPP (Exeter) Limited	1.15	3.46
Senior DSCR	1.15	1.57

Projected Ratios	Projected for Relevant Calculation Period/Date	
	Applicable Ratio	Actual Ratio
UPP (Alcuin) Limited	1.15	1.35
UPP (Broadgate Park) Limited	1.15	1.29
UPP (Kent Student Accommodation) Limited	1.15	1.33
UPP (Nottingham) Limited	1.15	1.32
UPP (Oxford Brookes) Limited	1.15	1.37
UPP (Plymouth Three) Limited	1.15	1.33
UPP (Exeter) Limited	1.15	1.37
Senior DSCR	1.15	1.34

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 28 February 2015, the ratio of:
      i. the aggregated Net Cash Flow in respect of such AssetCo for the 12 months ended on 28 February 2015: to
      ii. the AssetCo Debt Service Requirement in respect of such AssetCo for the 12 months ended on 28 February 2015.
   (b) Historic Senior DSCR means, as at any 28 February 2015, the ratio of:
      i. the aggregated Net Cash Flow in respect of all AssetCos for the 12 months ended on 28 February 2015: to
      ii. the aggregated AssetCo Debt Service Requirement in respect of all AssetCos for the 12 months ended on 28 February 2015..
   (c) Projected AssetCo DSCR means, in respect of any AssetCo as at 28 February 2015 , the ratio of:
      i. the aggregated Net Cash Flow in respect of such AssetCo projected for 12 months immediately following 28 February 2015; to
      ii. the AssetCo Debt Service Requirement of such AssetCo projected for the 12 months immediately following such 28 February 2015.
   (d) Projected Senior DSCR means, as at 28 February 2015, the ratio of:
      i. the aggregated Net Cash Flow in respect of all AssetCos projected for the 12 months immediately following 28 February 2015; to
      ii. the aggregated AssetCos Debt Service Requirement in respect of all AssetCos projected for the 12 months immediately following such 28 February 2015

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 and is continuing other than as previously notified or waived;
   (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 and is continuing other than as previously notified or waived,
   (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 and is continuing other than as previously notified or waived;
   (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

Julian Benkel
Group Director, Compliance and Company Secretary

For and on behalf of UPP Bond 1 Limited

UPP Bond 1 Holdings Limited

Unaudited consolidated financial statements
For the six months ended 28 February 2015

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 the 9 December 2014.

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

For the purpose of these financial statements and the relevant notes provided the comparative period is for the six months ended 28 February 2014. Where appropriate these current year figures are provided with and without the activity of the acquisition of UPP Exeter Ltd in December 2014.

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

Consolidated profit and loss

		Unaudited	Unaudited	Unaudited
		With UPP Exeter Six months ended 28 February 2015	Without UPP Exeter Six months ended 28 February 2015	Six months ended 28 February 2014
	Notes	£'000	£'000	£'000
Turnover	2	**25,685**	**22,724**	21,985
Cost of sales		**(8,196)**	**(7,332)**	(7,218)
Gross profit		**17,489**	**15,392**	14,767
Operating expenses		**(4,802)**	**(4,583)**	(4,459)
Operating profit	4	**12,687**	**10,809**	10,308
Interest receivable & similar income	5	**94**	**88**	47
Interest payable & similar charges	6	**(19,316)**	**(17,675)**	(18,450)
Loss on ordinary activities before taxation		**(6,535)**	**(6,778)**	(8,095)
Loss for the financial period	13	**(6,535)**	**(6,778)**	(8,095)

The above results all relate to continuing operations.

Consolidated balance sheet

	Notes	**Unaudited 28 February 2015 £'000**	Unaudited 28 February 2014 £'000
Fixed assets			
Intangible assets	7	**138,993**	99,269
Tangible assets	8	**549,836**	414,710
		688,829	513,979
Current assets			
Debtors: amounts falling due within one year	9	**1,422**	966
Cash at bank and in hand		**41,766**	32,425
		43,188	33,391
Creditors: amounts falling due within one year	10	**(50,123)**	(31,319)
Net current assets		**(6,935)**	2,072
Total assets less current liabilities		**681,894**	516,051
Creditors: amounts falling due after more than one year	11	**(649,809)**	(492,153)
Net assets excluding pension liability		**32,085**	23,898
Pension liability		**(965)**	(878)
		31,120	23,020
Share capital and reserves			
Called up share capital	12	**55,570**	36,849
Revaluation reserve	13	**5,725**	2,058
Profit and loss account	13	**(30,175)**	(15,887)
		31,120	23,020

Consolidated statement of cash flows

	Notes	Unaudited Six months ended 28 February 2015 £'000	Unaudited Six months ended 28 February 2014 £'000
Net cash flow from operating activities	15(a)	**23,643**	19,553
Returns on investments and servicing of finance			
Interest received		**94**	47
Interest paid		**(8,853)**	(10,479)
Hedging termination payments		**(45,015)**	-
Costs associated with issue of debt		**(6,519)**	-
Net cash flow from returns on investments and servicing of finance		**(60,293)**	(10,432)
Acquisitions and disposals			
Cash balances acquired with subsidiary undertakings		**8,445**	-
Acquisition of subsidiary undertakings		**(18,722)**	-
Net cash flow from acquisitions and disposals		**(10,277)**	-
Net cash flow before financing		**(46,927)**	9,121
Financing			
Cash outflow from repayment of senior bank debt		**(102,299)**	-
Cash outflow from repayment of fixed rate debt		**(2,125)**	(2,451)
Cash outflow from repayment of index linked debt		**(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**	-
Cash inflow from issue of shares		**18,722**	-
Net cash flow from financing		**65,721**	(2,451)
Increase in cash during period	15(c)	**18,794**	6,670

Notes to the unaudited consolidated financial statements

1. Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed assets, and in accordance with applicable accounting standards.

(b) 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.

(c) 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 as 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 an other reserve on consolidation.

(d) Intangible assets

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.

(e) Presentation of principal asset

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

Each year the group reviews 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 asset is treated as a tangible fixed asset.

f) 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.

(g) Investments

Fixed asset investments are carried at cost less any provision for impairment in value. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for group reconstruction relief, cost is measured by reference to the net asset value of the shares issued, and the premium is accounted for accordingly.

(h) Impairment reviews

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(i) 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.

(j) 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. Where there is an early repayment clause within the debt instrument, costs incurred are amortised to the profit and loss account to the earliest opportunity the debt could be repaid.

(k) RPI swaps

RPI swaps are used to hedge the group's exposure to movements in inflation. The fair value of these financial instruments, which may be assets or liabilities to the group, are not recognised in these financial statements as the group is exempt from adopting FRS 26 and has not voluntarily chosen to adopt.

Should the group terminate the RPI swaps earlier than they mature, the group may become liable to pay penalties.

(l) Taxation

(i) Current tax

The charge for current taxation for the period is based on the result for the period, adjusted for disallowable items.

(ii) Deferred tax

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposal of assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.

- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.

- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which the timing differences reverse, based on the tax rates enacted at the balance sheet date. Group relief is only accounted for to the extent that a formal policy is in place at the year / 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.

(m) 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 8 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.

(n) 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.

(o) 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 amounts charged to the operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The assets of the NCCPF are measured using closing market values. The liabilities are measured using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

2. Turnover

Turnover represents income, on the basis of accounting policy 1(i), excluding VAT, attributed to the provision of student accommodation.

3. Directors' remuneration

The immediate subsidiary undertaking, UPP Bond 1 Limited, paid fees of £5,900 (2014: £5,400) 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 28 February 2015.

No other directors of the group received payment for services performed in relation to the management of the group.

4. Operating profit

The operating profit is stated after charging:

	Unaudited	Unaudited
	Six months ended 28 February 2015	Six months ended 28 February 2014
	£'000	£'000
Depreciation	**1,213**	1,030
Amortisation of goodwill	**1,774**	1,315

5. Interest receivable and similar income

	Unaudited	Unaudited
	Six months ended 28 February 2015	Six months ended 28 February 2014
	£'000	£'000
Bank interest	**94**	47

6. Interest payable and similar charges

	Unaudited	Unaudited
	Six months ended 28 February 2015	Six months ended 28 February 2014
	£'000	£'000
Interest payable on senior secured notes	**8,853**	8,515
Indexation of index-linked senior secured notes	**926**	1,105
Subordinated loan interest	**9,108**	8,462
Pension finance costs*	**-**	-
Amortisation of debt issue costs	**429**	368
	19,316	18,450

*year end adjustment only

7. Intangible fixed assets

	Positive Goodwill
	£'000
Cost	
At 1 September 2014	101,967
Additions	42,952
At 28 February 2015	**144,919**
Amortisation	
At 1 September 2014	(4,152)
Charge for the period	(1,774)
At 28 February 2015	**(5,926)**
Net book value	
At 28 February 2015	**138,993**
At 28 February 2014	99,269

Goodwill as at 1 September 2014 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 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 arose during the six months to 28 February 2015 on the acquisition of UPP (Exeter) Limited, further details on the acquisition can be found in note 14.

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.

8. Tangible fixed assets

	Assets for use in operating leases
	£'000
Cost or valuation	
At 1 September 2014	417,300
Additions	70
On acquisition of subsidiary undertaking (see note 14)	133,679
At 28 February 2015	**551,049**
Depreciation	
At 1 September 2014	-
Charge during the period	(1,213)
At 28 February 2015	**(1,213)**
Net book value	
At 28 February 2015	**549,836**
At 28 February 2014	414,710

Assets used in operating leases were independently valued by Jones Lange LaSalle ("JLL"), Chartered Surveyors, on an existing use basis at 31 August 2014, including the amount acquired through acquisition of the subsidiary undertaking. The figures above represent these valuations.

9. Debtors: amounts falling due within one year

	Unaudited	Unaudited
	28 February 2015	28 February 2014
	£'000	£'000
Trade debtors	**2**	152
VAT receivable	**33**	32
Amounts owed by subsidiary companies	**-**	-
Prepayments and accrued income	**1,387**	782
	1,422	966

10. Creditors: amounts falling due within one year

	Unaudited	Unaudited
	28 February 2015	28 February 2014
	£'000	£'000
Fixed rate senior secured notes	**6,533**	1,961
Trade creditors	**1,938**	1,517
Amounts owed to related parties	**2,355**	2,355
Amounts owed to immediate parent company	**25,750**	14,798
Accruals and deferred income	**13,547**	10,688
	50,123	31,319

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

	Unaudited	Unaudited
	28 February 2015	28 February 2014
	£'000	£'000
Fixed rate senior secured notes	**301,247**	303,938
Index-linked senior secured notes	**226,364**	77,032
Unsecured loan notes	**146,669**	125,361
Less: unamortised debt issue costs	**(17,938)**	(12,217)
	656,342	494,114
Less: included in creditors amounts falling due within one year	**(6,533)**	(1,961)
	649,809	492,153

	Unaudited	Unaudited
	28 February 2015	28 February 2014
Ma**turity of debt**	**£'000**	£'000
Repayable within one year or on demand	**6,533**	2,691
Repayable in more than one year but less than two years	**8,073**	3,000
Repayable in more than two years but less than five years	**32,277**	14,282
Repayable in more than five years	**627,397**	486,358
Less: unamortised debt issue costs	**(17,938)**	(12,217)
Less: included in creditors amounts falling due within one year	**656.432**	494,114
	(6.533)	(1,961)
	649.809	492,153

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.

12. Called up share capital

	28 February 2015	28 February 2014
	£'000	£'000
Issued, allotted, called up and fully paid		
55,570,408 Ordinary shares of £1 each	**55,570**	36,849

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.

13. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Revaluation reserve	Profit & loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 September 2014	36,849	5,725	(23,640)	18,934
Share capital issue	18,721	-	-	18,721
Loss for the period (unaudited)	-	-	(6,535)	(6,535)
At 28 February 2015	**55,570**	**5,725**	**(30,175)**	**31,120**

14. Acquisition of subsidiary undertakings

	Book value of assets acquired	**Fair value adjustment**	**Fair value of assets acquired**
	£'000	**£'000**	**£'000**
Tangible assets	133,679	-	133,679
Current assets	179	-	179
Cash	8,445	-	8,445
Current liabilities	(1,812)	(45,015)	(46,827)
Senior bank debt	(102,299)	-	(102,299)
Subordinated loan note funding	(17,407)	-	(17,407)
Net assets / (liabilities) assumed	**20,785**	**(45,015)**	**(24,230)**
Consideration paid by issue of shares			18,722
Goodwill			**42,952**

Included within tangible assets is an amount of £21,136,000 that relates to revaluation of this property as at 31 August 2014.

The fair value adjustment to current liabilities relates to a provision of £45,015,000 to cover the cost of terminating the hedging arrangements in place on early redemption of the senior bank debt.

15. Notes to the statement of cash flows

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

	Unaudited Six months ended 28 February 2015	Unaudited Six months ended 28 February 2014
	£'000	£'000
Operating profit	**12,687**	10,308
Depreciation	**1,213**	1,030
Goodwill amortisation	**1,774**	1,315
Pension liability costs	**-**	-
Fixed asset additions	**(70)**	-
Increase in debtors due within one year	**(994)**	(429)
Increase in creditors due within one year	**9,033**	7,329
Net cash inflow from operating activities	**23,643**	19,553

(b) Analysis of changes in net debt

	At 1 September 2014	Acquired with subsidiary undertakings	Cash flow	Other changes	**At 28 February 2015**
	£'000	£'000	£'000	£'000	**£'000**
Cash at bank and in hand	22,972	8,445	10,349	-	**41,766**
Debt due within one year	(1,830)	(119,706)	119,622	(4,619)	**(6,533)**
Debt due within one year	(492,971)	-	(166,620)	9,782	**(649,809)**
	(471,829)	(111,261)	(36,649)	5,163	**(614,576)**

(c) Reconciliation of net cash flow to movement in net debt

	Unaudited Six months ended 28 February 2015	Unaudited Six months ended 28 February 2014
	£'000	£'000
Increase in cash	**18,794**	6,670
Cash (inflow)/outflow from increase/decrease in loans	(46,999)	2,451
Movement in net debt resulting from cash flows	**(28,205)**	**9,121**
Indexation uplift on index-linked loans	**(926)**	(1,105)
Loans acquired with subsidiary undertakings	**(119,706)**	-
New debt issue costs incurred	**6,519**	-
Amortisation of debt issue costs	**(429)**	(368)
Movement in net debt	**(142,747)**	**7,648**
Net debt at 1 September 2014	**(471,829)**	(469,337)
Net debt at 28 February 2015	**(614,576)**	**(461,689)**

16. 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.

Contacts

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