

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 GCP Student Living plc (the "**Company**") 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. This document also constitutes a Listing Document for the purposes of seeking admission of the Company to the Official List of the Channel Islands Stock Exchange (the "**CISX**").

Applications will be made to the London Stock Exchange and the CISX for all of the Shares to be admitted to trading on the London Stock Exchange (Specialist Fund Market) and on the CISX and for all such Shares to be listed on the Official List of the CISX. It is expected that Admission will become effective and that dealings in the Shares will commence on 20 May 2013.

This document includes particulars given in compliance with the listing rules of the CISX for the purpose of giving information with regard to the Company. The Company and each of the Directors, whose names appear on page 30 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.

Prospective investors should read the entire document and, in particular, the section headed "Risk Factors" beginning on page 13 when considering an investment in the Company.

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)

Placing and Offer for Subscription for a target issue in excess of 50 million Shares at 100 pence per Share

Investment Manager

Gravis Capital Partners LLP

Asset Manager

Scape Student Living Limited

Financial Adviser and Placing Agent

Cenkos Securities plc

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 Offer for Subscription will remain open until 1.00 p.m. on 10 May 2013 and the Placing will remain open until 3.00 p.m. on 10 May 2013. 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 Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. on 10 May 2013.

Neither the admission of the Shares to the Official List of the CISX nor the approval of this document pursuant to the listing requirements of the CISX shall constitute listing and trading or a warranty or representation by the CISX as to the competence of the service providers to or any other party in connection with the Company, the adequacy and accuracy of the information contained in this document or the suitability of the issuer for investment or for any purpose. The CISX has been recognised by HMRC under Section 841 of the Income and Corporation Tax Act 1988 and the Financial Conduct Authority has approved the CISX as a Designated Investment Exchange within the meaning of FSMA.

The Shares have not been and will not 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 the Shares may not 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 Shares in the United States. The 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 should not be distributed into the United States or to U.S. Persons.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, 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. The offer and sale of Shares has not been and will not be registered under the applicable securities law of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exemptions, the Shares may not be offered to or sold within Canada, Japan, Australia or the Republic of South Africa or to any national, resident or citizen of Canada, Japan, Australia or the Republic of South Africa.

Dated: 12 April 2013.

CONTENTS

	<i>Page</i>
SUMMARY	3
RISK FACTORS	13
IMPORTANT INFORMATION	25
VOLUNTARY COMPLIANCE WITH THE LISTING RULES OF THE UKLA	27
EXPECTED TIMETABLE	29
ISSUE STATISTICS	29
DEALING CODES	29
DIRECTORS, MANAGEMENT AND ADVISERS	30
PART 1 – INFORMATION ON THE COMPANY	32
PART 2 – BACKGROUND TO UK STUDENT ACCOMMODATION AND ASSOCIATED INVESTMENT OPPORTUNITIES	43
PART 3 – DIRECTORS, MANAGEMENT AND ADMINISTRATION	53
PART 4 – THE ISSUE	60
PART 5 – VALUATION REPORT	63
PART 6 – ILLUSTRATIVE RETURN STATISTICS	70
PART 7 – REIT STATUS AND TAXATION	72
PART 8 – GENERAL INFORMATION	89
PART 9 – DEFINITIONS AND GLOSSARY	115
PART 10 – TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION	123
APPENDIX – APPLICATION FORM	133

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

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
A.1.	Warning	This summary should be read as an introduction to this document. Any decision to invest in 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

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
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	Not applicable. The Company is not part of a group.
B.6.	Major shareholders	<p>As at the Latest Practicable Date, insofar as is known to the Company, there are no parties who have a notifiable interest under English law in the Company’s capital or voting rights.</p> <p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>Pending the allotment of Shares pursuant to the Issue, the Company is controlled by the Initial Asset Partners. 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.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B.7.	Key financial information	Not applicable. No key financial information as the Company is yet to commence operations.
B.8.	Key pro forma financial information	Not applicable. No pro forma 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.
B.11.	Qualified working capital	Not applicable. The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to it is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.
B.34.	Investment policy	<p><i>Investment objective</i></p> <p>The Company's investment objective is to provide Shareholders with regular, sustainable, long-term dividends coupled with the potential for modest capital appreciation over the long term and RPI inflation-linked income characteristics.</p> <p><i>Investment policy</i></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 Higher Education Institutions ("HEIs"). The Company will invest in modern, mostly 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.</p> <p>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 (<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).</p> <p>The Company intends to focus primarily on accommodation and teaching facilities for students studying at Russell Group universities, regional universities with satellite teaching facilities in and around London and at specialist colleges.</p> <p>The Company may acquire properties directly or through holdings in special purpose vehicles and properties may be held through limited partnerships, trusts or other vehicles with third party co-investors.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<p><i>Investment restrictions</i></p> <p>The Company will invest and manage its assets with an objective of spreading risk through the following investment restrictions:</p> <ul style="list-style-type: none"> • 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 invest in development assets or assets which are unoccupied or not producing income at the time of acquisition; and • the Company will not invest in closed-ended investment companies. <p><i>Use of derivatives</i></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>The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as 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 is expected to be between 45 and 50 per cent. on Admission (assuming Initial Gross Proceeds of £50 million) and 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 Company's 'property profits' and 'property finance costs'.</p>
B.36.	Regulatory status	<p>The Company will not be regulated as a collective investment scheme by the Financial Conduct Authority. However, from Admission, it will be subject to the listing rules of the CIX, the Prospectus Rules and the Disclosure and Transparency Rules.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B.37.	Typical investor	An investment in the 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.
B.38.	Investment of 20 per cent. or more in a single underlying issuer or investment company	Not applicable. The Company will not invest 20 per cent. or more in a single underlying issuer or investment company.
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><i>Investment management arrangements</i></p> <p>The Company has entered into an Investment Management Agreement with Gravis Capital Partners LLP under which the Company receives investment advice and management services.</p> <p>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.</p> <p>The Investment Management Agreement is for an initial term of four years, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Investment Manager.</p> <p><i>Asset management arrangements</i></p> <p>Scape Student Living Limited has been appointed by the Company to provide asset management services (including sales, marketing and brand management) in relation to the Initial Asset. Under the terms of the Asset Management Agreement, the Asset Manager is entitled to a fee accrued daily and payable quarterly in arrears equal to one-quarter of the Investment Manager's management fee that is attributable to the Initial Asset. The Investment Manager is responsible for the day-to-day supervision of and the payment of fees to the Asset Manager.</p> <p>The Asset Management Agreement is for an initial term of four years from the start of the academic year following Admission, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Asset Manager.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<p><i>Facilities and property management arrangements</i></p> <p>Grosvenor Facilities Services Limited has been appointed by the Company and the Asset Manager to provide facilities and property management services to the Company in relation to the Initial Asset. Under the terms of the Facilities and Property Management Agreement, the Facilities and Property Manager is entitled to a fee of c.£771,000 per annum in relation to the management of the student accommodation and teaching space at the Initial Asset, exclusive of VAT, payable monthly in arrears and automatically increasing on 15 September of each year in line with RPI. The Asset Manager is responsible for the day-to-day supervision of the Facilities and Property Manager.</p> <p>The Facilities and Property Management Agreement is for an initial term of four years from Admission, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Facilities and Property Manager.</p> <p><i>Administration arrangements</i></p> <p>Capita Sinclair Henderson Limited has been appointed by the Company to provide the day-to-day administration of the Company. Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £47,500 per annum (exclusive of VAT) for the twelve months from Admission and £52,500 per annum thereafter.</p> <p>The Administration Agreement is for an initial term of one year from Admission, thereafter being terminable upon six months' written notice.</p> <p><i>Secretarial arrangements</i></p> <p>Capita Company Secretarial Services Limited has been appointed by the Company to provide company secretarial functions required by the Act. Under the terms of the Secretary Agreement, the Secretary is entitled to a company secretary fee of £40,000 per annum (exclusive of VAT) during the first year commencing on Admission and £45,000 per annum thereafter.</p> <p>The Secretary Agreement is for an initial term of two years from Admission, thereafter being terminable upon six months' written notice.</p> <p><i>Registrar arrangements</i></p> <p>Capita Registrars Limited has been appointed registrar of 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 £7,500 for the first year and thereafter £5,000 per annum. The fee is subject to increase in line with RPI. The Registrar is also entitled to activity fees under the Registrar Agreement.</p> <p>The Registrar Agreement may be terminated on six months' notice, such notice not to expire prior to the third anniversary of Admission.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<p><i>Receiving Agent arrangements</i></p> <p>Capita Registrars Limited has been appointed receiving agent of the Company in connection with the Offer for Subscription. Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to fees in connection with the Offer for Subscription including: (a) professional advisory fees of £200 per hour, subject to a minimum of £2,000; (b) processing fees per item processed, subject to a minimum aggregate processing fee of £4.50 per application form; and (c) various other fees in relation to certain matters including with regard to opening of premises on non-business days (£5,000 per day).</p>
B.41.	Regulatory status of investment manager and custodian	The Investment Manager is authorised and regulated by the Financial Conduct Authority. The Company has not appointed a custodian.
B.42.	Calculation of Net Asset Value	<p>The Net Asset Value (and Net Asset Value per Share) will be calculated quarterly by the Administrator. Calculations will be made in accordance with IFRS or as otherwise determined by the Board. Details of each quarterly valuation, and of any suspension in the making of such valuations, will be 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 Share) will be calculated on the basis of the relevant quarterly valuation of the Company's properties.</p> <p>The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.</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	The Company has not commenced operations and no financial statements have been made up as at the date of this document.
B.45.	Portfolio	The Company's portfolio will comprise the Initial Asset on Admission.

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B.46.	Net Asset Value	<p>The Net Asset Value per Share at Admission is expected to be c.97.0 pence (assuming Initial Gross Proceeds of £50 million).</p> <p>In accordance with the Articles, if by the third anniversary of Admission the Company is the owner of no more than one student residential property (being the Initial Asset or otherwise), the Directors are required to propose an ordinary resolution at the third annual general meeting of the Company that the Company continue its business as presently constituted (the “Conditional Continuation Resolution”). In addition, the Articles provide that the Directors are also required to propose an ordinary resolution that the Company continue its business as presently constituted (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. If the Conditional Continuation Resolution or 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 to seek to manage, on an ongoing basis, the premium or discount at which the Shares may trade to their Net Asset Value through further issues and buy-backs, as appropriate.</p> <p>The Directors will consider repurchasing 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 Shares. Any purchase of Shares by the Company will be in accordance with the Articles, the listing rules of the CISX and the rules of the London Stock Exchange in force at the time. A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company’s issued share capital immediately following Admission during the period expiring on the earlier of conclusion of the Company’s first annual general meeting and 31 December 2014.</p>

Section C – Securities

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
C.1.	Type and class of securities	The target size of the Issue is in excess of 50 million ordinary shares of one pence each in the capital of the Company. The maximum number of Shares available under the Issue is 70 million. The Issue will not be underwritten. The ISIN of the Shares is GB00B8460Z43 and the SEDOL is B8460Z4. The ticker for the Company is DIGS.
C.2.	Currency	Sterling.
C.3.	Number of securities to be issued	The target size of the Issue is in excess of 50 million Shares. The actual number of Shares to be issued pursuant to the Issue, and therefore the Initial 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. If the Minimum Net Proceeds are not raised, the Issue will not proceed. The nominal value of a Share is one pence.

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
C.4.	Description of the rights attaching to the securities	The Shares will rank equally with the existing Shares from Admission.
C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares.
C.6.	Admission	Applications will be made to the London Stock Exchange and the CISX for all of the Shares (issued and to be issued) to be admitted to trading on the London Stock Exchange (Specialist Fund Market) and on the CISX and for all such Shares to be listed on the Official List of the CISX. It is expected that Admission will become effective, and that dealings in the Shares will commence, at 8.00 a.m. on 20 May 2013.
C.7.	Dividend policy	<p>The Company intends to pay dividends on a quarterly basis with dividends declared in November, February, May and August and paid in December, March, June and September in each year. In order to obtain and comply with REIT status the Company will be required to meet a minimum distribution test for each year that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits (as calculated for UK tax purposes) of the Property Rental Business for each accounting period.</p> <p>The Company will target an annualised dividend yield of 5.5 per cent. in the period from Admission to 30 June 2014 and a total return in the longer term of between eight per cent. and ten per cent. per annum (both by reference to the Issue Price). The Company will seek to grow the dividend in line with RPI.</p>

Section D – Risks

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
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>The Principal Bases and Assumptions are inherently subjective and may not accurately reflect the actual value, performance or financial condition of the Company and/or the Initial Asset. If any of the Principal Bases and Assumptions are not realised or prove to be inaccurate, the Net Asset Value per Share, the dividend yield and total return could materially differ from those estimated or targeted on the basis of the Principal Bases and Assumptions.</p> <p>The Company's performance will depend on general property and investment market conditions.</p> <p>The Company'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 Company 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 Company's properties, as well as the Company's turnover and its ability to service interest on its debts.</p>

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
		<p>The Company may not be able to maintain the occupancy rates of the Initial Asset or any other student accommodation properties it acquires, which may have a material adverse impact on the Company's revenue performance, margins and asset values.</p> <p>The Company'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 Company. The occurrence of any of these events could have an adverse effect on the Company's revenue, performance, margins and asset values.</p> <p>The net revenue generated by the Company's properties may depend on the financial stability of any HEIs with which the Company has direct contractual relationships.</p> <p>Whilst it is not currently the intention of the Directors to refinance the Debt Facility prior to the first anniversary of Admission, it is not certain that any facilities (including the Debt Facility) in the future will be refinanced at levels or on terms acceptable to the Directors or at all. Lack of access to debt or the utilisation of debt on more expensive terms than anticipated may adversely affect the Company's investment returns.</p> <p>Whilst it is the Board's intention for the Company to acquire additional property assets in the future there can be no certainty that it will be able to do so (including through the First Offer Agreements). Until the acquisition of any such further assets, the Company's performance will be reliant entirely on revenues derived from the Initial Asset. Any circumstances which materially affect the returns generated by the Initial Asset may materially and adversely impact the Net Asset Value and earnings of the Company.</p> <p>The Company's investments will be 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 Company.</p> <p>The growth of the Company depends upon the ability of the Investment Manager to identify, select and execute future investments which offer the potential for satisfactory returns. The availability of such future investment opportunities will depend, in part, upon conditions in the UK student accommodation sector.</p> <p>The performance of the Company will depend on the ability and services of the Investment Manager, Asset Manager, Facilities and Property Manager and other service providers.</p> <p>A change in the Company'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 Company 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>Shares may trade at a discount to the Net Asset Value per Share.</p> <p>It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares.</p>

Section E – Offer

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.1.	Proceeds and costs of the Issue	On the assumption that Initial Gross Proceeds of £50 million are raised pursuant to the Issue, the expenses payable by the Company will be c.£1.5 million, resulting in net proceeds of c.£48.5 million.
E.2.a.	Reason for the Issue and use of proceeds	The Initial Gross Proceeds will be utilised to pay the deferred consideration in connection with the acquisition of the Initial Asset from the Initial Asset Vendor, pay down a proportion of the debt the Company will assume on the completion of the acquisition of the Initial Asset in accordance with the Company's borrowing policy and pay the costs of the Issue and the acquisition of the Initial Asset. Assuming Initial Gross Proceeds of £50 million, the Company will utilise c.£35.2 million to pay the deferred consideration in connection with the acquisition of the Initial Asset from the Initial Asset Vendor, c.£13.3 million to pay-down a proportion of the Debt Facility, and c.£1.5 million to pay the costs of the Issue and acquisition of the Initial Asset. If the Initial Gross Proceeds are more or less than £50 million, the amount of the Debt Facility which will be paid down shall be adjusted accordingly.
E.3.	Terms and conditions of the offer	<p>The Issue is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> • Admission having become effective on or before 8.00 a.m. on 20 May 2013 or such later time and/or date as the Company and Cenkos may agree (being not later than 8.00 a.m. on 28 June 2013); • 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 • the Minimum Net Proceeds being raised.
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 Shares as part of the Issue.
E.6.	Dilution	Not applicable.
E.7.	Estimated Expenses charged to the investor by the issuer	The Company will not charge investors. The costs and expenses incurred by the Company in connection with the Issue are anticipated to be c.£1.5 million (assuming Initial Gross Proceeds of £50 million), will be borne by the Company and will be deducted from the Initial Gross Proceeds. It is expected that the starting NAV per Share will be c.97.0 pence (assuming Initial Gross Proceeds of £50 million).

RISK FACTORS

Investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below. An investment in the 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.

The Directors believe the risks described below are the material risks relating to an investment in the Shares and the Company 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 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 Company, 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 includes the aim of providing Shareholders with regular, sustainable, long-term dividends. 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 Company successfully pursuing the Company's investment policy and the Company'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.

There is no guarantee that the Company's targeted dividend yield in respect of the period from Admission to 30 June 2014 (or any other periods) will be paid since they are based on the Principal Bases and Assumptions, which are based on the Directors' judgement, estimates and beliefs, are inherently subjective and may or may not be realised. The Principal Bases and Assumptions have not been audited.

The Company's investment objective includes the aim of providing Shareholders with modest capital appreciation over the long term. The amount of any capital appreciation will depend upon, amongst other things, the Company successfully pursuing its investment policy and the performance of the Company's assets. There can be no assurance as to the level of any capital appreciation over the long term.

Principal Bases and Assumptions

Any dividends that may be, or are targeted to be, payable on the Shares, the target long-term total return and the anticipated increase in Net Asset Value following the independent valuation of the Initial Asset as at 30 September 2013 are calculated on the basis of the Principal Bases and Assumptions. The Principal Bases and Assumptions are based on the Investment Manager's judgements, estimates and beliefs in

respect of the Company and the Initial Asset in particular. As such, they are inherently subjective and may not accurately reflect the actual value, performance or financial condition of the Company and/or the Initial Asset. The Principal Bases and Assumptions have not been audited.

If any of the Principal Bases and Assumptions are not realised or prove to be inaccurate, the Net Asset Value per Share, the dividend yield for the period from Admission to 30 June 2014, the long-term total return, the expected increase in Net Asset Value following the independent valuation of the Initial Asset as at 30 September 2013 and the financial and operating results of the Company could materially differ from those estimated or targeted on the basis of the Principal Bases and Assumptions. Any difference could have a material adverse effect on investors' and analysts' perception of the Company, the market price of the Shares and the value of an investment in the Company. All of the financial and other data in this document that are estimated or expected on the basis of the Principal Bases and Assumptions are provided for illustrative purposes only. Such data does not represent, and could materially differ from, actual data or events. Prospective investors should refer to Part 6 of this document and the paragraph entitled "Forward-looking Statements" on page 26 of this document.

The Company has no operating history

The Company was incorporated on 26 February 2013. The Company has not commenced operations and has no operating history. No historical financial statements or other meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company have been made up. An investment in the Company is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence.

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 Company's performance will depend on general property and investment market conditions

The Company's performance will depend to a significant extent on property values in the United Kingdom. An overall downturn in the UK property market and the availability of credit to the UK property sector may have a materially adverse effect upon the value of the property owned by the Company and ultimately upon the Net Asset Value and the ability of the Company 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 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 property portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the 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 Company, changes in the Company's operating expenses, occupancy rates, the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

The Company'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 Company'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 Company 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 Company's properties, as well as the Company's turnover and its ability to service interest on its debts

The value of the Company's properties and, to a significant degree, the Company's turnover, is dependent on the rental rates that can be achieved from the properties that the Company owns. The ability of the Company 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 Company'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 Company amongst universities, students or other potential customers. Any failure to maintain or increase the rental rates for the Company's rooms and properties generally may have a material adverse effect on the value of the Company's properties as well as the Company'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 Company's business

The Company 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 Company 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 Company'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 will be 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) and on the CISX and listed on the Official List of the CISX. The Company must comply with the listing rules of the CISX, 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 listing on the CISX and/or trading on the London Stock Exchange (Special Fund Market).

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

The ability of the Company 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 Company 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 Company's revenue performance, margins and asset values.

The Company is exposed to the 'Scape Student Living' brand

The Company'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 Company 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 the Initial Asset or any other student residential property that uses the ‘Scape Student Living’ brand (whether or not owned by the Company) do not perform as expected (whether or not the expectations are founded) or tenants’ and/or licencees’ expectations for the Initial Asset or any other student residential property (whether or not owned by the Company) 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 Company. The occurrence of any of these events could have an adverse effect on the Company’s revenue, performance, margins and asset values.

Furthermore, the Company’s non-exclusive licence to use the ‘Scape Student Living’ brand in respect of any asset will automatically cease if the Asset Manager ceases to provide asset management services in relation to such asset. In such circumstances, the Company 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 the Asset Manager. In such circumstances, the Company will no longer have the benefit of the ‘Scape Student Living’ brand which could have an adverse effect on the Company’s revenue, performance, margins and asset values.

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

The net revenue generated from the Company’s properties may depend on the financial stability of any HEIs with whom the Company 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 Company’s revenue, performance, margins and asset values.

Reliance on service providers and other third parties

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company must therefore rely upon the performance of third party service providers to perform its executive functions. In particular, the Investment Manager, the Asset Manager, the Facilities and Property Manager, the Administrator, the Secretary and the Registrar and their respective delegates, if any, will perform services that are integral to the Company’s operations and financial performance. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Company’s performance and returns to Shareholders. The termination of the Company’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 Company materially and could have a material adverse effect on the Company’s performance and returns to holders of Shares.

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

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

The past performance of other investments managed or advised by the Investment Manager or managed by the Asset Manager cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent on the Company successfully pursuing its investment policy. The success of the Company will depend, 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 Manager’s ability to perform adequately under the Asset 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

The Company will assume the Debt Facility on completion of the acquisition of the Initial Asset and the Directors intend to secure further borrowing facilities in the future to finance additions to the Company's portfolio. It is not certain that such facilities will be able to be secured. Whilst it is not currently the intention of the Directors to refinance the Debt Facility prior to the first anniversary of Admission, it is not certain that any facilities (including the Debt Facility) in the future will be refinanced at levels or on terms acceptable to the Directors or at all. Lack of access to debt or the utilisation of debt on more expensive terms than anticipated may adversely affect the Company's investment returns.

Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and accordingly, should the Company's assets not grow at a rate sufficient to cover the costs of establishing and operating the Company, 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 Company'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 Company's property portfolio falls, including as a result of defaults by tenants pursuant to their leases/licences with the Company, the use of borrowings will increase the impact of such falls on the net revenue of the Company and, accordingly, this will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Any increase in UK Sterling interest rates could have an adverse impact on the Company'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 Company may (and will on the acquisition of the Initial Asset) make use of interest rate hedging contracts in future, but there is no guarantee that such contracts, if entered into, would adequately protect the Company from adverse movements in real or nominal interest rates. If such contracts were entered into and terminated before their original term expired the Company could incur significant breakage costs which may have an adverse effect on the ability of the Company to pay dividends to Shareholders.

The Company may be subject to concentration risk on its portfolio

On Admission, the Initial Asset will be the Company's sole asset. Whilst it is the Board's intention for the Company to acquire additional property assets in the future there can be no certainty that it will be able to do so (including through the First Offer Agreements). Until the acquisition of any such further assets, the Company's performance will be reliant entirely on revenues derived from the Initial Asset. Any circumstances which materially affect the returns generated by the Initial Asset may materially and adversely impact the Net Asset Value and earnings of the Company.

The Company's investments will be illiquid and may be difficult or impossible to realise at any particular time

The Company will invest in student residential accommodation and teaching facilities. Such investments are illiquid and may be difficult for the Company 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 Company's property 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 Company's property valuations can be benchmarked by the Company's independent third-party valuation agents. Valuations of the Company's investments may not reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

The Company 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 Company may be unable to execute further acquisitions

The growth of the Company 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 Company will make any further investments in property assets. The availability of such future investment opportunities will depend, in part, upon conditions in the UK student accommodation sector.

Whilst the Company has a right of first offer to acquire Scape Greenwich and Scape Shoreditch, in accordance with the First Offer Agreements, there can be no assurance that the Company will be able to acquire either of these assets, including by reason of not being able to match a third party's valuation or the owners of either or both of these assets not agreeing terms of sale with the Company. Further, under the First Offer Agreements the Company will be required to put down a deposit of 10 per cent. of the purchase price, which may not be achievable or in the interests of Shareholders as a whole. Further details in relation to the First Offer Agreements are set out at paragraphs 6.6 and 6.7 of Part 8 of this document.

Further, under the Pipeline Agreement, the Asset Manager has undertaken to use its reasonable endeavours to procure that the owner or owners of the next three student residential property developments (excluding Scape Greenwich and Scape Shoreditch) to be developed, managed or operated by the Asset Manager 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 the Asset Manager will be able to procure that the owner or owners of such developments enter into such right of first offer agreements or that the Company 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 6.8 of Part 8 of this document.

To the extent that it does not have cash reserves pending investment, the Company will need to finance further investments either by borrowing or by issuing further Shares. There can be no guarantee that the Company 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 Company will face competition from other property investors. Competitors may have greater financial resources than the Company 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 Company'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 Company, 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 Company may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Company 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 Company, 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, fails to identify risks associated with the relevant HEI (including risks associated with its financial solvency), the

Company 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.

Any costs associated with potential investments that do not proceed to completion will affect the Company's performance

The Company may be required to put down a deposit and expects to incur certain third-party costs in respect of potential acquisitions, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. There can be no assurance that the Company will not forfeit any deposit or as to the level of such costs. The forfeiture of a deposit will materially and adversely impact the Company's results of operations and financial condition and given that there can be no guarantee that the Company will be successful in its negotiations to acquire any given property, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's results of operations and financial condition.

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

The Company'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 Company's financial position and results of operations.

In addition, the Company 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 Company, or that the Company will have to seek alternative contractors (or to perform such services itself) which could be difficult or more costly.

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

The Company'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 Company may lose capital invested in the affected property as well as anticipated future revenue from that property and the Company 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 Company's financial position and results of operations.

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

There is a risk of accidents at premises owned by the Company, which could result in personal injury to tenants, people visiting the premises, employees, contractors or members of the public. The Company 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 Company's reputation, financial position or results of operations.

Risks Relating to the Shares

Shares may trade at a discount to the Net Asset Value per Share

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 may fluctuate independently of their 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. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of a Share may therefore trade at a discount 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 Shares are to be admitted to trading on the London Stock Exchange (Specialist Fund Market) and on the CISX and listed on the Official List of the CISX, 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. There can likewise be no certainty of any liquidity in the Shares admitted to trading and listed on the CISX. The Company is not required to appoint a market maker or make a market for Shares traded on the Specialist Fund Market or the CISX. 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 underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at Net Asset Value or at all.

While the Directors retain the right to effect the repurchases of 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 Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Shares on the 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 underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

The number of Shares issued and to be issued pursuant to the Issue is not yet known, and there may be a limited number of holders of such 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 such Shares trade in the secondary market.

The Company may not have adequate distributable profits to allow the Company to return capital to Shareholders

Investors are reminded that, in accordance with the Companies Act, Shares may only be repurchased out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or out of distributable profits (including any reserve arising out of the cancellation of the Company's share premium account). There can be no assurance that the Company will have any such proceeds or distributable profits to allow the Company at any time to utilise any granted buy-back authority and to thereby return capital to Shareholders.

In the event of a winding-up of the Company, the Shares will rank behind any creditors of the Company and, therefore, any positive return for holders of Shares will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

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 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 8 of this document).

Risks Associated with the Investment Manager, the Asset Manager, the Facilities and Property Manager and other service providers

The performance of the Company will depend on the ability and services of the Investment Manager, the Asset Manager, the Facilities and Property Manager and other service providers

The performance of the Company will depend on the ability of the Investment Manager, the Asset Manager, the Facilities and Property Manager and other service providers to provide competent, attentive and efficient services to the Company. There can be no assurance that, over time, the Investment Manager, the Asset Manager, the Facilities and Property Manager and other service providers will be able to provide such services or that the Company 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 Investment Manager, the Asset Manager and the Facilities and Property Manager and the ability of the Investment Manager, the Asset Manager and Facilities and Property Manager to attract and retain suitable staff. The impact of the departure, for any reason, of a key individual (or individuals) on the ability of the Investment Manager to achieve the investment objective of the Company or the Asset Manager and/or the Facilities and Property Manager to successfully operate and manage the assets in the Company's portfolio cannot be determined and may depend on, amongst other things, the ability of the Investment Manager, the Asset Manager and/or the Facilities and Property Manager to recruit individuals of similar experience and credibility. A failure by the Investment Manager, the Asset Manager and/or the Facilities and Property Manager to recruit suitable individuals to replace any key individual who leaves the Investment Manager, the Asset Manager and/or the Facilities and Property Manager may impact negatively on the performance of the Investment Manager, the Asset Manager and/or the Facilities and Property Manager and, therefore, of the Company.

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

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

The Investment Manager, the Asset Manager and the Facilities and Property Manager are not required to commit all of their resources to the Company's affairs. Insofar as the Investment Manager, the Asset Manager and/or the Facilities and Property Manager devote resources to their responsibilities in relation to other business interests, their ability to devote resources and attention to the Company'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 Manager and their affiliates serve as investment manager and asset manager respectively to other clients and each of the Investment Manager's and the Asset Manager's organisational and ownership structure involves a number of relationships. The Investment Manager, the Asset Manager, and/or any of their affiliates may have conflicts of interest in allocating their time and activity between the Company and the other clients and in effecting transactions between the Company and other clients, including ones in which the Investment Manager, the Asset Manager and/or any of

their affiliates may have a greater financial interest. The Investment Manager, the Asset Manager and/or any of their affiliates may give advice or take action with respect to such other clients that differs from the advice given or action taken with respect to the Company.

The Investment Manager, the Asset Manager 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 Company.

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

Risks relating to taxation and regulation

A change in the Company'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

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

Any change in the Company's tax status or in taxation legislation in the UK (including a change in interpretation of such legislation) could affect the Company'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 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 Shareholders and/or the price of Shares.

There is no guarantee that the Company will achieve and maintain REIT status

The Company cannot guarantee that it will achieve and 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 Company 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 an attempt to obtain a tax advantage, as sufficiently serious;
- the Company has committed a certain number of breaches in a specified period; or
- HMRC has given the Company 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 Company 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 Company becomes a REIT, if it is unable to remedy the breach within a specified timeframe.

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

If the Company 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 Company is treated as exiting the REIT regime. The Company may also in such circumstances be subject to an increased tax charge.

If the Company 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 only 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 Company ceasing to be a REIT. If the

Company fails to meet certain of the statutory requirements to maintain its status as a REIT, it 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 Shareholders and the yield on the Shares. In addition, incurring a UK corporation tax liability might require the Company to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. Moreover, if the Company'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 Company's flexibility in executing its acquisition plans

The Company is intending to grow through acquisitions. However, the REIT distribution requirements limit the Company'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 Company, the Company 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 Company's ability to grow through acquisitions would be limited if the Company were unable to obtain further debt or 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 Company 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 Company's flexibility to make investments.

The Company's status as a REIT may restrict distribution opportunities to Shareholders

A REIT may become subject to an additional tax charge if it makes a distribution to, or in respect of, a Substantial Shareholder, that is broadly a company which has rights to ten per cent. or more of the distributions or Shares 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 and these provisions are summarised at paragraph 4.3 of Part 7 of this document. These provisions provide the Directors with powers to identify Substantial Shareholders and to prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met. 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 the above provisions.

The AIFM Directive may impair the ability of the investment team to manage investments of the Company, which may materially adversely affect the Company's ability to implement its investment strategy and achieve its investment objective

The AIFM Directive, which is due to be transposed by EU member states into national law not later than 22 July 2013, seeks to regulate AIFMs established in the EU and prohibits such managers from managing any AIF or marketing shares in such funds to investors in the EU unless an AIFM Directive authorisation is granted to the AIFM. In order to obtain such authorisation, and to be able to manage the AIF, an AIFM will need to comply with various obligations in relation to the AIF and in relation to the conduct and operation of its own business, which may create significant additional compliance costs that may, where considered appropriate, be passed to investors in the AIFs managed by AIFMs.

Furthermore, if the AIFM does not or cannot obtain authorisation under the AIFM Directive, the operation of the Company or the marketing of Shares to investors in the EU may be prohibited or the ability to market shares in the Company may be impaired. This may adversely impact the Company's ability to raise further capital (and manage and/or add to the Company's property portfolio) in future.

The AIFM Directive will require the Investment Manager to seek authorisation to provide the services it provides under the Investment Management Agreement to the Company. If the Investment Manager were to fail to, or be unable to, obtain and maintain an authorisation, it may be unable to continue to manage the Company or its ability to manage the Company may be impaired.

Any regulatory changes arising from implementation of the AIFM Directive and any derivative legislation or guidance (or otherwise) that impairs the ability of the Investment Manager to manage the investments of the Company, or limit the Company's ability to market its Shares, may materially adversely affect the Company's ability to carry out its investment strategy and achieve its investment objective. Further, following national transposition of the AIFM Directive, it is likely that the operating costs of the Company would increase, should the Investment Manager's application to be authorised under the AIFM Directive be successful.

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 8 of this document for further details.

Greater regulation of the financial services industry, which imposes additional restrictions on the Company and may materially affect the Company'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 Company. 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

No broker, dealer or other person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Shares.

Statements made in this document are based on the law and practice in force in England and Wales as at the date of this document and are subject to changes therein.

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

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

For the attention of prospective investors in the European Economic Area

In relation to each Relevant Member State, no 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 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 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 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 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 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 Shares to be offered so as to enable an investor to decide to purchase or subscribe for the 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

Shares in the Company may be offered directly only to those businesses holding licences under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Regulation of Fiduciaries, Administration Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2000, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Insurance Investment Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002. Private investors may be offered Shares only by appropriately licensed operators under the POI Law.

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 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.

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

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 Company, 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, the Disclosure and Transparency Rules and the listing rules of the CISX.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 9 of Part 8 of this document.

VOLUNTARY COMPLIANCE WITH THE LISTING RULES OF THE UKLA

Applications will be made to the London Stock Exchange and the CISX for all of the Shares issued and to be issued pursuant to the Issue to be admitted to trading on the London Stock Exchange (Specialist Fund Market) and on the CISX and for all such Shares to be listed on the Official List of the CISX. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 20 May 2013. As such, the Listing Rules of the UKLA applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the UKLA will not apply to the Company.

The Company will be subject to the listing rules of the CISX whilst listed on the CISX and 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 will voluntarily comply with the following key provisions of the Listing Rules of the UKLA should Admission be granted:

- the Company is not required to comply with the Listing Principles set out at Chapter 7 of the Listing Rules of the UKLA. Nonetheless, it is the intention of the Company to comply with these Listing Principles from Admission;
- the Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules of the UKLA. 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 of the UKLA 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 of the UKLA regarding continuing obligations. The Company intends however to comply with the following provisions of Chapter 9 of the Listing Rules of the UKLA from Admission: (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 of the UKLA regarding related party transactions. Nonetheless, in circumstances where the listing rules of the CISX do not require shareholder consent in respect of any such transaction 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 of the UKLA. 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 of the UKLA 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 13.1.2 of Part 1 of this document;
- the Company is not required to comply with the provisions of Chapter 13 of the Listing Rules of the UKLA regarding contents of circulars. The Company intends however to comply with the following provisions of Chapter 13 of the Listing Rules of the UKLA from Admission: (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) of the UKLA. Nonetheless, the Company intends to comply with the following provisions of Chapter 15 of the Listing Rules of the UKLA from Admission: (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 of the UKLA (the "**UKLA Model Code**"). However, the Company is required to comply with the CISX Model Code and has adopted a voluntary share dealing code for the Directors pursuant to which the Directors will comply with both the UKLA Model Code and the CISX Model Code. The Board will be 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 will not have the authority to monitor the Company's voluntary compliance with the Listing Rules of the UKLA 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

Placing and Offer for Subscription opens	12 April 2013
Completion of the acquisition of the Initial Asset by	10 May 2013
The Offer for Subscription closes	1.00 p.m. on 10 May 2013
The Placing closes	3.00 p.m. on 10 May 2013
Announcement of the results of the Issue	15 May 2013
Admission of the Shares to the Official List of the CISX and dealings in the Shares commence on the London Stock Exchange (Specialist Fund Market) and the CISX	8.00 a.m. on 20 May 2013
Crediting of CREST stock accounts in respect of the Shares	8.00 a.m. on 20 May 2013
Share certificates despatched in respect of the Shares	week commencing 27 May 2013 (or as soon as possible thereafter)

The dates and times specified are subject to change without further notice. All references to times in this document are to London time unless otherwise stated.

ISSUE STATISTICS

Issue Price	100 pence
Initial Gross Proceeds*	£50 million
Estimated net proceeds of the Issue*	£48.5 million
Estimated Net Asset Value per Share at Admission*	97.0 pence

* Assuming Initial Gross Proceeds of £50 million. The target size of the Issue is in excess of £50 million. The number of Shares issued and to be issued pursuant to the Issue, and therefore the Initial 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 Shares will be as follows:

ISIN	GB00B8460Z43
SEDOL	B8460Z4
Ticker	DIGS

DIRECTORS, MANAGEMENT AND ADVISERS

Directors	Robert Henry Haldane Peto (<i>Chairman</i>) Robert Malcolm Naish Peter William Dunscombe all of the registered office below:
Registered Office	Beaufort House 51 New North Road Exeter EX4 4EP Tel: 01392 477500
Investment Manager	Gravis Capital Partners LLP 53-54 Grosvenor Street London W1K 3HU Tel: 020 7518 1490
Asset Manager	Scape Student Living Limited 53-54 Grosvenor Street London W1K 3HU
Financial Adviser and Placing Agent	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
CISX Sponsor	Carey Olsen Corporate Finance Limited 47 Esplanade St Helier Jersey JE1 0BD
Solicitors to the Company	Lawrence Graham 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 Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors and Reporting Accountants	Ernst & Young LLP 1 More London Place London SE1 2AF
Valuer	Knight Frank LLP 55 Baker Street London W1U 8AN
Principal Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

PART 1

INFORMATION ON THE COMPANY

1. Introduction

The Company is a newly established closed-ended investment company incorporated in England and Wales on 26 February 2013. The Company intends to carry on business as a REIT, subject to meeting the necessary qualifying conditions.

Shares are available to investors through the Issue at 100 pence per Share.

The Company's investment manager is Gravis Capital Partners LLP. As at 28 March 2013, the Investment Manager had total assets under management with a principal value of approximately £700 million, including one listed closed-ended investment company, GCP Infrastructure Investments Limited, which had a net asset value of c.£266 million as at that date.

Applications will be made to the London Stock Exchange and the CISX for all of the Shares issued and to be issued pursuant to the Issue to be admitted to trading on the London Stock Exchange (Specialist Fund Market) and on the CISX and for all such Shares to be listed on the Official List of the CISX. It is expected that Admission will become effective and dealings will commence on 20 May 2013.

The Specialist Fund Market is an EU regulated market.

2. Investment objective

The Company's investment objective is to provide Shareholders with regular, sustainable, long-term dividends coupled with the potential for modest capital appreciation over the long term and RPI inflation-linked income characteristics.

3. 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 Higher Education Institutions ("**HEIs**"). The Company will invest in modern, mostly 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.

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).

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

The Company may acquire properties directly or through holdings in special purpose vehicles and properties 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, is expected to be between 45 and 50 per cent. on Admission (assuming Initial Gross Proceeds of £50 million) and 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 Company's 'property profits' and 'property finance costs'. Further details of the REIT conditions are set out at paragraph 2.2 of Part 7 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 will invest and manage its assets with an objective of spreading risk through the following investment 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 invest in development assets or assets which are unoccupied or not producing income at 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 a REIT for the purposes of Part 12 of the CTA 2010 (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.

4. Dividend policy and target returns

The Company intends to pay dividends on a quarterly basis with dividends declared in November, February, May and August and paid in December, March, June and September in each year. The Company intends to declare its first interim dividend in November 2013 to be paid in December 2013.

In order to maintain REIT status the Company will be 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.

The Company will target an annualised dividend yield of 5.5 per cent. in the period from Admission to 30 June 2014 and a total return in the longer term of between eight per cent. and ten per cent. per annum (both by reference to the Issue Price). The Company will seek to grow the dividend in line with RPI.

Investors should note that the targeted annualised dividend and targeted annual total return are targets only and not profit forecasts and there can be no assurance that either will be met or that any dividend or capital growth will be achieved.

5. The Initial Asset

5.1 Introduction

The Company has conditionally agreed to acquire the Initial Asset, Scape East, pursuant to the terms of the Acquisition Agreement. Completion of the acquisition of the Initial Asset is expected to take place on or around 10 May 2013. Further details of the Acquisition Agreement are set out at paragraph 6.1 of Part 8 of this document.

The Initial Asset is a private student residence which was completed in June 2012 under the Asset Manager's 'Scape Student Living' brand, which seeks to provide affordable and aspirational hotel style student accommodation in private purpose-built, high specification buildings. The Initial Asset comprises 588 studios and approximately 20,000 square feet of teaching facilities in a prime London student residential location within 30 minutes of c.75 per cent. of London's HEIs and directly opposite Queen Mary University of London ("**QMUL**") in Mile End. QMUL is a Russell Group HEI and is one of London's leading universities with approximately 17,000 students. More than 75 per cent. of all Scape East's direct let students study at QMUL.

As at the Latest Practicable Date, the Initial Asset was occupied by students from 32 different HEIs and of 81 different nationalities, with the majority of tenants coming from outside the UK.

The Initial Asset includes two retail units which are occupied by two companies which are ultimately owned by the Initial Asset Partners. The Company will enter into arm's-length formal leases in respect of these retail units on completion of the acquisition of the Initial Asset.

5.2 Lettings and revenues generated by the Initial Asset

The Investment Manager and the Asset Manager have achieved 100 per cent. occupancy for the Initial Asset for the 2012/13 academic year and have achieved this occupancy level on 51 week lettings.

As at the Latest Practicable Date, 398 studios were on short-term lease and/or licence agreements of one year or less, representing approximately 62.6 per cent. of total revenues that will be generated by the Initial Asset of £6.95 million for the 2012/13 academic year. The Company will seek to grow revenues derived from such short-term lease and/or licence agreements by no less than the rate of RPI for each academic year.

The remaining 190 studios, representing 31.0 per cent. of the total revenues that will be generated for the 2012/13 academic year, were let to students pursuant to a ten year RPI-linked hard nominations agreement between the Company and a special purpose vehicle controlled by the founding partner of INTO (see below) pursuant to which it guarantees and underwrites RPI-linked rental income on those studios and accordingly markets those studios to achieve full occupancy. From the start of the 2013/2014 academic year, the hard nominations agreement with INTO will be in respect of 180 studios.

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 6.4 per cent. of total revenues for the Initial Asset for the 2012/13 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 Company's relationship with INTO (through the Investment Manager and Asset Manager) will enhance the marketability of the Company's assets particularly through enhanced access to non-EU students located in Asia.

5.3 The acquisition of the Initial Asset by the Company

The Company has conditionally agreed to acquire the Initial Asset, Scape East, pursuant to the terms of the Acquisition Agreement. Completion of the acquisition of the Initial Asset is expected to take place on or around 10 May 2013.

The purchase price for the Initial Asset is £93.0 million (being the valuation of the Initial Asset as at 31 March 2013 carried out by the independent Valuer (a copy of which is set out at Part 5 of this document)). c.£35.2 million of the purchase price will be paid to the Initial Asset Vendor as deferred consideration shortly following Admission with the remainder being satisfied by the assumption by the Company of the existing borrowings relating to the Initial Asset (c.£57.8 million, as at the Latest Practicable Date under the Debt Facility).

The Directors currently intend that approximately £13.3 million of the Debt Facility shall be repaid by the Company shortly following Admission (assuming Initial Gross Proceeds of £50 million). If the Initial Gross Proceeds are greater or less than £50 million, the amount of the existing borrowing to be repaid will be adjusted accordingly.

To manage adverse effects of interest rate movements on cash flow and dividends, the Initial Asset Vendor hedged its interest rate exposure into fixed rate exposure. Following the completion of the acquisition of the Initial Asset, the Company will have the benefit (subject to its terms) of the Interest Rate Swap Agreement pursuant to which Barclays Bank PLC fixed the LIBOR element of the interest rate payable on the Debt Facility at 2.745 per cent. Within three days of Admission, the amount of the loan subject to the swap will be reduced by the amount of the Debt Facility repaid by the Company. Further details of the Interest Rate Swap Agreement are set out at paragraph 6.2.2 of Part 8 of this document.

The voting partners of the Investment Manager indirectly own, in aggregate, c.10 per cent. of the Initial Asset. Mr. Tae, a non-voting partner of the Investment Manager, indirectly owns c.45 per cent. of the Initial Asset. Further details of Mr Tae's interests in the Asset Manager, the Facilities and Property Manager and the Investment Manager are set out at paragraph 5 of Part 3 of this document.

Details of the participation by the Initial Asset Partners (including partners of the Investment Manager) in the Issue are set out at paragraph 15 of this Part 1 and paragraph 6.10 of Part 8 of this document.

Further details in respect of the Acquisition Agreement and the Debt Facility made available under the Facility Agreement and the Interest Rate Swap Agreement are set out at paragraphs 6.1 and 6.2 of Part 8 of this document respectively.

5.4 Valuation of the Initial Asset

In order to ensure that the acquisition of the Initial Asset by the Company is carried out at market value, the Company commissioned the independent Valuer to produce an independent valuation report on the Initial Asset (set out at Part 5 of this document) which, as at 31 March 2013, has valued the Initial Asset at £93.0 million. The net yield on the Initial Asset, based on such valuation, was approximately 6.29 per cent. as at that date.

The Valuation Report sets out a description of the Initial Asset and highlights material points which have been taken into account in the preparation of the valuation of the Initial Asset. The Company believes that there have been no material changes to the valuation of the Initial Asset since the date of the valuation.

The Directors (as advised by the Investment Manager) currently anticipate that there will be an uplift in the valuation of the Initial Asset arising from the RPI-linked increases in revenues and anticipated increases in the rents for studios for the 2013/14 academic year at the time of the first full independent valuation of the Initial Asset as at 30 September 2013. The Directors (as advised by the Investment Manager and based on the Principal Bases and Assumptions) currently believe that such uplift will fully offset the costs of the Issue and result in a modest increase in the Net Asset Value per Share.

6. Competitive advantages

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

- *sustainable yield target*: the Company's sustainable yield target offers inflation protection to investors;

- *London focus*: demand for private student accommodation is increasing while supply remains constrained. Furthermore, in 2011 London had the largest number of international students of any city in the world;
- *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 First Offer Agreements and the Pipeline Agreement in relation to the next five student residential properties to be developed, managed or operated by the Asset Manager or any of its affiliates or to be branded under the ‘Scape Student Living’ brand;
- *extensive expertise*: the Company has extensive expertise in the construction, design, operation and financing of student residential and educational properties through its relationships with the Asset Manager and the Investment Manager and its relationships with the principals of Grosvenor House Group Limited (including Mr. Tae) 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 £1.4 billion of UK PFI projects, primarily in the student accommodation and healthcare sectors, over the last twelve years;
- *London development expertise*: the Asset Manager 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 Company will benefit from the Asset Manager’s ‘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;
- *access to financing*: the Investment Manager and its partners have a track record in securing development funding for numerous projects including Scape Greenwich; and
- *no development risk*: the Company will only acquire properties once they are completed and generating income.

7. The Pipeline

The Company has agreed a right of first offer in connection with two projects for approximately 820 beds at Scape Greenwich and Scape Shoreditch.

Further, the Asset Manager currently has a further 1,200 beds under review in and around London. Pursuant to the Pipeline Agreement it has undertaken to use its reasonable endeavours to procure that the owner or owners of the next three student residential property developments (after Scape Greenwich and Scape Shoreditch) to be developed, managed or operated by the Asset Manager or any of its affiliates or to be branded under the ‘Scape Student Living’ brand enter into right of first offer agreements in respect of such assets as soon as practicable following their practical completion. Further details in relation to the Pipeline Agreement are set out in paragraph 6.8 of Part 8 of this document.

The Directors recognise the importance of existing Shareholders’ protections and consequently where the Company seeks to fund the acquisition of pipeline investments, including Scape Greenwich and Scape Shoreditch, through a further Share issuance, it will ensure that any such offering is made to existing Shareholders first on a pre-emptive basis.

7.1 The First Offer Agreements

The Company has a contractual right of first offer (in accordance with the First Offer Agreements) to acquire: (i) Scape Greenwich, which is part owned by the principals of the Asset Manager (it is currently the intention that the partners of the Investment Manager will, in due course, obtain an economic interest in Scape Greenwich); and (ii) Scape Shoreditch, which is part owned by the partners of the Investment Manager and the principals of the Asset Manager. Each development will be made available for sale to the Company when it is 75 per cent. occupied. Subject to completion of satisfactory due diligence and obtaining an independent third party valuation in accordance with the

Company's valuation policy (see paragraph 8 of this Part 1 below), funding (including any deposit), agreement on price and the Investment Manager's recommendation, the Company will seek to acquire those developments that are consistent with the investment objective and investment policy of the Company.

7.2 *Scape Greenwich*

Scape Greenwich is located on the Greenwich peninsula in London in close proximity to Ravensbourne College (c.1,600 students), a leading specialist digital media HEI, and the University of Greenwich (c.26,000 students). The building will comprise 280 studios of which 100 will be contracted to Ravensbourne College on a 15-year hard nominations agreement with annual RPI uplifts. The Directors (as advised by the Investment Manager) currently estimate that the construction and development of Scape Greenwich will be fully completed in the fourth quarter of 2013 and currently estimate that Scape Greenwich will be valued at approximately £40 million when fully developed.

7.3 *Scape Shoreditch*

Scape Shoreditch will be located in the Old Street area of London, within close proximity to The City University (c.19,300 students). The building will comprise 541 studios, c.46,000 square feet of teaching facilities and c.7,000 square feet of commercial and retail space. The Directors (as advised by the Investment Manager) currently estimate that the construction and development of Scape Shoreditch will be fully completed in the fourth quarter of 2015 and currently estimate that Scape Shoreditch will be valued at approximately £120 million when fully developed.

There can be no assurance that either of these projects will be completed or will be purchased by the Company. The Investment Manager will, in any event, continue to evaluate other potential acquisitions in accordance with the Company's investment policy.

7.4 *The Pipeline Agreement*

The Asset Manager has undertaken to use its reasonable endeavours to procure that the owner or owners of the next three student residential property developments (after Scape Greenwich and Scape Shoreditch) to be developed, managed or operated by the Asset Manager 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 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 8 of this Part 1 below), funding, agreement on price and the Investment Manager's recommendation, the Company 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 6.8 of Part 8 of this document.

8. **Investment process**

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

8.1 *Sourcing investments*

The partners of the Investment Manager have a long background of 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 through the Asset Manager, Event Investments Limited and the principals of Grosvenor House Group Limited.

As set out in paragraph 7 of this Part 1 above, the Company has a contractual right of first offer (in accordance with the First Offer Agreements) to acquire: (i) Scape Greenwich, which is part owned by the principals of the Asset Manager; and (ii) Scape Shoreditch, which is part owned by the partners of the Investment Manager and the principals of the Asset Manager. Further details of the First Offer Agreements are set out at paragraphs 6.7 and 6.8 of Part 8 of this document.

8.2 ***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 focus on newly developed 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;
- *financing*: gearing levels which must be consistent with the Company’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; and
- *overall market conditions*: the outlook for the student residential sector taking into account wider market conditions and sentiment in the sector.

Where the Company 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 of the UKLA regarding related party transactions. Nonetheless, in circumstances where the listing rules of the CISX do not require shareholder consent in respect of any such transaction 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 of the UKLA. See page 27 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.

8.3 ***Investment monitoring***

The Investment Manager will continually monitor the progress of the Company’s investments. This will include regular site visits and the Asset Manager 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 Company’s investments on a quarterly basis with additional formal contact being made where significant events have occurred which may impact the Company’s income, expenditure or asset value.

8.4 ***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 of this timeframe, should an appropriate opportunity arise where, in the Investment Manager’s

opinion (with 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.

9. Use of proceeds

The Initial Gross Proceeds will be utilised to pay the deferred consideration in connection with the acquisition of the Initial Asset from the Initial Asset Vendor, pay down a proportion of the debt the Company will assume on the completion of the acquisition of the Initial Asset in accordance with the Company's borrowing policy and pay the costs of the Issue and the acquisition of the Initial Asset. Assuming Initial Gross Proceeds of £50 million, the Company will utilise c.£35.2 million to pay the deferred consideration in connection with the acquisition of the Initial Asset from the Initial Asset Vendor, c.£13.3 million to pay-down a proportion of the Debt Facility and c.£1.5 million to pay the costs of the Issue and acquisition of the Initial Asset. If the Initial Gross Proceeds are more or less than £50 million, the amount of the Debt Facility which will be paid down shall be adjusted accordingly.

10. Valuation

The Directors intend to use the independent Valuer, or another professional independent valuer of equivalent standing, as property valuer to the Company. Full valuations of the Company's properties will be conducted annually as at 30 September of each financial period. Interim desktop valuations shall also be performed on a quarterly basis. The valuations of the Company's properties will be at fair value as determined by the independent Valuer on the basis of market value in accordance with the internationally accepted RICS Appraisal and Valuation Standards. The Valuer has produced a valuation report in relation to the Initial Asset which is set out at Part 5 of this document.

The first full valuation will be conducted as at 30 September 2013.

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

11. Calculation of Net Asset Value

The Net Asset Value (and Net Asset Value per Share) will be calculated quarterly by the Administrator. Calculations will be made in accordance with IFRS or as otherwise determined by the Board. Details of each quarterly valuation, and of any suspension in the making of such valuations, will be announced by the Company through a Regulatory Information Service as soon as practicable after the end of the relevant quarter and will also be published on the CISX Website through MDMS. The quarterly valuations of the Net Asset Value (and Net Asset Value per Share) will be calculated on the basis of the relevant quarterly valuation of the Company's properties.

The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs and will be published on the CISX Website through MDMS. In circumstances where the calculation of the Net Asset Value is suspended, a suspension of the listing of the Shares on the Official List of the CISX will also occur and will be announced through a Regulatory Information Service and on the CISX Website through MDMS as soon as practicable after any such suspension occurs.

12. Meetings, reports and accounts

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to June each year, with the first accounting period of the Company ending on 30 June 2014. It is expected that copies of the report and accounts will be sent to Shareholders by the end of October each year. The Company will also publish an unaudited half-yearly report covering

the six months to December each year. The first financial report and accounts that the Company will publish will be the half yearly report for the period ending on 31 December 2013 (covering the period from incorporation of the Company).

The Company intends to hold its first annual general meeting before 31 December 2014 and will hold an annual general meeting each year thereafter.

13. Premium and discount management

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

13.1 Discount control

13.1.1 Continuation resolutions

In accordance with the Articles, if by the time the Company convenes its third annual general meeting in 2016, it is the owner of no more than one student residential property (being the Initial Asset or otherwise), the Directors are required to propose an ordinary resolution at that meeting of the Company that the Company continue its business as presently constituted (the “**Conditional Continuation Resolution**”).

In addition, the Articles provide that the Directors are also required to propose an ordinary resolution that the Company continue 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 the Conditional Continuation Resolution or 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.

13.1.2 Share buy-backs

The Directors will consider repurchasing 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 Shares. The Directors intend, following Admission, to apply to the Court to cancel the share premium account so as to create a new special reserve which may be treated as distributable profits and out of which share buy-backs may be funded.

A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company’s issued share capital immediately following Admission during the period expiring on the conclusion of the earlier of the Company’s first annual general meeting and 31 December 2014. 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 Net Asset Value per Share and otherwise in accordance with guidelines established from time to time by the Board. Purchases of Shares may be made only in accordance with the Companies Act, the Disclosure and Transparency Rules and the listing rules of the CISX. Under the current Listing Rules of the UKLA, the maximum price that may be paid by the Company on the repurchase of any Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the 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 2273/2003). The minimum price will not be below the nominal value of one pence in respect of the Shares. The Company is not required to comply with the provisions of the Listing Rules of the UKLA 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 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.

13.2 *Premium management*

The Directors have authority to issue up to 250 million Shares following Admission on a pre-emptive basis. The reason for this is that the Directors recognise the importance of protecting existing Shareholders and consequently where the Company seeks to fund the acquisition of pipeline investments, including Scape Greenwich and Scape Shoreditch, through a further Share issuance, any such offering shall first be made to existing Shareholders on a pre-emptive basis. Such authority will expire at the conclusion of, and renewal of the authority will be sought at, the Company's third annual general meeting.

The Directors also have authority to issue up to ten per cent. of the Shares in issue immediately following Admission on a non-pre-emptive basis in order to retain flexibility, following Admission, to issue new Shares to investors. Such authority will expire at, and renewal of such authority will be sought at, the Company's first annual general meeting.

Investors should note that the issuance of new 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 Shares that may be issued.

13.3 *Treasury shares*

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

14. The Issue

The Company is seeking to issue in excess of 50 million Shares and is targeting Initial Gross Proceeds of in excess of £50 million, before expenses, with the potential for increase subject to investor demand. The maximum number of Shares available under the Issue is 70 million (representing Initial Gross Proceeds of £70 million). The actual number of Shares to be issued pursuant to the Issue, and therefore the Initial 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.

Cenkos has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing for Shares on the terms and subject to the conditions set out in the Placing and Offer Agreement.

The Company has agreed to make an offer of Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions under the Offer for Subscription. These terms and conditions should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Shares.

15. Cornerstone investment

The Company has received irrevocable offers to subscribe for Shares worth, in aggregate, £5 million at the Issue Price (based on Initial Gross Proceeds of £50 million) from cornerstone investors, including the Initial Asset Partners, of which the partners in the Investment Manager have irrevocably offered to subscribe for c.£1.54 million by value.

As the Initial Gross Proceeds of the Issue increase up to the maximum of £70 million, the irrevocable offer to subscribe for Shares by the cornerstone investors shall be scaled down (on a linear basis) to a minimum subscription on Admission to the value of c.£2 million.

Further details of the cornerstone investment (which will be scaled back or increased depending on the size of the Issue) are set out at paragraph 6.10 of Part 8 of this document.

In order to mitigate the risk of the cornerstone investors (including the partners in the Investment Manager) disposing of their Shares in the secondary market following Admission, such investors have also agreed, pursuant to the terms of their respective Offer and Lock Up Agreements, not to transfer, dispose of or grant any options over any of the Shares held by them at Admission until the earlier of 31 December 2013 and the completion of the acquisition of a second student residential property by the Company. The Offer and Lock Up Agreements contain exceptions customary for agreements of this nature including with the prior written approval of the Company and Cenkos (which approval may be granted or declined at their absolute discretion). Further details of the Offer and Lock Up Agreements are set out at paragraph 6.10 of Part 8 of this document.

16. Illustrative return statistics

Set out in Part 6 of this document are illustrative return statistics for the Shares, based on the Principal Bases and Assumptions.

The figures in relation to dividends and total returns on the Shares and on yields set out in this document (including Part 6) are for illustrative purposes only and are not intended to be, and should not be taken as, a profit forecast or estimate. They have been calculated using the Principal Bases and Assumptions. Actual returns cannot be predicted and may differ materially from these illustrative statistics.

17. REIT status and taxation

Potential investors are referred to Part 7 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.

18. 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 13 to 24.

PART 2

BACKGROUND TO UK STUDENT ACCOMMODATION AND ASSOCIATED INVESTMENT OPPORTUNITIES

1. Market context

1.1 UK higher education

Higher education is one of the UK's largest service exports and had an annual value of £12.5 billion in 2010.

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:

<i>HEI grouping</i>	<i>Description</i>
Russell Group universities	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 and University College London.
Regional universities located in London	Regional universities which have set up teaching facilities to service international students in London, including UEA and Glasgow.
Overseas universities	A number of US universities have satellite campuses in the UK, typically in central London, including New York University, Notre Dame and American InterContinental.
Guild HE/specialist colleges	Formal representative body for 27 members and nine 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.
Private universities	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.
1994 Group Universities	Established in 1994, the 1994 Group brings together eleven 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.
University Alliance	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 the number of international students that an HEI can attract are not 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.

1.2 *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.

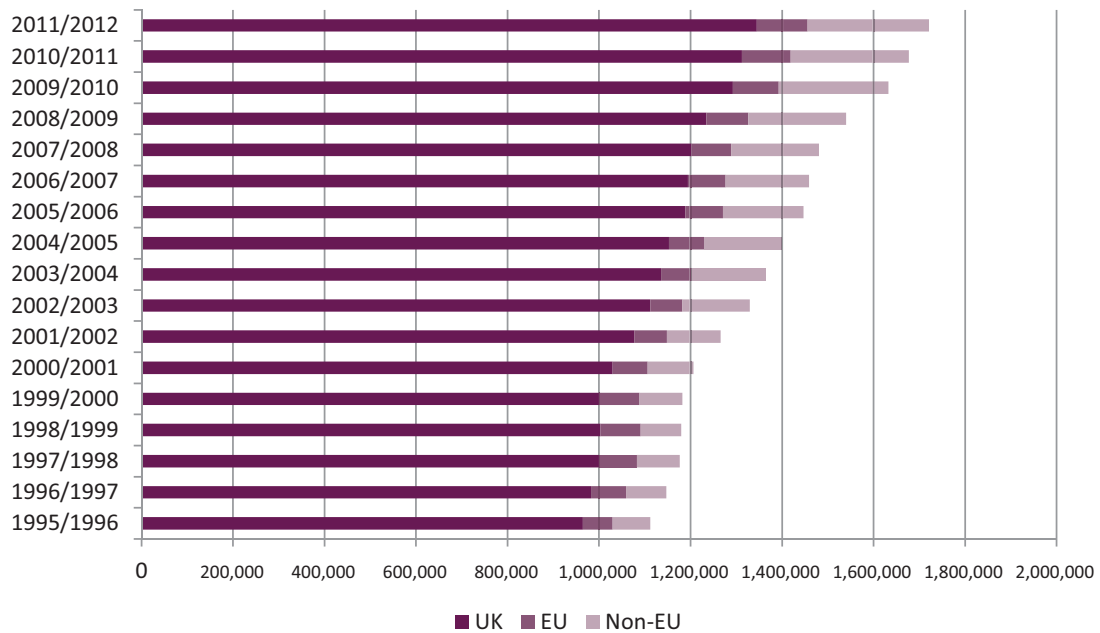
The Company will seek to invest in private purpose-built student accommodation developed and operated in the private sector. Revenues from these assets are typically generated through one of the three following channels:

- **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. 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 hall 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.

1.3 *Student number trends*

The graph below shows that student numbers have increased by c.65 per cent since 1995. This has been driven by government policy, demographics and global mobility, with over 1.7 million students studying full-time in the UK in 2011/2012, with some 22 per cent. from outside the UK.

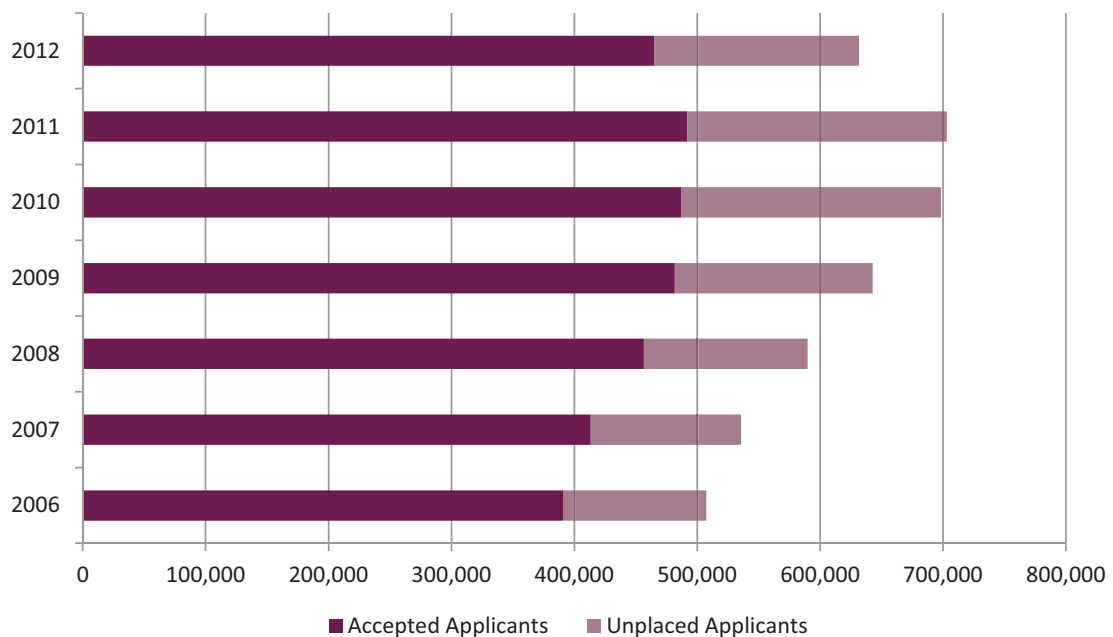
Full time student numbers



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

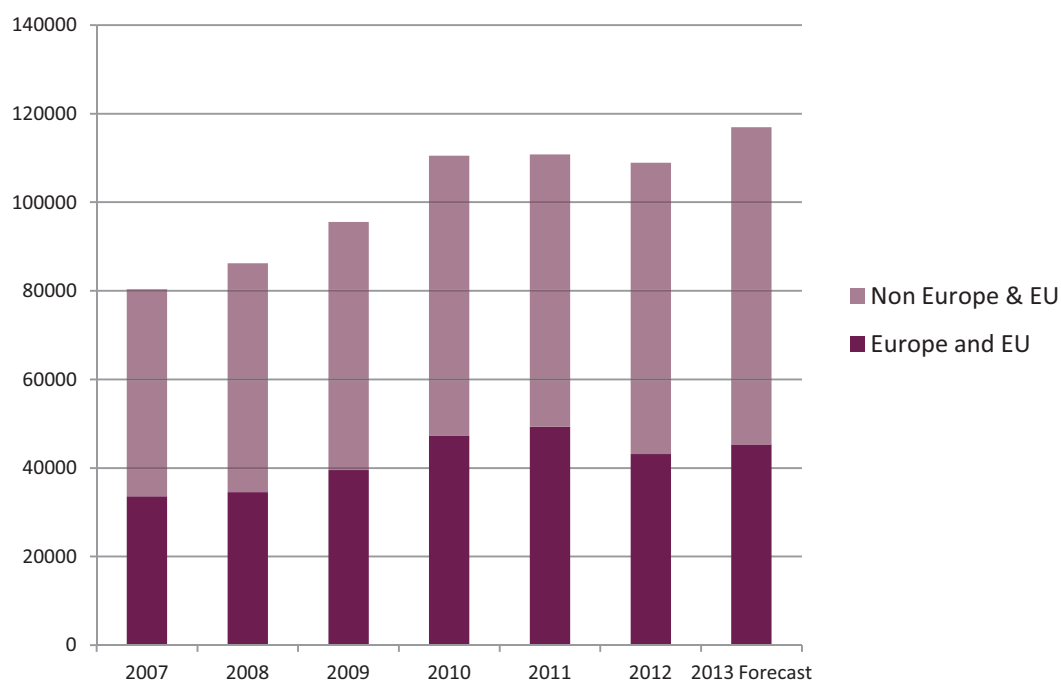


Source: UCAS

1.4 *International students*

Applications from international students have risen over the last four years, primarily driven by non-European students (increasing by c.9.6 per cent. in 2013). International student numbers in London increased by c.4.9 per cent. in 2012 and are expected to increase at a similar rate in 2013/2014.

Total international students in UK universities



Source: UCAS

In 2011, there were c.435,000 international students studying in the UK, and over 108,000 in London, accounting for c.25 per cent. of the total London student population. 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 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:

<i>Country</i>	<i>Price per year</i>	<i>Years of study</i>	<i>Total</i>	<i>Universities in world 50</i>
UK	£13,200	3	£39,600	7
New Zealand	£15,397	3	£46,192	0
Canada	£10,561	4	£42,243	3
Australia	£16,568	3	£49,703	2
USA	£21,439	4	£85,758	29

Source: The Investment Manager

The cost of a degree programme in the UK is c.45 per cent. of the cost in the USA and c.20 per cent. lower than the cost in Australia. 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. Common market misconceptions

<i>Perception</i>	<i>Reality</i>
Student numbers are falling	Applications for 2013/2014 in January were up 3.5 per cent. on the same point last year. The number of applications from EU students increased by 4.9 per cent., and non-EU students by 9.6 per cent.
Student fees have substantially increased	They have, but there is increased provision of loan funding and the term over which it has to be repaid has increased from five to 30 years. International student fees have not increased at the same pace and are considerably cheaper than in the US and Australia.
Student accommodation assets are low quality	Student accommodation assets include high quality purpose-built assets with private kitchens, en-suite bathrooms and large high-specification communal areas. International students typically expect this level of quality.
Student accommodation is no different to UK commercial property	During the credit crunch, UK student accommodation exhibited the lowest volatility of any UK property class, underpinned by one of the leading UK service sectors. Student accommodation offers stable inflation-adjusted income returns with modest capital upside.
Universities are making financial losses and cutting courses	A two-tier system is likely to evolve with weaker universities failing or merging as domestic students become more selective where they will study with an increased burden of debt. There is also likely to be an increased involvement of private universities.
Students only study for 30 weeks leading to high vacancy rates	In the Investment Manager's experience, the majority of direct let agreements in London are for 51 weeks; outside London contracts typically vary from 30 to 42 weeks with no summer voids.
Most students prefer to live in houses with their friends	Only really applies to domestic second year undergraduates. First years, international students and postgraduates typically prefer private halls of residence.
International student visas are restricted	This is not the case for <i>bona-fide</i> UK HEIs. International students studying at an accredited UK HEI are currently not exposed to immigration caps.

3. Historic performance of the asset class

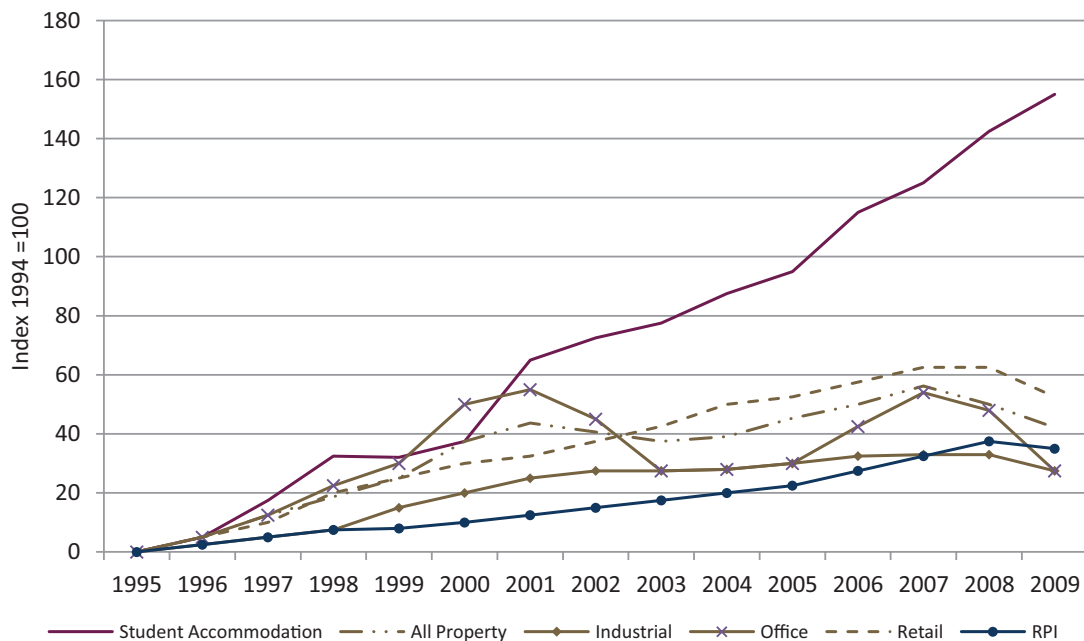
3.1 Robust performance

Student accommodation was the best-performing asset class in the US and UK property markets for 2012 as at 31 October 2012 driven by a combination of strong income growth and modest capital appreciation. The asset class has exhibited a robust performance in both the UK and US in recent years despite adverse economic conditions, continually delivering solid returns to investors.

3.2 Rental growth outstrips 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.

Rental value growth by sector, the UK

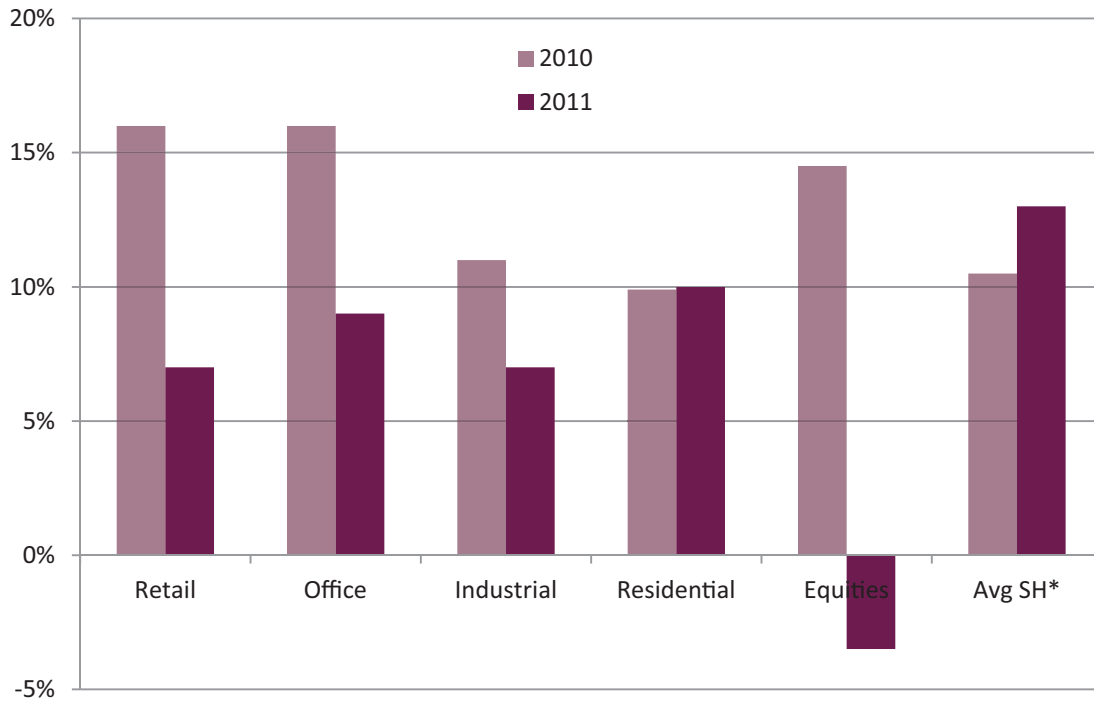


Source: Jones Lang LaSalle

3.3 Total returns

In the UK, the sector has continually delivered solid returns to investors with total returns outweighing those on other core assets in recent years. The graph below shows the Jones Lang LaSalle UK student accommodation index against other asset classes with an annual average return of 13 per cent. in recent years.

UK student housing vs. other assets, total annual returns

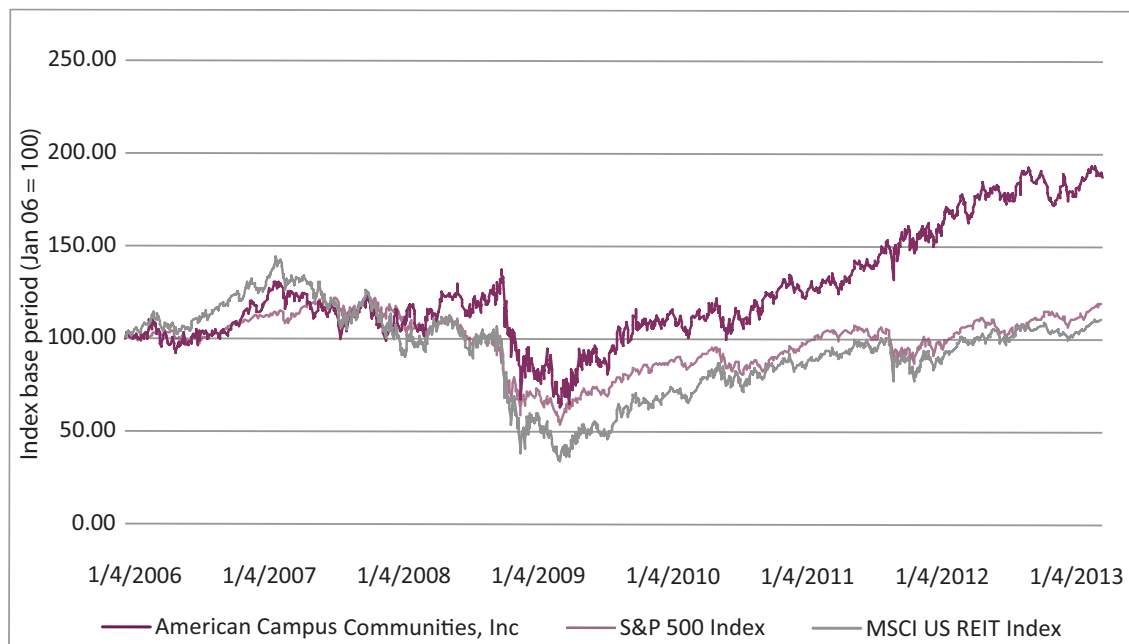


Note: * Calculations based on regional and London assets. Sep-11 value

Source: Jones Lang LaSalle

The US is the deepest market for private student accommodation with funds under management invested in the sector of at least c.U.S.\$22.4 billion as at March 2013. Approximately 30 per cent. of these funds are invested through US REITs, the largest of which is American Campus Communities Inc (“ACC”). The graph below shows the total return performance of ACC against the MSCI US Real Estate Index and the Standard and Poor’s Broad Market Index from January 2006 to February 2013. ACC has significantly outperformed both the broader market and wider REIT sector over that period, and was among the top five best performing REITs in 2011. Further, from January 2009 to December 2012, ACC recorded a return to investors of 134 per cent.

Comparison of cumulative total return from 4 January 2006 to 14 February 2013

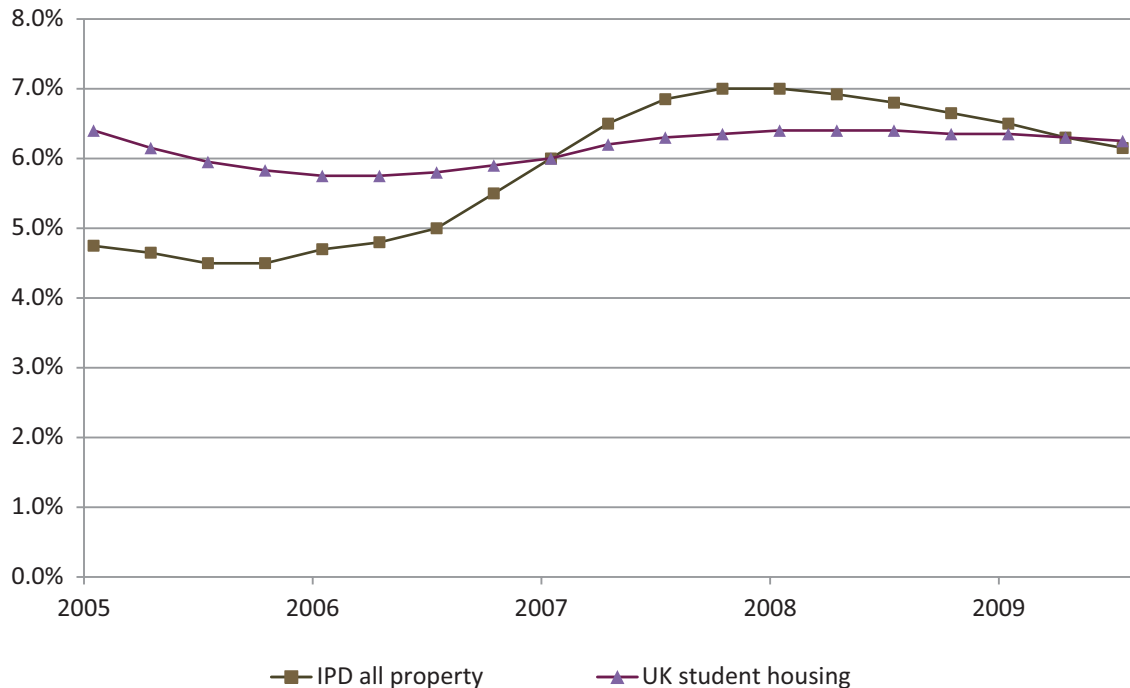


Source: Jones Lang LaSalle

3.4 *Long term asset class with low volatility*

UK student housing yields experienced less than 20 per cent. of the volatility of all other property classes over the period 2005 to 2010 as shown in the graph below. This, in the view of the Directors (as advised by the Investment Manager), is primarily because demand for higher education tends to increase in times of recession as people look to improve their skills or defer entering the workforce.

UK student housing yields vs IPD all property



Source: Savills

4. **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.

4.1 *Supply/demand imbalance*

Demand for private purpose-built student accommodation is continuing to increase as course applications for domestic students continue to outstrip supply and increasing numbers of international students requiring a high standard of accommodation come to the UK to be educated. Aligned to this is the fact that the universities are rarely able to develop out their own housing schemes, which is having the effect of pushing more students to find accommodation in the private sector, particularly first year students.

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

- **land** – general lack of availability of good locations, particularly in London where alternative use value is very high owing to high residential land values;
- **planning** – under UK planning laws a residential planning consent requires that an element is built as affordable housing. This tends to be between 20 per cent. and 30 per cent. in London. Student accommodation consents do not require the developer to provide affordable housing as part of the consent. This makes planning for student housing a divisive subject with planning officers thereby reducing the number of consents that are granted; and

- **financing** – the supply of development funding across the UK has been severely constrained since 2008. The majority of banks that lent to the sector prior to 2008 no longer make loans available, and where they do, the average gearing has reduced to c.50 per cent. In addition to this, banks will only lend to those operators with significant experience of developing student accommodation which restricts new entrants coming in to the sector.

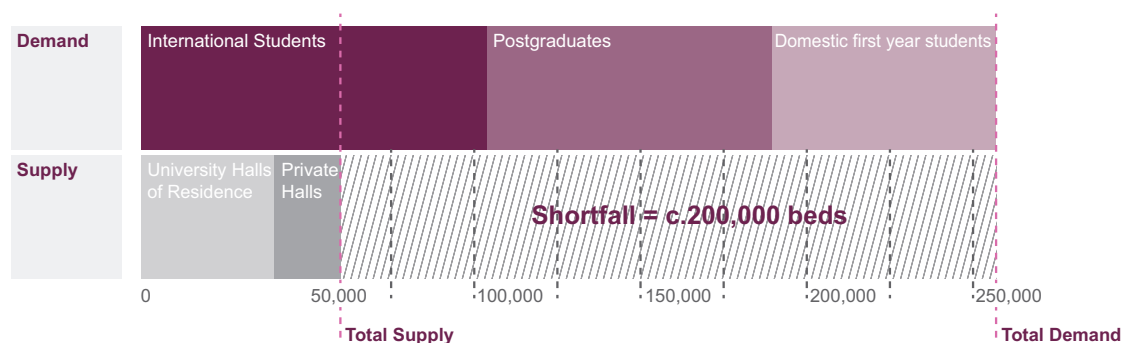
4.2 *The London advantage*

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 400,000 students being educated at HEIs in the capital;
- London has the largest number of international students of any city in the world with c.108,000 students in 2011 from over 200 countries;
- London is home to some of the leading HEIs in the world which attract a significant number of international students – it has five of the 24 Russell Group Universities, two of the top ten universities in the world and has a large number of world renowned specialist colleges such as Central St Martins College of Art and Design and Ravensbourne College;
- London was the most popular city in the world to visit in 2012 with a huge global profile following the London 2012 Olympic Games; 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.2,200 beds in their own stock.

The acute supply/demand imbalance in London is evidenced in the graph below which shows that in 2010/2011 there were over 250,000 domestic first year undergraduates, international students and postgraduates studying in the capital with only 60,000 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.200,000 beds. It is this shortfall that underpins the strong performance of the asset class in the capital.

Student accommodation supply and demand in London 2010/2011



5. Outlook

On 31 January 2013, UCAS published the application statistics for UK and international students for the majority of HEI courses. The data showed that almost 559,000 students made applications to UK universities, up 3.5 per cent. on the same point last year. The increase in applications was greatest amongst students from the poorest areas who can claim generous bursaries and discounts on tuition fees, which appears to indicate that the imposition of tuition fees of up to £9,000 for the first time in 2012 has failed to have a long-term impact on student numbers.

The number of applications from EU students increased by almost five per cent. to 37,991 and demand from outside the EU soared by 9.6 per cent. to 45,320. This appears to show that EU students are beginning to look outside of their home countries to study as the Eurozone economic crisis begins to abate, and that the growth engine economies of the world outside the Eurozone are producing the largest increases in new applicants.

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.eight million international students by 2025, as the wealthy educated middle class expands in certain countries 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.

On the supply side, the Directors (as advised by the Investment Manager) do not expect to see substantial volumes of new accommodation arising in London in the near term, as planning reforms and constrained capital 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 rise in line or slightly above inflation and capital values will stay solid with some scope for growth over the medium to long term.

PART 3

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1. Directors

The Directors are responsible for the determination of the Company'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, the Asset Manager and the Facilities and Property Manager. All of the Directors are non-executive and are independent of the Investment Manager, the Asset Manager and the Facilities and Property Manager.

The Directors will meet at least four times per annum, and the audit committee of the Company will meet at least twice per annum.

The Directors are as follows:

Robert Peto (Chairman) (aged 62)

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. 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 59)

Mr. Naish was until recently head of real estate at Scottish Widows Investment Partnership (“SWIP”) 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 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.

Peter Dunscombe (aged 63)

Mr. Dunscombe is a director of Murray International Trust plc, Sarda House (Freehold) Limited and Sarda House Management Company Limited. 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 and St James's Place plc.

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. Save for the Chairman of the Board, the initial fees will be £18,000 for each Director per annum. The Chairman's initial fee will be £25,000 per annum. The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties.

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 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 will have day-to-day responsibility for the control and supervision of the Asset Manager.

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 28 March 2013, the Investment Manager had total assets under management with a principal value of approximately £700 million, including one London-listed closed-ended investment company, GCP Infrastructure Investments Limited, which had a net asset value of c.£266 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 35) – Partner

Mr. Ward has overall responsibility for the provision of investment advice to the Company and is chief operating officer of the Asset Manager. 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 four 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, including the Initial Asset.

Stephen Ellis (aged 54) – Partner

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 27) – Analyst

Mr. Daws is responsible for reporting on and monitoring the ongoing performance of the Company as well as asset due diligence including financial modelling. 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 London, where he spent three years within Corporate Audit. Mr. Daws joined the Investment Manager as an analyst in 2012.

Investment Management Agreement

The Company and the Investment Manager have entered into an Investment Management Agreement, a summary of which is set out at paragraph 6.3 of Part 8 of this document, under which the Investment Manager has been given sole responsibility for the management of the Company's

assets in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors. The Investment Manager will have day-to-day responsibility for the control and supervision of the Asset 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 which is calculated and paid quarterly in arrears at an annual rate of one per cent. of the prevailing Net Asset Value. The Investment Management Agreement is for an initial term of four years, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Investment Manager.

2.2 *Asset Manager*

Under the terms of the Asset Management Agreement, the Company has appointed Scape Student Living Limited as the asset manager to provide asset management services in relation to the Initial Asset, including sales, marketing (including social media) and brand management. The Asset Manager will have day-to-day responsibility for the control and supervision of the Facilities and Property Manager. The Company has ultimate control and supervision of the Facilities and Property Manager. The Asset Manager has a number of professional accreditations including: Accreditation Network UK, National Code, UK Council for International Student Affairs and the Association for Residential Student Accommodation.

Under the terms of the Asset Management Agreement, the Asset Manager and the Company have agreed that the Asset Manager will act as the asset manager of those projects, subject to such projects being acquired by the Company, over which the Company has a right of first offer to acquire pursuant to the terms of the First Offer Agreements or which are the subject of the Pipeline Agreement on the same commercial terms as it manages the Initial Asset. Further details of the Asset Management Agreement are set out at paragraph 6.4 of Part 8 of this document.

The Asset Manager is owned by the principals of the Investment Manager and the senior management of the Asset Manager (as set out below). The owners have extensive experience in site finding, land assembly and planning, design, development, financing and operation of student residential and educational property assets.

The senior management team of the Asset Manager are:

Adam Brockley (aged 45) – Chief Executive Officer

Mr. Brockley has over 20 years' experience in the property sector with particular areas of expertise within planning and development, land acquisition, residential investment and the student accommodation sector. Mr. Brockley is a founding partner of the Asset Manager and has been instrumental in establishing the 'Scape Student Living' brand and the Asset Manager's operational platform and in the marketing of the 'Scape Student Living' brand.

Nigel Taeë (aged 52) – Chairman

Mr. Taeë co-founded Grosvenor House Group Limited in 1985. Under his leadership, the group has built a strong and diligent management team and implemented a robust investment strategy focused on healthcare, facilities management, education and private equity. Mr. Taeë is also a co-founder investor/director of the following high street brands: Supercreche, Seattle Coffee Co, Carluccio's, Santa Fe Restaurants and Triyoga and has recently become an investor director of both Medikidz.com and Steer.io. Mr. Taeë holds a c.25 per cent. interest in the Asset Manager. Further details of Mr. Taeë's interests in the Investment Manager, the Asset Manager and the Facilities and Property Manager and his interest in the Initial Asset are set out at paragraph 5 of this Part 3.

Paul Williams (aged 47) – Deputy Chairman

Mr. Williams has over 25 years of experience in the property industry, the last 15 of which have been spent as principal of his own investment, development and trading company. Mr. Williams is a founding partner of the Asset Manager and has been instrumental in establishing and developing the 'Scape Student Living' brand's marketing wrap and its operational platform. His expertise in managing complicated site assemblies and his ability to navigate the often complex planning, legal

and design issues ultimately assists in the delivery of efficient and inspirational buildings thereby maximising the value of the individual completed assets and helping to maintain a strong and innovative brand identity.

Mr. Ward, one of the founding partners of the Asset Manager, is the chief operating officer of the Asset Manager and will be principally responsible for oversight of the Asset Manager's functions following Admission.

Under the terms of the Asset Management Agreement, the Asset Manager 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 the Initial Asset. The Investment Manager is responsible for the payment of fees to the Asset Manager under the Asset Management Agreement out of its investment management fees.

The Asset Management Agreement is for an initial term of four years, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Asset Manager.

3. Other arrangements

3.1 *Facilities and Property Manager*

The Facilities and Property Manager provides facilities and property management services to the Company in relation to the Initial Asset. The principals of the Facilities and Property Manager, via Grosvenor House Group Limited, have delivered approximately £1.4 billion of UK PFI projects, primarily in the student accommodation and healthcare sectors, over the last twelve years.

The Asset Manager is responsible for the supervision of the Facilities and Property Manager. The Company has ultimate control and supervision of the Facilities and Property Manager. Under the terms of the Facilities and Property Management Agreement, the Facilities and Property Manager is entitled to a fee of c.£771,000 per annum in relation to the management of the student accommodation and teaching space at the Initial Asset, exclusive of VAT, payable monthly in arrears and automatically increasing on 15 September of each year in line with RPI.

The Facilities and Property Management Agreement is for an initial term of four years from Admission, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Facilities and Property Manager.

The Facilities and Property Management Agreement relates to the Initial Asset. If the Company appoints the Facilities and Property Manager as the facilities and property manager for future projects, the Company and the Facilities and Property Manager will enter into separate agreements in relation to any such projects.

3.2 *Registrar*

The Company will utilise the services of Capita 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 £7,500 for the first year and thereafter £5,000 per annum. 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 Admission.

3.3 *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 £47,500 per annum (exclusive of VAT) for the twelve months from Admission and £52,500 per annum thereafter.

The Administration Agreement is for an initial term of one year from Admission, thereafter being terminable upon six months' written notice.

3.4 **Secretary**

Capita Company Secretarial Services Limited has been appointed by the Company to provide company secretarial functions required by the Act. The Company's statutory records will be maintained at the Company's registered office.

Under the terms of the Secretary Agreement, the Secretary is entitled to a company secretary fee of £40,000 per annum (exclusive of VAT) during the first year commencing on Admission and £45,000 per annum thereafter.

The Secretary Agreement is for an initial term of two years from Admission, thereafter being terminable upon six months' written notice.

3.5 **Auditor**

Ernst & Young LLP will provide audit services to the Company. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.

4. **Fees and expenses of the Company**

4.1 **Issue expenses**

The costs and expenses incurred by the Company in connection with the Issue are anticipated to be c.£1.5 million (assuming Initial Gross Proceeds of £50 million) and will be borne by the Company. Accordingly, it is expected that the starting NAV per Share will be c.97.0 pence on this basis.

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 in paragraphs 1 to 3 of this Part 3 above, travel, accommodation, printing, audit, finance costs, due diligence and legal fees. All reasonable out-of-pocket expenses of the Investment Manager, the Asset Manager, the Facilities and Property Manager, the Administrator, the Registrar and the Directors relating to the Company will also be borne by the Company.

5. **Conflicts of interest**

The Investment Manager, the Asset Manager 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 Company. 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 Asset Manager spend managing the Company's investments. The Investment Manager's and Asset Manager's decision to spend time on other activities besides the management of the Company'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 Company.

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 voting partners of the Investment Manager indirectly own, in aggregate, c.ten per cent. of the Initial Asset. The voting partners of the Investment Manager indirectly hold, in aggregate, a c.25 per cent. interest in the Asset Manager, of which Mr. Ward is the chief operating officer.

Mr. Tae holds a c.15 per cent. non-voting partnership interest in the Investment Manager and indirectly owns c.45 per cent. of the Initial Asset. Mr. Tae is chairman of the Asset Manager (in which he holds a c.25 per cent. interest) and holds a c.35 per cent. interest in the Facilities and Property Manager.

The partners of the Investment Manager, including Mr. Tae (who is a non-voting partner), will subscribe for Shares in the Company on Admission as set out in paragraph 6.10 of Part 8 of this document.

The Company has a contractual right of first offer (in accordance with the First Offer Agreements) to acquire: (i) Scape Greenwich, which is part owned by the principals of the Asset Manager (it is currently the intention that the partners of the Investment Manager will, in due course, obtain an economic interest in Scape Greenwich); and (ii) Scape Shoreditch, which is part owned by the partners of the Investment Manager and the principals of the Asset Manager.

The Asset Manager 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 Greenwich and Scape Shoreditch) to be developed, managed or operated by the Asset Manager 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 is practicable following their practical completion.

Under the terms of the Asset Management Agreement, the Asset Manager and the Company have agreed that the Asset Manager will act as the asset manager of those developments, subject to such developments being acquired by the Company, over which the Company has a right of first offer to acquire pursuant to the terms of the First Offer Agreements or which are the subject of the Pipeline Agreement on the same commercial terms as it manages the Initial Asset.

These circumstances may also lead to conflicts of interest. The Directors have satisfied themselves that the Investment Manager and the Asset Manager have procedures in place to address potential conflicts of interest.

Both the Investment Manager and the Asset Manager have confirmed that they will have regard to their obligations under their respective agreements with the Company 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 Manager in relation to the Company are subject to the overall direction and review of the Directors.

6. The Takeover Code

The Takeover Code will apply to the Company as at Admission.

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 will meet at least twice 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 will examine the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and will receive information from the Investment Manager. It will also review 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 will meet 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 Manager and the Facilities and Property Manager and it will annually review such appointments and the terms of the Investment Management Agreement, the Asset Management Agreement and the Facilities and Property Management Agreement.

It is the intention of the Company, in due course and following the Company becoming a member of the AIC, to comply with the provisions of the AIC Code, by reference to the AIC Guide.

8. Directors' share dealing

The Company is not required to comply with the UKLA Model Code. However, the Company is required to comply with the CISX Model Code and 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 will comply with both the UKLA Model Code and the CISX Model Code. The Board will be 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 target size of the Issue is in excess of £50 million, before expenses. The maximum number of Shares available under the Issue is 70 million. The actual number of Shares to be issued pursuant to the Issue, and therefore the Initial 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. The Issue has not been underwritten.

The aggregate proceeds of the Issue, after deduction of expenses, are expected to be c.£48.5 million on the assumption that the Initial Gross Proceeds are £50 million.

Cenkos has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing for the Shares 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 6.9 of Part 8 of this document. The Placing will close at 3.00 p.m. on 10 May 2013 (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.

The Company has agreed to make an offer of Shares pursuant to the Offer for Subscription at the Issue Price, 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. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Shares. 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 10 May 2013. 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 Shares with a minimum subscription amount of £10,000 and thereafter in multiples of £100. Commitments under the Issue, once made, may not be withdrawn without the consent of the Board.

The Issue is conditional, *inter alia*, on:

- Admission having become effective on or before 8.00 a.m. on 20 May 2013 or such later time and/or date as the Company and Cenkos may agree (being not later than 8.00 a.m. on 28 June 2013);
- 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
- 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 at the applicants' risk.

2. The Specialist Fund Market

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

3. Scaling back

The maximum number of Shares available under the Issue is 70 million. In the event that commitments under the Placing and valid applications under the Offer for Subscription exceed 70 million Shares, it would be necessary to scale back applications under the Placing and Offer for Subscription. In such an event, applications under the Placing and Offer for Subscription will be scaled back at the absolute discretion of Cenkos (in consultation with the Company and the Investment Manager) and thereafter no further commitments or applications will be accepted and the Placing and Offer for Subscription will be closed.

4. 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 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 6.9 of Part 8 of this document.

5. Admission

Admission is expected to take place at 8.00 a.m. on 20 May 2013. An investor applying for Shares in the Issue may receive Shares in certificated or uncertificated form. The Shares are in registered form. No temporary documents of title will be issued. Dealings in 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 20 May 2013 in respect of Shares issued in uncertificated form and definitive share certificates in respect of Shares held in certificated form will be despatched by post during the week commencing 27 May 2013.

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

6. 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 Shares within the CREST system. The Company has applied for the Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

7. Overseas Persons

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

The offer of 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 Shares under the Issue. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for 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 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. 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 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 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 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 25 of this document.

The Company reserves the right to treat as invalid any agreement to subscribe for 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 Shares except in compliance with Regulation S. The 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 Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

8. Typical investor

An investment in the 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 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-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).

PART 5

VALUATION REPORT

Knight Frank



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

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

12 April 2013

Dear Sirs

GCP Student Living plc (the “Company”) 438 – 490 Mile End Road, London E1 4PE known as “Scape East” (the “Property”) – Report as at 31 March 2013

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 438 – 490 Mile End Road, London E1 4PE known as “Scape East” (the “**Property**”) held by two nominee companies, Mile End Road Nominee (No. 1) Limited and Mile End Road Nominee (No. 2) Limited, on behalf of Mile End Investment Limited Partnership (the “**Partnership**”), as at 31 March 2013 (the “**Valuation Date**”) for use in connection with the placing and offer for subscription of ordinary shares of one pence each in the capital of the Company (the “**Shares**”), the acquisition by the Company of the Property, the admission of the Shares issued and to be issued to trading on the London Stock Exchange (Specialist Fund Market) and on the Channel Islands Stock Exchange (the “**CISX**”) and to listing on the Official List of the CISX (together the “**Transaction**”) and the prospectus to be issued by the Company in connection with the Transaction (the “**Prospectus**”). Our valuation is of the entirety of the interest held by the Partnership in the Property and does not therefore represent a valuation of the Company’s shares or stake in the Property following completion of the Transaction.

2 The Property

The Property is a freehold interest held by the Partnership which practically completed in June 2012. The Property comprises a purpose-built student accommodation scheme of (588x) 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. The Property’s facilities and property manager is Grosvenor Facilities Services Limited (“**GFS**”).

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.

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. London’s main University Quarter at Russell Square is located approximately 6km to the west.

3 Basis of Valuation

The Property has been valued on the basis of “Market Value” subject to the existing tenancies at the Valuation Date in accordance with the relevant definitions, commentary and assumptions contained in the RICS Valuation – Professional Standards (March 2012), Global & UK edition 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 Property for financial reporting purposes on the basis of Fair Value, 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.”

4 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 Property is 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 the Property nor any material litigation pending.

We have been informed that the title to the Property is held freehold.

Subsequent to the Deed of Variation signed and dated 26 March 2013, 180 of the studios are on a ten year hard nominations agreement (subject to a mutual break option on 14 September 2016) between the Partnership and Mile End Road 2 Limited, a special purpose vehicle controlled by the founding partner of INTO University Partnerships (“INTO”). INTO is a university-based study centre, preparing students for undergraduate and postgraduate study in the UK and US. Facilities and property management is provided by GFS.

The remaining studios are on short-term lease or licence agreements of one year or less. Facilities and property management is provided by GFS.

We are informed that the student accommodation element of the Property is currently fully let on weekly rents ranging from £220.00 to £270.00, representing an annualised aggregate income of circa £6.5m.

The teaching facility is let to Mile End Road 1 Limited, a special purpose vehicle controlled by the founding partner of INTO under a fully repairing and insuring lease for a period of 30 years. This element of the Property is currently let on a full repairing and insuring lease at an annual rent £434,679.

The retail units are both occupied by companies which are ultimately owned by individuals that indirectly own the Partnership and are not let on formal leases. We have been informed by the Partnership that the total rents receivable are £37,000 per annum.

We have had sight of the leases/licences over both the INTO student bedrooms and the teaching space and these are summarised in Schedule 1 of this report.

5 Town Planning

We have not made formal searches in respect of the Property, but generally relied upon verbal enquiries and any informal information received from the Local Planning Authority, together with information provided by the Partnership. We have had sight of the planning consent granted on 17 May 2010 in connection with planning application dated 14/09/2009 (PA/09/01916) in respect of “Demolition of existing structures and erection of new building ranging from 3 to 9 storeys to provide a new education facility comprising: teaching accommodation and associated facilities; student housing; cycle, car-parking, refuse and recycling facility” and have assumed that the Property has been constructed and is 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 agreement have been discharged. We assume the Property complies with all relevant statutory requirements including fire and building regulations.

6 Structure and Condition

We have not carried out a building, structural and ground condition survey of the Property, 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 inspection, 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.

7 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 site is sufficient to support the building constructed thereon and that the Property has 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 Property, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

We have been provided with a copy of an environmental report carried out by GroundSure dated 16 June 2010, on which we are instructed to rely. Their conclusions are reflected in our valuation of the Property. The report concludes that the Property is considered to be ‘Acceptable Environmental Risk (for banking security)’.

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

8 Inspection

We have inspected the Property both internally and externally.

9 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 Partnership. 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 on the financial status of INTO 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.

10 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 taken at one per cent. in accordance with Multiple Dwelling Relief as applicable at the valuation date (on the student accommodation element of the building). This is in accordance with advice disclosed to us from Lawrence Graham LLP dated 3 April 2013.

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

11 Valuation of the Property as at 31 March 2013

Valuation Methodology

The Market Value for the Property has been calculated by adopting the Market Rent for the scheme and capitalising the net income, initially estimated at £6m per annum, having deducted our estimate of operating costs, voids and estimated purchaser's costs.

Market Value

We are of the opinion that the Market Value of the freehold interest in the Property subject to the existing occupational agreements as at the Valuation Date is £93,000,000 [**Ninety Three Million Pounds**].

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 Property 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.

Key risks relating to the valuation

- There is a risk of future competitor incursion into the London student accommodation market.
- Changes in student numbers and applications levels due to unforeseen market conditions.
- On 14 March 2013 Opal Property Group Limited ("OPAL") was placed into administration. The Opal portfolio comprises student residential accommodation assets located primarily outside of London. For the avoidance of doubt, the Opal portfolio is not related to the Company in any way. This event has caused a degree of uncertainty within the student accommodation market relating to the future of the Opal portfolio.
- 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.

12 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 per cent. 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 lender who provided development finance for the Property. 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 Property.

13 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



James Pullan MRICS
Partner, Student Property
For and on behalf of Knight Frank LLP



Rachel Candelaria MRICS
Partner, Student Property
For and on behalf of Knight Frank LLP

Schedule 1: The agreements

Into Student Bedrooms – Academic Year 2013/2014 onwards

Service Provider	Mile End Road Nominee (No.1) Limited and Mile End Road Nominee (No.2) Limited on behalf of Mile End Investment Limited Partnership
INTO	Mile End Road 2 Limited
Demise	Student bedrooms in the North Wing of 438-490 Mile End Road, London, trading as Scape East
Type of agreement	Hard Nominations Agreement
Term	10 years
Termination	Mutual option to terminate on 14 September 2016 by giving the other party not less than 18 months' notice
Bedrooms	<ul style="list-style-type: none">• 157 Scape Studios (single bed studios with kitchenette and en-suite bathroom)• 18 Scape Studio + (single bed studios with kitchenette and en-suite bathroom)• 5 Scape Studio ++ (single bed studios with kitchenette and en-suite bathroom)
Rent	Rents will be paid gross and are inclusive of market standard facilities management provision outlined below.
Academic Year	51 weeks
Initial rent	£1,977,514
Rent Indexation	RPI + 1 per cent. on an annual basis.
Facilities Management	<p>The Service Provider will provide INTO with a market standard facilities management package during the term of the agreement. This facilities management package will be provided by GFS and will include the following:</p> <ul style="list-style-type: none">• Daily cleaning of common areas• Daily waste collection• All utilities• 24 hour security• External window cleaning• Internal window cleaning once a year• Weekly check of bedrooms• Maintenance of M&E systems• Replacement of light bulbs, etc. <p>To the extent that INTO requires a facilities and property management package above market standard, GFS can provide this service at an additional cost or INTO can provide it themselves.</p>

Teaching facility

Demise	Teaching facility over the ground, first, second and third floors in the East Wing of 438 – 490 Mile End Road, London Trading as Scape East
Area	c.19,758 sq ft NIA
Landlord	Mile End Road Nominee (No.1) Limited and Mile End Road Nominee (No.2) Limited on behalf of Mile End Investment Limited Partnership
Tenant	Mile End Road 1 Limited or its nominee
Lease Type	Fully repairing and insuring lease
Term	30 years
Rent	£434,679
Rent Indexation	RPI on an annual basis

Retail Space

Demise	Two ground floor units located at 438 – 490 Mile End Road, London, trading as Scape East
Area	c.2,450 sq ft NIA
Occupation	We are informed by the Partnership that these units are occupied by companies which are ultimately owned by individuals that indirectly own the Partnership and are not on formal leases

PART 6

ILLUSTRATIVE RETURN STATISTICS

The target returns set out in this document, based upon the Principal Bases and Assumptions, are:

- annualised dividend yield of 5.5 per cent. in respect of the period from Admission to 30 June 2014;
- dividend growth in line with increases in RPI; and
- total return over five years of approximately 8.0 per cent. to 10.0 per cent. per annum.

The Principal Bases and Assumptions used in calculating the illustrative returns figures given in this document in relation to the Shares are:

1. 50 million Shares are issued at 100 pence per Share pursuant to the Issue and £44.5 million of debt is assumed by the Company on completion of the acquisition of the Initial Asset;
2. completion of the acquisition of the Initial Asset and Admission occur before 30 May 2013;
3. the total expenses relating to the Issue to be borne by the Company are £1.5 million;
4. the Net Initial Yield on the purchase price (after purchaser costs) of the Initial Asset is 6.29 per cent. and the market value and purchase price of the Initial Asset is £93.0 million;
5. the Net Initial Yield (after purchaser costs) used for Net Asset Value calculations for the purpose of the long term total return target is on average the same Net Initial Yield (after purchaser costs) as in paragraph 4 above of 6.29 per cent;
6. RPI increases by 3.00 per cent. per annum (as at the Latest Practicable Date RPI was 3.2 per cent.);
7. the Net Annual Rent received by the Initial Asset is £6.9 million for the academic year 2012/13;
8. the average annual uplift in the annual rent of the direct let studios is equal to the rate of RPI plus 0.5 per cent.;
9. Net Annual Rent is based on average occupancy of the student accommodation units of 97 per cent. (as at the Latest Practicable Date the occupancy of the Initial Asset's student accommodation units was c.100 per cent.);
10. dividends are paid gross on a quarterly basis and the first dividend is paid in respect of the quarter ended 30 September 2013 in December 2013;
11. no interest is earned on cash balances;
12. interest is charged on borrowings drawn down each quarter at a fixed rate of 5.25 per cent. per annum;
13. the Debt Facility assumed by the Company on the completion of the acquisition of the Initial Asset is refinanced on expiry on 20 July 2015 at a rate of 4.25 per cent. for the following three years;
14. the Company's investments are revalued on a quarterly basis;
15. the management fee is charged, quarterly, at an annual rate of one per cent. of the prevailing Net Asset Value. No performance fee is earned by the Investment Manager. Other fees relating to the running of the Company (including Directors' fees, the Administrator's fees, legal and professional fees and irrecoverable VAT thereon) are estimated to be in the region of £400,000 per annum. Other operating expenses, including facilities and property management, marketing expenses, insurance and utilities costs and irrecoverable VAT thereon relating to the Initial Asset are estimated to be in the region of £1.5 million per annum;
16. no corporation tax is payable by the Company;
17. 93 per cent. of any VAT payable is irrecoverable and no material changes occur during the life of the Company in relevant taxation law and practice;

18. no acquisitions or disposals are assumed;
19. the Company has a life of at least five years; and
20. the Company successfully becomes and maintains its status as a REIT.

Shareholders should note that these principal bases and assumptions do not constitute a profit forecast and the Company's actual returns will be based on a number of factors, any one of which, if not achieved, may result in a lower rate of return to Shareholders.

PART 7

REIT STATUS AND TAXATION

1. Introduction

1.1 *Principal advantage of REIT status*

The principal advantage of REIT status is that the Company will be exempt from UK corporation tax on both rental profits and chargeable gains on disposals of properties held by the Property Rental Business. This will remove the effective double tax charge currently suffered by many investors in UK companies (see paragraph 2.1 of this Part 7 for more information).

1.2 *Principal disadvantages of REIT status*

The principal disadvantages of REIT status are as follows:

1.2.1 in order for it to remain a REIT, the Company will have to comply with the various tests outlined in paragraph 2.2 of this Part 7 on an ongoing basis; and

1.2.2 withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 3 of this Part 7 for further details).

Overall, the Board believes that the advantage of REIT status outweighs the disadvantages.

1.3 *Dividend policy under REIT regime*

The Company will have 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 (broadly calculated using normal UK tax rules) of the Property Rental Business for each accounting period. The Board believes that the Company's dividend policy will enable the Company to meet this minimum distribution requirement.

1.4 *The Substantial Shareholder rule*

Under the REIT Regime, a tax charge may be levied on the Company if the Company makes a distribution to a Substantial Shareholder, unless the Company has taken "reasonable steps" to avoid such a distribution being paid. This tax charge may be imposed only if, after joining the REIT regime, the Company pays a dividend in respect of a Substantial Shareholding and the dividend is paid to a person who is a Substantial Shareholder. The charge is not triggered merely because a Shareholder is a Substantial Shareholder, or if the person beneficially entitled to the dividend is a Substantial Shareholder. The amount of the charge is calculated by reference to the whole dividend paid to the Substantial Shareholder, and not just that part of the dividend attributable to Shares held by the Substantial Shareholder in excess of ten per cent. of the Company's issued share capital.

A summary of the Articles is set out at paragraph 4 of Part 8 and the relevant provisions intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Substantial Shareholders are set out in paragraphs 4 and 5 of this Part 7.

1.5 *Non-close company condition*

As mentioned below in paragraph 1.6 of this Part 7, the Company must not be a close company other than only by virtue of having as a participator an institutional investor. An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a limited partnership, a registered social landlord or an open-ended investment company. However the Company may be close for tax purposes for up to three years after joining the regime. If the non-close company requirement is not met at the start of the first day after the end of the first three-year period, the Company will lose its REIT status at the end of the three-year period. If the non-close company requirement is not met at any time after the first day following the first three-year period, the Company will cease to be a REIT at the

end of the accounting period preceding the accounting period in which the breach began or, if later, the end of the first three-year period. Loss of REIT status would have a material impact on the Company because of the loss of tax benefits conferred by the REIT regime.

Although the Board does not expect the close company condition to be breached in the ordinary course of events, there is a risk that the Company may fail to meet this condition for reasons beyond its control. However, under certain circumstances a breach of this condition may be disregarded if the reason for the breach is because the Company becomes a member of another group REIT or if the breach is the result of anything done (or not done) by a person other than the Company and the Company remedies the breach before the end of the accounting period after that in which the breach began.

1.6 *Exit from the REIT regime*

The Company can give notice to HMRC at any time that it wants the Company to leave the REIT regime. The Board retains the right to decide to exit the REIT regime at any time in the future without the consent of Shareholders if it considers this to be in the best interests of the Company and the Shareholders.

If the Company voluntarily leaves the REIT regime within ten years of joining and disposes of any property or other asset that was involved in its qualifying Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Company as a result of the deemed disposal on entry into the REIT regime, movement into the ringfence or exit from the REIT regime would be disregarded in calculating the gain or loss on the disposal. It is important to note that the Company cannot guarantee continued compliance with all of the REIT conditions and that the REIT regime may cease to apply in some circumstances. HMRC may require the Company to exit the REIT regime if:

- 1.6.1 it regards a breach of the conditions (including failure to satisfy the conditions relating to the Property Rental Business), or an attempt by the Company to avoid tax, as sufficiently serious;
- 1.6.2 the Company has committed a certain number of breaches of the conditions within a specified period; or
- 1.6.3 HMRC has given the Company two or more notices in relation to the avoidance of tax by the Company within a ten year period.

The Company may lose its status as a REIT from the first day of joining the REIT regime if during the first accounting period certain conditions have not been met. In such circumstances the REIT status may not apply for the whole period.

In addition, the Company would automatically lose REIT status if any of the following were to occur:

- 1.6.4 the conditions for REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached;
- 1.6.5 the Company ceases to be UK resident for tax purposes;
- 1.6.6 the Company becomes dual resident for tax purposes; or
- 1.6.7 the Company becomes an open-ended company.

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

If the Company is required to leave the REIT regime within ten years of joining, HMRC has wide powers to direct how the Company should be taxed, including in relation to the date on which the Company is treated as exiting the REIT regime.

Shareholders should note that it is possible that the Company could lose its status as a REIT as a result of actions by third parties (for example, if the Company is taken over by a company that is not itself a REIT).

2. The REIT regime

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current UK law and HMRC practice, each of which is subject to change. They do not constitute advice.

2.1 Overview

The REIT regime is intended to encourage greater investment in the UK property market and follows similar legislation in other European countries, as well as the long-established regime in the United States.

Investing in property through a corporate investment vehicle (such as a UK company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholders (but not most UK companies) effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly, directly (but with the benefit of a tax credit), when the shareholder receives a dividend. Non-tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a corporate vehicle that is not a REIT in a manner they do not suffer if they invest directly in the property assets.

Provided certain conditions and tests are satisfied (see paragraph 2.2 of this Part 7 of this document below), REITs will not pay UK corporation tax on the profits of their Property Rental Business. Instead, distributions in respect of the Property Rental Business will be treated for UK tax purposes as property income in the hands of shareholders. However, UK corporation tax will still be payable in the normal way in respect of income and gains from any Residual Business (generally including any property trading business) not included in the Property Rental Business.

While within the REIT regime, the Property Rental Business will be treated as a separate business for UK corporation tax purposes to the Residual Business, and a loss incurred by the Property Rental Business cannot be set off against profits of the Residual Business (and vice versa).

A REIT will be required to distribute to its shareholders (by way of a dividend in cash or by way of an issue of share capital in lieu of a cash dividend), on or before the filing date for the REIT's tax return for the accounting period in question, at least 90 per cent. of the income profits (calculated using normal tax rules) of the Property Rental Business arising in each accounting period. Where a stock dividend has been issued and a market value of the stock dividend has had to be used which causes the distribution requirement not to be met, an extended time limit of up to six months beginning with the filing date applies for complying with the distribution requirement. Failure to meet this requirement will result in a UK corporation tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level.

In this section of this document, references to a company's accounting period are to its accounting period for tax purposes. This period can differ from a company's accounting period for other purposes.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of Shareholders after entry into the REIT regime are contained in paragraph 3 of this Part 7.

2.2 Qualification as a REIT

A company becomes a REIT by serving notice on HMRC on or before the date from which it wishes to come under the REIT regime. In order to qualify as a REIT, the Company must satisfy certain conditions set out in Part 12 of CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the Company must satisfy the conditions set out in paragraphs 2.2.1 to 2.2.4 below.

2.2.1 *Company conditions*

The company must be a solely UK tax-resident company whose ordinary shares are admitted to trading on a recognised stock exchange, which includes the Specialist Fund Market on the London Stock Exchange and the CISX. Additionally, the company must not be an open-ended investment company. After the first three year period, the company must also not be a close company for UK tax purposes other than by virtue of having as a participator an institutional investor. Broadly, a close company, is a UK resident company controlled by five or fewer participants, or by participants who are directors. A participant is a person having a share or interest in the income or capital of a company. An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a limited partnership, a registered social landlord or an open-ended investment company.

2.2.2 *Share capital restrictions*

The company must have only one class of ordinary shares in issue and the only other shares it may issue are particular types of non-voting restricted preference shares.

2.2.3 *Interest restrictions*

The company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. A loan is not treated as carrying results-dependant interest by reason only that the terms of the loan provide for interest to reduce if the results improve or to increase if the results deteriorate. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

2.2.4 *Conditions for the Property Rental Business*

The Property Rental Business must satisfy the conditions summarised below in respect of each accounting period during which it is to be treated as a REIT:

- the Property Rental Business must, throughout the accounting period, involve at least three properties. A self-contained studio flat within a residential block counts as a single property for these purposes;
- throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;
- at least 90 per cent. of the amounts shown in the financial statements of the company as income profits (broadly calculated using normal UK tax rules) must be distributed to shareholders of the REIT in the form of a PID on or before the filing date for the REIT's tax return for the accounting period (the “**90 per cent. distribution test**”). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the rule relating to Substantial Shareholders (as described in paragraph 2.3.2 below) will be treated as having been paid. The issue of stock dividends will count towards the 90 per cent. threshold;
- the income profits arising from the qualifying property rental business must represent at least 75 per cent. of the company's total profits for the accounting period (the “**75 per cent. profits test**”). Profits for this purpose means profits before deduction of tax and excludes realised and unrealised gains and losses (for example, gains and losses on the disposal of property, and gains and losses on the revaluation of properties) calculated in accordance with IFRS; and

- at the beginning of the accounting period the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the company (the “**75 per cent. assets test**”). Cash held on deposit and gilts may be added to the value of assets relating to qualifying property rental business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value. In applying this test, no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

2.2.5 *Investment in other REITs*

The Finance (No.2) Bill 2013, as published on 28 March 2013, provides for certain amendments to Part 12 of CTA 2010 to facilitate investment by REITs in other REITs. In particular, any distribution of profits or gains of the Property Rental Business by a REIT received by another REIT would be treated as tax exempt profits of the Property Rental Business of the investing REIT. The investing REIT would be required to distribute 100 per cent. of such distributions to its shareholders. For the purposes of the 75 per cent. assets test, the investment by a REIT in the shares of another REIT will be included as an asset of the investing REIT’s Property Rental Business. If enacted in their current form, the provisions in relation to distributions will generally take effect, in the case of a distribution received by a company REIT, if that distribution is received in an accounting period of the company REIT beginning on or after the date on which the Finance Act 2013 is passed.

2.3 *Effect of becoming a REIT*

2.3.1 *Tax benefits*

As a REIT, a company will not pay UK corporation tax on profits and gains from the Property Rental Business. UK corporation tax will still apply in the normal way in respect of the Residual Business which includes certain trading activities, incidental letting in relation to property trades and letting of administrative property which is temporarily surplus to requirements.

A REIT would also continue to pay indirect taxes such as VAT, stamp duty land tax, stamp duty and payroll taxes (such as national insurance) in the normal way.

2.3.2 *The Substantial Shareholder rule*

A REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. The additional tax charge will be calculated by reference to the whole dividend paid to a Substantial Shareholder, and not just by reference to the proportion which exceeds the ten per cent. threshold. It should be noted that this restriction only applies to shareholders that are bodies corporate and to certain entities which are deemed to be bodies corporate for tax purposes in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement or in accordance with such a double taxation agreement. It does not apply to nominees.

This tax charge will not be incurred if the REIT has taken “reasonable steps” to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a REIT may take to show it has taken such “reasonable steps”. One of these actions is to include restrictive provisions in the REIT’s articles of association to address this requirement. The Articles of Association have been drafted to be consistent with such provisions.

2.3.3 *Dividends*

When a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test, the REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business. Any remaining balance of the dividend (or other distribution) will be deemed to be a PID: firstly, in respect of the income profits out of which a PID can be paid and which have not been

distributed in full; and secondly, a PID paid out of certain chargeable gains which are exempt from tax by virtue of the REIT regime. Any remaining balance will be attributed to any other profits.

2.3.4 Interest cover ratio

A tax charge will arise if, in respect of any accounting period, the ratio of the company's income profits (before capital allowances) in respect of its Property Rental Business to the financing costs incurred in respect of the Property Rental Business is less than 1.25. The ratio is based on the cost of debt finance taking into account interest, amortisation of discounts or premiums and the financing expense implicit in payments made under finance leases. The corporation tax charge is capped at a maximum of 20 per cent. of the profits of the Property Rental Business for the accounting period in question.

2.3.5 Certain tax avoidance arrangements

If HMRC believes that a member of a REIT has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Property Rental Business.

2.3.6 Movement of assets in and out of the Property Rental Business

In general, where an asset owned by a REIT and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax-free step up in the base cost of the property. Where an asset used for the Residual Business begins to be used for the Property Rental Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and of development property.

2.3.7 Joint ventures

If a REIT is beneficially entitled to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding-up, that joint venture company is carrying on a qualifying property rental business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the “**JV company**”) and certain other conditions are satisfied, the REIT may, by giving notice to HMRC, elect for the relevant proportion of the assets and income of the JV company to be included in the Property Rental Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test, the 75 per cent. profits test and the 75 per cent. assets test to the extent of a REIT's interest in the JV company. Note that these rules also apply to joint venture groups.

2.3.8 Acquisitions and takeovers

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Property Rental Business and chargeable gains on disposal of properties in the Property Rental Business.

The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT and will therefore be treated as leaving the REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the profits of its Property Rental Business and chargeable gains on disposal of property forming part of its Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of UK corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax-free as they are deemed to have been made at a time when the company was still in the REIT regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent

to this market value. If the REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

3. United Kingdom tax treatment of Shareholders under REIT regime

3.1 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 certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of Shares in the Company, in each case, after the Company achieves and maintains REIT status. Except where otherwise indicated, they apply only to Shareholders who are both resident and ordinarily resident for tax purposes solely in the United Kingdom. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and 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. Except where otherwise indicated at paragraph 3.3.4 (Withholding tax) below, they do not apply to persons holding Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

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, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

3.2 UK taxation of Non-PID Dividends

3.2.1 Individual Shareholders

A Shareholder who is an individual resident for UK 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. 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 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 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.

3.2.2 *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 ten per cent. of the issued share capital of the payer (or any class of that share capital).

3.3 *UK taxation of PIDs*

3.3.1 *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 3.3.4 (Withholding tax) below.

3.3.2 *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 separate UK property business from any other UK property business (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 3.3.4 (Withholding tax) below.

3.3.3 *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 3.3.4 (Withholding tax) below.

3.3.4 *Withholding tax*

- General

Subject to certain exceptions summarised below, the Company is required to withhold 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 and ordinarily 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 bodies corporate 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 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.

3.4 ***UK taxation of chargeable gains, stamp duty and stamp duty reserve tax ("SDRT") in respect of Shares***

Subject to the first paragraph of paragraph 3.1 above, the following comments apply to both individual and corporate Shareholders, regardless of whether or not such Shareholders are resident for tax purposes in the UK.

3.4.1 *UK taxation of chargeable gains*

Individual Shareholders who are resident or ordinarily 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 such 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 £10,900 for the tax year 2013-2014. 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 2013-2014.

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 net chargeable gains (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.

3.4.2 *UK stamp duty and SDRT*

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 stamp duty reserve tax ("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.

3.5 *ISA, SSAS and SIPP*

Shares acquired by a UK resident individual Shareholder in the Offer or in the secondary market (but not the Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£11,520 in the tax year 2013-2014).

Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in 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 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 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 Company 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.

4. Description of the REIT provisions included in the Articles

4.1 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 5 of this Part 7.

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.

4.2 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 4.3 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 4.6 below).

4.3 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 4.4 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.

4.4 ***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 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.

4.5 ***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 twelve 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.

4.6 ***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.

4.7 ***Takeovers***

The Special Articles do not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Company to cease to qualify as a REIT.

4.8 ***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 can comply with the close company condition described in paragraph 2.2.1 of this Part 7, which powers may include the ability to arrange for the sale of Shares on behalf of Shareholders.

5. **The Special Articles**

“REAL ESTATE INVESTMENT TRUST

3. ***Cardinal principle***

- 3.1 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.
- 3.2 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:
 - 4.1.1 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);

4.1.2 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

4.1.3 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:

5.2.1 the Directors believe that such Shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and

5.2.2 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:

5.3.1 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

5.3.2 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

5.3.3 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 or, subject to and in default of such nomination being validly made within twelve 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 twelve 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:

- 7.1.1 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
- 7.1.2 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
- 7.1.3 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:

- 7.2.1 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

- 7.2.2 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):
 - 8.9.1 to be addressed to the Company, the Directors or such other persons as the Directors may determine (including HMRC);
 - 8.9.2 to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;
 - 8.9.3 to contain such legally binding representations and obligations as the Directors may determine;
 - 8.9.4 to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
 - 8.9.5 to be copied or provided to such persons as the Directors may determine (including HMRC); and
 - 8.9.6 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 8

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.
- 1.2 The principal place of business and the registered office of the Company is Beaufort House, 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 will not be regulated as a collective investment scheme by the FCA. However, from Admission, the Shares will be admitted to trading on the London Stock Exchange (Specialist Fund Market) and on the CISX and listed on the Official List of the CISX.
- 1.4 Save for entry into the material contracts summarised in paragraph 6 of this Part 8, the Company has not commenced operations since incorporation and, as at the date of this document, no financial statements have been made up and no dividends have been declared by the Company.
- 1.5 The Company's accounting period will end on 30 June of each year. The first accounting period will end on 30 June 2014. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.
- 1.6 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.
- 1.7 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.
- 1.8 The Company is domiciled in England and Wales, has no subsidiaries, does not have any employees and does not own any premises.

2. Share capital

- 2.1 On incorporation, one Share was issued at £1.00 (fully paid) for the purposes of incorporation to the subscriber to the Company's memorandum of association. On 21 March 2013: (i) 100,001 Restricted Shares were issued at par (fully paid) to the Initial Asset Partners; and (ii) a further 100,000 Shares were issued at £1.00 per Share (nil paid) to the Initial Asset Partners.
- 2.2 Set out below is the issued share capital of the Company: (i) as at the date of this document; and (ii) immediately following the Issue (assuming 50 million Shares are issued):

	<i>Shares</i>		<i>Restricted Shares</i>	
	<i>Nominal Value (£)</i>	<i>Number</i>	<i>Nominal Value (£)</i>	<i>Number</i>
(i) As at the date of this document	1,000.01	100,001	50,000.50	100,001
(ii) Immediately following the Issue*	500,000	50,000,000	—	—

* All Shares will be fully paid at Admission. The Restricted Shares will be redeemed immediately following Admission out of the proceeds of the Issue. The Shares are not redeemable.

- 2.3 Set out below are the number of Shares and Restricted Shares held by the Initial Asset Partners as at the date of this document:

<i>Initial Asset Partner</i>	<i>Shares</i>		<i>Restricted Shares</i>	
	<i>Number</i>	<i>% of issued Shares</i>	<i>Number</i>	<i>% of issued Restricted Shares</i>
Stephen Ellis	5,075	5.07	5,075	5.07
Nick Parker	2,675	2.67	2,675	2.67
Tom Ward	750	0.75	750	0.75
Rollo Wright	750	0.75	750	0.75
Ronan Kierans	500	0.5	500	0.5
Adam Brockley	15,042	15.04	15,042	15.04
Paul Williams	15,042	15.04	15,042	15.04
Edward Andrews	15,042	15.04	15,042	15.04
Nigel Tae	45,125	45.12	45,125	45.12
Total	<u>100,001</u>	<u>100.00</u>	<u>100,001</u>	<u>100.00</u>

- 2.4 The effect of the Issue will be to increase the net assets of the Company. On the assumption that the Initial Gross Proceeds are £50 million, the fundraising is expected to increase the net assets of the Company by c.£48.5 million. The Issue is expected to be earnings enhancing.

- 2.5 By ordinary and special resolutions passed on 21 March 2013:

- 2.5.1 the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot Shares up to an aggregate nominal amount of £700,000 in connection with the Issue, such authority to expire at the first annual general meeting of the Company 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 allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- 2.5.2 the Directors were generally empowered (pursuant to Section 570 of the Companies Act) to allot Shares pursuant to the authority referred to in paragraph 2.5.1 above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company, 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 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;
- 2.5.3 the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot Shares up to an aggregate nominal amount of £70,000 or, if less, ten per cent. of the aggregate nominal value of the issued Share capital of the Company immediately following the completion of the Issue, such authority to expire at the conclusion of the first annual general meeting of the Company, 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 allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- 2.5.4 the Directors were generally empowered (pursuant to Sections 570 and 573 of the Companies Act) to allot Shares and to sell Shares from treasury for cash pursuant to the authority referred to in paragraph 2.5.3 above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company, 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 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;

- 2.5.5 the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot Shares up to an aggregate nominal amount of £2,500,000, such authority to expire at the conclusion of the third annual general meeting of the Company, 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 allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- 2.5.6 the Directors were empowered (pursuant to Sections 570 and 573 of the Companies Act) to allot Shares and to sell Shares from treasury for cash pursuant to the authority referred to in paragraph 2.5.5 above as if Section 561 of the Companies Act did not apply to any such allotment or sale, provided that the Company has first made an offer of Shares (i) to the holders of Shares in proportion (as nearly as may be practicable) to their respective holdings; and (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange or otherwise, such power to expire at the conclusion of the third annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired;
- 2.5.7 conditionally upon the issue of Shares by the Company pursuant to the Issue and the payment up in full thereof, it was resolved that the amount standing to the credit of the share premium account of the Company following completion of the Issue be cancelled;
- 2.5.8 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 Shares provided that the maximum number of Shares authorised to be purchased is 14.99 per cent. of the Shares in issue immediately following completion of the Issue. The minimum price which may be paid for a Share is one pence. The maximum price which may be paid for a Share must not be more than the higher of (i) five per cent. above the average of the mid-market value of the 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 Shares. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and 31 December 2014 save that the Company may contract to purchase 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 Shares in pursuance of such contract; and
- 2.5.9 a general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.
- 2.6 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 2.5.2, 2.5.4 and 2.5.6 above.
- 2.7 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.
- 2.8 In accordance with the power granted to the Directors by the Articles, it is expected that the 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.

- 2.9 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.
- 2.10 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.
- 2.11 All of the Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.
- 2.12 Applicants who have signed and returned Application Forms in respect of the Offer may not withdraw their applications for Shares subject to their statutory rights of withdrawal in the event of the publication of a supplementary prospectus.

3. Interests of Directors and major shareholders

- 3.1 The Directors intend to subscribe for Shares pursuant to the Issue in the amounts set out below:

<i>Director</i>	<i>Number of Shares</i>	<i>% of issued Share capital*</i>
Robert Peto**	20,000	0.04
Malcolm Naish	15,000	0.03
Peter Dunscombe**	25,000	0.05

* Assuming Initial Gross Proceeds of £50 million.

** The legal and beneficial interest in 50 per cent. of Mr. Peto's Shares and all of Mr. Dunscombe's Shares will be held by the relevant Director's spouse.

Save as disclosed in this paragraph 3.1, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

- 3.2 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.
- 3.3 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. Save for the Chairman of the Board, the initial fees will be £18,000 for each Director per annum. The Chairman's initial fee will be £25,000 per annum. 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 ending on 30 June 2014 which will be payable out of the assets of the Company are not expected to exceed £100,000.
- 3.4 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.5 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.
- 3.6 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.

- 3.7 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) or memberships of administrative, management or supervisory bodies and/or partnerships:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Robert Peto	DTZ Investment Management Limited Lend Lease Europe GP Limited Mactaggart Heritable Holdings Limited The Western Heritable Investment Company Limited The Bath and West Trading Company Limited	DTZ Holdings plc DTZ Debenham Tie Leung Limited DTZ Corporate Finance 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.À.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	Sackville Street (GP) Limited Sackville Street (Nominee) Limited Sackville Street (Unitholder) Limited The Private Equity Investors Association BBC Nominee Limited BBC (Monkswood Nominee) Limited

- 3.8 The Directors in the five years before the date of this document:

3.8.1 do not have any convictions in relation to fraudulent offences;

3.8.2 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

3.8.3 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.

- 3.9 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.

- 3.10 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

- 3.11 As at the Latest Practicable Date, insofar as is known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.
- 3.12 All Shareholders have the same voting rights in respect of the share capital of the Company.
- 3.13 Pending the allotment of Shares pursuant to the Issue, the Company is controlled by the Initial Asset Partners, as described in paragraph 2.3 of this Part 8 above. 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.
- 3.14 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

The Articles contain provisions, *inter alia*, to the following effect:

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*

4.2.1 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.

4.2.2 Unless the Board otherwise determines, no member shall be entitled to receive any dividends or 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 or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued 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 in relation to any such shares to give the Company the required information within 14 days.

4.3 *Dividends*

4.3.1 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.

4.3.2 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.

- 4.3.3 All dividends, interest or other sums payable and unclaimed for a period of twelve 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 twelve 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.
- 4.3.4 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.
- 4.3.5 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.
- 4.3.6 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***

- 4.4.1 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.
- 4.4.2 If, by the time the Company convenes its third annual general meeting, the Company is the owner of no more than one student residential property, the Board is required to propose the Conditional Continuation Resolution.
- 4.4.3 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.
- 4.4.4 If the Conditional Continuation Resolution or 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.

4.5 ***Transfer of shares***

- 4.5.1 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.

4.5.2 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:

4.5.2.1 it is in respect of a share which is fully paid up;

4.5.2.2 it is in respect of only one class of shares;

4.5.2.3 it is in favour of a single transferee or not more than four joint transferees;

4.5.2.4 it is duly stamped (if so required); and

4.5.2.5 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.

4.5.3 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.

4.5.4 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.

4.5.5 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.

4.5.6 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 4.5.7 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.

4.5.7 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).

4.5.8 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*

4.6.1 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.

4.6.2 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:

4.7.1 authorise the Directors to increase its share capital by allotting new shares;

4.7.2 consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;

- 4.7.3 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
- 4.7.4 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***
- 4.8.1 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- 4.8.2 A general meeting shall be convened by such notice as may be required by law from time-to-time.
- 4.8.3 The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
- 4.8.3.1 whether the meeting is convened as an annual general meeting or any other general meeting;
- 4.8.3.2 the place, the day, and the time of the meeting;
- 4.8.3.3 the general nature of the business to be transacted at the meeting;
- 4.8.3.4 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
- 4.8.3.5 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.
- 4.8.4 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.
- 4.8.5 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.
- 4.8.6 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.
- 4.8.7 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.

4.8.8 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:

4.8.8.1 the chairman of the meeting;

4.8.8.2 at least five members having the right to vote on the resolution;

4.8.8.3 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

4.8.8.4 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***

4.10.1 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, provided that for as long as any Shares are listed on the Official List of the CISX no new Shares may be issued at a price per Share which is less than the Net Asset Value per Share at the time of such issue unless authorised by an ordinary resolution of Shareholders or such new Shares are first offered on a *pro rata* basis to Shareholders.

4.10.2 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.

4.10.3 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*

4.11.1 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.

4.11.2 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*

4.12.1 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.

4.12.2 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.

4.12.3 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:

4.12.3.1 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;

4.12.3.2 may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);

4.12.3.3 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;

4.12.3.4 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

4.12.3.5 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.

4.12.4 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.

4.12.5 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*

4.13.1 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:

4.13.1.1 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;

4.13.1.2 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;

4.13.1.3 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;

4.13.1.4 the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;

4.13.1.5 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;

4.13.1.6 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;

4.13.1.7 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;

- 4.13.1.8 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;
- 4.13.1.9 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
- 4.13.1.10 any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

4.13.2 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*

4.15.1 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.

4.15.2 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.

4.15.3 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)).

4.15.4 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*

4.16.1 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.

4.16.2 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 twelve 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 *Restricted Shares*

The Restricted Shares can be redeemed at any time (subject to the provisions of the Companies Act) by the Company for an amount equal to their nominal value and carry the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the shares payable on demand. The holders of the Restricted Shares will not have any right to receive notice of or vote at any general meeting of the Company.

4.20 *REIT provisions*

A summary of the REIT provisions included in the Articles is set out in paragraphs 4 and 5 of Part 7 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 twelve 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 Company**

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 since its incorporation and 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 Acquisition Agreement***

The Acquisition Agreement dated 12 April 2013 between the Company and the Initial Asset Vendor pursuant to which the Company has agreed to acquire the Initial Asset on 10 May 2013 or such later date specified by the Company. Completion of the acquisition of the Initial Asset is conditional on service by the Company of a notice to complete.

The purchase price for the Initial Asset is £93.0 million which will be satisfied by: (a) c.£35.2 million by way of deferred consideration to be payable three working days after the date of Admission; and (b) the assumption by the Company of the existing borrowings relating to the Initial Asset (c.£57.8 million as at the Latest Practicable Date under the Debt Facility). The Initial Asset Vendor shall pay any costs incurred by the Buyer under the hedging arrangements in the Interest Rate Swap Agreement arising from the part repayment of the Debt Facility on or around Admission (at the Buyer's absolute discretion by way of set-off against the payment of the deferred consideration).

The Acquisition Agreement is governed by the laws of England and Wales.

6.2 *The Amendment Agreement*

The amendment and restatement agreement dated 9 April 2013 entered into between the Initial Asset Vendor, the Company, Grosvenor House Group Limited (as parent guarantor), Mile End Road Nominee (No.1) Limited, Mile End Road Nominee (No.2) Limited, Mile End Road Limited, Mile End Limited Partnership, Mile End Investment (General Partner) Limited (each as original guarantors) and Barclays Bank PLC (in its capacity as lender, agent, security trustee and hedging counterparty) pursuant to which:

- 6.2.1 the Facility Agreement will be novated from the Initial Asset Vendor to the Company with effect from the completion of the acquisition of the Initial Asset. The current terms of the Facility Agreement require the borrower to repay £493,837.50 of the Debt Facility (comprising principal) to Barclays Bank PLC on each of 22 October, 22 January and 22 April each year with the balance of the Debt Facility being repayable on 20 July 2015. As from Admission, the Facility Agreement will be amended so that the Company will only be required to make interest payments until the principal is due to be repaid (i.e. on 20 July 2015).

Under the Facility Agreement, interest of 2.5 per cent. per annum above LIBOR will be charged on the Debt Facility and, on Admission, the Company will be under an obligation to pay at least £7.15 million of the Initial Gross Proceeds towards the repayment of the Debt Facility.

Under the Facility Agreement, the Company will give representations, warranties and covenants to Barclays Bank PLC from completion of the acquisition of the Initial Asset concerning, *inter alia*, its legality, status and the Initial Asset. The representations, warranties and covenants which will be given by the Company are standard for an agreement of this nature. There are various events which, as from the completion of the acquisition of the Initial Asset, will constitute an event of default under the Facility Agreement including: (i) if the Company fails to pay any sum when due under the Facility Agreement; (ii) if the Company fails to comply with any other provision of the Facility Agreement; (iii) if any representation or warranty in or in connection with the Facility Agreement is or becomes incorrect; and (iv) if the Company fails to comply with its financial covenants under the Facility Agreement.

With effect from the completion of the acquisition of the Initial Asset, Barclays Bank PLC will have a debenture over all of the assets of the Company including a mortgage over the Initial Asset.

The Facility Agreement is governed by the laws of England and Wales; and

- 6.2.2 the Interest Rate Swap Agreement will be novated from the Initial Asset Vendor to the Company with effect from the completion of the acquisition of the Initial Asset. Under the terms of the Interest Rate Swap Agreement, Barclays Bank PLC has fixed the LIBOR element of the interest rate payable under the Facility Agreement at 2.745 per cent. The amount of the loan which is the subject of the swap will be reduced by the amount of the Debt Facility which is repaid by the Company on Admission. Any associated breakage costs will be set off against the deferred consideration payable for the Initial Asset pursuant to the terms of the Acquisition Agreement.

On Admission the maturity date of the Interest Rate Swap Agreement will be amended to match the maturity date of the Debt Facility and the notional balance under the Interest Rate Swap Agreement will be equal to the outstanding Debt Facility.

Under the Interest Rate Swap Agreement, the Company will give representations to Barclays Bank PLC from completion of the acquisition of the Initial Asset 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, as from the

completion of the acquisition of the Initial Asset, will constitute events of default and termination events under the Interest Rate Swap Agreement which broadly reflect the events of default under the Debt Facility and are standard for an agreement of this nature.

The Interest Rate Swap Agreement is governed by the laws of England and Wales.

Under the Amendment Agreement, the Company gave representations, warranties and covenants to Barclays Bank PLC concerning, *inter alia*, its legality, status and the Initial Asset. The representations, warranties and covenants given by the Company will be repeated at the completion of the acquisition of the Initial Asset and are standard for an agreement of this nature.

The Initial Asset Vendor, Grosvenor House Group Limited, Mile End Road Nominee (No.1) Limited, Mile End Road Nominee (No.2) Limited, Mile End Road Limited, Mile End Limited Partnership and Mile End Investment (General Partner) Limited will be released from all obligations, claims, demands and other liabilities imposed by the Facility Agreement and/or the Interest Rate Swap Agreement with effect from the completion of the acquisition of the Initial Asset by the Company.

The Amendment Agreement is governed by the laws of England and Wales.

6.3 ***The Investment Management Agreement***

The Investment Management Agreement dated 12 April 2013 between the Company and the Investment Manager pursuant to which the Investment Manager was appointed as the investment manager to the Company.

Under the Investment Management Agreement, the Investment Manager will provide the provision of 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 will be 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 an initial term of four years from Admission, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Investment Manager. If the Conditional Continuation Resolution is not passed by shareholders of the Company, the Investment Management Agreement will automatically terminate following the disposal of the Company's student residential accommodation and teaching facilities.

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. If the Investment Management Agreement is terminated because the Conditional Continuation Resolution is not passed by Shareholders, the Company shall pay the Investment Manager a termination fee (the “**Termination Fee**”) calculated at the rate of one-twelfth of one per cent. of the prevailing Net Asset Value as at the date the Conditional Continuation Resolution was not passed multiplied by the number of calendar months between the date the agreement is terminated and the fifth anniversary of Admission. The Termination Fee shall be payable on a *pro-rata* basis in respect of any period which is less than a complete calendar month.

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.

6.4 ***The Asset Management Agreement***

The Asset Management Agreement dated 12 April 2013 between the Company, the Investment Manager and the Asset Manager pursuant to which the Asset Manager was appointed as the asset manager to the Company to provide asset management services (including sales, marketing and brand management) in relation to the Initial Asset.

The Asset Management Agreement is for an initial term of four years from the start of the academic year following Admission, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Asset Manager.

Under the terms of the Asset Management Agreement, the Asset Manager and the Company have agreed that the Asset Manager will act as the asset manager of those projects, provided such projects are acquired by the Company, over which the Company has a right of first offer to acquire pursuant to the terms of the First Offer Agreements or which are the subject of the Pipeline Agreement on the same commercial terms as it manages the Initial Asset.

The Asset Manager has granted the Company a non-exclusive, royalty free non transferable licence to use the 'Scape East' trade mark and brand in respect of the Initial Asset for the term of the Asset Management Agreement and the academic year following its termination.

Under the terms of the Asset Management Agreement, the Asset Manager is entitled to a fee equal to one-quarter of the Investment Manager's management fee attributable to the Initial Asset. The Investment Manager is responsible for the day-to-day supervision of, and the payment of fees to, the Asset Manager under the Asset Management Agreement.

The Asset Management Agreement is governed by the laws of England and Wales.

6.5 *The Facilities and Property Management Agreement*

The Facilities and Property Management Agreement dated 12 April 2013 between the Company, the Asset Manager and the Facilities and Property Manager pursuant to which the Facilities and Property Manager was appointed to provide facilities and property management services in relation to the Initial Asset.

The Facilities and Property Management Agreement is for an initial term of four years from Admission, thereafter being terminable upon twelve months' written notice and at any time in the event of the insolvency of the Company or the Facilities and Property Manager.

Under the terms of the Facilities and Property Management Agreement, the Facilities and Property Manager is entitled to a fee of c.£771,000 per annum in relation to the management of the student accommodation and teaching space at the Initial Asset, exclusive of VAT, payable monthly in arrears and automatically increasing on 15 September of each year in line with RPI.

The Facilities and Property Manager's liability under the Facilities and Property Management Agreement is subject to a £5 million cap for any claim. The Facilities and Property Manager shall, subject to such insurance being available in the market at commercial rates, at all times maintain adequate professional indemnity insurance with an insurer of repute with a UK office for a sum of not less than £5 million in respect of each and every claim for a period expiring not less than six years after the termination of the Facilities and Property Management Agreement.

The Facilities and Property Management Agreement is governed by the laws of England and Wales.

6.6 *Scape Greenwich First Offer Agreement*

The Scape Greenwich First Offer Agreement dated 12 April 2013 between Leopard Guernsey Greenwich JV Limited (1), Leopard Guernsey Greenwich Limited (2), Leopard Guernsey Greenwich GP Limited in its capacity as general partner of Leopard Guernsey Greenwich L. P. (3) (the "**Greenwich Offerees**") and the Company (4) pursuant to which the Greenwich Offerees have agreed to grant the Company a right of first offer and reverse right of first offer in respect of Scape Greenwich, subject to Scape Greenwich achieving 75 per cent. occupancy, on the terms summarised below:

6.6.1 *Right of first offer*

Under the terms of the Scape Greenwich First Offer Agreement, the Greenwich Offerees have given the Company the opportunity to make an offer for Scape Greenwich when Scape Greenwich achieves 75 per cent. occupancy. If the Greenwich Offerees accept the Company's offer, the parties 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 Scape Greenwich 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 Greenwich Offerees accepting the Company's offer.

6.6.2 *Reverse right of first offer*

Following Scape Greenwich achieving 75 per cent. occupancy, the Greenwich Offerees may transfer Scape Greenwich to a third party provided that, prior to making any such transfer, they give the Company the opportunity to purchase Scape Greenwich on the proposed terms. If the Company agrees to such terms the parties 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 Scape Greenwich 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 of Scape Greenwich must take place within 60 business days of the Company agreeing to the Greenwich Offerees' terms.

The agreement also contains certain restrictions on the Greenwich Offerees' ability to encumber Scape Greenwich 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 the Greenwich Offerees. The Greenwich Offerees have limited termination rights for material breach by or insolvency of the Company.

The Scape Greenwich First Offer Agreement is governed by the laws of England and Wales.

6.7 *Scape Shoreditch First Offer Agreement*

The Scape Shoreditch 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:

6.7.1 *Right of first offer*

Under the terms of the Scape Shoreditch 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.

6.7.2 *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 Scape Shoreditch First Offer Agreement is governed by the laws of England and Wales.

6.8 *The Pipeline Agreement*

The Pipeline Agreement dated 12 April 2013 between the Asset Manager and the Company pursuant to which the Asset Manager has undertaken to use its reasonable endeavours to procure that the owner or owners of the next three student residential property developments (after Scape Greenwich and Scape Shoreditch) to be developed, managed or operated by the Asset Manager 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.

6.9 *The Placing and Offer Agreement*

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 has agreed to use reasonable endeavours to procure subscribers for 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 Shares and the obligation of Cenkos to use its reasonable endeavours to procure subscribers for Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 20 May 2013 (or such later time and/or date, not being later than 28 June 2013, 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 of up to £200,000 and a commission of up to two per cent. of the Initial 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.

6.10 ***The Offer and Lock Up Agreements***

The Offer and Lock Up Agreements dated 12 April 2013 between the Company, Cenkos and each of the Initial Asset Partners, Chris Tae, Robert Austin and Peter Copley pursuant to which:

- if the Issue is subscribed as to 70 million Shares, the Initial Asset Partners who are also partners in the Investment Manager have irrevocably offered to subscribe, in aggregate, for 617,778 Shares and the other Initial Asset Partners, Chris Tae, Robert Austin and Peter Copley have irrevocably offered to subscribe, in aggregate, for 1,382,222 Shares;
- for every 1,000 Shares issued pursuant to the Issue less than 70 million Shares (down to 50 million Shares), the Initial Asset Partners who are also partners in the Investment Manager have irrevocably offered to subscribe, in aggregate, for a further 46.333 Shares and the other Initial Asset Partners, Chris Tae, Robert Austin and Peter Copley have irrevocably offered to subscribe, in aggregate, for a further 103.667 Shares so that, if Initial Gross Proceeds of £50 million are raised pursuant to the Issue, the Initial Asset Partners who are also partners in the Investment Manager have irrevocably offered to subscribe, in aggregate, for 1,544,444 Shares and the other Initial Asset Partners, Chris Tae, Robert Austin and Peter Copley have irrevocably offered to subscribe, in aggregate, for 3,455,556 Shares; and
- for every 1,000 Shares issued pursuant to the Issue less than 50 million Shares (down to 43 million Shares), the Initial Asset Partners who are also partners in the Investment Manager have irrevocably offered to subscribe, in aggregate, for a further 110.317 Shares and the other Initial Asset Partners, Chris Tae, Robert Austin and Peter Copley have irrevocably offered to subscribe, in aggregate, for a further 246.825 Shares so that, if the Issue is subscribed as to 43 million Shares, the Initial Asset Partners who are also partners in the Investment Manager have irrevocably offered to subscribe, in aggregate, for 2,316,667 Shares and the other Initial Asset Partners, Chris Tae, Robert Austin and Peter Copley have irrevocably offered to subscribe, in aggregate, for 5,183,334 Shares.

The parties have also agreed pursuant to the terms of their respective Offer and Lock Up Agreements not to transfer, dispose of or grant any options over any of the Shares held by them at Admission until the earlier of 31 December 2013 and the completion of the acquisition of a second student residential property by the Company. The Offer and Lock Up Agreements contain exceptions customary for agreements of this nature including the acceptance of a takeover offer, participation in any tender offer by the Company or any similar transaction, pursuant to an order of a court of competent jurisdiction and with the prior written approval of the Company and Cenkos (which approval may be granted or declined at their absolute discretion).

The Offer and Lock Up Agreements are governed by the laws of England and Wales.

6.11 ***The Administration Agreement***

The Administration Agreement dated 12 April 2013 between the Company and Capita Sinclair Henderson Limited pursuant to which the Administrator has agreed to act as administrator to the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £47,500 per annum (exclusive of VAT) for the twelve months from Admission and £52,500 per annum thereafter.

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 Company's

breach of 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 for an initial term of one year from Admission, thereafter it 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.

6.12 *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 £40,000 per annum (exclusive of VAT) during the first year commencing on Admission and £45,000 per annum thereafter.

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 Company's breach of 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 for an initial term of two years from Admission, thereafter 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.

6.13 *The Registrar Agreement*

The Registrar Agreement dated 12 April 2013 between the Company and Capita 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 £7,500 per annum (exclusive of VAT) during the first twelve months and £5,000 per annum thereafter. 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 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.

6.14 *The Receiving Agent Agreement*

The Receiving Agent Agreement dated 12 April 2013 between the Company and Capita pursuant to which the Receiving Agent has agreed to act as receiving agent to the Company.

The Receiving Agent Agreement provides for the payment by the Company of the fees and charges of the Receiving Agent. Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a fee at an hourly rate of £200 per hour (subject to a minimum fee of £2,000), plus a processing fee per application. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties. These fees will be for the account of the Company.

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 Receiving Agent Agreement. The Receiving Agent's liability under the Receiving Agent Agreement is limited (with certain exceptions) to the lesser of (a) £250,000 and (b) an amount equal to five times the annual fee paid to the Receiving Agent thereunder.

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 have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

9. Working capital

- 9.1 The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to it is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.
- 9.2 If the Minimum Net Proceeds are not raised, the Issue will not proceed and application monies received under the Issue will be returned to applicants without interest at the applicants' risk.

10. No significant change

There has been no significant change in the financial or trading position of the Company since the date of its incorporation.

11. Capitalisation and indebtedness

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and has not entered into any mortgage, charge or security interest, and the Company's issued share capital consists of 100,001 Restricted Shares of 50 pence each, all fully paid and 100,001 Shares of one pence (unpaid save for one Share which is fully paid).

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 The Shares being issued in connection with the Issue are being issued at £1.00 per Share of which £0.99 per Share constitutes share premium.
- 12.3 No application is being made for the Shares to be dealt with in or on any stock exchange or investment exchange other than the London Stock Exchange (Specialist Fund Market) and the CISX.

- 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 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 Valuation 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).
- 12.6 Certain graphs in Part 2 of this document are sourced from the UCAS report titled 'UCAS End of Cycle Report 2012'. A copy of this report can be found at: www.ucas.com/about_us/media_enquiries/media_releases/2012/2012endofcycle.
- 12.7 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.
- 12.8 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.
- 12.9 The auditors of the Company are Ernst & Young LLP of 1 More London Place, London SE1 2AF and have been the only auditors of the Company since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

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) 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 and the offices of Carey Olsen Corporate Finance Limited, 47 Esplanade, St Helier, Jersey JE1 0BD during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until Admission:
- 14.1.1 the memorandum of association of the Company and the Articles;
 - 14.1.2 the Valuation Report; and
 - 14.1.3 this document.
- 14.2 Copies of the material contracts set out at paragraph 6 of this Part 8 will also be available for inspection at the offices of Carey Olsen Corporate Finance Limited, 47 Esplanade, St Helier, Jersey JE1 0BD during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until Admission.

Dated: 12 April 2013

PART 9

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

Acquisition Agreement	the acquisition agreement between the Company and the Initial Asset Vendor, a summary of which is set out in paragraph 6.1 of Part 8 of this document
Administration Agreement	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 6.11 of Part 8 of this document
Administrator	Capita Sinclair Henderson Limited, in its capacity as the Company's administrator
Admission	admission of the Shares issued and to be issued pursuant to the Issue to trading on the London Stock Exchange (Specialist Fund Market) and on the CISX and to listing on the Official List of the CISX
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance published by the AIC from time-to-time
AIC Guide	the Guide to Investment Companies published by the AIC from time-to-time
AIF	an alternative investment fund
AIFM Directive	the EU Directive on Alternative Investment Fund Managers
AIFM	an alternative investment fund manager
Amendment Agreement	the amendment and restatement agreement related to the Facility Agreement and the Interest Rate Swap Agreement and entered into between the Initial Asset Vendor, the Company, Grosvenor House Group Limited (as parent guarantor), Mile End Road Nominee (No.1) Limited, Mile End Road Nominee (No.2) Limited, Mile End Road Limited, Mile End Limited Partnership, Mile End Investment (General Partner) Limited (each as original guarantors) and Barclays Bank PLC (in its capacity as lender, agent, security trustee and hedging counterparty), a summary of which is set out in paragraph 6.2 of Part 8 of this document
Application Form	the application form attached to this document for use in connection with the Offer for Subscription
Articles	the articles of association of the Company
Asset Manager	Scape Student Living Limited
Asset Management Agreement	the asset management agreement between the Company, the Investment Manager and the Asset Manager, a summary of which is set out in paragraph 6.4 of Part 8 of this document
Business Day	any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in the City of London
Capita	Capita Registrars Limited

Capital gains tax or CGT	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
Cenkos	Cenkos Securities plc
certificated or in certificated form	not in uncertificated form
CISX	the Channel Islands Stock Exchange
CISX Model Code	the model code for securities transactions by directors of companies listed on the Official List of the CISX as set out in Appendix VI of the Listing Rules of the CISX
CISX Website	the website of the CISX, which can be found at www.cisx.com
COB Rules	the Conduct of Business Rules contained in the FCA Handbook
Companies Act or Act	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
Company	GCP Student Living plc
Conditional Continuation Resolution	has the meaning given in paragraph 13.1.1 of Part 1 of this document
Continuation Resolution	has the meaning given in paragraph 13.1.1 of Part 1 of this document
CREST Manual	the compendium of documents entitled “CREST Manual” issued by Euroclear from time-to-time
CREST	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
CTA 2009	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
CTA 2010	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
Debt Facility	the facility made available under the Facility Agreement to be assumed by the Company with effect from the completion of the acquisition of the Initial Asset pursuant to the terms of the Amendment Agreement
Directors or Board	the board of directors of the Company
direct let agreements	direct leases and/or licences for a dwelling with students
Disclosure and Transparency Rules	the disclosure and transparency rules made by the Financial Conduct Authority under Section 73A of FSMA
Distribution	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
Distribution Transfer	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

Distribution Transfer Certificate	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
ERISA	U.S. Employee Retirement Income Security Act of 1976, as amended
EU	the European Union
Euro	the lawful currency of the EU
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Excess Charge	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
Facilities and Property Manager	Grosvenor Facilities Services Limited
Facilities and Property Management Agreement	the amended and restated property and facilities services agreement between the Company, the Asset Manager and the Facilities and Property Manager, a summary of which is set out in paragraph 6.5 of Part 8 of this document as will be novated upon completion of the acquisition of the Initial Asset pursuant to a novation agreement dated 12 April 2013 entered into between the Initial Asset Vendor and the Company
Facility Agreement	the facility agreement dated 7 September 2010, as amended by amending agreements dated 15 August 2011 and 23 January 2012 and as amended and restated by an amendment and restatement agreement dated 20 July 2012 entered into between the Initial Asset Vendor, Grosvenor House Group Limited (as parent guarantor), Mile End Road Nominee (No.1) Limited, Mile End Road Nominee (No.2) Limited, Mile End Road Limited, Mile End Limited Partnership, Mile End Investment (General Partner) Limited (each as original guarantors) and Barclays Bank PLC (in its capacity as lender, agent, security trustee and hedging counterparty), a summary of which is set out at paragraph 6.2.1 of Part 8 of this document
FCA	the Financial Conduct Authority
First Offer Agreements	the Scape Greenwich First Offer Agreement and the Scape Shoreditch First Offer Agreement
FRI	full repairing and insuring
FSL	the Financial Services (Jersey) Law 1998, as amended
FSMA	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
General Meeting	a general meeting of Shareholders
Group	the Company and the other companies in its group for the purposes of Section 606 of CTA 2010

Gross Assets	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
hard nominations agreement	a long term marketing arrangement with an HEI to place their students in private accommodation, typically of between two and 30 years in duration
HEI	higher education institute
HMRC	Her Majesty's Revenue and Customs
IFRS	international financial reporting standards
Initial Asset or Scape East	the student residential property comprising 588 dwellings, teaching facilities and restaurants at 438 – 490 Mile End Road, London E1 4PE known as “Scape East”
Initial Asset Partners	Stephen Ellis, Nick Parker, Tom Ward, Rollo Wright, Ronan Kierans, Adam Brockley, Paul Williams, Edward Andrews and Nigel Tae, being the ultimate beneficial owners of Mile End Investment Limited Partnership
Initial Asset Vendor	Mile End Investment Limited Partnership acting through two nominee companies, Mile End Road Nominee (No. 1) Limited and Mile End Road Nominee (No. 2) Limited
Initial Gross Proceeds	the gross proceeds of the Issue
interest in the Company	includes, without limitation, an interest in a Distribution made or to be made by the Company
Interest Rate Swap Agreement	the interest rate swap agreement, documented by an ISDA agreement, schedule and confirmation, dated 20 July 2012 entered into between the Initial Asset Vendor and Barclays Bank PLC (as hedging counterparty), a summary of which is set out in paragraph 6.2.2 of Part 8 of this document
INTO	INTO University Partnership Limited
Investment Management Agreement	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6.3 of Part 8 of this document
Investment Manager	Gravis Capital Partners LLP
ISA	UK individual savings account
ISDA	International Swaps and Derivatives Association, Inc. the global trade association for over-the-counter derivatives and maintainer of the industry standard ISDA documentation
ISIN	International Securities Identification Number
Issue	the Placing and Offer for Subscription
Issue Price	100 pence per Share
ITA	the Income Tax Act 2007 and any statutory modification or re-enactment thereof for the time being in force
Latest Practicable Date	9 April 2013 (the latest practicable date prior to the publication of this document)

let	the grant of a lease or licence to occupy
London Stock Exchange	London Stock Exchange plc
MDMS	the Market Data Management Services software as provided by the CISX
member account ID	the identification code or number attached to any member account in CREST
Minimum Net Proceeds	the minimum net proceeds of the Issue, being £41.5 million
Net Annual Rent	the aggregate net annual rent received by the Company in relation to the Initial Asset
Net Asset Value	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
Net Asset Value per Share	at any time the Net Asset Value attributable to the Shares divided by the number of Shares in issue (other than Shares held in treasury) at the date of calculation
Net Initial Yield	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)
Non-PID Dividend	a distribution by the Company which is not a PID
OECD	the Organisation of Economic Co-operation and Development
Offer and Lock Up Agreements	the offer and lock up agreements between the Company, Cenkos and each of the Initial Asset Partners, Chris Tae, Robert Austin and Peter Copley, a summary of which is set out in paragraph 6.10 of Part 8 of this document
Offer or Offer for Subscription	the offer for subscription of Shares at the Issue Price on the terms set out in this document
Office	the registered office for the time being of the Company
Overseas Persons	a potential investor who is not resident in, or who is not a citizen of, the UK
Person	includes a body of persons, corporate or unincorporated, wherever domiciled
Placing	the conditional placing of Shares by Cenkos at the Issue Price as described in this document
Placing and Offer Agreement	the placing and offer agreement between the Company, the Investment Manager and Cenkos, a summary of which is set out in paragraph 6.9 of Part 8 of this document
POI Law	the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended
PID or Property Income Distribution	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

Pipeline Agreement	the agreement between the Company and the Asset Manager, a summary of which is set out in paragraph 6.8 of Part 8 of this document
Principal Bases and Assumptions	the principal bases and assumptions set out at Part 6 of this document
Property Rental Business	the qualifying property rental business in the UK and elsewhere of UK resident companies within a REIT and non-UK resident companies within a REIT with a UK qualifying property rental business
Prospectus Directive	the EU Prospectus Directive 2003/71/EC
Prospectus Rules	the prospectus rules made by the Financial Conduct Authority under Section 73A of FSMA
Receiving Agent	Capita, in its capacity as the Company's receiving agent
Receiving Agent Agreement	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 6.14 of Part 8 of this document
Register	the register of members of the Company
Registrar	Capita, in its capacity as the Company's registrar
Registrar Agreement	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 6.13 of Part 8 of this document
Regulation S	Regulation S promulgated under the U.S. Securities Act
Regulatory Information Service	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
REIT or Real Estate Investment Trust	a Real Estate Investment Trust as defined in Part 12 of the CTA 2010
REIT Notice	the proposed notice by the Company to become a REIT
Relevant Member State	a member state of the European Economic Area which has implemented the Prospectus Directive
Relevant Registered Shareholder	a Shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
Residual Business	that part of the business of companies within a REIT that is not part of the Property Rental Business
Restricted Shares	non-voting redeemable fixed rate preference shares of 50 pence each in the capital of the Company
Reporting Obligation	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
RICS	Royal Institution of Chartered Surveyors
RPI	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

Scape Greenwich	the student residential property more particularly described at paragraph 7.2 of Part 1 of this document or, in connection with the Scape Greenwich First Offer Agreement, the special purpose vehicles which owns such student residential property
Scape Greenwich First Offer Agreement	the first offer agreement between Leopard Guernsey Greenwich JV Limited, Leopard Guernsey Greenwich Limited, Leopard Guernsey Greenwich GP Limited in its capacity as general partner of Leopard Guernsey Greenwich L.P. and the Company, a summary of which is set out in paragraph 6.6 of Part 8 of this document
Scape Shoreditch	the student residential property more particularly described at paragraph 7.3 of Part 1 of this document or, in connection with the Scape Shoreditch First Offer Agreement, the special purpose vehicle which owns such student residential property
Scape Shoreditch First Offer Agreement	the first offer agreement between LASKO 2 LLP and the Company, a summary of which is set out in paragraph 6.7 of Part 8 of this document
Secretary	Capita Company Secretarial Services Limited, in its capacity as the Company's secretary
Secretary Agreement	the secretary agreement between the Company and Capita, a summary of which is set out in paragraph 6.12 of Part 8 of this document
Shareholder	a holder of Shares
Shares	ordinary shares of one pence each in the capital of the Company
SIPP	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
soft nominations agreement	a <i>pari passu</i> marketing arrangement with an HEI to place their students in private accommodation
Specialist Fund Market	the Specialist Fund Market of the London Stock Exchange
SSAS	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
Sterling or £	the lawful currency of the United Kingdom
Substantial Shareholder	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 CTA 2010 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 CTA 2010
Substantial Shareholding	the Shares in relation to which or by virtue of which (in whole or in part) a person is a Substantial Shareholder
Takeover Code	the UK City Code on Takeovers and Mergers
UCAS	the Universities and Colleges Admissions Service

UKLA Model Code	the Model Code for directors' dealings contained in the Listing Rules of the UKLA
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
UK Listing Authority	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
UK Money Laundering Regulations	the UK Money Laundering Regulations 2007, as amended
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
UKLA	the FCA acting in its capacity as the competent authority for the purposes of part VI of FSMA
United States of America, United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. Code	U.S. Internal Revenue Code, as amended
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended
U.S. Person	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended
U.S.\$ or \$	the lawful currency of the United States of America
Valuation Report	the valuation report prepared by the Valuer in relation to the Initial Asset, as set out at Part 5 of this document
Valuer	Knight Frank LLP, in its capacity as the Company's valuer
VAT	value added tax

PART 10

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1. Introduction

Shares are available under the Offer at a price of 100 pence per 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.

2. Effect of application

Applications under the Offer must be for Shares with a minimum subscription amount of £10,000 and thereafter in multiples of £100. Multiple applications will be accepted.

2.1 *Offer to acquire Shares*

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 Shares at 100 pence per Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of 10,000 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 for subscription any 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 on or after the later of 13 May 2013 and the issue of the placing letters under the Placing (or such later date as notified to you by the Company or the Investment Manager or the Receiving Agent) or, if later, 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 Shares applied for in certificated form or be entitled to commence dealing in Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Receiving Agent (which acceptance shall not constitute an acceptance of your application under the Offer and 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 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 Shares to be deposited into a CREST account (a “**CREST Account**”), (i) the Receiving Agent may in its absolute discretion issue such 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 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, in respect of applications for Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(d) above to issue 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 paragraph 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; 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 Receiving Agent to disclose promptly in writing to them such information as the 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 Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Company may terminate the agreement with you to allot Shares and, in such case, the 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 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 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 Share arises on your application, the number of 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 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 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 or after the later of 13 May 2013 and the issue of the placing letters under the Placing and 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 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 on or after the later of 13 May 2013 and the issue of the placing letters under the Placing 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.

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.

2.3 ***Conditions***

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription (which, for the avoidance of doubt, will take place on or after the later of 13 May 2013 and the issue of the placing letters under the Placing) will be conditional upon:

- (a) Admission occurring by 8.00 a.m. (London time) on 20 May 2013 (or such later time or date, not being later than 8.00 a.m. on 28 June 2013, 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 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 Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form (which, for the avoidance of doubt, will take place on or after the later of 13 May 2013 and the issue of the placing letters under the Placing) 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 (which, for the avoidance of doubt, will take place on or after the later of 13 May 2013 and the issue of the placing letters under the Placing) 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 any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any 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 therefor 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) 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 Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the 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 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 Cenkos and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted (which, for the avoidance of doubt, will take place on or after the later of 13 May 2013 and the issue of the placing letters under the Placing) or owe you any duties or responsibilities concerning the price of the Shares or concerning the suitability of the Shares for you or be responsible to you for the protections afforded to their customers;
- (q) 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 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) warrant that you are not subscribing for the 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 Shares;
- (s) warrant that the information contained in the Application Form is true and accurate; and
- (t) agree that if you request that Shares are issued to you on a date other than Admission and such 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 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 (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 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 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 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 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 Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. If you subscribe for 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 Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the U.S. or Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such Shares for the account of any U.S. Person or resident of Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in or into the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, Japan, Australia or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a holder having an address in the United States, Canada, Japan, Australia or the Republic of South Africa.

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 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 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 10 May 2013. 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 (which, for the avoidance of doubt, will take place on or after the later of 13 May 2013 and the issue of the placing letters under the Placing) or owe you any duties concerning the price of the Shares or concerning the suitability of the 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 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 Registrars Limited, 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 10 May 2013.

HELP DESK: If you have a query concerning completion of this Application Form please call Capita Registrars on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost ten pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 am to 5.30 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. 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 Shares. The amount being subscribed must be a minimum of £10,000 and thereafter in multiples of £100. 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 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 Shares be deposited into a CREST Account please note that payment for such Shares must be made prior to the day such Shares might be allotted and issued. It is not possible for an applicant to request that 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 Registrars, 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 10 May 2013, 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 Registrars, 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 10 May 2013.

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 12 April 2013 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 and in multiples
of £100 thereafter)

£

1. Application

I/We the person(s) detailed in Section 2A below offer to subscribe the amount shown in Box 1 for Shares subject to the Terms and Conditions of the Offer for Subscription set out in the Prospectus dated 12 April 2013 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) Shares will be issued

(BLOCK CAPITALS)

1:

Mr, Mrs, Ms or Title:

Forenames (in full):

Surname/Company name:

Address (in full):

Postcode:

Designation (if any):

2:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
	Postcode:	
Designation (if any):		

3:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
	Postcode:	
Designation (if any):		

4:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
	Postcode:	
Designation (if any):		

2B. CREST Account details into which Shares are to be deposited (if applicable)

Only complete this Section if 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:

--	--	--	--	--

CREST Member Account ID:

--	--	--	--	--	--	--	--	--

1. 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 10 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 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 three 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.

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

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 five 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.

--	--	--	--	--
- 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).**

--	--	--	--	--
- 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: