Registered No: 123688

UPP REIT Holdings Limited

Consolidated financial statements for the year ended 31 August 2024

UPP REIT Holdings Limited

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UPP REIT Holdings Limited
Year highlights

- Gross rental income increased by 8.6 per cent to £230.0 million.
- EBITDA for the year increased by 22.1 per cent to £119.8 million.
- Occupancy for the year at 98.8 per cent (2022/23: 99.8 per cent).
- Preferred Bidder to develop, in partnership with Durham University, a detailed scheme proposition for the refurbishment of the College of St Hild and St Bede and the development of new college accommodation at the Leazes Road site.
- Large programme of asset investment totalling £18.6 million across the portfolio.
- Continued to deliver high quality services to students, as evidenced by customer satisfaction scores of 89.4 per cent (increased year on year), when residents were asked whether they would recommend UPP accommodation to future students.
- Achieved Financial Close on our inaugural sustainability-linked loan, a 3-year, £110 million facility, financed by Deutsche Bank as sole lender and will be utilised to finance investments in new assets as well as provide the business with access to working capital.
- Achieved a GRESB (Global Real Estate Sustainability Benchmark) score of 93 per cent for 2023/24. GRESB is the external independent sustainability standard across the asset management and real estate sectors, providing independent, quantitative assessment of our ESG performance
- The Royal Society for the Prevention of Accidents (RoSPA) awarded UPP its prestigious 'Gold Award' in recognition of excellent health and safety standards – for a seventh consecutive year.

Who we are

We are the UK's leading provider of on-campus residential accommodation infrastructure. Every day, we support 35,000 students on their journey through higher education, working with our university partners to create an amazing student experience.

Our purpose

To enhance the way students live and learn at university by sustainably transforming the campus experience

Our vision

To be the leading infrastructure and services partner to UK universities by delivering next-generation low carbon campuses

Our strategy

To preserve and grow the value of our business through partnership, innovation and delivery

UPP REIT Holdings Limited
Directors and advisors

Directors	David Montague Elaine Hewitt Mark Bamford Stuart Bousfield Kai Chen Chilei Kao Brian Welsh
Secretary	Apex Group Fiduciary Services Ltd
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Registered office	IFC 5 St. Helier Jersey JE1 1ST

UPP REIT Holdings Limited
Strategic report for the year ended 31 August 2024

UPP REIT Holdings Limited (ISIN – JE00BF5PSP50) is a closed-ended UK REIT and was admitted to the Official List of The International Stock Exchange (TISE) on 8 March 2018. It is the Parent Company of UPP Group Holdings Limited, trading as UPP.

Established in 1998, we are the original and only multi-discipline, full-service Design, Build, Finance and Operate (DBFO) company that focuses on just the Higher Education sector. Since our inception we have been providing and operating on-campus, residential infrastructure for universities.

We remain focused on long-term partnership in everything we do for our university partners and their students. With our in-house expertise in design, construction management, funding and operating accommodation, we have an established and trusted reputation for delivering at scale and executing with efficiency and minimal risk. We bring new schemes to fruition that deliver tangible benefits for our university partners and investors, and a great experience for students.

Our Portfolio

We have 35,000 rooms in operation through long-term partnerships with 15 UK universities.

Group Chief Executive Officer's Statement

The results for the financial year ended 31 August 2024 continue to reflect the strength and resilience of the UPP business model, which delivers returns based on stable, long-term, RPI-linked revenues. The principal activities of the Group during the year continued to be the design, financing, development and operation of student accommodation. During the year, the Group saw an increase in gross rental income of £18.1 million (8.6 per cent) to £230.0 million. EBITDA increased by 22.1 per cent to £119.8 million. The operational performance of the Group remained strong, achieving an average of 98.8 per cent occupancy for the financial year ended 31 August 2024 and a student resident satisfaction rating of 89.4 per cent.

We continue to focus on environmental and social sustainability for the benefit of our university partners, our student residents and our people. We achieved a GRESB score of 93 per cent for 2023/24 (the latest reporting year). GRESB is the external standard across the asset management and real estate sectors, providing independent, quantitative assessment of ESG (Environmental, Social and Governance) performance.

A significant programme of investment works at sites across the Group has taken place during the financial year. The assets remain well positioned, offering a wide range of accommodation, priced on an inclusive basis, with services delivered by our experienced operational teams. Asset investment will continue on a rolling basis.

Review of the Year:

Growing the business

In May 2024, UPP was selected to be the Preferred Bidder to develop, in partnership with Durham University, (a new partner for the Group) a detailed scheme proposition for the refurbishment of the College of St Hild and St Bede and the development of new college accommodation at the Leazes Road site.

One of the key drivers for this project for both Durham University and Durham City is to increase the proportion of students living in high quality Durham University owned or managed accommodation.

Delivering for people, place and planet

Sustainability is such an important issue both internally to our people and to our external stakeholders, that it sits at the core of our business. We want to be a purposeful business and have developed environmental, social and governance strategies that will make a tangible difference to our people, our residents and the communities in which we operate.

During the year the Group closed on its inaugural sustainability-linked loan. The three-year, £110 million facility was financed by Deutsche Bank as sole lender and will be utilised to finance investments into new assets as well as provide the business with access to working capital.

We are progressing well against the 2030 sustainability targets set out in our Sustainability Report published in February 2024:

- A recycling rate of 46 per cent achieved against a target of 45 per cent
- Energy consumption reduced by 2.5 per cent year-on-year
- Water efficiency met its 6 per cent improvement target
- We have so far achieved over 2.5 per cent of our 10 per cent BNG target to be met by 2030
- New consolidated water supply contract awarded
- Water Automatic Meter Reading (AMR) installed for 99 per cent of supplies
- Achieved ISO14001 recertification

In addition, UPP Group continues to strengthen its collaboration with award-wining sustainable architecture practice Architype. With the Higher Education sector facing financial strain, the partnership with Architype enables us to provide our University Partners with pragmatic, affordable routes to de-carbonisation of their estates.

Awards and Recognition

Investors in People (IiP) re-accredited UPP as an IiP Gold award holder in recognition of our commitment to empowering people, creating meaningful workplaces, and delivering exceptional results.

Investing in our assets

The year has continued to see the Group focus on the long-term strategic management of assets under operation. The business undertook a further major programme of asset investment works during the year totalling £18.6 million across the portfolio. This included extensive work at the University of Reading with refurbishments on 24 bedrooms and 134 bathrooms, 27 kitchen renewals, 4 blocks fully redecorated and 3 blocks fully recarpeted. At Nottingham Trent University we refurbished 50 per cent of Hampden Hall, including external balcony and staircase resurfacing works, 33 ensuite bathrooms, 25 kitchens, 8 accommodation blocks were recarpeted, 6 blocks were redecorated, and 170 windows were replaced or renewed at Maltings. Large project works also took place at Broadgate Park, Exeter, Lancaster and Plymouth.

Leadership appointments

In July, David Montague was appointed as our new Chair, replacing Rob McClatchey who had been UPP Chair since 2016. David brings a wealth of experience spanning a career in housing development and management since 1988. He spent 33 years at L&Q, a leading residential developer and housing association, holding both the CFO and CEO positions. He is a Chartered Accountant and a Fellow of the Royal Institute of Chartered Surveyors and holds various non-executive positions in the housing sector.

Championing safety, health and wellbeing

In April we were awarded a Gold Award and Highly Commended in the Facilities Management (FM) industry sector from the Royal Society for the Prevention of Accidents (RoSPA). Last year, we were Commended in the FM sector, so this represents a step up and also marks the seventh consecutive year that we have been awarded a RoSPA Gold award or higher. The award demonstrates our commitment to health and safety excellence and dedication to ensuring that our colleagues, residents, customers and contractors get home safely at the end of the day.

In summary, UPP's business model is robust and well positioned to continue to deliver strong operational and financial performance from a portfolio of assets that are central to the operations of its university partners.

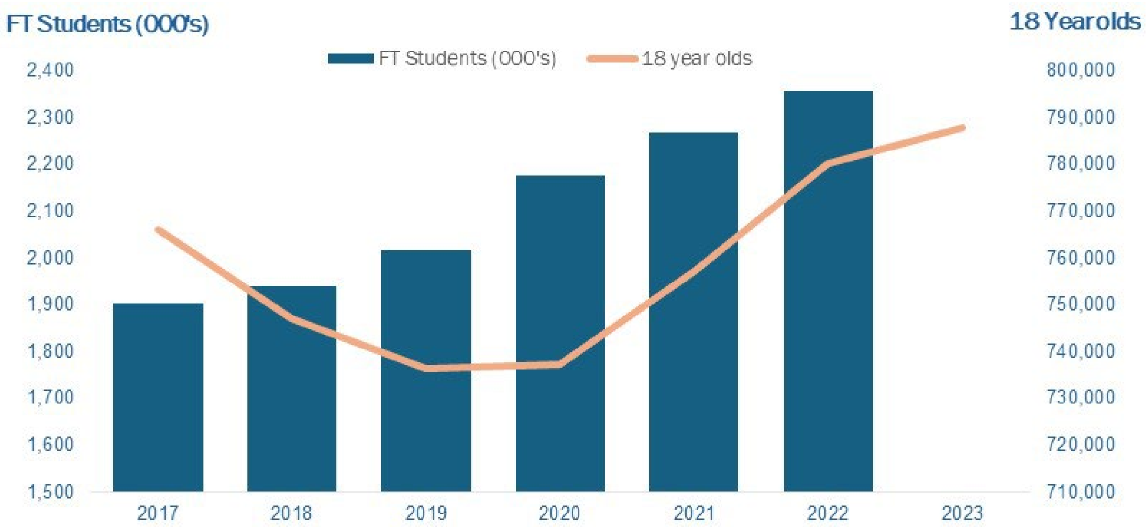
Market Review

The UK Higher Education (HE) sector continues to maintain its reputation as a leading global destination for students. Applicant data published by UCAS following the 30 June 2024 main scheme deadline identifies that 656,770 applicants were seeking a university place for the academic year 2024/25. This was a decrease of 10,890 applicants year on year but is 18,740 applicants higher than the pre-pandemic year of 2019/20. Whilst the last two years have seen a fall since the high point of 2021/22, these were a reflection of the Centre Assessed Grade process and the change in numbers since still shows an upward movement in the underlying trend.

In terms of the key demand cohort for the Group’s portfolio’s accommodation (i.e. first year undergraduates), the overall application rate for UK 18-year-olds reached 41.9 per cent which is lower than last year but 3.0 per cent higher than the pre pandemic level of 38.9 per cent in 2019/20. Applications from EU students continue to fall with a 4.2 per cent decline and demand from outside the EU has also marginally fallen by 1.4 per cent or the equivalent of 1,650 less applicants with 135,470 international students having applied by the main scheme deadline.

UCAS acceptances tracked 1 per cent ahead of last year (at the 28 days after Clearing measuring point) with the overall number of acceptances driven by UK 18-year-olds which have increased by 3 per cent to 277,790 and overall, there have been 498,340 acceptances (all ages, all domiciles). More students have secured a place at higher tariff universities, 175,690 this year compared with 162,930 (+7.8 per cent) in 2023, whilst medium tariff institutions have accepted 161,470 applicants (-0.5 per cent) and lower tariffs have accepted 161,190 applicants (-4.4 per cent).

Figure 2.21 UK full-time HE enrolment (y-axis) relative to the number of 18-year-olds in the UK (z-axis) 2017/18-2022/23



In general, the trend in UK applicants continues to remain positive. Over the last six years, by the end of the June deadline 2024, UK applicants have grown by over 15,000 or 3.0 per cent. International applicant demand is comprised of EU and non-EU students. Post-Brexit demand from EU students has fallen by -4.1 per cent, the equivalent of 930 students, to 21,470 for 2024. Over the last six years EU applicant numbers have fallen by 28,840 or 57.3 per cent. However, over the same period non-EU international applicant numbers were up 32,320 or 39.6 per cent to 114,000, showing a net increase in international applicant demand of 3,480.

Figure 2.22 Applicants for all UCAS courses by domicile group (at June deadline)

App. Domicile	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
England	418,940	427,290	456,190	458,980	446,530	438,110
Northern Ireland	18,520	18,150	19,390	18,430	17,630	17,190
Scotland	47,110	47,250	52,710	47,860	44,130	45,040
Wales	21,470	21,330	23,330	23,500	21,320	20,960
UK	506,040	514,020	551,620	548,770	529,610	521,300
EU (ex.UK)	50,310	49,350	28,120	23,160	22,400	21,470
Non-EU	81,680	89,420	102,280	111,720	115,650	114,000
Total	**638,030**	**652,790**	**682,010**	**683,650**	**667,660**	**656,770**

(Source: UCAS)

On this basis, the Directors remain confident both in the robust nature of domestic and international demand for UK HE and therein for residential accommodation. We also remain confident in the capacity of UPP to secure and deliver transactions coming to market, based on its unique selective approach to forming strong partnerships.

Strategic Framework

Our Purpose

To enhance the way students live and learn at university by sustainably transforming the campus experience.

Our Vision

To be the leading infrastructure and services partner to UK universities by delivering next-generation low carbon campuses.

Our Strategy

To preserve and grow the value of our business through partnership, innovation and delivery.

Our Priorities

- **Preserve**
  Preserving value by driving occupancy and actively managing our assets and investments.
- **Grow**
  Developing new business opportunities with existing and new university partners.
- **Partner**
  Acting as a true, long-term partner working in collaboration with universities.
- **Innovate**
  Innovating to co-create next generation sustainable campuses.
- **Deliver**
  Focusing on operational excellence and strong service delivery.

Our culture

Collaborative, commercial, customer and results oriented. A progressive and inclusive team which operates with energy, pace and passion.

Our Model

Our bespoke model allows our university partners to develop their campuses and focus investment in their core focus areas of teaching and research.

We design and build new residential accommodation infrastructure, undertake estate transfers, and operate these facilities on a long-term basis. Key to this is delivering high-quality services to students to support a great student experience during their time in residence.

Our transactions are mainly undertaken on a demand-risk-transfer basis. This allows the asset developed to be accounted for on an off-balance sheet basis by our university partners, reverting to the partner in a prescribed condition at the end of each concession. In this way, our partners can use their resources more strategically to invest in other areas of importance, be it teaching, research or other infrastructure, whilst improving the quality of services to students.

UPP is organised into a number of business functions to leverage the full benefit of our multi-disciplinary expertise in the interests of our partners.

Partnerships

Our Partnerships team is responsible for managing the day-to-day relationships with universities. It ensures that each asset is performing as effectively as possible and partner relationships are working well.

Investment

Specialists in procuring higher education project finance and leading on new business

Our Investment team is the originator of new partnerships and leads on new development projects and services with existing partners. It is also responsible for the origination of all debt and equity financing. The team are specialists in the funding of our accommodation.

Over the last two decades we have deployed more than £3.5 billion of senior, subordinated debt and equity. Our approach offers non-recourse off-balance sheet funding, ensuring our partners can use their financial resources to focus on their strategic priorities.

Construction and Capital Programmes

Long-term asset management of the portfolio

Our Construction and Capital Programmes team is accountable for managing our assets for the life of each partnership. It develops and implements the Company's long-term asset management plan to manage investment in the portfolio.

Our Construction and Capital Programme team is responsible for managing contractors and subcontractors to deliver new schemes and asset improvement programmes.

Residential Services

Delivering facilities management services

Our Residential Services team provides a full range of facilities management (FM) services including cleaning, front of house, post room services and implementation of planned preventive and reactive maintenance.

With well over 25 years' experience in delivering high-quality specialist services to the HE sector, our team has a proven track record in delivering quality services to our partners and students, while transferring cost and delivery risk away from each university – based on an agreed payment mechanism both for availability and performance.

The team manages the seamless operational mobilisation of each new partnership, ensuring that all services are in place for the start of the academic year; as well as expertly managing each annual intake of new students and their departure at the end of the academic year.

Key financial performance indicators

The key financial performance indicators during the year were as follows:

	2023/2024 £'000	2022/2023 £'000
Turnover	235,930	218,801
EBITDA (Earnings before interest, tax, depreciation and amortisation)	119,826	98,126
Loss after tax	(14,519)	(46,281)

Key drivers behind the movements in key financial performance indicators above are:

- Turnover increased by 7.8% during the year, due to increases in student accommodation rental income.
- EBITDA increased by 22.1% to £119,826k primarily due to the increase in turnover and £2.6 million of fire safety related cost recovery, which was partially offset by increases in operating costs (mainly utilities).
- Loss after tax reduced by 68.6% mainly due to the above and lower inflationary uplift on index-linked debt.

Reconciliation of EBITDA to gross profit:

	Note	2023/2024 £'000	2022/2023 £'000
Gross profit		146,639	131,174
Operating expenses	8	(67,630)	(74,453)
Amortisation and depreciation	16,17	40,817	41,405
EBITDA		119,826	98,126

The appropriate key performance indicators of each of the core income streams of its subsidiary undertakings are:

Subsidiary undertakings that provide student accommodation

The following is considered by the Directors to be an indicator of performance of the subsidiary undertakings that provide student accommodation and that is not necessarily evident from the financial statements.

	2023/24	2022/23
Average Application: Acceptance ratio	7.72 : 1	7.44 : 1

The above measure shows how many students apply for one bed of accommodation provided by the Group.

The indicator above is directly related to the performance of the relevant university partners of these subsidiary undertakings, among other factors, and any changes in these statistics may potentially affect the performance of that subsidiary undertaking.

The Directors also monitor the nominated occupancy levels of the student accommodation facilities.

	2023/24	2022/23
Average occupancy across all facilities	98.8%	99.8%

The target occupancy level across all facilities is 98-99%, as such the Directors are satisfied with outperforming occupancy targets in the financial year.

Subsidiary undertaking that provides facilities management services

The Directors report that during the current year the numbers of bed spaces to which they provide services is 34,588 (2023: 34,588).

On behalf of the Board

M Bamford
Director

28 January 2025

Risk management

We are purposefully structured to manage the risks and uncertainties of investing in UK higher education infrastructure.

Risk	How we mitigate the risk
Demand • Ongoing demand levels, competition for students and changing student expectations.	• Collaborative partnership approach with universities • Investment in direct and indirect marketing focused on maximising UPP accommodation occupancy • Sector analysis to ensure awareness of and response to evolving market demand • Engagement with government and sector policymakers to influence formation and execution of plans to mitigate potential long-term occupancy risks • Regular student satisfaction surveys to identify changing requirements • Selection of demand secure university partners and projects
Supply • Increasing alternative supply options in the student accommodation market	• Investment in the portfolio to ensure UPP offer remains attractive in comparison to alternatives • Product innovation to ensure competitiveness • Active asset investment management, performance review and bespoke plans to optimise sinking fund and additional investment funds to maintain accommodation appropriately • UPP's projects are typically attractively sited on-campus, and contain marketing and allocation provisions and restrictive covenants
Cost Inflation • Lower but persistent inflationary environment	• Active cost management and third-party pricing certainty secured through comprehensive procurement process and contracting structures • Price hedging agreements established to reduce the impact of adverse wholesale market factors on gas and electricity consumption costs for those assets in the portfolio where energy is directly procured • Utilities usage reduction targets with progress tracked • Financial instruments in place to limit exposure and impact of increasing interest rates and inflation • Contractual mechanisms relating to rental income increases linked to inflation
Fire Safety and statutory technical compliance risk • Risk of injury to those living in or working at UPP accommodation	• Continually monitoring compliance through established audit and inspection regimes undertaken by qualified external parties and our own team • Appropriately experienced individuals completing surveys to identify any potential areas of improvement • Timely investment in remediation work to accommodation in order to comply with appropriate regulations

	Proactive assessment and engagement with legislative changes to ensure compliance with regulations
Sustainability • Business risks arising from climate change	• Carbon reduction targets and associated delivery plan developed. • Through the Global Real Estate Sustainability Benchmark (GRESB) assessments we review our ESG performance and implement actions across the broad range of criteria including energy, waste, greenhouse gas emissions, health & safety, environment, risk management, reporting and stakeholder engagement
Policy Change • Policy changes with respect to how the sector is funded and the number of young people attending university in the future	• On-going monitoring of legislative environment • Established thought leader in the UK HE sector working with government and policy making bodies to input and influence policy changes • Work with the UPP Foundation to influence and inform sector research

Environment, Social and Governance (ESG)

Sustainability continues to be a key focus for UPP. With the second publication of our Sustainability Report - Building Sustainable Futures - in February 2024, we continue to be committed to reaching a future that is Net Zero and Nature Positive.

We continue to focus on environmental and social sustainability for the benefit of our university partners, our student residents and our people. We achieved a GRESB score of 93 per cent for 2023/24 (the latest reporting year). GRESB is the external standard across the asset management and real estate sectors, providing independent, quantitative assessment of ESG (Environmental, Social and Governance) performance.

Environment

Priorities and targets

- Created a 3-year carbon reduction programme across the portfolio including lighting, heating and metering reading to support with reducing consumption
- 6% reduction in water intensity
- 45% recycling at source across portfolio
- Design to minimum BREEAM Excellent or equivalent on all new development projects
- 2.5% biodiversity net gain on baseline

Performance highlights

- Energy consumption reduced by 2.5 per cent year-on-year
- Water Automatic Meter Reading (AMR) installed for 99 per cent of supplies
- Water efficiency has improved 6 per cent against a target of 6 per cent
- We have so far achieved over 2.5 per cent of our 10 per cent BNG 2030 target
- New consolidated water supply contract awarded
- A recycling rate of 46 per cent achieved against target of 45 per cent
- Achieved ISO14001 recertification

Social

Priorities and targets

- Maintaining and supporting a diverse team
- Continuing our commitment to an exceptional standard of health, safety and wellbeing
- Ensure our people have the skills to progress
- Supporting the places we are part of through volunteering and fundraising
- Continued support for the sector-leading UPP Foundation

Performance highlights

- Developed an EDI Charter setting out UPP's approach and commitment to EDI
- 10 per cent of staff trained as Mental Health First Aiders
- 171 days (1,368 hours) of volunteering undertaken by UPP staff
- £27,998 raised (including matched funding) through colleague fundraising and volunteering
- Publication of the Kerslake Collection thought leadership through the UPP Foundation

Governance

Priorities and targets

- 75 per cent of strategic suppliers signed up to our procurement charter
- Roll out of communications campaign on whistleblower programme
- Alignment to QCA Code by a review of corporate governance best practice
- Board Director fiduciary responsibility training scheduled
- Completion of diversity training for Executive Leadership Team

Performance highlights

- 90 per cent of our Tier 1 suppliers have already agreed to our procurement charter
- Internal Sustainability Workshop held with delegates from across UK on 13 August 2024
- Rolled out communications to UPP staff on the whistleblower programme
- Completed a review of corporate governance best practice against the QCA Code
- Board Director fiduciary training completed after the yearend
- Completed diversity training for all Executive members
- Achieved a GRESB score of 93 per cent for 2023/24

People

The high quality and capability of our people and our collective skills, expertise and experience define us, and we want to inspire all of our employees to excel.

Inherent within our people strategy and its implementation is a commitment to ensure the highest standards of inclusion, equality and diversity. This includes providing the opportunity for our employees both to take part in volunteering and for selected charities to benefit from match funding via the UPP Foundation – the independent charity established by UPP in 2016.

We believe that equality of opportunity is essential for the successful and innovative development of both UPP and its communities. We are committed to promoting equality of opportunity, eliminating unlawful discrimination and valuing the different contributions and experiences of all our staff. We continue to hold a We Invest in People Gold Accreditation.

Health and Safety

The health, safety and wellbeing of all our employees and students is our most important priority as a business. We ensure that the highest standards of statutory technical health and safety compliance are in place across our portfolio, and these are audited on an on-going basis. This focus is balanced with a clearly defined behavioural approach aimed at informing, educating and inspiring our teams and our students to recognise that safety is everyone’s responsibility.

We have established policies and procedures in place for all colleagues, visitors, residents and others who may be indirectly or directly affected by our business.

We provide mandatory training, instruction and supervision to all employees and contingent workers to underpin our approach. The training is designed to reduce our organisational risks and comply with local or national policies and government guidelines.

Our approach is supported by externally accredited ISO45001:2018 compliance. In addition, UPP is accredited to environmental standard ISO14001:2015, and quality standard ISO9001:2015.

UPP REIT Holdings Limited
Statement from the Chairman

On behalf of UPP REIT Holdings Limited, I am delighted to present our corporate governance report for 2024. Our commitment to strong corporate governance and effective Board leadership underpins our strategy, creating long-term value for our stakeholders and university partners.

The corporate governance report for the year ended 31 August 2024 outlines our governance approach, supporting strategy, Board, Committee activities, and key priorities.

Corporate Governance Statement

Governance is essential to building a sustainable high-performing business. UPP upholds high corporate governance standards to protect stakeholder interests, aligned with best practices and the QCA Code of Conduct.

We remain committed to our purpose, guided by the Group's strategic priorities: Preserve, Grow, Partner, Innovate and Deliver. These principles foster a culture of accountability and efficiency, promoting sustainable business growth in line with our long-term business model. Our culture supports the Group's mission to provide a pragmatic and regulatory framework that balances the needs of stakeholders, and our people.

Corporate governance is embedded across the Group through a structured, four-tiered governance model. This model enables Directors, the Executive Leadership Team, and Senior Officers to review, challenge, and oversee risk management effectively. The governance structure includes:

Parent Company Board (UPP REIT Holdings Limited) – Holds quarterly meetings to monitor performance, with reporting on budget, forecasts, and prior-year comparisons.

UPP Group Holdings Board – Meets at least four times per year, with Shareholder-appointed and Executive Directors overseeing Group performance against strategic goals.

Both Boards receive quarterly performance updates, tracking delivery against set objectives.

Delegated Committees – The Investment, Audit and Risk, and Remuneration Committees, which operate per their terms of reference, offer oversight by making decisions or recommendations to the UPP Group Holdings and UPP REIT Holdings Limited Boards. These Committees focus on strategy, policy, and governance, contributing specialized expertise.

University Partnerships – In individual Special Purpose Vehicles (SPVs), formal SPV Board and Partnership Board meetings are held alternately, including university representatives where minority shareholding exists, to strengthen collaborative governance with our partners.

Governance Structure

The UPP REIT Holdings Limited Board oversees the strategic direction and governance of the Group and serves as the parent to the UPP Group Holdings Limited Board. While retaining certain key decision-making powers, such as those related to strategy and budgeting, the UPP REIT Holdings Limited Board has delegated other responsibilities to the UPP Group Holdings Limited Board and its committees.

Each committee operates under specific terms of reference that outline its roles and responsibilities, reviewed annually by the respective board. Board members participate in these committees, with regular reporting provided on their activities to ensure alignment with overall governance objectives.

UPP REIT Holdings Limited
Statement from the Chairman (continued)

Governance Structure

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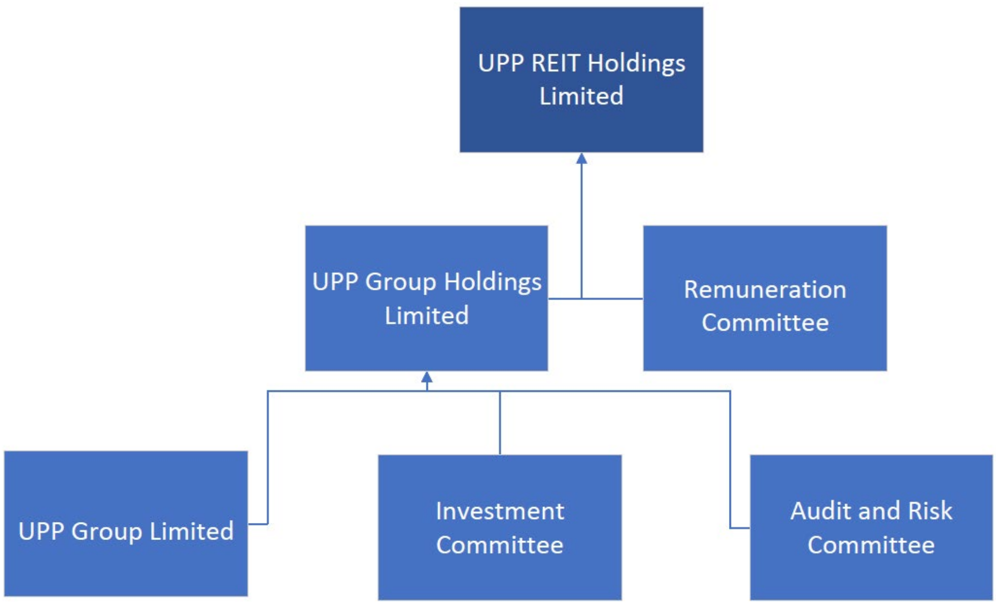
Focused view of the governance structure



Board Composition

UPP REIT Holdings Limited Board is comprised of an Independent Chairman, the Chief Executive Officer, Chief Financial Officer, and Non-Executive Directors as representatives of UPP's shareholders.

The UPP Group Holdings Board is similarly composed of the Independent Chairman, the Chief Executive Officer, representatives of UPP's shareholders as well as the Chief Financial Officer. This structure brings a balanced mix of commercial expertise, governance experience, independence, and constructive challenge, enabling Directors to fulfil their responsibilities effectively. The diverse skills and backgrounds of the Directors ensure balanced decision-making without undue influence from any individual or group.

UPP REIT Holdings Limited
Statement from the Chairman (continued)

Roles of the Chairman, Chief Executive Officer and Board

The roles of the Chairman and Chief Executive Officer are clearly defined and separate to ensure independent leadership and effective governance within UPP. The Chairman provides overall leadership for the Board, creating conditions that enable each director to contribute effectively. The Chairman's responsibilities include:

- Board Governance and Culture: Leading the Board's governance practices by promoting integrity, accountability, and a positive, collaborative culture in the boardroom.
- Agenda Setting: Defining and prioritising the Board's agenda to focus on strategy, performance, culture, long-term value creation, and the interests of key stakeholders.
- Director Enablement: Ensuring that all directors have sufficient time, access to relevant information, and the necessary support to contribute their expertise to Board discussions and decisions.
- Executive Relations: Building and maintaining executive relationships founded on trust and mutual respect, fostering an inclusive atmosphere where all viewpoints are considered.
- Shareholder Communication: Ensuring that shareholder perspectives are regularly communicated to the Board and that the Group's governance and reporting practices are reviewed and enhanced where improvement opportunities arise.

The Chief Executive Officer is responsible for leading the development and execution of the Group's strategy and managing daily operations. This includes implementing Board decisions and driving the Group's business within the strategic targets and appetite defined by the Board, ensuring alignment with UPP's long-term objectives.

Board responsibilities

The Board collectively defines the Group's strategic direction and overall commercial objectives, ensuring the organisation is managed effectively to create sustainable, long-term value for shareholders and other stakeholders. UPP's growth strategy emphasises selective, value-accretive partnerships with institutions that align with the Board's established risk appetite and strategic objectives. Key responsibilities of the Board include:

- Strategic Oversight: Setting and monitoring the Group's strategic direction to align with long-term goals.
- Executive Support and Challenge: Offering support to executive management while providing constructive challenge, sound judgment, and objective oversight of decisions.
- Performance Evaluation: Continuously appraising both financial and operational performance to ensure the Group meets its stated goals and targets.
- Regulatory Compliance and Control: Ensuring that the Group adheres to regulatory obligations and maintains a strong system of internal controls.
- Committee Reports and Updates: Receiving and reviewing regular updates from the Group's directorates and committees to stay informed on all areas of oversight.
- Annual Reporting: Reviewing and approving the Annual Report and Accounts to ensure accuracy and transparency for stakeholders.

Matters Reserved for the Board

The Board holds collective responsibility for directing and overseeing the Group's management, business operations, and overall affairs with a focus on enhancing long-term shareholder value. The Board is accountable for setting high standards of conduct, managing risks, and ensuring effective internal controls to comply with applicable laws, rules, and codes.

To maintain control over critical decisions and ensure a clear separation of responsibilities between the Board and the day-to-day management, the Board has a formal schedule of reserved matters.

UPP REIT Holdings Limited
Statement from the Chairman (continued)

These reserved matters include approving the Group's overall strategy, organisational structure, governance, regulatory compliance, financial reporting, major capital commitments, major contracts, internal controls, significant remuneration changes, stakeholder engagement and material corporate transactions (including acquisitions and disposals). The formal schedule is reviewed annually to ensure it remains fit for purpose and continues to define clear parameters for management and expectations for internal controls.

The Board is composed of members with a balanced mix of skills and experience necessary for effective governance and oversight, and no individual has unilateral decision-making power.

Executive Leadership Team

The Executive Leadership Team is responsible for leading and managing the Group's day-to-day operations. Their duties include formulating the Group's strategy, recommending it for URHL approval, and executing the approved strategy.

Directors	Status
Elaine Hewitt	Chief Executive Officer
Mark Bamford	Chief Financial Officer
Simon Boorne	Chief Investment Officer
Kelly Stafford	Chief HR Officer
Matt Burton	Executive Director – Partnerships
Billy Sutch	Executive Director – Residential Services
Adam Tyson	Executive Director – Construction and Capital Programmes

UPP Group Holdings Limited Board of Directors

Directors	Status
David Montague	Independent Chair (appointed 9 July 2024)
Elaine Hewitt	Chief Executive Officer
Mark Bamford	Chief Financial Officer
Stuart Bousfield	Non-Executive Director/Shareholder Representative (appointed 16 April 2024)
Kai Chen	Non-Executive Director/ Shareholder representative
Chilei Kao	Non-Executive Director/ Shareholder representative
Brian Welsh	Non-Executive Director/ Shareholder representative
Robert McClatchey	Independent Chair (resigned 9 July 2024)
Natasha Mol-Knechtel	Non-Executive Director/ Shareholder representative (resigned 16 April 2024)

Bold denotes – current Directors

UPP REIT Holdings Limited
Statement from the Chairman (continued)

Membership of the Board

For the financial year ended 31 August 2024, the changes in the composition of the UPP REIT Holdings Limited Board are as follows:

- Robert McClatchey resigned on 9 July 2024
- David Montague was appointed on 9 July 2024
- Natasha Mol-Knechtel resigned on 16 April 2024
- Stuart Bousfield was appointed on 16 April 2024

David Montague, Chairman since 9 July 2024

David was appointed Chairman of UPP Group Holdings Limited in 2024 and is additionally the Chair of the Audit and Risk Committee of UPP Group Holdings Limited and Remuneration Committee of UPP REIT Holdings Limited. David brings a wealth of experience in housing development and management. He spent 33 years at L&Q, a leading residential developer and housing association, holding both the CFO and CEO positions. He is a Chartered Accountant and a Fellow of the Royal Institute of Chartered Surveyors (RICS) and holds various non-executive positions in the housing sector.

David's skills and experience make him well qualified to ensure that each meeting is planned effectively, conducted in an orderly and appropriate manner and that each member is recognised for their skills and experience. This includes supporting the CEO and assisting in the supervision of other members of the Executive. David is well placed to provide constructive challenge and guidance where required.

Robert McClatchey, Chairman until 9 July 2024

Robert was appointed Chairman of UPP Group Holdings Limited in 2016 and was additionally the Chair of the Audit and Risk Committee of UPP Group Holdings Limited and Remuneration Committee of UPP REIT Holdings Limited. He has had a long association with the business, having been involved in the development of UPP since its inception. Robert was a founder member of the Barclays Infrastructure Funds and Managing Director of Barclays Infrastructure Funds Management (BIFM). Whilst at BIFM, Robert led the private equity buyout of UPP from Jarvis plc and was subsequently fully involved in the establishment of the current Group structure. He was also instrumental in the sale of the Group to its current Shareholders. He is a qualified Chartered Accountant.

Elaine Hewitt, Chief Executive Officer

Elaine was appointed Chief Executive Officer of UPP in 2020, to lead and deliver on UPP's strategic commitments to operational excellence, long-term partnerships and generating value for reinvestment in the future growth of the business. She has significant knowledge and expertise in property and facilities management, gained most recently during her role as Chief Executive Officer for NHS Property Services Ltd where she was responsible for managing and servicing a £3bn asset portfolio, some 4,000 properties, 5,000 employees and an annual income of more than £700m. Prior to this, Elaine was a Crown representative in the Cabinet Office and held the position of Group Property Director at BT Group PLC where she managed the largest corporate portfolio in the UK, delivering services to 7,000 properties globally. Elaine is a Fellow of RICS.

UPP REIT Holdings Limited
Statement from the Chairman (continued)

Mark Bamford, Chief Financial Officer

Mark was appointed CFO in 2022, joining UPP from Thames Water where he was Group Financial Controller and Finance Director Operations and Capital Delivery from 2017. Mark has 25 years of experience in the telecommunications, utilities, financial and professional services sectors.

Before joining Thames Water, Mark spent six years at Arqiva, the UK communications and broadcasting infrastructure company, in the roles of Finance Director and Director, Wireless Infrastructure Management. Mark has also held a role as Vice President at Macquarie Group the global financial services provider and qualified as a Chartered Accountant in 2001.

Boards' Activities

Name:
UPP REIT Holdings Limited

Chair:
David Montague (since 9 July 2024)*
Rob McClatchey (until 9 July 2024)**

Members:
Elaine Hewitt
Mark Bamford
Stuart Bousfield (since 16 April 2024)***
Kai Chen
Chilei Kao
Brian Welsh
Natasha Mol-Knechtel (until 16 April 2024)**

Number of meetings in 2023/24:
4

Attendance:

	Attendance percentage
David Montague*	100%
Elaine Hewitt	100%
Mark Bamford	100%
Stuart Bousfield ***	100%
Kai Chen	100%
Chilei Kao	100%
Brian Welsh	100%
Robert McClatchey**	100%
Natasha Mol-Knechtel**	100%

* David Montague attended as an observer before being appointed as a Board member on 9th July 2024
** Resigned during the year ended 31 August 2024
***Appointed during the year ended 31 August 2024

Role of the Board:

The UPP REIT Holdings Limited Board is responsible for overseeing the stewardship, accountability, and leadership of the Company, offering clear guidance and supervision on its strategic direction and alignment with corporate goals. Board members receive comprehensive, clear, and accurate information on topics to be discussed well in advance and are expected to attend the majority of meetings each year.

Key highlights for the year:

- Held the organisation to account for performance and the proper running of the organisation
- Reviewed the performance against the identified key performance indicators and strategic goals
- Provided effective financial stewardship and reviewing the current financial position
- Approved the 3-year strategic business plan
- Approved dividend payments
- Approved 2023/2024 Budget
- Approved 2022/2023 Financial Statements
- Reviewed and approved the new Sustainability linked Revolving Credit Facility

Name:
UPP Group Holdings Limited

Chair:
David Montague (since 9 July 2024)*
Rob McClatchey (until 9 July 2024)**

Members:
Elaine Hewitt
Mark Bamford
Stuart Bousfield (since 16 April 2024)***
Kai Chen
Chilei Kao
Brian Welsh
Natasha Mol-Knechtel (Until 16 April 2024)**

Number of meetings in 2023/24:
5

Attendance:

	Attendance percentage
David Montague*	100%
Elaine Hewitt	100%
Mark Bamford	100%
Stuart Bousfield ***	100%
Kai Chen	100%
Chilei Kao	100%
Brian Welsh	100%
Robert McClatchey**	100%
Natasha Mol-Knechtel**	100%

* David Montague attended as an observer and was appointed as a Board member on 9th July 2024
** Resigned during the year ended 31 August 2024
*** Appointed during the year ended 31 August 2024

Role of the Board:

The UPP Group Holdings Limited Board is responsible for overseeing the Company's stewardship, accountability, and leadership, offering clear guidance and supervision on its strategic direction and alignment with corporate goals. Members receive comprehensive, clear, and accurate information on all matters for consideration well in advance of meetings.

Key highlights for the year:

- Reviewed and approved of the 3-year Strategic Business Plan
- Reviewed and approved 2023/24 Budget
- Reviewed and approved Tax Strategy
- Reviewed and agreed the 3-year people strategy and plan
- Reviewed and approved the new Sustainability linked Revolving Credit Facility
- Delivered against the majority of its agreed key performance indicators, and ensured that any performance issues have been addressed through appropriate recovery plans
- Maintained its robust performance reporting mechanism using a dashboard approach
- Received the report of the external auditors

Name:
Audit and Risk Committee
(a committee of UPP Group Holdings Limited)

Chair:
David Montague (since 9 July 2024)*
Rob McClatchey (until 9 July 2024)**

Members:
Stuart Bousfield (since 16 April 2024)*
Kai Chen
Chilei Kao
Brian Welsh
Natasha Mol-Knechtel (until 16 April 2024)**

Number of meetings in 2023/24:
4

Attendance:

	Attendance percentage
David Montague*	100%
Stuart Bousfield *	100%
Kai Chen	100%
Chilei Kao	100%
Brian Welsh	100%
Rob McClatchey **	100%
Natasha Mol-Knechtel**	100%

*Appointed during the year ended 31 August 2024
**Resigned during the year ended 31 August 2024

Additional attendees are invited to attend meetings to assist with committee business. For 2023/2024, these have included key internal leads. Chief Financial Officer Mark Bamford attended all meetings during the financial year. David Montague attended one meeting as an observer.

Role of the Committee:

The Committee monitors the integrity of financial reporting and reports to the Board on any significant issues or judgments within the financial statements. It also reviews the adequacy and effectiveness of the Group's internal controls and risk management practices to ensure risks are identified, assessed, managed, and controlled effectively. Additionally, the Committee oversees the relationship with the external auditor. Committee members receive comprehensive, clear, and accurate information on all matters under consideration well in advance of meetings.

Key highlights for the year:

- Reviewed the Internal Audit Plan 2024 and reviewed audit report and recommendations
- Monitored the integrity of the financial statements
- Reviewed the Corporate Risk Register and mitigations in place - detailed examinations of the existing and emerging risks across the business
- Reviewed the effectiveness of risk identification and mitigation
- Considered the adequacy of management's response to issues identified by audit activity
- Received the report of the external auditors

Name:
Investment Committee
(a committee of UPP Group Holdings Limited)

Chair:
Stuart Bousfield (since 16 April 2024)*
Natasha Mol-Knechtel (until 16 April 2024)**

Members:
Kai Chen
Chilei Kao
Brian Welsh

Number of meetings in 2023/24:
2

Attendance:

	Attendance percentage
Stuart Bousfield*	100%
Kai Chen	100%
Chilei Kao	100%
Brian Welsh	100%
Natasha Mol-Knechtel **	100%

*Appointed during the year ended 31 August 2024
**Resigned during the year ended 31 August 2024

Role of the Committee:
The Committee is responsible for scrutinising and challenging the business cases underpinning proposed transactions, sanctioning both the costs and commercial terms for all significant investments across the Group. Members receive detailed, clear, and accurate information on all matters under consideration well in advance of meetings.

Additional attendees are invited to attend meetings to assist with committee business. For 2023/2024, these have included Chief Executive Officer Elaine Hewitt, Chief Financial Officer Mark Bamford and Chief Investment Officer Simon Boorne who attended all meetings during the financial year.

Key highlights for the year:

- Oversight of the group's investment and performance
- Reviewed existing investments and performance
- Reviewed and approved potential business proposals, opportunities, bids, and appraisals
- Business development
- Portfolio optimisation

UPP REIT Holdings Limited
Statement from the Chairman (continued)

Name:
Remuneration Committee
(a committee of UPP REIT Holdings Limited)

Chair:
David Montague (since 9 July 2024)*
Rob McClatchey (until 9 July 2024)**

Members:
Stuart Bousfield (since 16 April 2024)*
Kai Chen
Natasha Mol-Knechtel (until 16 April 2024)**

Number of meetings in 2023/24:
6

Attendance:

	Attendance percentage
David Montague*	100%
Stuart Bousfield*	100%
Kai Chen	100%
Rob McClatchy**	100%
Natasha Mol-Knetchel**	100%

*Appointed during the year ended 31 August 2024
**Resigned during the year ended 31 August 2024

Chief HR Officer Kelly Stafford attended all meetings during the financial year as did the CEO, Elaine Hewitt.

Role of the Committee:

The Remuneration Committee is responsible for establishing and overseeing a formal, transparent policy on the recruitment and remuneration of executives and senior staff, as well as setting individual directors' remuneration packages. The Committee reviews and makes recommendations to the Board on the total compensation packages for the Group’s directors and senior executives, with support from external consultants as needed.
Committee members receive clear, accurate, and comprehensive information on all matters for review well in advance of meetings.

Key highlights for the year:

- Approved the annual budget for pay and performance awards
- Approved the remuneration of the executives within its remit
- Supported executive recruitment

UPP REIT Holdings Limited
Statement from the Chairman (continued)

Quoted Companies Alliance ('QCA') Corporate Governance Code ('the Code')

The Board of Directors ('the Board') of UPP REIT Holdings Limited ('the Company') recognises the importance of corporate governance to ensuring the Group's long-term success. To align with TISE's Listing Rules, the Board has voluntarily adopted the Quoted Companies Alliance (QCA) Corporate Governance Code ("the Code"), which outlines ten principles of good governance. We have evaluated the new QCA Code requirements and are preparing to ensure full alignment for the upcoming financial year, reinforcing our commitment to strong governance standards and transparency.

Board and Committee Performance Evaluation and Effectiveness

The QCA Code recommends evaluating the effectiveness of the Board and its Committees every three years. In August 2021, UPP conducted an evaluation covering Board/Committee structure, meeting conduct, corporate strategy/planning, governance, risk management, financial planning, performance monitoring, and investor relations. Recommendations deemed appropriate have been implemented. A board evaluation review is planned following the appointment of the new Chair.

Succession planning

The Group continuously reviews its leadership pipeline, succession plans, and short-term backup plans for both Board and senior management roles to address areas of vulnerability. We are committed to developing high-performing talent and ensuring opportunities for growth within the Group.

Board Diversity

The Group fully recognises the benefit of diversity, including gender and ethnic diversity, when the Committee is searching for candidates for Board appointments. Our policy is to appoint the best possible candidate based on merit and objective criteria, rather than setting fixed diversity targets that may detract from this goal. While we value diversity, our primary focus is ensuring that each appointment is made in the best interest of the Board, considering both qualifications and the broader benefit of diverse perspectives.

Conflicts of Interest and Related Parties

Under the Company's Articles of Association, the Board may authorise actual or potential conflicts of interest imposing conditions or limits as necessary.

Each Director provides the Company Secretary with information regarding any actual or potential interests that may conflict with those of the Group, such as other external directorships, and any other potential interests that each think may cause a conflict requiring prior Board authorisation on an annual basis. If the circumstances of any of these disclosed interests change, the relevant Director is required to advise the Company Secretary promptly. In addition, Directors are required at the start of each Board and Committee meeting to declare any personal interest they might have in any business on the agenda and abstain from relevant Board or Committee discussion as required. Where potential conflicts arise, they are recorded in the Board and Committee minutes along with any appropriate action to address them.

Any decision of the Board to authorise a conflict of interest, whether matter-specific or situational, is only effective if it is agreed without the participation of the conflicted Director(s) in the decision, and in making such a decision, as always, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

The Group has established a procedure whereby actual or potential conflicts of interest are registered. These are reviewed annually by the Board to ensure that the authorisation granted to the Directors, and any conditions attached to them, are appropriate for the relevant matter to remain authorised and the appropriate authorisation is sought prior to the appointment of any new Director or if a new conflict arises. The register of interests and related parties register is maintained by the Company Secretary.

Risk Management Process

The Group's risk management systems comprise a top ten group level risk register, functional level risk registers, and site-specific risk registers. This top-down and bottom-up approach ensures comprehensive accountability and oversight, allowing both leadership and functional teams to identify, assess, and mitigate risks effectively. Specific control owners are appointed to review and update mitigations for live risks, ensuring active risk management across the Group. Risk registers are maintained at company, functional, and site levels and are reviewed at appropriate levels, including Boards and Committees.

The Group Executive Leadership Team receives regular updates on the risk management process and the key risks including:

- risk description;
- current assessment of likelihood and impact (assessed over a number of risk impacts including financial, regulatory, reputation and customer risk);
- the ongoing controls or mitigation activity in place; and
- planned future mitigation activity with owners and completion dates
- regular 'deep dives' on the top 10 are undertaken, where the risk owners present a deeper analysis of risks and further mitigations are discussed

The Audit and Risk Committee receives regular updates on the risk management process and reviews key risks identified through the management process. The Audit and Risk Committee reviews summaries of the Internal Audit team's work, which follows a risk-based annual plan of assurance reviews.

Internal Audit

Internal Audit provides independent assessment and challenge to the Group's governance, risk, and internal control frameworks. Its primary objective is to protect UPP's assets, reputation, and sustainability, in alignment with the Group's objectives. UPP co-sources its Internal Audit function with BDO LLP.

The Group's Internal Audit function focuses on performing a programme of reviews of processes and controls implemented across the Group. Findings from these audits are presented to the Audit and Risk Committee, relevant Executive Leadership Team members, the Director of Governance, Risk, and Compliance, and the Chief Financial Officer for review. Actions arising from Internal Audit are tracked and reported to the business and the Audit and Risk Committee, which oversees Internal Audit's work.

Whistleblowing

The Group has established procedures for employees to confidentially report concerns.

The Whistleblowing Policy outlines the ethical standards expected of all persons to whom the policy legally applies and details the process for raising concerns in strict confidence. Employees are encouraged in the first instance to talk to their line manager or contact the central HR team directly. However, in circumstances when this is not possible or is inappropriate the Group has provided an independent, external whistleblowing hotline allowing reports to be submitted anonymously or by name.

All reports are treated with the utmost confidentiality, with investigations overseen by the Chief HR Officer and the Director of Governance, Risk, and Compliance, ensuring a thorough, fair, and transparent process, with appropriate actions taken as necessary.

Stakeholder relations

UPP prioritises understanding and meeting the needs of its of its Shareholders and Investors. Shareholders have directly appointed four directors to the Board to serve as their representatives and these directors are the primary channel through which UPP communicates with its shareholders. Shareholders' representatives and the Executive meet on a regular basis to discuss strategically important business issues.

The Group also engages debt investors as part of its broader Investor Relations Strategy and through its Investor Centre. Our in-house Investment team, led by our Chief Investment Officer, meets with individual investors on a regular basis to provide non-market sensitive updates, as well as when seeking to procure new tranches of debt. There is also frequent engagement in respect of current and prospective bilateral financings with existing and potential new investors.

The Group has a dedicated investor inbox (investor.relations@upp-ltd.com) to facilitate direct communication with Executive Directors and address investor enquiries.

UPP actively maintains a media and social media presence to inform a broad range of stakeholders, including the higher education sector, policymakers, government bodies, and local communities. This engagement helps keep these groups informed of UPP's progress and initiatives.

QCA Principle 10 Disclosure

The following disclosures have not been made as the Board considers that they would not add significant value to the users of the financial statements:

- Biographies of all directors in-line with Principle 6. Comprehensive assessment of the skills and experience of all directors is undertaken before appointment
- Full Audit and Risk and Remuneration Committee reports in line with Principle 10 as the Board considers the current disclosure is appropriate for the users of the financial statements

UPP REIT Holdings Limited
Statement from the Chairman (continued)

Directors' report
for the year ended 31 August 2024

The Directors present their report for the year ended 31 August 2024.

Principal activity

The Group's principal activity is the development, funding, construction and operation (including facilities management) of student accommodation under University Property Partnerships ('UPP').

Corporate information

The principal legislation under which the Company operates is the Companies (Jersey) Law 1991. The Company is tax resident in the United Kingdom and therefore operates under UK tax laws.

Going concern

The Directors have reviewed the Group's projected profits and cash flows which have been prepared on the basis of a detailed analysis of the Group's finances, contracts and likely future demand trends. After consideration of these projections the Directors consider that the Group will be able to settle its liabilities as they fall due for at least 12 months from the date of approval of these financial statement and accordingly the financial statements have been prepared on a going concern basis. For more information refer to note 2.2.

Financial risk management objectives and policies

The Group's financial risk management objectives and policies are detailed in the Strategic Report on pages 5 to 17.

Dividend

There were no dividends paid in the year ended 31 August 2024. The directors proposed a £16.3 million dividend that was paid in September 2024 (2023 dividend paid: £16.4 million).

Directors and their interests

The Directors holding office during the year ended 31 August 2024 are:

Mark Bamford	
Stuart Bousfield	- appointed on 16 April 2024
Kai Chen	
Elaine Hewitt	
Chilei Kao	
Robert McClatchey	- resigned on 9 July 2024
Natasha Mol-Knechtel	- resigned on 16 April 2024
David Montague	- appointed 9 July 2024
Brian Welsh	

At 31 August 2024 none of the directors had any beneficial interests in the shares of the company or in any of the subsidiary companies.

Statement of Directors' responsibilities

The directors are responsible for preparing 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-adopted international accounting standards.

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 Group and of the profit or loss of the Group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group'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 Group 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with Companies (Jersey) Law, 1991. 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 Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge that the directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Qualifying Third Party Indemnity

The directors are protected by Directors and Officers Liability Insurance provided by the Company.

Independent auditor

KPMG LLP was reappointed as auditor of the Company during the year in accordance with section 113 of the Companies (Jersey) Law 1991.

Signed in accordance with a resolution of the Directors.

By order of the Board

M Bamford
Director
28 January 2025

Independent auditor's report to the members of UPP REIT Holdings Limited

Opinion

We have audited the group financial statements of UPP REIT Holdings Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 August 2024 which comprise the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and the related notes, including the accounting policies in note 2.
In our opinion the Group financial statements:

- give a true and fair view, in accordance with UK-adopted international accounting standards, of the state of the Group's affairs as at 31 August 2024 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

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 Group 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 Group or to cease its operations, and as they have concluded that the Group'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 Group's business model and analysed how those risks might affect the Group'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 Group'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 Group will continue in operation.

Independent auditor's report to the members of UPP REIT Holdings Limited

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 Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group'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 Group's income primarily arises from:

- Contracts with universities with fixed periodic payments, and even though revenue is recognised over time, it is non-judgmental, straightforward and there is limited opportunity for manipulation; and
- There is also third party income with service providers that are straight forward, with limited opportunity for manipulation.

We identified a fraud risk related to certain bonus accruals in response to potential opportunity, incentive and/or pressure to meet the EBITDA measure that generates the bonus pot of the incentive bonus scheme.

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; and
- Assessing significant accounting estimates for bias, including assessing the estimates related to elements of the EBITDA linked to the fraud risk on bonus accruals.

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 Group'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 the audit 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 Group 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.

Secondly, the Group 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 Group'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.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent auditor's report to the members of UPP REIT Holdings Limited

Directors' responsibilities

As explained more fully in their statement set out on page 33, the directors are responsible for: the preparation of financial statements which 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 Group'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 Group 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 Article 113A of the Companies (Jersey) Law 1991. 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
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 28 January 2025

UPP REIT Holdings Limited
Consolidated statement of profit or loss for the year ended 31 August 2024

	Note	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Rental and other income	7	235,930	218,801
Cost of sales		(89,291)	(87,627)
Gross profit		**146,639**	**131,174**
Operating expenses	8	(67,630)	(74,453)
Other operating expenses	25	(52)	(139)
Operating profit		**78,957**	**56,582**
Finance income	12	**23,842**	**24,388**
Senior financing interest		(104,612)	(120,151)
Other interest payable and similar charges		(12,706)	(5,747)
Finance cost total	13	**(117,318)**	**(125,898)**
Loss on ordinary activities before taxation		**(14,519)**	**(44,928)**
Tax on loss on ordinary activities	14	-	(1,353)
Loss for the financial year		**(14,519)**	**(46,281)**
Loss for the financial year attributable to:			
Non-controlling interests		(8,134)	(7,852)
Owners of the parent		(6,385)	(38,429)
Loss for the financial year		**(14,519)**	**(46,281)**

The above results all relate to continuing operations.

The notes on pages 43 to 98 form part of these consolidated financial statements.

UPP REIT Holdings Limited
Consolidated statement of other comprehensive income for the year ended 31 August 2024

	Note	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Loss for the financial year		**(14,519)**	**(46,281)**
Items that will not be reclassified to profit or loss			
Actuarial gain relating to pension scheme	28	27	371
		27	**371**
Items that are or may be reclassified subsequently to profit or loss			
Fair value movements on swaps	23	1,399	42,377
		1,399	**42,377**
Total other comprehensive income for the year		**1,426**	**42,748**
Total comprehensive loss for the year		**(13,093)**	**(3,533)**

Other comprehensive income for the year attributable to:

Non-controlling interests		(94)	694
Owners of the parent		1,520	42,054
Total		**1,426**	**42,748**

Total comprehensive loss for the year attributable to:

Non-controlling interests		(8,228)	(7,158)
Owners of the parent		(4,865)	3,625
Total		**(13,093)**	**(3,533)**
Loss per share (in GBP)			
Basic	29	(6.3)	(37.7)
Diluted		(6.3)	(37.7)

The notes on pages 43 to 98 form part of these consolidated financial statements.

UPP REIT Holdings Limited
Consolidated statement of financial position as at 31 August 2024

	Note	31 August 2024 £'000	31 August 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	17	5,455	6,316
Intangible assets - service concession arrangements	15	1,499,700	1,539,314
Financial assets - service concession arrangements	21	147,589	145,103
Other intangible assets	16	115,651	115,583
Employee benefit obligations	28	205	178
Total non-current assets		**1,768,600**	**1,806,494**
Current assets			
Trade and other receivables	19	10,576	12,505
Service concession arrangements – financial assets	21	11,210	8,475
Cash at bank and in hand	21,33	179,268	163,600
Total current assets		**201,054**	**184,580**
Total assets		**1,969,654**	**1,991,074**
Equity and liabilities			
Liabilities			
Non-current liabilities			
Borrowings	22	1,801,923	1,801,786
Derivative financial instruments	23	112,852	114,449
Total non-current liabilities		**1,914,775**	**1,916,235**
Current liabilities			
Borrowings	22	68,727	58,133
Trade and other payables	20	5,621	8,502
Accrual and deferred income	20	34,726	44,499
Provisions	25	10,154	14,961
Total current liabilities		**119,228**	**126,095**
Total liabilities		**2,034,003**	**2,042,330**
Equity			
Called-up share capital	26	1,032	1,032
Share premium account	33	473,485	473,485
Capital reserves		23,428	23,428
Cash flow hedge reserve		(94,117)	(95,610)
Retained earnings		(433,971)	(427,613)
Equity attributable to owners of the parent company		**(30,143)**	**(25,278)**
Non-controlling interest	32	(34,206)	(25,978)
Total equity		**(64,349)**	**(51,256)**

The notes on pages 43 to 98 form part of these consolidated financial statements.
The financial statements were approved and authorised for issue by the Board on 28 January 2025 and were signed on its behalf by:

M Bamford
Director

UPP REIT Holdings Limited

Consolidated statement of changes in equity for the year ended 31 August 2024

	Share capital £'000	Share premium £'000	Capital reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Shareholders' equity £'000	Non-controlling interest £'000	Total equity £'000
At 1 September 2023	**1,032**	**473,485**	**23,428**	**(95,610)**	**(427,613)**	**(25,278)**	**(25,978)**	**(51,256)**
Loss for the financial period	-	-	-	-	(6,385)	**(6,385)**	(8,134)	**(14,519)**
Other comprehensive income	-	-	-	1,493	27	**1,520**	(94)	**1,426**
Total comprehensive income/(loss)	**-**	**-**	**-**	**1,493**	**(6,358)**	**(4,865)**	**(8,228)**	**(13,093)**
Transactions with owners								
Dividends paid	-	-	-	-	-	-	-	**-**
At 31 August 2024	**1,032**	**473,485**	**23,428**	**(94,117)**	**(433,971)**	**(30,143)**	**(34,206)**	**(64,349)**
At 1 September 2022	**1,032**	**473,485**	**23,428**	**(137,293)**	**(373,155)**	**(12,503)**	**(18,820)**	**(31,323)**
Loss for the financial period	-	-	-	-	(38,429)	**(38,429)**	(7,852)	**(46,281)**
Other comprehensive income	-	-	-	41,683	371	**42,054**	694	**42,748**
Total comprehensive income/(loss)	**-**	**-**	**-**	**41,683**	**(38,058)**	**3,625**	**(7,158)**	**(3,533)**
Transactions with owners								
Dividends paid	-	-	-	-	(16,400)	**(16,400)**	-	**(16,400)**
At 31 August 2023	**1,032**	**473,485**	**23,428**	**(95,610)**	**(427,613)**	**(25,278)**	**(25,978)**	**(51,256)**

The notes on pages 43 to 98 form part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 August 2024

	Note	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Loss for the financial year		**(14,519)**	**(46,281)**
Adjustments for:			
Tax on loss on ordinary activities	14	-	1,353
Net interest expense	12,13	93,476	101,510
Amortisation of service concession arrangements	15	39,614	40,071
Depreciation	17	1,027	1,177
Amortisation of computer software	16	176	157
Decrease in provisions	25,28	(4,834)	(509)
		114,940	**97,478**
Decrease/(increase) in trade and other receivables due within one year		1,929	(4,932)
Decrease in trade and other payables due within one year		(11,149)	(2,177)
Net cash inflow from operating activities		**105,720**	**90,369**
Investing activities			
Interest received on cash balances	12	7,390	5,289
Payments for intangible fixed assets		(244)	(79)
Payments for concession arrangements		(1,261)	(1,067)
Payments to acquire tangible fixed assets		(166)	(1)
Interest received on finance receivables		10,769	10,109
Net cash inflow from investing activities		**16,488**	**14,251**
Financing activities			
New debt drawn		6,000	6,000
Repayment of fixed debt		(18,688)	(14,767)*
Repayment of index-linked debt		(37,038)	(29,279)*
Non-recourse debt payment		(4,895)	(4,673)*
Interest paid		(51,355)	(49,131)*
Dividends paid		-	(16,400)
Lease payments		(564)	(588)
Net cash flow used in financing activities		**(106,540)**	**(108,838)**
Increase/(decrease) in cash and cash equivalents		**15,668**	**(4,218)**
Cash and cash equivalents at 1 September 2023	33	163,600	167,818
Cash and cash equivalents at 31 August 2024	33	**179,268**	**163,600**

The notes on pages 43 to 98 form part of these consolidated financial statements.

*For the purposes of clarity the presentation of fixed and indexed-linked debt repayments have been changed including comparative information.

1. General information

UPP REIT Holdings Limited (‘the Company’) is a closed-ended UK REIT and the parent of the UPP REIT Holdings Group (‘the Group’). The Company was incorporated on 18 April 2017. As a result of the Group restructuring in February 2018, the Company became the Parent Company of UPP Group Holdings Limited, trading as University Property Partnerships (‘UPP’).

The consolidated financial statements of UPP REIT Holdings Limited and its subsidiaries (the Group) for the year ended 31 August 2024 were authorised for issue in accordance with a resolution of the Directors on 28 January 2025. UPP REIT Holdings Limited is private company limited by shares and incorporated on 18 April 2017 in Jersey, with a company number 123688. The company is listed on The International Stock Exchange and the shares are not traded. The registered office is IFC 5, St. Helier, Jersey, JE1 1ST.

The Group’s principal activity is the development, funding, construction and operation (including facilities management) of student accommodation under University Property Partnerships.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the UK (UK-adopted international accounting standards) and in accordance with the Companies (Jersey) Law 1991.

The financial statements have been prepared on the historical cost basis except for derivative instruments that have been measured at fair value. The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these group financial statements.

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

The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group’s accounting policies (see note 5).

The Group elected not to present Company’s financial statements as it is not a requirement under the Companies (Jersey) Law 1991.

2.2 Going concern

Notwithstanding a consolidated loss of £14,519k (2023: loss £46,281k) and consolidated net liabilities of £64,249k (2023: net liabilities £51,256k) for the year ended 31 August 2024, 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 Group to continue as a going concern by preparing a cash flow forecast through to 31 August 2026, modelling a severe but plausible downside scenario that demonstrates that the Group 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.

A key feature of the Group's contractual arrangements is that University counterparties bear the risk on in-year rental income once students have contracted for the rooms. In addition, there are contractual mechanisms in place that allow for rental uplifts as a result of inflation.

For the 2024/25 academic year the Group has secured sufficient lettings to remain compliant with funding covenants. The directors anticipate that the Group's 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 2024/25 year remains low. The directors consider the Group's costs to be reasonably controllable and, whilst there are likely to be increased costs arising from inflationary pressures and geopolitical issues, these are either likely to be offset by inflationary increases in rental income and cost control measures 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.

The Group's net liabilities position is driven in part by the Group's Service Concession Agreement assets being carried at amortised cost rather than fair value. In addition, index linked borrowing uplifts have occurred as a result of an increase in RPI, resulting in the Group being in a net liabilities position. The Group's borrowings are contractually long-dated and the Group's modelling described above shows that the Group is expected to have sufficient funding to meet these obligations as they arise, even in a plausible downside scenario. Furthermore, the Group is in a net current asset position with sufficient liquidity to cover its obligations as they fall due, over the period of at least 12 months from the date of approval of these financial statements.

On this basis, the directors are confident that the Group 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.

2.3 Basis of consolidation

The Group financial statements consolidate the financial statements of UPP REIT Holdings Limited and its subsidiary undertaking using the business combination under common control method from the date control passes to the Group. All subsidiaries have a reporting date of 31 August except UPP (Lancaster) Holdings Limited with a reporting date of 30 September. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

2.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. All contingent consideration is measured at fair value with the changes in fair value in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.5 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Intangible assets (except service concession arrangements)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group does not have intangible assets with indefinite useful life. Intangible assets with finite lives are amortised on a straight-line basis over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

The economic useful life of software intangible assets is 3-5 years. The economic useful life of intangible assets relating to service concession arrangement is in line with the term of each service concession.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and any provisions for impairment. Historical cost includes all attributable expenditure including borrowing costs incurred during construction, calculated as a proportion of total finance costs based on the number of rooms in construction over the total number of rooms.

Depreciation is calculated on straight-line basis, so as to write off the cost of the 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 3 to 10 years for fixtures and fittings.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

2.8 Service concession arrangements

The Group contracts with public benefit bodies to construct (or upgrade) student accommodation and operates and maintains the infrastructure asset for a specified period of time, often for its entire useful life. The Group recognises its agreements with universities as service concession arrangements. The consideration received may result in the recognition of a financial asset or an intangible asset.

The Group recognises a financial asset if it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor in return for constructing or upgrading the public sector asset and then operating and maintaining the asset for the specified period of time. This category includes guarantees by the universities to pay for any shortfall between amounts received from the users of the public service and specified or determinable amount.

An intangible asset is measured at the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The intangible asset is amortised over its expected useful life on a straight-line basis.

The Group recognises an intangible asset if it receives only a right to charge for the use of the public sector asset that it constructs or upgrades and then must operate and maintain for a specified period of time. A right to charge users is not an unconditional right to receive cash because the amounts are contingent on the extent to which the public uses the service.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured initially at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest rate (EIR) method.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

Incremental costs incurred as a result of obtaining a contract are capitalised as part of the cost of respective assets, including construction work in progress and intangible assets if these costs are expected to be recovered. Costs that are incurred regardless of whether the contract is obtained, including costs that are incremental to trying to obtain a contract are expensed as they are incurred unless they meet the criteria to be capitalised as fulfilment costs.

Costs incurred to fulfil a contract with a customer are capitalised as part of the cost of respective assets, including construction work in progress and intangible assets, that meet the following criteria:

- they relate directly to an existing contract or specific anticipated contract;
- they generate or enhance resources of the entity that will be used to satisfy the performance obligations in the future; and
- they are expected to be recovered.

2.9 Leases

At inception of the contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- the Group has the right to direct the use of an asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use is initially measured at cost, which comprises the amount of the initial measurement of the lease liability adjusted for:

- any lease payments made at or before the commencement date,
- less any lease incentives received,
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located.

The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful lives or right-to-use assets are determined on the same basis as those of property and equipment. The right-of-use asset is assessed for impairment as per note 2.13.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Group's estimate of the amount expected to be payable under residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group presents right-of-use assets in Property, plant and equipment and lease liabilities in Borrowings in the consolidated statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.10 Revenue

Student accommodation rental income

The Group manages student accommodation under service concession followed by a period in which the Group maintains and services the infrastructure. These concession arrangements set out rights and obligations related to the infrastructure and the service to be provided.

Rental income generated from service concession arrangements comprises direct lets to students and leases to universities and commercial tenants.

Performance obligations that relate to rental revenue is an operating and maintenance activity in respect of concession assets that covers following activities:

- provide the services to ensure that the accommodation is always available during each academic year,
- provide alternative accommodation whenever a need for it may arise.

Included in the rental contract is the use of broadband facilities, shared kitchens and communal areas. The Group does not offer these services as stand-alone products. The Group does not consider these services to be individually material and has, consequently, bundled these obligations as a single contract.

As set out above, the right to consideration gives rise to an intangible asset, or financial asset:

Intangible asset

- Revenue from the concession arrangements earned under the intangible asset model consists of the fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset and payments actually received from the users. Construction revenue is receivable during the construction phase of the contract and rental income from student accommodation is receivable during the operational phase of the contract.
- Construction revenue is recognised by reference to the stage of completion of the contract activity at the year end. In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the total contract costs incurred to date and the estimated costs to complete.
- Rental income receivable during the operational phase of the contract is recognised on a straight-line basis over the rental period.

Financial asset

- Revenue from the concession arrangements earned under the financial asset model falls under IFRS 9 *Financial instruments* and consists of the (i) fair value of the amount due from the grantor and (ii) interest income related to the capital investment in the project.
- During the construction phase, fair value of amount due from grantor represents the cost arising on the construction of the asset plus a margin that is negligible.
- Interest income is measured using the effective-interest method and recorded when the asset is set up during construction as well as during the operational phase of the contract.

Construction services

Performance obligations that relate to construction revenue is a construction activity in respect of its obligations to design, build and finance a new asset that it hands over to the grantor that covers following activities:

- design, construction, completion, commissioning and testing of the works,
- appoint the construction contractor under the construction contract,
- develop and finalise the design and specification of the works,
- undertake routine repair and maintenance of the property and assets up to when it is fully constructed.

Revenue in respect of fees chargeable to universities for development is recognised as the contract progresses. The revenue recognised reflects the proportion of the work carried out at the balance sheet date measured based on costs incurred to date as a proportion of total budgeted costs.

The Group considers the various stages of Construction as described above and deem that the services being offered by the entity are a series of distinct goods or services as described in IFRS 15. These services meet the criteria of being a performance obligation satisfied over time and the same method is used to measure the entity’s progress towards complete satisfaction of the performance obligation to transfer each distinct service.

Revenue on construction is recognised at cost with no margin as profitability is considered to be negligible with no interim services provided during construction and the risk fully passed down to the building contractor. If it is expected that the development will result in a loss, all of the loss is recognised when foreseen.

During the construction phase, the service concession grantor gives the Group non-cash consideration in the form of an intangible asset being a licence to charge users of the public service, or financial asset, in exchange for construction services. The operator measures the intangible asset initially at cost, being the amount of the contract asset recognised during the construction phase in accordance with IFRS 15. During the current and prior year no construction income was recorded.

Facility management services

For facilities management services that are not covered under service concession arrangements a separate contract is signed between the Group and the University. The contract sets out the service level agreements on the activities performed by the Group in order to fulfil the contract requirements.

Performance obligations that relate to the facilities management services revenue is student accommodation management that covers following activities:

- management and administration
- resident's satisfaction
- response and reactive maintenance
- general building (including residence maintenance)
- cleaning
- waste disposal
- management of the provision of energy and utilities
- provision of security services
- utilities monitoring

The services being offered by the Group are considered to be a series of distinct goods or services. The Group evaluates the promise to provide facilities management services for a specified contract term and the same measure of progress towards complete satisfaction of the performance obligation is used. This is because the Group is providing the same service of 'student accommodation management' each period. As a conclusion the Group identifies one performance obligation identified in the contract. Turnover in respect of facility management services provided to entities outside of the Group is recognised on the basis of the amount receivable in respect of the rental period.

Management and development

Performance obligations that relate to the management and development revenue is a construction related activity to carry out a ground, physical, geophysical, environmental and archaeological investigation and to inspect and examine the property and its surroundings in order to commence construction work. It also covers initial development of the design and specification of the works.

Revenue in respect of fees chargeable to universities for management and development is recognised as the contract progresses. The revenue recognised reflects the proportion of the work carried out at the balance sheet date measured based on costs incurred to date as a proportion of total budgeted costs.

The Group considers the services offered by the entity as a series of distinct goods or services as described in IFRS 15. These services meet the criteria of being a performance obligation satisfied over time and the same method is used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct service.

Revenue on management and development is recognised at cost with no margin as profitability is considered to be negligible. If it is expected that the development will result in a loss, all of the loss is recognised when foreseen.

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Trade receivables are recognised initially when they are originated.

All other financial assets and liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus; for an item not at Fair Value Through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

On initial recognition, a financial asset is measured at amortised cost, financial assets at fair value through profit or loss; or fair value through other comprehensive income.

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost are a financial asset held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss.

The Group has elected to show interest income in net investing activities in the cashflow statement.

The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables and also to service concession financial assets.

Financial assets at fair value through other comprehensive income are the financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in a hedge relationship. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss. The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly-attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The effect of derecognition of financial liabilities is recognised in retained earnings. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

The Group assesses expected credit losses at each reporting date. A loss allowance is calculated as follows:

- 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), or
- lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for lifetime expected credit losses is calculated for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition.

For financial assets carried at amortised cost, the Group assesses whether expected credit loss exists individually for financial assets that are individually significant. Expected losses are discounted to the reporting date using the EIR of the asset (or an approximation thereof) that was determined at initial recognition.

When determining whether the credit risk of a financial asset and when estimating Expected Credit Losses (ECLs), the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases the previously recognised impairment loss is increased or decreased by adjusting the allowance account.

2.12 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group has entered into inflation-linked swaps (RPI swaps) and interest rate swaps (IR swaps) with external parties to manage its exposure to changes in inflation and the Sterling Overnight Indexed Average (SONIA) rates respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income (OCI) and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk)
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly-effective throughout the financial reporting periods for which they were designated.

The Group has not designated any derivatives as fair-value hedges or hedges of a net investment in a foreign operation.

Cash flow hedges

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings and rental income. The Group designates all its derivative financial instruments, which meet the qualifying conditions for hedge accounting, as cash flow hedges. IR swaps are held to manage the SONIA rate exposures of the senior bank debt by swapping the SONIA-linked interest payments for fixed-rate interest payments. Inflation swaps are held to manage the Group's exposure to changes in RPI. The Group's net rental income from student accommodation is exposed to the RPI changes. The swap contracts manage the exposure to RPI by swapping RPI annual rate changes with a fixed rate.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses. The ineffective portion relating to RPI swaps is recognised in revenue and the ineffective portion relating to IR swaps is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast revenue occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs of disposal and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.14 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 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Finance costs

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

Financing costs also include losses or gains arising on the change in fair value of hedging instruments that are recognised in profit or loss.

2.16 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, including intangible service concession arrangement 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.

The Group has elected to show interest costs in net financing cashflows in the cashflow statement.

2.17 Taxation

Income tax on the profit for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled. No provision is made for temporary differences:

- arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and
- relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

2.18 Defined contribution pension scheme

Contributions to employees’ personal pension arrangements during the period are charged to the profit and loss account as incurred. For eligible employees, contributions are made to employees’ personal pension schemes, based on a predetermined percentage of individuals’ salaries.

2.19 Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. The liability recognised in the Group statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. The Group engages independent actuaries to calculate the obligation on an annual basis. The present value is determined by discounting the estimated future payments using market yields on high-quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in net pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

2.20 Long-term incentive scheme

The Group operates a long-term incentive scheme for certain employees within the Group. The amount of any awards receivable by the employees will depend on the results of the entity and the overall growth of the business over a period of three years. In certain circumstances a specific event can trigger an earlier payment. Amounts representing the associated employment expense are included in the profit and loss account.

2.21 Long-term incentive cash payments

The Group’s obligation with respect to long-term employee benefits is calculated as the amount of future benefits that employees have earned in return for their service. This amount is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Where settlement is only possible or the amount cannot be reliably measured then a contingent liability is disclosed.

Provisions are charged as an expense to the profit and loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Impact of new accounting standards and interpretations – applicable 1 September 2023

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In October 2018, the IASB refined its definition of material to make it easier to understand and apply.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

This amendment does not have a material impact on the Group's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The Board has now issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

This amendment does not have a material impact on the Group's financial statements.

IFRS 17, 'Insurance contracts'

This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

This amendment does not have a material impact on the Group's financial statements.

Amendment to IAS 12 – International Tax Reform – Pillar Two Model Rules

IASB has amended IAS 12 to introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax

3. Impact of new accounting standards and interpretations – applicable 1 September 2023 (continued)

related to top-up tax. However, they need to disclose that they have applied the relief.

The relief is effective immediately and applies retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. It will apply until the IASB decides either to remove it or to make it permanent.

Further, the IASB has introduced new disclosures, that companies are required to provide in their financial statements from 31 December 2023. The company is required to disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date.

This amendment does not have a material impact on the Group's financial statements.

4. Impact of accounting standards and interpretations in issue but not yet effective

At the balance sheet date there are a number of new standards and amendments to existing standards in issue that are not yet effective. The Group has not early-adopted the new or amended standards in preparing these consolidated financial statements and does not consider the impact to be material.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

The amendments as issued in 2020 and 2022 aim to clarify the requirements on determining whether a liability is current or non-current and require a new disclosure for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduce new disclosures relating to supplier finance agreements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

Lease Liability in Sale and Leaseback (Amendments to IFRS 16)

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

Lack of Exchangeability (Amendments to IAS 21).

In August 2023, IASB amended IAS 21 to clarify:
- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

The amendments apply for annual reporting periods beginning on or after 1 January 2025.

4. Impact of accounting standards and interpretations in issue but not yet effective (continued)

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendments clarify that financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features.

The amendments apply for annual reporting periods beginning on or after 1 January 2026.

New IFRS Accounting Standards requirements (IFRS 18)

IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.

Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures and eliminates classification options for interest and dividends in the statement of cash flows.

The amendments apply for annual reporting periods beginning on or after 1 January 2027.

5. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to exercise judgement in applying the Group’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 ongoing 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:

Estimates in relation to valuation of RPI and IR swaps

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently remeasured to their fair value at each reporting date.

Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these financial instruments is determined using widely accepted valuation techniques including 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.

5. Judgements and key sources of estimation uncertainty (continued)

The Group incorporates credit and debit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements.

In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

The Group has used a third-party expert to assist with valuing derivative instruments. For further information on the estimation uncertainty at the end of the reporting period refer to note 35.1.

Estimates in relation to impairment of non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. For assets that are amortised or depreciated if there is any such indication of impairment, the Group estimates the recoverable amount of the asset. For goodwill or assets under construction, the impairment assessment is performed annually. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount of an asset or CGU 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 revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

For goodwill or assets under construction, the impairment loss recognised for all assets is reversed in a subsequent period only if the reasons for the impairment loss have ceased to apply. For further information on the estimation uncertainty at the end of the reporting period refer to note 15 and note 16. During the current year there were no assets under construction.

Estimates in relation of defined benefit pension plan valuation

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. It is updated annually by qualified third party actuarial consultants. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds in the respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. For further information on the estimation uncertainty at the end of the reporting period refer to note 28.

The below are in relation to key judgements made by management in the year:

Judgement of fair value level classification

Although the Group has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit and debit valuation adjustments associated with its derivatives utilise Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of 31 August 2024, the Group has assessed the significance of the impact of the credit and debit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit and debit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Group has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

5. Judgements and key sources of estimation uncertainty (continued)

Judgement in hedge accounting for inflation swaps

The Group has chosen to apply hedge accounting for all hedging instruments which are in a qualifying hedging relationship under IFRS 9. Significant judgement is exercised in concluding that the forecasted cash flows that are hedged items are highly probable. Also, a judgement is exercised in relation to the fact 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 IFRS 9.6.9.1(c).

6. Segment information

For management purposes the Group is organised into business units based on their services and has three reportable segments as follows:

- SPVs - performing development, funding, construction and operation of student accommodation under the University Property Partnerships
- UPP Residential Services Limited (URSL) - providing facilities management services to SPVs
- UPP Projects Limited (UPL) - securing of long-term bespoke partnership agreements to design, build and finance student accommodation and related academic infrastructure.

The Group's management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arms-length basis.

All segments operate and perform all transactions in the United Kingdom.

Adjustments and eliminations include financing, general Group management and REIT level tax charges that are not considered by management as a separate reporting segment.

6. Segment information (continued)

Year ended 31 August 2024	Note	SPVs	URSL	UPL	Total segments	Adjustments and eliminations	Consolidated
		£'000	£'000	£'000	£'000	£'000	£'000
Rental and other income – external		229,990	5,770	-	235,760	170	235,930
Rental and other income – internal	A	-	37,698	-	37,698	(37,698)	-
Cost of sales	B	(75,827)	(32,075)	(1,495)	(109,397)	20,106	(89,291)
Gross profit/(loss)		**154,163**	**11,393**	**(1,495)**	**164,061**	**(17,422)**	**146,639**
Operating expenses	B	(43,503)	(8,086)	(3,249)	(54,838)	(12,792)	(67,630)
Other operating expenses		(52)	-	-	(52)	-	(52)
Operating profit/(loss)		**110,608**	**3,307**	**(4,744)**	**109,171**	**(30,214)**	**78,957**
Finance income		**20,461**	**52**	**9**	**20,522**	**3,320**	**23,842**
Senior financing interest		(104,612)	-	-	(104,612)	-	(104,612)
Other interest payable & similar charges	C	(12,706)	-	-	(12,706)	-	(12,706)
Finance cost total		**(117,318)**	**-**	**-**	**(117,318)**	**-**	**(117,318)**
Other operating expenses		-	-	-	-	-	-
Profit/(loss) on ordinary activities before taxation		**13,751**	**3,359**	**(4,735)**	**12,375**	**(26,894)**	**(14,519)**
Tax on profit/(loss) on ordinary activities		-	-	-	-	-	-
Profit/(loss) for the financial year		**13,751**	**3,359**	**(4,735)**	**12,375**	**(26,894)**	**(14,519)**
Total assets	D	1,961,740	32,809	6,835	**2,001,384**	(31,730)	**1,969,654**
Total liabilities	D	2,406,629	22,055	29,368	**2,458,052**	(424,049)	**2,034,003**

6. Segment information (continued)

Year ended 31 August 2023	Note	SPVs	URSL	UPL	Total segments	Adjustments and eliminations	Consolidated
		£'000	£'000	£'000	£'000	£'000	£'000
Rental and other income – external		211,842	6,959	-	218,801	-	218,801
Rental and other income – internal	A	-	33,474	-	33,474	(33,474)	-
Cost of sales	B	(66,762)	(40,480)	(663)	(107,905)	20,278	(87,627)
Gross profit/(loss)		**145,080**	**(47)**	**(663)**	**144,370**	**(13,196)**	**131,174**
Operating expenses	B	(52,293)	(2,011)	(3,132)	(57,436)	(17,017)	(74,453)
Other operating expenses		(139)	-	-	(139)	-	(139)
Operating profit/(loss)		**92,648**	**(2,058)**	**(3,795)**	**86,795**	**(30,213)**	**56,582**
Finance income		**24,162**	**2**	**-**	**24,164**	**224**	**24,388**
Senior financing interest		(120,151)	-	-	(120,151)	-	(120,151)
Other interest payable & similar charges	C	(5,747)	-	-	(5,747)	-	(5,747)
Finance cost total		**(125,898)**	**-**	**-**	**(125,898)**	**-**	**(125,898)**
Other operating expenses		-	-	-	-	-	-
Loss on ordinary activities before taxation		**(9,088)**	**(2,056)**	**(3,795)**	**(14,939)**	**(29,989)**	**(44,928)**
Tax on loss on ordinary activities		-	-	-	-	(1,353)	(1,353)
Loss for the financial year		**(9,088)**	**(2,056)**	**(3,795)**	**(14,939)**	**(31,342)**	**(46,281)**
Total assets	D	1,967,941	43,858	11,385	**2,023,184**	(32,288)	**1,990,896**
Total liabilities	D	2,361,276	36,470	29,209	**2,426,955**	(384,803)	**2,042,152**

6. Segment information (continued)

Notes to the segment information:

A. Rental and other income

Adjustments and eliminations represent intercompany transactions that are eliminated on the consolidation level. Those transactions are mainly transactions held between URSL and each SPV. There is also elimination of UPL income that represents internal revenue from new development projects agreed. This income is eliminated against SPVs' assets.

B. Cost of sales and operating expenses

Adjustments and eliminations represent intercompany transactions that are eliminated on the consolidation level. Those transactions are mainly transactions held between URSL and each SPV. The adjustments and eliminations line also represents administrative costs that are not allocated to any of the segments.

C. Other interest payable & similar charges

Adjustments and eliminations mainly represent financing costs payable to Shareholders that are not allocated to any of the segments.

D. Total assets and total liabilities

Adjustments and eliminations related to total assets mainly represent assets related to the Group management companies (such as UPP Group Limited) and represent goodwill and cash allocated to those companies. Adjustments and eliminations related to total liabilities represent mainly UPP Bond I Issuer PLC liabilities and accruals and trade creditors related to Group management activities.

7. Turnover

Turnover represents the amounts derived from the provision of services, which fall within the Group's ordinary activities, stated net of value added tax.

The Group operates in four main areas of activity - the provision of student accommodation, construction services, the provision of facilities management services and management and development services.

Group turnover arises wholly in the UK and is split as below:

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Student accommodation rental income	229,990	211,842
Facilities management services	5,940	6,959
	235,930	**218,801**

7. Turnover (continued)

In the following table, revenue from contracts with customers is disaggregated by service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Note	SPVs	URSL	UPL	Total segments	Adjustments and eliminations	Consolidated
Year ended 31 August 2024							
Student accommodation rental income		229,990	-	-	229,990	-	229,990
Facilities management services		-	5,770	-	5,770	170	5,940
Facilities management services – intragroup		-	37,698	-	37,698	(37,698)	-
Total		**229,990**	**43,468**	**-**	**273,458**	**(37,528)**	**235,930**
Revenue as reported in Segments	6	229,990	43,468	-	273,458	(37,528)	235,930

	Note	SPVs	URSL	UPL	Total segments	Adjustments and eliminations	Consolidated
Year ended 31 August 2023							
Student accommodation rental income		211,842	-	-	211,842	-	211,842
Facilities management services		-	6,959	-	6,959	-	6,959
Facilities management services – intragroup		-	33,474	-	33,474	(33,474)	-
Total		**211,842**	**40,433**	**-**	**252,275**	**(33,474)**	**218,801**
Revenue as reported in Segments	6	211,842	40,433	-	252,275	(33,474)	218,801

7. Turnover (continued)

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 August 2024 £'000	31 August 2023 £'000
Receivables, which are included in 'Trade and other receivables'	1,416	5,373
Contract liabilities which are included in 'Accruals and deferred income'	(2,647)	(2,469)

The contract liabilities primarily relate to the advance consideration received from customers. This will be recognised as revenue when the service is provided and is expected to be recognised as revenue in next financial year. The whole amount of contract liability balance at the beginning of the period was recognised as revenue during the year.

The Group issues invoices for rental services to universities on regular basis as per agreement with university (which varies from quarterly to three times per year). The invoices for rental services are raised upfront for the period agreed with the universities. The payments are typically done within 1 month from the issuance of the invoice.

The Group issues invoices for facilities management services on a monthly basis after the services were performed. The payments are typically done within 1 month from the issuance of the invoice.

During the construction phase, the service concession grantor gives the Group non-cash consideration in the form of an intangible asset being a licence to charge users of the public service, in exchange for construction services. Therefore, there are no revenue cash flows or invoicing activities in relation to construction services revenue. There were no schemes in the construction phase in the current year, hence no construction income was recorded.

8. Operating expenses

The operating profit is stated after charging:

Operating expenses

	Note	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Amortisation of service concession arrangements	15	39,614	40,071
Salaries and other employee costs recognised in operating expenses		16,044	17,096
External consultancy		4,224	6,505
Insurance		2,745	2,502
Office costs		249	223
Auditor remuneration (audit and non-audit fees)	10	957	1,002
Amortisation of computer software	16	176	157
Depreciation	17	1,027	1,177
Other administrative costs		2,594	5,720
		67,630	**74,453**

Other administrative costs include a credit of £2,610k relating to the reimbursement of previously incurred asset remedial costs by the original contractor.

9. Directors' remuneration

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 in respect of these individuals is as follows:

	Year ended 31 August 2024	**Year ended 31 August 2023**
	£'000	**£'000**
Salary and other rewards	1,385	970
Social security costs	530	168
Company contributions to defined contribution schemes	34	32
	1,949	**1,170**

The amounts included above in respect of the highest paid Director are as follows:

	Year ended 31 August 2024	**Year ended 31 August 2023**
	£'000	**£'000**
Emoluments	1,153	872
Company contributions to defined contribution schemes	34	32
	1,187	**904**

10. Auditor's remuneration

	Year ended 31 August 2024	**Year ended 31 August 2023**
	£'000	**£'000**
Fees payable to the Company's auditor for the audit of the Company's annual accounts	58	57
Fees payable to the Company's auditor and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	899	945
	957	**1,002**

No non-audit services have been provided.

11. Employee information

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
The average number of persons employed by the Group during the year was as follows:		
Management and operations	158	167
Site managers (full-time)	71	63
Administration, maintenance and cleaning (full and part-time)	714	718
	943	**948**

The employment costs of all employees included above were as follows:

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Wages and salaries	31,921	31,511
Social security costs	3,748	3,236
Pension costs - defined contribution	2,013	1,705
Pension costs - defined benefit	47	65
	37,729	**36,517**

The above salary costs are presented on the 'Cost of sales' and 'Operating expenses' lines.

Long-term Incentivisation Scheme

A payment of £2,159k was made to scheme members under the long-term incentivisation scheme during the year. The current incentivisation schemes involve up to four members. No accruals were made for anticipated payments in 2024/25 (2023/24: £272k).

12. Interest and similar income

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Interest received on cash balances	7,750	5,289
Interest income on finance receivable	15,893	16,866
Fair value gain on swaps	199	2,233
	23,842	**24,388**

13. Interest and similar expense

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Financial liabilities measured at amortised cost		
Bank loan interest	1,560	-
Interest payable on fixed senior secured notes	41,173	33,482
Interest payable on index-linked facilities	63,392	87,050
Subordinated loan note interest	7,954	5,832
Interest expense on finance liability	3,192	(531)
Other charges		
Interest on net defined pension liability	47	65
	117,318	**125,898**

Included within the interest payable on index-linked facilities and senior secured notes is £52,646k (2023: £76,220k) that relates to the inflation uplift on the index-linked facilities.

14. Tax on loss on ordinary activities

a) The tax (credit) / charge is made up as follows:

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Current tax:		
Current tax on income for the year	-	1,353
Total current tax charge	**-**	**1,353**
Deferred tax:		
Current year	-	-
Total deferred tax	-	-
Tax charge on loss on ordinary activities	-	1,353

b) Tax included in the Group statement of total other comprehensive income

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Deferred tax:		
Current year	-	-
Total deferred tax	**-**	**-**
Total tax credit	**-**	**-**

c) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2023: higher) than the standard average rate of corporation tax in the UK of 25.00% (2023: 21.50%). The differences are explained below:

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Loss on ordinary activities before tax	**(14,519)**	**(44,928)**
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2023: 21.5%)	(3,630)	(9,660)
Effects of:		
REIT tax charge	-	3,500
Adjustment to tax charge in respect of prior year	-	(2,146)
Expenses not deductible for tax purposes	12,280	30,014
Non-taxable income	(7,518)	(24,183)
Movement in deferred tax not recognised	-	147
Brought forward losses utilised in the year	(1,235)	(1,140)
Current year losses carried forward	1,086	1,846
Exempt property rental (profits)/losses in the year	(983)	2,975
Current tax (credit) / charge for the year	**-**	**1,353**

For the financial year ended 31 August 2024 the Group did not breach any of the REIT tests. For the financial year ended 31 August 2023, the Group breached one of the REIT tests (interest cover test) due to index linked uplifts on a number of its debt facilities, resulting in a tax charge of £1,353k for the year.

0. Tax on loss and ordinary activities (continued)

d) Factors that may affect future tax charges

UPP REIT Holdings Limited is a Real Estate Investment Trust. As a result, the Group does not pay 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.

A deferred tax asset of £106,780k (2023: £107,377k) in respect of available tax losses has not been recognised at 31 August 2024. This is due to there being no persuasive and reliable evidence available at this time of suitable profits to offset these losses and due to the Group's REIT status.

15. Intangible assets – Service Concession Arrangements

2024

	Total £'000
Cost	
At 1 September 2023	1,790,544
Additions	-
Transfer	-
At 31 August 2024	**1,790,544**
Amortisation	
At 1 September 2023	251,230
Charge during the year	39,614
At 31 August 2024	**290,844**
Net book value	
At 31 August 2024	**1,499,700**
At 31 August 2023	1,539,314

2023

	Total £'000
Cost	
At 1 September 2022	1,790,544
Additions	-
Transfer	-
At 31 August 2023	**1,790,544**
Amortisation	
At 1 September 2022	211,159
Charge during the year	40,071
At 31 August 2023	**251,230**
Net book value	
At 31 August 2023	**1,539,314**
At 31 August 2022	1,579,385

15. Intangible assets – Service Concession Arrangements (continued)

Included in intangible assets are properties being managed under service concession arrangements. Additions in assets under construction comprise of all the costs incurred for asset construction during the financial year. There were no additions during the financial year. Service concession arrangement assets include net finance costs up to the date of completion of £45,160k (2023: £45,160k). An amount of £nil (2023: £nil) was capitalised during the year.

The weighted average of remaining useful life of the assets is 48 years.

In current year the assets were tested for impairment. The impairment assessment was performed in relation to the SPVs as at the reporting date using contractual cash flows and discount rates specific to the SPVs. These calculations have been based on a full year forecast at the point of first full operation, extrapolated over the remaining service concession arrangement period using variable growth rates. The growth rate reflects a benchmarked projected RPI index. The growth is based on the financial models for the service concession arrangement prepared by the Group based on the agreements made with universities. Management assessed that possible changes in estimates will not result in impairment in the next 12 months. Severe but plausible downside analysis has been run, including over occupancy levels. The main assumptions for the financial models are RPI projections that affect net revenue projections at variable rates using benchmarked forecasts and occupancy rates that affects net revenue projected. Current occupancy rate assumed is 68%-100%.

16. Intangible assets – other

2024	Computer software £'000	Goodwill £'000	Total £'000
Cost			
At 1 September 2023	3,403	143,479	146,882
Additions	244	-	244
Disposals	(2,751)	-	(2,751)
At 31 August 2024	**896**	**143,479**	**144,375**
Amortisation and impairment			
At 1 September 2023	2,602	28,697	31,299
Amortisation	176	-	176
Disposals	(2,751)	-	(2,751)
At 31 August 2024	**27**	**28,697**	**28,724**
Net book value			
At 31 August 2024	**869**	**114,782**	**115,651**
At 31 August 2023	801	114,782	115,583

2023	Computer software £'000	Goodwill £'000	Total £'000
Cost			
At 1 September 2022	3,324	143,479	146,803
Additions	79	-	79
At 31 August 2023	**3,403**	**143,479**	**146,882**
Amortisation and impairment			
At 1 September 2022	2,445	28,697	31,142
Amortisation	157	-	157
At 31 August 2023	**2,602**	**28,697**	**31,299**
Net book value			
At 31 August 2023	**801**	**114,782**	**115,583**
At 31 August 2022	879	114,782	115,661

16. Intangible assets – other (continued)

An amount of £136,259k in goodwill arose on the acquisition of subsidiary undertakings in September 2012 and £7,220k on the acquisition of minority interests in UPP (Alcuin) Limited and UPP (Nottingham) Limited, previously held by the University of York and Nottingham Trent University respectively in March 2013.

The carrying amount of goodwill is allocated to the group of cash generating units (SPVs) which generated goodwill. The goodwill was tested for impairment at that level as at 31 August 2024. The impairment assessment was performed in relation to the SPVs treated as a single cash generating unit as at the reporting date using contractual cash flows and discount rates specific to the SPVs. The valuation technique is a discounted cashflow undertaken under level 3 of the IFRS valuation hierarchy. These calculations have been based on a full year forecast at the point of first full operation, extrapolated over the remaining service concession arrangement period using a variable growth rate. The growth rate reflects the projected RPI index. The growth is based on the financial models for the service concession arrangement prepared by the Group based on the agreements made with universities. Management assessed that possible changes in RPI or occupancy estimates will not result in impairment in the next 12 months.

The main assumptions for the financial models are:

- RPI projections that affect net revenue projections at variable rates using benchmarked forecasts.
- Occupancy rate that affects net revenue projected. Current occupancy rate assumed is 68%-100%.

The assumptions are calculated based on historical knowledge and external information relating to the macroeconomic environment and higher education market.

Financial models are reviewed and updated by management on an annual basis and also reviewed against historical performance.

The computer software relates to purchased, as well as internally generated, computer software costs. The computer software is being amortised evenly over its useful life between three to five years.

17. Property, plant and equipment

2024	**Right-of-use Properties £'000**	**Fixtures and fittings £'000**	**Total £'000**
Cost			
At 1 September 2023	5,440	10,824	16,264
Additions	-	166	166
Disposals	-	(3,120)	(3,120)
At 31 August 2024	**5,440**	**7,870**	**13,310**
Depreciation			
At 1 September 2023	2,435	7,513	9,948
Charge during the year	441	586	1,027
Disposals	-	(3,120)	(3,120)
At 31 August 2024	**2,876**	**4,979**	**7,855**
Net book value	-	-	-
At 31 August 2024	**2,564**	**2,891**	**5,455**
At 31 August 2023	3,005	3,311	6,316

17. Property, plant and equipment (continued)

2023	Right-of-use Properties £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 September 2022	5,440	10,823	16,263
Additions	-	1	1
At 31 August 2023	**5,440**	**10,824**	**16,264**
Depreciation			
At 1 September 2022	1,962	6,809	8,771
Charge during the year	473	704	1,177
At 31 August 2023	**2,435**	**7,513**	**9,948**
Net book value	-	-	-
At 31 August 2023	**3,005**	**3,311**	**6,316**
At 31 August 2022	3,478	4,014	7,492

18. Leases

Property, Plant and Equipment comprises owned and leased assets that do not meet the definition of investment property. The Group lease land and buildings for its office space.

Right-of use assets

2024	Property £'000	Total £'000
Balance at 1 September	3,005	3,005
Depreciation charge	(441)	(441)
Balance at 31 August	**2,564**	**2,564**

2023	Property	Total
Balance at 1 September	3,478	3,478
Depreciation charge	(473)	(473)
Balance at 31 August	**3,005**	**3,005**

Lease liabilities maturity analysis – contractual undiscounted cash flows

	31 August 2024 £'000	31 August 2023 £'000
Less than one year	556	556
One to two years	46	556
Two to five years	1,669	1,159
More than five years	834	1,947
Total undiscounted lease liabilities at 31 August	**3,105**	**4,218**

The lease for office space runs for a period of 10 years, commenced in November 2021 and expires in December 2031.

18. Leases (continued)

Lease liabilities included in the statement of financial position

	31 August 2024 £'000	31 August 2023 £'000
Current	556	556
Non-current	2,008	2,449
	2,564	**3,005**

Amounts recognised in profit or loss

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Interest on lease liabilities	(314)	(447)
Depreciation charge	(441)	(473)

Amounts recognised in statements of cash flows

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Total cash outflow for leases	(564)	(588)

19. Current trade and other receivables

	31 August 2024 £'000	31 August 2023 £'000
Trade debtors	1,416	5,374
VAT recoverable	185	261
Prepayments and accrued income	8,975	6,870
	10,576	**12,505**

20. Current trade and other payables

	31 August 2024 £'000	31 August 2023 £'000
Trade creditors	5,021	5,002
Other taxes and social security	600	3,500
Accruals and deferred income	34,726	44,499
	40,347	**53,001**

21. Financial assets

	Note	31 August 2024 £'000	31 August 2023 £'000
Financial assets at amortised cost			
Financial assets - service concession arrangements		158,799	153,578
Trade and other receivables	19	1,416	5,374
Cash and cash equivalents	33	179,268	163,600
		339,483	**322,552**
Total current		191,894	176,577
Total non-current		147,589	145,975

The financial assets are represented by service concession arrangements maturing between 2044 and 2064.The service concession arrangement asset includes net finance costs of £1,119k (2023: £1,119k).

The carrying amount of the financial assets that have been pledged as collateral for liabilities includes amounts that have been reclassified in accordance with paragraph 3.3.23(a) of IFRS 9. The terms of the finance agreement provide that the lender will seek repayment of the finance only to the extent that sufficient funds are generated by specific assets financed and will not seek recourse to the Company in any other form.

22. Financial liabilities

	31 August 2024 £'000	31 August 2023 £'000
Financial liabilities at amortised cost		
Senior fixed debt	695,948	714,022
Senior index linked debt	1,041,268	1,017,662
Non-recourse bank debt finance	76,329	77,293
Subordinated loan notes	54,348	48,112
Lease liabilities	2,757	3,180
Trade and other payables	5,021	5,002
Accruals	32,079	42,030
Derivatives designated as hedging instruments		
Interest rate swaps	22,478	8,243
RPI swaps	76,784	88,387
Derivatives not designated as hedging instruments		
RPI swaps	13,590	17,819
	2,020,602	**2,021,750**
Total current	105,827	105,514
Total non-current	1,914,775	1,916,236

22. Financial liabilities (continued)

22.1 Interest-bearing loans and borrowings

Senior debt

The senior debt facilities above are secured under a number of debenture deeds. Under the terms of the debentures, the finance providers have security by way of a first legal mortgage over all estates or interests in any freehold or leasehold properties and buildings, finance receivable assets and fixtures on those properties. Loan facilities are subject to debt service cover ratio covenants which are periodically reported to funders.

Senior secured notes

On 5 March 2013 a Group subsidiary, UPP Bond 1 Issuer PLC, issued £307,100k of fully-amortising fixed senior secured notes and £75,000k 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 senior secured notes are fully-amortising by 2040 and bear interest at 4.9023%, with repayments commencing on 30 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 £75,000k and repayments are scheduled to commence in August 2038.

On 9 December 2014, UPP Bond 1 Issuer PLC issued £149,700k of fully-amortising index-linked senior secured notes, also listed on the Irish Stock Exchange. Proceeds of this issuance were on-lent on the same terms and conditions to a fellow Group undertaking to enable that company to repay its short-term senior bank facility and associated costs.

The senior secured notes issued are secured against the assets of UPP Bond 1 Issuer PLC and the other wholly-owned subsidiaries of UPP Bond 1 Limited.

Fixed debt

On 5 June 2007 a Group subsidiary entered into £181,040k loan, repayable on 31 March 2042 with principal repayments commenced on March 2009. The interest rate is fixed via a swap at a rate of 5.14%.

On 6 June 2007 Group subsidiary entered into £59,247k loan, repayable on 31 August 2039 with principal repayments commenced on 28 February 2010. The interest rate is fixed via a swap at a rate of 5.23%.

On 31 December 2011 a Group subsidiary entered into £186,475k loan, repayable on 31 August 2051 with principal repayments commenced on 30 November 2012. The interest rate is fixed via a swap at a rate of 5.26%.

On 30 August 2013 a Group subsidiary entered into £33,310k loan, repayable on 31 August 2039 with principal repayments commenced on 29 February 2012. The interest rate is fixed via a swap at a rate of 4.386%.

On 30 August 2013 a Group subsidiary entered into £19,948k loan, repayable on 31 August 2041 with principal repayments commenced on 30 November 2011. The interest rate is fixed via a swap at a rate of 3.978%.

On 1 September 2011 Group subsidiary entered into £36,626k loan, repayable on 30 September 2051 with principal repayments commenced on 28 February 2015. The interest rate is fixed via a swap at a rate of 5.03%.

22. Financial liabilities (continued)

Senior index-linked debt

On 14 October 2013, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully-amortising by August 2056 with a real interest rate of 2.322% increasing semi-annually with RPI. The notional amount of this facility was £40,497k and repayments commenced in February 2016.

On 4 July 2014, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully-amortising by August 2057 with a real interest rate of 1.792% increasing semi-annually with RPI. The notional amount of this facility was £113,816k and repayments commenced in February 2017.

On 7 April 2016, a Group subsidiary issued £67,300k 1.030% RPI index-linked loan notes. The proceeds of this issuance were used to repay the existing senior bank debt funding. The loan notes are fully-amortising by August 2049 with a real interest rate of 1.0302% increasing semi-annually with RPI. The notional amount of this facility is £67,322k and repayments commenced on 28 August 2016.

On 21 December 2016, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully-amortising by August 2062 with a real interest rate of 0.16% increasing semi-annually with RPI. The notional amount of this facility was £86,809k and repayments commenced in February 2020.

On 25 May 2017, a Group subsidiary entered into an RPI index-linked senior facility. The facility is fully-amortising by February 2058 with a real interest rate of 0.45% increasing semi-annually with RPI. The notional amount of this facility was £126,800k and repayments commenced in February 2020.

On 5 February 2018, a Group subsidiary issued £63,000k of fully-amortising index-linked loan notes in two tranches. The facility is fully-amortising by August 2062 with a real interest rate of 0.207% - Tranche A and 1.203% - Tranche B, increasing semi-annually with RPI. The notional amount of this facility was £63,000k and repayments commenced in February 2018.

On 28 June 2018, a Group subsidiary issued £15,761k of fully-amortising index linked loan notes. The facility is fully-amortising by August 2065 with a real interest rate of 0.044% increasing semi-annually with RPI. The notional amount of this facility was £37,185k and repayments commenced in February 2021.

On 10 January 2019 a Group subsidiary issued £50,841k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2066 with a real interest rate of 0.2% increasing semi-annually by RPI. The notional amount of these notes at issuance was £50,841k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

On 28 February 2019 a Group subsidiary issued £10,546k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2065 with a real interest rate of 0.080% increasing semi-annually by RPI. The notional amount of these notes at issuance was £10,546,000 and the principal amount repayable increases semi-annually by RPI. Repayments commenced in February 2021.

On 28 August 2019 a Group subsidiary issued £9,992k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2065 with a real interest rate of 0.100% increasing semi-annually by RPI. The notional amount of these notes at issuance was £9,992,000 and the principal amount repayable increases semi-annually by RPI. Repayments commenced in February 2021.

On 28 August 2019 a Group subsidiary issued £39,939k of fully amortising RPI index linked loan notes. The index linked senior loan notes are fully amortising by 2066 with a real interest rate of 0.21% increasing semi-annually by RPI. The notional amount of these notes at issuance was £39,939k and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

22. Financial liabilities (continued)

On 1 September 2019 a Group subsidiary issued £38,405k of fully amortising RPI index linked loan notes. The index linked senior loan note is fully amortised by June 2066 with a real interest rate of 0.05% increasing semi-annually by RPI. The notional amount of these notes at issuance was £38,405,000 and the principal amount repayable increases semi-annually by RPI. Repayments commenced in February 2020.

On 29 February 2020 a Group subsidiary issued £885,745 of fully amortising RPI index-linked loan notes. The index-linked senior loan notes are fully amortising by 2065 with a real interest rate of 0.118% increasing semi-annually by RPI. The notional amount of these notes at issuance was £885,745 and the principal amount repayable increases semi-annually by RPI. Repayments commenced in February 2021.

On 28 April 2020 a Group subsidiary issued £24,521k of fully amortising RPI index linked loan notes. The index linked senior loan note is fully amortised by 2066 with a real interest rate of 0.23% increasing semi-annually by RPI. The notional amount of this note at issuance was £24,521,000 and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

On 29 December 2020 a Group subsidiary issued £9,777k of fully amortising RPI index linked loan notes. The index linked senior loan note is fully amortised by 2066 with a real interest rate of 0.25% increasing semi-annually by RPI. The notional amount of this note at issuance was £9,777,000 and the principal amount repayable increases semi-annually by RPI. Repayments commenced in December 2021.

On 25 July 2024 a Group subsidiary entered into a £110,000k revolving loan facility with termination date on 31 August 2027. The interest rate is based on SONIA Compound Daily Rate increased by 2.95% margin.

These facilities above are secured under a number of debenture deeds. Under the terms of the debentures, the finance providers have security over all estates or interests in any freehold or leasehold properties and buildings, finance receivable assets and fixtures on those properties. Revolving loan facility has charge over UPP REIT Holdings Ltd shares, and all rights and monies paid in relation to those shares.

Non-recourse finance facilities

The finance providers only have recourse over the assets of the company or companies on which they are providing finance, with no recourse to other Group companies (see note 15).

The key terms of the facilities are:

	Coupon rate	Final repayment dates
Fixed through an IR swap	4.695%, plus margin until Sept 2017, 5.910% thereafter	September 2044
Income-strip debt	Effective interest rate of 6.95%	March 2061

Subordinated loan notes

The subordinated loan note funding has been provided by Nottingham Trent University, the University of Reading, the University of Hull and the University of London.

The loan notes are subject to the same security as the senior debt facilities but are subordinated to the right of payment of senior debt providers. The weighted average rate is 11.12% per annum for a weighted average period of 35 years. The final repayment dates on the subordinated loan notes range between August 2048 and August 2069.

23. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Group uses inflation swaps to manage some of the inflation-related risk in relation to revenue. These contracts are not designated as cash flow hedges and are entered into for the period consistent with the length of the service concession arrangement contract.

Cash flow hedges

The Group uses RPI swaps and IR swaps to manage some of the inflation risk in relation to the Group's revenue and to manage interest rate risk in relation to the debt costs. The derivative contracts lengths are aligned with the length of the service concession arrangement contract in relation to the RPI swaps and with the length of the debt contracts in relation to IR swaps. Due to the nature, timing and hedging relationship the Group qualified all the IR swaps and RPI swap hedges to the same risk category.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by performing qualitative assessment of hedge effectiveness due to a match of critical terms and quantitative assessment of hedge effectiveness on the basis of the mark to market value and mark to market hypothetical value.

In these hedge relationships, the main sources of ineffectiveness are changes in the cash flow timing of the hedged transactions.

	31 August 2024 £'000		31 August 2023 £'000	
	Assets	**Liabilities**	**Assets**	**Liabilities**
IR swaps designated as hedging instruments	-	(22,478)	-	(10,989)
RPI swaps designated as hedging instruments	-	(76,784)		(88,387)
RPI swaps not designated as hedging instruments	-	(13,590)	-	(15,074)
	-	**(112,852)**	**-**	**(114,450)**

The Group chooses to adopt hedge accounting for all its derivative financial instruments which meet the qualifying criteria for hedge accounting and reflect all movements in the fair value of these derivative financial instruments through the cash flow hedge reserve as follows:

	31 August 2024 £'000	31 August 2023 £'000
Fair value of derivatives used for hedging		
Non-current liabilities: amounts falling due after one year	(99,262)	(99,376)*
Non-current assets: amounts falling due after one year	-	-
Movement in fair value of derivatives used for hedging		
Recognised profit through OCI:		
Owners of the parent	705	41,683
Non-controlling interest	694	694
Recognised profit/ (loss) through the Income Statement	(1,285)	2,391*
Fair value of derivatives not used for hedging		
Creditors: amounts falling due after more than one year	(13,590)	(15,074)*
Debtors: amounts falling due after more than one year	-	-
Movement in fair value of derivatives not used for hedging		
Recognised profit through the Income Statement	1,484	1,036*

* For clarity purposes the comparative information of derivatives has been changed.

23. Hedging activities and derivatives (continued)

The amounts at the reporting date relating to items designated as hedged items were as follows:

	31 August 2024 £'000	31 August 2023 £'000
Interest rate risk		
Cash flow hedge reserve	(11,489)	35,175
RPI risk		
Cash flow hedge reserve	11,603	7,202

Liquidity maturity analysis for derivatives

The table below summaries the maturity profile of the Group's derivative financial liabilities based on contractual undiscounted payments:

		Contractual cash flows			
	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
31 August 2024	**112,852**	5,570	8,509	30,746	122,162
31 August 2023	**114,450**	3,259	4,272	25,667	159,875

Further information on financial risk management related to hedging activities and derivatives is in note 35.

24. Fair value measurement

The following table provides the fair-value measurement and hierarchy of the Group's financial assets and liabilities:

	31 August 2024 £'000		31 August 2023 £'000	
	Book value	Significant observable inputs Level 2	Book value	Significant observable inputs Level 2
Financial assets				
Financial assets at amortised cost				
Financial receivable - service concession arrangements	158,799	136,908	153,578	136,515
Trade and other receivables	1,416	*	5,374	*
Cash at bank and in hand	179,268	*	163,600	*
	339,483		**322,552**	
Financial liabilities				
Borrowings				
Senior fixed debt	695,948	714,587	714,022	731,882
Senior index linked debt	1,041,268	785,596	1,017,662	811,476
Non-recourse bank debt finance	76,329	83,012	77,293	81,305
Subordinated loan notes	54,348	50,913	48,112	22,940
Lease liabilities	2,757	2,757	3,180	3,180
Derivatives designated as hedging instruments				
Interest rate swaps	22,478	22,478	8,243	8,243
RPI swaps	76,784	76,784	88,387	88,387
Derivatives not designated as hedging instruments				
RPI swaps	13,590	13,590	17,819	17,819
Financial liabilities at amortised cost				
Trade and other payables	5,021	*	5,002	*
	1,988,523		**1,979,720**	

* The book values for financial instruments such as short-term trade receivables and payables are a reasonable approximation of fair value.

24.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique
Derivative instruments	The fair values of the derivative IR swap contracts and inflation swap contracts are estimated by discounting expected future cash flows using market interest rates, market inflation rates and option volatility.
Trade and other receivables Cash at bank and in hand Trade and other payables	The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements due to the short-term nature of these instruments.
Borrowings Financial receivable - service concession arrangements	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

25. Provisions for liabilities

	Dilapidations £'000	Asset remediation £'000	Total £'000
At 1 September 2023	90	14,871	14,961
Provisions made during the year	30	2,694	2,724
Provisions used during the year		(7,531)	(7,531)
At 31 August 2024	**120**	**10,034**	**10,154**

	Dilapidations £'000	Asset remediation £'000	Total £'000
At 1 September 2022	60	15,040	15,100
Provisions made during the year	30	5,007	5,037
Provisions used during the year		(5,176)	(5,176)
At 31 August 2023	**90**	**14,871**	**14,961**

In the prior years, following detailed inspections, the Group identified various remediation works that needed to be addressed at buildings of the University of Kent and Nottingham Trent University. Accordingly, provisions of £7,500k and £2,400k respectively were recognised. During the current year works were completed at Nottingham Trent University and final obligations discharged, resulting in the provision being extinguished. At the University of Kent investigation works have continued and initial spend on works has commenced resulting in a provision of £7,340k being carried forward. Additionally, the Group identified certain maintenance related remediation works required at a number of sites managed by a group entity resulting in a provision of £2,694k being recognised. Provisions have been recognised as the directors believe the Group has a present obligation, it is probable that transfer of economic benefit will be required and the obligation can be reliably estimated.

Contingent liability

During a prior year it was identified that further remedial works may be required at other buildings at the University of Kent by the Group. Investigations, including risk assessment are ongoing, with the scope and responsibility for these works still to be established. As the value of these works cannot currently be reliably estimated and it is possible, but not probable that economic outflow may occur, it is appropriate to disclose these works as a contingent liability.

26. Called-up share capital

	31 August 2024 £'000	31 August 2023 £'000
Allotted, called up and fully paid		
1,032,000 ordinary shares of £1 each	1,032	1,032

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

27. Reserves

Capital reserve

The £1,043k of capital contributions relate to capital contributions by The Alma Mater Fund LP, a previous shareholder. These have been received in cash and are non-refundable. £16,037k relates to capital contributions made by the previous shareholders of the Group to fund the liabilities previously accrued under the long term incentivisation scheme and are the contingent consideration that arose on the purchase of shares in UPP Projects Limited in 2008. All of these contributions have been received in cash and are non-refundable. £6,348k of the capital contributions relate to subordinated debt acquired by the Group in September 2012 from Barclays European Infrastructure Fund II LP, again a previous shareholder.

Cash flow hedge reserve

The cash flow hedge reserve records the fair-value movements on the Group's derivative financial instruments where hedge accounting is applied and the deferred tax associated with these.

Profit and loss account

The reserve consists of current and prior year profit and loss.

28. Retirement benefit schemes

Defined contribution scheme

The Group operates a defined contribution retirement benefit scheme for all employees, complying with automatic enrolment legislation from October 2013. The total cost charged to the profit and loss account of £41k (2023: £53k) represents a pre-determined amount of the employees' salary paid into the scheme. As at 31 August 2024 £nil (2023: £nil) contributions remained outstanding.

Defined benefit scheme

Retirement benefits for 11 Group employees (2023: 11) are provided by a defined benefit scheme which is funded by contributions by the employee and the Group. Payments are made to Nottinghamshire County Council Pension Fund ("NCCPF"). This is an independently administered scheme and contracted out of the State Earnings Related Pension Scheme.

Contributions are set every three years as a result of the actuarial valuation. The next contribution is being carried out at 31 March 2025 setting out contributions for the period from 1 April 2026 to 31 March 2029. There are no minimum funding requirements, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The material assumptions used by the Actuary were as follows:

	31 August 2024 £'000	31 August 2023 £'000
Rate of inflation	3.25%	2.90%
Rate of increase in salaries	3.85%	3.90%
Rate of increase in pensions	2.85%	2.90%
Discount rate for liabilities	5.00%	5.35%

Estimate of the Group's past service liability duration is 17 years. This has been calculated based on membership data for the most recent full valuation of the liabilities at 31 March 2022.

An estimate of the future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, a further assumption has been made about CPI which is that it will be 0.80% p.a. below RPI i.e. 2.35% p.a. It is considered that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the liabilities.

Salaries are assumed to increase at 1.0% p.a. above CPI. This differs from the salary increase assumption at the previous accounting date and has been updated in line with the most recent funding valuation.

28. Retirement benefit scheme (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age of 65 are:

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Retiring today		
Males	20.4	20.4
Females	23.3	23.2
Retiring in 20 years		
Males	21.6	21.7
Females	24.7	24.6

Amounts recognised in the income statement are as follows:

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Service cost	41	53
Net interest on the defined liability	6	-
Administrative expenses	-	-
	47	**53**

Amount taken to other comprehensive income is as follows:

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000
Return of scheme assets in excess of interest	122	(151)
Other actuarial gains / (losses) on assets	16	22
Change in financial assumptions	8	830
Change in demographic assumptions	18	278
Experience gain / (loss) on defined benefit obligation	(137)	(608)
Re-measurement of the net assets	**27**	**371**

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit scheme is as follows:

	31 August 2024 £'000	31 August 2023 £'000
Present value of the defined benefit obligation	(3,599)	(3,463)
Fair value of scheme assets	3,804	3,641
Net defined benefit asset	**205**	**178**

28. Retirement benefit scheme (continued)

Defined benefit obligation reconciliation is as follows:

	2024 £'000	2023 £'000
At 1 September	3,463	3,871
Current service cost	41	53
Interest cost	180	162
Change in financial assumptions	(8)	(830)
Estimated benefits paid net of transfers in	(207)	(133)
Change in demographic assumptions	(18)	(278)
Experience gain / (loss) on defined benefit obligation	137	608
Contributions by scheme participants	11	10
At 31 August	**3,599**	**3,463**

Reconciliation of fair value of the scheme assets is as follows:

	2024 £'000	2023 £'000
At 1 September	3,641	3,678
Interest on assets	191	155
Return on assets less interest	122	(151)
Other actuarial gains / (losses)	-	33
Contributions	59	61
Administration expenses	(2)	(2)
Benefits paid	(207)	(133)
At 31 August	**3,804**	**3,641**

The estimated amounts of contributions expected to be paid to the scheme during the financial year ending 31 August 2025 is £48k.

The estimated asset allocation of the scheme as at 31 August 2024 is as follows:

	31 August 2024		31 August 2023	
	%	£'000	%	£'000
Equities	60	2,301	59	2,140
Government bonds	2	91	2	71
Other bonds	5	189	6	202
Property	11	404	12	424
Cash	6	229	6	223
Other	16	590	15	581
Total fair value of scheme assets (bid value)	100	3,804	**100**	**3,641**
Present value of scheme liabilities		**(3,599)**		**(3,463)**
Net surplus		**205**		**178**

28. Retirement benefit scheme (continued)

Sensitivity analysis on the major assumptions is presented below:

	£'000	£'000	£'000
Adjustment to discount rate	+0.1pp	none	-0.1pp
Present value of total obligation	3,554	3,599	3,645
Projected service cost	42	43	44
Adjustment to long term salary increase	+0.1pp	none	-0.1pp
Present value of total obligation	3,602	3,599	3,596
Projected service cost	43	43	43
Adjustment to pension increases and deferred revaluation	+0.1pp	none	-0.1pp
Present value of total obligation	3,642	3,599	3,556
Projected service cost	44	43	42
Adjustment to life expectancy assumptions	+1 year	none	-1 year
Present value of total obligation	3,738	3,599	3,466
Projected service cost	45	43	42

29. Loss per share

The calculation of loss per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	Year ended 31 August 2024	Year ended 31 August 2023
Loss attributable to ordinary shareholders		
Basic	(6,385)	(38,429)
Diluted	(6,385)	(38,429)
Weighted average number of shares (thousands)		
Basic	1,019	1,019
Diluted	1,019	1,019
Loss per share	**(6.3)**	**(37.7)**

	2024	2023
Issued ordinary shares at 1 September	1,018,667	1,018,667
Issued ordinary shares at 31 August	**1,018,667**	**1,018,667**

30. Related party transactions

As at 31 August 2024, the Directors consider that during the year, Nottingham Trent University, the University of Reading, the University of London and the University of Hull are the only related parties of the Group by virtue of their shareholdings in the Companies: UPP (Clifton) Holdings Limited, UPP (Byron House) Holdings Limited, UPP (Reading 1) Holdings Limited, UPP (Cartwright Gardens) Holdings Limited, UPP (Duncan House) Holdings Limited and UPP (Hull) Holdings Limited respectively.

During the year the Group incurred costs of £407k (2023: £338k) in respect of services provided by Nottingham Trent University in respect of UPP (Clifton) Holdings Limited and UPP (Byron House) Holdings Limited. An amount of £nil (2023: £nil) remains outstanding at the balance sheet date. An amount of £nil (2023: £nil) is included within creditors falling due within one year. An amount of £nil (2023: £nil) is included within creditors falling due after one year. During the year the Group received income of £13,959k (2023: £9,866k) in respect of services provided by these companies to the University. An amount of £nil (2023: £nil) remains outstanding at the Balance Sheet date.

During the year the Group incurred costs of £3,682k (2023: £3,468k) in respect of services provided by the University of Reading and received income of £36,755k (2023: £33,829k) in respect of services provided to the University. An amount of £128k (2023: £37k) remains outstanding at the balance sheet date and is included within debtors falling due within one year.

During the year the Group incurred costs of £462k (2023: £388k) in respect of services provided by the University of London and received income of £21,086k (2023: £18,670k) in respect of services provided to the University. An amount of £nil (2023: nil) remains outstanding at the balance sheet date and is included within creditors falling due after one year.

During the year the Group incurred costs of £388k (2023: £346k) in respect of services provided by the University of Hull and received income of £12,932k (2023: £11,547k) in respect of services provided to the University. An amount of £3,032k (2023: £3,846k) remains outstanding at the balance sheet date. This is included within creditors falling due after one year.

During the year ended 31 August 2024 the Group did not have related party transactions with the shareholders PGGM and Okra Gee (2023: £16,400k dividends paid to shareholders).

Directors' emoluments are disclosed in note 9.

31. Investments

The Company owns 100% of the issued share capital in UPP Group Holdings Limited which itself owns 100% of the issued share capital of UPP Group Limited.

Details of the trading subsidiaries in which UPP Group Limited holds 20% or more of the nominal value of any class of share capital (or effective interest in), and which are included within the consolidated results of these financial statements, are as follows:

Entity	Proportion	Shares held class	Nature of Business
UPP (Alcuin) Limited	100%	Ordinary	Student Accommodation
UPP (Exeter 4) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (Exeter 4) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Broadgate Park) Holdings Limited	100%	Ordinary	Student Accommodation
UPP (Byron House) Holdings Limited	80%	Ordinary	Student Accommodation
UPP (Cartwright Gardens) Holdings Limited	85%	Ordinary	Student Accommodation
UPP (Clifton) Holdings Limited	80%	Ordinary	Student Accommodation
UPP (Duncan House) Holdings Limited	85%	Ordinary	Student Accommodation
UPP (East Park) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (East Park) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Exeter 2) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (Exeter 2) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Exeter) Limited	100%	Ordinary	Student Accommodation
UPP (Hull) Holdings Limited	90%	Ordinary	Student accommodation
UPP (Kent Student Accommodation II) Holdings Limited	100%	Ordinary	Student Accommodation
UPP (Kent Student Accommodation) Limited	100%	Ordinary	Student Accommodation
UPP (Kent Turing) Holdings Limited	100%	Ordinary	Student Accommodation
UPP (Lancaster) Holdings Limited	100%	Ordinary	Student Accommodation
UPP (Loughborough Student Accommodation) Holdings Limited	100%	Ordinary	Student Accommodation
UPP (Nottingham) Limited	100%	Ordinary	Student Accommodation
UPP (Oxford Brookes) Limited	100%	Ordinary	Student Accommodation
UPP (Plymouth Three) Limited	100%	Ordinary	Student Accommodation
UPP (Reading I) Holdings Limited	80%	Ordinary	Student Accommodation
UPP (Swansea 2) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (Swansea 2) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP (Swansea) Holdings Limited	100%	Ordinary	Student accommodation
UPP (West Park) Holdings 1 Limited	100%	Ordinary	Student accommodation
UPP (West Park) Holdings 2 Limited	100%	Ordinary	Student accommodation
UPP Leeds Student Residences Limited	100%	Ordinary	Student Accommodation
UPP Loring Hall Limited	100%	Ordinary	Student Accommodation

31. Investments (continued)

Entity	Proportion	Shares held class	Nature of Business
UPP Bond 1 Issuer plc	100%	Ordinary	Provision of senior secured bond funding
UPP Projects Limited	100%	Ordinary	Partnerships development for the provision of student accommodation
UPP Residential Services Limited	100%	Ordinary	Provision of facility management services
UPP Group Holdings Limited	100%	Ordinary	Holding company
UPP Group Limited	100%	Ordinary	Holding company
UPP Investments Limited	100%	Ordinary	Holding company
UPP (MidCo) Limited	100%	Ordinary	Holding company
Residence Cloud Limited	100%	Ordinary	Provision of IT services
UPP (York) Limited	100%	Ordinary	Dormant company
UPP (Plymouth Two) Limited	100%	Ordinary	Dormant company
UPP (Plymouth) Limited	100%	Ordinary	Dormant company
UPP James Square Plymouth Limited	100%	Ordinary	Dormant company
UPP (Gill Street) Limited	100%	Ordinary	Dormant company
UPP Secretarial Services Limited	100%	Ordinary	Dormant company
UPP Management Limited	100%	Ordinary	Dormant company
UPP Asset Finance Limited	100%	Ordinary	Dormant company
UPP Limited	100%	Ordinary	Dormant company
UPP Warehouse Limited	100%	Ordinary	Dormant company
UPP (RNCM) Limited	100%	Ordinary	Dormant company
UPP (Aberdeen) Limited	100%	Ordinary	Dormant company

The proportion of voting rights held is in line with the proportion of shares held.

All subsidiaries listed above are registered at First Floor, 12 Arthur Street, London, EC4R 9AB.

32. Non-controlling interests (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations. There were no changes in the NCI percentages during the year.

	UPP (Byron House) Holdings Limited	UPP (Cartwright Gardens) Holdings Limited	UPP (Clifton) Holdings Limited	UPP (Reading 1) Holdings Limited	UPP (Duncan House) Holdings Limited	UPP (Hull) Holdings Limited	Consolidation adjustments	Total
31 August 2024								
NCI percentage	**20%**	**15%**	**20%**	**20%**	**15%**	**10%**		
Non-current assets	72,200	210,500	46,100	428,301	97,458	136,904		
Current assets	6,715	10,799	4,690	17,115	4,426	10,976		
Non-current liabilities	(96,566)	(183,678)	(44,308)	(354,859)	(115,816)	(169,022)		
Current liabilities	(3,965)	(4,791)	(1,429)	(6,624)	(3,596)	(5,720)		
Net assets	**(21,616)**	**32,830**	**5,053**	**83,933**	**(17,528)**	**(26,862)**		
Net assets attributable to NCI	(4,323)	4,925	1,011	16,787	(2,629)	(2,686)	21,121	34,206
Revenue	7,721	13,554	5,941	36,306	6,793	12,714		
Profit /(Loss)	(3,556)	(6,524)	715	(18,359)	(4,234)	(12,782)		
OCI	-	-	(469)	-	-	-		
Total comprehensive income	**(3,556)**	**(6,524)**	**246**	**(18,359)**	**(4,234)**	**(12,782)**		
Profit allocated to NCI	(711)	(979)	143	(3,672)	(635)	(1,278)	(1,002)	(8,134)
Total OCI allocated to NCI	-	-	(94)	-	-	-	-	(94)
Cash flows from operating activities	2,756	9,611	4,037	16,574	4,938	9,249		
Cash flows from investment activities	99	251	-	-	114	233		
Cash flows from financing activities (dividends to NCI: nil)	(1,016)	(8,099)	(3,519)	(15,445)	(5,061)	(6,745)		
Net increase (decrease) in cash and cash equivalents	1,839	1,763	518	1,129	(9)	2,737		

32. Non-controlling interests (continued)

	UPP (Byron House) Holdings Limited	UPP (Cartwright Gardens) Holdings Limited	UPP (Clifton) Holdings Limited	UPP (Reading 1) Holdings Limited	UPP (Duncan House) Holdings Limited	UPP (Hull) Holdings Limited	Consolidation adjustments	Total
31 August 2023								
NCI percentage	**20%**	**15%**	**20%**	**20%**	**15%**	**10%**		
Non-current assets	64,770	193,300	42,600	388,870	99,624	140,016		
Current assets	4,948	9,033	4,168	17,058	4,520	8,193		
Non-current liabilities	(89,606)	(176,199)	(44,600)	(336,588)	(113,840)	(156,473)		
Current liabilities	(3,788)	(4,860)	(1,345)	(6,548)	(3,589)	(5,816)		
Net assets	**(23,676)**	**21,274**	**823**	**62,792**	**(13,285)**	**(14,080)**		
Net assets attributable to NCI	(4,735)	3,191	165	12,558	(1,993)	(1,408)	18,200	25,978
Revenue	4,459	12,038	5,427	33,884	5,949	11,263		
Profit /(Loss)	(12,633)	(8,445)	2,122	(12,637)	(6,039)	(16)		
OCI	-	-	3,915	-	-	-		
Total comprehensive income	**(12,633)**	**(8,445)**	**6,037**	**(12,637)**	**(6,039)**	**(16)**		
Profit allocated to NCI	(2,527)	(1,267)	424	(2,527)	(906)	(2)	(1,047)	(7,852)
Total OCI allocated to NCI	-	-	1,207	-	-	-	(513)	694
Cash flows from operating activities	2,309	8,869	3,722	14,835	4,085	6,611		
Cash flows from investment activities	51	314	-	-	169	364		
Cash flows from financing activities (dividends to NCI: nil)	(3,492)	(7,846)	(3,255)	(14,852)	(4,923)	(7,158)		
Net increase (decrease) in cash and cash equivalents	(1,132)	1,337	467	(17)	(669)	(183)		

33. Cash and cash equivalents

	31 August 2024 £'000	31 August 2023 £'000
Cash at bank and in hand	178,894	161,849
Short term deposits	374	1,751
Cash and cash equivalents	**179,268**	**163,600**

The cash and cash equivalents disclosed above and in the statement of cash flows include £159,202k as at 31 August 2024 (£147,745k as at 31 August 2023) of restricted cash. This cash is to be used only by SPVs in line with the service concession agreements and are therefore not available for general use by the other entities within the Group.

34. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Total £'000	Borrowings £'000	Share capital £'000	Share premium £'000	Retained earnings £'000
1 September 2023		**1,859,919**	**1,032**	**473,485**	**(427,613)**
Financing activities					
New debt drawn	6,000	6,000	-	-	-
Repayment of fixed debt	(18,688)	(18,688)	-	-	-
Repayment of index-linked debt	(37,038)	(37,038)	-	-	-
Non-recourse debt payment	(4,895)	(4,895)	-	-	-
Interest paid	(51,355)	(51,355)	-	-	-
Finance lease payments	(564)	(564)	-	-	-
Net cash flow from / (used in) financing activities	**(106,540)**	**(106,540)**	**-**	**-**	**-**
Interest expense		117,271	-	-	-
Equity related other changes		-	-	-	(6,358)
31 August 2024		**1,870,650**	**1,032**	**473,485**	**(433,971)**

34. Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Total £'000	Borrowings £'000	Share capital £'000	Share premium £'000	Retained earnings £'000
1 September 2022		**1,826,524**	**1,032**	**473,485**	**(373,155)**
Financing activities					
New debt drawn	6,000	6,000	-	-	-
Repayment of fixed debt	(14,767)	(14,767)	-	-	-
Repayment of index-linked debt	(29,279)	(29,279)	-	-	-
Non-recourse debt payment	(4,673)	(4,673)	-	-	-
Interest paid	(49,131)	(49,131)	-	-	-
Dividends paid	(16,400)	-	-	-	(16,400)
Finance lease payments	(588)	(588)	-	-	-
Net cash flow from / (used in) financing activities	**(108,838)**	**(92,438)**	**-**	**-**	**(16,400)**
Interest expense		125,833	-	-	-
Equity related other changes		-	-	-	(38,058)
31 August 2023		**1,859,919**	**1,032**	**473,485**	**(427,613)**

35. 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 Group, which relate to interest, inflation and liquidity risks as well as demand and portfolio risk which arise in the normal course of the Group's business.

35.1 Market risk

Interest rate risk

The Group finances its operations through a mixture of equity, bank borrowings and secured listed bond notes. The Group exposure to interest rate fluctuations on its bank borrowings is managed by the use of fixed debt and interest rate “IR” swaps which fix variable interest rates for a period of time.

When the associated bank borrowings are fully repaid the Group may be required to terminate the IR swaps earlier than they mature and may become liable to pay penalties. When this occurs the cost of this termination is taken to the profit and loss account on termination.

As at 31 August 2024 and 31 August 2023 the Group has entered into the following IR swaps with external parties:

- an IR swap of £25,623k nominal amount, commencing in August 2009 and finishing in August 2044
- an IR swap of £25,375k nominal amount, commencing in August 2009 and finishing in August 2039
- an IR swap of £161,293k nominal amount, commencing in September 2023 and finishing in March 2042
- an IR swap of £33,637k nominal amount, commencing in August 2011 and finishing in August 2039
- an IR swap of £20,405k nominal amount, commencing in August 2011 and finishing in August 2041
- an IR swap of £25,375k nominal amount, commencing in August 2009 and finishing in August 2039

The Group adopts hedge accounting for all of the IR swaps noted above. The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

Inflation rate risk

The Group funds its financing activities through the provision of student accommodation and rental income received on this accommodation. Growth in rental income is linked to the movement in RPI. The Group manages the exposure to this index through a mix of inflation-linked debt and the use of RPI swaps to hedge a portion of the fixed debt servicing costs and to ensure that financial covenants are met.

To mitigate the impact of inflation movements on future rental income, UPP Bond 1 Issuer PLC, a subsidiary undertaking, has entered into RPI swaps with external counterparties all initially entered into on 5 March 2013, details of which are as follows:

Hedge arrangements with external parties as at 31 August 2024 and 31 August 2023 are as follows:

- a 27-year RPI swap with £247k nominal amount, commencing in February 2014 and finishing in February 2040,
- a 27-year RPI swap with £247k nominal amount, commencing in February 2014 and finishing in February 2040,
- a 27-year RPI swap with £247k nominal amount, commencing in February 2014 and finishing in February 2040.

355. Financial risk management (continued)

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

These instruments are mirrored with matching derivative instruments on–lent to six subsidiary undertakings as follows:

- a 25-year RPI swap with UPP (Alcuin) Limited, of £1,004k nominal amount, commencing in February 2014 and finishing in February 2040,
- a 27-year RPI swap with UPP (Broadgate Park) Holdings Limited, of £1,752k nominal amount, commencing in February 2014 and finishing in February 2040,
- a 27-year RPI swap with UPP (Kent Student Accommodation) Limited, of £624k nominal amount, commencing in February 2014 and finishing in February 2040,
- a 27-year RPI swap with UPP (Nottingham) Limited, of £1,784k nominal amount, commencing in February 2014 and finishing in February 2040,
- a 26-year RPI swap with UPP (Oxford Brookes) Limited, of £744k nominal amount, commencing in February 2014 and finishing in February 2040,
- a 27-year RPI swap with UPP (Plymouth Three) Limited, of £1,374k nominal amount, commencing in February 2014 and finishing in February 2040.

In addition, the Group has entered into five inflation swaps with external parties as follows:

- a 30-year RPI swap of £454k nominal amount, commencing in December 2009 and finishing in June 2039,
- a 30-year RPI swap of £454k nominal amount, commencing in August 2009 and finishing in August 2039,
- a 34-year RPI swap of £2,567k nominal amount, commencing in November 2008 and finishing in March 2042,
- a 27-year RPI swap of £603k nominal amount, commencing in November 2012 and finishing in May 2039,
- a 31-year RPI swap of £873k nominal amount, commencing in October 2010 and finishing in May 2041.

RPI swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Due to limitations on the application of hedge accounting, three of the RPI swaps noted above - at UPP (Kent Student Accommodation) Limited, at UPP (Plymouth Three) Limited and UPP (Kent Student Accommodation II) Limited – do not qualify for hedge accounting as the hedged item does not meet the qualifying criteria of being separately-identifiable and reliably-measurable and as a result any changes in fair values of the derivatives are recognised through the profit and loss and therefore introduce some volatility to the profit and loss. The reasons for entering into RPI swaps remain commercially-sound - that is they are intended to reduce volatility in the Group’s cash flows.

For swaps that are in hedging relationship the hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

355. Financial risk management (continued)

The sensitivity analysis below describes possible movements in inflation with all other variables held constant, showing the impact on profit before tax and equity.

1 September 2023 - 31 August 2024		Effect on fair value of financial instruments £'000	Effect on profit before taxation £'000	Effect on equity £'000
Financial Derivatives (RPI Swaps)	Increase of 25 bp	11,473	1,521	9,952
	Decrease of 25 bp	(11,216)	(1,489)	(9,727)
Financial Derivatives (IR Swaps)	Increase of 25 bp	(5,642)	(589)	(5,053)
	Decrease of 25 bp	5,807	615	5,192
Senior debt	Increase of 25 bp	-	572	-
	Decrease of 25 bp	-	(578)	-

The Group is monitoring the current inflationary environment very closely, especially the impact on its cost base. The contractual mechanisms relating to rental income increases and the controllable nature of most costs provide means of managing this risk.

Demand risk

The Group is subject to revenue risk arising from potential occupancy voids where no nomination is in place and counterparty credit risk where a nomination is in place from the university partner. While the Company operates with the benefit of various contractual rights that support high levels of occupancy, the supply of purpose-built student accommodation is increasing providing increased competition focussed on price, quality and location.

Portfolio risk

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

35.2 Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and debt servicing and by investing cash assets safely and profitably. The Group's facility agreements require adequately funded reserve accounts which provide further mitigation against liquidity risk. In addition, the Group closed on a £110 million revolving credit facility during the year providing additional mitigation against liquidity risk.

The following are contractual maturities of debt liabilities at the reporting date. The amounts are gross and undiscounted and include the contractual interest payments.

	31 August 2024 £'000	31 August 2023 £'000
Repayable within one year or on demand	115,574	108,736
Repayable in more than one year but less than two years	103,751	104,079
Repayable in more than two years but less than five years	308,639	310,955
Repayable in more than five years	1,934,187	1,967,581
	2,462,151	**2,491,351**

355. Financial risk management (continued)

35.3 Credit risk

The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and derivatives.

The Group receives the majority of its revenue in the form of rents passing from universities.

Credit risk from balances with banks and derivatives is managed through the Group's treasury policy. The Group sets up deposits and swap instruments only with the banks that have sufficient credit ratings and monitors those ratings on regular basis.

The credit risk relates also to receivables from main counterparties which are universities. The Group manages credit risk by careful selection of the universities with which it chooses to partner and monitors the financial position of these universities on regular basis. As a research led business, the Group applies its own methodology for understanding the long-term performance of potential partner institutions. The credit risk is assessed and managed by:

- its bespoke contractual arrangements with partner universities;
- managing demand both operationally through its specialist asset management team and its operations company UPP Residential Services Limited,
- performing regular reviews of financial information of partner universities;
- performing regular reviews of higher education statistical data such as application rates, current university rankings that give an indication of future demand and the financial position of a specific university;
- analysing higher education reports and undertaking internal research by assessing demand for UK higher education from the perspective of UK and international students;
- performing macroeconomic research of UK and international higher education markets;
- analysing demographic data that has impact on higher education market;
- monitoring Office for Student reports, which acts as a regulator for universities;
- performing analysis of the occupancy ratios of the accommodation that the Group provides to partner universities;
- performing analysis of aging of the receivables from universities;
- maintaining a close relationship with partner universities through regular dialogue and meetings.

On the basis of the following information:

- stable financial situation of partner universities,
- lack of information on the potential worsening of this situation in the foreseeable future
- universities are considered to be a public institution and that its financial stability is guaranteed by Office for Students.

Management assess that there is no material credit risk. The calculated expected credit loss was not material and as a result no adjustments were made to the financial statements. The carrying amount of financial assets represents the maximum credit exposure. The Group will write off a financial asset or part of it when there is no reasonable expectation of recovery. The Group will continue to review and attempt recovery of such items which are still subject to enforcement activity.

Gross carrying amount of financial assets by credit risk rating grades:

	Gross carrying amount as at 31 August 2024 £'000	**Credit impaired**
Low risk	179,268	No
Fair risk	160,215	No
	339,483	

355. Financial risk management (continued)

	Gross carrying amount as at 31 August 2023 £'000	Credit impaired
Low risk	163,600	No
Fair risk	158,951	No
	322,551	

Low risk assets are assets receivable from institutions that are rated and their rating is equivalent to Standard & Poor credit rating in the range of BBB to AAA. Fair risk assets relate to receivables from public institutions with stable financial situation and no record of payment delay over 30 days. There is no collateral or other credit enhancements in relation to the financial assets.

36. Financial commitments

At 31 August 2024 the Group had an amount of £nil (2023: £nil) commitments contracted for but not provided for at that date related to ongoing construction of rooms of student residential accommodation and £3,105k (2023: £4,218k) commitments relating to office leases.

37. Parent undertaking and controlling party

UPP REIT Holdings Limited is controlled by a 60% stake held by Stichting Depository PGGM Infrastructure Funds ("PGGM"), a company incorporated in the Netherlands.