

**UPP Bond 1 Holdings Limited
Unaudited financial statements**

For the six months ended 28 February 2022

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Basis of reporting

The company commenced trading on 5 March 2013 by acquiring six subsidiary companies from its parent company, UPP Group Limited.

UPP Bond 1 Holdings Limited

Statement of comprehensive income

for six months ended 28 February 2022



	Notes	Unaudited Six months ended 28 February 2022 £'000	Unaudited Six months ended 28 February 2021 (restated*) £'000
Interest receivable & similar income	6	22,605	20,441
Interest payable & similar charges	7	(22,279)	(20,189)
Profit on ordinary activities before taxation		326	252
Tax charge on profit on ordinary activities	8	-	-
Profit for the financial period		326	252
Total comprehensive income for the period attributable to owners of the parent		326	252

The above results all relate to continuing operations.

*Prior year restatement is disclosed in note 15

UPP Bond 1 Holdings Limited

Statement of changes in equity for the six months ended 28 February 2022

Attributable to owners of the parent

	Share capital	Profit & loss account (restated*)	Total equity
	£'000	£'000	£'000
At 1 September 2020	55,570	(174,628)	(119,058)
Profit for the financial period	-	252	252
Balance at 28 February 2021	55,570	(174,376)	(118,806)
At 1 March 2021	55,570	(174,376)	(118,806)
Loss for the financial period	-	(43,806)	(43,806)
At 31 August 2021	55,570	(218,182)	(162,612)
At 1 September 2021	55,570	(218,182)	(162,612)
Profit for the financial period	-	326	326
Balance at 28 February 20212	55,570	(217,856)	(162,286)

*Prior year restatement is disclosed in note 15

UPP Bond 1 Holdings Limited

Statement of financial position

As at 28 February 2022

Company registration number: 08253967

	Notes	Unaudited 28 February 2022 £'000	Unaudited 28 February 2021 (restated*) £'000
Fixed assets			
Investments	9	<u>55,570</u>	<u>55,570</u>
		55,570	55,570
Current assets			
Debtors: amounts falling due after one year	10	<u>137,211</u>	<u>144,922</u>
		137,211	144,922
Net current assets		137,211	144,922
Total assets less current liabilities		192,781	200,492
Creditors: amounts falling due after more than one year	11	<u>(355,067)</u>	<u>(319,298)</u>
Net liabilities		<u>(162,286)</u>	<u>(118,806)</u>
Share capital and reserves			
Called up share capital	12	<u>55,570</u>	<u>55,570</u>
Profit and loss account		<u>(217,856)</u>	<u>(174,376)</u>
		<u>(162,286)</u>	<u>(118,806)</u>

*Prior year restatement is disclosed in note 15

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 28 February 2022

1. Company information

UPP Bond 1 Holdings 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 2023 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 Holdings Limited

Notes to the unaudited financial statements for the six months ended 28 February 2022

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.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 28 February 2022

4. Principal accounting policies

(a) Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

(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 Holdings Limited

Notes to the unaudited financial statements for the six months ended 28 February 2022

4. Principal accounting policies (continued)

(g) Finance income

Interest income is recognised in profit and loss as it accrues, using the effective interest method.

(h) Taxation

The tax charge for the year represents the sum of the tax currently payable and deferred tax based on the taxable profit for the year.

Deferred tax is recognised on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenditure in tax assessment in periods different from those in which they are recognised in the financial statements. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting year.

(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.

5. Directors' remuneration

The immediate subsidiary undertaking, UPP Bond 1 Limited, paid fees of £1,545 (2021: £1,545) 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 2022.

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.

UPP Bond 1 Holdings Limited

Notes to the unaudited financial statements for the six months ended 28 February 2022



6. Interest receivable and similar income

	Unaudited Six months ended 28 February 2022 £'000	Unaudited Six months ended 29 February 2021 (restated) £'000
Interest from unsecured loan notes	<u>22,605</u>	<u>20,441</u>

7. Interest payable and similar charges

	Unaudited Six months ended 28 February 2022 £'000	Unaudited Six months ended 29 February 2021 (restated) £'000
Interest due on unsecured loan notes	<u>22,279</u>	<u>20,189</u>

8. Tax on loss on ordinary activities

a) Analysis of tax credit for the year

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 Holdings Limited

Notes to unaudited financial statements for the six months ended 28 February 2022



9. Investments

Company	Unaudited Interest in subsidiary undertakings £'000
At 28 February 2021 and 28 February 2022	<u>55,570</u>

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

On 9 December 2014 the share capital of UPP (Exeter) Limited was purchased for £18,721,000.

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
UPP Bond 1 Issuer plc	Financing company
UPP Bond 1 Limited	Treasury management company

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

UPP Bond 1 Holdings Limited

Notes to unaudited financial statements for the six months ended 28 February 2022



10. Debtors: amounts falling due after one year

	Unaudited 28 February 2022 £'000	Unaudited 28 February 2021 (restated) £'000
Unsecured loan notes	<u>137,211</u>	<u>144,922</u>

The company subscribed for unsecured loan notes in its subsidiary undertaking, UPP Bond 1 Limited, on 5 March 2013.

Additional £21,308,000 unsecured loan notes were subscribed for on 9 December 2014.

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%.

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

	Unaudited 28 February 2022 £'000	Unaudited 28 February 2021 (restated) £'000
Unsecured loan notes	<u>355,067</u>	<u>319,298</u>
Maturity of debt		
Repayable in more than five years	<u>355,067</u>	<u>319,298</u>

Unsecured loan notes

UPP Group Limited has provided unsecured loan notes of £146,669,000 to the company. These loan notes bear interest at 13.5% and are repayable between 2048 and 2057. Payment of interest is subject to the group passing lock up tests and availability of cash reserves.

UPP Bond 1 Holdings Limited

Notes to unaudited financial statements for the six months ended 28 February 2022



12. Called up share capital

	Unaudited 28 February 2022 £'000	Unaudited 29 February 2021 £'000
Issued, allotted, called up and fully paid 55,570,408 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 2022 £000	Unaudited Carrying amount At 29 February 2021 (restated) £000
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Unsecured loan notes	<u>137,211</u>	<u>144,922</u>
<i>Total financial assets measured at amortised cost:</i>	<u>137,211</u>	<u>144,922</u>
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Unsecured loan notes	<u>355,067</u>	<u>319,298</u>
<i>Total financial liabilities measured at amortised cost:</i>	<u>355,067</u>	<u>319,298</u>

14. Parent undertaking and controlling party

The company's immediate parent undertaking 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.

UPP REIT Holdings Limited is controlled by a 60% stake held by PGGM Vermogensbeheer BV ("PGGM"), a company incorporated in the Netherlands.

The largest group of which the Company is a member and for which group accounts are prepared is UPP REIT Holdings Limited. 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, Cardiff CF14 3UZ, once they have been filed. Copies of the UPP REIT Holdings Limited accounts can be obtained from www.upp-ltd.com, once they have been published.

Notes to unaudited financial statements for the six months ended 28 February 2022

15. Prior year restatement

The Company issued subordinated loan note liabilities to UPP Group Limited and passed a significant portion of this lending on to its subsidiary UPP Bond 1 Limited.

During the year the Directors identified that the original effective interest rate used to discount the liability and the asset was calculated on expected rather than the full contractual cashflows. In addition, the effective interest rate was updated each year and used to calculate the amortised cost of the loan whereas the original effective interest rate should have been used, with the change in carrying value of the loan being recognised in profit and loss.

Subsequent to the above, the Directors reviewed the recoverability of the carrying amounts of the receivable in the Company and determined that a historic impairment was required.

	Note	2021 as previously reported £'000	Adjustments £'000	2021 restated £'000
Statement of comprehensive income				
Interest receivable		9,531	10,910	20,441
Interest payable		(9,528)	(10,661)	(20,189)
Balance sheet				
Debtors due greater than one year		206,256	(61,334)	144,922
Creditors due greater than one year		(206,230)	(113,068)	(319,298)
Closing retained earnings		26	(174,402)	(174,376)