

## 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:

<b>OVERVIEW</b>	
<b>Report Issue Date</b>	31/01/2019
<b>Reporting Period</b>	01/03/2018 - 28/02/2019
<b>Project Company</b>	Holyrood Student Accommodation plc
<b>Bonds</b>	£31,505,000 1.9713 per cent. Indexed-linked Guaranteed Secured Bonds due 28 <sup>th</sup> August 2048  £31,505,000 5.533 per cent. Guaranteed Secured Bonds due 28 <sup>th</sup> August 2048
<b>Current Outstanding Amount</b>	£63,010,000
<b>Project Phase</b>	Operations

<b>RATINGS</b>	<b>S&amp;P</b>	<b>Moody's</b>
<b>Wrapped rating</b>	AA	A2
<b>Outlook</b>	Stable	Stable
<b>Underlying rating</b>	BBB	Baa2
<b>Outlook</b>	Stable	Stable
<b>Most recent rating report</b>	10 <sup>th</sup> September 2018	14 <sup>th</sup> September 2018

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

## PROJECT COMPANY OWNERSHIP

- Ownership of the shares of Holyrood Student Accommodation Holdings Limited transferred within the Balfour Beatty group from BBPF LLP to Holyrood Holdings Limited on 11<sup>th</sup> December 2018.
- Balfour Beatty incorporated Holyrood Holdings Limited (Co. Number SC604653) on 7<sup>th</sup> August 2018 as a wholly owned subsidiary (100%) of Balfour Beatty Infrastructure Projects Investments Limited to create a dedicated holding entity for the Holyrood project assets.
- On 17<sup>th</sup> December 2018 Balfour Beatty sold 80% of its interests in Holyrood Holdings Limited to Semperian PPP Investment Partners No 3 Limited, retaining 20% through Balfour Beatty Infrastructure Projects Investments Ltd.
- Balfour Beatty continues to provide management services to the project under the terms of the Secondment Agreement between Holyrood Student Accommodation SPV Limited and Balfour Beatty Infrastructure Projects Investments Limited.

## 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 commenced from 31/03/2018. 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

As expected, the University have nominated 100% of the rooms.
- Penalties & deductions – None.
  - No financial deductions were made by the University and similarly no financial deductions made from the 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 2018.
  - Any costs to be incurred are expected to be within the budgets outlined in the financial model
  - The minimum lifecycle reserve balance is also expected to be met for the next 12 months without any supplementary payments being required.

- Changes to service providers – None
- Material new contracts - None
- Material insurance claims - None
- Variations effected –
  - Several minor variations were instructed and delivered in the period. All have been reported/approved as required under the Project and Finance Documents.
  - None were material in the context of the project
- 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 – None
- Any other material topics as relevant to the project –
  - The retail unit was leased to Conochies Ltd for a period of 10 years. The rental income achieved was broadly in line with the revenue predictions included in the financial model at Financial Close.
- Any Regulatory News Service (RNS) or other market announcements made during the reporting period – None

#### RESERVE ACCOUNTS

<b>Lifecycle Reserve Account</b>	Fully funded, credit balance of £293,610
<b>Debt Service Reserve Account(s)</b>	Fully funded, credit balance of £1,332,171

#### FINANCIAL RATIOS

Sept 17 – Feb 18 period	Components of Ratio	Ratio	Forecast at Financial Close	Trigger level	Default level
<b>ADSCR – Historic</b>	<b>Operating Cash – £5,151k</b> <b>Debt Service – £2,788k</b>	1.85	1.93	1.70	1.10
<b>ADSCR – Forward-looking</b>	<b>Operating Cash – £4,865</b> <b>Debt Service – £2,670k</b>	1.82	1.92	1.70	1.10
<b>BLCR</b>	<b>PV of Operating Cash – £98,087</b> <b>Cash balances excl reserve accounts – £682k</b> <b>Debt O/S – £63,010k</b>	1.56	1.44	1.25	1.10

<b>FINANCIAL RATIOS</b>					
<b>Mar 18 – Aug 18 period</b>	<b>Components of Ratio</b>	<b>Ratio</b>	<b>Forecast at Financial Close</b>	<b>Trigger level</b>	<b>Default level</b>
<b>ADSCR – Historic</b>	<b>Operating Cash – £5,192k</b> <b>Debt Service – £2,695k</b>	1.93	1.93	1.70	1.10
<b>ADSCR – Forward-looking</b>	<b>Operating Cash – £4,869k</b> <b>Debt Service – £2,660k</b>	1.83	1.91	1.70	1.10
<b>BLCR</b>	<b>PV of Operating Cash – £97,463k</b> <b>Cash balances excl reserve accounts – £704k</b> <b>Debt O/S – £63,010k</b>	1.55	1.43	1.25	1.10

<b>FINANCIAL RATIOS</b>					
<b>Full year to August 2018</b>	<b>Components of Ratio</b>	<b>Ratio</b>	<b>Forecast at Financial Close</b>	<b>Trigger level</b>	<b>Default level</b>
<b>Gross Rent Ratio</b>	<b>Revenues – £7,052k</b> <b>Debt Service – £2,695k</b>	2.62	2.72	N/A	1.79

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

**Signature:**

R. J. Edwards

**Director**