

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to the C Shares prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made under Section 84 of FSMA, has been delivered to the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

An application will be made to the London Stock Exchange for all of the C Shares to be issued pursuant to the Issue to be admitted to trading on the London Stock Exchange (Specialist Fund Market). On conversion of the C Shares into Ordinary Shares, as set out in this document, an application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange (Specialist Fund Market). It is expected that Admission will become effective, and that dealings in the C Shares will commence on 30 June 2015.

If you sell or have sold or otherwise transferred your Ordinary Shares in certificated form before 1 June 2015 (being the ex-entitlement date for the Open Offer) please send this document, together with any Open Offer Application Form, if received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that this document and the Open Offer Application Form should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so may constitute a violation of local securities laws or regulations, including, but not limited to, the Excluded Territories. If you sell or have sold or otherwise transferred all or some of your Ordinary Shares held in uncertificated form before 1 June 2015 (being the ex-entitlement date for the Open Offer), a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Basic Entitlements and Excess CREST Open Offer Entitlements to the purchaser or transferee. If you sell or have sold or have otherwise transferred only part of your holding of Ordinary Shares held in certificated form before 1 June 2015 (being the ex-entitlement date for the Open Offer), you should refer to the instruction regarding split applications in Part 11 of this document.

**The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared to comply with the requirements of English law and the Prospectus Rules of the Financial Conduct Authority and information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any jurisdiction outside England. In particular, subject to certain exceptions, this document and the Open Offer Application Form should not be distributed, forwarded to or transmitted into the United States or into any other Excluded Territory.**

GCP Student Living plc (the "**Company**") and each of the Directors, whose names appear on page 38 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information or which would make any statement contained herein misleading.

**Prospective investors should read the entire document and, in particular, the section headed "Risk Factors" beginning on page 18 when considering an investment in the C Shares.**

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## **GCP STUDENT LIVING PLC**

*(Incorporated in England and Wales with registered number 8420243 and registered as an investment company under Section 833 of the Companies Act)*

### **Open Offer (on the basis of one C Share for every two Ordinary Shares), Placing and Offer for Subscription for a target issue of 95,000,000 C Shares at 100 pence per C Share**

Investment Manager

**Gravis Capital Partners LLP**

Financial Adviser and Placing Agent

**Cenkos Securities plc**

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Cenkos Securities plc ("**Cenkos**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no-one else in connection with the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos, nor for providing advice in connection with the Issue. Cenkos is not responsible for the contents of this document. This does not limit or exclude any responsibilities which Cenkos may have under FSMA or the regulatory regime established thereunder.

The Open Offer will remain open until 11.00 a.m. on 23 June 2015, the Offer for Subscription will remain open until 1.00 p.m. on 24 June 2015 and the Placing will remain open until 3.00 p.m. on 24 June 2015.

Persons wishing to participate in the Open Offer should complete the Open Offer Application Form or settle the relevant CREST instructions (as appropriate). To be valid, Open Offer Application Forms must be completed and returned with the appropriate remittance, by post or by hand (during business hours only), to the Receiving Agent, Capita Asset Services,

Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 11.00 a.m. on 23 June 2015.

Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in the Appendix to this document. To be valid, Application Forms must be completed and returned with the appropriate remittance, by post or by hand (during business hours only), to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. on 24 June 2015.

Neither the Ordinary Shares nor the C Shares have been nor will be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or with any securities or regulatory authority of any state or other jurisdiction of the United States and neither the Ordinary Shares nor the C Shares may be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act). There will be no public offer of the Ordinary Shares and/or the C Shares in the United States. The Ordinary Shares and the C Shares are being offered or sold only outside the United States to non U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “**U.S. Investment Company Act**”) and investors will not be entitled to the benefits of the U.S. Investment Company Act. This document and the Open Offer Application Form should not be distributed into the United States or to U.S. Persons.

This document, including the Open Offer Application Form, does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares or C Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Cenkos or the Investment Manager. The offer and sale of Ordinary Shares or C Shares has not been and will not be registered under the applicable securities law of any state, province or territory of any Excluded Territory. Subject to certain exemptions, neither the Ordinary Shares nor the C Shares may be offered to or sold within any Excluded Territory or to any national, resident or citizen of any Excluded Territory.

Dated: 29 May 2015.

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1-E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

### Section A – Introduction and warnings

Element	Disclosure Requirement	Disclosure
A.1.	Warning	This summary should be read as an introduction to this document. Any decision to invest in the C Shares should be based on consideration of the document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale or final placement of securities through financial intermediaries	Not applicable, the Company is not engaging any financial intermediaries for any resale or final placement of securities after publication of this document.

### Section B – Issuer

Element	Disclosure Requirement	Disclosure																											
B.1.	Legal and commercial name	GCP Student Living plc.																											
B.2.	Domicile and legal form	The Company was incorporated in England and Wales on 26 February 2013 with registered number 8420243 as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act.																											
B.5.	Group description	<p>The Company is the holding company of the Group. The Company has the following wholly owned subsidiaries:</p> <table> <tr> <th>Name</th><th>Date of incorporation</th><th>Registered number</th></tr> <tr> <td>GCP Scape East Limited</td><td>15 November 2013</td><td>8776650</td></tr> <tr> <td>Ternion (Danehurst) Limited</td><td>31 May 2006</td><td>5833170</td></tr> <tr> <td>GCP Operations Limited</td><td>26 March 2014</td><td>8961147</td></tr> <tr> <td>Leopard Guernsey Greenwich JV Limited</td><td>26 October 2012</td><td>55788 (Guernsey incorporated)</td></tr> <tr> <td>Leopard Guernsey Greenwich Limited</td><td>3 November 2011</td><td>54194 (Guernsey incorporated)</td></tr> <tr> <td>Leopard Guernsey Greenwich 2 Limited</td><td>23 April 2012</td><td>55013 (Guernsey incorporated)</td></tr> <tr> <td>GCP RHUL Limited (dormant)</td><td>15 November 2013</td><td>8776872</td></tr> <tr> <td>GCP SG Limited (dormant)</td><td>20 February 2014</td><td>8904577</td></tr> </table>	Name	Date of incorporation	Registered number	GCP Scape East Limited	15 November 2013	8776650	Ternion (Danehurst) Limited	31 May 2006	5833170	GCP Operations Limited	26 March 2014	8961147	Leopard Guernsey Greenwich JV Limited	26 October 2012	55788 (Guernsey incorporated)	Leopard Guernsey Greenwich Limited	3 November 2011	54194 (Guernsey incorporated)	Leopard Guernsey Greenwich 2 Limited	23 April 2012	55013 (Guernsey incorporated)	GCP RHUL Limited (dormant)	15 November 2013	8776872	GCP SG Limited (dormant)	20 February 2014	8904577
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B.6.	Major shareholders	<p>As at the Latest Practicable Date insofar as is known to the Company, the following persons hold directly or indirectly three per cent. or more of the Ordinary Shares:</p> <table><thead><tr><th>Name</th><th>Number of Ordinary Shares held</th><th>% of issued Ordinary Share Capital</th></tr></thead><tbody><tr><td>CCLA Investment Management Limited</td><td>16,082,337</td><td>14.63</td></tr><tr><td>Brewin Dolphin Limited</td><td>9,047,870</td><td>8.23</td></tr><tr><td>Old Mutual Group</td><td>9,018,145</td><td>8.20</td></tr><tr><td>Bank of Montreal</td><td>7,039,241</td><td>6.40</td></tr><tr><td>Smith &amp; Williamson Holdings Limited</td><td>4,717,411</td><td>4.29</td></tr><tr><td>J. M. Finn &amp; Co. Limited</td><td>4,341,914</td><td>3.95</td></tr></tbody></table> <p>All Ordinary Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>As at the Latest Practicable Date, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.</p>	Name	Number of Ordinary Shares held	% of issued Ordinary Share Capital	CCLA Investment Management Limited	16,082,337	14.63	Brewin Dolphin Limited	9,047,870	8.23	Old Mutual Group	9,018,145	8.20	Bank of Montreal	7,039,241	6.40	Smith & Williamson Holdings Limited	4,717,411	4.29	J. M. Finn & Co. Limited	4,341,914	3.95																															
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B.7.	Key financial information	<p>The selected historical financial information set out below, which has been prepared under IFRS, has been extracted without material adjustment from the audited consolidated financial statements of the Group for the period from the Company's incorporation to 30 June 2014, the interim report and unaudited financial statements for the financial period ended 31 December 2014 and unaudited financial information of the Group for the financial period ended 31 December 2013:</p> <p><b>Statement of financial position</b></p> <table><thead><tr><th></th><th>Financial period from the Company's incorporation to 30 June 2014 (audited) £'000</th><th>Financial period from 1 July 2014 to 31 December 2014 (unaudited) £'000</th><th>Financial period from 1 July 2013 to 31 December 2013 (unaudited) £'000</th></tr></thead><tbody><tr><td>Property</td><td>151,560</td><td>160,650</td><td>107,520</td></tr><tr><td>Receivables</td><td>1,362</td><td>1,691</td><td>718</td></tr><tr><td>Cash and cash equivalents</td><td>4,585</td><td>4,207</td><td>3,969</td></tr><tr><td>Total assets</td><td>157,507</td><td>166,548</td><td>112,207</td></tr><tr><td>Payables</td><td>(3,168)</td><td>(3,044)</td><td>(2,229)</td></tr><tr><td>Deferred income</td><td>(2,028)</td><td>(2,523)</td><td>(1,906)</td></tr><tr><td>Senior loan</td><td>(39,456)</td><td>(39,513)</td><td>(38,634)</td></tr><tr><td>Total liabilities</td><td>(44,652)</td><td>(45,080)</td><td>(42,769)</td></tr><tr><td>Net assets</td><td>112,855</td><td>121,468</td><td>69,438</td></tr><tr><td>Number of Ordinary Shares</td><td>109,910,428</td><td>109,910,428</td><td>70,100,001</td></tr><tr><td>Net Asset Value per Ordinary Share</td><td>102.64 pence</td><td>110.77 pence</td><td>100.29 pence</td></tr><tr><td>Conversion Net Asset Value per Ordinary Share</td><td>102.68 pence</td><td>110.52 pence</td><td>99.06 pence</td></tr></tbody></table>		Financial period from the Company's incorporation to 30 June 2014 (audited) £'000	Financial period from 1 July 2014 to 31 December 2014 (unaudited) £'000	Financial period from 1 July 2013 to 31 December 2013 (unaudited) £'000	Property	151,560	160,650	107,520	Receivables	1,362	1,691	718	Cash and cash equivalents	4,585	4,207	3,969	Total assets	157,507	166,548	112,207	Payables	(3,168)	(3,044)	(2,229)	Deferred income	(2,028)	(2,523)	(1,906)	Senior loan	(39,456)	(39,513)	(38,634)	Total liabilities	(44,652)	(45,080)	(42,769)	Net assets	112,855	121,468	69,438	Number of Ordinary Shares	109,910,428	109,910,428	70,100,001	Net Asset Value per Ordinary Share	102.64 pence	110.77 pence	100.29 pence	Conversion Net Asset Value per Ordinary Share	102.68 pence	110.52 pence	99.06 pence
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		<p><b>Income statement</b></p> <table><tr><th></th><th>Financial period from the Company's incorporation to 30 June 2014 (audited) £'000</th><th>Financial period from 1 July 2014 to 31 December 2014 (unaudited) £'000</th><th>Financial period from 1 July 2013 to 31 December 2013 (unaudited) £'000</th></tr><tr><td>Income and expenses</td><td></td><td></td><td></td></tr><tr><td>Rental income</td><td>9,132</td><td>5,578</td><td>3,790</td></tr><tr><td>Operating expenses</td><td>(1,664)</td><td>(1,236)</td><td>(510)</td></tr><tr><td>Administration expenses</td><td>(2,357)</td><td>(813)</td><td>(604)</td></tr><tr><td>Gains on investment properties</td><td>5,010</td><td>9,090</td><td>1,275</td></tr><tr><td>Operating profit</td><td>10,121</td><td>12,619</td><td>3,951</td></tr><tr><td>Finance costs</td><td>(2,412)</td><td>(685)</td><td>(737)</td></tr><tr><td>Fair value movement on financial derivatives</td><td>47</td><td>(331)</td><td>(868)</td></tr><tr><td>Total comprehensive income for the period</td><td>7,756</td><td>11,603</td><td>2,346</td></tr></table> <p>Save to the extent disclosed below, as at the date of this document, there has been no significant change in the financial condition and operating results of the Company or the Group during and subsequent to the period covered by the historical financial information.</p> <p>On 20 May 2013, the Company acquired Scape East for £93 million.</p> <p>On 3 December 2013, the Group acquired The Pad for £13 million and entered into The Pad 2 Forward Purchase Agreement.</p> <p>On 27 February 2014, the Group entered into the Surrey Forward Purchase Agreement.</p> <p>On 26 March 2014, GCP Operations Limited, a new wholly owned subsidiary of the Company, was incorporated and effective from 1 April 2014, Scape Student Living took over the facilities and property management function, previously provided by Grosvenor Facilities Services Limited. It assumed the employment of those individuals providing asset and facilities management services to Scape East and Scape Greenwich. Accordingly, the facilities and property management agreement with Grosvenor Facilities Services Limited was terminated.</p> <p>On 1 May 2014, the Group entered into the Amendment Agreement pursuant to which the debt facilities available to the Group were increased up to £52,000,000 from £38,633,834.</p> <p>On 30 May 2014, the Company acquired Scape Greenwich for £40.52 million.</p> <p>The independent Valuer completed a valuation of the Company's property portfolio as at 31 March 2015. Pursuant to such valuation, the independent Valuer valued the Company's property portfolio at £169.9 million compared to the valuation of £160.7 million as at 31 December 2014.</p> <p>The Company has declared and paid on 5 March 2015 a second interim dividend of 1.40 pence per Ordinary Share in respect of the period ended 31 December 2014. The Company has also declared a third interim dividend of 1.40 pence per Ordinary Share in respect of the period ended 31 March 2015. The third interim dividend will be paid on 5 June 2015.</p>		Financial period from the Company's incorporation to 30 June 2014 (audited) £'000	Financial period from 1 July 2014 to 31 December 2014 (unaudited) £'000	Financial period from 1 July 2013 to 31 December 2013 (unaudited) £'000	Income and expenses				Rental income	9,132	5,578	3,790	Operating expenses	(1,664)	(1,236)	(510)	Administration expenses	(2,357)	(813)	(604)	Gains on investment properties	5,010	9,090	1,275	Operating profit	10,121	12,619	3,951	Finance costs	(2,412)	(685)	(737)	Fair value movement on financial derivatives	47	(331)	(868)	Total comprehensive income for the period	7,756	11,603	2,346
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B.8.	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information.																																								
B.9.	Profit forecast	Not applicable. No profit forecast or estimate made.																																								
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audited financial statements of the Group contained in this document do not contain any qualifications.																																								

B.11.	Qualified working capital	Not applicable. The Company is of the opinion that, after taking into account existing available facilities to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.
B.34.	Investment policy	<p><b>Investment objective</b></p> <p>The Company's investment objective is to provide Shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with RPI inflation-linked income characteristics.</p> <p><b>Investment policy</b></p> <p>The Company intends to meet its investment objective through owning, leasing and licensing student residential accommodation and teaching facilities to a diversified portfolio of direct let tenants and HEIs. The Company will mostly invest in modern, purpose built, private student residential accommodation and teaching facilities located primarily in and around London where the Investment Manager believes the Company is likely to benefit from supply and demand imbalances for student residential accommodation. The Company may also invest in development and forward-funded projects which are consistent with the objective of providing Shareholders with regular, sustainable dividends and have received planning permission for student accommodation, subject to the Board being satisfied as to the reputation, track record and financial strength of the relevant developer and building contractor.</p> <p>Rental income will predominantly derive from a mix of contractual arrangements including direct leases and/or licences to students ("<b>direct let agreements</b>"), leases and/or licences to students guaranteed by HEIs and/or leases and/or licences directly to HEIs. The Company may enter into soft nominations agreements (<i>pari passu</i> marketing arrangements with HEIs to place their students in private accommodation) or hard nominations agreements (longer term marketing arrangements with HEIs of between two and 30 years in duration). Where the Company invests in properties which contain commercial or retail space it may derive further income through leases of such space. Where the Company invests in development and forward-funded projects, development costs will typically be paid in stages through construction, with a bullet payment at completion.</p> <p>The Company intends to focus primarily on accommodation and teaching facilities for students studying at Russell Group universities and other leading academic institutions, Regional Universities with satellite teaching facilities in and around London and at specialist colleges.</p> <p>The Company may invest directly or through holdings in special purpose vehicles and its assets may be held through limited partnerships, trusts or other vehicles with third party co-investors.</p> <p><b>Borrowing and gearing policy</b></p> <p>The Company may seek to use gearing to enhance returns over the long-term. The level of gearing will be governed by careful consideration of the cost of borrowing and the Company may seek to use hedging or otherwise seek to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of Gross Assets, will not exceed 55 per cent. at the time of investment. It is the Directors' current intention to target gearing of less than 30 per cent. of Gross Assets in the long-term and to comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'.</p> <p><b>Use of derivatives</b></p> <p>The Company may invest through derivatives for efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's efficient portfolio management.</p>



		<p><b>Investment restrictions</b></p> <p>The Company invests and manages its assets with the objective of spreading risk through the following restrictions:</p> <ul style="list-style-type: none"> <li>● the Company will derive its rental income from a portfolio of not less than 500 studios;</li> <li>● at least 90 per cent. by value of the properties directly or indirectly owned by the Company shall be in the form of freehold or long leasehold (over 60 years remaining at the time of acquisition) properties or the equivalent;</li> <li>● the Company will not (i) invest more than 20 per cent. of its Gross Assets in undeveloped land; and (ii) commit more than 15 per cent. of its Gross Assets to forward-funded projects in respect of such undeveloped land, such commitment to be determined on the basis of the net construction funding requirements (and associated advisory costs) of such projects at the time of commitment up to their completion, in both cases as measured at the time of investment;</li> <li>● the Company will not invest in completed assets which are not income generative at, or shortly following, the time of acquisition; and</li> <li>● the Company will not invest in closed-ended investment companies.</li> </ul> <p>The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as the principal company of a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).</p> <p>In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Directors upon becoming aware of the same and, if the Directors consider the breach to be material, notification will be made to a Regulatory Information Service.</p> <p>No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.</p>
B.35.	Borrowing limits	<p>The Company may seek to use gearing to enhance returns over the long-term. The level of gearing will be governed by careful consideration of the cost of borrowing and the Company may seek to use hedging or otherwise seek to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of Gross Assets, will not exceed 55 per cent. at the time of investment. It is the Directors' current intention to target gearing of less than 30 per cent. of Gross Assets in the long-term and to comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'.</p> <p>As at the Latest Practicable Date, the Group's outstanding debt under its debt facility was £40 million and is repayable in April 2019.</p> <p>As at the Latest Practicable Date, the Group's average blended cost of borrowing was 3 per cent. and the gearing of the Group was 23 per cent. of Gross Assets.</p>
B.36.	Regulatory status	<p>The Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However it is subject to the Prospectus Rules and the Disclosure and Transparency Rules.</p>
B.37.	Typical investor	<p>An investment in the C Shares is only suitable for institutional investors and professionally-advised private investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.</p>
B.38.	Investment of 20 per cent. or more in a single underlying issuer or investment company	<p>Not applicable. The Company will not invest 20 per cent. or more in a single underlying issuer or investment company.</p>



B.39.	Investment of 40 per cent. or more in another collective investment undertaking	Not applicable. The Company will not invest 40 per cent. or more in another collective investment undertaking.
B.40.	Applicant's service providers	<p><b>Investment management arrangements</b></p> <p>The Investment Manager has been given, pursuant to the terms of the Investment Management Agreement, sole responsibility for the management of the Group's assets in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors. The Investment Manager acts as the Company's AIFM for the purpose of the AIFMD and has day-to-day responsibility for the control and supervision of the Asset and Facilities Managers. The Investment Manager is entitled to receive from the Company: (i) a management fee which is calculated and paid quarterly in arrears at an annual rate of one per cent. of the prevailing Net Asset Value; and (ii) a £22,500 per annum fee in relation to the Investment Manager's services provided in its role as the Company's AIFM.</p> <p><b>Asset and facilities management arrangements</b></p> <p>The Group has appointed Scape Student Living as the asset and facilities manager in relation to Scape East and Scape Greenwich pursuant to which Scape Student Living provides asset and facilities management services in connection with Scape East and Scape Greenwich (including sales, marketing (including social media) and brand and general facilities management). Scape Student Living also has overall responsibility for the supervision and provision of asset management services through the oversight and management of the Group's employees and is responsible for the procurement and supervision of the facilities management services in connection with Scape East and Scape Greenwich.</p> <p>The Company has agreed to appoint Scape Student Living to act as the asset and facilities manager of any projects that are the subject of the First Offer Agreement or the Pipeline Agreement which are acquired by the Group, which includes, if acquired, Scape Surrey and Scape Shoreditch.</p> <p>Under the terms of the Scape East Asset and Facilities Management Agreement and the Scape Greenwich Asset and Facilities Management Agreement, Scape Student Living is entitled to a fee which is calculated and paid quarterly in arrears and is equal to one-quarter of the Investment Manager's management fee attributable to those assets. The Investment Manager is responsible for the payment of fees to Scape Student Living out of its investment management fees. The Group is responsible, on a cost basis, for any third party costs and expenses incurred by Scape Student Living in carrying out the procurement and supervision of any asset and facilities management services.</p> <p>CRM has been appointed by the Group to provide asset and facilities management services (including sales, marketing, facilities and brand management) in relation to The Pad pursuant to the terms of the CRM Asset and Facilities Management Agreement. It is the Group's intention that CRM will also be appointed to provide asset and facilities management services in relation to The Pad 2 subject to, and on completion of, the acquisition of The Pad 2. Under the terms of the CRM Asset and Facilities Management Agreement, CRM is entitled to an asset management fee of 5 per cent. of the total rental income of The Pad collected per annum.</p> <p><b>Administration arrangements</b></p> <p>Capita Sinclair Henderson Limited has been appointed as Administrator to the Company. The Administrator provides the day-to-day administration of the Company. The Administrator is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records. Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £66,000 per annum (exclusive of VAT).</p>

		<p><b>Secretarial arrangements</b></p> <p>Capita Company Secretarial Services Limited has been appointed by the Company to provide company secretarial functions required by the Companies Act. Under the terms of the Secretary Agreement, the Secretary is entitled to a company secretary fee of £45,000 per annum (exclusive of VAT).</p> <p><b>Depositary arrangements</b></p> <p>Langham Hall UK Depositary LLP has been appointed depositary to the Company. Under the terms of the Depositary Agreement, the Depositary is responsible for: (i) ensuring the Company's cash flows are properly monitored; (ii) the safe keeping of Custody Assets and the Non-custody Assets of the Company entrusted to it (which it shall hold on trust for the Company); and (iii) the oversight and supervision of the Investment Manager and the Company. The Depositary is entitled to receive a fee of £44,000 per annum (exclusive of VAT). The fee will be increased in line with RPI on 1 January in each year.</p>
B.41.	Regulatory status of investment manager and custodian	<p>The Investment Manager is authorised and regulated by the Financial Conduct Authority.</p> <p>The Depositary is authorised and regulated by the Financial Conduct Authority.</p>
B.42.	Calculation of Net Asset Value	<p>The Net Asset Value is calculated quarterly by the Administrator. Calculations are made in accordance with IFRS or as otherwise determined by the Board.</p> <p>The Net Asset Value per C Share will also be calculated and published quarterly, on the same basis, until conversion of the C Shares. Details of each quarterly valuation, and of any suspension in the making of such valuations, are announced by the Company through a Regulatory Information Service as soon as practicable after the end of the relevant quarter.</p>
B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44.	No financial statements have been made up	Not applicable. The Company has commenced operations and historical information is included within this document. Please see the key financial information at B.7.
B.45.	Portfolio	The Group's portfolio comprises Scape East, The Pad and Scape Greenwich.
B.46.	Net Asset Value	<p>As at 31 March 2015, the unaudited Net Asset Value per Ordinary Share was 119.19 pence.</p> <p>The Articles provide that the Directors are required to propose an ordinary resolution that the Company continues its business as presently constituted (the "<b>Continuation Resolution</b>") (i) at the fifth annual general meeting of the Company in 2018; and (ii) at each third annual general meeting of the Company thereafter. If any Continuation Resolution is not passed, the Directors are required to put proposals for the reconstruction, reorganisation or winding up of the Company to the Shareholders for their approval.</p> <p>The Directors have the discretion, subject to the necessary shareholder authorities, to seek to manage, on an ongoing basis, the premium or discount at which the Ordinary Shares may trade to their Net Asset Value through further issues and buy-backs, as appropriate.</p>

## Section C – Securities

Element	Disclosure Requirement	Disclosure
C.1.	Type and class of securities	<p>The target size of the Issue is £95 million, before expenses. The maximum number of C Shares which may be issued pursuant to the Issue is 130 million. The aggregate proceeds of the Issue, after deduction of expenses, are expected to be c.£127.34 million on the assumption that the maximum Gross Proceeds of £130 million are raised. The actual number of C Shares to be issued pursuant to the Issue, and therefore the Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.</p> <p>The Issue has not been underwritten.</p> <p>The ISIN of the C Shares is GB00BX90BC01 and the SEDOL is BX90BC0. The ISIN for the Basic Offer Entitlement is GB00BX90C270 and the SEDOL is BX90C27. The ISIN for the Excess CREST Open Offer Entitlement is GB00BX90C387 and the SEDOL is BX90C38. The ticker for the Ordinary Shares is DIGS and the ticker in respect of the C Shares is DIGC.</p>
C.2.	Currency	The Ordinary Shares and the C Shares are denominated in Sterling.
C.3.	Details of share capital	As at the date of this document, 109,910,428 Ordinary Shares are in issue, all of which are fully paid. No C Shares are in issue. The nominal value of the Ordinary Shares is one pence each. The nominal value of each C Share will be one pence.
C.4.	Description of the rights attaching to the securities	<p><b>Ordinary Shares</b></p> <p>The Ordinary Shares carry the right to receive the profits of the Company available for distribution at such times as the Directors may determine in accordance with the Articles.</p> <p>Subject to the rights of any C Shares in issue, on a winding-up, the surplus capital and assets of the Company shall be divided amongst the holders of Ordinary Shares <i>pro rata</i> according to the nominal capital paid up on their holdings of Ordinary Shares.</p> <p>Holders of Ordinary Shares have the right to receive notice of, and to attend and vote at, general meetings and class meetings of the Company. Each holder of Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy at a general meeting or a class meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held by him.</p> <p><b>C Shares</b></p> <p>At the Conversion Date, C Shares shall be converted into Ordinary Shares in accordance with the provisions of the Articles.</p> <p>The C Shares shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend. The new Ordinary Shares arising on Conversion of C Shares shall rank <i>pari passu</i> with the Ordinary Shares then in issue for dividends and distributions made or declared by reference to a record date falling after the relevant Calculation Date.</p> <p>On a winding up or return of capital (otherwise than on a purchase or redemption by the Company of any C Shares), the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of (i) the amount subscribed for the issue of each C Share and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company. C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue. For so long as C Shares are in issue, and without prejudice to the Company's obligations under the Act, the assets attributable to the C Shares shall, at all times, be separately identified and shall have allocated to them such proportion of</p>

		<p>the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the C Shares. It is the Board's current intention that any costs associated with the acquisition of assets from the Net Proceeds of the Issue will be attributable to the C Shares.</p> <p>The holders of C Shares shall have:</p> <ul style="list-style-type: none"> <li>the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll, every such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him; and</li> <li>no rights to receive notice of, attend, speak or vote at general meetings of the Company.</li> </ul> <p>If at least 90 per cent. of the Net Proceeds has not been invested by reason of one or more of the Target Assets acquisitions or any alternative acquisitions not completing on or before 31 December 2015, the Company may be in receipt of more cash than it requires to meet its on-going operating costs and liabilities. It is the current intention of the Directors that, in such circumstances, the Company will distribute such excess cash to C Shareholders by way of a compulsory redemption of C Shares prior to their Conversion, subject to the Company having sufficient distributable reserves at the relevant time. Such redemption would be on a <i>pro rata</i> basis from each C Shareholder proportionate to his/her holding of C Shares.</p>
C.5.	Restrictions on the free transferability of the securities	Not applicable; there are no restrictions on the free transferability of the Ordinary Shares or the C Shares.
C.6.	Admission	<p>An application will be made to the London Stock Exchange for all of the C Shares to be admitted to trading on the London Stock Exchange (Specialist Fund Market). The C Shares will be held in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.</p> <p>It is expected that Admission will become effective, and that dealings in the C Shares will commence, at 8.00 a.m. on 30 June 2015.</p> <p>On Conversion of the C Shares into Ordinary Shares, as set out in this document, an application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange (Specialist Fund Market).</p>
C.7.	Dividend policy	<p>The Company pays dividends on a quarterly basis with dividends declared in October, January, April and July and paid in December, March, June and September in each year.</p> <p>In the current financial year, the Company has paid two interim dividends of 2.80 pence per Ordinary Share in aggregate and declared a third interim dividend of 1.40 pence per Ordinary Share for the period to 31 March 2015.</p> <p>For the avoidance of doubt, it is currently the Board's intention to declare its first interim dividend for the financial year ending 30 June 2016 in October 2015, the record date for which will be prior to the Calculation Date and as a consequence holders of C Shares will not be entitled, following Conversion, to that dividend. It is expected that the first dividend to which holders of C Shares will be entitled, following Conversion, will be the dividend declared in January 2016.</p> <p>Investors should note that the targeted annualised total return is a target only and not a profit forecast and there can be no assurance that it will be met or that any dividend or capital growth will be achieved.</p>
C.22.	Information about the Ordinary Shares arising on Conversion	Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments.

		<p>The new Ordinary Shares arising on Conversion of the C Shares will rank <i>pari passu</i> with the Ordinary Shares then in issue for dividends and distributions made or declared by reference to a record date falling after the relevant Calculation Date.</p> <p>Please see the currency of the C Shares, the description of the C Shares and a confirmation that there are no restrictions on their transferability at C.2., C.4. and C.5. respectively.</p> <p>The Ordinary Shares are in registered form and have been admitted to trading on the London Stock Exchange (Specialist Fund Market). The C Shares are in registered form and an application will be made to the London Stock Exchange for all the Ordinary Shares arising on Conversion to be admitted to trading on the London Stock Exchange (Specialist Fund Market). No application will be made for the Ordinary Shares arising on Conversion to be listed or dealt in on any other stock exchange or investment exchange.</p>
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#### Section D – Risks

Element	Disclosure Requirement	Disclosure
D.1.	Key information on the key risks that are specific to the Company or its industry	<p>The Company may not meet its investment objective.</p> <p>Any appreciation in the value of Sterling may decrease demand for accommodation by international students which may materially and adversely impact the Net Asset Value and earnings of the Company.</p> <p>The Group's performance will depend on general property and investment market conditions.</p> <p>The Group's rental income and property values may be adversely affected by increased supply of student accommodation and teaching facilities, the failure to collect rents or increasing operating costs.</p> <p>The Group may not be able to maintain or increase the occupancy rates or rental rates of the student accommodation properties it acquires, which may have a material adverse impact on the Group's revenue performance, margins and asset values.</p> <p>Any change in the laws, regulations and/or government policy affecting the Group may have a material adverse effect on the ability of the Company to successfully pursue its investment policy and meet its investment objective and on the value of the Company and the Shares. Such potential changes in law, regulation and/or government policy include <i>inter alia</i> increased tuition fees, decreased student loans and/or, grants and reducing the number of international students granted student visas which may reduce student numbers and in turn, may reduce demand for student accommodation.</p> <p>The Group's success and results are, to some extent, dependent on the strength and reputation of the 'Scape Student Living' brand. Any damage to the 'Scape Student Living' brand could cause a decline in the demand for accommodation and/or the rental rates that can be achieved at the properties owned by the Group. The occurrence of any of these events could have an adverse effect on the Group's revenue, performance, margins and asset values.</p> <p>The net revenue generated by the Group's properties may depend on the financial stability of any HEIs with which the Group has direct contractual relationships.</p> <p>Whilst it is the Board's intention for the Group to acquire additional property assets in the future, including the Target Assets, there can be no certainty that it will be able to do so.</p> <p>The Group's investments are illiquid and may be difficult or impossible to realise at any particular time which may materially and adversely impact the Net Asset Value and the earnings of the Group.</p>

		<p>The Group may need to finance further investments, including the Target Assets, either by borrowing or by issuing further Shares. There can be no guarantee that the Group will have access to further financing or identify and execute any property acquisitions which may adversely impact the secondary market liquidity in the Shares and leave investors subject to greater concentration risk than would otherwise be the case.</p> <p>The Group uses borrowings which may have an adverse impact on the Net Asset Value or dividends. Borrowings may not be available at the appropriate time or on appropriate terms from time to time. In addition, movements in interest rates may affect the cost of financing.</p> <p>The Group makes use of interest rate hedging contracts to seek to mitigate the risk of interest rate increases for efficient portfolio management purposes. There can be no guarantee that such contracts will adequately protect the Group from adverse movements in interest rates. If such contracts are terminated before their original term expires, the Group could incur material breakage costs.</p> <p>The performance of the Group will depend on the ability and services of the Investment Manager and other service providers.</p> <p>A change in the Group's tax status or in taxation legislation in the UK could adversely affect the Company's profits and portfolio value and/or returns to Shareholders.</p> <p>If the Group fails to remain qualified as a REIT, its profits and gains will be subject to UK corporation tax.</p>
D.3.	Key information on the key risks that are specific to the Shares	<p>The value of the Ordinary Shares and C Shares and any income derived from those shares can fluctuate and may go down as well as up.</p> <p>The C Shares and the Ordinary Shares may trade at a discount to their respective Net Asset Values.</p> <p>It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares or the C Shares.</p>

#### Section E – Offer

Element	Disclosure Requirement	Disclosure
E.1.	Proceeds and costs of the Issue	<p>The Net Proceeds of the Issue are dependent on the level of subscriptions received pursuant to the Issue. Assuming Gross Proceeds of the Issue are £130 million, the costs will be 2 per cent. of Gross Proceeds, resulting in Net Proceeds of approximately £127.34 million.</p> <p>Thames River Multi-Capital LLP, in its capacity as the discretionary investment manager of various funds, has indicated to the Company that, subject to not becoming Substantial Shareholders, such funds intend to subscribe for 23 million C Shares where the target Issue size is achieved or exceeded. In the event that the target Issue size is not achieved Thames River Multi-Capital LLP has indicated that such funds will subscribe for a minimum of 13 million C Shares under the Issue. In addition, the Investment Manager and Scape Student Living have indicated to the Company that their respective partners, shareholders and associates intend to subscribe for, in aggregate, 4 million C Shares under the Issue.</p> <p>The costs of the Issue will be borne by holders of C Shares only. In the event that the Issue does not proceed, all costs associated with the Issue will be paid by the Company.</p> <p>The Directors (as advised by the Investment Manager and based on the maximum purchase price payable for Scape Surrey and The Pad 2 under the Forward Purchase Agreements) currently anticipate that, subject to the continuation of prevailing market conditions, the 30 September 2015 valuations of Scape Surrey and The Pad 2 will fully offset the Issue costs should the Issue proceed.</p>



E.2.a.	Reasons for the Issue and use of proceeds	<p><b>Reasons for the Issue</b></p> <p>The Company has continued to perform strongly since IPO Admission against an encouraging backdrop for the student residential accommodation market, particularly in the Company's core market in and around London where the supply/demand imbalance for student residential accommodation is particularly acute. The Company's annualised share price total return (with dividend income reinvested) was 39.1 per cent. in the period from IPO Admission to the Latest Practicable Date.</p> <p>The Company has entered into Forward Purchase Agreements in relation to two developments – Scape Surrey and The Pad 2 – and is in advanced negotiations for the acquisition of Scape Shoreditch pursuant to the First Offer Agreement. These three developments, with an aggregate of approximately 800 beds, are currently expected to be completed for the start of the 2015/16 academic year.</p> <p>Accordingly, the Board believes that it is appropriate to proceed with the Issue to seek to grow the Company's asset base.</p> <p>The Board believes that the Issue has, <i>inter alia</i>, the following principal benefits for Shareholders:</p> <ul style="list-style-type: none"> <li>● the acquisition of the Target Assets, will enable the Company to grow the total number of modern studios and beds in its portfolio located in and around London to approximately 1,800 thereby adding further diversification to its property portfolio;</li> <li>● the acquisition of the Target Assets will allow the Company to partner with a wider range of HEIs with significant demand from international students;</li> <li>● the market capitalisation of the Company will increase immediately following the Issue, which will help meet investor demand for investment in the Company which cannot currently be met in the secondary market, as reflected by the prevailing premium to Net Asset Value per Ordinary Share at which the Ordinary Shares currently trade;</li> <li>● an increase in the size of the Company will mean that the fixed costs of operating the Company are spread over a larger asset base, thereby reducing the Company's ongoing charges per Share; and</li> <li>● the Open Offer provides Qualifying Shareholders with the ability to invest in the Company without incurring stamp duty or dealing costs or paying the current market premium for acquiring Ordinary Shares in the secondary market.</li> </ul> <p>The issue of further equity in the form of C Shares is designed to overcome the potential disadvantages for both existing and new investors which would arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:</p> <ul style="list-style-type: none"> <li>● by holding the Net Proceeds of the issue of C Shares, and any assets acquired therewith, as a distinct pool of assets until Conversion, Ordinary Shareholders will not be exposed to a portfolio containing a substantial amount of uninvested cash before Conversion, thereby mitigating the risk of cash drag for existing holders of Ordinary Shares;</li> <li>● the Net Asset Value of the Ordinary Shares will not be diluted by the expenses directly associated with the Issue, which will be borne by the subscribers for C Shares; and</li> <li>● the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which the C Shareholders will become entitled will reflect the relative Net Asset Value of the assets attributable to the C Shares and to the Ordinary Shares. As a result, the Net Asset Value per Ordinary Share will not be adversely affected by Conversion.</li> </ul> <p>Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments.</p>
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		<p>The new Ordinary Shares arising on Conversion of C Shares will rank <i>pari passu</i> with the Ordinary Shares then in issue for dividends and distributions made or declared by reference to a record date falling after the relevant Calculation Date.</p> <p><b>Use of proceeds</b></p> <p>Assuming Gross Proceeds of £130 million pursuant to the Issue, the Net Proceeds will be approximately £127.34 million. The Issue is subject to Minimum Net Proceeds of £34.75 million. The Company will invest the Net Proceeds in accordance with the Company's investment policy.</p> <p><i>If the Minimum Net Proceeds are raised</i></p> <p>Subject to the satisfaction of the conditions of the relevant Forward Purchase Agreement including, <i>inter alia</i>, practical completion of the building works, receipt of a satisfactory building survey and each building achieving bedroom lettings of 75 per cent. or more and the Minimum Net Proceeds being raised, the Group will finance the acquisitions of The Pad 2 and Scape Surrey solely from the Net Proceeds and use up to £15.75 million and £19 million of the Net Proceeds (which, in aggregate, is an amount equal to the Minimum Net Proceeds) to acquire The Pad 2 and Scape Surrey respectively. For the avoidance of doubt, no new debt facilities will be required for the acquisitions of The Pad 2 and Scape Surrey if the Minimum Net Proceeds have been raised.</p> <p><i>If more than the Minimum Net Proceeds are raised</i></p> <p>In addition to the intended acquisitions of The Pad 2 and Scape Surrey described above, if more than the Minimum Net Proceeds are raised, the Directors currently intend to utilise any such excess Net Proceeds towards the proposed acquisition of Scape Shoreditch which, if acquired, will be purchased using a combination of such excess Net Proceeds and new debt facilities.</p> <p>The aggregate gearing of the Group, following drawdown of any such new debt facilities, will be within the borrowing limits set out in the Company's borrowing and gearing policy. Any excess uninvested Net Proceeds may be returned to C Shareholders through the redemption mechanism in the Articles to the extent they are not invested in accordance with the Company's investment policy on or before 31 December 2015.</p>
E.3.	Terms and conditions of the Offer	<p>The Open Offer, Placing and Offer for Subscription will each be made at an Issue Price of 100 pence per C Share.</p> <p>The Issue is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> <li>● Admission having become effective on or before 8.00 a.m. on 30 June 2015 or such later time and/or date as the Company and Cenkos may agree (being no later than 8.00 a.m. on 31 July 2015);</li> <li>● the Placing and Offer Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission; and</li> <li>● the Minimum Net Proceeds being raised.</li> </ul> <p>Accordingly, if any of the conditions is not satisfied or, if applicable, waived, the Issue will not proceed.</p> <p><b>Open Offer</b></p> <p>Under the Open Offer, an aggregate of 54,955,214 C Shares will be made available to Qualifying Shareholders at the Issue Price <i>pro rata</i> to their holdings of Ordinary Shares, on the terms and subject to the conditions of the Open Offer on the basis of:</p> <p><b>1 C Share for every 2 Ordinary Shares</b></p> <p>held and registered in their name at the Record Date.</p> <p>The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 23 June 2015.</p>

		<p>Existing Shareholders who take up all of their entitlements under the Open Offer may also apply for additional C Shares under an excess application facility ("<b>Excess Application Facility</b>"). Applications for additional C Shares under the Excess Application Facility will be allocated in such manner as the Directors (in their absolute discretion) determine.</p> <p>The balance of the C Shares (being 75,044,786 C Shares), together with any C Shares not taken up by Qualifying Shareholders under the Open Offer, will be made available, at the discretion of the Directors, under the Excess Application Facility or Placing and Offer for Subscription.</p> <p>Existing Shareholders may also subscribe for C Shares in excess of their Basic Entitlement and any C Shares applied for through the Excess Application Facility through the Placing and Offer for Subscription, as appropriate.</p> <p><b>Placing</b></p> <p>Cenkos has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing for the C Shares on the terms and subject to the conditions set out in the Placing and Offer Agreement. The Placing will close at 3.00 p.m. on 24 June 2015 (or such later date as the Company and Cenkos may agree).</p> <p><b>Offer for Subscription</b></p> <p>The Company has agreed to make an offer for C Shares pursuant to the Offer for Subscription at the Issue Price and subject to the terms and conditions under the Offer for Subscription.</p>
E.4.	Material interests	Not applicable. No interest is material to the Issue.
E.5.	Name of person selling securities	Not applicable. No person or entity is offering to sell Ordinary Shares as part of the Issue.
E.6.	Dilution	<p>If a Qualifying Shareholder:</p> <ul style="list-style-type: none"> <li>(i) does not subscribe under the Open Offer for such number of C Shares as is equal to his or her proportionate ownership of Ordinary Shares; or</li> <li>(ii) subscribes under the Open Offer for such number of C Shares but does not participate in the Excess Application Facility or the Placing or the Offer for Subscription <i>pro rata</i> to their holdings of Ordinary Shares,</li> </ul> <p>his or her proportionate ownership and, following Conversion, voting interests in the Company will be reduced. Moreover, the percentage that his or her Ordinary Shares and, if he or she does subscribe for C Shares, C Shares will represent of the total share capital of the Company will be reduced following completion of the Issue.</p> <p>Pursuant to Conversion, C Shares issued pursuant to the Issue will convert into Ordinary Shares. The number of Ordinary Shares into which each C Share converts will be determined by the relative Conversion Net Asset Value per C Share and per Ordinary Share at the Calculation Date. As a result of Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced to the extent that Shareholders do not take up their Basic Entitlement and do not participate in the Excess Application Facility or the Placing or the Offer for Subscription <i>pro rata</i> to their holdings of Ordinary Shares, in full (however, Conversion will be Net Asset Value neutral to holders of Ordinary Shares).</p> <p>The C Shares do not have voting rights at general meetings of the Company. Voting rights of the Ordinary Shareholders will not be diluted until Conversion.</p>
E.7.	Estimated Expenses charged to the investor by the issuer	The Company will not charge investors any separate costs or expenses in connection with the Issue. The costs and expenses incurred in connection with the Issue are anticipated to be two per cent. of Gross Proceeds (assuming Gross Proceeds of £130 million) and will be borne indirectly by the C Shareholders since they will be paid out of the pool of assets attributable to the C Shares.

## RISK FACTORS

Investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company or the C Shares, including, in particular, the risks described below. An investment in the C Shares is only suitable for institutional investors and professionally-advised private investors and highly knowledgeable investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.

The Directors believe the risks described below are the material risks relating to an investment in the C Shares or the Ordinary Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the C Shares and/or the Ordinary Shares. Investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to participate in the Issue.

FCA-authorised firms conducting designated investment business with retail customers under COB Rules are reminded that securities admitted to trading on the Specialist Fund Market will be securities that may have characteristics such as: (i) variable levels of secondary market liquidity; (ii) sophisticated corporate structures; (iii) highly leveraged structures; and (iv) sophisticated investment propositions with concentrated risks and are therefore intended for institutional, professional and highly knowledgeable investors. The Company and its advisers not subject to the COB Rules are responsible for compliance with equivalent conduct of business or point of sale rules in the jurisdiction in which they are based or in which they are marketing the securities concerned (if applicable).

### RISKS RELATING TO THE GROUP, ITS INVESTMENT STRATEGY AND OPERATIONS

#### ***The Company may not meet its investment objective***

The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company's investment objective is to provide Shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with RPI inflation-linked income characteristics. The amount of any capital appreciation will depend upon, amongst other things, the Company successfully pursuing its investment policy and the performance of the Group's assets. There can be no assurance as to the level of any capital appreciation over the long-term. The declaration, payment and amount of any future dividends by the Company are subject to the discretion of the Directors and will depend upon, amongst other things, the Group successfully pursuing the Company's investment policy and the Group's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance as to the level and/or payment of future dividends by the Company.

#### ***An appreciation in the value of Sterling may decrease demand for accommodation by international students***

It is expected that a significant proportion of tenants will be international students. As such, any appreciation in the value of Sterling may decrease demand for accommodation by international students which may materially and adversely impact the Net Asset Value and earnings of the Company.

#### ***The Group's performance depends on general property and investment market conditions***

The Group's performance depends to a significant extent on property values in the United Kingdom. An overall downturn in the UK property market and the availability and cost of credit to the UK property sector may have a materially adverse effect upon the value of the properties owned by the Group and ultimately upon the Net Asset Value and the ability of the Group to generate revenues.

***Investor returns will be dependent upon the performance of the portfolio and the Company may experience fluctuations in its operating results***

Investors contemplating an investment in the C Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the Group's property portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the C Shares.

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Group, changes in the Group's operating expenses, occupancy rates, the degree to which the Group encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the C Shares and the Ordinary Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

***Development Risk***

Any development activities of the Group may involve a higher degree of risk than is associated with its operating properties and will require the Group to assess each development opportunity. Inaccurate assessment of a development opportunity could result in a substantial proportion of the development remaining vacant after completion. Such vacancies would adversely affect the level of rental income obtained and the value of the development property which could have a material adverse effect on the Company's profitability and Net Asset Value.

Development projects may be subject to delays or disruptions that are outside of the Group's control. The Group may not be able to recover cost overruns or may incur holding costs which could have a material adverse effect on the Company's profitability and Net Asset Value.

Changes in market conditions or the regulatory environment during the development period may have a detrimental effect upon the development opportunity and ultimately upon the Company's profitability and Net Asset Value.

The Group will rely on the performance of the relevant developer and building contractor in relation to each development and forward-funded project. In the event that a developer and/or building contractor is unable (for example by reason of its insolvency) or unwilling to perform its contractual commitments up to a satisfactory standard, the Group may be required to appoint a replacement developer and/or building contractor. There can be no assurance that such a replacement or replacements could be found at all or on terms that are not less favourable to the Group which could have a material adverse effect on the Company's profitability and Net Asset Value.

***The Group's rental income and property values may be adversely affected by increased supply of student accommodation and teaching facilities, the failure to collect rents, increasing operating costs or any deterioration in the quality of the properties in the Group's portfolio***

Rental income and property values may be adversely affected by increased supply of student accommodation and teaching facilities, the failure to collect rents because of tenants' or licensees' inability to pay or otherwise, the periodic need to renovate and the costs thereof and increased operating costs. A decrease in rental income and/or on property values may materially and adversely impact the Net Asset Value and earnings of the Company.

***The Group may not be able to maintain or increase the rental rates for its rooms, which may, in the longer term, have a material adverse impact on the value of the Group's properties, as well as the Group's turnover and its ability to service interest on its debts***

The value of the Group's properties and, to a significant degree, the Group's turnover, is dependent on the rental rates that can be achieved from the properties that the Group owns. The ability of the Group to maintain or increase the rental rates for its rooms and properties generally may be adversely affected by general UK economic conditions and/or the disposable income of students. In addition, there may be other factors that depress rents or restrict the Group's ability to increase rental rates, including local factors relating to particular properties/locations (such as increased competition) and any harm to the reputation of the Group amongst universities, students or other potential customers. Any failure to maintain or increase the rental rates for the Group's rooms and properties generally may have a material adverse effect on the value of the Group's properties as well as the Group's turnover and its ability to service interest on its debts in the longer term.

***Changes in laws, regulations and/or government policy may adversely affect the Group's business***

The Group and its operations are subject to laws and regulations enacted by national and local governments and government policy. Any change in the laws, regulations and/or government policy affecting the Group may have a material adverse effect on the ability of the Company to successfully pursue its investment policy and meet its investment objective and on the value of the Company and the Shares. In such event, the investment returns of the Company may be materially adversely affected. Such potential changes in law, regulation and/or government policy include:

- increased tuition fees, decreased student loans and/or grants and reducing the number of international students granted student visas which may reduce student numbers (both from the United Kingdom and overseas) and reduce students' disposable income which may in turn reduce demand for student accommodation and rents;
- more onerous health and safety and environmental legislation and regulation which may increase the costs of compliance and reduce the Group's earnings; and
- less onerous planning legislation and regulation which may result in increased supply of student accommodation and adversely impact occupancy rates and reduce rents.

Furthermore, the Company is subject to and is required to comply with certain regulatory requirements that are applicable to closed-ended investment companies that are admitted to trading on the London Stock Exchange (Specialist Fund Market). The Company must comply with the London Stock Exchange Admission and Disclosure Standards and the Disclosure and Transparency Rules and so far as the Company is aware, as at the date of this document, the Company complies with such rules and regulations as are relevant. Any failure in future to comply with any future changes to such rules and regulations may result in the Shares being suspended from trading on the London Stock Exchange (Specialist Fund Market).

***The Group may not be able to maintain the occupancy rates of its current portfolio or any other student accommodation properties it acquires, which may have a material adverse impact on the Group's revenue performance, margins and asset values***

The ability of the Group to maintain attractive occupancy levels (or to maintain such levels on economically favourable terms) on its assets may be adversely affected by a number of factors, including a fall in the number of students, competing sites, any harm to the reputation of the Group amongst universities, students or other potential customers, or as a result of other local or national factors. A fall in occupancy levels may adversely affect the Group's revenue performance, margins and asset values.

***The Group is exposed to the 'Scape Student Living' brand***

The Group's success and results are, to some extent, dependent on the strength and reputation of the 'Scape Student Living' brand. The 'Scape Student Living' brand is vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Group is exposed to the risk that litigation, employee misconduct, operational failures, press speculation and negative publicity, amongst others, whether or not founded, could damage the 'Scape Student Living' brand. The 'Scape Student Living' brand could also be harmed if Scape East, Scape Greenwich, Scape Surrey or Scape Shoreditch or any other student residential property that uses the 'Scape Student Living' brand (whether or not owned by the Group) do not perform as expected (whether or not the expectations are founded) or tenants' and/or licensees' expectations for Scape East, Scape Greenwich, Scape Surrey, Scape Shoreditch or any other student residential property (whether or not owned by the Group) that uses the 'Scape Student Living' brand are not met or change.

Any damage to the 'Scape Student Living' brand could cause a decline in the demand for accommodation and/or the rental rates that can be achieved at the properties owned by the Group. The occurrence of any of these events could have an adverse effect on the Group's revenue, performance, margins and asset values.

Furthermore, the Group's non-exclusive licence to use the 'Scape Student Living' brand in respect of any asset will automatically cease if Scape Student Living ceases to provide asset management services in relation to such asset. In such circumstances, the Group is required to cease using the 'Scape Student Living' brand at the relevant asset at the end of the academic year following that in which it ceases to engage Scape Student Living. In such circumstances, the Group will no longer



have the benefit of the 'Scape Student Living' brand which could have an adverse effect on the Group's revenue, performance, margins and asset values.

***The net revenue generated by the Group's properties may depend on the financial stability of any HEIs with which the Group has direct contractual relationships***

The net revenue generated from the Group's properties may depend on the financial stability of any HEIs with whom the Group has direct contractual relationships. Clients may default on contract terms, such as rent collection and pre-let agreements, or the advance bookings of student accommodation, having an adverse effect on the Group's revenue, performance, margins and asset values.

***Reliance on service providers and other third parties***

In the main, the Group relies upon the performance of third party service providers to perform its executive functions. In particular, the Investment Manager, the Asset and Facilities Managers, the Administrator, the Depositary, the Secretary and the Registrar and their respective delegates, if any, will perform services that are integral to the Group's operations and financial performance. Failure by any service provider to carry out its obligations to the Group in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Group at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Group's performance and returns to Shareholders.

The termination of the Group's relationship with any third party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Group materially and could have a material adverse effect on the Group's performance and returns to Shareholders.

Further, misconduct or misrepresentations by employees of the Group, the Investment Manager, either Asset and Facilities Manager or other third party service providers could cause significant losses to the Group.

***Past performance cannot be relied upon as an indicator of future performance***

The past performance of the Group, other investments managed or advised by the Investment Manager or managed by either Asset and Facilities Manager cannot be relied upon as an indicator of the future performance of the Group. Investor returns will be dependent on the Company successfully pursuing its investment policy. The success of the Company depends, amongst other things, on the Investment Manager's ability to identify and acquire investments in accordance with the Company's investment policy and the Asset and Facilities Managers' ability to perform adequately under their relevant Asset and Facilities Management Agreement. There can be no assurance that they will be able to do so.

An investor may not get back the amount originally invested. The Company can offer no assurance that investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

***Borrowings and interest rate hedging***

Any amounts that are secured by the Group under a bank facility are likely to rank ahead of Shareholders' entitlements and accordingly, should the Group's assets not grow at a rate sufficient to cover the costs of establishing and operating the Group, on a liquidation of the Company, Shareholders may not recover their initial investment.

Prospective investors should be aware that, whilst the use of borrowings should enhance Net Asset Value per Share, where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Group's property portfolio falls, including as a result of defaults by tenants pursuant to their leases/licences with the Group, the use of borrowings will increase the impact of such falls on the net revenue of the Group and, accordingly, this will have an adverse effect on the Company's ability to pay dividends to Ordinary Shareholders.

Any increase in UK Sterling interest rates could have an adverse impact on the Group's cost of borrowing or its ability to secure borrowing facilities and could result in the expected dividends of the Company being reduced and/or a reduction in the value of the Shares. The Group may (and currently does) make use of interest rate hedging contracts, but there is no guarantee that such contracts, will adequately protect the Group from adverse movements in real or nominal interest

rates. If such contracts are terminated before their original term expired the Group could incur significant breakage costs which may have an adverse effect on the ability of the Company to pay dividends to Shareholders.

The Directors intend to secure further borrowing facilities to finance and/or part-finance further acquisitions in accordance with the Company's investment policy. However, there can be no guarantee that any such facilities will be available to the Company on commercially acceptable terms or at all, which would adversely affect the Company's investment returns and may have a material adverse effect on the Group's financial position and results of operations.

As at the Latest Practicable Date, the Group had total debt facilities of approximately £40 million (all of which has been drawn).

***The Group is subject to concentration risk***

***Portfolio***

Whilst it is the Board's intention for the Group to acquire additional property assets in the future there can be no certainty that it will be able to do so (including through the Target Assets). Until the acquisition of any such further assets, the Group's performance will be reliant entirely on revenues derived from the Group's current property portfolio comprising Scape East, The Pad and Scape Greenwich. Any circumstances which materially affect the returns generated by the Group's property portfolio may materially and adversely impact the Net Asset Value and earnings of the Company.

***Geography***

Substantially all of the Company's assets are currently located in and around London. As a result of this concentration that Company may be adversely affected by events which damage or diminish London's attractiveness to students (especially overseas students) or London property values which could materially affect the returns generated by the Group's property portfolio which, in turn, could materially and adversely impact the Net Asset Value and earnings of the Company.

***The Group's investments are illiquid and may be difficult or impossible to realise at any particular time***

The Group invests in student residential accommodation and teaching facilities. Such investments are illiquid and may be difficult for the Group to sell and the price achieved on any such realisation may be at a discount to the prevailing valuation of the relevant investment which may materially and adversely impact the Net Asset Value and the earnings of the Company.

***Property valuation is inherently subjective and uncertain***

The valuation of the Group's properties is inherently subjective, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate, and, in part, because of the individual nature of each property. This is particularly so where there has been more limited transactional activity in the market against which the Group's property valuations can be benchmarked by the Group's independent third-party valuation agents. Valuations of the Group's investments may not reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

The Group may invest in properties through investments in various property-owning vehicles, and may in the future utilise a variety of investment structures for the purpose of investing in property. Where a property or an interest in a property is acquired through a company or investment structure, the value of the company or investment structure may not be the same as the value of the underlying property due, for example, to tax, environmental, contingent, and contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

***The Group may be unable to execute further acquisitions***

The growth of the Group depends upon the ability of the Investment Manager to identify, select and execute future investments which offer the potential for satisfactory returns. There can be no assurance that the Investment Manager will be successful in sourcing suitable investments or that the Group will make any further investments in property assets. The availability of such future investment opportunities will depend upon a number of factors including, but not limited to, the availability of suitable assets for acquisition within the Company's investment objective and policy,



conditions in the UK student accommodation sector and the ability of the Company to access appropriate funding.

There can be no guarantee that the Group will have access to further financing or identify and execute any property acquisitions which may adversely impact the secondary market liquidity in the Shares and leave investors subject to greater concentration risk than would otherwise be the case.

The Group has a right of first offer to acquire Scape Shoreditch, in accordance with the First Offer Agreement. The exercise of the right of first offer is subject to Scape Shoreditch achieving bedroom lettings of 75 per cent. or more. Further, the acquisition of Scape Shoreditch is subject, *inter alia*, to the Company agreeing commercial terms with the vendors. Accordingly, there can be no guarantee that the Company will acquire Scape Shoreditch pursuant to the First Offer Agreement or otherwise.

The Group has agreed to acquire Scape Surrey and The Pad 2 in accordance with the Forward Purchase Agreements. The acquisitions are subject to the satisfaction of conditions including, *inter alia*, practical completion of the building works, receipt of a satisfactory building survey and each building achieving bedroom lettings of 75 per cent. or more. Further, the acquisition of Scape Surrey pursuant to the Surrey Forward Purchase Agreement is also conditional on the Company obtaining debt and/or equity finance to complete such purchase. There can be no assurance that these conditions will be satisfied.

Further details in relation to the First Offer Agreement and the Forward Purchase Agreements are set out at paragraphs 6.4, 6.5 and 6.11 of Part 9 of this document.

Under the Pipeline Agreement, Scape Student Living has undertaken to use its reasonable endeavours to procure that the owner or owners of, including Scape Surrey, the next three student residential property developments (excluding Scape Shoreditch) to be developed, managed or operated by Scape Student Living or any of its affiliates and be branded under the 'Scape Student Living' brand, enter into right of first offer agreements in respect of such developments as soon as is practicable following their practical completion. However, there can be no assurance that Scape Student Living will be able to procure that the owner or owners of such developments enter into such right of first offer agreements or that the Group will be able to acquire such assets, including by reason of not being able to match a third party's valuation. Further details in relation to the Pipeline Agreement are set out at paragraph 6.12 of Part 9 of this document.

The Group will face competition from other property investors who may have greater financial resources than the Group and a greater ability to borrow funds to acquire properties. Competition in the property market may also lead either to an over-supply of student accommodation through over-development or higher prices for existing properties being driven up through competing bids by potential purchasers.

***The Group's due diligence may not identify all risks and liabilities in respect of an acquisition or lease agreement***

Prior to entering into an agreement to acquire any property, the Investment Manager will perform due diligence, on behalf of the Group, on the proposed investment. In doing so, it would typically rely, in part, on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that the Investment Manager or other third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the investment in question, the Group may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Group may be unable to obtain necessary permits which may materially and adversely impact the Net Asset Value and the earnings of the Company.

A due diligence failure may also result in properties that are acquired failing to perform in accordance with projections which may materially and adversely impact the Net Asset Value and the earnings of the Company.

The Investment Manager will also perform due diligence, on behalf of the Group, on HEIs prior to entering into any long-term lease or other agreements with such counterparty. To the extent that the Investment Manager or any third party on which it relies to conduct such due diligence, fail to identify risks associated with the relevant HEI (including risks associated with its financial solvency), the Group may risk entering into long-term lease or other arrangements which are subsequently not honoured by the counterparty. This may materially and adversely impact the earnings of the Company and its Net Asset Value.

***The Group's operational activity is dependent on suppliers, contractors and other third parties***

The Group's business is dependent upon a number of third parties, including suppliers and contractors. To the extent that these parties are unable or unwilling to perform their contractual commitments up to a satisfactory standard, it could have a material adverse effect on the Group's financial position and results of operations.

In addition, the Group has entered into arrangements with third parties for the provision of maintenance services in respect of its properties. To the extent that these third parties are unable or unwilling to perform their contractual commitments, there is a risk of reputational damage to the Group, or that the Group will have to seek alternative contractors (or to perform such services itself) which could be difficult or more costly.

***The Group may suffer losses in excess of insurance proceeds, if any, or from uninsurable events***

The Group's properties may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated for by insurance, or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Group may lose capital invested in the affected property as well as anticipated future revenue from that property and the Group might also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Group's financial position and results of operations.

***There is a risk of accidents causing personal injury at premises owned by the Group, which could result in litigation against the Group and/or harm the Group's reputation***

There is a risk of accidents at premises owned by the Group, which could result in personal injury to tenants, people visiting the premises, employees, contractors or members of the public. The Group has public liability insurance in place which the Directors consider provides an adequate level of protection against third party claims. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and costs could have an adverse impact on the Group's reputation, financial position or results of operations.

## **RISKS RELATING TO THE SHARES**

### **Rights of the C Shares**

Investors in C Shares should note that the C Shares issued pursuant to the Issue shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend prior to Conversion. Holders of C Shares have no rights to receive notice of, attend, speak or vote at general meetings of the Company.

***The issue of C Shares pursuant to the Issue will dilute Ordinary Shareholders on Conversion***

The issue of C Shares pursuant to the Issue (other than the Open Offer provided Basic Entitlements are taken up in full) will dilute the voting rights of the current holders of Ordinary Shares on Conversion. The C Shares shall have no voting rights until Conversion.

Pursuant to Conversion, C Shares issued pursuant to the Issue will convert into Ordinary Shares. The number of Ordinary Shares into which each C Share converts will be determined by the relative Conversion Net Asset Value per C Share and per Ordinary Share at the Calculation Date. As a result of Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced to the extent that Shareholders do not take up their Basic Entitlement and do not participate in the Excess Application Facility or the Placing or the Offer for Subscription *pro rata* to their holdings of Ordinary Shares, in full (however, Conversion will be Net Asset Value neutral to holders of Ordinary Shares).

***Shares may trade at a discount to the Net Asset Value***

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Shares, like shares in all REITs, may fluctuate independently of their relevant underlying Net Asset Value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Shares, market conditions and general investor sentiment. The market value of a Share may vary considerably to its Net Asset Value.

***It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares***

Although the Ordinary Shares and the C Shares will be admitted to trading on the London Stock Exchange (Specialist Fund Market), there can be no assurance as to the levels of secondary market trading in Shares or the prices at which such Shares may trade. Accordingly, Shareholders should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in the Company, nor can they be certain that they will be able to realise their investment on a basis that necessarily reflects the value of the underlying investments held by the Company.

The Specialist Fund Market is a relatively new market and likely liquidity and price volatility levels are relatively unknown. Liquidity experienced on the Specialist Fund Market to date may not be a suitable indicator for liquidity levels in the future. The Company is not required to appoint a market maker or make a market for Shares traded on the Specialist Fund Market. There can be no guarantee that a liquid market in the Shares will develop or that the Shares will trade at prices close to their relevant underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at the relevant Net Asset Value or at all.

While the Directors retain the right to effect the repurchases of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers or to do so at any time and Ordinary Shareholders should not place any reliance on the willingness of the Directors so to act. Ordinary Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares on the market and C Shareholders wishing to realise their investment in the Company will always be required to dispose of their C Shares on the market.

The number of C Shares to be issued pursuant to the Issue is not yet known, and there may be a limited number of holders of C Shares and Ordinary Shares. Limited numbers and/or holders of such Shares may mean that there is limited liquidity in such Shares which may affect (i) an investor's ability to realise some or all of his investment; (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which the Shares trade in the secondary market.

***The Shares may be subject to significant forced transfer provisions***

The Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or under any other applicable securities laws. Moreover, the C Shares are only being offered and sold outside the United States to non-U.S. Persons (as defined in Regulation S under the U.S. Securities Act).

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as “**plan assets**” of any benefit plan investor under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act of 1934 and/ or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “**Foreign Private Issuer**” under the U.S. Securities Exchange Act of 1934; or (iv) may cause the Company to be a “**controlled foreign corporation**” for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, the Directors may require the holder of such shares to dispose of such shares and, if the shareholder does not sell such shares, may dispose of such shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold and shareholders of the Company generally to sell the Shares and may have an adverse effect on the market value of the Shares (see paragraph 4.5 of Part 9 of this document).

**RISKS ASSOCIATED WITH THE INVESTMENT MANAGER, THE ASSET AND FACILITIES MANAGERS AND OTHER SERVICE PROVIDERS**

The performance of the Group will depend on the ability of the Investment Manager, the Asset and Facilities Managers and other service providers to provide competent, attentive and efficient services to the Group. There can be no assurance that, over time, the Investment Manager, the Asset and Facilities Managers and other service providers will be able to provide such services or

that the Group will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

The ability of the Company to achieve its investment objective and maintain an operational portfolio of properties is significantly dependent upon the expertise of the partners, directors and employees of the Group, the Investment Manager and the Asset and Facilities Managers and the ability of the Group, the Investment Manager and the Asset and Facilities Managers to attract and retain suitable staff. The impact of the departure of a key individual (or individuals) on the ability of the Investment Manager to achieve the investment objective of the Company or either Asset and Facilities Manager to successfully operate and manage the relevant Group assets and facilities cannot be determined and may depend on, amongst other things, the ability of the Group, the Investment Manager and the Asset and Facilities Managers to recruit individuals of similar experience. A failure by the Group, the Investment Manager and/or either of the Asset and Facilities Managers to do so may impact negatively on the performance of the Investment Manager and/or the relevant Asset and Facilities Manager and, therefore, of the Group. The Group is subject to various UK and EU employment and other laws that apply to its employees. Although the Group has no history of labour unrest, there can be no assurance that labour disputes or work stoppages will not occur in the future. Any significant disagreements between the Group and its employees could disrupt the Group's operations and increase its operating costs, which could affect the Group's business, financial condition and results of operations.

If the Investment Management Agreement or any Asset and Facilities Management Agreement is terminated, the Directors would have to find a replacement investment manager or asset and facilities manager, as the case may be, for the Group and there can be no assurance that such a replacement will be found.

***The Investment Manager and the Asset and Facilities Managers may allocate some of their resources to activities in which the Group is not engaged, which could have a negative impact on the Company's ability to achieve its investment objective***

The Investment Manager and the Asset and Facilities Managers are not required to commit all of their resources to the Group's affairs. Insofar as the Investment Manager and/or either Asset and Facilities Manager devote resources to their responsibilities in relation to other business interests, their ability to devote resources and attention to the Group's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

***Potential conflicts of interest***

The Investment Manager, the Asset and Facilities Managers and their affiliates may serve as investment manager and asset and facilities managers respectively to other clients and each of the Investment Manager's and the Asset and Facilities Managers' organisational and ownership structure involves a number of relationships. The Investment Manager, the Asset and Facilities Managers, and/or any of their affiliates may have conflicts of interest in allocating their time and activity between the Group and their other clients and in effecting transactions between the Group and such other clients. The Investment Manager, Scape Student Living and/or any of their affiliates may be involved in other financial, investment and professional activities that may on occasion give rise to conflicts of interest with the Group.

Please see paragraph 5 of Part 3 of this document for details on how the Investment Manager and Scape Student Living manage these potential conflicts of interest.

**RISKS RELATING TO TAXATION AND REGULATION**

***A change in the Group's tax status or in taxation legislation in the UK could adversely affect the Group's profits and portfolio value and/or returns to Shareholders***

The levels of and reliefs from taxation may change, adversely affecting the financial prospects of the Group and/or the returns payable to Shareholders.

Any change in the Group's tax status or in taxation legislation in the UK (including a change in interpretation of such legislation) could affect the Group's ability to achieve its investment objective or provide favourable returns to Shareholders. In particular, an increase in the rates of stamp duty land tax (as applies to properties situated in England, Wales and Northern Ireland) or Land and Buildings Transaction Tax (as applies to properties situated in Scotland) could have a material impact on the price at which UK land can be acquired. Any such change could also adversely

affect the net amount of any dividends payable to Ordinary Shareholders and/or the price of Shares.

***There is no guarantee that the Group will maintain REIT status***

The Group cannot guarantee that it will maintain REIT status nor can it guarantee continued compliance with all of the REIT conditions and there is a risk that the REIT regime may cease to apply in some circumstances. HMRC may require the Group to exit the REIT regime if:

- it regards a breach of conditions or failure to satisfy the conditions relating to the REIT status of the Company or the Group, or an attempt to obtain a tax advantage, as sufficiently serious;
- the Company or the Group has committed a certain number of breaches in a specified period; or
- HMRC has given members of the Group at least two notices in relation to the avoidance of tax within a ten year period.

If the conditions for REIT status relating to the share capital of the Company (i.e. the Company may issue only one class of ordinary share capital and/or issue non-voting restricted preference shares) or the prohibition on entering into loans with abnormal returns are breached, or the Company ceases to be UK tax resident, becomes dual tax resident or becomes an open ended investment company, the Company will automatically lose its REIT status with effect from the end of the previous accounting period.

The Group could lose its status as a REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a REIT, or due to a breach of the close company conditions after the period of three years beginning with the date the Group becomes a REIT, if it is unable to remedy the breach within a specified timeframe.

Future changes in legislation may cause the Group to lose its REIT status.

If the Group were to be required to leave the REIT regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Group is treated as exiting the REIT regime. The Group may also in such circumstances be subject to an increased tax charge.

***If the Group fails to remain a REIT for UK tax purposes, its profits and gains will be subject to UK corporation tax***

The requirements for maintaining REIT status are complex. Minor breaches of certain conditions within the REIT regime may result in additional tax being payable or will not be penalised if remedied within a given period of time, provided that the regime is not breached more than a certain number of times. A serious breach of these regulations may lead to the Group ceasing to be a REIT. If the Company or the Group fails to meet certain of the statutory requirements to maintain its status as a REIT, the Group may be subject to UK corporation tax on its property rental income profits and any chargeable gains on the sale of some or all properties. This could reduce the reserves available to make distributions to Ordinary Shareholders, the yield on the Ordinary Shares and returns to Shareholders generally. In addition, incurring a UK corporation tax liability might require the Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. Moreover, if the Group's REIT status is withdrawn altogether because of its failure to meet one or more REIT qualification requirements, it may be disqualified from being a REIT from the end of the accounting period preceding that in which the failure occurred.

***Distribution requirements may limit the Group's flexibility in executing its acquisition plans***

The Group is intending to grow through acquisitions. However, the REIT distribution requirements limit the Group's ability to fund acquisitions and capital expenditures through retained income earnings. To maintain REIT status and as a result obtain full exemption from UK corporation tax on the profits of the Property Rental Business of the Group, the Group is required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of Property Income Distributions. The Company would be required to pay tax at regular UK corporation tax rates on any shortfall to the extent that it distributes as Property Income Distributions less than the amount required to meet the 90 per cent. distribution test for each



accounting period. Therefore, the Group's ability to grow through acquisitions would be limited if the Group were unable to obtain further debt or the Company were unable to issue Shares.

In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the REIT rules and the effect of any potential debt amortisation payments could require the Group to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a REIT, even if the then-prevailing market conditions are not favourable for these borrowings.

As a result of these factors, the constraints of maintaining REIT status could limit the Group's flexibility to make investments.

***The Group's status as a REIT may restrict distribution opportunities to Substantial Shareholders***

The Company may become subject to an additional tax charge if it makes a distribution to, or in respect of, a Substantial Shareholder. A Substantial Shareholder is, broadly, a company which is beneficially entitled to ten per cent. or more of the share capital of the Company (measured by reference to the percentage of the total nominal value of the share capital of the Company) or ten per cent. or more of the distributions paid by the Company or controls at least ten per cent. of the voting rights. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to a Substantial Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where distributions may become payable to a Substantial Shareholder. These provisions provide the Directors with powers to identify Substantial Shareholders. The Articles also allow the Directors to require the disposal of Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with these provisions.

***The Company has not registered and will not register as an investment company under the U.S. Investment Company Act and the Company's assets could be deemed "plan assets" that are subject to the requirements of ERISA and/or Section 4975 of the U.S. Code***

The Company will seek to qualify for an exemption from the definition of "investment company" under the U.S. Investment Company Act and will not register as an investment company in the United States under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which are applicable to the Company or its investors. To avoid being required to register as an investment company under the U.S. Investment Company Act and to avoid violating such act, the Company has implemented restrictions on the ownership and transfer of its Shares, which may materially affect Shareholders' ability to transfer their Shares to U.S. Persons.

The purchase of Shares by an employee benefit plan subject to ERISA, or Section 4975 of the U.S. Code or by any entity whose assets are treated as assets of any such plan, could result in the assets of the Company being considered plan assets for the purposes of ERISA, and/or Section 4975 of the U.S. Code and regulations made thereunder. In such circumstances the Company, the Investment Manager and also the fiduciaries of such an employee benefit plan could be liable for any ERISA violations by the Company or the Investment Manager and for other adverse consequences under ERISA. Each purchaser and transferee of Shares will be deemed to have represented by its purchase or receipt of the Shares, and throughout the period that it holds the Shares, that it is not an employee benefit plan subject to ERISA or Section 4975 of the U.S. Code or an entity whose assets are treated as assets of any such employee benefit plan. The Directors are also empowered by the Articles to require Shareholders, which they consider may because of their shareholding result in the assets of the Company being considered plan assets, to transfer their Shares in order to reduce this risk materialising. See paragraph 4.5 of Part 9 of this document for further details.

***Greater regulation of the financial services industry, which imposes additional restrictions on the Company, may materially affect the Group's business and its ability to achieve its investment objective***

Legislation proposing greater regulation of the financial services industry and the financial markets is being actively pursued in the European Union and other jurisdictions.

There can be no assurance that future regulatory action will not result in additional market dislocation. It is impossible to predict the nature, timing and scope of future changes in laws and regulations applicable to the Group. Any such changes in laws and regulations may have a

material adverse effect on the ability of the Company to carry out its business, to successfully pursue its investment policy and to realise its profit potential, and may include a requirement of increased transparency as to the identity of investors in the Company. Any such event may materially adversely affect the investment returns of the Company.



## IMPORTANT INFORMATION

### GENERAL

In assessing an investment in the C Shares, investors should rely only on the information in this document. No person has been authorised to give any information or make any representations in relation to the Group other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Manager, Cenkos or any other person. Neither the delivery of this document nor any subscription or purchase of C Shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Applicants under the Open Offer and the Offer for Subscription are strongly recommended to read and consider this document before completing the Open Offer Application Form or the Application Form respectively. Qualifying CREST Shareholders have not been sent an Open Offer Application Form. Instead, Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlement and Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 1 June 2015.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cenkos by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction, Cenkos accepts no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Investment Manager, the C Shares or the Issue. Cenkos accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such document or any such statement.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any C Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this document and the offering of C Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this document comes are required to inform themselves about and observe any restrictions as to the offer or sale of C Shares and the distribution of this document under the laws and regulations of any jurisdiction in connection with any application for C Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the UK, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of C Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required.

The C Shares are being offered and issued outside the United States in reliance on Regulation S. The C Shares and Ordinary Shares have not been nor will they be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the Company has not registered and will not register under the U.S. Investment Company Act. The C Shares and Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the C Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the C Shares or Ordinary Shares arising on their Conversion in the United States may constitute a violation of U.S. law.

## **PRESENTATION OF INFORMATION**

### ***Market, economic and industry data***

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### ***Currency presentation***

Unless otherwise indicated, all references in this document to “£” or “pence” are to the lawful currency of the UK and all references to “U.S.\$” are to the lawful currency of the United States of America.

### ***Definitions***

A list of defined terms used in this document is set out at pages 139 to 147.

### ***Governing law***

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

### ***Investment considerations***

The contents of this document are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of C Shares and/or Ordinary Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of C Shares and/or Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of C Shares and/or Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Group and an investment in C Shares.

An investment in C Shares and the Ordinary Shares arising upon their Conversion should be regarded as a long-term investment. There can be no assurance that the Company's investment objective will be achieved.

This document should be read in its entirety before making any investment in the C Shares. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Articles, which investors should review.

## **WEBSITE**

The contents of the Investment Manager's website insofar as they relate to the Group do not form part of this document. Investors should base their decision whether or not to invest in C Shares on the contents of this document alone.

## **FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA**

In relation to each Relevant Member State, no C Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant Member State prior to the publication of a document in relation to the C Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of C Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;

- to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of C Shares shall result in a requirement for the publication of a document pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any C Shares or to whom any offer is made under the Issue will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of C Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any C Shares to be offered so as to enable an investor to decide to purchase or subscribe for the C Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU) (the “**2010 PD Amending Directive**”), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

#### **FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN GUERNSEY**

The C Shares may only be promoted in or from within the Bailiwick of Guernsey by persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended). Persons appointed by the Company and not so licensed may not promote the Company in Guernsey to private investors and may only distribute and circulate any document relating to C Shares in Guernsey to persons regulated as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, and provided that the provisions of Section 29(1)(cc) of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) are satisfied. Promotion of the C Shares may not be made in any other way. The Prospectus Rules 2008 do not apply to the offer of the C Shares.

#### **FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN JERSEY**

This document may be circulated in Jersey only by persons who are registered by the Jersey Financial Services Commission in accordance with the FSL for the conduct of financial services business and the distribution of this document, or are exempt from such registration in accordance with the FSL. In addition, this document may be circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

Consent for the circulation of this document in accordance with article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, has not been sought from or given by the Jersey Financial Services Commission.

#### **FORWARD-LOOKING STATEMENTS**

This document contains forward looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus

Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Prospectus Rules and the Disclosure and Transparency Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 9 of Part 9 of this document.

## VOLUNTARY COMPLIANCE WITH THE LISTING RULES

The Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the UKLA do not apply to the Company. The Company is subject to the admission and disclosure standards of the London Stock Exchange whilst traded on the London Stock Exchange (Specialist Fund Market). In addition, the Directors have resolved that, as a matter of best practice and good corporate governance, the Company voluntarily complies with the following key provisions of the Listing Rules:

- the Company is not required to comply with the Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, the Company complies with these Listing Principles;
- the Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed Cenkos as broker and financial adviser to guide the Company in understanding and meeting its responsibilities in connection with Admission and the Issue and also for compliance with Chapter 10 of the Listing Rules relating to significant transactions, with which the Company intends to voluntarily comply;
- the Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company complies with the following provisions of Chapter 9 of the Listing Rules: (i) Listing Rule 9.2.7 to Listing Rule 9.2.10 (Compliance with the Model Code); (ii) Listing Rule 9.3 (Continuing obligations: holders); (iii) Listing Rule 9.5 (Transactions); (iv) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (Notifications); (v) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (vi) Listing Rule 9.8 (Annual financial report);
- the Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. The Company has adopted a related party policy (in relation to which Cenkos, as broker and financial adviser, will guide the Company) which shall apply to any transaction which it may enter into with any Director, the Investment Manager or any of their affiliates which would constitute a “related party transaction” as defined in, and to which would apply, Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company shall not enter into any such related party transaction without first obtaining: (i) the approval of a majority of the Directors who are independent of the Investment Manager; and (ii) a fairness opinion or third-party valuation (as appropriate) in respect of such related party transaction from an appropriately qualified independent adviser. This policy may only be modified with Shareholder approval;
- the Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2, as more particularly described in paragraph 16.1 of Part 1 of this document;
- the Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company however complies with the following provisions of Chapter 13 of the Listing Rules: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in Class 1 Circulars); (iv) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (v) Listing Rule 13.8 (Other circulars); and
- the Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: Premium listing). Nonetheless, the Company complies with the following provisions of Chapter 15 of the Listing Rules: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations); (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information).

The Company is not required to comply with the Model Code for directors’ dealings contained in Chapter 9 of the Listing Rules (the “**Model Code**”). However, the Company has adopted a voluntary share dealing code for the Directors pursuant to which the Directors comply with the Model Code. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

The Specialist Fund Market is an EU regulated market.

**It should be noted that the UK Listing Authority does not have the authority to monitor the Company’s voluntary compliance with the Listing Rules applicable to closed-ended**

investment companies which are listed on the premium listing segment of the Official List of the UKLA nor will it impose sanctions in respect of any failure of such compliance by the Company.

FCA-authorised firms conducting designated investment business with retail customers under COB Rules are reminded that securities admitted to trading on the Specialist Fund Market will be securities that may have characteristics such as: (i) variable levels of secondary market liquidity; (ii) sophisticated corporate structures; (iii) highly leveraged structures; and (iv) sophisticated investment propositions with concentrated risks and are therefore intended for institutional, professional and highly knowledgeable investors. The Company and its advisers not subject to the COB Rules are responsible for compliance with equivalent conduct of business or point of sale rules in the jurisdiction in which they are based or in which they are marketing the securities concerned (if applicable).

## EXPECTED TIMETABLE

### The Open Offer

Record date for entitlements under the Open Offer	5.00 p.m. on 28 May 2015
Open Offer Application Forms despatched to Qualifying Non-CREST Shareholders	29 May 2015
Ex-entitlement date for the Open Offer	8.00 a.m. on 1 June 2015
Basic Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST (Qualifying CREST Shareholders only)	8.00 a.m. on 1 June 2015
Recommended latest time for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements from CREST (i.e. if your Basic Entitlements and Excess CREST Open Offer Entitlements are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 17 June 2015
Latest time and date for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 18 June 2015
Latest time and date for splitting of Open Offer Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 19 June 2015
Latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)*	11.00 a.m. on 23 June 2015

### The Placing and Offer for Subscription

Placing and Offer for Subscription open	29 May 2015
Latest time and date for receipt of completed Application Forms and payment in full under the Offer of Subscription*	1.00 p.m. on 24 June 2015
Latest time and date for receipt of placing commitments under the Placing*	3.00 p.m. on 24 June 2015

### Other key dates

Results of the Issue announced	26 June 2015
Dealings in the C Shares commence on the London Stock Exchange (Specialist Fund Market)	8.00 a.m. on 30 June 2015
Crediting of CREST stock accounts in respect of the C Shares	8.00 a.m. on 30 June 2015
Share certificates despatched in respect of the C Shares	week commencing 6 July 2015 or as soon as possible thereafter

*\* The Directors may, with the prior approval of Cenkos, alter such date and thereby shorten or lengthen the Placing, Open Offer and/or Offer for Subscription period, to a date or dates no later than 24 July 2015. The Company will notify investors of any such change through the publication of a notice through a Regulatory Information Service. The above times and/or dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service. All references to times in this document are to London times.*



## KEY STATISTICS

Issue Price per C Share	100 pence
Maximum Gross Proceeds*	£130 million
Estimated Net Proceeds of the Issue*	£127,400,000 million
Maximum number of C Shares to be issued pursuant to the Open Offer	54,955,214
Maximum aggregate number of C Shares to be issued pursuant to the Issue	130 million
Estimated Net Asset Value per C Share at Admission*	98 pence

*\* Assuming Gross Proceeds of £130 million. The target size of the Issue is £95 million. The number of C Shares to be issued pursuant to the Issue, and therefore the Gross Proceeds and the Net Proceeds of the Issue, is not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Admission. The Issue will not proceed if the Minimum Net Proceeds are not raised. If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.*

## DEALING CODES

The dealing codes for the C Shares, the Basic Entitlements, the Excess CREST Open Offer Entitlements and the Ordinary Shares are as follows:

ISIN – C Shares	GB00BX90BC01
SEDOL – C Shares	BX90BC0
Ticker – C Shares	DIGC
ISIN – Basic Entitlements	GB00BX90C270
SEDOL – Basic Entitlements	BX90C27
ISIN – Excess CREST Open Offer Entitlements	GB00BX90C387
SEDOL – Excess CREST Open Offer Entitlements	BX90C38
ISIN – Ordinary Shares	GB00B8460Z43
SEDOL – Ordinary Shares	B8460Z4
Ticker – Ordinary	DIGS

## **DIRECTORS, MANAGEMENT AND ADVISERS**

Directors	Robert Henry Haldane Peto (Chairman) Robert Malcolm Naish Peter William Dunscombe Marlene Wood
	all of the registered office below:
Registered Office	51 New North Road Exeter EX4 4EP Tel: 01392 477500
Investment Manager and the AIFM	Gravis Capital Partners LLP 53-54 Grosvenor Street London W1K 3HU Tel: 020 7518 1490
Financial Adviser and Placing Agent	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Solicitors to the Company	Wragge Lawrence Graham & Co LLP 4 More London Riverside London SE1 2AU
Solicitors to the Financial Adviser and Placing Agent	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Secretary	Capita Company Secretarial Services Limited Beaufort House 51 New North Road Exeter EX4 4EP
Administrator	Capita Sinclair Henderson Limited Beaufort House 51 New North Road Exeter EX4 4EP
Receiving Agent and Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Depository	Langham Hall UK Depository LLP 5 Old Bailey London EC4M 7BA
Auditor and Reporting Accountant	Ernst & Young LLP 1 More London Place London SE1 2AF
Valuer	Knight Frank LLP 55 Baker Street London W1U 8AN
Principal Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP

# **PART 1**

## **INFORMATION ON THE GROUP**

### **1 INTRODUCTION**

The Company is a closed-ended investment company incorporated in England and Wales on 26 February 2013 which carries on business as the principal company of a REIT. Since the Company's admission to the London Stock Exchange (Specialist Fund Market) on 20 May 2013 to the Latest Practicable Date, the Share price total return (including dividend income reinvested) was 39.1 per cent. As at 31 March 2015, the value of the Group's property portfolio was £169.9 million and the unaudited Net Asset Value per Ordinary Share was 119.19 pence. As at the Latest Practicable Date, the market capitalisation of the Company was £139.3 million.

The Board announced on 26 February 2015 that it was considering an issue of C Shares to fund the potential acquisition of the Target Assets.

As at that date, the Group employed 46 persons to provide asset and facilities management services to Scape East and Scape Greenwich.

The Company's investment manager is Gravis Capital Partners LLP who acts as the Company's AIFM for the purposes of AIFMD. As at 31 March 2015, the Investment Manager had total assets under management with a principal value of c.£1 billion, including two London-listed closed-ended investment companies, the Company and GCP Infrastructure Investments Limited, which, respectively, had market capitalisations of c.£126 million and c.£600 million (as at that date).

The purpose of this document is to provide you with details of the Issue and its benefits. This document also includes a detailed description of the Company and information on how Ordinary Shareholders and other investors can participate in the Issue.

### **2 REASONS FOR THE ISSUE**

The Company has continued to perform strongly since IPO Admission against an encouraging backdrop for the student residential accommodation market, particularly in the Company's core market in and around London where the supply/demand imbalance for student residential accommodation is particularly acute. In the period from IPO Admission to the Latest Practicable Date the Company's annualised Ordinary Share price total return (including dividend income reinvested) was 39.1 per cent.

The Company has entered into Forward Purchase Agreements in relation to two developments – Scape Surrey and The Pad 2 – and is in advance negotiations for the acquisition of Scape Shoreditch pursuant to the First Offer Agreement. These three developments, with an aggregate of approximately 800 beds, are currently expected to be completed for the start of the 2015/16 academic year.

Accordingly, the Board believes that it is appropriate to proceed with the Issue to seek to grow the Company's asset base.

The Board believes that the Issue has the following principal benefits for Shareholders:

- the acquisition of the Target Assets, will enable the Company to grow the total number of modern studios and beds in its portfolio located in and around London to approximately 1,800 thereby adding further diversification to its property portfolio;
- the acquisition of the Target Assets will allow the Company to partner with a wider range of HEIs with significant demand from international students;
- the market capitalisation of the Company will increase immediately following the Issue, which will help meet investor demand for investment in the Company which cannot currently be met in the secondary market, as reflected by the prevailing premium to Net Asset Value per Ordinary Share at which the Ordinary Shares currently trade;
- an increase in the size of the Company is expected to improve market liquidity of its Shares. This may enhance the marketability of the Company and may result in a broader investor base over the longer term;
- an increase in the size of the Company will mean that the fixed costs of operating the Company are spread over a larger asset base, thereby reducing the Company's ongoing charges per Share; and

- the Open Offer provides Qualifying Shareholders with the ability to invest in the Company without incurring stamp duty or dealing costs or paying the current market premium for acquiring Ordinary Shares in the secondary market.

The issue of further equity in the form of C Shares is designed to overcome the potential disadvantages for both existing and new investors which would arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- by holding the Net Proceeds of the issue of C Shares, and any assets acquired therewith, as a distinct pool of assets until Conversion, Ordinary Shareholders will not be exposed to a portfolio containing a substantial amount of uninvested cash before Conversion, thereby mitigating the risk of cash drag for holders of Ordinary Shares;
- the Net Asset Value of the Ordinary Shares will not be diluted by the expenses directly associated with the Issue, which will be borne by the subscribers for C Shares; and
- the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which the C Shareholders will become entitled will reflect the relative Net Asset Value of the assets attributable to the C Shares and to the Ordinary Shares. As a result, the Net Asset Value per Ordinary Share will not be adversely affected by Conversion.

Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on Conversion of C Shares will rank *pari passu* with the Ordinary Shares then in issue for dividends and distributions made or declared by reference to a record date falling after the relevant Calculation Date.

### **Conversion of C Shares**

The Directors shall establish for accounting purposes a single separate pool of assets and liabilities attributable to the C Shares. C Shares shall be converted into Ordinary Shares on the relevant Conversion Date. The Directors shall procure that within 20 Business Days of the relevant Calculation Date, the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares to which each holder of C Shares shall be entitled on Conversion shall be calculated.

The Conversion Ratio will then be calculated (to six decimal places (with .0000005 being rounded upwards)) and the C Shares in issue will convert into a number of Ordinary Shares calculated by dividing the Conversion Net Asset Value per C Share by the Conversion Net Asset Value per Ordinary Share. Entitlements to Ordinary Shares will be rounded down to the nearest whole Ordinary Share. The C Shares will convert into Ordinary Shares on the Conversion Date, being the close of business on such Business Day as may be selected by the Directors falling not more than 30 Business Days after the Calculation Date.

Full details of the method of conversion are contained in Part 5 below.

### **Example of Conversion Mechanism**

The following example is provided for the purpose of illustrating the basis on which the number of Ordinary Shares arising on Conversion will be calculated. The example is not, and is not intended to be, a profit forecast or forecast of the number of Ordinary Shares which will arise on Conversion.

The example illustrates the number of Ordinary Shares which would arise in respect of the Conversion of 10,000 C Shares held at the Conversion Date, using assumed Conversion Net Asset Values attributable to the C Shares and the Ordinary Shares as at the Calculation Date. The assumed Conversion Net Asset Value per Ordinary Share is the Net Asset Value as at the close of business on the Latest Practicable Date, being 119.19 pence per Ordinary Share. The assumed Conversion Net Asset Value per C Share is calculated on the basis that there are no returns on the net proceeds in the period from Admission to the Calculation Date.

	<i>Example</i>
Number of C Shares subscribed	10,000
Amount subscribed	£10,000
Conversion Net Asset Value per C Shares at the Calculation Date	98 pence
Conversion Net Asset Value per Ordinary Share at the Calculation Date	119.19 pence
Conversion Ratio	0.822217
Number of new Ordinary Shares arising on Conversion	8,222

The detailed calculation methodology for the Conversion Ratio is set out in Part 5 of this document. Pursuant to the Articles, the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider fair and reasonable having regard to the interests of all Shareholders. At the date of this document, no such adjustments are expected to be made. However, any adjustments to the terms of Conversion would be announced via a Regulatory Information Service. The Directors regard the C Shares as equity. However, the C Shares will be treated as a liability of the Company for accounting purposes. The C Shares will not be treated as a liability for calculating the Net Asset Value or Conversion Net Asset Value of the C Shares and the Ordinary Shares nor shall they form part of the Company's borrowings for the purpose of calculating gearing.

### ***Redemption of C Shares***

If 90 per cent. of the Net Proceeds has not been invested by reason of one or more of the Target Assets acquisitions or any alternative acquisitions not completing on or before 31 December 2015, the Company may be in receipt of more cash than it requires to meet its on-going operating costs and liabilities. It is the current intention of the Directors that, in such circumstances, the Company will distribute such excess cash to C Shareholders by way of a compulsory redemption of C Shares prior to their Conversion, subject to the Company having sufficient distributable reserves at the relevant time. Such redemption would be on a *pro rata* basis from each C Shareholder proportionate to his/her holding of C Shares. The exact timing and size of a redemption (if any) is uncertain, cannot be guaranteed and would depend on, *inter alia*, the number of C Shares issued pursuant to the Issue and which of the Target Assets acquisitions or any alternative acquisitions did not complete.

## **3 USE OF PROCEEDS**

Assuming Gross Proceeds of £130 million pursuant to the Issue, the Net Proceeds will be approximately £127.34 million. The Issue is subject to Minimum Net Proceeds of £34.75 million. The Company will invest the Net Proceeds in accordance with the Company's investment policy.

### ***If the Minimum Net Proceeds are raised***

Subject to the satisfaction of the conditions of the relevant Forward Purchase Agreement including, *inter alia*, practical completion of the building works, receipt of a satisfactory building survey and each building achieving bedroom lettings of 75 per cent. or more and the Minimum Net Proceeds being raised, the Group will finance the acquisitions of The Pad 2 and Scape Surrey solely from the Net Proceeds and use up to £15.75 million and £19 million of the Net Proceeds (which, in aggregate, is an amount equal to the Minimum Net Proceeds) to acquire The Pad 2 and Scape Surrey respectively. For the avoidance of doubt, no new debt facilities will be required for the acquisitions of The Pad 2 and Scape Surrey if the Minimum Net Proceeds have been raised.

### ***If more than the Minimum Net Proceeds are raised***

In addition to the intended acquisitions of The Pad 2 and Scape Surrey described above, if more than the Minimum Net Proceeds are raised, the Directors currently intend to utilise any such excess Net Proceeds towards the proposed acquisition of Scape Shoreditch which, if acquired, will be purchased using a combination of such excess Net Proceeds and new debt facilities.

The aggregate gearing of the Group, following drawdown of any such new debt facilities, will be within the borrowing limits set out in the Company's borrowing and gearing policy as set out at paragraph 5 of this Part 1. Any excess uninvested Net Proceeds may be returned to C Shareholders through the redemption mechanism set out at paragraph 2 of this Part 1 to the extent they are not invested in accordance with the Company's investment policy on or before 31 December 2015.

### ***If the Issue does not proceed***

If the Issue does not proceed, it is the Directors current intention to fund the purchase of The Pad 2 and Scape Surrey through a combination of new debt facilities and/or the proceeds of a non-pre-emptive issue of new Ordinary Shares (to be issued at an issue price equal to no less than the prevailing Net Asset Value per Ordinary Share plus a premium to cover the costs of such issue). If the Company is unable to raise sufficient new funds at the relevant time, the Directors will acquire The Pad 2 using a combination of any new funds that have been raised, existing cash resources



and, if required, the proceeds from issuing new Ordinary Shares pursuant to the GCP Equity Facility (further details of which are set out at paragraph 6.6 of Part 9 of this document).

The acquisition of Scape Surrey is conditional on the Company obtaining sufficient debt and/or equity finance to complete such purchase. Accordingly, if the Company is unable to raise such finance, the Surrey Forward Purchase Agreement will lapse and the Company will not acquire Scape Surrey pursuant to such agreement.

The Directors do not currently intend to acquire Scape Shoreditch if the Issue does not proceed.

For the avoidance of doubt, the Board does not intend to invest the Net Proceeds for the purposes of funding development and forward-funded projects. The Directors intend to secure further borrowing facilities to finance and/or part-finance further acquisitions in accordance with the Company's investment policy.

#### **4 INVESTMENT OBJECTIVE**

The Company's investment objective is to provide Shareholders with attractive total returns in the longer term through the potential for modest capital appreciation and regular, sustainable, long-term dividends with RPI inflation-linked income characteristics.

#### **5 INVESTMENT POLICY**

The Company intends to meet its investment objective through owning, leasing and licensing student residential accommodation and teaching facilities to a diversified portfolio of direct let tenants and HEIs. The Company will mostly invest in modern, purpose built, private student residential accommodation and teaching facilities located primarily in and around London where the Investment Manager believes the Company is likely to benefit from supply and demand imbalances for student residential accommodation. The Company may also invest in development and forward-funded projects which are consistent with the objective of providing Shareholders with regular, sustainable dividends and have received planning permission for student accommodation, subject to the Board being satisfied as to the reputation, track record and financial strength of the relevant developer and building contractor.

Rental income will predominantly derive from a mix of contractual arrangements including direct leases and/or licences to students ("**direct let agreements**"), leases and/or licences to students guaranteed by HEIs and/or leases and/or licences directly to HEIs. The Company may enter into soft nominations agreements (*pari passu* marketing arrangements with HEIs to place their students in private accommodation) or hard nominations agreements (longer term marketing arrangements with HEIs of between two and 30 years in duration). Where the Company invests in properties which contain commercial or retail space it may derive further income through leases of such space. Where the Company invests in development and forward-funded projects, development costs will typically be paid in stages through construction, with a bullet payment at completion.

The Company intends to focus primarily on accommodation and teaching facilities for students studying at Russell Group universities and other leading academic institutions, Regional Universities with satellite teaching facilities in and around London and at specialist colleges.

The Company may invest directly or through holdings in special purpose vehicles and its assets may be held through limited partnerships, trusts or other vehicles with third party co-investors.

#### **Borrowing and gearing policy**

The Company may seek to use gearing to enhance returns over the long-term. The level of gearing will be governed by careful consideration of the cost of borrowing and the Company may seek to use hedging or otherwise seek to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of Gross Assets, will not exceed 55 per cent. at the time of investment. It is the Directors' current intention to target gearing of less than 30 per cent. of Gross Assets in the long-term and to comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'. Further details of the REIT conditions are set out in Part 8 of this document.

#### **Use of derivatives**

The Company may invest through derivatives for efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's efficient portfolio management.

## **Investment Restrictions**

The Company invests and manages its assets with the objective of spreading risk through the following restrictions:

- the Company will derive its rental income from a portfolio of not less than 500 studios;
- at least 90 per cent. by value of the properties directly or indirectly owned by the Company shall be in the form of freehold or long leasehold (over 60 years remaining at the time of acquisition) properties or the equivalent;
- the Company will not (i) invest more than 20 per cent. of its Gross Assets in undeveloped land; and (ii) commit more than 15 per cent. of its Gross Assets to forward-funded projects in respect of such undeveloped land, such commitment to be determined on the basis of the net construction funding requirements (and associated advisory costs) of such projects at the time of commitment up to their completion, in both cases as measured at the time of investment;
- the Company will not invest in completed assets which are not income generative at, or shortly following, the time of acquisition; and
- the Company will not invest in closed-ended investment companies.

The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as the principal company of a REIT for the purposes of Part 12 of the CTA (and the regulations made thereunder).

In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Directors upon becoming aware of the same and, if the Directors consider the breach to be material, notification will be made to a Regulatory Information Service.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

## **6 DIVIDEND POLICY AND TARGET RETURNS**

The Company pays dividends on a quarterly basis with dividends declared in October, January, April and July and paid in December, March, June and September in each year.

In the current financial year, the Company has paid two interim dividends of 2.80 pence per Ordinary Share in aggregate and declared a third interim dividend of 1.40 pence per Ordinary Share for the period to 31 March 2015.

For the avoidance of doubt, it is currently the Board's intention to declare its first interim dividend for the financial year ending 30 June 2016 in October 2015, the record date for which will be prior to the Calculation Date and as a consequence holders of C Shares will not be entitled, following Conversion, to that dividend. It is expected that the first dividend to which holders of C Shares will be entitled, following Conversion, will be the dividend declared in January 2016.

The Company's annualised share price total return (with dividend income reinvested) in the period from IPO Admission to the Latest Practicable Date was 39.1 per cent. which exceeds the annualised target return of 8.0 – 10.0 per cent.

In order to maintain REIT status the Group is required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes.

Investors should note that the targeted annualised total return is a target only and not a profit forecast and there can be no assurance that it will be met or that any dividend or capital growth will be achieved.

## **7 GROUP BORROWINGS**

The Company may seek to use gearing to enhance returns over the long-term. The level of gearing will be governed by careful consideration of the cost of borrowing and the Company may seek to use hedging or otherwise seek to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of Gross Assets, will not exceed 55 per cent. at the time of investment. It is the Directors' current intention to target gearing of less than 30 per cent. of Gross Assets in the long-term and to comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'.

As at the Latest Practicable Date, the Group's outstanding debt under its debt facility was £40 million and is repayable in April 2019.

As at the Latest Practicable Date, the Group's average blended cost of borrowing was 3 per cent. and the gearing of the Group was 23 per cent. of Gross Assets.

To manage its interest rate risk, the Group entered into an Interest Rate Swap Agreement pursuant to which the interest rate on 50 per cent. of the Company's borrowings is fixed at a rate of 1.44 per cent.

The Directors regard the C Shares as equity. However, the C Shares will be treated as a liability of the Company for accounting purposes. The C Shares will not be treated as a liability for calculating the Net Asset Value or Conversion Net Asset Value of the C Shares and the Ordinary Shares nor shall they form part of the Company's borrowings for the purpose of calculating gearing.

## **8 THE PORTFOLIO**

### **Introduction**

As at 31 March 2015, the property portfolio of the Group was valued by the Valuer at £169.9 million and comprised: (i) the freehold interest in Scape East, a 588 studio accommodation block with 20,000 square feet of teaching facilities opposite Queen Mary University of London ("QMUL"); (ii) the freehold interest in The Pad, a 116 room accommodation block adjacent to Royal Holloway, University of London; and (iii) the long leasehold interest in Scape Greenwich, a 280 room accommodation block located on the Greenwich peninsula in London, a prime student residential location within 30 minutes of approximately 75 per cent. of London's HEIs and in close proximity to Ravensbourne College, a leading specialist digital media HEI, and to the University of Greenwich. The Group's property portfolio is fully occupied for the 2014/15 academic year, with 3.6 per cent average gross rental uplift year-on-year.

The valuation of the Group's property portfolio as at that date is set out in Valuation Report in Part 7 of this document.

### **Scape East**

Scape East is a private student residence which was completed in June 2012 under the 'Scape Student Living' brand, which seeks to provide affordable and aspirational hotel-style student accommodation in private purpose built, high specification buildings.

Scape East is located in Mile End, directly opposite QMUL, which is a Russell Group HEI and one of London's leading universities with approximately 20,000 students. 75 per cent. of all Scape East's direct-let students study at QMUL.

As at the Latest Practicable Date, Scape East was occupied by students from 28 different HEIs and of 59 different nationalities, with c.80 per cent. of tenants coming from outside the UK.

Scape East is fully occupied for the 2014/15 academic year on 51 week lettings with year-on-year rental growth of 4.3 per cent.

For the 2014/2015 academic year, 394 studios were on short-term lease and/or licence agreements of one year or less, representing approximately 64 per cent. of total revenues that will be generated by Scape East of £4.7 million.

The remaining 194 studios, representing approximately 29 per cent. of the total revenues that will be generated for the 2014/15 academic year, were let to students pursuant to a hard nominations agreement expiring on 4 September 2025 between the Company and a special purpose vehicle controlled by the founding partner of INTO (see below) pursuant to which it guarantees and underwrites rental income on those studios and accordingly markets those studios to achieve full occupancy (the "**INTO Nominations Agreement**").

Further rental income is generated through a 30 year FRI lease with annual RPI uplifts of teaching facilities to another special purpose vehicle also controlled by the founding partner of INTO which will generate approximately 6 per cent. of total revenues for Scape East for the 2014/15 academic year. INTO is a global HEI which, together with universities in the UK, the U.S. and China, has created a network of university-based study and teaching centres which cater specifically for the specialist needs of international students to bring international students and UK universities together to deliver educational services to international students. The Directors, as advised by the Investment Manager, believe that the Group's relationship with INTO (through the Investment

Manager and Scape Student Living) enhances the marketability of the Group's assets particularly through enhanced access to non-EU students located in Asia.

The INTO Nominations Agreement was amended by the parties on 23 April 2015. Pursuant to the revised terms, the duration of the INTO Nominations Agreement was extended to the end of the 2024/2025 academic year and for the 2015/2016 academic 210 studios and each academic year thereafter for the term of the agreement at least 210 studios will be let to students on the basis set out above.

### **Scape Greenwich**

Scape Greenwich is a private student residence which was completed in December 2013 under the 'Scape Student Living' brand. Scape Greenwich comprises 280 studios and approximately 10,000 square feet of communal facilities, kitchens, study areas and break out rooms in a prime London student residential location within 30 minutes of c.75 per cent. of London's HEIs and in close proximity to Ravensbourne College (c.1,900 students), a leading specialist digital media HEI, and the University of Greenwich (c.23,000 students).

As at the Latest Practicable Date, Scape Greenwich was occupied by students from 24 different HEIs and of 42 different nationalities, with c.50 per cent of tenants coming from outside the UK.

Scape Greenwich is fully occupied for the 2014/15 academic year on 51 week lettings with year-on-year rental growth of 3.5 per cent.

For the 2014/2015 academic year, 180 studios were on short-term lease and/or licence agreements of one year or less, representing approximately 70 per cent. of total revenues that will be generated by Scape Greenwich of £2.2 million.

The remaining 100 studios, representing 30 per cent. of the total revenues that will be generated for the 2014/15 academic year, were let to students pursuant to a 15 year RPI-linked hard nominations agreement between Leopard Guernsey Greenwich 2 Limited (one of the Subsidiaries of the Company) and Ravensbourne College pursuant to which it guarantees and underwrites RPI-linked rental income on those studios and accordingly markets those studios to achieve full occupancy.

Ravensbourne College is an accredited UK HEI and one of the UK's leading specialist colleges in digital media and design. Ravensbourne College was established over 50 years ago and offers foundation, undergraduate and postgraduate courses from its purpose built campus on the Greenwich peninsula to domestic and international students.

### **The Pad**

The Pad is a private student residence which was completed in September 2013 under the CRM Students brand and is located adjacent to Royal Holloway, University of London, in Surrey.

Royal Holloway is ranked in 5<sup>th</sup> place in the world (1<sup>st</sup> in the UK) in the Times Higher Education World University Rankings category of 'International Outlook', recognising it as a global university. It is home to more than 9,000 students from over 100 countries (c.20 per cent. from outside the European Union). All of The Pad's tenants, representing 26 nationalities, study at Royal Holloway.

The Pad is fully occupied for the 2014/15 academic year on 51 week lettings generating total revenues of £1.1 million for the 2014/15 academic year.

## **9 THE TARGET ASSETS**

### **Introduction**

As at the date of this document, the Group has conditionally agreed to acquire Scape Surrey and The Pad 2 under the terms of the Forward Purchase Agreements. Each Forward Purchase Agreement is conditional, *inter alia*, on the fulfilment of a number of conditions including practical completion of the building works, receipt of a satisfactory building survey and each building achieving bedroom lettings of 75 per cent. or more. The acquisition of Scape Surrey is further conditional on the Company obtaining sufficient debt and/or equity finance to complete such purchase.

In the event the conditions to either of the Forward Purchase Agreements are not met the Group shall be under no obligation to proceed with the acquisition of Scape Surrey or The Pad 2, as appropriate. As at the date of this document neither Scape Surrey nor The Pad 2 meet the conditions required under the Forward Purchase Agreements as both remain under construction.

If the Issue does not proceed, it is the Directors current intention to fund the purchase of The Pad 2 and Scape Surrey through a combination of new debt facilities and/or the proceeds of a non-pre-emptive issue of new Ordinary Shares (to be issued at an issue price equal to no less than the prevailing Net Asset Value per Ordinary Share plus a premium to cover the costs of such issue). If the Company is unable to raise sufficient new funds at the relevant time, the Directors will acquire The Pad 2 using a combination of any new funds that have been raised, existing cash resources and, if required, the proceeds from issuing new Ordinary Shares pursuant to the GCP Equity Facility. If the Company is unable to raise such finance, the Surrey Forward Purchase Agreement will lapse and the Company will not acquire Scape Surrey pursuant to such agreement. The Directors do not currently intend to acquire Scape Shoreditch if the Issue does not proceed.

Further details of the Forward Purchase Agreements and the GCP Equity Facility are set out in paragraphs 6.4, 6.5 and 6.6 of Part 9 of this document.

The Directors (as advised by the Investment Manager and based on the maximum purchase price payable for Scape Surrey and The Pad 2 under the Forward Purchase Agreements) currently anticipate that, subject to the continuation of prevailing market conditions, the 30 September 2015 valuations of Scape Surrey and The Pad 2 will fully offset the Issue costs should the Issue proceed.

### ***Scape Surrey***

Scape Surrey is located in Guildford within 100 metres of the south gate to The University of Surrey, close proximity to the University of Law and the Academy of Contemporary Music and five minutes to Guildford train station and town centre. The building comprises 141 bedrooms (c.40 per cent. en-suite bedrooms and c.60 per cent. studios) and c.2,000 square feet of communal space including games room, private study area and cinema room. The University of Surrey is ranked 6<sup>th</sup> in the Guardian University Guide 2014 and is home to more than 15,000 students of which 30 per cent are international students and 30 per cent are postgraduates. The university only has enough beds for first year undergraduates and postgraduates, but insufficient supply for international students or second, third year undergraduate and postgraduate students.

The University of Law has c.5,000 students in attendance and the Academy of Contemporary Music has c.1,200 students. Neither of these HEIs has any purpose built student accommodation and both are therefore currently reliant on the Guildford residential market.

### ***The Pad 2***

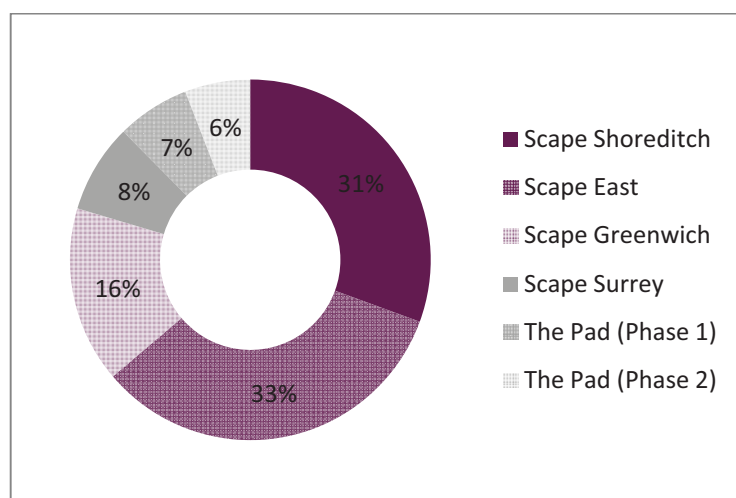
The Pad 2 is located adjacent to Royal Holloway, University of London, in Surrey. The building will comprise 104 studios and associated communal areas, study spaces and lounge facilities. The building will be joined to The Pad phase 1 and will share a reception, common grounds and parking spaces. Royal Holloway is ranked 5<sup>th</sup> place in the world (1<sup>st</sup> in the UK) in the Times Higher Education World University Rankings category of 'International Outlook', recognising it as a global university. It is home to more than 9,000 students from over 100 countries (c.20 per cent. from outside the European Union). Royal Holloway only has enough beds for first year undergraduates but insufficient supply for international students or postgraduate students.

### ***Scape Shoreditch***

Scape Shoreditch is located in a prime London location in Shoreditch, within a two minute walk of Old Street underground station. The property is within a 15 minute walk to The City University (c.18,000 students) and CASS Business School. The building comprises 541 studio bedrooms in addition to c.10,000 square feet of communal areas including gym, dance studio, study lounge, games room, cinema, communal kitchen, sun terrace and BBQ terrace. The building also houses c.49,000 square feet of commercial facilities which it is intended will be let on a 15-year fully repairing and insuring lease (under separate negotiation) and c.4,000 square feet of retail space over the ground and first floor of the property.



On the basis that the Company acquires all of the Target Assets, the Group will have approximately 1,800 modern studios and beds in its portfolio. The indicative enlarged portfolio following such acquisitions, by number of studios/beds is set out below:



## 10 PIPELINE

Scape Student Living has undertaken to use its reasonable endeavours to procure that the owner or owners of the next three student residential property developments (after Scape Shoreditch) to be developed, managed or operated by Scape Student Living or any of its affiliates and branded under the 'Scape Student Living' brand (which includes Scape Surrey) enter into right of first offer agreements in respect of such assets as soon as practicable following their practical completion. Subject to the relevant owner or owners entering into a right of first offer agreement and subject to completion of satisfactory due diligence and obtaining an independent third party valuation in accordance with the Company's valuation policy (see paragraph 13 of this Part 1 below), funding, agreement on price and the Investment Manager's recommendation, the Group will seek to acquire those developments that are consistent with the investment objective and investment policy of the Company. Further details of the Pipeline Agreement are set out at paragraph 6.12 of Part 9 of this document.

Further, Scape Student Living currently has a further 1,000 beds under review.

## 11 COMPETITIVE ADVANTAGES

The Directors believe that the Company has a number of competitive advantages including:

- *demonstrable total return characteristics:* through a combination of increasing property valuations and above-RPI rental income growth, the Company has delivered capital appreciation and growing dividends for its Shareholders, as evidenced by annualised share price total returns (with dividend income reinvested) in the period from IPO Admission to the Latest Practicable Date of 39.1 per cent.;
- *London focus:* demand for private student accommodation is increasing while supply remains constrained. Furthermore, in 2014 London had the largest number of international students of any city in the world. 87 per cent. of the students in the Company's portfolio assets are international;
- *access to investment opportunities:* the Investment Manager has access to investment opportunities through established industry contacts and extensive knowledge of the sector and the Company may benefit from the Forward Purchase Agreements, the First Offer Agreement and the Pipeline Agreement in relation to the potential acquisition of further student residential properties, including Scape Surrey, Scape Shoreditch and The Pad 2;
- *extensive expertise:* the Group has extensive expertise in the construction, design, operation and financing of student residential and educational properties through its relationships with Scape Student Living and the Investment Manager and its relationships with the principals of Grosvenor House Group Limited and Event Investments Limited who provide significant expertise in site finding, land assembly and planning and student residential development and



design. Grosvenor House Group Limited has delivered approximately £600 million of UK PFI projects, primarily in the student accommodation and healthcare sectors, over the last 12 years;

- *London development expertise*: Scape Student Living and its senior management team have over 30 years' experience of locating and identifying student residential and educational property sites and student residential developments in and around London;
- *brand power*: the Directors believe that the Group will benefit from the 'Scape Student Living' brand which is a well-known student accommodation brand with established links to all of London's HEIs and with a growing presence and awareness throughout Asia and the Middle East; and
- *access to financing*: the Investment Manager and its partners have a track record in securing development funding for numerous projects including Scape East, Scape Greenwich, Scape Surrey and Scape Shoreditch.

## 12 INVESTMENT PROCESS

The investment process undertaken by the Investment Manager is broadly as follows:

### 12.1 Sourcing investments

The partners of the Investment Manager have a long background in advising on transactions involving student accommodation and educational assets and have established close relationships with many of the key participants in the UK student residential market, including Scape Student Living, Event Investments Limited and the principals of Grosvenor House Group Limited.

As set out in paragraph 10 of this Part 1 above, the Company has a contractual right of first offer (in accordance with the First Offer Agreement) to acquire Scape Shoreditch, which is part owned by the partners of the Investment Manager and the principals of Scape Student Living. Further details of the First Offer Agreement are set out at paragraph 6.11 of Part 9 of this document.

### 12.2 Review and approval

The Investment Manager will perform an initial review of all investment opportunities which take into account the following considerations:

- *location*: focus on supply/demand imbalance and access to HEIs;
- *inflation linkage*: there must be sufficient inflation linkage potential to enable the Investment Manager to structure direct let agreements and/or hard or soft nominations agreements with acceptable inflation protection;
- *new build*: the Investment Manager will principally focus on newly developed (or undeveloped) properties or those with the potential for refurbishment in a manner consistent with the 'Scape Student Living' brand which seeks to provide high specification accommodation;
- *new development assets*: the reliability of developer and building contractors in relation to each development and forward-funded project through obtaining appropriate financial and technical due diligence;
- *financing*: gearing levels which must be consistent with the Group's policy on borrowings and maturity profile of gearing;
- *fit within existing portfolio*: any portfolio synergies and impact on dividend yield and long-term total return target;
- *room make-up*: predominantly studios which are in high demand with international students; and
- *overall market conditions*: the outlook for the student residential sector taking into account wider market conditions and sentiment in the sector.

Where the Group enters into hard nominations agreements or long-term leases and/or licences with HEI counterparties, the Investment Manager will conduct financial due diligence on such counterparties to seek to ensure that they are competent and financially stable. Where appropriate, the Investment Manager may complement its analysis through the use of professional third party advisers.

The Investment Manager will prepare a transaction proposal which shall include an outline term sheet and business plan for the proposed acquisition including details of any potential conflicts of interest. This transaction proposal shall be submitted to the Directors for approval. The Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. Nonetheless, the Company has adopted a related party policy (in relation to which Cenkos, as broker and financial adviser, will guide the Company) which shall apply to any transaction which it may enter into with any Director, the Investment Manager or any of their affiliates which would constitute a “related party transaction” as defined in, and to which would apply, Chapter 11 of the Listing Rules. See page 34 of this document for further details.

Based on the transaction proposal, the Directors will determine whether detailed financial, legal and technical due diligence should be carried out by the Investment Manager.

### **12.3 Investment monitoring**

The Investment Manager will continually monitor the progress of the Group’s investments. This will include regular site visits and Scape Student Living reporting to the Investment Manager on a property-by-property basis on a quarterly and *ad hoc* basis as required. The Investment Manager will update the Directors on the progress of the Group’s investments on a quarterly basis with additional formal contact being made where significant events have occurred which may impact the Group’s income, expenditure or asset value.

### **12.4 Holding and exit strategy**

The Company’s investment holding period and the exit strategy will depend on the underlying properties, current and projected occupancy levels, transaction structure, exit opportunities and size of the Company’s investment. While the Directors intend to hold the Company’s investments on a long-term basis (typically greater than five years), the Company may dispose of investments outside this timeframe should an appropriate opportunity arise where, in the Investment Manager’s opinion (with the approval of the Directors), the value that could be realised from such disposal would represent a satisfactory return on the initial investment and/or otherwise enhance the value of the Company, taken as a whole.

## **13 VALUATION**

The Directors use the independent Valuer, or another professional independent valuer of equivalent standing, as property valuer to the Group. Full valuations of the Group’s properties are conducted annually as at 30 September. Interim desktop valuations are also performed on a quarterly basis. The valuations of the Group’s properties are at fair value as determined by the independent Valuer on the basis of market value in accordance with the internationally accepted RICS Appraisal Standards. The Valuer has produced a valuation report in relation to the Group’s current property portfolio valuing such portfolio as at 31 March 2015 which is set out at Part 7 of this document.

Details of each quarterly valuation, and of any suspension in the making of such valuations, are announced by the Company on a Regulatory Information Service approved by the FCA as soon as practicable after the end of the relevant quarter.

As at 31 March 2015, the unaudited Net Asset Value per Ordinary Share was 119.19 pence and the unaudited Conversion Net Asset Value per Ordinary Share was 118.9 pence.

## **14 CALCULATION OF NET ASSET VALUE**

The Net Asset Value (and Net Asset Value per Ordinary Share) is calculated quarterly by the Administrator. Calculations are made in accordance with IFRS or as otherwise determined by the Board.

The Net Asset Value per C Share will also be calculated and published quarterly, on the same basis, until conversion of the C Shares. Details of each quarterly valuation, and of any suspension in the making of such valuations, are announced by the Company through a Regulatory Information Service as soon as practicable after the end of the relevant quarter.

The quarterly valuations of the Net Asset Value (and Net Asset Value per Ordinary Share) are, and the Net Asset Value per C Share will be, calculated on the basis of the relevant quarterly valuations of the relevant properties of the Group. The Net Asset Value excludes the impact of interest rate hedging contracts and the mark to market valuation of the Group’s debt. Accordingly, the Board believes it is appropriate for the Company to also announce its Conversion Net Asset

Value, Conversion Net Asset Value per Ordinary Share and Conversion Net Asset Value per C Share to reflect the value of all of the Group's liabilities taking into account the mark to market valuation of its debt.

The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Group cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations are announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.

## **15 MEETINGS, REPORTS AND ACCOUNTS**

The audited accounts of the Company are prepared in Sterling under IFRS. The Company's annual report and accounts are prepared up to June each year. Copies of the report and accounts are sent to Shareholders by the end of October each year. The Company also publishes an unaudited half-yearly report covering the six months to December each year.

The Company intends to hold its next annual general meeting during October 2015.

## **16 PREMIUM AND DISCOUNT MANAGEMENT**

The Board has the discretion to seek to manage, on an ongoing basis, the premium or discount at which the Ordinary Shares may trade to their Net Asset Value through further issues and buy-backs, as appropriate.

### **16.1 Discount Control**

#### ***Continuation resolutions***

The Articles provide that the Directors are required to propose an ordinary resolution that the Company continues its business as presently constituted (the "**Continuation Resolution**") (i) at the fifth annual general meeting of the Company in 2018; and (ii) at each third annual general meeting of the Company thereafter.

If any Continuation Resolution is not passed, the Directors are required to put proposals for the reconstruction, reorganisation or winding up of the Company to the Ordinary Shareholders for their approval.

#### ***Share buy-backs***

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the Ordinary Shares.

A special resolution has been passed granting the Directors authority to repurchase up to 16,475,573 Ordinary Shares during the period expiring on the conclusion of the earlier of the Company's next annual general meeting in 2015 and 31 December 2015. Renewal of this buy-back authority will be sought at each annual general meeting of the Company.

The Directors will have regard to the Company's REIT status when making any repurchase and will only make such repurchase through the market at prices (after allowing for costs) below the relevant prevailing Conversion Net Asset Value per Ordinary Share and otherwise in accordance with guidelines established from time to time by the Board. Purchases of Ordinary Shares may be made only in accordance with the Companies Act and the Disclosure and Transparency Rules. Under the current Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Ordinary Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the Ordinary Shares for the five Business Days immediately preceding the date of purchase or, if higher, that stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation (EC No 227312003). The minimum price will not be below the nominal value of one pence in respect of the Ordinary Shares. The Company is not required to comply with the provisions of the Listing Rules regarding market repurchases by the Company of its shares. Nonetheless, the Company will voluntarily comply with the provisions set out above.

Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation

or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

The Company does not have (and does not intend to seek) any authority to buy back C Shares. Accordingly, the Directors will not be able to operate any discount management policy through the use of C Share buy-backs and accordingly, the C Shares may trade from time to time at prices representing discounts to their underlying Net Asset Value.

## **16.2 Premium Management**

The Directors have authority to issue up to 130 million C Shares on a non-pre-emptive basis pursuant to the Issue. Such authority will expire at the conclusion of the Company's next annual general meeting to be held in 2015.

The Directors also have authority to issue up to 210,189,573 Ordinary Shares on a pre-emptive basis. Such authority will expire at the conclusion of, and renewal of such authority will be sought at, the third annual general meeting of the Company.

In addition, the Directors also have authority to issue up to 10,991,000 Ordinary Shares (equivalent to approximately ten per cent. of the issued share capital as at 16 September 2014) on a non-pre-emptive basis in order to retain flexibility to issue new Ordinary Shares to investors. Such authority will expire at the earlier of: (i) the conclusion of the Company's next annual general meeting to be held in 2015; and (ii) 31 December 2015. Renewal of such authority will be sought at the Company's annual general meeting to be held in 2015.

Investors should note that the issuance of new Ordinary Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Ordinary Shares that may be issued.

## **16.3 Treasury Shares**

Any Ordinary Shares repurchased pursuant to the general authority referred to above may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to reissue Ordinary Shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

The Board currently intends only to authorise the sale of Ordinary Shares from treasury at prices at or above the prevailing Net Asset Value per Ordinary Share (plus costs of the relevant sale). This should result in a positive overall effect on Shareholders if Ordinary Shares are bought back at a discount and then sold at a price at or above the Net Asset Value per Ordinary Share (plus costs of the relevant sale).

# **17 CAPITAL STRUCTURE**

## **17.1 Introduction**

The Company's capital structure currently consists of Ordinary Shares. The rights attaching to the C Shares to be issued pursuant to the Issue are set out in the Articles and summarised in Part 9 of this document.

## **17.2 Ordinary Shares**

The Ordinary Shares carry the right to receive the profits of the Company available for distribution at such times as the Directors may determine in accordance with the Articles.

Subject to the rights of any C Shares in issue, on a winding-up, the surplus capital and assets of the Company shall be divided amongst the holders of Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.

Holders of Ordinary Shares have the right to receive notice of, and to attend and vote at, general meetings and class meetings of the Company. Each holder of Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy at a general meeting or a class meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held by him.

### 17.3 C Shares

At the Conversion Date, C Shares shall be converted into Ordinary Shares in accordance with the provisions of the Articles.

The C Shares do not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend. The new Ordinary Shares arising on Conversion of C Shares shall rank *pari passu* with the Ordinary Shares then in issue for dividends or distributions made or declared by reference to a record date falling after the relevant Calculation Date.

On a winding up or return of capital (otherwise than on a purchase or redemption by the Company of any C Shares), the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of (i) the amount subscribed for the issue of each C Share and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company. C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue. For so long as C Shares are in issue, and without prejudice to the Company's obligations under the Act, the assets attributable to the C Shares shall, at all times, be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the C Shares. It is the Board's current intention that any costs associated with the acquisition of assets from the Net Proceeds of the Issue will be attributable to the C Shares.

The holders of C Shares have:

- the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll, every such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him; and
- no rights to receive notice of, attend, speak or vote at general meetings of the Company.

If 90 per cent. of the Net Proceeds has not been invested by reason of one or more of the Target Assets acquisitions or any alternative acquisitions not completing on or before 31 December 2015, the Company may be in receipt of more cash than it requires to meet its on-going operating costs and liabilities. It is the current intention of the Directors that, in such circumstances, the Company will distribute such excess cash to C Shareholders by way of a compulsory redemption of C Shares prior to their Conversion, subject to the Company having sufficient distributable reserves to do so at the relevant time. Such redemption would be on a *pro rata* basis from each C Shareholder proportionate to his/her holding of C Shares.

## 18 REIT STATUS AND TAXATION

Potential investors are referred to Part 8 of this document for details of the REIT regime and taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

## 19 RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 18 to 29.



## PART 2

### BACKGROUND TO UK STUDENT ACCOMMODATION AND ASSOCIATED INVESTMENT OPPORTUNITIES

#### 1 MARKET CONTEXT

##### 1.1 UK Higher Education overview

Higher education is one of the UK's largest service exports.

UK HEIs are made up of a number of different types of institutions which include all UK universities, university colleges, specialist higher education institutions and other higher education colleges. In England, Wales and Northern Ireland, HEIs are independent, self-governing bodies active in teaching, research and scholarship. They are established by Royal Charter or legislation and most are part-funded by the UK government.

A number of UK HEIs have formed groups with common interests including:

HEI grouping	Description
<b>Russell Group universities</b>	Comprised of 24 leading UK universities which are committed to maintaining outstanding research and teaching, unrivalled links with business and a commitment to civic responsibility. Universities include Oxford, Cambridge, QMUL, Imperial College London and University College London.
<b>Regional universities located in London</b>	Regional universities can struggle to source international students. A number of these have set up outposts in central London including University of East Anglia ("UEA") and Glasgow Caledonian University.
<b>Overseas universities</b>	A number of US universities have satellite campuses in the UK, typically in central London, including New York University, Notre Dame and American InterContinental.
<b>Guild HE / specialist colleges</b>	Formal representative body for 27 members and 9 associate members, Guild HE leads efforts to persuade the UK government, politicians and official groups on issues around higher education. Institutions include Central School of Speech and Drama, University for the Creative Arts and Ravensbourne College.
<b>Private universities</b>	Following the deregulation of the higher education market to encourage greater competition and choice in higher education provision, a number of private universities have been formed using the American model. These include University of Buckingham, Regent's College and BPP in London.
<b>1994 Group Universities</b>	Established in 1994, the 1994 Group brings together 11 internationally renowned, research-intensive universities. The group provides a central vehicle to help members promote their common interests in higher education, respond efficiently to key policy issues, and share best methods and practice. Universities include Birkbeck University of London, Goldsmith University of London, Loughborough and UEA.
<b>University Alliance</b>	University Alliance is a group of 24 major, business-engaged universities committed to a quality student experience around the UK. The universities place great emphasis on innovation and enterprise. Universities include Kingston, Oxford Brookes, Nottingham Trent and Manchester Metropolitan.

The UK higher education market has undergone a number of fundamental changes following the publication of the Browne Report in October 2010. The report paved the way for an increase in both the quality and quantity of higher education places available in the UK by providing a competitive market between HEIs. These changes are expected to have the following impact:

- an increase in fees for UK students to c.£9,000 per annum with little price differentiation between institutions regardless of their quality;
- an increase in the total number of UK students for higher quality institutions as students become more discerning about the quality of their qualifications given the total cost they will have to pay;



- an increase in the number of international students as neither the number of international students that an HEI can attract nor their fees are limited by UK government caps; and
- a fragmentation of the higher education market with the introduction of private universities and specialist colleges attracting international students.

In the wake of the report, the UK government put a cap on the number of places that could be offered by UK HEI's to UK undergraduates subject to a grade threshold of AAB. This cap was removed for the forthcoming 2015/16 academic year, entitling UK HEIs to grant as many places with such grade thresholds as they believe can be filled. It is expected that there will be approximately 12 per cent. more acceptances this year.

## 1.2 UK Higher Education – international student focus

In July 2013, the UK government published an ambitious new strategy to expand the UK's education export industry to ensure British further and higher education continues to stay ahead in the global education market. It aims to secure an extra £3 billion of contracts for educational exports and attract a further 90,000 international students by 2018.

The international education sector is likely to grow partly due to demographic change with the total global population forecast to increase from nearly 6.9 billion in 2010 to over 7.6 billion in 2020 and also due to the increase in wealth in emerging economies. In addition to these two core factors, education is seen as a priority in these countries, where spending constitutes a relatively high proportion of household income on education – 13 per cent. in China, 11 per cent. in India and 10 per cent. in Brazil.

The strategy promotes the following policies:

- no cap on the number of international students studying in the UK;
- providing a clear and competitive visa system – international students studying at an accredited UK HEI are all entitled to student visas. Moreover, international students who obtain a graduate level job can stay after their studies on a work visa and are exempt from the cap on economic migrants;
- a new Education UK unit to support large-scale commercial partnerships abroad;
- the Department for International Development will double its investment in development partnerships for education;
- providing brokerage and support for countries wishing to send large numbers of students to the UK on government scholarship schemes, for example Science without Borders, a joint venture with the Brazilian government that sends 10,000 students to the UK over four years; and
- expansion of alumni programmes to maintain relationships with UK graduates – a large number of students who study in the UK often work in positions of influence around the world and can promote British educational and foreign policy goals.

## 1.3 Student Accommodation – market dynamics

Students studying at UK HEIs have a number of choices in relation to their accommodation during their studies, as follows:

- **home with family** – generally favoured by domestic students from less affluent backgrounds;
- **houses of multiple occupancy (“HMOs”)** – these are houses or flats that are predominantly occupied by second year domestic students who move in with groups of friends established during their first year of studies. These properties are often cheap but of low quality. International students tend to shy away from HMOs owing to security concerns, the administrative burden and the low quality of properties;
- **university-owned halls of residence** – these are halls of residence owned and managed by universities or other HEIs, often located on campus. They are predominantly made up of cluster rooms, in which a group of four to ten en-suite bedrooms share a communal kitchen/diner. It is most universities' preference to provide all first year students with halls of residence where available; and

- **private purpose-built student accommodation** – these are halls of residence owned and managed by the private sector. They tend to provide a mix of cluster rooms as well as self-contained studios including kitchenettes (particularly in London). These are predominantly occupied by international students, postgraduates and first year undergraduates where the university has insufficient beds within its own stock. One in three students live in purpose-built student accommodation, with market transaction of c.£9 billion in the last three years.

The Company seeks to invest in private purpose-built student accommodation developed and operated in the private sector. Revenues from these assets are typically generated through one of the three following channels:

- **direct let agreements** – this is a tenancy agreement between the landowner and the tenant. The length of tenancy will depend on both the location and the operator, varying from 30 weeks in some cases to 51 weeks (typically) in London. Rents under direct let agreements have trended above RPI for the past 15 years;
- **soft nominations agreement** – this is a *pari-passu* marketing agreement with an HEI whereby the HEI agrees to market the private student accommodation in line with its own halls of residence; and
- **hard nominations agreement** – this is a contractual agreement with an HEI typically from two to 30 years whereby the HEI contracts with the operator to nominate its students to stay in the private hall of residence on the operator's direct let agreement. The operations and management functions are generally retained by the operator. The operator enters into a direct let agreement with the student, but has the benefit of the nomination, rent collection and occupancy guarantee functions from the HEI. Hard nominations agreements typically contain RPI uplifts.

#### 1.4 Student accommodation – the importance of design and brand

Purpose-built student accommodation has evolved as a product over the past 15 years. Over this period, and in particular following the introduction of tuition fees, students have become consumers in their own right and are making their investment decision for their higher education on a combination of quality of the academic provision, the quality and location of accommodation and price.

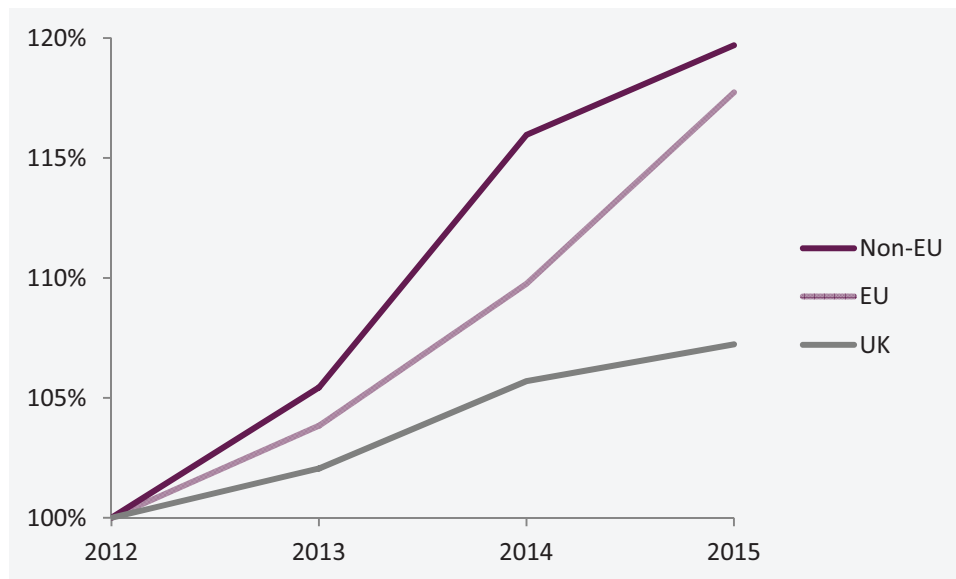
Increasingly, students are choosing accommodation for reasons beyond just price. They are demanding high quality living space with clever design, quality materials, social areas in the buildings which provide opportunities for social groups to form and bond centred around work spaces, play space with games and television areas and also communal kitchens. Likewise, they are demanding services that create wider social interaction such as talks, events, workshops and tie-ins with local businesses and educational establishments.

This is particularly the case for international students who tend to demand a higher class of accommodation than domestic students and who have a requirement for greater social interaction.

#### 1.5 Student number trends

Student numbers have doubled since 1991. This has been driven by government policy, demographics and global mobility, with approximately 1.8 million students studying full-time in the UK in 2013/14, with some 25 per cent. from outside the UK.

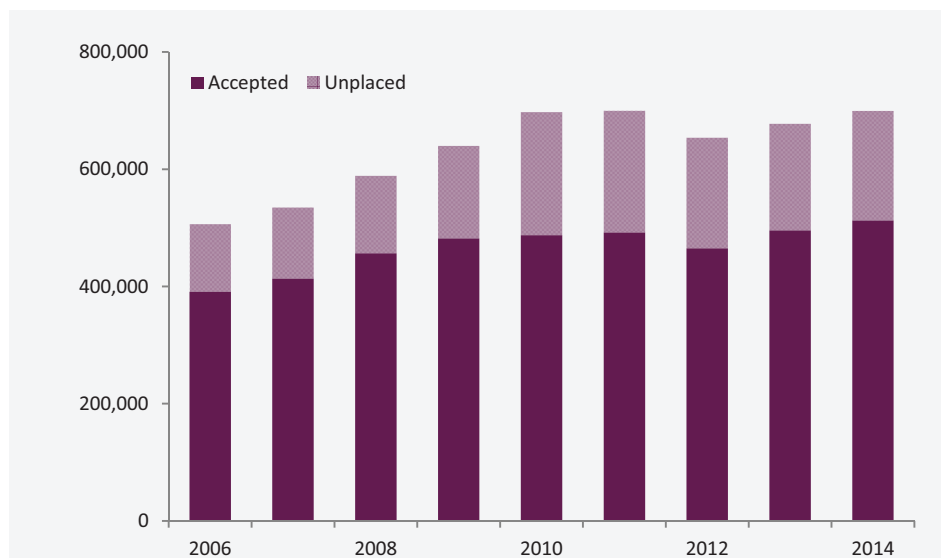
### **Growth in full time student application rates**



Source: Higher Education Statistics Agency

As illustrated by the graph below, full year applicants for UK HEIs have historically exceeded the number of accepted applicants and it is not anticipated that student numbers will decline.

### **UCAS full year applicants**



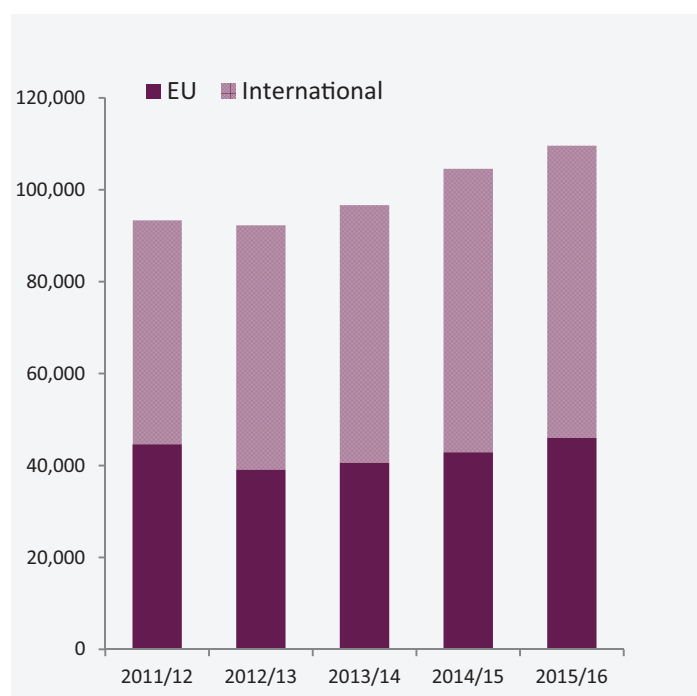
Source: UCAS

The two graphs above show that applicants and full time student numbers have historically trended together. In the 2014/2015 cycle there were 181,000 more applicants than places. The Directors (as advised by the Investment Manager) believe that the reason for the reduction in full time student numbers in 2012/2013 was the introduction of the £9,000 tuition fee. The Directors (as advised by the Investment Manager) also expect that full time student numbers will start to increase given the rise in UCAS full year applicants in 2013 and 2014.

## 1.6 International students

Applications from international students have risen over the last five years, primarily driven by non-European students (increasing by c.9 per cent. in 2014). Overall international students numbers have increased by c.70 per cent in the ten years to 2014/15.

### *Total international students in UK universities (April 2015 deadline)*



Source: UCAS

The UK was the most popular destination for students studying English outside of their home country, attracting nearly 50 per cent. of students by volume and 35 per cent. of the global market by value. In the most recent study, in 2011/12, there were 435,000 (of which 100,000 are international students) studying at publicly funded HEIs, and a further 53,000 international students studying at alternative providers, making the UK the second most popular destination for internationally mobile higher education students (behind the United States), with 13 per cent. of the global total.

The Directors (as advised by the Investment Manager) expect the global trend for studying abroad to continue with the number of students studying abroad forecast to more than double between 2010 and 2025.

When choosing where to study overseas, the Directors (as advised by the Investment Manager) believe that the primary drivers for students and their parents are the quality of education and the total cost of that education. The UK has the second lowest cost for a degree programme of any major English-speaking country and the second highest number of universities in the world top 50. The table below outlines the relative cost of a degree programme:

Country	Price per year	Years of study	Total	Universities in world 50
UK	£14,415	3	£43,245	7
New Zealand	£11,241	3	£33,723	0
Canada	£17,548	4	£70,192	3
Australia	£14,803	3	£44,409	1
USA	£30,256	4	£121,024	27

Source: The Investment Manager

The cost of a degree programme in the UK is less than 50 per cent. of the cost in the USA, its primary competitor. Taking this into account and the fact that London is the world's single most

visited tourist destination, the Directors (as advised by the Investment Manager) expect the number of international students in the UK, and London in particular, over the coming years to increase.

International students' accommodation requirements and, in the Investment Manager's experience, price insensitivity tend to be a lot higher than that of their domestic counterparts. The Directors (as advised by the Investment Manager) believe that this is primarily due to the following factors:

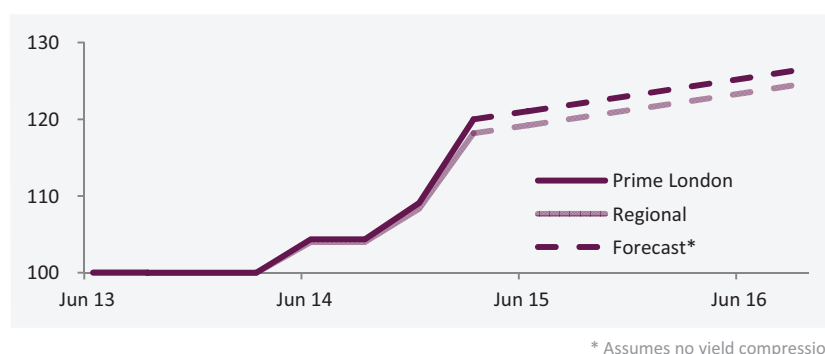
- accommodation is a proportionately smaller element of their total education cost than domestic students as they pay higher fees;
- when international students compare the total cost of a degree programme, including accommodation with that in other major English-speaking countries, the UK is highly competitive;
- private purpose-built accommodation is typically "all-inclusive" within the weekly rental; there is no additional administration charge, or bills to deal with, which can be complicated if English is not a student's first language;
- private purpose-built accommodation typically provides a much higher level of safety and security than other accommodation;
- pastoral care is generally provided; and
- halls of residence provide a simple way of meeting people of similar backgrounds and interests.

## 2 PERFORMANCE OF THE ASSET CLASS

### 2.1 Capital appreciation and robust performance

The UK is in a new lower return environment, where prime yields have fallen across the UK real estate market driven by a combination of historically low interest rates and the sheer weight of money looking for yield. The UK's purpose built student accommodation ("PBSA") has experienced these wider trends as investors look to invest in an asset class which provides them with property exposure, a multi-let portfolio and exposure to the expanding UK higher education market. UK student accommodation offers solid investment characteristics with steady income and rental growth, low risk profile owing to multi-tenant granularity with minimal default rates and has historically displayed low volatility.

#### *Capital appreciation of PBSA*



Source: Knight Frank

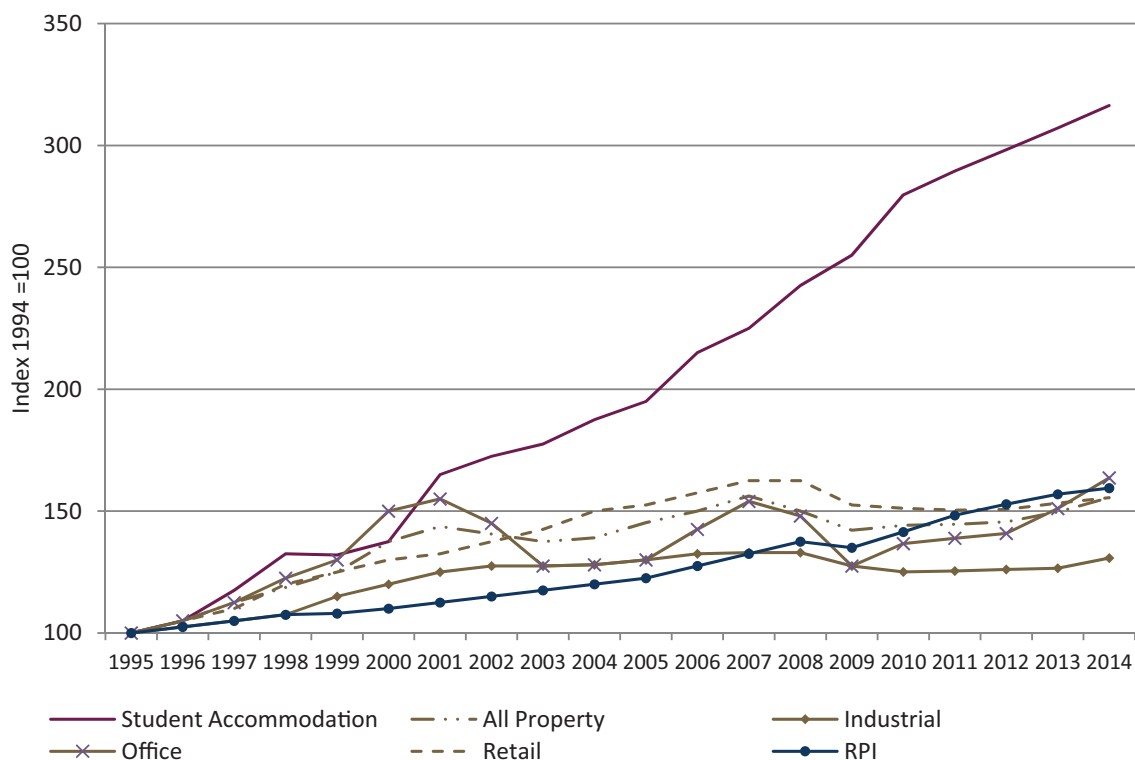
The asset class has exhibited a robust performance in the UK in recent years despite adverse economic conditions, continually delivering solid returns to investors and yields have begun to fall over the last six months with an inward compression of 50bps. noted across the sector.

### 2.2 Rental inflation

The sector has delivered steady and rising rental income above inflation rates driven by a shortfall of supply and an increasing demand. The graph below shows student accommodation rental levels between 1995 and 2009 increased by 156 per cent., almost three times more than its closest competitor (retail, at 54 per cent.) and almost four times the rate of RPI, with rental values increasing c.120 per cent. over the last 10 years.

Jones Lang LaSalle are anticipating rental growth of between 3 per cent. and 5 per cent. across the sector for the 2015/16 academic year. It is the annual rent review nature of much of student accommodation that is also increasing the interest of the wider property market to this asset class.

### ***Rental value growth by sector, the UK***



Source: Jones Lang LaSalle

## **3 SUPPLY/DEMAND CHARACTERISTICS**

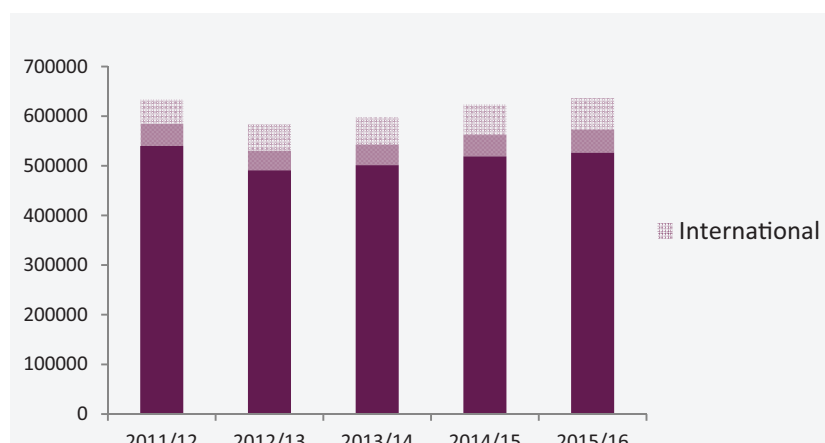
There is a fundamental supply/demand imbalance in the UK student accommodation sector which is responsible for the stability and the strong rental and capital returns outlined above. HEI housing supply levels remain flat, while the private residential rented sector is facing more onerous regulations and high demand from non-students.

### **3.1 Demand conditions**

The number of students looking to study at UK HEIs continues to increase year on year. The interim set of application data for the March 2015 deadline produced by UCAS showed a two per cent. year-on-year increase, with the strongest growth coming from EU and international students, where applications were up eight and three per cent. respectively on the previous year. London saw the largest increase in demand, with 44 per cent. of 18-year olds now applying.



## University Applications (April 2015 deadline)



Source: UCAS

### 3.2 Supply conditions

The supply of private student accommodation has failed to keep pace with the increasing demand for the reasons outlined below:

- the residential property market has recovered over the past 18 months. This has led to increasing land values as well as growing pressure on the private residential sector to house tenants other than students who are willing to pay higher rent levels;
- the private rented sector has become subject to greater local authority and government legislation for houses of multiple occupancy. This is leading to increased costs for student landlords which tends to lead either to a reduction in supply of student stock and/or an increase in rent levels;
- universities are not developing new accommodation as they are becoming more focused on their core competency of investing in education rather than building accommodation in order to compete in the now global deregulated education market;
- development financing remains constrained for new entrants and gearing levels remain well below their pre-credit crisis levels; and
- the UK government is reforming planning policy with the introduction of the Community Infrastructure Levy (“CIL”) a form of tax on new developments to help fund local and sub-regional infrastructure. CIL is an area wide approach charged at a rate per square metre of new floor space for different types of development. This may adversely impact the viability of new developments and may reduce supply.

### 3.3 The London market

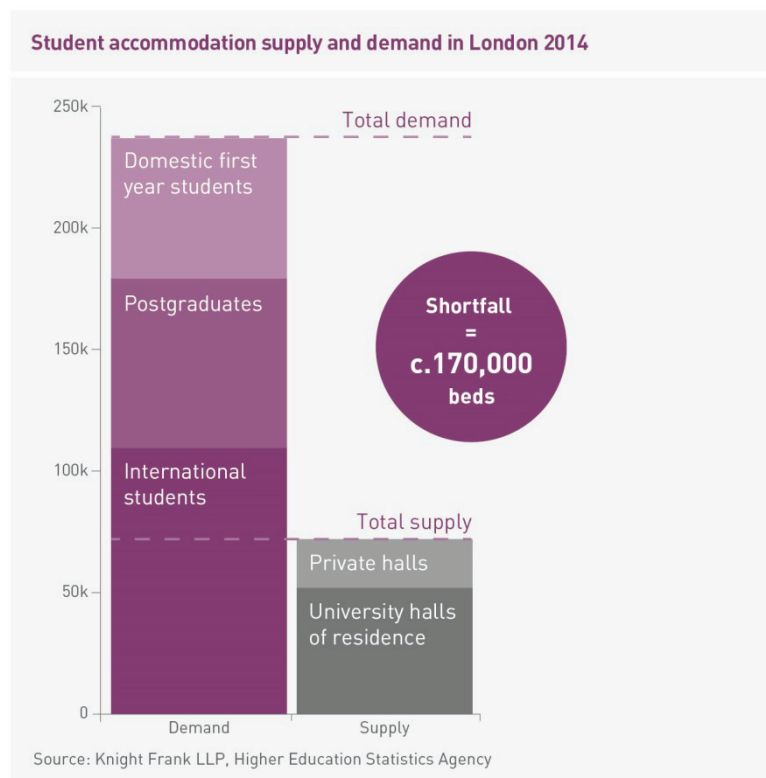
London has a number of important dynamics that separate it from the wider UK student housing market:

- London has the largest number of students of any city in the UK with over 365,000 students being educated at HEIs in the capital, c.35 per cent. of all students in UK HEIs study in London and the South East;
- London has the largest number of international students of any city in the world with c.435,500 students in 2013/14;
- London is home to more of the world’s best universities than any other city in the world which attract a significant number of international students – it has five of the 24 Russell Group Universities, two of the top five universities in the world in 2014 and has a large number of world renowned specialist colleges such as Central St Martins College of Art and Design and Ravensbourne College;
- London is the most popular city in the world to visit; and

- London universities are only able to supply accommodation to c.30 per cent. of first year and international students. QMUL, for example, has c.4,000 first year students and c.6,000 international students but only c.2,000 beds in their own stock.

The acute supply/demand imbalance is more acute in London than in any other major city in the UK as evidenced in the graph below which shows that in 2013/2014 there were c.240,000 domestic first year undergraduates, international students and postgraduates studying in the capital with only c.70,000 purpose-built student accommodation beds in halls of residence available in aggregate from both the university and private sector indicating a structural supply shortfall of c.170,000 beds. It is this shortfall that underpins the strong performance of the asset class in the capital.

#### ***Student accommodation supply and demand in London 2014***



## **4 OUTLOOK**

September 2014 saw the highest ever intake of undergraduates entering UK Higher Education with 512,370 accepting places at UK HEIs, this in spite of the continuing fall in the 18-year old population. However, there was an additional c.181,000 students who applied but were unable to find places in 2013/14.

This trend has continued for the forthcoming 2015/16 academic year. On 9 April 2015, UCAS published the application statistics for UK and international students for the majority of HEI courses. The data showed that over 625,000 students made applications to UK universities, an increase of over two per cent. on the previous year.

The application statistics continue to show for the fifth straight year that the primary driver of this growth is coming from international students where the application rate has increased by over five per cent. in the past year.

The Directors (as advised by the Investment Manager) expect that the rise in international student numbers will continue to increase in line with the OECD predictions on global student mobility, from c.3.7 million international students in 2010 to c.8 million international students by 2025, owing to global demographic changes and the increase in the wealthy educated middle classes in emerging economies and expect the long-term impact of higher domestic tuition fees to increase the competitiveness of the best tertiary education institutions in the country, particularly the Russell Group, as domestic students become more selective over where they will study as they take on

more debt. In addition to this, the Directors believe that the removal of the cap on the number of places that can be offered to UK students from 2015/16 onwards will lead to an increase in the number of acceptances over and above the growth rate in applications.

On the supply side, the Directors (as advised by the Investment Manager) do not expect to see substantial volumes of new accommodation arising in the Company's core markets in the near term, as planning reforms and inflated land values make it ever more difficult to bring on-stream new developments and limit the entry of new operators into the market. The Directors (as advised by the Investment Manager) therefore believe that rental rates will continue to maintain strong, sustained growth in line with inflation.

The student accommodation market has seen unprecedented transactional activity in 2015 with over £2 billion transacted in the year to date and a further c.£3 billion expected to transact over the course of the year. This increase in capital inflows in the sector, combined with a lower interest rate environment and a structural supply demand imbalance has lead to tightening yields across the sector over the past six months. The Directors expect capital values to remain robust with some scope for growth over the short to medium term.

Those providers who selectively choose strong locations and enhance the quality of their schemes through quality design, a quality operational platform and strong brand values will continue to have a competitive advantage in the market.

## PART 3

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1 DIRECTORS

The Directors are responsible for the determination of the Group's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Investment Manager and the Asset and Facilities Managers. All of the Directors are non-executive and are independent of the Investment Manager and Scape Student Living.

Scape Student Living is responsible for the day-to-day oversight and management of the Group's employees with the Directors retaining overall responsibility for the control and supervision of the Group's employees.

The Directors meet at least four times per annum. The audit committee of the Company also meets at least four times per annum.

The Directors are as follows:

***Robert Henry Haldane Peto (Chairman) (aged 64)***

Mr. Peto is part time Chairman of DTZ Investment Management Ltd. In 1992, Mr. Peto founded the real estate investment management arm of DTZ (which now has over £4 billion of assets under management). Mr. Peto chairs a number of investment committees for property funds and is a non-executive director of Lend Lease Europe GP Limited (Retail Fund), Western Heritable Investment Company Ltd, Standard Life Investments Property Income Trust Ltd and the commercial subsidiary of the Royal Bath & West Society. Mr. Peto was Global President of RICS in 2010 – 2011, a member of the Bank of England Property Advisory Group from 2007 to 2011, chairman of DTZ UK from 1998 to 2008 and a member of the board of DTZ Holdings Plc from 1998 to 2009.

***Robert Malcolm Naish (aged 62)***

Mr. Naish was head of real estate at Scottish Widows Investment Partnership ("SWIP") until 2012 with responsibility for a portfolio of commercial property assets spanning the UK, Continental Europe and North America, and SWIP's real estate investment management business. Mr. Naish has over 40 years' experience of working in the real estate industry and qualified as a Chartered Surveyor in 1976. Immediately prior to joining SWIP in 2007 he was director and head of DTZ Investment Management, where he also led new business development in the UK and international markets. He was a founding partner of Jones Lang Wootton Fund Management, and UK Managing Director of LaSalle Investment Management. In 2002, he co-founded Fountain Capital Partners, a pan-European real estate investment manager and adviser. Mr. Naish was also chairman of the Scottish Property Federation for 2010/2011. Mr Naish now holds a number of non-executive directorships and three roles in the charity sector.

***Peter William Dunscombe (aged 66)***

Mr. Dunscombe is a director of Murray International Trust plc and HgCapital Trust plc. Mr. Dunscombe joined a London firm of stockbrokers in the early 1970s to carry out economic and company research. After five years he joined Imperial Group in their in-house pension fund management team and later became joint managing director of Imperial Investments Limited. Mr. Dunscombe joined BBC Pension Trust Limited where he was Head of Pension Investments until 2011. Mr. Dunscombe is a member of the investment committees of The Pensions Trust, Reed Elsevier Pension Fund, St James's Place plc and the Nuffield Foundation.

***Marlene Wood (aged 52)***

Mrs. Wood is a chartered accountant with a broad range of experience in both private and public sectors. She is currently a non-executive board member for the Scottish Funding Council for Further and Higher Education and also sits on their audit committee and remuneration committee. She was chair of the audit committee for the University of the Highlands and Islands until 2014. Mrs. Wood spent 20 years with the Miller Group, a major UK property business, predominantly as finance director for Miller Developments, the property development and investment arm, and latterly as group accounting and treasury director. Mrs. Wood is currently non-executive director and treasurer for two charities; One Parent Families Scotland and Edinburgh Printmakers.

## **2 MANAGEMENT OF THE COMPANY**

### **2.1 Investment Manager**

The Company receives investment advice and management services from the Investment Manager, Gravis Capital Partners LLP. The Investment Manager acts as the Company's AIFM for the purposes of the AIFMD. The Investment Manager was incorporated in England and Wales on 14 October 2007 under the Limited Liability Partnership Act 2000 (registered number OC332060) and is authorised and regulated by the FCA (registration number 487393). The Investment Manager has day-to-day responsibility for the control and supervision of the Asset and Facilities Managers.

The Investment Manager was formed with a view to developing a specialist infrastructure advisory boutique. This business model was amended to focus specifically on fund management, principally on income generating defensive sectors central to the UK's social and community infrastructure. The Investment Manager has advised on student accommodation and educational assets since its formation and its senior management team have combined experience of over 30 years in the sector. In the last ten years the partners of the Investment Manager have advised on the financing, development, acquisition and management of student accommodation and educational property assets with a value in excess of £500 million.

As at 31 March 2015, the Investment Manager had total assets under management with a principal value of c.£1 billion, including two London-listed closed-ended investment companies, the Company and GCP Infrastructure Investments Limited which, respectively had market capitalisations of c.£126 million and c.£600 million (as at that date).

The personnel of the Investment Manager who will be involved in the provision of investment management services to the Company are as follows:

#### ***Tom Ward (aged 37)***

Mr. Ward has overall responsibility for the provision of investment advice to the Company and is chief operating officer of Scape Student Living. Mr. Ward qualified as a Chartered Accountant with Arthur Andersen LLP in 2002 and continued to work in practice with Deloitte LLP in its Corporate Finance division, focusing on asset-backed securitisation. Mr. Ward joined DTZ Corporate Finance in 2004, where he spent five years in the Structured Finance team, focusing on developing, funding and structuring property transactions focusing on student and residential accommodation.

Mr. Ward is one of the founding partners of the Investment Manager where he has overall responsibility for advising on the development, structuring and acquisition of student residential and educational assets.

#### ***Stephen Ellis (aged 57)***

Mr. Ellis has overall supervision of the investment management function at the Investment Manager. Mr. Ellis co-founded the Investment Manager after five years as a director at DTZ Corporate Finance, where he had responsibility for all UK infrastructure financing, in particular in the healthcare and education sectors.

Mr. Ellis graduated from Oxford University in 1980 and after a short service commission with the British Army he spent a 16 year career in investment banking, principally in tax-based finance, securitisation and debt origination.

#### ***Harry Daws (aged 29)***

Mr. Daws is responsible for financial modelling and analysis for the Investment Manager as well as asset evaluation. He graduated with a first class degree in Physics from Bristol University in 2008 and subsequently trained and qualified as an Associate of the Institute of Chartered Accountants with Deloitte LLP in the energy and infrastructure team in London. Mr. Daws joined the Investment Manager as an associate in 2012.

#### ***Chloe Marlow (aged 34)***

Ms. Marlow is responsible for the reporting and monitoring of the performance of the Group. Ms. Marlow qualified as a Chartered Management Accountant with Lloyds Banking Group plc where she spent five years working within real estate finance and retail banking regulatory compliance. She went on to join Capita Sinclair Henderson Limited in 2011 as a fund accountant where she was responsible for a portfolio of infrastructure and real estate funds. Ms. Marlow joined the Investment Manager in 2013.

### ***Investment Management Agreement***

The Investment Manager has been given, pursuant to the terms of the Investment Management Agreement, sole responsibility for the management of the Group's assets in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors. The Investment Manager acts as the Company's AIFM for the purpose of the AIFMD and has day-to-day responsibility for the control and supervision of the Asset and Facilities Managers.

The Investment Manager is entitled to receive from the Company: (i) a management fee which is calculated and paid quarterly in arrears at an annual rate of one per cent. of the prevailing Net Asset Value; and (ii) a £22,500 per annum fee in relation to the Investment Manager's services provided in its role as the Company's AIFM.

The Investment Management Agreement is for a term of six years from 29 May 2015 subject to termination on not less than 12 months' written notice given by either party at any time, such notice to expire no earlier than 28 May 2021 save that if the ordinary resolution to continue the Company's business as presently constituted, to be proposed at the fifth annual general meeting of the Company in 2018, is not passed, then the Investment Management Agreement will be terminable upon 24 months' written notice by either party. The Investment Management Agreement can be terminated at any time in the event of the insolvency of the Company or the Investment Manager.

### **The Asset and Facilities Managers**

#### ***Scape Student Living Limited***

The Group has appointed Scape Student Living as the asset and facilities manager in relation to Scape East and Scape Greenwich pursuant to which Scape Student Living provides asset and facilities management services in connection with Scape East and Scape Greenwich (including sales, marketing (including social media) and brand and general facilities management). Scape Student Living also has overall responsibility for the supervision and provision of asset management services through the oversight and management of the Group's employees and is responsible for the procurement and supervision of the facilities management services in connection with Scape East and Scape Greenwich.

The Company has agreed to appoint Scape Student Living to act as the asset and facilities manager of any projects that are the subject of the First Offer Agreement or the Pipeline Agreement which are acquired by the Group, which includes, if acquired, Scape Surrey and Scape Shoreditch.

Under the terms of the Scape East Asset and Facilities Management Agreement and the Scape Greenwich Asset and Facilities Management Agreement, Scape Student Living is entitled to a fee which is calculated and paid quarterly in arrears and is equal to one-quarter of the Investment Manager's management fee attributable to those assets. The Investment Manager is responsible for the payment of fees to Scape Student Living out of its investment management fees. The Group is responsible, on a cost basis, for any third party costs and expenses incurred by Scape Student Living in carrying out the procurement and supervision of any asset and facilities management services.

Scape Student Living was appointed as the asset manager in relation to Scape East for an initial term of four years from 12 April 2013, thereafter being terminable upon 12 months' written notice and at any time in the event of the insolvency of Scape Student Living. Scape Student Living was appointed facilities manager in respect of Scape East with effect from 1 April 2014 (such appointment being coterminous with its appointment as asset manager). Scape Student Living was appointed as the asset and facilities manager in relation to Scape Greenwich for an initial term of four years from the start of the 2015/16 academic year, thereafter being terminable upon 12 months' written notice and at any time in the event of the insolvency of Scape Student Living.

Scape Student Living has a number of professional accreditations including: Accreditation Network UK, ISO 9001 Certification (Quality Management Standard), ISO 14001 Certification (Environmental Management Standard), National Code, UK Council for International Student Affairs and the Association for Student Residential Accommodation.

Scape Student Living is owned by its senior management (being Adam Brockley, Nigel Tae and Paul Williams) and the principals of the Investment Manager. The owners have extensive experience in site finding, land assembly and planning, design, development, financing and operation of student residential and educational property assets.



## **Corporate Residential Management Limited**

CRM has been appointed by the Group to provide asset and facilities management services (including sales, marketing, facilities and brand management) in relation to The Pad pursuant to the terms of the CRM Asset and Facilities Management Agreement. It is the Group's intention that CRM will also be appointed to provide asset and facilities management services in relation to The Pad 2, subject to, and on completion of the acquisition of The Pad 2.

CRM is a former division of Savills focused on managing the residential assets of corporate and institutional investors. Its student accommodation management division (CRM Students) has become a leading independent asset manager of purpose built student accommodation in the UK with expertise in both student care and property management. CRM Students is accredited to the National Codes of Standards for Larger Developments and by Accreditation Network UK.

The CRM Asset and Facilities Management Agreement is for an initial term of three years from 1 September 2013, thereafter being terminable on nine months' written notice and at any time in the event of the insolvency of CRM. Under the terms of The CRM Asset and Facilities Management Agreement, CRM is entitled to an asset management fee of 5 per cent. of the total rental income of The Pad collected per annum.

## **3 OTHER ARRANGEMENTS**

### **3.1 Administrator**

Capita Sinclair Henderson Limited has been appointed as Administrator to the Company. The Administrator provides the day-to-day administration of the Company. The Administrator is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records. Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £66,000 per annum (exclusive of VAT). The Administration Agreement is terminable upon six months' written notice.

### **3.2 Secretary**

Capita Company Secretarial Services Limited has been appointed by the Company to provide company secretarial functions required by the Companies Act. The Company's statutory records are maintained at the Company's registered office. Under the terms of the Secretary Agreement, the Secretary is entitled to a company secretary fee of £45,000 per annum (exclusive of VAT). The Secretary Agreement is terminable upon six months' written notice.

### **3.3 Registrar**

The Company utilises the services of Capita Asset Services as registrar in relation to the transfer and settlement of Shares held in uncertificated form. Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.65 per Shareholder account per annum, subject to a minimum fee of £5,000 per annum (exclusive of VAT). The fee is subject to increase in line with RPI. The Registrar is also entitled to activity fees under the Registrar Agreement. The Registrar Agreement may be terminated on six months' notice, such notice not to expire prior to the third anniversary of IPO Admission.

### **3.4 Depositary**

Langham Hall UK Depositary LLP has been appointed as Depositary to the Company pursuant to the terms of the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is entitled to receive a fee of £44,000 per annum (exclusive of VAT). The Depositary Agreement is terminable by either the Company and/or the Investment Manager or the Depositary giving to the other not less than six months' written notice.

### **3.5 Auditor**

Ernst & Young LLP provides audit services to the Group. The annual report and accounts are prepared according to accounting standards laid out under IFRS.

## 4 FEES AND EXPENSES

### 4.1 Issue expenses

The Company will not charge investors any separate costs or expenses in connection with the Issue. The costs and expenses incurred in connection with the Issue are anticipated to be two per cent of Gross Proceeds (assuming Gross Proceeds of £130 million).

The costs of the Issue will be borne by holders of C Shares only. In the event the Issue does not proceed, all costs associated with the Issue will be paid by the Company. The Directors (as advised by the Investment Manager and based on the maximum purchase price payable for Scape Surrey and The Pad 2 under the Forward Purchase Agreements) currently anticipate that, subject to the continuation of prevailing market conditions, the 30 September 2015 valuations of Scape Surrey and The Pad 2 will fully offset the Issue costs should the Issue proceed.

### 4.2 On-going annual expenses

Ongoing annual expenses of the Company will be borne by the Company including fees paid to the Directors and service providers as detailed above and in paragraphs 3.5 of Part 9 of this document, travel, accommodation, printing, audit, finance costs, due diligence and legal fees. All reasonable out-of-pocket expenses of the Investment Manager, the Asset and Facilities Managers, the Administrator, the Registrar, the Depositary and the Directors relating to the Group will also be borne by the Company.

It is the Board's current intention that any costs associated with the acquisition of assets from the Net Proceeds of the Issue will be attributable to the C Shares.

## 5 CONFLICTS OF INTEREST

The Investment Manager, the Asset and Facilities Managers or any associate, director, partner, officer, employee, agent of any of them (each an **"Interested Party"**) may be involved in other financial, investment or other professional activities which may, on occasion, give rise to conflicts of interest with the Group. Whenever such conflicts arise, the Investment Manager shall endeavour to ensure that they are resolved, and any relevant investment opportunities allocated, fairly.

Additionally, the fact that the Interested Parties engage in other business activities may reduce the time the Investment Manager and the Asset and Facilities Managers spend managing the Group's investments. Notwithstanding the Investment Management Agreement and the Asset and Facilities Management Agreements, the Investment Manager's and each of the Asset and Facilities Manager's decision to spend time on other activities besides the management of the Group's investments could be influenced by a variety of factors, including the compensation structure of any other investment vehicles and/or business activities as compared to that of the Group.

The Investment Manager has, pursuant to the terms of the Investment Management Agreement, agreed with the Company that neither it nor, *inter alia*, any employee of the Investment Manager, may, (while the Investment Management Agreement is in force) without the express prior written consent of the Company act as the adviser, manager or sponsor of any fund or entity that may invest in assets within the scope of the Company's investment policy or engage in any activity which may compete in the same or substantially similar investment area as the Company.

The executive partners of the Investment Manager indirectly own, in aggregate, c.27 per cent. and c.28 per cent. interests in Scape Surrey and Scape Shoreditch respectively and a c.25 per cent. interest in Scape Student Living, of which Mr Nigel Taeë is chairman and Mr Tom Ward is the chief operating officer.

The Company has, subject to satisfaction of certain requirements, committed to acquire (in accordance with the Surrey Forward Purchase Agreement) Scape Surrey and a contractual right of first offer (in accordance with the First Offer Agreement) to acquire Scape Shoreditch.

Scape Student Living has undertaken, pursuant to the Pipeline Agreement, to use its reasonable endeavours to procure that the owner or owners of the next three student residential property developments (after Scape Shoreditch) to be developed, managed or operated by Scape Student Living or any of its affiliates and branded under the 'Scape Student Living' brand (which includes Scape Surrey), enter into right of first offer agreements in respect of such assets as soon as is practicable following their practical completion.

Under the terms of the Scape East Asset and Facilities Management Agreement, it has been agreed that Scape Student Living will act as the asset and facilities manager of those

developments, subject to such developments being acquired by the Group, over which the Company has a right of first offer to acquire pursuant to the terms of the First Offer Agreement or which are the subject of the Pipeline Agreement on the same commercial terms as it manages Scape East.

Notwithstanding that any such developments that are acquired by the Group, save for any developments acquired pursuant to the Forward Purchase Agreements, will be acquired on the basis of independent valuations, these circumstances may also lead to conflicts of interest. The Directors have satisfied themselves that the Investment Manager and Scape Student Living have procedures in place to address potential conflicts of interest.

Each of the Investment Manager and the Asset and Facilities Managers have confirmed that they will have regard to their obligations under their respective agreements with the Group and will otherwise act in a manner that they consider fair, reasonable and equitable having regard to their respective obligations to other clients, when potential conflicts of interest arise. Furthermore, the activities of the Investment Manager and the Asset and Facilities Managers in relation to the Group are subject to the overall direction and review of the Directors.

## **6 THE TAKEOVER CODE**

The Takeover Code applies to the Company.

## **7 CORPORATE GOVERNANCE**

The Board has considered the principles and recommendations of the UK Corporate Governance Code. As at the date of this document, the Company complies with the provisions of the UK Corporate Governance Code which are relevant to the Company as an investment company.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- the appointment of a senior independent director;
- executive directors' remuneration; and
- the need for an internal audit function.

The Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company with an entirely non-executive board, and the Company does not therefore comply with them.

The Company's audit committee is chaired by Mr. Dunscombe and consists of all the Directors and meets at least four times a year. The Board considers that the members of the audit committee have the requisite skills and experience to fulfil the responsibilities of the audit committee. The audit committee examines the effectiveness of the Group's control systems. It reviews the half-yearly and annual reports and receives information from the Investment Manager. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor.

The Company has established a management engagement committee which is chaired by Mr. Naish and consists of all the Directors. The management engagement committee meets at least once a year or more often if required. Its principal duties are to consider the terms of appointment of the Investment Manager, the Asset and Facilities Managers and other service providers of the Company and it annually reviews such appointments and the terms of the Investment Management Agreement, the Asset and Facilities Management Agreements and other service providers' agreements.

## **8 DIRECTORS' SHARE DEALING**

The Company is not required to comply with the Model Code. As a matter of best practice and good corporate governance, the Company has adopted a voluntary share dealing code for the Board pursuant to which the Directors comply with the Model Code. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

## PART 4

### THE ISSUE

#### 1 INTRODUCTION

The Issue is being implemented by way of the Open Offer, Placing and Offer for Subscription.

The target size of the Issue is £95 million before expenses. The maximum number of C Shares which may be issued pursuant to the Issue is 130 million. The aggregate Net Proceeds of the Issue, after deduction of expenses, are expected to be £127.34 million on the assumption that the Gross Proceeds are £130 million. The actual number of C Shares to be issued pursuant to the Issue, and therefore the Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.

Thames River Multi-Capital LLP, in its capacity as the discretionary investment manager of various funds, has indicated to the Company that, subject to not becoming Substantial Shareholders, such funds intend to subscribe for 23 million C Shares where the target Issue size is achieved or exceeded. In the event that the target Issue size is not achieved Thames River Multi-Capital LLP has indicated that such funds will subscribe for a minimum of 13 million C Shares under the Issue. In addition, the Investment Manager and Scape Student Living have indicated to the Company that their respective partners, shareholders and associates intend to subscribe for, in aggregate, 4 million C Shares under the Issue.

The Directors recognise the importance of pre-emption rights to Ordinary Shareholders. Accordingly, a substantial proportion of the C Shares are being initially offered to Qualifying Shareholders by way of the Open Offer pursuant to which they will be entitled to apply for 1 C Share for every 2 Ordinary Shares held on the Record Date. The balance of the C Shares (being 75,044,786 C Shares), together with any C Shares not taken up by Qualifying Shareholders under the Open Offer, will be made available, at the discretion of the Directors, under the Excess Application Facility or Placing and Offer for Subscription.

#### 2 THE ISSUE

##### 2.1 Overview

The Open Offer, Placing and Offer for Subscription will each be made at an Issue Price of 100 pence per C Share. The Open Offer, Placing and Offer for Subscription are conditional on, *inter alia*: (i) Admission having become effective at or before 8.00 a.m. on 30 June 2015 or such later time and/or date as the Company and Cenkos may agree (not being later than 8.00 a.m. on 31 July 2015); (ii) the Placing and Offer Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission; and (iii) the Minimum Net Proceeds being raised.

The Directors also have the discretion not to proceed with the Issue if all of the above conditions (including raising the Minimum Net Proceeds) have been met. If the Issue does not proceed (due to the Minimum Net Proceeds not being raised or otherwise), any monies received under the Issue will be returned to applicants without interest.

##### 2.2 The Open Offer

###### ***Details of the Open Offer***

Under the Open Offer 54,955,214 C Shares will be made available to Qualifying Shareholders at the Issue Price *pro rata* to their holdings of Ordinary Shares, on the terms and subject to the conditions of the Open Offer on the basis of:

###### **1 C Share for every 2 Ordinary Shares**

held and registered in their name at the Record Date.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Open Offer Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements will be admitted to CREST and enabled for settlement, the Basic Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. C Shares for which application has not been made under the Open Offer will not be sold in

the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer.

Existing Shareholders may also subscribe for C Shares in excess of their Basic Entitlement through the Excess Application Facility and/or the Placing and Offer for Subscription, as appropriate.

The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 23 June 2015. Valid applications under the Open Offer will be satisfied in full up to an applicant's Basic Entitlement.

The terms and conditions of application under the Open Offer are set out at Part 11 of this document and in the case of Qualifying Non-CREST Shareholders, the Open Offer Application Form. These terms and conditions should be read carefully before an application is made. Shareholders who are in any doubt about the Open Offer arrangements should consult their stockbroker, bank manager, solicitor, accountant or other appropriate financial adviser.

Applications under the Open Offer are not subject to any minimum subscription requirement.

### ***The Excess Application Facility***

Existing Shareholders who take up all of their Basic Entitlements may also apply under the Excess Application Facility for additional C Shares in excess of their Basic Entitlements. The Excess Application Facility will comprise whole numbers of C Shares under the Open Offer which are not being taken up by existing Shareholders pursuant to their Basic Entitlements (including any aggregated fractional entitlements) adjusted to include/remove any C Shares from the Excess Application Facility that the Directors determine, in their absolute discretion, should be reallocated from/to the Placing and Offer for Subscription (as appropriate).

Qualifying Non-CREST Shareholders who wish to subscribe for more than their Basic Entitlement should complete the relevant sections on the Open Offer Application Form.

Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2.3 of Part 11 of this document for information on how to apply for additional C Shares under the Excess Application Facility.

Applications for additional C Shares under the Excess Application Facility will be allocated in such a manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

To the extent any C Shares remain unallocated pursuant to the Open Offer (including under the Excess Application Facility), they will be made available under the Placing and Offer for Subscription.

## **2.3 Action to be taken under the Open Offer**

### ***Qualifying Non-CREST Shareholders***

Qualifying Non-CREST Shareholders have been sent an Open Offer Application Form giving details of their Basic Entitlement.

Persons that have sold or otherwise transferred all of their Ordinary Shares should forward this document, together with any Open Offer Application Form, if and when received, at once to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that, such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, the Excluded Territories.

Any Shareholder that has sold or otherwise transferred only some of their Ordinary Shares held in certificated form on or before 1 June 2015 should refer to the instruction regarding split applications in the Terms and Conditions of the Open Offer at paragraph 4.1 of Part 11 of this document and the Open Offer Application Form.

### ***Qualifying CREST Shareholders***

Qualifying CREST Shareholders have not been sent an Open Offer Application Form. Instead, Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST



in respect of their Basic Entitlement and Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 1 June 2015.

In the case of any Qualifying Shareholder that has sold or otherwise transferred only part of their holding of Ordinary Shares held in uncertificated form on or before 1 June 2015, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate Basic Entitlement and Excess CREST Open Offer Entitlement to the purchaser or transferee.

Full details of the Open Offer are contained in the Terms and Conditions of the Open Offer at Part 11 of this document. If you have any doubt as to what action you should take, you should seek your own advice from your stockbroker, solicitor or other independent financial adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities immediately.

The ISIN of the Basic Entitlements is GB00BX90C270 and the SEDOL is BX90C27. The ISIN for the Excess CREST Open Offer Entitlement is GB00BX90C387 and the SEDOL is BX90C38.

## **2.4 The Placing**

Cenkos has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers pursuant to the Placing for any C Shares available under the Placing and Offer for Subscription on the terms and subject to the conditions set out in the Placing and Offer Agreement. Details of the Placing and Offer Agreement are set out in paragraph 6.1 of Part 9 of this document. The Placing will close at 3.00 p.m. on 24 June 2015 (or such later date as the Company and Cenkos may agree). If the Placing is extended, the revised timetable will be notified to relevant potential investors.

## **2.5 The Offer for Subscription**

The Company has agreed to make an offer of C Shares pursuant to the Offer for Subscription at the Issue Price and subject to the terms and conditions under the Offer for Subscription. These terms and conditions and the Application Form set out at the Appendix to this document should be read carefully before an application is made. If you have any doubt as to what action you should take, you should seek your own advice from your stockbroker, solicitor or other independent financial adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities immediately. Application Forms accompanied by a cheque or banker's draft in Sterling made payable to "Capita Registrars Limited re: GCP Student Living plc – Offer for Subscription a/c" and crossed "a/c Payee Only" for the appropriate sum should be returned to the Receiving Agent by no later than 1.00 p.m. on 24 June 2015. If the Offer for Subscription is extended, the revised timetable will be notified to any investors who have returned Application Forms.

Applications under the Offer for Subscription must be for a minimum of 10,000 C Shares and thereafter in multiples of 100 C Shares. Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Board.

## **3 THE SPECIALIST FUND MARKET**

The Specialist Fund Market is an EU regulated market. Pursuant to its admission to the Specialist Fund Market, the Company is subject to the Prospectus Rules, the Disclosure and Transparency Rules and the Market Abuse Directive (as implemented in the UK through FSMA).

## **4 SCALING BACK AND ALLOCATION**

The maximum number of C Shares available under the Issue is 130 million. Subject always to satisfying (i) applications by Qualifying Shareholders in full up to their Basic Entitlement; and (ii) up to 23 million C Shares by funds(s) managed by Thames River Multi-Capital LLP, in the event that the Issue is oversubscribed it would be necessary to scale back applications under the Issue. Cenkos (in consultation with the Company and the Investment Manager) reserve the right to scale back applications in such amounts as they consider appropriate. The Company reserves the right to decline in whole or in part any application for C Shares pursuant to the Issue.

Payment for the C Shares, in the case of the Open Offer, should be made in accordance with the Terms and Conditions of the Open Offer in Part 11 of this document. Payment for the C Shares, in respect of the Placing, should be made in accordance with the settlement instructions notified to



Placees by Cenkos. Payment for the C Shares, in the case of the Offer for Subscription, should be made in accordance with the Terms and Conditions of Application under the Offer for Subscription in Part 12 of this document and in the Application Form. To the extent that any application for C Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

## **5 WITHDRAWAL**

In the event that the Company is required to publish a supplementary prospectus prior to Admission, applicants who have applied for C Shares under the Issue shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire C Shares in the Issue in its entirety. The right to withdraw an application to acquire C Shares in the Issue in these circumstances will be available to all investors in the Issue. If the application is not withdrawn within the stipulated period, any offer to apply for C Shares in the Issue will remain valid and binding.

Investors under the Open Offer, Excess Application Facility and Offer for Subscription wishing to exercise statutory withdrawal rights after the publication of a supplementary prospectus prior to Admission must do so by lodging written notice of withdrawal by hand (during normal business hours only) at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by facsimile (during normal business hours only) so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after expiry of such period will not constitute a valid withdrawal.

## **6 DILUTION**

If a Qualifying Shareholder:

- (i) does not subscribe under the Open Offer for such number of C Shares as is equal to his or her proportionate ownership of Ordinary Shares; or
- (ii) subscribes under the Open Offer for such number of C Shares but does not participate in the Excess Application Facility or the Placing or the Offer for Subscription *pro rata* to their holdings of Ordinary Shares,

his or her proportionate ownership and, following Conversion, voting interests in the Company will be reduced. Moreover, the percentage that his or her Ordinary Shares and, if he or she does subscribe for C Shares, C Shares will represent of the total share capital of the Company will be reduced following completion of the Issue.

Pursuant to Conversion, C Shares issued pursuant to the Issue will convert into Ordinary Shares. The number of Ordinary Shares into which each C Share converts will be determined by the relative Conversion Net Asset Value per C Share and per Ordinary Share at the Conversion Date. As a result of Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced to the extent that Shareholders do not take up their Basic Entitlement and do not participate in the Excess Application Facility or the Placing or the Offer for Subscription *pro rata* to their holdings of Ordinary Shares, in full (however, Conversion will be Net Asset Value neutral to holders of Ordinary Shares).

The C Shares do not have voting rights at general meetings of the Company. Voting rights of the Ordinary Shareholders will not be diluted until Conversion.

## **7 THE PLACING AND OFFER AGREEMENT**

The Placing and Offer Agreement contains provisions entitling Cenkos to terminate the Issue (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Issue and these arrangements will lapse and any monies received in respect of the Issue will be returned to each applicant without interest at the applicant's risk.

The Placing and Offer Agreement provides for Cenkos to be paid commission by the Company in respect of the C Shares to be allotted pursuant to the Issue. Under the Placing and Offer Agreement, Cenkos is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Issue. Cenkos is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Issue to any or all of those agents out of its own resources.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 6.1 of Part 9 of this document.

## **8 ADMISSION**

Admission is expected to take place at 8.00 a.m. on 30 June 2015. An investor applying for C Shares in the Issue may receive C Shares in certificated or uncertificated form. The C Shares are in registered form. No temporary documents of title will be issued. Dealings in C Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. It is expected that CREST accounts will be credited on 30 June 2015 in respect of C Shares issued in uncertificated form and definitive share certificates in respect of C Shares held in certificated form will be despatched by post during the week commencing 6 July 2015.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the C Shares or the Ordinary Shares arising upon their Conversion, nor does it guarantee the price at which a market will be made in the C Shares or the Ordinary Shares arising upon their Conversion. Accordingly, the dealing price of the C Shares and the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per C Share or Net Asset Value per Ordinary Share respectively. Furthermore, the level of the liquidity in the C Shares and the Ordinary Shares can vary significantly and typical liquidity on the Specialist Fund Market is relatively unknown.

## **9 CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of C Shares and Ordinary Shares within the CREST system. The Company has applied for the C Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the C Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for C Shares in the Issue may elect to receive C Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST.

## **10 OVERSEAS PERSONS**

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of C Shares under the Issue to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain C Shares under the Issue. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for C Shares under the Issue to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document and/or an Open Offer Application Form may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations including, but not limited to, the Excluded Territories. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the C Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the C Shares are only being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The C Shares may

not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person.

Investors should additionally consider the provisions set out under the heading 'Important Information' on page 30 of this document.

The Company reserves the right to treat as invalid any agreement to subscribe for C Shares under the Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

#### ***United States transfer restrictions***

Each of Cenkos and the Investment Manager has acknowledged and warranted in the Placing and Offer Agreement that it will not offer or sell or procure the offer or sale of the C Shares except in compliance with Regulation S. The C Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any C Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

### **11 TYPICAL INVESTOR**

An investment in the C Shares is only suitable for institutional investors, professionally-advised private investors and highly knowledgeable investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in the C Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

FCA-authorized firms conducting designated investment business with retail customers under COB Rules are reminded that securities admitted to trading on the Specialist Fund Market will be securities that may have characteristics such as: (i) variable levels of secondary market liquidity; (ii) sophisticated corporate structures; (iii) highly leveraged structures; and (iv) sophisticated investment propositions with concentrated risks and are therefore intended for institutional, professional and highly knowledgeable investors. The Company and its advisers not subject to the COB Rules are responsible for compliance with equivalent conduct of business or point of sale rules in the jurisdiction in which they are based or in which they are marketing the securities concerned (if applicable).

## PART 5

### DETAILS OF THE C SHARES

The rights and restrictions attaching to the C Shares are set out in the Articles and are summarised below. At the Conversion Date such number of C Shares shall convert into Ordinary Shares in order to ensure that each C Shareholder receives the requisite number of new Ordinary Shares to which they are entitled on Conversion.

#### 1 DEFINITIONS

The following definitions apply (for the purposes of this Part 5 only) in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document:

**“Calculation Date”** means the earliest of:

- (a) close of business on the date 6 months after the allotment of the C Shares, or if such day is not a Business Day, the first Business Day prior thereto;
- (b) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the net proceeds attributable to the C Shares (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested;
- (c) close of business on the last Business Day prior to the day on which the Directors resolve that any Force Majeure Circumstance has arisen or is imminent; and
- (d) close of business on such Business Day as the Directors may otherwise determine in their sole discretion,

**“Conversion”** means conversion of C Shares into Ordinary Shares in accordance with paragraph 7 below;

**“Conversion Date”** means the close of business on such Business Day as may be selected by the Directors falling not more than 30 Business Days after the Calculation Date;

**“Conversion Ratio”** means the ratio of the Conversion Net Asset Value per C Share to the Conversion Net Asset Value per Ordinary Share, which is calculated to six decimal places (with 0.0000005 being rounded upwards) by dividing the Conversion Net Asset Value per C Share by the Conversion Net Asset Value per Ordinary Share;

**“Force Majeure Circumstances”** means, in relation to any C Shares (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue any C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

**“Redemption Date”** means a date, as determined by the Directors and falling prior to the Calculation Date, on which a redemption of C Shares is to be effected; and

**“Redemption Value”** means 100 pence per C Share.

References to Ordinary Shareholders and C Shareholders should be construed as references to holders for the time being of Ordinary Shares and C Shares respectively.

References to the Auditors confirming any matter shall be construed to mean confirmation of their opinion as to such matter whether qualified or not.

#### 2 DIVIDENDS

The holders of the Ordinary Shares and the C Shares shall, subject to provisions of the Articles, have the following rights to be paid dividends:

- 2.1 the holders of Ordinary Shares carry the right to receive the profits of the Company available to be distributed by way of interim or final dividends at such times as the Directors may determine in accordance with the Articles;

- 2.2 prior to Conversion the C Shares shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend;
- 2.3 the new Ordinary Shares arising on Conversion of the C Shares shall rank *pari passu* with the Ordinary Shares in issue immediately prior to Conversion for dividends and other distributions in relation to the Ordinary Shares made or declared by reference to a record date falling after the relevant Calculation Date;
- 2.4 any C Shares which remain in issue following Conversion shall with effect from Conversion entitle the holder of C Shares to the payment of a fixed cumulative preferential dividend of 0.000000001 pence per C Share payable annually but no other right to share in the profits of the Company; and
- 2.5 no dividend or other distribution shall be made or paid by the Company on any of its shares between any Calculation Date and the relevant Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between any Calculation Date and the relevant Conversion Date (both dates inclusive).

### **3 RIGHTS AS TO CAPITAL**

The holders of the Ordinary Shares and the C Shares shall, subject to the provisions of the Articles, have the following rights as to capital:

- 3.1 subject to the rights of any C Shares in issue, the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) be divided amongst the holders of Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares;
- 3.2 on a winding up or return of capital (otherwise than on a purchase or redemption by the Company of any C Shares), prior to Conversion the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of (i) the amount subscribed for the issue of each C Share and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company. C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue; and
- 3.3 any C Shares which remain in issue following Conversion shall with effect from the Conversion, on a winding up or otherwise, entitle a holder of C Shares only to payment of one pence in respect of his entire holding of such C Shares.

### **4 VOTING**

- 4.1 Holders of Ordinary Shares have the right to receive notice of, and to attend and vote at, general meetings and class meetings of the Company. Each holder of Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy at a general meeting or a class meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held by him.
- 4.2 The holders of C Shares have:
  - (a) the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll, every such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him; and
  - (b) no rights to receive notice of, attend, speak or vote at general meetings of the Company.

### **5 REDEMPTION**

- 5.1 If 90 per cent. of the Net Proceeds has not been invested by reason of one or more of the Target Assets acquisitions or any alternative acquisitions not completing on or before 31 December 2015, the Company may be in receipt of more cash than it requires to meet its on-going operating costs and liabilities. It is the current intention of the Directors that, in such circumstances, the Company will distribute such excess cash to C Shareholders by way of a compulsory redemption of C Shares prior to their Conversion subject to the Company having



sufficient distributable reserves to do so at the relevant time. Such redemption would be on a *pro rata* basis from each C Shareholder proportionate to his/her holding of C Shares. The exact timing and size of a redemption (if any) is uncertain, cannot be guaranteed and would depend on, *inter alia*, the number of C Shares issued pursuant to the Issue and which of the Target Assets acquisitions or any alternative acquisitions did not complete.

- 5.2 The C Shares shall be issued on such terms that the Ordinary Shares arising upon Conversion may be redeemed by the Company in accordance with the terms set out herein.
- 5.3 Immediately upon Conversion of the C Shares (or as soon as practicable thereafter), the Company shall redeem all of the C Shares then in issue, at a price of one pence in aggregate for all such C Shares held by any member and the notice referred to in paragraph 7.2 shall be deemed to constitute notice to each holder of C Shares (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the C Shares shall be so redeemed (and the Company shall not be obliged to account to any holder of C Shares for the redemption moneys arising in respect of such C Shares).

## **6 C SHARES PRIOR TO CONVERSION**

- 6.1 Until Conversion, and without prejudice to its obligations under the Companies Act, if at any time C Shares are in issue, the Directors shall establish for accounting purposes a single separate pool of assets and liabilities attributable to the C Shares and a single separate pool of assets and liabilities attributable to the Ordinary Shares (each, a “**Pool**”). The Directors shall maintain for accounting purposes all the assets, income, earnings, liabilities, expenses and costs of each Pool separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company and the other Pool and the following provisions shall apply thereto:
- (a) any consideration received on or proceeds from, the allotment and issue of shares of a particular class shall be applied to the Pool which relates to such class of shares, and the assets, liabilities, income and expenditure attributable thereto shall be applied only to that Pool subject to the following sub-paragraphs;
  - (b) on a redemption or repurchase of any shares of a particular class, the assets of the Pool which relates to such class of shares shall be reduced by an amount equal to the redemption or repurchase monies;
  - (c) for each Pool, the Company shall keep separate books and records in which all transactions relating to that Pool shall be recorded;
  - (d) any asset derived from any other asset or assets (whether cash or otherwise) comprised in any Pool shall be applied in the books and records of the Company to the same Pool as the asset or assets from which it was derived and any increase or diminution in the value of an asset comprised in a Pool shall be applied to that Pool;
  - (e) in the event that there is any asset of the Company which the Directors do not consider readily attributable to a particular Pool, the Directors shall allocate such asset in such manner and on such basis as they in their discretion deem fair and equitable and the Directors shall have the power to, and may at any time and from time to time, vary such basis in respect of any asset not previously allocated;
  - (f) the Directors shall have discretion to determine the basis upon which any liability shall be allocated between the Pools (including conditions as to subsequent allocations thereof if circumstances so permit or require) and shall have power at any time and from time to time to vary such basis;
  - (g) subject as otherwise provided in the Articles, the assets held for each Pool shall be applied solely in respect of the class of shares of the Pool for which the relevant Pool was established; and
  - (h) notwithstanding the foregoing, if a Pool has insufficient funds or assets to meet the debts and liabilities attributable to such Pool, any such shortfall shall be paid out of the assets attributable to the other Pool.
- 6.2 The Company shall give appropriate instructions to the Investment Manager to manage the Company’s assets so that this paragraph 6 can be complied with by the Company.



## **7 CONVERSION**

- 7.1 The Directors shall procure that within 20 Business Days of the relevant Calculation Date:
- (a) the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares to which each holder of C Shares shall be entitled on Conversion shall be calculated; and
  - (b) the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares.
- 7.2 The Directors shall procure that, as soon as practicable following such confirmation and in any event within 20 Business Days of the relevant Calculation Date, a notice is sent to each holder of C Shares advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares to which such holder of C Shares will be entitled on Conversion.
- 7.3 On Conversion the relevant number of C Shares shall automatically convert into such number of Ordinary Shares as shall be necessary to ensure that upon such Conversion being completed the aggregate number of Ordinary Shares into which the same number of C Shares are converted equals the number of C Shares in issue at the relevant Calculation Date multiplied by the relevant Conversion Ratio (rounded down to the nearest whole Ordinary Share).
- 7.4 The Ordinary Shares arising upon Conversion shall be divided amongst the holders of C Shares *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
- 7.5 If the Conversion requires more Ordinary Shares to arise on Conversion than the number of C Shares that are in issue, the Directors shall, subject to the terms of the Articles, the approval of an ordinary resolution of the Company and in accordance with applicable law, issue fully paid up additional C Shares prior to the Conversion by way of capitalisation of the share premium account of the Company such that there are the requisite number of C Shares in issue to allow the Company to comply with this paragraph 7.
- 7.6 Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue new certificates in respect of the Ordinary Shares which have arisen upon Conversion.
- 7.7 The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider fair and reasonable having regard to the interests of all Shareholders.
- 7.8 The Company will use its reasonable endeavours to procure that, upon Conversion, the new Ordinary Shares are admitted to trading on the London Stock Exchange (Specialist Fund Market).

## PART 6

### FINANCIAL INFORMATION ON THE GROUP

#### 1 AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD FROM THE COMPANY'S INCORPORATION TO 30 JUNE 2014 AND INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

Audited consolidated financial statements of the Group for the period from the Company's incorporation to 30 June 2014 in respect of which the Company's auditor, Ernst & Young LLP, Chartered Accountants and Statutory Auditor, of 1 More London, Riverside, London SE1 2AF, has given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Group as at 30 June 2014 and its profits for the period then ended, have been properly prepared in accordance with the Companies Act and have been delivered to Companies House.

The Group has published unaudited financial statements in respect of the financial period from 1 July 2014 to 31 December 2014 prepared using the same accounting policies as for the Company's statutory accounts for the financial period ended 30 June 2014 and International Financial Reporting Standards.

Save for the historical information of the Group from the Company's incorporation to 30 June 2014 set out below and incorporated by reference, in paragraph 2 of this Part 6, none of the information in this document has been audited. Unless otherwise indicated, all unaudited financial information relating to the Group contained in this document has been sourced, without material adjustment, from the internal accounting records of the Group which are maintained by the Administrator on the Group's behalf on a basis consistent with the Company's accounting policies.

#### 2 AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD FROM THE COMPANY'S INCORPORATION TO 30 JUNE 2014

##### 2.1 Historical financial information

The audited consolidated financial statements of the Group for the period from the Company's incorporation to 30 June 2014, which have been incorporated in this document by reference, included the information specified in the tables below. Where the audited consolidated financial statements of the Group for the period from the Company's incorporation to 30 June 2014 makes reference to other documents, such other documents are not incorporated into and do not form part of this document.

Nature of information	Audited consolidated financial statements of the Group for the period from the Company's incorporation to 30 June 2014
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## 2.2 Selected financial information

The key audited figures that summarise the Group's financial condition in respect of the period from the Company's incorporation to 30 June 2014 which have been extracted directly on a straightforward basis without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part 6, are set out in the following table:

	<b>As at or for the period ended 30 June 2014</b>
Total Assets (£'000)	157,507
Investments (£'000)	151,560
Total Assets less Current Liabilities (£'000)	153,267
Net Assets (£'000)	112,855
Conversion Net Asset Value per Ordinary Share (sterling pence)	102.68
Net Asset Value per Ordinary Share (sterling pence)	102.64
Ordinary Share price (sterling pence)	107.75
Earnings per Ordinary Share (sterling pence)	10.50
Dividends per Ordinary Share (sterling pence)	6.10

## 2.3 Operating and financial review

The published audited consolidated financial statements of the Group for the period from the Company's incorporation to 30 June 2014, which have been incorporated by reference into this document, include, on the pages specified in the table below, descriptions of the Group's financial condition (in both capital and revenue terms), details of the Group's investment activity and portfolio exposure, and changes in its financial condition for the period from the Company's incorporation to 30 June 2014:

	<b>Audited consolidated financial statements of the Group for the period from the Company's incorporation to 30 June 2014 Page no(s)</b>
Chairman's statement	4-5
Strategic report	6-7
Strategic review	8-9
Review of the financial period	14-16
Company performance	17
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## 3 INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

### 3.1 Historical financial information

The interim report and unaudited financial statements for the financial period ended 31 December 2014, which have been incorporated into this document by reference, including the information specified in the tables below. Where the interim report and unaudited financial statements for the financial period ended 31 December 2014 makes reference to other documents, such other documents are not incorporated into and do not form part of this document.

	<b>Interim report and unaudited financial statements for the financial period ended 31 December 2014 Page no(s)</b>
<b>Nature of information</b>	
Unaudited Consolidated Income Statement	18
Unaudited Consolidated Statement of Financial Position	19
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Unaudited Consolidated Cash Flow Statement	21
Notes to the Consolidated Financial Statements	22-29
Chairman's Statement	4-6

### 3.2 Selected financial information

The key unaudited figures that summarise the Group's financial condition in respect of the financial period from 1 July 2014 to 31 December 2014, which have been extracted directly on a straightforward basis without material adjustment from the historical financial information referred to in paragraph 3.1 of this Part 6, are set out in the following table:

	<b>As at or for the financial period from 1 July 2014 to 31 December 2014</b>
Total Assets (£'000)	166,548
Investments (£'000)	160,650
Total Assets less Current Liabilities (£'000)	162,222
Net Assets (£'000)	121,468
Conversion NAV per Ordinary Share (sterling pence)	110.52
NAV per Ordinary Share (sterling pence)	110.77
Ordinary Share price (sterling pence)	115.63
Earnings per Ordinary Share (sterling pence)	10.86
Dividends per Ordinary Share (sterling pence)	2.80

### 3.3 Operating and financial review

The interim report and unaudited financial statements for the financial period ended 31 December 2014 which have been incorporated by reference in this document, include, on the pages specified in the table below, descriptions of the Group's financial condition (in both capital and revenue terms), details of the Group's investment activity and portfolio exposure, and changes in its financial condition for that period.

	<b>Interim report and unaudited financial statements for the financial period ended 31 December 2014</b>
	<b>Page no(s)</b>
Chairman's statement	4-6
Investment Manager's report	8-16

### 3.4 Comparative statements for the financial period ended 31 December 2013

The interim report and unaudited financial statements for the financial period ended 31 December 2014 do not include comparative statements for the same period in the financial period ended 31 December 2013. Accordingly, the comparative statements for the financial period from 1 July 2013 to 31 December 2013 are set out below.

**CONSOLIDATED INCOME STATEMENT**  
For the six months ended 31 December 2014

		1 July 2014 to 31 December 2014 £'000	1 July 2013 to 31 December 2013 £'000
	Notes		
<b>Continuing operations</b>			
Revenue		5,578	3,790
Property operating expenses		(1,236)	(510)
<b>Gross profit</b>		4,342	3,280
Administration expenses		(813)	(605)
<b>Operating profit before gains on investment properties</b>		3,529	2,675
Fair value gains on investment properties		9,090	1,275
<b>Operating profit</b>		12,619	3,950
Finance income		5	3
Finance expenses		(690)	(739)
<b>Profit before tax</b>		11,934	3,214
Tax charge on residual income		—	—
<b>Profit for the period</b>		11,934	3,214
EPS (basic and diluted) (pps)	6	10.86	4.58

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 31 December 2014

	1 July 2014 to 31 December 2014 £'000	1 July 2013 to 31 December 2013 £'000
<b>Profit for the period</b>	11,934	3,214
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>		£'000
Net gains on cash flow hedges	(331)	(868)
<b>Total comprehensive income for the period</b>	11,603	2,346

The accompanying notes form an integral part of these financial statements.

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2014

	Notes	1 July 2014 to 31 December 2014	1 July 2013 to 31 December 2013
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	3	160,650	151,560
Retention account		957	956
		<u>161,607</u>	<u>152,516</u>
<b>Current assets</b>			
Cash and cash equivalents		3,250	3,629
Trade and other receivables		1,691	1,315
Derivative financial instruments		—	47
		<u>4,941</u>	<u>4,991</u>
<b>Total assets</b>		<u><u>166,548</u></u>	<u><u>157,507</u></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	8	(39,513)	(39,456)
Derivative financial instruments		(284)	—
Retention account		(957)	(956)
		<u>(40,754)</u>	<u>(40,412)</u>
<b>Current liabilities</b>			
Trade and other payables		(1,803)	(2,212)
Deferred income		(2,523)	(2,028)
		<u>(4,326)</u>	<u>(4,240)</u>
<b>Total liabilities</b>		<u><u>(45,080)</u></u>	<u><u>(44,652)</u></u>
<b>Net assets</b>		<u><u>121,468</u></u>	<u><u>112,855</u></u>
<b>Equity</b>			
Share capital		1,099	1,099
Share premium		40,025	39,937
Hedging reserve		(284)	47
Retained earnings		80,628	71,772
<b>Total equity</b>		<u><u>121,468</u></u>	<u><u>112,855</u></u>
Number of shares in issue		109,910,428	109,910,428
Conversion Net Asset Value per share (pps)	7	110.52	102.68
Net Asset Value per share (pps)	7	110.77	102.64

The accompanying notes form an integral part of these financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 July 2014</b>	<b>1,099</b>	<b>39,937</b>	<b>47</b>	<b>71,772</b>	<b>112,855</b>
Profit for the period	—	—	—	11,934	11,934
<b>Other comprehensive income that may be reclassified subsequently to profit and loss</b>					
Net gains on cash flow hedges	—	—	(331)	—	(331)
<b>Total comprehensive income</b>	<b>1,099</b>	<b>39,937</b>	<b>(284)</b>	<b>83,706</b>	<b>124,458</b>
Share issue cost adjustments	—	88	—	—	88
Dividends	—	—	—	(3,078)	(3,078)
<b>Balance at 31 December 2014</b>	<b>1,099</b>	<b>40,025</b>	<b>(284)</b>	<b>80,628</b>	<b>121,468</b>

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 31 December 2013

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 July 2013</b>	<b>701</b>	<b>67,267</b>		<b>435</b>	<b>68,403</b>
Profit for the period	—	—	—	3,214	3,214
<b>Other comprehensive income that may be reclassified subsequently to profit and loss</b>					
Net gains on cash flow hedges	—	—	(868)	—	(868)
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>(868)</b>	<b>3,214</b>	<b>2,346</b>
Share issue cost adjustments	—	91	—	—	91
Share premium cancelled on 31 July 2013	—	(67,358)	—	67,358	—
Dividends	—	—	—	(1,402)	(1,402)
<b>Balance at 31 December 2013</b>	<b>701</b>	<b>—</b>	<b>(868)</b>	<b>69,605</b>	<b>69,438</b>

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2014

	1 July 2014 to 31 December 2014 £'000	1 July 2013 to 31 December 2013 £'000
<b>Cash flows from operating activities</b>		
Operating profit	12,618	3,951
<i>Adjustments to reconcile profit for the period to net cash flows:</i>		
Gain from change in fair value of investment properties	(9,090)	(1,275)
Decrease/(increase) in other receivables and prepayments	184	(641)
(Decrease)/increase in other payables and accrued expenses	(376)	115
<b>Net cash flow generated from operating activities</b>	<b>3,336</b>	<b>2,150</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	—	(13,030)
<b>Net cash used in investing activities</b>	<b>—</b>	<b>(13,030)</b>
<b>Cash flows from financing activities</b>		
Share issue costs	(47)	91
Received from subsidiary companies	—	13,500
Finance income	6	3
Finance expenses	(638)	(449)
Dividends paid in the period	(3,036)	(1,215)
<b>Net cash flow (used in)/generated from financing activities</b>	<b>(3,715)</b>	<b>11,930</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(379)</b>	<b>1,050</b>
Cash and cash equivalents at start of period	3,629	2,490
<b>Cash and cash equivalents at end of the period</b>	<b>3,250</b>	<b>3,540</b>

The accompanying notes form an integral part of these financial statements.

## NOTES

### 1. General information

GCP Student living plc is a closed-ended investment company incorporated in the UK on 26 February 2013. The registered office of the Company is 51 New North Road, Exeter EX4 4EP. The Company's shares trade on the Specialist Fund Market.

### 2. Basis of preparation

The consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all financial information required for full annual financial statements and have been prepared using the accounting policies adopted in the audited financial statements for the period ended 30 June 2014. Those financial statements were prepared in accordance with IFRS issued by the IASB as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention, except for investment property, investments in subsidiaries and derivative financial instruments that have been measured at fair value. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Group has chosen to adopt the EPRA best practice guidelines for calculating key metrics such as net asset value and earnings.

The consolidated interim financial information includes the financial statements of the Company and its wholly-owned subsidiaries for the six months ended 31 December 2014.

## **2.1 Significant accounting policies**

With the exception of newly adopted standards, accounting policies are consistent with those of the annual report for the period ended 30 June 2014. Since that date, the following standards have been adopted:

- IAS 27 Separate Financial Statements (as amended in 2011) – amendments for investment entities (effective for annual periods beginning on or after 1 January 2014);
- IAS 32 Financial Instruments: Presentation – amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014);
- IFRS 10 Consolidated Financial Statements – amendments for investment entities (effective for annual periods beginning on or after 1 January 2014); and
- IFRS 12 Disclosure of Interests in Other Entities – amendments for investment entities (effective for annual periods beginning on or after 1 January 2014).

## **2.2 Segmental reporting**

The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment in and provision of student accommodation in the UK.

## **2.3 Significant accounting judgements and estimates**

The preparation of the audited financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

### **Operating lease commitments – Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

### **Valuation of property**

The valuations of the Group's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2014 (incorporating the International Valuation Standards) and in accordance with IFRS 13.

### **Going concern**

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

### 3. UK investment property

	31 December 2014 £'000	30 June 2014 £'000
<b>Valuation at the start of the period</b>	<b>151,560</b>	—
Acquisitions arising from business combinations	—	53,550
Acquisition of property	—	93,000
Fair value gains on revaluation of investment property	<b>9,090</b>	5,010
<b>Valuation at the end of the period</b>	<b>160,650</b>	151,560

### 4. Taxation

As a UK REIT, the Group's UK property rental business (both income and capital gains) is exempt from corporation tax. Any residual income from non-property business is subject to corporation tax at a rate of 20.75%, representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income for the period. No tax charge has arisen on residual income for the period 1 July 2013 to 31 December 2013.

### 5. Dividends

	31 December		31 December	
	Pence per share	2014 £'000	Pence per share	2013 £'000
First interim dividend paid	<b>1.40</b>	<b>1,539</b>	2.00*	1,403
Second interim dividend declared	<b>1.40</b>	<b>1,539</b>	1.35	946
<b>Total</b>	<b>2.80</b>	<b>3,078</b>	3.35	2,349

As a UK REIT, the Company is required to pay PIDs equal to at least 90% of the Group's tax-adjusted exempted income. Unless the Company has a reasonable belief that the recipient is entitled to receive PIDs gross, PIDs are subject to withholding tax at the basic rate of income tax (currently 20%).

\* The 2013 first interim dividend paid included the period since admission of the Company's shares to trading on the Specialist Fund Market on 20 May 2013.

### 6. Earnings per share

Basic (and diluted) EPS amounts are calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

	31 December 2014	31 December 2013
<b>EPS</b>	<b>10.86p</b>	4.58p
Profit	<b>£11,934,000</b>	£3,214,000
Weighted average number of shares	<b>109,910,428</b>	70,100,001
<b>EPRA EPS</b>	<b>2.59p</b>	2.77p
Profit	<b>£2,844,000</b>	£1,939,000
Weighted average number of shares	<b>109,910,428</b>	70,100,001

The EPRA EPS may be calculated as:

	31 December 2014	31 December 2013
<b>Group earnings for basic EPS</b>	<b>11,934</b>	3,214
Fair value gains on investment properties	(9,090)	(1,275)
Fair value movement on financial derivatives	—	—
<b>Group earnings for EPRA EPS</b>	<b>2,844</b>	1,939

## 7. Net asset value per share

Basic Net Asset Value per share amounts are calculated by dividing net assets attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic and diluted Net Asset Value per share are identical. The following reflects the net asset and share data used in the basic and diluted Net Asset Value per share computations:

	31 December 2014 £'000	30 June 2014 £'000
Net assets attributable to ordinary shareholders (for calculation of Conversion Net Asset Value)	121,468	112,855
Financial derivative	284	(47)
<b>Adjusted net assets for calculation of Net Asset Value</b>	<b>121,752</b>	112,808
<b>Number of shares in issue</b>	<b>109,910,428</b>	109,910,428
Conversion Net Asset Value (pps)	110.52	102.68
Net Asset Value (pps)	110.77	102.64

## 8. Interest bearing loans and borrowings

	31 December 2014 £'000	30 June 2014 £'000
Initial loan transferred on the acquisition of Scape East on 20 May 2013	57,779	57,779
Part repayment of initial loan	(32,645)	(32,645)
Further loan drawn down following acquisition of Ternion (Danehurst) Limited on 2 December 2013	13,500	13,500
Further loan drawn down following acquisition of Leopard Guernsey Greenwich JV Limited on 29 May 2014	1,366	1,366
<b>Total loans drawn down</b>	<b>40,000</b>	40,000
Loan arrangement fees	(655)	(655)
Loan arrangement fees amortised to date	168	111
	<b>39,513</b>	39,456

During the period, loans were drawn down under the Group's existing debt facility to the sum of £40 million. An initial loan of £57.7 million was transferred to the Company on the acquisition of Scape East on 20 May 2013, of which £32.6 million was repaid on 23 May 2013. An additional loan of £13.5 million was drawn down on 2 December 2013 to finance the acquisition of Ternion (Danehurst) Limited and a further loan of £1.4 million was drawn down on 29 May 2014 to cover the costs of acquisition in relation to Scape Greenwich. The facility is due to be fully repaid on 20 April 2019.

At 31 December 2014, the interest rate on the loans of £25.1 million and £13.5 million was 2.558% (30 June 2014: 3.027%), with the interest rate on the loan of £1.4 million being 2.558% (30 June 2014: 3.004%).

The Group uses gearing to enhance returns over the long-term. The level of gearing is governed by careful consideration of the cost of borrowing and the Group uses hedging or otherwise seeks to mitigate the risk of interest rate increases. Gearing, represented by borrowings as a percentage of gross assets, will not exceed 55% at the time of investment. It is the Directors' current intention to target gearing of less than 30% of gross assets in the long-term and to comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'.

The debt facility covenant includes loan-to-value and interest cover ratios that are measured at a Group level and the Group has maintained significant headroom against all measures throughout the financial period. The Group is in full compliance with the debt facility covenant at 31 December 2014.

## 9. Financial derivatives and hedging

	Hedged amount £'000	Pay fixed rate	Receive 3M LIBOR	Maturity	Valuation £'000
Interest rate swap at fair value at 31 December 2014	20,000	1.441%	0.5578%	02/05/ 2017	(284)
Interest rate swap at fair value at 30 June 2014	20,000	1.441%	0.4994%	02/05/ 2017	47

### Cash flow hedges

The Group has entered into interest rate swap contracts with notional amounts of £20 million whereby it pays a fixed rate of interest of 1.441% and receives a variable rate based on three-month LIBOR on the notional amount. The swap is used to hedge the exposure to the variable interest rate payments on the variable rate element of the Company's secured loans.

Cash flows are expected to occur between the reporting date and May 2017 and will be recognised through profit or loss at that time.

The fair value of the interest rate swap at the end of the reporting period was a liability of £284,000 (30 June 2014: asset of £47,000).

Derivatives are classified in Level 2 in the fair value hierarchy under IFRS 13.

## 10. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

The fair values of the derivative interest rate swap contracts are estimated by discounting expected future cash flows using current market interest rate, yield curves and performance risk over the remaining term of the instrument.

Valuation of investment property is performed by Knight Frank LLP, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, however the valuations are the ultimate responsibility of the Directors.

The valuation of the Company's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards (incorporating the International Valuation Standards).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.



In the Company's financial statements, investments in subsidiary companies which are 100% owned by the Company are valued at Net Asset Value.

The following tables show an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy:

31 December 2014				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets and liabilities measured at fair value</b>				
Investment properties	—	—	160,650	160,650
Financial derivatives	—	(284)	—	(284)
<b>Total</b>	<b>—</b>	<b>(284)</b>	<b>160,650</b>	<b>160,366</b>

30 June 2014				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets and liabilities measured at fair value</b>				
Investment properties	—	—	151,560	151,560
Financial derivatives	—	47	—	47
<b>Total</b>	<b>—</b>	<b>47</b>	<b>151,560</b>	<b>151,607</b>

Reconciliation of movements in Level 3 hierarchy:

	31 December 2014 £'000	30 June 2014 £'000
<b>Investment properties</b>		
<b>Valuation at the start of the period</b>	151,560	—
Acquisitions arising from business combinations	—	53,550
Acquisition of property	—	93,000
Fair value gains on revaluation of investment property	9,090	5,010
<b>Valuation at the end of the period</b>	<b>160,650</b>	<b>151,560</b>

#### Explanation of the fair value hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and

Level 3 – use of a model with inputs that are not based on observable market data.

#### Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolio of investment property are:

- ERV;
- rental growth;
- long-term vacancy rate;
- discount rate/yield; and

- specific to property under development: construction costs, lease up period, construction period and development profit.

Significant increases/(decreases) in the ERV (per sqm per annum) and rental growth per annum in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit or yield) in isolation would result in a significantly lower/(higher) fair value measurement.

Generally, a change in the assumption made for the ERV (per sqm per annum) is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

Class	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Student property	£160,650	Income capitalisation	Market rent – 2014/15 Rental growth Tenancy period Sundry income Facilities management cost Initial yield	£180-£340 per week  2.5%-3% 51 weeks £100 per bed per annum £1,800-£1,950 per bed per annum  5.76%-6% blended (5.25%-7.5%)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £9,090,000 and are presented in the income statement in line item 'fair value gains on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Company's assets and liabilities, except for investment properties, is considered to be the same as their fair value.

## 11. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of the Company's loans and borrowings is to finance the acquisition of the Company's property portfolio. The Company has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

### Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company are all fixed terms at fixed rates with the floating elements hedged on 50% of total borrowings. The Company's exposure to market risk is limited to the remaining 50% which is not hedged.

**Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. To manage its interest rate risk, the Group enters into interest rate swaps to hedge the exposure to floating rate movements.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its leasing activities and its financing activities, including deposits with banks and financial institutions and derivatives.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

The deposit account, cash and cash equivalents and the financial derivatives are held with Barclays which holds an A credit rating.

**Liquidity risk**

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

**12. Related party transactions**

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

**Directors**

The Directors of the Company and subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period from 1 July 2014 to 31 December 2014 totalled £47,000 (31 December 2013: £30,000) and the balance outstanding at 31 December 2014 was £12,000 (2013: £7,000).

**Investment Manager**

The Company is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Company has appointed the Investment Manager to provide investment management services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction of the Board of Directors.

For its services to the Company, the Investment Manager receives an annual fee at the rate of 1% of the Net Asset Value of the Company (or such lesser amount as may be demanded by the Investment Manager at its own absolute discretion). During the period from 1 July 2014 to 31 December 2014, the Group incurred £603,000 (31 December 2013: £358,000) in respect of investment management fees and expenses and the balance outstanding at 31 December 2014 was £307,000 (2013: £175,000).

**13. Financial information**

The financial information contained within this paragraph 3.4 of Part 6 of this document does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the periods ended 31 December 2014 and 31 December 2013 have not been audited or reviewed by the Auditor. The latest published audited financial statements for the period ended 30 June 2014 have been delivered to the Registrar of Companies; the report of the independent Auditor thereon was unqualified and did not contain a statement under section 498 of

the Companies Act 2006. The financial information for the period ended 30 June 2014 is an extract from those financial statements.

## 5 AVAILABILITY OF REPORTS AND FINANCIAL STATEMENTS FOR INSPECTION

Copies of the Company's annual report and audited accounts and interim report and unaudited financial statements referred to in paragraphs 1 to 3 of this Part 6 are available online at [www.gcpuk.com/gcp-student-living-plc/](http://www.gcpuk.com/gcp-student-living-plc/) and are also available for inspection at the address set out on page 38 of this document.

## 6 CAPITALISATION AND INDEBTEDNESS

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secure and unsecured indebtedness) as the Latest Practicable Date and the Company's unaudited capitalisation as at 31 December 2014.

There has been no material change to the unaudited capitalisation of the Company since 31 December 2014 to the date of this document.

<b>Unaudited indebtedness as at the Latest Practicable Date</b>	<b>£'000</b>
Total current debt	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total non-current debt	39,541
Guaranteed	—
Secured	—
Unguaranteed/unsecured	39,541
<b>Unaudited capitalisation as at 31 December 2014</b>	<b>£'000</b>
Shareholder equity	—
Share capital	1,099
Other reserves (excluding revenue reserve)	39,722
Revenue reserve	—
<b>Total</b>	<b>40,821</b>

The following table shows the Company's unaudited net indebtedness as at the Latest Practicable Date.

	<b>£'000</b>
A. Cash	2,899
B. Cash equivalent	—
C. Trading securities	—
D. Liquidity (A + B + C)	2,899
E. Current financial receivables	1,506
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Other current financial debt	(3,756)
I. Current financial debt (F + G + H)	(3,756)
J. Net current financial debt (I – E – D)	649
K. Non-current bank loans	(40,000)
L. Bonds issued	—
M. Other non-current loans	—
N. Non-current financial indebtedness (K + L + M)	(40,000)
O. Net financial indebtedness (J + N)	(39,351)

## PART 7

### VALUATION REPORT

**Knight Frank**



GCP Student Living plc  
51 New North Road  
Exeter  
EX4 4EP

Cenkos Securities plc  
6.7.8 Tokenhouse Yard  
London  
EC2R 7AS

29 May 2015

Dear Sirs

#### **GCP Student Living plc (the “Company”) Valuation Report as at 31 March 2015 of three property assets**

In accordance with the terms of engagement agreed with you, we have the pleasure in reporting as follows:

#### **1 Scope of Instructions**

We are instructed to report to you our opinion as to the value of:

- The Pad Phase One Egham, 71 Egham Hill, Egham, TW20 0ER (“**The Pad**”);
- Scape East, 438 – 490 Mile End Road, London, E1 4PE (“**Scape East**”); and
- Scape Greenwich, Bear Point, 2 East Parkside, London, SE10 0FQ (“**Scape Greenwich**”),

(the “**Properties**”).

The Properties are held by three nominee companies; Scape East is owned by GCP Scape East Limited, The Pad is owned by Ternion (Danehurst) Limited and Scape Greenwich is owned by Leopard Guernsey Greenwich Limited and Leopard Guernsey Greenwich 2 Limited, all three of which are wholly owned subsidiaries of the Company as at 31 March 2015 (the “**Valuation Date**”).

Our valuation is of the entirety of the interest held by the Company in Scape East, The Pad and Scape Greenwich.

#### **2 The Purpose of the Valuation**

The valuation is required solely for the purpose of financial reporting under IFRS and for use in connection with the open offer, placing and offer for subscription of c shares of one pence each in the capital of the Company (the “**C Shares**”) and the admission of the C Shares to trading on the London Stock Exchange (Specialist Fund Market) (together the “**Transaction**”) and the prospectus to be issued by the Company in connection with the Transaction (the “**Prospectus**”).

#### **3 The Properties**

Full details of the Properties are included in the appendices to this report.

#### **4 Basis of Valuation**

The Properties have been valued on the basis of “Market Value” (as defined below) subject to their existing tenancies at the Valuation Date in accordance with the relevant definitions, commentary and assumptions contained in the RICS Valuation – Professional Standards 2014 Global & UK edition (the “**Red Book**”), including the International Valuation Standards and in accordance with the relevant provisions of the Prospectus Rules issued by the Financial Conduct Authority and the ESMA update of the CESR recommendations for the consistent implementation of Commission Regulation (EU) No. 809/2004 implementing the Prospectus Directive.

The valuation has been undertaken by us as External Valuers (as defined in RICS Valuation – Professional Standards). We confirm that the Valuer meets the requirements of the RICS Valuation – Professional Standards VS 1.6, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Valuations undertaken on the basis of Market Value under RICS Valuation – Professional Standards adopt the definition and the conceptual framework settled by the International Valuation Standards Council (“IVSC”).

“Market Value” is defined as:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

In Section 11 of this report, we also make reference to the valuation of the Properties for financial reporting purposes on the basis of Fair Value (as defined below), in accordance with RICS Valuation – Professional Standards and International Valuation Standards.

“Fair Value” is defined by the International Accounting Standards Board as:

*“The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date”.*

## **5 Tenure and Tenancies**

We have not been provided with any title documents and we have assumed for the purpose of this valuation that a good and marketable title can be shown and that the Properties are not subject to any onerous restrictions, encumbrances or outgoing. We are providing this valuation on the basis that all documentation has been satisfactorily drawn on institutionally acceptable terms, and that there are no unusual outgoing, planning proposals, onerous restrictions or local authority intentions which affect neither the Properties nor any material litigation pending.

We have been informed that the title of The Pad and Scape East are freehold whilst Scape Greenwich is held on a 250 year lease at a peppercorn rent.

Details of the occupation agreements of each of the Properties are contained in the appendices to this report.

## **6 Town Planning**

We have not made formal searches in respect of the Properties, but generally relied upon verbal enquiries and any informal information received from the Local Planning Authority, together with information provided by the Company. We have assumed that the Properties have been constructed and are occupied and used in accordance with the appropriate consents and that there are no outstanding statutory notices, consent or other statutory regulations. We assume that all conditions of any Section 106 agreements have been discharged. We assume the Properties comply with all relevant statutory requirements including fire and building regulations.

## **7 Structure and Condition**

We have not carried out a building, structural and ground condition survey of the Properties, nor tested any services, plant or machinery. We are therefore not able to give any opinion on the condition of any existing structures and services. During our inspections, no major defects or serious items of disrepair were noted which would be likely to give rise to a substantial capital expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme. Our valuation is on the basis that there were no defects, items of disrepair or other matters that would materially affect our valuation at the Valuation Date.

## **8 Site Condition and Environmental Matters**

We have not investigated ground conditions. Our valuation is on the basis that there are no unidentified adverse ground or soil conditions and that the load bearing quality of the sites are sufficient to support the buildings constructed thereon and that the Properties have been constructed having appropriate regard to existing ground conditions.

We have not carried out any scientific investigations or tests to establish the existence or otherwise of any environmental contamination in relation to the Properties, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.



Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the Properties that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the Properties are unaffected.

## 9 Inspection

We inspect Scape East, The Pad and Scape Greenwich both internally and externally on an annual basis and have inspected the Properties within the last six months.

## 10 Information Provided

Our valuation is based upon the information (including in relation to tenants and tenancies, tenure, accommodation, floor areas, legal title, planning, ground conditions, and environmental issues) with which we have been supplied by the Company. We have relied upon this as being complete and correct and on there being no undisclosed matters which would affect our valuation.

When considering the covenant strength of individual tenants we did not receive any formal report and did not carry out detailed investigations as to their financial standing, but have liaised with the Company and reflected in our valuation our general understanding of purchasers' likely perception of the tenant's financial status.

We have assumed that there are no significant arrears of payment and that the tenants are capable of meeting their obligations under the terms of leases and agreements.

## 11 Taxation and Costs

In accordance with market practice, we have deducted usual purchaser's costs in arriving at our opinion of Market Value, including liability to UK Stamp Duty Land Tax in accordance with Multiple Dwelling Relief as applicable at the valuation date (on the student accommodation element of the buildings).

No allowances were made for vendor's expenses of realisation or for any taxation liability arising from the sale of the Properties. Our valuations are exclusive of any VAT that may be chargeable. The Properties have been valued disregarding any mortgages or other charges.

## 12 Valuation of the Properties as at 31 March 2015

### ***Valuation Methodology***

The Market Value for the Properties have been calculated by adopting the gross Market Rent and capitalising the net income having deducted our estimate of operating costs, voids and estimated purchaser's costs.

### ***Market Value***

We are of the opinion that the aggregate Market Value of the freehold and leasehold interests in the Properties subject to their existing occupational agreements as at the Valuation Date is:

**£169,900,000**

**One hundred and sixty nine million and nine hundred thousand pounds**

<b>Freehold</b>	<b>Long Leasehold *</b>	<b>Short Leasehold **</b>
£123,120,000 (2 properties)	£43,780,000 (1 property)	£0 (0 properties)

\*more than 80 years unexpired

\*\*less than 80 years unexpired

Where valuation of assets is required for financial reporting purposes of an entity preparing financial statements in accordance with International Financial Reporting Standards (IFRS) the required basis of value is Fair Value, at the measurement date, in accordance with IFRS13 *Fair value measurement* issued by the International Accounting Standards Board. You have informed us that the financial statements of the Company will be prepared under IFRS. In our opinion the valuation of the Properties on the Fair Value basis (as defined in Section 3 of this report), at the same date, would not result in any difference to the value stated above on the Market Value basis.

The above valuation was dated 31 March 2015 and we confirm that there has been no material change in the value of the Properties as at the date of this report.

The value reported in the audited accounts as at 30 June 2014 was £151,560,000. The increase in value between June 2014 and March 2015 of £18,340,000 (a rise of 12%) has been the result of rental growth, yield compression especially in London and improved occupancy levels at Scape Greenwich.

### **13 Key risks relating to the valuation**

- Net income achievable is a variable dependent upon achieving estimated weekly market rents, the occupancy levels and operating costs.
- The student accommodation property sector is a growing specialised investment sector. The market remains characterised by limited transactional activity from which evidence of market levels or trends can be discerned. Accordingly, valuations in this sector rely to a greater extent upon professional judgment.
- Our valuation method involves a high degree of professional judgement. Our three key variables are net initial yields, rents/occupancy and facilities management costs. There are assumptions around each of these.
- The Properties derive their net income from lettings to students, whilst diversified in terms of numbers of individual lettings, are only secured for one year.
- The owner retains liability for operational costs which if in excess of assumed amounts could adversely affect net income receivable. The Properties will need active on-going management.
- Current and proposed new developments added to supply may impact rental growth.
- The market can be impacted by changes to Government policy and funding to Higher Education

### **14 Disclosure**

We confirm that Knight Frank LLP is appointed by the Company and Cenkos Securities plc as External Valuer, as defined in the RICS Valuation Standards as being “a valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment”.

We further confirm that, in relation to Knight Frank LLP’s preceding financial year, the proportion of the total fees paid by the Company to the total fee income of Knight Frank LLP was less than 5%. We recognise and support the RICS Rules of Conduct and have established procedures for identifying conflicts of interest.

We disclose that Knight Frank LLP has previously provided valuation advice to the lenders who provided development finance for the Properties. We do not consider that any conflict of interest arises for us in preparing this Valuation Report, and the Company has confirmed to us that it also considers this to be the case.

We confirm that we do not have any material interest in the Company or the Properties.

### **15 Responsibility**

This Valuation Report has been prepared for inclusion in the Prospectus and may not be reproduced or used in connection with any other purpose without our prior consent.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

For the purpose of Prospectus Rule 5.5.3R(2)(f), we accept responsibility for the information within this Valuation Report and declare that we have taken all reasonable care to ensure that the information contained in this Valuation Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

**Neil Armstrong MRICS**

**Partner, Student Property**

**For and on behalf of Knight Frank LLP**

**Luke Kemp MRICS**

**Associate, Student Property**

**For and on behalf of Knight Frank LLP**

## **The Properties**

### **Address**

### **Location**

### **Description and Accommodation**

### **Tenure**

### **Tenancies**

### **Valuation Considerations**

#### **The Pad Phase One, 61-71 Egham Hill, Egham, TW20 0QE**

The subject site is located on Egham Hill adjacent to The Royal Holloway and Bedford College in Egham.

The property comprises a purpose built student accommodation scheme totalling 116 bedrooms in three blocks arranged as a “U” (Phase One). The property is made up of predominantly cluster en-suite bedrooms in cluster flats with some studios. The property opened in time for the 2013/14 academic year.

Freehold

We understand that the individual rooms are let to students on a fixed term short-hold assured tenancy agreements, under the Housing Act 1996.

- The subject property is purpose built and opened in September 2013.
- The property provides attractive student accommodation in a mix of en-suite cluster flats and studios.
- The property is fully let in its first operational year.
- The property is well located adjacent to the Royal Holloway University of London campus.
- There is very strong demand in Egham for purpose built student accommodation. There are currently circa 8,550 full time students of which 5,550 (65%) are unable to access university or private sector purpose-built accommodation.
- Egham is a good university town, with Royal Holloway University of London ranking 34<sup>th</sup> in the Times Good University Guide 2015, providing a strong supply of students but is a small market in terms of total size.
- Although there is currently an absence of competitive schemes and good underlying residential values, there remains the risk of competitor incursion which could affect the future letting rental growth prospects.

<b>Address</b>	<b>Scape East, 438 – 490 Mile End Road, London, E1 4PE</b>
<b>Location</b>	<p>The Property is located in the borough of Tower Hamlets, in the east of London, on the southern side of Mile End Road. To the east and south east of the site are residential properties (which form part of the Ocean Estate); to the south a Council depot and to the west a multi-storey block of student housing.</p> <p>In terms of the Property's location in relation to higher education institutions within London, it is located in close proximity to Queen Mary University which is located opposite the site.</p>
<b>Description and Accommodation</b>	<p>The Property was completed in June 2012 and comprises a purpose-built student accommodation scheme of 588 studios together with an education facility (19,758 sq ft NIA) and retail units (2,450 sq ft NIA) arranged over ground and eight upper floors.</p>
<b>Tenure</b>	Freehold
<b>Tenancies</b>	<p>Of the 588 studios, 186 of them in respect of the 2014/15 academic year and 210 in respect of the 2015/16 academic year are subject to a nominations agreement made between Mile End Road Nominee (No. 1) Limited and Mile End Road Nominee (No. 2) Limited (the "Owner") and Mile End Road 2 Limited ("INTO"). The agreement commenced on 15 September 2012 and expires on 4 September 2025. In respect of the 2016/17 academic year and each academic year thereafter until the expiry of the nominations agreement, 210 rooms will be subject to the nominations agreement and INTO has the option to take an additional 21 rooms (such option to be exercised in writing by 31 January 2016). If this option is exercised, 231 rooms will be subject to the nominations agreement until its expiry. The remaining studios are let directly on short-term lease or licence agreements of one year or less.</p> <p>The teaching facility is currently let to Espalier Property Project 004 Limited on a full repairing and insuring lease at a current annual rent £458,195 for a term of 30 years (rent from September 2014). The retail units are both let on 10-year full repairing and insuring leases for an annual rent of £37,279 per annum.</p>
<b>Valuation Considerations</b>	<ul style="list-style-type: none"> <li>● London is a world-leading university city, with numerous Higher Education Institutions, providing a strong supply of students.</li> <li>● The subject property is purpose built and provides attractive student accommodation in studios.</li> <li>● The property has excellent connectivity being within 5 minutes walking distance of Mile End Road Underground station and numerous bus routes. The property is positioned opposite the University of London (Queen Mary University) campus.</li> <li>● Given the location of the property it will appeal to full-time students studying at institutions across Central London and the London Borough of Tower Hamlets.</li> <li>● The property offers high specification studio accommodation in addition to generous communal study and catering areas.</li> <li>● The property is fully let for the current academic year.</li> </ul>

<b>Address</b>	<b>Scape Greenwich, Bear Point, 2 East Parkside, London, SE10 0FQ</b>
<b>Location</b>	The site is located at the southeast segment of the Greenwich Peninsular. The Greenwich Peninsular is located within the pinnacle of land of North Greenwich bounded by the River Thames. To the west is Blackwall Tunnel Approach (A102) and to the east is the River Thames along which runs the North Greenwich Pier.
<b>Description and Accommodation</b>	The property comprises two blocks of nine storey purpose built student accommodation totalling 280 bedrooms. The two blocks are joined by a shared reception area with bike store and common room facilities. Phase one, which completed in September 2013, comprises a total of 152 studios. Phase two, which completed in December 2013, comprises a further 128 bedrooms.
<b>Tenure</b>	Leasehold (250 years at a peppercorn rent).
<b>Tenancies</b>	<p>There are 100 bedrooms that benefit from a nominations agreement to Ravensbourne College for 15 years from September 2013 with full rental guarantees. The rent is to be reviewed to effectively RPI + 1% on an annual basis.</p> <p>The remaining 180 bedrooms are to be let on licences or fixed term assured short hold tenancy agreements, under the Housing Act 1996. The property is fully let for the current academic year.</p>
<b>Valuation Considerations</b>	<ul style="list-style-type: none"> <li>● London is a world-leading university city, with numerous Higher Education Institutions, providing a strong supply of students.</li> <li>● The subject property is located in the London Borough of Greenwich which has a strong supply / demand imbalance.</li> <li>● Ravensbourne College are occupying 100 of the 152 bedrooms in Phase one under a nominations agreement for 15 years with rental guarantees. The rent is to be reviewed annually to effectively RPI plus 1%.</li> <li>● The remaining bedrooms are directly let to students.</li> </ul>

## **PART 8**

### **UK REIT STATUS AND TAXATION**

The information below, which is of a general nature only and which relates only to the United Kingdom, is applicable to the Company and to persons who are resident in the United Kingdom (except where indicated) and who hold the C Shares as an investment. It is based on existing law and practice and is subject to subsequent changes therein. Any change in the Company's tax status or in taxation legislation in the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective for the C Shares or alter the post tax returns to Shareholders.

If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

#### **1 TAXATION OF THE COMPANY AND GROUP**

##### **1.1 UK REIT Status**

On the basis that the Group continues to meet the conditions for the Group to remain a REIT in relation to an accounting period, the Group will be exempt from UK corporation tax on profits of the Property Rental Business and gains on disposals of properties used for the purposes of the Property Rental Business in that accounting period. However, UK corporation tax will still be payable in respect of income and gains from any Residual Business of the Group.

#### **2 UNITED KINGDOM TAX TREATMENT OF SHAREHOLDERS UNDER REIT STATUS**

##### **2.1 Introduction**

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. They do not constitute advice.

The following paragraphs relate only to the conversion of the C Shares into Ordinary Shares, the redemption of the C Shares, certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company on the Ordinary Shares, and to disposals of Shares in the Company. Except where otherwise indicated, they apply only to Shareholders who are resident for tax purposes solely in the United Kingdom. They apply only to Shareholders who are the absolute beneficial owners of both their Shares and who hold their Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of Shareholders, such as dealers in securities or distributions, persons who have or are deemed to have acquired their Shares by reason of their or another's employment, persons who hold their Shares as part of hedging or conversion transactions, or persons who hold their Shares in connection with a UK branch, agency or permanent establishment.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay.

##### **2.2 Conversion of the C Shares**

The conversion of C Shares into Ordinary Shares will not be treated as involving a disposal of the C Shares for capital gains tax purposes. Instead, the C Shares and the Ordinary Shares into which they are re-designated will be regarded as being the same asset for capital gains tax purposes, such that the Ordinary Shares will be treated as having been obtained at the same time and for the same cost as the C Shares.

##### **2.3 Redemption of the C Shares**

No part of the proceeds received by a Shareholder pursuant to a redemption of the C Shares will be treated as an income receipt in the Shareholder's hands for UK tax purposes as the redemption proceeds cannot exceed the amount originally subscribed for the C Shares.



A Shareholder who acquires C Shares in the Open Offer, Offer for Subscription or Placing will not realise any chargeable gain on redemption of the C Shares.

## 2.4 UK taxation of Non-PID Dividends

### (a) *Individual Shareholders*

A Shareholder who is an individual resident for tax purposes in the UK and who receives a Non-PID Dividend from the Company will be entitled to a tax credit equal to one-ninth of the sum of the dividend received.

The Non-PID Dividend received plus the related tax credit (the “**Gross Dividend**”) will be part of the Shareholder’s total income for UK income tax purposes and will be regarded as the “top slice” of that income, meaning they are taxable at the relevant individual’s highest rate of income tax. However, in calculating the Shareholder’s liability to UK income tax in respect of the Gross Dividend, the tax credit (which equates to ten per cent. of the Gross Dividend) will be set off against any further UK income tax chargeable on the Gross Dividend.

In the case of such a Shareholder who is not liable to UK income tax at either the higher or the additional rate, that Shareholder will be subject to UK income tax on the Gross Dividend at the rate of ten per cent. The tax credit will, in consequence, satisfy in full the Shareholder’s liability to UK income tax on the Gross Dividend.

In the case of a Shareholder who is liable to UK income tax at the higher rate, the Shareholder will be subject to UK income tax on the Gross Dividend at the rate of 32.5 per cent., to the extent that the Gross Dividend falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated (as mentioned above) as the top slice of the Shareholder’s income. The tax credit will, in consequence, satisfy only part of the Shareholder’s liability to UK income tax on the Gross Dividend and the Shareholder will have to account for UK income tax equal to 22.5 per cent. of the Gross Dividend. Thus, the effective tax rate applicable to the Non-PID Dividend received by such a Shareholder would be 25 per cent.

In the case of a Shareholder who is liable to UK income tax at the additional rate, the Shareholder will be subject to UK income tax on the Gross Dividend at the rate of 37.5 per cent., to the extent that the Gross Dividend falls above the threshold for the additional rate of UK income tax when it is treated (as mentioned above) as the top slice of the Shareholder’s income. After setting off the tax credit comprised in the Gross Dividend, the Shareholder will, accordingly, have to account for UK income tax equal to 27.5 per cent. of the Gross Dividend. Thus, the effective tax rate applicable to the Non-PID Dividend received by such a Shareholder would be approximately 30.6 per cent.

A UK resident individual Shareholder whose liability to UK income tax in respect of a Non-PID Dividend received from the Company is less than the tax credit attaching to it will not be entitled to any repayment from HMRC in respect of any part of the tax credit attaching to the Non-PID Dividend.

### (b) *Corporate Shareholders*

A Shareholder within the charge to UK corporation tax which is a “small company” (for the purposes of UK taxation of dividends) will not generally be subject to tax on Non-PID Dividends from the Company, provided certain conditions are met.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on Non-PID Dividends from the Company so long as they fall within an exempt class and do not fall within certain specified anti-avoidance provisions. Examples of dividends that are within an exempt class are dividends paid on “non-redeemable ordinary shares” for UK tax purposes and dividends in respect of portfolio holdings, where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital).

## 2.5 UK taxation of PIDs

### (a) *UK taxation of individual Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010

applies, treated as a separate UK property business from any other UK property business (a “different UK property business”) carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder’s different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder’s UK property business.

Please see also paragraph 2.5(d) (Withholding tax) below.

*(b) UK taxation of corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to UK corporation tax as profit of a UK property business (as defined in Section 205 of the Corporation Tax Act 2009). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to UK corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a different UK property business carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder’s different UK property business cannot be off-set against a PID as part of a single calculation of the Shareholder’s UK property profits.

Please see also paragraph 2.5(d) (Withholding tax) below.

*(c) UK taxation of Shareholders who are not resident for tax purposes in the UK*

Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding by the Company.

Please see also paragraph 2.5(d) (Withholding tax) below.

*(d) Withholding tax*

- General

Subject to certain exceptions summarised below, the Company is required to withhold UK income tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide Shareholders with a certificate setting out the amount of tax withheld.

- Shareholders solely resident in the UK

Where UK income tax has been withheld at source, Shareholders who are individuals may, depending on their circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are companies may, depending upon their circumstances, be liable to pay UK corporation tax on their PID but they should note that, where income tax is (exceptionally) withheld at source, the tax withheld can be set against the Shareholder’s liability to UK corporation tax in the accounting period in which the PID is received.

- Shareholders who are not resident for tax purposes in the UK

It is not possible for a Shareholder to make a claim under a relevant double taxation treaty with the UK for a PID to be paid by the Company gross or at a reduced rate. The Shareholder may be able to claim repayment from HMRC of any part of the tax withheld from a PID, depending on the existence and terms of any such double taxation treaty between the UK and the country in which the Shareholder is resident for tax purposes.

- Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company may not be obliged to withhold UK income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in Section 468 of the CTA 2010 which is allowed the same exemption from tax as a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes or the account manager of an ISA, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant scheme or account.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to such treatment. For that purpose the Company will require such Shareholders to submit a valid claim form.

## **2.6 UK taxation of chargeable gains**

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to UK capital gains tax in respect of any gain arising on a disposal of their Shares.

Each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,100 for the tax year 2015-2016. Capital gains tax chargeable will be at the current rate of 18 per cent. (for basic rate tax payers) and 28 per cent. (for higher and additional rate tax payers) during the tax year 2015-2016.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to UK corporation tax on chargeable gains arising on a disposal of their Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to UK corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Shares must be set as far as possible against chargeable gains for the same tax year, or accounting period in the case of a corporate Shareholder, even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against future net chargeable gains (for individuals, that is after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

## **2.7 UK stamp duty and SDRT**

The following comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with voluntary arrangements or clearance to whom special rules apply.

No UK stamp duty, or stamp duty reserve tax, will be payable on the issue of the C Shares.

Transfers on sale of Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

## **2.8 ISA, SSAS and SIPP**

Shares acquired by a UK resident individual Shareholder in the Offer for Subscription or the Open Offer or in the secondary market (but not the Placing) should be eligible to be held in an ISA, subject to the applicable annual subscription limit, which is £15,240 for the tax year 2015-2016.

Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in C Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Sums received by a Shareholder on a disposal of Shares would not count towards the Shareholder's annual limit; but a disposal of Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

**Individuals wishing to invest in C Shares through an ISA should contact their professional advisers regarding their eligibility.**

Subject to the rules of the trustees of the SIPP or SSAS, the C Shares should be eligible for inclusion in a SIPP or SSAS provided, broadly, that the pension scheme member (or a connected person) does not occupy or use any residential property held by the Group and the SIPP or SSAS in question does not hold (directly or indirectly) more than ten per cent. of any of the Shares or the Company's voting rights or rights to income or amounts on a distribution or rights to the assets on a winding up.

**If an individual is in any doubt as to whether the C Shares are eligible for inclusion in their SIPP or SSAS, they should contact their professional advisers.**

### **3 DESCRIPTION OF THE REIT PROVISIONS INCLUDED IN THE ARTICLES**

#### **3.1 Introduction**

The Articles contain provisions designed to enable the Company to demonstrate to HMRC that it has taken "reasonable steps" to avoid paying a dividend (or making any other distribution) to any Substantial Shareholder.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a UK corporation tax charge.

The Articles contain special articles for this purpose (the "**Special Articles**"). The text of the Special Articles is set out in paragraph 4 of this Part 8.

The Special Articles:

- provide directors with powers to identify its Substantial Shareholders (if any);
- prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- allow dividends to be paid on Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Shares; and
- seek to ensure that if a dividend is paid on Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

The effect of the Special Articles is explained in more detail below.

#### **3.2 Identification of Substantial Shareholders**

The share register of the Company records the legal owner and the number of Shares they own but does not identify the persons who are beneficial owners of the Shares or are entitled to control the voting rights attached to the Shares or are beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in Part VI of the Companies Act and the Board's rights to require disclosure of such interests (pursuant to Part 22 of the Companies Act and article 4 of the Articles) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the Special Articles require a Substantial Shareholder and any registered Shareholder holding Shares on behalf of a Substantial Shareholder to notify the Company if his Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. The Special Articles give the Board the right to require any person to provide information in relation to any Shares in order to determine whether the Shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to impose sanctions, including withholding dividends (as described in

paragraph 3.3 below) and/or requiring the transfer of the Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 3.6 below).

### **3.3 Preventing payment of a dividend to a Substantial Shareholder**

The Special Articles provide that a dividend will not be paid on any Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

- the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 3.4 below);
- the shareholding is not part of a Substantial Shareholding;
- all or some of the Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends will be paid to the transferee); or
- sufficient Shares have been transferred (together with the right to the dividends) such that the Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Shares).

For this purpose references to the “**transfer**” of a Share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Share.

### **3.4 Payment of a dividend where rights to it have been transferred**

The Special Articles provide that dividends may be paid on Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

- to ensure that the entitlement to future dividends will be disposed of; and
- to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph 3.3 above). In addition, the Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant Shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future.

The effect of these provisions is that there is no restriction on a person becoming or remaining a Substantial Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.



### **3.5 Trust arrangements where rights to dividends have not been disposed of by a Substantial Shareholder**

The Special Articles provide that if a dividend is in fact paid on Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or such charity as the Board may nominate.

If the recipient of the dividend passes it on to another without being aware that the Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

### **3.6 Mandatory sale of Substantial Shareholdings**

The Special Articles also allow the Board to require the disposal of Shares forming part of a Substantial Shareholding if:

- a Substantial Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Substantial Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);
- there has been a failure to provide information requested by the Board; or
- any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of one of these events, the Board may, instead of requiring the Shareholder to dispose of the Shares, arrange for the sale of the relevant Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

### **3.7 Takeovers**

The Special Articles do not prevent a person from acquiring control of the Company through a takeover or otherwise such an event may cause the Company to cease to qualify as a REIT.

### **3.8 Other**

The Special Articles also give the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder's entitlement to that treatment.

The Special Articles may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company is not and does not become a close company and in order that the Group maintains its status as a REIT, which powers may include the ability to arrange for the sale of Shares on behalf of Shareholders.

## **4. THE SPECIAL ARTICLES**

### **REAL ESTATE INVESTMENT TRUST**

#### **3. Cardinal principle**

It is a cardinal principle that, for so long as the Company qualifies as a REIT or is the principal company of a group REIT for the purposes of Part 12 of the CTA 2010, it should not be liable to pay tax under Section 551 of the CTA 2010 on or in connection with the making of a Distribution to a Substantial Shareholder.



Articles 4 to 8 support such cardinal principle by, among other things, imposing restrictions and obligations on the members and, indirectly, certain other persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

#### **4 NOTIFICATION OF SUBSTANTIAL SHAREHOLDER AND OTHER STATUS**

4.1 Each member and any other relevant person shall serve notice in writing on the Company at the Office on:

- him becoming a Substantial Shareholder (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the member(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the Directors may require from time to time);
- him becoming a Relevant Registered Shareholder (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the Directors may require from time to time); and
- any change to the particulars contained in any such notice, including on the relevant person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered by the end of the second Business Day after the day on which the person becomes a Substantial Shareholder or a Relevant Registered Shareholder or the change in relevant particulars or within such shorter or longer period as the Directors may specify from time to time.

4.2 The Directors may at any time give notice in writing to any person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the Directors may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the Directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such person shall deliver such information, certificates and declarations within the period specified in such notice.

#### **5 DISTRIBUTIONS IN RESPECT OF SUBSTANTIAL SHAREHOLDINGS**

5.1 In respect of any Distribution, the Directors may, if the Directors determine that the condition set out in Article 5.2 is satisfied in relation to any Shares, withhold payment of such Distribution on or in respect of such Shares. Any Distribution so withheld shall be paid as provided in Article 5.3 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

5.2 The condition referred to in Article 5.1 is that, in relation to any Shares and any Distribution to be paid or made on and in respect of such Shares:

- (a) the Directors believe that such Shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and
- (b) the Directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid, and, for the avoidance of doubt, if the Shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

5.3 If a Distribution has been withheld on or in respect of any Shares in accordance with Article 5.1, it shall be paid as follows:

- (a) if it is established to the satisfaction of the Directors that the condition in Article 5.2 is not satisfied in relation to such Shares, in which case the whole amount of the Distribution withheld shall be paid; and
- (b) if the Directors are satisfied that sufficient interests in all or some of the Shares concerned have been transferred to a third party so that such transferred Shares no longer form part of the Substantial Shareholding, in which case the Distribution

attributable to such Shares shall be paid (provided the Directors are satisfied that following such transfer such Shares concerned do not form part of a Substantial Shareholding); and

- (c) if the Directors are satisfied that as a result of a transfer of interests in Shares referred to in Article 5.3.2 above the remaining Shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such Shares shall be paid.

In this Article 5.3, references to the “transfer” of a Share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Share.

- 5.4 A Substantial Shareholder may satisfy the Directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The Directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the Directors shall be entitled to require such other information, certifications or declarations as they think fit.
- 5.5 The Directors may withhold payment of a Distribution on or in respect of any Shares if any notice given by the Directors pursuant to Article 5.2 in relation to such Shares shall not have been complied with to the satisfaction of the Directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the Directors unless the Directors withhold payment pursuant to Article 5.1 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.
- 5.6 If the Directors decide that payment of a Distribution should be withheld under Article 5.1 or Article 5.5, they shall within seven Business Days give notice in writing of that decision to the Relevant Registered Shareholder.
- 5.7 If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to Article 7.2 or out of any subsequent Distribution in respect of the Shares to such person or to the members of all Shares in relation to or by virtue of which the Directors believe that person has an interest in the Company (whether that person is at that time a Substantial Shareholder or not).

## **6 DISTRIBUTION TRUST**

- 6.1 If a Distribution is paid in respect of a Substantial Shareholding in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution, the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the persons nominated by the relevant Substantial Shareholder under Article 6.2 in such proportions as the relevant Substantial Shareholder shall in the nomination direct, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or for such charity as may be nominated by the Directors from time to time.
- 6.2 The relevant Substantial Shareholder of Shares in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article 6.1 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated persons, failing which the Distribution shall be held on trust for the nominated persons in equal proportions. No person may be nominated under this Article 6.2 who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of Article 6.1 the trustee of the trust, the nomination shall not take effect until it is delivered to the person who is the trustee.

- 6.3 Any income arising from a Distribution which is held on trust under Article 6.1 shall until the earlier of (i) the making of a valid nomination under Article 6.2 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.
- 6.4 No person who by virtue of Article 6.1 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.
- 6.5 No person who by virtue of Article 6.1 holds a Distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated person, the fraud or wilful wrongdoing of its directors, officers or employees.

## **7 OBLIGATION TO DISPOSE**

7.1 If at any time, the Directors believe that:

- (a) in respect of any Distribution declared or announced, the condition set out in Article 5.2 is satisfied in respect of any Shares in relation to that Distribution; or
- (b) a notice given by the Directors pursuant to Article 4.2 in relation to any Shares has not been complied with to the satisfaction of the Directors within the period specified in such notice; or
- (c) any information, certificate or declaration provided by a person in relation to any Shares for the purposes of this Article 7.1 was materially inaccurate or misleading,

the Directors may give notice in writing (a “**Disposal Notice**”) to any persons they believe are Relevant Registered Shareholders in respect of the relevant Shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the Directors consider to be appropriate in the circumstances) to dispose of such number of Shares the Directors may in such notice specify or to take such other steps as will cause the condition set out in Article 5.2 no longer to be satisfied. The Directors may, if they think fit, withdraw a Disposal Notice.

7.2 If:

- (a) the requirements of a Disposal Notice are not complied with to the satisfaction of the Directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or
- (b) a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable,

the Directors may arrange for the Company to sell all or some of the Shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the Directors may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant Share and, in the case of Shares in uncertificated form, may make such arrangements as they think fit on behalf of the relevant holder or holders to transfer title to the relevant Share through a relevant system.

- 7.3 Any sale pursuant to Article 7.2 above shall be at the price which the Directors consider is the best price reasonably obtainable and the Directors shall not be liable to the holder or holders of the relevant Share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.
- 7.4 The net proceeds of the sale of any Share under Article 7.2 (less any amount to be retained pursuant to Article 5.5 and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant Share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.
- 7.5 The title of any transferee of Shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to this Article 7.

## **8 GENERAL**

- 8.1 The Directors shall be entitled to presume without enquiry, unless any Director has reason to believe otherwise, that a person is not a Substantial Shareholder or a Relevant Registered Shareholder.
- 8.2 The Directors shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular person) pursuant to Articles 3 to 8 and any such determination or decision shall be final and binding on all persons unless and until it is revoked or changed by the Directors. Any disposal or transfer made or other thing done by or on behalf of the Board or any Director pursuant to Articles 3 to 8 shall be binding on all persons and shall not be open to challenge on any ground whatsoever.
- 8.3 Without limiting their liability to the Company, the Directors shall be under no liability to any other person, and the Company shall be under no liability to any member or any other person, for identifying or failing to identify any person as a Substantial Shareholder or a Relevant Registered Shareholder.
- 8.4 The Directors shall not be obliged to serve any notice required under Articles 3 to 8 upon any person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any person upon whom notice is required to be served under Articles 3 to 8 shall not prevent the implementation of or invalidate any procedure under Articles 3 to 8.
- 8.5 The provisions of Articles 160 to 165 shall apply to the service upon any person of any notice required by Articles 3 to 8. Any notice required by Articles 3 to 8 to be served upon a person who is not a member or upon a person who is a member but whose address is not within the United Kingdom shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that person or member at the address if any, at which the Directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.
- 8.6 Any notice required or permitted to be given pursuant to Articles 3 to 8 may relate to more than one Share and shall specify the Share or Shares to which it relates.
- 8.7 The Directors may require from time to time any person who is or claims to be a person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.
- 8.8 Any of Articles 3 to 8 may be amended by special resolution from time to time, including to give powers to the Directors to take such steps as they may require in order to ensure that the Company can satisfy Condition D of Section 528 of the CTA 2010 which relates to close company status, which powers may include the ability to arrange for the sale of Shares on behalf of members.
- 8.9 Where any certificate or declaration may be or is required to be provided by any person (including, without limitation, a Distribution Transfer Certificate) pursuant to any of Articles 3 to 8, such certificate or declaration may be required by the Directors (without limitation):
- (a) to be addressed to the Company, the Directors or such other persons as the Directors may determine (including HMRC);
  - (b) to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;
  - (c) to contain such legally binding representations and obligations as the Directors may determine;
  - (d) to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
  - (e) to be copied or provided to such persons as the Directors may determine (including HMRC); and

- (f) to be executed in such form (including as a deed or deed poll) as the Directors may determine.

The provisions of Articles 3 to 8 shall apply notwithstanding any provisions to the contrary in any other Article (including, without limitation, Articles 147 to 159).”

## PART 9

### GENERAL INFORMATION

#### 1 THE COMPANY

- 1.1 The Company was incorporated in England and Wales on 26 February 2013 with registered number 8420243 as a public company limited by shares under the Companies Act. The Company is domiciled in England and Wales.
- 1.2 The principal place of business and the registered office of the Company is 51 New North Road, Exeter EX4 4EP with telephone number 01392 477500.
- 1.3 The principal legislation under which the Company operates is the Companies Act. The Company is not regulated as a collective investment scheme by the FCA. However, the Shares are and, from Admission, the C Shares will be admitted to trading on the London Stock Exchange (Specialist Fund Market).
- 1.4 The Company's accounting period ends on 30 June of each year. The annual report and accounts are prepared in Sterling according to accounting standards laid out under IFRS.
- 1.5 On 2 April 2013, the Company was granted a certificate under Section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.6 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to Section 833 of the Companies Act.
- 1.7 The Company is the parent company of the Group. The following table contains a list of the subsidiaries of the Company:

Name	% of beneficial interest	Field of activity	Country of incorporation	Registered Office
GCP Scape East Limited	100	Property investment	UK	51 New North Road, Exeter EX4 4EP
Ternion (Danehurst) Limited	100	Property investment	UK	51 New North Road, Exeter EX4 4EP
GCP Operations Limited	100	Employer of the Group's employees	UK	51 New North Road, Exeter EX4 4EP
Leopard Guernsey Greenwich JV Limited	100	Property investment	Guernsey	1 Le Truchot St Peter Port, Guernsey GY1 1WD
Leopard Guernsey Greenwich Limited*	100	Property investment	Guernsey	1 Le Truchot St Peter Port, Guernsey GY1 1WD
Leopard Guernsey Greenwich 2 Limited*	100	Property investment	Guernsey	1 Le Truchot St Peter Port, Guernsey GY1 1WD
GCP RHUL Limited (dormant)	100	Property investment	UK	51 New North Road, Exeter EX4 4EP
GCP (SG) Limited (dormant)	100	Property investment	UK	51 New North Road, Exeter EX4 4EP

\*wholly owned by Leopard Guernsey Greenwich JV Limited.



## 2 SHARE CAPITAL

2.1 The following table shows the issued share capital as at the date of this document and following completion of the Issue (assuming that 130 million C Shares are issued pursuant to the Issue):

	Ordinary Shares		C Shares	
	Aggregate nominal value	Number	Aggregate nominal value	Number
As at the date of this document	1,099,104.28	109,910,428	—	—
Following completion of the Issue	1,099,104.28	109,910,428	1,300,000	130,000,000

2.2 The Company's issued share capital history since its incorporation is as follows:

- (a) on incorporation, one Ordinary Share was issued at £1.00 (fully paid) for the purposes of incorporation to the subscriber of the Company's memorandum of association;
- (b) on 21 March 2013: (i) 100,001 non-voting redeemable fixed rate preference shares of 50 pence each were issued at par (fully paid) to the Initial Asset Partners; and (ii) a further 100,000 Ordinary Shares were issued at £1.00 per Ordinary Share (nil paid) to the Initial Asset Partners;
- (c) on 20 May 2013, the 100,000 Ordinary Shares issued to the Initial Asset Partners were fully paid up and 70,000,000 Ordinary Shares were issued fully paid pursuant to a placing and offer for subscription. Simultaneous to the issue of such Ordinary Shares, the non-voting redeemable fixed rate preference shares of 50 pence each were redeemed and cancelled in accordance with the Articles;
- (d) by an order of the High Court of Justice (Chancery Division) dated 31 July 2013 the cancellation of the Company's share premium account was approved and a statement of capital approved by the High Court of Justice (Chancery Division) in respect of the cancellation was registered by the Registrar of Companies on 31 July 2013; and
- (e) on 22 May 2014, following an open offer, placing and offer for subscription by the Company, the Company issued 39,810,427 Ordinary Shares.

2.3 The Company has not repurchased any Ordinary Shares since its incorporation and no Ordinary Shares are held in treasury.

2.4 By ordinary and special resolutions passed on 21 March 2013, the Directors have authority to issue up to 210,189,573 Ordinary Shares on a pre-emptive basis. Such authority will expire at the conclusion of, and renewal of such authority will be sought at, the third annual general meeting of the Company.

2.5 By ordinary and special resolutions passed on 24 October 2014:

- (a) the Directors have authority to issue up to 10,991,000 Ordinary Shares (equivalent to approximately ten per cent. of the issued share capital as at 16 September 2014) on a non-pre-emptive basis in order to retain flexibility, to issue new Ordinary Shares to investors. Such authority will expire at, and renewal of such authority will be sought at the earlier of, the conclusion of the Company's next annual general meeting to be held in 2015 and 31 December 2015;
- (b) the Directors were generally empowered (pursuant to Sections 570 and 573 of the Companies Act) to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.5(a) above as if Section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the earlier of the conclusion of the next annual general meeting of the Company to be held in 2015 and 31 December 2015, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Ordinary Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

- (c) the Company was authorised in accordance with Section 701 of the Companies Act to make market purchases (within the meaning of Section 693(4) of the Companies Act) of Ordinary Shares provided that the maximum number of Shares authorised to be purchased is 16,475,573 Ordinary Shares (equivalent to 14.99 per cent. of the Ordinary Shares in issue as at 16 September 2014). The minimum price which may be paid for an Ordinary Share is one pence. The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) 105 per cent. above the average of the mid-market value of the Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Ordinary Shares. Such authority will expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2015 and 31 December 2015 save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Ordinary Shares in pursuance of such contract; and
- (d) a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.
- 2.6 By ordinary and special resolutions passed on 20 May 2015, the Directors have authority to issue up to 130 million C Shares on a non-pre-emptive basis pursuant to the Issue. Such authority will expire at the conclusion of the Company's next annual general meeting to be held in 2015.
- 2.7 In accordance with the power granted to the Directors by the Articles, it is expected that the C Shares will be allotted (conditionally upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission in accordance with the Companies Act.
- 2.8 The provisions of Section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to Sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 2.4, 2.5(b) and 2.6 above.
- 2.9 The Companies Act abolished the requirement for companies incorporated in England and Wales to have an authorised share capital. Furthermore, the Articles do not contain a provision expressly limiting the number of shares that can be issued by the Company.
- 2.10 Save as disclosed in this paragraph 2, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.
- 2.11 The Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.12 All of the C Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.

### 3 INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

- 3.1 Insofar as is known to the Company, the interests of each Director (including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party) in the ordinary share capital of the Company as at the date of this document are:

Director	Number of Ordinary Shares	% of issued Ordinary Share capital as at 29 May 2015
Robert Peto*	30,000	0.03
Malcolm Naish	22,500	0.02
Peter Dunscombe*	37,500	0.03
Marlene Wood	—	—

*\*The legal and beneficial interest in 50 per cent. of Mr. Peto's Ordinary Shares and all of Mr. Dunscombe's Ordinary Shares are held by the relevant Director's spouse.*

- 3.2 The Directors have agreed to subscribe under the Issue for the number of C Shares set out against their respective names below:

Name	Number of C Shares	% of issued C Share capital*
Robert Peto**	15,000	0.02
Malcolm Naish	11,250	0.01
Peter Dunscombe**	18,750	0.02
Marlene Wood	10,000	0.01

*\* Assuming Gross Proceeds of £95 million.*

*\*\* The legal and beneficial interest in 50 per cent. of Mr. Peto's C Shares and all of Mr. Dunscombe's C Shares will be held by the relevant Director's spouse.*

- 3.3 All C Shares allotted and issued to the Directors are, or will be, beneficially held by such Directors unless otherwise stated.
- 3.4 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles. There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.
- 3.5 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. As at 1 July 2014, save for the Chairman of the Board, each Director receives £28,000 per annum. The Chairman's receives £34,000 per annum. An additional payment of £3,000 is made to the chairman of the audit committee. The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ended on 30 June 2014 were £68,000.
- 3.6 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.7 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 3.8 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

3.9 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company and the Subsidiaries) or memberships of administrative, management or supervisory bodies and/or partnerships and its wholly owned subsidiaries:

<b>Name</b>	<b>Current</b>	<b>Previous</b>
Robert Peto	DTZ Investment Management Limited Lend Lease Europe GP Limited Mactaggart Heritable Holdings Limited The Western Heritable Investment Company Limited Bath and West Enterprises Limited Base2stay Developments Limited Nadler Hotels Limited The Nadler Kensington Limited The Nadler Palace Street Limited The Nadler Soho Limited Standard Life Investments Property Income Trust Limited Standard Life Investments Property Holdings Limited DTZ IM (SPFS) Limited	—
Malcolm Naish	Aurora Europe General Partner Limited Ground Rents Income Fund plc Mapledurham Glade Management Company Limited Target Healthcare REIT Limited	SWAMF (GP) Limited SWAMF Nominee (1) Limited SWAMF Nominee (2) Limited SWIP & CWI Luxembourg (No. 1) Management Company S.À.R.L. SWIP & CWI Luxembourg (No.1) Holding Company S.À.R.L. SWIP Holdings (Luxembourg) S.À.R.L. SWIP Islamic SICAV SWIP (Luxembourg) S.A.R.L.
Peter Dunscombe	Sarda House (Freehold) Limited Sarda House Management Company Limited Murray International Trust plc The Pensions Trust St James Place plc Reed Elsevier Pension Fund Nuffield Foundation Hg Capital Trust plc	Sackville Street (Unitholder) Limited (members' voluntary liquidation – dissolved 15/09/2010) The Private Equity Investors Association BBC Nominee Limited (members' voluntary liquidation – dissolved 15/09/2010) BBC (Monkswood Nominee) Limited
Marlene Wood	One Parent Families Scotland 2010 Finance Limited Edinburgh Printmakers Limited Scottish Funding Council	Sanderson Bros. (Engineering) Limited (members' voluntary liquidation – dissolved 15/03/12)

3.10 The Directors in the five years before the date of this document:

- (a) do not have any convictions in relation to fraudulent offences;
- (b) save as disclosed in paragraph 3.9 above, have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

- (c) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- 3.11 As at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.
- 3.12 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 3.13 As at the Latest Practicable Date insofar as is known to the Company, the following persons hold directly or indirectly three per cent. or more of the Company's voting rights:

	<b>Number of Ordinary Shares</b>	<b>% of issued Ordinary Share capital</b>
CCLA Investment Management Limited	16,082,337	14.63
Brewin Dolphin Limited	9,047,870	8.23
Old Mutual Group	9,018,145	8.20
Bank of Montreal	7,039,241	6.40
Smith & Williamson Holdings Limited	4,717,411	4.29
J. M. Finn & Co. Limited	4,341,914	3.95

- 3.14 All Ordinary Shareholders have the same voting rights in respect of the share capital of the Company.
- 3.15 As at the date of this document, the Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 3.16 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

#### **4 THE ARTICLES**

In addition to the rights of the holders of the Ordinary Shares and the C Shares, which are summarised in Part 1 of this document, this paragraph 4 contains a summary of the provisions of the Articles.

##### **4.1 Objects/purposes**

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

##### **4.2 Voting rights**

- (a) Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (b) Unless the Board otherwise determines, no member shall be entitled to be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect

of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company.

#### **4.3 Dividends**

- (a) Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- (c) All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- (d) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- (e) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (f) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

#### **4.4 Winding up**

- (a) If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.
- (b) The Directors are also required to propose the Continuation Resolution (i) at the fifth annual general meeting of the Company; and (ii) at each third annual general meeting of the Company thereafter.



- (c) If the Continuation Resolution is not passed, the Directors are required to put proposals for the reconstruction, reorganisation or winding up of the Company to the shareholders for their approval.

#### 4.5 Transfer of shares

- (a) Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.
- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
  - (i) it is in respect of a share which is fully paid up;
  - (ii) it is in respect of only one class of shares;
  - (iii) it is in favour of a single transferee or not more than four joint transferees;
  - (iv) it is duly stamped (if so required); and
  - (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.

- (c) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.
- (d) If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (e) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- (f) If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors
  - (i) would cause the assets of the Company to be treated as "plan assets" of any benefit

plan investor under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934 and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Securities Exchange Act 1934; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, then any shares which the Directors decide are shares which are so held or beneficially owned (“**Prohibited Shares**”) must be dealt with in accordance with paragraph 4.5(g) below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.

- (g) The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company’s costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).
- (h) Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a U.S. Person.

#### 4.6 Variation of rights

- (a) If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Companies Act.
- (b) The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

#### **4.7 Alteration of share capital**

The Company may, from time to time, by ordinary resolution:

- (a) authorise the Directors to increase its share capital by allotting new shares;
- (b) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
- (c) subject to the provisions of the Companies Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (d) redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

#### **4.8 General meetings**

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time-to-time.
- (c) The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
  - (i) whether the meeting is convened as an annual general meeting or any other general meeting; or
  - (ii) the place, the day, and the time of the meeting; or
  - (iii) the general nature of the business to be transacted at the meeting;
  - (iv) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
  - (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- (d) The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- (e) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.
- (f) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (g) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly

authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:
  - (i) the chairman of the meeting; or
  - (ii) at least five members having the right to vote on the resolution; or
  - (iii) a member or members representing not less than five per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
  - (iv) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

#### **4.9 Borrowing powers**

Subject to the provisions of the Companies Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### **4.10 Issue of shares**

- (a) Subject to the provisions of the Companies Act, and to any relevant authority of the Company required by the Companies Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide.
- (b) Subject to the provisions of the Companies Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.
- (c) The business of the Company shall be managed by the Directors who, subject to the provisions of the Companies Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

#### **4.11 Directors' fees**

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £200,000 per annum or such other sum as the Company in

general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.

- (b) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

#### 4.12 Directors' interests

- (a) The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:
  - (i) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (ii) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries) and
  - (iii) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
  - (iv) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
  - (v) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.



- (d) A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.
- (e) The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

#### **4.13 Restrictions on Directors voting**

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
  - (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
  - (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
  - (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iv) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
  - (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
  - (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
  - (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
  - (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
  - (x) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.
- (b) A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.



#### 4.14 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

#### 4.15 Directors' appointment and retirement

- (a) Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.
- (b) At each annual general meeting of the Company, any Directors appointed by the Board since the last annual general meeting shall retire. In addition one-third of the remaining Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. If there are fewer than three such Directors, one Director shall retire from office.
- (c) At each annual general meeting, any Director who was last elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the number of Directors so retiring is less than the minimum number of Directors who are required to retire by rotation, additional Directors up to that number shall retire (namely, those Directors who are subject to rotation but who wish to retire and not offer themselves for re-election and those Directors who have been Directors longest since their appointment or last reappointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot)).
- (d) Any Director who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the annual general meeting.

#### 4.16 Notice requiring disclosure of interest in shares

- (a) The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.
- (b) If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "**default shares**") the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

#### **4.17 Untraced shareholders**

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

#### **4.18 Indemnity of Officers**

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) Companies Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

#### **4.19 REIT provisions**

A summary of the REIT provisions included in the Articles is set out in paragraphs 4 and 5 of Part 8 of this document.

### **5 CITY CODE ON TAKEOVERS AND MERGERS**

#### **5.1 Mandatory bid**

The City Code applies to the Company. Under Rule 9 of the City Code, if:

- a person acquires an interest in Shares which, when taken together with Shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in Shares which increase the percentage of Shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Shares at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months.

#### **5.2 Compulsory acquisition**

Under Sections 974 – 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to Section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

## **6 MATERIAL CONTRACTS OF THE GROUP**

The following are all of the contracts, not being contracts entered into in the ordinary course of business that have been entered into by the Company in the two years immediately preceding the date of this document and which are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

### **6.1 The Placing and Offer Agreement**

The Placing and Offer Agreement dated 29 May 2015 between the Company, the Investment Manager and Cenkos, pursuant to which, subject to certain conditions, Cenkos has agreed to use reasonable endeavours to procure subscribers for C Shares at the Issue Price.

The Placing and Offer Agreement may be terminated by Cenkos in certain customary circumstances prior to Admission. The Company has appointed Cenkos as financial adviser and placing agent to the Company in connection with the Issue.

The obligation of the Company to issue the C Shares and the obligation of Cenkos to use its reasonable endeavours to procure subscribers for C Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, amongst others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 30 June 2015 (or such later time and/or date, not being later than 31 July 2015, as the Company and Cenkos may agree); (ii) the Minimum Net Proceeds being raised; and (iii) the Placing and Offer Agreement not having been terminated in accordance with its terms.

In consideration for its services in relation to the Issue and conditional upon completion of the Issue, Cenkos will be paid a corporate finance fee and a commission of 1.5 per cent. of the Gross Proceeds.

The Company and the Investment Manager have given warranties to Cenkos concerning, *inter alia*, the accuracy of the information contained in this document. The Company and the Investment Manager have also given indemnities to Cenkos. The warranties and indemnities given by the Company and the Investment Manager are standard for an agreement of this nature.

The Placing and Offer Agreement is governed by the laws of England and Wales.

### **6.2 The Amendment Agreement**

An amendment and restatement agreement made between GCP Scape East Limited, the Company, Ternion (Danehurst) Limited and Barclays Bank PLC, pursuant to which the Facilities Agreement was restated.

Under the terms of the restated Facilities Agreement, GCP Scape East Limited (a wholly owned subsidiary of the Company) is the borrower and Ternion (Danehurst) Limited, Leopard Guernsey Greenwich JV Limited, Leopard Guernsey Greenwich Limited and Leopard Guernsey Greenwich 2 Limited are guarantors. Under the agreement, the Group may borrow up to £40,000,000 and the facilities are repayable in May 2019. Pursuant to the terms of the restated Facilities Agreement, interest payable on the facilities will be 2.25 per cent. per annum above LIBOR subject to a ratchet reduction to 2.00 per cent. per annum on loan to value cover of less than 30 per cent.

GCP Scape East Limited has given customary representations, warranties and covenants to Barclays Bank PLC concerning:

- (i) representations, *inter alia*, concerning its legality, status and title to property;
- (ii) financial covenants, *inter alia*, concerning loan-to-value and interest cover; and

- (iii) general undertakings, *inter alia*, concerning restrictions on disposals, acquisitions and indebtedness and the grant of security other than in certain agreed circumstances, subject to customary qualifications.

There are various standard events which will constitute an event of default under the restated Facilities Agreement including: (i) if GCP Scape East Limited fails to pay any sum when due under the Facilities Agreement; (ii) if GCP Scape East Limited or a guarantor fails to comply with any other provision of the restated Facilities Agreement; (iii) if any representation or warranty in or in connection with the restated Facilities Agreement is or becomes incorrect; and (iv) if GCP Scape East Limited fails to comply with its financial covenants under the restated Facilities Agreement.

Barclays Bank PLC has debentures over all the assets of GCP Scape East Limited and Ternion (Danehurst) Limited, and the benefit of share security over such companies. Barclays Bank PLC also has legal mortgages over Scape East, Scape Greenwich and The Pad.

Barclays Bank PLC also has a debenture over all of the assets of Leopard Guernsey Greenwich JV Limited, Leopard Guernsey Greenwich Limited and Leopard Guernsey Greenwich 2 Limited including share security over those guarantors' shares.

The Company remains a party to the restated Facilities Agreement on a limited basis, so that certain representations, covenants and events of default apply to or in respect of the Company. The Company constitutes a "Wider Obligor" for the purposes of the restated Facilities Agreement, but Barclays Bank PLC acknowledge that the Company will not have any direct obligations to the Finance Parties (as such term defined therein) under the restated Facilities Agreement. The Company is not an express guarantor of the debt owing to Barclays Bank PLC by GCP Scape East Limited, and offers only limited recourse security over the shares in GCP Scape East Limited and the other guarantors (under which, subject to limited exceptions, the Company's liability shall be limited to the proceeds of enforcement or realisation of such shares).

The Amendment Agreement and the restated Facilities Agreement are both governed by the laws of England and Wales.

### **6.3 The Interest Rate Swap Agreement**

To manage its interest rate risk, the Group entered into the Interest Rate Swap Agreement pursuant to which the interest rate on 50 per cent. of the Company's borrowings is fixed at a rate of 1.441 per cent.

The maturity date of the Interest Rate Swap Agreement matches the maturity date of the Debt Facilities and the notional balance under the Interest Rate Swap Agreement is equal to the outstanding Debt Facilities.

Under the Interest Rate Swap Agreement, the Company has given representations to Barclays Bank PLC concerning, *inter alia*, its status and power to enter into the Interest Rate Swap Agreement. These representations are standard for an agreement of this nature. There are also various events which will constitute events of default and termination events under the Interest Rate Swap Agreement which broadly reflect the events of default under the Debt Facilities and are standard for an agreement of this nature.

The Interest Rate Swap Agreement is governed by the laws of England and Wales.

### **6.4 The Pad 2 Forward Purchase Agreement**

The Pad 2 Forward Purchase Agreement dated 3 December 2013 between Danehurst The Pad 2 Limited, GCP RHUL Limited and the Company pursuant to which the Group committed to acquire The Pad 2 subject to the fulfilment of certain conditions and the Company agreed to guarantee the performance by GCP RHUL Limited of its obligations under the agreement.

The Group is required to acquire The Pad 2 when, amongst other things, planning consent has been granted, building works have been completed and the development has achieved lettings of 75 per cent. or more of its study bedrooms.

The purchase price to be paid by the Group for The Pad 2 is based on a multiple of the net income of The Pad 2 at such time as the development achieves lettings of 75 per cent. or more of its study bedrooms assuming full occupancy. In the event that the development is not fully occupied, the consideration attributable to the net income shortfall will be deducted from the purchase price and held as a retention in an escrow account and on any such

unoccupied rooms being let in the relevant academic year, monies will be released to the seller from the retention accordingly with the balance of the retention being released to GCP RHUL Limited at the end of such academic year.

Pursuant to the terms of The Pad 2 Forward Purchase Agreement, subject to certain exceptions, completion of the acquisition of The Pad 2 shall take place 10 Business Days after satisfaction of all of the conditions referred to in The Pad 2 Forward Purchase Agreement.

The Pad 2 Forward Purchase Agreement is governed by the laws of England and Wales.

#### **6.5 The Surrey Forward Purchase Agreement**

The Surrey Forward Purchase Agreement dated 27 February 2014 between Guildford SPV Limited, GCP SG Limited and the Company pursuant to which the Group has committed to acquire Scape Surrey subject to the fulfilment of certain conditions and the Company agreed to guarantee the performance by GCP SG Limited of its obligations under the agreement.

The Group is required to acquire Scape Surrey when, amongst other things, planning consent has been granted, building works have been completed and the development has reached lettings of 75 per cent. or more of its study bedrooms. The Surrey Forward Purchase Agreement is further conditional on the Company obtaining funding to complete such purchase.

The purchase price to be paid by the Group for Scape Surrey is based on a multiple of the net income of Scape Surrey at such time as the development achieves lettings of 75 per cent. or more of its study bedrooms assuming full occupancy. In the event that the development is not fully occupied, the consideration attributable to the net income shortfall will be deducted from the purchase price and held as a retention in an escrow account and on any such unoccupied rooms being let in the relevant academic year, monies will be released to the seller from the retention accordingly with the balance of the retention being released to GCP SG Limited at the end of such academic year.

Pursuant to the terms of the Surrey Forward Purchase Agreement, subject to certain exceptions, completion of the acquisition of Scape Surrey shall take place 10 Business Days after satisfaction of all of the conditions referred to in the Surrey Forward Purchase Agreement.

The Surrey Forward Purchase Agreement is governed by the laws of England and Wales.

#### **6.6 The GCP Equity Facility**

The GCP Equity Facility dated 29 May 2015 between the Company and the Investment Manager pursuant to which, subject to the satisfaction of certain conditions, including, *inter alia*, the Issue not becoming unconditional in all respects by the 31 July 2015; The Pad 2 Forward Purchase Agreement becoming unconditional; and the Company being unable to raise sufficient new funds to acquire The Pad 2 pursuant to The Pad 2 Forward Purchase Agreement through a combination of new funds and existing cash resources, the Investment Manager has agreed to subscribe for such number of Ordinary Shares at the prevailing Net Asset Value per Ordinary Share plus a premium to cover the cost of the issue of Ordinary Shares to fund such shortfall.

The GCP Equity Facility is governed by the laws of England and Wales.

#### **6.7 The Scape Greenwich Acquisition Agreement**

The Scape Greenwich Acquisition Agreement dated 30 April 2014 between the Scape Greenwich Vendor, the Company and Leopard Holding Guernsey Limited pursuant to which the Company agreed to acquire Scape Greenwich.

The purchase price for Scape Greenwich was (including the bank indebtedness repaid at completion) £40.52 million.

The Scape Greenwich Acquisition Agreement contains warranties, covenants and indemnities in favour of the Company subject to limitations on the Scape Greenwich Vendor's liability customary for acquisitions of this nature. Leopard Holding Guernsey Limited has agreed to guarantee certain of the Scape Greenwich Vendor's obligations under the Scape Greenwich Acquisition Agreement.

The Scape Greenwich Acquisition Agreement is governed by the laws of England and Wales.



## 6.8 The Pad Acquisition Agreement

The Pad Acquisition Agreement dated 3 December 2013 between the Pad Sellers and the Company pursuant to which the Company agreed to acquire the entire issued share capital of Ternion (Danehurst) Limited which is the legal and beneficial owner of The Pad.

The purchase price for Ternion (Danehurst) Limited was (including the bank indebtedness repaid at completion) £12,900,000 payable on completion with a further £100,000 due once a specified occupancy level has been achieved at The Pad which is expected to become payable by the Company in September 2015.

The Pad Acquisition Agreement contains representations, warranties and covenants in favour of the Company customary for acquisitions of this nature.

The Pad Acquisition Agreement is governed by the laws of England and Wales.

## 6.9 The Scape East Acquisition Agreement

The Scape East Acquisition Agreement dated 12 April 2013 between the Company and Scape East Vendor pursuant to which the Company acquired Scape East.

The purchase price for Scape East was £93.0 million which was satisfied by: (a) c.£35.2 million by way of deferred consideration to be payable three working days after the date of IPO Admission; and (b) the assumption by the Company of the existing borrowings relating to Scape East.

The Scape East Acquisition Agreement is governed by the laws of England and Wales.

## 6.10 The Investment Management Agreement

The Investment Management Agreement dated 12 April 2013 and amended and restated on 1 April 2014, 26 January 2015 and on 29 May 2015 between the Company and the Investment Manager pursuant to which the Investment Manager was appointed as the investment manager to the Company and as the Company's AIFM for the purposes of AIFMD.

Under the Investment Management Agreement, the Investment Manager provides certain investment management services, including recommending and regularly reviewing the Company's investment policy, making investment recommendations to the Board, identifying potential investments for the Company and performing and/or procuring all due diligence in relation to potential investments for the Company. The Company is under no obligation to follow the Investment Manager's advice.

In addition, the Investment Manager is responsible, *inter alia*, for the following:

- maintaining a website showing, *inter alia*, the Net Asset Value from time to time of the Shares;
- presenting to meetings of the Board in relation to: (i) performance of existing projects; and (ii) opportunities in relation to new projects;
- monitoring the financial and property market generally;
- maintaining, in conjunction with the Administrator, complete, up to date and accurate accounting records of the Company and submitting such to the Company on a quarterly basis in such form so as to enable the Administrator to calculate the Net Asset Value per Share; and
- conducting investor relationship management activities, including making presentations to existing and potential investors and intermediaries.

The Investment Management Agreement is for a term of six years from 29 May 2015 subject to termination on not less than 12 months' written notice given by either party at any time, such notice to expire no earlier than 28 May 2021 save that if the ordinary resolution to continue the Company's business as presently constituted, to be proposed at the fifth annual general meeting of the Company in 2018, is not passed, then the Investment Management Agreement will be terminable upon 24 months' written notice by either party. The Investment Management Agreement can be terminated at any time in the event of the insolvency of the Company or the Investment Manager.



If any key person of the Investment Manager providing services to the Company should die or otherwise become incapacitated or shall retire, resign or otherwise cease to provide services to the Company, the Investment Manager shall have 30 business days to nominate an individual with significant relevant experience as a replacement for approval by the Company and the Company, in its absolute discretion, shall approve or decline the nomination within ten business days. If the Company declines the nomination to replace two successive key persons, the Company may terminate the Investment Management Agreement on giving 60 business days written notice to the Investment Manager.

The Investment Manager is entitled to receive from the Company, in respect of its services provided under the Investment Management Agreement, a management fee accrued daily and payable quarterly in arrears calculated at an annual rate of one per cent. of the prevailing Net Asset Value. The Investment Manager, is also entitled to a fee in relation to its services provided to the Company in its role as the Company's AIFM comprising: (a) a fee of £15,000 per annum, paid quarterly within 5 Business Days of the publication of the relevant quarter Net Asset Value such fee to automatically increase on 1 January each year at the rate of the RPI prevailing at that time; and (b) a fee of £7,500 per annum, paid quarterly within 5 Business Days of the publication of the relevant quarter Net Asset Value such fee to be reviewed on 1 September in each year in respect of any increase to be paid in the subsequent year.

The Investment Manager will not, in the absence of fraud, negligence or wilful default on its part or on the part of its employees, be liable for any loss, damage, cost, claim or expenses sustained or suffered by the Company as a result, or in the course of, the discharge of its duties pursuant to the Investment Management Agreement. In addition, the Company has agreed to indemnify the Investment Manager and its employees from and against any and all liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from fraud, negligence, or wilful default on the part of the Investment Manager or its employees) incurred in performing their obligations or duties pursuant to the Investment Management Agreement.

The Investment Manager or any associate of the Investment Manager or any directors, officers, employees, agents and affiliates of any of them (each an **"Interested Party"**) may be involved in other financial, investment or other professional activities which may, on occasion, give rise to conflicts of interest with the Company, including with regard to the allocation of investment opportunities to different clients. Whenever such conflicts arise, the Investment Manager shall endeavour to ensure that they are resolved, and any relevant investment opportunities allocated, fairly. Each such conflict will be fully disclosed to the Company by the Investment Manager provided that such disclosure does not breach the rules of the FCA.

Neither the Investment Manager nor, *inter alia*, any employee of the Investment Manager, may (while the Investment Management Agreement is in force) without the express prior written consent of the Company act as the adviser, manager or sponsor of any fund or entity that may invest in assets within the scope of the Company's investment policy or engage in any activity which may compete in the same or substantially similar investment area as the Company without the Company's consent.

The Investment Manager will, subject to such insurance being available in the market at commercial rates, maintain, at the cost of the Company, professional indemnity insurance to cover each and every professional liability which may arise under the Investment Management Agreement, with a limit of indemnity of not less than £1 million in aggregate. This professional indemnity insurance will be maintained for a period expiring not less than six years after the winding up of the Company or the termination of the Investment Management Agreement, whichever is the earlier.

The Investment Management Agreement is governed by the laws of England and Wales.

#### 6.11 The First Offer Agreement

The First Offer Agreement dated 12 April 2013 between LASKO 2 LLP (1) and the Company (2) pursuant to which LASKO 2 LLP has agreed to grant the Company a right of first offer and reverse right of first offer in respect of Scape Shoreditch, subject to Scape Shoreditch achieving 75 per cent. occupancy, on the terms summarised below:

**(a) Right of first offer**

Under the terms of the First Offer Agreement, LASKO 2 LLP has given the Company the opportunity to make an offer for its 55 per cent. indirect interest in Scape Shoreditch when Scape Shoreditch achieves 75 per cent. occupancy. If LASKO 2 LLP accepts the Company's offer (and provided the owner of the remaining interest in Scape Shoreditch does not then exercise its right to acquire LASKO 2 LLP's interest), the Company and LASKO 2 LLP will negotiate, acting reasonably and in good faith, with a view to agreeing the terms of and entering into a sale and purchase agreement for LASKO 2 LLP's interest and, following which, the Company will be obliged to put down a deposit equal to 10 per cent. of the purchase price. Completion of the acquisition must take place within 60 business days of LASKO 2 LLP accepting the Company's offer.

If, following Scape Shoreditch achieving 75 per cent. occupancy, the Company makes an offer for Scape Shoreditch which is accepted by LASKO 2 LLP (and provided the owner of the remaining interest in Scape Shoreditch does not then exercise its right to acquire LASKO 2 LLP's interest), LASKO 2 LLP will procure that the owner of the remaining interest in Scape Shoreditch sells its interest to the Company at the same price as LASKO 2 LLP. Completion of the acquisition must take place within 20 business days of the owner of the remaining interest in Scape Shoreditch not exercising its right to acquire LASKO 2 LLP's interest.

**(b) Reverse right of first offer**

Following Scape Shoreditch achieving 75 per cent. occupancy, LASKO 2 LLP may transfer its 55 per cent. indirect interest in Scape Shoreditch to a third party provided that, prior to making any such transfer (and provided the owner of the remaining interest in Scape Shoreditch does not then exercise its right to acquire LASKO 2 LLP's interest), it gives the Company the opportunity to purchase such interest on the proposed terms. If the Company agrees to such terms, the Company and LASKO 2 LLP will negotiate, acting reasonably and in good faith, with a view to agreeing the terms of and entering into a sale and purchase agreement for LASKO 2 LLP's interest in Scape Shoreditch and, following which, the Company will be obliged to put down a deposit equal to 10 per cent. of the purchase price. Completion of the acquisition must take place within 60 business days of the Company agreeing to LASKO 2 LLP's initial terms.

Furthermore, if a third party offer for Scape Shoreditch is accepted by the owner of the remaining interest in Scape Shoreditch and the Company agrees to purchase Scape Shoreditch at the proposed price, LASKO 2 LLP will procure that the owner of the remaining interest sells such interest to the Company at the same price. The Company will also be obliged to put down a deposit equal to 10 per cent. of the purchase price.

The agreement also contains certain restrictions on LASKO 2 LLP's ability to encumber Scape Shoreditch (and LASKO 2 LLP has agreed to procure that the owner of the remaining interest in Scape Shoreditch is subject to the same restrictions) prior to the sale to the Company pursuant to the terms of the agreement.

The Company has limited termination rights for material breach by or insolvency of LASKO 2 LLP. LASKO 2 LLP has limited termination rights for material breach by or insolvency of the Company.

The First Offer Agreement is governed by the laws of England and Wales.

**6.12 The Pipeline Agreement**

The Pipeline Agreement dated 12 April 2013 between Scape Student Living and the Company pursuant to which Scape Student Living has undertaken to use its reasonable endeavours to procure that the owner or owners of the next three student residential property developments (after Scape Shoreditch) to be developed, managed or operated by Scape Student Living or any of its affiliates and branded under the 'Scape Student Living' brand enter into right of first offer agreements in respect of such assets as soon as practicable following completion of their practical completion.

Under the agreement, each party has limited termination rights for material breach and insolvency of the other party.

The Pipeline Agreement is governed by the laws of England and Wales.

**6.13 Placing and offer agreement in relation to an open offer, placing and offer for subscription of the Company (“2014 Issue”)**

The placing and offer agreement dated 30 April 2014 between the Company, the Investment Manager and Cenkos, pursuant to which, subject to certain conditions, Cenkos agreed to use reasonable endeavours to procure subscribers for Ordinary Shares at a price of 105.5 pence per Ordinary Share.

The Company appointed Cenkos as financial adviser and placing agent to the Company in connection with the 2014 Issue.

In consideration for its services, Cenkos was paid a corporate finance fee of up to £200,000 and a commission of up to two per cent. of the gross proceeds raised by the Company pursuant to the 2014 Issue.

The Company and the Investment Manager gave warranties to Cenkos concerning, *inter alia*, the accuracy of the information contained in the Company’s prospectus published in connection with the 2014 Issue. The Company and the Investment Manager also gave indemnities to Cenkos. The warranties and indemnities given by the Company and the Investment Manager were standard for an agreement of this nature.

The placing and offer agreement is governed by the laws of England and Wales.

**6.14 Placing and offer agreement in relation to the initial public offering of the Company**

The placing and offer agreement dated 12 April 2013 between the Company, the Investment Manager and Cenkos, pursuant to which, subject to certain conditions, Cenkos agreed to use reasonable endeavours to procure subscribers for Ordinary Shares at the Company’s launch.

In consideration for its services, Cenkos was paid a corporate finance fee of up to £200,000 and a commission of up to two per cent. of the gross proceeds raised by the Company at its launch.

The Company and the Investment Manager gave warranties to Cenkos concerning, *inter alia*, the accuracy of the information contained in the Company’s prospectus published in connection with its launch. The Company and the Investment Manager also gave indemnities to Cenkos. The warranties and indemnities given by the Company and the Investment Manager were standard for an agreement of this nature.

The placing and offer agreement is governed by the laws of England and Wales.

**6.15 The Administration Agreement**

The Administration Agreement dated 12 April 2013 between the Company and Capita Sinclair Henderson Limited pursuant to which the Administrator agreed to act as administrator to the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £66,000 per annum (exclusive of VAT).

The Administration Agreement contains provisions whereby the Company indemnifies and holds harmless the Administrator, its affiliates and their directors, officers, employees and agents from and against any and all losses incurred by such parties resulting or arising from the Administration Agreement except to the extent that any such claims have resulted from the negligence, fraud, breach of the Administration Agreement or wilful default of any such person. Further, the liability of the Administrator to the Company under the Administration Agreement is limited (with certain exceptions) to £1,000,000.

The Administration Agreement is terminable, *inter alia*, upon six months’ written notice. The Administration Agreement is also terminable immediately upon the occurrence of certain events including the insolvency of the Company or the Administrator or a party committing a material breach of the Administration Agreement (where such breach has not been remedied within sixty days of written notice being given).

The Administration Agreement is governed by the laws of England and Wales.

**6.16 The Secretary Agreement**

The Secretary Agreement dated 10 April 2013 between the Company and Capita pursuant to which the Secretary has been appointed to act as secretary to the Company.

Under the terms of the Secretary Agreement, Capita is entitled to a company secretary fee of £45,000 per annum (exclusive of VAT).

The Secretary Agreement contains provisions whereby the Company indemnifies and holds harmless Capita, its affiliates and their directors, officers, employees and agents from and against any and all losses incurred by such parties resulting or arising from the Secretary Agreement and, in addition, any third party claims relating to or arising from or in connection with the Secretary Agreement or the services contemplated therein except to the extent that any such claims have resulted from the negligence, fraud, breach of the Secretary Agreement or wilful default of any such person. Further, the liability of Capita to the Company under the Secretary Agreement is limited (with certain exceptions) to the lesser of (a) £1,000,000 and (b) an amount equal to ten times the annual fee paid to the Secretary thereunder.

The Secretary Agreement is terminable, *inter alia*, upon six months' written notice. The Secretary Agreement is also terminable immediately upon the occurrence of certain events including the insolvency of the Company or the Secretary or a party committing a material breach of the Secretary Agreement (where such breach has not been remedied within 45 days of written notice being given).

The Secretary Agreement is governed by the laws of England and Wales.

#### **6.17 The Registrar Agreement**

The Registrar Agreement dated 12 April 2013 between the Company and Capita Asset Services pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.65 per Shareholder account per annum, subject to a minimum fee of £5,000 per annum (exclusive of VAT) thereafter. The fee is subject to increase in line with the RPI. The Registrar is also entitled to activity fees under the Registrar Agreement.

The Registrar Agreement may be terminated on six months' notice, such notice not to expire prior to the end of the third year of appointment and is also terminable on three months' notice in the event of breach of the agreement (which has not been remedied within 45 days' written notice of such breach) or insolvency.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liability under the Registrar Agreement is limited (with certain exceptions) to the lesser of (a) £1,000,000 and (b) an amount equal to ten times the annual fee paid to the Registrar thereunder.

The Registrar Agreement is governed by the laws of England and Wales.

#### **6.18 The Depositary Agreement**

The Depositary Agreement dated 22 July 2014 was entered into between the Company, the Investment Manager and Langham Hall UK LLP and subsequently novated from Langham Hall UK LLP to Langham Hall UK Depositary LLP on 23 April 2015 pursuant to which the Company appointed the Depositary to act as the sole depositary of the Company and be responsible for: (i) ensuring the Company's cash flows are properly monitored; (ii) the safe keeping of Custody Assets and the Non-custody Assets of the Company entrusted to it (which it shall hold on trust for the Company); and (iii) the oversight and supervision of the Investment Manager and the Company.

Under the terms of the Depositary Agreement, the Depositary is entitled to a fee of £44,000 per annum (exclusive of VAT). The fee will be increased in line with RPI on 1 January in each year. The Depositary is entitled to reimbursement of all expenses (exclusive of VAT) properly incurred in connection with its duties.

The Depositary Agreement is terminable by either the Company and/or the Investment Manager or the Depositary giving to the other not less than six months' written notice. The Depositary Agreement may be terminated with immediate effect by either the Company, the Investment Manager or the Depositary on the occurrence of certain events, including *inter alia*: (i) if the other party has committed a material breach of the terms of the Depositary Agreement and where such breach is capable of being remedied, shall not have been remedied such material breach within 30 days after service in writing requiring the same to be remedied; or (ii) in the case of insolvency of either the Depositary the Investment Manager or the Company.

The Company has given certain market standard indemnities in favour of the Depositary in respect of the Depositary's potential losses in carrying on its responsibilities under the Depositary Agreement.

The Depositary Agreement is governed by the laws of England and Wales.

#### **6.19 The Receiving Agent Agreement**

The Receiving Agent Agreement dated 29 May 2015 between the Company and Capita Asset Services pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Open Offer and Offer for Subscription.

Under the terms of the receiving agent agreement, the Receiving Agent is entitled to a fee at an hourly rate, plus a processing fee per application. The Receiving Agent is also entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the agreement. The Receiving Agent's liability under the Receiving Agent Agreement is subject to a cap

The Receiving Agent Agreement is governed by the laws of England and Wales.

### **7 RELATED PARTY TRANSACTIONS**

Save for the entry into of the Investment Management Agreement, the Company has not entered into any related party transaction at any time during the period from incorporation to the Latest Practicable Date.

### **8 LITIGATION**

There were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

### **9 WORKING CAPITAL**

The Company is of the opinion that, after taking into account existing available facilities to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

### **10 NO SIGNIFICANT CHANGE**

Save to the extent disclosed below, as at the date of this document, there has been no significant change in the financial or trading position of the Company or the Group subsequent to the period covered by the historical financial information.

The independent Valuer completed a valuation of the Company's property portfolio as at 31 March 2015. Pursuant to such valuation, the independent Valuer valued the Company's property portfolio at £169.9 million compared to the valuation of £160.7 million as at 31 December 2014.

The Company has declared and paid on 5 March 2015 a second interim dividend of 1.40 pence per Ordinary Share in respect of the period ended 31 December 2014. The Company has also declared a third interim dividend of 1.40 pence per Ordinary Share in respect of the period ended 31 March 2015. The third interim dividend will be paid on 5 June 2015.

### **11 EMPLOYEES**

As at the Latest Practicable Date, the Group employed 46 persons.

### **12 GENERAL**

12.1 No Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company.

12.2 No application is being made for the C Shares to be dealt with in or on any stock exchange or investment exchange other than the London Stock Exchange (Specialist Fund Market) (being the exchange on which the Ordinary Shares are currently traded).



- 12.3 The Issue Price of 100 pence per C Share comprises £0.01 nominal value and 99 pence premium.
- 12.4 Cenkos is acting as financial adviser and placing agent to the Issue. Cenkos has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 12.5 Ernst & Young LLP of 1 More London Place, London SE1 2AF are the auditors and reporting accountants of the Group and have been the only auditors of the Company since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants of England and Wales. Ernst & Young LLP holds no Ordinary Shares in the Company and has no right to subscribe (or to nominate any person to subscribe) for C Shares.
- 12.6 The Valuer has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears and has authorised the contents of the report for the purposes of Prospectus Rule 5.5.3R(2)(c). The Valuer accepts responsibility for the Valuation. To the best of the knowledge and belief of the Valuer (who has taken all reasonable care to ensure that such is the case), the information contained in the Valuation Report is in accordance with the facts and does not omit anything likely to affect the import of such information. The Valuer was incorporated in England and Wales on 3 November 2003 under the Limited Liability Partnership Act 2000 (registered number OC305934). The Valuer holds no Ordinary Shares in the Company and has no right to subscribe (or to nominate any person to subscribe) for C Shares.
- 12.7 The Company confirms that there has been no material change in the valuation of the Company's properties since the date of the Valuation Report.
- 12.8 The Company's current properties are, and future properties will be, held via subsidiaries of the Company. No custodian, trustee or other fiduciary is appointed in respect of the Company's properties.
- 12.9 Certain graphs in Part 2 of this document are sourced from the UCAS report titled 'UCAS End of Cycle Report 2014'.
- 12.10 The Investment Manager has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 12.11 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **13 AVAILABILITY OF THIS DOCUMENT**

Copies of this document are available, for inspection only from the date of this document from the National Storage Mechanism ([www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm)) and may be obtained from the date of this document until Admission from the registered office of the Company.

### **14 DOCUMENTS AVAILABLE FOR INSPECTION**

- 14.1 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until Admission:
- (a) the memorandum of association of the Company and the Articles;
  - (b) the Valuation Report;
  - (c) the consolidated financial statements of the Group for the period from incorporation to 30 June 2014;
  - (d) the half-yearly report and the consolidated financial statements for the period from 1 July 2014 to 31 December 2014; and
  - (e) this document.

Dated: 29 May 2015



## PART 10

### DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

<b>Administration Agreement</b>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 6.15 of Part 9 of this document
<b>Administrator</b>	Capita Sinclair Henderson Limited, in its capacity as the Company's administrator
<b>Admission</b>	admission of the C Shares to be issued pursuant to the Issue to trading on the London Stock Exchange (Specialist Fund Market)
<b>AIF</b>	an alternative investment fund
<b>AIFM</b>	an alternative investment fund manager
<b>AIFM Directive or AIFMD</b>	Directive 2011/61/EU on Alternative Investment Fund Managers
<b>Amendment Agreement</b>	the amendment and restatement agreement relating to the Facilities Agreement entered into between GCP Scape East Limited, the Company, Ternion (Danehurst) Limited and Barclays Bank PLC (in its capacity as lender, agent, security trustee and hedging counterparty)
<b>Application Form</b>	the application form attached to this document for use in connection with the Offer for Subscription
<b>Articles</b>	the articles of association of the Company
<b>Asset and Facilities Managers</b>	Scape Student Living and CRM
<b>Asset and Facilities Management Agreements</b>	the Scape East Asset and Facilities Management Agreement, the CRM Asset and Facilities Management Agreement and the Scape Greenwich Asset and Facilities Management Agreement and <b>Asset and Facilities Management Agreement</b> shall be construed accordingly
<b>Basic Entitlements</b>	the entitlements of Qualifying Shareholders to apply for C Shares pursuant to the Open Offer as set out in Part 11 of this document
<b>Business Day</b>	any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in the City of London
<b>Calculation Date</b>	has the meaning given to it in Part 5 of this document
<b>Capita Asset Services</b>	a trading name of Capita Registrars Limited
<b>capital gains tax or CGT</b>	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
<b>Cenkos</b>	Cenkos Securities plc
<b>certificated or in certificated form</b>	not in uncertificated form
<b>City Code</b>	the City Code on Takeovers and Mergers
<b>COB Rules</b>	the Conduct of Business Rules contained in the FCA Handbook
<b>Companies Act or Act</b>	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
<b>Company</b>	GCP Student Living plc
<b>Continuation Resolution</b>	has the meaning given to it in paragraph 16 of Part 1 of this document
<b>Conversion</b>	the conversion of C Shares into Ordinary Shares, in accordance with the provisions of the Articles
<b>Conversion Date</b>	has the meaning given to it in Part 5 of this document

<b>Conversion Net Asset Value</b>	the value, as at any date, of the assets of the Company less its total liabilities (including the impact of interest rate hedging contracts and the mark to market valuation of the Group's debt) valued in accordance with the accounting policies of the Company from time to time or (as the context requires) attributed to the Ordinary Shares in issue (other than Ordinary Shares held in treasury) or to the C Shares in issue, as the case may be
<b>Conversion Net Asset Value per C Share</b>	at any time the Conversion Net Asset Value attributable to the C Shares divided by the number of C Shares in issue
<b>Conversion Net Asset Value per Ordinary Share</b>	at any time the Conversion Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury)
<b>Conversion Ratio</b>	has the meaning given to it in Part 5 of this document
<b>CREST Manual</b>	the compendium of documents entitled "CREST Manual" issued by Euroclear from time-to-time
<b>CREST</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>CRM</b>	Corporate Residential Management Limited
<b>CRM Asset and Facilities Management Agreement</b>	the amended and restated asset and facilities management agreement between Ternion (Danhurst) Limited and CRM dated 3 December 2013
<b>CRM Students</b>	a trading name of Corporate Residential Management Limited
<b>C Shareholder</b>	a holder of C Shares
<b>C Shares</b>	means the convertible redeemable preference shares of one pence each in the capital of the Company having the rights and being subject to the restrictions set out in the Articles
<b>CTA 2010</b>	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
<b>Custody Assets</b>	(i) all financial instruments which are not capable of being physically delivered to the Depositary but that can be registered or held in an account directly or indirectly in the name of the Depositary and are transferable securities including those which embed derivatives, money market instruments or units of collective investment undertakings; and (ii) all financial instruments belonging to the Company or the Investment Manager acting on its behalf, which are capable of being physically delivered to the Depositary
<b>Debt Facilities</b>	the facilities made available under the Facilities Agreement
<b>Depositary</b>	Langham Hall UK Depositary LLP, in its capacity as the Company's depositary
<b>Depositary Agreement</b>	the depositary agreement between the Company, the Investment Manager and the Depositary, a summary of which is set out in paragraph 6.18 of Part 9 of this document
<b>Directors, Board of Directors or Board</b>	the board of directors of the Company
<b>direct let agreements</b>	direct leases and/or licences for a dwelling with students
<b>Disclosure and Transparency Rules</b>	the disclosure and transparency rules made by the Financial Conduct Authority under Section 73A of FSMA
<b>Distribution</b>	any dividend or other distribution on or in respect of the shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made

<b>Distribution Transfer</b>	a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a Distribution and no Person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder
<b>Distribution Transfer Certificate</b>	a certificate in such form as the Directors may specify from time to time to the effect that the relevant person has made a Distribution Transfer, which certificate may be required by the Directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution
<b>ERISA</b>	U.S. Employee Retirement Income Security Act of 1976, as amended
<b>EU</b>	the European Union
<b>Euro</b>	the lawful currency of the EU
<b>Euroclear</b>	Euroclear UK & Ireland Limited, being the operator of CREST
<b>Excess Application Facility</b>	the arrangement pursuant to which existing Shareholders may apply for additional C Shares in excess of their Basic Entitlement in accordance with the terms and conditions of the Open Offer
<b>Excess Charge</b>	in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the Directors consider may become payable by the Company under Section 551 of the CTA 2010 and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person
<b>Excess CREST Open Offer Entitlement</b>	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his Basic Entitlement) pursuant to the Open Offer to apply for C Shares pursuant to the Excess Application Facility, which is conditional on him taking up his Basic Entitlement in full
<b>Excluded Shareholders</b>	subject to certain exceptions, Shareholders who have a registered address in, who are incorporated in, registered in or otherwise resident or located in any Excluded Territory
<b>Excluded Territory</b>	Canada, Japan, Australia, the Republic of South Africa and the US and any jurisdiction where the extension or availability of the Issue (and any other transaction contemplated thereby) would breach any applicable laws or regulations, and <b>Excluded Territories</b> shall mean any of them
<b>Facilities Agreement</b>	the facilities agreement originally dated 7 September 2010, as amended by amending agreements dated 15 August 2011 and 23 January 2012 and as amended and restated by amendment and restatement agreements dated 20 July 2012, 9 April 2013, 3 December 2013 and by the Amendment Agreement a summary of which is set out at paragraph 6.2 of Part 9 of this document
<b>FCA</b>	the Financial Conduct Authority
<b>First Offer Agreement</b>	the first offer agreement between Old Street Acquisitions Limited, Leopard Guernsey Old Street Limited, Leopard Guernsey Old Street GP Limited in its capacity as general partner of Leopard Guernsey Old Street L.P., LASKO 2 LLP and the Company, a summary of which is set out in paragraph 6.11 of Part 9 of this document
<b>Force Majeure Circumstance</b>	has the meaning given to it in Part 5 of this document

<b>Forward Purchase Agreements</b>	The Pad 2 Forward Purchase Agreement and the Surrey Forward Purchase Agreement, summaries of which are set out in paragraphs 6.4 and 6.5 of Part 9 respectively of this document
<b>FRI</b>	full repairing and insuring
<b>FSL</b>	the Financial Services (Jersey) Law 1998, as amended
<b>FSMA</b>	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
<b>GCP Equity Facility</b>	the equity facility agreement dated 29 May 2015 between the Company and the Investment Manager, a summary of which is set out in paragraph 6.6 of Part 9 of this document
<b>general meeting</b>	a general meeting of Shareholders
<b>Group</b>	the Company and the other companies in its group for the purposes of Section 606 of CTA 2010
<b>Gross Assets</b>	the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time-to-time
<b>Gross Proceeds</b>	the gross proceeds of the Issue
<b>hard nominations agreement</b>	a long-term marketing arrangement with an HEI to place their students in private accommodation, typically of between 2 and 30 years in duration
<b>HEI</b>	higher education institute
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>IFRS</b>	international financial reporting standards
<b>Initial Asset Partners</b>	Stephen Ellis, Nick Parker, Tom Ward, Rollo Wright, Ronan Kierans, Adam Brockley, Paul Williams, Edward Andrews, Robert Austin, Peter Copley, Nigel Taeë and Chris Taeë, being the ultimate beneficial owners of Mile End Investment Limited Partnership
<b>interest in the Company</b>	includes, without limitation, an interest in a Distribution made or to be made by the Company
<b>Interest Rate Swap Agreement</b>	the interest rate swap agreement, documented by an ISDA agreement, schedule and confirmation, dated 30 May 2014 entered into between GCP Scape East Limited and Barclays Bank PLC (as hedging counterparty), a summary of which is set out in paragraph 6.3 of Part 9 of this document
<b>INTO</b>	INTO University Partnership Limited
<b>Investment Management Agreement</b>	the investment management agreement dated 12 April 2013 and amended and restated on 1 April 2014, 26 January 2015 and on 29 May 2015 between the Company and the Investment Manager, a summary of which is set out in paragraph 6.10 of Part 9 of this document
<b>Investment Manager</b>	Gravis Capital Partners LLP
<b>IPO Admission</b>	the admission of 70,100,001 Ordinary Shares issued to trading on the London Stock Exchange (Specialist Fund Market) which took place on 20 May 2013
<b>ISA</b>	UK individual savings account
<b>ISDA</b>	International Swaps and Derivatives Association, Inc. the global trade association for over-the-counter derivatives and maintainer of the industry standard ISDA documentation
<b>ISIN</b>	International Securities Identification Number
<b>Issue</b>	the Open Offer, Placing and Offer for Subscription

<b>Issue Price</b>	100 pence per C Share
<b>Latest Practicable Date</b>	27 May 2015 (the latest practicable date prior to the publication of this document)
<b>let</b>	the grant of a lease or licence to occupy
<b>LIBOR</b>	the London Interbank Offered Rate
<b>Listing Rules</b>	the listing rules made by the UK Listing Authority under section 73A of FSMA
<b>London Stock Exchange or LSE</b>	London Stock Exchange plc
<b>member account ID</b>	the identification code or number attached to any member account in CREST
<b>Minimum Net Proceeds</b>	the minimum net proceeds of the Issue, being £34.75 million
<b>Model Code</b>	the Model Code for directors' dealings contained in the Listing Rules
<b>Net Asset Value</b>	the value, as at any date, of the assets of the Company less its total liabilities (excluding the impact of interest rate hedging contracts and the mark to market valuation of the Group's debt) valued in accordance with the accounting policies adopted by the Company from time to time or (as the context requires) attributed to the Ordinary Shares in issue (other than Ordinary Shares held in treasury) or to the C Shares in issue, as the case may be
<b>Net Asset Value per C Share</b>	at any time the Net Asset Value attributable to the C Shares divided by the number of C Shares in issue
<b>Net Asset Value per Ordinary Share</b>	at any time, the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury)
<b>Net Asset Value per Share</b>	at any time, as the context requires, the Net Asset Value per Ordinary Share and/or Net Asset Value per C Share
<b>net initial yield</b>	the annual rent from a property divided by the combined total of its acquisition price and expenses (which include, among other factors, legal fees, surveys, debt breakage costs and any applicable SDLT)
<b>Net Proceeds</b>	the aggregate net cash proceeds of the issue of C Shares pursuant to the Issue (after deduction of all expenses and commissions relating to the Issue and payable by the Company)
<b>Non-Custody Assets</b>	assets which, in accordance with applicable national law, are only directly registered in the name of the Company with the issuer itself as agent, such as a registrar or a transfer agent
<b>Non-PID Dividend</b>	a distribution by the Company which is not a PID
<b>OECD</b>	the Organisation for Economic Co-operation and Development
<b>Offer for Subscription</b>	the offer for subscription of C Shares at the Issue Price on the terms set out in this document
<b>Open Offer</b>	the conditional offer to Qualifying Shareholders, constituting an invitation to apply for C Shares, on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Open Offer Application Form
<b>Open Offer Application Form</b>	the personalised application form on which Qualifying Non-CREST Shareholders may apply for C Shares under the Open Offer
<b>Ordinary Shareholder</b>	a holder of Ordinary Shares

<b>Ordinary Shares</b>	ordinary shares of one pence each in the capital of the Company having the rights and being subject to the restrictions set out in the Articles
<b>Overseas Persons</b>	a potential investor who is not resident in, or who is not a citizen of, the UK
<b>Overseas Shareholders</b>	a person who is not resident in, or who is outside, or who has a registered address outside, the United Kingdom
<b>PID or Property Income Distribution</b>	the distribution by the Company of the profits of the Company's Property Rental Business by way of a dividend in cash or the issue of share capital in lieu of a cash dividend in accordance with Section 530 of the CTA 2010
<b>Pipeline Agreement</b>	the agreement between the Company and Scape Student Living, a summary of which is set out in paragraph 6.12 of Part 9 of this document
<b>Placing</b>	the conditional placing of C Shares by Cenkos at the Issue Price as described in this document
<b>Placing and Offer Agreement</b>	the placing and offer agreement between the Company, the Investment Manager and Cenkos, a summary of which is set out in paragraph 6.1 of Part 9 of this document
<b>Property Rental Business</b>	as defined in section 519 of CTA 2010
<b>Prospectus Directive</b>	the EU Prospectus Directive 2003/71/EC
<b>Prospectus Rules</b>	the prospectus rules made by the Financial Conduct Authority under Section 73A of FSMA
<b>Qualifying CREST Shareholder</b>	an existing Qualifying Shareholder holding Ordinary Shares in uncertificated form and <b>Qualifying CREST Shareholders</b> shall be construed accordingly
<b>Qualifying Non-CREST Shareholder</b>	an existing Qualifying Shareholder holding Ordinary Shares in certificated form and <b>Qualifying Non-CREST Shareholders</b> shall be construed accordingly
<b>Qualifying Shareholders</b>	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion of Excluded Shareholders
<b>Receiving Agent</b>	Capita Asset Services, in its capacity as the Company's receiving agent
<b>Receiving Agent Agreement</b>	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 6.19 of Part 9 of this document
<b>Record Date</b>	5.00 p.m. on 28 May 2015
<b>Register</b>	the register of members of the Company
<b>Registrar</b>	Capita Asset Services in its capacity as the Company's registrar
<b>Registrar Agreement</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 6.17 of Part 9 of this document
<b>Regulation S</b>	Regulation S promulgated under the U.S. Securities Act
<b>Regulatory Information Service</b>	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
<b>REIT or Real Estate Investment Trust</b>	a Real Estate Investment Trust as defined in Part 12 of the CTA 2010
<b>Relevant Member State</b>	a member state of the European Economic Area which has implemented the Prospectus Directive



<b>Relevant Registered Shareholder</b>	a Shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
<b>Reporting Obligation</b>	any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Company's status, or the Group's status as a REIT
<b>Residual Business</b>	that part of the business of companies within a REIT that is not part of the Property Rental Business
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>RPI</b>	Retail Price Index, an inflationary indicator that measures the change in the cost of a fixed basket of retail goods as calculated on a monthly basis by the Office of National Statistics
<b>Scape East</b>	the student residential property comprising 588 dwellings, teaching facilities and restaurants at 438 – 490 Mile End Road, London E1 4PE known as "Scape East"
<b>Scape East Asset and Facilities Management Agreement</b>	the amended and restated asset and facilities management agreement between GCP Scape East Limited, the Investment Manager and Scape Student Living dated 3 April 2014
<b>Scape Greenwich</b>	the student residential property comprising 280 dwellings, at Bear Point, 2 East Parkside, Greenwich, London SE10 0FQ known as "Scape Greenwich" or, as the context requires, the Scape Greenwich Group
<b>Scape Greenwich Acquisition Agreement</b>	the acquisition agreement between the Scape Greenwich Vendor and others and the Company, a summary of which is set out in paragraph 6.7 of Part 9 of this document
<b>Scape Greenwich Asset and Facilities Management Agreement</b>	the asset and facilities management agreement between Leopard Guernsey Greenwich 2 Limited, the Investment Manager and Scape Student Living dated 29 May 2014
<b>Scape Greenwich Group</b>	Leopard Guernsey Greenwich JV Limited, Leopard Guernsey Greenwich Limited and Leopard Guernsey Greenwich 2 Limited (which owns Scape Greenwich)
<b>Scape Greenwich Vendor</b>	Leopard Guernsey Greenwich L.P. acting by its general partner Leopard Guernsey Greenwich GP Limited
<b>Scape Shoreditch</b>	the student residential property more particularly described at paragraph 9 of Part 1 of this document
<b>Scape Student Living</b>	Scape Student Living Limited
<b>Scape Surrey</b>	the student residential property known as Scape Surrey, Walnut Tree Close, Guildford GU1 4UD
<b>SDLT</b>	Stamp Duty Land Tax
<b>SDRT</b>	Stamp Duty Reserve Tax, a transaction tax on certain electronic paperless transactions in the shares of UK companies
<b>Secretary</b>	Capita Company Secretarial Services Limited, in its capacity as the Company's secretary
<b>Secretary Agreement</b>	the secretary agreement between the Company and the Secretary, a summary of which is set out in paragraph 6.16 of Part 9 of this document
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	the Ordinary Shares and/or the C Shares, as the context requires
<b>SIPP</b>	a self-invested personal pension as defined in Regulation 3 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001

<b>soft nominations agreement</b>	a <i>pari passu</i> marketing arrangement with an HEI to place their students in private accommodation
<b>Specialist Fund Market</b>	the Specialist Fund Market of the London Stock Exchange
<b>SSAS</b>	a small self-administered scheme as defined in Regulation 2 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991
<b>Sterling or £</b>	the lawful currency of the United Kingdom
<b>Subsidiaries</b>	Ternion (Danehurst) Limited, GCP Scape East Limited, GCP Operations Limited, Leopard Guernsey Greenwich JV Limited, Leopard Guernsey Greenwich Limited (wholly owned by Leopard Guernsey Greenwich JV Limited), Leopard Guernsey Greenwich 2 Limited (wholly owned by Leopard Guernsey Greenwich JV Limited), GCP RHUL Limited (dormant) and GCP SG Limited (dormant)
<b>Substantial Shareholder</b>	any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause the Company to be liable to pay tax under Section 551 of the CTA 2010 (as such legislation may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such person including, at the date of adoption of the Articles, any holder of excessive rights as defined in Section 553 of the CTA 2010
<b>Substantial Shareholding</b>	the Shares in relation to which or by virtue of which (in whole or in part) a person is a Substantial Shareholder
<b>Surrey Forward Purchase Agreement</b>	the agreement between Guildford SPV Limited, GCP SG Limited and the Company, a summary of which is set out in paragraph 6.5 of Part 9 of this document
<b>Takeover Code</b>	the UK City Code on Takeovers and Mergers
<b>Target Assets</b>	comprising the three properties: (i) Scape Shoreditch; (ii) Scape Surrey; and (iii) The Pad 2
<b>The Pad</b>	the student residential property at 71 Egham Hill, Egham known as "The Pad"
<b>The Pad 2</b>	the student residential property at 57 and 59 Egham Hill, Egham known as "The Pad 2"
<b>The Pad Acquisition Agreement</b>	the agreement between the Pad Sellers and the Company, a summary of which is set out in paragraph 6.8 of Part 9 of this document
<b>The Pad 2 Forward Purchase Agreement</b>	the agreement between Danehurst The Pad 2 Limited, GCP RHUL Limited and the Company, a summary of which is set out in paragraph 6.4 of Part 9 of this document
<b>UCAS</b>	the Universities and Colleges Admissions Service
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
<b>UK Listing Authority or UKLA</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>UK Money Laundering Regulations</b>	the UK Money Laundering Regulations 2007, as amended
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States of America, United States, US or U.S.</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

<b>U.S. Code</b>	U.S. Internal Revenue Code, as amended
<b>U.S. Investment Company Act</b>	U.S. Investment Company Act of 1940, as amended
<b>U.S. Person</b>	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933, as amended
<b>U.S.\$ or \$</b>	the lawful currency of the United States of America
<b>Valuation Report</b>	the valuation report prepared by the Valuer in relation to Scape East, The Pad and Scape Greenwich, as set out at Part 7 of this document
<b>Valuer</b>	Knight Frank LLP, in its capacity as the Company's valuer
<b>VAT</b>	value added tax

## PART 11

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

The Company may issue up to 54,955,214 C Shares at the Issue Price under the Open Offer.

The Open Offer is an opportunity for Qualifying Shareholders to apply for C Shares *pro rata* to their holdings as at the Record Date at the Issue Price on the basis of 1 C Share for every 2 Ordinary Shares held at the Record Date in accordance with the terms of the Open Offer.

The Record Date for entitlements, under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 5.00 p.m. on 28 May 2015. Open Offer Application Forms for Qualifying Non-CREST Shareholders accompany this document.

The latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer and settlement of relevant instructions (as appropriate) is expected to be 11.00 a.m. on 23 June 2015 with Admission and commencement of dealings in C Shares expected to take place at 8.00 a.m. on 30 June 2015.

This document and, for Qualifying Non-CREST Shareholders only, the Open Offer Application Forms contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraphs 4.1 and 4.2 of this Part 11 which gives details of the procedure for application and payment for the C Shares under the Open Offer.

The Excess Application Facility is an opportunity for existing Shareholders who have applied for all of their Basic Entitlements to apply for additional C Shares. The Excess Application Facility will be comprised of C Shares that are not taken up by existing Shareholders under the Open Offer pursuant to their Basic Entitlements and aggregate fractional entitlements under the Open Offer adjusted to include/remove any C Shares from the Excess Application Facility that the Directors determine, in their absolute discretion, should be reallocated from/to the Placing and Offer for Subscription (as appropriate).

There is no limit on the amount of C Shares that can be applied for by existing Shareholders under the Excess Application Facility, save that the maximum amount of C Shares to be allotted under the Excess Application Facility shall be the maximum size of the Issue less the number of C Shares issued under the Open Offer pursuant to existing Shareholders' Basic Entitlements and any C Shares that the Directors determined to issue under the Placing and Offer for Subscription. Allotments under the Excess Application Facility shall be allocated in such manner as the Directors may determine in their absolute discretion, and no assurance can be given that applications by existing Shareholders will be met in part or at all. In the event of oversubscription under the Excess Application Facility the Directors currently intend to limit application by existing Shareholders *pro rata* to their aggregate holdings of Ordinary Shares.

Application will be made to the London Stock Exchange for the C Shares to be admitted to trading on the London Stock Exchange (Specialist Fund Market).

If you sell or have sold or otherwise transferred your Ordinary Shares in certificated form before 1 June 2015 (being the ex-entitlement date for the Open Offer) please send this document, together with any Open Offer Application Form, if received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that this document and the Open Offer Application Form should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so may constitute a violation of local securities laws or regulations, including, but not limited to, the Excluded Territories. If you sell or have sold or otherwise transferred all or some of your Ordinary Shares held in uncertificated form before 1 June 2015 (being the ex-entitlement date for the Open Offer), a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Basic Entitlements and Excess CREST Open Offer Entitlements to the purchaser or transferee. If you sell or have sold or have otherwise transferred only part of your holding of Ordinary Shares held in certificated form before 1 June 2015 (being the ex-entitlement date for the Open Offer), you should refer to the instruction regarding split applications in this Part 11 of this document.

## 2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Open Offer Application Form), under the Open Offer, an aggregate of 54,955,214 C Shares will be made available to Qualifying Shareholders at the Issue Price *pro rata* to their holdings of Ordinary Shares, on the terms and subject to the conditions of the Open Offer on the basis of:

### 1 C Share for every 2 Ordinary Shares

held and registered in their name at the Record Date.

**Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

If you are a Qualifying Non-CREST Shareholder, the Open Offer Application Form shows the number of C Shares available to you under your Basic Entitlement (in Box 6). Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete Boxes 2, 2A, 3 and 4 on the Open Offer Application Form. Excess applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by existing Shareholders will be met in full or in part or at all.

Qualifying CREST Shareholders will have Basic Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part 11 of this document for information on the relevant CREST procedures. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures. The Basic Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8.00 a.m. on 1 June 2015.

**Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Open Offer Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, and enabled for settlement, neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. C Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any C Shares which are not applied for in respect of the Open Offer may be allotted to Qualifying Shareholders to meet valid applications under the Excess Application Facility or may be issued to the subscribers under the Placing and/or the Offer for Subscription, with the proceeds retained for the benefit of the Company.**

The balance of the C Shares (being 75,044,786 C Shares), together with any C Shares not taken up by Qualifying Shareholders under the Open Offer, will be made available, at the discretion of the Directors, under the Excess Application Facility or Placing and Offer for Subscription.

Existing Shareholders may also subscribe for C Shares in excess of their Basic Entitlement through the Placing and Offer for Subscription, as appropriate.

## 3. Conditions and further terms of the Open Offer

The Open Offer is conditional upon, amongst other things, Admission becoming effective by not later than 8.00 a.m. on 30 June 2015 or such later time and/or date as the Company and/or Cenkos may agree (being not later than 8.00 a.m. on 31 July 2015), the Placing and Offer Agreement becoming unconditional in all respects (other than as to Admission) and the Minimum Net Proceeds being raised. A summary of the Placing and Offer Agreement is set out in paragraph 6.1 of Part 9 of this document.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without interest, as soon as practicable thereafter.

No temporary documents of title will be issued. Definitive certificates in respect of C Shares are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Ordinary Shares in certificated form in the week commencing 6 July 2015. In respect of those Qualifying Shareholders who have validly elected to hold their C Shares in uncertificated form, the C Shares are expected to be credited to their stock accounts maintained in CREST on 1 June 2015.

Application will be made for the C Shares to be admitted to trading on the London Stock Exchange (Specialist Fund Market). Admission is expected to occur on 30 June 2015, when dealings in the C Shares are expected to begin.

All monies received by the Receiving Agent in respect of C Shares will be credited to a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the UKLA and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

#### **4. Procedure for application and payment in respect of the Open Offer**

The action to be taken by you in respect of the Open Offer depends on whether you hold your Ordinary Shares in certificated or uncertificated form.

Qualifying Non-CREST Shareholders will receive the Open Offer Application Form enclosed with this document. The Open Offer Application Form shows Qualifying Non-CREST Shareholders the number of C Shares available under their Basic Entitlement that can be allotted in certificated form. Qualifying CREST Shareholders will be allotted C Shares in CREST. Qualifying Shareholders who hold part of their Ordinary Shares in uncertificated form will be allotted C Shares in uncertificated form to the extent that their entitlement to C Shares arises as a result of holding Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Basic Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2.7 of this Part 11 of this document.

CREST sponsored members should refer to their CREST sponsor as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply for C Shares in respect of their Basic Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Qualifying Shareholders who do not wish to apply for the C Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form, or send a USE message through CREST.**

##### **4.1 Qualifying Non-CREST Shareholders**

###### **4.1.1 General**

Subject as provided in paragraph 6 of this Part 11 of this document in relation to certain Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Open Offer Application Form. The Open Offer Application Form shows the number of C Shares available to them under their Basic Entitlement in Box 6. Entitlements to C Shares are rounded down to the nearest whole number and fractional Basic Entitlements have therefore also been rounded down. Box 6A shows how much they would need to pay if they wish to take up their Basic Entitlement in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Open Offer Application Form by virtue of a *bona fide* market claim. Qualifying Non-CREST Shareholders may also apply for additional C Shares under the Excess Application Facility by completing Boxes 2, 2A, 3 and 4 on the Open Offer Application Form.

The instructions and other terms set out in the Open Offer Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.



#### 4.1.2 *Bona fide market claims*

Applications to acquire C Shares under the Open Offer may only be made on an Open Offer Application Form by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Ordinary Shares through the market prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer (being 8.00 a.m. on 1 June 2015). Open Offer Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 19 June 2015. The Open Offer Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire C Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on the Open Offer Application Form and immediately forward this Open Offer Application Form together with any accompanying documents at once to the purchaser or transferee or stockbroker or bank or other agent through whom the sale was effected, for delivery to the purchaser or transferee (save that this Open Offer Application Form should not be submitted or forwarded in or into the United States or any of the Excluded Territories or any jurisdiction where it would or may be unlawful to do so, unless pursuant to an applicable exemption). If you have sold or transferred only some of the Ordinary Shares, you should complete Box 8 and return the Open Offer Application Form by post or by hand (during normal business hours only), at once to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, accompanied by a letter stating the number of split Open Offer Application Forms required and the total number of C Shares to be included in each split Open Offer Application Form. The latest time and date for splitting is 3.00 p.m. on 19 June 2015. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2.2 below.

#### 4.1.3 *Excess Application Facility*

Existing Shareholders who have taken up their Basic Entitlement may apply to acquire additional C Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply for additional C Shares, may do so by completing Boxes 2, 2A, 3 and 4 of the Open Offer Application Form. The maximum number of C Shares to be issued under the Excess Application Facility (the “**Maximum Excess Application Number**”) shall be limited to: (a) the maximum size of the Issue; less (b) C Shares issued under the Open Offer pursuant to Existing Shareholders’ Basic Entitlements and any C Shares that the Directors determine to issue under the Placing and Offer for Subscription. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by existing Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

#### 4.1.4 Qualifying Non-CREST Shareholders wishing to apply to acquire C Shares to which they are entitled under the Open Offer should complete the Open Offer Application Form in accordance with the instructions printed on it.

Completed Open Offer Application Forms should be posted in the accompanying pre-paid envelope or returned by post or by hand (during normal business hours only) to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 23 June 2015, after which time Open Offer Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will

be irrevocable and receipt thereof will not be acknowledged. If an Open Offer Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Capita Registrars Limited re: GCP Student Living plc – Open Offer a/c" and crossed "a/c payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or bankers drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Issue are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Issue does not become unconditional, no C Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Issue.

The Company may in its sole discretion, but shall not be obliged to, treat an Open Offer Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (a) Open Offer Application Forms received after 11.00 a.m. on 23 June 2015; or
- (b) applications in respect of which remittances are received before 11.00 a.m. on 23 June 2015 from authorised persons (as defined in FSMA) specifying the C Shares applied for and undertaking to lodge the Open Offer Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If C Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, Cenkos shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's C Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. Neither

Cenkos nor the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

#### 4.1.5 Effect of application

By completing and delivering an Open Offer Application Form the applicant:

- (a) represents and warrants to the Company, the Receiving Agent and Cenkos that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and/or the Excess Application Facility and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for C Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees with the Company, the Receiving Agent and Cenkos that all applications under the Open Offer and/or the Excess Application Facility and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England;
- (c) confirms to the Company, the Receiving Agent and Cenkos that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company and the C Shares contained in this document (including matters incorporated by reference);
- (d) represents and warrants to the Company, the Receiving Agent and Cenkos that he is the Qualifying Shareholder originally entitled to his Basic Entitlement or that he received such Basic Entitlement by virtue of a *bona fide* market claim;
- (e) represents and warrants to the Company, the Receiving Agent and Cenkos that if he has received some or all of his Basic Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Basic Entitlement by virtue of a *bona fide* market claim;
- (f) requests that the C Shares, to which he will become entitled, be issued to him on the terms set out in this document and the Open Offer Application Form subject to the Articles;
- (g) represents and warrants to the Company, the Receiving Agent and Cenkos that he is not, nor is he applying on behalf of, any person who is in, or is a citizen or resident, or is a corporation, partnership or other entity created or organised in or under any laws, of the United States or any other Excluded Territory and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the C Shares which are the subject of his application in or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or other any Excluded Territory (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor person(s) otherwise prevented by legal or regulatory restrictions from applying for C Shares under the Open Offer or the Excess Application Facility;
- (h) represents and warrants to the Company and Cenkos that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;

- (i) confirms that in making the application he is not relying and has not relied on Cenkos or any person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document or his investment decision; and
- (j) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the C Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Cenkos.

#### 4.1.6 *Incorrect or incomplete applications*

If an Open Offer Application Form includes a payment for an incorrect sum, the Company reserves the right:

- (a) to reject the application in full and refund the payment to the applicant (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of C Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the applicant (without interest); and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the C Shares referred to in the Open Offer Application Form, refunding any unutilised sum to the applicant (without interest).

All enquiries in connection with the procedure for application and completion of the Open Offer Application Form should be addressed to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry 34 Beckenham Road, Beckenham, Kent, BR3 4TU or you can contact the Receiving Agent on 0371 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the Receiving Agent cannot provide advice on the merits of the Open Offer or as to whether applicants should take up their Basic Entitlements or apply for additional C Shares under the Excess Application Facility or give any financial, legal or tax advice.

Qualifying Non-CREST Shareholders who do not wish to take up or apply for the C Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form.

A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the C Shares to which he is entitled in uncertificated form in CREST (please see paragraph 4.2.1 below for more information).

## 4.2 *Qualifying CREST Shareholders*

### 4.2.1 *General*

Subject as provided in paragraph 6 of this Part 11 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlement equal to the maximum number of C Shares for which he is entitled to apply to acquire under the Open Offer. Entitlements to C Shares will be rounded down to the nearest whole number and any Basic Entitlements have therefore also been rounded down. Any fractional entitlements to C Shares will be disregarded in calculating Basic Entitlements.

The CREST stock account to be credited will be an account under the participant ID and member account ID specified in the section headed “Expected Timetable” and below.

If for any reason the Basic Entitlement and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 8.00 a.m. on 1 June 2015, or such later time and/or date as the Company may decide, an Open Offer Application Form will be sent to each



Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Open Offer Application Forms will apply to Qualifying CREST Shareholders who receive such Open Offer Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to C Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent on telephone number 0371 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Basic Entitlements nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for C Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

#### 4.2.2 *Market claims*

The Basic Entitlements and the Excess CREST Open Offer Entitlements will constitute separate securities for the purposes of CREST. Although Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and/or the Excess CREST Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Entitlements and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

A Qualifying CREST Shareholder that, as a result of a *bona fide* market claim has received a shortfall of Excess CREST Open Offer Entitlements to their CREST account and would like to apply for a larger number of C Shares under the Excess Application Facility or to arrange for a further credit of Excess CREST Open Offer Entitlements to be made should contact the Receiving Agent on 0371 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

#### 4.2.3 *Excess Application Facility*

Existing Shareholders may apply to acquire additional C Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for additional C Shares in excess of their Basic Entitlement. An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred.

Subject as provided in paragraph 6 below in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for additional C Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed

and applications in respect of the Open Offer may only be made by the existing Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for additional C Shares pursuant to the Excess Application Facility, Qualifying CREST Shareholders should follow the instructions in paragraph 4.2.6 below and must not return a paper form and cheque.

Should a transaction be identified by the Euroclear UK & Ireland's Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant existing Shareholder will be transferred to the purchaser. Please note that a separate USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Existing Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

#### 4.2.4 Unmatched Stock Event ("**USE**") instructions

Qualifying CREST Shareholders who are CREST members and who want to apply for C Shares in respect of all or some of their Basic Entitlements and/or Excess CREST Open Offer Entitlements must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Basic Entitlements and Excess CREST Open Offer Entitlements corresponding to the number of C Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of C Shares referred to in (a) above.

#### 4.2.5 Content of USE instruction in respect of Basic Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of C Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Receiving Agent);
- (b) the CREST participant ID of the accepting CREST member;
- (c) the CREST member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (d) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (e) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28563GCP;
- (f) the ISIN of the Basic Entitlements. This is GB00BX90C270;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of C Shares referred to in (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 23 June 2015; and



- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 23 June 2015.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 23 June 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Issue does not become unconditional by 8.00 a.m. on 30 June 2015 or such later time and date as the Company and Cenkos determine (being no later than 8.00 a.m. on 31 July 2015), the Issue will lapse, the Basic Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

#### *4.2.6 Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of C Shares for which application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (b) the CREST participant ID of the accepting CREST member;
- (c) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (d) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (e) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28563GCP;
- (f) the ISIN of the Excess CREST Open Offer Entitlements. This is GB00BX90C387;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of C Shares referred to in (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 23 June 2015; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Excess CREST Open Offer Entitlement under the Excess Application Facility to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 23 June 2015.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 23 June 2015 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Issue does not become unconditional by 8.00 a.m. on 30 June 2015 or such later time and date as the Company and Cenkos determine (being no later than 8.00 a.m. on 31 July 2015), the Issue will lapse, the Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

#### *4.2.7 Deposit of Basic Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Open Offer Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Open Offer Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Open Offer Application Form.

A holder of an Open Offer Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 23 June 2015. After depositing their Basic Entitlements into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, (i) the recommended latest time for depositing an Open Offer Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Open Offer Application Form as Basic Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 19 June 2015 and (ii) the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 17 June 2015 – in either case so as to enable, the person acquiring or (as appropriate) holding the Basic Entitlements and Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Open Offer Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements, as the case may be, prior to 11.00 a.m. on 23 June 2015. CREST holders inputting the withdrawal of their Basic Entitlements from their CREST account must ensure that they withdraw both their Basic Entitlements and the Excess CREST Open Offer Entitlement.

Delivery of an Open Offer Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Cenkos and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Do you want to deposit your Basic Entitlements into CREST?" on page 4 of the Open Offer Application Form, and a declaration to the Company, Cenkos and the Receiving Agent from the relevant CREST member(s) that it/they is/are not in, or citizen(s) or resident(s) of, the United States or any other Excluded Territory and, where such deposit is made by a beneficiary of a

market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer or the Excess Application Facility by virtue of a *bona fide* market claim.

#### 4.2.8 *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 23 June 2015 will constitute a valid application under the Open Offer.

#### 4.2.9 *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer and the Excess Application Facility. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above and settled by 11.00 a.m. on 23 June 2015. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 4.2.10 *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, reserves the right:

- (a) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of C Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the C Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

#### 4.2.11 *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (a) represents and warrants to the Company, the Receiving Agent and Cenkos that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for C Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees with the Company and Cenkos to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (c) agrees with the Company and Cenkos that all applications and contracts resulting therefrom under the Open Offer and the Excess Application Facility shall be governed by, and construed in accordance with, the laws of England;
- (d) confirms to the Company and Cenkos that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or

involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company and the C Shares contained in this document (including matters incorporated by reference);

- (e) represents and warrants to the Company and Cenkos that he is the Qualifying Shareholder originally entitled to the Basic Entitlement and Excess CREST Open Offer Entitlement or that he has received such Basic Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
- (f) represents and warrants to the Company, the Receiving Agent and Cenkos that if he has received some or all his Basic Entitlement and Excess CREST Open Offer Entitlement from a person other than the Company, he is entitled to apply under the Open Offer and the Excess Application Facility in relation to such Basic Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
- (g) requests that the C Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles;
- (h) represents and warrants to the Company, the Receiving Agent and Cenkos that he is not, nor is he applying on behalf of anyone who is in, or is a citizen or resident, or is a corporation, partnership or other entity created or organised in or under any laws of, the United States or any other Excluded Territory and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the C Shares which are the subject of his application in or to, or for the benefit of, any person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or any other Excluded Territory (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for C Shares under the Open Offer or the Excess Application Facility;
- (i) represents and warrants to the Company, the Receiving Agent and Cenkos that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (j) confirms that in making the application he is not relying and has not relied on Cenkos or any person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document or his investment decision; and
- (k) confirms that in making the application he is not relying and has not relied on Cenkos or any person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

#### 4.2.12 *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

- (a) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 11;
- (b) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

- (c) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “**first instruction**”) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (d) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for C Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure of breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

#### 4.2.13 *Lapse of the Open Offer*

In the event that the Issue does not become unconditional by 8.00 a.m. on 30 June 2015 or such later time and date as the Company and Cenkos may agree (being no later than 8.00 a.m. on 31 July 2015), the Issue will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

## 5. **Money Laundering Regulations**

### 5.1 *Holders of Application Forms*

To ensure compliance with the UK Money Laundering Regulations, the Proceeds of Crime Act 2002 and any other applicable regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Open Offer Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If the Open Offer Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the UK Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Open Offer Application Form.

The person lodging the Open Offer Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of C Shares as is referred to therein (for the purposes of this paragraph 5 the “**relevant C Shares**”) and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant C Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the



Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer or under the Excess Application Facility will be returned (at the acceptors risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

**Submission of an Open Offer Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent and Cenkos from the applicant that the UK Money Laundering Regulations will not be breached by application of such remittance.**

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the UK Money Laundering Regulations;
- (c) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name;
- (d) if the aggregate subscription price for the C Shares is less than €15,000 (or the Sterling equivalent);
- (e) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Capita Registrars Limited re: GCP Student Living plc – Open Offer" and crossed "a/c payee only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Open Offer Application Form; or
- (f) if the Open Offer Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, the Republic of Korea, the Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the USA and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Open Offer Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at the address set out on page 38 of this document.

To confirm the acceptability of any written assurance referred to in (f) above, or in any other case, the acceptor should contact the Receiving Agent. The telephone number of Capita Asset Services is 0371 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If the Open Offer Application Form is in respect of C Shares under the Open Offer with an aggregate subscription price of €15,000 (or the Sterling equivalent) or more and is lodged by hand by the acceptor in person, or if the Open Offer Application Form in respect of C Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's



own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 23 June 2015, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent under instructions from the Company may, at its discretion, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## 5.2 *Basic Entitlements and Excess CREST Open Offer Entitlements in CREST*

If you hold your Basic Entitlement and Excess CREST Open Offer Entitlements in CREST and apply for C Shares in respect of some or all of your Basic Entitlement and Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to the Company, the Receiving Agent and Cenkos to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the UK Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the C Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the C Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 6. **Overseas Shareholders**

This document has been approved by the FCA, being the competent authority in the United Kingdom. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 6.1 *General*

**The distribution of this document and the making of the Open Offer to persons who have registered addresses in, or who are resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to apply for C Shares under the Open Offer.**

No action has been or will be taken by the Company or Cenkos or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the C Shares under the Open Offer or C Shares to be issued under the Offer for Subscription) in any jurisdiction where action for that purpose may be required.

No public offer of C Shares is being made by virtue of this document or the Open Offer Application Form into the United States or any other Excluded Territory.

Receipt of this document and/or an Open Offer Application Form and/or a credit of Basic Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed.

Open Offer Application Forms will not be sent to, and Basic Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or any other Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Open Offer Application Form and/or a credit of Basic Entitlements and Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Open Offer Application Form and/or credit of Basic Entitlements and Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Open Offer Application Form and/or credit of Basic Entitlements and Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agent, nominees and trustees) outside the United Kingdom wishing to apply for C Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company nor Cenkos, nor any of their respective representatives is making any representation to any offeree or purchaser of the C Shares regarding the legality of an investment in the C Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Open Offer Application Form and/or a credit of Basic Entitlements and Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Entitlements and Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Open Offer Application Form and/or a credit of Basic Entitlements and Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for C Shares in respect of the Open Offer unless the Company or Cenkos determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Open Offer Application Form and/or transfers Basic Entitlements and/or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 11 and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for C Shares that appears to the Company or its agents to have been executed, effected, or dispatched from the United States or another Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates relating to C Shares (or in the case of a

credit of Basic Entitlements and Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be), in the United States or another Excluded Territory.

Notwithstanding any other provision of this document or the Open Offer Application Form, the Company reserves the right to permit any person to apply for C Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for C Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

## 6.2 *United States*

The C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and neither this document nor the Open Offer Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any C Shares in the United States. Neither this document nor an Open Offer Application Form, will be sent to, and no C Shares will be credited to, a stock account in CREST of, any Shareholder with a registered address in the United States. Open Offer Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring C Shares and wishing to hold such C Shares in registered form must provide an address for registration of the C Shares issued upon exercise thereof outside the United States.

Any person who acquires C Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Open Offer Application Form and delivery of the C Shares, that they are not, and that at the time of acquiring the C Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Open Offer Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of C Shares, or which does not make the warranty set out in the Open Offer Application Form to the effect that the person completing the Open Offer Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the C Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such C Shares in the United States or where the Company believes acceptance of such Open Offer Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any C Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Open Offer Application Form or any C Shares may be transferred. In addition, the Company and Cenkos reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the C Shares.

## 6.3 *Excluded Territories*

The C Shares have not been and will not be registered under the relevant laws of any Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption. No offer of C Shares is being made by virtue of this document or the Open Offer Application Form into any Excluded Territories.

#### 6.4 *Other overseas territories*

Open Offer Application Forms will be sent to Qualifying Non-CREST Shareholders and Basic Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United Kingdom may, subject to the laws of their relevant jurisdiction, take up C Shares under the Open Offer in accordance with the instructions set out in this document and the Open Offer Application Form.

**Shareholders who have registered addresses in, or who are resident in, or citizens of countries other than the United Kingdom should consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for any C Shares in respect of the Open Offer.**

#### 6.5 **Representations and warranties relating to Overseas Shareholders**

##### 6.5.1 *Qualifying Non-CREST Shareholders*

Any person completing and returning an Open Offer Application Form or requesting registration of the C Shares comprised therein represents and warrants to the Company, Cenkos and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Open Offer Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant C Shares from within the United States or any other Excluded Territory; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire C Shares in respect of the Open Offer or to use the Open Offer Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Excluded Territory (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring C Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such C Shares into any of the above territories.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of C Shares comprised in an Open Offer Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or another Excluded Territory for delivery of the share certificates of C Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this subparagraph 6.5.1.

##### 6.5.2 *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 11 represents and warrants to the Company, Cenkos and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not within the United States or another Excluded Territory; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire C Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within another Excluded Territory (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any C Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such C Shares into any of the above territories.

#### 6.6 *Waiver*

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Qualifying Shareholders or on a general basis by the Company and/or Cenkos in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the



Open Offer inconsistent herewith. References in this paragraph 6 to Qualifying Shareholders shall include references to the person or persons executing an Open Offer Application Form and, in the event of more than one person executing an Open Offer Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

## **7. Withdrawal rights**

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to Section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementary to this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be deposited by post or by hand only (during normal business hours only) with the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by email to [withdraw@capitaregistrars.com](mailto:withdraw@capitaregistrars.com) to the Receiving Agent so as to be received before the end of the withdrawal period. Please call Capita Asset Services on 0371 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. Notice of withdrawal given by any other means or which is deposited with the Registrar after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant person for the C Shares applied for in full and the allotment of such C Shares to such person becoming unconditional save to the extent required by statute. In such event, Qualifying Shareholders are advised to seek independent legal advice.

## **8. Admission, settlement and dealings**

The result of the Open Offer and the Issue generally are expected to be announced on 26 June 2015. Application has been made to the UKLA for the C Shares to be admitted to trading on the London Stock Exchange (Specialist Fund Market). It is expected that Admission will become effective and that dealings in the C Shares, fully paid, will commence at 8.00 a.m. on 30 June 2015.

The Company has applied for the C Shares to be admitted to CREST with effect from Admission. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Basic Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 23 June 2015 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, C Shares will be issued in uncertificated form to those persons who submitted a valid application for C Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. Capita Asset Services will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to C Shares with effect from Admission (expected to be at 8.00 a.m. on 30 June 2015). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Open Offer Application Form instead of crediting the relevant stock account with Basic Entitlements, and to allot and/or issue any C Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Open Offer Application Form, share certificates in respect of the C Shares are expected to be despatched in the week commencing 6 July 2015. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Open Offer Application Form.

#### **9. Times and Dates**

The Company shall, in agreement with Cenkos and after consultation with its financial and legal advisers, be entitled to amend the dates that Open Offer Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange and make an announcement on a Regulatory Information Service approved by the UKLA and, if appropriate, by Shareholders but Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance any payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

#### **10. Taxation**

Certain statements regarding United Kingdom taxation in respect of the C Shares and the Open Offer are set out in Part 8 of this document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

#### **11. Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Open Offer Application Forms, to the terms, conditions and other information printed on the accompanying Open Offer Application Form.

#### **12. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Open Offer Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Open Offer Application Form. By taking up C Shares by way of their Basic Entitlement, in accordance with the instructions set out in this document and, where applicable, the Open Offer Application Form, Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.



## PART 12

### TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

#### 1. INTRODUCTION

C Shares are available under the Offer for Subscription at a price of 100 pence per C Share.

Applications must be made on the application form (the “**Application Form**”) attached at the end of this document (the “**Prospectus**”) or otherwise published by the Company. Commitments under the Offer the Subscription, once made, may not be withdrawn without the consent of the Board.

#### 2. EFFECT OF APPLICATION

Applications under the Offer for Subscription must be for C Shares with a minimum subscription amount of 10,000 C Shares and thereafter in multiples of 100 C Shares. Multiple applications will be accepted.

##### 2.1 Offer to acquire C Shares under the Offer for Subscription

By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- (a) offer to subscribe for such number of C Shares at 100 pence per C Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of 10,000 C Shares); or such smaller number for which such application is accepted, on the terms, and subject to the conditions, set out in the Prospectus, including these Terms and Conditions of Application and the articles of association of the Company in force from time to-time;
- (b) agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer any C Shares to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, the Receiving Agent of your Application Form;
- (c) undertake to pay the subscription amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the C Shares applied for in certificated form or be entitled to commence dealing in C Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such C Shares unless and until you make payment in cleared funds for such C Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Cenkos against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the C Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque in your favour at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
- (d) agree, that where on your Application Form a request is made for C Shares to be deposited into a CREST account (a “**CREST Account**”), (i) the Company may in its absolute discretion issue such C Shares in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds) and (ii) the Receiving Agent, the Company or Cenkos may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST

Account in respect of the number of C Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;

- (e) agree that the crediting to a CREST Account of any C Shares in uncertificated form to which you may become entitled may be delayed by and, in respect of applications for C Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(d) above to issue C Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 2.1(d) above (and any monies returnable to you) may be retained by the Receiving Agent:

- (i) pending clearance of your remittance;
- (ii) pending investigation of any suspected breach of the warranties contained in paragraphs 2.5(a), (b), (f), (h), (m), (n), (o), (p) or (q) below or any other suspected breach of these Terms and Conditions of Application under the Offer for Subscription; or
- (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the UK Money Laundering Regulations and any other regulations applicable thereto,

and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

- (f) agree, on the request of the Company and/or Receiving Agent to disclose promptly in writing to them such information as the Company and/or Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- (g) agree that if evidence of identity satisfactory to the Company and/or Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefore, the Company may terminate the agreement with you to allot C Shares and, in such case, the C Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
- (h) agree that you are not applying on behalf of a person engaged in money laundering;
- (i) undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- (j) undertake to pay interest at the rate described in paragraph 2.2 below if the remittance accompanying your Application Form is not honoured on first presentation;
- (k) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of C Shares for which your application is accepted or if you have completed Section 2B on your Application Form, but subject to paragraph 2.1(d) above, to deliver the number of C Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing house to the bank account name from which such monies were received without interest and at your risk;
- (l) confirm that you have read and complied with paragraph 2.7 below;
- (m) agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of “Capita Registrars Limited re: GCP Student Living plc – Offer for Subscription a/c” opened by the Receiving Agent;
- (n) agree that your Application Form is addressed to the Company and the Receiving Agent;

- (o) agree that if a fractional entitlement to a C Share arises on your application, the number of C Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit;
- (p) acknowledge that the offer to the public of C Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for C Shares); and
- (q) agree that any application may be rejected in whole or in part at the sole discretion of the Company.

## **2.2 Acceptance of your offer**

The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by the UK Listing Authority being notified through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by Cenkos in consultation with the Company and the Receiving Agent. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application under the Offer for Subscription or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application under the Offer for Subscription.

The Receiving Agent will present all cheques and banker's drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus four per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

Payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society that is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual Applicant where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: GCP Student Living plc – Offer for Subscription a/c" and crossed "a/c payee only". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect. The account name should be the same as that shown on the Application Form.

The maximum number of C Shares available under the Issue is 130 million. Subject always to satisfying (i) applications by Qualifying Shareholders in full up to their Basic Entitlement; and (ii) up to 23 million C Shares by fund(s) managed by Thames River Multi-Capital LLP, in the event that the Issue is oversubscribed it would be necessary to scale back applications under the Issue. Cenkos (in consultation with the Company and the Investment Manager) reserve the right to scale back applications in such amounts as they consider appropriate. The Company reserves the right to decline in whole or in part any application for C Shares pursuant to the Issue.

## 2.3 Conditions

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) Admission occurring by 8.00 a.m. (London time) on 30 June 2015 (or such later time or date, not being later than 8.00 a.m. on 31 July 2015, as the Company and Cenkos may agree); and
- (b) the Placing and Offer Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

## 2.4 Return of application monies

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## 2.5 Warranties

By completing an Application Form, you:

- (a) undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application under the Offer for Subscription and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (b) warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- (c) confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representation;
- (d) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations contained therein;
- (e) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Cenkos or the Receiving Agent;
- (f) warrant that you are not under the age of 18 on the date of your application;

- (g) agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;
- (h) confirm that you have reviewed the restrictions contained in paragraph 2.7 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- (i) agree that, in respect of those C Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- (j) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (k) irrevocably authorise the Company, and Cenkos or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any C Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Cenkos and/or the Receiving Agent to execute any documents required therefore and to enter your name on the Register;
- (l) agree to provide the Company with any information which it, Cenkos or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including without limitation satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations;
- (m) represent and warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Cenkos or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- (n) represent and warrant to the Company that (i) you are not a U.S. Person, are not located within the United States and are not acquiring the C Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the C Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act;
- (o) represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the C Shares, you will do so only (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;



- (p) agree that the Receiving Agent is acting for the Company in connection with the Offer for Subscription and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the C Shares or concerning the suitability of the C Shares for you or be responsible to you for the protections afforded to its customers;
- (q) represent and warrant that you (i) are highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the C Shares, (ii) fully understand the risks associated with such investment and (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- (r) represent and warrant that you are not subscribing for the C Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the C Shares;
- (s) represent and warrant that the information contained in the Application Form is true and accurate; and
- (t) agree that if you request that C Shares are issued to you on a date other than Admission and such C Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such C Shares on a different date.

## 2.6 Money Laundering

You agree that, in order to ensure compliance with the UK Money Laundering Regulations, the Proceeds of Crime Act 2002 and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of you (the “**holder(s)**”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- (b) where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents.

Without prejudice to the generality of this paragraph 2.6, verification of the identity of holders and payors will be required if the value of the C Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (or the Sterling equivalent). If, in such circumstances, you use a building society cheque or banker’s draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person’s passport or driving licence certified by a solicitor and an original or certified copy of the following no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees’ risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the UK Money Laundering Regulations a person making an application for C Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.

The person(s) submitting an application for C Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).



If the amount being subscribed exceeds €15,000 (or the Sterling equivalent) you should endeavour to have the declaration contained in Section 5 of the Application Form signed by an appropriate firm as described in that Section. If you cannot have that declaration signed and the amount being subscribed exceeds €15,000 (or the Sterling equivalent) then you must provide with the Application Form the identity documentation detailed in Section 6 of the Application Form for each underlying beneficial owner.

## **2.7 Non-United Kingdom Investors**

If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for C Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the C Shares have been or will be registered under the laws of any Excluded Territory or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States or any other Excluded Territory. If you subscribe for C Shares you will, unless the Company and the Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of any Excluded Territory or a corporation, partnership or other entity organised under the laws of the U.S. or any other Excluded Territory and that you are not subscribing for such C Shares for the account of any U.S. Person or resident of any other Excluded Territory and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the C Shares in or into the United States or any other Excluded Territory or to any U.S. Person or person resident in any other Excluded Territory. No application will be accepted if it shows the applicant, payor or a holder having an address in the United States or any other Excluded Territory.

Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any U.S. Person or in or into Excluded Territory or any other jurisdiction where to do so would or might contravene local securities law or regulations.

The Company reserves the right to treat as invalid any agreement to subscribe for C Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## **2.8 The Data Protection Act 1998**

Pursuant to The Data Protection Act 1998 (the “**DP Act**”) the Company and/or the Registrar, may hold personal data (as defined in the DP Act) relating to past and present shareholders.

Such personal data held is used by the Registrar to maintain the Register and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends and other distributions to Shareholders and (b) filing returns of Shareholders and their respective transactions in Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

By becoming registered as a holder of Shares a person becomes a data subject (as defined in the DP Act) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

## **2.9 Miscellaneous**

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the C Shares and the Offer for Subscription.

The rights and remedies of the Company, Cenkos and the Receiving Agent under these Terms and Conditions of Application under the Offer for Subscription are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 1.00 p.m. on 24 June 2015. In that event, the new closing time and/or date will be notified to applicants.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

You agree that Cenkos and the Receiving Agent are acting for the Company in connection with the Issue and for no-one else, and that neither Cenkos nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the C Shares or concerning the suitability of the C Shares for you or otherwise in relation to the Issue or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application under the Offer for Subscription bear the same meaning as where used in the Prospectus.

## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. (London time) on 24 June 2015.

**HELP DESK:** If you have a query concerning completion of this Application Form please call Capita Asset Services on 0371 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Issue nor give any financial, legal or tax advice.

### 1. APPLICATION

Fill in (in figures) in Box 1 the amount of money being subscribed for C Shares. The amount being subscribed must be a minimum of 10,000 C Shares multiplied by 100 pence and thereafter in multiples of 100 C Shares multiplied by 100 pence. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from any scaling back should this be required or to benefit most favourably from any commission arrangements.

### 2A. HOLDER DETAILS

Fill in (in block capitals) the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at Section 3.

### 2B. CREST

If you wish your C Shares to be deposited in a CREST Account in the name of the holders given in Section 2A enter in Section 2B the details of that CREST Account. Where it is requested that C Shares be deposited into a CREST Account please note that payment for such C Shares must be made prior to the day such C Shares might be allotted and issued. It is not possible for an applicant to request that C Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

### 3. SIGNATURE

All holders named in Section 2A must sign Section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### 4. CHEQUE/BANKER'S DRAFT, PAYMENT

Payments must be made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: GCP Student Living plc – Offer for Subscription a/c". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building



society or bank has confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect.

The account name should be the same as that shown on the application.

## **5. RELIABLE INTRODUCER DECLARATION**

Applications will be subject to the UK's verification of identity requirements. This will involve you providing the verification of identity documents listed in Section 6 of the Application Form UNLESS you can have the declaration provided at Section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the declaration provided in Section 5 of the Application Form completed and signed by a suitable firm.

## **6. IDENTITY INFORMATION**

Applicants need only consider Section 6 of the Application Form if the declaration in Section 5 cannot be completed. Notwithstanding that the declaration in Section 5 has been completed and signed the Receiving Agent reserves the right to request of you the identity documents listed in Section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are provided such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

## **7. CONTACT DETAILS**

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in Section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in Section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

**INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS** – Completed Application Forms should be returned, by post or by hand (during normal business hours only), to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. (London time) on 24 June 2015, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

## APPENDIX – APPLICATION FORM

Please send this completed form by post or by hand (during normal business hours only) to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. (London time) on 24 June 2015.

The Directors may, with the prior approval of Cenkos, alter such date and thereby shorten or lengthen the offer period. In the event that the offer period is altered, the Company will notify investors of such change.

Important: Before completing this form, you should read the Prospectus dated 29 May 2015 and the Terms and Conditions of the Offer for Subscription set out in the Prospectus and accompanying notes to this form.

To: GCP Student Living plc and the Receiving Agent

Box 1 (minimum of 10,000 C Shares multiplied by 100 pence and thereafter in multiples of 100 C Shares multiplied by 100 pence)

£

### 1. APPLICATION

I/We the person(s) detailed in Section 2A below offer to subscribe the amount shown in Box 1 for C Shares subject to the Terms and Conditions of the Offer for Subscription set out in the Prospectus dated 29 May 2015 and subject to the articles of association of the Company in force from time-to-time.

### 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) C SHARES WILL BE ISSUED (BLOCK CAPITALS)

1:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
		Postcode:
2:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
3:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
4:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		



## 2B. CREST ACCOUNT DETAILS INTO WHICH C SHARES ARE TO BE DEPOSITED (IF APPLICABLE)

Only complete this Section if C Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Member Account ID:

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## 3. SIGNATURE(S): ALL HOLDERS MUST SIGN

By completing box 3 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 12 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription) and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:	Date
Second Applicant Signature:	Date
Third Applicant Signature:	Date
Fourth Applicant Signature:	Date

Execution by a Company

Executed by (Name of Company):		Date
Name of Director:	Signature:	Date
Name of Director/Secretary:	Signature:	Date
If you are affixing a company seal, please mark a cross <input type="checkbox"/>	Affix Company Seal here:	

## 4. CHEQUES/BANKER'S DRAFT DETAILS

Pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 1 made payable to "Capita Registrars Limited re: GCP Student Living plc – Offer for Subscription a/c" and crossed "a/c Payee". Cheques and banker's payments must be drawn in Sterling on an account at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp.

## 5. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in Section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "**firm**") which is itself subject in its own country to operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom.



**DECLARATION:**

**To the Company and the Receiving Agent**

With reference to the holder(s) detailed in Section 2A, all persons signing at Section 3 and the payor identified in Section 6 if not also a holder (collectively the “**subjects**”) WE HEREBY DECLARE:

1. we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential business address(es) of the holder(s) given at Section 2A and if a CREST Account is cited at Section 2B that the owner thereof is named in Section 2A;
5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the C Shares mentioned; and
6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:

Name:

Position:

Name of regulatory authority:

Firm's licence number:

Website address or telephone number of regulatory authority:

STAMP of firm giving full name and business address:



## 6. IDENTITY INFORMATION

If the declaration in Section 5 cannot be signed and the value of your application is greater than €15,000 (or the Sterling equivalent), please enclose with that Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

Holders				Payor

Tick here for documents provided

### A. For each holder being an individual enclose:

- (1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
- (2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in Section 2A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and
- (3) if none of the above documents show their date and place of birth, enclose a note of such information; and
- (4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

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### B. For each holder being a company (a "holder company") enclose:

- (1) a certified copy of the certificate of incorporation of the holder company; and
- (2) the name and address of the holder company's principal bankers from which the Receiving Agent may request a reference, if necessary; and
- (3) a statement as to the nature of the holder company's business, signed by a director; and
- (4) a list of the names and residential addresses of each director of the holder company; and
- (5) for each director provide documents and information similar to that mentioned in A above; and
- (6) a copy of the authorised signatory list for the holder company; and
- (7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter a "**beneficiary company**"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

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### C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4).

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**D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:**

- (1) a certified copy of the certificate of incorporation of that beneficiary company; and
- (2) a statement as to the nature of that beneficiary company's business signed by a director; and
- (3) the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and
- (4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

**E. If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:**

- (1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or
- (2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and
- (3) an explanation of the relationship between the payor and the holder(s).

The Receiving Agent reserves the right to ask for additional documents and information.

**7. CONTACT DETAILS**

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in Section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in Section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:

E-mail address:

Contact address:

Postcode:

Telephone No:

Fax No:



