LIBERTY LIVING FINANCE PLC

(incorporated with limited liability under
the laws of England and Wales)

£300,000,000 2.625 per cent. Guaranteed Bonds due 2024
and
£300,000,000 3.375 per cent. Guaranteed Bonds due 2029

The issue price of (i) the £300,000,000 2.625 per cent. Guaranteed Bonds due 2024 (the "**2024 Bonds**") of Liberty Living Finance PLC (the "**Issuer**") is 99.343 per cent. of their principal amount and (ii) the £300,000,000 3.375 per cent. Guaranteed Bonds due 2029 (the "**2029 Bonds**") of the Issuer is 99.931 per cent. of their principal amount. References to the "**Bonds**" in these Listing Particulars are references to each of the 2024 Bonds and the 2029 Bonds, as the case may be, and references to the "**Conditions**" are to the terms and conditions of each of the 2024 Bonds (set out in "*Terms and Conditions of the 2024 Bonds*") and/or the 2029 Bonds (set out in "*Terms and Conditions of the 2029 Bonds*"), as the case may be.

The Bonds will initially be fully, unconditionally and irrevocably guaranteed on a joint and several basis by certain subsidiaries of Liberty Living Holdings Inc. (the "**Group Parent**") named under "*Description of the Guarantors*" below (each a "**Guarantor**", and together the "**Guarantors**"). The Group Parent will not be a Guarantor of the Bonds.

Unless previously redeemed or cancelled, (i) the 2024 Bonds will be redeemed at their principal amount on 28 November 2024 and (ii) the 2029 Bonds will be redeemed at their principal amount on 28 November 2029 (each, a "**Maturity Date**"). Subject to certain conditions, the Bonds may be redeemed at the option of the Issuer in whole but not in part at any time after the relevant Issue Date at the relevant redemption price described under Condition 6(c) (*Redemption and Purchase – Redemption at the option of the Issuer*). Subject to certain conditions set out Condition 6 (*Redemption and Purchase*), the Bonds may also be redeemed at any time upon the occurrence of certain changes affecting taxes in the United Kingdom or the British Virgin Islands. In addition, upon the occurrence of certain change of control events which result in a negative ratings action being taken by a relevant credit rating agency, each holder of the Bonds (a "**Bondholder**") shall have the option to require the Issuer to redeem or, at the Issuer's option, purchase the relevant Bonds of such Bondholder at their principal amount together with accrued interest. See further Condition 6(d) (*Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control*).

The Bonds will bear interest from 28 November 2017 (the "**Issue Date**") at the rate of (i) in the case of the 2024 Bonds, 2.625 per cent. per annum and (ii) in the case of the 2029 Bonds, 3.375 per cent. per annum, in each case payable annually in arrear on 28 November of each year commencing on 28 November 2018. Payments on the Bonds will be made in pound sterling without deduction for or on account of taxes imposed or levied by the United Kingdom to the extent described under Condition 8 (*Taxation*). The Guarantors will unconditionally and irrevocably guarantee, jointly and severally, the due and punctual payment of all amounts at any time becoming due and payable in respect of the Bonds (the "**Guarantees**").

This document (the "**Listing Particulars**") has been prepared for the purpose of providing disclosure information with regard to the Bonds which are to be admitted to the Official List of the Irish Stock Exchange and to trading on The Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange (the "**Global Exchange Market**"). The Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**"). **This document constitutes Listing Particulars for the purpose of listing on the Irish Stock Exchange's Official List and to trading on its Global Exchange Market.** Application has been made for these Listing Particulars to be approved by the Irish Stock Exchange and for the Bonds to be admitted to the Irish Stock Exchange's Official List and to trading on the Global Exchange Market. **Investors should note that securities to be admitted to the Irish Stock Exchange's Official List and to trading on its Global Exchange Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.**

These Listing Particulars do not constitute (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC (as amended) (the "Prospectus Directive"). These Listing Particulars have been prepared solely with regard to the Bonds which are (i) not to be admitted to listing or trading on any regulated market for the purposes of MiFID and (ii) not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospective Directive). These Listing Particulars have not been approved or reviewed by any regulator which is a competent authority under the Prospectus Directive.

The Bonds and the guarantees thereof have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Bonds are subject to United States tax law requirements. The Bonds are being offered outside the United States by the Joint Lead Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bonds will be in bearer form and in the denominations of £100,000 and integral multiples of £1,000 in excess thereof, up to and including £199,000. The Bonds will initially be in the form of temporary global Bonds (the "**Temporary Global Bonds**"), without interest coupons, which will be deposited on or around 28 November 2017 (the "**Closing Date**") with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Bonds will be exchangeable, in whole or in part, for interests in permanent global Bonds (the "**Permanent Global Bonds**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Bonds will be exchangeable in certain limited circumstances in whole, but not in part, for Bonds in definitive form ("**Definitive Bonds**") in the denomination of £100,000 each and integral multiples of £1,000 in excess thereof, up to and including £199,000 and with interest coupons attached. See "*Summary of Provisions Relating to the Bonds in Global Form*".

An investment in the Bonds involves risk. Prospective investors in the Bonds are recommended to read these Listing Particulars, including the section entitled "*Risk Factors*" carefully. Investors should reach their own investment decision about the Bonds only after consultation with their own financial and legal advisers about the risks associated with an investment in the Bonds and the suitability of investing in the Bonds in light of the particular characteristics and terms of the Bonds in light of each investor's particular financial circumstances.

The Bonds are expected to be rated Baa2 (Stable) by Moody's Investors Service Ltd ("**Moody's**") and BBB (Stable) by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). Moody's and S&P are established in the European Union (the "**EU**") and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Moody's and S&P appear on the latest update of the list of registered credit rating agencies (as of 13 November 2017) on the European Securities and Markets Authority (the "**ESMA**") website http://www.esma.europa.eu.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Joint Lead Managers

HSBC **NATWEST MARKETS** **RBC CAPITAL MARKETS**

24 November 2017

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IMPORTANT NOTICES

The Issuer and each of the Guarantors accepts responsibility for the information contained in these Listing Particulars and declares that, having taken all reasonable care to ensure that such is the case, the information contained in these Listing Particulars to the best of its knowledge is in accordance with the facts and contains no omission likely to affect the import of such information.

The information set out in "*Description of the Group*" below includes extracts from information and data, including industry and market data, released by publicly available third party sources in Europe and elsewhere. Where information in these Listing Particulars has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer and the Guarantors are aware and able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where it is used. The Issuer and each of the Guarantors has confirmed to the Joint Lead Managers named under "*Subscription and Sale*" below (the "**Joint Lead Managers**") that these Listing Particulars contain all information regarding the Issuer, the Guarantors and the Bonds which is (in the context of the issue of the Bonds) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in these Listing Particulars on the part of the Issuer or (as the case may be) any of the Guarantors are honestly held or made and are not misleading in any material respect; these Listing Particulars do not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Issuer nor any of the Guarantors have authorised the making or provision of any representation or information regarding the Issuer, any of the Guarantors or the Bonds and the Guarantees other than as contained in these Listing Particulars or as approved for such purpose by the Issuer and the Guarantors. Any such representation or information should not be relied upon as having been authorised by the Issuer, any of the Guarantors, the Joint Lead Managers or Deutsche Trustee Company Limited (the "**Trustee**").

Neither the Joint Lead Managers, the Trustee nor any of their respective affiliates have authorised the whole or any part of these Listing Particulars and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in these Listing Particulars. Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or any of the Guarantors since the date of these Listing Particulars. Neither the Joint Lead Managers nor the Trustee accept any liability in relation to the information contained in these Listing Particulars or any other information provided by the Issuer or any of the Guarantors in connection with the distribution of the Bonds. Neither these Listing Particulars nor any other information supplied in connection with the distribution of the Bonds is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, any of the Guarantors, any member of the Group (as defined below), the Joint Lead Managers or the Trustee that any recipient of these Listing Particulars or any other information supplied in connection with the distribution of the Bonds should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in these Listing Particulars and its purchase of Bonds should be based upon such investigation as it deems necessary. Neither the Joint Lead Managers nor the Trustee undertake to review the financial condition or affairs of the Issuer or any of the Guarantors during the life of the arrangements contemplated by these Listing Particulars or to advise any investor or potential investor in the Bonds of any information coming to their attention.

These Listing Particulars do not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds.

The distribution of these Listing Particulars and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer, the Guarantors and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of these Listing Particulars and other offering material relating to the Bonds, see "*Subscription and Sale*".

Unless the context otherwise requires, all references in this document to the "**Group**" refer to the Issuer and the Guarantors and "**Holding Group**" refers to the Group Parent and its subsidiaries.

Each potential investor in the Bonds should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in these Listing Particulars;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) understand thoroughly the terms of the Bonds and the Guarantees;

(iv) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the potential investor's currency is not pound sterling; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In particular, the Bonds and the Guarantees have not been and will not be registered under the Securities Act and the Bonds are subject to United States tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

In these Listing Particulars, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**£**", "**pound sterling**" or "**Sterling**" are to the lawful currency of the United Kingdom and references to "**€**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in these Listing Particulars have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Holding Group uses certain adjusted figures and underlying growth rates which are not defined by generally accepted accounting principles. Adjusted figures and underlying growth rates are presented as additional performance measures used by management, as they provide relevant information in assessing the Group's performance, position and cash flows. The Group believes that these measures enable investors to more clearly track the core operational performance of the Group, by separating out items of income or expenditure relating to acquisitions, disposals, capital items and excluding currency translation effects, while providing investors with a clear basis for assessing the Group's ability to raise debt and invest in new business opportunities. The Group's management uses these financial measures in evaluating the operating performance of the Group as a whole and the individual business segments. Adjusted and underlying financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with generally accepted accounting principles. Such measures may not be directly comparable to similarly reported measures by other companies.

In connection with the issue of the Bonds, The Royal Bank of Scotland plc (trading as NatWest Markets) (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily

occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

OVERVIEW

This overview must be read as an introduction to these Listing Particulars and any decision to invest in the Bonds should be based on a consideration of these Listing Particulars as a whole.

Words and expressions defined in the relevant "Terms and Conditions of the Bonds" below or elsewhere in these Listing Particulars have the same meanings in this overview.

Issuer:	Liberty Living Finance PLC
Guarantors:	Certain subsidiaries of the Group Parent named under "*Description of the Guarantors*" below
Joint Lead Managers:	HSBC Bank plc, RBC Europe Limited and The Royal Bank of Scotland plc (trading as NatWest Markets)
Trustee:	Deutsche Trustee Company Limited
Principal Paying Agent:	Deutsche Bank AG, London Branch
Listing Agent:	Arthur Cox Listing Services Limited
Bonds:	*2024 Bonds*: £300,000,000 2.625 per cent. Guaranteed Bonds due 2024 *2029 Bonds*: £300,000,000 3.375 per cent. Guaranteed Bonds due 2029
Issue Price:	*2024 Bonds*: 99.343 per cent. of the principal amount *2029 Bonds*: 99.931 per cent. of the principal amount
Issue Date:	28 November 2017
Use of Proceeds:	General corporate purposes including, but not limited to, repayment of indebtedness and payment of distributions.
Interest:	*2024 Bonds*: The 2024 Bonds will bear interest from (and including) the Issue Date at a rate of 2.625 per cent. per annum payable annually in arrear on 28 November in each year commencing on 28 November 2018. *2029 Bonds*: The 2029 Bonds will bear interest from (and including) the Issue Date at a rate of 3.375 per cent. per annum payable annually in arrear on 28 November in each year commencing on 28 November 2018.
Status and Guarantee:	The Bonds constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The due and punctual payment of all sums from time to time expressed to be payable by the Issuer in respect of the Bonds will initially be unconditionally and (subject to the provisions of Condition 2(d) (*Release of Guarantors*)) irrevocably guaranteed on a joint and several basis by the initial Guarantors. Each such guarantee will constitute the direct, general and unconditional obligations of the relevant Guarantor and shall at all times rank at least *pari passu* with all other present and future unsecured obligations of such Guarantor. See "*Guarantors*" above. The circumstances in which the Guarantors may be released from their obligations in relation to the Guarantee, or in which additional companies may provide a guarantee of the Bonds are set out in Conditions 2(c) (*Addition of Guarantors*) and 2(d)

	(*Release of Guarantors*).
Form and Denomination:	The Bonds will be issued in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, each with interest coupons attached. The Bonds will initially be in the form of Temporary Global Bonds, without interest coupons, which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Temporary Global Bonds will be exchangeable, in whole or in part, for interests in a Permanent Global Bonds, without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Bonds will be exchangeable in certain limited circumstances in whole, but not in part, for Bonds in definitive form in the denomination of £100,000 each and integral multiples of £1,000 in excess thereof, up to and including £199,000 and with interest coupons attached.
Maturity Date:	*2024 Bonds*: 28 November 2024 *2029 Bonds*: 28 November 2029
Optional Redemption:	The Issuer may, at its option, redeem or purchase, or procure that any of its Subsidiaries shall purchase, all, but not some only, of the Bonds at a redemption price per Bond equal to (a) if the Optional Redemption Date (as defined in Condition 6(c) (*Redemption at the option of the Issuer*)) is on or after (i) in the case of the 2024 Bonds, 28 August 2024 and (ii) in the case of the 2029 Bonds, 28 August 2029, the principal amount of the Bond; or (b) otherwise, the higher of the principal amount of the Bond and an amount calculated by reference to the then yield of (i) in the case of the 2024 Bonds, the 2.75 per cent. United Kingdom Treasury Stock due 2024 plus a margin of 0.30 per cent. and (ii) in the case of the 2029 Bonds, the 6.00 per cent. United Kingdom Treasury Stock due 2028 plus a margin of 0.35 per cent., in all cases together with accrued interest, as described under Condition 6(c) (*Redemption and Purchase – Redemption at the option of the Issuer*).
Change of Control Put Event:	Upon the occurrence of a Change of Control (as defined in Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*)) leading to certain contemporaneous negative ratings action being taken by any relevant credit rating agency or agencies, each Bondholder shall have the option to require the Issuer to redeem or, at the option of the Issuer, purchase the Bonds of such holder at a cash purchase price equal to the principal amount thereof plus accrued interest, as described under Condition 6(d) (*Redemption and Purchase – Redemption at the option of the Issuer*).
Tax Redemption:	In the event of certain tax changes, the Issuer may redeem the Bonds in whole, but not in part, at any time at an amount equal to their principal amount, together with unpaid interest accrued to (but excluding) the date fixed for redemption, as more fully provided in Condition 6 (*Redemption and Purchase*).
Negative Pledge:	The Bonds will have the benefit of a negative pledge as described in Condition 3 (*Negative Pledge*).
Financial Covenants:	In addition to the negative pledge described above, the Bonds

	will have the benefit of certain financial covenants relating to Interest Cover, Gearing and Secured Gearing as described in Condition 4 *(Financial Covenants).*
Cross Default:	The Bonds will have the benefit of a cross default provision as described in Condition 9 (*Events of Default*).
Rating:	The Bonds are expected to be rated Baa2 (Stable) by Moody's and BBB (Stable) by S&P.
	Moody's and S&P are established in the EU and registered under the CRA Regulation. Moody's and S&P appear on the latest update of the list of registered credit rating agencies (as of 13 November 2017) on the ESMA website http://www.esma.europa.eu.
Taxation:	All payments of principal and interest in respect of the Bonds and the Coupons made by or on behalf of the Issuer or the Guarantors shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom, the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantors shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required. See further Condition 8 (*Taxation*).
Governing Law:	The Bonds, the Trust Deeds, the Agency Agreements and the Subscription Agreements and any non-contractual obligations arising out of or in connection with them will be governed by English law.
Listing and Trading:	Application has been made to the Irish Stock Exchange for the Bonds to be admitted to the Official List and trading on the Global Exchange Market.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	See "*Subscription and Sale*".
Risk Factors:	Investing in the Bonds involves risks. See "*Risk Factors*" below.
ISIN:	*2024 Bonds*: XS1721762596
	2029 Bonds: XS1721762679
Common Code:	*2024 Bonds*: 172176259
	2029 Bonds: 172176267

RISK FACTORS

Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, prospective investors should carefully consider risk factors associated with any investment in the Bonds, the business of the Issuer and the Guarantors and the industries in which each of them operates together with all other information contained in these Listing Particulars, including, in particular the risk factors described below. Words and expressions defined in the Conditions below or elsewhere in these Listing Particulars have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer and the Guarantors, the industries in which each of them operates and the Bonds are the risks that the Issuer and the Guarantors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Bonds. However, as the risks which the Issuer and the Guarantors face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Bonds and should be used as guidance only. Additional risks and uncertainties relating to the Issuer and the Guarantors that are not currently known to the Issuer and the Guarantors, or that either currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Guarantors and, if any such risk should occur, the price of the Bonds may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in these Listing Particulars and their personal circumstances.

Risks Relating to the Issuer and the Guarantors

The Issuer and certain Guarantors are reliant upon dividend and interest income being received from other members of the Group in order to satisfy their payment obligations in connection with the Bonds or the Guarantee

The Issuer is a special purpose financing company within the Group with no business operations and does not own any assets (for more information, see the Group structure chart on page 78). It is therefore reliant on interest income from loans it has made to certain members of the Group in order to satisfy its payment obligations under the Bonds. Certain Guarantors that do not own properties are also reliant on dividend and interest income and/or a fee from their respective subsidiaries, or interest income from their financing and operative activities within the Group, in order to satisfy their payment obligations under the relevant Guarantee. There can be no assurance that any member of the Group will be able to make the dividend payments or interest payments that the Issuer and certain Guarantors rely on in order to satisfy their payment obligations. If they are unable to do so, this may have an adverse effect on the ability of the Issuer to satisfy its payment obligations under the Bonds and/or the Guarantors to satisfy their payment obligations under the Guarantees.

The Group may not be able to maintain the occupancy rates of its residences, which may have a material adverse impact on the Group's business, financial condition or results of operations

The Group has historically had very high Core Occupancy Rates for its residences, averaging 99 per cent. during the three Financial Years ended 31 August 2017. The ability of the Group to maintain such high Core Occupancy Rates (or to maintain such high levels on economically favourable terms) may be adversely affected by a number of factors such as:

- changes in government policy on Higher Education that reduce the overall numbers of students undertaking courses of study and/or reduce the disposable income of students (and therefore the amount available to be spent on accommodation), including changes to the funding of Higher Education, tuition fee increases, decreasing availability of student grants and loans, changes to immigration policy, the impact of Brexit (see below) and the impact of the United Kingdom ("**UK**") government's current policy to drive greater competition between Educational Institutions, particularly for high achieving students;

- factors that influence the number of students undertaking courses of study at Educational Institutions in the vicinity of the Group's student accommodation, including the relative attractiveness of any such Educational Institutions compared to alternative Educational Institutions;

- factors affecting the specific demand for the Group's accommodations, including the quantity and quality of the Group's and competitors' offerings, the proximity of accommodations to the campus, the potential for an Educational Institution's campus to move location, the Group's reputation amongst students and Educational Institutions and the price of the accommodation relative to alternatives; and

- supply side factors, including overall supply of alternative accommodation and the risk of increased supply of student accommodation over time.

The Group's occupancy rates within each local market in which the Group operates may also be adversely affected by a failure of the Group to remain competitive amongst student accommodation providers within such a market, for instance by failing to remain competitive on price, failing to adequately maintain or renovate the Group's properties or failing to anticipate and respond to changes in local student demands for facilities and new or improved technology or amenities. Should the Group fail to meet student expectations (including on pricing or technological advancements) or not maintain its facilities, the Group's occupancy rates may decrease, which could have an adverse impact on the Group's business, financial condition or results of operations.

The Group's occupancy rates may also be affected by declining demand for a particular Educational Institution with which the Group has contractual relationships. A decline in demand for a particular Educational Institution may be caused by, amongst other factors, changes in such Educational Institution's policies including costs and charges levied by that institution, changes in course offerings and changes in the rankings of individual Educational Institutions. Furthermore, some Educational Institutions which have partnerships with the Group might cease their operations or otherwise terminate those arrangements, leading to a decrease in the demand for the Group's residences.

For the 2017/2018 Academic Year, approximately 50.0 per cent. of the Group's rooms are rented on the basis of Educational Institution Agreements between a member of the Group and Educational Institutions. Under some of these agreements, the Educational Institution does not provide any financial or occupancy guarantee. Should the Educational Institutions fail to refer a sufficient number of students to the Group; the Group will need to fill its rooms through other means, including Direct Lets, to maintain its occupancy rates. A substantial portion of the Group's rooms (approximately 50.0 per cent. in the 2017/18 Academic Year) are let pursuant to Direct Lets. With both Referral Agreement letting and Direct Lets, the Group is exposed to demand risk until a student enters into a legally binding commitment by entering into an assured shorthold tenancy ("**AST**"). Accordingly, should the Group be unable to fill its rooms through Direct Lets, some of the rooms may remain unoccupied which could have a material adverse impact on the Group's business, financial condition or results of operations.

Any adverse impact on the Group's business, financial condition or results of operations described above may in turn have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantees.

See also "*Risk Factors—Changes in government policy on Higher Education may reduce the demand for student housing*" and "*Risk Factors—Changes in laws, regulations and/or government policy may adversely affect the Group's business*".

The Group may not be able to maintain or increase the rental rates for its residences, which may have a material adverse impact on the Group's business, financial condition and results of operations and on the value of the Group's properties

The Group's rental income and the value of the Group's properties are dependent on the rental rates that can be achieved from the properties that the Group owns. The ability of the Group to maintain or increase the rental rates for its rooms may be adversely affected by the UK's general economic condition, the disposable income of students and the overall demand for university education. In addition, there may be other factors that depress rents or restrict the Group's ability to increase rental rates, including local factors relating to particular properties/locations (such as increased competition for market share) and any harm to the reputation of the Group amongst universities, students or other potential customers. Furthermore, in line with other competitors, the Group may move to a variable pricing approach for certain properties.

The Group typically enters into agreements with Educational Institutions that cover a substantial number of the Group's rooms. Some agreements with Educational Institutions have multiple year terms subject to upward only annual rent reviews, typically including market comparator and/or index linked mechanisms, whereby the maximum permitted upward rental adjustment therein might be less than the Group's increased costs in respect of the related residence. If the Group's expenses increase and the Group is unable to make a corresponding increase in the rental rates (due to the terms of the Group's rental review clauses or otherwise), this may have an adverse impact on the Group's business, financial condition and results of operations.

Any failure to maintain or increase the rental rates for the Group's rooms may have a material adverse effect on the value of the Group's properties as well as the Group's business, financial condition or results of operations and in turn affect the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Rental income is subject to both the rental rate and the letting length. The letting length is in some cases dependent on the dates of the academic year of the local Educational Institution. Changes in the length of academic years may impact on the rental income of the Group. This may in turn affect the value of the Group's properties as well as the Group's business, financial condition or results of operations and in turn affect the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group's all-in costs of accommodation for students involve certain risks, including managing the risk of rising utility prices and other increasing property maintenance costs during the course of a tenancy, which may have a material impact on the Group's rental income performance and margin

Under the terms of the Group's tenancies, students pay a fixed rental amount that includes the estimated cost of utilities, internet service, health and safety compliance, maintenance services, security services and all other costs. Furthermore, the student accommodation industry requires that the Group sets prices for its rooms by each December for the forthcoming Academic Year, which generally begins in September of that year. As a result, the Group bears the risk of managing rising utility prices, staff costs, property taxes and other statutory charges, insurance premiums, maintenance costs and other costs during the course of the tenancy.

As a result, the Group may misprice rooms if the costs related to the managing of its accommodations do not reflect the Group's estimates. While the Group attempts to mitigate the risk of increases in these costs during the term of a tenancy by (i) entering into contracts for certain services, including the provision of energy, internet service and waste collection, on a national basis, (ii) performing a significant portion of property maintenance work in-house and (iii) adjusting rental prices on a year-to-year basis, any increases in these costs during a tenancy will adversely affect the Group's operating profit and margins and therefore may have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee. In addition, certain costs, such as water costs and costs associated with compliance with health and safety regulation, are directly controlled by central government and, as such, are subject to change at any time and often without notice. Some costs, such as licensing of Houses with Multiple Occupants ("**HMOs**"), are directly controlled by local government and are therefore subject to change at any time and often without notice. There is also a risk that Local Authorities levy council tax charges during the summer period for non-student use.

The rental income generated by the Group's properties depends in part on successfully maintaining relationships with, and the financial stability of, the Educational Institutions with which the Group has direct contractual relationships

The rental income generated from the Group's properties depends on successfully maintaining relationships with, and the financial stability of, the Educational Institutions with which the Group has direct contractual relationships. In the event that the Educational Institution with which the Group has entered into a contractual arrangement were to default on contract terms, such as rent collection (pursuant to the terms of a Residential Lease) or pre-bookings of a certain number of rooms (pursuant to the terms of a Nomination Agreement), such default may have an adverse effect on the Group's business, financial position and results of operations. In addition, if the Group fails to maintain a good relationship with Educational Institutions whether because it provides inadequate service or management of properties, because its competitors provide a more attractive proposition or because the Educational Institutions change their property needs, it could adversely impact the Educational Institutions' willingness to supply students for the Group's accommodations. In addition, any dispute with an Educational Institution, or non-renewal of a particular contract with an Educational Institution, could damage the relationship with that Educational Institution, and could become known to other Educational Institutions, which could result in similar disputes with or renegotiations or non-renewal actions being taken by the other Educational Institutions. The occurrence of any of these events may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The success of each Educational Institution in terms of student recruitment and retention, and its aspirations to increase its position in national league tables, will be dependent on its academic reputation, the quality of its teaching and research and the popularity of the courses it offers. The success of each Educational Institution may be affected by the Teaching Excellence Framework, introduced recently by the government to score Universities as to the quality of their teaching. It is likely, however, that student expectations will increase in line with the tuition fee cap. Quality of provision, value for money and the ability to provide an advantage in terms of employability are expected to be the drivers of student choice and future success will likely be based on the ability of an institution to understand a more competitive market dynamic and take best advantage of its market position. There is a risk that any Educational Institution that does not respond to this dynamic effectively may suffer damage to its reputation and reduced popularity with students, which may adversely affect the student numbers applying to that Educational Institution and therefore demand for the accommodation on offer for students studying at such Educational Institution. If any of these events occur, it may not be possible for the Group to secure alternative tenants for the relevant residence, depending on the location and other features of such residence, and any alternative use will be unlikely to generate equivalent income to that generated by letting to students.

In addition, the number of students studying at any Educational Institution may be affected by the business model and estates strategy of that Educational Institution. For example, an Educational Institution may change business model to teach online rather than physically on campus, or may change the location of their campus or of an individual faculty. Such change to a business model could in turn reduce the number of students requiring accommodation as a result of studying at such Educational Institution. The occurrence of any of these events, including the reputational decline of any Educational Institution the Group offers accommodation in connection with, may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group's rental income is dependent on the financial stability of student tenants

The Group's rental income is largely dependent on the collection of rents from students. Although historically the Group has been able to maintain low levels of uncollected rents, with less than 0.4 per cent. of Core Occupancy Revenue remaining outstanding for the Financial Year ended 31 August 2017, defaults by students on rental payments owed to the Group could increase, due to, amongst other factors, worsening economic conditions in the UK and globally, affordability of accommodation and changes to the availability and terms of student loans and grants. The Group has historically required that students either pay all rent due for a tenancy in advance or provide a UK guarantor. However, the Group may be forced to change these practices due to, amongst other factors, changing market norms, changing relevant legislation or changing university and student demands, which could increase the risk of student defaults on rental payments.

Any increase in the level of student defaults on rental payments owed to the Group could impact the Group's business, financial condition or results of operations, and therefore the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee. The value of the Group's properties may also be adversely affected.

A significant portion of the Group's rental income is dependent on international students' demand for student accommodation

In the past two Academic Years, international students constituted between 37 per cent. and 38 per cent. of the Group's tenants (when the nationality of a tenant was recorded and known). As such, any policy changes to UK immigration laws, particularly those limiting immigration or affecting the availability of student visas, could adversely affect the demand for UK university degrees from Educational Institutions and, correspondingly, the demand for student housing by international students.

The demand for UK student housing by international students could also be adversely affected by increased competition from other countries with strong educational systems and more open immigration or student visa policies, while current economic conditions, particularly any on-going recessions or slowdowns in emerging market economies, could reduce international student demand for student housing in the UK.

In addition, any future appreciation in the value of sterling may decrease demand for UK accommodation by international students facing less favourable exchange rates. Any decreases in demand by international students, as a result of the factors set forth above or otherwise, may have an adverse impact on the Group's business, financial condition or results of operations.

See also "*Risk Factors - The decision of the UK to leave the European Union has generated significant uncertainty and may have a negative effect on the Group's business, the market value of the Bonds and the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee*".

The Group may default under a lease agreement it has in respect of the 17 residences the Group holds pursuant to long leases (or part long leases)

In the case of 17 residences, the interest held by the Group is a leasehold (or part long leasehold) interest for between 83 and 993 years, as opposed to a freehold interest. For such residences, there is a risk that the relevant landlord may terminate their agreement with the Group (the "**Head Lease**") before the expiry of the contractual term for failure to pay rent or another breach of tenant obligation. The rent obligations under most of these leases are for nil or nominal sums. Typically the most onerous tenant obligation in a Head Lease is an obligation to keep the buildings in good repair which the Group is likely to comply with to be able to sub-let residences to students. If any such failure to pay rent or breach occurs, the landlord may commence court proceedings or otherwise take action to terminate the Head Lease. Despite the common law protection afforded to the Group as a tenant, given the residential nature of the residences, if a landlord took action and relief was not obtained by the relevant Guarantor, all future income from that residence may be lost which may adversely affect the Group's business, financial condition and/or results of operations and therefore adversely affect the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee. The Group may also suffer reputational damage which may result in a decreased interest from future students.

There is a risk Direct Let agreements entered into by the Group are frustrated

A Direct Let that the Group has entered into with a student in respect of a residence could, in exceptional circumstances, be frustrated under English law or, as the case may be, Scots law. Under English law, frustration may occur where a supervening event so radically alters the implications of the continuance of a lease for a party thereto that it would be inequitable for such lease to continue. Under the equivalent Scots law principle of *rei interitus*, a lease will (subject to express agreement to the contrary) automatically be terminated if the leased property is damaged or destroyed to the extent that it is no longer tenantable or if an event occurs which otherwise precludes performance of the parties' rights and obligations under the lease. If any of the Group's Direct Let agreements were frustrated, this may have an adverse effect on the rental income derived from, or able to be generated by, the relevant residence which in turn may adversely affect the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group's reputation is dependent on the "Liberty Living" brand

The Group's success and results are, to some extent, dependent on the strength and reputation of the "Liberty Living" brand. The brand is vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Group is exposed to the risk that disputes and litigation, employee misconduct, operational failures, press speculation and negative publicity (including via social media), amongst other factors, whether or not well-founded, could damage the brand. The brand could also be harmed if any student residential property that uses the brand does not perform as expected (whether or not the expectations are well-founded) or tenants' and/or universities' expectations for such student residential property are not met or changed. Any damage to the brand could cause a decline in the demand for the Group's accommodation and/or a decrease in the rental rates that can be achieved at the properties owned by the Group. The occurrence of any of these events may have an adverse impact on the Group's business, financial condition or results of operations and may therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group's ability to maintain the condition of and refurbish its properties in a satisfactory manner, within budget and on time is dependent on its vendors, suppliers, refurbishment contractors and other service providers

By value, 76 per cent. of the Group's portfolio as at 31 August 2017 has been constructed or refurbished in the last 10 years. Furthermore, the Group carries out an annual summer maintenance programme on its portfolio of properties to maintain the quality of its residences. Maintaining the Group's property portfolio in good condition through a rolling refurbishment programme is an important factor in preserving the Group's rental income and occupancy rates.

Substantially all of the Group's property renovations, annual summer maintenance programmes and related work are outsourced to third-party contractors. Although the Group carefully chooses its contractors to perform the refurbishments and annual summer maintenance, there is a risk that the performance of the contractors may not meet the Group's standards or specifications. Negligence or poor work quality by any contractors may result in defects in the buildings, which could in turn result in the Group suffering financial losses, harm to its reputation or expose the Group to third-party claims. See also "*Risk Factors - There is a risk that the Group's properties may have been constructed with materials that endanger occupants, which could result in litigation against the Group and/or harm the Group's reputation*".

The Group's ability to refurbish and maintain the condition of its properties in a satisfactory manner, within budget and on time will depend on the ability of its vendors, suppliers, refurbishment contractors and other service providers to provide competent, attentive and efficient services to the Group. To the extent that the Group's preferred contractors and other service providers are unable or unwilling to perform their contractual commitments, there is a risk of reputational damage to the Group, or that the Group will have to seek alternative contractors (or to perform such services itself) which could be difficult or more costly. Failure by any service provider to carry out its obligations to the Group in accordance with the terms of its appointment to exercise due care and skill may have an adverse impact on the Group's business, financial condition or results of operations.

Furthermore, property renovation projects and annual maintenance programmes involve certain risks, including working at sites occupied by students, cost inflation, cost overruns and delays. Third-party contractors may undertake projects for parties other than the Group or encounter financial or other difficulties, such as supply shortages, labour disputes or work accidents, which may cause delays in the completion of the Group's projects or result in increases in the Group's costs. Timely completion of renovations of student accommodation or refurbishment of existing properties is of particular importance to the Group since newly renovated accommodation has to be available before the start of the relevant new Academic Year. Time overruns could reduce occupancy rates or the level of rents achievable and cost overruns may have an adverse impact on the Group's business, financial condition or results of operations.

The termination of the Group's relationship with any service provider, or any delay in appointing a replacement for such service provider, could disrupt the business of the Group materially and could have a material adverse effect on the Group's ability to maintain the condition of or refurbish its properties in a satisfactory and timely manner. Further, misconduct or misrepresentations by employees of the vendors, suppliers, contractors and other service providers could prevent the Group from completing refurbishment projects and annual maintenance programmes in a timely manner or could adversely affect the Group's reputation as a provider of high quality, well maintained and serviced student accommodation. Any failure by the Group or the vendors, suppliers, refurbishment contractors and other service providers on which it relies to adequately maintain the condition of the Group's property portfolio could harm the Group's business, financial condition and results of operations and therefore have an adverse effect on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

If the Group does not succeed in attracting, developing and retaining skilled personnel, the ability of the Group to deliver its business strategy may be reduced

The Group is dependent on members of its senior management team and a flexible, highly skilled and well-motivated workforce and believes its future success will depend in part on its ability to attract, retain and motivate highly skilled management and personnel. Given that the private purpose-built student accommodation sector in the UK has been in operation only for about 18 years, the pool of highly qualified and experienced personnel is more limited than in certain other industries. Should the Group fail to retain its existing highly experienced personnel and management, the Group may experience difficulties or delays in finding suitable replacements with appropriate experience.

The ability of the Group to maintain its operational activity and quality of service is significantly dependent on the expertise of the Group's key employees and the Group's ability to attract and retain suitable staff. Although measures are in place to reward and retain key individuals and to protect the Group from the impact of excessive staff turnover, there is no assurance that the Directors, senior managers and other key employees will remain with the Group. If the Group fails to staff its operations appropriately, or loses one or more of its key senior executives and fails to replace them in a satisfactory and timely manner, this may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee. Likewise, if the Group does not succeed in attracting, developing and retaining skilled personnel, the ability of the Group to deliver its business strategy may be reduced.

The Group's due diligence may not identify all risks and liabilities in respect of an acquisition of new properties and/or operating businesses

The Group's strategy is not to undertake the construction or development of new properties but instead to acquire and integrate existing properties and property portfolios either from Educational Institutions seeking to dispose of properties they no longer wish to manage or from other property owners or developers. Prior to entering into an agreement to acquire any property and/or business, the Group performs due diligence 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 other key legal due diligence questions and property valuations). To the extent that the Group or other third parties underestimate or fail to identify risks and liabilities (including any environmental or construction liabilities) associated with the investment in question, the Group may be subject to defects in title or to environmental, structural or operational defects requiring remediation, or the Group may be unable to obtain necessary permits, which may have an adverse impact on the Group's business, financial condition or results of operations. A due diligence failure may also result in acquired properties that fail to perform in accordance with projections.

In addition, to the extent that the Group fails to identify risks associated with the relevant Educational Institution (including risks associated with its financial solvency), the Group may enter into long-term tenancy or other arrangements which do not meet either party's needs or are subsequently not honoured by the counterparty. Failure by the Group to conduct appropriate due diligence may result in an Educational Institution seeking to terminate or breach the terms of an arrangement or rental review clauses and other contractual terms becoming too onerous for the Group. The occurrence of any of these events may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Furthermore, there is a risk that certain properties that are acquired by the Group may have a latent design defect which was not discovered as part of the diligence exercise and has not yet come to light. Such defect may require significant capital expenditure to remedy which is not budgeted for or anticipated. Although the Group has appropriate third party professional indemnity insurance in place, there is no assurance that this will be suitable for the defect discovered or that any pay-out will cover the full cost of the remediation works. Certain of the Group's recent acquisitions, such as the Student Castle portfolio, may include new properties in respect of which the relevant building contractor will retain liability through a warranty for a limited amount of time. There is a risk that the Group does not discover defects within this window and becomes liable. If any of the Group's properties is found to have defects that require rectification, the cost, loss of rental income, timing implications and reputational damage of such rectifications may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Risks associated with the acquisition and/or disposal of properties and/or businesses by the Group

Irrespective of the volume and quality of legal, financial and commercial due diligence undertaken prior to acquisition, the merging of operational businesses and/or assets brings with it inherent risks post- acquisition. A key risk which cannot be fully mitigated by due diligence is the risk that a successful cultural blend between the merged entities is not achieved. The expected value of a transaction to the Group may be dependent on cost synergies and scale efficiencies that are achieved post-acquisition which in turn are also dependent to some extent on achieving genuine cultural and operational fit between the merged entities. In the event that newly acquired assets or businesses do not blend with the Group's existing assets and business, the Group's rental yield may not meet projections, the Group may be subject to unanticipated costs to rectify the situation and the Group may suffer reputational damage. If the value of the transaction to the Group is lower than expected, the Group's financial operations and condition may be adversely affected. The occurrence of any of these events may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

By its nature, the Group is constantly assessing its portfolio and considering acquiring and integrating properties or portfolios. As such, the asset mix and the risk profile of the Group's portfolio may change over time as the Group acquires and/or disposes of assets, parts of the business and properties. Although the Group endeavours to maintain a consistent risk profile in respect of its assets, and acquisitions are undertaken in line with Group policy and restrictions, there can be no assurance that the Group's current portfolio and corresponding risk profile will remain consistent or follow current projections.

The Group depends on key information technology and communication systems which may fail or be subject to disruption or become obsolete

The Group's operations are highly dependent on technology and communications systems, including internet websites and portals operated by the Group. Tenancies, room reservations, collection of rents and deposits and many other elements of the Group's business are managed using bespoke computer systems and applications. The efficient and uninterrupted operation of the systems, technology and networks on which the Group relies and its ability to provide students and Educational Institutions with reliable access to its services are fundamental to the success of the Group's business. Any damage, malfunction, interruption to or failure of systems, networks or technology used by the Group could result in a lack of confidence in the Group's services and a possible loss of existing partners or students to its competitors or could expose the Group to higher risk or losses, which may have an adverse impact on the Group's business, financial condition or results of operations. Any material interruption to the Group's connection to the internet or to its room booking systems could result in the Group not being able to process room bookings, lease agreements and rental payments.

As the functioning of the Group is reliant on adequate technology and communication systems, it is fundamental that the technology the Group relies on remains current and does not fall behind that generally used in the student accommodation market, particularly that which is relevant to processing information and marketing rooms directly to students. There is a risk that if the Group fails to adopt new systems and approaches as they are discovered it may fall behind its competitors both from an operational and reputational perspective. To keep up with technological trends and developments also requires significant and continued investment. There is a risk that the technology the Group invests in is not as effective as anticipated or that such investment cannot compete with the scale of investment made by the Group's competitors.

The Group's systems are vulnerable to damage or interruption from manual intervention, natural disasters, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial of service attacks and other events. The Group's systems are also vulnerable to security breaches or intrusions, sabotage and acts of vandalism by employees and contractors as well as other third parties. Any interruption in the availability of the Group's website, customer support site or telephone systems would create a business interruption and may have an adverse impact on the Group's reputation, business, financial condition or results of operations.

The Group also relies on its systems and the security of its network for the secure transmission of confidential information such as students' home addresses or telephone numbers. Whilst the Group has not experienced any known significant network security breaches to date, any such occurrences (whether due to systems malfunctions, failures by third parties, unauthorised access being gained by persons who circumvent the Group's security or otherwise) could result in the Educational Institutions ceasing to do business with the Group and the Group being held criminally or civilly liable.

The Group has disaster recovery procedures in place which include transactional data being automatically backed up in a separate secure location on a frequent basis. Whilst such procedures are intended to mitigate the effects of events such as those listed above on the Group's business, there can be no assurance that such procedures can account for and protect against all eventualities or that they will be effective in preventing any interruption to the operations and systems of the Group. The Group does not currently have cyber security insurance although this position is periodically reviewed. Whilst to date there has been no significant malfunction of the Group's technology and systems, any such events could result in a lack of confidence in the Group's services, a possible loss of existing partners to its competitors and potential liabilities, all of which may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group may be subject to privacy or data protection failures

The Group is subject to regulation regarding the use of private data relating to students and Educational Institutions. The Group processes confidential student data as part of its business and therefore must comply with strict data protection and privacy laws. The Group relies on third-party contractors as well as its own employees to maintain its databases and it seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation. If the Group or any of the third-party service providers on which it relies fails to store or transmit student information in a secure manner, or if any loss of student data were otherwise to occur, the Group could face liability under data protection laws. This could also result in the loss of the goodwill of its tenants and deter new potential tenants, which may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Changes in government policy on Higher Education may reduce the demand for student housing

The Group invests in student accommodation, a sector whose performance is closely linked to the performance of the broader Higher Education sector. Although this sector is not necessarily affected by general economic cycles, the returns achieved on an investment made by the Group may be materially adversely affected by changes in government policy on Higher Education that reduce the number of students (domestic or foreign) or the amount of disposable income that students have (for example, through decreasing availability of student loans or grants, or increasing tuition fees).

Given that a significant number of students fund their UK education through grants or student loans, the general availability of grants and student loans, as well as the terms and conditions of the loans, including interest rates and repayment terms, might have a material impact on the number of students or the type of accommodation they choose. For instance, if interest rates increase, more students might decide to live at home while enrolled in an Educational Institution.

In particular, in the 2012/13 Academic Year, government policies implementing higher tuition fees temporarily reduced the number of students accepted by Educational Institutions, with the total number of acceptances decreasing by 5.5 per cent. Correspondingly, the demand for student housing dropped, with the Group's Core Occupancy Rates for that year declining to 94.5 per cent. across the portfolio. While such acceptances have rebounded since, there can be no assurance that further increases in tuition fees or other changes to the structure of university or student funding would not have similar or more significant adverse effects on demand for student housing.

Until the 2014/2015 Academic Year, the UK government capped the total number of UK and EU student places that a university could allocate. From 2015, the UK government removed this cap on student numbers allowing universities to recruit as many students from the UK and the EU as they wish and to increase the amount they receive in the form of tuition fees from them. However, there can be no assurance that student numbers will remain uncapped. See also "*Risk Factors - The decision of the UK to leave the European Union has generated significant uncertainty and may have a negative effect on the Group's business, the market value of the Bonds and the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee*".

Any further changes to the level of tuition fees, the availability or terms of grants or student loans and limits on student numbers may affect the number of prospective students who choose to apply for a place on a course with a university and thereby affect demand for student accommodation, including the Group's properties. A decrease in the number of students seeking residential accommodation in the Group's properties may affect the occupancy rates of the Group's property portfolio or its ability to maintain or increase rents.

Any such changes in government policy therefore may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Demand for accommodation provided by the Group may be affected by increasing competition between operators, increasing levels of student accommodation development, the availability of alternative accommodation for students and demographic changes

The student accommodation industry is highly competitive and the Group faces competition on a local, regional and national basis. The Group currently faces direct competition from other owners and operators of student housing, from joint ventures between operators and Educational Institutions, and directly from Educational Institutions who build, develop and operate their own housing stock.

The private purpose-built student accommodation market in the UK, in which the Group operates, comprises approximately 232,000 rooms. In this sector, there are ten private owners of approximately 6,000 or more rooms, including the Group (Source: Savills, Spotlight UK Student Housing 2017). These owners, in addition to university partnership operators that operate accommodations built and/or owned by universities, usually under operating leases and smaller operators have increased the supply of student accommodations as student enrolment has grown, increasing competition between operators for students. In addition to competing with these entities for students to rent their rooms, the Group competes with these entities and others to acquire additional student accommodation assets. Within the last 10 years, a range of different types of investors (including private-equity investors, developers and other private owners) have also entered the private purpose-built student accommodation market in the UK, purchasing student accommodation assets and, in the case of private equity providers in particular, typically selling them in the short to medium-term. Such activity has contributed to an increase in investment capital and, therefore, the rising prices of student accommodation assets in the UK, making it more expensive for the Group to expand its existing portfolio through acquisitions. Further, the private purpose-built student accommodation market has typically not been linked to the performance of the economy in general. Developers and operators may seek to increase investment into the student accommodation market even while investment into other construction sector contracts is declining.

Competition in the market for purpose-built student accommodation 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. In addition, the Group may face further competition from other forms of accommodation that students could choose. For example, many students choose to live in HMOs. A significant increase in the availability of HMOs in any one location may reduce demand for the Group's accommodation.

The Group's competitors may have financial and other resources substantially in excess of those available to the Group. Price, service, facilities, brand strength, quality and location of accommodation are the primary elements of competition in the student accommodation industry. If the Group does not sustain its ability to meet students' requirements relative to price, service, facilities, brand strength, quality and location of accommodation, or if competition makes it less economical for the Group to purchase additional accommodation assets, this may have an adverse impact on the Group's business, financial condition or results of operations and may therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Demand for Higher Education is driven by a combination of demography and social mix. Whilst demography represents one of the key sources of growth, participation is also affected by the changing social mix of the population. According to the Higher Education Policy Institute, students under 21 years old currently represent the dominant group in Higher Education. Any change in the size and/or dominance of this population group may have an impact on demand for Higher Education and therefore demand for student accommodation. In turn, this could adversely affect the results of operations of the Group and may have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Increased competition between Educational Institutions, including from non-UK Educational Institutions, may affect the demand for places at the UK Educational Institutions served by the Group

The UK government has introduced a more market-oriented approach to student recruitment, with the lifting of the cap on student numbers at any one English Educational Institution. This approach, along with changes in Educational Institution funding and increases in tuition fee caps, has made the UK Higher Education sector increasingly competitive and may increase variability in enrolment.

There may also be increased competition from overseas Educational Institutions, particularly those situated in the EU member states. Students may increasingly consider studying outside the UK, where the overall cost of a degree tends to be lower. An outflow of students to Educational Institutions other than those in towns and cities in which the Group manages properties, or to overseas Educational Institutions, may have an affect on the number of students seeking accommodation at the Educational Institutions in the towns and cities in which the Group manages properties. A decrease in the number of students seeking residential accommodation in the Group's residences may affect the Core Occupancy Rates of the Group's property portfolio or its ability to maintain or increase rents and therefore may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

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

The Group and its operations are subject to laws and regulations enacted by national and local governments and government policy. Such potential changes in law, regulation and/or government policy in addition to those discussed in "*Risk Factors–Changes in government policy on Higher Education may reduce the demand for student housing*", include:

- changes in planning policies which could have an impact on the supply of student accommodation. For example, a relaxation of planning restrictions at either a national or a local level could result in an increased supply of student accommodation in the Group's markets and any such changes in planning policy could allow for new entrants into the industry, increasing competition and potentially decreasing the Group's occupancy rates;

- more onerous health and safety and environmental legislation and regulation, requirements to improve access for students with disabilities and changes to fire code regulations, which may increase the costs of compliance or may require the Group to undertake costly refurbishments to its properties or implement new systems to monitor and comply with the new standards. In recent periods these have included provisions for the containment and management of asbestos in buildings, regulations concerning the provision of access for disabled persons, and provisions for the measurement and reporting of the energy efficiency of buildings and the risk of prosecution and/or fines if compliance is not achieved; and

- changes in taxation legislation and interpretation, and the practice of tax authorities, possibly on a retrospective basis. No assurance can be given as to the effect of any possible judicial decision or change of law, interpretation or practice of tax authorities after the date of this document. In particular, an increase in the rates of stamp duty land tax ("**SDLT**") could have a material impact on the price at which UK land and buildings can be acquired and, therefore, on asset values.

The impact of such new or changed laws (including changes to their interpretation), policies, practices or regulations could have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Notes and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Proposed changes in tax law arising from the Organisation for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") project might have an adverse effect on the financial position of the Issuer or the Guarantors

On 5 October 2015, the OECD published final recommendations for new, or amendments to existing, tax laws arising from its BEPS project (the "**OECD proposals**"). The OECD proposals include recommendations as to best practice concerning limits on the deductibility of interest expense for corporate tax payers, based on certain ratios of net interest expenditure to earnings before interest, tax, depreciation and amortisation.

The UK Finance (No.2) Bill 2017, published on 8 September 2017, includes legislation to introduce (broadly, with effect from 1 April 2017) limits on the deductibility of interest expense for UK corporation tax payers. The legislation applies a fixed ratio rule to limit a group's UK tax deductions for net interest expense to 30 per cent. of UK "tax-based" EBITDA. The legislation also contains a group ratio rule (intended to allow groups that are highly leveraged for commercial reasons to obtain a higher level of net interest deductions, up to a limit in line with the group's overall external gearing position), and a public infrastructure exemption (aimed at ensuring that any restriction does not impede the provision of external finance used to fund taxable UK public infrastructure).

The rules set out in the Finance (No.2) Bill would be complex in their operation. Furthermore, the amount of interest which an affected group will be allowed to deduct will ultimately depend on the group's EBITDA in each relevant accounting period. If the rules are introduced and restrict tax deductions for interest expense in the Group or the Issuer, this may have an adverse effect on the financial position of the Group or the Issuer and could have a significant impact on the post-tax cash flows available to the Group and thus indirectly on the ability of the Issuer to make payments of interest and principal under the Notes. It is not yet certain when the legislation will be enacted and whether it will be in substantially the same form as that in the Finance (No.2) Bill 2017.

Additional tax liabilities could arise if the historical tax residency of certain Group companies were challenged

A company is generally considered tax resident in the jurisdiction of its incorporation and/or the jurisdiction(s) in which it is managed and/or controlled. In general, this means that the place where key strategic or operational decisions are taken determine the jurisdiction in which it is managed and/or controlled. The decision-making for, and some activities of, certain Group companies has taken place in a number of jurisdictions different from that of their incorporation. To the extent that the tax authorities in one of those jurisdictions were to successfully assert that one or more of the companies within the Group were tax resident in such jurisdiction(s), potentially significant tax liabilities could arise in relation to certain income and gains. A successful challenge could adversely affect the Group's future financial performance.

Any of the Group's properties may be compulsorily purchased by a public authority

Any property in the United Kingdom may at any time be compulsorily acquired by a public authority possessing compulsory purchase powers, including local authorities and statutory providers (such as electricity, gas, water and railway providers), if it can demonstrate that the acquisition is necessary or desirable for the promoter's statutory functions or in the public interest.

If an order is made in respect of all or any part of a property, compensation is generally payable on a basis equivalent to the open market value of the owners' proprietary interests in the property to be purchased at the time of such purchase, taking account of diminution in value of any retained land and other adverse impacts of the compulsory purchase. There is often a delay between the compulsory purchase of a property and payment of compensation. However, there is no guarantee as to the amount or timing of the compensation received in connection with any compulsory purchase order. If such an order is made in respect of a property and the compensation that is received is not adequate, this could have an adverse impact on the Group's financial condition and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee, as applicable.

Not all risks can be insured against, or it may not be economical to insure against such risks

The Group maintains insurance on its properties as is customary for similar assets, as well as insurance cover in respect of the risk of significant legal claims and other legal liabilities that could have a material adverse effect on the Group. There are certain types of losses, however, such as earthquakes, flooding or acts of war or terrorism, which, now or in the future, may be uninsurable or not economically insurable. Inflation, changes in building or planning regulations, environmental considerations and other factors may also make it unfeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. If an uninsured property loss or a property loss in excess of insured limits were to occur, the Group could lose some or all of its relevant invested capital and the number of rooms it has available to let would be reduced. The Group could also be obligated to repay any mortgage indebtedness or other obligations related to the property. The occurrence of any of these events may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group is exposed to external events and risks beyond its control

External events beyond the Group's control, such as terrorist attacks and civil emergencies, could result in damage to the Group's properties or otherwise inhibit or prevent student access to the Group's properties, which in turn may impact upon the operations of the Group. In addition, if a particular city in which the Group operates or a particular Educational Institution is targeted in an act of terror, there is a risk that future student applications to that Educational Institution fall and student's desire to live in that city decreases. Although the Group has insurance against terror related events, there can be no assurance such insurance will cover any material adverse effect to the Group's business. The occurrence of such events could also give rise to reduced investor demand for the Group's properties resulting in reduced property values as well as reduced rental income. If any of these external events occurred, this would have a material adverse impact on the Group and the value of its assets and, accordingly, the financial condition of the Issuer and the Guarantor and the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

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

Accidents can occur at premises owned by the Group, which could result in personal injury to tenants, people visiting the premises, employees, contractors or members of the public. The Group places great importance on health and safety and it has approved policies and procedures applicable to all its locations. In addition, the Group has public liability insurance in place which it believes 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 may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee. In such instance, the Group's ability to put in place public liability insurance cover in the future may also be adversely affected.

There is a risk that the Group's properties may have been constructed with materials that endanger occupants, which could result in litigation against the Group and/or harm the Group's reputation

Following the Grenfell Tower tragedy on 14 June 2017 at a Local Authority residential tower, there has been a nationwide review of cladding affixed to residential tower blocks and fire safety procedures in tall buildings. In the aftermath of the tragedy, the Department for Communities and Local Government wrote to local authority and housing association landlords, asking them to identify all their residential tower blocks (specifically properties over 18 metres in height), identify those residential tower blocks with aluminium type external cladding and inspect those properties to establish whether the cladding panels were made of an Aluminium Composite Material, so that they could be submitted for testing through a process established by the Department for Communities and Local Government.

The Group has undertaken a similar review of all of its properties and the fire safety procedures it implements in its residences and as a result has closed three blocks at two sites for remediation works. A number of other buildings owned by the Group utilise aluminium composite materials but currently remain in occupation due to other fire safety attributes of these buildings. There is a risk that as further guidelines are issued by central government it may become necessary to close or refurbish these buildings. The nature of remediation works for all buildings with Aluminium Composite Materials, and the impact on the Group, are still being assessed and are subject to change as further guidelines are provided by central government. There can be no assurance as to the impact of the Group's ongoing review of the use of Aluminium Composite Material, and any connected remediation work, on the Group's business, financial condition and results of operations.

As such, there is a risk that residences owned by the Group may have been constructed with materials that are subsequently found to be sub-standard, the cause of, or a contributing factor to, a fire or other destruction of residences or compromise residents safety. If such event occurs, the Group's income from the particular property may be reduced, there may be significant expenses to rebuild the property and rectify the problem and the Group's future rental yield may decrease. The Group's brand may also be harmed. The occurrence of such an event may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group may be subject to environmental liabilities

In the ordinary course of business and in connection with future acquisitions, the Group may be liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that are located on or in a property owned or occupied by it, or that are migrating or have migrated from a property owned or occupied by it, potentially including in respect of any substances that were in place before the Group acquired the property. The costs of any required removal, investigation or remediation of such substances may be substantial regardless of whether the Group originally caused the contamination. As the owner of real property, the Group is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the party causing or knowingly permitting the contamination. If the Group owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Group is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation.

The presence of such substances, or the failure to remedy the situation properly, may also adversely affect the value of the property or the Group's ability to sell, let or regenerate the property or to borrow using the property as security. The Group could be required to remove or remediate any hazardous substances that it has caused or knowingly permitted to be located at any property that it has owned or occupied in the past.

Whilst the Group believes it undertakes sufficient and appropriate valuations and environmental and structural surveys in order to assess risks in its property acquisitions, unexpected problems and latent liabilities or contingencies, such as the existence of hazardous substances or other environmental liabilities, may emerge. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property, including asbestos, and such presence, release or migration can form the basis for liability to third parties for personal injury or other damages. In the event the Group is exposed to environmental liabilities or increased costs as a result of environmental laws and regulations, it may have an adverse impact on the Group's business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

Economic conditions in the United Kingdom may have a negative impact on the Group's business and the value of the Group's property portfolio

Economic conditions in the United Kingdom, where all of the Group's property assets are located, government and Bank of England fiscal and monetary policies and credit market conditions, amongst other things, impact both the valuation of the Group's property portfolio and liquidity in the commercial real estate market.

In recent years following the 2008-2009 global economic downturn, the outlook for the UK property investment market has been improving. However, the Group cannot guarantee that this improvement will be sustained, or that volatility will not return to the market. Accordingly, there can be no guarantee that the value of the Group's property assets will not fall, and that the Group will not be required to make write-downs of its assets, which could be material. If interest rates rise in the UK, this rise could have a negative impact on the valuation of the Group's property assets and the returns on the investment in these assets as compared to other asset classes.

The decision of the UK to leave the European Union has generated significant uncertainty and may have a negative effect on the Group's business and the market value of the Bonds

On 23 June 2016, the UK electorate voted to leave the European Union ("**Brexit**"). The process of implementing the decision began in March 2017 but there is still significant uncertainty around the process of withdrawal, the timing of such withdrawal and the outcome of negotiations between the UK and the EU regarding future arrangements such as EU student fees and visa requirements, among other things. It is therefore difficult for the Group to assess what the impact of Brexit will be on its business, financial condition or results of operations. While EU students may continue to come to the UK to study because of the teaching reputation of UK universities and the other positive cultural, social and economic aspects of studying in the UK that have attracted overseas students historically, there is a risk that numbers may fall significantly. Furthermore, certain Educational Institutions in connection with which the Group provides accommodation have a higher than average dependency on research grant funding from the EU, the future availability of which remains uncertain.

The uncertainty surrounding Brexit and the impact of Brexit on the economy and property market may adversely affect the Group's business, the market value of the Bonds and therefore have an adverse effect on the ability of the Issuer to satisfy its obligations under the Bonds and/or the Guarantors' ability to satisfy their obligations under the Guarantee. No assurance can be given as to the effect of Brexit, including to the UK economy, the property market, Educational Institutions, the ability (legally and financially) of EU students to study in the UK, the availability of labour, the cost of refurbishments or the Group's business more generally.

The Group is currently considering becoming a group UK real estate investment trust ("REIT") in the short to medium-term future. If it does convert into a group UK REIT, the Group will need to comply with the UK REIT regime which will impose certain restrictions on the business

Following the issue of the Bonds, the Group is considering becoming a group UK REIT in the short to medium-term future. If it does convert into a group UK REIT, the Group will need to comply with certain ongoing regulations and conditions. There can be no assurance the Group will implement its intention to become a group UK REIT, comply with all REIT regime requirements going forwards or remain within the REIT regime. Furthermore, if the Group fails to remain qualified as a UK REIT, the Group may become subject to unanticipated tax consequences which could materially adversely affect the Group's financial condition.

If the Group proceeds to become a group UK REIT, the REIT regime will require the new REIT holding company to annually distribute at least 90 per cent. of the Group's property rental business profits as calculated for tax purposes to its shareholder. As a holding company, the new REIT holding company would be reliant on the ability of the Guarantors, as its indirect subsidiaries, to generate realised profits and cash flow and their ability to pass such profits and cash flows up on a timely basis. There is no guarantee that the Issuer and Guarantors will generate sufficient profits and cash flows, or otherwise prove willing or able to pay dividends or lend or advance, to allow the new REIT holding company to meet its obligations under the REIT regime. In addition, these distribution requirements may limit the Group's flexibility in executing its acquisition plans, since the Group will have available only a small portion of its property rental business profits as calculated for tax purposes for further acquisitions. Therefore, the Group's ability and flexibility to grow its investment portfolio through acquisitions with a value in excess of its permitted retained earnings and uninvested capital may be limited to its ability to obtain further debt or equity financing.

If the Group proceeds to become a group UK REIT, all of the above matters may have a material effect on the Group's, business, financial condition or results of operations and may therefore have an adverse effect on the Issuer's ability to satisfy its obligations under the Notes and/or the Guarantors' ability to satisfy their obligations under the Guarantee.

The Group has included the audited consolidated financial statements of Liberty Living Holdings Inc. in these Listing Particulars which consolidate the position of the Issuer, the Guarantors and certain Non-Guarantor Entities including the Group Parent

For the purposes of the issuance of the Bonds, the Group has included the audited consolidated financial statements of Liberty Living Holdings Inc. for the Financial Years ended 31 August 2016 and 31 August 2017 (the "**Accounts**"). The Accounts consolidate the position of the Issuer, the Guarantors and certain Non-Guarantor Entities (as defined below) including the Group Parent. As at 31 August 2017, the Non-Guarantor Entities including the Parent represent: (i) -£0.9 million EBITDA, reducing the Holding Group's EBITDA by 1.1 per cent.; and (ii) -£125.6 million of net assets, reducing the Holding Group's net assets by 6.6 per cent. As such, investors should note that the consolidated financial information included in this document should be read in conjunction with the financial information set out in "*Presentation of Certain Financial Information*". If the Group becomes a group UK REIT as it is currently considering, the Group will prepare accounts consolidated at Liberty Living (HE) Holdings Limited level in future. This will limit the comparability of line items between the Accounts and future accounts but will mean that future accounts will not include Non-Guarantor Entities including the Group Parent (See "*Proposed REIT changes*").

Furthermore, in March 2017, the Group acquired Union State, a portfolio of 11 UK-based operational student accommodation assets comprising 5,534 rooms. (See "*Acquisition of Union State*" on page 75). The acquisition of Union State distorts key property revenue and cost figures included in the Accounts, since a significant number of new rooms were only owned by the Group for approximately two months of the 2016/2017 academic year. The inclusion of this acquisition in the Accounts also limits the comparability of line items against previous years.

The Group has included information from Note 16 of the Accounts in the body of these Listing Particulars, under the heading "*Presentation of Certain Financial Information*" beginning on page 79. This additional financial information breaks out the five principal subsidiary groups of the Group Parent and the three subsidiary limited partnerships and certain line items for each sub-consolidated group. It also shows the composition of the Holding Group's consolidated line items separated between obligors and non-obligors. The financial information included in these Listing Particulars should be read in conjunction with the Accounts.

Risks Relating to the Bonds

The Bonds may be redeemed prior to maturity

In the event that the Issuer or any of the Guarantors would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom, the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Bonds in accordance with the Conditions. In addition, the Conditions provide that the Bonds are redeemable at the Issuer's option in certain other circumstances. An optional redemption feature is likely to limit the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Bonds in any of the circumstances mentioned above, there is a risk that the Bonds may be redeemed at times when the redemption proceeds are less than the current market value of the Bonds or when prevailing interest rates may be relatively low, in which latter case Bondholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Condition 2 (Status and Guarantee) of the Bonds is intended to ensure that the Bonds and the Issuer's Principal Bank Facility rank pari passu with each other at all times

On 3 November 2017, the Issuer entered into a £400,000,000 term loan and revolving facilities agreement with, *inter alios*, HSBC Bank plc, Royal Bank of Canada and The Royal Bank of Scotland plc as mandated lead arrangers. This agreement and any subsequent refinancing or replacement of it is referred to as the "**Principal Bank Facility**". The Conditions require that any guarantor under the Principal Bank Facility must also guarantee the Bonds.

Therefore (a) on the Issue Date, all guarantors under the Principal Bank Facility are also guarantors of the Bonds; (b) from the Issue Date onwards, if a member of the Group is added as a new guarantor to the Principal Bank Facility, the Issuer must promptly inform the Trustee and add it as a guarantor of the Bonds; and (c) conversely, if in future a guarantor ceases to be a guarantor under the Principal Bank Facility, the Issuer can require (subject to certain Bondholder protections) that it ceases to be a guarantor of the Bonds. In addition, for so long as any Bond remains outstanding the Issuer may at any time procure that any member of the Group provides a Guarantee in respect of the Bonds on the terms set out in the Trust Deed.

Minimum Denomination

As the Bonds have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Bond in respect of such holding (should Definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to the minimum denomination. Further, a Bondholder who, as a result of trading such amounts, holds an amount which is less than the minimum denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Bonds at, or in excess of, the minimum denomination such that its holding amounts to the minimum denomination.

The terms of both the 2024 Bonds and the 2029 Bonds may be modified with the consent of specified majorities of the relevant Bondholders at a duly convened meeting, and the Trustee may consent to certain modifications to the Bonds, or substitution of the Issuer, without the consent of the relevant Bondholders

The Trust Deeds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the relevant Bonds, including holders of the relevant Bonds who did not attend and vote at the relevant meeting and holders of the relevant Bonds who voted in a manner contrary to the majority. The Trust Deeds constituting the Bonds also provide that the Trustee may (except as set out in the Trust Deeds), without the consent of the relevant Bondholders, agree to certain modifications of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the relevant Bonds or the relevant Trust Deed or to the substitution of another company as principal debtor under the relevant Bonds in place of the Issuer in the circumstances described in Condition 13 (*Meeting of Bondholders; Modification and Waiver; Substitution*) and each Trust Deed.

Credit Rating

The Bonds are expected to be assigned a rating of Baa2 (Stable) by Moody's and BBB (Stable) by S&P and may in the future be rated by additional independent credit rating agencies (including on an unsolicited basis), although the Issuer is under no obligation to ensure that the Bonds are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these risk factors and other factors that may affect the liquidity or market value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

If the Issuer determines to no longer maintain one or more credit ratings, if any other independent credit rating agency decides to assign a rating to the Bonds, or if any credit rating agency withdraws, suspends or downgrades any credit ratings of the Issuer or the Bonds, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or the Bonds on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), such event could adversely affect the liquidity or market value of the Bonds.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Economic Area ("**EEA**") and registered under the CRA Regulation, unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Changes in law may adversely affect the rights of Bondholders

Changes in law after the date hereof may affect the rights of Bondholders as well as the market value of the Bonds. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Bonds, which may have an adverse effect on an investment in the Bonds.

In addition, any change in law or regulation that triggers a relevant tax change in the United Kingdom would entitle the Issuer, at its option (subject to certain conditions), to redeem the Bonds, in whole but not in part, as provided under Condition 6 (*Redemption and Purchase*).

No assurance can be given as to the impact of any possible judicial decision or change to English law, regulation or administrative practice after the date of issue of the Bonds.

Risks Relating to the Market

There is no active trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantors. Although applications have been made for the Bonds to be admitted to listing on the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market, there is no assurance that such applications will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

Because the Global Bonds are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantors

The Bonds will be represented by the Global Bonds except in certain limited circumstances described in the Permanent Global Bonds. The Global Bonds will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Bonds, investors will not be entitled to receive Definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by the Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer and the Guarantors will discharge their payment obligations under the Bonds by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer and the Guarantors have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds.

Bondholders of beneficial interests in the Global Bonds will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds; (2) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds, which bear a fixed rate of interest, involves the risk that subsequent increases in market interest rates may adversely affect the market value of the Bonds.

TERMS AND CONDITIONS OF THE 2024 BONDS

The £300,000,000 2.625 per cent. Guaranteed Bonds due 2024 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 15 (*Further issues*) and forming a single series therewith) of Liberty Living Finance PLC (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 28 November 2017 (as amended, restated and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, certain subsidiaries of Liberty Living Holdings Inc. as set out in Schedule 4 (*The Guarantors*) to the Trust Deed (the "**Guarantors**", which expression shall include any member of the Group (as defined in Condition 2 (*Status and Guarantee*) which becomes, and has not for the time being ceased to be, a Guarantor pursuant to the relevant provisions of Condition 2 (*Status and Guarantee*)) and Deutsche Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 28 November 2017 (as amended, restated and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the initial Guarantors, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Bonds), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions and definitions. The holders of the Bonds (the "**Bondholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Bondholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Winchester House, 1 Great Winchester Street, London EC2N 2DB and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out in the Agency Agreement.

1. Form, Denomination and Title

The Bonds are serially numbered and in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, with Coupons attached at the time of issue. Title to the Bonds and the Coupons will pass by delivery. The holder of any Bond or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Bonds or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

2. Status and Guarantee

(a) *Status of the Bonds*: The Bonds constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Bonds*: The initial Guarantors have in the Trust Deed jointly and severally, unconditionally and (subject to the provisions of Condition 2(d) (*Release of Guarantors*)) irrevocably guaranteed the due and punctual payment of all sums from time to time expressed to be payable by the Issuer in respect of the Bonds and the Coupons, and each member of the Group which becomes a Guarantor pursuant to Condition 2(c) (*Addition of Guarantors*) will guarantee, jointly and severally, unconditionally and (subject to the provisions of Condition 2(d) (*Release of Guarantors*)) irrevocably the due and punctual payment of all sums from time to time expressed to be payable by the Issuer in respect of the Bonds and the Coupons. Each such guarantee (each a "**Guarantee of the Bonds**") constitutes direct, general and unconditional obligations of the relevant Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the relevant

Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) *Addition of Guarantors*: if at any time after 28 November 2017 (the "**Issue Date**") and for so long as (i) any commitments remain available and/or (ii) any utilised amount(s) remain outstanding under the Principal Bank Facility (whichever is later), any member of the Group provides a guarantee in respect of the Principal Bank Facility (as defined below), the Issuer covenants that it shall procure that such member of the Group shall, as soon as reasonably practicable but in any event no later than 14 days after the date of giving its guarantee in respect of the Principal Bank Facility, provide a Guarantee in respect of the Bonds and the Coupons on the terms set out in the Trust Deed. Notwithstanding the above, for so long as any Bond remains outstanding the Issuer may at any time procure that any member of the Group provides a Guarantee in respect of the Bonds and the Coupons on the terms set out in the Trust Deed. The Issuer shall provide written notice to the Trustee of the proposed accession of any member of the Group. The Trust Deed provides that the Trustee shall agree to any such Guarantee being provided by any such further Guarantor, subject to such amendment of, or supplement to, the Trust Deed as the Trustee may require and such other conditions as are set out in the Trust Deed (including the delivery to the Trustee of a legal opinion of independent counsel of recognised status as to the capacity of the relevant Group member to enter into such amendment or supplement and the validity and enforceability of such amendment or supplement (and such other matters as the Trustee may require)), but without the consent of the Bondholders or the Couponholders.

(d) *Release of Guarantors*: A Guarantor which is not required to provide a guarantee in respect of the Principal Bank Facility may be (subject always to Condition 2(c) (*Addition of Guarantors*) and the following provisions of this Condition 2(d) (*Release of Guarantors*)) irrevocably released and relieved of all of its obligations under the relevant Guarantee of the Bonds and all of its present and future obligations as a Guarantor under the Trust Deed, the Bonds and the Coupons, but without prejudice to any obligations or liabilities which may have accrued prior to such release, upon the Issuer giving written notice to the Trustee signed by two authorised signatories of the Issuer to that effect. Any such notice must also contain the following certifications to the Trustee:

(i) that no Event of Default or Potential Event of Default (as defined in the Trust Deed) is continuing, or is expected to result from the release of that Guarantor and the provisions of Condition 4 (*Financial Covenants*) will continue to be complied with following the release of such Guarantor;

(ii) that no part of the financial indebtedness in respect of which that Guarantor is or was providing a guarantee in respect of the Principal Bank Facility (if applicable) is at that time due and payable but remains unpaid in circumstances where any obligation to make payment has arisen under the relevant guarantee in respect of the Principal Bank Facility; and

(iii) that such Guarantor is not providing (and is not required to provide), in accordance with the terms of the Principal Bank Facility, any guarantee, indemnity, security, surety or other form of collateral or credit support arrangement in respect of the Principal Bank Facility.

If any Guarantor or any other member of the Group released from providing a Guarantee as described above subsequently provides a guarantee in respect of the Principal Bank Facility or otherwise provides a guarantee of the Bonds at the discretion of the Issuer, the relevant member of the Group will, in accordance with the Trust Deed, provide a Guarantee as described in Condition 2(c) (Addition of Guarantors).

(e) *Notice of Change of Guarantors*: Notice of any release or addition of a Guarantor at any time pursuant to the foregoing provisions of this Condition 2 (*Status and*

Guarantee) will be given by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*).

(f) *Trustee not obliged to monitor*: The Trustee shall not be obliged to monitor compliance by the Issuer or any other member of the Group with Condition 2(c) (*Addition of Guarantors*) or 2(d) (*Release of Guarantors*) and shall have no liability to any person for not doing so. The Trustee shall be entitled to rely, without liability to any person, on a notice of the Issuer provided under this Condition 2 (*Status and Guarantee*), and, until it receives any such notice, it shall assume that no other member of the Group has provided a guarantee in respect of the Principal Bank Facility

(g) *Definitions*: In these Conditions:

"**Group**" means Liberty Living Holdings Inc., and its Subsidiaries taken as a whole;

"**Principal Bank Facility**" means the £400,000,000 term loan and revolving facilities agreement dated 3 November 2017 between *inter alios* the Issuer and HSBC Bank plc, Royal Bank of Canada and The Royal Bank of Scotland as mandated lead arrangers, as amended and/or restated and/or replaced and/or refinanced from time to time or any facility (or facilities) which in turn refinances or replaces such facility as the primary working capital and standby facility (or facilities) of the Group, however many times) (each, individually and/or collectively, the "**Principal Bank Facility**"); and

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006, as amended.

3. **Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Guarantor shall, and the Issuer and the Guarantors shall procure that none of their respective Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.

In these Conditions:

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is intended by the relevant issuer to be, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

4. **Financial Covenants**

For so long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer shall ensure that:

(a) Interest Cover in respect of any Relevant Period shall be not less than 1.75:1;

(b) Gearing does not at any time exceed 0.65:1; and

(c) Secured Gearing does not at any time exceed 0.25:1.

For so long as any Bond remains outstanding, the Issuer will (i) deliver to the Trustee within 180 days of each Reporting Date (A) a compliance certificate signed by two authorised signatories of the Issuer, certifying that the Issuer is and has been in compliance with the covenants set out in this Condition 4 at all times during the Relevant Period and (B) a copy of the consolidated annual financial statements of the Group Parent or the Obligor Group (as applicable) for the financial period most recently ended, as required by the terms of the Trust Deed; and (ii) within 120 days of each Reporting Date, make a copy of the consolidated annual financial statements of the Group Parent or the Obligor Group (as applicable) for the financial period most recently ended available to Bondholders on an investor relations website relating to the Obligor Group.

Any certificate provided to the Trustee pursuant to limb (i) above may be relied on by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

For so long as any Bond remains outstanding, the Issuer will convene one investor call for Bondholders to discuss the financial position of the Obligor Group within 180 days of each Reporting Date. The Issuer shall notify all Bondholders of the date (which such date shall be no more than 21 days following such notification), time and dial-in details for the call in accordance with Condition 16 (*Notices*). The Issuer or other representatives of the Obligor Group shall act in good faith in addressing any questions regarding the financial position of itself or any other member of the Obligor Group raised on any such call, provided, however, that the Issuer and the Obligor Group shall not be obliged to disclose any information which they, in their absolute discretion, consider to be of a confidential nature.

In these Conditions:

"**2029 Bonds**" means the £300,000,000 3.375 per cent. Guaranteed Bonds due 2029 issued by the Issuer and constituted by the Trust Deed;

"**Consolidated Net Finance Charges**" means, in respect of any Relevant Period, consolidated finance charges (including any capitalised interest or commitment fees) and similar items of the Obligor Group as shown in the consolidated annual financial statements of the Group Parent or Obligor Group (as applicable) most recently delivered to the Trustee pursuant to the terms of the Trust Deed in respect of Indebtedness for Borrowed Money less interest income; taking no account of any unrealised gains or losses on any derivative instruments; excluding any make-whole payments made in relation to the Existing Private Placement; including any accrued commission, fees, discounts and other finance payments payable by any member of the Group under any interest rate or currency hedging arrangement; and deducting any accrued commission, fees, discounts and other finance payments owing to any member of the Group under any interest rate or currency hedging instrument; and, in respect of the Relevant Period ending on 31 August 2018 only, excluding (i) any finance charges in respect of the Existing Shareholder Loans to the extent that these are repaid from the proceeds of the term loan facility under the Principal Bank Facility or the proceeds of the Bonds or the 2029 Bonds; and (ii) any capitalised interest accruing on the Existing Shareholder Loans;

"**Consolidated Net Operating Income**" means, in respect of any Relevant Period, the consolidated rental income amount and operating revenue payable to any member of the Obligor Group in respect of the Properties (on an accruals, rather than cash received, basis) as reported in the consolidated annual financial statements of the Group Parent or the Obligor Group (as applicable) most recently delivered to the Trustee pursuant to the terms of the Trust Deed;

"**Consolidated Secured Net Debt**" means, at any time, the aggregate amount of Consolidated Total Net Debt which is secured by way of any Security or Quasi-Security for these purposes;

"**Consolidated Total Net Debt**" means, at any time, the aggregate amount of all obligations of the Obligor Group for or in respect of Indebtedness for Borrowed Money as determined from the annual financial statements of the Group Parent or Obligor Group (as applicable) most recently delivered to the Trustee pursuant to the Trust Deed, but deducting the aggregate amount of Cash and Cash Equivalent Investments (each as defined in the Trust Deed) held by any member of the Obligor Group at that time;

"**Existing Note Purchase Agreement**" means the deed of amendment and restatement dated 5 March 2015 between Liberty Living Holdings Inc., Liberty Living Properties Limited, the Note Guarantors listed therein and the Noteholders listed therein, relating to a Note Purchase Agreement and Subsidiary Guarantee Agreement, each dated 28 February 2012;

"**Existing Private Placement**" means the US$77,500,000 aggregate principal amount of 4.60% Series A Senior Secured Notes due 28 February 2022 and the US$77,500,000 aggregate principal amount of 4.70% Series B Senior Secured Notes due 28 February 2024, issued by Liberty Living Holdings Inc. pursuant to the Existing Note Purchase Agreement;

"**Existing Shareholder Loans**" means each of the loans from Liberty Living Holdings Inc. as lender to certain members of the Group, entered into prior to the date of the Principal Bank Facility;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with UK GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(i) any amount raised by the issue of redeemable shares;

(j) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and

(k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

"**Gearing**" means the ratio of Consolidated Total Net Debt to Property Value;

"**Group Parent**" means Liberty Living Holdings Inc.;

"**Indebtedness for Borrowed Money**" means Financial Indebtedness save for:

(a) any indebtedness for or in respect of:

  (i) any marked to market adjustment, pursuant to a transaction described in paragraph (g) of the definition of "Financial Indebtedness";

  (ii) paragraph (h) of the definition of "Financial Indebtedness"; and

(b) any indebtedness owed to the Canadian Pension Plan Investment Board, provided that this is subordinated to the Bonds and no interest or principal is due on such indebtedness on or prior to the Maturity Date;

"**Interest Cover**" means, in respect of any Relevant Period, the ratio of Consolidated Net Operating Income for that Relevant Period to Consolidated Net Finance Charges for that Relevant Period;

"**Obligor Group**" means the Issuer and the Guarantors taken as a whole;

"**Property**" means any present or future freehold or leasehold property and any other interest in land or buildings and all rights relating thereto in which any member of the Obligor Group has an interest from time to time, but any such property shall cease to be included in this definition following a disposal of that property or if the owner or owners of that property cease to form part of the Obligor Group;

"**Property Value**" means, at any time, the aggregate market value of the Obligor Group's interests in the Properties, as determined by reference to the most recent consolidated financial statements of the Group Parent or the Obligor Group (as applicable) delivered to the Trustee pursuant to the Trust Deed;

"**Quasi Security**" means any sale and leaseback or repurchase agreement, the transfer or disposal of receivables on recourse terms, any arrangement whereby monies or the benefit of a bank or other account may be subject to rights of set-off or combination, or any other preferential arrangement having a similar effect to any of the foregoing;

"**Relevant Period**" means each period of twelve months ending on a Reporting Date;

"**Reporting Date**" means 31 August of each year;

"**Secured Gearing**" means the ratio of Consolidated Secured Net Debt to Property Value; and

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

5. **Interest**

The Bonds bear interest from (and including) the Issue Date at the rate of 2.625 per cent. per annum, (the "**Rate of Interest**") payable annually in arrear on 28 November in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 7 (*Payments*).

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be £2,625 in respect of each Bond of £100,000 denomination. If interest is required to be paid in respect of a Bond on any other date, or in respect of a Bond with any other denomination, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest penny (half a penny being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Bond divided by the Calculation Amount, where:

"**Calculation Amount**" means £1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the product of (1) the number of days in the Regular Period in which the relevant period falls and (2) two; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

6. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 28 November 2024, subject as provided in Condition 7 (*Payments*).

(b) *Redemption for tax reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any taxing jurisdiction other than the United Kingdom to which it becomes tax resident, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2017; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) a Guarantor has or (if a demand was made under the Guarantee of the Bonds) would become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or the Guarantee of the Bonds, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or the British Virgin Islands (as the case may be) or any taxing jurisdiction other than the United Kingdom or the British Virgin Islands (as the case may be) in which it becomes tax resident, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2017; and (B) such obligation cannot be avoided by the relevant Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due or (as the case may be) a demand under the Guarantee of the Bonds were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate signed by two authorised signatories of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two authorised signatories of the relevant Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

(B) if required by the Trustee, an opinion addressed to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the relevant Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept (without further enquiry) such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Bondholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b) (*Redemption for tax reasons*).

(c) *Redemption at the option of the Issuer:* The Issuer may, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem or purchase, or procure that any of its Subsidiaries shall purchase, the Bonds, in whole or in part, for the time being outstanding at a redemption price per Bond equal to (a) if the Optional Redemption Date is on or after 28 August 2024, the principal amount of the Bond; or (b) otherwise, the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date:

(i) the principal amount of the Bond; and

(ii) the principal amount of the Bond multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser (the "**Financial Adviser**") appointed by the Issuer at the Issuer's expense and whose identity is approved in writing by the Trustee) expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards) at which the Gross Redemption Yield on the Bonds (if the Bonds were to remain outstanding until their stated maturity) on the Determination Date is equal to the sum of (x) the Gross Redemption Yield at 11.00 a.m. (London time) on the Determination Date of the 2.75 per cent. United Kingdom Government Treasury Stock due 2024 (or, where the Financial Adviser advises the Issuer that, for reasons of illiquidity or otherwise, such bond is not appropriate for such purpose, such other government bond as such Financial Adviser may recommend) plus (y) a margin of 0.30 per cent.

Any notice of redemption given under this Condition 6(c) (*Redemption at the option of the Issuer*) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 6(b) (*Redemption for tax reasons*). No notice of redemption may be given under this Condition 6(c) (*Redemption at the option of the Issuer*) where the Optional Redemption Date would fall during a Change of Control Put Period (as defined in Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*) below).

In these Conditions:

"**Determination Date**" means the date which is the second business day in London prior to the Optional Redemption Date; and

"**Gross Redemption Yield**" means a yield calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae (Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date) (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005) (as amended or supplemented from time to time).

(d) *Redemption at the option of Bondholders following a Change of Control:*

A "**Change of Control Put Event**" will be deemed to occur if:

(i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in section 1159 of the Companies Act 2006, as amended) whose shareholders are or are to be substantially the same as the pre-existing shareholders of the Group Parent becomes interested (within the meaning of Part 22 of the Companies Act 2006, as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Group Parent or (B) shares in the capital of the Group Parent carrying more than 50 per cent. of the voting rights normally exercisable on a poll vote at a general meeting of the Group Parent (each such event being, a "**Change of Control**");

(ii) on the date (the "**Relevant Announcement Date**") that is the earlier of: (x) the first public announcement of the occurrence of a relevant Change of Control, and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Bonds carry:

(A) an investment grade credit rating (Baa3 (from Moody's) / BBB- (from S&P or Fitch), or their respective equivalents, or better) (an "**Investment Grade Rating**") from any Rating Agency at the invitation of the Issuer (or, where there is no rating from any Rating Agency assigned at the invitation of the Issuer, any Investment Grade Rating from any Rating Agency of its own volition) and such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1 (from Moody's)/ BB+ (from S&P or Fitch) or their respective equivalents, or worse) (a "**Non-**

Investment Grade Rating") or withdrawn and is not, within the Change of Control Period, subsequently upgraded or restored to an Investment Grade Rating by such Rating Agency; or

(B) a Non-Investment Grade Rating from any Rating Agency at the invitation of the Issuer (or, where there is no rating from any Rating Agency assigned at the invitation of the Issuer, any Non-Investment Grade Rating from any Rating Agency of its own volition) and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (from BB+ to BB being an example of a downgrade by one rating category) or withdrawn and is not, within the Change of Control Period, subsequently upgraded or restored to its earlier credit rating or better by such Rating Agency; or

(C) no credit rating and, within the Change of Control Period, (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Bonds or of any other of its unsecured and unsubordinated debt; or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain a credit rating of at least an Investment Grade Rating by the end of the Change of Control Period (a "**Negative Rating Event**"),

provided that, if on the Relevant Announcement Date the Bonds carry a credit rating from more than one Rating Agency, at least one of which is an Investment Grade Rating, then only sub-paragraph (A) above will apply; and

(iii) in making any decision to downgrade or withdraw a credit rating pursuant to sub-paragraphs (A) and (B) above, or not to award a credit rating of at least an Investment Grade Rating as described in sub-paragraph (ii) of sub-paragraph (C) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the relevant Change of Control.

If a Change of Control Put Event occurs, the holder of each Bond will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(b) (*Redemption for tax reasons*) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the date (the "**Change of Control Put Date**") which is seven days after the expiration of the Change of Control Put Period (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Change of Control Put Date.

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall, and at any time upon the Trustee having express notice thereof, and if so requested by the holders of at least one-quarter in aggregate of the principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a "**Change of Control Put Event Notice**") to the Bondholders (and the Trustee, where such Change of Control Put Notice is given by the Issuer) in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the Bond must deposit such Bond with any Paying Agent at its Specified Office at any time during its normal business hours within 90 days after a Change of Control Put Event Notice is given (the "**Change of Control Put Period**"), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the Specified Office of any Paying Agent (a "**Change of Control Put Notice**"). No Bond so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Any such Bond should be delivered together with all Coupons appertaining thereto maturing after the Change of Control Put Date, failing which the relevant Paying Agent will require payment from or on behalf of the Bondholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed to the Bondholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11 (*Replacement of Bonds and Coupons*)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Bond and Change of Control Put Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered. Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the Specified Office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in principal amount of the Bonds then outstanding have been redeemed or purchased pursuant to this Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Bondholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Bonds at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by Moody's, Fitch or S&P (each as defined below) are changed from those which are described in paragraph (ii) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency (as defined below), the Issuer shall determine the rating designations of Moody's and/or Fitch and/or S&P and/or such Substitute Rating Agency, as applicable, as are most equivalent to the prior rating designations of Moody's, Fitch and/or S&P, as the case may be, and this Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*) shall hence be construed accordingly.

The Trustee is under no obligation to ascertain or monitor whether a Change of Control Put Event or Change of Control or Negative Rating Event or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control or Negative Rating Event has occurred, or to seek any confirmation relating to a decision of any Rating Agency pursuant to paragraph (iii) above and, until it shall have express notice pursuant to the Trust Deed to the contrary, the Trustee shall be entitled to assume that no Change of Control Put Event or Change of Control or Negative Rating Event or other such event has occurred and shall have no liability to the Bondholders or any other person in respect thereof.

In these Conditions:

"**Change of Control Period**" means the period commencing on the Relevant Announcement Date and ending 90 days after the relevant Change of Control (both dates inclusive) (or such longer period for which the Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the first public announcement of such consideration);

"**Rating Agency**" means Moody's Investors Service, Limited ("**Moody's**"), Fitch Ratings Ltd. ("**Fitch**") or Standard & Poor's Credit Market Services Europe Limited ("**S&P**") or any of their respective successors or any other internationally recognised rating agency (a "**Substitute Rating Agency**") substituted for any of them by the Issuer from time to time; and

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by the Group Parent, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where, within 180 days following the date of such announcement or statement, a Change of Control occurs.

(e) *Partial redemption*: If the Bonds are to be redeemed in part only on any date in accordance with Condition 6(c) (*Redemption at the option of the Issuer*), the Bonds to be redeemed shall be selected on a pro rata basis in such manner as the Trustee considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Bonds have then been admitted to listing, trading and/or quotation, and the notice to Bondholders referred to in Condition 6(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Bonds so to be redeemed.

(f) *No other redemption*: The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Bondholders following a Change of Control*) above.

(g) *Purchase*: The Issuer, the Guarantors or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

(h) *Cancellation*: All Bonds so redeemed or purchased by the Issuer, the Guarantors or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

7. **Payments**

(a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Bonds at the Specified Office of any Paying Agent outside the United States by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London.

(b) *Interest*: Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Payments subject to fiscal laws*: All payments in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*); and (ii) any withholding or deduction arising under or in connection with Sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any regulations or agreements thereunder, any official interpretation thereof, any law interpreting any intergovernmental agreement thereto or any legislation adopted by any non-U.S. jurisdiction in connection with those provisions. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(d) *Deduction for unmatured Coupons*: If a Bond is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) *Payments on business days*: If the due date for payment of any amount in respect of any Bond or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bonds at the Specified Office of any Paying Agent outside the United States.

(g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

8. Taxation

All payments of principal and interest in respect of the Bonds and the Coupons by or on behalf of the Issuer or the Guarantors shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom, the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantors shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

(a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond or Coupon;

(b) more than 30 days after the Relevant Date except to the extent that the holder of such Bond or Coupon would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(c) where such withholding or deduction arises under or in connection with Sections 1471 - 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof, any law interpreting any intergovernmental agreement thereto or any legislation adopted by any non-U.S. jurisdiction in connection with those provisions.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 8 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or a Guarantor becomes tax resident in any taxing jurisdiction other than the United Kingdom or British Virgin Islands respectively, references in these Conditions to the United Kingdom or the British Virgin Islands (as the case may be) shall be construed as references to the United Kingdom or the British Virgin Islands (as the case may be) and/or such other jurisdiction.

9. Events of Default

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraphs (b) (*Breach of other obligations*) below and, in relation only to a Subsidiary of the Group Parent other than the Issuer and the Guarantors, paragraphs (e) (*Security enforced*), (f) (*Insolvency, etc.*), (g) (*Cessation of business*), (h) (*Winding up, etc.*) or (i) (*Analogous event*) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Bondholders and, in all cases, to the Trustee having been indemnified and/or provided with security and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(a) *Non-payment*: the Issuer or any Guarantor fails to pay any amount of principal in respect of the Bonds provided that such failure to pay continues for more than seven days in the case of principal or 14 days in the case of interest; or

(b) *Breach of other obligations*: the Issuer or any Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer and the relevant Guarantor; or

(c) *Cross-default of Issuer, Guarantor or Subsidiary*:

(i) any Indebtedness of the Issuer, any Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the relevant Guarantor or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or

(iii) the Issuer, any Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds £10,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount in excess of £10,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer, any Guarantor or any of their respective Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer, any Guarantor or any of their respective Subsidiaries; or

(f) *Insolvency, etc.*: (i) the Issuer, any Guarantor or any of their respective Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, any Guarantor or any of their respective Subsidiaries or the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer, any Guarantor or any of their respective Subsidiaries or (iii) the Issuer, any Guarantor or any of their respective Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or

(g) *Cessation of business*: the Issuer, any Guarantor or any of their respective Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or transfer, sale or disposal of assets to a third party on an arm's length basis); or

(h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, any Guarantor or any of their respective Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(i) *Analogous event*: any event occurs which has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or

(j) *Guarantee not in force*: any Guarantee (other than a Guarantee that is released pursuant to Condition 2(d) (*Release of Guarantors*)) of the Bonds is not (or is claimed by the relevant Guarantor not to be) in full force and effect.

10. Prescription

Claims for principal shall become void unless the relevant Bonds are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

11. **Replacement of Bonds and Coupons**

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Principal Paying Agent may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

12. **Trustee and Paying Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Bondholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantors and any entity relating to the Issuer or the Guarantors without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual holders of Bonds or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Bonds and the Coupons, the Paying Agents act solely as agents of the Issuer, the Guarantors and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer and the Guarantors reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; *provided, however, that* the Issuer and the Guarantors shall at all times maintain a principal paying agent.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Bondholders.

13. **Meetings of Bondholders; Modification and Waiver; Substitution**

(a) *Meetings of Bondholders*: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing not less than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds, to amend the terms of any Guarantee of the Bonds (other than as permitted under the Trust Deed) or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Bondholders, who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed, holding in aggregate not less than 75 per cent. in nominal amount of the Bonds outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) *Modification and waiver*: The Trustee may, without the consent of the Bondholders or the Couponholders, agree to any modification of these Conditions, the Bonds, the Coupons, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and to any modification of the Conditions, the Bonds, the Coupons or the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Bondholders or the Couponholders, authorise or waive any proposed breach or breach of the Conditions, the Bonds, the Coupons, the Trust Deed or the Agency Agreement or determine that any Event of Default or Potential Event of Default shall not be treated as such (other than relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

(c) Unless the Trustee agrees otherwise, any such authorisation, waiver, determination or modification shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

(d) *Substitution*: The Trust Deed contains provisions under which a Guarantor or any other company may, without the consent of the Bondholders or Couponholders, assume the obligations of the Issuer as principal debtor under the Trust Deed and the Bonds *provided that* certain conditions specified in the Trust Deed are fulfilled, including, in the case of a substitution of the Issuer by a company other than the relevant Guarantor, a requirement that each Guarantee of the Bonds is fully effective in relation to the obligations of the new principal debtor under the Trust Deed and the Bonds.

No Bondholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Bondholder or (as the case may be) Couponholder except to the extent provided for in Condition 8 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

14. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Bonds, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or prefunded to its satisfaction.

No Bondholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. **Further Issues**

The Issuer may from time to time, without the consent of the Bondholders or the Couponholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and first payment of interest) so as to form a single series with the Bonds. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of bonds having the benefit of the Trust Deed.

16. **Notices**

Notices to the Bondholders shall be valid if published in a leading English language daily newspaper published in Ireland (which is expected to be the *Irish Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bondholders.

17. **Governing Law and Jurisdiction**

(a) *Governing law*: The Bonds and the Trust Deed and any non-contractual obligations arising out of or in connection with the Bonds and the Trust Deed are governed by English law.

(b) *Jurisdiction*: Each of the Issuer and the Guarantors has in the Trust Deed (i) agreed for the benefit of the Trustee and the Bondholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee may take concurrent Proceedings in any number of jurisdictions.

TERMS AND CONDITIONS OF THE 2029 BONDS

The £300,000,000 3.375 per cent. Guaranteed Bonds due 2029 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 15 (*Further issues*) and forming a single series therewith) of Liberty Living Finance PLC (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 28 November 2017 (as amended, restated and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, certain subsidiaries of Liberty Living Holdings Inc. as set out in Schedule 4 (*The Guarantors*) to the Trust Deed (the "**Guarantors**", which expression shall include any member of the Group (as defined in Condition 2 (*Status and Guarantee*) which becomes, and has not for the time being ceased to be, a Guarantor pursuant to the relevant provisions of Condition 2 (*Status and Guarantee*)) and Deutsche Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 28 November 2017 (as amended, restated and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the initial Guarantors, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Bonds), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions and definitions. The holders of the Bonds (the "**Bondholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Bondholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Winchester House, 1 Great Winchester Street, London EC2N 2DB and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out in the Agency Agreement.

1. Form, Denomination and Title

The Bonds are serially numbered and in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, with Coupons attached at the time of issue. Title to the Bonds and the Coupons will pass by delivery. The holder of any Bond or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Bonds or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

2. Status and Guarantee

(a) *Status of the Bonds*: The Bonds constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Bonds*: The initial Guarantors have in the Trust Deed jointly and severally, unconditionally and (subject to the provisions of Condition 2(d) (*Release of Guarantors*)) irrevocably guaranteed the due and punctual payment of all sums from time to time expressed to be payable by the Issuer in respect of the Bonds and the Coupons, and each member of the Group which becomes a Guarantor pursuant to Condition 2(c) (*Addition of Guarantors*) will guarantee, jointly and severally, unconditionally and (subject to the provisions of Condition 2(d) (*Release of Guarantors*)) irrevocably the due and punctual payment of all sums from time to time expressed to be payable by the Issuer in respect of the Bonds and the Coupons. Each such guarantee (each a "**Guarantee of the Bonds**") constitutes direct, general and unconditional obligations of the relevant Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the relevant

Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) *Addition of Guarantors*: if at any time after 28 November 2017 (the "**Issue Date**") and for so long as (i) any commitments remain available and/or (ii) any utilised amount(s) remain outstanding under the Principal Bank Facility (whichever is later), any member of the Group provides a guarantee in respect of the Principal Bank Facility (as defined below), the Issuer covenants that it shall procure that such member of the Group shall, as soon as reasonably practicable but in any event no later than 14 days after the date of giving its guarantee in respect of the Principal Bank Facility, provide a Guarantee in respect of the Bonds and the Coupons on the terms set out in the Trust Deed. Notwithstanding the above, for so long as any Bond remains outstanding the Issuer may at any time procure that any member of the Group provides a Guarantee in respect of the Bonds and the Coupons on the terms set out in the Trust Deed. The Issuer shall provide written notice to the Trustee of the proposed accession of any member of the Group. The Trust Deed provides that the Trustee shall agree to any such Guarantee being provided by any such further Guarantor, subject to such amendment of, or supplement to, the Trust Deed as the Trustee may require and such other conditions as are set out in the Trust Deed (including the delivery to the Trustee of a legal opinion of independent counsel of recognised status as to the capacity of the relevant Group member to enter into such amendment or supplement and the validity and enforceability of such amendment or supplement (and such other matters as the Trustee may require)), but without the consent of the Bondholders or the Couponholders.

(d) *Release of Guarantors*: A Guarantor which is not required to provide a guarantee in respect of the Principal Bank Facility may be (subject always to Condition 2(c) (*Addition of Guarantors*) and the following provisions of this Condition 2(d) (*Release of Guarantors*)) irrevocably released and relieved of all of its obligations under the relevant Guarantee of the Bonds and all of its present and future obligations as a Guarantor under the Trust Deed, the Bonds and the Coupons, but without prejudice to any obligations or liabilities which may have accrued prior to such release, upon the Issuer giving written notice to the Trustee signed by two authorised signatories of the Issuer to that effect. Any such notice must also contain the following certifications to the Trustee:

(i) that no Event of Default or Potential Event of Default (as defined in the Trust Deed) is continuing, or is expected to result from the release of that Guarantor and the provisions of Condition 4 (*Financial Covenants*) will continue to be complied with following the release of such Guarantor;

(ii) that no part of the financial indebtedness in respect of which that Guarantor is or was providing a guarantee in respect of the Principal Bank Facility (if applicable) is at that time due and payable but remains unpaid in circumstances where any obligation to make payment has arisen under the relevant guarantee in respect of the Principal Bank Facility; and

(iii) that such Guarantor is not providing (and is not required to provide), in accordance with the terms of the Principal Bank Facility, any guarantee, indemnity, security, surety or other form of collateral or credit support arrangement in respect of the Principal Bank Facility.

If any Guarantor or any other member of the Group released from providing a Guarantee as described above subsequently provides a guarantee in respect of the Principal Bank Facility or otherwise provides a guarantee of the Bonds at the discretion of the Issuer, the relevant member of the Group will, in accordance with the Trust Deed, provide a Guarantee as described in Condition 2(c) (Addition of Guarantors).

(e) *Notice of Change of Guarantors*: Notice of any release or addition of a Guarantor at any time pursuant to the foregoing provisions of this Condition 2 (*Status and*

Guarantee) will be given by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*).

(f) *Trustee not obliged to monitor*: The Trustee shall not be obliged to monitor compliance by the Issuer or any other member of the Group with Condition 2(c) (*Addition of Guarantors*) or 2(d) (*Release of Guarantors*) and shall have no liability to any person for not doing so. The Trustee shall be entitled to rely, without liability to any person, on a notice of the Issuer provided under this Condition 2 (*Status and Guarantee*), and, until it receives any such notice, it shall assume that no other member of the Group has provided a guarantee in respect of the Principal Bank Facility

(g) *Definitions*: In these Conditions:

"**Group**" means Liberty Living Holdings Inc., and its Subsidiaries taken as a whole;

"**Principal Bank Facility**" means the £400,000,000 term loan and revolving facilities agreement dated 3 November 2017 between *inter alios* the Issuer and HSBC Bank plc, Royal Bank of Canada and The Royal Bank of Scotland as mandated lead arrangers, as amended and/or restated and/or replaced and/or refinanced from time to time or any facility (or facilities) which in turn refinances or replaces such facility as the primary working capital and standby facility (or facilities) of the Group, however many times) (each, individually and/or collectively, the "**Principal Bank Facility**"); and

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006, as amended.

3. **Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Guarantor shall, and the Issuer and the Guarantors shall procure that none of their respective Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.

In these Conditions:

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is intended by the relevant issuer to be, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

4. **Financial Covenants**

For so long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer shall ensure that:

(a) Interest Cover in respect of any Relevant Period shall be not less than 1.75:1;

(b) Gearing does not at any time exceed 0.65:1; and

(c) Secured Gearing does not at any time exceed 0.25:1.

For so long as any Bond remains outstanding, the Issuer will (i) deliver to the Trustee within 180 days of each Reporting Date (A) a compliance certificate signed by two authorised signatories of the Issuer, certifying that the Issuer is and has been in compliance with the covenants set out in this Condition 4 at all times during the Relevant Period and (B) a copy of the consolidated annual financial statements of the Group Parent or the Obligor Group (as applicable) for the financial period most recently ended, as required by the terms of the Trust Deed; and (ii) within 120 days of each Reporting Date, make a copy of the consolidated annual financial statements of the Group Parent or the Obligor Group (as applicable) for the financial period most recently ended available to Bondholders on an investor relations website relating to the Obligor Group.

Any certificate provided to the Trustee pursuant to limb (i) above may be relied on by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

For so long as any Bond remains outstanding, the Issuer will convene one investor call for Bondholders to discuss the financial position of the Obligor Group within 180 days of each Reporting Date. The Issuer shall notify all Bondholders of the date (which such date shall be no more than 21 days following such notification), time and dial-in details for the call in accordance with Condition 16 (*Notices*). The Issuer or other representatives of the Obligor Group shall act in good faith in addressing any questions regarding the financial position of itself or any other member of the Obligor Group raised on any such call, provided, however, that the Issuer and the Obligor Group shall not be obliged to disclose any information which they, in their absolute discretion, consider to be of a confidential nature.

In these Conditions:

"**2024 Bonds**" means the £300,000,000 2.625 per cent. Guaranteed Bonds due 2024 issued by the Issuer and constituted by the Trust Deed;

"**Consolidated Net Finance Charges**" means, in respect of any Relevant Period, consolidated finance charges (including any capitalised interest or commitment fees) and similar items of the Obligor Group as shown in the consolidated annual financial statements of the Group Parent or Obligor Group (as applicable) most recently delivered to the Trustee pursuant to the terms of the Trust Deed in respect of Indebtedness for Borrowed Money less interest income; taking no account of any unrealised gains or losses on any derivative instruments; excluding any make-whole payments made in relation to the Existing Private Placement; including any accrued commission, fees, discounts and other finance payments payable by any member of the Group under any interest rate or currency hedging arrangement; and deducting any accrued commission, fees, discounts and other finance payments owing to any member of the Group under any interest rate or currency hedging instrument; and, in respect of the Relevant Period ending on 31 August 2018 only, excluding (i) any finance charges in respect of the Existing Shareholder Loans to the extent that these are repaid from the proceeds of the term loan facility under the Principal Bank Facility or the proceeds of the Bonds or the 2024 Bonds; and (ii) any capitalised interest accruing on the Existing Shareholder Loans;

"**Consolidated Net Operating Income**" means, in respect of any Relevant Period, the consolidated rental income amount and operating revenue payable to any member of the Obligor Group in respect of the Properties (on an accruals, rather than cash received, basis) as reported in the consolidated annual financial statements of the Group Parent or the Obligor Group (as applicable) most recently delivered to the Trustee pursuant to the terms of the Trust Deed;

"**Consolidated Secured Net Debt**" means, at any time, the aggregate amount of Consolidated Total Net Debt which is secured by way of any Security or Quasi-Security for these purposes;

"**Consolidated Total Net Debt**" means, at any time, the aggregate amount of all obligations of the Obligor Group for or in respect of Indebtedness for Borrowed Money as determined from the annual financial statements of the Group Parent or Obligor Group (as applicable) most recently delivered to the Trustee pursuant to the Trust Deed, but deducting the aggregate amount of Cash and Cash Equivalent Investments (each as defined in the Trust Deed) held by any member of the Obligor Group at that time;

"**Existing Note Purchase Agreement**" means the deed of amendment and restatement dated 5 March 2015 between Liberty Living Holdings Inc., Liberty Living Properties Limited, the Note Guarantors listed therein and the Noteholders listed therein, relating to a Note Purchase Agreement and Subsidiary Guarantee Agreement, each dated 28 February 2012;

"**Existing Private Placement**" means the US$77,500,000 aggregate principal amount of 4.60% Series A Senior Secured Notes due 28 February 2022 and the US$77,500,000 aggregate principal amount of 4.70% Series B Senior Secured Notes due 28 February 2024, issued by Liberty Living Holdings Inc. pursuant to the Existing Note Purchase Agreement;

"**Existing Shareholder Loans**" means each of the loans from Liberty Living Holdings Inc. as lender to certain members of the Group, entered into prior to the date of the Principal Bank Facility;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with UK GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(i) any amount raised by the issue of redeemable shares;

(j) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and

(k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

"**Gearing**" means the ratio of Consolidated Total Net Debt to Property Value;

"**Group Parent**" means Liberty Living Holdings Inc.;

"**Indebtedness for Borrowed Money**" means Financial Indebtedness save for:

(a) any indebtedness for or in respect of:

  (i) any marked to market adjustment, pursuant to a transaction described in paragraph (g) of the definition of "Financial Indebtedness";

  (ii) paragraph (h) of the definition of "Financial Indebtedness"; and

(b) any indebtedness owed to the Canadian Pension Plan Investment Board, provided that this is subordinated to the Bonds and no interest or principal is due on such indebtedness on or prior to the Maturity Date;

"**Interest Cover**" means, in respect of any Relevant Period, the ratio of Consolidated Net Operating Income for that Relevant Period to Consolidated Net Finance Charges for that Relevant Period;

"**Obligor Group**" means the Issuer and the Guarantors taken as a whole;

"**Property**" means any present or future freehold or leasehold property and any other interest in land or buildings and all rights relating thereto in which any member of the Obligor Group has an interest from time to time, but any such property shall cease to be included in this definition following a disposal of that property or if the owner or owners of that property cease to form part of the Obligor Group;

"**Property Value**" means, at any time, the aggregate market value of the Obligor Group's interests in the Properties, as determined by reference to the most recent consolidated financial statements of the Group Parent or the Obligor Group (as applicable) delivered to the Trustee pursuant to the Trust Deed;

"**Quasi Security**" means any sale and leaseback or repurchase agreement, the transfer or disposal of receivables on recourse terms, any arrangement whereby monies or the benefit of a bank or other account may be subject to rights of set-off or combination, or any other preferential arrangement having a similar effect to any of the foregoing;

"**Relevant Period**" means each period of twelve months ending on a Reporting Date;

"**Reporting Date**" means 31 August of each year;

"**Secured Gearing**" means the ratio of Consolidated Secured Net Debt to Property Value; and

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

5. **Interest**

The Bonds bear interest from (and including) the Issue Date at the rate of 3.375 per cent. per annum, (the "**Rate of Interest**") payable annually in arrear on 28 November in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 7 (*Payments*).

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be £3,375 in respect of each Bond of £100,000 denomination. If interest is required to be paid in respect of a Bond on any other date, or in respect of a Bond with any other denomination, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest penny (half a penny being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Bond divided by the Calculation Amount, where:

"**Calculation Amount**" means £1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the product of (1) the number of days in the Regular Period in which the relevant period falls and (2) two; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

6. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 28 November 2029, subject as provided in Condition 7 (*Payments*).

(b) *Redemption for tax reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any taxing jurisdiction other than the United Kingdom to which it becomes tax resident, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2017; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) a Guarantor has or (if a demand was made under the Guarantee of the Bonds) would become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or the Guarantee of the Bonds, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or the British Virgin Islands (as the case may be) or any taxing jurisdiction other than the United Kingdom or the British Virgin Islands (as the case may be) in which it becomes tax resident, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2017; and (B) such obligation cannot be avoided by the relevant Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due or (as the case may be) a demand under the Guarantee of the Bonds were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate signed by two authorised signatories of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two authorised signatories of the relevant Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

(B) if required by the Trustee, an opinion addressed to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the relevant Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept (without further enquiry) such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Bondholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b) (*Redemption for tax reasons*).

(c) *Redemption at the option of the Issuer:* The Issuer may, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem or purchase, or procure that any of its Subsidiaries shall purchase, the Bonds, in whole or in part, for the time being outstanding at a redemption price per Bond equal to (a) if the Optional Redemption Date is on or after 28 August 2029, the principal amount of the Bond; or (b) otherwise, the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date:

(i) the principal amount of the Bond; and

(ii) the principal amount of the Bond multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser (the "**Financial Adviser**") appointed by the Issuer at the Issuer's expense and whose identity is approved in writing by the Trustee) expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards) at which the Gross Redemption Yield on the Bonds (if the Bonds were to remain outstanding until their stated maturity) on the Determination Date is equal to the sum of (x) the Gross Redemption Yield at 11.00 a.m. (London time) on the Determination Date of the 6.00 per cent. United Kingdom Government Treasury Stock due 2028 (or, where the Financial Adviser advises the Issuer that, for reasons of illiquidity or otherwise, such bond is not appropriate for such purpose, such other government bond as such Financial Adviser may recommend) plus (y) a margin of 0.35 per cent.

Any notice of redemption given under this Condition 6(c) (*Redemption at the option of the Issuer*) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 6(b) (*Redemption for tax reasons*). No notice of redemption may be given under this Condition 6(c) (*Redemption at the option of the Issuer*) where the Optional Redemption Date would fall during a Change of Control Put Period (as defined in Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*) below).

In these Conditions:

"**Determination Date**" means the date which is the second business day in London prior to the Optional Redemption Date; and

"**Gross Redemption Yield**" means a yield calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae (Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date) (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005) (as amended or supplemented from time to time).

(d) *Redemption at the option of Bondholders following a Change of Control:*

A "**Change of Control Put Event**" will be deemed to occur if:

(i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in section 1159 of the Companies Act 2006, as amended) whose shareholders are or are to be substantially the same as the pre-existing shareholders of the Group Parent becomes interested (within the meaning of Part 22 of the Companies Act 2006, as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Group Parent or (B) shares in the capital of the Group Parent carrying more than 50 per cent. of the voting rights normally exercisable on a poll vote at a general meeting of the Group Parent (each such event being, a "**Change of Control**");

(ii) on the date (the "**Relevant Announcement Date**") that is the earlier of: (x) the first public announcement of the occurrence of a relevant Change of Control, and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Bonds carry:

(A) an investment grade credit rating (Baa3 (from Moody's) / BBB- (from S&P or Fitch), or their respective equivalents, or better) (an "**Investment Grade Rating**") from any Rating Agency at the invitation of the Issuer (or, where there is no rating from any Rating Agency assigned at the invitation of the Issuer, any Investment Grade Rating from any Rating Agency of its own volition) and such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1 (from Moody's)/ BB+ (from S&P or Fitch) or their respective equivalents, or worse) (a "**Non-**

Investment Grade Rating") or withdrawn and is not, within the Change of Control Period, subsequently upgraded or restored to an Investment Grade Rating by such Rating Agency; or

(B) a Non-Investment Grade Rating from any Rating Agency at the invitation of the Issuer (or, where there is no rating from any Rating Agency assigned at the invitation of the Issuer, any Non-Investment Grade Rating from any Rating Agency of its own volition) and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (from BB+ to BB being an example of a downgrade by one rating category) or withdrawn and is not, within the Change of Control Period, subsequently upgraded or restored to its earlier credit rating or better by such Rating Agency; or

(C) no credit rating and, within the Change of Control Period, (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Bonds or of any other of its unsecured and unsubordinated debt; or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain a credit rating of at least an Investment Grade Rating by the end of the Change of Control Period (a "**Negative Rating Event**"),

provided that, if on the Relevant Announcement Date the Bonds carry a credit rating from more than one Rating Agency, at least one of which is an Investment Grade Rating, then only sub-paragraph (A) above will apply; and

(iii) in making any decision to downgrade or withdraw a credit rating pursuant to sub-paragraphs (A) and (B) above, or not to award a credit rating of at least an Investment Grade Rating as described in sub-paragraph (ii) of sub-paragraph (C) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the relevant Change of Control.

If a Change of Control Put Event occurs, the holder of each Bond will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(b) (*Redemption for tax reasons*) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the date (the "**Change of Control Put Date**") which is seven days after the expiration of the Change of Control Put Period (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Change of Control Put Date.

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall, and at any time upon the Trustee having express notice thereof, and if so requested by the holders of at least one-quarter in aggregate of the principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a "**Change of Control Put Event Notice**") to the Bondholders (and the Trustee, where such Change of Control Put Notice is given by the Issuer) in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the Bond must deposit such Bond with any Paying Agent at its Specified Office at any time during its normal business hours within 90 days after a Change of Control Put Event Notice is given (the "**Change of Control Put Period**"), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the Specified Office of any Paying Agent (a "**Change of Control Put Notice**"). No Bond so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Any such Bond should be delivered together with all Coupons appertaining thereto maturing after the Change of Control Put Date, failing which the relevant Paying Agent will require payment from or on behalf of the Bondholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed to the Bondholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11 (*Replacement of Bonds and Coupons*)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Bond and Change of Control Put Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered. Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the Specified Office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in principal amount of the Bonds then outstanding have been redeemed or purchased pursuant to this Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Bondholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Bonds at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by Moody's, Fitch or S&P (each as defined below) are changed from those which are described in paragraph (ii) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency (as defined below), the Issuer shall determine the rating designations of Moody's and/or Fitch and/or S&P and/or such Substitute Rating Agency, as applicable, as are most equivalent to the prior rating designations of Moody's, Fitch and/or S&P, as the case may be, and this Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*) shall hence be construed accordingly.

The Trustee is under no obligation to ascertain or monitor whether a Change of Control Put Event or Change of Control or Negative Rating Event or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control or Negative Rating Event has occurred, or to seek any confirmation relating to a decision of any Rating Agency pursuant to paragraph (iii) above and, until it shall have express notice pursuant to the Trust Deed to the contrary, the Trustee shall be entitled to assume that no Change of Control Put Event or Change of Control or Negative Rating Event or other such event has occurred and shall have no liability to the Bondholders or any other person in respect thereof.

In these Conditions:

"**Change of Control Period**" means the period commencing on the Relevant Announcement Date and ending 90 days after the relevant Change of Control (both dates inclusive) (or such longer period for which the Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the first public announcement of such consideration);

"**Rating Agency**" means Moody's Investors Service, Limited ("**Moody's**"), Fitch Ratings Ltd. ("**Fitch**") or Standard & Poor's Credit Market Services Europe Limited ("**S&P**") or any of their respective successors or any other internationally recognised rating agency (a "**Substitute Rating Agency**") substituted for any of them by the Issuer from time to time; and

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by the Group Parent, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where, within 180 days following the date of such announcement or statement, a Change of Control occurs.

(e) *Partial redemption*: If the Bonds are to be redeemed in part only on any date in accordance with Condition 6(c) (*Redemption at the option of the Issuer*), the Bonds to be redeemed shall be selected on a pro rata basis in such manner as the Trustee considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Bonds have then been admitted to listing, trading and/or quotation, and the notice to Bondholders referred to in Condition 6(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Bonds so to be redeemed.

(f) *No other redemption*: The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs 6(a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Bondholders following a Change of Control*) above.

(g) *Purchase*: The Issuer, the Guarantors or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

(h) *Cancellation*: All Bonds so redeemed or purchased by the Issuer, the Guarantors or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

7. Payments

(a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Bonds at the Specified Office of any Paying Agent outside the United States by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London.

(b) *Interest*: Payments of interest shall, subject to paragraph 7(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Payments subject to fiscal laws*: All payments in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*); and (ii) any withholding or deduction arising under or in connection with Sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any regulations or agreements thereunder, any official interpretation thereof, any law interpreting any intergovernmental agreement thereto or any legislation adopted by any non-U.S. jurisdiction in connection with those provisions. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(d) *Deduction for unmatured Coupons*: If a Bond is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) *Payments on business days*: If the due date for payment of any amount in respect of any Bond or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bonds at the Specified Office of any Paying Agent outside the United States.

(g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

8. Taxation

All payments of principal and interest in respect of the Bonds and the Coupons by or on behalf of the Issuer or the Guarantors shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom, the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantors shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

(a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond or Coupon;

(b) more than 30 days after the Relevant Date except to the extent that the holder of such Bond or Coupon would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(c) where such withholding or deduction arises under or in connection with Sections 1471 - 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof, any law interpreting any intergovernmental agreement thereto or any legislation adopted by any non-U.S. jurisdiction in connection with those provisions.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 8 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or a Guarantor becomes tax resident in any taxing jurisdiction other than the United Kingdom or British Virgin Islands respectively, references in these Conditions to the United Kingdom or the British Virgin Islands (as the case may be) shall be construed as references to the United Kingdom or the British Virgin Islands (as the case may be) and/or such other jurisdiction.

9. Events of Default

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraphs 9(b) (*Breach of other obligations*) below and, in relation only to a Subsidiary of the Group Parent other than the Issuer and the Guarantors, paragraphs 9(e) (*Security enforced*), 9(f) (*Insolvency, etc.*), (g) (*Cessation of business*), 9(h) (*Winding up, etc.*) or 9(i) (*Analogous event*) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Bondholders and, in all cases, to the Trustee having been indemnified and/or provided with security and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(a) *Non-payment*: the Issuer or any Guarantor fails to pay any amount of principal in respect of the Bonds provided that such failure to pay continues for more than seven days in the case of principal or 14 days in the case of interest; or

(b) *Breach of other obligations*: the Issuer or any Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer and the relevant Guarantor; or

(c) *Cross-default of Issuer, Guarantor or Subsidiary*:

(i) any Indebtedness of the Issuer, any Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the relevant Guarantor or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or

(iii) the Issuer, any Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph 9(c)(i) and/or sub-paragraph 9(c)(ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph 9(c)(iii) above, individually or in the aggregate, exceeds £10,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount in excess of £10,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer, any Guarantor or any of their respective Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer, any Guarantor or any of their respective Subsidiaries; or

(f) *Insolvency, etc.*: (i) the Issuer, any Guarantor or any of their respective Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, any Guarantor or any of their respective Subsidiaries or the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer, any Guarantor or any of their respective Subsidiaries or (iii) the Issuer, any Guarantor or any of their respective Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or

(g) *Cessation of business*: the Issuer, any Guarantor or any of their respective Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or transfer, sale or disposal of assets to a third party on an arm's length basis); or

(h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, any Guarantor or any of their respective Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(i) *Analogous event*: any event occurs which has an analogous effect to any of the events referred to in paragraphs 9(d) (*Unsatisfied judgment*) to 9(h) (*Winding up, etc.*) above; or

(j) *Guarantee not in force*: any Guarantee (other than a Guarantee that is released pursuant to Condition 2(d) (*Release of Guarantors*)) of the Bonds is not (or is claimed by the relevant Guarantor not to be) in full force and effect.

10. **Prescription**

Claims for principal shall become void unless the relevant Bonds are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

11. **Replacement of Bonds and Coupons**

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Principal Paying Agent may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

12. **Trustee and Paying Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Bondholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantors and any entity relating to the Issuer or the Guarantors without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual holders of Bonds or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Bonds and the Coupons, the Paying Agents act solely as agents of the Issuer, the Guarantors and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer and the Guarantors reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; *provided, however, that* the Issuer and the Guarantors shall at all times maintain a principal paying agent.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Bondholders.

13. **Meetings of Bondholders; Modification and Waiver; Substitution**

(a) *Meetings of Bondholders*: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing not less than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds, to amend the terms of any Guarantee of the Bonds (other than as permitted under the Trust Deed) or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Bondholders, who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed, holding in aggregate not less than 75 per cent. in nominal amount of the Bonds outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) *Modification and waiver*: The Trustee may, without the consent of the Bondholders or the Couponholders, agree to any modification of these Conditions, the Bonds, the Coupons, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and to any modification of the Conditions, the Bonds, the Coupons or the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Bondholders or the Couponholders, authorise or waive any proposed breach or breach of the Conditions, the Bonds, the Coupons, the Trust Deed or the Agency Agreement or determine that any Event of Default or Potential Event of Default shall not be treated as such (other than relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

(c) Unless the Trustee agrees otherwise, any such authorisation, waiver, determination or modification shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

(d) *Substitution*: The Trust Deed contains provisions under which a Guarantor or any other company may, without the consent of the Bondholders or Couponholders, assume the obligations of the Issuer as principal debtor under the Trust Deed and the Bonds *provided that* certain conditions specified in the Trust Deed are fulfilled, including, in the case of a substitution of the Issuer by a company other than the relevant Guarantor, a requirement that each Guarantee of the Bonds is fully effective in relation to the obligations of the new principal debtor under the Trust Deed and the Bonds.

No Bondholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Bondholder or (as the case may be) Couponholder except to the extent provided for in Condition 8 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

14. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Bonds, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or prefunded to its satisfaction.

No Bondholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. **Further Issues**

The Issuer may from time to time, without the consent of the Bondholders or the Couponholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and first payment of interest) so as to form a single series with the Bonds. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of bonds having the benefit of the Trust Deed.

16. **Notices**

Notices to the Bondholders shall be valid if published in a leading English language daily newspaper published in Ireland (which is expected to be the *Irish Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bondholders.

17. **Governing Law and Jurisdiction**

(a) *Governing law*: The Bonds and the Trust Deed and any non-contractual obligations arising out of or in connection with the Bonds and the Trust Deed are governed by English law.

(b) *Jurisdiction*: Each of the Issuer and the Guarantors has in the Trust Deed (i) agreed for the benefit of the Trustee and the Bondholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee may take concurrent Proceedings in any number of jurisdictions.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Bonds will initially be in the form of Temporary Global Bonds which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Bonds will be issued in new global note ("**NGN**") form. On 13 June 2006 the European Central Bank (the "**ECB**") announced that Bonds in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Bonds in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Temporary Global Bonds will be exchangeable in whole or in part for interests in the Permanent Global Bonds not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bonds unless exchange for interests in the Permanent Global Bonds is improperly withheld or refused. In addition, interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Each Permanent Global Bond will become exchangeable in whole, but not in part, for Bonds in definitive form ("**Definitive Bonds**") in the denominations of £100,000 and higher integral multiples of £1,000 in excess thereof up to and including £199,000 each at the request of the bearer of each Permanent Global Bond against presentation and surrender of such Permanent Global Bond to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs. No Definitive Bonds will be issued with a denomination above £199,000.

Whenever the Permanent Global Bonds are to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the relevant Permanent Global Bond to the bearer of such Permanent Global Bond against the surrender of such Permanent Global Bond to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Bonds and the Permanent Global Bonds will contain provisions which modify the Conditions as they apply to the Temporary Global Bonds and the Permanent Global Bonds. The following is a summary of certain of those provisions:

Payments: All payments in respect of each Temporary Global Bond and Permanent Global Bond will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the relevant Temporary Global Bond or (as the case may be) the Permanent Global Bond to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant Bonds. On each occasion on which a payment of principal or interest is made in respect of a Temporary Global Bond or (as the case may be) Permanent Global Bond, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Bonds and the Permanent Global Bonds "**business day**" means any day which is a day on which dealings in foreign currencies may be carried on in London.

Exercise of put option: In order to exercise the option contained in Condition 6(d) (*Redemption at the option of Bondholders following a Change of Control*) the bearer of the relevant Permanent Global Bond must, within the period specified in the Conditions for the deposit of the relevant Bond and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Bonds in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 6(c) (*Redemption at the option of the Issuer*) in relation to some only of the Bonds, the relevant Permanent Global Bond may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Bonds to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg) as either a pool factor or a reduction in principal amount at their discretion.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Bonds are represented by the Permanent Global Bonds (or by the Permanent Global Bonds and/or the Temporary Global Bonds) and the Permanent Global Bonds are (or the Permanent Global Bonds and/or the Temporary Global Bonds are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Bondholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds will be used by the Group for general corporate purposes to including, but not limited to, repayment of indebtedness and payment of distributions.

INDUSTRY OVERVIEW

1. Background

The UK has a mature and internationally recognised Higher Education sector, represented by 163 Educational Institutions educating approximately 2.3 million students (1.7 million of which are full-time students) and generating a total income of £34.7 billion for the 2015/16 Academic Year (Source: Higher Educational Statistics Agency). UK Educational Institutions are highly rated and globally recognised, with three UK Educational Institutions ranked in the top 10, and 12 in the top 100, of The Times rankings (Source: The Times Higher Education World Reputation University, 2016-2017).

2. Demand for places at UK Educational Institutions

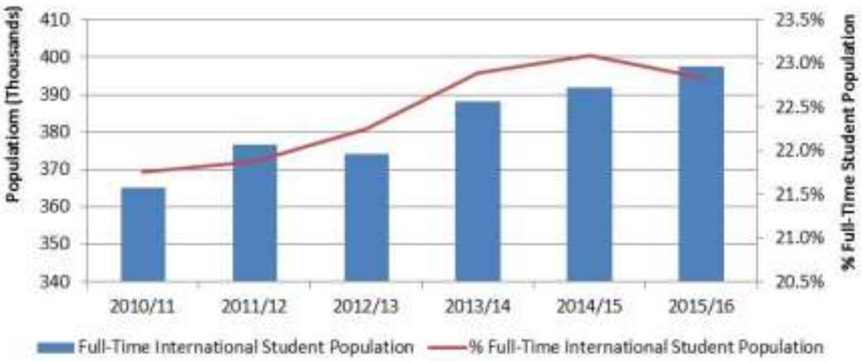
The Higher Education sector in the UK benefits from a structural undersupply of places compared to demand from prospective students, with a consistent annual surplus of students unable to secure a place at an Educational Institution. The table below shows the proportion of unplaced applicants for the five most recent Academic Years:

	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
			(Thousands)		
Student Applicants	654	677	700	718	718
Placed Applicants(1)	465	496	512	532	535
Unplaced Applicants	**189**	**182**	**188**	**186**	**183**
Unplaced Applicants (per cent)	29	27	27	26	25

Source: The Universities and Colleges Admissions Service, 2017

3. Student numbers

The market for student accommodation in the UK is intrinsically linked to demand for Higher Education. Domestic UK full-time student numbers increased from 1.19 million for the 2006/07 Academic Year to 1.34 million for the 2015/16 Academic Year (a 13 per cent. increase) while international full-time student (EU and non-EU) numbers increased from 0.26 million to 0.40 million over the same period (a 52 per cent. increase). China has been the main source of Non-EU international full-time student growth, compared to UK full-time student growth (source: Higher Education Statistics Agency), but across the globe increasingly youthful populations, increased geographic mobility, growing wealth in emerging economies and the international appeal of an English language qualification have also contributed. The table below shows the increase in the international full-time student population since the 2010/11 Academic Year:



Source: Higher Education Statistics Agency 2015/2016

The consistently high and resilient demand for student places in the UK is reflective of the quality of the Educational Institutions in the UK, and further demonstrated by the sector's performance following the significant increase of tuition fees in 2012/13. During the 2012/13 academic year, the sector experienced major upheaval, including difficulties in international students obtaining visas and a drop in A Level results as well as the increase in maximum tuition fees from £3,000 to £9,000 per annum, resulting in a reduction in both the number of student applications and places. However, in the following academic year, the sector rebounded with respect to both student applications and places.

Recent changes in government policy including provision of loans, removal of caps on student numbers and encouraging participation in Higher Education by all socio-economic groups have continued the trend of growth in the UK Higher Education Sector, although the latest academic year witnessed small reductions in the number of applications and places. With respect to the demography, the UK is currently experiencing a small year on year reduction in the number of 18 year old residents. However, despite this, student numbers remain resilient and the number of 18 year old UK residents is expected to increase from 2020 onwards.

4. Supply of student accommodation

The UK student accommodation market has become more sophisticated over the last 15 years, now comprising three key categories of student accommodation in addition to students living at home:

- *Private Purpose Built Student Accommodation* ("**PPBSA**") – student apartment blocks featuring a range of facilities and unit types, from self-contained ensuite studios to multiple (commonly 4 to 6) bedroom ensuite cluster units centred around a communal kitchen and living room. PPBSA is becoming increasingly popular with students as it typically offers a secure environment, proximity to campus and a rental rate that includes bills and high-speed wifi.

- *Educational Institution Owned Accommodation* - halls of residence that are owned and managed by Educational Institutions or private partners, often located on or very close to campus. Typically, this type of accommodation comprises individual bedrooms clustered around bathroom and some kitchen facilities and is normally reserved for first-year and international students. Some universities have older stock in need of refurbishment and/or an insufficient number of rooms for their students, and therefore rely upon PPBSA to supplement their own stock.

- *Houses with Multiple Occupants* ("**HMOs**") – typically houses or flats rented directly by students from landlords normally utilised by second- and third-year undergraduates as well as postgraduates. This type of accommodation remains the most common form of student accommodation in the UK and a potential target market for the Group.

The following table sets out the type of accommodation that full-time students utilised in the 2015/16 Academic Year:

	Student Population in the 2015/16 Academic Year	
	(In Thousands)	**(per cent.)**
PPBSA	232	13.3
Educational Institutional Owned Accommodation	336	19.3
HMOs	550	31.6
Total UK Student Population Requiring Accommodation	**1118**	**64.2**
Stay at home or Placement / Year abroad	622	35.8
Total full-time students	**1741**	**100.0**

Source: Higher Education Statistics Agency 2015/2016 Academic Year, Cushman & Wakefield UK Student Accommodation Report 2016/17 and Company calculations based on this sourced data

In addition to the structural undersupply of places compared to demand from prospective students, there is also a structural undersupply of student accommodation in the UK, with fewer than 0.6 million rooms in purpose built student accommodation (PPBSA and Educational Institutional Owned Accommodation) available annually to students, compared to a full-time undergraduate and postgraduate student population of approximately 1.7 million.

5. Barriers to Entry

Various factors constrain the viability of increasing the supply of student accommodation including notably:

- *Shortage of residential housing* – construction remains below the rate recommended by the Economic Affairs Committee of the House of Lords which has led to house prices increasing above inflation and rising rental costs. The HMO market has recently come under greater scrutiny and the Group expects it to be subject to increasing regulation.

- *Difficulty in developing new PPBSA* – restrictive planning laws, limited suitable plots of land available near Educational Institutions and increased construction costs represent ongoing difficulties with constructing new PPBSA.

- *Barriers to success for new entrants* – unlike other parts of the property investment sector, well-operated buildings, effective marketing and positive engagement with both students and the higher education sector are key to successful participation in the UK student accommodation industry and present barriers for new entrants. A large operator such as the Group also benefits from certain economies of scale and other advantages smaller new entrants would not be able to rely on.

6. International Students and the Impact of Brexit

The Group's exposure to EU students is limited and in line with the UK student accommodation market's exposure: for the 2015/16 Academic Year, 6.5 per cent. of students studying in the UK originated from EU member countries (source: Higher Education Statistics Agency) compared with 7.7 per cent. of students residing in the Group's accommodation being EU students. Prospective EU students applying for the 2017/18 intake continue to qualify for the same tuition fee funding as domestic students. It is unclear what impact Brexit will have on tuition fees, associated loans, visas, immigration policies and other factors that will influence whether EU and non-EU students continue to apply for and attend Educational Institutions in the UK in the future. Applications from non-EU students have continued to grow over the medium to long term (source: UCAS Analysis and Research, July 2017). (See "*Risk Factors - The decision of the UK to leave the European Union has generated significant uncertainty and may have a negative effect on the Group's business and the market value of the Bonds"*).

The impact of Brexit on student growth is not expected to be uniform and the Group expects the higher ranking Educational Institutions, which the Group focuses on, to perform above average. The Group's exposure to any decline in the number of EU students is further mitigated by certain underwriting agreements the Group has entered into with some Educational Institutions in respect of properties which are exposed to a higher than average proportion of EU residents. The Group also has a strong track record of managing and responding to fluctuations in both supply of accommodation and demand from students.

According to the Organisation for Economic Co-operation and Development ("**OECD**"), on a global scale, demographic and socioeconomic trends are expected to lead to robust growth of the Higher Education sector for the foreseeable future. By the year 2030 it is anticipated that there will be 300 million young adults aged between 25 and 34 years old with a degree level qualification (with students originating from China and India comprising almost half of these young adults), compared with 137 million young adults in 2013 (Source: OECD (2015) Education Indicators in Focus). UK universities should be well-placed to benefit from growth from both these countries given current trends in Chinese demand and historical and cultural links to the Indian sub-continent.

DESCRIPTION OF THE GROUP

Overview

Established in 2000, the Group believes that it is one of the largest privately owned providers of student accommodation in the UK. As at 31 August 2017, the Group owned a geographically diverse portfolio of high-quality, modern and well-maintained properties, which consists of 23,686 beds across 51 residences in 19 major university towns and cities across the UK. As at 31 August 2017, the Group maintained long-term partnerships with 40 leading Educational Institutions through 57 separate agreements.

The locations of the properties managed by the Group, together with a long period of growth in demand for university places and a shortage of high quality accommodation, has driven high occupancy rates enabling the Group to maintain an average 99 per cent. Core Occupancy Rate over the three Financial Years ended 31 August 2017.

For the Financial Year ended 31 August 2017, the Group generated £132.3 million of rental and other income, which constituted a 12.5 per cent. increase over the Financial Year ended 31 August 2016, when the Group generated £117.6 million of rental and other income. 94 per cent. of the Group's income for the Financial Year ended 31 August 2017 was comprised of Core Occupancy Revenue (approximately 50 per cent. generated by Educational Institution Agreements and 50 per cent. generated by Direct Lets (each as defined below)), 5 per cent. of Summer Income and the remaining 1 per cent. of other income. The gross asset value of the properties in the Group's portfolio was independently valued by Knight Frank LLP as at 31 August 2017 at £2,042.4 million (compared to £1,638.8 million as at 31 August 2016). The difference between these two values is comprised of net acquisitions made by the Group of £378.5 million, plus £38.1 million of Capex, less £13.0 million revaluation offset by provision.

The Group has been led by a highly experienced and dedicated management team with an established track record in the private purpose-built student accommodation sector which has a proven ability to acquire, refurbish and manage student residences, and on occasion divest.

The Group Parent

A significant proportion of the Group was acquired by Liberty Living Holdings Inc. (the "**Group Parent**") in March 2015. The Group Parent owns the Liberty Living student accommodation business through its direct and indirect shareholdings in the Issuer and the Guarantors. As shareholder, the Group Parent exercises limited control regarding the day to day operations of the Group. The Group Parent has influence on the Group through its participation in the board and through limited shareholder reserved matters, but is not involved in the day to day management of the Group.

The Group Parent was formed on 9 December 2014 and is a wholly-owned subsidiary of Canada Pension Plan Investment Board ("**CPPIB**"). CPPIB is a federal Crown corporation, all of the shares of which are owned by Her Majesty the Queen in right of Canada. CPPIB and its subsidiaries are governed by the Canada Pension Plan Investment Board Act (the "**Act**").

CPPIB's assets are invested in accordance with the Act, the regulations and the investment policies with a view to achieving a maximum rate of return without undue risk of loss, having regard to the factors that may affect the funding of the Canada Pension Plan and the ability to meet its financial obligations. The principal activity of the Group Parent is to invest in student accommodation property.

Group Structure

The Group Parent owns the Liberty Living student accommodation business through its direct holdings in Liberty Living Investments Limited, Liberty Living Investments GP1 Limited, Liberty Living Investments GP2 Limited, Liberty Living Investments GP3 Limited, Liberty Living Investments II Limited, Liberty Living Investments 1 Limited Partnership, Liberty Living Investments 2 Limited Partnership, Liberty Living Investments 3 Limited Partnership and their respective subsidiaries. These entities, together with the entities listed in "*Description of the Guarantors*" are collectively the "**Guarantors**".

Liberty Living Investments GP3 Limited also owns, directly or indirectly, Liberty Living Investments (Spain) S.L., Liberty Living (Galileo Galilei) S.L. and Liberty Living (Galileo Residenz) GmbH (together with certain other non-guarantor entities listed on page 80 onwards (See *"Presentation of Certain Financial Information"*), the "**Non-Guarantor Entities**"). The Non-Guarantor Entities including the Parent represent: (i) -£0.9 million EBITDA, reducing the Holding Group's EBITDA by 1.1 per cent.; and (ii) -£125.6 million of net assets, reducing the Holding Group's net assets by 6.6 per cent.

Following the issue of the Bonds, the Group is considering conversion to a group UK REIT in the short to medium-term future (see *"REIT regime"* on page 76). In connection with this, the Group has incorporated Liberty Living (HE) Holdings Limited (which will also be a Guarantor) and Liberty Living Group plc, a company incorporated in Jersey, (which will not be a guarantor). Liberty Living (HE) Holdings Limited and Liberty Living Group plc are currently dormant.

A Group structure chart is shown on page 78.

Evolution of the Group's Portfolio

Since its establishment, the Group has grown through a combination of organic growth and selective acquisitions. The Group focuses on the acquisition and refurbishment of existing properties as opposed to the construction and development of new properties, seeking to minimise its exposure to certain risks and uncertainties inherent in the construction of new properties. Between 2005 and 2016, the Group acquired 1,374 rooms from UPP in 2005, 5,071 rooms from Moorfield Group and Birmingham University in 2006, 4,676 rooms from UNITE, Studius and City University in 2008, 1,465 rooms from Downing Group and Leeds University in 2012, 502 rooms from Berkeley Group in 2013, 2,153 rooms from Student Castle in 2015 and 532 rooms from Ziggurat in 2016.The Group's portfolio has grown by 41 per cent. over the last three Financial Years ended 31 August 2017, while the Group has also disposed of a small number of properties.

In March 2017, the Group acquired Union State, a portfolio of 11 UK-based operational student accommodation assets comprising 5,534 rooms. The Union State portfolio of high quality purpose-built student accommodation complements the Group's existing properties and strengthens the Group's position in key markets. The acquisition was funded entirely by Canada Pension Plan Investment Board (see *"Acquisition of Union State*" on page 75).

Summary of competitive strengths

The Group's primary competitive strengths include its prominent position in the private purpose-built student accommodation market in the UK and its property portfolio which predominantly consists of high-quality and modern residences comprising mostly ensuite rooms preferred by students (87 per cent. cluster flat ensuite rooms and 10 per cent. studios) offered at affordable, mid-market price points. The Group has developed a bespoke operating platform which currently allows for online reservations and payments and is scalable with limited additional investment. The operating brand of the Group, "Liberty Living", has a strong reputation amongst UK Educational Institutions which is reinforced by widespread recognition of its service standards across the industry. The Group believes that the scale of the Group's existing business, the quality of its operating platform and brand reputation and the depth of its relationships with leading Educational Institutions, would be difficult for new entrants to the market to replicate, thus creating barriers to success for such new competitors in the short to medium term.

The Group has consistently achieved high Core Occupancy Rates and annual rental increases across its portfolio, resulting in resilient and stable cash flows, supported by a moderately leveraged financing structure. The fundamentals of the UK Higher Education market remain strong and demand for places on Higher Education courses has consistently outweighed supply. The Group also has a highly experienced and committed management team. The Group is therefore well placed to benefit from consolidation opportunities in the market, capitalising on its in-house acquisition team's experience, its disciplined investment approach, local market knowledge, ability to extract value from undermanaged portfolio through asset enhancement initiatives and maximising income generated outside of term time.

Property Portfolio

The Group owns and operates a portfolio consisting of 51 residences with 23,686 beds in 19 towns and cities across the UK, with the residences situated in either city centres or close to Educational Institutions. The Group has primarily sought to acquire residences in towns and cities across the UK which have at least two Educational Institutions in an effort to optimise the Group's Core Occupancy Rates, and prioritises cities where at least one Educational Institution is highly rated in league tables, such as the Times Good University Guide. The following table sets out the towns and cities in which the Group's residences are located as at 31 August 2017, the number of residences, the number of rooms and the total student population in the towns and cities in the 2015/16 Academic Year:

Location	Highest Education Institution Ranking[(1)]	Number of Residences[(2)]	Number of Rooms[(2)]	Occupied available rooms (%)[(3)]	Full-time Student Population in City[(4)]
London	5	5	1,506	100	267,890
Leeds	13	2	1,177	100	51,931
Birmingham	16	4	1,572	99	63,101
Bristol	19	1	263	100	40,831
Nottingham	20	1	598	100	51,836
Southampton	21	2	1,233	100	32,395
Newcastle	22	4	2,205	97	43,309
Medway	23	1	1,106	99	6,483
Sheffield	24	1	499	100	50,154
Leicester	25	2	1,243	100	32,625
Glasgow	29	2	646	100	55,600
Manchester	32	5	2,667	100	62,242
Edinburgh	37	1	532	100	49,707
Liverpool	39	4	2,369	83	45,938
Aberdeen	44	4	599	98	21,226
Cardiff	46	8	3,480	99	44,253
Coventry	47	2	817	100	42,532
Bedford	121	1	517	99	2,294
Wolverhampton	N/A	1	657	100	10,257
Total		**51**	**23,686**	**98**	**974,604**

(1) Source: The Times Good University Guide 2018

(2) As at 31 August 2017

(3) For the 2017/18 Academic Year, calculation excludes rooms not available for rental for the year

(4) Source: Higher Education Statistics Agency 2015/2016

The Group operates a geographically diverse portfolio across the UK, with no single city or town accounting for more than 15 per cent. of the total number of rooms (as at 31 August 2017) and no single residence accounting for more than 8 per cent. of the Group's total rental and other income (for the Financial Year ended 31 August 2017). The Average Weekly Rent for an ensuite-room within a cluster flat outside of London is approximately £130.

The Group's portfolio is comprised largely of residences with over 500 rooms, with 45 per cent. of the portfolio rooms being in properties with more than 500 rooms, 22 per cent. in properties with between 350 and 500 rooms, and 33 per cent. in properties of less than 349 rooms as at 31 August 2017.

Net Initial Yield

The Group’s Net Initial Yield as at 31 August 2017 for its London student accommodation portfolio ranges from 4.42 per cent. to 4.75 per cent. and for the remainder of its student accommodation portfolio ranges from 5.25 per cent. to 6.35 per cent. (based on properties let under Direct Lets and short-term Educational Institution agreements, but excluding properties subject to long-term Educational Institution agreements and the two properties with rooms unavailable due to cladding repairs (Liberty Heights, Wolverhampton and Liberty Plaza, Newcastle)).

Portfolio Condition

The Group undertakes extensive refurbishments of its properties on a rolling basis. As such, 76 per cent. of the Group's portfolio has either been constructed or fully refurbished within the last 10 years. The remaining properties are regularly assessed by the Group for consideration for future refurbishment. There is also an annual summer maintenance programme to refresh all residences in its portfolio to ensure clean and well-maintained rooms prior to the beginning of each Academic Year.

Portfolio Tenure

Out of the 51 residences in the Group's portfolio as at 31 August 2017, the Group had 34 fully freehold owned residences, 13 residences held pursuant to long leases and the remaining 4 residences owned through arrangements which contain elements of both freehold and long leasehold ownership. All the Group’s leaseholds have between 83 and 993 years remaining (with only 2 residences being held pursuant to leases for less than 100 years). The total annual ground rents payable under the 17 residences held pursuant to long leases are approximately £220,000 per year.

Residence and Room Types

The Group's residences differ in size, room make-up and location, however, there are some common features. Most residences have been designed to provide high levels of security, requiring swipe card or fob access, and typically contain a large manned reception area allowing management to maintain frequent dialogue and a good relationship with students. All residences have laundry facilities and internet and many provide other facilities such as common rooms, bicycle storage areas, gyms and car parking, depending on a residence's size and location. Each residence is managed by an on-site manager, together with administration support staff and general housekeeping, maintenance and security staff members.

The Group's portfolio features a range of room types, including:

- ensuite bedrooms, which include bathroom amenities, but with access to communal kitchens and living rooms;
- studio bedrooms, with built in kitchen and bathroom facilities; and
- standard bedrooms, which have access to communal bathroom, kitchen and living room facilities.

Types of Rooms across the Portfolio

	Number of Rooms as at 31 August			Percentage of Rooms as at 31 August 2017
Type of Room	**2015**	**2016**	**2017**	
Ensuite..	15,497	16,235	20,469	86.4
Studio...	2,163	2,263	2,271	9.6
Standard & Other [(1)]............................	1,241	1,245	946	4.0
	18,901	**19,743**	**23,686**	**100.0**

(1) Standard & Other includes standard bedrooms and standalone 1-2 bedroom flat accommodation.

Student Profiles

Growth in the full time student population has been significant in the last decade, growing 20 per cent. to over 1.7 million students. For the 2015/2016 Academic Year there were approximately 0.23 million private purpose-built rooms, which, when combined with a further approximately 0.34 million rooms owned by Educational Institutions, totalled approximately 0.57 million rooms compared to a population of 1.7 million full-time students in the UK (Source: Higher Education Statistics Agency 2015/2016 Academic Year, Cushman & Wakefield UK Student Accommodation Report 2016/17 and Company calculations based on this sourced data).

For the 2015/16 Academic Year, 4 per cent. of the total number of students accommodated in purpose built student accommodation (PPBSA and Educational Institution Owned Accommodation) in the UK lived in property owned by the Group during term time (Source: Higher Education Statistics Agency 2015/2016 Academic Year, Cushman & Wakefield UK Student Accommodation Report 2016/17 and Company calculations based on this sourced data). The students living in Group accommodation comprised approximately 55 per cent. domestic students and approximately 33 per cent. international students, based on available Group data. Data is typically not available from approximately 13 per cent. of students who had contracted directly with the relevant Educational Institution and only provide their data to such institution or contracted originally with Union State.

First-year students accounted for approximately 49 per cent. of the Group's student tenants in the 2016/2017 Academic Year (with other undergraduate students accounting for a further approximately 44 per cent. and graduate students comprising approximately 8 per cent.).

The Group's position is also expected to be resilient in light of the UK's anticipated departure from the European Union. For the Financial Year ending 31 August 2017, only 7.7 per cent. of rooms owned by the Group were occupied by students from the European Union, compared with approximately 25 per cent. of rooms occupied by non-European Union international students. The Group will also benefit from mitigating factors in the handful of cities where the Group has an increased exposure to European Union students, being strong relationships with the relevant Educational Institutions and established long-term contractual agreements.

Operating Platform

Over the course of its 17 years of operation, the Group has developed an operating platform with a proven reputation which enables the Group to undertake all levels of projects, from the acquisition and integration of new residences to annual and daily maintenance programmes on the Group's properties. Through its operating platform, the Group is able to meet the demands of students and Educational Institutions for high-quality, modern and well-maintained accommodation, service support, on-site security, ease of booking and certainty of costs.

The Group operates a vertically integrated platform with services managed by in-house employees situated at each site. This allows for control and consistency of service delivery. Each site can access central services, such as property services, health and safety and marketing as required, with an experienced senior manager overseeing performance. An independent board sets the Group's strategy and ensures sound governance procedures are in place.

Core Occupancy Period Agreements

The Group's student accommodation is let pursuant to four main types of occupancy agreements. Residential Leases, Nomination Agreements and Referral Agreements are collectively known as "**Educational Institution Agreements**" as they all involve relationships between the Group and Educational Institutions. The fourth type of agreement is a Direct Let entered into directly between a student and the Group.

"**Residential Leases**" are leases entered into between the Group and an Educational Institution, whereby the Educational Institution contracts directly with the Group for a specific number of rooms for a defined period. The Educational Institution then enters into letting agreements directly with its students. The majority of Residential Leases in place for the 2017/18 Academic Year are contracted for multiple years and include an income guarantee.

Under a "**Nomination Agreement**", an Educational Institution reserves a set number of rooms at pre-agreed rental levels and in some cases provides a specified income guarantee to compensate the Group for rental income shortfall, should any of the reserved rooms fail to be occupied. A number of the Group's Nomination Agreements cover multiple years.

"**Referral Agreements**" are typically one to three year agreements between an Educational Institution and the Group, whereby an Educational Institution contractually agrees to refer students to reserved rooms but with no guarantee of income or payment. The Group maintains regular communication with its Educational Institution partners throughout the preceding Academic Year in an effort to ensure that the number of allocated rooms matches eventual demand. Should an Educational Institution indicate that it may require fewer rooms, the Group will reallocate rooms to a Direct Let.

Under a "**Direct Let**" agreement, the Group enters into an assured shorthold tenancy directly with a student generally without an Educational Institution's contractual involvement, though an Educational Institution may have referred a student to the Group outside of a formal agreement. The Group markets to students through online marketing, social media, advertising on campuses, external referral agencies (which the Group particularly uses to market to international students), and its "student ambassador" programme through which the Group hires current or former students to directly market to other students. Annually approximately 30 - 40 per cent. of the Group's Direct Let market comprises current or previous tenants (known as rebookers).

Booking Cycle over the Academic Year

The Group's booking cycle starts in October of each year for the following Academic Year. Direct Let rooms are posted for letting on the Group's website during October and November, depending on local market dynamics. Throughout the booking cycle the Group monitors booking progress and Direct Let rental rates, adjusting these appropriately to reflect uptake and local market demand. Educational Institution Agreement rental rates are set at differing points in the cycle based on the contractual mechanism in place with each institution. By the end of December, the Group has typically agreed the majority of the Educational Institution rental rates and, where necessary, room requirements for each Academic Year. Also by the end of December, approximately 20 per cent. of its Direct Let portfolio is typically already booked for the next Academic Year.

By March, the Group typically agrees most single-year Educational Institution Agreements while any remaining multi-year Educational Institution Agreement rental rates are typically agreed by no later than April. During the summer months, the Group focuses on the annual summer maintenance programme and on Summer Occupancy Revenue. By August, typically approximately 90 per cent. of the Direct Let rooms have been booked. In August and into September, after A-level results are published, students use the Group's website to book remaining rooms. The booking cycle ends in September of each year, by which time nearly all rooms are expected to be let, with the opportunity to sell empty rooms on shorter lets throughout the year.

The 2017/2018 Academic Year

As at 31 August 2017, the Group had established partnerships with 40 Educational Institutions comprised of 22 UK universities and 18 Other Educational Programmes (including conservatoires for the arts, language schools and international universities). For the Academic Year 2017/18, the Group has entered into 57 separate agreements with these 40 Educational Institutions; 14 of these are agreements for Residential Leases, 39 are Nomination Agreements and four are Referral Agreements. The Group's partnerships with Educational Institutions help the Group ensure high Core Occupancy Rates.

As at 31 October 2017, the Group has total commitments for 98 per cent. of the available rooms in its portfolio, including Direct Lets as well as rooms contracted through Educational Institution Agreements.

Following the tragic fire at Grenfell Tower in June 2017, the Group has completed a detailed review of its full portfolio seeking advice from the relevant authorities and experts. The property valuation for the 2017 Financial Year includes a £13.2 million provision for lost income and remedial works relating to the closure of two buildings – one in Wolverhampton and one in Newcastle – where the Group has taken the proactive decision to remove the external cladding. Residents have been relocated in alternative accommodation. The provision also includes potential costs which may be incurred as a result of an external works programme at four additional sites.

Safety is the Group's foremost priority. The Group has robust fire protection systems across all of its residences. This includes a combination of L(Life) fire alarm and detection systems, automatic smoke ventilation, fire doors, sprinklers and extinguishers. The Group carries out fire risk assessments in house and in conjunction with accredited third-party experts, and all residences have written fire evacuation policies in place. The Group's properties are staffed 24 hours a day by its own staff and security personnel who are trained to deal with emergencies, supported by a dedicated in-house national Health and Safety team.

Managing Core Occupancy Period Agreements

The Group deliberately tries to ensure that rooms in each residence or across a city are let pursuant to a mixture of Educational Institution and Direct Let agreements, for both operational and economic reasons, although there are instances where such a mixture is not achieved. By offering a mixture of occupancy agreements, the Group receives a more diverse blend of first-year and senior students, which avoids dominance by first-year students and can alleviate certain concerns, such as noise, that a high concentration of new students can create. Moreover, a broader mixture of students from both Educational Institutions and Direct Lets allows for the more flexible management of residences, particularly by allowing the Group to better control and stagger move-out periods for students, thereby increasing the Summer Occupancy Period and Summer Occupancy Revenue. In addition, the accommodation can be promoted for the following year to first year students sourced through an Educational Institution during their residency at a relatively low cost.

Portfolio Income Analysis

The Group generates income streams with a high level of forward visibility. Approximately 98 per cent. of the portfolio for Academic Year 2017/18 had already been committed as at 31 October 2017 and the rental payment structure, with domestic students' first term payments and international students' full year's payments being made before the start of the Academic Year, results in the Group receiving a significant part of gross annual rental and other income upfront for each Academic Year by the end of October. This leads to a positive net working capital cycle throughout the year.

The Group has achieved historical Core Occupancy Revenue increases of between 3.3 per cent. and 4.0 per cent. per annum on an adjusted like-for-like basis over the three Financial Years ended 31 August 2017. Furthermore, as at 31 August 2017, less than 0.4 per cent. of rents for the Financial Year ended 31 August 2017 remain uncollected.

The following table sets out properties grouped by occupancy level for the year ending 31 August 2017:

Properties grouped by occupancy level	Number of properties	Number of Operational Rooms	Percentage of Operational Rooms
(%)			*(%)*
0 to 75	0	0	0.0
76 to 85	2	1,073	4.5
86 to 95	5	2,661	11.2
96 to 100	44	19,952	84.2
Total	**51**	**23,686**	**100.0**

Summer Occupancy Revenue

As well as Core Occupancy Revenue, the Group generates Summer Occupancy Revenue through letting rooms during the Summer Occupancy Period. The Group's Summer Occupancy Revenue has been primarily derived from the following sources (i) extensions to tenancies by existing Core Occupancy Period students, (ii) short-term tenancies granted to students and others, (iii) lettings to Educational Institutions and (iv) commercial conference or related lettings. The Summer Occupancy Revenue amounted to £6.6 million in the Financial Year ended 31 August 2017 (compared with £6.6 million in the Financial Year ended 31 August 2016).

Property Value Enhancement

The Group regularly looks to add value to its portfolio through Refurbishment Projects, which involve internal and/or external improvements to a residence whereby the condition of the building is upgraded The Group also looks to enhance the value of its accommodation through the addition of new rooms or facilities. As at 31 August 2017, the Group has managed the refurbishment of more than 10,000 rooms across 24 sites.

Acquisitions

Whether presented with an investment opportunity through industry contacts or having sourced an investment opportunity directly, the Group's acquisition review process focuses on three key areas of due diligence: (i) review of target residence characteristics, (ii) review of local supply and demand dynamics, and (iii) review of Educational Institutions. The Group is highly selective on which acquisition opportunities it targets. Any acquisition requires approvals from both the independent management board and the Group’s shareholder, and is therefore subject to rigorous governance procedures.

The acquisitions completed by the Group to date have been undertaken through four types of acquisitions:

1. *Portfolio Acquisitions* – acquiring an existing portfolio and integrating the portfolio into the Group’s operational platform.

2. *Single Asset Acquisitions* – acquiring an existing, built single asset and integrating it into the Group.

3. *Forward Purchase Acquisitions* – acquiring directly from developers disposing of newly built student residences.

4. *University Residence Acquisitions* – acquiring portfolios or management of portfolios directly from Educational Institutions in response to decreased funding or seeking to out-source management.

The following table sets out details regarding the Group's acquisitions, including the type of acquisition used, from 1 January 2005 to 31 August 2017:

Calendar Year	**Vendor**	**Acquisition type**	**Number of rooms**	**Purchase price**
				(£ million)
2005	University Property Partnership (UPP)	Portfolio	1,374	57
2006	Moorfield Group	Portfolio	4,168	190
2006	Birmingham University	University Residence	903	47
2007	University of Bedfordshire	Forward Purchase	517	19
2007	Private Developer	Forward Purchase	67	10
2008	Investream Group	Portfolio	353	57
2008	UNITE Group	Portfolio	3,810	152
2008	City University, London	University Residence	513	39
2009	Berkeley Group	Forward Purchase	604	32
2012	University of Leeds	University Residence	613	23
2012	Downing Group	Forward Purchase	852	56
2013	Berkeley Group	Forward Purchase	502	28
2015	Student Castle	Portfolio	2,153	330
2015	Private Developer	Single Asset	70	6
2016	Ziggurat	Single Asset	532	49
2017	Funds managed by Blackstone	Portfolio	6,484	465
			23,514	**1,560**

Acquisition of Union State

As shown above, in March 2017, the Group acquired Union State, a portfolio of 13 operational student accommodation residences comprising 6,484 beds, and one office block in South London, for a total consideration of £465 million from Blackstone. The portfolio acquired includes 5,534 rooms in the UK; the 950 beds acquired located in Spain and Germany and held by holding companies in each jurisdiction are not included in the Guarantor group or the “**Union State portfolio**” for the purposes of these Listing Particulars.

The Union State portfolio consists of high quality purpose-built student accommodation and complements the Group’s existing properties and strengthens the Group’s position in key markets. The acquisition includes numerous strategic Education Institutional Agreements and allows for significant operational synergy in the nine cities in which the Group already owns and operates accommodation. The UK operational sites have been rebranded as Liberty Living sites and a refurbishment programme is in process.

The acquisition was funded entirely by the Canada Pension Plan Investment Board.

Divestments

In March 2017, the Group divested its interests in seven smaller student halls across Preston, Stoke-on-Trent, Newcastle and Sheffield. The assets were a non-core offering with limited strategic fit for the Group and the proceeds of the sale were used to pay down the Group's existing revolving credit facility.

Group indebtedness

The Issuer has entered into its new Principal Bank Facility, guaranteed by the Guarantors, for the purposes of refinancing existing indebtedness, paying shareholder distributions and general corporate purposes. After the issuance of the Bonds, the Group's loan to value ratio, including the Principal Bank Facility and the Bonds, will be less than 45 per cent.

REIT Regime

The UK REIT regime was introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of the Corporation Tax Act 2010. Following the issue of the Bonds, the Group is considering conversion to a group UK REIT in the short to medium-term future to allow the Group's investment in its properties to be managed more efficiently. If the Group transitions into a UK REIT, the Group may undertake a partial re-organisation to facilitate the transition, such that:

- Liberty Living (HE) Holdings Limited would become the holding company of the Issuer and the Guarantors and remain a Guarantor itself; and

- Liberty Living Group plc would become a holding company above Liberty Living (HE) Holdings Limited, indirectly wholly owned by the Group Parent and the sole shareholder of Liberty Living (HE) Holdings Limited. Liberty Living Group plc will remain outside of the obligor group.

Liberty Living (HE) Holdings Limited and Liberty Living Group plc are currently incorporated as dormant sister companies to the Issuer and the five principal subsidiaries of the Group Parent (see Group structure chart on page 78).

Insurance

The Group maintains insurance coverage with respect to its properties and operations in amounts and with conditions that the Group believes are customary for student accommodation operators in the UK and appropriate for the Group, while balancing costs and potential risks. Existing Group insurance policies include in particular: property insurance cover, including property damage, loss of rent, property owner's liability, employer's liability, legal defence costs and eviction of unauthorised occupants; acts of terrorism cover; commercial combined cover; and directors' and officers' liability insurance on behalf of the directors and officers of the Group. The Group's insurance coverage is regularly reviewed, renewed and adjusted as necessary.

Environment, Health and Safety

The Group is committed to conducting its business activities in a manner that will safeguard the health and safety of all students, employees and other visitors to its sites, and also to protect the environment. The Group's properties are subject to a range of environment, health and safety ("**EHS**") laws and regulations. For its operations, the Group has a dedicated National Health and Safety Manager, supported by a health and safety team, and what the Group believes to be robust EHS policies, managing compliance with applicable EHS laws and regulations. As part of its EHS policies and reporting schemes, the Group seeks to identify any areas of non-compliance or areas for general improvement and promptly respond to EHS developments.

Financial Information

The financial information appended to this document consists of the audited financial statements of the Group Parent for the Financial Years ended 31 August 2016 and 31 August 2017 prepared in accordance with United Kingdom Generally Accepted Accounting Standards (the "**Accounts**"). The Accounts consolidate the results of the Issuer, the Guarantors and the Non-Guarantor Entities including the Group Parent.

Non-Guarantor Entities

Certain Non-Guarantors Entities including the Group Parent are included in the Accounts. The EBITDA and net assets, and percentage of the Group's EBITDA and net assets of the Non-Guarantor, are set out in the summary of certain further key financial information included below. As the Issuer is newly incorporated, it does not account for any EBITDA or net assets shown in the Accounts. Similarly, as Liberty Living Group plc is dormant for the time being it does not account for any EBITDA or net assets shown in the Accounts.

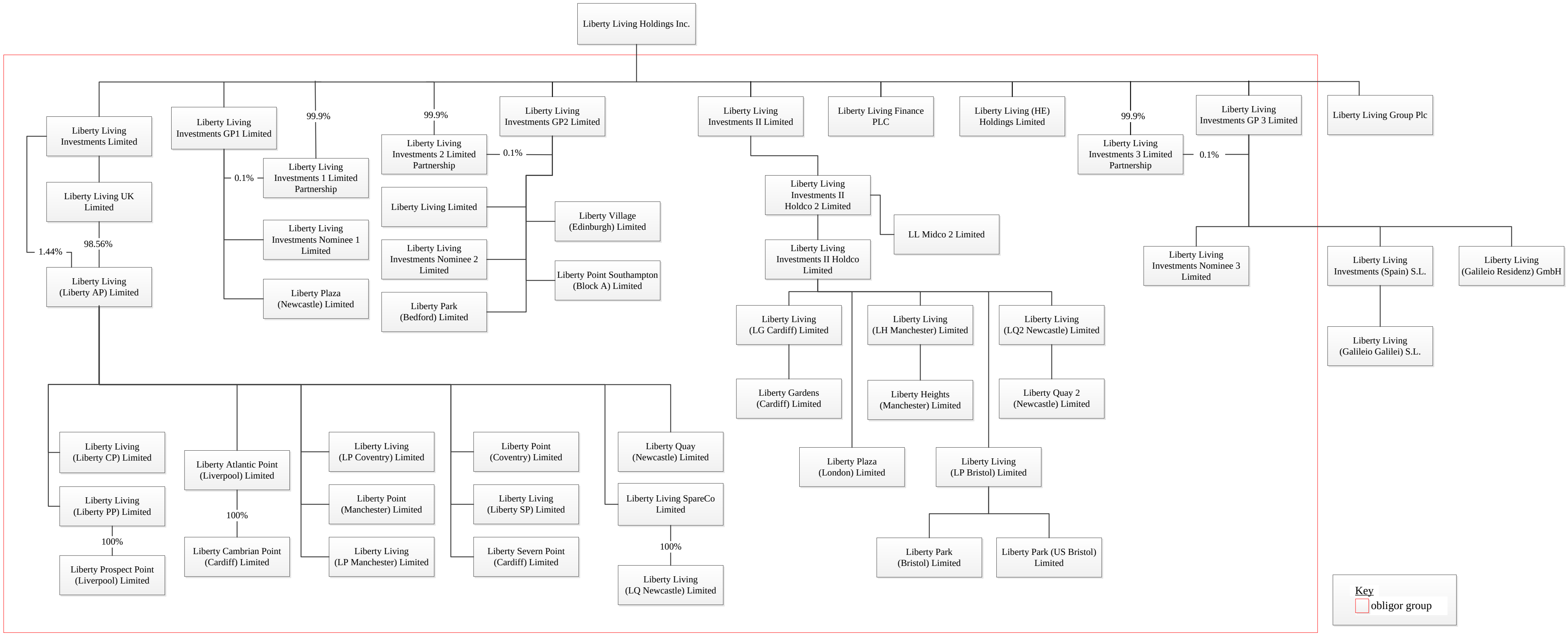
Union State acquisition

The Accounts include the recent acquisition of the Union State portfolio. The assets included in the Guarantor group are shown in the Liberty Living Investments 3 Limited Partnership column in the financial information section. The acquisition of Union State distorts key property revenue and cost figures, since the 5,534 new rooms were only owned by the Group for approximately five months of the 2016/2017 academic year.

Proposed REIT changes

If the Group converts to a group UK REIT as it is considering, the Group expects its accounts to be consolidated at Liberty Living (HE) Holdings Limited level going forwards. This means that if the Group does convert to a REIT, the accounts submitted as part of the Issuer's continuing obligations will consolidate the position of the Issuer and the Guarantors (including Liberty Living (HE) Holdings Limited) but will no longer include the Group Parent (or other Non-Guarantor Entities) which are not obligors in respect of the Bonds.

GROUP STRUCTURE CHART



PRESENTATION OF CERTAIN FINANCIAL INFORMATION

The Holding Group's Operating Cash flow and Net Operating Cash flow for the Financial Year ended 31 August 2017 was £80.2 million and £44.8 million respectively (compared to £69.3 million and £39.5 million respectively for the Financial Year ended 31 August 2016). The Holding Group's Operating Cash flow Conversion and Net Operating Cash flow Conversion for the Financial Year ended 31 August 2017 was 99.6 per cent. and 55.7 per cent. respectively (compared to 92.9 per cent. and 52.9 per cent. respectively for the Financial Year ended 31 August 2016) while the Holding Group's Capex for the Financial Year ended 2017 is £35.4 million (compared to £29.8 million for the Financial Year ended 31 August 2016).

The Group's Net Rental Income and Net Rental Income Margin for the same period is £95.0 million and 71.8 per cent. respectively (compared to £85.6 million and 72.8 per cent. respectively for the Financial Year ended 31 August 2016). The Group's Total EBITDA and Total EBITDA Margin for the Financial Year ended 31 August 2017 is £81.4 million and 61.5 per cent. respectively (compared to £75.3 million and 64.0 per cent. respectively for the Financial Year ended 31 August 2016).

The table below sets out the consolidated profit and loss account and balance sheet of the Holding Group disaggregated between the Guarantors and Non-Guarantor Entities. This table is set out in full at Note 16 of the audited consolidated financial statements of Liberty Living Holdings Inc. for the Financial Years ended 31 August 2016 and 31 August 2017 (the "**Accounts**") and should be read in conjunction with the Accounts.

For the purposes of the table below, the following definitions are used:

"**GP1**"	Liberty Living Investments GP1 Limited and its subsidiaries
"**LP1**"	Liberty Living Investments 1 Limited Partnership
"**LLIL**"	Liberty Living Investments Limited and its subsidiaries
"**GP2**"	Liberty Living Investments GP2 Limited and its subsidiaries
"**LP2**"	Liberty Living Investments 2 Limited Partnership
"**LLIL2**"	Liberty Living Investments II Limited and its subsidiaries
"**GP3**"	Liberty Living Investments GP3 Limited
"**LP3**"	Liberty Living Investments 3 Limited Partnership

"**Non-Guarantor Entities**" (described as Non-Obligors in the table below) means Liberty Living Holdings Inc., Liberty Living Group plc (currently dormant), Liberty Living (Galileo Residenz) GmbH, Liberty Living Investments (Spain) S.L., Liberty Living (Galileo Galilei) S.L., Liberty Living (Liberty Plaza Newcastle) Limited (currently dormant), Central Link (General Partner) 1 Limited (currently dormant), Central Link (General Partner) 2 Limited (currently dormant), Central Link 1 Scottish Limited Partnership (currently dormant) and Central Link 2 Scottish Limited Partnership (currently dormant).

The financial information for the entities in the table below has been prepared on a group basis, which reflects the net profit/net asset contribution to the Holding Group consolidated financial information. Within the balance sheet, fixed assets exclude intercompany investments. Net current liabilities and net assets/liabilities exclude intercompany investments and intercompany debt balances, which are eliminated upon consolidation into the Accounts. Within the profit and loss account, EBITDA and operating profit exclude intragroup management charges and intercompany lease costs. Profit on ordinary activities before tax and profit for the period exclude intragroup management charges, intercompany lease costs and intercompany interest costs, which are eliminated on consolidation. A reconciliation has been provided to reconcile between the group basis presented and the net asset/profit numbers which would be presented were statutory accounts prepared for each of the entities/groups. The intercompany receivable adjustment on the balance sheet and operating profit for the year ended 31 August 2017 for the Non-Guarantor Entities is shown gross of an £108.6 million impairment.

As at 31 August 2017, the Guarantors represent: (i) £81.4 million EBITDA, 101.1 per cent. of the Holding Group's EBITDA; and (ii) £2,026.9 million of net assets, 106.6 per cent. of the Holding Group's net assets. The Non-Guarantor Entities including the Group Parent represent: (i) -£0.9 million EBITDA, reducing the Holding Group's EBITDA by 1.1 per cent.; and (ii) -£125.6 million of net assets, reducing the Holding Group's net assets by 6.6 per cent.

Liberty Living Investments 1 Limited Partnership comprises £37.3 million of the Holding Group's EBITDA, (46.3 per cent. of the Holding Group's EBITDA) and £731.4 million of the Holding Group's net assets (38.5 per cent. of the Holding Group's net assets). Liberty Living Investments 3 Limited Partnership comprises £7.0 million of the Holding Group's EBITDA, (8.7 per cent. of the Holding Group's EBITDA) and £399.4 million of the Holding Group's net assets (21.0 per cent. of the Holding Group's net assets). Liberty Living Investments 1 Limited Partnership and Liberty Living Investments 3 Limited Partnership are the only Guarantors that individually comprise over 20 per cent. of either the Holding Group's EBITDA or net assets. The Group believes that the relevant risks investors should be aware of in respect of these two limited partnerships mirror the risks presented in the "*Risk Factors*" section of these Listing Particulars in respect of the Group.

Consolidated profit and loss account for the year ended 31 August 2017:

	GP1	LP1	LLIL	GP2	LP2	LLIL2	GP3	LP3[1]	Obligor Group	Non-Obligors	Total Holding Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Turnover	**3.1**	**51.8**	**23.5**	**7.9**	**14.4**	**20.7**	**-**	**10.9**	**132.3**	**3.1**	**135.4**
Operating costs	**(0.7)**	**(14.5)**	**(6.9)**	**(2.3)**	**(4.3)**	**(4.7)**	**-**	**(3.9)**	**(37.3)**	**(2.2)**	**(39.5)**
Administrative expenses	**-**	**-**	**(0.3)**	**(13.3)**	**-**	**-**	**-**	**-**	**(13.6)**	**(1.8)**	**(15.4)**
EBITDA	**2.4**	**37.3**	**16.3**	**(7.7)**	**10.1**	**16.0**	**-**	**7.0**	**81.4**	**(0.9)**	**80.5**
Depreciation, amortisation and impairment	**-**	**-**	**(2.7)**	**(3.2)**	**-**	**(2.9)**	**-**	**-**	**(8.8)**	**(6.3)**	**(15.1)**
Revaluation of investment properties	**-**	**(3.7)**	**7.4**	**-**	**9.3**	**12.1**	**-**	**(38.1)**	**(13.0)**	**(0.2)**	**(13.2)**
Loss on disposal of investment property	**-**	**-**	**-**	**-**	**(4.5)**	**-**	**-**		**(4.5)**	**-**	**(4.5)**
Operating profit/(loss)*	**2.4**	**33.6**	**21.0**	**(10.9)**	**14.9**	**25.2**	**-**	**(31.1)**	**55.1**	**(7.4)**	**47.7**
Finance income and similar items	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**2.6**	**2.6**
Interest payable	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**(7.3)**	**(7.3)**
Finance expense and similar charges excluding interest payable	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**(0.5)**	**(0.5)**
Profit/(loss) on ordinary activities before tax*	**2.4**	**33.6**	**21.0**	**(10.9)**	**14.9**	**25.2**	**-**	**(31.1)**	**55.1**	**(12.6)**	**42.5**
Tax (charge)/credit on ordinary activities	**(0.1)**	**-**	**(0.4)**	**(0.1)**	**-**	**(0.9)**	**-**	**-**	**(1.5)**	**(0.1)**	**(1.6)**
Profit/(loss) for the financial period*	**2.3**	**33.6**	**20.6**	**(11.0)**	**14.9**	**24.3**	**-**	**(31.1)**	**53.6**	**(12.7)**	**40.9**
Intercompany adjustments:											
- Lease recharges	**(1.7)**	**1.7**	**-**	**(4.5)**	**4.5**	**-**	**-**	**-**	**-**	**-**	**-**
- Central cost recharge	**(0.4)**	**(5.9)**	**(2.9)**	**14.2**	**(2.0)**	**(1.5)**	**-**	**(1.5)**	**-**	**-**	**-**
- Intercompany interest	**-**	**(55.2)**	**(27.3)**	**(2.2)**	**(22.4)**	**(40.1)**	**-**	**(9.8)**	**(157.0)**	**157.0**	**-**
Statutory profit/(loss) for the financial period*	**0.2**	**(25.8)**	**(9.6)**	**(3.5)**	**(5.0)**	**(17.3)**	**-**	**(42.4)**	**(103.4)**	**144.3**	**40.9**

[1] Liberty Living Investments 3 Limited Partnership's material operations began on 31 March 2017 upon the acquisition of 12 assets.

* See page 79-80 for an explanation of the basis of preparation of the line items throughout this table.

Consolidated profit and loss account for the year ended 31 August 2016:

	GP1	LP1	LLIL	GP2	LP2	LLIL2	GP3	LP3	Obligor Group	Non-Obligors	Total Holding Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Turnover	5.3	49.0	23.2	2.8	16.8	20.5	-	-	117.6	-	117.6
Operating costs	(1.0)	(12.8)	(6.1)	(1.1)	(5.9)	(5.1)	-	-	(32.0)	-	(32.0)
Administrative expenses	-	-	-	(10.3)	-	-	-	-	(10.3)	(0.7)	(11.0)
EBITDA	4.3	36.2	17.1	(8.6)	10.9	15.4	-	-	75.3	(0.7)	74.6
Depreciation, amortisation and impairment	-	-	(2.7)	(3.0)	-	(2.9)	-	-	(8.6)	(1.9)	(10.5)
Revaluation of investment properties	-	25.9	5.6	-	-	9.9	-	-	41.4	-	41.4
Operating profit/(loss)*	4.3	62.1	20.0	(11.6)	10.9	22.4	-	-	108.1	(2.6)	105.5
Finance income and similar items	-	-	-	-	-	-	-	-	-	17.9	17.9
Interest payable	-	-	-	-	-	-	-	-	-	(11.5)	(11.5)
Finance expense and similar charges excluding interest payable	-	-	-	-	-	-	-	-	-	(19.5)	(19.5)
Profit/(loss) on ordinary activities before tax*	4.3	62.1	20.0	(11.6)	10.9	22.4	-	-	108.1	(15.7)	92.4
Tax (charge)/credit on ordinary activities	(0.1)	-	2.4	0.8	-	0.9	-	-	4.0	-	4.0
Profit/(loss) for the financial period*	4.2	62.1	22.4	(10.8)	10.9	23.3	-	-	112.1	(15.7)	96.4
Intercompany adjustments:											
- Lease recharges	(3.2)	3.2	-	(1.3)	1.3	-	-	-	-	-	-
- Central cost recharge	(0.5)	(4.8)	(2.6)	11.2	(2.0)	(1.3)	-	-	-	-	-
- Intercompany interest	-	(17.1)	(26.1)	(2.1)	(6.5)	(36.3)	-	-	(88.1)	88.1	-
Statutory profit/(loss) for the financial period*	0.5	43.4	(6.3)	(3.0)	3.7	(14.3)	-	-	24.0	72.4	96.4

Consolidated balance sheet as at 31 August 2017:

	GP1	LP1	LLIL	GP2	LP2	LLIL2	GP3	LP3	Obligor Group	Non-Obligors	Total Holding Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Goodwill and intangible assets	-	-	20.4	20.3	-	22.3	-	-	63.0	14.0	77.0
Investment properties	-	743.4	311.1	-	242.2	343.2	-	402.5	2,042.4	12.8	2,055.2
Other tangible fixed assets	-	-	-	0.9	-	-	-	-	0.9	25.2	26.1
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	14.1	14.1
Total fixed assets*	-	743.4	331.5	21.2	242.2	365.5	-	402.5	2,106.3	66.1	2,172.4
Cash and cash equivalents	-	(1.6)	5.9	1.7	2.2	4.6	-	3.7	16.5	1.5	18.0
Debtors, prepayments and accrued income	0.4	2.0	2.6	1.5	0.9	2.0	-	0.7	10.1	1.1	11.2
Creditors: due within one year	(0.6)	(12.4)	(12.0)	(7.3)	(3.2)	(9.0)	-	(7.5)	(52.0)	(3.8)	(55.8)
Bank loans	-		-	-		-	-	-	-	(70.0)	(70.0)
Net current liabilities*	(0.2)	(12.0)	(3.5)	(4.1)	(0.1)	(2.4)	-	(3.1)	(25.4)	(71.2)	(96.6)
Bank loans and loan notes	-	-	-	-	-	-	-	-	-	(120.3)	(120.3)
Deferred tax	-	-	(24.8)	(2.4)	-	(26.8)	-	-	(54.0)	(0.2)	(54.2)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-
Net (liabilities)/assets*	(0.2)	731.4	303.2	14.7	242.1	336.3	-	399.4	2,026.9	(125.6)	1,901.3
Intercompany adjustments:											
Intercompany balances	2.9	(633.2)	(315.6)	(18.2)	(248.4)	(381.0)	-	(441.9)	(2,035.4)	2,035.4	-
Investment in subsidiary	-	-	-	-	-	-	14.6	-	14.6	(14.6)	-
Statutory net assets/(liabilities)*	2.7	98.2	(12.4)	(3.5)	(6.3)	(44.7)	14.6	(42.5)	6.1	1,895.2	1,901.3

Consolidated balance sheet as at 31 August 2016:

	GP1 £m	LP1 £m	LLIL £m	GP2 £m	LP2 £m	LLIL2 £m	GP3 £m	LP3 £m	Obligor Group £m	Non-Obligors £m	Total Holding Group £m
Goodwill and intangible assets	-	-	23.0	23.0	-	25.3	-	-	71.3	15.2	86.5
Investment properties	-	724.2	295.5	-	288.9	330.2	-	-	1,638.8	-	1,638.8
Other tangible fixed assets	-	-	-	0.1	-	-	-	-	0.1	-	0.1
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	11.9	11.9
Total fixed assets*	-	724.2	318.5	23.1	288.9	355.5	-	-	1,710.2	27.1	1,737.3
Cash and cash equivalents	0.6	5.8	7.2	0.6	(2.8)	7.0	-	-	18.4	-	18.4
Debtors, prepayments and accrued income	0.3	1.4	1.5	0.4	1.7	0.3	-	-	5.6	-	5.6
Creditors: due within one year	(1.0)	(8.5)	(9.7)	(4.4)	(5.1)	(8.8)	-	-	(37.5)	(3.3)	(40.8)
Net current liabilities*	(0.1)	(1.3)	(1.0)	(3.4)	(6.2)	(1.5)	-	-	(13.5)	(3.3)	(16.8)
Bank loans and loan notes	-	-	-	-	-	-	-	-	-	(278.1)	(278.1)
Deferred tax	-	-	(24.4)	(2.7)	-	(26.3)	-	-	(53.4)	-	(53.4)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Net (liabilities)/assets*	(0.1)	722.9	293.1	17.0	282.7	327.7	-	-	1,643.3	(254.8)	1,388.5
Intercompany adjustments:											
- Intercompany balances	0.8	(597.3)	(295.9)	(21.5)	(279.4)	(354.9)	-	-	(1,548.2)	1,548.2	-
- Investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-
Statutory net assets/(liabilities)*	0.7	125.6	(2.8)	(4.5)	3.3	(27.2)	-	-	95.1	1,293.4	1,388.5

DESCRIPTION OF THE ISSUER

Introduction

Liberty Living Finance plc (the "**Issuer**") was incorporated in England and Wales on 25 September 2017 (with registered number 10979349) as a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is at Fifth Floor Peninsular House, 30-36 Monument Street, London, United Kingdom, EC3R 8NB, telephone number 0207 398 7430.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each (of which £12,500 is paid up). All 50,000 ordinary shares are held by the Group Parent. For further information regarding the Issuer's position in the Group, see *"Group Structure"* on page 78.

The Issuer is legally and beneficially owned and controlled directly by the Group Parent. The rights of the Group Parent as shareholder of the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with those articles and with the provisions of the Companies Act 2006, as amended.

Principal activities

The Issuer was established as a financing vehicle to raise capital by, amongst other things, the issue of the Bonds. The Issuer has no prior operating history or prior business and will not have substantial liabilities other than general financing activities for members of the Group. The Issuer will apply the proceeds of the issue of the Bonds towards the Group's general corporate purposes, including, but not limited to, repayment of indebtedness and payment of distributions. The Issuer has no subsidiaries or employees. The current financial period of the Issuer will end on 31 August 2018.

Directors

The directors of the Issuer and their respective functions are:

Name	Function	Principal other activities outside of the Group
David Shearer	Director	Chairman of Aberdeen New Dawn Investment Trust and the Scottish EDGE Fund. Non-Executive Director of Speedy Hire plc and Mithras Investment Trust plc.
Gabriel Behr	Director	None.

The business address for each director above is the same as the registered address of the Issuer.

The company secretary of the Issuer is Rachel Heslehurst, whose business address is the same as the registered address of the Issuer.

As at the date of these Listing Particulars, there are no potential conflicts of interest between any duties of the directors to the Issuer and their private interests and/or other duties.

Auditors

Deloitte LLP, with its registered office at 2 New Street Square, London, EC4A 3BZ, is the auditor of the Issuer. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

DESCRIPTION OF THE GUARANTORS

The Guarantors are subsidiaries of the Group Parent which, directly or indirectly, owns the whole economic interest in each of the Guarantors. For further information regarding each Guarantor's position in the Group, see *"Group Structure"* on page 78.

Five principal subsidiaries

The five principal sister holding companies to the Issuer are:

Company name	*Registered number*	*Date of incorporation*
Liberty Living Investments Limited	09375870	6 January 2015
Liberty Living Investments GP1 Limited	09375866	6 January 2015
Liberty Living Investments GP2 Limited	09375868	6 January 2015
Liberty Living Investments GP3 Limited	10518849	9 December 2016
Liberty Living Investments II Limited	09680931	10 July 2015

The registered address of Liberty Living Investments Limited, Liberty Living Investments GP1 Limited, Liberty Living Investments GP2 Limited, Liberty Living Investments GP3 Limited and Liberty Living Investments II Limited is Fifth Floor, Peninsular House, 30-36 Monument Street, London, United Kingdom, EC3R 8NB.

The directors of each of Liberty Living Investments Limited, Liberty Living Investments GP1 Limited, Liberty Living Investments GP2 Limited, Liberty Living Investments GP3 Limited and Liberty Living Investments II Limited are as follows:

Name	**Function**	**Principal other activities outside of the Group**
David Shearer	Executive Chairman	Chairman of Aberdeen New Dawn Investment Trust and the Scottish EDGE Fund. Non-Executive Director of Speedy Hire plc and Mithras Investment Trust plc.
Paul Mullins	Chief Executive Officer	None.
Gabriel Behr	Chief Financial Officer	None.
Catherine Lynn	Non-executive director	Former Group Director of Strategy and Network at easyJet.
Gary John	Non-executive director	Group Property Director of Mitchells & Butlers plc.
Thomas Jackson	Non-executive director	Director, Real Estate Investments, CPPIB.
Maximilian Biagosch	Non-executive director	Managing Director, Head of Portfolio Value Creation, CPPIB.
Michael Goldberg	Non-executive director	Chair, General Partnership, Hong Kong-based Vankic Investment (Cayman Islands) Limited; Distinguished Fellow, Asia Pacific Foundation of Canada; and Senior Fellow, Institute of Asian Research, University of British Columbia.

The business address of each director is the same as the registered address for the relevant company.

As at the date of these Listing Particulars, there are no potential conflicts of interest between any duties of the directors of Liberty Living Investments Limited, Liberty Living Investments GP1 Limited, Liberty Living Investments GP2 Limited, Liberty Living Investments GP3 Limited, Liberty Living Investments II Limited and their private interests and/or other duties.

Other Guarantors

The other Guarantors are:

	Company name	*Registered number*	*Date of incorporation*
Subsidiaries of Liberty Living Investments Limited			
1.	Liberty Living UK Limited	06064187	24 January 2007
2.	Liberty Living (Liberty AP) Limited	03633307	17 September 1998
3.	Liberty Living (Liberty CP) Limited	04616092	12 December 2002
4.	Liberty Living (Liberty PP) Limited	03991475	12 May 2000
5.	Liberty Prospect Point (Liverpool) Limited	04637570	15 January 2003
6.	Liberty Atlantic Point (Liverpool) Limited	03885187	29 November 1999
7.	Liberty Cambrian Point (Cardiff) Limited	05591986	13 October 2005
8.	Liberty Living (LP Coventry) Limited	04330729	28 November 2001
9.	Liberty Point (Manchester) Limited	04828083	10 July 2003
10.	Liberty Living (LP Manchester) Limited	04314013	31 October 2001
11.	Liberty Point (Coventry) Limited	04992358	11 December 2003
12.	Liberty Living (Liberty SP) Limited	04017775	20 June 2000
13.	Liberty Severn Point (Cardiff) Limited	04313995	31 October 2001
14.	Liberty Quay (Newcastle) Limited	05234174	17 September 2004
15.	Liberty Living SpareCo Limited	04616115	12 December 2002
16.	Liberty Living (LQ Newcastle) Limited	04302869	11 October 2001
Subsidiaries of Liberty Living Investments GP1 Limited			
17.	Liberty Living Investments Nominee 1 Limited	09375846	6 January 2015
18.	Liberty Plaza (Newcastle) Limited	1724892	19 July 2012
Subsidiaries of Liberty Living Investments GP2 Limited			
19.	Liberty Living Limited	04055891	18 August 2000
20.	Liberty Living Investments Nominee 2 Limited	09375849	6 January 2015
21.	Liberty Park (Bedford) Limited	678956	30 September 2005
22.	Liberty Village (Edinburgh) Limited	10323566	10 August 2016
23.	Liberty Point Southampton (Block A) Limited	10314954	5 August 2016
Subsidiaries of Liberty Living Investments GP3 Limited			
24.	Liberty Living Investments Nominee 3 Limited	10519085	9 December 2016
Subsidiaries of Liberty Living Investments II Limited			
25.	Liberty Living Investments II Holdco 2 Limited	09574059	5 May 2015
26.	Liberty Living Investments II Holdco Limited	08929431	7 March 2014
27.	LL Midco 2 Limited	08998308	15 April 2014

	Company name	*Registered number*	*Date of incorporation*
28.	Liberty Living (LG Cardiff) Limited	04364766	1 February 2002
29.	Liberty Gardens (Cardiff) Limited	07735741	10 August 2011
30.	Liberty Plaza (London) Limited	07745097	18 August 2011
31.	Liberty Living (LH Manchester) Limited	07120141	8 January 2010
32.	Liberty Heights (Manchester) Limited	07399622	7 October 2010
33.	Liberty Living (LQ2 Newcastle) Limited	07298853	29 June 2010
34.	Liberty Quay 2 (Newcastle) Limited	07376627	15 September 2010
35.	Liberty Living (LP Bristol) Limited	07242607	4 May 2010
36.	Liberty Park (Bristol) Limited	07615601	27 April 2011
37.	Liberty Park (US Bristol) Limited	07615619	27 April 2011
Other direct subsidiaries and partnerships of the Group Parent			
38.	Liberty Living Investments 1 Limited Partnership	LP016431	9 January 2015
39.	Liberty Living Investments 2 Limited Partnership	LP016430	9 January 2015
40.	Liberty Living Investments 3 Limited Partnership	LP017757	12 December 2016
41.	Liberty Living (HE) Holdings Limited	10977869	22 September 2017

The registered address of each of the Guarantors above, other than Liberty Plaza (Newcastle) Limited and Liberty Park (Bedford) Limited, is Fifth Floor Peninsular House, 30-36 Monument Street, London, United Kingdom, EC3R 8NB.

The directors of each of the Guarantors above, other than Liberty Plaza (Newcastle) Limited, Liberty Park (Bedford) Limited, Liberty Living Limited and Liberty Living (HE) Holdings Limited are as follows:

Name	**Function**	**Principal other activities outside of the Group**
Maximilian Biagosch	Non-executive director	Managing Director, Head of Portfolio Value Creation, CPPIB.
Thomas Jackson	Non-executive director	Director, Real Estate Investments, CPPIB.
Gabriel Behr	Chief Financial Officer	None.

The directors of Liberty Living Limited are Maximilian Biagosch, Thomas Jackson, Gabriel Behr and Paul Mullins. The directors of Liberty Living (HE) Holdings Limited are Gabriel Behr and David Shearer. Each of these directors' function and principal other activities outside of the Group are set out above as they are also directors of the five principle sister holding companies to the Issuer.

The registered address of each of Liberty Plaza (Newcastle) Limited and Liberty Park (Bedford) Limited is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

The directors of each of Liberty Plaza (Newcastle) Limited and Liberty Park (Bedford) Limited are as follows:

Name	**Function**	**Principal other activities outside of the Group**
Stephen McGrath	Executive Director	Trust company director.
Thomas Jackson	Executive Director	Director, Real Estate Investments,

		CPPIB.
Michael Lynam	Executive Director	Trust company director.

As at the date of these Listing Particulars, there are no potential conflicts of interest between any duties of the directors to any of the Guarantors and their private interests and/or other duties.

Corporate Information

Other than Liberty Living Investments 1 Limited Partnership, Liberty Living Investments 2 Limited Partnership, Liberty Living Investments 3 Limited Partnership, Liberty Plaza (Newcastle) Limited and Liberty Park (Bedford) Limited, the Guarantors have each been incorporated in England and Wales as private limited liability companies under the Companies Act 2006 (as amended).

Liberty Living Investments 1 Limited Partnership, Liberty Living Investments 2 Limited Partnership and Liberty Living Investments 3 Limited Partnership have each been incorporated in England and Wales as limited partnerships under the Limited Partnership Act 1907 (as amended).

Liberty Plaza (Newcastle) Limited and Liberty Park (Bedford) Limited have each been incorporated in the British Virgin Islands as private limited liability companies under BVI Business Companies Act (as amended).

The contact telephone number for each Guarantor is: 0207 398 7430.

Principal activities

Liberty Living (HE) Holdings Limited is currently dormant and will remain so unless the Group becomes a UK group REIT as it is considering. The principal activities of the other Guarantors include: holding the freehold or leasehold interests in properties comprising the Group’s portfolio, contracting with Educational Institutions and/or students via the Direct-Let market, acting as holding companies, acting as nominee companies, financing the acquisition of new properties and refurbishment of existing properties and acting as property manager for the Group.

Auditors

Deloitte LLP, with its registered office at 2 New Street Square, London, EC4A 3BZ, is the auditor of the Group. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

ALTERNATIVE PERFORMANCE MEASURES

The Group uses adjusted figures and underlying growth rates which are not defined by generally accepted accounting principles such as UK Generally Accepted Accounting Practice ("**UK GAAP**"). Adjusted figures and underlying growth rates are presented as additional performance measures used by management, as they provide relevant information in assessing the Group's performance, position and cash flows. The Group believes that these measures enable investors to more clearly track the core operational performance of the Group, by separating out items of income or expenditure relating to acquisitions, disposals, capital items and excluding currency translation effects, while providing investors with a clear basis for assessing the Group's ability to raise debt and invest in new business opportunities. The Group's management uses these financial measures, along with UK GAAP financial measures, in evaluating the operating performance of the Group as a whole and the individual business segments. Adjusted and underlying financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with UK GAAP. The measures may not be directly comparable to similarly reported measures by other companies.

The adjusted financial measures used are:

Alternative Performance Measure ("**APM**")	**Definition of APM**	**Method of calculation**[2]	**Rationale for inclusion**
Average weekly rent	The average rental rate per contracted room during the 2017/18 Core Occupancy Period	Average of the contracted weekly room rental price, weighted by room numbers	Shows affordability levels within the Group's portfolio
Capex	Capital expenditure on investment properties	Cash paid per cash flow statement – enhancement of investment properties within investing activities	Shows investment by the Group in its portfolio
Core Occupancy Rates	Percentage of available beds contracted or committed for by either an Educational Institution or student for a minimum period of 35 weeks per annum	Number of beds contracted for divided by number of available beds across the portfolio based on the total portfolio at 31 July of each year	Shows the level of efficiency the Group has achieved regarding use of its assets
Core Occupancy Revenue	The Group's rental income derived during the Core Occupancy Period for each year	Turnover less summer and other income	Shows the revenue generated through occupancy (and in turn, efficient use of assets)
EBITDA	Earnings before interest, tax, depreciation and amortisation	Operating profit adding back Amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, property revaluations and gain/loss on disposal of investment properties	Measure of the Group's operating profit most closely aligned to cash generation on an ongoing basis
Net Initial Yield	The estimated income	Forecast net income for the	Property valuation

[2] Where applicable, reconciliations are made to the Parent's audited consolidated annual financial statements (including the auditors' report thereon and the notes thereto) for the Financial Years ended 31 August 2016 and 31 August 2017.

	return from a property at the stated valuation based on the forecast net income for the forthcoming year	forthcoming year divided by the gross valuation before deductions for purchases costs	and investment income returns metric
Net Operating Cash flow	Adjusts operating cash flow for Capex spend	Operating cash flow minus enhancement of investment properties per Holding Group cash flow statement	Shows surplus cash generated each year from operations and Capex available for other investing and financing activities
Net Operating Cash flow Conversion	Net operating cash flow expressed as a percentage of EBITDA	Net operating cash flow divided by EBITDA, multiplied by 100, for Holding Group	Shows the proportion of operating cash flow generated less Capex, against EBITDA generated
Net Rental Income	Turnover less operating costs	Turnover less operating costs	Shows profit generated at sites before central overheads
Net Rental Income Margin	Net rental income as a percentage of Turnover	Turnover less operating costs: divided by Turnover	Shows profit generated at sites before central overheads as a percentage of Turnover
Operating cash flow conversion	Operating cash flow expressed as a percentage of EBITDA	Operating cash flow divided by EBITDA, multiplied by 100, for Holding Group	Measure of the conversion of operating profit into cash
Summer Occupancy Revenue	Group's rental income during the Summer Occupancy Period	Turnover less core income and other income	Shows ability of Group to generate revenue outside of university term period

TAXATION

United Kingdom Taxation

*The following is a general description of certain United Kingdom tax considerations relating to the Bonds and is based on the Issuer's understanding of current United Kingdom law and the published practice of HM Revenue & Customs ("**HMRC**"), which may not be binding on HMRC. It does not purport to be a complete analysis of all tax considerations relating to the Bonds whether in the United Kingdom or elsewhere. It applies only to the position of persons who are absolute beneficial owners of their Bonds. It describes only the United Kingdom withholding tax treatment of payments of interest in respect of the Bonds. It does not deal with any other aspect of the United Kingdom taxation treatment of acquiring, holding or disposing of the Bonds.*

The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future, possibly with retrospective effect. Prospective holders of Bonds who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are advised to consult their own professional advisers.

Also investors should note that the appointment by an investor in Bonds, or any person through which an investor holds Bonds, of a custodian, collection agent or similar person in relation to such Bonds in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

Interest on the Bonds

The Bonds will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "**Act**") provided they are and continue to be listed on a recognised stock exchange, within the meaning of section 1005 of the Act. While the Bonds are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Bonds may be made without withholding or deduction for or on account of United Kingdom income tax.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Global Exchange Market of the Irish Stock Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

Interest on the Bonds may also be paid without withholding or deduction for or on account of United Kingdom income tax where, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the recipient of the payment (a) is a person beneficially entitled to the interest and within the charge to United Kingdom corporation tax as regards the payment of interest, because it is (i) a United Kingdom resident company, or (ii) a non-United Kingdom resident company carrying on a trade in the United Kingdom through a permanent establishment which brings into account the interest in computing its United Kingdom taxable profits, or (b) falls within, or acts as nominee for an entity falling within, various categories enjoying a special tax status (including charities and pension funds) or (c) is a partnership beneficially entitled to the interest, and consisting only of entities falling within (a)(i), (a)(ii) or (b), in each case provided that HMRC has not given a direction that the interest should be paid under deduction of tax.

In other cases, absent a relief or exemption (such as a direction by HMRC that interest may be paid without withholding or deduction for or on account of United Kingdom income tax to a specified Bondholder following an application by that Bondholder under an applicable double tax treaty), an amount must generally be withheld on account of United Kingdom income tax at the basic rate (currently 20 per cent.) from payments of interest on the Bonds.

The reference to "interest" in this United Kingdom Taxation section means "interest" as understood in United Kingdom tax law, and in particular any premium element of the redemption amount of any Bonds redeemable at a premium may constitute a payment of interest subject to the withholding tax provisions discussed above. In certain cases, the same could be true for amounts of discount where Bonds are issued at a discount. The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the Terms and Conditions of the Bonds or any related documentation.

Payments by a Guarantor

The United Kingdom withholding tax treatment of payments made by a Guarantor under the terms of the Guarantee in respect of interest on the Bonds (or other amounts due under the Bonds) is uncertain. In particular, such payments by a Guarantor may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if a Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.).

The British Virgin Islands

The following summary of the anticipated treatment of the Bonds is based on British Virgin Islands taxation law and practice as it is understood to apply at the date of this document. It does not constitute legal or tax advice and does not address all aspects of British Virgin Islands tax law and practice (including such tax law and practice as it applies to any land or building situate in the British Virgin Islands). Prospective holders of Bonds should consult their professional advisers on the implications of acquiring, buying or selling or otherwise disposing of the Bonds under the laws of any jurisdiction in which they may be liable to taxation.

Bondholders are not subject to any tax in the British Virgin Islands in respect of the holding, sale or other disposition of the Bonds. Payments of interest on the Bonds may be made without withholding or deductions for or on account of income tax in the British Virgin Islands. The British Virgin Islands currently have no income or capital gains tax and no estate duty, inheritance tax or gift tax. Corporation tax in the British Virgin Islands is currently set at zero.

The proposed financial transactions tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s proposal**”) for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (each a “**participating Member State**”) and Estonia. However, Estonia has since ceased to participate.

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary’ market transactions) in certain circumstances.

Under the Commission’s proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019 and Bonds issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

HSBC Bank plc, RBC Europe Limited and The Royal Bank of Scotland plc (trading as NatWest Markets) (each a "**Joint Lead Manager**", and together the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 24 November 2017 (the "**Subscription Agreement**") and made between the Issuer, the Guarantors and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Bonds at the issue price of (i) 99.343 per cent. of the principal amount of the 2024 Bonds and (ii) 99.931 per cent. of the principal amount of the 2029 Bonds, in each case less a combined management and underwriting commission payable to the Joint Lead Managers. The Issuer (failing which, the Guarantors) have also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Bonds. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

The United States of America

The Bonds and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

British Virgin Islands

No offer or invitation to subscribe for the Bonds is made or may be made to the public in the British Virgin Islands.

United Kingdom

Each Joint Lead Manager has further represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

General

Persons into whose hands these Listing Particulars come are required by the Issuer, the Guarantors and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish these Listing Particulars or any other offering material relating to the Bonds, in all cases at their own expense.

GENERAL INFORMATION

1. Authorisation

The creation and issue of the Bonds has been authorised by a resolution of the Board of Directors of the Issuer dated 2 November 2017. The giving of the Guarantee of the Bonds by the Guarantors has been authorised by a resolution of the Board of Directors of each Guarantor dated 2 November 2017.

2. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or any of the Guarantors is aware), which may have, or have had during the 12 months prior to the date of these Listing Particulars, a significant effect on the financial position or profitability of the Issuer, the Guarantors and /or the Group.

3. Significant/Material Change

Since 31 August 2017 there has been no material adverse change in the prospects of the Issuer, any Guarantor or the Group nor any significant change in the financial or trading position of the Issuer, any Guarantor or the Group.

4. Auditors

The consolidated financial statements of the Group Parent have been audited without qualification for the years ended 31 August 2016 and 31 August 2017 by Deloitte LLP. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

5. Documents on Display

For so long as the Bonds are listed on the Irish Stock Exchange and the rules of that exchange so require, physical copies of the following documents may be inspected during normal business hours at the offices of Deutsche Bank AG, London Branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom:

(a) the constitutive documents of the Issuer;

(b) the constitutive documents of each of the Guarantors;

(c) the Agency Agreements and the Trust Deeds (which include the Guarantees);

(d) the audited consolidated financial statements of the Group Parent for the years ended 31 August 2016 and 31 August 2017; and

(e) the most recently published consolidated audited annual financial statements of the Group Parent or the most recently published consolidated audited annual financial statements of Liberty Living (HE) Holdings Limited, as the case may be, together with any audit reports prepared in connection therewith.

6. Material Contracts

There are no material contracts entered into other than in the ordinary course of any of the Issuer's, the Guarantors' or a member of the Group's business, which could result in any of the Issuer, any Guarantor or a member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds or any Guarantor's ability to meet its obligations in respect of the Guarantee.

7. Yield

On the basis of the issue price of the 2024 Bonds of 99.343 per cent. of their principal amount, the yield on the 2024 Bonds is 2.729 per cent. on an annual basis. On the basis of the issue price of the 2029 Bonds of 99.931 per cent. of their principal amount, the yield on the 2029 Bonds is 3.382 per cent. on an annual basis. These figures are calculated on the basis of the relevant issue price and as at the date of these Listing Particulars, and are not an indication of future yield.

8. ISIN and Common Code

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the 2024 Bonds is XS1721762596 and the common code is 172176259.The ISIN for the 2029 Bonds is XS1721762679 and the common code is 172176267.

9. Irish Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Bonds and is not itself seeking admission of the Bonds to the Official List of the Irish Stock Exchange or to trading on the Global Exchange Market.

10. Clearing Systems

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

11. Joint Lead Managers transacting with the Issuer and the Guarantors

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantors and their respective affiliates in the ordinary course of business, including as lenders to the Issuer under the term loan facilities agreement. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantors and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or their affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer or the Guarantors routinely hedge their credit exposure to the Issuer and the Guarantors consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such positions could adversely affect future trading prices of Bonds. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

DEFINITIONS

Academic Year	The UK academic year commencing each September for a period of up to 52 weeks.
Core Occupancy Period	The normalised student tenancy period for each of the Group's residences as determined based upon specific market conditions and Educational Institutions' or students' expectations and demands for each year; in particular, (i) for Direct Let tenancies the Core Occupancy Period averages between 42 and 44 weeks beginning in September of each year (although for certain types of Direct Lets, the tenancy period may be up to 52 weeks) and (ii) for tenancies pursuant to agreements with Educational Institutions, the Core Occupancy Period averages between 37 and 44 weeks beginning in September of each year and is usually dependent on the period that each Educational Institution lets its own accommodations to students.
Direct Let	An agreement entered into directly between a student and a private student accommodation provider, such as the Group, whereby the student typically enters into an assured shorthold tenancy or a Scottish short assured tenancy with the private student accommodation provider with no contractual involvement from an Educational Institution.
Educational Institutions	Universities and Other Educational Programmes.
Educational Institution Agreements	The group of occupancy agreements including Nomination Agreements, Residential Leases, and Referral Agreements.
Further Education	Education which is undertaken below degree level but beyond secondary education and usually as a means to obtain an intermediate or follow-up qualification necessary to attend Higher Education or begin a specific career path.
Group	The Issuer and the Guarantors.
Group Parent	Liberty Living Holdings Inc.
Higher Education	Education undertaken at universities or similar educational establishments, especially to degree level.
Holding Group	The Group Parent and its subsidiaries.
Nomination Agreement	An agreement between an Educational Institution and a private student accommodation provider, such as the Group, whereby the Educational Institution reserves a set number of rooms at pre-agreed rental levels which, where the Nomination Agreement is for more than one year, are reviewed annually and adjusted according to market conditions or inflation rates in accordance with the specific terms of each agreement. The Educational Institution in some cases provides a financial guarantee to the private student accommodation provider to mitigate the financial risk should any of the reserved rooms not be occupied, in which case, the Educational Institution compensates, to the extent agreed under the specific terms of the relevant agreement, the student accommodation provider for the income shortfall at the pre-agreed rental levels.
Other Educational Programmes	Higher Education or Further Education institutions, summer programme providers and language schools.
REIT	Real Estate Investment Trust.
Referral Agreement	An agreement between an Educational Institution and a private student accommodation provider, such as the Group, whereby the Educational Institution contractually agrees to refer students to the private student accommodation provider, which reserves a specified

	number of rooms for such referrals. Where the Referral Agreement is for more than one year, the rental levels are reviewed annually and adjusted according to market conditions or inflation rates in accordance with the specific terms of each agreement. Under this type of agreement, the Educational Institution does not provide financial and occupancy guarantees to the private student accommodation provider. Should an Educational Institution indicate it may require fewer rooms than were reserved, the private student accommodation provider re-allocates the rooms.
Refurbishment Projects	The refurbishment projects conducted by the Group which involve internal and/or external improvements to a residence whereby the condition is upgraded.
Residential Lease	A lease entered into between an Educational Institution and a private student accommodation provider, such as the Group, whereby the Educational Institution contracts directly with the private student accommodation provider for a specified number of rooms for a defined period. Where the Residential Lease is for more than one year, the rental levels are reviewed annually and adjusted according to market conditions or inflation rates in accordance with the specific terms of each agreement. The Educational Institution's students then enter into letting agreements directly with the Educational Institution.
Summer Occupancy Period	The tenancy period for each of the Group's residences that is outside of the Core Occupancy Period for each year.
UK	United Kingdom.
UK GAAP	UK Generally Accepted Accounting Practice.

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Audited Consolidated Financial Statements of the Group Parent as at and for the years ended 31 August 2016 and 31 August 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY LIVING HOLDINGS INC.
For the year ended 31 August 2017

Report on the audit of the non-statutory financial statements

Opinion
In our opinion the non-statutory financial statements:
- give a true and fair view of the state of the company's affairs as at 31 August 2017 and 31 August 2016 and of the profit for the years then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland";

We have audited the non-statutory financial statements of Liberty Living Holdings Inc. (the 'company') which comprise:
- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and company balance sheets;
- the consolidated and company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies and the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
- the directors' use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
- the directors have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the non-statutory financial statements and our auditor's report thereon. Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements
Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's directors, as a body, in accordance with our engagement letter and solely for the purpose of reporting to the directors and members on the consolidated and company results of Liberty Living Holdings Inc.. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP

Deloitte LLP
London, UK
8 November 2017

LIBERTY LIVING HOLDINGS INC.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 August 2017

	Note	Total 2017 £m	Total 2016 £m
Turnover	4	**135.4**	117.6
Operating costs		**(39.5)**	(32.0)
Administrative expenses		**(15.4)**	(11.0)
Depreciation, amortisation and impairment		**(15.1)**	(10.5)
Revaluation of investment properties		**(13.2)**	41.4
Loss on disposal of investment properties		**(4.5)**	-
Operating profit	4	**47.7**	105.5
Finance income and similar items	6	**2.6**	17.9
Finance expense and similar charges	6	**(7.8)**	(31.0)
Profit on ordinary activities before tax		**42.5**	92.4
Tax (charge)/credit on ordinary activities	7	**(1.6)**	4.0
Profit for the year		**40.9**	96.4

All gains and losses arise from continuing activities.

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

LIBERTY LIVING HOLDINGS INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 August 2017

	Note	2017 £m	2016 £m
Profit for the year		**40.9**	96.4
Translation of foreign operations		**1.2**	-
Total comprehensive income for the year attributable to equity shareholders of the Company		**42.1**	96.4

LIBERTY LIVING HOLDINGS INC.

CONSOLIDATED BALANCE SHEET
As at 31 August 2017

	Note	2017 £m	2016 £m
Non-current assets			
Intangible assets	8	**77.0**	86.5
Investment properties	9(i)	**2,055.2**	1,638.8
Other tangible fixed assets	9(ii)	**26.1**	0.1
Financial assets at fair value through profit or loss	16	**14.1**	11.9
		2,172.4	1,737.3
Current assets			
Cash and cash equivalents	10	**18.0**	18.4
Debtors, prepayments and accrued income	11	**11.2**	5.6
		29.2	24.0
Creditors: amounts falling due within one year	12	**(55.8)**	(40.8)
Bank loans	13	**(70.0)**	-
		(125.8)	(40.8)
Net current liabilities		**(96.6)**	(16.8)
Total assets less current liabilities		**2,075.8**	1,720.5
Creditors: amount due after more than one year			
Bank loans and loan notes	13	**(120.3)**	(278.1)
Deferred tax	14	**(54.2)**	(53.4)
Financial liabilities at fair value through profit or loss	16	**-**	(0.5)
Net assets		**1,901.3**	1,388.5
Capital and reserves			
Share capital	15	**-**	-
Share surplus		**1,681.6**	1,210.9
Translation reserve		**1.2**	-
Profit and loss reserve		**218.5**	177.6
Equity shareholders' funds		**1,901.3**	1,388.5

All items in the above statement derive from continuing operations.

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

The financial statements were approved by the Board of Directors on 8th November 2017 and signed on its behalf by:

KAREN ROWE
Director

LIBERTY LIVING HOLDINGS INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 August 2017

	Share capital £m	Share surplus £m	Translation reserve £m	Profit and loss reserve £m	Total £m
As at 31 August 2015	-	1,160.7	-	81.2	1,241.9
Profit for the period	-	-	-	96.4	96.4
Total comprehensive income	-	-	-	96.4	96.4
Net investment through share surplus[1]	-	50.2	-	-	50.2
At 31 August 2016	-	1,210.9	-	177.6	1,388.5
Profit for the period	**-**	**-**	**-**	**40.9**	**40.9**
Translation of foreign operations	**-**	**-**	**1.2**	**-**	**1.2**
Total comprehensive income	**-**	**-**	**1.2**	**40.9**	**42.1**
Net investment through share surplus[1]	**-**	**470.7**	**-**	**-**	**470.7**
At 31 August 2017	**-**	**1,681.6**	**1.2**	**218.5**	**1,901.3**

1. In 2017 a gross contribution of £470.7m was received from the shareholder. In 2016 the £50.2m is the net of a £57.0m contribution to the capital of the company from the shareholder of the Company and £6.8m repayment of surplus proceeds via a shareholder resolution.

LIBERTY LIVING HOLDINGS INC.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 August 2017

	Note	2017 £m	2016 £m
Operating activities			
Profit before tax		**42.5**	92.4
Adjustments to reconcile profit before tax to cash flows from operating activities:			
- Revaluation of investment properties		**13.2**	(41.4)
- Finance expense		**7.8**	31.0
- Finance income		**(2.6)**	(17.9)
- Depreciation, amortisation and impairment		**15.1**	10.5
- Loss on disposal of investment property		**4.5**	-
Net cash generated from operating activities before changes in working capital		**80.5**	74.6
Increase in debtors		**(5.2)**	(1.1)
Increase/(decrease) in creditors		**5.3**	(3.3)
Tax paid		**(0.4)**	(0.9)
Cash flows from operating activities		**80.2**	69.3
Investing activities			
Disposal of investment property		**54.5**	-
Enhancement of investment properties		**(35.4)**	(29.8)
Acquisition of:			
- investment properties		**(442.8)**	(55.9)
- intangible fixed assets		**(0.4)**	(0.2)
- other tangible fixed assets		**(1.0)**	-
- business	19	**(28.0)**	-
Cash flows from investing activities		**(453.1)**	(85.9)
Financing activities			
Interest and refinancing costs paid		**(8.2)**	(12.7)
Repayment of external debt		**(90.0)**	(36.0)
Funding from shareholder		**470.7**	50.2
Cash flows from financing activities		**372.5**	1.5
Net cash flow		**(0.4)**	(15.1)
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of period		**18.4**	33.5
Cash and cash equivalents at end of period	10	**18.0**	18.4

LIBERTY LIVING HOLDINGS INC.

COMPANY BALANCE SHEET
CORPORATION NUMBER: 911455-6
As at 31 August 2017

	Note	2017 £m	2016 £m
Fixed assets			
Investments in subsidiary undertakings	9(iii)	**14.6**	-
Financial assets at fair value through profit or loss	16	**14.1**	11.9
		28.7	11.9
Current assets			
Debtors, prepayments and accrued income	11	**2,052.0**	1,606.9
		2,052.0	1,606.9
Creditors: amounts falling due within one year	12	**(99.7)**	(63.0)
Bank loans	13	**(70.0)**	-
		(169.7)	(63.0)
Net current assets		**1,882.3**	1,543.9
Creditors: amount due after more than one year			
Bank loans and loan notes	13	**(120.3)**	(278.1)
Financial liabilities at fair value through profit or loss	16	**-**	(0.5)
Net assets		**1,790.7**	1,277.2
Capital and reserves			
Share capital	15	**-**	-
Share surplus		**1,681.6**	1,210.9
Profit and loss reserve		**109.1**	66.3
Equity shareholders' funds		**1,790.7**	1,277.2

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

The financial statements were approved by the Board of Directors on 8th November 2017 and signed on its behalf by:

KAREN ROWE
Director

LIBERTY LIVING HOLDINGS INC.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 August 2017

	Share capital £m	Share surplus account £m	Profit and loss reserve £m	Total £m
As at 31 August 2015	-	1,160.7	(7.8)	1,152.9
Profit for the period	-	-	74.1	74.1
Total comprehensive income	-	-	74.1	74.1
Net investment through share surplus	-	50.2	-	50.2
At 31 August 2016	-	1,210.9	66.3	1,277.2
Profit for the period	**-**	**-**	**42.8**	**42.8**
Total comprehensive income	**-**	**-**	**42.8**	**42.8**
Net investment through share surplus	**-**	**470.7**	**-**	**470.7**
At 31 August 2017	**-**	**1,681.6**	**109.1**	**1,790.7**

Profit attributable to the Company and Company cash flow statement
No separate profit and loss account, statement of comprehensive income or cash flow statement is presented in respect of the Company.

1. ACCOUNTING POLICIES

These financial statements are prepared in accordance with accounting standards applicable in the United Kingdom and are denominated in pounds sterling (£). The particular accounting policies adopted are described below. The financial statements have been prepared on a going concern basis, see note 2.

General information and basis of accounting
Liberty Living Holdings Inc. ('the Company') is a company incorporated in Canada. The Company was formerly named CPPIB Liberty Living Inc. and changed its name to Liberty Living Holdings Inc. on 31 October 2017. The address of the registered office is One Queen Street East, Suite 2500, Toronto, ON M5C 2W5, Canada. The nature of the Company and its subsidiaries ('the Group') operations is to invest in and operate student accommodation property.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in pounds sterling as the Group's subsidiaries operate in the United Kingdom.

The Company meets the definition of a qualifying entity under FRS 102 and therefore has taken advantage of the disclosure exemptions in relation to financial instruments, the presentation of a cash flow statement; intra-group transactions and remuneration of key management personnel.

Basis of consolidation
The Consolidated financial statements incorporate the accounts of the Company and its subsidiary undertakings drawn up to 31 August each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting polices used into line with those used by the Group. All intra-group transactions balances, income and expenses are eliminated on consolidation.

Turnover and operating costs
Turnover comprises rental income and other income associated with student accommodation, which is accounted for on an accruals basis. Operating costs are costs relating to the provision of revenue and other income associated with student accommodation and are also accounted for on an accruals basis.

Finance Income and expense
The Group has entered into cross currency swaps from US Dollars to Pounds Sterling and interest rate swaps with reputable financial institutions in order to hedge the cash flows, interest payments and principal repayments arising on the loan notes and term loan respectively. Fair value changes on the cross currency swaps are recognised in finance income and expense.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other tangible fixed assets
Tangible fixed assets are depreciated using the following rates and bases to reduce the cost to residual value by equal amounts over their useful lives, unless the Directors consider that the realisable value is less, when they will reduce the cost to estimated realisable value:

- Short leasehold and fixtures and fittings – between three to ten years
- Land and buildings – 25 years

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

Intangible assets
Intangible assets are held at cost less amortisation. The amortisation period represents the value that the asset has to the business. The brand and goodwill have an amortisation period of 10 years.

Investment property
Investment properties are initially accounted for at cost plus directly attributable taxes and transaction costs. Investment properties for which fair value can be measured reliably without undue costs or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account. Incremental costs of replacement or redevelopment incurred are capitalised and separately disclosed.

Property acquisition costs
Acquisition costs are treated as part of the cost of a property and have, therefore, been taken into account when calculating any gain or loss arising on the revaluation of investment properties recognised through the profit and loss account.

Share surplus account
The premium receivable on the issue of shares is credited to the share surplus account.

Investments in subsidiaries
Investments in Subsidiaries are stated at cost less provision for any impairment in value which is considered by the Company to be permanent.

Financial instruments
Sections 11 and 12 of FRS 102 have been applied in these financial statements. The Group's financial instruments comprise debtors, accrued income, cash and cash equivalents, external borrowings, derivative contracts and trade and other creditors and accruals. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities
All financial assets and liabilities are initially measured at fair value and subsequently measured at amortised cost, with the exception of the cross currency swaps relating to the loan notes, which are subsequently measured at fair value through the profit and loss account.

Financial assets are generally derecognised when the contractual rights to the cash flows from the financial asset expire or are settled. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss. A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

In considering the appropriateness of the going concern basis the Directors have reviewed the key risks and uncertainties to which they believe the Group is exposed, the Group's ongoing financial commitments and the availability of sufficient resources for the next twelve months and beyond.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate over the next 12 months. . This view has been strengthened by the refinancing that occurred in November 2017 as the Group entered into a new £250m five year term loan and £150m revolving credit facility. This will replace the revolving credit facility and US Private Placement notes. The new facilities are subject to financial covenants, interest cover ratio and loan to value, over a group of guarantor subsidiaries. The Directors are comfortable that the Group will meet the covenant tests over the next 12 months.

Given the Group has borrowed at a conservative loan to value at an interest rate of LIBOR plus a margin of between 1.45% and 2.20%, the Directors are comfortable that the Group will meet the covenant tests over the next 12 months.

The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These are summarised below:

Judgements

Business combinations
The Group acquired the Union State portfolio on 31 March 2017, which comprised 12 UK sites, one Spanish and one German. This highlighted one material area of judgement; concluding if the Union State portfolio was an acquisition of a business or an acquisition of assets. For the UK and the German site, given the acquired assets constituted substantially all the consideration paid, no senior staff transferred and key processes which drive outputs are performed by pre-existing Group resources, the conclusion reached was that these assets met the definition of an asset acquisition, and not a business combination. The Spanish asset is considered to meet the definition of a business given senior management, and the key business processes transferred to the Group along with the property. The business operates with greater autonomy than the rest of the portfolio and the site operates on its own platform, which also transferred to the Group.

Estimates

Investment properties

The Group's investment properties are carried at their fair value as at the reporting date, further information regarding the valuation process is included in note 9.

Intangible assets

The Group has recognised goodwill on the acquisitions of Liberty Living and Student Castle. Goodwill is assessed to have a useful life of 10 years.

4. TURNOVER AND OPERATING PROFIT

(i) Turnover	2017 £m	2016 £m
Group		
Core term student accommodation	124.3	109.4
Summer Income	6.6	6.6
Other income	1.4	1.6
Total United Kingdom	132.3	117.6
Core term student accommodation	1.4	-
Summer Income	1.1	-
Other income	0.6	-
Total Europe	3.1	-
Total Turnover	135.4	117.6

(ii) Operating profit	2017 £m	2016 £m
The operating profit is stated after charging:		
Group		
Auditor's remuneration (see below)	0.5	0.5
Amortisation and impairment of brands and goodwill intangible assets	12.0	10.1
Amortisation of other intangible assets	0.5	0.4
Operating lease expense	0.7	0.6
Depreciation and impairment of other tangible fixed assets	2.6	-

	2017 £'000	2016 £'000
Auditor's remuneration		
Group		
Fees payable for the audit of the Group and its subsidiaries	382	244
Fees payable for the audit of the Group and its subsidiaries for the prior year	73	-
Tax services	-	191
Audit related assurance services	50	-
Total fees	505	435
Company		
Fees payable for the audit of the Company	31	31

Audit related services relates to reporting accountant services provided to the Group.

5. EMPLOYEE REMUNERATION

Group	2017 £m	2016 £m
Salary and wages	15.3	12.5
Social security costs	1.3	1.1
Pensions	0.4	0.3
Total salary and wage costs	**17.0**	13.9

	number	number
Office administration	76	57
Operations	333	277
Average number of staff	409	334

The Directors of the Company are not remunerated by the Company or any member of the Group.

The key management personnel of the Group is considered to be the Directors of the Intermediate holding companies. Remuneration for the year ending 31 August 2017 was £2.6m (2016: £1.0m)

6. FINANCE RELATED INCOME AND EXPENSES

Group	2017 £m	2016 £m
Gain on derivative contracts	2.6	17.9
Finance income and similar items	**2.6**	17.9
Bank loan and loan note interest	7.3	11.5
Finance costs paid and amortised	0.1	2.1
Foreign exchanges loss on secured loan notes and intercompany loans	0.4	17.4
Interest payable and similar charges	**7.8**	31.0

7. TAX ON PROFIT

The tax charge/(credit) comprises:

Group	2017 £m	2016 £m
Current tax on profit on ordinary activities		
Charge for the year	1.0	0.1
Adjustments in respect of prior years	-	1.0
Total current tax charge	1.0	1.1
Deferred tax		
Current year charge	4.2	2.7
Decrease in tax rate	(3.0)	(6.0)
Adjustment to estimated recoverable amount of deferred tax assets arising in previous periods	(0.6)	(1.7)
Over provision in respect of prior periods	-	(0.1)
Total deferred tax charge/(credit)	0.6	(5.1)
Total tax charge/(credit) on profit on ordinary activities	1.6	(4.0)

The Finance Act 2016, which was substantively enacted on 19 September 2016, provided for a further reduction in the main rate of UK corporation tax from 19% to 17% with effect from 1 April 2020. This change has been taken into account in calculating the current year tax charge, where applicable.

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax and the differences are explained below:

Group	2017 £m	2016 £m
Profit on ordinary activities before tax	42.5	92.4
Tax charge at the UK corporation tax rate of 19.58% (2016: 20%)	8.3	18.5
Factors affecting the tax charge/(credit):		
Expenditure not tax deductible	6.3	3.4
Income not chargeable for tax purposes	(8.8)	(18.9)
Changes in tax rates	(3.0)	(6.0)
Movement in timing differences not provided	(0.6)	(0.2)
Adjustment to prior year deferred tax assets considered recoverable	(0.6)	(1.7)
Prior period adjustments	-	0.9
Total tax charge/(credit) for the year	1.6	(4.0)

Company

The Company is incorporated in Canada as a wholly-owned subsidiary of CPPIB. The Company is exempt from Part I tax under paragraph 149(1) (d.2) of the Income Tax Act (Canada) on the basis that all of the shares of the Company are directly owned by a corporation whose shares are owned by Her Majesty the Queen in right of Canada. Thus a provision for Canadian tax is not required in these financial statements.

8. INTANGIBLE ASSETS

	Total £m
Cost	
At 1 September 2016	101.6
Additions	**0.5**
Arising on acquisition	**2.5**
At 31 August 2017	**104.6**
Amortisation	
At 1 September 2016	15.1
Charge for the period	**10.6**
Impairment	**1.9**
At 31 August 2017	**27.6**
Net Book Value	
At 31 August 2017	**77.0**
At 1 September 2016	86.5

The Carrying value of the Group's intangible assets is £77.0m at 31 August 2017 (2016: £86.5m). This comprises goodwill, brands and other intangible assets of £61.0m (2016: £69.1m), £14.8m (£16.8m) and £1.2m (£0.6m) respectively.

The cost of goodwill brought forward is £81.0 and additions made in the year total £1.9m. Amortisation brought forward is £11.9m, and a charge for the year of £8.1m has been made during the year.

The opening cost and cumulative amortisation of the Liberty Living brand is £19.6m and £2.8m respectively. Amortisation of £2.0m has been charged in the period. The Liberty Living Brand was recognised on the acquisition of the Liberty Living Group on 5 March 2015. The Brand and goodwill is being amortised over a 10-year period.

These balances have been reviewed for impairment indicators as at 31 August 2017, with an impairment of £1.9m recognised.

9. TANGIBLE FIXED ASSETS

(i) Investment properties
Group

	Investment property at cost £m	Property valuation £m	Total £m
At 31 August 2015	1,441.6	66.4	1,508.0
Acquisitions (a)	55.9	-	55.9
Capital expenditure additions (b)	33.5	-	33.5
Revaluation in the year (c)	-	41.4	41.4
At 31 August 2016	1,531.0	107.8	1,638.8
Acquisitions (a)	**449.6**	**-**	**449.6**
Disposals (a)	**(64.7)**	**5.7**	**(59.0)**
Capital expenditure additions (b)	**38.1**	**-**	**38.1**
Revaluation in the year (c)	**-**	**(13.2)**	**(13.2)**
Foreign exchange	**0.9**	**-**	**0.9**
At 31 August 2017	**1,954.9**	**100.3**	**2,055.2**

Included within the investment property valuation is £494.6m (2016: £341.2m) of leasehold property interests and £210.1m (2016: £126.2m) of freehold and part long leasehold properties.

(a) External acquisitions and disposals of investment properties made by the Group during the year. On 31 March 2017 the Group acquired the Union State Student accommodation portfolio. The 12 UK sites and one German site met the condition of an asset purchase under FRS 102 and have been treated as investment properties carried at fair value.

On 28 and 31 March 2017 the Group disposed of 7 non-core properties.

(b) Capital expenditure additions include significant enhancements across the portfolio to secure yields and secure value of the assets.

(c) The Group's investment properties are valued at market value at the balance sheet date of 31 August 2017 by Knight Frank LLP, an independent firm of professional property valuers which is regulated by the Royal Institution of Chartered Surveyors ('RICS'). The valuation was conducted in accordance with RICS Valuation – Global Standards 2017, incorporating the International Valuations Standards and RICS Professional Standards UK 2014 (revised April 2015).

Knight Frank employs an investment approach to derive the valuation of the properties. Income generated from a property is capitalised using market initial yields derived, where possible, from comparable market transactions. Knight Frank value on a property-by-property basis, using their expertise to assess individual assumptions including rents, occupancy, other income and facility management costs.

The valuation has been adjusted for estimated costs (and one-off loss of income), as at the date of signing the accounts, to remediate issues identified relating to Aluminium Composite Material cladding systems at six properties. The valuation will be adjusted in future periods if further information becomes available relating to remediation costs.

(ii) Other tangible fixed assets

	Leasehold and fixtures and fittings £m	Land and buildings £m	Total £m
Cost			
At 1 September 2016	0.2	-	0.2
Additions	**1.0**	**-**	**1.0**
Arising on acquisition	**-**	**25.6**	**25.6**
Foreign exchange	**-**	**2.0**	**2.0**
At 31 August 2017	**1.2**	**27.6**	**28.8**
Amortisation			
At 1 September 2016	0.1	-	0.1
Charge for the period	**0.2**	**-**	**0.2**
Impairment	**-**	**2.4**	**2.4**
At 31 August 2017	**0.3**	**2.4**	**2.7**
Net Book Value			
At 31 August 2017	**0.9**	**25.2**	**26.1**
At 1 September 2016	0.1	-	0.1

(iii) Investments in subsidiaries held by the Company

Company	**2017 £m**	2016 £m
At 1 September	-	182.0
Additions	14.6	11.8
Provision for impairment	-	(193.8)
Total investment at 31 August	**14.6**	-

In 2015, the investment properties of certain subsidiaries were transferred to the Limited Partnerships. In the prior year, the residual net assets of those subsidiary companies have been distributed to Liberty Living Holdings Inc. and therefore the residual balance in these investments has been fully provided against.

Details of the Group's investments in subsidiaries is provided in note 18.

10. CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Group		
Cash at bank	**18.0**	18.4
	18.0	18.4

11. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2017 £m	2016 £m
Group		
Other debtors, prepayments and accrued income	**11.2**	5.6
Company		
Loans due from Group related undertakings	**2,052.0**	1,606.9

Included within loans due from Group related undertakings is a loan of £122.3m which is due for repayment on 29 November 2018.

The loans advanced by the Company to its UK investments are eliminated in the consolidated financial statements and include a provision for impairment of £108.6m.

12. CREDITORS: amounts falling due within one year

	2017 £m	2016 £m
Group		
Trade creditors	**1.8**	0.3
Taxes and social security	**2.7**	2.0
Other creditors	**11.8**	8.3
Accruals	**18.5**	15.6
Deferred income	**21.0**	14.6
	55.8	40.8

	2017 £m	2016 £m
Company		
Amounts due to group related undertakings	**97.4**	59.7
Other creditors and accrued expenses	**2.3**	3.3
	99.7	63.0

The amounts due to group related undertaking are repayable on demand and no interest is chargeable.

13. BANK LOANS AND LOAN NOTES PAYABLE

Group and Company

Bank loans and loan notes repayable, included within creditors are analysed as follows:

	2017 £m	2016 £m
Revolving credit facility		
Revolving credit facility of £200.0 million repayable August 2018 (a)	**70.0**	160.0
Balance as at 31 August	**70.0**	160.0
Secured loan notes		
Secured loan notes of US$77.5 million repayable February 2022 (b)	**60.1**	59.0
Secured loan notes of US$77.5 million repayable February 2024 (b)	**60.2**	59.1
Balance as at 31 August	**120.3**	118.1
Total bank loans and loan notes repayable	**190.3**	278.1

(a) At 31 August 2017 the £200m revolving credit facility was subject to a floating interest rate based on LIBOR and was due to expire in August 2018. As such, the outstanding balance of £70.0m has been disclosed as current. On 3 November 2017 a newly incorporated subsidiary, Liberty Living Finance plc, entered into a floating rate and unsecured £250m five year term loan and £150m revolving credit facility with HSBC Bank plc, Royal Bank of Canada, RBC Europe Limited and The Royal Bank of Scotland plc (trading as NatWest Markets). The interest expense of the new facility is LIBOR plus a margin determined by the loan to value ratio of between 1.45% to 2.20%. The funds are expected to be drawn post signing of these financial statements in November 2017. This facility will replace the Company's current revolving credit facility which will be repaid on the same day the new term loan is drawn down.

(b) As at 31 August 2017 the Company had in issue US$155 million of US Private Placement loan notes in two equal tranches with maturities of 10 and 12 years respectively and also entered into a long-dated cross currency swaps from US Dollars to Sterling and interest rate swaps from US fixed rates to UK fixed rates to maturity in order to hedge the cash flows, interest payments and principal repayments arising on these loan notes. On 3 November 2017, the Company issued a repayment notice to the holders of the Company's $155m US private placement notes and expects to repay these on the same day the term loan is drawn, along with the settlement of any make whole amount due and the related cross currency swap. Liberty Living Holdings Inc. is not an obligor to the new debt facilities. See Note 13 and 16 for further details.

The £2.2m movement on the loan notes during the year relates to foreign exchange movements which have been recognised as a finance charge. A £2.2m gain on the cross currency swap offsets this charge, shown within finance income.

(c) As at 31 August 2017 the Company was party to a guarantee for the loan facilities and loan notes and its assets, including investment property, were used as security for the facilities. The Company was also an obligor under the loan facility agreement. Only the assets of the Company's investments in Liberty Living Investments Limited, Liberty Living Investments GP1 Limited and Liberty Living Investments I Limited Partnership were pledged as security at the balance sheet date.

Upon the settlement of the US Private Placement Loan notes and revolving credit facility the security provided will be released and the Company is no longer an obligor to the new term loan and revolving credit facility. Further details of the new obligor group is provided in Note 16.

14. DEFERRED TAX

	Brand	Other short term timing differences	Investment properties	Total
	£m	£m	£m	£m
As at 31 August 2015	3.6	(0.1)	55.0	58.5
Credit to profit and loss account	(0.7)	(1.7)	(2.7)	(5.1)
As at 31 August 2016	2.9	(1.8)	52.3	53.4
(Credit)/charge to profit and loss account	**(0.3)**	**0.3**	**0.6**	**0.6**
Business combination	**0.2**			**0.2**
At 31 August 2017	**2.8**	**(1.5)**	**52.9**	**54.2**

A deferred tax asset has not been recognised in respect of timing differences relating to losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1.8m. The asset will be recovered if sufficient relevant profits arise in the affected entities in the future.

15. SHARE CAPITAL

	Canadian Dollars	Number of Shares
Shares of one Canadian Dollar each 31 August 2017 and 2016	1	1

16. FINANCIAL RISK MANAGEMENT

The Group is party to financial instruments which are summarised below:

	Group 2017 £m	Group 2016 £m
Financial assets		
Measured at fair value through profit or loss		
- Derivative financial instrument	**14.1**	11.9
Measured at amortised cost		
- Cash and cash equivalents	**18.0**	18.4
- Debtors excluding prepayments	**8.9**	3.6
	26.9	22.0
Total financial assets	**41.0**	33.9
Financial liabilities		
Measured at fair value through profit or loss		
- Derivative financial instrument	**-**	0.5
Measured at amortised cost		
- Trade, other creditors and accruals	**32.1**	24.2
- External borrowings	**190.3**	278.1
	222.4	302.3
Total financial liabilities	**222.4**	302.8

Gains and losses relating to financial instruments recognised in the profit and loss account are summarised in note 6. The derivative financial instruments include interest rate caps and cross currency swaps to hedge against the floating rate on the revolving credit facility and the foreign currency on the private placement loan notes. The cross currency swaps are valued using quoted forward exchange rates matching the maturity of the contracts. The interest rate caps are valued at the present value of future cash flows discounted based on yield curves derived from quoted interest rates.

The Group is exposed to the following types of financial risk:

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other performance risk. The Group's exposure and its management process for different types of risks are given below:

(i) Currency risk

While the Company is a Canadian entity, the Group's business is in the United Kingdom and its operational currency is Sterling. Any currency risk on the translation of Canadian Dollars into Sterling for investments in the Company is held by the Company's parent CPPIB.

Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group's material revenues, costs and assets are denominated in Sterling. The Group's currency exposure on its US Dollar denominated secured loan notes were hedged by fixed rate currency swaps at the time of their issue, as explained under Loan Facilities below.

(ii) Interest rate risk

Loan Facilities
The interest rate risk and currency risk related to the Group's debt as at 31 August 2017, as outlined in Note 13, is as follows:

(a) **Revolving Credit Facility of £200 million repayable in 2018**. This facility is subject to a floating interest rate based on a spread over the LIBOR rate. An interest rate cap of 2% on the facility was issued over £100m of the facility. The cash flows, interest payments and principal repayments arising on this loan can therefore vary over its term.

As disclosed in Note 13 this facility is expected to be repaid and terminated in November 2017 after these financial statements are signed.

(b) **Secured loan notes totalling US$155 million repayable in 2022 and 2024**. These secured loan notes are at a fixed interest rate based on a spread over the 10-year benchmark US Treasury rate at the time of their issue. The Group entered into long-dated cross currency swaps from US Dollars to Sterling and interest rate swaps from US fixed rates to UK fixed rates to maturity in order to hedge the cash flows, interest payments and principal repayments arising on these loan notes. The counterparties on these swaps are HSBC Bank plc and The Royal Bank of Scotland plc. Following completion of these cross currency swaps and interest rate swaps, the Group's exposure to these secured loan notes is fixed in Sterling and at fixed interest rates as set out below.

As disclosed in Note 13 the US Private Placement Loan notes are expected to be repaid in November 2017 and the cross currency swap are also expected settled.

During the year the Group incurred loan interest of £7.3m (2016: £11.5m). The loan interest rates applying at 31 August 2017 were as follows:

Facility	**Interest Rate Type**	**Interest Rate %**
Revolving credit facility of £200.0 million repayable August 2018	Floating	1.6%*
Secured loan notes of US$77.5 million repayable February 2022	Fixed	5.07%
Secured loan notes of US$77.5 million repayable February 2024	Fixed	5.26%

* This is the average of GBP LIBOR plus a margin of 135 bps.

The sensitivity of the profit and loss account to interest rate changes on the revolving credit facility, that could reasonably be expected to occur, have been considered, with no material impact identified.

(iii) Performance risk

Performance risk is the risk that the fair value of the Group's Investment Properties will fluctuate because of changes in market prices. The Group's objective is to provide long term positive returns for the shareholder through a combination of secure income and capital appreciation arising from increasing rental values in its student accommodation portfolio. The income of the portfolio is spread over a large number of properties, and there is potential to increase income and capital value by active asset management year on year.

The Company manages performance risk by:

- utilising research capabilities with emphasis on information and guidance received from the external Property Valuer and other third party sources;
- adopting specific criteria for portfolio selection;
- applying mindful attention to portfolio mix; and
- the employment of an experienced Property Asset Manager led by a strong and experienced senior management team.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

The table below analyses the Group's maximum exposure to credit risk on its financial assets.

	2017 **£m**	2016 £m
Cash and cash equivalents	**18.0**	18.4
Debtors excluding prepayments	**8.9**	3.6
Derivative financial assets	**14.1**	11.9
	41.0	33.9

- The Group's material cash balances are held at HSBC Bank plc. The Group's policy is to deposit with highly regarded institutions with credit ratings of at least "A-/A3" by S&P, Fitch or Moody's Investor Services.
- Other debtors, prepayments and accrued income are monitored by management and do not pose any significant credit risk.

The Group is not exposed to a concentration of credit risk relating to trade debtors, which comprise individual students which are widely dispersed, or Education institutions, none of which individually comprise a material amount of the Group's revenue.

LIQUIDITY RISK

Liquidity risk is the risk the Group will fail to meet its financial obligations as they fall due.

The Group manage liquidity risk by:

- ensuring that there is prudent asset allocation within a diversified property portfolio;
- ensuring that the portfolio has a secure rental income profile;
- having the ability to utilise borrowings to meet cash requirements for operations;
- careful monitoring of the Group's cash flow requirements; and
- seeking to refinance or repay debt maturities a minimum of 12 months ahead of their stated maturities, unless it is expected that they will be replaced with other form of capital in which case, the refinancing could occur closer to the maturity.

With regard to trade creditors it is the Group's policy to pay its creditors within the agreed credit terms for each creditor.

The Group's financial liabilities by maturity date are as follows:

	Due within 1 year £m	**Due after 1 year £m**	**Total £m**
At 31 August 2017			
Bank loans and loan notes	**70.0**	**120.3**	**190.3**
Trade, other creditors and accruals	**32.1**	**-**	**32.1**
	102.1	**120.3**	**222.4**

	Due within 1 year £m	Due after 1 year £m	Total £m
At 31 August 2016			
Bank loans and loan notes	-	278.1	278.1
Derivative financial instruments		0.5	0.5
Trade, other creditors and accruals	24.2	-	24.2
	24.2	278.6	302.8

Post balance sheet event

Post year end, the funding structure and liquidity position of the Group is expected to change through a refinancing of the Group's borrowing facilities outstanding at the balance sheet date. On 3 November 2017, Liberty Living Finance plc entered into a floating unsecured £250m five year term loan and £150m revolving credit facility, with certain subsidiaries of the Company becoming obligors to the new facilities. Furthermore, the companies/properties which have provided guarantees will change as compared to the security perimeter of the revolving credit facility and private placement notes, which are outstanding at the balance sheet date.

At the time of the refinancing a restructuring exercise was undertaken to partially repay and capitalise intercompany loans from the obligor group due to the Company, which is outside of the obligor group, into equity or partnership capital of the loan beneficiaries. Interest payable on the remaining loan balances has been waived by the Company from 1 November 2017.

The tables below set out the consolidated profit and loss account and balance sheet of the Liberty Living Holdings Inc. disaggregated between obligors and non-obligors to the new unsecured debt facilities.

The abbreviations used in the column headings of the consolidated profit and loss and balance sheet are defined in the following table. All Limited companies mentioned in the key directly below are direct subsidiaries of Liberty Living Holdings Inc.

GP1	Liberty Living Investments GP1 Limited and its subsidiaries
LP1	Liberty Living Investments 1 Limited Partnership
LLIL	Liberty Living Investments Limited and its subsidiaries
GP2	Liberty Living Investments GP2 Limited and its subsidiaries
LP2	Liberty Living Investments 2 Limited Partnership
LLIL2	Liberty Living Investments II Limited and its subsidiaries
GP3	Liberty Living Investments GP3 Limited
LP3	Liberty Living Investments 3 Limited Partnership
Non-Obligors	See below for a list of entities that are not obligors to the new debt facilities
EBITDA	Earnings before finance related items, tax, depreciation, amortisation, impairment and revaluation of investment properties and loss on disposal of investment properties.

The GP1, LLIL, GP2 and LLIL2 columns present the consolidated financial position and performance of the respective companies (see above) and their direct and indirect subsidiaries. All subsidiaries within each sub-group are obligors to the new term loan and the revolving credit facility.

A full list of the Groups subsidiaries is provided in note 18. All companies included in note 18 are obligors to the new borrowing facility with the exception of:

- Liberty Living Holdings Inc.
- Liberty Living Group plc (dormant)
- Liberty Living (Galileo Residenz) GmbH
- Liberty Living Investments (Spain) S.L.
- Liberty Living (Galileo Galilei) S.L.
- Liberty Living (Liberty Plaza Newcastle) Limited (dormant)
- Central Link (General Partner) 1 Limited (dormant)
- Central Link (General Partner) 2 Limited (dormant)
- Central Link 1 Scottish Limited Partnership (dormant)
- Central Link 2 Scottish Limited Partnership (dormant)

Upon the refinancing a restructuring exercise was undertaken to partially repay and capitalise intercompany loans from the obligor group due to the Company, which is outside of the obligor group. At the date of this report there are no loans due from outside the obligor group other than the new bank facility.

The financial information for the entities defined and described above has been prepared on a group basis, which reflects the net profit/net asset contribution to the Liberty Living Holdings Inc. consolidated financial information.

Within the balance sheet, fixed assets exclude intercompany investments. Net current liabilities and net assets/liabilities exclude intercompany investments and intercompany debt balances, which are eliminated upon consolidation into the Liberty Living Holdings Inc. financial statements.

Within the profit and loss account, EBITDA and operating profit exclude intragroup management charges and intercompany lease costs. Profit on ordinary activities before tax and profit for the period exclude intragroup management charges, intercompany lease costs and intercompany interest costs, which are eliminated on consolidation.

A reconciliation has been provided to reconcile between the group basis presented and the net asset/profit numbers which would be presented were statutory accounts prepared for each of the entities/groups.

The intercompany receivable adjustment on the balance sheet and operating profit for the year ended 31 August 2017 for the non obligor group is shown gross of an £108.6m impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2017

Consolidated profit and loss account for the year ended 31 August 2017

	GP1	LP1	LLIL	GP2	LP2	LLIL2	GP3	LP3[1]	Obligor Group	Non-Obligors	Total Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Turnover	3.1	51.8	23.5	7.9	14.4	20.7	-	10.9	132.3	3.1	135.4
Operating costs	(0.7)	(14.5)	(6.9)	(2.3)	(4.3)	(4.7)	-	(3.9)	(37.3)	(2.2)	(39.5)
Administrative expenses	-	-	(0.3)	(13.3)	-	-	-	-	(13.6)	(1.8)	(15.4)
EBITDA	2.4	37.3	16.3	(7.7)	10.1	16.0	-	7.0	81.4	(0.9)	80.5
Depreciation, amortisation and impairment	-	-	(2.7)	(3.2)	-	(2.9)	-	-	(8.8)	(6.3)	(15.1)
Revaluation of investment properties	-	(3.7)	7.4	-	9.3	12.1	-	(38.1)	(13.0)	(0.2)	(13.2)
Loss on disposal of investment property	-	-	-	-	(4.5)	-	-		(4.5)	-	(4.5)
Operating profit/(loss)*	2.4	33.6	21.0	(10.9)	14.9	25.2	-	(31.1)	55.1	(7.4)	47.7
Finance income and similar items	-	-	-	-	-	-	-		-	2.6	2.6
Interest payable	-	-	-	-	-	-	-		-	(7.3)	(7.3)
Finance expense and similar charges excluding interest payable	-	-	-	-	-	-	-		-	(0.5)	(0.5)
Profit/(loss) on ordinary activities before tax*	2.4	33.6	21.0	(10.9)	14.9	25.2	-	(31.1)	55.1	(12.6)	42.5
Tax (charge)/credit on ordinary activities	(0.1)	-	(0.4)	(0.1)	-	(0.9)	-	-	(1.5)	(0.1)	(1.6)
Profit/(loss) for the financial period*	2.3	33.6	20.6	(11.0)	14.9	24.3	-	(31.1)	53.6	(12.7)	40.9
Intercompany adjustments:											
- Lease recharges	(1.7)	1.7	-	(4.5)	4.5	-	-	-	-	-	-
- Central cost recharge	(0.4)	(5.9)	(2.9)	14.2	(2.0)	(1.5)	-	(1.5)	-	-	-
- Intercompany interest	-	(55.2)	(27.3)	(2.2)	(22.4)	(40.1)	-	(9.8)	(157.0)	157.0	-
Statutory profit/(loss) for the financial period*	0.2	(25.8)	(9.6)	(3.5)	(5.0)	(17.3)	-	(42.4)	(103.4)	144.3	40.9

1. Liberty Living Investments 3 Limited Partnership's material operations began on 31 March 2017 upon the acquisition of 12 assets.

Consolidated profit and loss account for the year ended 31 August 2016

	GP1 £m	LP1 £m	LLIL £m	GP2 £m	LP2 £m	LLIL2 £m	GP3 £m	LP3 £m	Obligor Group £m	Non-Obligors £m	Total Group £m
Turnover	5.3	49.0	23.2	2.8	16.8	20.5	-	-	117.6	-	117.6
Operating costs	(1.0)	(12.8)	(6.1)	(1.1)	(5.9)	(5.1)	-	-	(32.0)	-	(32.0)
Administrative expenses	-	-	-	(10.3)	-	-	-	-	(10.3)	(0.7)	(11.0)
EBITDA	4.3	36.2	17.1	(8.6)	10.9	15.4	-	-	75.3	(0.7)	74.6
Depreciation, amortisation and impairment	-	-	(2.7)	(3.0)	-	(2.9)	-	-	(8.6)	(1.9)	(10.5)
Revaluation of investment properties	-	25.9	5.6	-	-	9.9	-	-	41.4	-	41.4
Operating profit/(loss)*	4.3	62.1	20.0	(11.6)	10.9	22.4	-	-	108.1	(2.6)	105.5
Finance income and similar items	-	-	-	-	-	-	-	-	-	17.9	17.9
Interest payable	-	-	-	-	-	-	-	-	-	(11.5)	(11.5)
Finance expense and similar charges excluding interest payable	-	-	-	-	-	-	-	-	-	(19.5)	(19.5)
Profit/(loss) on ordinary activities before tax*	4.3	62.1	20.0	(11.6)	10.9	22.4	-	-	108.1	(15.7)	92.4
Tax (charge)/credit on ordinary activities	(0.1)	-	2.4	0.8	-	0.9	-	-	4.0	-	4.0
Profit/(loss) for the financial period*	4.2	62.1	22.4	(10.8)	10.9	23.3	-	-	112.1	(15.7)	96.4
Intercompany adjustments:											
- Lease recharges	(3.2)	3.2	-	(1.3)	1.3	-	-	-	-	-	-
- Central cost recharge	(0.5)	(4.8)	(2.6)	11.2	(2.0)	(1.3)	-	-	-	-	-
- Intercompany interest	-	(17.1)	(26.1)	(2.1)	(6.5)	(36.3)	-	-	(88.1)	88.1	-
Statutory profit/(loss) for the financial period*	0.5	43.4	(6.3)	(3.0)	3.7	(14.3)	-	-	24.0	72.4	96.4

Consolidated balance sheet as at 31 August 2017

	GP1 £m	LP1 £m	LLIL £m	GP2 £m	LP2 £m	LLIL2 £m	GP3 £m	LP3 £m	Obligor Group £m	Non-Obligors £m	Total Group £m
Goodwill and intangible assets	-	-	20.4	20.3	-	22.3	-	-	63.0	14.0	77.0
Investment properties	-	743.4	311.1	-	242.2	343.2	-	402.5	2,042.4	12.8	2,055.2
Other tangible fixed assets	-	-	-	0.9	-	-	-	-	0.9	25.2	26.1
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	14.1	14.1
Total fixed assets*	-	743.4	331.5	21.2	242.2	365.5	-	402.5	2,106.3	66.1	2,172.4
Cash and cash equivalents	-	(1.6)	5.9	1.7	2.2	4.6	-	3.7	16.5	1.5	18.0
Debtors, prepayments and accrued income	0.4	2.0	2.6	1.5	0.9	2.0	-	0.7	10.1	1.1	11.2
Creditors: due within one year	(0.6)	(12.4)	(12.0)	(7.3)	(3.2)	(9.0)	-	(7.5)	(52.0)	(3.8)	(55.8)
Bank loans	-		-	-		-	-	-	-	(70.0)	(70.0)
Net current liabilities*	(0.2)	(12.0)	(3.5)	(4.1)	(0.1)	(2.4)	-	(3.1)	(25.4)	(71.2)	(96.6)
Bank loans and loan notes	-	-	-	-	-	-	-	-	-	(120.3)	(120.3)
Deferred tax	-	-	(24.8)	(2.4)	-	(26.8)	-	-	(54.0)	(0.2)	(54.2)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-
Net (liabilities)/assets*	(0.2)	731.4	303.2	14.7	242.1	336.3	-	399.4	2,026.9	(125.6)	1,901.3
Intercompany adjustments:											
Intercompany balances	2.9	(633.2)	(315.6)	(18.2)	(248.4)	(381.0)	-	(441.9)	(2,035.4)	2,035.4	-
Investment in subsidiary	-	-	-	-	-	-	14.6	-	14.6	(14.6)	-
Statutory net assets/(liabilities)*	2.7	98.2	(12.4)	(3.5)	(6.3)	(44.7)	14.6	(42.5)	6.1	1,895.2	1,901.3

Consolidated balance sheet as at 31 August 2016

	GP1	LP1	LLIL	GP2	LP2	LLIL2	GP3	LP3	Obligor Group	Non-Obligors	Total Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Goodwill and intangible assets	-	-	23.0	23.0	-	25.3	-	-	71.3	15.2	86.5
Investment properties	-	724.2	295.5	-	288.9	330.2	-	-	1,638.8	-	1,638.8
Other tangible fixed assets	-	-	-	0.1	-	-	-	-	0.1	-	0.1
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	11.9	11.9
Total fixed assets*	-	724.2	318.5	23.1	288.9	355.5	-	-	1,710.2	27.1	1,737.3
Cash and cash equivalents	0.6	5.8	7.2	0.6	(2.8)	7.0	-	-	18.4	-	18.4
Debtors, prepayments and accrued income	0.3	1.4	1.5	0.4	1.7	0.3	-	-	5.6	-	5.6
Creditors: due within one year	(1.0)	(8.5)	(9.7)	(4.4)	(5.1)	(8.8)	-	-	(37.5)	(3.3)	(40.8)
Net current liabilities*	(0.1)	(1.3)	(1.0)	(3.4)	(6.2)	(1.5)	-	-	(13.5)	(3.3)	(16.8)
Bank loans and loan notes	-	-	-	-	-	-	-	-	-	(278.1)	(278.1)
Deferred tax	-	-	(24.4)	(2.7)	-	(26.3)	-	-	(53.4)	-	(53.4)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Net (liabilities)/assets*	(0.1)	722.9	293.1	17.0	282.7	327.7	-	-	1,643.3	(254.8)	1,388.5
Intercompany adjustments:											
- Intercompany balances	0.8	(597.3)	(295.9)	(21.5)	(279.4)	(354.9)	-	-	(1,548.2)	1,548.2	-
- Investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-
Statutory net assets/(liabilities)*	0.7	125.6	(2.8)	(4.5)	3.3	(27.2)	-	-	95.1	1,293.4	1,388.5

**See page 36 for an explanation of the basis of preparation of the line items*

17. CONTROLLING PARTIES

The Company was incorporated on 9 December 2014 and is a wholly-owned subsidiary of Canada Pension Plan Investment Board (CPP Investment Board).

18. GROUP ENTITIES

The following directly owned operating subsidiaries of the Company are:

	Country of incorporation	% Holding
Liberty Living Investments Limited	England and Wales[1]	Class A Shares *100 Class B Shares **30
Liberty Living Investments GP1 Limited	England and Wales[1]	Class A Shares *100 Class B Shares **30
Liberty Living Investments GP2 Limited	England and Wales[1]	Class A Shares *100 Class B Shares **30
Liberty Living Investments GP3 Limited	England and Wales[1]	100
Liberty Living Investments II Limited	England and Wales[1]	100
Liberty Living Finance plc[3]	England and Wales[1]	100
Liberty Living (HE) Holdings Limited[3]	England and Wales[1]	100
Liberty Living Group plc[3]	Jersey[2]	100

Registered office

1. Fifth floor, Peninsular House, 30-36 Monument Street, London, EC3R 8NB
2. 47 Esplanade St Helier Jersey JE1 0BD
3. Liberty Living Finance plc was incorporated on 25 September 2017; Liberty Living (HE) Holdings Limited was incorporated on 22 September 2017; and Liberty Living Group plc was incorporated on 28 September 2017.

* Class A Shares have the ownership of the net assets except for the share capital of the Class B Shares.

** Class B Shares have only the ownership their own nominal value, but have the power to appoint directors. The remaining 70% holding of the Class B Shares is held by 8961255 Canada Inc. (a Company incorporated in Canada).

The following are directly owned subsidiaries of the Company that no longer operate:

	Country of incorporation	% Holding
Liberty Living (Liberty Plaza Newcastle) Limited	British Virgin Islands[1]	100
Central Link (General Partner) 1 Limited	Guernsey[2]	100
Central Link (General Partner) 2 Limited	Guernsey[2]	100
Central Link 1 Scottish Limited Partnership	Scotland	100
Central Link 2 Scottish Limited Partnership	Scotland	100

Registered office

1. Trident Chambers, Wickhams Cay P.O. Box 146, Road Town, Tortola, British Virgin Islands
2. PO Box 186, 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP

The following UK Limited partnerships are below:

	Country of incorporation	% Holding
Liberty Living Investments 1 Limited Partnership	England and Wales[1]	99.9 *
Liberty Living Investments 2 Limited Partnership	England and Wales[1]	99.9 **
Liberty Living Investments 3 Limited Partnership	England and Wales[1]	99.9 ***

Registered office

1. Fifth floor, Peninsular House, 30-36 Monument Street, London, EC3R 8NB

* The other 0.1% holding is held by Liberty Living Investments GP1 Limited

** The other 0.1% holding is held by Liberty Living Investments GP2 Limited

*** The other 0.1% holding is held by Liberty Living Investments GP3 Limited

The following indirectly owned subsidiaries are:

	Country of incorporation	% Holding
Liberty Living Limited	England and Wales[1]	100
Liberty Living UK Limited	England and Wales[1]	100
Liberty Living (Liberty AP) Limited	England and Wales[1]	100
Liberty Atlantic Point (Liverpool) Limited	England and Wales[1]	100
Liberty Living (Liberty CP) Limited	England and Wales[1]	100
Liberty Cambrian Point (Cardiff) Limited	England and Wales[1]	100
Liberty Living (LP Coventry) Limited	England and Wales[1]	100
Liberty Point (Coventry) Limited	England and Wales[1]	100
Liberty Living (LP Manchester) Limited	England and Wales[1]	100
Liberty Point (Manchester) Limited	England and Wales[1]	100
Liberty Living (LQ Newcastle) Limited	England and Wales[1]	100
Liberty Quay (Newcastle) Limited	England and Wales[1]	100
Liberty Living (Liberty PP) Limited	England and Wales[1]	100
Liberty Prospect Point (Liverpool) Limited	England and Wales[1]	100
Liberty Living Spareco Limited	England and Wales[1]	100
Liberty Living (Liberty SP) Limited	England and Wales[1]	100
Liberty Severn Point (Cardiff) Limited	England and Wales[1]	100
Liberty Park (Bedford) Limited	British Virgin Islands[2]	100
Liberty Plaza (Newcastle) Limited	British Virgin Islands[2]	100
Liberty Living Investments Nominee 1 Limited	England and Wales[1]	100
Liberty Living Investments Nominee 2 Limited	England and Wales[1]	100
Liberty Plaza (London) Limited	England and Wales[1]	100
Liberty Park (Bristol) Limited	England and Wales[1]	100
Liberty Living (LP Bristol) Limited	England and Wales[1]	100
Liberty Living Investments II Holdco 2 Limited	England and Wales[1]	100
Liberty Living Investments II Holdco Limited	England and Wales[1]	100
LL Midco 2 Limited	England and Wales[1]	100
Liberty Park (US Bristol) Limited	England and Wales[1]	100
Liberty Gardens (Cardiff) Limited	England and Wales[1]	100
Liberty Living (LG Cardiff) Limited	England and Wales[1]	100
Liberty Heights (Manchester) Limited	England and Wales[1]	100
Liberty Living (LH Manchester) Limited	England and Wales[1]	100
Liberty Quay 2 (Newcastle) Limited	England and Wales[1]	100
Liberty Living (LQ2 Newcastle) Limited	England and Wales[1]	100
Liberty Village (Edinburgh) Limited	England and Wales[1]	100
Liberty Point Southampton (Block A) Limited	England and Wales[1]	100
Liberty Living Investments Nominee 3 Limited	England and Wales[1]	100
Liberty Living (Galileo Residenz) GmbH	Germany[4]	100
Liberty Living Investments (Spain) S.L.	Spain[3]	100
Liberty Living (Galileo Galilei) S.L.	Spain[3]	100

Registered office
1. Fifth floor, Peninsular House, 30-36 Monument Street, London, EC3R 8NB
2. Trident Chambers, Wickhams Cay P.O. Box 146, Road Town, Tortola, British Virgin Islands
3. Calle Nanclares de Oca, 1 B, 28002, Madrid, Spain
4. Paul- Gerhardt- Allee 50, 80804 Munich, Germany

19. BUSINESS COMBINATION ACQUIRED

On 31 March 2017 the Group acquired 12 UK sites and one German property which formed part of the Union State portfolio. This acquisition did not meet the requirements to be classified as a business combination under FRS102 and has been treated as an asset purchase. See note 9 for further details of this acquisition.

On 31 March 2017 the Company acquired a Spanish student accommodation business which also formed part of the Union State portfolio into an existing subsidiary, Liberty Living (Galileo Galilei) S.L.. The structure of this operation meets the requirement of a business and has been accounted for as a business combination. The detail of this acquisition is set out below.

Group

	2017 £m
Cash consideration	**28.0**
Net assets acquired	
Property and equipment	**25.6**
Intangible asset – brand	**0.6**
Current assets	**0.6**
Current liabilities	**(0.5)**
Deferred tax	**(0.2)**
	26.1
Goodwill acquired	**1.9**
Total assets acquired	**28.0**

Since the date of acquisition the Spain business has contributed £2.7m of revenue and a loss after tax of £3.8m. Goodwill of £1.9m was recognised on the acquisition of a business in Spain and was immediately written down to nil. The carrying value of the net asset is equal to its fair value.

20. OPERATING LEASES

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2017 £m	2016 £m
Within one year	**0.5**	0.1
Between two and five years	**2.2**	-
Greater than five years	**2.2**	-
	4.9	0.1

The future minimum lease payments receivable under non-cancellable operating leases, other than assured shorthold tenancy's with students and other leases with a period of a year or less are as follows:

	2017 £m
Within one year	**59.4**
Between two and five years	**89.3**
Greater than five years	**85.5**
	234.2

21. RELATED PARTY TRANSACTIONS

During the year the Company received funding, recognised as share surplus, from its Parent to support the Group's activities totalling £470.7m (2016: £50.2m). There were no other related party transactions between the Group and its Parent.

Key management personnel disclosure is disclosed in note 5.

22. POST BALANCE SHEET EVENTS

On 3 November 2017, Liberty Living Finance plc, a Group subsidiary, entered into a new five year floating unsecured £250m term loan plus a £150m RCF with three banks. The funds are expected to be drawn post signing of these financial statements in November 2017. This facility will replace the Company's current revolving credit facility which will be repaid on the same day the new term loan is drawn down. On 3 November 2017, the Company issued a repayment notice to the holders of the Company's $155m US private placement notes and expects to repay these on the same day the term loan is drawn, along with the settlement of any make whole amount due and the related cross currency swap. All security on the facilities in issue at 31 August 2017 will be released on the date they are repaid. Liberty Living Holdings Inc. is not an obligor to the new debt facilities. See Note 13 and 16 for further details.

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