

BONDHOLDER REPORT

The Issuer has an obligation to provide to the Financial Guarantors, the Bond Trustee and the Bondholders an annual report throughout the Project following the last Practical Completion Date as follows:

OVERVIEW	
Report Issue Date	31/01/18
Reporting Period	01/03/2017 – 28/02/2018
Project Company	Holyrood Student Accommodation plc
Bonds	£31,505,000 1.9713 per cent. Indexed-linked Guaranteed Secured Bonds due 28 August 2048 £31,505,000 5.533 per cent. Guaranteed Secured Bonds due 28 August 2048
Current Outstanding Amount	£63,010,000
Project Phase	Operations

RATINGS	S&P	Moody's
Wrapped rating	AA	A2
Outlook	Stable	Stable
Underlying rating	BBB	Baa3
Outlook	Stable	Positive
Most recent rating report	3 rd August 2017	21 st August 2017

COMPLIANCE CERTIFICATION
<ul style="list-style-type: none"> • There is no: <ul style="list-style-type: none"> o Event of Default or Potential Event of Default o Trigger Event • All repeated representations & warranties are correct • ProjectCo, Issuer, HoldCo and IntermediateCo are compliant with all covenants • ProjectCo, Issuer, HoldCo and IntermediateCo are solvent. • No material litigation • No Disputes with the University

PROJECT COMPANY OWNERSHIP

- No changes of ownership have occurred in the period. Balfour Beatty retains 100% ownership interests in the project through BBPF LLP, which holds 100% of the shares of Holyrood Student Accommodation Holdings Limited.

For completeness it is noted that ownership in the shares of Holyrood Student Accommodation Holdings Limited were transferred by Balfour Beatty Infrastructure Projects Investments Limited to BBPF LLP on 29th December 2016.

SUMMARY OF PROJECT PERFORMANCE

For the reporting period, provide commentary for relevant topics:

- Key performance indicators:
 1. Summary Financial Results

All debt facilities have now been fully drawn down and all contractual equity obligations satisfied without any funding shortfall. Scheduled repayments to senior creditors are due to commence from 31/3/2018. The project is performing above its financial base case. There have been no breaches of the financial covenants.
 2. Number of Rooms nominated by the University – 100%
- Penalties & deductions – None.
 - No financial deductions were made by the University and similarly no financial deductions made FM Services provider. Service default points remain within prescribed thresholds with no warning notices issued in the period.
- Costs incurred to date on maintenance / lifecycle and relevant changes to maintenance schedule - No significant planned maintenance activity/lifecycle work was scheduled for this period. We have approved expenditure for lifecycle within the 51 week core period beginning September 2017. This is within the budgets outlined in the financial model and the minimum lifecycle reserve is also expected to be met for the next 12 months without supplementary payments.
- Changes to service providers – None
- Material new contracts - None
- Material insurance claims - None
- Variations effected – Several minor variations as per the variation tracker.
- Details of each Applicable Test pursuant to schedule Part 27 (Restrictive Covenant) of the Project Agreement – None relevant at this time in the project
- Any material actions taken / variations effected –
 - Partial renunciation of sub-lease in respect of the Outreach Centre completed 13th January 2016.
 - HSA Sub lease of Retail Unit to Conochies Ltd. This is proposed to operate as a franchise outlet of Baskin Robbins. Discussions have been ongoing in the period and the lease is expected to be engrossed/ signed in w/c 22nd of January 2018.

<p>➤ Similarly the retail unit will be subject to surrender under the present University sub lease. This was due to a drafting error when the sub lease for Block N was completed. Lenders legal advisors have been engaged in agreeing the terms of the surrender and retail unit lease.</p>	
<ul style="list-style-type: none"> • Any other material topics as relevant to the project – None • Any Regulatory News Service (RNS) or other market announcements made during the reporting period – None 	
RESERVE ACCOUNTS	
Lifecycle Reserve Account	Fully funded, credit balance of £139,028
Debt Service Reserve Account(s)	Fully funded, credit balance of £1,312,335

FINANCIAL RATIOS					
Sept 16 – Feb 17 period	Components of Ratio	Ratio	Forecast at Financial Close	Trigger level	Default level
ADSCR – Historic	Operating Cash – £2,175k Debt Service – £1,302k	1.67	1.64	1.55	1.10
ADSCR – Forward-looking	Operating Cash – £5,001 Debt Service – £2,750k	1.82	1.93	1.70	1.10
BLCR	PV of Operating Cash – £96,455 Cash balances excl reserve accounts Debt O/S – £63,010k	1.53	1.46	1.25	1.10

FINANCIAL RATIOS					
Mar 17 – Aug 17 period	Components of Ratio	Ratio	Forecast at Financial Close	Trigger level	Default level
ADSCR – Historic	Operating Cash – £4,801k Debt Service – £2,742k	1.75	1.93	1.70	1.10
ADSCR – Forward-looking	Operating Cash – £4,915k Debt Service – £2,628k	1.87	1.79	1.70	1.10

BLCR	PV of Operating Cash - £96,242k				
	Cash balances excl reserve accounts	1.53	1.45	1.25	1.10
	Debt O/S - £63,010k				

FINANCIAL RATIOS					
Full year to August 2017	Components of Ratio	Ratio	Forecast at Financial Close	Trigger level	Default level
Gross Rent Ratio	Revenues - £6,953k Debt Service - £2,742k	2.54	2.46	N/A	1.79

TRANSACTION PARTIES	
Issuer	Holyrood Student Accommodation plc
Construction Contractor	Balfour Beatty Construction Scottish & Southern Limited
FM Services Contractor	Engie Services Limited
Bond Trustee	BNY Mellon Corporate Trustee Services Limited
Security Trustee	BNY Mellon Corporate Trustee Services Limited
Account Bank	Barclays Bank plc
Principal Paying Agent	The Bank of New York Mellon, London Branch
Transaction Legal Advisers	Ashurst LLP

Signature:

R. J. Edwards

Director