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## UPP Bond 1 Issuer PLC

### Update on latent defect at Exeter accommodation

As disclosed in the UPP Bond 1 Limited Investor Report issued on 15 December 2015, a latent defect in the newly built accommodation at the AssetCo, University of Exeter has been identified relating to the external panel detailing around buildings. Since that date, the UPP Group has undertaken further intrusive investigative works on a representative sample of four blocks to identify the underlying cause of the defect. This has indicated that the defect is more extensive than originally thought. The UPP Group now believes that the external panel detailing on the remaining 15 blocks may be affected in a similar way.

It remains the case that the defect identified does not currently affect the operation of the accommodation which continues to be fully occupied at modelled rents. A programme of works is being developed with the contractor, and the affected buildings continue to be subject to a strict monitoring regime on a regular basis to ensure there remains no risk to health and safety. The view of the Group is that the liability for rectification of the latent defect lies firmly with the contractor and the directors of the Company have and will continue to robustly apply the rights of the AssetCo under the original construction contract to ensure resolution of this issue.

On the basis of having considered the facts and circumstances of the case at this time, and having taken legal advice, the directors of the AssetCo do not believe this matter will have a material adverse effect on the AssetCo. UPP will continue update investors on the progress of these works in each six monthly report or should anything material change.

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