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Bishopsfield Capital Partners Limited
200 Aldersgate
London EC1A 4HD
(the "**Monitoring Adviser**")
For the attention of the Monitoring Adviser Team

U.S. Bank Trustees Limited
125 Old Broad Street
London EC2N 1AR
(the "**Issuer Security Trustee**")
For the attention of the Structured Finance Relationship Manager

01 August 2019

Dear Sirs

Consent Request in connection with a proposal by UPP (Plymouth Three) Limited (the "AssetCo") to carry out refurbishment works at Robbins and Gilwell Halls of Residence (herein referred to as the "Accommodation")

1. INTRODUCTION

- 1.1 We refer to the Common Terms Agreement dated 5 March 2013 between, amongst others, UPP Bond 1 Issuer plc (the "Issuer") and the Issuer Security Trustee ("CTA"). This letter constitutes an "MA Proposal Request" for the purposes of the Monitoring Services Agreement dated 5 March 2013 between, amongst others, the Issuer and the Monitoring Adviser (the "Monitoring Services Agreement").
- 1.2 Unless otherwise defined in this MA Proposal Request, terms defined in the CTA or the Monitoring Services Agreement shall have the same meaning when used in this MA Proposal Request.
- 1.3 This MA Proposal Request is supplemental to the CTA. Save as expressly amended by this MA Proposal Request the CTA remains in full force and effect.

2. BACKGROUND

- 2.1 The AssetCo, in conjunction with University of Plymouth (the "University"), has been monitoring its preference data for the AssetCo properties at the University particularly in light of the competition generated by the number and proximity of additional Purpose-Built Student Accommodation ("PBSA") now operating within the same vicinity as the Plymouth Property.



- 2.2 The Accommodation is well located for the University main campus; however, feedback from recent student satisfaction surveys places these halls at the lower end of the preference cascade due to the internal / external appearance and consequential negative effect on the student experience.
- 2.3 In response to the feedback referenced in paragraph 2.2 above, the AssetCo proposes to undertake some refurbishment works (the "Works") which will present a fresh, modern internal appearance providing increased lighting and a sense of space within the corridors. The Works also involves replacing the external glazing with the aim of modernising some of the Accommodation whilst replacing units that have water ingress and discoloration. The Works will be undertaken as part of the additional Sinking Funds Works Programme, over and above those already contemplated and budgeted for the periods in question.
- 2.4 Demand for the Plymouth Property has fallen for the 2018/2019 academic year, with occupancy maintained at 95%. This level is below the 99% occupancy level forecast when AssetCo prepared its original Operating Budget for 2018/2019 last year. We anticipate that, following completion of the Works planned for this summer, occupancy levels of 90% will be maintained. However, we expect that the projected occupancy will revert to our base-case modelling assumption of 99% in the 2020/2021 academic year. The University has provided us comfort in the form of the attached letter addressed to the Monitoring Adviser (see Appendix A) which supports this working assumption. We note that, should the Works not be undertaken, we would anticipate occupancy levels in the region of 90% for the Accommodation in the 2019/2020 academic year, with these being sustained at such stressed levels for the foreseeable future. We attach a table (see Investment Tab in Appendix B) showing the current assumed projected occupancy levels for the Accommodation and the Plymouth Property with and without completion of the Works.
- 2.5 The existing Sinking Funds Works Programme for AssetCo will not be amended as a result of the Works, with the Works being incremental to the Sinking Fund Works Programme originally forecast to be incurred by AssetCo. The Sinking Fund Works Programme forecast to be incurred by AssetCo over the coming Financial Years will therefore be correspondingly increased.
- 2.6 An additional Sinking Fund deposit will be required and made to ensure that the Sinking Fund Account relating to AssetCo meets the Sinking Fund Required Amount as adjusted for the forecast incremental Works costs detailed below, and this will be funded out of the cash reserves in the Operating Account which would otherwise have been payable to Distribution Account in accordance with the Operating Account Priority of Payments.
- 2.7 The projected costs for the Works is about £2.9 million which will be incurred over three Financial Years. The breakdown of this is provided as follows:
- 2018/2019: £1,827,082 (the "2018/2019 Works")
 - 2019/2020: £238,664 (the "2019/2020 Works")
 - 2020/2021: £833,837 (the "2020/2021 Works")
- The aggregate amount of £2,899,583 will be deposited in the relevant Sinking Fund prior to the 31 August 2019 Test Date.
- 2.8 A summary of the 2018/2019 Works, the 2019/2020 Works and the 2020/2021 Works are provided in Appendix C. A programme for the planned Works will be shared with the Monitoring Adviser in advance to facilitate monitoring. In accordance with our standard approach to managing the Sinking Fund Works Programme for AssetCo, UPP Residential Services Limited will procure the contracts to carry out the Works on behalf of the AssetCo and will monitor their implementation. The Issuer approved the Plymouth AssetCo Operating Budget for the Financial Year commencing 1 September 2018, during July 2018. This Operating Budget was reviewed by the Monitoring Adviser in accordance with the provisions of the Monitoring Services Agreement. A reconciliation of actual and projected expenditure against the 2018/2019 AssetCo Operating Budget will be provided to the Monitoring Adviser concurrently with this letter.

- 2.9 The Works will be funded by ParentCo reducing the outstanding balance of the existing inter-company loan from ParentCo to AssetCo by the cost of the Works referenced in paragraph 2.7 above as the relevant costs are incurred (in keeping with the standard operating procedure for settlement of Sinking Fund costs); this loan was projected to show a balance due of about £4,356,631 million from ParentCo to AssetCo as at 31 August 2019. The increased expenditure will therefore cause the inter-company loan balance to fall to an expected level of about £2,529,549 million as at 31 August 2019. This is based on the assumption that the 2018/2019 Works are fully paid for in the current Financial Year.
- 2.10 The Projected AssetCo DSCR and Historic AssetCo DSCR and the Projected Senior DSCR and Historic Senior DSCR that we anticipate reporting on the next Test Date are included within the spreadsheet in Appendix B; this demonstrates that the Projected Senior DSCR and Historic Senior DSCR will achieve the required thresholds on the next Test Date. We also include the Projected AssetCo DSCR and the Historic AssetCo DSCR and the Projected Senior DSCR and the Historic Senior DSCR for the next ten Test Dates, noting that all such projections are made based upon Operating Budgets that have yet to be approved by the Issuer.
- 2.11 If the AssetCo does not exhibit Projected AssetCo DSCR or Historic AssetCo DSCR on a Test Date of equal to or greater than 1.05:1, and the Projected Senior DSCR and Historic Senior DSCR is greater than 1.15:1 on that Test Date, this will give rise to a Trigger Level 2, Phase1 Monitoring Trigger Event. We are in discussion with the Monitoring Adviser regarding implementation of the requirements triggered by such an event; these provisions are summarised in the Prospectus, but include us preparing a remedial plan including, amongst other things, a proposed cure period and specific and measurable milestones to rectify the AssetCo underperformance. We can confirm that implementing the Works will be one matter included in this remedial plan.

3. CONSENT REQUEST

- 3.1 Paragraph 9.20 of Part 1 of Schedule 8 of the CTA precludes the AssetCo, without the prior written consent of the Issuer, to agree to any amendment, consent or waiver in respect of a breach or proposed breach in respect of compliance with the relevant AssetCo's Operating Budget subject as applicable to any materiality qualifications specified in the relevant AssetCo Documents;
- 3.2 The Issuer has agreed pursuant to the Issuer Deed of Charge dated 5 March 2013 between, amongst others, UPP Bond 1 Limited and the Issuer Security Trustee (the "IDOC") that it shall only exercise its rights described in paragraph 3.1 of this letter as directed by, or with the prior consent of the Issuer Security Trustee.
- 3.3 Furthermore, paragraph 1.1.1 of Part 3 to Schedule 2 of the IDOC provides that the rights of the Issuer described above shall constitute an AssetCo Monitored Activity.
- 3.4 The Issuer therefore seeks the consent of the Issuer Security Trustee to approve the AssetCo exceeding its approved Operating Budget for the financial year ending 31 August 2019 (the "Consent Request").

4. MA PROPOSAL REQUEST

- 4.1 We hereby confirm that, for the purposes of the Monitoring Services Agreement, the Consent Request described above constitutes an MA Proposal Request. As such, each Issuer Secured Creditor and Obligor has agreed to be bound by the provisions of the Monitoring Services Agreement with respect thereto.
- 4.2 We hereby confirm that, in our reasonable opinion, the Consent Request set out in this MA Proposal Request:
- constitutes an Ordinary Matter;
 - does not give rise to the right of any Issuer Secured Creditor to exercise an Entrenched Right; and
 - constitutes an MA Direction Matter.

- 4.3 In connection with the Monitoring Adviser's consideration of this MA Proposal Request and as requested by it, we confirm and certify that:
- a. the Works will be carried out at the same time as the Sinking Fund Works Programme and the same monitoring regime will be applied;
 - b. undertaking the Works will materially improve the marketability, condition, marketability and financial ratio performance of the AssetCo, enhancing our relationship with the University and student satisfaction
 - c. we will provide a monthly report (commencing for the month ended 31 July 2019, and to be provided in respect of each part or whole month when the Works are being carried out) to the Monitoring Adviser within 10 Business Days of the relevant period end providing an update on the Works progress. Each monthly report will include an update on the progress of the Works, including:
 - i. confirmation that the Works are progressing in line with AssetCo's plan for the relevant Works;
 - ii. narrative on the ongoing relationship with the University and any other relevant parties;
 - iii. any health and safety matters which may have arisen; and
 - iv. any insurance claims which may have arisen.
 - d. the University are supportive of these Works and the University has provided a letter of comfort confirming that the contemplated spending will improve the nominations of students to the AssetCo's Accommodation;
 - e. the AssetCo Sinking Fund Reserve Account will be fully funded before the next Test Date to the requisite Sinking Fund Required Amount as adjusted to reflect the incremental expenditure contemplated in this MA Proposal Request;
 - f. the additional funds deposited into the AssetCo Sinking Fund Reserve Account from the Operating Account would otherwise have been available to be paid to the Distribution Account under the Operating Account Priority of Payments;
 - g. all of the 2018/2019 Works will be completed prior to 01 September 2019; AssetCo will not make a distribution under the AssetCo Operating Account Priority of Payments until the 2018/2019 Works have been completed and paid for (to the satisfaction of the Monitoring Adviser) and the cost of the Works scheduled for 2019/2020 and 2020/2021 Financial Years have been deposited in the AssetCo Sinking Fund Reserve;
 - h. all notifications required to be made by the AssetCo and the Issuer to all relevant parties in relation to the Works, as contemplated under the Plymouth Project Documents and the Transaction Documents, including the insurance providers, have been made. The Works will be carried out in accordance with all applicable planning conditions, building and fire regulations, health and safety requirements, any authority approvals and other applicable laws and regulations;
 - i. we will provide to the Monitoring Adviser such technical reports as are requested by the Monitoring Adviser to the extent that such technical reports are required for it to be able review any matters arising as a result of the Works; and
 - j. we will procure such warranties and guarantees of workmanship and product employed in undertaking the Works as we would employ in our typical Sinking Fund Works Programme.

4.4 In our reasonable opinion, the matters contemplated in this MA Proposal Request do not and will not prejudice the rights of the Issuer Secured Creditors.

5. REQUEST OF THE MONITORING ADVISER AND ISSUER SECURITY TRUSTEE

5.1 We hereby request that the Monitoring Adviser:

- a. as soon as reasonably practicable and, in any event, within 5 Business Days of receipt hereof, confirms that this Consent Request constitutes, in its reasonable opinion, an MA Direction Matter; and
- b. as soon as reasonably practicable and, in any event, within 10 Business Days of the Categorisation Determination Date, provides a Monitoring Adviser Recommendation that the Issuer Security Trustee agrees to the Consent Request.

5.2 Subject to the Monitoring Adviser having given the confirmation and the Monitoring Adviser Recommendation referred to in paragraph 5.1 above, we hereby further request that the Issuer Security Trustee, without further reference to or instructions from the Issuer Secured Creditor approve the Consent Request on behalf of the Issuer Secured Creditors in accordance with the directions of the Monitoring Adviser (and subject to any such conditions as the Monitoring Adviser may require).

6. GOVERNING LAW AND JURISDICTION

6.1 Clauses 17.1 and 17.2 of the Monitoring Services Agreement shall apply mutatis mutandis to this letter except that any references therein to "this Agreement" shall, for the purposes of this MA Proposal Request, be deemed to be a reference to "this MA Proposal Request".

Yours faithfully

By:



UPP Bond 1 Limited

(as the ParentCo)

Date: 01/08/19

Director

By:



UPP Bond 1 Limited

(as the ParentCo)

Date: 01/08/19

Director

Encl.