

20 June 2017

US Bank Trustees Limited

(in its capacity as Issuer Security Trustee)

125 Old Broad Street

London EC2N 1AR

Attention: Structured Finance Relationship Management

Delivered by email to Laurence.griffiths@usbank.com

Copy to: **UPP Bond 1 Issuer Plc**

40 Gracechurch Street

London EC3V 0BT

Attention: Company Secretary

Delivered by email to Julian.benkel@upp-litd.com

Dear Sirs

Proposed consent to the UPP Bond 1 Issuer plc (the "Issuer") to consent to UPP (Kent Student Accommodation) Limited (the "AssetCo") to enter into a JCT Minor Works Contract and certain additional consents in relation to rectifying the drainage system at Woolf College (BCP Ref.: UPP Waiver 13)

Monitoring Adviser Recommendation

We refer to UPP Bond 1 Limited's MA Proposal Request dated 15 June 2017 (copy attached for ease of reference) addressed to yourselves and ourselves as the Monitoring Adviser (the "**MA Proposal Request**"), pursuant to the terms of the Monitoring Services Agreement dated 5 March 2013 (the "**MSA**") and our Category Determination dated 20 June 2017 (copy attached for ease of reference).

Terms defined in the Common Terms Agreement (the "**CTA**") dated 5 March 2013 between, amongst others, the Issuer and the Issuer Security Trustee shall have the same meaning in this Monitoring Adviser Recommendation, unless specified as being defined elsewhere.

The Monitoring Adviser has prepared this Monitoring Adviser Recommendation based upon information received by the Monitoring Adviser from the Issuer and AssetCo. This Monitoring Adviser Recommendation has not been prepared on the basis of any information that has been identified as Inside Information. The Monitoring Adviser has no responsibility for the adequacy or accuracy of any of the information or documentation provided to it in connection with the

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services provided by it under the MSA and the Monitoring Adviser may act on the opinion or advice of, or a certificate or any information from, advisers or experts. In preparing this Monitoring Adviser Recommendation the Monitoring Adviser has performed only those services it is obliged to carry out in accordance with the Monitoring Services Agreement and has done so in accordance with the Monitoring Standard. The Monitoring Adviser is not a fiduciary and is not liable for any loss, liability, claim, expense or damage suffered or incurred by any Holders of Securities, any other Issuer Secured Creditor, the Issuer, the ParentCo, any AssetCo or any other transaction party with respect to the performance of its obligations under the Monitoring Services Agreement or the Issuer Deed of Charge, save for any loss suffered by the Holders of Securities resulting from its fraud, gross negligence or wilful default.

The Monitoring Adviser makes no representation or warranty, express or implied, that the documentation and opinions referred to herein, or the information contained or the assumptions on which they are based are accurate, complete or up-to-date in each case other than the opinions of the Monitoring Adviser as at the date of this Monitoring Adviser Recommendation based upon such information. The Monitoring Adviser has no obligation to update any such opinions other than in accordance with its obligations under the Monitoring Services Agreement.

This Monitoring Adviser Recommendation is not a recommendation or inducement to buy, sell or hold any securities (including those issued by the Issuer).

Pursuant to Clause 3 (*Monitoring Adviser Recommendation*) and Clause 4 (*MA Direction Matter*) of Schedule 2 (*AssetCo Monitored Activity Decision Procedures*) of the MSA it is our Monitoring Adviser Recommendation that the Issuer Security Trustee approves (and we hereby direct the Issuer Security Trustee to approve) the Consents and Waivers (as defined in the MA Proposal Request) on behalf of the Issuer Secured Creditors subject to:

- The JCT Minor Works Agreement executed between the AssetCo and Barhale plc being materially consistent with the draft JCT Minor Works Agreement provided to the Monitoring Adviser as Appendix E to the MA Proposal Request. A copy of the signed JCT Minor Works Agreement is to be provided to the Monitoring Adviser and the Issuer Security Trustee for their records.
- AssetCo complying with all requirements under the terms of the above-referenced JCT Minor Works Agreement in relation to the Works and all other relevant associated planning, regulatory and legal requirements.
- AssetCo and the Issuer ensuring that all relevant parties (including insurance providers, utilities, students and the University) are notified of the Works and that any conditions imposed by such parties are complied with.

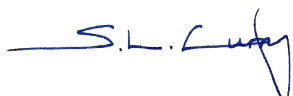
The reasons for our Monitoring Adviser Recommendation are that the proposed Works are not expected to materially adversely affect the interests of the Issuer Secured Creditors. Specifically, we note:

- The Works will be undertaken by Barhale plc and will be monitored by WSP, who will provide regular reporting to UPP and the Monitoring Adviser. Barhale plc appear qualified to undertake the Works.

- Rectifying the drainage system will help ensure that the security available to the Bondholders retains its value and remains fit for purpose.
- The Projected Senior DSCR for the current academic financial year is forecast to remain at a consistent level this year notwithstanding the cost of the Works. Whilst Projected AssetCo DSCR is forecast to be lower than originally forecast as a result of the cost of the Works, we note that the Projected AssetCo DSCR was reported to be 1.37x as at 28 February 2017 – above the level observed (1.31x) when the Operating Budget for the current year was prepared. We also note that some 60% of the estimated Works cost was included in the Operating Budget for AssetCo for the current 2016/17 financial year.
- The Issuer has confirmed that all necessary notifications and consents relative to the Works, including to the University, the students, utility providers and insurance providers, have or will be provided. AsetCo does not envisage any disruption to students.
- That appropriate insurance cover is maintained by AssetCo and the Contractor.
- The Works will be carried out in accordance with applicable planning conditions, building and fire regulations, health and safety requirements, any authority approvals and other applicable laws and regulations.

Yours sincerely,

For and on behalf of Bishopsfield Capital Partners Ltd, as Monitoring Adviser



Authorised Signatory



Authorised Signatory

Encl.

- MA Proposal Request dated 15 June 2017 (including attachments)
- Category Determination dated 20 June 2017