

QCA Code Statement

February 2021

Statement from the Chairman

The Board of Directors ('the Board') of UPP REIT Holdings Limited ('the Company') recognises the importance of corporate governance and its contribution to promoting the long-term success of the Group. The Board has voluntarily adopted the Quoted Companies Alliance ('QCA') Corporate Governance Code ('the Code') in line with changes to TISE's Listing Rules requiring Issuers to follow a recognised code of corporate governance. The Code contains ten principles of good corporate governance and our application of these principles at this current point in time is summarised below.

The Chairman is responsible for the leadership and governance of the Board, and for promoting high standards of integrity, probity and governance throughout the Group. The Group's values of Partnership, Responsibility, Innovation and Community aim to foster a culture of accountability and efficiency, which stimulates sustainable business growth in line with our long-term business model. Our culture supports the Group's mission to provide a pragmatic and sensible regulatory regime which appropriately balances the needs and interests of all of our stakeholders.

The Board determines the Group's strategy and overall commercial objectives, ensuring that our organisation is run effectively for the long-term benefit of our shareholders and other key stakeholders. The Group's growth strategy is based on a selective, value accretive approach which seeks to transact and establish partnerships with those institutions best positioned to deliver sustainable demand, and which fit the well-established and understood risk appetite of the Board.

The Chairman is responsible for setting the Board's agenda and for ensuring that all directors have the necessary time, information, understanding and support to effectively contribute their skills and experience to inform Board discussions and shape the Group's strategic direction. The Chairman is also responsible for ensuring that the views of our shareholders are communicated to the Board as a whole and the Group's governance and reporting arrangements are kept under review and enhancements are made where opportunities to do so are identified.

Our adoption of the QCA Code

Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

Formal adoption of the QCA Code by the Company requires us to apply the principles set out below and to publish certain related disclosures; these can appear in our Annual Report, on our website or a combination

of the two approaches. Recommended locations for each disclosure are specified in the QCA Code and we have chosen to follow these.

Deliver growth

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

UPP REIT Holdings Limited is the leading provider of on-campus residential and academic property infrastructure in long-term relationships with UK universities. We provide a range of design, build, financing and operational services. We have a single-sector focus, establishing bespoke, long-term partnerships with outstanding institutions to reinvent the way students live and learn at university by transforming the campus experience.

Our business strategy

We are organised into three business units – UPP Management, UPP Residential Services and UPP Projects - to leverage the full benefit of our multi-disciplinary expertise in the interests of our partners, whilst also making sure that each of our businesses are supported by a number of corporate services, including communications, compliance, finance and human resources.

Our strategy focuses on the following three component elements, or strategic aims:

- Drive operational excellence throughout our business
- Delight our university partners with the service we provide
- Generate value for our investors, enabling them to invest further in the growth of our business

To achieve our strategic aims we will focus on six strategic priorities:

- Student experience – Deliver excellent, easy to access student experience initiatives, seamlessly integrated with those of our partners
- Partnership – Develop and maintain highly-effective university partnerships
- Our people – Develop a safe, highly-engaged, skilled and collaborative organisation
- Accommodation – Apply effective asset management to provide good quality, value for money accommodation
- Continuous improvement – Promote a culture of continuous improvement by embracing technology, innovation and driving efficiencies
- Development – Develop highly-effective and innovative design, construction and funding capabilities

Progress in the execution of the component elements of the strategy is monitored on an on-going basis by the Board of the Company, which includes key members of the Executive Leadership Team and Shareholder Directors.

We are committed to growing on a controlled and risk-adjusted basis, with our primary driver being to increase the value of our Group over time, focusing on the quality of revenues, our overall investment proposition and in turn enhance our overall cash generation and the value of our portfolio. We plan to increase our number of partners and the size of our portfolio in a selective and controlled manner, to strengthen our relationships with existing partners and to continue to deliver great services to students.

More detail on our strategy can be found on our [Company website](#) and within our [Annual Report](#) on page nine.

Principle 2: Seek to understand and meet shareholder needs and expectations

UPP invests in and seeks to understand the needs and expectations of its Shareholders. The Board determines the Group's strategy and overall commercial objectives, ensuring that our organisation is run effectively for the long-term benefit of our shareholders and other key stakeholders.

It has formal engagement with its Shareholders on a quarterly basis at Board Meetings of its parent company UPP REIT Holdings Limited, and via a number of associated committees of this and other Boards.

Shareholders have directly appointed four directors to the Board to act as shareholder representatives and these directors are the primary mechanism through which UPP communicates with its shareholders.

Shareholders' representatives and the Executive Leadership Team (ELT) meet on a regular basis to discuss the risk appetite, and all members of the ELT have regular informal engagement with Shareholders to discuss strategically important business issues.

The Chairman is responsible for ensuring that the views of our shareholders are communicated to the Board as a whole and the Group's governance and reporting arrangements are kept under review and enhancements are made where opportunities to do so are identified.

More detail on our approach to engagement with our Shareholders can be found on within our [Section S172\(1\) Statement](#) available on our website's Investor Centre, and within the Governance section on pages 35 to 55 of our [Annual Report](#).

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

UPP considers wider stakeholders and the key relationships on which the Company relies through a Stakeholder Management Plan and an active approach to the management of stakeholder relationships.

The Plan identifies the people, groups and organisations which could affect or be affected by the activities of the Company – including: contract clients and key decision makers; prospective partners; shareholders; media; investors (banks, private placement and bond holders); the Office for Students; Department for Education; local government and planning departments; and other higher education (HE) sector bodies.

It analyses the needs, interests and expectations of stakeholders, sets out strategies and tactics for engagement and classifies each stakeholder by its power and interests based on an assessment of its respective interests, involvement and interdependencies.

We plan stakeholder management through tools including a designated committee (the Business Development Strategy Group (BDSG)); the review and amendment of its approach to different stakeholders; the updating of business development/engagement plans for each existing partner and for those on the business development pipeline; and by updating our university stakeholder contacts list and meeting schedule and feedback.

The Company manages stakeholder engagement by identifying the key decision makers at a variety of levels at each partner institution and assigning a relationship owner. In addition, we manage engagement with existing partners on the basis of a number of statutory and informal meetings. These include Liaison Committee meetings (Contractual); Partnership Boards (Non-Contractual, Non-Statutory); and SPV Board meetings (Statutory).

We monitor stakeholder engagement through our Business Development Strategy Group (BDSG). This formalises our approach to engagement in each case and has a range of standing members from across the Company and invited attendees. Meanwhile, on-going engagement and updating of the list of university and other stakeholders is the responsibility of our Commercial team.

To understand the needs of our university partners, we undertake regular perception audits and, to understand the views of the students who live in our residences, we undertake annual student satisfaction surveys and focus groups. We share the latter with our partners and ensure they inform subsequent action plans.

Finally, our Environmental, Social and Governance (ESG) vision and strategy is underpinned by four key principles – to develop and operate safe, secure and affordable student accommodation in a responsible way; to act in the long-term interests of our employees, our partners and their students, and our shareholders; to respect the environment and positively contribute to the communities within which we work; and to provide thought leadership to the higher education sector.

A summary of our approach to stakeholder engagement is outlined in our [Annual Report](#) on page 52, and a more detailed explanation is found on our website's Investor Centre within our [Section S172 \(1\) Statement](#). Information on our approach to ESG is located on [our website](#) and within our [Annual Report](#) on pages 32 and pages 53 to 55.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for monitoring the Group's system of internal control and risk management and for carrying out a review of its effectiveness. In discharging that responsibility, the Board confirms that it has established the procedures necessary to apply the provisions of the Code, including clear operating procedures, lines of responsibility and delegated authority. These procedures are regularly reviewed by the Board. Business performance is managed closely, and the Board and the Group Executive Team have established processes, as part of the normal good management of the business.

The Board is supported by the Audit and Risk Committee which is responsible for overseeing the effectiveness of risk management and internal control systems and regularly assess the principal risks facing the Group.

The Committee has reviewed the work undertaken by management on the assessment of the Group's principal risks, including their impact on the prospects of the Group. The Group's system of internal controls, along with its design and operating effectiveness, is subject to review by the Committee, through reports received from the Group, along with those from both the Internal and External Auditors. Any control deficiencies identified will be followed up with action plans tracked by the Committee.

The Committee intends to keep the risk management and internal control systems under review and to support the Board in carrying out an annual review of their effectiveness. Policies and procedures, including clearly defined levels of delegated authority, have been communicated across the Group. Internal controls have been implemented in respect of the key operational and financial processes which exist within the business.

The Group's risk management processes are embedded in each division/function to facilitate updates to key risks during the year. Risk Registers have been substantially simplified, reduced in size and re-worked to make them more user-friendly and to ensure focus is on key risk items, but in more depth and detail than previously identified.

The Group's principal risk management systems comprise a top ten risk register, strategic risk register and accompanying live risk register. The aim of this is to clarify accountability for the operation of the controls to manage these risks and improve the breadth of risk management activity undertaken. Specific control owners are appointed to review and update the mitigation for the live risks. Risk registers are also maintained at subsidiary company and functional level, including for each operational site, with reviews at appropriate levels including Boards and Committees.

The Group Executive Leadership Team receives regular updates on the risk management process and the key risks including:

- risk description;
- current assessment of likelihood and impact (assessed over a number of risk impacts including financial, regulatory, reputation and customer risk);
- the ongoing controls or mitigation activity in place; and
- planned future mitigation activity with owners and completion dates.

The Audit Committee receives regular updates on the risk management process in place, and undertakes regular reviews of the key risks, as identified and assessed by management through the above process. The Audit Committee also reviews summaries of the work undertaken by the Internal Audit team, which has a risk-based annual plan of assurance reviews.

More detailed information on our approach to risk management, our Internal Audit process, and a summary of our Committees can be found on our website's [Investor Centre](#) and our [Annual Report](#) on pages 47 to 51.

Maintain a dynamic management framework

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The UPP Group Holdings Board is comprised of an Independent Chairman, the Chief Executive, representatives of UPP's shareholders and UPP Directors.

The roles of the Chairman and Chief Executive Officer are distinct and separate with a clear division of responsibilities, which are set out in writing. The Chairman is primarily responsible for the leadership of the Board and for creating the conditions for overall Board and individual director effectiveness.

The Chairman ensures that all directors actively participate in Board and committee meetings and effectively contribute their skills and experience to inform discussions and shape the Group's strategic direction.

The Group commits to carrying out an evaluation of the Board in the coming year. The evaluation will examine the Board/Committee structure; conduct of meetings; corporate strategy and planning; governance; risk management and internal controls; financial planning; measuring and monitoring performance; and investor relations.

In addition to the Board Governance architecture, corporate governance is also embedded across the Group with the following Group committees established to oversee specific areas and activities: Audit and Risk Committee, Remuneration Committee and Investment Committee. Each of the committees has terms of reference detailing their roles and responsibilities and these are reviewed by the Board annually. The Board is represented on each of these committees and the committees provide regular reporting to the Board on their activities. Whilst these committees may provide advice and make recommendations to the Board in respect of any areas within their remit, it remains the responsibility of the Board to agree and approve any action required.

More information on our Board and Committee performance evaluation, and our Committee structures, are available on our [Investor Centre](#) and within the Governance section of our [Annual Report](#) on pages 37 to 46. Details on the Board and Committee meetings held during and the attendance at these meetings are available on page 37.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The UPP Group Holdings Board is comprised of an Independent Chairman, the Chief Executive Officer, representatives of UPP's shareholders and UPP Directors. This is the right blend of commercial and governance experience, independence and challenge and that the diverse range of skills and backgrounds of the Directors prevents any undue individual or collective influence over the Board's decision making.

The Group fully recognises the benefit of diversity, including gender and ethnic diversity, when the Committee is searching for candidates for Board appointments our policy is to appoint the best possible candidate considered on merit and against objective criteria, rather than set objectives on gender that may deflect from achieving this fundamental target on each occasion.

Further details on the Board of Directors including their skills and experience are available in the [Annual Report](#) on pages 37 to 38, and on our website's [Investor Centre](#).

Under the Company's Articles of Association, the Board may authorise any actual or potential conflicts of interest that may arise and impose limits or conditions as appropriate. Each Director provides the Company Secretary with information regarding any actual or potential interests that may conflict with those of the Group, such as other external directorships, and any other potential interests that each thinks may cause a conflict requiring prior Board authorisation on an annual basis. If the circumstances of any of these disclosed interests change, the relevant Director is required to advise the Company Secretary promptly.

Any decision of the Board to authorise a conflict of interest, whether matter-specific or situational, is only effective if it is agreed without the participation of the conflicted Director(s) in the decision, and in making such a decision, as always, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group. The Group has established a procedure whereby actual or potential conflicts of interest are registered. These are reviewed annually by the Board to ensure that the authorisation granted to the Directors, and any conditions attached to them, are appropriate for the relevant matter to remain authorised and the appropriate authorisation is sought prior to the appointment of any new Director or if a new conflict arises.

UPP's approach to risk management, including conflicts of interest, is outlined on pages 47 to 51 of our [Annual Report](#).

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Code recommends that an evaluation of the effectiveness of the Board and its Committees should be undertaken externally every three years and internally in the intervening years.

The Group commits to carrying out an evaluation of the Board in the coming year. The evaluation will examine the Board/Committee structure; conduct of meetings; corporate strategy and planning; governance; risk management and internal controls; financial planning; measuring and monitoring performance; and investor relations.

Succession planning is regarded by the Board as vitally important to the continued success of the business. Through regular reviews and management discussions, the Company's future business leaders are identified, and personal development plans are put in place to harness their potential and plan for job growth and career progression.

The Group continues to review the leadership talent pipeline and succession plans for the Board, and senior management and the designated short-term caretakers for each Board and senior role, focusing on resolving key areas of vulnerability. The Group takes an active interest in the quality and development of talent and capabilities, ensuring that appropriate opportunities are in place to develop high-performing individuals.

Where a new appointment to the Board is required, the nomination committee (which is chaired by the Chairman) considers the balance of skills, knowledge and experience on the board and makes appropriate recommendations for consideration by the whole board. Other senior appointments (which are not Board positions, but which are vital to the running of the business) are made by the chief executive in discussion with the chairman.

Information relating to the evaluation of Board performance and succession planning is outlined in our [Annual Report](#) on pages 44 to 45.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Chairman is responsible for the leadership and governance of the Board, and for promoting high standards of integrity, probity, and governance throughout the Group. The Group's values of Partnership, Responsibility, Innovation and Community aim to foster a culture of accountability and efficiency, which stimulates sustainable business growth in line with our long-term business model. Our culture supports the Group's mission to provide a pragmatic and sensible regulatory regime which appropriately balances the needs and interests of all of our stakeholders.

We believe that equality of opportunity is essential for the successful and innovative development of both UPP and its communities. We are committed to promoting equality of opportunity, eliminating unlawful discrimination and valuing the different contributions and experiences of all our employees.

The Board at UPP recognises its critical role in assessing and monitoring that our desired culture – expressed in our values – is reflected in the attitudes and behaviours of our teams. Moreover, it understands its role in demonstrating these, both through the activities we pursue and stakeholder relationships. The

Code of Business Ethics, Gifts and Hospitality and Anti-Bribery Policies help everyone at UPP to act in line with these values and comply with relevant laws and regulations.

UPP employees are fundamental and core to our business and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment and wider wellbeing, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

Whistleblowing

The Group has adopted procedures by which all employees may, in confidence, report any concerns. The Whistleblowing Policy sets out the ethical standards expected of all persons to whom the policy legally applies and includes the procedure for raising concerns in strict confidence. Employees are encouraged in the first instance to talk to their line manager or contact the central HR team directly. However, in circumstances when this is not possible or is inappropriate the Group has provided an independent, external whistleblowing hotline for the reporting of any such matters on a named or anonymous basis. All reports are treated in strictest confidence and investigations are overseen by the Chief HR Officer and Director of Corporate Governance as appropriate, to ensure that a thorough, fair and transparent process is undertaken, and any actions addressed.

More information on our approach is available within our [Annual Report](#) on pages 48 to 51, and within and [Our Code of Business Ethics](#) and [Section 172\(1\) Statement](#) on our website.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

UPP has a robust governance structure in place which operates at four discrete levels, each providing the opportunity for Shareholders, Senior Officers of the Business and other members of the Executive Leadership Team to review, challenge and maintain oversight of measures in place to manage the risks faced by the business.

These include quarterly meetings of the parent company Board (UPP REIT Holdings Limited) and the Board responsible for managing the direction and progress of executing the business strategy (UPP Group Holdings Limited). Both these Boards have Shareholder Directors and Executive Directors and provide the opportunity to review the overall risk appetite of the business in light of market developments.

A third level of oversight and challenge is provided by UPP Group Limited, which sits as an Investment Committee to review progress on transaction opportunities, and operational investment and performance. This body is empowered to make recommendations to the Group and REIT Holdings Boards, recognising matters reserved for either the Company or Shareholders. In the case of individual Special Purpose Vehicles

(SPVs), formal SPV Board Meetings and Partnership Boards take place on an alternating bi-annual basis, with University Partner representation where a minority shareholding exists.

Board of Directors

The Board is collectively responsible for directing and supervising the management, business and affairs of the Group and for enhancing long-term shareholder value. The Board has overall responsibility for establishing high standards of business conduct and behaviour, managing risks and ensuring that internal controls are implemented to meet ongoing compliance with applicable legislation, rules and codes.

The roles of the Chairman and Chief Executive Officer are distinct and separate with a clear division of responsibilities, which are set out in writing. The Chairman is primarily responsible for the leadership of the Board and for creating the conditions for overall Board and individual director effectiveness.

The Chairman ensures that all directors actively participate in Board and committee meetings and effectively contribute their skills and experience to inform discussions and shape the Group's strategic direction.

The Chief Executive Officer has overall responsibility for leading the development and execution of the Group's strategy, for implementing the decisions of the Board and for managing the day-to-day operations of the Group within the appetite and strategy set by the Board.

The Board reviews and approves the Group's overall strategy, business plan and budget, and monitors the performance of the Group and management against the goals and objectives it has set. Comprehensive performance reporting, including variances from plans and forecasts, is provided to the Board on a quarterly basis. Results are reported against budget and the prior year performance, and forecasts for the current financial year are revised from time to time when actual performance makes it appropriate to do so.

The Board has established audit, nomination, remuneration, risk and ESG committees with formally delegated duties and responsibilities. These responsibilities are outlined on our website's [Investor Centre](#) and within our [Annual Report](#) on page 45.

Matters reserved for the board

In order to retain control of key decisions and ensure that there is a clear division of responsibilities between the Board and the running of the Group business, the Board has a formal schedule of matters reserved for its decision. These reserved matters include Group strategy and structure, governance and regulatory compliance, financial reporting, major capital commitments, major contracts and agreements, internal controls, significant remuneration changes, stakeholder engagement and material corporate transactions (including acquisitions and disposals). The formal schedule is reviewed annually to ensure that it remains fit for purpose and sets the parameters for management and expectation for internal controls.

Build trust

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

UPP invests in and seeks to understand the needs and expectations of its Shareholders and Investors. Shareholders have directly appointed four directors to the Board to act as shareholder representatives and these directors are the primary mechanism through which UPP communicates with its shareholders. Shareholders representatives and the Executive Leadership Team meet on a regular basis to discuss strategically important business issues.

The Board has regular meetings during the year, with additional Board conference calls held between the scheduled Board meetings as and when circumstances require it to meet at short notice. Details on the Board and Committee meetings held during and the attendance at these meetings are available in the [Annual Report](#) on page 37.

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting, and one-to-one meetings with large existing or potential new shareholders.

A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's [Investor Centre](#).

The Board regularly discusses issues concerning employees, university partners and their students, our shareholders, suppliers, sector regulators and the wider community and environment. It takes the needs of these stakeholders into account in its discussions and in its decision-making processes. In addition to this, the Board seeks to understand the interests and views of the Company's stakeholders by engaging with them directly when required. Full details of our approach to stakeholder engagement is outlined within our [Section S172\(1\) Statement](#) available on our Investor Centre.

The Company has engagement plans for all its stakeholders, with each relationship owned by one or more member of the Executive Leadership Team. These are "live" documents allowing the Company to respond as the needs of each stakeholder change over time. Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. More detail is available within [Our Business Code of Ethics](#) on the UPP website.