

18 August 2020

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 (the "Issuer")**

40 Gracechurch Street

London EC3V 0BT

Attention: Company Secretary

Delivered by email to craig.bryant@upp-ltd.com

Dear Sirs

MA Proposal Request related to UPP (Nottingham) Limited and Nottingham Trent University

Monitoring Adviser Recommendation

We refer to UPP Bond 1 Limited's ("ParentCo") MA Proposal Request dated 14 August 2020 (copy attached for ease of reference) addressed to yourselves and ourselves (the "**MA Proposal Request**") as the Monitoring Adviser, pursuant to the terms of the Monitoring Services Agreement dated 5 March 2013 (the "**MSA**") and our subsequent Category Determination dated 17 August 2020.

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

The Monitoring Adviser has prepared this Monitoring Adviser Recommendation based upon information received by the Monitoring Adviser from the Issuer. 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 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 MSA and has done so in accordance with the Monitoring Standard. The Monitoring Adviser does not owe any fiduciary duty to any Holder of Securities 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 MSA 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.

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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 MSA.

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 Consent Requests in paragraph 3.6 of the MA Proposal Request on behalf of the Issuer Secured Creditors subject to the:

1. Consent Request referenced in paragraph 3.6 (i) of the MA Proposal Request being issued to the University in substantially the form set out in Appendix C of the MA Proposal Request and said consent being designated a Project Document (with a copy of the executed document being provided to the Issuer Security Trustee and the Monitoring Adviser for their records);
2. Triparty Agreement between the three student accommodation SPVs referenced in paragraph 2.5 of the MA Proposal Request (the “**SPVs**”) and the University memorialising the underwriting arrangement described in Appendix A and B of the MA Proposal Request being executed in a form consistent in all material respects to that provided to us and said Triparty Agreement being designated a Project Document (with a copy of the executed document being provided to the Issuer Security Trustee and the Monitoring Adviser for their records); and
3. Issuer providing a confirmation to the Monitoring Adviser promptly following any reliance being placed on the Underwrite (as defined in the Triparty Agreement appended to the MA Proposal Request as Appendix B)
4. Issuer including details of the occupancy achieved by AssetCo for the relevant academic year in the semi-annual unaudited Financial Statements and Investor Report, including full details of any consequential reliance placed upon the underwriting arrangement.

The reasons for our Monitoring Adviser Recommendation are that:

1. The Consent Requests do not, in our reasonable opinion, materially adversely affect the interests of the Issuer Secured Creditors;
2. The potential breach of the Primary Agreement and the Direct Agreement in relation to the academic year 2019/20 did not impact AssetCo’s occupancy levels for that academic year; and
3. AssetCo would be more exposed to under-occupancy in the academic years 2020/21 and 2021/22 if the underwriting arrangement described in Appendices A and B to the MA Proposal Request were not put in place;

Yours sincerely,

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



Authorised Signatory

Authorised Signatory

Encl.

- MA Proposal Request dated 14 August 2020

40 Gracechurch Street
London EC3V 0BT

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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

14 August 2020

Dear Sirs,

MA Proposal Request related to UPP (Nottingham) Limited and Nottingham Trent University

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 "MSA").
- 1.2 We refer to the Amended and Restated Primary FM Agreement dated 23 July 2008 (the "Primary Agreement") between Nottingham Trent University (the "University") and UPP (Nottingham) Limited (the "AssetCo").
- 1.3 We refer to the University Direct Agreement dated 5 March 2013 (the "Direct Agreement") between, amongst others, the University and the AssetCo.
- 1.4 Unless otherwise defined in this MA Proposal Request, terms defined in the CTA or the MSA shall have the same meaning when used in this MA Proposal Request.
- 1.5 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 AssetCo has noted that Clause 9.3 of the Primary Agreement prohibits the University from entering into Relevant Arrangements (as defined in the Primary Agreement) without prior consent of the AssetCo unless the University is able to demonstrate that there is a 150% surplus of demand over supply over the prior 3-years for a defined part of the University's accommodation. There is an additional test to be satisfied whereby the impact of entering into such Relevant Agreement shall not cause the demand from first-year students to fall below 140% of available supply.
- 2.2 Following investigation, the AssetCo advises us that the University has not been capturing the necessary data to enable it to demonstrate that it is satisfying the relevant Primary Agreement tests. This is reported to result from the University changing its student accommodation booking systems. On this basis, the University is unable to demonstrate compliance with Clause 9.3 of Primary Agreement and clause 2.4.4 of the Direct Agreement and therefore requires the prior consent of the AssetCo before it can enter into Relevant Arrangements.
- 2.3 The University entered into Relevant Arrangements for circa 1,000 rooms for the academic year 2019/20.
- 2.4 The AssetCo has received a request from the University to consent to the following:
- 2.4.1 its entry into Relevant Arrangements for academic years 2021/21 and 2021/22 pursuant to Clause 9.3 (a) of the Primary Agreement; and
 - 2.4.2 confirmation that the existing contractual provisions provide for any Relevant Arrangements entered into by the University pursuant to the request to be excluded from the definition of "Supply" and consequently, for the purpose of the test set out in Clause 9.3(b) of the Primary Agreement, do not fall within the scope of the first limb of the definition following the expiry and/or termination of such Relevant Arrangements and in the year in which such termination occurs.
- 2.5 In consideration for granting consent, the University proposes to underwrite the revenue on any voids the UPP group suffers in its circa 4,400 rooms across three student accommodation SPVs (of which the AssetCo is one) up to a limit of the number of rooms subject to a Relevant Arrangement in the relevant year. A copy of this proposal is appended to this letter (see Appendix A, which includes details of the other UPP SPVs included within this arrangement). In Appendix B we have provided a detailed description of how AssetCo's position is protected under this underwriting arrangement relative to the other UPP SPVs along with a copy of the triparty agreement to be entered into between AssetCo and the other UPP SPVs in relation to the apportionment of the underwrite ("Triparty Agreement").
- 2.6 It is the AssetCo's view that the University's interpretation of the impact of entering into Relevant Arrangements on the definition of "Supply" in the Primary Agreement is an appropriate one, as the alternative view would mean that the University could be prevented from entering into the same Relevant Arrangements again upon their expiry despite there being no other change to the supply/demand metrics since the Relevant Arrangements were originally entered into, which is not AssetCo's understanding or belief as to how the mechanic should operate. Given this request from the University was for confirmation of its interpretation of existing contractual provisions, it is considered that AssetCo can provide such confirmation without requiring further consent.
- 2.7 Separately, it is AssetCo's view that the University's entry into the Relevant Arrangements for the 2019/20 year without prior consent may constitute a breach of clause 9.3 of the Primary Agreement, although the University disputes such breach exists, or has ever existed. AssetCo considers it prudent to seek a waiver

from the Issuer, noting that it suffered zero loss as a result of this potential breach due to occupancy levels achieved and the University agreed to underwrite any resulting revenue voids suffered by the three UPP SPVs (of which the AssetCo is one) in any event.

3. **CONSENT REQUEST**

3.1 Paragraph 9.1 of Part 1 of Schedule 8 of the CTA requires the AssetCo to obtain prior written consent of the Issuer before entering into any documents. The AssetCo will confirm its consent to the University's request with respect to academic years 2020/21 and 2021/22 by issuing the letter attached in draft form at Appendix C, which will be acknowledged by the University and which will be deemed to be a Project Document for the purposes of the CTA.

3.2 In relation to academic year 2019/20:

3.2.1 Paragraph 9.3 of Part 1 of Schedule 8 of the CTA requires the AssetCo to obtain prior written consent of the Issuer before waiving any provision of any relevant Project Document;

3.2.2 In relation to academic year 2019/20, paragraph 15 of Part 3 of Schedule 11 of the CTA provides that any breach of a Project Document which has or is likely to have a Material Adverse Effect is an AssetCo Event of Default;

3.2.3 Furthermore, paragraph 18 of Part 3 of Schedule 11 of the CTA, also provides that a breach by the University of its obligations under the relevant Direct Agreement which does or could materially adversely prejudice (as determined by the Issuer, acting reasonably) the interests of the AssetCo Secured Creditors or any of its obligations under any other relevant Project Document, where, as a result of such breach, it is entitled to terminate the relevant Project Documents. Again, whilst the University's actions may constitute a breach of clause 2.4.4 of the Direct Agreement dated 5 March 2013 between, inter alia, the University, US Bank Trustees Limited, we confirm that the interests of the AssetCo Secured Creditors were not prejudiced as AssetCo suffered no loss and exceeded its base case Occupancy requirements and actually enjoyed a reduction in the risk of any voids being suffered by virtue of the University underwrite.

3.3 We note that the determination required by the Issuer for academic year 2019/20 is at the discretion of the Issuer pursuant to Paragraph 18 or Paragraph 15 of Part 3 of Schedule 11 of the CTA.

3.4 We further note that 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 above in paragraphs 3.1, 3.2 and 3.3 of this letter as directed by, or with the prior consent of the Issuer Security Trustee

3.5 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.

3.6 This MA Proposal Request therefore seeks Issuer Security Trustee consent to the Issuer providing consent to AssetCo to:

- i. Referencing paragraphs 2.4 and 2.5 above, in relation to academic years 2020/21 and 2021/22, provide consent to the University to allow them to enter into the Relevant Arrangements in the form substantially set out in Appendix C,

- ii. Referencing paragraph 2.7 above, in relation to academic year 2019/20, waive the potential breach of the Primary Agreement and the Direct Agreement by the University and further consequential breach by the AssetCo arising from the same under paragraphs 15 and 18 of Part 3 of Schedule 11 of the CTA,
- iii. Referencing paragraph 2.5 above, in relation to academic years 2020/21 and 2021/22, enter into the Triparty Agreement in respect of the apportionment of the underwrite

herein referred to as the “Consent Requests”.

The Consent Requests, if approved, will become effective when all three UPP SPVs referenced in paragraph 2.5 above confirm their agreement and consent to contemporaneous consent requests that are being sought under project and finance documents relevant to each UPP SPV.

4. MA PROPOSAL REQUEST

- 4.1 We hereby confirm that, for the purposes of the MSA, the Consent Requests 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 MSA with respect thereto.
- 4.2 We hereby confirm that, in our reasonable opinion, the Consent Requests set out in this MA Proposal Request:
 - i. constitutes an Ordinary Matter;
 - ii. does not give rise to the right of any Issuer Secured Creditor to exercise an Entrenched Right; and
 - iii. constitutes an MA Direction Matter.
- 4.3 In connection with the Monitoring Adviser’s consideration of this MA Proposal Request we do not believe that the University’s entry into the Relevant Agreements will have a Material Adverse Effect because:
 - i. For the 2019/20 academic year the University undertook to underwrite any voids suffered in that year;
 - ii. the AssetCo is already materially above the required minimum ratio requirements with rooms already sold (see Appendix D which shows the occupancy and ratio performance for AssetCo over the last and next three years);
 - iii. the University’s desire to enter into Relevant Arrangements arises as a result of positive, material increases in student numbers at the University which we view as a credit positive; and
 - iv. enforcing the AssetCo’s rights in relation to the Relevant Arrangements entered into for year 2019/20, or refusing to consent to the University’s desire to enter into Relevant Arrangements for years 2020/21 and 2021/22 will risk harming the University’s’ continued success and negatively impact upon AssetCo’s relationship with its partner.
- 4.4 We also do not believe that agreeing to the Consent Requests will materially prejudice the interests of the AssetCo Secured Creditors because:
 - i. based on the most recent projections we expect that the AssetCo accommodation will achieve 100% occupancy during the 2020/21 academic year;
 - ii. the University has a clear and genuine need for additional accommodation for its first-year students
 - iii. We believe the reasons provided by the University for not being in a position to demonstrate satisfaction of the tests are reasonable and also believe that the University will be in a position to demonstrate satisfaction of the tests going forward, noting that data is not expected to be available to support this for the 2018/19 or prior academic years;

- iv. Guaranteeing accommodation to first-year students is a key part of the University's offer to students; the AssetCo would, in all probability, be adversely affecting its own future demand by enforcing its rights against the University; and
 - v. the University has expressed a commitment to adhere to the terms of the Project Agreement in future years and continues to work positively with the UPP group.
- 4.4.1 upon receipt of your agreement to the Consent Requests, we will enter into necessary documentation in a form consistent in all material respects with the draft documents appended to this MA Proposal Request to record these.
- 4.4.2 we will ensure that AssetCo receives the information required to monitor the University's compliance with the various Primary Agreement tests.
- 4.4.3 In relation to the Relevant Arrangements entered into for year 2019/20:
- 4.4.3.1 there are and have been no other breaches or defaults arising or continuing under the Primary Agreement or the Direct Agreement.
 - 4.4.3.2 the AssetCo suffered no loss as a result of the University's potential breach and if this occurred, the University had agreed to underwrite the revenue on any voids.
- 4.5 On this basis, in our reasonable opinion, agreeing to the Consent Requests 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:
- i. as soon as reasonably practicable and, in any event, within 5 Business Days of receipt hereof, confirms that the Consent Requests constitute, in its reasonable opinion, MA Direction Matters; and
 - ii. 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 Requests.
- 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 Requests 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 MSA 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)

By: 

Henry Gervaise-Jones

Director

Date: 14 August 2020

Encl.

Appendix A

2nd March 2020

FAO [Craig Bryant]
UPP (Nottingham) Limited, UPP (Clifton) Limited and UPP (Byron House) Limited
40 Gracechurch Street
London
EC3V 0BT

Dear Sirs

Nottingham Trent University (the “University”) Student Accommodation Projects – restrictive covenant test

Thank you for your time at our meeting on 24 January 2020 during which we discussed the application of the restrictive covenant tests to the University’s three UPP accommodation projects and the University’s proposals for entering into arrangements with third parties for an additional 1,800 rooms from academic year 2020/2021.

After careful consideration of the outcomes of our discussions, please treat this letter as the University’s formal request for UPP’s consent to the University entering into “Relevant Arrangements” (as defined in the Primary FM Agreements (“PFMA”) for each project) with third parties for up to 1,800 rooms per year for each of the academic years 2020/21 and 2021/22.

The University’s current intention is that the Relevant Arrangements would involve the University:

- nominating rooms to be let directly by or on behalf of the University to its students; and/or
- co-operating with third parties to facilitate such third parties offering rooms for letting to the University’s students and assisting such third parties to establish a contractual relationship with the University’s students.

We should be grateful if you would raise this request with the relevant funders on each of the University’s three UPP accommodation projects as a matter of urgency.

We confirm that, at the date of this letter:

- the University is not a party to any other arrangements which would constitute Relevant Arrangements;
- the University does not intend to enter into any other arrangements in the academic years 2020/21 and 2021/22 which will constitute Relevant Arrangements, other than the 1,800 rooms referred to in this letter; and
- there are no Excluded Relevant Arrangements in place.

Further, we request that any Relevant Arrangements entered into by the University pursuant to this request for consent shall be excluded from the definition of "Supply" contained in the PFMA's for each project and consequently shall not be deemed to fall within the scope of the first limb of such definition following the expiry and/or termination of such arrangements and in the year in which such termination occurs.

The University proposes that in the event that:

1. UPP and funders each grant consent to the requested Relevant Arrangements;
2. UPP and funders each confirm their agreement to the exclusion of such Relevant Arrangements from the definition of Supply as requested above;
3. any Rooms are available for allocation but are unallocated at 25th September 2020 for Residences Years 2020/21 and/or 17th September 2021 for Residences Year 2021/22; and
4. the University has entered into Relevant Arrangements for the academic year(s) in respect of which any such Rooms are unallocated,

the University will pay the Residence Fee in respect of any such unallocated Rooms for the relevant academic year (up to the number of rooms which are the subject of the Relevant Arrangement in any one year). The University would remind UPP, however, that UPP's rooms have been fully occupied every year for many years and the University thinks it highly unlikely that there will be any unallocated Rooms in either academic year 2020/21 or 2021/22.

We should be grateful if you would keep the University updated on the progress of its request for consent set out above.

Yours faithfully



Steve Denton
Chief Operating Officer & Registrar

For and on behalf of Nottingham Trent University

Appendix B

Part 1

University Underwrite methodology

In the event that the University's underwrite is insufficient to replace the revenue lost due to voids in the 2020/21 or 2021/22 academic years, the benefit will be shared between the three SPVs pro rata to the to the number of voids suffered meaning that each SPV will receive the SPV Share of Underwrite as defined below:

Total Revenue Loss = sum of the contracted rent at which each void room (across all three SPVs) was listed at the start of the sales cycle

Average Room Value = Total Revenue Loss divided by the number of void rooms

Value of Underwrite = Average Room Value times by the number of rooms underwritten (up to 1800)

Total Voids = aggregate number of rooms void across the three SPVs

SPV Share of Voids (%) = voids in the respective SPV divided by Total Voids

SPV Share of Underwrite = SPV Share of Voids (%) multiplied by the Value of Underwrite

Part 2

Copy of draft Triparty Agreement

CONFIRMATION OF AGREEMENT BETWEEN EACH OF UPP (NOTTINGHAM) LIMITED, UPP (BYRON HOUSE) LIMITED AND UPP (CLIFTON) LIMITED AS TO THE ALLOCATION OF RECEIPTS FROM NTU PURSUANT TO A LETTER DATED 11 AUGUST 2020

1. We refer to the letter dated 2 March 2020 from Nottingham Trent University (the **University**) to each of the parties to this agreement (the **Parties**) (the **NTU Letter**) and a letter from the Parties to the University dated 11 August 2020 (the **SPVs Letter**), copies of which are attached to this agreement at Schedule 1 (Copy of NTU Letter) and Schedule 2 (Copy of SPVs Letter) respectively.
2. We refer to the amended and restated collaboration agreement dated 8 December 2016 between the University, UPP (Nottingham) Limited (**Nottingham**), UPP (Byron House) Limited (**Byron**) and UPP (Clifton) Limited (**Clifton**) (the **Collaboration Agreement**).
3. Unless defined otherwise, capitalised terms used in this agreement have the meaning given to them in the Collaboration Agreement.
4. Pursuant to the NTU Letter and the SPV Letter, in certain circumstances the University will make payments in respect of Residence Fees in respect of unallocated Rooms as set out in the NTU Letter and SPV Letter and this agreement confirms the Parties' agreement in relation to their respective entitlements to any such payments (that payment being the Underwrite (as defined below)).
5. Each Party shall be entitled to payments made in respect of Residence Fees for its own Rooms pursuant to the SPVs Letter and in accordance with its entitlement under paragraph 6 of this agreement and if any Party receives any sums which are payable pursuant to the SPVs Letter but are the entitlement of one or more of the other Parties, such sum(s) shall be held on trust for the Party so entitled and shall be paid as soon as reasonably practicable to the receipts account of the Party so entitled.
6. In the event that:
 - (a) any Rooms are available for allocation but are unallocated at 25th September 2020 for Residences Years 2020/21 and/or 17th September 2021 for Residences Year 2021/22;
 - (b) the University has entered into Relevant Arrangement(s) for the academic year(s) in respect of which any such Rooms are unallocated; and
 - (c) the total number of any such Rooms exceeds the total number of Rooms which are the subject of any such Relevant Arrangement(s),

then the Parties agree that their respective entitlements to the Underwrite will be determined as follows:

Step 1: calculate an amount equal to the total Rent that would be payable (at the rate set out in the First Project Agreement, the Second Project Agreement and/or the Third Project Agreement (as applicable)) for all of the Rooms which are unallocated or not the subject of a licence or tenancy agreement in the relevant year to which the Underwrite applies (such Rooms being the **Void Rooms** and such amount being the **Total Rent**)

Step 2: calculate the average rent value for the Void Rooms, by dividing the Total Rent by the total number of Void Rooms for all Parties (the **Average Rent**)

Step 3: calculate the total underwrite payable by the University, by multiplying the Average Rent by the total number of Void Rooms, up to a maximum value of 1800 Void Rooms (the **Underwrite**)

Step 4: calculate the proportion of the Void Rooms for each Party (to be expressed as a percentage), by dividing the relevant Party's total number of Void Rooms by the total number of Void Rooms for all Parties multiplied by 100 (the **Percentage**)

Step 5: calculate each Party's share of the Underwrite, by multiplying the relevant Party's Percentage by the Underwrite

7. A worked example of the application of those calculations is set out in the table below.

Project/SPV	No. of rooms	Example No. of voids	% of total voids	Share of 1800 underwrite	Economic Occupancy - rooms	Economic Occupancy - %	Occupancy without underwrite
Clifton	727	200	8%	144	671	92%	72%
Byron	911	300	12%	216	827	91%	67%
Nottingham	2768	2000	80%	1,440	2,208	80%	28%
Total	4406	2500	100%	1800	3,706	84%	43%

The above worked example has also been translated into a revenue based example in the table below. For these purposes, the average rent for each void in each SPV has been assumed as follows:

Project/SPV	Average Void Room £ p.a.	Total void £ p.a. total
Clifton	7,000	1,400,000
Byron	7,200	2,160,000
Nottingham	5,800	11,600,000
Total	6,064	15,160,000

Project	No. of rooms	Example No. of voids	% of total voids	Value of Voids	Value of Underwrite	Loss Suffered
Clifton	727	200	8%	1,400,000	873,216	526,784
Byron	911	300	12%	2,160,000	1,309,824	850,176

Nottingham	2768	2000	80%	11,600,000	8,732,160	2,867,840
Total	4406	2500	100%	15,160,000	10,915,200	4,244,800

Step 1	Void Rooms	2,500
Step 1	Total Rent	£15,160,000
Step 2	Average Rent	6,064
Step 3	Underwrite	£10,915,200
Step 4	Clifton Void Rooms	8%
	Byron Void Rooms	12%
	Nottingham Void Rooms	80%
Step 5	Clifton Share of Underwrite	£873,216
	Byron Share of Underwrite	£1,309,824
	Nottingham Share of Underwrite	£8,732,160

8. The Parties agree that any sums which are received by each Party in respect of Void Rooms shall be applied in the proportions determined by applying the principles set out in paragraph 6 above and UPP Group undertakes to instruct the University to pay the aggregate of the Underwrite in the correct proportions to the relevant receipts account for each Party.

9. Other matters:

Third Party Rights: Nothing in this agreement is intended to confer on any person other than the Parties and the persons identified in schedule 3 (who shall also have the right to enforce it) any right to enforce this agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

Law and Jurisdiction: This agreement shall be governed by and construed in all respects in accordance with the law of England and Wales and the Parties are subject to the exclusive jurisdiction of the courts of England and Wales as regards any claim or matter arising in relation to this agreement.

Executed by the Parties on 2020

.....
for and on behalf of **UPP (Nottingham) Limited**

.....

for and on behalf of **UPP (Bryon House) Limited**

.....
for and on behalf of **UPP (Clifton) Limited**

.....
for and on behalf of **UPP Group Limited**

Schedule 1
Copy of NTU letter

Schedule 2
Copy of SPVs letter

Schedule 3
Persons entitled to enforce this agreement

Project	Person(s) entitled to enforce
Clifton	The Governor and the Company of the Bank of Ireland (2)
NTU	UPP Bond 1 Issuer PLC US Bank Trustees Limited UPP Bond 1 Limited
Byron	US Bank Trustees Limited Allianz Global Investors GmbH

Appendix C

2020

FAO Steve Denton
Nottingham Trent University
50 Shakespeare Street
Nottingham
NG1 4FQ

Dear Sirs

Nottingham Trent University (the “University”) Student Accommodation Projects – restrictive covenant

Thank you for your letter dated 2 March 2020 (the **Letter**).

We refer to the Amended and Restated Primary FM Agreement dated 23 July 2008 between the University and UPP (Nottingham) Limited, the Amended and Restated Primary FM Agreement dated 7 April 2016 between the University and UPP (Byron House) Limited and the primary FM Agreement entered into between the University and UPP (Clifton) Limited and confirmed as being in effect since 30 November 2011 pursuant to a Deed of Confirmation dated 25 December 2017 (the **Primary Agreements**) and to the three direct deeds details of which are set out in the Schedule to this letter (the **Direct Deeds**).

Capitalised terms in this letter shall have the same meaning ascribed to them as in the Primary Agreements.

We note that under Clause 9.3 of each of the Primary Agreements the University is prohibited from entering into a Relevant Arrangement within a specified geographical area without the prior written consent of each of UPP (Nottingham) Limited, UPP (Byron House) Limited and UPP (Clifton) Limited (**SPVs**) respectively unless the University is able to demonstrate that the Demand from new students for each of the previous three years has exceeded 150% of Supply in those years. Further, we note that under the terms of the Primary Agreements the University shall not enter into any Relevant Arrangement if the effect of doing so would be a reduction in Demand to below 140% of the Supply in the first year in which accommodation would be available to new students if the Relevant Arrangement were entered into.

While discussions continue regarding the interpretation and application of these tests, the University has requested consent from the SPVs to enable it to enter into certain Relevant Arrangements comprising up to a total of 1,800 Rooms for the academic years 2020/21 and 2021/22.

The University also requested that the SPVs agree that the Relevant Arrangements entered into by the University pursuant to these requests shall be excluded from the definition of “Supply” contained in the Primary Agreement for each project and consequently shall not be deemed to fall within the scope of the first limb of such definition following the expiry and/or termination of such arrangements and in the year in which such termination occurs.



Subject to the conditions set out in the following paragraph, we write to confirm that:

- i. pursuant to clause 9.3(a) of each of the Primary Agreements, the SPVs hereby consent to the University entering into the Relevant Arrangements referred to in the Letter, comprising up to a total of 1,800 Rooms in relation to the academic years 2020/21 and 2021/22, and
- ii. the SPVs hereby agree that the Relevant Arrangements entered into by the University pursuant to these requests shall be excluded from the definition of "Supply" contained in the Primary Agreement for each project and consequently shall not be deemed to fall within the scope of the first limb of such definition following the expiry and/or termination of such arrangements and in the year in which such termination occurs.

The above consent and agreement are provided on the following conditions:

- the University is not a party to any other arrangements which would constitute Relevant Arrangements;
- the University will not enter into any other arrangements in the academic years 2020/21 and 2021/22 which will constitute Relevant Arrangements, other than the Relevant Arrangements referred to in its Letter;
- there are no Excluded Relevant Arrangements currently in place.

In consideration for the consent and agreement provided by the SPVs in accordance with the terms of this letter, the University agrees that where:

1. any Rooms are available for allocation but are unallocated at 25th September 2020 for Residences Years 2020/21 and/or 17th September 2021 for Residences Year 2021/22; and
2. the University has entered into Relevant Arrangements for the academic year(s) in respect of which any such Rooms are unallocated,

the University shall pay the Residence Fee to each SPV in respect of any such unallocated Rooms for the relevant academic year in accordance with the terms of the relevant Primary Agreement (up to the number of rooms which are the subject of the Relevant Arrangement in any one year). We have provided you with a copy of the draft letter between the SPVs relating to their entitlements under this letter (and a final copy will be provided in due course) and that in the event that the total number of Rooms which are unallocated in accordance with sub-paragraph 1 above exceeds the total number of Rooms which are the subject of the Relevant Arrangement in any one year, the University shall pay the relevant Residence Fee to each SPV in accordance with the methodology in that letter.

The agreements set out in this letter are intended to be legally binding and enforceable by the parties. For the avoidance of doubt, the consent and agreement given in this letter are supplementary to and do not constitute a variation of the Primary Agreements and/or the Direct Deeds which remain in full force and effect in accordance with their terms.

Please acknowledge your agreement to the terms of this letter by signing and returning the counterpart below.

Yours faithfully

.....
for and on behalf of **UPP (Nottingham) Limited**

.....
for and on behalf of **UPP (Bryon House) Limited**

.....
for and on behalf of **UPP (Clifton) Limited**

Acknowledged and agreed by

.....

Name:

Date:

For and on behalf of **Nottingham Trent University**

**Schedule
Direct Deeds**

Date	Document	Parties
17 May 2010	Direct Agreement	University (1) The Governor and the Company of the Bank of Ireland (2) UPP (Clifton) Limited (3)
3 March 2013	Direct Agreement	University (1) UPP Bond 1 Issuer PLC (2) UPP (Nottingham) Limited (3) US Bank Trustees Limited (4) UPP Bond 1 Limited (5)
7 April 2016	University Direct Agreement	University (1) US Bank Trustees Limited (2) UPP (Byron House) Limited (3)

40 Gracechurch Street

London EC3V 0BT

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Test Date	Feb-18	Aug-18	Feb-19	Aug-19	Feb-20	Aug-20	Feb-21	Aug-21	Feb-22	Aug-22	Feb-23	Aug-23
Historic CAFDS	7,406,469	7,624,734	7,767,379	8,651,230	8,286,996	8,007,739	8,208,580	8,613,672	8,247,021	7,887,877	8,211,587	8,385,339
Historic Debt Service	5,468,381	5,451,338	5,978,373	5,946,581	6,118,359	6,095,505	6,191,886	6,155,670	6,092,395	6,049,837	6,038,724	5,998,230
Historic Ratio	1.35	1.40	1.30	1.45	1.35	1.31	1.33	1.40	1.35	1.30	1.36	1.40
Forecast CAFDS	7,703,292	7,887,389	7,885,196	7,960,808	8,208,580	8,613,672	8,247,021	7,887,877	8,211,587	8,385,339	8,535,708	8,537,729
Forecast Debt Service	5,969,189	5,947,951	6,122,586	6,095,505	6,191,886	6,155,670	6,092,395	6,049,837	6,038,724	5,998,230	6,216,880	6,171,999
Forecast Ratio	1.29	1.33	1.29	1.31	1.33	1.40	1.35	1.30	1.36	1.40	1.37	1.38
Occupancy Projection	100%	100%	100%	100%	100%	100%	100%	100%	99%	99%	99%	99%

17 August 2020

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 (the "Issuer")**

40 Gracechurch Street

London EC3V 0BT

Attention: Company Secretary

Delivered by email to craig.bryant@upp-ltd.com

Dear Sirs

MA Proposal Request related to UPP (Nottingham) Limited and Nottingham Trent University

Category Determination

We refer to UPP Bond 1 Limited's ("**ParentCo**") MA Proposal Request dated 14 August 2020 (copy attached for ease of reference) addressed to yourselves and ourselves (the "**MA Proposal Request**") as the Monitoring Adviser, pursuant to the terms of the Monitoring Services Agreement dated 5 March 2013 (the "**MSA**").

Terms defined in the Common Terms Agreement dated 5 March 2013 between, amongst others, Issuer, ParentCo and the Issuer Security Trustee shall have the same meaning in this Category Determination, unless specified as being defined elsewhere or in the MA Proposal Request.

The Monitoring Adviser has prepared this Category Determination based upon information received by the Monitoring Adviser from the Issuer. This Category Determination 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 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 Category Determination the Monitoring Adviser has performed only those services it is obliged to carry out in accordance with the MSA 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 MSA 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.

PAGE 1 OF 2

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 Category Determination based upon such information. The Monitoring Adviser has no obligation to update any such opinions other than in accordance with its obligations under the MSA.

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

Pursuant to Clause 2 (*Category Determination*) of Schedule 2 (*AssetCo Monitored Activity Decision Procedures*) of the MSA we confirm that, in our opinion, the MA Proposal Request relates to an MA Direction Matter as proposed by ParentCo.

The Category Determination Date is therefore the date of this letter.

Yours sincerely,

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



Authorised Signatory

Authorised Signatory

Encl.

- MA Proposal Request dated 14 August 2020