Registered No: 08255980

UPP Bond 1 Issuer plc
Unaudited financial statements

For the six months ended 28 February 2023

UPP Bond 1 Issuer plc

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Principal activity

UPP Bond 1 Issuer plc ("the Company") commenced trading on 5 March 2013. The principal activity of the Company is that of a financing company.

On 5 March 2013 the Company issued £307,100,000 of fully amortising fixed rate senior secured notes and £75,000,000 of fully amortising RPI index-linked senior secured notes. On 9 December 2014 the Company issued a further £149,700,000 of fully amortising RPI index-linked senior secured notes. These are all listed on the Irish Stock Exchange. The proceeds of this issuance were on-lent on the same terms and conditions to seven fellow group companies to enable them to refinance their senior bank facilities and associated costs.

UPP Bond 1 Issuer plc
Statement of comprehensive income
for six months ended 28 February 2023

	Notes	**Unaudited** **Six months ended 28 February 2023** **£'000**	Unaudited Six months ended 28 February 2022 £'000
Other income		**1**	1
Gross profit		**1**	1
Operating Expenses		**-**	(3)
Operating Profit/(loss)		**1**	(2)
Finance income	6	**33,227**	36,921
Finance costs	7	**(34,149)**	(36,701)
(Loss)/profit on ordinary activities before taxation		**(921)**	218
Tax charge on loss on ordinary activities	8	**-**	-
(Loss)/profit for the period attributable to owners of the parent		**(921)**	218
Total comprehensive (loss)/income for the period attributable to owners of the parent		**(921)**	218

The above results all relate to continuing operations.

The notes on pages 7 to 20 form part of these financial statements

UPP Bond 1 Issuer plc
Statement of financial position
as at 28 February 2023

	Notes	**Unaudited 28 February 2023 £'000**	31 August 2022 £'000
Fixed assets			
Investments – loans to group undertakings	10	**487,009**	480,893
Current assets			
Debtors: due within one year	9	**14,901**	14,492
Debtors: due after more than one year	10	**43,488**	51,753
Cash		**18,681**	18,670
		77,070	**84,915**
Creditors: amounts falling due within one year	11	**(28,843)**	(27,771)
Net current assets		**48,227**	**57,144**
Creditors: amounts falling due after more than one year	12	**(530,202)**	(532,082)
Net assets		**5,034**	**5,955**
Share capital and reserves			
Called up share capital	14	**50**	50
Capital Contributions		**6,580**	6,580
Retained earnings		**(1,596)**	(675)
		5,034	**5,955**

Registered No: 08255980

The notes on pages 7 to 20 form part of these financial statements

UPP Bond 1 Issuer plc
Statement of changes in equity
for the six months ended 28 February 2023

Attributable to owners of the parent

	Share capital	Capital Contributions	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'000**
At 1 September 2021	50	6,580	(1,287)	5,343
Profit for the financial period	-	-	218	218
Balance at 28 February 2022	**50**	**6,580**	**(1,069)**	**5,561**
At 1 March 2022	50	6,580	(1,069)	5,561
Profit for the financial period	-	-	394	394
Balance at 31 August 2022	**50**	**6,580**	**(675)**	**5,955**
At 1 September 2022	50	6,580	(675)	5,955
Loss for the financial period	-	-	(921)	(921)
Balance at 28 February 2023	**50**	**6,580**	**(1,596)**	**5,034**

The notes on pages 7 to 20 form part of these financial statements.

UPP Bond 1 Issuer plc
Statement of cash flows
for the six months ended 28 February 2023

	Unaudited Six months ended 28 February 2023 £'000	Unaudited Six months ended 28 February 2022 £'000
Cash flows from operating activities		
Profit / (loss) for the period	(921)	218
Adjustments for:		
Net interest expense included in profit or loss	922	(220)
Net cash generated from operating activities	**1**	**(2)**
Cash flows from investing activities		
Repayments of loans received from fellow group undertakings	18,737	18,267
Net cash inflow from investing activities	**18,737**	**18,267**
Cash flows from financing activities		
Cash outflow from repayment of fixed rate debt	(6,965)	(6,581)
Cash outflow from repayment of index-linked debt	(3,073)	(2,783)
Interest paid	(8,689)	(8,647)
Net cash flow generated from financing activities	**(18,727)**	**(18,011)**
Net increase in cash and cash equivalents	**11**	**254**
Cash and cash equivalents at 1 September	18,670	17,752
Cash and cash equivalents at 28 February	**18,681**	**18,006**

The notes on pages 7 to 20 form part of these financial statements.

UPP Bond 1 Issuer plc
Notes to the financial statements
for the six months ended 28 February 2023

1. Company information

UPP Bond 1 Issuer plc is a company registered and domiciled in England and Wales. The registered office is First Floor, 12 Arthur Street, London, England, EC4R 9AB.

2. Basis of preparation

UPP Bond 1 Issuer plc is a company registered and domiciled in England and Wales. These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The financial reporting standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

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

For the purpose of these financial statements and the relevant notes provided the comparative period is for the six-months ended 28 February 2022 for the Statement of Comprehensive Income and 31 August 2022 for the Statement of Financial Position.

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 impact of the current inflationary environment on the ability of the Company to continue as a going concern by preparing a cash flow forecast through to 31 August 2024, modelling a severe but plausible downside scenario that demonstrates that the Company is expected to have sufficient funds to meet its obligations as they fall due over the period of at least 12 months from the date of approval of the financial statements.

The Company's cash flows depend on other companies that operate within Bond I Holdings Limited group. A key feature of the contractual arrangements of those companies with the universities is that the university counterparty bears the risk of in-year rental income collection once students have been contracted for the rooms. In addition, there are contractual mechanisms in place that allow for rental uplifts as a result of inflation.

For the 2022/23 academic year, the other companies that operate within the Bond I Holdings Limited group has secured sufficient occupancy to remain compliant with its financial covenants. The directors anticipate that the entities' university counterparties will meet their payment obligations as they fall due, even in the severe but plausible downside scenario and, as a result, the risk around revenues leading to non-compliance with financial covenants for the 2022/23 and 2023/24 year remains low. The directors consider the entities costs to be reasonably controllable and, whilst there are likely to be increased costs arising from inflationary pressures, these are either likely to be offset by cost savings elsewhere or not considered sufficient to threaten the viability of the business.

The directors believe that the fundamentals of the student accommodation market remain supportive of the long-term success of the business.

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.

3. Significant judgements and sources of estimation uncertainty

Judgement applied to classification of index-linked financial instruments

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 because both principal and interest repayment obligations change in the same proportion and therefore the condition in paragraph 11.9(a) and paragraph 11.9(aA) relating to the classification of basic financial instruments is met and the Company's index linked financial instruments are classified as basic and carried at amortised cost.

Estimation used to calculate the fair value of derivative financial instruments

Derivative financial instruments comprise RPI swaps.

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.

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

4. Principal accounting policies

a) Financial assets

Loan, prepayments and loans to fellow group undertakings

Loans made to fellow group undertakings are initially measured at fair value net of transaction costs and then they are subsequently measured at amortised cost using the effective interest rate method less impairment.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4. Principal accounting policies (continued)

Loans to group undertakings are presented as fixed asset investments as they are intended for use on a continuing basis in the business.

(b) Interest receivable and similar income

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

Interest receivable and similar income also include gains arising on the change in fair value of derivatives recognised.

(c) Financial liabilities

Loans and secured notes

Loans and secured notes are initially measured at fair value, net of transaction costs. They are then subsequently measured at amortised cost using the effective interest method, with interest expense recognised on the basis of 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 period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the effected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Where loans have been received at below market terms from fellow group undertakings at the direction of this Company's parent, the difference between the proceeds and fair value is taken to capital contributions within equity.

Where the financial liability has variable cash flows, such as the index linked bonds, the change in RPI is charged to the profit and loss in the period to which it relates.

Short term creditors are measured at the transaction price.

(d) Interest payable and similar charges

Financing costs, comprising interest payable on loans, secured notes and the costs incurred in connection with the arrangement of borrowings are recognised in profit or loss using the effective interest rate method.

Financing costs also include losses arising on the change in fair value arising on the change in fair value of derivatives recognised.

4. Principal accounting policies (continued)

(e) Derivative financial instruments

The Company entered into derivative financial instruments, being RPI swaps, to manage its exposure to RPI. This company also has back to back external swaps which materially offset in fair value terms with the swaps with fellow group undertakings.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently re-measured to their fair value at each reporting date. The fair value of the derivatives has been determined on a transfer value basis, which takes into consideration the price the instrument could be replaced with by another one with the same remaining terms. To that end, a calibration of usual valuation models has been performed on the trade date for each derivative to determine an initial spread to be added onto market conditions applied at each period end. Those market interest rates and inflation curves for a replacement have been used, deriving future cash flows based on forward rates and discounting them to produce their reported value. The Company has used a third party expert to assist with valuing such instruments.

The resulting gain or loss is recognised in the profit or loss immediately. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Company does not apply hedge accounting within these financial statements.

(f) Current and deferred tax

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

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 period.

(g) 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 short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. Principal accounting policies (continued)

(h) Equity and reserves

Share capital represents the nominal value of the shares that have been issued.

Where loans have been received at below market terms from fellow group undertakings at the direction of this company's parent, the difference between the proceeds and fair value is taken to capital contributions within equity.

Retained earnings includes all retained profits since incorporation.

All transactions with owners of the parent are recorded separately within equity.

(i) Segment information

FRS 102 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ('CODM') as they are primarily responsible for the allocation of resources to segments and the assessment of the performance of each segment.

The principal activity of the company is that of a financing company. Management consider that there is only one operating segment, as this is the lowest level at which discrete financial information is available. All of the company's income is generated from UK operations.

The measurement policies the company uses for segment reporting under FRS 102 are the same as those used in its financial statements.

(j) Related party transactions

The Company is a wholly owned subsidiary of UPP Group Holdings Limited and as such the Company has taken advantage of the related party transaction exemption of FRS102.33.1A not to disclose related party transactions between two or more members of a group that are wholly owned by the group.

5. Directors' remuneration

The immediate parent company, UPP Bond 1 Limited, paid a fee of £5,123 (2022: £4,535) to Intertrust Management Limited in respect of services performed in connection with the management of the affairs of the Company for the six months to 28 February 2023.

No other directors of the Company received payment for services performed in relation to the management of the Company.

There are no employees in the Company (2022 - nil).

UPP Bond 1 Issuer plc
Notes to the financial statements for the six months ended 28 February 2023

6. Interest receivable and similar income

	Unaudited Six months ended 28 February 2023 £'000	Unaudited Six months ended 28 February 2022 £'000
Finance assets held at amortised cost		
Interest from on-loan agreements with fellow group undertakings calculated using the effective interest rate method	9,029	8,765
Indexation of index-linked on-loans	16,191	8,157
Total effective interest receivable from on-loans	**25,220**	**16,922**
Bank interest receivable	10	59
Finance assets held at amortised cost	**25,230**	**16,981**
Held at fair value through profit or loss		
Fair value movement on derivative financial instruments	7,997	19,940
	33,227	**36,921**

7. Interest payable and similar charges

	Unaudited Six months ended 28 February 2023 £'000	Unaudited Six months ended 28 February 2022 £'000
Financial liabilities measured at amortised cost		
Interest on secured bond notes payable in more than five years, calculated using the effective interest rate method	9,029	8,765
Indexation of index-linked bonds	16,192	8,157
Total effective interest payable on bond notes	**25,221**	**16,922**
Interest paid on cash balances held on behalf of fellow group undertakings	46	33
Imputed interest on fair value of loans to fellow group undertakings, calculated using the effective interest method	617	50
Financial liabilities measured at amortised cost	**25,884**	**17,005**
Held at fair value through profit or loss		
Fair value movement on derivative financial instruments	8,265	19,696
	34,149	**36,701**

8. Tax on loss on ordinary activities

UPP REIT Holdings Limited is a Real Estate Investment Trust (‘REIT’). As a result, the deferred tax accrued to the date of conversion in respect of assets and liabilities of the qualifying property rental business has been released due to the relevant temporary differences no longer being taxable on reversal.

Additionally the Group 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 April2023, which was enacted in May 2021.

9. Debtors: amounts falling due within one year

	Unaudited 28 February 2023 £’000	31 August 2022 £’000
Fixed rate to fellow group undertakings	8,880	8,178
Index linked loans to fellow group undertakings	5,971	6,264
Amounts owed by parent company	50	50
	14,901	**14,492**

Amounts owed by parent company are interest free and repayable on demand. The terms and conditions of the loan receivables are disclosed in note 10.

10. Investments/Debtors: amounts falling due after more than one year

	Unaudited 28 February 2023 £’000	31 August 2022 £’000
Derivative financial instruments	43,488	51,753
Investments – fixed rate loans to fellow group undertakings	240,428	247,875
Investments – index inked loans to fellow group undertakings	246,581	233,018
	530,497	**516,908**

10. Investments/Debtors: amounts falling due after more than one year (continued)

Investments

The loans to fellow group companies were made on 5 March 2013 from the proceeds of an issuance by the Company of £307,100,000 of fully amortising fixed rate senior secured notes and £75,000,000 of fully amortising RPI index-linked senior secured notes. An additional £149,700,000 was made on 9 December 2014 from the proceeds of issuance by the Company of fully amortising RPI index-linked senior secured notes. The proceeds of these loans enabled these fellow group companies to refinance their previous bank facilities and associated costs. The loan attracts the same interest as senior secured notes (note 13).

Derivative financial instruments

On 5 March 2013 the Company entered into RPI swaps with these fellow group companies, and the amount above reflects the fair value of these instruments at the year-end date. The RPI swap is for a period of 27 years from March 2013, commencing in February 2015 and finishing in February 2040.

These loans bear the same terms and conditions as the secured notes, see note 13.

11. Creditors: amounts falling due within one year

	Unaudited 28 February 2023 £'000	31 August 2022 £'000
Fixed rate senior secured notes, net of transaction costs	8,880	8,776
Index linked senior secured notes, net of transaction costs	5,971	6,264
Loans from fellow group undertakings	13,992	13,330
	28,843	**27,771**

Loans from fellow group undertakings are interest free and repayable on demand.

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

	Unaudited 28 February 2023 £'000	31 August 2022 £'000
Fixed rate senior secured notes	240,428	247,874
Index-linked senior secured notes	246,581	233,018
Derivative financial instruments	43,193	51,190
	530,202	**532,082**

13. Borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings. For more information about the Company's exposure to interest rate risk, see note 14.

On 5 March 2013 the Company issued £307,100,000 of fully amortising fixed rate senior secured notes, and £75,000,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange. The proceeds of this issuance were on-lent on the same terms and conditions to six fellow group companies to enable them to repay their previous bank facilities and associated costs.

The fixed rate senior secured notes are fully amortising by 2040 and bear interest at 4.9023%, with repayments commencing on 31 August 2013.

The index-linked senior secured notes are fully amortising by 2047 with a real interest rate of 2.7291% increasing semi-annually by RPI. The notional amount of these notes at issuance was £75,000,000 and repayments are scheduled to commence in August 2038.

On the same day the Company entered into derivative financial instruments, being RPI swaps with three external counterparties. These instruments are mirrored with matching derivative instruments to the six fellow group undertakings. This is to manage the exposure of this company to RPI movements from loan receipts from fellow group undertakings where revenue streams are sensitive to inflation rate risk. See note 15.

The fair values of these instruments are included within Debtors: amounts falling due after more than in year and Creditors: amounts falling due after more than one year.

On 9 December 2014 the Company, issued £149,700,000 of fully amortising RPI index-linked senior secured notes, listed on the Irish Stock Exchange. The proceeds of this issuance were on-lent on the same terms and conditions to UPP (Exeter) Limited to enable that company to refinance its senior bank facilities and some associated costs.

The index-linked senior secured notes are fully amortising by 2049 with a real interest rate of 1.0370% increasing semi-annually by RPI. The principal amounts repayable increase semi-annually by RPI with repayments commencing in August 2015.

The senior secured notes issued are secured against the assets of the Company and seven related undertakings all 100% owned by the parent company UPP Bond 1 Limited.

14. Called up share capital

	Unaudited 28 February 2023 £'000	31 August 2022 £'000
Issued, allotted, called up and fully paid		
Total shares at 28 February 2023 and 31 August 2022	**50**	50

The Ordinary shares have the rights and restrictions as set out in the amended Articles of Association of the Company. 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.

15. Financial risk management

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Company, which relate to credit, interest and liquidity risks, which arise in the normal course of the Company's business.

Credit risk

Financial instruments which potentially expose the Company to credit risk consist primarily of cash and loans receivable from fellow group undertakings. Cash is deposited only with major financial institutions that satisfy certain credit criteria.

The Company funds its financing activities through the provision of on-loan arrangements with seven fellow group undertakings. All payments due in the period under these on-loan arrangements were received.

Each fellow group company has an individual on-loan arrangement with the company, however under the Common Term Agreements there is a cross collateralisation agreement in place allowing the pooling of each of the bond participants surplus cash (after operating expenses and relevant on-loan debt service), which can be used to support any underperforming bond participants.

At the period end date, the credit risk was concentrated with the seven fellow group undertakings. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Company‘s management assess the recoverability of the loans to be repaid by reviewing the cash flow forecast prepared for the fellow group companies and did not identify any indication of impairment. Management concluded that the credit risk is not significant and did not recognise impairment in relation to the loan receivables.

15. Financial risk management (continued)

The loans to fellow group undertakings are aged as follows and are not past due, nor impaired:

	Unaudited 28 February 2023 £'000	31 August 2022 £'000
Within one year	14,851	14,441
Between one and two years	15,993	15,760
Between two and five years	54,931	53,811
After more than five years	416,085	411,322
	501,860	**495,334**

Interest rate risk

Through the issue of fixed rate loan notes the Company has mitigated its exposure to interest rate fluctuations on that portion of its borrowings. The index-linked loan notes have a real fixed rate that is linked to RPI (see below).

Inflation rate risk

The Company funds its financing activities through the provision of on-loan arrangements to seven fellow group undertakings. The ability of the fellow group undertakings to repay these on-loans is sensitive to inflation rate risk as these fellow group undertakings provide student accommodation where the growth in rental income is linked to the movement in RPI.

To mitigate the risk of inflation movements impacting on the Company's ability to service the fixed rate tranche of the bond debt the Company has entered into RPI swaps and then issued onward RPI swaps to the fellow group undertakings that have entered into fixed rate on-loan arrangements with the Company.

As at 28 February 2023, the Company has economically hedged this risk by carrying the following derivatives, all initially entered into on 5 March 2013, details of which are as follows:

External hedge arrangements

- a 27-year RPI swaps commencing in August 2013 and finishing in February 2040
- a 24-year RPI swaps commencing in June 2016 and finishing in February 2040
- a 27-year RPI swap commencing in March 2013 and finishing in February 2040

The notional amounts swapped for each period have been determined with reference to a percentage of the fixed rate bond servicing costs, and split equally over the three hedge counterparties. On each of these swap arrangements the external hedge counterparty pays or receives a fixed amount and the Company pays or receives a floating amount.

15. Financial risk management (continued)

Hedge arrangements with fellow group undertakings

- a 26-year RPI swap with UPP (Alcuin) Limited commencing in February 2014 and finishing in February 2040
- a 26-year RPI swap with UPP (Broadgate Park) Holdings Limited commencing in February 2014 and finishing in February 2040
- a 26-year RPI swap with UPP (Kent Student Accommodation) Limited commencing in February 2014 and finishing in February 2040
- a 26-year RPI swap with UPP (Nottingham) Limited commencing in February 2014 and finishing in February 2040
- a 26-year RPI swap with UPP (Oxford Brookes) Limited commencing in February 2014 and finishing in August 2040
- a 26-year RPI swap with UPP (Plymouth Three) Limited commencing in February 2014 and finishing in February 2040

The notional amounts swapped for each period have been determined with reference to a percentage of the debt service costs of the fixed rate tranche of the relevant company's on-loan agreement with the Company. On each of these swap arrangements the Company pays or receives a fixed amount and the fellow group undertaking pays or receives a floating amount.

Liquidity risk

The Company prepares annual cash flow forecasts reflecting known commitments and anticipated payments received from its on-loan arrangements. The Company has available cash flow from these on-loan arrangements to fund present commitments.

Terms and debt repayment schedule

	Currency	Effective interest rate (%)	Year of maturity	**Book value** **Feb 2023** **£'000**
Fixed rate senior secured notes	£	4.9023%	2040	249,308
Index linked senior secured notes issued 5 March 2013	£	2.7291%	2047	103,365
Index linked senior secured notes issued 9 December 2014	£	1.0370%	2049	149,187
Loans from fellow group undertakings	£	4.9023%	2040	13,992
Derivative financial instruments	£		2040	43,193
				559,045

The loans from fellow group companies are to fund a debt service reserve account 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 on these loans is paid at the rate at which the Company earns interest on the cash balances it holds.

15. Financial risk management (continued)

Capital risk management

The Company maintains a debt service reserve account to cover the next six months of service costs of both tranches of the senior secured notes. The Company manages its capital to ensure it will be able to continue as a going concern.

The Company's capital structure is as follows:

	Unaudited 28 February 2023 £'000	Unaudited 28 February 2022 £'000
Capital contributions	6,580	6,580
Equity	50	50
	6,630	**6,630**

Foreign currency risk

The Company operates entirely in the UK and is not exposed to any foreign currency risks.

Financial Instrument categories

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

	Unaudited Carrying amount 28 February 2023 £'000	Carrying amount 31 August 2022 £000
Financial assets		
Financial assets held at amortised cost		
Cash at bank and in hand	18,681	16,670
Amounts owed by parent company	50	50
Loans from fellow group undertakings	501,860	495,385
Total financial assets held at amortised cost	**520,591**	**514,104**
Measured at fair value through profit and loss		
Derivative financial instruments assets (note 10)	43,488	51,753
Financial liabilities		
Financial liabilities measured at amortised cost:		
Fixed rate senior secured noted (notes 11/12)	249,308	256,051
Index linked senior secured notes (notes 11/12)	252,552	239,282
Loans from fellow group undertakings (notes 11/12)	13,992	13,062
Total financial liabilities measured at amortised cost:	**515,852**	**508,395**
Measured at fair value through profit or loss		
Derivative financial instruments liabilities (notes 11/12)	43,193	51,190

16. Parent undertaking and 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.

UPP REIT Holdings Limited is controlled by a 60% stake held by PGGM Infrastructure Fund ("PGGM") on behalf of its pension fund clients. PGGM is incorporated in The Netherlands.

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

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, Crown Way, 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.