# UPP (Oxford Brookes) Limited

Annual Report and Financial Statements

Year Ended

31 August 2021

Company Number 04116192

# UPP (Oxford Brookes) Limited

## Company Information

| | |
|---|---|
| **Directors** | M Swindlehurst<br>H Gervaise-Jones |
| **Registered number** | 04116192 |
| **Registered office** | First Floor<br>12 Arthur Street<br>London<br>EC4R 9AB |
| **Independent auditor** | KPMG LLP<br>Chartered Accountants and Statutory Auditor<br>15 Canada Square<br>London<br>E14 5GL |

# UPP (Oxford Brookes) Limited

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# UPP (Oxford Brookes) Limited

**Strategic Report**
**For the Year Ended 31 August 2021**

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**Business review**

The Company's principal activity is the development, funding, construction and operation of university accommodation under the University Partnerships Programme (UPP), in partnership with Oxford Brookes University.

The project comprises of 770 student residential accommodation bedrooms within the Oxford Brookes University main campus.

The principal activities of the Company during the year continued to be the operation of student accommodation.

The level of business, achieving budgeted occupancy, and the year-end financial position were in accordance with the directors' expectations. The directors anticipate that the future level of activity will be in accordance with their expectations and consider that the project will yield returns in line with current forecasts.

Despite the considerable impact on UK higher education ('HE') wrought by the COVID-19 pandemic and the impact of Brexit, the sector has maintained its position as the leading global destination for students after the USA. UCAS applicant data issued following the 30 June 2021 main scheme deadline identifies continued growth in demand of 4% overall or the equivalent of more than 29,220 extra applicants on the previous cycle.

This deadline saw applications from approximately 682,010 prospective students. Applicant numbers from the UK were up by 7%, a 37,600 increase on the 2020/21 cycle, however there was a decline in applicants from EU countries of 43%, the equivalent of 21,250 students. The number of applicants from outside the EU witnessed strong growth at 14%, an increase of 12,870 new prospective international students. The data also identified the continuing increase in the rate of application from 18-year-olds. This cohort has seen year on year increases over the last decade from 33.3% in 2012 to 40.5% in 2020. This figure increased again during the 2021 cycle to 43.3% of the 18-year-old population. This is positive news for the Company as this is by far the largest demand cohort for its accommodation.

The Board remains cognisant of the attendant risks relating to this process and will continue to actively manage these where they arise.

## Principal risks and uncertainties

Financial risk management objectives and policies

The Company uses various financial instruments including loans, RPI swaps, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. All of the Company's financial instruments are of sterling denomination and the Company does not trade in financial instruments or derivatives.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

Interest rate risk

The Company finances its operations through a mixture of retained profits, fixed rate and inflation linked on-loans from a fellow group undertaking.

Through the use of the fixed rate tranche of the on-loan the Company has mitigated its negative exposure to interest rate fluctuations on that portion of its borrowings. The index-linked tranche of the on-loan has a nominal fixed rate that is linked to RPI (see below).

Inflation risk

Growth in rental income is linked to the movement in RPI and the Company manages the exposure to this index through a mix of inflation linked debt on-lent from the fellow group undertaking and the use of RPI swaps to hedge a portion of the fixed rate on-loan servicing costs.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing and to invest cash assets safely and profitably.

The maturity of borrowings is set out in note 15 to the financial statements.

Demand risk

The Company is subjected to risks arising from occupancy voids and no nominations by the university partner which can lead to uncertain revenues. This risk is managed by maintaining strong relationships with the university, improved marketing of accommodation and improved third party revenues to compensate for any shortfalls in rental income.

Portfolio risk

The assets of the Company are in the student market and reduced student numbers could impact upon financial performance. The Company seeks to mitigate this risk by building excellent long term relationships with its university partner and ensuring up to date in depth market analysis is completed each period to enable the Company to review its strategic position.

**Financial key performance indicators**

The following are considered by the directors to be indicators of average performance of the Company that are not necessarily evident from the financial statements but provide insight into the quality of underlying cash flows for the borrowers.

| | 2020/21 | 2019/20 |
|---|---|---|
| Average Applications : Acceptance ratio | 5.2:1 | 4.8:1 |
| Average core demand pool (no. of students) | 9,535 | 8,585 |

The indicators above are directly related to performance of the university partner of the Company and any changes in these statistics may potentially affect the performance of the Company and in turn, the economic viability of this company.

The directors also monitor the occupancy levels of the student accommodation facilities.

| | 2020/21 | 2019/20 |
|---|---|---|
| Average occupancy across the facilities | 100.0% | 100.0% |

The target occupancy level is 98-99%. As such, the directors are satisfied occupancies noted above exceed tolerable limits for the recovery of credit extended to the Company. In addition, the Company met its on-loan obligations in the period.

The Company has to adhere to financial covenants on the associated senior debt financial instruments, such as debt service cover ratio. All of the financial covenants have been met during the financial year.

This report was approved by the board and signed on its behalf.

.....
**H Gervaise-Jones**
Director

Date: 15 December 2021

## Directors' Report
## For the Year Ended 31 August 2021

The directors present their report and the financial statements for the year ended 31 August 2021.

**Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Going concern**

The directors have prepared cashflow forecasts, which are based on detailed financial models and reflect contractual commitments, estimated future demand trends and the expected cashflows which show that the Company is able to meet its liabilities as they fall due.

In preparing these financial statements, the directors have also considered the impacts of the COVID-19 pandemic on the ability of the Company to continue as a going concern. Whilst this situation is likely to generate continued uncertainty, the directors are confident that the robust nature of the business model and its many credit-positive features will enable the Company to mitigate many of the risks arising. Notwithstanding this they recognise that the situation may give rise to as yet unidentified and unquantifiable risks.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements, and therefore continue to adopt the going concern basis in preparing these financial statements. For more information, refer to the note 2.3 in the Financial Statements.

## Results and dividends

The profit for the year, after taxation, amounted to £345k (2020 - £984k).

The directors did not declare any dividends for the year (2020 - £Nil).

## Directors

The directors who served during the year were:

M Swindlehurst
H Gervaise-Jones

## Future developments

Occupancy for the 2021/22 financial year has been secured at 100% which has exceeded the directors' expectations.

## Qualifying third party indemnity provisions

During the year and up to the date of this report, the Company maintained liability insurance and third-party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities of the Company.

## Financial risk management objectives and policies

The Company's financial risk management objectives and policies are considered to be of strategic significance and are therefore detailed in the Strategic Report on page 2.

## Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Post balance sheet events

There have been no significant events affecting the Company since the year end.

## Auditor

The auditor, KPMG LLP, will be proposed for reappointment as auditor of the Company in accordance with section 487 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
**H Gervaise-Jones**
Director

Date: 15 December 2021

## Independent Auditor's report to the members of UPP (Oxford Brookes) Limited

### Opinion

We have audited the financial statements of UPP (Oxford Brookes) Limited ("the Company") for the year ended 31 August 2021 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Considering remuneration incentive schemes and performance targets for management;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of service concession arrangements and valuation of derivative financial instruments.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's income primarily arises from contracts with universities with fixed periodic payments, and revenue is recognised over time but which is non-judgemental, straight forward and limited opportunity for manipulation.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and journal entries made to unrelated accounts.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

**Fraud and breaches of laws and regulations – ability to detect (continued)**

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: property laws and building legislation, health and safety, employment laws, anti-bribery, other worker laws, recognising the nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws or regulation.

**Strategic report and directors' report**

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk /auditorsresponsibilities.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Craig Steven-Jennings** (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
*Chartered Accountants*
15 Canada Square
London
E14 5GL

Date: 15 December 2021

# UPP (Oxford Brookes) Limited

## Profit and Loss Account
## For the Year Ended 31 August 2021

| | Note | 2021 £000 | 2020 £000 |
|---|---|---|---|
| Turnover | 4 | **4,856** | 4,771 |
| Cost of sales | | **(1,051)** | (1,117) |
| **Gross profit** | | **3,805** | 3,654 |
| Administrative expenses | | **(1,302)** | (901) |
| **Operating profit** | 5 | **2,503** | 2,753 |
| Interest receivable and similar income | 8 | **(84)** | 36 |
| Interest payable and similar expenses | 9 | **(2,074)** | (1,805) |
| **Profit before tax** | | **345** | 984 |
| Tax on profit | 10 | **-** | - |
| **Profit for the financial year** | | **345** | 984 |

The notes on pages 15 to 30 form part of these financial statements.

The above results all relate to continuing operations.

# UPP (Oxford Brookes) Limited

## Statement of Comprehensive Income
## For the Year Ended 31 August 2021

| | Note | 2021 £000 | 2020 £000 |
|---|---|---|---|
| Profit for the financial year | | **345** | 984 |
| **Other comprehensive income, net of related tax effects** | | | |
| Unrealised surplus on revaluation of tangible fixed assets | 11 | **469** | 2,140 |
| Fair value movement on RPI derivatives | 16 | **(1,149)** | 1,229 |
| **Other comprehensive income for the year** | | **(680)** | 3,369 |
| **Total comprehensive income for the year** | | **(335)** | 4,353 |

The notes on pages 15 to 30 form part of these financial statements.

# UPP (Oxford Brookes) Limited

**Balance Sheet**
**As at 31 August 2021**

| | Note | | 2021 £000 | | 2020 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible fixed assets | 11 | | **44,900** | | 44,900 |
| **Current assets** | | | | | |
| Debtors | 12 | **5,930** | | 4,541 | |
| Cash at bank and in hand | | **287** | | 296 | |
| | | **6,217** | | 4,837 | |
| Creditors: amounts falling due within one year | 13 | **(1,834)** | | (1,290) | |
| **Net current assets** | | | **4,383** | | 3,547 |
| **Total assets less current liabilities** | | | **49,283** | | 48,447 |
| Creditors: amounts falling due after more than one year | 14 | | **(38,244)** | | (37,073) |
| **Net assets** | | | **11,039** | | 11,374 |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | | **1,206** | | 1,206 |
| Revaluation reserve | 18 | | **15,864** | | 15,542 |
| Cash flow hedge reserve | 18 | | **(2,530)** | | (1,381) |
| Profit and loss account | 18 | | **(3,501)** | | (3,993) |
| | | | **11,039** | | 11,374 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
**H Gervaise-Jones**
Director

Date: 15 December 2021

The notes on pages 15 to 30 form part of these financial statements.

**Statement of Changes in Equity**
**For the Year Ended 31 August 2021**

| | Called up share capital | Revaluation reserve | Cash flow hedge reserve | Profit and loss account | Total equity |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 September 2020 | 1,206 | 15,542 | (1,381) | (3,993) | 11,374 |
| Profit for the year | - | - | - | 345 | 345 |
| Transfer to revaluation reserve | - | - | - | 147 | 147 |
| Unrealised surplus on revaluation of tangible fixed assets | - | 469 | - | - | 469 |
| Fair value of derivatives | - | - | (1,149) | - | (1,149) |
| Transfer to profit and loss account | - | (147) | - | - | (147) |
| **At 31 August 2021** | 1,206 | 15,864 | (2,530) | (3,501) | 11,039 |

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. The transfer for 2021 was £147k.

**Statement of Changes in Equity**
**For the Year Ended 31 August 2020**

| | Called up share capital | Revaluation reserve | Cash flow hedge reserve | Profit and loss account | Total equity |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 September 2019 | 1,206 | 13,540 | (2,610) | (5,115) | 7,021 |
| Profit for the year | - | - | - | 984 | 984 |
| Transfer to revaluation reserve | - | - | - | 138 | 138 |
| Unrealised surplus on revaluation of tangible fixed assets | - | 2,140 | - | - | 2,140 |
| Fair value of derivatives | - | - | 1,229 | - | 1,229 |
| Transfer to profit and loss account | - | (138) | - | - | (138) |
| **At 31 August 2020** | 1,206 | 15,542 | (1,381) | (3,993) | 11,374 |

The notes on pages 15 to 30 form part of these financial statements.

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. The transfer for 2020 was £138k.

## 1. General information

UPP (Oxford Brookes) Limited is a private company limited by shares incorporated in England, with company number 04116192. The registered office is First Floor, 12 Arthur Street, London, EC4R 9AB.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has chosen to apply transitional relief under Section 35.10 (i) Service concession arrangements - Accounting By Operators, and as a result its tangible fixed assets which meet the definition of service concession arrangements under Section 34 but where the contract was entered into before the date of transition will continue to be accounted for using the same accounting policies being applied at.the date of transition to FRS 102.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of UPP Bond 1 Holdings Limited as at 31 August 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

## 2. Accounting policies (continued)

### 2.3 Going concern

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

In preparing these financial statements, the directors have considered the impacts of the COVID-19 pandemic on the ability of the Company to continue as a going concern by preparing a cash flow forecast through to 31 August 2023, modelling a severe but plausible downside scenario which demonstrates that the Company is expected to have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements.

A key feature of the Company's contractual arrangements is that university counterparty bears the risk on in-year rental income once students have contracted for the rooms. The effectiveness of this contractual protection was confirmed through the challenging circumstances that arose during the third term when the university counterparty chose to waive rents for students that departed early but continued to meet its payment obligations to the Company.

For the 2021/22 academic year the Company has secured sufficient lettings to remain compliant with funding covenants. The directors anticipate that the Company's university counterparty will meet its payment obligations as they fall due even in the severe plausible downside and, as a result, revenue risk for the 2021/22 year remains low. The directors consider that the Company's costs are reasonably controllable and while there are likely to be increased costs arising from changes to the operating practices to respond to COVID-19, these may be offset by cost savings elsewhere and are not sufficient to threaten the viability of the business.

The directors believe that the fundamentals of the market for student accommodation remain supportive to the long-term success of the business and while COVID-19 and similar risks have the potential to impact upon future years, the Company, universities, the Government and the public are likely to be better prepared for such events such that the impact is less severe than it was in 2021.

On this basis, the directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

### 2.4 Turnover

Rent receivable is recognised on a straight line basis of the amount receivable in respect of the rental period. Amounts received in advance are included within deferred income.

### 2.5 Interest receivable

Interest receivable is recognised in profit or loss using the effective interest method.

### 2.6 Interest payable

Interest payable is charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## 2. Accounting policies (continued)

### 2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.8 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.9 Taxation

Tax is recognised in profit or loss except that a charge 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 is calculated on a non-discounted basis using the tax rates and laws that 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.

## 2. Accounting policies (continued)

### 2.10 Tangible fixed assets

Tangible fixed assets are stated at 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 group's actual weighted cost of capital and depreciation combined will give an approximately constant charge to revenue.

The Company 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 movement in fair value is recognised in other comprehensive income and accumulated in equity in a 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 profit or loss. A deficit which represents a clear consumption of economic benefits is charged to profit or loss 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

### 2.11 Debtors

Trade and other 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 debtors by considering factors such as the credit rating, the aging profile and the historic experience of the respective debtor.

### 2.12 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.

### 2.13 Interest bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## 2. Accounting policies (continued)

### 2.14 Creditors

Trade and other 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.

### 2.15 Derivative financial instruments

Derivatives such as inflation swaps are not basic financial instruments.

To mitigate its exposure to changes in inflation, the Company has entered into an inflation linked swap ('RPI swaps') with UPP Bond 1 Issuer Plc, a fellow group undertaking. All derivative instruments are initially measured at fair value on the date the contract is entered into and subsequently re-measured to fair value at each reporting date. The gain or loss on re-measurement is taken to the Profit and Loss in finance cost or finance income as appropriate, unless they are included in a hedging arrangement.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair values of inflation swap contracts are determined by calculating the present value of the estimated future cash flows using observable yield curves.

### 2.16 Hedge accounting

The Company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. The Company designates all its derivative financial instruments, which meet the qualifying conditions for hedge accounting, as cash flow hedges:

Inflation linked swaps are held to manage the Company's exposure to changes in RPI. The Company's rental income from student accommodation is linked to RPI and the swap contacts manage the exposure to RPI by swapping RPI annual rate changes with a fixed rate.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised in other comprehensive income directly in cash flow hedge reserve. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Profit and Loss Account.

The gain or loss recognised in other comprehensive income is reclassified to the Profit and Loss Account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

The Company has elected to adopt hedge accounting for all its swaps which meet the qualifying criteria for hedge accounting under Section 12 of FRS 102. It is considered that the criteria to apply hedge accounting have been met.

### 2.17 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.

## 3. Judgements in applying accounting policies 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:

Revaluation of the principal assets (note 11)

The Company has adopted a policy to revalue the principal assets 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 Company engages independent valuation specialists to determine the fair value of the assets every five years, with a directors' valuation performed at any other interim period. The valuation technique employed by both the independent valuers and directors is based on a discounted cash flow model as there is a lack of comparable market data due to the specific nature of the property assets. The determined fair value of the principal assets is most sensitive to the estimated rental growth, discount rate, as well as the long term occupancy rates. The key assumptions used to determine the principal assets are further explained in note 11.

Valuation of RPI swaps (note 16)

In estimating the fair value of the RPI swaps, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements, which are subjective in nature and require significant judgement. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Presentation of the principal asset (note 11)

Rent receivable is generated from the Company's interests in university accommodation. These interests fall within the scope of Section 34 of FRS 102, however, due to the transitional relief adopted in relation to service concession arrangements, the Group continues to account for all its principal assets applying the policies under the extant UK GAAP, FRS 5 (Application Note F).

Each year the Company applies judgement in assessing 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 Company due to the Company taking the key demand risk and therefore the assets are treated as tangible fixed asset.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Classification of index-linked financial instruments (note 16)

The Company's index-linked senior secured notes are fully amortising with both principal repayments and real interest adjusted semi-annually by the change in the RPI index. Management have concluded that despite both principal and interest being linked to RPI, these links are not leveraged and because both principal and interest repayment obligations change in the same proportion and therefore the conditions in paragraphs 11.9(a) and (aA) of FRS 102 are met and the Company's index linked financial instruments are classified as basic and carried at amortised cost.

Hedge accounting for inflation swaps (note 16)

The Company has chosen to apply hedge accounting for all hedging instruments which are in a qualifying hedging relationship under Section 12 of FRS 102. Significant judgement is exercised in concluding that future inflationary increases or decreases in rent receivable from university partners are separately identifiable and reliably measurable components of the rental income which ensures the inflation component of rental income and the related RPI swaps are in a hedging relationship which meets the qualifying criteria for hedge accounting under Section 12 of FRS 102. It is considered that the criteria to apply hedge accounting have been met.

## 4. Turnover

Turnover represents income, on the basis of accounting policy 2.4, excluding VAT, attributed to the provision of student accommodation.

| | **2021 £000** | **2020 £000** |
|---|---|---|
| Provision of student accommodation | **4,856** | 4,771 |

All turnover arose within the United Kingdom.

## 5. Operating profit

The operating profit is stated after charging:

| | **2021 £000** | **2020 £000** |
|---|---|---|
| Depreciation of tangible fixed assets | **469** | 440 |

## 6. Auditor's remuneration

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | **19** | 18 |

The Company has taken advantage of the exemption not to disclose any amounts paid for non-audit services as these are disclosed in the Group accounts of the parent company.

## 7. Employees

Staff costs were as follows:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Wages and salaries | **404** | 430 |
| Social security costs | **32** | 33 |
| Cost of defined contribution scheme | **31** | 21 |
| | **467** | 484 |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2021 No. | 2020 No. |
|---|---|---|
| Site managers (full time) | **1** | 5 |
| Administration, maintenance and cleaning (full and part time) | **17** | 19 |
| | **18** | 24 |

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration with respect of these individuals is £Nil (2020 - £Nil).

## 8. Interest receivable and similar income

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Interest receivable from group companies | **(91)** | 14 |
| Bank interest receivable | **7** | 22 |
| | **(84)** | 36 |

## 9. Interest payable and similar expenses

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Fixed rate interest payable to group undertakings | **1,440** | 1,438 |
| Index-linked interest payable to group undertakings | **634** | 367 |
| | **2,074** | 1,805 |

Fixed rate and index-linked interest is payable to UPP Bond Issuer 1 plc.

## 10. Taxation

There is no current or deferred tax charge in the current or prior year.

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Profit on ordinary activities before tax | **344** | 984 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | **65** | 187 |
| **Effects of:** | | |
| Non-taxable income | **17** | (3) |
| Brought forward losses utilised in the year | **(1)** | (4) |
| Exempt property rental profits in the year | **(81)** | (180) |
| **Total tax charge for the year** | **-** | - |

## 10. Taxation (continued)

### 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.

On 3 March 2021, it was announced that the UK corporation tax rate would increase to 25% from 1 April 2023, which was enacted in May 2021. There was no impact of this change as the company does not recognised or have unrecognised deferred tax balances.

## 11. Tangible fixed assets

| | Assets for use in operating leases £000 |
|---|---|
| **Valuation** | |
| At 1 September 2020 | **44,900** |
| At 31 August 2021 | **44,900** |
| **Depreciation** | |
| At 1 September 2020 | **-** |
| Charge for the year | **469** |
| On revalued assets | **(469)** |
| At 31 August 2021 | **-** |
| **Net book value** | |
| At 31 August 2021 | **44,900** |
| At 31 August 2020 | 44,900 |

## 11. Tangible fixed assets (continued)

Fixed assets include borrowing costs up to the date of completion of £1,455k (2020 - £1,455k) which have 100% been capitalised.

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 Company by way of fixed and floating charges.

Assets used in operating leases were independently valued by Jones Lang LaSalle Limited ("JLL"), Chartered Surveyors, on an existing use basis at 31 August 2020. JLL have confirmed that the value as at that date was £44,900k.

Following an internal review of the assets used in operating leases, the directors have decided not to revalue the assets in the year ended 31 August 2021 as there was no indication of a significant change in values.

The critical assumptions made in relation to the valuation are set out below:

| | **2021** |
|---|---|
| Discount rates | 8.25% |
| Occupancy rates | 100.0% |
| Long term annual rental growth | 3.0% |

Cost or valuation at 31 August 2021 is as follows:

| | **Assets for use in operating leases £000** |
|---|---|
| **At cost** | **31,489** |
| **At valuation:** | |
| Revaluation as at 31 August 2020 | **13,411** |
| | **44,900** |

If the assets for use in operating leases had not been included at valuation they would have been included under the historical cost convention as follows:

| | **2021 £000** | **2020 £000** |
|---|---|---|
| Cost | **31,489** | 31,489 |
| Accumulated depreciation | **(2,962)** | (2,493) |
| **Net book value** | **28,527** | 28,996 |

## 12. Debtors

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Amounts owed by group undertakings | **5,660** | 4,536 |
| Other debtors | **240** | - |
| Prepayments and accrued income | **30** | 5 |
| | **5,930** | 4,541 |

Included within amounts owed by group undertakings is a balance owed from UPP Bond 1 Issuer plc of £690k (2020 - £661k) which is to fund a debt service reserve account held by UPP Bond 1 Issuer Plc that is sized to be adequate to cover the next six months of service costs of both tranches of the senior secured notes. This amount is reviewed every six months and increased or decreased accordingly. Interest receivable on these loans is calculated using the effective interest method which is different to the actual cash interest received at the rate the Company earns interest on the cash balances it holds.

The remaining amounts owed by group undertakings is an amount owed by UPP Bond 1 Limited.

## 13. Creditors: amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Fixed rate on loans | **735** | 543 |
| Trade creditors | **-** | (99) |
| Amounts owed to group undertakings | **203** | 216 |
| Accruals and deferred income | **896** | 630 |
| | **1,834** | 1,290 |

The amounts owed to group undertakings are amounts owed to UPP Residential Services Limited, are interest free and repayable on demand.

## 14. Creditors: amounts falling due after more than one year

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Fixed rate on-loans | **26,072** | 26,598 |
| Index-linked on-loans | **9,643** | 9,095 |
| Derivative financial instruments | **2,529** | 1,380 |
| | **38,244** | 37,073 |

## 15. Loans

On-loans

On 5 March 2013 a fellow subsidiary of the Company's immediate parent UPP Bond 1 Limited, UPP Bond 1 Issuer plc, launched a Multicurrency Programme for the issuance of £382.1 million Senior Secured Notes. The proceeds of this bond issuance were on lent to UPP (Oxford Brookes) Limited and five other subsidiary undertakings of UPP Bond 1 Limited, to enable the companies to repay their existing senior bank debt funding.

These notes are listed on the Irish Stock Exchange. The 4.9023% fixed rate loan notes are due to be fully repaid by 2040, with repayments having begun in August 2013. The 2.7291% index linked loan notes are due to be fully repaid by 2047, with repayments starting in August 2038.

The Company entered into on-loan arrangements with UPP Bond 1 Issuer plc the terms and conditions of which are laid out below:

| | Amount | Interest rate | Maturity |
|---|---|---|---|
| Tranche A | 31,615,310 | Fixed rate at 4.9023% | 31 August 2039 |
| Tranche B | 7,826,087 | Index-linked at 2.7291% | 31 August 2047 |

The on-loan facilities 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 Company by way of fixed and floating charges.

## 15. Loans (continued)

Analysis of the maturity of loans is given below:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Fixed rate on-loans | **735** | 543 |
| | **735** | 543 |
| **Amounts falling due 1-2 years** | | |
| Fixed rate on-loans | **769** | 735 |
| | **769** | 735 |
| **Amounts falling due 2-5 years** | | |
| Fixed rate on-loans | **3,175** | 2,714 |
| | **3,175** | 2,714 |
| **Amounts falling due after more than 5 years** | | |
| Fixed rate on-loans | **22,603** | 23,149 |
| Index-linked on-loans | **9,643** | 9,095 |
| Contractual cash adjustment | **(475)** | - |
| | **31,771** | 32,244 |
| | **36,450** | 36,236 |

Contractual cash adjustment includes unamortised debt issue costs and effective interest rate adjustments included to reconcile the above analysis to note 14.

## 16. Financial instruments

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at amortised cost | **6,187** | 4,832 |
| **Financial liabilities** | | |
| Derivative financial instruments measured at fair value through profit or loss | **(2,529)** | (1,380) |
| Financial liabilities measured at amortised cost | **(37,549)** | (36,353) |
| | **(40,078)** | (37,733) |

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by group undertakings which is repayable on demand.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, fixed rate senior secured notes, index linked senior secured notes and accruals.

Derivative financial instruments measured at fair value comprise an RPI swap.

To mitigate the risks of inflation movements in the underlying income generation of the Company impacting on the Company's ability to service the fixed rate senior on loans, the Company has entered into an RPI swap with UPP Bond 1 Issuer plc, a fellow group company, which has entered into on-loan arrangements with the Company. The notional amounts swapped for each year has been determined with reference to a percentage of the fixed rate on loan servicing costs.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of these swaps is determined using discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, spot and forward rates, as well as option volatility.

The Company incorporates credit valuation adjustments and debt value adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

The Company entered into the RPI swap on 5 March 2013, fixing a portion of the underlying rental income stream to 2.7%. The RPI swap is for a period of 27 years from March 2013, commencing in February 2015 and finishing in February 2042.

The Company applies hedge accounting for its derivative instrument. A net hedging loss of £1,149k arose during the year (2020 - £1,229k gain) and was recognised in other comprehensive income, reflecting the change in fair value of the RPI swap.

## 17. Share capital

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Authorised, allotted, called up and fully paid** | | |
| 1,205,957 Ordinary shares of £1 each | **1,206** | 1,206 |

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

## 18. Reserves

**Revaluation reserve**

The reserve is used to record the surplus or deficit arising on valuation of the principal asset of the Company.

**Cash flow hedge reserve**

Cash flow hedge reserve includes the fair value movements on the derivatives financial instruments.

**Profit and loss account**

The reserve consists of current and prior years' profit and loss.

## 19. Controlling party

The Company's immediate parent undertaking is UPP Bond 1 Limited, whose immediate parent company is UPP Bond 1 Holdings Limited. The parent company of UPP Bond 1 Holdings Limited is UPP Group Limited. UPP Group Limited is a wholly owned subsidiary of UPP Group Holdings Limited.

UPP Group Holdings Limited is a wholly owned subsidiary of UPP REIT Holdings Limited.

The parent undertaking of the largest group of which the Company is a member and of which group accounts are prepared is UPP REIT Holdings Limited.

UPP REIT Holdings Limited is controlled by a 60% stake held by PGGM Vermogensbeherr ("PGGM"), incorporated in The Netherlands.

The ultimate controlling party is PGGM by virtue of their majority shareholdings.

Copies of the UPP REIT Holdings Limited accounts can be obtained from www.upp-ltd.com once they have been published.

The parent undertaking of the smallest group of which the Company is a member and for which Group accounts are prepared is UPP Bond 1 Holdings Limited.

Copies of the UPP Bond 1 Holdings Limited accounts can be obtained from Companies House once they have been filed.