UPP Bond 1 Holdings Limited

Results Presentation for the year ended 31 August 2022

Investor Call 1130hrs 15 December 2022

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It should also be noted that the information in this presentation has not been reviewed by the Obligors' auditors.

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Agenda

1. Executive Summary
2. Key Business Developments
3. Market Update
4. AssetCos Financial Review 2021/22
5. Forecast 2022/23
6. Sinking Fund Budget
7. Conclusion
8. Any Other Business/Questions

1. Executive Summary

Elaine Hewitt, Chief Executive Officer

Executive Summary - Results

- Occupancy for 2021/22 of 99.8%
- Turnover up by 5.4% to £71.5 million reflecting higher occupancy and RPI-linked annual term rental income increases
- Gross profit up by 7.0% to £51.3 million
- EBITDA reduced slightly, with a margin of 62%, reflecting remedial costs of £3.8 million incurred at the Plymouth AssetCo protecting our long-term position
- Historic Annual Debt Service Coverage Ratios comfortably above lock-up triggers
- A significant programme of asset investment works totalling £7.7 million across the Bond portfolio
- Customer satisfaction scores of 88.9% when residents were asked whether they would recommend UPP accommodation to future students
- This year we took the formal step to be accountable on our Net Zero carbon footprint, publicly committing to achieving this by 2035 via the Science Based Targets initiative.
- The Group continued to report under GRESB (the Global Real Estate Sustainability Benchmark) and saw its performance increase by 9% to 75%
- Whilst the results reflect the impact of a wider environment of increasing costs - including financing, utilities and staff costs – they also reflect the resilience of UPP Bond 1 and the UPP model

Executive Summary - Specific Matters

UPP (Plymouth Three) Limited:

- As reported in last year's Investor Report, following a review of fire safety arrangements across UPP's wider portfolio, in March 2020, UPP identified an outstanding issue in relation to the external façade build-up on one block of the Francis Drake halls of residence.
- Further investigations by UPP were conducted towards the end of 2020 and in early 2021
- UPP Group Holdings Limited appointed Kier Construction Limited ("Kier") to undertake required remedial works during the 2021/22 academic year.
- Conditional consent for the works at Plymouth were set out in a Monitoring Adviser Recommendation dated 23 December 2021 and subsequent, related recommendations dated 25 February 2022 and 31 March 2022
- The AssetCo has continued to provide Trigger Level Reporting in line with the Common Terms and Monitoring Services Agreements
- The remedial works were carried out by Kier and were completed to time and budget in advance of the 2022/23 academic year.

UPP (Kent Student Accommodation) Limited:

- Following intrusive survey works at the UPP (Kent Student Accommodation 1) Limited AssetCo, defects have also been identified in relation to the cladding on the Woolf Halls of Residence
- A programme of remedial works is currently being developed
- As with UPP (Plymouth Three) Limited, the UPP (Kent Student Accommodation 1) Limited AssetCo is seeking recovery of any costs and losses associated with remediating these defects with the original building contractor.
- A provision of £7.5 million has been recognised in the financial statements for these works.
- The AssetCo has continued to provide Trigger Level Reporting in line with the Common Terms and Monitoring Services Agreements

2. Key Business Developments

Elaine Hewitt, Chief Executive Officer

Business Progress

Practical Completion of the East Park Residence, University of Exeter

- September 2021 saw the delivery of the second and final phase of the £139.7 million East Park Residence providing a further 578 bedrooms ahead of the academic term
- Along with the first phase, which provided 604 bedrooms for September 2020, UPP now operate more than 4,100 rooms on the main Streatham Campus
- The development was funded by £125.1 million of index-linked debt financing with a tenor of circa 48 years from Pension Insurance Corporation plc (PIC)

Business Progress

Clydesdale and Birks Project, University of Exeter

- Shortly after the financial year end, UPP was selected as the preferred bidder to deliver the University of Exeter's Clydesdale & Birks Residential Project
- UPP will design, develop, finance and operate a truly leading-edge campus development scheme.
- The project will develop over 1,700 new student rooms in a new Passivhaus development and refurbish 300 existing bedrooms at Birks Grange to Enerphit standards
- The scheme will be the largest and most innovative on-campus scheme in the sector, setting a high benchmark for truly sustainable student accommodation development in the future.

Business Progress

Investing in our assets

- During the year the business undertook a further major programme of asset investment works
- These works totalled circa £7.7 million across the UPP Bond 1 portfolio
- These included significant refurbishment work on townhouses at the Alcuin AssetCo
- The refurbishment of Hampden Halls in the UPP Nottingham AssetCo for Nottingham Trent University
- A significant programme of window replacement at Broadgate Park.
- These works took place in addition to the completion by Kier Construction of remedial works at Francis Drake Halls of Residence

Business Progress

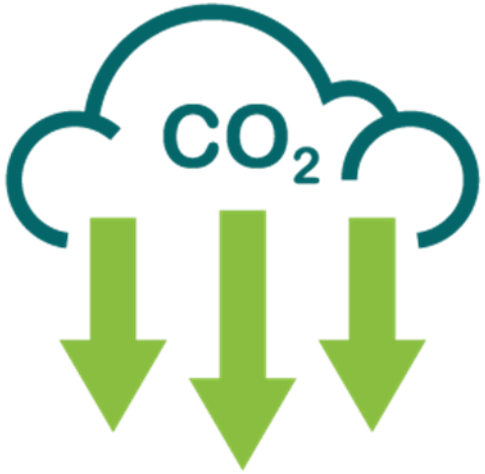
Extending the delivery of services

- In line with our business strategy to widen the scope of the services we provide to partners in October 2021, UPP successfully started delivering first-line reactive maintenance services to Keynes and Turing Colleges at the University of Kent.
- Under the agreement, which will remain in place for the remainder of the existing partnership into the 2060s, all reactive maintenance services are now delivered by UPP Residential Services.
- This extends the arrangement already in place at Woolf College
- It has also resulted in a more streamlined process for students to report faults and receive support
- This provides a single point of contact for all reactive maintenance issues through the Company's student App home@halls.

Business Progress

Our Commitment to Sustainability

- In March 2022 the business committed to the Science Based Targets initiative (SBTi) Net-Zero Standard.
- SBTi is a global initiative publicly declaring, setting, and implementing scientifically based greenhouse gas emissions reduction targets in order to reach the Paris Agreement target of keeping the global temperature increase to 1.5°C.
- The Net-Zero Standard is the world's first and leading framework for corporate net-zero target setting in line with climate science and provides a common, robust, and science-based understanding of net-zero on an independently assured basis.
- Our Sustainability Report is due for publication in early 2023 alongside our Annual Report and maps out our commitment to ESG.
- The science-based targets will enable the business to reduce its carbon emissions and provide tangible metrics by which our success can be measured.
- In addition to carbon reduction, the business has ambitious and innovative plans in place to address issues such as waste and water management as well as biodiversity. In line with this commitment, the Group has opted to voluntarily disclose Scope 1 and 2 emissions in line with the Streamlined Energy Carbon Reporting regime.



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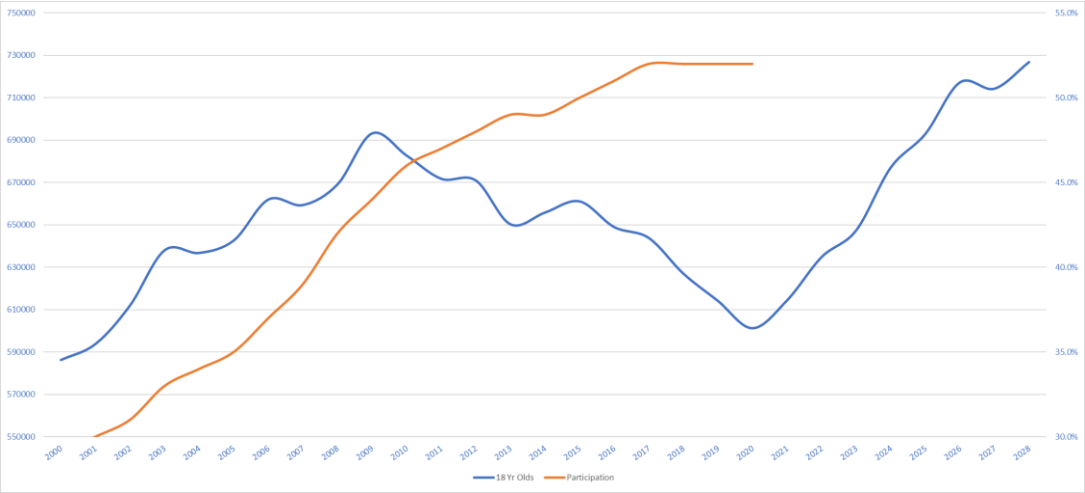
3. Market Update

Jon Wakeford (Director, Sector Engagement)

Demand for Higher Education

- Demand modelling by the Higher Education Policy Institute to 2030 has identified an increase in the young population of circa 23.0% during the next decade.
- This will lead to a minimum increase in demand for higher education of 100,000 places on the basis of demography alone and up to 350,000 places assuming increases in participation.
- The continuity of the proportion of students choosing to live on campus rather than at home - more than 80.0% of students still live away from home and this figure has remained constant despite increases in the cost of participation.
- There remains a significant structural shortfall in residential supply with CBRE projecting an increase in unmet demand from 540,000 students to 827,000 by 2035.
- OECD projections expect the number of young people aged 25 to 34 years with a tertiary qualification to continue to increase until at least 2030, which will see those with a degree qualification increase from less than 14.0% at the start of the century to more than 45.0% by 2030

Number of 18-year-olds and trends in Tertiary Attainment

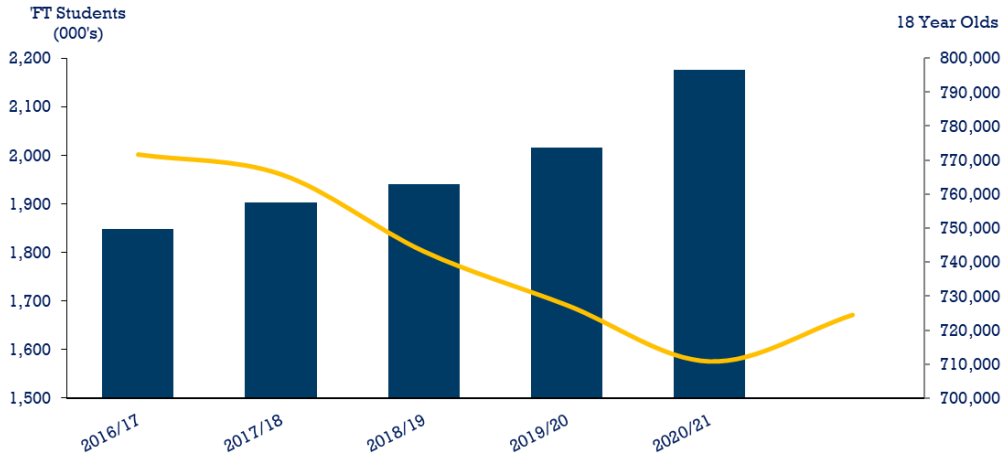


(Source: ONS Birth Rate/OECD)

Demand for Higher Education

- UK higher education has now returned fully to face to face teaching and the sector has maintained its position as the leading global destination for students after the USA
- The chart (right) identifies that growth in full-time enrolments continues despite a fall in the number of 18-year-olds in England
- It also evidences the beginning of the upturn in the same cohort which is due to continue until beyond 2030
- Over the last decade full time student enrolment has increased at a CAGR of 2.6%
- This means that the UK HE sector is enrolling circa 500,000 more full time students per year than it was in 2010/11
- This growth has proved considerably stronger over the last five years at a CAGR of 4.6%
- Year on year enrolment across institutions for which UPP Bond 1 operates AssetCos has increased by 6% overall
- In terms of long term performance, growth at institutions within the Bond remains strong

Full-time UK HE Enrolment relative to 18-year-olds in England 20016/17 to 2020/21



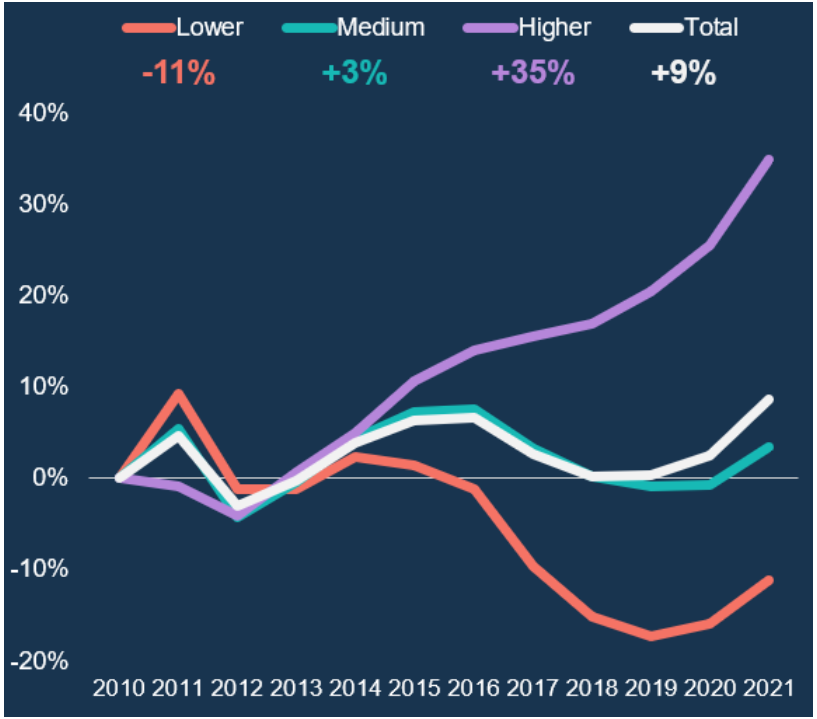
(Source: HESA/ONS)

Demand Dynamics

Data from UCAS for the 2021/22 applicant cycle;

- UCAS Main Scheme deadline for 30 June 2022 saw 683,650 applicants
- Overall, this represented a fractional increase year on year (+0.2%)
- There are now 46,000 more applicants per year than the same point five years earlier, an increase of 7.3 per cent
- Whilst UK applicant numbers fell by 0.5%, English applicant numbers were up by 2,790 (+0.6 per cent)
- The18-year-old application rate continues to rise, to 44.1% up from 43.3% year on year.
- Over the last five academic years the application rate for this cohort has risen more than six percentage points
- The number of applicants from the EU fell by 18%, driven by a change in the tuition fee regime
- However, non-EU international applicant numbers were up 9% to 111,720 more than compensating for this fall.

Cumulative change in UCAS applications by provider tariff group

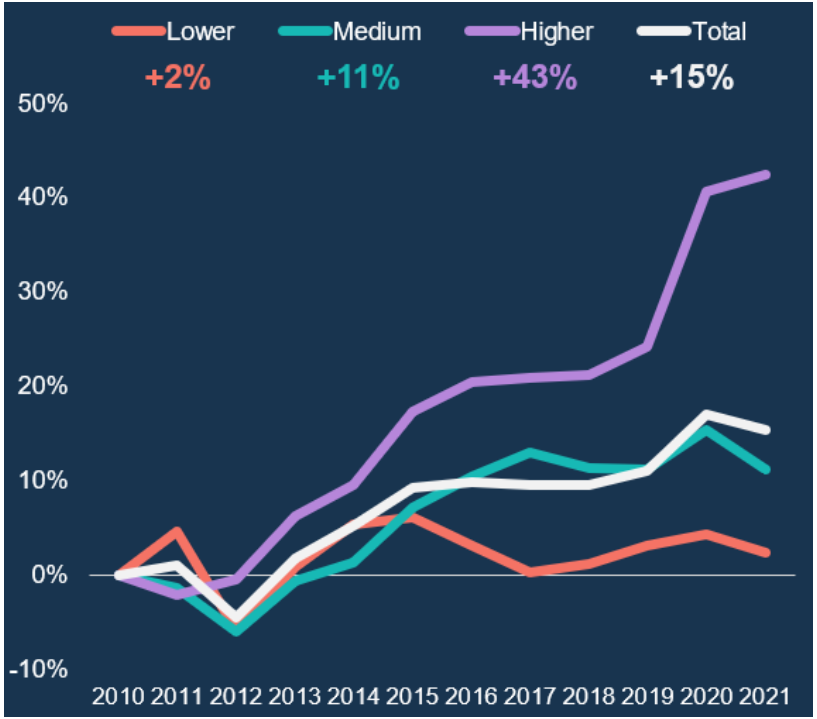


Demand Dynamics

Data from UCAS following clearing;

- Applicant numbers remain encouraging considered in light of the use of centre assessment grades, as the method for agreeing results for the academic years 2020/21 and 2021/22.
- For both years the number of students receiving a grade increase and therein being accepted to their first choice of university increased by 165,00 and 174,000 students respectively.
- This led to two consecutive years of record acceptances and enrolment
- Institutions classified as high tariff (in excess of 154 points) saw placed applicant numbers increase by 11% in the 2020/21 cycle and circa 3% for 2021/22.
- The line chart on the right of this slide provides the trend in acceptances by university tariff requirement – identifying that higher tariff providers are proving the beneficiaries of a flight to quality
- Early comparable UCAS data for the 2022 cycle (15 October 2022) identifies that applicant numbers for those studying at Oxford and Cambridge, and those studying medicine or veterinary studies have decreased by 5%
- UCAS note that applicant demand in key cohorts remain ahead of 2019 pre-Covid levels and the long-term trend is for growth

Cumulative change in UCAS acceptances by provider tariff group



Residential Demand for AssetCos

All Students	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Change 19/20 to 20/21	Five Year Change
Total Demand Pool	101,435	105,680	108,455	111,180	116,960	124,715	6.6%	23.0%
Number of Beds	38,179	38,728	38,804	38,203	39,911	39,911	0.0%	4.5%
Students:Bed Ratio	2.7	2.7	2.8	2.9	2.9	3.1	0.2	0.5

First Years	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Change 19/20 to 20/21	Five Year Change
Total Demand Pool	43,535	45,570	47,015	47,915	51,045	53,140	4.1%	22.1%
Number of Beds	37,938	38,370	37,281	38,203	39,911	39,911	0.0%	4.2%
Students:Bed Ratio	1.1	1.2	1.2	1.3	1.3	1.3	0.1	0.2

Key Markets

Exeter

- The University of Exeter has become one of the most popular universities in the UK over the last decade and for 2023 the Sunday Times have voted it runner up for University of the Year, having risen 35 places to reach the top 25 for student satisfaction
- The University remains in the top 200 institutions in the world according to The QS World University Rankings 2023 and is a member of the Russell Group of institutions, further reinforcing its world-class reputation.
- For 2021 applications were up by 8.6 per cent to 41,695 with full-time enrolment increasing by 9.0 per cent year on year, the equivalent of an extra 2,480 extra students.
- Since the 2015/16 academic year the University of Exeter has seen its total student population grow by 31 per cent, with students recruited from outside the southwest of England growing by 28 per cent.
- The residential demand pool has grown rapidly with a sizable 10 per cent increase for 2021 resulting in a overall student to bed ratio is 3.9:1.
- Following the completion of the Clydesdale and Birks scheme UPP will be operating more than 6,100 rooms on the University's main campus

Kent

- The University of Kent was ranked 48 in the Sunday Times Good University Guide ranking for 2023.
- Operating a college-based system with academic as well as residential facilities, Kent secured gold in the Teaching Excellence Framework and 75% of its research is rated world-leading or internationally excellent.
- Whilst applications to the University have been in decline in recent years, it has a healthy Applications to Acceptances Ratio of 6.0:1
- In 2021 the University of Kent's demand pool fell for the third year in a row, however, the first-year population has marginally increased
- Despite the fall in student numbers and the demand pool in the last year, the student to bed ratio is still above national averages and is roughly in line with the ratio recorded last year at 2.3:1.
- The local housing market is characterised by a lack of private rented supply for students, a restrictive planning environment and only two direct-let operators of purpose-built student accommodation.

Key Markets

Nottingham

- The University is ranked 28 in the UK by The Sunday Times Good University Guide 2022 and 114 in the world by the QS World University Rankings.
- Applications continue to increase at Nottingham, with the University receiving more than 55,000 applications each year and nearly eight students chasing each academic place.
- The University is a long-term process of upgrading its residential stock on its main Park Campus and also has plans for further expansion and this will include a new campus at the foot of Nottingham Castle to give the University more of a presence in the city centre
- First-year undergraduates are currently guaranteed one of 11,200 residential places.
- Enrolments have grown by over 5,000 in the last five years, more than 1,600 of which was international demand
- The institutional student to bed ratio now sits at 3.0:1, nearly 50% above the UK average.

Nottingham Trent University

- Nottingham Trent University (NTU) continues to be amongst the largest recruiters of undergraduates in the UK and enrolment continues to perform well
- Ranked 42 in the Times Good University Guide 2023, the University was chosen as “Modern University of the Year”
- The University still receive nearly 47,000 applications each year with more than five students chasing each academic place
- Over the last five years the University has seen applications rise by more than 10,600 per annum the equivalent of 28.6 per cent
- Nottingham Trent’s non-UK population has grown by 91 % over the same period but still only makes up 14 per cent of the student body.
- Both the all-year SBR and first year SBR are nearly double the national average at 4.3:1 and 1.8:1 respectively, and only 55% of the first-year population can currently be housed in university accommodation.

Key Markets

Oxford

- Oxford Brookes University was ranked 57 by The Sunday Times Good University Guide slightly down from 54 the previous year
- The University remains one of the leading post-1992 universities and for 2021/22 attracted more than 20,000 applications with six students chasing each academic place
- Student numbers at Oxford Brookes University have increased by 750 between 2015/16 and 2020/21 and the core residential demand pool has again increased by 1,000 this year, with the first-year pool up by circa 5%
- The all-year and first-year student to bed ratios at the University are below the national average due to recent increases in bed numbers, at 1.8:1 and 0.8:1 respectively, albeit that this ratio has remained roughly consistent over the last five years
- The City Council continues to enforce strict controls on the number of students each university is permitted to house in the private rented sector within Oxford

Plymouth

- The University of Plymouth was ranked 74 by The Times Good University Guide 2023, a fall of some 16 places year on year based on a pandemic related fall in teaching quality as well as losing ground against others in research quality
- After an organizational redesign – including 600 redundancies and a £700m drop in fee income – the University has announced plans for a £100m campus development and thirty new courses
- The University continues to have national and international appeal with well over 21,000 applications per annum and main scheme application to acceptance ratio of 5.2:1 for 2021/22.
- Whilst the overall residential demand pool remains at circa 10,000, in opting out of its nomination agreements with private operators the student to bed ratio at the institution has increased substantially over the last five years to 5.7:1
- The University are currently offering 1,764 beds to a first-year population of 3,760

Key Markets

York

- A member of the Russell Group, the University of York is a world-class institution.
- The University is ranked within the top 10 institutions in the UK by the Sunday Times Good University Guide 2023 and within the top 200 globally in the QS World University ranking
- It remains one of only a handful of University to operate a collegiate system and this alongside its focus on developing its employability initiatives, skills and careers support that helped the university to achieve gold in the Teaching Excellence Framework.
- York's improved ranking position was driven by an impressive performance in the latest Research Excellence Framework (REF 2021), where 93% of the University's research was rated world-leading or internationally excellent
- Rates of student satisfaction held up well at York during the pandemic and have continued to do so in 2022 maintaining a top-40 position for satisfaction with the wider undergraduate experience
- University has continued to invest in research, teaching and campus facilities, with a £750m expansion delivering modern resources at the linked Heslington East campus. A new building for the management school opened in early 2021, fitted with bespoke teaching and learning areas to accommodate the growing department.
- Academic demand at the University remains strong with nearly six applications for every place, with a growth of 8.1 per cent in applications over the last five years.
- Applications to York increased by about 11 per cent in 2021 whilst full time enrolments increased by the same amount. The University of York is one of the fastest growing institutions in the UK, increasing full time student numbers by more than one third in the last five years and by 13 per cent in the last year alone.
- Overall, the student body has become less localised due to strong recruitment from the rest of the UK and overseas. Consequently, the demand pool for accommodation has grown substantially too, up just under 1,700 on last year and nearly 4,400 above the level seen in 2015/16. The all-year demand pool and first year demand pool now sit comfortably above the UK average at 2.8:1 and 1.4:1 respectively.

4. Consolidated AssetCo Performance 2021/22

Mark Bamford, Chief Financial Officer

Bond consolidated – finance summary

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	71,496	67,806	5.4
Cost of sales	(20,191)	(19,870)	1.6
Gross profit	51,305	47,936	7.0
Overheads	(7,126)	(2,822)	(152.5)
EBITDA (pre Sinking fund)	44,179	45,114	(2.1)
Sinking fund	(7,722)	(7,967)	(3.1)
EBITDA	36,457	37,147	(1.9)
Ratio	1.22	1.22	

- Turnover increased by 5.4% to £71.5 million with occupancy at 99.8% for the year (compared to 96.6% in 20/21).
- Overheads significantly increased in 2021/22, primarily due to £3.8 million investment in remedial works at Plymouth.
- Sinking fund investment programme spend of c.£7.7 million was slightly lower than 2021/22.
- EBITDA fell by 2.1% reflecting the remedial works spend at Plymouth offsetting gains in turnover.
- 2021/22 historic debt service cover ratio of 1.22 is in line with 2020/21. All SPVs have improved ratios year on year with the exception of Plymouth, which was impacted by the remedial works spend.

Bond consolidated – forward look

- Debt service cover ratio analysis

Ratio	Alcuin	BGP	Exeter	Kent	NTU	Oxford	Plymouth	Consol
21/22 Historic	1.45	1.27	1.41	1.30	1.28	1.27	0.46	1.22
22/23 Projected	1.29	1.22	1.29	1.14	1.17	1.33	1.13	1.23

- Movement on Plymouth in the forward ratio is a result of the completion of remedial works
- Improvement in the projected Oxford ratio is driven by rental increases and the contractual ability to pass on utilities cost increases
- Other ratios impacted by rising costs due to higher inflation, particularly utilities costs

- Occupancy analysis

(%)	Alcuin	BGP	Exeter	Kent	NTU	Oxford	Plymouth	Consol
21/22 Historic	100.0	98.9	100.0	99.6	100.0	100.0	99.9	99.8
22/23 Budgeted	99.0	99.0	99.0	99.0	99.0	100.0	99.0	99.1
22/23 Projected	100.0	99.0	100.0	100.0	99.8	100.0	100.0	99.7

Alcuin – finance update

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	7,339	7,190	2.1
Cost of sales	(1,553)	(1,614)	3.8
Overheads	(262)	(252)	(4.0)
EBITDA (pre-sinking fund)	5,524	5,324	3.8
Sinking fund	(1,198)	(397)	(201.8)
EBITDA	4,326	4,927	(12.2)
Ratio	1.45	1.24	
Headroom	1,060	296	

- Occupancy was 100% for the year (2020/21: 100%) and is forecast at 100% for 2022/23.
- Turnover increase of 2.1% is due to impact of higher RPI inflation on rental income.
- EBITDA pre-sinking fund has increased year on year by £200k due to rental uplifts.
- Sinking fund investment increased by c.£0.8 million reflecting continuing investment programme.
- 2021/22 ratio performance was 1.45, with a healthy headroom to lock-up.
- 2022/23 forecast ratio is 1.29. This drop relative to 2021/22 is due to rising utilities costs and RPI swap costs.

Broadgate Park – finance update

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	13,360	11,862	12.6
Cost of sales	(3,650)	(3,753)	2.7
Overheads	(698)	(660)	(5.8)
EBITDA (pre sinking fund)	9,012	7,449	21.0
Sinking fund	(1,142)	(1,146)	0.3
EBITDA	7,870	6,303	25.0
Ratio	1.27	1.15	
Headroom	694	9	

- Occupancy was 98.9% for the year (2020/21: 91.0%). It has significantly increased due to the return of international students as a result of lockdown restrictions ending. Occupancy forecast for 2022/23 is 99.0%.
- Turnover increase of 12.6% is due to significant increase in occupancy and impact of higher RPI inflation on rental income.
- EBITDA pre sinking fund has increased year on year by c.£1.6 million primarily due to higher occupancy and rental uplifts.
- Sinking fund investment is in line with prior year reflecting continuing investment programme.
- 2021/22 ratio performance was 1.27, with a healthy headroom to lock-up.
- 2022/23 forecast ratio is 1.22. This drop relative to 2021/22 is primarily due to RPI swap costs.

Exeter – finance update

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	15,920	15,571	2.2
Cost of sales	(4,344)	(4,062)	(6.9)
Overheads	(844)	(472)	(78.8)
EBITDA (pre sinking fund)	10,732	11,037	(2.7)
Sinking fund	(1,269)	(1,075)	(18.0)
EBITDA	9,463	9,962	(5.0)
Ratio	1.41	1.52	
Headroom	1,874	2,514	

- Occupancy was 100% for the year (2021: 100%) and is forecast at 100% for 2022/23.
- Turnover increase of 2.2% reflects impact of higher RPI inflation on rental income.
- EBITDA pre sinking fund has decreased by c.£300k primarily due to higher utilities costs.
- Sinking fund investment increased by 18% reflecting continuing investment programme.
- 2021/22 ratio performance was 1.41, with a healthy headroom to lock-up.
- 2022/23 forecast ratio is 1.29. This drop relative to 2021/22 is due to higher utilities costs.

Kent – finance update

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	4,247	2,970	43.0
Cost of sales	(1,171)	(1,107)	(5.8)
Overheads	(247)	(208)	(18.8)
EBITDA (pre sinking fund)	2,829	1,655	71.0
Sinking fund	(369)	(515)	28.3
EBITDA	2,460	1,140	115.8
Provision for cladding works	(7,500)	-	(100.0)
Operating EBITDA	(5,040)	1,140	(542.1)
Ratio	1.30	0.57	
Headroom	253	(911)	

- Occupancy was 99.6% (2020/21: 67.4%) for the year and is forecasted at 100% for 2022/23. Occupancy has significantly increased due to the return of international students as a result of lockdown restrictions ending.
- Turnover increase of 43% is due to the significant occupancy increase and impact of higher RPI inflation on rental income.
- EBITDA pre sinking fund increased year on year by c.£1.2 million primarily due to higher occupancy and rental uplifts.
- Sinking fund investment has slightly decreased reflecting continuing investment programme.
- 2021/22 accounts include a provision of £7,500k made for future asset remediation works.
- 2021/22 ratio performance was 1.30, with a healthy headroom to lock-up.
- 2022/23 forecast ratio is 1.14. This drop relative to 2021/22 is due to asset remediation legal fees.

Nottingham Trent – finance update

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	16,106	15,615	3.1
Cost of sales	(5,358)	(5,533)	3.2
Overheads	(476)	(444)	(7.2)
EBITDA (pre sinking fund)	10,272	9,638	6.6
Sinking fund	(1,945)	(2,009)	3.2
EBITDA	8,327	7,629	9.1
Ratio	1.28	1.19	
Headroom	778	254	

- Occupancy was 100% for the year (2020/21: 100%) and is forecast at 99.8% for 2022/23.
- Turnover increase of 3.1% is due to the impact of higher RPI inflation on rental income.
- EBITDA pre sinking fund has increased year on year by c.£0.6 million primarily due to rental uplifts.
- Sinking fund investment has slightly decreased year on year; it reflects a significant investment programme.
- 2021/22 ratio performance was 1.28, with a healthy headroom to lock-up.
- 2022/23 forecast ratio is 1.17. This drop relative to 2021/22 is due to higher utilities and RPI swap costs.

Oxford Brookes – finance update

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	5,030	4,856	3.6
Cost of sales	(1,104)	(1,051)	(5.0)
Overheads	(276)	(232)	(19.0)
EBITDA (pre sinking fund)	3,650	3,573	2.2
Sinking fund	(843)	(605)	(39.3)
EBITDA	2,807	2,968	(5.4)
Ratio	1.27	1.21	
Headroom	289	121	

- Occupancy was 100% (2020/21: 100%) for the year and is forecast at 100% for 2022/23.
- Turnover increase of 3.6% is due to the impact of higher RPI inflation on rental income.
- EBITDA pre sinking fund has increased year on year by c.£0.1 million due to rental uplifts partially offset by slightly higher operating costs.
- Sinking fund investment increased by 39% reflecting continuing investment programme.
- 2021/22 ratio performance was 1.27, with a healthy headroom to lock-up.
- 2022/23 forecast ratio is 1.33. This increase relative to 2021/22 is due to rental increases and the contractual ability to pass on higher utilities costs.

Plymouth – finance update

£000's	2021/22 Actual	2020/21 Actual	Change %
Turnover	9,494	9,739	(2.5)
Cost of sales	(3,011)	(2,749)	(9.5)
Overheads	(4,247)	(488)	(770.3)
EBITDA (pre sinking fund)	2,236	6,502	(65.6)
Sinking fund	(956)	(2,219)	56.9
EBITDA	1,280	4,283	(70.1)
Movement in provision for cladding works	3,759	(3,999)	
Operating EBITDA	5,039	284	1,674.3
Ratio	0.46	1.08	
Headroom	(2,922)	(291)	

- Occupancy was 99.9% for the year (2020/21: 99.7%) and is forecast at 100% for 2022/23.
- Turnover decrease of 2.5% is primarily due to discounts offered to students whilst remedial work was underway. The decrease was partially offset by the impact of higher RPI inflation on rental income.
- Overheads increased by c.£3.8 million due to spend on Francis Drake halls remediation work.
- EBITDA pre sinking fund has decreased year on year by c.£4.3 million due to lower turnover and significantly higher overheads.
- Sinking fund investment has decreased by c.£1.3 million due to significant improvement works undertaken at Robins and Gilwell halls in the prior year.
- 2021/22 ratio performance was 0.46, reflecting a material increase in operating costs due primarily to the remediation work.
- 2022/23 forecast ratio is 1.13. This increase relative to 2021/22 is due to the completion of remediation works.

5. UPP Bond 1 Holdings Limited Forecast 2022/23

Mark Bamford, Chief Financial Officer

Bond consolidated – 2022/23 Forecast

£000's	2022/23 Forecast	2021/22 Actual	Change %
Turnover	74,741	71,496	4.5
Cost of sales	(22,915)	(20,191)	(13.5)
Gross profit	51,826	51,305	1.0
Overheads	(4,415)	(7,126)	38.0
EBITDA (pre sinking fund)	47,411	44,179	7.3
Sinking fund	(7,563)	(7,722)	2.0
EBITDA	39,848	36,457	9.3
Ratio	1.23	1.22	

- Occupancy levels are forecast to be 99% at Broadgate Park, 99.8% at NTU and 100% for all other AssetCos.
- Turnover is forecast to increase by 4.5% primarily due to the impact of higher RPI inflation on rental income.
- Cost of sales increase of 13.5% is due to facilities management, employment and utilities costs increases caused by higher inflation.
- Overheads are forecast to decrease by c.£2.7 million due to the completion of remediation works at Plymouth.
- Forecast EBITDA pre sinking fund of £47.4 million is primarily due to lower overheads.
- 2022/23 Sinking fund investment is forecast to be in line with 2021/22 actual spend.
- 2022/23 Debt Service Cover ratio is forecast to be 1.23 (see "2022/23 Projected Ratios" on Slide 25 for more detail)

6. 2022/23 Sinking Fund Budget

Mark Bamford, Chief Financial Officer

Sinking fund budget update

- Table details 2022/23 Sinking fund budget spend with comparison to 2021/22 P&L spend.
- In the case of each AssetCo, our focus remains one of developing plans in conjunction with university partners and ensuring value for money and effective timing of investment.

£000's	Alcuin	BGP	Exeter	Kent	NTU	Oxford	Plymouth	Total
2021/22 P&L actual	1,198	1,142	1,269	369	1,945	843	956	7,722
2022/23 Budget	839	1,333	922	585	1,966	711	1,207	7,563

7. Conclusion

Elaine Hewitt, Chief Executive Officer

Conclusion

In summary,

- The fundamentals of the market remain robust and long-term demand is very positive
- UPP Bond 1 AssetCos continue to demonstrate strong performance
- The investment in the Plymouth AssetCo being delivered over two summers has had a positive effect on occupancy and protected the longer-term position
- The wider programme of asset investment works across the Bond portfolio has been designed to further support demand and improve the experience of students
- We will continue to work closely with University partners to maximise the performance of the portfolio
- We will make sure we keep investors updated on rectification work at Kent and the process for recovering associated costs and losses

8. Questions