

**UPP Bond 1 Limited
Unaudited financial statements**

For the six months ended 28 February 2021

UPP Bond 1 Limited

Unaudited financial statements

For the six months ended 28 February 2021



Basis of reporting

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

The principal activity of the company is to provide treasury services to these seven subsidiary undertakings and subordinated debt financing.

UPP Bond 1 Limited
Statement of comprehensive income
For the six months ended 28 February 2021



	Notes	Unaudited Six months ended 28 February 2021 £'000	Unaudited Six months ended 29 February 2020 £'000
Operating expenses		(31)	(27)
Operating loss		(31)	(27)
Interest receivable & similar income		-	-
Interest payable & similar charges	6	(9,531)	(9,233)
Loss on ordinary activities before taxation		(9,562)	(9,259)
Tax (charge) / credit on loss on ordinary activities	7	-	-
Loss for the financial period		(9,562)	(9,260)
Total comprehensive income for the period attributable to owners of the parent		(9,562)	(9,260)

The above results all relate to continuing operations.

UPP Bond 1 Limited
Statement of changes in equity
For the six months ended 28 February 2021

Attributable to owners of the parent

	Share capital	Profit & loss account	Total equity
	£'000	£'000	£'000
At 1 September 2019	55,570	(19,865)	35,705
Loss for the financial period	-	(9,260)	(9,260)
Balance at 29 February 2020	55,570	(29,125)	26,445
At 1 March 2020	55,570	(29,125)	26,445
Loss for the financial period	-	(8,488)	(8,488)
At 31 August 2020	55,570	(37,613)	17,957
At 1 September 2020	55,570	(37,613)	17,957
Loss for the financial period	-	(9,562)	(9,562)
Balance at 28 February 2021	55,570	(47,175)	8,395

UPP Bond 1 Limited

Statement of financial position

As at 28 February 2021

Company registration number: 08255705

	Notes	Unaudited 28 February 2021 £'000	Unaudited 29 February 2020 £'000
Fixed assets			
Investments	8	<u>237,282</u>	<u>237,282</u>
		237,282	237,282
Current assets			
Debtors: amounts falling due within one year	9	3,044	3,851
Cash at bank and in hand		<u>33,086</u>	<u>34,191</u>
		36,130	38,042
Creditors: amounts falling due within one year	10	<u>(58,761)</u>	<u>(47,869)</u>
Net current (liabilities) / assets		<u>(22,631)</u>	<u>(9,827)</u>
Total assets less current liabilities		<u>214,651</u>	<u>227,455</u>
Creditors: amounts falling due after more than one year	11	(206,256)	(201,010)
Net assets		<u>8,395</u>	<u>26,445</u>
Share capital and reserves			
Called up share capital	12	55,570	55,570
Profit and loss account		<u>(47,175)</u>	<u>(29,125)</u>
		<u>8,395</u>	<u>26,445</u>

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2021

1. Company information

UPP Bond 1 Limited is a private company limited by shares incorporated in England. The registered office is First Floor, 12 Arthur Street, London, EC4R 9AB.

2. Basis of preparation

These interim financial statements have been prepared in accordance with The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

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

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts through to 31 August 2022 which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, UPP Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on UPP Group Limited providing additional financial support during that period. UPP Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, as the company forms part of a larger group for which UPP REIT Holdings Limited produces consolidated financial statements. These accounts present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption available under FRS 102.9.3 and has not prepared a cash flow statement by virtue of being a small company

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2021

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions are reviewed on an on-going basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving the most sensitive estimates and assumptions that are significant to the financial statements are set out below:

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates, the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss unless the asset is carried at a re-valued amount where the impairment loss of a re-valued asset is a revaluation decrease.

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

4. Principal accounting policies

(a) Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

At each reporting date, the Group determines whether it is necessary to recognise an impairment loss of its investment in its associates through examination of any objective evidence. The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The impairment of associate is shown on the face of the Consolidated Statement of Comprehensive Income outside operating profit.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment proceeds from disposal is recognised in profit or loss.

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2021

4. Principal accounting policies

(b) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Impairment is determined by making an estimate of the likely recoverable value of short term debtors by considering factors such as the credit rating, the aging profile and the historic experience of the respective debtor.

(c) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(d) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(e) Interest bearing loans and borrowings

Subordinated loan notes are initially measured at fair value, net of transaction costs. They are then subsequently measured at amortised cost using the effective interest method.

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

(f) Finance costs

Financing costs, comprising interest payable on loans and subordinated loan notes and the costs incurred in connection with the arrangement of borrowings are recognised in the income statement using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument unless the capital instrument is subsequently carried at fair value in which case the initial issue costs are expensed in the profit and loss account.

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2021

4. Principal accounting policies

(g) Impairment

At each reporting date, the Company determines whether it is necessary to recognise an impairment loss of its investment in its associates through examination of any objective evidence. The Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The impairment of associate is shown on the face of the Statement of Comprehensive Income outside operating profit.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment proceeds from disposal is recognised in profit or loss.

(h) Taxation

The tax expense for the year compiles current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is calculated on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Group relief is only accounted for to the extent that a formal policy is in place at the reporting period end. Where no policy is in place, current and deferred tax is measured before benefits which may arise from a formal group relief policy.

With effect from 1 March 2018, UPP REIT Holdings Limited, the ultimate parent company of the Company has elected for Real Estate Investment Trust (“REIT”) status to apply to the Company. As a result, the Company will no longer pay income tax on profits and gains from qualifying property rental business providing it meets certain conditions. Deferred tax accrued to the date of conversion in respect of assets and liabilities of the qualifying property rental business will no longer be provided for as the relevant temporary differences will no longer be taxable on reversal.

(i) Related party transactions

The Company is a wholly owned subsidiary of UPP REIT Holdings Limited and as such the company has taken advantage of the terms of FRS 102.33.1A not to disclose related party transactions which are eliminated on consolidation.

UPP Bond 1 Limited

Notes to the unaudited financial statements for the six months ended 28 February 2021

5. Directors' remuneration

The Company paid fees of £2,235 (2020: £2,077) to Intertrust Management Limited in respect of services performed in connection with the management of the affairs of the company for the period up to 28 February 2021.

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

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

6. Interest payable and similar charges

	Unaudited Six months ended 28 February 2021 £'000	Unaudited Six months ended 29 February 2020 £'000
<i>Financial liabilities measured at amortised cost</i>		
Loan note interest payable	9,531	9,233

UPP Bond 1 Limited

Notes to unaudited financial statements for the six months ended 28 February 2021

7. Tax on loss on ordinary activities

	Unaudited Six months ended 28 February 2021 £'000	Unaudited Six months ended 29 February 2020 £'000
a) Analysis of tax credit for the year		
Current tax on income for the year	-	-
<i>Deferred tax:</i>		
Movement on fair value of swaps	-	-
Total deferred tax	-	-
Total tax (credit) / charge on losses on ordinary activities	-	-

With effect from 1 March 2018, ultimate parent company of the Company has elected for Real Estate Investment Trust (“REIT”) status to apply to the Company. As a result, the Company no longer pays income tax on profits and gains from qualifying property rental business providing it meets certain conditions. Non-qualifying profits and gains continue to be subject to income tax as normal.

b) Factors that may affect future tax charges

UPP REIT Holdings Limited is a Real Estate Investment Trust (“REIT”). As a result, the Company no longer pays UK corporation tax on profits and gains from qualifying property rental business providing it meets certain conditions. Non-qualifying profits and gains continue to be subject to UK corporation tax as normal.

UPP Bond 1 Limited

Notes to unaudited financial statements for the six months ended 28 February 2021

8. Fixed asset investment

Company	Unaudited Investments in subsidiary undertakings £'000
At 29 February 2020 and 28 February 2021	<u>237,282</u>

The company owns 100% of the issued ordinary share capital in the companies listed below. All of these companies are registered in England and Wales

Subsidiary undertaking	Nature of business
UPP (Alcuin) Limited	Provision of student accommodation
UPP (Broadgate Park) Holdings Limited	Provision of student accommodation
UPP (Kent Student Accommodation) Limited	Provision of student accommodation
UPP (Nottingham) Limited	Provision of student accommodation
UPP (Oxford Brookes) Limited	Provision of student accommodation
UPP (Plymouth Three) Limited	Provision of student accommodation
UPP (Exeter) Limited	Provision of student accommodation

The fixed asset investment value above represents the carrying value of the company's investment in its subsidiary undertakings.

9. Debtors: amounts falling due within one year

	Unaudited 28 February 2021 £'000	Unaudited 29 February 2020 £'000
Sundry debtors and prepayments	<u>3,044</u>	<u>3,851</u>

UPP Bond 1 Limited
Notes to unaudited financial
statements for the six months ended 28 February 2021



10. Creditors: amounts falling due within one year

	Unaudited 28 February 2021 £'000	Unaudited 29 February 2020 £'000
Amounts owed to subsidiary undertakings	58,712	47,754
Trade creditors	-	84
Accruals and deferred income	49	31
	<u>58,761</u>	<u>47,869</u>

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

	Unaudited 28 February 2021 £'000	Unaudited 29 February 2020 £'000
Unsecured loan notes	<u>206,230</u>	<u>201,010</u>

Maturity of debt

Repayable in more than five years	<u>206,230</u>	<u>201,010</u>
-----------------------------------	-----------------------	----------------

The company issued loan notes on 5 March 2013 to its parent company, UPP Bond 1 Holdings Limited.

The loan notes are scheduled to be repaid by August 2057, with repayments commencing in August 2030, and bear an interest rate of 13.75%.

Additional loan notes of £21,309,000 were issued on 9 December 2014.

The additional loan notes are scheduled to be repaid by August 2051, with repayments commencing in August 2032, and bear an interest rate of 13.75%.

UPP Bond 1 Limited

Notes to unaudited financial statements for the six months ended 28 February 2021

12. Called up share capital

	Unaudited 28 February 2021 £'000	Unaudited 29 February 2020 £'000
Issued, allotted, called up and fully paid		
55,570,409 Ordinary shares of £1 each	<u>55,570</u>	<u>55,570</u>

13. Financial instruments

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

	Unaudited Carrying amount At 28 February 2021 £000	Unaudited Carrying amount At 29 February 2020 £000
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Unsecured loan notes	-	-
<i>Total financial assets measured at amortised cost:</i>	<u>-</u>	<u>-</u>
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Unsecured loan notes	206,230	201,010
<i>Total financial liabilities measured at amortised cost:</i>	<u>206,230</u>	<u>201,010</u>

16. Parent undertaking and controlling party

UPP Bond 1 Limited is a wholly owned subsidiary of UPP Bond 1 Holdings Limited, itself a wholly owned subsidiary of UPP REIT Holdings Limited.

UPP REIT 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.