Registered No: 123688

UPP REIT Holdings Limited

Condensed consolidated interim financial statements for the six months ended 28 February 2025

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UPP REIT Holdings Limited
Directors and advisors

Directors

Mark Bamford
Stuart Bousfield
Kai Chen
Elaine Hewitt
Chilei Kao (resigned 24 April 2025)
David Montague
Brian Welsh
Suyu Wu (appointed 24 April 2025)

Secretary

Apex Group Limited

Registered office
IFC 5
St. Helier
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UPP REIT Holdings Limited
Half year highlights

- **£124.1 million gross rental income** - Gross rental income increased by 6.4 per cent to £124.1 million, reflecting annual rental increases.
- **£71.8 million in EBITDA** – EBITDA grew by 9.6 per cent from £65.5 million, with lower utilities costs and and other costs combined with revenue improvement.
- **£18.6 million asset investment -** The beginning of the financial year 2024/25 saw the completion of the financial year 2023/24 programme of asset investment works totalling £18.6 million across the portfolio.
- **89.4 per cent of residents would recommend UPP accommodation** – UPP continued to deliver high quality services to students, with customer satisfaction surveys completed so far this financial year showing that 89.4 per cent of residents would recommend UPP accommodation to future students.
- **Sustainability progress** – UPP achieved a GRESB (Global Real Estate Sustainability Benchmark) 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 performance.
- **Continued wide recognition** - UPP Group was re-accredited with the Gold 'Investors In People' standard and the RoSPA Gold Award and was shortlisted for an "edie" – the UK's biggest sustainability awards – for work on biodiversity.

UPP REIT Holdings Limited
Strategic report for the six months ended 28 February 2025

The Directors present their report and financial statements for the six months ended 28 February 2025.

Principal activity and business review

UPP REIT Holdings Limited ('the Company') (ISIN – JE00BF5PSP50) is a close-ended UK REIT and the Parent of the UPP REIT Holdings Limited Group ('the Group') and UPP Group Holdings Limited, trading as 'UPP'. The Company was incorporated on 18 April 2017 and admitted to the Official List of The International Stock Exchange (TISE) on 28 February 2018.

The Company's principal activities are those of an investment holding company and the provision of treasury management facilities. The principal activity of its subsidiary undertakings is the design, funding, construction and operation (facilities management) of residential and academic accommodation for UPP.

The results for the six months ended 28 February 2025 continue to demonstrate the resilience of the UPP business model, which delivers returns based on stable, long-term revenues.

During the period, the Group saw revenue increase by 6.4 per cent with contractual rental increases applied across the portfolio. EBITDA grew by 9.6 per cent to £71.8 million (2023/24: £65.5 million), with lower utilities costs and lower project spend combining with increases to revenue. The profit for the period increased to £16.8 million (2023/24: loss £1.8 million) due to business performance and lower RPI linked financing costs.

UPP continues to work on new developments with the University of Exeter and Durham University. Building on a long-term partnership, Exeter's West Park campus will be a market leading development in sustainable design, whilst the project at Durham will see the refurbishment of Hild Bede College.

Our commitment to sustainability continues to make tangible progress:

- 7.1 per cent reduction in Scope 1 & 2 carbon emissions, against a 6 per cent target
- Biodiversity Net Gain of 2.65 per cent, against a 2.5 per cent target
- Recycling rate of 46 per cent achieved, while only 3 per cent of waste is consigned to landfill
- EDI Charter published and Inclusive Employers membership maintained
- Over £1.6 million of social value generated, including through colleagues contributing 171 volunteering days and the donation of £38,000 to charity through fundraising and matched funding
- 75 per cent of Tier 1 and 2 suppliers have signed up to our Supplier Code of Conduct, achieving the annual target
- UPP secured its first sustainability-linked loan, a £110m revolving credit facility with Deutsche Bank, to fund new assets and sustainable growth

UPP has continued its partnership with award-winning architects Architype – the UK's leading experts in zero carbon design. Together we are helping universities develop truly sustainable campuses through affordable, practical solutions, including retrofit and remodelling to regenerate existing stock.

In November 2024, UPP announced the appointment of Simon Boorne as Chief Investment Officer, leading on business development, asset finance and investment management. Matt Burton was appointed to the new position of Chief Partnerships Officer to enhance UPP's strategic partnerships in January 2025.

UPP continued to demonstrate corporate excellence, being re-accredited with the Gold 'Investors in People' standard and winning the RoSPA (Royal Society for the Prevention of Accidents) Gold Award.

Market update

UK Higher Education continues to see strong rates of academic demand from domestic undergraduates. Whilst applicant numbers experienced a spike during 2021 and 2022 reflecting the changes made to awarding grades, domestic undergraduate demand for university is rising and well above comparable UCAS data for 2020.

However, the total number of undergraduate applicants from overseas decreased slightly in the 2024/25 cycle, from 152,100 to 148,910. EU applicant numbers more than halved since Brexit but are now stabilising and despite the 1.7 per cent fall in non-EU UCAS applicants for 2024/25, overall, there has been an increase of 44.6 per cent (+39,115) in applicants from this cohort between 2019/20 and 2024/25.

Data for the January equal consideration application deadline for the 2025/26 application cycle identified that in total 600,660 students have applied to UK universities so far, an increase of 1 per cent compared to the 2024/25 cycle. The overall application rate for UK 18-year-olds is at 40.6 per cent this year, compared to the 2019 application rate of 38.5 per cent. Broken down by nation, the 2025/26 application rates at the January deadline were: 41.3 per cent in England, 48.8 per cent in Northern Ireland, 32.0 per cent in Wales and 34.1 per cent in Scotland.

As demand for places has increased, a record number of UK 18-year-olds have applied for a place: 323,360 applicants, up from 316,850 in 2024 (+2.1 per cent). This is also significantly higher than the pre-pandemic total of 270,690 in 2019 (+19.5 per cent). Overall, for 2024/25 academic year, 279,550 UK 18-year-olds gained a place which is 2.9 per cent higher than last year.

The number of applicants from overseas by the January deadline for 2025/26 has increased by 2.7 per cent to 118,800 compared to last year. The largest increases were in applicants from China (+2,540), Ireland (+750) and the USA (+700).

The table below identifies applicants at the UCAS January deadline which represents approximately 80 per cent of those who will apply through this cycle. This UCAS data only relates to undergraduates.

Applicants for all courses by domicile group (<u>31 January 2025 deadline only</u>)

App. Domicile	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
England	373,740	373,860	415,470	416,400	405,130	402,240	404,650
Northern Ireland	17,910	17,400	18,780	17,750	17,020	16,690	16,880
Scotland	43,340	42,530	49,360	44,140	40,420	41,410	41,520
Wales	18,850	18,430	21,120	21,020	19,100	18,880	18,820
UK	**453,840**	**452,220**	**504,730**	**499,310**	**481,670**	**479,220**	**481,870**
EU (excluding UK)	43,560	42,750	25,740	20,820	20,500	19,890	19,950
Non-EU	64,030	73,360	85,890	90,590	94,410	95,840	98,850
Total	**561,420**	**568,330**	**616,360**	**610,720**	**596,590**	**594,940**	**600,660**

(Subtotals have been rounded, so in some instances the total is not the sum of the above figures. Source: UCAS)

Notwithstanding a slight recalibration in applicant numbers following the unprecedented demand during the Covid pandemic, in general, UCAS is projecting that demand from UK 18-year-olds will continue on an upward trajectory for the rest of the decade, as will international demand, in line with the UK's International Student Strategy. In its long-term forecast entitled *The Journey to a Million,* UCAS has underlined this trend, projecting an increase in applicant numbers of more than 230,000 between 2022 and 2030, potentially taking annual applicant numbers to 997,500. Although applicant numbers seen since are tracking slightly lower than this trajectory, it still supports the view of significant growth in student numbers in the coming years.

Whilst undergraduate admissions have been robust, it should be acknowledged that the international market for UK HE, particularly for postgraduate study, has been more challenging in recent years. There was a 10% fall in postgraduate taught entrant enrolment in 2023/24 from non-EU countries and, following the removal of the dependant visa route in January 2024, applications from international students for study visas were 13% lower in the twelve months to January 2025.

On the basis of this evidence, it appears that demand for UK HE and, in particular, the three year on-campus, residential model of delivery, will remain strong. This should maintain the robust levels of demand for the accommodation operated by UPP and witnessed to date. UPP is therefore well placed to benefit from current and future market dynamics.

UPP REIT Holdings Limited
Condensed consolidated statement of profit or loss for the six months ended 28 February 2025

	Note	**Unaudited six months ended 28 February 2025 £'000**	Unaudited six months ended 29 February 2024 £'000
Rental and other income	5	124,144	116,704
Cost of sales		(36,600)	(36,491)
Gross profit		**87,544**	**80,213**
Operating expenses	6	(36,468)	(35,434)
Operating profit		**51,076**	**44,779**
Finance income	8	**9,832**	**8,958**
Senior financing interest	9	(36,740)	(49,756)
Other interest payable & similar charges	9	(7,392)	(5,403)
Finance cost total		**(44,132)**	**(55,159)**
Profit/(loss) on ordinary activities before taxation		**16,776**	**(1,422)**
Tax on profit/(loss) on ordinary activities	10	-	(350)
Profit/(loss) for the financial period		**16,776**	**(1,772)**
Profit/(loss) for the financial period attributable to:			
Non-controlling interests		(2,170)	(3,040)
Owners of the parent		18,946	1,268
Profit/(loss) for the financial period		**16,776**	**(1,772)**

The above results all relate to continuing operations.

The notes on pages 13 to 36 form part of these financial statements.

UPP REIT Holdings Limited
Condensed consolidated statement of other comprehensive income for the six months ended 28 February 2025

	Unaudited six months ended 28 February 2025 £'000	Unaudited six months ended 29 February 2024 **£'000**
Profit/(loss) for the financial period	**16,776**	**(1,772)**
Items that are or may be reclassified subsequently to profit and loss		
Fair value movements on swaps	8,265	1,192
	8,265	**1,192**
Total other comprehensive income for the period	**8,265**	**1,192**
Total comprehensive income/(loss) for the period	**25,041**	**(580)**
Other comprehensive income for the period attributable to:		
Non-controlling interests	87	(84)
Owners of the parent	8,178	1,276
Total	**8,265**	**1,192**
Total other comprehensive income/(loss) for the period attributable to:		
Non-controlling interests	(2,083)	(3,124)
Owners of the parent	27,124	2,544
Total	**25,041**	**(580)**
Profit per share (in GBP)		
Basic	18.6	1.2
Diluted	18.6	1.2

The notes on pages 13 to 36 form part of these financial statements.

UPP REIT Holdings Limited
Condensed consolidated statement of financial position as at 28 February 2025

	Note	Unaudited 28 February 2025 £'000	31 August 2024 £'000
Assets			
Non-current assets			
Property, plant and equipment		4,855	5,455
Service concession arrangements - Intangible assets	11	1,479,725	1,499,700
Service concession arrangements - Financial assets	15	147,617	147,589
Other intangible assets		114,955	115,651
Employee benefit obligations		205	205
Total non-current assets		**1,747,357**	**1,768,600**
Current assets			
Trade and other receivables	13	17,217	10,576
Service concession arrangements - Financial assets	15	11,252	11,210
Cash at bank and in hand	23	191,204	179,268
Total current assets		**219,673**	**201,054**
Total assets		**1,967,030**	**1,969,654**
Equity and liabilities			
Liabilities			
Non-current liabilities			
Borrowings	16	1,780,389	1,801,923
Derivative financial instruments	16	103,701	112,852
Total non-current liabilities		**1,884,090**	**1,914,775**
Current liabilities			
Borrowings	16	70,868	68,727
Trade and other payables	14	2,649	5,621
Accrual and deferred income	14	54,862	34,726
Provisions	19	10,169	10,154
Total current liabilities		**138,548**	**119,228**
Total liabilities		**2,022,638**	**2,034,003**
Equity			
Called-up share capital		1,032	1,032
Share premium account		473,485	473,485
Capital reserves	20	23,428	23,428
Cash flow hedge reserve	20	(85,939)	(94,117)
Retained earnings	20	(431,325)	(433,971)
Equity attributable to owners of the Parent Company		**(19,319)**	**(30,143)**
Non-controlling interest		(36,289)	(34,206)
Total equity		**(55,608)**	**(64,349)**

The notes on pages 13 to 36 form part of these financial statements. The financial statements were approved and authorised for issue by the Board on 23 June 2025 and were signed on its behalf by:

Mark Bamford, Director

UPP REIT Holdings Limited
Condensed consolidated statement of changes in equity
for the six months ended 28 February 2025

	Attributable to equity holders of the Parent Company							
	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)**
Profit/(loss) for the financial period	-	-	-	-	1,268	**1,268**	(3,040)	**(1,772)**
Other comprehensive income/(loss)	-	-	-	1,276	-	**1,276**	(84)	**1,192**
Total comprehensive income/(loss)	**-**	**-**	**-**	**1,276**	**1,268**	**2,544**	**(3,124)**	**(580)**
Transactions with owners	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
At 29 February 2024	**1,032**	**473,485**	**23,428**	**(94,334)**	**(426,345)**	**(22,734)**	**(29,102)**	**(51,836)**
At 1 March 2024	**1,032**	**473,485**	**23,428**	**(94,334)**	**(426,345)**	**(22,734)**	**(29,102)**	**(51,836)**
Loss for the financial period	-	-	-	-	(7,653)	**(7,653)**	(5,094)	**(12,747)**
Other comprehensive income/(loss)	-	-	-	217	27	**244**	(10)	**234**
Total comprehensive income/(loss)	**-**	**-**	**-**	**217**	**(7,626)**	**(7,409)**	**(5,104)**	**(12,513)**
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 2024	**1,032**	**473,485**	**23,428**	**(94,117)**	**(433,971)**	**(30,143)**	**(34,206)**	**(64,349)**
Profit/(loss) for the financial period	-	-	-	-	18,946	**18,946**	(2,170)	**16,776**
Other comprehensive income	-	-	-	8,178	-	**8,178**	87	**8,265**
Total comprehensive income/(loss)	**-**	**-**	**-**	**8,178**	**18,946**	**27,124**	**(2,083)**	**25,041**
Transactions with owners								
Dividends paid	-	-	-	-	(16,300)	**(16,300)**	-	**(16,300)**
At 28 February 2025	**1,032**	**473,485**	**23,428**	**(85,939)**	**(431,325)**	**(19,319)**	**(36,289)**	**(55,608)**

The notes on pages 13 to 36 form part of these financial statements.

UPP REIT Holdings Limited
Condensed consolidated statement of cash flows for the six months ended 28 February 2025

	Unaudited period ended 28 February 2025 £'000	Unaudited period ended 29 February 2024 £'000
Profit/(loss) for the financial year	**16,776**	**(1,772)**
Adjustments for:		
Tax on loss on ordinary activities	-	350
Net interest expense	34,300	46,201
Amortisation of service concession arrangements	19,975	19,975
Depreciation	670	675
Amortisation of computer software	88	56
Increase / (decrease) in provisions	15	(2,449)
Operating profit	**71,824**	**63,036**
Decrease/(increase) in debtors due within one year	(3,712)	1,951
Increase/(decrease) in creditors due within one year	12,917	10,768
Net cash inflow from operating activities	**81,029**	**75,755**
Investing activities		
Interest received	3,499	4,604
Payments for concession arrangements	-	(744)
Payments to acquire tangible fixed assets	(59)	(131)
Interest received on finance receivables	6,286	3,740
Net cash inflow from investing activities	**9,726**	**7,469**
Financing activities		
Repayment of fixed rate debt	(13,774)	(12,413)*
Repayment of index-linked debt	(19,437)	(22,744)*
Non-recourse debt payment	(2,509)	(1,564)*
Interest paid	(26,521)	(28,014)*
Dividends paid	(16,300)	-
Lease payments	(278)	(278)
Net cash flow used in financing activities	**(78,819)**	**(65,013)**
Increase in cash and cash equivalents	**11,936**	**18,211**
Cash and cash equivalents at 1 September	179,268	163,600
Cash and cash equivalents at 28 (29) February	**191,204**	**181,811**

The notes on pages 13 to 36 form part of these financial statements.

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

The financial statements were approved and authorised for issue by the Board on 23 June 2025 and were signed on its behalf by:

Mark Bamford
Director

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. 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 Group's functional and presentation 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 3).

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

These interim financial statements of the Group have been prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 August 2024 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant with regard to any changes in the Group's financial position and performance since the last annual financial statements.

The accounting policies and methods of computation applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 August 2024.

These interim financial statements for the six months ended 28 February 2025 were authorised for issue by the Company's Board of Directors on 23 June 2025.

Going concern

Notwithstanding a net liabilities position of £55,608k as at 28 February 2025 (31 August 2024: £64,349k), 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.

2. Basis of preparation (continued)

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 cost savings elsewhere or not considered 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 moving into 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.

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.

3. Judgements and key sources of estimation uncertainty

The preparation of interim 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.

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.

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

The Group has used a third-party expert to assist with valuing derivative instruments.

Estimates in relation to impairment of non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the Cash Generating Unit (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. During the current period 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 and is updated annually by qualified third party actuarial consultants. Management undertakes an annual update to the valuation on the basis of materiality.

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

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 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 28 February 2025, the Group has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit 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.

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).

4. Segment information

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

- Special Purpose Vehicles (SPVs) - performing development, funding, construction and operation of student accommodation under University Property Partnerships
- UPP Residential Services Limited (URSL) - providing facilities management services to SPVs
- UPP Projects Limited (UPL) - securing 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 on resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the condensed consolidated interim financial statements.

Transfer prices between operating segments are set on an arm's 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.

4. Segment information (continued)

Unaudited six months ended 28 February 2025	Note	SPVs	URSL	UPL	Total segments	Adjustments and eliminations	Consolidated
		£'000	£'000	£'000	£'000	£'000	£'000
Rental and other income – external		121,325	2,819	-	124,144	-	124,144
Rental and other income – internal	A	-	15,096	-	15,096	(15,096)	-
Cost of sales	B	(39,324)	(9,867)	(204)	(49,395)	12,795	(36,600)
Gross profit		**82,001**	**8,048**	**(204)**	**89,845**	**(2,301)**	**87,544**
Operating expenses	B	(23,118)	(1,453)	(761)	(25,332)	(11,136)	(36,468)
Operating profit		**58,883**	**6,595**	**(965)**	**64,513**	**(13,437)**	**51,076**
Finance income		**8,169**	**107**	**18**	**8,294**	**1,538**	**9,832**
Senior financing interest		(36,740)	-	-	(36,740)	-	(36,740)
Other interest payable and similar charges	C	(29,988)	-	-	(29,988)	22,596	(7,392)
Finance cost total		**(66,728)**	**-**	**-**	**(66,728)**	**22,596**	**(44,132)**
Segment profit/(loss) on ordinary activities before taxation		**324**	**6,702**	**(947)**	**6,079**	**10,697**	**16,776**
Tax on profit/(loss) on ordinary activities		-	-	-	-	-	-
Segment profit/(loss) for the financial year		**324**	**6,702**	**(947)**	**6,079**	**10,697**	**16,776**
Total assets	D	1,989,266	29,742	12,383	**2,031,391**	(64,361)	**1,967,030**
Total liabilities	D	2,419,922	12,285	35,855	**2,468,062**	(445,424)	**2,022,638**

4. Segment information (continued)

Unaudited six months ended 29 February 2024	Note	SPVs	URSL	UPL	Total segments	Adjustments and eliminations	Consolidated
		£'000	£'000	£'000	£'000	£'000	£'000
Rental and other income – external		114,378	2,326	-	116,704	-	116,704
Rental and other income – internal	A	-	12,951	-	12,951	(12,951)	-
Cost of sales	B	(35,844)	(10,653)	(1,063)	(47,560)	11,069	(36,491)
Gross profit		**78,534**	**4,624**	**(1,063)**	**82,095**	**(1,882)**	**80,213**
Operating expenses	B	(19,580)	(1,100)	(477)	(21,157)	(14,277)	(35,434)
Operating profit		**58,954**	**3,524**	**(1,540)**	**60,938**	**(16,159)**	**44,779**
Finance income		**6,003**	**-**	**-**	**6,003**	**2,955**	**8,958**
Senior financing interest		(49,756)	-	-	(49,756)	-	(49,756)
Other interest payable and similar charges	C	(28,745)	-	-	(28,745)	23,342	(5,403)
Finance cost total		**(78,501)**	**-**	**-**	**(78,501)**	**23,342**	**(55,159)**
Segment (loss)/profit on ordinary activities before taxation		**(13,544)**	**3,524**	**(1,540)**	**(11,560)**	**10,138**	**(1,422)**
Tax on loss on ordinary activities		-	-	-	-	(350)	(350)
Segment (loss)/profit for the financial year		**(13,544)**	**3,524**	**(1,540)**	**(11,560)**	**9,788**	**(1,772)**
Total assets	D	1,922,370	38,969	17,509	**1,978,848**	9,078	**1,987,926**
Total liabilities	D	2,379,338	28,057	36,874	**2,444,269**	(404,507)	**2,039,762**

4. Segment information (continued)

Notes to the segment information:

A. Rental and other income

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

B. Cost of sales and operating expenses

Adjustments and eliminations represent intercompany transactions that are eliminated on consolidation. 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 and 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.

5. 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 - that of 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:

	Unaudited six months ended 28 February 2025	Unaudited six months ended 29 February 2024
	£'000	£'000
Student accommodation rental income	121,325	114,378
Facilities management services	2,819	2,326
	124,144	**116,704**

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 (see Note 4).

5. Turnover (continued)

	Note	SPVs	URSL	UPL	Total segments	Adjustments and eliminations	Consolidated
Unaudited six months ended 28 February 2025							
Student accommodation rental income		121,325	-	-	121,325	-	121,325
Facilities management services		-	2,819	-	2,819	-	2,819
Facilities management services - intragroup		-	15,096	-	15,096	(15,096)	-
Total		**121,325**	**17,915**	**-**	**139,240**	**(15,096)**	**124,144**
Revenue as reported in Segments	4	121,325	17,915	-	139,240	(15,096)	124,144
Unaudited six months ended 29 February 2024							
Student accommodation rental income		114,378	-	-	114,378	-	114,378
Facilities management services		-	2,326	-	2,326	-	2,326
Facilities management services - intragroup		-	12,951	-	12,951	(12,951)	-
Total		**114,378**	**15,277**	**-**	**129,655**	**(12,951)**	**116,704**
Revenue as reported in Segments	4	114,378	15,277	-	129,655	(12,951)	116,704

5. Turnover (continued)

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

	Unaudited 28 February 2025 £'000	31 August 2024 £'000
Receivables, which are included in 'Trade and other receivables'	728	1,416
Contract liabilities, which are included in 'Accruals and deferred income'	(28,525)	(2,647)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

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 the 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 a regular basis as per agreement with the 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.

6. Operating expenses

	Unaudited six months ended 28 February 2025 £'000	Unaudited six months ended 29 February 2024 £'000
Amortisation of Service Concession Arrangements	19,975	19,975
Depreciation of property, plant and equipment	670	675
Amortisation of computer software	88	56
Salaries and other employee costs recognised in operating expenses	9,254	7,428
External consultancy	2,635	2,646*
Insurance	1,428	1,293
Auditor remuneration (audit and non-audit fees)	573	606
Other administrative costs	1,845	2,755*
	36,468	**35,434**

*For the purposes of clarity, the presentation of external consultancy and other administrative costs have been updated in comparative information.

7. Staff costs

	Unaudited six months ended 28 February 2025 £'000	Unaudited six months ended 29 February 2024 £'000
Wages and salaries	16,778	14,935
Social security costs	2,217	2,000
Pension costs - defined contribution	1,130	1,245
	20,125	**18,180**

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

8. Interest and similar income

	Unaudited six months ended 28 February 2025 £'000	Unaudited six months ended 29 February 2024 £'000
Interest received on cash balances	3,413	4,615
Interest income on finance receivable	5,533	4,343
Finance gain on fair value movements on swaps	886	-
	9,832	**8,958**

9. Interest and similar expense

	Unaudited six months ended 28 February 2025 £'000	Unaudited six months ended 29 February 2024 £'000
Financial liabilities at amortised cost		
Bank loan interest	1,427	-
Interest payable on fixed-rate senior secured notes	19,814	23,356
Interest payable on index-linked facilities	16,926	26,400
Subordinated loan note interest	3,590	2,651
Interest expense on finance liability	2,375	841
Financial liabilities measured at fair value		
Fair value movements on swaps	-	1,911
	44,132	**55,159**

10. Tax on loss on ordinary activities

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

Additionally, providing it meets a number of defined conditions, the Group is not liable to UK corporation tax on profits and gains from qualifying property rental business. Non-qualifying profits and gains continue to be subject to UK corporation tax as normal.

11. Intangible assets – service concession arrangements

	Service concession arrangements £'000
Cost	
At 1 September 2024	1,790,544
Additions	-
At 28 February 2025	**1,790,544**
Amortisation	
At 1 September 2024	290,844
Charge during the period	19,975
At 28 February 2025	**310,819**
Net book value	
At 28 February 2025	**1,479,725**
At 1 September 2024	1,499,700

	Service concession arrangements £'000
Cost	
At 1 September 2023	1,790,544
Additions	-
At 29 February 2024	**1,790,544**
Amortisation	
At 1 September 2023	251,230
Charge during the period	19,975
At 29 February 2024	**271,205**
Net book value	
At 29 February 2024	**1,519,339**
At 1 September 2023	1,539,314

12. 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

	Leasehold property £'000
Balance at 1 September 2024	2,564
Additions	-
Depreciation charge	(221)
Balance at 28 February 2025	**2,343**

Lease liabilities maturity analysis – contractual undiscounted cash flows

	Unaudited 28 February 2025 £'000	31 August 2024 £'000
Less than one year	278	556
One to two years	324	46
Two to five years	1,669	1,669
More than five years	556	834
Total undiscounted lease liabilities	**2,827**	**3,105**

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

Lease liabilities included in the statement of financial position

	Unaudited 28 February 2025 £'000	31 August 2024 £'000
Current	278	556
Non-current	2,065	2,008
	2,343	**2,564**

12. Leases (continued)

Amounts recognised in profit or loss

	Unaudited period ended 28 February 2025 £'000	Unaudited period ended 29 February 2024 £'000
Interest on lease liabilities	(247)	(380)
Depreciation charge	(221)	(221)

Amounts recognised in statements of cash flows

	Unaudited period ended 28 February 2025 £'000	Unaudited period ended 29 February 2024 £'000
Total cash outflow for leases	(278)	(278)

13. Current trade and other receivables

	Unaudited 28 February 2025 £'000	31 August 2024 £'000
Trade debtors	728	1,416
VAT recoverable	-	185
Prepayments and accrued income	16,489	8,975
	17,217	**10,576**

14. Current trade and other payables

	Unaudited 28 February 2025 £'000	31 August 2024 £'000
Trade creditors	2,010	5,021
Other taxes and social security	639	600
Accruals and deferred income	54,862	34,726
	57,511	**40,347**

The accruals and deferred income balance varies between financial periods due to the timing of rental receipts from university partners relative to revenue recognition.

15. Financial assets

	Unaudited 28 February 2025	31 August 2024
	£'000	£'000
Financial assets at amortised cost		
Financial receivable – service concession arrangements	158,869	158,799
Trade and other receivables	728	1,416
Cash at bank and in hand	191,204	179,268
	350,801	**339,483**
Total current	203,184	191,894
Total non-current	147,617	147,589

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 (2024: £1,119k).

The carrying amount of the financial assets that have been pledged as collateral for liabilities, including 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.

16. Financial liabilities

	Unaudited 28 February 2025	31 August 2024
	£'000	£'000
Financial liabilities at amortised cost		
Senior fixed debt	681,843	695,948
Senior index linked debt	1,033,422	1,041,268
Non-recourse bank debt finance	76,890	76,329
Subordinated loan notes	56,759	54,348
Lease liabilities	2,343	2,757
Trade and other payables	2,010	5,021
Accruals	26,337	32,079
Derivatives designated as hedging instruments		
Interest rate swaps	15,709	22,478
RPI swaps	74,837	76,784
Derivatives not designated as hedging instruments		
RPI swaps	13,155	13,590
	1,983,305	**2,020,602**
Total current	**99,215**	105,827
Total non-current	**1,884,090**	1,914,775

16. Financial liabilities (continued)

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 rate debt

On 5 June 2007 a Group subsidiary entered into £181,040k loan, repayable on 31 March 2042 with principal repayments commenced in 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%.

16. 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

16. Financial liabilities (continued)

commenced in December 2021.

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.

The key terms of the facilities are:

- Fixed through an IR swap 4.695%, plus margin until Sept 2017, 5.910% thereafter with a final repayment date of September 2044.
- Income-strip debt with an effective interest rate of 6.95%. Repayable in 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.

17. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Group uses RPI 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.

	Unaudited 28 February 2025 £'000		31 August 2024 £'000	
	Assets	**Liabilities**	Assets	Liabilities
IR swaps designated as hedging instrument	-	(15,709)	-	(22,478)
RPI swaps designated as hedging instrument	-	(74,837)		(76,784)
RPI swaps not designated as hedging instruments	-	(13,155)	-	(13,590)
	-	**(103,701)**	**-**	**(112,852)**

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:

	28 February 2025 £'000	31 August 2024 £'000
Fair value of derivatives used for hedging		
Creditors: amounts falling due after one year	(90,546)	(99,262)
Debtors: amounts falling due after one year	-	-
Movement in fair value of derivatives used for hedging		
Recognised profit/(loss) through OCI:		
Owners of the parent	8,178	1,520
Non-controlling interest	87	(94)
Recognised profit/ (loss) through the Income Statement	451	(1,285)
Fair value of derivatives not used for hedging		
Creditors: amounts falling due after more than one year	(13,155)	(13,590)
Debtors: amounts falling due after one year	-	-
Movement in fair value of derivatives not used for hedging		
Recognised profit through the income statement	435	1,484

17. Hedging activities and derivatives (continued)

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

	28 February 2025 £'000	31 August 2024 £'000
Interest rate risk		
Cash flow hedge reserve	6,769	(11,489)
RPI risk		
Cash flow hedge reserve	1,947	11,603

18. Fair value measurement

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

	28 February 2025 £'000		31 August 2024 £'000	
	Book value	Significant observable inputs Level 2	Book value	Significant observable inputs Level 2
Financial assets				
Derivatives designated as hedging instruments				
RPI swaps	-	-	-	-
Derivatives not designated as hedging instruments				
RPI swaps	-	-	-	-
Financial assets at amortised cost				
Financial receivable - service concession arrangements	158,869	140,160	158,799	136,908
Trade and other receivables	728	*	1,416	*
Cash at bank and in hand	191,204	*	179,268	*
	350,801		**339,483**	
Financial liabilities				
Borrowings				
Senior fixed debt	681,843	708,912	695,948	714,587
Senior index-linked debt	1,033,422	785,242	1,041,268	785,596
Non-recourse bank debt finance	76,890	82,290	76,329	83,012
Secured subordinated loan notes	56,759	55,659	54,348	50,913
Lease liabilities	2,343	2,343	2,757	2,757
Derivatives designated as hedging instruments				
Interest rate swaps	15,709	15,709	22,478	22,478
RPI swaps	74,837	74,837	76,784	76,784
Derivatives not designated as hedging instruments				
RPI swaps	13,155	13,155	13,590	13,590
Financial liabilities at amortised cost				
Trade and other payables	2,010	*	5,021	*
Accruals	26,337	*	32,079	*
	1,983,305		**2,020,602**	

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

18.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique
Derivative instruments	The fair values of the derivative IR swap contracts and RPI swap contracts are estimated by discounting expected future cash flows using market interest rates and market inflation rates and option volatility.
Financial receivables - service concession arrangements 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	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

19. Provisions for liabilities

	Dilapidations £'000	**Asset remediation £'000**	**Total £'000**
At 1 September 2024	120	10,034	10,154
Provisions made during the year	15	-	15
Provisions used during the year		-	-
At 28 February 2025	**135**	**10,034**	**10,169**

	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**

In prior years, following detailed inspections, the Directors identified various remediation works that needed to be addressed at buildings at the University of Kent. Accordingly a provision of £7,500k was recognised. Initial spend on the works commenced resulting in a provision of £7,340k being carried forward at the previous year-end, with no further spend undertaken during the current period. Additionally, in prior years 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. Inspections and assessments are continuing and, as a result, the provision continues to be recognised.

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.

20. 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

Cash flow hedge reserve records the fair-value movements on the Group's derivative financial instruments and the deferred tax associated with these.

Profit and loss account

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

21. Related party transactions

As at 28 February 2025, 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 Company: 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 six months ended 28 February 2025, the Group received an income of £6,691k (six months ended 29 February 2024: £6,791k) from Nottingham Trent University in respect of services provided by UPP (Clifton) Holdings Limited and UPP (Byron House) Holdings Limited and incurred costs of £286k (six months ended 29 February 2024: £100k) in respect of services provided by the University.

During the six months ended 28 February 2025, the Group received an income of £19,647k (six months ended 29 February 2024: £18,248k) from University of Reading in respect of services provided by UPP (Reading I) Holdings Limited and incurred costs of £2,409k (six months ended 29 February 2024: £2,549k) in respect of services provided by the University of Reading.

During the six months ended 28 February 2025, the Group received income of £11,411k (six months ended 29 February 2024: £10,148k) in respect of services provided by UPP (Cartwright Gardens) Holdings Limited and UPP (Duncan House) Holdings Limited and incurred costs of £152k (six months ended 29 February 2024: £153k) in respect of services provided by the University of London.

During the six months ended 28 February 2025, the Group received income of £6,951k (six months ended 29 February 2024: £6,244k) in respect of services provided by UPP (Hull) Holdings Limited and incurred costs of £168k (six months ended 29 February 2024: £211k) in respect of services provided by the University of Hull.

22. 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:

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

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 Leeds Student Residences Limited	100%	Ordinary	Student Accommodation
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

22. Investments (continued)

Entity	Proportion	Shares held class	Nature of Business
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
UPP (West Park) Holdings 1 Limited	100%	Ordinary	Dormant company
UPP (West Park) Holdings 2 Limited	100%	Ordinary	Dormant company
Residence Cloud Limited	100%	Ordinary	Dormant company
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
UPP Loring Hall Limited	100%	Ordinary	Dormant company

23. Cash and cash equivalents

	28 February 2025 £'000	31 August 2024 £'000
Cash at bank and in hand	191,198	178,894
Short-term deposits	6	374
Cash and cash equivalents	**191,204**	**179,268**

The cash and cash equivalents disclosed above and in the statement of cash flows include £181,160k as at 28 February 2025 (£159,202k as at 31 August 2024) of restricted cash. This cash is subject to be used only by SPVs in line with the service concession agreements and is therefore not available for general use by the other entities within the Group.

24. Parent undertaking and controlling party

The Group and the Company is controlled by a 60% stake held by Stichting Depository PGGM Infrastructure Funds ("PGGM"), on behalf of their fund clients. This entity is incorporated in The Netherlands.