

Remedial plan update

UPP (Plymouth Three) Limited

28 February 2022



Table of Contents

Background	3
Introduction	3
Update on Performance Objectives	4
Occupancy	4
Investment works	6
Student feedback on the Works	6
Lifecycle Report	6
Francis Drake Remedial Plan Update	7
Occupancy	7
Remedial Works	7
Student satisfaction and action	7
University engagement.....	7

Background

Introduction

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") and the Monitoring Services Agreement dated 5 March 2013 between, amongst others, the Issuer and the Monitoring Adviser (the "Monitoring Services Agreement").

In accordance with Paragraph 1.4 of Part 1 of Schedule 10 of the CTA, a Trigger Level 2, Phase 1 Monitoring Trigger Event occurred as the UPP (Plymouth Three) Limited (the "AssetCo") did not have Projected AssetCo DSCR or Historic AssetCo DSCR on the Test Date of equal to or greater than 1.05:1, and the Projected Senior DSCR and Historic Senior DSCR greater than 1.15:1. The Test Date being 31 August 2019.

As a result of the additional deposit to the sinking fund the ratio at the test date fell below the required minimum level and at the Test Date was 0.53:1 which gave rise to the Trigger Level 2, Phase 1 Monitoring Trigger Event.

Under such event there are additional requirements the AssetCo must adhere to:

- The AssetCo is required to develop a remedial plan which includes a proposed cure period, specific and measurable milestones, including appropriate timeframes for achieving such milestones, known as "Performance Objectives";
- The Bond Monitoring Advisor ("MA") must actively engage with the AssetCo and shall have consultation rights and be given the right to comment on the remedial plan but will not have approval rights in respect of the remedial plan.
- Provide quarterly reporting (to be provided to the MA between 5 and 10 Business Days prior to the relevant quarter-end, where a quarter-end is 30 November, 28 February, 30 May and 31 August annually) against the Performance Objectives. It is recognised that the MA is required to, inter alia, provide a quarterly report stating its views and analysis of the event.

This report is the update required under the remedial plan as outlined above.

Update on Performance Objectives

The following Performance Objectives were agreed to form the basis of the remedial plan:

- **Occupancy**
- **Investment works**
- **Student feedback on the Works**
- **Lifecycle Report**

Occupancy

Measure

- To satisfy the Monitoring Trigger Event Remedy the occupancy Performance Objective is to achieve occupancy of 94.5%, which would result in on two consecutive Test Dates a Historic Senior DSCR of greater than 1:15:1.
- Occupancy is confirmed as 99% at the AssetCo for the AY2020/21.
- Occupancy is confirmed to be 99% at the AssetCo for the AY2021/22.
- Occupancy is forecast to be at 99% at the AssetCo for the AY2022/23.

2019/20

Occupancy for the AY2019/20 year was confirmed at 98.7%. This reported credit and void position was maintained despite the early departures of students as a result of the Covid-19 crisis.

2020/21

Occupancy for the AY2020/21 year was confirmed at 99.6% which exceeded the remedial plan target and this is despite the adverse effect of the unavailable rooms temporarily removed as a result of the cladding issue.

2021/22

Occupancy for the AY2021/22 year was confirmed at 99.66% which exceeded the remedial plan target and this is despite the adverse effect of the cladding around Francis Drake.

2022/23

In order to support the continued strong performance on occupancy levels and subject to University co-operation, UPP and the University are planning marketing and allocations for AY2022/23.

Based on strong performance from AY2021/22, UPP worked with the University to ensure the booking portal was open for applications in February 2022.

The timeline and KPI's for this are set out in Table 1 below:

Table 1: Measure, KPI's and timelines to achieve occupancy

No.	Measure	Timing	KPI	Dependency
1	University decide on returner strategy	15 Dec 21	University decision as to whether to pursue returners made	None
2	Returner campaign designed and agreed	10 Jan 22	Any relevant campaign launched	1
3	Bookings for returners opened	7 Feb 22	Booking portal open	2
4	Targeted number of returners secured	N/A	Directors and University satisfied with the number of returners	3
5	Booking portal open for new student applications	14 Feb 22	Booking portal open	3
6	Monitor bookings	14 Feb 22	Level of bookings monitored and reported.	5

Updates are provided against the measures detailed in the table above:

- **Measure 1** - University decide on returner strategy
 - Based on the 4.8% rental uplift, the University felt the accommodation offer wouldn't be as attractive to returning students but agreed to allow applications for accommodation and to include / promote the returner information link on their website from 1st February 2022. A further consideration was based on the strong performance for the 21/22 cycle combined with a headline 10% increase in application for the 22/23 cycle that significant returner numbers would compromise the university's ability to meet first year undergraduate demand.
- **Measure 2** - Returner campaign designed and agreed
 - In line with 2021/22, the micro-site will be made available by UPP for linking to the University website.
- **Measure 3** - Bookings for any returners open
 - Booking portal opened for all students on 1st February - ahead of schedule
- **Measure 4** – Secure target number of returners
 - No target set. 32 returners applied as at 15th February 2022.
- **Measure 5** – Booking portal open for applications from February 2022
 - Booking portal opened for all students on 1st February - ahead of schedule
- **Measure 6** – Monitor and report on bookings

- The UPP Lettings and Revenue Manager is working closely with the University to report on and monitor bookings on a weekly basis. Access to the University accommodation management system has been secured. A live dashboard has been developed to monitor and track progress.

Investment works

FY2020/21 reinvestment works were completed in a timely manner and within budget.

The Lifecycle Report section below provides commentary on reinvestment works completed in FY2020/21 including those carried forward to FY2021/22.

Student feedback on the Works

There are no continued focus group engagements envisaged. Feedback will be obtained via the annual student survey.

Lifecycle Report

The reinvestment programme for FY2020/21 was delivered successfully. The focus has now turned to the delivery of the FY2021/22 programme which constitutes the final phase, this will include the following activities:

- Block H, K, L & M staircase flooring and decoration.
- Block G staircase decoration.
- Replacement of bookcase shelving in study bedrooms at Robbins to complete the light bedroom refurbishment.
- Replacement of blinds in Gilwell (under review)

The financial position is as per the table below which includes actual costs (in green) and projected costs (in amber). The projected costs include the value of items deferred from FY2020/21 to FY2021/22 totalling £58k.

The Asset Management team is currently working on the scope and specification to ensure the works are delivered successfully over the summer period in advance of student intake.

Projected Costs and Work Schedule					
		Year 1	Year 2	Year 3	Year 4
		2018/19	2019/20	2020/21	2021/22
Total projected costs	£2,862,257	£1,800,000	£371,829	£535,937	£154,491
Difference to consent request profile	£37,326	£27,082	£-133,165	£297,900	£-154,491

Francis Drake Remedial Plan Update

The following areas of reporting are stipulated in the Remedial Plan shared with the MA for the cladding replacement works at the property known as Francis Drake (the “Works”). This reporting provides a quarterly update relating to the progress of the Works and is in addition to the monthly reporting that is provided to the MA in accordance with the conditions attached to the MA Recommendation of 23 December 2021.

- **Occupancy**
- **Remedial Works**
- **Complaint monitoring and action**
- **University engagement**

Occupancy

Measure

Occupancy of 100% at Francis Drake for AY2021/22. Rent setting for the AY2022/23 academic year is being finalised.

Remedial Works

Measure

The Works are being carried out in line with the construction programme and within budget.

Reporting

Monthly IC Reports are provided to the MA. The January and February reports also contain a summary update section from the AssetCo relating to the Works.

Student satisfaction and action

Measure

No Works-related complaints lodged by students at Francis Drake for the period covered by this report.

University engagement

Measure

Representatives of AssetCo co-ordinated a call between the MA and University stakeholders to discuss the Works on 25 February 2022. Feedback from the University confirmed that it is happy with progress, how the contractor is conducting

itself on campus and the opportunity to attend weekly site meetings with the contractor and representatives of the AssetCo to discuss the progress of the Works.