

5 August 2021

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 Limited ("ParentCo")

First Floor

12 Arthur Street

London EC4R 9AB

Attention: Company Secretary

Delivered by email to rita.chudasama@upp-ltd.com

Dear Sirs

MA Proposal Request related to Birks Remedial Works - Monitoring Adviser Recommendation

We refer to UPP Bond 1 Limited's MA Proposal Request dated 29 July 2021 (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 4 August 2021.

Terms defined in the Common Terms Agreement dated 5 March 2013 (the "**CTA**") between, amongst others, ParentCo, ourselves 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 Request on behalf of the Issuer Secured Creditors subject to:

- UPP agreeing an acceptable (to the Issuer Security Trustee and the Monitoring Adviser) form of the Collateral Warranties referenced in paragraph 2.12 (d) of the MA Proposal Request;
- Copies of all Remediation Documents being supplied to the Issuer Security Trustee and the Monitoring Adviser;
- A copy of the Marsh letter referenced in paragraph 2.8 of the MA Proposal Request being supplied to the Issuer Security Trustee and the Monitoring Adviser; and
- A copy of the certificate of final completion of the Remediation Works being provided to the Monitoring Adviser, together with a copy of a confirmation from the independent certifier (Bailey Partnership) that the Remediation Works have been satisfactorily completed.

The reasons for our Monitoring Adviser Recommendation are that undertaking the Remediation Works ensures that occupancy of the Property (as defined in the MA Proposal Request) is optimised in a safe environment without any material cost to UPP Exeter.

Yours sincerely,

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



Authorised Signatory



Authorised Signatory

Encl.

- MA Proposal Request

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London EC4R 9AB

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Bishopsfield Capital Partners Limited
Bridge House, 181 Queen Victoria Street London EC4V 4EG
(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

29 July 2021

Dear Sirs,

Proposed consents and waivers relating to the £5,000,000,000 Multicurrency Programme for the Issuance of Senior Secured Notes (the "Programme") of UPP Bond 1 Limited, UPP Bond 1 Holdings Limited and UPP Bond 1 Issuer Plc

1. INTRODUCTION

- 1.1 Unless otherwise defined in this MA Proposal Request, terms defined in the Common Terms Agreement dated 5 March 2013 (as amended from time to time) (the "CTA") or the Monitoring Services Agreement dated 5 March 2013 between, amongst others, UPP Bond 1 Limited and the Monitoring Adviser (the "Monitoring Services Agreement") shall have the same meaning when used in this MA Proposal Request.
- 1.2 We refer to the CTA. This letter constitutes an "MA Proposal Request" for the purposes of the Monitoring Services Agreement.

2 BACKGROUND

Remediation works identified

- 2.1 As noted in the briefing paper provided to the Monitoring Adviser and Issuer Security Trustee on 9 March 2021 (the "Briefing Paper" - copy at Schedule 1 to this letter), the armed forces conducted a controlled explosion of an unexploded World War II bomb took place on 27 February 2021 (the "Controlled Explosion") on land adjacent to Birks Halls of Residence (the "Property") located on the University of Exeter's (the "University") campus.



- 2.2 The Controlled Explosion caused damage to the Property. Further information on the damage caused by the Controlled Explosion was set out in Briefing Paper and also referenced in the half year summary relating to the period to 28 February 2021.
- 2.3 As a result of the damage caused by the Controlled Explosion, all rooms within the Property known as “F-Block”, were rendered unavailable and students who were residing in that part of the Property at the time were moved to suitable alternative accommodation at The Depot (a student accommodation property operated by Fresh and referred to herein as the “Depot”), closer to the city centre (the “Alternative Accommodation”). Those students resided in the Alternative Accommodation until the end of the 2020/21 academic year.
- 2.4 To ensure that the rooms within F-Block do not remain unavailable for the 2021/22 academic year, UPP (Exeter) Limited (“UPP Exeter”), an AssetCo in the Programme, which holds a leasehold interest in the Property, has engaged Balfour Beatty Construction (SW) Limited (“Balfour Beatty”) to commence remedial works to make good the damage identified (the “Remediation Works”) over the 2021 summer vacation period.
- 2.5 We refer to Schedule 2 to this letter for a summary of the Remediation Works to be carried out at the Property. The Remediation Works will be undertaken over the 2021 summer vacation period (as a consequence of the University having cancelled its summer programme of events, the Remediation Works will not impact vacation income). An indicative programme of works is also included at Schedule 3 to this letter.

Insurance

- 2.6 UPP Exeter has engaged with its insurance broker, Marsh Limited (“Marsh”), as soon as the Controlled Explosion had taken place and the extent of the damage started to become apparent. Marsh acted swiftly in engaging with the underlying insurer (Zurich) and their proposed loss adjuster, Sedgwick International UK (Sedgwick). Marsh and Sedgwick attended site within a few days of the Controlled Explosion (noting attendance was during one of the COVID-19 pandemic national lockdown periods). Following the site visit, Marsh and Sedgwick confirmed full insurance cover for the Remediation Works required and also for the alternative accommodation that would be required to house any impacted students, while the Remediation Works were procured and completed in order to make the areas of the Property that had been impacted, safe to occupy.
- 2.7 Further to the above, Sedgwick has also confirmed that staged payments of the insurance proceeds will be made to meet the rent payments due to Fresh for the Alternative Accommodation and also to Balfour Beatty. Marsh has also assisted UPP Exeter in placing a discrete insurance policy for the Remediation Works, which will provide cover up to the indemnity limits in line with the contract sum agreed with Balfour Beatty to carry out the Remediation Works, together with a 36-month loss of revenue and additional increased cost of working cover.
- 2.8 UPP Exeter will procure a letter from Marsh confirming cover in relation to the damage caused by the Controlled Explosion and also the existence of cover for the Remediation Works and that such cover will continue for their duration. We shall seek Marsh’s confirmation that this letter can be shared with the Monitoring Adviser and the Issuer Security Trustee on a non-reliance basis.

Impact of the Remediation Works on the Senior DSCR for the Programme

2.9 As the Remediation Works will be paid through insurance proceeds (as per paragraphs 2.6 and 2.7 above), implementing the Consent and Waiver Requests referred to in paragraph 3.2 below would not have had any impact on the Historic Senior DSCR, Projected Senior DSCR, the relevant (UPP Exeter) Historic AssetCo DSCR and the relevant (UPP Exeter) Projected AssetCo DSCRs reported for the 28 February 2021 Test Date. We also confirm that the results of the four ratios referenced in this paragraph will not be impacted by the matters contemplated in the Consent and Waiver Requests referred to in paragraph 3.2 below when we report said ratios in respect of the 31 August 2021 Test Date.

University support

2.10 UPP Exeter and the University have worked in partnership in relation to the impacts caused by the Controlled Explosion, in seeking to maintain a high level of student experience, particularly for those residents most impacted by the events at the Property.

2.11 In relation specifically to the Remediation Works anticipated by this letter, the University has again been supportive of UPP Exeter's approach and the position taken with Balfour Beatty. The University's support for the Remediation Works is made clear by the authority provided by the works licence that it will enter with UPP Exeter to enable the Remediation Works to take place.

Remediation Documents

2.12 In support of the Remediation Works, UPP Exeter proposes entry of the following documents (to be in an institutionally acceptable form to the Monitoring Adviser and Issuer Security Trustee (and where practicable, in a form largely consistent with similar documents presented to them in prior MA Proposal Requests)):

- (a) nomination agreement between UPP Exeter and the University relating to the re-housing of certain students immediately following the Controlled Explosion and until the end of the 2020/21 academic year (the "Nomination Agreement");
- (b) JCT intermediate Building Contract relating to the provision of the Remediation Works to be entered with Balfour Beatty (the "Building Contract");
- (c) independent certifier deed of appointment with Bailey Partnership (the "IC Appointment"); and
- (d) forms of collateral warranty from Balfour Beatty and Bailey Partnership relating to the Remediation Works for the benefit of the Issuer Security Trustee (the "Collateral Warranties");

(together the "Remediation Documents").

We note that the Nomination Agreement was entered on 12 May 2021, in order to avoid unavailability of rooms for students already in residence at the Property. Furthermore, the Building Contract was entered on 22 July 2021 (and the IC Appointment is due to be entered imminently) in order to maintain the programme set out at Schedule 3 to this letter. Consent and Waiver Requests (as defined below) arising and sought in relation to UPP Exeter entering both the Nomination Agreement and the Building Contract are defined in paragraph 3.2 of this letter (below). UPP Exeter further confirms that it will not enter into the Collateral Warranties prior to any approval of this MA Proposal Request.

2.13 We hereby confirm:

- (a) our expectation that the matters described in the Remediation Documents will not have a material adverse impact on students (further, the rooms within the Property have been marketed as being subject to work disruption during the 2021/22 academic year); and
- (b) that the Remediation 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.

2.14 We hereby agree:

- (a) that UPP Exeter and the Issuer shall designate the documents listed at paragraphs 2.11(a) – (e) as "Exeter Project Documents" and upon such documents being executed, shall provide copies to the Monitoring Adviser and the Issuer Security Trustee;
- (b) that we shall deliver to the Monitoring Adviser, on a monthly basis and no more than 10 business days following the end of each month, a report produced dealing with each of the matters listed below together with such further information as may be requested by the Monitoring Adviser on reasonable notice:
 - (i) confirmation that the Remediation Works are progressing in line with the agreed programme at Schedule 3, along with commentary on any issues arising, or, if the Remediation Works are not progressing in line with the indicative programme, a narrative detailing the reasons for any delays and commentary on the issues arising;
 - (ii) narrative on the ongoing relationship with the University and compliance with any requirements of the University;
 - (iii) any health & safety matters which have arisen;
 - (iv) any compensation claims which have arisen (against either the UPP Exeter or the University);
 - (v) any insurance claims which have arisen; and
 - (vi) details of compliance (and any non-compliance) by the parties to the documents listed at paragraph 2.12(b) - (d) above;
- (c) that we shall forward copies of the monthly progress reports provided by the independent certifier to UPP Exeter to the Monitoring Adviser;
- (d) that we shall include in the notes to the unaudited half-year accounts of the Group and in the audited annual accounts an update of progress and timing of the Remediation Works and an update on any compensation or relief events which have occurred;
- (e) that we shall facilitate the making of site visits by the Monitoring Adviser and its representatives (which may include appropriate specialist technical advisers), at our expense: (i) following completion of the Remediation Works and (ii) at any other time (upon reasonable notice) if the Monitoring Adviser considers that, following the receipt of a Monthly Report referenced at paragraph (b) above further site visits would be merited;

- (f) that we shall provide or authorise the procurement of (where reasonably necessary) such additional technical reports as requested by the Monitoring Adviser to the extent that the Monitoring Adviser considers that such additional technical reports are required (whether it be to provide additional technical monitoring of the Remediation Works or for the Monitoring Adviser to be able to prepare for a site visit to the Property); and
- (g) to the extent that any changes (as required in accordance with the requirements of the CTA and Monitoring Services Agreement) are proposed to the amounts in the Sinking Fund Works Programme in the future, in relation to or as a consequence of the Remediation Works, we will consider with the Monitoring Adviser the appointment of a specialist adviser in relation to a review of such amounts and the timing for such additional expenditure, and follow the appropriate protocols (including the seeking of consents where required) included with the Finance Documents for making such changes to the relevant Sinking Funds.

3. MA PROPOSAL REQUEST

3.1 Paragraph 1.1.2 of Part 3 of Schedule 3 to the Issuer Deed of Charge provides that the Group Agent shall be entitled to request that the Issuer Security Trustee concurs in making any consent or waiver in respect of any Common Document. We confirm that for the purposes of the Monitoring Services Agreement, the proposed Remediation Works would, if implemented, fall within the definition of AssetCo Monitored Activities.

3.2 Given paragraph 3.1 above, we are seeking:

- (a) a waiver in relation to the early entry into the Nomination Agreement, which would otherwise have required prior consent to have been obtained (such as is being requested at para 3.2(b) below);
- (b) consent to enter the Remediation Documents (and such other associated documents as are deemed necessary to complete the Remediation Works) and to carry out the Remediation Works; and
- (c) consent to incur capital expenditure in relation to the Remediation Works by UPP Exeter over and above that included in its Operating Budget for the Financial Year ending 31 August 2021.

together, the "Consent and Waiver Requests".

We confirm that the Nomination Agreement was entered in advance of a consent (to do so) being granted by the Issuer Security Trustee on behalf of the Issuer Secured Creditors. The reality of the situation was that impacted students had to be immediately re-housed in alternative accommodation to avoid any unavailability of rooms and the Depot was deemed most appropriate by UPP Exeter and the University (acting in partnership). The University subsequently led negotiations with Fresh, as operator of the Depot, and UPP Exeter to put in place a back-to-back Nomination Agreement with the University once it had entered a short-term arrangement with Fresh to house students until the end of the 2020/21 academic year. As referenced at paragraphs 2.2 and 2.3 above, minimising any unavailability of rooms is of fundamental importance to the University and therefore we had to act quickly to ensure this risk was mitigated. It is our opinion that when giving consideration to the nature of the Remediation Works and the required urgency to obtain alternative accommodation, that the early entry into the Nomination Agreement is not an Event of Default (or Potential Event of Default) under the Finance Documents.

Further to the above, we also confirm that the Building Contract was entered in advance of a consent (to do so) being granted by the Issuer Security Trustee on behalf of the Issuer Secured Creditors to expedite the Remediation Works and ensure that such works could be carried out predominantly during the vacation period to avoid unavailability of rooms at the Property for the 2021/22 academic year (particularly as the University has nominated all rooms at the Property for this period). Minimising any unavailability of rooms is of fundamental importance to the University and therefore we had to act quickly to ensure this risk was mitigated. It is our view and opinion that when giving consideration to the nature of the Remediation Works and the required urgency to enter the Building Contract to get Balfour Beatty commencing such works, that the early entry into the Building Contract is not an Event of Default (or Potential Event of Default) under the Finance Documents. The same rationale is applicable to the IC Appointment, which is also likely to be entered prior consent being granted by the Issuer Security Trustee on behalf of the Issuer Secured Creditors.

The relevant provisions of the CTA which could give rise to AssetCo Monitored Activities for these purposes are as set out at Schedule 5 to this letter (Summary of Relevant CTA consents and waivers arising) (the "Consent and Waiver Requests"). Paragraph 3.2(a) above relates to step 2 in Schedule 5; paragraph 3.2(b) above relates to step 1 in Schedule 5 and paragraph 3.2(c) above relates to step 3 in Schedule 5.

- 3.3 This letter 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.
- 3.4 We hereby confirm that, in our reasonable opinion, (i) the matters set out in this MA Proposal Request constitute an Ordinary Matter, (ii) none of the Consent and Waiver Requests would give rise to the right of any Issuer Secured Creditor to exercise an Entrenched Right and (iii) it is open for the Monitoring Advisor to treat the AssetCo Monitored Activities constituted by the Consent and Waiver Requests as MA Direction Matters for the purposes of the Monitoring Services Agreement because none of the matters are required to be treated as an ISC Direction Matter or an ISC Recommendation Matter, and in our view the expected benefits of the Remediation Works Plan to be implemented in accordance with the Remediation Documents mean that the Consent and Waiver Requests should be treated as MA Direction Matters. Our opinion on the categorisation of this MA Proposal Request is further supported by the fact the Remediation Works will be paid from insurance proceeds and as such there should be no Materially Adverse Effect on the UPP Exeter or consolidated financial position of the Programme.
- 3.5 In connection with the Monitoring Adviser's consideration of this MA Proposal Request and as requested by it, we enclose a certificate signed by a director of the Group Agent confirming that none of the Consent and Waiver Requests would (if implemented in accordance with the terms of this letter), in our reasonable opinion, prejudice the rights of the Issuer Secured Creditors.

4. REQUEST OF THE MONITORING ADVISER AND ISSUER SECURITY TRUSTEE

- 4.1 We hereby request that the Monitoring Adviser:
- (a) as soon as reasonably practicably and, in any event, within 5 Business Days of receipt hereof, confirms that granting the Consent and Waiver Requests 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 in respect of the Consents and Waivers (as described in sub-paragraph (a) above), notify the Issuer Security Trustee of its Monitoring Adviser Recommendation to grant the Consent and Waiver Requests and instruct them to take all other steps, do all other things and enter

into all other documents as may be reasonably required to implement the matters set out in the Remediation Documents and the Consent and Waiver Requests that relate to them.

- 4.2 Subject to the Monitoring Adviser having given the confirmation and the Monitoring Adviser Recommendation referred to in paragraph 4.1 above, we hereby further request that the Issuer Security Trustee, without further reference to or instructions from the Issuer Secured Creditors:
- (a) approves the Consent and Waiver 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); and
 - (b) does all other things and enter into all other documents as may be reasonably required to implement the matters set out in the Remediation Documents and/or the Consent and Waiver Requests relating thereto.

5. GOVERNING LAW AND JURISDICTION

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



HENRY GERVAISE-JONES

Director

UPP Bond 1 Limited
(as the ParentCo and Group Agent)

Date: 29 JULY 2021

Schedule 1
Briefing Paper of 9 March 2021

[Attached]

Schedule 2
University of Exeter – Summary of Remediation Works

The key Remedial Works are set out in the non-exhaustive list below:

- Repairs to damaged cladding across Blocks K, J, H and F caused by projectiles from the blast.
- Replacement of windows damaged (timber and uPVC) by the blast on F-Block, this will include making good any associated finishes
- Roof cleaning of blocks J and F to remove debris deposited from the blast
- Minor roof repairs on block J caused by projectiles from the blast

**Schedule 3
Programme of Works**

[Attached]

Schedule 4
Summary of Relevant CTA Consents and Waivers

#	Step:	Relevant CTA clause:	Consenting or Waiving party:
1.	<p>Designation of the following (non-exhaustive list of) documents to be entered into by UPP Exeter as "Remediation Documents" (and therefore AssetCo Documents for UPP Exeter):</p> <ul style="list-style-type: none"> (a) Nomination Agreement between UPP Exeter and the University (the "Nomination Agreement"); (b) JCT intermediate Building Contract between UPP Exeter and Balfour Beatty (the "Building Contract"); (c) independent certifier deed of appointment (the "IC Appointment"); (d) form of collateral warranty for the benefit of the Issuer Security Trustee; and (e) works licence to be entered into between UPP Exeter and the University of Exeter; <p>(together, the "Remediation Documents").</p>	Schedule 8, Part 1, para 9.22 (General Negative Covenants – restriction on designating Project Documents)	University and Issuer
2.	Waiver of AssetCo breach of General Negative Covenants as a direct result of UPP Exeter entering into the Nomination Agreement, Building Contract and IC Appointment prior to the Issuer requesting consent from the Issuer Security Trustee or the Issuer Note Trustee.	Schedule 8, part 1, para 9.1 (General Negative Covenants – restriction on entering documents)	Issuer
3.	Consent to capital expenditure outside of the Operational Budget.	Schedule 8, part 1, para 9.10 (General Negative Covenants – restriction on capital expenditure outside of Operating Budget)	Issuer

Acknowledgement and agreement of the Issuer Security Trustee:

To: UPP Bond 1 Limited (as the ParentCo and Group Agent)

Copy: Bishopsfield Capital Partners Limited (as the Monitoring Adviser)

We refer to the MA Proposal Request dated ____ [***] 2021 and the Monitoring Adviser Categorisation dated ____ [***] 2021 and the Monitoring Adviser Recommendation dated ____ [***] 2021 in respect thereof.

Without further reference to or instructions from the Issuer Secured Creditors, we hereby approve the Consent and Waiver 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) to take all other steps, do all other things and enter into all other documents as may be reasonably required to implement the matters referred to in the Remediation Works Plan and/or the Consent and Waiver Requests.

Dated: ____ [***] 2021

By:

For and on behalf of:

U.S. Bank Trustees Limited

(as Issuer Security Trustee)

Exeter – Controlled Explosion Incident Update

1. Purpose

This briefing paper has been prepared for U.S. Bank Trustees Limited and Bishopsfield Capital Partners, in their respective roles as Security Trustee and Monitoring Advisor relating to the bond issuance by UPP Bond 1 Issuer plc on 5 March 2013. Exeter-based assets held by UPP (Exeter) Limited (the “**AssetCo**”) were acceded to the bond following the issuance of a further tranche of notes on 5 December 2014 (together the “**Exeter Properties**”).

The paper relates to activities arising from and following the impact of a controlled explosion of ordnance by the armed forces near the University of Exeter campus on 27 February 2021, which has caused some damage to one of the Exeter Properties.

2. Background

Following the discovery of an unexploded bomb on a private construction site at Glenthorne Road adjacent to Birks Halls of Residence (“**Birks Halls**”) located at the Exeter Properties, Devon and Cornwall Police declared a major incident resulting in the evacuation of occupied rooms (and other settings) within a 400m radius. Affected students residing within the Exeter Properties were relocated into temporary alternative accommodation.

The armed forces conducted a controlled explosion of the unexploded bomb on 27 February 2021. Where safe to do so and following third party structural investigations, student residents have been moved back into those Exeter Properties that were affected. However, such building and structural investigations have evidenced some damage to Birks Halls (particularly at blocks F,G,H and J - mainly around windows, roofs, and the external façade - see Annex 1 for the area most impacted by the controlled explosion). Accordingly, alternative accommodation is now being sought to accommodate those impacted students while any required remedial works are procured and completed. The requirement for alternative accommodation is covered further in the Contractual Position section of ‘Key Issues’.

3. Key Issues

The key issues following the controlled explosion have been ensuring student welfare, the safe reoccupation of buildings and also assessing building damage and potential restorative works required. It has also been important to work through the contractual arrangements for sourcing and securing alternative accommodation in partnership with the University of Exeter and also notifying insurers and commencing the claim handling work stream.

Building Damage Assessment

Structural engineers, Rawcliffe Associates, who were involved in designing the original timber frame construction of Birks Halls attended site on 1 March 2021. During their visit, Rawcliffe assessed Blocks F,G,H and J at Birks Halls. Their conclusion was that Blocks G, H and J of Birks Halls could be reoccupied as there was no evidence of significant structural damage and only relatively limited internal damage to those sections of the accommodation. Rawcliffe did however recommend that Block F remains unoccupied until further investigation is undertaken as to the extent of the structural damage and remedial works required to be undertaken, as it took the full impact of the blast (being the nearest section of accommodation to the explosion site). Rawcliffe has confirmed that Block F has suffered internal and external damage that will require remediation work.

Remedial Work

Initial discussions have taken place with Balfour Beatty (“BB”) to undertake the restorative works required to Block F at Birks Halls. BB’s appointment is seen as the optimal option for three reasons:

- BB has recently completed a four-year programme of remedial works to the façade of some of the blocks at Birks Halls. It therefore has the supply chain, knowledge and infrastructure to undertake the works required on UPP’s behalf.
- BB is well regarded by the University of Exeter due to the success of the recently completed programme undertaken (where students had been back in occupation).
- BB is the incumbent contractor under the original construction contract for Birks Halls and so safeguarding the protection of contractual warranties and guarantees is a priority.

BB has already provided verbal confirmation of their willingness to undertake the remedial work, with arrangements to be discussed in earnest in the coming days. Initial estimates (from these preliminary discussions) for a remedial programme range from 12 – 16 weeks (with lead times for replacement windows and fittings estimated at 7 – 8 weeks).

Contractual Position

As part of the initial response to the impacts caused by evacuating student residents and now looking to re-house a cohort while remedial works are progressed, UPP has worked through the contractual position and provide a summary below:

- Unavailability occurs when a room (including shared living area and circulation areas serving such room) does not exist or comply with the “Use Condition” (parameters which enable occupation called the mandatory elements e.g. beds, mattress etc); does not comply with the “Safety Condition” or does not comply with the “Accessibility Condition”. Shared living area includes communal kitchens, bathrooms, and showers.
- The controlled explosion has caused Block F at Birks Halls to become “Unavailable” within the parameters of the contract. The AssetCo (through UPP Residential Services Limited) is therefore contractually required to remedy this Unavailability and to provide alternative accommodation.
- Since the controlled explosion, students previously residing in Block F at Birks Halls have been housed in purpose built student accommodation at The Depot (Bampfylde Street, Exeter EX1 2FW) and the University of Exeter are in well advanced discussion to secure this accommodation until the end of the current academic year or until such remedial works are completed (whichever is the earlier).
- It is estimated that the potential cost of providing alternative accommodation at The Depot until the end of the AY20/21 (for those rooms at Block F at Birks Halls) will be c.£400k.

Insurance Claim

Project policy documents

Following the controlled explosion, UPP and the AssetCo notified Marsh (our insurance brokers). Marsh has provided confirmation that both the AssetCo and the University of Exeter are listed as co-insured parties under the property (all risks) policy, which includes an extension of cover for loss or damage to property occasioned by munitions of war. Marsh has also confirmed that co-insurance is in place for business interruption, which provides cover for the provision of alternative accommodation and increased costs of working.

We have received notification from Zurich (the underlying insurer) via Marsh on 9 March 2021, that cover has been confirmed. Marsh has spoken to both the underwriting and claims team at Zurich, who have confirmed that they also have other clients affected by the incident, so their major loss team are now co-ordinating their response.

Marsh, alongside Sedgwick (the appointed loss adjuster), attended the impacted Exeter Properties on 1 March 2021 to inspect the damage. Marsh has also confirmed that Sedgwick has now issued their interim incident report to Zurich. Neither Marsh nor the AssetCo (or indeed the University) get sight of this but we have asked for details including reserves and heads of cover (property, increased cost of working, additional increased cost of working etc.). The AssetCo and the University of Exeter are working together to produce a tracker schedule detailing costs incurred to date and costs anticipated until the remediation works have been completed.

While costs are being collated by the AssetCo and the University of Exeter, UPP continues to engage with Zurich (through Marsh) at a corporate level to seek some up front insurance proceeds to cash flow alternative accommodation, increased costs of working and procuring surveys / investigations into the damage. Until such advance insurance proceeds are made available and to the extent up front costs are incurred, these will be met and covered by UPP Residential Services Limited (on the basis that insurance proceeds should be payable by Zurich imminently).

Student possessions

UPP has notified Endsleigh of the incident under its corporate policy and that we anticipate potential claims from residents for damage to personal possessions. Coverage for damage caused by the explosion is stated as a policy limb and we are seeking Endsleigh's express confirmation of the same.

4. Next Steps

Key activities include:

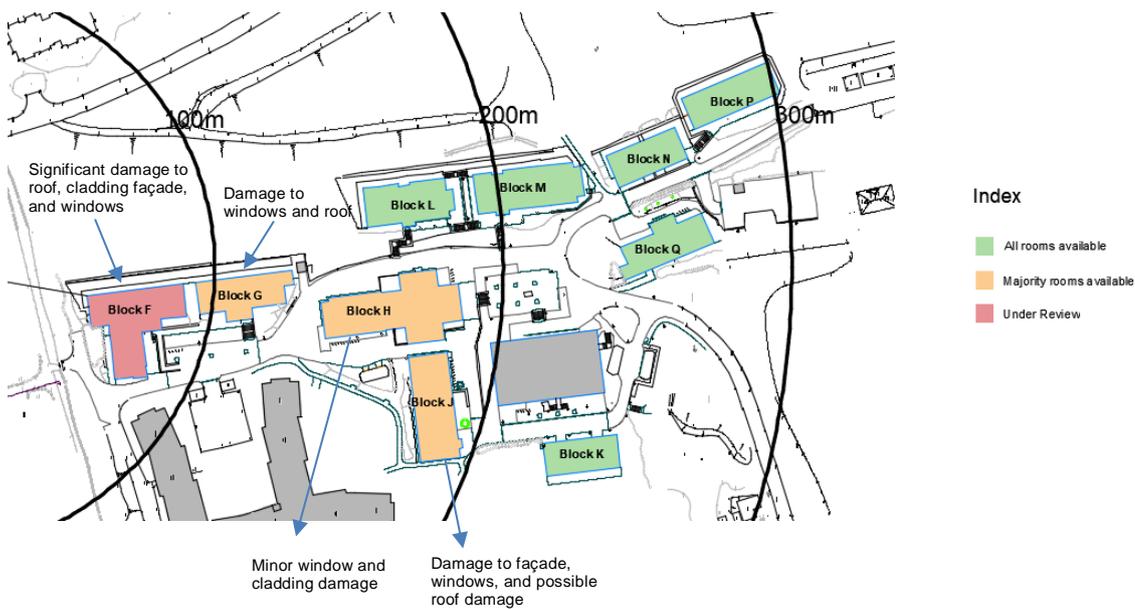
- Maintain open communication and continue to work in partnership with the University of Exeter.
- Engage BB to undertake restorative works to Block F at Birks Halls (subject to further assessment), and the internals, external façade, and external cleaning activities.
- More detailed surveys of roofs, elevations, and external services throughout the site to determine the full impact of the blast. A date is to be confirmed for this activity.
- Secure a nomination agreement with The Depot accommodation to continue with the alternative accommodation for Block F students.
- Collate all information and potential claim information for the respective heads of loss (in dialogue with Marsh) to ensure the timely submission of such information to Sedgwick and Zurich.
- Maintain day-to-day communications with Marsh and Sedgwick throughout the process including decision gateways on remedial work scope, programme, tendering, procurement, delivery, and cost / contract administration.
- Engage with Marsh (and Zurich) on the prospect for advance insurance proceeds to assist with cash flowing alternative accommodation requirements, increased costs of working, procuring surveys etc.

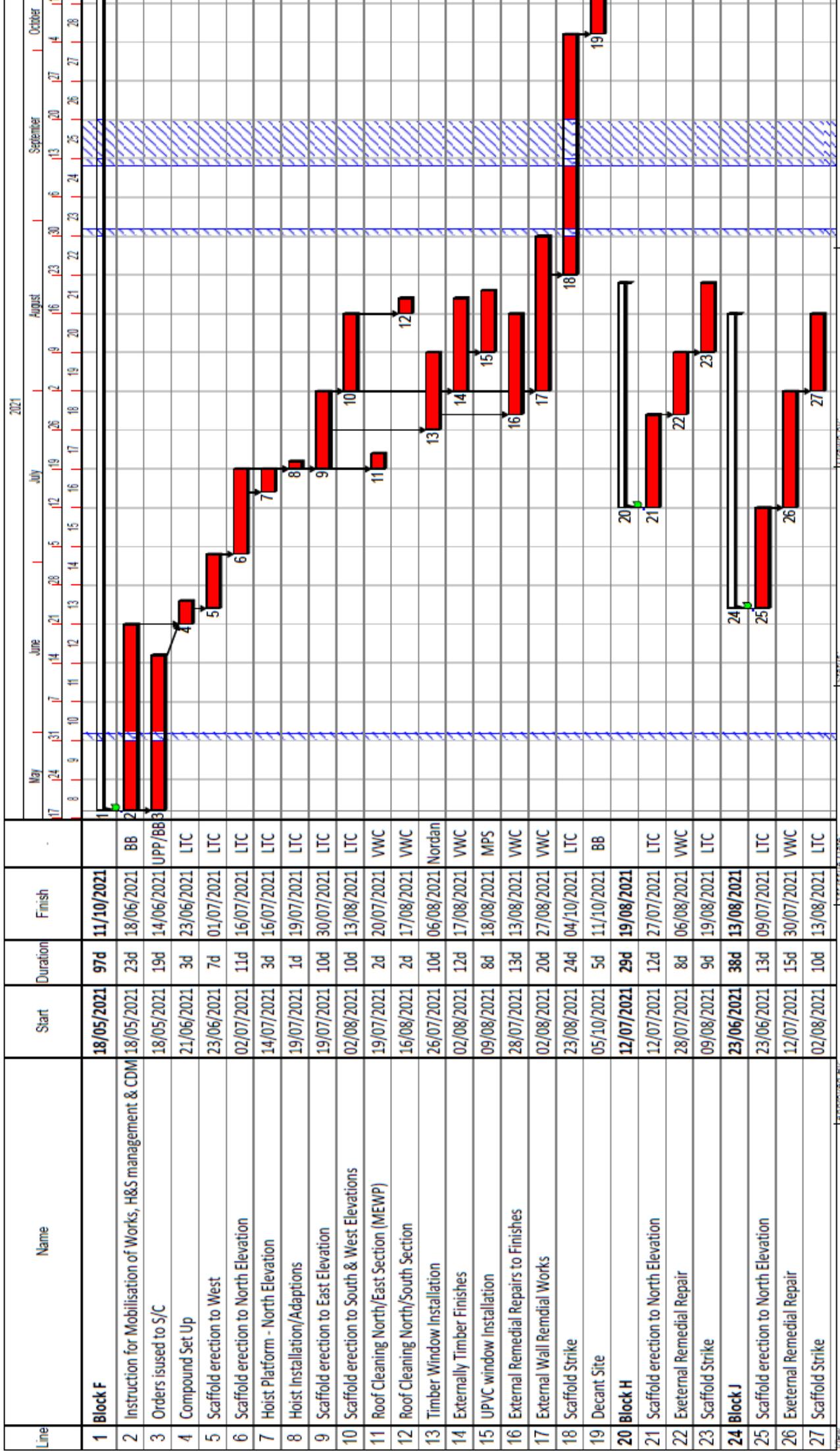
Annex 1 – Controlled Explosion Visualisation

Birks Halls accommodation is located circa 60m from the epicentre of the detonation (shaded red below).



Birks Halls availability status and damage summary





Approved By:	S Horrell	25.06.2021
Revision:		
Comments:		